

FEBRUARY 6, 2019

FCTA Board Meeting

Consent Calendar

Item II-D

Approval of Retroactive Amendment No 2 to Agreement with  
Dedekian, George, Small & Markarian

**MIKE LEONARDO**  
Executive Director

**MEMORANDUM**

**TO:** Fresno County Transportation Authority

**FROM:** Mike Leonardo, Executive Director

**DATE:** February 6, 2019

**SUBJECT:** Approval of Retroactive Amendment 2 to Agreement with Dedekian, George, Small & Markarian Accountancy Corporation for FY2017-18 Annual Audit Services for the Authority

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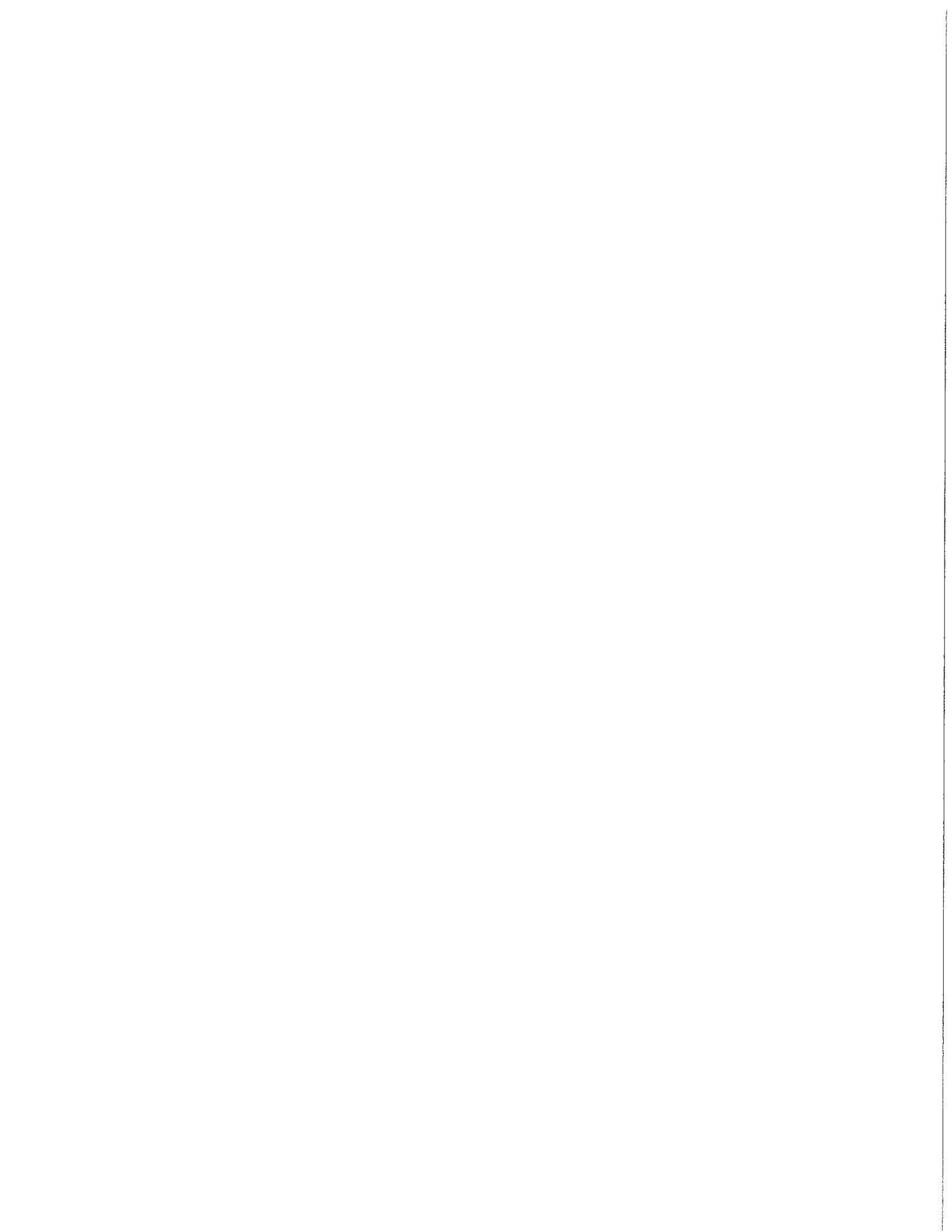
**RECOMMENDATION:** That the Authority Board approve Retroactive Amendment 2 to the Agreement with Dedekian, George, Small & Markarian Accountancy Corporation for the annual financial audit and the single audit of federal grant programs for the fiscal year ending June 30, 2018 with a not-to-exceed amount of \$26,500.00.

