

**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 5-B

DATE: December 13, 2017
TO: Fresno Local Agency Formation Commission
FROM: David E. Fey, Executive Officer 
SUBJECT: Approve a contract with Sampson, Sampson & Patterson LLP for LAFCo's biannual financial audit and authorize the executive officer to execute the agreement

RECOMMENDATION: Approve Authorization

Background

Fresno LAFCo's Financial and Accounting Procedures stipulate that a financial audit shall be conducted every two years, when there is a change in executive officer, or upon the commission's direction.

In September, 2017, staff issued a Request for Proposal for the FY 2015/2016 financial audit to 23 certified public accounting firms requesting competitive bids for this service. At the close of the deadline staff received one proposal from Sampson, Sampson and Patterson, LLP (copy of the proposal is attached).

Sampson, Sampson & Patterson, LLP provided the commission's last audit for FY 2013/2014 which was received by the commission in 2016. Sampson, Sampson & Patterson, LLP has also provided financial audits for the Cities of Clovis, Dinuba, Hanford, Lemoore, and Selma and for their respective redevelopment/successor agencies. As well as audits for the San Joaquin Valley Risk Management Authority and Vector Control Joint Powers Agency.

Sampson, Sampson and Patterson, LLP estimates its cost for preparing LAFCo's audit between \$8,500 and \$9,500.

Pursuant to LAFCo's Financial and Accounting Procedures, the commission must approve all contracts for professional services in excess of \$5,000. Authorizing the executive officer to sign the agreement is expected to expedite the audit process.

Staff supports awarding the contract to SS&P, LLP due to the high quality of work it performed on the commission's last audit and its familiarity with LAFCo and local government finance.

DEF: ag

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Received
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Fresno AFCo

PROPOSAL FOR INDEPENDENT
AUDIT AND ACCOUNTING
SERVICES FOR
FRESNO LOCAL AGENCY
FORMATION COMMISSION

Sampson, Sampson & Patterson, LLP
License #7157

3148 Willow Avenue, Suite 102
Clovis, California 93612
(559) 291-0277

CONTACT: Katy Sampson, CPA

October 18, 2017

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Sampson, Sampson & Patterson, LLP
CERTIFIED PUBLIC ACCOUNTANTS

3148 Willow Avenue, Suite 102
Clovis, California 93612-4739
(559) 291-0277 • FAX (559) 291-6411

October 18, 2017

David E. Fey, Executive Officer
Fresno Local Agency Formation Commission
2607 Fresno Street, Suite B
Fresno, CA 93721

Dear Mr. Fey:

We are pleased to respond to your request for services to be provided to the Fresno Local Agency Formation Commission (LAFCO) as of June 30, 2016.

Enclosed you will find a proposal. It contains a profile of our firm, our qualifications, a scope section, and a fee schedule.

As indicated by the partial list of clients shown in the Profile of Proposer section of this proposal, our firm has had substantial experience in performing audits for various governmental agencies, including several risk sharing pools. Our firm has over 50 years of combined experience in governmental auditing. Our office policy concerning personnel assigned to our audits is one of continuity. We do not believe that our clients should have to train new auditors every year.

We are committed to a continuing education program which exceeds the education requirements for auditors performing government audits as established by the United States General Accounting Office.

Please feel free to contact me at your convenience, and thank you for the opportunity to present this proposal to you.

Very truly yours,

A handwritten signature in cursive script that reads "Katy Sampson".

Katy Sampson, CPA

KS:lg

Enclosures

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PROFILE OF PROPOSER

Sampson, Sampson & Patterson, LLP is a local C.P.A. firm, with a marketing area primarily in the San Joaquin Valley.

Office Location: Willow Professional Center
3148 Willow Avenue, Suite 102
Clovis, California 93612
(559) 291-0277

Persons authorized to make representations and authorized to bind the proposal are:

Partner: Katy Sampson
3148 Willow Avenue, Suite 102
Clovis, California 93612

Partner: Bill Patterson
3148 Willow Avenue, Suite 102
Clovis, California 93612

PROFESSIONAL STAFF:

Partners – Three
Professional Staff – Four
Number of CPA's – Four
Administrative Staff – Three

FIRM EXPERIENCE:

Ranges from certified audits of governmental, institutional (not-for-profit) and commercial audits, through tax planning and preparation for corporations, farm operations, partnerships, estates and trusts, and individuals.

QUALITY CONTROL REVIEW:

Sampson, Sampson & Patterson, LLP, participates in the AICPA Quality Review Program. A Quality Control Review, including a review of specific government and not-for-profit engagements, was performed in December 2013. Sampson, Sampson and Partners, LLP has received pass reports on all external quality reviews that have been performed since the inception of the AICPA Quality Review Program. Our next review is currently in process.

SAMPSON, SAMPSON & PATTERSON LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENCE AND LICENSING

INDEPENDENCE:

Sampson, Sampson & Patterson, LLP, is independent of LAFCO and its component units as defined by United States generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States.

LICENSE TO PRACTICE IN CALIFORNIA:

Our firm and all key professional staff assigned to your audit are properly licensed to practice auditing in the State of California.

