



COUNTY OF HUMBOLDT

AGENDA ITEM NO.
C-2

For the meeting of: June 23, 2015

Date: June 5, 2015
To: Board of Supervisors
From: Auditor-Controller *USM*
Subject: Contract for External Audit for Fiscal Year 2014-2015

RECOMMENDATION (S):

1. That the Board of Supervisors approve the Professional Services and HIPAA Business Associate Agreements with the accounting firm of Gallina LLP, CPAs, of Roseville, California regarding the County's financial audit for the year ended June 30, 2015,
2. Authorize the Chair of the Board to sign two (2) originals of the proposed Professional Services Agreement as well as the engagement letter and HIPAA Business Associate Agreement attached thereto.
3. Direct the Clerk of the Board to return one (1) signed original of the proposed Professional Services Agreement to the Auditor-Controller.

DISCUSSION:

Each year the County contracts with a CPA firm to conduct an audit of the County's finances and to prepare the single audit schedules required by federal agencies. Gallina LLP recently performed an audit of the County's finances for the year ended June 30, 2014. Gallina LLP's performance was professionally competent and they completed the process by the projected finish date. Therefore, the Auditor-Controller recommends that your Board contract with Gallina LLP to complete the audit for the year ended June 30, 2015, in order to maintain the County's compliance with the Single Audit Act and other regulatory

Prepared by: Joseph Mellett, Auditor-Controller

CAO Approval *Joseph Mellett*

REVIEW: Auditor _____ County Counsel *Sm* Personnel _____ Risk Manager *RK/JOE* Other _____

TYPE OF ITEM:
 Consent
 Departmental
 Public Hearing
 Other _____

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT
Upon motion of Supervisor *Bass*
Seconded by Supervisor *Sundberg*
And unanimously carried by those members present,
The Board hereby adopts the recommended action contained in this report.

PREVIOUS ACTION/REFERRAL:

Board Order No. _____

Meeting of: _____

Dated: *June 23, 2015*
KATHY HAYES, Clerk of the Board

By: *Joseph Mellett*

requirements.

FINANCIAL IMPACT:

The remuneration for these services is \$71,500 with an additional travel and lodging element not to exceed \$5,000. These costs are paid out of the County General Fund, budget unit 101.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose to contract with a CPA firm other than Gallina LLP or delay a decision pending more research on the matter. However, this is not recommended since Gallina LLP's previous performance was professionally competent and timely.

ATTACHMENTS:

Professional Services Agreement with Gallina LLP along with attached engagement letter (Exhibit A) and HIPAA Business Associate Agreement (Exhibit B).

**PROFESSIONAL SERVICES AGREEMENT
BY AND BETWEEN
COUNTY OF HUMBOLDT
AND
GALLINA LLP, CERTIFIED PUBLIC ACCOUNTANTS**

This Agreement, made and entered into this 23rd day of June 2015, by and between the County of Humboldt, a political subdivision of the State of California, hereinafter referred to as "COUNTY," and Gallina LLP, Certified Public Accountants, a professional corporation, hereinafter referred to as "AUDITORS," is made upon the following considerations:

WHEREAS, in accordance with the provisions of Section 25250 of the Government Code of the State of California, it is the duty of COUNTY to biennially examine and audit the financial accounts and records of officers of the COUNTY having responsibility for the care, management, collection, or disbursement of money belonging to the COUNTY or money received or disbursed by them under authority of law; and

WHEREAS, in accordance with the provisions of Section 7502 of Public Law 104-156, the Single Audit Act Amendments of 1996, it is the duty of COUNTY as a recipient of federal financial assistance in excess of \$500,000.00 to have an audit for each fiscal year; and

WHEREAS, COUNTY wishes to conduct an audit examination pursuant to its authority and to report the facts found; and

WHEREAS, COUNTY, in order to conduct an audit examination, wishes to employ competent personnel for such purpose; and

WHEREAS, AUDITORS are Certified Public Accountants of the State of California and represent that they are competent to conduct such examination, and further that the County has relied upon the professional ability and training of AUDITORS as a material inducement to enter this Agreement;

WHEREAS, COUNTY has authority under Government Code section 31000 to enter into this Agreement with AUDITORS;

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, it is mutually agreed as follows:

1. DESCRIPTION OF SERVICES:

AUDITORS shall provide the services described herein and any additional services described in Exhibit A – Engagement Letter dated May 6, 2015, which is attached hereto and incorporated herein by reference. In providing such services and assistance, AUDITORS agree to fully cooperate with the Humboldt County Auditor-Controller or designee thereof, hereinafter referred to as "Auditor-Controller."

2. RIGHTS AND RESPONSIBILITIES OF THE PARTIES:

- A. AUDITORS shall make a careful and complete examination for the 2014-2015 fiscal year of the financial accounts and records of all County offices and other entities governed by the Board of Supervisors that are shown in the adopted Humboldt County Budget for that year, copies of which are on file in the office of the Auditor-Controller.
- B. AUDITORS shall conduct the audit in accordance with the Office of Management and Budget Circular A-133. The audit shall be the financial and compliance type described in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions published by the Comptroller General of the United States.
- C. AUDITORS' examination of COUNTY's financial statements shall be the financial type described in the AICPA Industry Audit Guide, Audits of State and Local Governmental Units, (Revised), and Governmental Accounting and Financial Reporting Standards published by the American Institute of Certified Public Accountants. The examination shall be conducted in accordance with generally accepted auditing standards leading to the expression of an opinion in compliance with Rule 58.1 of the California State Board of Accountancy.
- D. AUDITORS' compliance examination shall enable AUDITORS to determine whether the offices and entities audited have complied with laws and regulations that may have a material effect on each major federal assistance program. AUDITORS shall supply special reports and expressions as required by any federal agency (as that term is defined in Section 7501 of Chapter 75 of the Single Audit Act Amendments of 1996 - Public Law 104-156) and express an opinion on compliance by COUNTY and other offices and entities audited with all federal assistance programs in accordance with OMB Circular A-133.
- E. AUDITORS shall evaluate the internal control of all COUNTY departments with respect to their financial operations.
- F. AUDITORS shall commence the required examination upon the date of execution of this Agreement and shall report their findings by such date and time as the Auditor-Controller shall determine.
- G. AUDITORS shall have access to and shall be permitted to use figures, tabulations, statistical schedules and other data already assembled or prepared by COUNTY or for COUNTY purposes. Neither the Auditor-Controller nor any member of his staff shall be employed by AUDITORS in connection with the audits required by this Agreement, nor shall the Auditor-Controller, nor any personnel in his office, be called upon to perform any service other than the performance of the regular duties of his office.
- H. AUDITORS agree to appear in person before the Board of Supervisors of COUNTY at any time during the performance of this Agreement, and to consult with and report as to the progress of the audits and all other matters pertaining thereto, when requested to do so by the Board of Supervisors. AUDITORS anticipate presenting a final report to COUNTY by December 31, 2015 and agree to present a final report to COUNTY no later than ten (10) months from the end of the fiscal year being audited.

- I. AUDITORS shall submit up to seventy-five (75) copies of each required opinion or report, and up to seventy-five (75) copies of each final report to COUNTY. AUDITORS consent to the re-printing of the financial statements in official statements prepared by the COUNTY and the COUNTY's underwriters associated with short-term tax and revenue anticipation notes and/or commercial paper borrowings.
- J. AUDITORS shall prepare and submit to COUNTY a detailed report describing any irregularities or unforeseen conditions requiring investigations beyond the scope of the regular audit. Should further investigation be authorized and directed by COUNTY, additional compensation therefor shall be in such amount as may then be agreed upon by AUDITORS and COUNTY.
- K. AUDITORS shall bear the expense incidental to the typing of reports and for stationery and materials used in the preparation of each required opinion or report.
- L. COUNTY shall pay the costs incurred for Electronic Data Processing runs requested by AUDITORS and authorized by written approval of the Auditor-Controller.
- M. COUNTY agrees, for the 2014-2015 audit, to abide by the terms and conditions of the Management Responsibilities set forth in Exhibit A.