**DISCUSSION:** Our current contract with Dedekian, George, Small & Markarian Accountancy Corporation, Certified Public Accountants provides for annual extensions through fiscal year ending June 30, 2018.

The Auditor-Controller/Treasurer-Tax Collector's office and the Executive Director negotiated no change to the existing fee (\$26,500), scope of work and hourly rate schedule with Dedekian, George, Small & Markarian Accountancy Corporation and recommend approval.

Retroactive Amendment No. 2 has been reviewed for legal form and approved by Authority legal counsel. This is the final year of a three-year agreement with Dedekian, George, Small & Markarian Accountancy Corporation.

The contract amendment is consistent with the approved annual budget and staff recommends approval.



1 AMENDMENT II TO AGREEMENT

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3 This Amendment II to Agreement ("Amendment II") is made and entered into this  
4 \_\_\_ day of February, 2019, with an effective date of January 1, 2018, by and between  
5 the Fresno County Transportation Authority, a public entity of the State of California,  
6 hereinafter referred to as the "Authority", and Dedekian, George, Small & Markarian  
7 Accountancy Corporation, hereinafter referred to as the "Auditor".

8 WITNESSETH:

9 WHEREAS, Auditor and Authority previously entered into an agreement on July  
10 20, 2016 ("the Agreement"), whereby Auditor agreed to serve as an independent  
11 accountant for the fiscal year ending June 30, 2016, to provide certain audit services for  
12 the Authority; and

13 WHEREAS, Paragraph 19 of said Agreement authorized the parties to renew or  
14 extend its term for no more than two (2) additional successive fiscal years, through and  
15 potentially including the Fiscal Year Ending June 30, 2018; and

16 WHEREAS, the parties hereto previously extended the term of the Agreement to  
17 include Auditor's performance thereunder through the fiscal year ending June 30, 2017,  
18 by means of Amendment I to said Agreement, dated June 7, 2017; and

19 WHEREAS, it is the intent of the parties hereto further to modify the provisions of  
20 said Agreement, and hereby to renew and retroactively extend its term in order to  
21 continue the performance of services thereunder by Auditor for one (1) additional fiscal  
22 year, through the Fiscal Year Ending June 30, 2018.

23 NOW, THEREFORE, the parties hereto agree as follows:

24 1. This Amendment II to Agreement renews and further amends the Agreement  
25 made and entered into by the parties on July 20, 2016, as previously modified by  
26 Amendment I. The text of both the Agreement (not including the Exhibits) and  
27 Amendment I are attached, for purposes of convenience, as Exhibits "A" and "B"  
28 respectively, to this Amendment II.

1 2. Subparagraph 1.A of the Agreement, at page 1, lines 14 through 19, inclusive, is  
2 hereby amended to read in its entirety as follows:

3 "A) to audit and express an opinion on the Transportation Authority's financial  
4 statements for the Fiscal Year Ending June 30, 2018. Audit of the Fiscal Year  
5 Ending June 30, 2018 shall commence no later than September 30, 2018 with  
the final report for Fiscal Year Ending June 30, 2018 to be submitted on or before  
February 28, 2019."

6 3. The first sentence only of Paragraph 2 of the Agreement, at page 2, lines 18-24,  
7 is hereby amended to read as follows:

8 "2. Administrators of Agreement. For the purpose of administering this  
9 Agreement, Mike Leonardo, Executive Director, shall be the representative for  
the Authority; Jeffrey Markarian, CPA, Partner, shall be the representative for the  
10 Auditor; and Oscar J. Garcia, CAP, shall represent the Auditor-  
Controller/Treasurer-Tax Collector's Office."

