

City of Hesperia

STAFF REPORT



DATE: June 20, 2017

TO: Mayor and Council Members
City Council, as Successor Agency to the Hesperia Community Redevelopment Agency
Chair and Commission, Hesperia Housing Authority
Chair and Commission, Community Development Commission
Chair and Board Members, Hesperia Fire Protection District
Chair and Board Members, Hesperia Water District

FROM: Nils Bentsen, City Manager

BY: Brian D. Johnson, Assistant City Manager/Management Services
Anne M. Duke, Deputy Finance Director
George Pirsko, Senior Financial Analyst

SUBJECT: Audit Services for FY 2016-17

RECOMMENDED ACTION

It is recommended that the City of Hesperia, Successor Agency to the Hesperia Community Redevelopment Agency, Hesperia Housing Authority, Community Development Commission, Hesperia Fire Protection District, and Hesperia Water District Council/Boards/Commissions enter into a Professional Services Agreement with the independent certified public accounting firm White Nelson Diehl Evans LLP, in the amount of \$89,450 for performing the audit of the City and its component units, for the fiscal year ended June 30, 2017, as well as additional required State reporting for the year ended June 30, 2017.

BACKGROUND

White Nelson Diehl Evans is the City's current auditor and the firm has extensive experience in governmental auditing and a deep familiarity of the City's accounting structure. In accordance with California Government Code 12410.6(b), as of the audit for the Fiscal Year Ending 2016, the lead partner with primary responsibility for the audit has been transferred to Daphnie Munoz CPA, five years earlier than required by the code.

ISSUES/ANALYSIS

The firm of White Nelson Diehl Evans has expertise in the field of governmental accounting, and ensures the City's financial statements are compliant to the latest Government Accounting Standards Board (GASB) statements. One of the prominent GASB statements taking effect for the June 30, 2017 financial statements is Statement 77 Tax Abatement Disclosures, which requires disclosure of information about the nature and magnitude of any tax abatements. An agreement with White Nelson Diehl Evans is recommended for the City's fiscal year end June 30, 2017 audit and required State reporting.

FISCAL IMPACT

The proposed cost of performing the Fiscal Year 2016-17 audit and required State reporting is \$89,450 as detailed below:

\$64,000	Audit (includes the City of Hesperia and its component units, the Hesperia Fire Protection District, the Hesperia Water District, the Community Development Commission, and the Hesperia Housing Authority; also includes the Successor Agency to the Former Hesperia Community Redevelopment Agency)
14,050	State Controller's Office Reporting
3,900	Single Audit and 1 st major grant program
<u>7,400</u>	Single Audit 2 nd through 5 th major grant programs
\$89,450	Total Audit/Reporting Costs

The cost of the audit and State reports will be allocated among the City and its component units based upon the size and complexity of each component unit. Adequate budget exists within the FY 2017-18 Budget.

ALTERNATIVE(S)

Provide alternative direction to staff.

ATTACHMENT(S)

None.