3. TERM:

Unless sooner terminated as provided herein, the term of this Agreement shall commence upon execution by both parties and shall continue in full force and effect until all required services and responsibilities pertaining to the 2014-2015 audit have been completed.

4. TERMINATION:

- A. If, in the opinion of COUNTY, AUDITORS fail to perform the services required under this Agreement within the time limits specified herein, or otherwise fail to comply with the terms of this Agreement, or violate any ordinance, regulation, or other law which apply to their performance herein, COUNTY may terminate this Agreement immediately upon notice. In such event, COUNTY shall pay to AUDITORS an equitable portion of the total remuneration as compensation for the portion of the work deemed acceptable by COUNTY, less the amount of any damages sustained by COUNTY as a result of AUDITORS' breach of this Agreement. COUNTY shall be entitled to copies of all studies and computations insofar as they are complete and acceptable to COUNTY.
- B. This Agreement may be terminated by COUNTY at any time and for any reason, upon thirty (30) days written notice of such intent to terminate. In such event, COUNTY shall pay only for those services rendered as of the date when termination is effective.

5. COMPENSATION:

- A. AUDITORS agree to perform all services required by this Agreement for an amount not to exceed Seventy-One Thousand Five Hundred Dollars (\$71,500.00). The specific rates and costs shall be as set forth in Exhibit A.

B. Any associated travel and living expenses are in addition to the price quoted above. The total travel and living expenses associated with this Agreement shall not exceed Five Thousand Dollars (\$5,000.00).

6. PAYMENT:

AUDITORS shall submit an itemized invoice monthly to COUNTY itemizing all work completed. Invoices shall be in a format approved by, and shall include backup documentation as specified by, the Auditor-Controller. AUDITORS shall submit a final undisputed invoice for payment no more than thirty (30) days following the expiration or termination of this Agreement. Payment for work performed will be made within thirty (30) days after the receipt of the invoice.

7. NOTICES:

Any and all notices required to be given pursuant to this Agreement shall be in writing and either served personally, or sent by certified mail, return receipt requested, to the respective addresses set forth below. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing:

COUNTY: Phillip Smith-Hanes
County Administrative Officer
County of Humboldt
825 Fifth Street, Room #112
Eureka, CA 95501

AUDITORS: Brad Constantine
Gallina LLP, CPAs
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678-5418

8. RECORD RETENTION AND INSPECTION:

A. AUDITORS agree to timely prepare accurate and complete financial, performance and payroll records relating to the services provided hereunder, and to maintain and preserve said records for three (3) years from the date of final payment under this Agreement, except that if any litigation, claim, or other action is pending, the records shall be retained until completion and resolution of all issues arising there from. The books and records shall be original entry books with a general ledger itemizing all debits and credits for the work performed.

B. Pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of AUDITORS, and its subcontractors, related to the services provided hereunder, shall be subject to the examination and audit of the California State Auditor and other duly authorized agents of the State of California, COUNTY and the federal government for a period of three (3) years after final payment under this Agreement. AUDITORS agree to make all records referenced by this section available during normal business hours to inspection, review and reproduction by any duly authorized agents of the State of California, COUNTY or the federal government. AUDITORS further agree to allow interviews of any of its employees who might reasonably have information related to such records by any duly authorized agents of the State of California or COUNTY. All examinations and audits

conducted under this section shall be strictly confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement.

- C. If any costs in a disputed invoice cannot be authenticated because AUDITORS' documentation is nonexistent or inadequate, according to generally accepted accounting practices, the questionable cost shall be disallowed by COUNTY.

9. MONITORING:

AUDITORS agree that COUNTY has the right to monitor AUDITORS' activities related to this Agreement, including the right to review and monitor records, programs or procedures related to this Agreement, at any time, as well as the overall operation of AUDITORS' programs in order to ensure compliance with the terms and conditions of this Agreement. However, COUNTY is not responsible, and will not be held accountable, for overseeing or evaluating the adequacy of the results of services performed by AUDITORS pursuant to the terms of this Agreement.

10. CONFIDENTIAL INFORMATION:

- A. In the performance of this Agreement, AUDITORS may receive information that is confidential under local, state or federal law. AUDITORS hereby agree to protect all confidential information in conformance with any and all applicable local, state and federal laws and regulations, including, but not limited to: California Welfare and Institutions Code Sections 827, 5328 and 10850; California Health & Safety Code Sections 1280.15 and 130203; the California Confidentiality of Medical Information Act ("CMIA"); the federal Health Information Technology for Economic and Clinical Health Act, ("HITECH Act"); the federal Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and any current and future implementing regulations promulgated thereunder, including, without limitation, the Federal Privacy Regulations contained in Title 45 of the Code of Federal Regulations ("C.F.R.") Parts 160 and 164, the Federal Security Standards contained in 45 C.F.R. Parts 160, 162 and 164 and the Federal Standards for Electronic Transactions contained in 45 C.F.R. Parts 160 and 162, all as may be amended from time to time.
- B. The parties acknowledge that federal and state confidentiality laws are rapidly evolving and that amendment of this Agreement may be required to ensure compliance with such developments. Each party agrees to promptly enter into negotiations concerning an amendment to this Agreement embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the CMIA and any other applicable local, state and federal laws or regulations.

11. NUCLEAR FREE HUMBOLDT COUNTY ORDINANCE COMPLIANCE:

AUDITORS certify by their signature below that AUDITORS are not Nuclear Weapons Contractors, in that AUDITORS are not knowingly or intentionally engaged in the research, development, production, or testing of nuclear warheads, nuclear weapons systems, or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. AUDITORS agree to notify COUNTY immediately if they become a Nuclear Weapons Contractor, as defined above. COUNTY may immediately terminate this Agreement if it determines that the foregoing certification is false or if AUDITORS become a Nuclear Weapons Contractor.

12. NONDISCRIMINATION COMPLIANCE:

- A. In connection with the execution of this Agreement, AUDITORS shall not discriminate in the provision of professional services or against any employee or applicant for employment because of race, religion or religious creed, color, age (over 40), sex (including gender identity and expression, pregnancy, childbirth and related medical conditions), sexual orientation (including heterosexuality, homosexuality and bisexuality), national origin, ancestry, marital status, medical condition (including cancer and genetic characteristics) mental or physical disability (including HIV status and AIDS), military service, or any other classifications protected by local, state, or federal laws or ordinances. Nothing in this provision shall be construed to require employment of unqualified persons.
- B. AUDITORS further assure that they will abide by the provisions of Title VI and Title VII of the Civil Rights Act of 1964, section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, Welfare and Institutions Code section 10000, CDSS MPP Division 21, United States Executive Order 11246, as amended, and any other applicable local, state and federal laws and regulations to ensure that employment practices are non-discriminatory. Practices in hiring, compensation, benefits and firing are among the employment practices subject to this requirement.

13. INDEMNIFICATION:

AUDITORS shall indemnify, defend and hold harmless COUNTY and its agents, officers, officials, employees and volunteers from and against any and all claims, demands, losses, damages, liabilities, expenses and costs of any kind or nature, including, without limitation, attorney's fees and other costs of litigation, arising out of, or in connection with, AUDITORS' performance of, or failure to comply with, any of the duties or obligations contained herein, except such loss or damage which was caused by the sole negligence or willful misconduct of COUNTY.

