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CPAs | CONSULTANTS | WEALTH ADVISORS

COUNTY OF MENDOCINO

Presentation of Audit Report
June 30, 2025

With You Today



Principal

Rich Gonzalez, CPA



Who We Are

9,000

NEARLY 9,000 PEOPLE

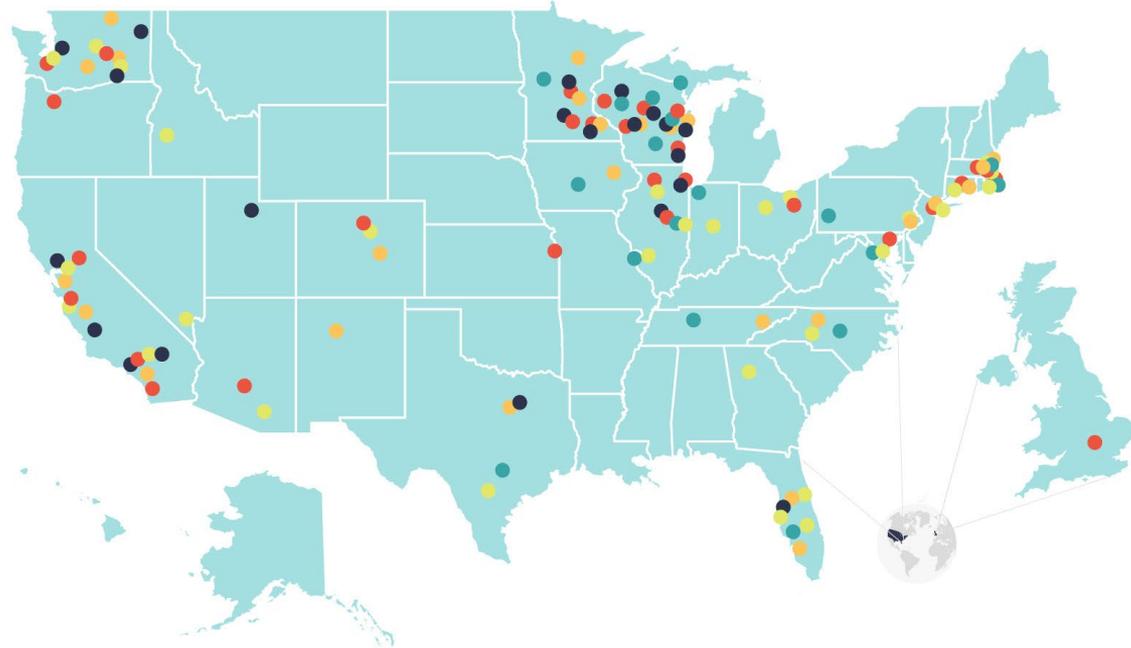
130+

LOCATIONS

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CLA State and Local Government Experience



Agenda

- Purpose of our Audit
- Audit Approach
- Summary of Audit Results
- Required Audit Communication to Governance
- Recent Governmental Accounting Standards Board (GASB) Pronouncements