Katy Sampson, CPA
William F. Patterson, CPA

Engagement Partner
Review Partner

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

FIRM QUALIFICATIONS AND EXPERIENCE

PARTIAL CLIENT LIST

A partial list of Governmental audits of current and past clients are as follows:

| <u>Governmental:</u> | <u>Activity</u> | <u>Marketing Area</u> |
|--|--------------------------------|-----------------------|
| City of Hanford | Government | Hanford |
| Hanford Successor Agency | Government | Hanford |
| City of Lemoore | Government | Lemoore |
| Lemoore Successor Agency | Government | Lemoore |
| City of Dinuba | Government | Dinuba |
| Dinuba Successor Agency | Government | Dinuba |
| City of Selma | Government | Selma |
| Selma Successor Agency | Government | Selma |
| City of Clovis | Government | Clovis |
| Clovis Redevelopment Agency | Government | Clovis |
| Central San Joaquin Valley Risk Management Authority | Government/ Risk Management | San Joaquin Valley |
| Vector Control Joint Powers Agency | Government/ Risk Management | San Joaquin Valley |

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS
AND EXPERIENCE

PARTNERS:

Katy Sampson, Certified Public Accountant

Member AICPA, GASB, CSCP, GFOA

B.S. in Accounting from Fresno State University, with forty years accounting experience.

Experience - Partner of this firm for thirty years and supervisor and staff accountant for the former firm of Sampson and Abaci for thirteen years.

Emphasis on auditing engagements, particularly government and non-profit, and small business.

Daniel T. Sampson, Certified Public Accountant

Member AICPA, GASB, CSCP

Certified Public Accountant with twenty-eight years' experience, including experience with the national accounting firm of Price Waterhouse & Co. Emphasis on income taxes and computer accounting installations.

William F. Patterson, Certified Public Accountant

Member AICPA, GASB, CSCP, GFOA

Certified Public Accountant with twenty-eight years' experience with our firm. Emphasis on auditing of governmental and non-profit organizations. Additional technical expertise in risk pools, redevelopment agencies, and preparation of state controller reports.

Four other professional staff members with three to eight years' experience in our office.

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

SUMMARY OF PROPOSER'S QUALIFICATIONS

AUDIT TEAM:

- **Katy Sampson, CPA – Partner**

Katy Sampson has spent and specialized for over thirty years in the field of governmental and non-profit audits. She has extensive experience in the area of federal awards. She would be the partner in charge of the audit and would work on a full-time basis during the planning, field work, and review of the Commission's financial statements. She has been the partner in charge of the audits for the City of Clovis, City of Hanford, City of Dinuba, and the City of Selma.

- **William Patterson, CPA – Partner**

Bill Patterson has been manager in charge of the audits for the City of Selma, City of Dinuba, City of Lemoore, Central San Joaquin Valley Risk Management Authority, and other governmental and non-profit audits. He has extensive experience in the preparation and review of Comprehensive Annual Financial Reports.

- **Jiaqi Liu, CPA**

Jiaqi Liu has experience which includes audits of Central San Joaquin Valley Risk Management Authority, Bay Cities Joint Powers Authority, City of Hanford, City of Selma. She is a C.P.A. with a degree in Business with emphasis in Accounting from California State University, Fresno.

Sampson, Sampson & Patterson, LLP has experienced minimal turnover in audit personnel over the past five years. We are committed to providing a continuity of audit personnel throughout the engagement.

We do not anticipate any personnel substitutions during the course of the audit. In the unlikely event that personnel substitutions become necessary, the new audit team member will be equally qualified to perform the audit.

All members of the audit team have met the continuing education requirements of the United States General Accounting Office for Governmental Auditors. Also, they have a combined experience of over 50 years of governmental and not-for-profit auditing.

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

REFERENCES

A list of references from audit engagements with other applicable entities performed in the last two years is as follows:

Financial statements for the Central San Joaquin Valley Risk Management Authority.
Administrator: Jeanette Workman, Bickmore (800) 541-4591
Partner: Bill Patterson

Financial statements for Bay Cities Joint Powers Insurance Authority.
Administrator: Rob Kramer, Bickmore (800) 541-4591
Partner: Bill Patterson

Financial statements for California Affiliated Risk Management Authorities.
Administrator: Ric Burwell, Bickmore (800) 541-4591
Partner: Bill Patterson

Financial statements for Local Agency Workers' Compensation Excess Joint Powers Authority.
Administrator: Jim Elledge, Bickmore (800) 541-4591
Partner: Bill Patterson

Financial statements for Vector Control Joint Powers Authority.
Administrator: Chrissy Mack, Bickmore (800) 541-4591
Partner: Bill Patterson

Financial statements for Employment Risk Management Authority.
Administrator: Jennifer Jobe, Bickmore (800) 541-4591
Partner: Bill Patterson

Financial statements for Public Agency Risk Sharing Authority of California
General Manager: Joanne Rennie (916) 927-7727
Partner: Bill Patterson

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

SCOPE SECTION

Audit Objective

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and requirements that are enumerated in Cortue-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000-57500. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. If our opinion is 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 an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of cash, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from the LAFCO's 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 the financial statements and related matters.

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. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Fresno Local Agency Formation Commission or to acts by management or employees acting on behalf of the commission.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. 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 audit will include obtaining an understanding of Fresno Local Agency Formation Commission's environment, including internal control, sufficient to assess the risk of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

SAMPSON, SAMPSON & PATTERSON, LLP
CERTIFIED PUBLIC ACCOUNTANTS

COMPREHENSIVE DOLLAR COST BID

FEE SCHEDULE:

Our fees are based on anticipated cooperation from your personnel including any bookkeeping tasks prohibited by our independence standards and the assumption that unexpected circumstances will not be encountered during the audit. If additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our fees for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree our gross fee range from \$8,500-\$9,500 for assistance with preparation of the financial reports. Our standard hour rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We anticipate commencement of this engagement at a mutually agreed upon date and subsequent completion.

Hourly Rates of Firm Employees:

| <u>Classification</u> | <u>Hourly Rate</u> |
|-----------------------|--------------------|
| Partner | \$130 |
| Senior Accountant | \$95 |
| Staff Accountant | \$80 |