11 4. That portion of Paragraph 3 of the Agreement, at page 3, lines 7-18 only, is  
12 hereby amended to read as follows:

13 "3. Purpose and Scope. The purpose of the audit of the financial  
14 statements is to enable the Auditor to express an opinion on the fairness of the  
15 presentation of the financial statements of the Authority for the Fiscal Year  
Ending June 30, 2018, in conformity with Generally Accepted Accounting  
16 Principles (GAAP) and the standards applicable to financial audits contained in  
Government Auditing Standards. The purpose of the Single Audit is to allow the  
17 Auditor to express an opinion pursuant to the Single Audit Act of 1984 (P.L. 98-  
502) as amended and reflected in Revised United States OMB Circular A-133,  
18 and prepare the Schedule of Expenditures of Federal Awards"

19 5. Paragraphs 6, 7 and 8 of the Agreement, at page 5, line 9 through page 8, line 9,  
20 are hereby amended to read in their entirety as follows:

21 "6. Period of Performance. Auditor's performance of its obligations  
22 hereunder, with respect to the third fiscal year (ending June 30, 2018) of the  
extended term of the Agreement, as renewed and modified by this Amendment II  
23 thereto, shall commence upon full execution of this Amendment II by the parties.  
With regard to each and every obligation imposed upon the Auditor under the  
24 Agreement as hereby amended, time is of the essence. Auditor shall perform all  
obligations required under this Agreement according to the time(s) established  
25 herein for their performance, including but not limited to those obligations and  
times specified in Paragraphs 1,3,4,5,6, and 8 of the Agreement as hereby  
26 amended, and as they may be set forth in Exhibit A to the original Agreement.  
With regard to the reports and other documents referenced in Paragraph 8 as  
27 hereby amended, Auditor shall fully perform said obligations at or before the  
times specified, and no later than February 28, 2019. Auditor shall also perform  
28 all professional audit responsibilities which may occur from time to time after  
February 28, 2019."

1 "Notwithstanding any of the foregoing, the term of this Agreement, as renewed  
2 and modified by this Amendment II, shall be and is hereby extended through  
3 February 28, 2019, unless the Agreement is terminated sooner, as provided  
4 herein."

4 "7. Compensation. Authority agrees to pay the Auditor and the Auditor  
5 agrees to accept the following as full compensation for the services to be  
6 rendered by Auditor hereunder, for the Fiscal Year Ending June 30, 2018.

6 Hourly Rates

7 Partner \$180.00  
8 Supervising Staff \$120.00  
9 Staff \$80.00

9 Auditor will be compensated based on a monthly written report describing  
10 the number of staff hours by classification devoted to Auditor's performance of its  
11 obligations hereunder in connection with the Fiscal Year Ending June 30, 2018  
12 Audit, in accordance with the following figures:

12 Total Time not to exceed 220 hours

13 TIME AND HOURLY RATES BY PERSONNEL:

	<u>HOURS</u>	<u>RATES</u>	<u>TOTAL</u>
15 Partner	60	\$180.00	\$10,800.00
16 Supervising Staff	60	120.00	7,200.00
16 Staff	100	80.00	8,000.00
17 Out-of-Pocket Costs	<u>N/A</u>	N/A	<u>500.00</u>
17 Total	220		\$26,500.00

18 In no event shall compensation under this Agreement for the Fiscal Year Ending  
19 June 30, 2018 Audit exceed \$26,500 without a written amendment to this  
20 Agreement. The maximum amount of \$26,500 is hereby acknowledged by the  
21 parties to be consistent with the provisions of Paragraph 19 of the original  
22 Agreement (Exhibit A).

22 Payment will be made not more than forty-five (45) days after receipt of invoice.  
23 Progress payments shall not be construed as final acceptance of Auditor's  
24 services. Final payment will be made within forty-five (45) days of approval and  
25 acceptance of the report."