14. INSURANCE REQUIREMENTS:

This agreement shall not be executed by COUNTY, and AUDITORS are not entitled to any rights hereunder, unless certificates of insurance, or other sufficient proof that the following provisions have been complied with, are filed with the Clerk of the Humboldt County Board of Supervisors.

- A. Without limiting AUDITORS' indemnification provided herein, AUDITORS shall, and shall require that all subcontractors hereunder, take out and maintain, throughout the period of this Agreement, the following policies of insurance placed with insurers with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of AUDITORS, their agents, officers, directors, employees, licensees, invitees, assignees or subcontractors:
 - 1. Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability Coverage (occurrence form CG 0001), in an amount of One Million Dollars (\$1,000,000) per occurrence for any one incident, including, but not limited to, personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply hereto or shall be twice the required occurrence limit.

2. Automobile/Motor Liability Insurance with a limit of liability of not less than One Million Dollars (\$1,000,000) combined single limit coverage. Such insurance shall include coverage of all owned, hired and non-owned vehicles. Said coverage shall be at least as broad as Insurance Service Office Form Code 1 (any auto).
3. Workers' Compensation Insurance, as required by the Labor Code of the State of California, with statutory limits, and Employers Liability Insurance with a limit of no less than One Million Dollars (\$1,000,000) per accident for bodily injury or disease. Said policy shall contain or be endorsed to contain a waiver of subrogation against COUNTY, its officers, agents, and employees.
4. Professional Liability Insurance – Error and Omission Coverage including coverage in an amount no less than One Million Dollars (\$1,000,000) for each occurrence (Three Million Dollars (\$3,000,000) general aggregate). Said insurance shall be maintained for the statutory period during which AUDITORS may be exposed to liability. AUDITORS shall require that such coverage be incorporated into its professional services agreements with any other entities.

B. Said policies shall, unless otherwise specified herein, be endorsed as follows:

1. The Comprehensive or Commercial General Liability Policy shall provide that COUNTY, its agents, officers, officials, employees and volunteers, are covered as additional insured for liability arising out of the operations performed by or on behalf of AUDITORS. The coverage shall contain no special limitations on the scope of protection afforded to COUNTY, its agents, officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:
 - a. Includes contractual liability.
 - b. Is the primary insurance as regards to COUNTY.
 - c. Does not contain a pro-rata, excess only, and/or escape clause.
 - d. Contains a cross liability, severability of interest or separation clause.
2. The above-referenced policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to COUNTY in accordance with the notice provisions set forth herein. It is further understood that AUDITORS shall not terminate such coverage until it provides COUNTY with adequate proof that equal or better insurance has been secured.
3. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.
4. For claims related to this Agreement, AUDITORS' insurance is the primary coverage to COUNTY, and any insurance or self-insurance programs maintained by COUNTY are excess to AUDITORS' insurance and will not be called upon to contribute therewith.

5. Any failure to comply with the provisions of this Agreement, including breach of warranties, shall not affect coverage provided to COUNTY, its agents, officers, officials, employees, and volunteers.
 6. AUDITORS shall furnish COUNTY with certificates and original endorsements effecting the required coverage prior to execution of this Agreement. The endorsements shall be on forms approved by the Humboldt County Risk Manager or County Counsel. Any deductible or self-insured retention over One Hundred Thousand Dollars (\$100,000) shall be disclosed to and approved by COUNTY. If AUDITORS do not keep all required policies in full force and effect, COUNTY may, in addition to other remedies under this Agreement, take out the necessary insurance, and AUDITORS agree to pay the cost thereof. COUNTY is also hereby authorized with the discretion to deduct the cost said insurance from the monies owed to AUDITORS under this Agreement.
 7. COUNTY is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered, and AUDITORS shall be required to purchase additional coverage to meet the above aggregate limits.
- C. Any and all insurance notices required to be given pursuant to the terms of this Agreement shall be sent to the addresses set forth below in accordance with the notice provisions described herein.

COUNTY: County of Humboldt
Attn: Risk Management
825 5th Street, Room 131
Eureka, California 95501

AUDITORS: Brad Constantine
Gallina LLP, CPAs
925 Highland Pointe Drive, Suite 450
Roseville, CA 95678-5418

15. RELATIONSHIP OF PARTIES:

It is understood that this is an Agreement by and between two independent contractors and is not intended to, and shall not be construed to, create the relationship of agents, servant, employee, partnership, joint venture, or any other similar association. Both parties further agree that AUDITORS shall not be entitled to any benefits to which COUNTY employees are entitled, including, but not limited to overtime, retirement benefits, leave benefits or workers' compensation. AUDITORS shall be solely responsible for the acts or omissions of its officers, agents, employees, and subcontractors.

16. COMPLIANCE WITH LAWS:

AUDITORS agree to comply with all applicable local, state and federal laws and regulations. AUDITORS further agree to comply with any applicable local, state or federal licensing standards, any applicable accrediting standards, and any other applicable local, state or federal standards or criteria.

17. PROVISIONS REQUIRED BY LAW:

This Agreement is subject to any additional local, state and federal restrictions, limitations or conditions that may affect the provisions, terms or funding of this Agreement. This Agreement shall be read and enforced as though all legally required provisions are included herein, and if for any reason any such provision is not included, or is not correctly stated, the parties agree to amend the pertinent section to make such insertion or correction.

18. SEVERABILITY:

If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

19. ASSIGNMENT:

AUDITORS shall not delegate their duties or assign their rights hereunder, either in whole or in part, without COUNTY's prior written consent, except that AUDITORS may assign the proceeds due under this Agreement to any bank or person without written consent. Any assignment by AUDITORS in violation of this provision shall be void, and shall be cause for immediate termination of this Agreement. This provision shall not be applicable to service agreements or other arrangements usually or customarily entered into by AUDITORS to obtain for supplies, technical support or professional services.

20. AGREEMENT SHALL BIND SUCCESSORS:

All provisions of this Agreement shall be fully binding upon, and inure to the benefit of, the parties and to each of their heirs, executors, administrators, successors and assigns.

21. NO WAIVER OF DEFAULT:

The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement. In no event shall any payment by COUNTY constitute a waiver of any breach of this Agreement or any default which may then exist on the part of AUDITORS. Neither shall such payment impair or prejudice any remedy available to COUNTY with respect to the breach or default. COUNTY shall have the right to demand repayment of, and AUDITORS shall promptly refund, any funds disbursed to AUDITORS, which in the judgment of COUNTY were not expended in accordance with the terms of this Agreement.

22. NON-LIABILITY OF COUNTY OFFICIALS AND EMPLOYEES:

No official or employee of COUNTY shall be personally liable for any default or liability under this Agreement.

23. AMENDMENT:

No addition to, or alteration of, the terms of this Agreement shall be valid unless made in writing and signed by the parties hereto.

24. STANDARD OF PRACTICE:

AUDITORS warrant that AUDITORS have the degree of learning and skill ordinarily possessed by reputable professionals practicing in similar localities in the same profession and under similar circumstances. AUDITORS' duty is to exercise such care, skill and diligence as professionals engaged in the same profession ordinarily exercise under like circumstances.

25. CONFLICT OF INTEREST:

AUDITORS covenant that they presently have no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of their services for COUNTY. AUDITORS further covenant that in the performance of this Agreement, no person having such interest shall be employed. In addition, if requested to do so by COUNTY, AUDITORS' employees working under this Agreement shall complete and file a "Statement of Economic Interest" with COUNTY disclosing AUDITORS' or other persons' financial interest.

