

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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DATE: MARCH 6, 2006
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #9: REVIEW AND ACCEPT AUDIT REPORT FOR
FISCAL YEAR ENDED JUNE 30, 2005**

RECOMMENDATION:

Receive and file the materials submitted by Moreland & Associates related to the Commission's audit for Fiscal Year 2004-05.

BACKGROUND:

In June 2005, the Commission signed a three-year contract with the public accounting firm of Moreland & Associates to perform the annual audits of LAFCO's financial statements. Attached to this report is a copy of the draft report for Fiscal Year 2004-2005.

The Moreland report consists of three principal components:

- **Transmittal Letter** – an audit report cover letter from Moreland & Associates outlining the auditor's professional responsibilities and findings.
- **LAFCO's Financial Statements** – an independent review of the government activities of San Bernardino LAFCO during the period of July 1, 2004 through June 30, 2005.
- **Government Auditing Standards** – a report identifying and disclosing the auditor's compliance with current government accounting standards.

During the audit process, Moreland & Associates did not identify any issues relating to LAFCO's accounting procedures, current internal controls, or office

procedures; therefore, it did not issue a “management letter” to identify areas of concern.

KRM/

Attachments:

1. Moreland & Associates transmittal letter
2. LAFCO 2004-005 Financial Statements
3. Moreland & Associates outline of compliance with government auditing standards