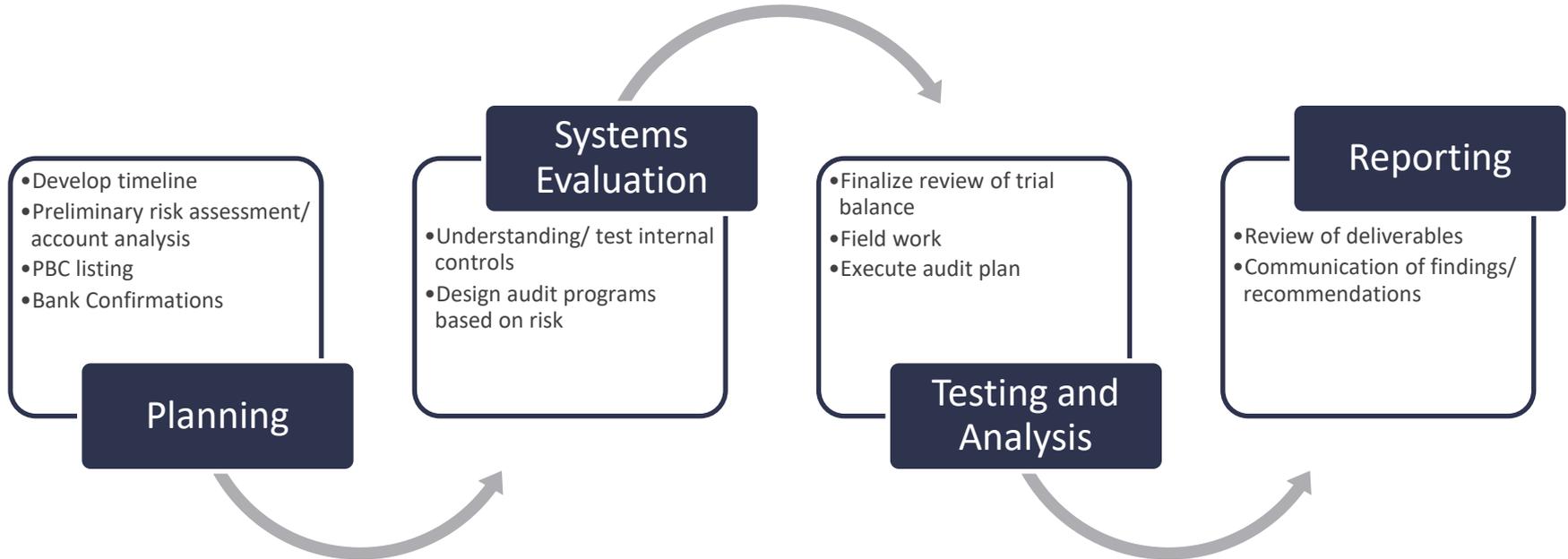


Purpose of Our Audit

- Express opinions providing *reasonable*, but *not absolute*, assurance whether the County's financial statements are free from material misstatement whether due to fraud or error
- Issue a report on internal controls and compliance as required under Government Auditing Standards



Audit Approach



Summary of Audit Results By Engagement

Engagement	Opinion on Financial Statements	Audit Findings
Annual Comprehensive Financial Report (ACFR)	Unmodified	None reported



Summary of Audit Results By Engagement

Engagement	Opinion on Compliance over Major Federal Programs	Audit Findings
Single Audit	Unmodified	2 Significant Deficiencies; Other Matters

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
93.658	Foster Care Title IV-E Program
93.558	Temporary Assistance for Needy Families Program
93.778	Medical Assistance Program
97.036	Disaster Grants - Public Assistance Program

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 1,731,885

Auditee qualified as low-risk auditee? yes no



Summary of Audit Results: Recap of Findings

Engagement	Type	Program	Condition	Recommendation
Single Audit (2025-001)	SD; Other Matter	Medical Assistance Program (ALN 93.778)	<p><u>Case 1</u>: Missing documentation (IEVS) to verify income and eligibility</p> <p><u>Case 2</u>: Missing annual redetermination</p>	Additional training on specific grant requirements, including documentation.
Single Audit (2025-002)	SD; Other Matter	TANF (ALN 93.558)	<u>Case 1</u> : TANF benefits provided after 60-month lifetime limit	Additional training on specific grant requirements, including documentation.



Summary of Audit Results: Recap of Prior Audit Findings

Engagement	Type	Account	Condition	Status
2024-001	MW	Schedule of Expenditures of Federal Awards (SEFA)	Material adjustment to a program's federal expenditures (97.036 – Disaster Grants) on SEFA.	Implemented.



Required Audit Communication

Matters to be Communicated	Auditors' Response
Accounting Policies	<ul style="list-style-type: none">• Significant accounting policies are described in Note 1.• County implemented GASB Statement No. 101, <i>Compensated Absences</i>
Accounting Estimates	<ul style="list-style-type: none">• Claims liability based on third party actuarial reports• Net pension liability is based on actuarial reports• Solid waste landfill closure and post-closure liability is based on engineering estimates approved by the State.
Corrected and Uncorrected Misstatements	<ul style="list-style-type: none">• No material adjustments
Disagreements with Management	<ul style="list-style-type: none">• No disagreements with management
Consultations with Other Accountants	<ul style="list-style-type: none">• No consultations with other accountants



Required Audit Communication (Continued)

Matters to be Communicated	Auditors' Response
Audits of Group Financial Statements	<ul style="list-style-type: none">• No matters related to the group audit of MCERA we considered to be significant to the responsibilities of the Board.
Fraud and Illegal Acts	<ul style="list-style-type: none">• None identified
Significant Difficulties Encountered During the Audit	<ul style="list-style-type: none">• No significant difficulties were encountered while performing our audit procedures.
Supplementary Information	<ul style="list-style-type: none">• Limited procedures were performed, and an opinion was rendered, on combining nonmajor fund financial statements and the schedule of expenditures of federal awards (SEFA)



Required Audit Communication (Continued)

Matters to be Communicated	Auditors' Response
Other Supplementary Information (Introductory and Statistical Sections)	<ul style="list-style-type: none">Limited procedures were performed, and no opinion was rendered
Required Supplementary Information (RSI)	<ul style="list-style-type: none">Limited procedures were performed, and no opinion was rendered on management's discussion and analysis, budgetary schedules and pension information
Management Representations	<ul style="list-style-type: none">Management provided us with a signed copy of the management representation letter upon completion of each engagement



Recent Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 103: *Financial Reporting Model Improvements*

- *MD&A*
- *Unusual or Infrequent Items*
- *Proprietary Fund Statements Presentation (Noncapital subsidies, etc.)*
- *Budgetary Comparison Information*





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