26. TITLE TO INFORMATION AND DOCUMENTS:

It is understood that any and all statements, records, schedules, working papers and memoranda concerning this project created or prepared by AUDITORS shall be the property of AUDITORS. AUDITORS shall provide copies of these documents to COUNTY if requested thereby. In the event of termination of this Agreement, for any reason whatsoever, AUDITORS shall promptly turn over to COUNTY all original information, writings, and documents created or prepared by COUNTY without exception or reservation. The audit examination reports prepared annually under this Agreement shall be the property of COUNTY. In accordance with California Business and Professions Code section 5037, the statements, records, schedules, working papers and memoranda created or prepared by AUDITORS concerning this project shall not be disclosed to third parties without the express prior written consent of COUNTY.

27. JURISDICTION AND VENUE PROVISION:

This Agreement shall be construed in accordance with the laws of the State of California. Any dispute arising hereunder, or relating hereto, shall be litigated in the State of California, and venue shall lie in the County of Humboldt unless transferred by court order pursuant to California Code of Civil Procedure Sections 394 and 395.

28. INFORMATION TECHNOLOGY ASSURANCES:

AUDITORS shall take all reasonable precautions to ensure that any hardware, software, and/or embedded chip devices used by AUDITORS in the performance of services under this Agreement, other than those owned or provided by COUNTY, shall be free from viruses. Nothing in this provision shall be construed to limit any rights or remedies otherwise available to COUNTY under this Agreement.

29. ADVERTISING AND MEDIA RELEASE:

All informational material related to this Agreement shall receive approval from COUNTY prior to being used as advertising or released to the media (television, radio, newspapers, and internet). AUDITORS shall inform COUNTY of requests for interviews by media related to this Agreement

before such interviews take place; and COUNTY is entitled to have a representative present at such interviews. All notices required by this provision shall be given to the Humboldt County Administrative Officer or designee thereof.

30. SUBCONTRACTS:

AUDITORS shall obtain prior written approval from COUNTY before subcontracting any of the services to be delivered hereunder. Any and all subcontracts will be subject to all applicable provisions of this Agreement. AUDITORS shall remain legally responsible for the performance of the terms and conditions of this Agreement, including work performed by third parties under subcontracts, whether approved by COUNTY or not.

31. INTERPRETATION:

This Agreement, as well as its individual provisions, shall be deemed to have been prepared equally by both of the parties hereto, and shall not be construed or interpreted more favorably for one party on the basis that the other party prepared it.

32. SURVIVAL:

The duties and obligations of the parties set forth in Sections 8, 10, 11, and 13 shall survive the expiration or termination of this Agreement.

33. CONFLICTING TERMS OR CONDITIONS:

The manner in which the parties will perform the responsibilities described herein is set forth in Exhibit A which by this Agreement is accepted by COUNTY. In the event of any conflict in the terms or conditions set forth in Exhibit A and the terms and conditions set forth in paragraphs 1 through 38 of this Agreement, paragraphs 1 through 38 shall have priority.

34. INDEPENDENT CONSTRUCTION:

The titles of the sections, subsections, and paragraphs set forth in this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this Agreement.

35. FORCE MAJEURE:

Neither party shall be liable or responsible for delays or failures in performance resulting from events beyond the reasonable control of such party and without fault or negligence of such party. Such events shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, acts of government, fire, power failures, nuclear accidents, earthquakes, unusually severe weather, acts of terrorism, or other disasters, whether or not similar to the foregoing.

36. HIPAA BUSINESS ASSOCIATE AGREEMENT:

AUDITORS shall agree to use and disclose Protected Health Information in compliance with the Standards for Privacy of Individually Identifiable Health Information ("Privacy Rule") (45 C.F.R. Parts 160 and 164) under HIPAA. The definitions set forth in the Privacy Rule are incorporated by

reference into this Agreement (45 C.F.R. §§ 160.103 and 164.501). AUDITORS agree that it will execute the County of Humboldt HIPAA Business Associate Agreement, which is attached hereto as Exhibit B and incorporated herein by reference.

37. ENTIRE AGREEMENT:

This Agreement contains all of the terms and conditions agreed upon by the parties hereto and no other agreements, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind either of the parties hereto. In addition, this Agreement shall supersede in its entirety any and all prior agreements of the parties.

38. AUTHORITY TO EXECUTE:

Each person executing this Agreement warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the parties to this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates hereinafter indicated.

COUNTY OF HUMBOLDT

By Estelle Fennell
Estelle Fennell
Chair, Board of Supervisors

Date 6/23/15

APPROVED AS TO FORM:

By John A. Miles
Deputy County Counsel

Date 6-5-15

INSURANCE AND INDEMNIFICATION REQUIREMENTS REVIEWED & APPROVED:

By K. K. K. K.
Risk Analyst

Date 06/25/2015

GALLINA LLP, CERTIFIED PUBLIC ACCOUNTANTS

By Brad W. Constantine
Name BRAD W. CONSTANTINE
Title PARTNER

Date 6/3/15

EXHIBIT A



May 6, 2015

Joe Mellett, Auditor-Controller
County of Humboldt
County Courthouse
825 Fifth Street, Room 126
Eureka, CA 95501

Dear Joe:

We are pleased to confirm our understanding of the services we are to provide County of Humboldt for the year ended June 30, 2015. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the County of Humboldt as of and for the year ended June 30, 2015. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement County of Humboldt's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to County of Humboldt's RSI in accordance with auditing standards generally accepted in the United States of America. 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary comparison schedules
3. GASB-required supplementary OPEB and pension information

We have also been engaged to report on supplementary information other than RSI that accompanies County of Humboldt's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Combining and individual fund statements and schedules

We will also provide an opinion on a Schedule of Expenditure of Federal Awards in relation to the financial statements as a whole, in separate written report accompanying our auditor's report on the financial statements.

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information:

1. Introductory section

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting 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 in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Supervisors of the County of Humboldt. We cannot provide assurance that unmodified opinions

will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards 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 or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, 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 our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of County of Humboldt's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of County of Humboldt's major programs. The purpose of these procedures will be to express an opinion on County of Humboldt's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the County in conformity with U.S. generally accepted accounting principles and OMB Circular A-133 based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

Management Responsibilities

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable 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, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government 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 us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report

thereon or make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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 report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The County of Humboldt is responsible for providing us with information to determine major federal award programs at least four weeks prior to field work. Sometimes a major program that should have been audited was not because this information was not provided timely as requested or the information provided was not accurate. If for some reason this should occur, GALLINA LLP and the County of Humboldt will mutually revise the fee to include the additional time and costs needed to audit the missed program.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse.

We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

At the conclusion of the engagement, we will provide bound copies, unbound copies and electronic copies in portable document format (PDF) of all reports in the quantities you have designated; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of GALLINA LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to State Controller's Office or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of

GALLINA LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the State Controller's Office. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

The parties agree that any controversy or claim arising out of or relating to the services provided pursuant to this engagement letter agreement shall be determined by arbitration in accordance with the applicable Arbitration Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association; and judgment on the award rendered by the arbitrator(s) may be rendered in any court of competent jurisdiction.

We expect to perform our year-end field work during the week of October 13, and to issue our reports no later than December 31, 2015. In order for us to provide you with timely services, it is incumbent upon your accounting staff to have the items listed on the client participation schedule ready for us by the due date indicated on the schedule. If the items are not provided on time, we cannot guarantee an on-time delivery of the reports.

Brad Constantine is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fees for these services are as follows:

<i>Task</i>	<i>Cost*</i>
Audit and compilation of financial statements	\$ 50,300
Schedule of federal award expenditures and major program testing in accordance with Single Audit Act	21,200
Total	\$71,500

*Does not include travel (maximum of \$5,000)

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2012 peer review accompanies this letter.

