



# CITY OF CLEARLAKE

City Council

## STAFF REPORT

**SUBJECT:** Presentation and Acceptance of the Annual Financial Report for Fiscal Year 2019-20; Resolution No. 2022-26

**MEETING DATE:**  
May 19, 2022

**SUBMITTED BY:** Kelcey Young, Director of Finance

**PURPOSE OF REPORT:** ☐ Information only ☐ Discussion ☒ Action Item

### WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to adopt the resolution to accept the 19/20 audit.

### BACKGROUND/DISCUSSION:

Each year the city hires an independent audit firm to complete an audit of the city's books and records. For the fiscal year 2019-20, the city engaged a new auditing firm, Van Lant & Fankhanel, LLP, to complete the audit. The audit is complete and attached.

It should be noted this audit was significantly delayed for a variety of reasons including changeover of personnel in the Finance Department, carryover issues from prior fiscal years along with complications associated with transitioning to a new enterprise resource planning (ERP) financial software system. It also should be noted that all of the findings are carried over from the 2018-2019 audit, but that the findings reduced from eight findings to five. It should also be noted that the audit reflects the 2019-2020 circumstances and not necessarily current practices.

The findings along with the City's responses are detailed in Exhibit B.

### OPTIONS:

1. Move to adopt the resolution
2. Other direction

### FISCAL IMPACT:

☒ None ☐ \$ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☐ No If yes, amount of appropriation increase: \$

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments:

**STRATEGIC PLAN IMPACT:**

- ☐ Goal #1: Make Clearlake a Visibly Cleaner City
- ☐ Goal #2: Make Clearlake a Statistically Safer City
- ☐ Goal #3: Improve the Quality of Life in Clearlake with Improved Public Facilities
- ☐ Goal #4: Improve the Image of Clearlake
- ☒ Goal #5: Ensure Fiscal Sustainability of City
- ☒ Goal #6: Update Policies and Procedures to Current Government Standards
- ☐ Goal #7: Support Economic Development

**SUGGESTED MOTIONS:**

Move to adopt resolution 2022-26

- ☒ **Attachments:**
- 1) Resolution 2022-26
  - 2) 19/20 Audit

**RESOLUTION NO. 2022-26**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CLEARLAKE ACCEPTING THE ANNUAL  
FINANCIAL REPORT FOR THE FISCAL YEAR 2019-20**

**WHEREAS**, each year the City hires an independent audit firm to complete an audit of the City's books and records; and

**WHEREAS**, the City's citizens and others rely on the audited financial statements, and other related information published by the City to monitor the City's financial health; and

**WHEREAS**, the Auditor has prepared an Annual Financial Report, which includes the Basic Financial Statements as defined in Governmental Accounting Standards, as well as Supplemental Information, along with a report on internal controls and compliance identifying any significant deficiencies, material weaknesses and/or any other suggestions they feel might be of benefit to the city; and

**WHEREAS**, the Auditor was engaged to perform agreed upon procedures to verify the City's Gann Limit calculations and has issued a related report thereto; and

**WHEREAS**, the reports prepared by the Auditor are attached.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Clearlake accepts the Annual Financial Report for the Fiscal Year 2019-20, incorporated by reference as Exhibits A-C.

**PASSED AND ADOPTED** by the City Council of the City of Clearlake, County of Lake, State of California, on this 19<sup>th</sup> day of May 2022, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: \_\_\_\_\_

City Clerk

\_\_\_\_\_

Mayor