

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

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DATE: APRIL 6, 2007

FROM: MICHAEL TUERPE, LAFCO Analyst

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item # 7: Review and Accept Audit Report for Fiscal Year Ended June 30, 2006

RECOMMENDATION:

Staff recommends that the Commission receive and file the materials submitted by Moreland & Associates related to the Commission's audit for Fiscal Year 2005-06.

BACKGROUND:

The Commission is in the second year of 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 report for Fiscal Year 2005-06.

The Moreland report consists of three principal components:

- **Transmittal Letter** – a 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, 2005 through June 30, 2006.
- **Government Auditing Standards** – a report identifying and disclosing the auditor's compliance with current Government Auditing 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.

MT/

Attachments:

1. Moreland & Associates Transmittal Letter
2. LAFCO 2005-06 Financial Statements
3. Moreland & Associates Outline of Compliance with Government Auditing Standards