

**SONOMA LOCAL AGENCY FORMATION COMMISSION
COMMISSIONERS & MANAGEMENT REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2022 & 2021**

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Commissioners
Sonoma Local Agency Formation Commission
Santa Rosa, California

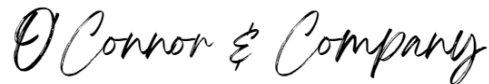
In planning and performing our audit of the basic financial statements of Sonoma Local Agency Formation Commission for the fiscal years ended June 30, 2022 and 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Sonoma Local Agency Formation Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Sonoma Local Agency Formation Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

This report is intended solely for the information and use of management, the Commissioners, and officials of the federal and state grantor agencies and should not be used by anyone other than these specified parties.

We thank Sonoma Local Agency Formation Commission's staff for its cooperation during our audit.



O'Connor & Company

Novato, California
May 1, 2024

Commissioners
Sonoma Local Agency Formation Commission
Santa Rosa, California

We have audited the basic financial statements of the governmental activities and major fund of Sonoma Local Agency Formation Commission (the Commission) for the years ended June 30, 2022 and 2021. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 23, 2023, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 2 to the financial statements. GASB 87, accounting for lease policies, was adopted and applicable during the fiscal year (see Notes 8 & 10). 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. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Accrual and disclosure of leases.
- Capital asset lives and depreciation expense.
- Fair value of investments and financial instruments.

We have identified the following significant risk(s) of material misstatement as part of our audit planning: management override of controls, improper revenue recognition, and unallowable and fraudulent expenses.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no 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, the 1 adjustment for the fiscal year ending June 30, 2021, was detected because of audit procedures, and corrected by management was not material, either individually or in aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 1, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like 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 of our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and the Budgetary Comparison Schedule for the General Fund, 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.

This report is intended solely for the information and use of management and Commissioners of the Sonoma Local Agency Formation Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Sonoma Local Agency Formation Commission
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For the Years Ended June 30, 2022 and 2021

Current Year Observations

There are no current year observations.

Prior Year Observations

There were no prior year observations.