We appreciate the opportunity to be of service to County of Humboldt and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

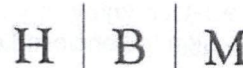
Gallina LLP

GALLINA LLP

RESPONSE:

This letter correctly sets forth the understanding of County of Humboldt.

By: *Estelle Pennell*
Title: *Chair of the Board*
Date: *6/23/2015*



HANSEN, BARNETT & MAXWELL, P.C.
Certified Public Accountants

SYSTEM REVIEW REPORT

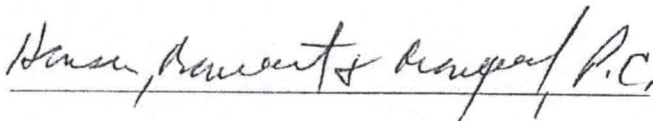
November 29, 2012

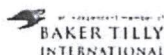
To the Partners
Gallina LLP
and the peer review committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Gallina LLP (the firm) in effect for the year ended May 31, 2012. Our review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of performing and reporting in conformity with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitation of and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Gallina LLP in effect for the year ended May 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Gallina LLP has received a peer review rating of *pass*.


Hansen, Barnett & Maxwell, P.C.



Registered with the Public Company
Accounting Oversight Board

5 Triad Center, Suite 750, Salt Lake City, Utah 84180-1128
TEL 801-532-2200 FAX 801-532-7944 www.hbmcpas.com

ADDING VALUE | NOT COMPLEXITY

Exhibit B
COUNTY OF HUMBOLDT
HIPAA BUSINESS ASSOCIATE AGREEMENT

Recitals:

- A. County of Humboldt, hereinafter referred to as "COUNTY," as a "Covered Entity" (defined below) wishes to disclose certain information to Gallina LLP, Certified Public Accountants, hereinafter referred to as "BUSINESS ASSOCIATE" (defined below), pursuant to the terms of the Agreement, some of which may constitute Protected Health Information ("PHI") (defined below).
- B. COUNTY and BUSINESS ASSOCIATE intend to protect the privacy and provide for the security of PHI disclosed to BUSINESS ASSOCIATE pursuant to the Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information and Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable laws.
- C. As part of the HIPAA Regulations, the Privacy Rule and Security Rule (defined below) requires COUNTY to enter into an Agreement containing specific requirements with BUSINESS ASSOCIATE prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(e), and 164.504(e) of the Code of Federal Regulations ("C.F.R") and contained in this Agreement.

The parties agree as follows:

1. Definitions

- a. **Breach** shall have the meaning given to such term under the HITECH Act and HIPAA Regulations [42 U.S.C. Section 17921 and 45 C.F.R. Section 164.402].
- b. **Breach Notification Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and D.
- c. **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including, but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.
- d. **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.
- e. **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- f. **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media.
- g. **Electronic Health Record** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.

- h. **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- i. **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and E.
- j. **Protected Health Information or PHI** means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes Electronic Protected Health Information [45 C.F.R. Sections 160.103, 164.501].
- k. **Protected Information** shall mean PHI provided by COUNTY to BUSINESS ASSOCIATE or created, maintained, received, or transmitted by BUSINESS ASSOCIATE on COUNTY's behalf.
- l. **Security Incident** shall have the same meaning given to such term under the Security Rule, including, but not limited to, 45 C.F.R. Section 164.304.
- m. **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.
- n. **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U.S.C. Section 17932(h) and 45 C.F.R. Section 164.402.

2. **Obligations of Business Associate**

- a. **Permitted Uses.** BUSINESS ASSOCIATE shall use Protected Information only for the purpose of performing BUSINESS ASSOCIATE's obligations under the Agreement and as permitted or required under the Agreement, or as required by law. Further, BUSINESS ASSOCIATE shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by COUNTY. However, BUSINESS ASSOCIATE may use Protected Information as necessary (i) for the proper management and administration of BUSINESS ASSOCIATE; (ii) to carry out the legal responsibilities of BUSINESS ASSOCIATE; or (iii) as required by law. [45 C.F.R. Sections 164.504(e)(2), 164.504(e)(4)(i)].
- b. **Permitted Disclosures.** BUSINESS ASSOCIATE shall disclose Protected Information only for the purpose of performing BUSINESS ASSOCIATE's obligations under the Agreement and as permitted or required under the Agreement, or as required by law. BUSINESS ASSOCIATE shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by COUNTY. However, BUSINESS ASSOCIATE may disclose Protected Information as necessary (i) for the proper management and administration of BUSINESS ASSOCIATE; (ii) to carry out the legal responsibilities of BUSINESS ASSOCIATE; or (iii) as required by law. If BUSINESS ASSOCIATE discloses Protected Information to a third party, BUSINESS ASSOCIATE must obtain, prior to making any such disclosure, (i) reasonable *written* assurances from such third party that such Protected Information will be held confidential

as provided pursuant to this Agreement and used or disclosed only as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify BUSINESS ASSOCIATE of any breaches, suspected breaches, security incidents, or unauthorized uses or disclosures of the Protected Information in accordance with paragraph 2.1. of the Agreement, to the extent it has obtained knowledge of such occurrences [42 U.S.C. Section 17932; 45 C.F.R. Section 164.504(e)].

- c. **Prohibited Uses and Disclosures.** BUSINESS ASSOCIATE shall not use or disclose PHI other than as permitted or required by the Agreement, or as required by law. BUSINESS ASSOCIATE shall not use or disclose Protected Information for fundraising or marketing purposes. BUSINESS ASSOCIATE shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which PHI solely relates [42 U.S.C. Section 17935(a) and 45 C.F.R. Section 164.522(a)(vi)]. BUSINESS ASSOCIATE shall not directly or indirectly receive remuneration in exchange for Protected Information, except with prior written consent of COUNTY and as permitted by the HITECH Act, 42 U.S.C. Section 17935(d)(2), and the HIPAA regulations, 45 C.F.R. Section 164.502(a)(5)(ii); however this prohibition shall not affect payment by COUNTY to BUSINESS ASSOCIATE for services provided pursuant to the Agreement.
- d. **Appropriate Safeguards.** BUSINESS ASSOCIATE shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information otherwise than as permitted by the Agreement, including, but not limited to, administrative, physical and technical safeguards in accordance with the Security Rule, including but not limited to, 45 C.F.R. Sections 164.308, 164.310, and 164.312. [45 C.F.R. Section 164.504(e)(2)(ii)(B); 45 C.F.R. Section 164.308(b)]. BUSINESS ASSOCIATE shall comply with the policies, procedures and documentation requirements of the Security Rule, including, but not limited to, 45 C.F.R. Section 164.316. [42 U.S.C. Section 17931].
- e. **Business Associate's Subcontractors and Agents.** BUSINESS ASSOCIATE shall ensure that any agents and subcontractors that create, receive, maintain or transmit Protected Information on behalf of COUNTY, agree in writing to the same restrictions and conditions that apply to COUNTY with respect to such Protected Information and implement the safeguards required by paragraph 2.d. above with respect to Electronic PHI [45 C.F.R. Section 164.504(e)(2)(ii)(D); 45 C.F.R. Section 164.308(b)]. BUSINESS ASSOCIATE shall implement and maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation (see 45 C.F.R. Sections 164.530(f) and 164.530(e)(1)).
- f. **Access to Protected Information.** If BUSINESS ASSOCIATE maintains a designated record set on behalf of COUNTY, BUSINESS ASSOCIATE shall make Protected Information maintained by BUSINESS ASSOCIATE or its agents or subcontractors in Designated Record Sets available to COUNTY for inspection and copying within five (5) days of a request by COUNTY to enable COUNTY to fulfill its obligations under state law [California Health and Safety Code Section 123110] and the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.524 [45 C.F.R. Section 164.504(e)(2)(ii)(e)]. If BUSINESS ASSOCIATE maintains Protected Information in electronic format, BUSINESS ASSOCIATE shall provide such information in electronic format as necessary to enable COUNTY to fulfill its obligations under the HITECH Act and HIPAA Regulations, including, but not limited to, 42 U.S.C. Section 17935(e) and 45 C.F.R. Section 164.524.

