

FRESNO LOCAL AGENCY FORMATION COMMISSION

REPORT TO MANAGEMENT

YEAR ENDED JUNE 30, 2016

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Commissioners
Fresno Local Agency Formation Commission
Fresno, California

We have audited the financial statements of the governmental activities of the Fresno Local Agency Formation Commission (LAFCo) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 6, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LAFCo are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

LAFCo does not enforce payment by the cities and districts for the services they have provided. However, LAFCo keeps a list of cities and districts that have been billed but have not paid and plans to request payment of their outstanding bill when these entities request services from LAFCo in the future.

The financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Fresno Local Agency Formation Commission

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budget comparison schedule, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Commissioners and management of LAFCo and is not intended to be, and should not be, used by anyone other than these specified parties.

Sampson, Sampson & Patterson, LLP

Clovis, California
June 19, 2018

FRESNO LOCAL AGENCY FORMATION COMMISSION

REPORT TO MANAGEMENT

CURRENT YEAR COMMENTS

1. Cash Disbursements

Comment

During our testing of internal controls for cash disbursements the following was noted out of 33 disbursements tested:

- Five invoices did not indicate they had been initialed by the Chairperson.
- Three checks from the single signor account were missing supporting documentation.

Recommendation

To ensure compliance with the procedures listed in Section E.2 of the Financial and Accounting Procedures Manual, all invoices should have the Chairperson's approval noted on the invoice. We recommend more diligence on retaining invoices, receipts, and other forms of support for every check written to ensure expenses are appropriate business purchases.

Executive Officer's Response

LAFCo staff endeavors to be accurate and accountable in all of its fiscal matters. We will employ the recommended actions.