

# MENDOCINO LOCAL AGENCY FORMATION COMMISSION

## RESOLUTION NO. 2025-26-06

### APPROVING AN AMENDMENT TO POLICY 5.2.2 (FINANCIAL AUDITS)

**WHEREAS**, the Mendocino Local Agency Formation Commission (LAFCo), hereinafter referred to as the “Commission”, was established pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Sections 56000 et. seq., as an independent agency with the authority to adopt policies and procedures necessary to carry out its functions, (Government Code §56300); and

**WHEREAS**, Government Code §56381 establishes requirements for the preparation, adoption, and administration of LAFCo budgets and requires the Commission to maintain sound fiscal management practices; and

**WHEREAS**, the Commission has adopted a Policies and Procedures Manual that establishes administrative and financial management policies, including Policy 5.2.2 addressing financial audits; and

**WHEREAS**, Policy 5.2.2 currently directs that an annual financial audit be conducted utilizing the services of a qualified Certified Public Accountant; and

**WHEREAS**, the Executive Committee reviewed the policy on March 13, 2026 and recommended amending the policy to allow financial audits be conducted on a biennial basis in order to reduce administrative costs and better align audit frequency with the Commission’s size, budget, and operational complexity; and

**WHEREAS**, conducting financial audits on a biennial basis is consistent with practices utilized by certain small public agencies and is permissible where the Commission maintains appropriate financial controls, transparent financial reporting, and ongoing Commission oversight of its fiscal activities; and

**WHEREAS**, the Commission considered the recommendation of the Executive Committee, the report of the Executive Officer, and all oral and written comments regarding the proposed policy amendment at a duly noticed public meeting; and

**WHEREAS**, the Commission finds that adoption of this policy amendment is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment and therefore is not a “project” for purposes of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines §15378(b)(5).

**NOW, THEREFORE, BE IT RESOLVED that the Mendocino Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:**

#### **Section 1. Incorporation of Recitals**

The foregoing recitals are true and correct and are hereby incorporated into this Resolution as findings of the Commission.

**Section 2. Policy Amendment**

Policy 5.2.2 of the Mendocino LAFCo Policies and Procedures Manual is hereby amended to read as follows:

**5.2.2 FINANCIAL AUDITS**

A financial audit shall be conducted on a biennial basis utilizing the services of a qualified Certified Public Accountant. The contract for audit services shall be awarded by the Commission based on proposals solicited for this purpose and may be structured as a biennial contract or a multi-year renewable agreement.

**Section 3. Policy Update**

The Executive Officer is directed to update the Mendocino LAFCo Policies and Procedures Manual to reflect the amendment adopted by this resolution.

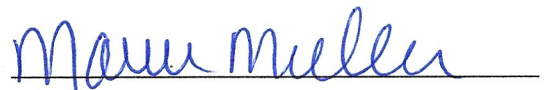
**PASSED AND ADOPTED** by the Mendocino Local Agency Formation Commission this 6th day of April, 2026, by the following vote:

AYES: *Rodin, Mahoney, Eline, Ward, Bonzalez, Horsley, Mulheren*

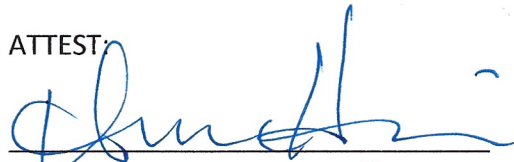
NOES:

ABSTAIN:

ABSENT:

  
MAUREEN MULHEREN, Commission Chair

ATTEST:



UMA HINMAN, Executive Officer