

SONOMA LOCAL AGENCY FORMATION COMMISSION

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Staff Report

Meeting Date: August 7, 2024

Agenda No. Item 3.3

Agenda Item Title: Commission Audit for Fiscal Years Ending June 30, 2021, and June 30, 2022

Proposal: Staff requests that the Commission review and accept the audit for Fiscal Years Ending June 30, 2021, and June 30, 2022

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. Staff has contracted with outside certified public accounting firms to conduct audits since 2013.

Audit for Fiscal Years 2021 and 2022

O'Connor & Company, Certified Public Accountants, performed the audit of Commission financial operations for the two-year period from July 1, 2020, to June 30, 2022. 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 Leanne Potts of the Auditor's Office.

Attached are the Annual Financial Report and the Commissioners and Management Report for Fiscal Years 2021 and 2022.

The Annual Financial Report, 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, 2022, and 2021, 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.

Future Audits

Staff has contracted with the same accounting firm for several audit cycles. Staff recommends that the Commission direct staff to solicit RFPs for a new certified public accounting firm to conduct the audit for the next auditing cycle.

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 O’Connor & Company, CPAs, for the fiscal years ending June 30, 2021, and June 30, 2022, and to direct staff to solicit RFPs for auditing services for the next auditing cycle.

Alternatives to Recommendation

None

Attachments

1. Sonoma Local Agency Formation Commission Annual Financial Report for Fiscal Years Ending June 30, 2021, and 2022
2. Sonoma Local Agency Formation Commission Commissioners and Management Report for Fiscal Years Ending June 30, 2021, and June 30, 2022