- g. **Amendment of PHI.** If BUSINESS ASSOCIATE maintains a designated record set on behalf of COUNTY, within ten (10) days of a request by COUNTY for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, BUSINESS ASSOCIATE and its agents and subcontractors shall make such Protected Information available to COUNTY for amendment and incorporate any such amendment or other documentation to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.526. If an individual requests an amendment of Protected Information directly from BUSINESS ASSOCIATE or its agents or subcontractors, BUSINESS ASSOCIATE must notify COUNTY in writing within five (5) days of the request and of any approval or denial of amendment of Protected Information maintained by BA or its agents or subcontractors [45 C.F.R. Section 164.504(e)(2)(ii)(F)].
- h. **Accounting of Disclosures.** Within ten (10) days of a request by COUNTY for an accounting of disclosures of Protected Information, BUSINESS ASSOCIATE and its agents and subcontractors shall make available to COUNTY the information required to provide an accounting of disclosures to enable COUNTY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and the HITECH Act, including but not limited to 42 U.S.C. Section 17935(c), as determined by COUNTY. BUSINESS ASSOCIATE agrees to implement a process that allows for an accounting to be collected and maintained by BUSINESS ASSOCIATE and its agents and subcontractors for at least six (6) years prior to the request. However, accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request, and only to the extent that BUSINESS ASSOCIATE maintains an Electronic Health Record. At a minimum, the information collected and maintained shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed; and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. If a patient submits a request for an accounting directly to BUSINESS ASSOCIATE or its agents or subcontractors, BUSINESS ASSOCIATE shall within five (5) days of the request forward it to COUNTY in writing.
- i. **Governmental Access to Records.** BUSINESS ASSOCIATE shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to COUNTY and to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") for purposes of determining BUSINESS ASSOCIATE's compliance with HIPAA [45 C.F.R. Section 164.504(e)(2)(ii)(I)]. BUSINESS ASSOCIATE shall provide COUNTY a copy of any Protected Information and other documents and records that BUSINESS ASSOCIATE provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- j. **Minimum Necessary.** BUSINESS ASSOCIATES, its agents and subcontractors shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. [42 U.S.C. Section 17935(b); 45 C.F.R. Section 164.514(d)]. BUSINESS ASOCIATE understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."

k. **Data Ownership.** BUSINESS ASSOCIATE understands that BUSINESS ASSOCIATE has no ownership rights with respect to the Protected Information.

l. **Notification of Possible Breach.** BUSINESS ASSOCIATE shall notify COUNTY within twenty-four (24) hours of any suspected or actual breach of Protected Information; any use or disclosure of Protected Information not permitted by the Agreement; any security incident (i.e., any attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system) related to Protected Information, and any actual or suspected use or disclosure of data in violation of any applicable federal or state laws by BUSINESS ASSOCIATE or its agents or subcontractors. The notification shall include, to the extent possible, the identification of each individual whose unsecured Protected Information has been, or is reasonably believed by the BUSINESS ASSOCIATE to have been accessed, acquired, used, or disclosed, as well as any other available information that COUNTY is required to include in notification to the individual, the media, the Secretary, and any other entity under the Breach Notification Rule and any other applicable state or federal laws, including, but not limited, to 45 C.F.R. Section 164.404 through 45 C.F.R. Section 164.408, at the time of the notification required by this paragraph or promptly thereafter as information becomes available. BUSINESS ASSOCIATE shall take (i) prompt corrective action to cure any deficiencies and (ii) any action pertaining to unauthorized uses or disclosures required by applicable federal and state laws. [42 U.S.C. Section 17921; 45 C.F.R. Section 164.504(e)(2)(ii)(C); 45 C.F.R. Section 164.308(b)].

m. **Breach Pattern or Practice by Business Associate's Subcontractors and Agents.** Pursuant to 42 U.S.C. Section 17934(b) and 45 C.F.R. Section 164.504(e)(1)(ii), if BUSINESS ASSOCIATE knows of a pattern or activity or practice of a subcontractor or agent that constitutes a material breach or violation of the subcontractor or agent's obligations under the Agreement or other arrangement, BUSINESS ASSOCIATE must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, BUSINESS ASSOCIATE must terminate the Agreement or other arrangement if feasible. BUSINESS ASSOCIATE shall provide written notice to COUNTY of any pattern of activity or practice of a subcontractor or agent that BUSINESS ASSOCIATE believes constitutes a material breach or violation of the subcontractor or agent's obligations under the Agreement or other arrangement within five (5) days of discovery and shall meet with COUNTY to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.

n. **Audits, Inspection and Enforcement.** Within ten (10) days of a request by COUNTY, BUSINESS ASSOCIATE and its agents and subcontractors shall allow COUNTY or its agents or subcontractors to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and procedures relating to the use or disclosure of Protected Information pursuant to this Agreement for the purpose of determining whether BUSINESS ASSOCIATE has complied with this Agreement or maintains adequate security safeguards. BUSINESS ASSOCIATE shall notify COUNTY within five (5) days of learning that BUSINESS ASSOCIATE has become the subject of an audit, compliance review, or complaint investigation by the Office for Civil Rights or other state or federal government entity.

3. Termination

a. **Material Breach.** A breach by BUSINESS ASSOCIATE of any provision of this Agreement, as determined by COUNTY, shall constitute a material breach of the Agreement and shall provide

grounds for *immediate* termination of the Agreement, any provision in the Agreement to the contrary notwithstanding. [45 C.F.R. Section 164.504(e)(2)(iii)].

- b. **Effect of Termination.** Upon termination of the Agreement for any reason, BUSINESS ASSOCIATE shall, at the option of COUNTY, return or destroy all Protected Information that BUSINESS ASSOCIATE or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by COUNTY, BUSINESS ASSOCIATE shall continue to extend the protections of Section 2 of this Agreement to such information, and limit further use and disclosure of such PHI to those purposes that make the return or destruction of the information infeasible [45 C.F.R. Section 164.504(e)(ii)(2)(J)]. If COUNTY elects destruction of the PHI, BUSINESS ASSOCIATE shall certify in writing to COUNTY that such PHI has been destroyed in accordance with the Secretary's guidance regarding proper destruction of PHI.

4. Interpretation.

Any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act, and the HIPAA regulations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates hereinafter indicated.