25 "8. Date of Completion. For the Fiscal Year Ending June 30, 2018, the  
26 Auditor will provide the Authority with an audit plan and schedule by August 31,  
27 2018. It is agreed: (1) the Auditor will submit an opinion on the fairness of the  
28 presentation of the Financial Statements by February 28, 2019, (2) the Auditor  
will provide Authority with a "Management Letter" if warranted, by February 28,  
2019, and (3) the Auditor will provide all special reports and reporting  
requirements as necessary to comply with the requirements of Public Utilities  
Code Section 142000 et. seq., and all Transportation Authority Administrative

1 Requirements. The Audit and Single Audit for the Fiscal Year Ending June 30,  
2 2018 shall be completed by the Auditor and submitted to the Authority on or  
before February 28, 2019.

3 Time is of the essence. If the Auditor, due to neglect or any other reason for  
4 which it is responsible, fails to provide its report on the financial statements or the  
"Management Letter" by the stated due dates, the Auditor shall pay Authority as  
5 liquidated damages the sum of five hundred dollars (\$500) for each week such  
6 delay continues until the deficiency is rectified. This provision shall not apply if  
7 the delay is attributable to the inability of Authority to provide any necessary  
information on a timely basis to the Auditor, as outlined in Exhibit "B" to the  
8 original Agreement, or if an applicable request for an extension by Auditor is  
approved by the Transportation Authority Board. The required information and  
9 the time frame for furnishing audit will be reduced to writing and mutually agreed  
upon by Authority and the Auditor during the planning phase of the examination.  
Auditor will put forth its best effort to provide a report on compliance with  
10 Transportation programs as required by Public Utilities Code Sections 142000 et.  
seq. by the stated completion date.

11 It is hereby acknowledged that the parties have provided for liquidated damages  
in this Paragraph because they agree that the Authority would incur substantial  
12 damage by reason of the Auditor's failure to perform audit work within the times  
stated, and that it would be impractical or extremely difficult to fix the actual  
13 amount of such damages."

14 6. It is the intent of the parties hereto that all other provisions, terms, conditions,  
15 covenants, and promises set forth in the original Agreement, as previously amended,  
16 that are not modified by this Amendment II, shall remain in full force and effect.

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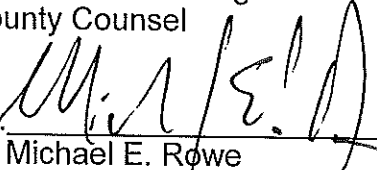
1 IN WITNESS WHEREOF, the parties hereto have executed this Amendment II to  
2 the Agreement as of the day and year first hereinabove written.

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Approved as to Legal Form:

Fresno County Transportation Authority

Daniel C. Cederborg  
County Counsel

By:   
Michael E. Rowe  
Principal Deputy County Counsel

By: \_\_\_\_\_  
Ernest "Buddy" Mendes, Chairman

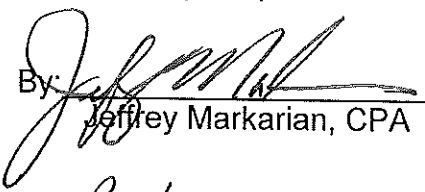
Date: \_\_\_\_\_

Approved as to Accounting Form:

Dedekian, George, Small & Markarian  
Accountancy Corporation

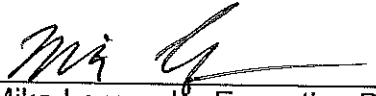
Oscar J. Garcia, CPA  
Auditor-Controller/Treasurer-Tax Collector

By: \_\_\_\_\_

By:   
Jeffrey Markarian, CPA  
Partner  
Title

Date: 1/10/19

Reviewed and Recommended for Approval:

  
Mike Leonardo, Executive Director  
Fresno County Transportation Authority

Fund: 4830 / 4831

Vendor Payment Address:

Budget: 9710-10000 / 9610-42528

Dedekian, George, Small & Markarian  
Accountancy Corporation  
8080 North Palm Avenue, Suite 201  
Fresno, California 93711-5797

Account: 7492/7492