



## Solano Local Agency Formation Commission

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Date: February 8, 2017

To: Simona Padilla Sholtens, Solano County Auditor-Controller

From: Roseanne Chamberlain, Executive Officer

Subject: Audit Trail - Auditor's Apportionment Under Government Code §56381

Thank you for coming by on Monday February 6<sup>th</sup>, to discuss my need to document the July 2014 adjustment/reduction in the cities and county apportionment of LAFCo revenues. The information is needed for LAFCo's audit of fiscal year 2014-15.

As you know, LAFCo is completing its first independent audit with James Marta & Company. Our auditor, Mario da Costa requested documentation for the difference between the amount budgeted by LAFCO and the amount apportioned and billed to the agencies under Government Code §56381. LAFCo had insufficient documentation of this action to establish an audit trail showing the change in revenues. The documents in your files provide the needed information.

I also appreciate your willingness to "cc" LAFCo each year in the future when you prepare the apportionment calculations and send invoices to the agencies for the LAFCo budget. This simple communication from you will ensure that we minimize future misunderstandings.

As a result of our discussion, I also plan to propose a minor modification to the LAFCo Reserves policies to clarify the nature of our reserve accounts. I appreciate your thoughts about structuring those accounts. We will also evaluate the possibility of appropriating reserves and fund balance for specific purposes such as a legal defense reserve fund.

I look forward to working with you and your staff and I appreciate all the help provided to LAFCo by your staff so we could complete our financial audit this year.

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