

# SONOMA LOCAL AGENCY FORMATION COMMISSION

111 SANTA ROSA AVENUE, STE. 240 SANTA ROSA, CA 95404

(707) 565-2577

[www.sonomalafco.org](http://www.sonomalafco.org)

## Staff Report

---

---

**Meeting Date:** April 5, 2023

**Agenda No.** Item 3.3

**Agenda Item Title:** Commission Audit for Fiscal Years Ending June 30, 2019, and June 30, 2020

**Proposal:** Staff requests that the Commission review and accept the audit for Fiscal Years Ending June 30, 2019, and June 30, 2020

**Environmental Determination:** Not a project under CEQA

**Staff Contact:** Cynthia Olson

## **Analysis**

---

### **Background**

Bi-annual audits of the Commission's financial operations have been conducted since the Cortese-Knox-Hertzberg Local Governmental Reorganization Act of 2000 became law in 2001, and Sonoma LAFCO became independent. The audit division of the Sonoma County Auditor's Office conducted the first several bi-annual audits.

Subsequently, new interpretations of the public accountants' code of ethics led staff to recommend a change to use of an outside Certified Public Accounting firm to conduct audits; independent audits have occurred since 2013.

### **Audit for Fiscal Years 2019 and 2020**

R.J. Ricciardi, Inc., Certified Public Accountants, performed the audit of Commission financial operations for the two-year period from July 1, 2019, to June 30, 2020. Over the last several months, Commission staff and staff from the Sonoma County Auditor's Office have worked diligently with representatives from the company to provide requested information and explanations associated with expenditures and revenues for the audited period. Staff wishes to acknowledge the work and efforts of Bobbi Lovold of the Auditor's Office.

Attached, for Commissioners' review and consideration are two documents received from the independent auditor, the Annual Financial Report for Fiscal Years 2019 and 2020 and the Commissioners and Management Report.

The Annual Financial Report for Fiscal Years 2019 and 2020, states "In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Sonoma Local Agency Formation Commission, as of June 30, 2020, and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America."

No irregularities, misstatements, material weaknesses, or needed changes were noted.

The Commissioners and Management Report provides information, according to auditors' professional standards, on the auditor's responsibilities regarding the audit and the company's experience in performing the audit of Sonoma LAFCO.

### **Environmental Analysis**

The California Environmental Quality Act (CEQA) Guidelines defines "project" as "the whole of an action, which has a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the

environment...” Administrative activities and government fiscal activities, such as an audit, that do not involve a commitment to a specific project which may result in a potentially significant physical impact on the environment are not considered to be projects subject to CEQA. Audit of the Commission’s basic financial statements is not considered a project under CEQA.

### **Recommendation**

---

Staff recommends that the Commission review and accept the financial audit of Sonoma LAFCO as conducted by R.J. Ricciardi, Inc., CPAs, for the fiscal years ending June 30, 2019, and June 30, 2020.

### **Alternatives to Recommendation**

---

None

### **Attachments**

---

1. Sonoma Local Agency Formation Commission Annual Financial Report for Fiscal Years Ending June 30, 2019, and 2020
2. Sonoma Local Agency Formation Commission Commissioners and Management Report for Fiscal Years Ending June 30, 2019, and 2020