COUNTY OF HUMBOLDT

By _____
Estelle Fennell
Chair, Board of Supervisors

Date _____

GALLINA LLP, CERTIFIED PUBLIC ACCOUNTANTS

By Brad W. Constantine

Date 6/3/15

Name BRAD W. CONSTANTINE

Title PARTNER



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
7/14/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

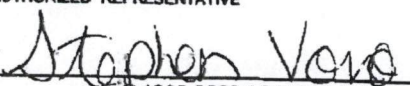
PRODUCER NAPLIA 161 Worcester Rd., Suite 504 Framingham, MA 01701	CONTACT NAME: PHONE (A/C No. Ext): (508) 656-1300		FAX (A/C No.): (508) 656-1399
	E-MAIL ADDRESS: PRODUCER CUSTOMER ID#:		
INSURED GALLINA LLP 925 Highland Pointe Drive Suite 450 Roseville, CA 95678-5418	INSURER(S) AFFORDING COVERAGE		NAIC#
	INSURER A: Greenwich Insurance Co.		22322
	INSURER B:		
	INSURER C:		
	INSURER D:		
	INSURER E:		

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADOL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DEDUCTIBLE RETENTION \$						<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NM) If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
X	Professional Liability			CPH9800519	7/1/2014	7/1/2015	Per Claim: \$5,000,000 Aggregate: \$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER County of Humboldt Attn: Joseph Mellett Auditor-Controller County Courthouse 825 Fifth Street, Room 126 Eureka, CA 95501	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
08/26/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER John O. Bronson Co. / #0425149 3636 American River Drive Suite 200 Sacramento, CA 95864 916-974-7800	CONTACT NAME: Michelle Robinson PHONE (A/C, No, Ext): 916-480-4158 E-MAIL ADDRESS: mrobinson@johnobronson.com	FAX (A/C, No): 916-993-7258	
	INSURER(S) AFFORDING COVERAGE		NAIC #
INSURED Gallina LLP 925 Highland Pointe Dr., Ste. 450 Roseville, CA 95678	INSURER A : National Surety Corp (Fireman's Fund, Sacramento)		21881
	INSURER B :		
	INSURER C :		
	INSURER D :		
	INSURER E :		
	INSURER F :		

COVERAGES **CERTIFICATE NUMBER:** 19575 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS						
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	X	AZC80899541	9/01/14	9/01/15	EACH OCCURRENCE	\$ 1,000,000					
	DAMAGE TO RENTED PREMISES (Ea occurrence)					\$ 1,000,000						
	MED EXP (Any one person)					\$ 10,000						
	PERSONAL & ADV INJURY					\$ Included						
GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJ. <input type="checkbox"/> LOC						GENERAL AGGREGATE	\$ 2,000,000					
						PRODUCTS - COMP/OP AGG	\$ Included					
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		AZC80899541	9/01/14	9/01/15	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000					
	BODILY INJURY (Per person)					\$						
	BODILY INJURY (Per accident)					\$						
	PROPERTY DAMAGE (Per accident)					\$						
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE		AZC80899541	9/01/14	9/01/15	EACH OCCURRENCE	\$ 5,000,000					
	DED <input type="checkbox"/> RETENTION \$						AGGREGATE	\$ 5,000,000				
								\$				
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	WZC81021269	9/01/14	9/01/15	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	OTHER					
	E.L. EACH ACCIDENT						\$ 1,000,000					
	E.L. DISEASE - EA EMPLOYEE						\$ 1,000,000					
	E.L. DISEASE - POLICY LIMIT						\$ 1,000,000					

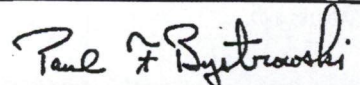
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

RE: Accounting Services

Add'l Interests: The County of Humboldt, its officers, employees and agents

Forms: AB9189 0807

CERTIFICATE HOLDER **CANCELLATION**

COUNTY OF HUMBOLDT-COUNTY COURTHOUSE JOSEPH MELLETT-AUDITOR-CONTROLLER 825 FIFTH ST RM 126 EUREKA, CA 95501	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

Named Insured: GALLINA LLP

Policy Number: AZC80899541

ABC MultiCover - AB 91 89 08 07

This endorsement modifies insurance provided under the following:

American Business Coverage

Your policy is broadened and clarified as follows:

1. Non Employment Discrimination Liability

Unless **Personal Injury** or **Advertising Injury** is excluded from this policy:

A. **Section III - Definitions**, Item 17. **Personal Injury** is amended to include:

f. **Discrimination**

B. **Section III - Definitions**, Item 2. **Advertising Injury** is amended to include:

e. **Discrimination**

C. **Section III - Definitions** is amended to include:

30. **Discrimination** means the unlawful treatment of individuals based on race, color, ethnic origin, gender, religion, age, or sexual preference.

D. **Section II - Liability Coverage, Part H. Exclusions**, Item 1.p **Personal Injury** or **Advertising Injury** is amended to include:

(11) Arising out of **discrimination** directly or indirectly related to the past employment, employment or prospective employment of any person or class of persons by any insured; or

(12) Arising out of **discrimination** directly or indirectly related to the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any dwelling,

permanent lodging, or premises by or at the direction of any insured; or

(13) Arising out of **discrimination**, if insurance thereof is prohibited by law; or

(14) Fines, penalties, specific performance, or injunctions levied or imposed by a governmental entity, or governmental code, law, or statute because of **discrimination**.

2. Blanket Additional Insured

Section II - Liability Coverage, Part I. Who Is An Insured, Item 2. is amended to include:

f. Any person or organization that you are required by a written insured contract to include as an insured, subject to all of the following provisions:

(1) Coverage is limited to their liability arising out of:

(a) the ownership, maintenance or use of that part of the premises, or land owned by, rented to, or leased to you; or

(b) your ongoing operations performed for that insured; or

(c) that insured's financial control of you; or

(d) the maintenance, operation or use by you of equipment leased to you by such person(s) or organization(s); or

This Form must be attached to Change Endorsement when issued after the policy is written.

One of the Fireman's Fund Insurance Companies as named in the policy

Secretary

President

- (e) a state or political subdivision permit issued to you.
- (2) Coverage does not apply to any occurrence or offense:
 - (a) which took place before the execution of, or subsequent to the completion or expiration of, the written insured contract, or
 - (b) which takes place after you cease to be a tenant in that premises.
- (3) With respect to architects, engineers, or surveyors, coverage does not apply to **Bodily Injury, Property Damage, Personal Injury or Advertising Injury** arising out of the rendering or the failure to render any professional services by or for you including:
 - (a) The preparing, approving, or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; and
 - (b) Supervisory, inspection, or engineering services.

If an Additional Insured endorsement is attached to this policy that specifically names a person or organization as an insured, then this coverage does not apply to that person or organization.

3. Blanket Additional Insured for Vendors

Unless the **Products-Completed Operations Hazard** is excluded from this policy, **Section II - Liability Coverage, Part I. Who Is an Insured, Item 2.** is amended to include:

- g. Any vendor but only with respect to **Bodily Injury or Property Damage** arising out of your products which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:
 1. The insurance afforded the vendor does not apply to:
 - a. **Bodily Injury or Property Damage** for which the vendor is obligated to pay damages by reason of the

assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container.
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.

2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

If an Additional Insured - Vendors endorsement is attached to this policy that specifically names a person or organization as an insured, then this coverage does not apply to that person or organization.

4. Blanket Waiver of Subrogation

Section II - Liability Coverage, Part K. Liability and Medical Payments General Conditions, is amended to include:

6. Transfer of Rights of Recovery Against Others to us and Blanket Waiver of Subrogation

- a. If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair those rights. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- b. If required by a written insured contract, we waive any right of recovery we may have against any person or organization because of payments we make for injury or damage arising out of your operations or your work for that person or organization.

5. Broadened Named Insured

Section II - Liability Coverage, Part I. Who Is An Insured, Item 4. is replaced with:

4. All of your subsidiaries, companies, corporations, firms, or organizations, as now or hereafter constituted, qualify as Named Insured under this policy if:
 - (a) you have the responsibility of placing insurance for each such entity; and
 - (b) coverage for the entity is not otherwise more specifically provided; and
 - (c) the entity is incorporated or organized under the laws of the United States of America.

But each entity is insured only while you own, during the policy period, a controlling interest in such entity of greater than 50% of the stock or assets. However:

- (a) Coverage under this provision is afforded only until the end of the policy period, or the 12 month anniversary of the policy inception date, whichever is earlier;
- (b) Coverage C does not apply to bodily injury or property damage that occurred

before you acquired or formed the organization;

- (c) Coverage C does not apply to personal injury or advertising injury arising out of an offense committed before you acquired or formed the organization.

6. Medical Payments

Unless Coverage D. Medical Payments is excluded from this policy:

A. Section II - Liability Coverage, Part H. Exclusions, Item 2.f. is replaced with:

- f. Included within the products-completed operations hazard. However, this exclusion does not apply to expenses for dental services.

B. Section II - Liability Coverage, Part G. Coverage, Item 2., is amended to include:

- c. Coverage D. Medical Payments is primary and not contributing with any other insurance, even if that other insurance is primary also.

7. Tenant's Legal Liability

A. Section III - Liability Coverage, Part J. Liability and Medical Payments Limits of Insurance, Item 3. is replaced with:

3. The most we will pay under Coverage C - Liability for damages because of property damage to premises while rented to you, temporarily occupied by you with the permission of the owner, or managed by you under a written agreement with the owner:
 - a. arising out of any Covered Cause of Loss shall be the greater of:
 - (1) \$1,000,000; or
 - (2) The Tenant's Legal Liability limit shown in the Declarations.

8. Chartered Aircraft

Section II - Liability Coverage, Coverage C, Part H. Exclusions, Item 1.g. is amended to include:

- (5) An aircraft in which you have no ownership interest and that you have chartered with crew.

9. Coverage Territory Broadened

Section III - Definitions, Item 5.a. is replaced with:

- a. The United States of America (including its territories and possessions), Puerto Rico, Canada, Bermuda, the Bahamas, the Cayman Islands and the British Virgin Islands.

10. Broadened Advertising Injury

Unless Advertising Injury is excluded from this policy:

A. Section III - Definitions, Item 2. is replaced with:

2. Advertising Injury means injury arising out of one or more of the following offenses:

- a. Oral, written, televised or videotaped publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- b. Oral, written, televised or videotaped publication of material that violates a person's right of privacy;
- c. Misappropriation of advertising ideas or style of doing business; or
- d. Infringement of trademark, copyright, title or slogan.

B. Section II - Liability Coverage, Coverage C, Part H. Exclusions, Items 1.p.(1) and (2) are replaced with:

- (1) Arising out of oral, written, televised or videotaped publication of material, if done by or at the direction of the insured with knowledge of its falsity;
- (2) Arising out of oral, written, televised or videotaped publication of material whose first publication took place before the beginning of the policy period;

11. Broadened Personal Injury

Unless Personal Injury is excluded from this policy, Section III - Property, Liability and Medical

Payments Definitions, Items 17.b., d. and e. are replaced with:

- b. Malicious prosecution or abuse of process;
- d. Oral, written, televised or videotaped publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral, written, televised or videotaped publication of material that violates a person's right of privacy;

12. Broadened Personal or Advertising Injury

Unless Personal Injury or Advertising Injury is excluded from this policy, Section II - Liability Coverage, Coverage C, Part H. Exclusions, Item 1.p.(4) Exclusions is deleted in its entirety.

13. Fellow Employees Coverage

Section II - Liability Coverage, Part I. Who Is an Insured, Item 2.a.(1) is amended as follows:

- (1) Personal Injury to you or to a co-employee while in the course of his or her employment, or the spouse, child, fetus, embryo, parent, brother, sister or any member of the household of that employee or co-employee as a consequence of such Personal Injury, or for any obligation to share damages with or repay someone else who must pay damages because of the injury; or

14. Mental Anguish Is Included in Bodily Injury

Section III - Definitions, Item 4. is replaced with:

4. Bodily injury means bodily injury, sickness or disease sustained by a person. It includes death or mental anguish which result at any time from such physical harm, physical sickness or physical disease. Mental anguish means any type of mental or emotional illness or disease.

15. Unintentional Failure to Disclose Hazards

Section II - Liability Coverage, Part K. Liability and Medical Payments General Conditions, is amended to include:

6. Unintentional Failure to Disclose Hazards

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or non-renewal.

16. Supplementary Payments, Increase Limits

Section II - Liability Coverage, Part G. Coverage, Items 1.e. (2) and (4) are replaced with:

- (2) The cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- (4) All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or suit including substantiated loss of earnings up to \$500 a day because of time off work.

17. Per Location Aggregate

A. **Section II - Liability Coverage, Part J. Limits of Insurance, Item 4, is amended to include:**

The Aggregate Limit of Insurance applies separately to each location owned by you, rented to you, or occupied by you with the permission of the owner.

B. **Section III - Property, Liability and Medical Payments Definitions, is amended to include:**

31. **Location** means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of railroad.

18. Amended Duties in the Event of an Occurrence, Offense Claim or Suit

Section II - Liability Coverage, Part K. Liability and Medical Payments General Conditions, Items 2.a. and b. are replaced with:

- a. In the event of an occurrence, offense, claim, or suit, you must promptly notify us. Your duty to promptly notify us is effective when your executive officers, partners, members, or

legal representatives are aware of the General Liability occurrence, offense, claim, or suit. Knowledge of an occurrence, offense, claim, or suit by other employee(s) does not imply you also have such knowledge.

- b. To the extent possible, notice to us should include:

- (1) How, when and where the occurrence or offense took place;
- (2) The names, addresses, and telephone numbers of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the occurrence, offense, claim, or suit.

19. **Common Policy Conditions (AB 00 09 A 01 87), Part H. Other Insurance, Item 2. is replaced with:**

2. Coverage C - Liability

If other valid and collectible insurance is available to any insured for a loss we cover under Coverage C of this Coverage Part our obligations are limited as follows:

- a. The insurance provided under this policy is primary if you are required by a written insured contract to include any person or organization as an insured, but only with respect to that insured's liability arising out of the ownership, maintenance, or use of that part of the premises owned by or rented to you, or your work for that insured by or for you. Any other insurance available to that person or organization is excess and noncontributory with this insurance, or;
- b. Except for the circumstance described in 2.a., above, the insurance provided under this policy is excess over any other liability insurance available to any insured whether such other insurance is written as primary, excess, contingent or any other basis. An exception applies when any insured specifically has purchased excess insurance to apply in excess of the limits of insurance shown in the Declarations of this Coverage Part for Coverage C.

20. Damage to Invitees' Automobiles from Falling Trees or Tree Limbs - Limited Coverage

The policy applies to direct physical damage to automobiles owned by invitees subject to all of the following:

1. Provided such damage originates from premises owned, managed, leased or rented by an insured;
2. Coverage applies only to invitees of an insured or an insured's tenant;
3. Such damage is directly caused by wind-driven falling trees or tree limbs;
4. The most we will pay for any one loss is the lesser of the actual cash value of the damaged automobile as of the time of the loss; or the cost of repairing or replacing the damaged automobile with another automobile of like

kind and quality; subject to a limit of \$25,000 in any one policy period; and

5. This coverage is not subject to the General Liability General Aggregate Limit.

21. Expected or Intended Injury - Amendment to Exclusion

SECTION I. - 2. EXCLUSIONS a. Expected or Intended Injury, is replaced by the following:

- a. Expected or Intended Injury

Bodily injury or property damage expected or intended from the standpoint of the insured. This exclusion does not apply to **bodily injury or property damage** resulting from the use of reasonable force to protect persons or property.

All other terms and conditions of the policy apply.