

Agenda Date: January 19, 2017
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Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

CONTACT: Kristina Aguilar, Administrative Manager (961-8813)

SUBJECT: APCD Fiscal Year 2015-16 Financial Audit

RECOMMENDATION:

Receive and file the attached:

1. Fiscal Year 2015-16 APCD *Comprehensive Annual Financial Report* (CAFR), also containing the *Independent Auditor's Report*;
2. The Independent Auditor's *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*; and
3. The Independent Auditor's *Report to the Board of Directors and Management*.

DISCUSSION:

Each year, financial statements must be prepared reporting on the APCD's financial status and then audited by an independent accounting firm employing certified public accountants (CPAs). In addition, the APCD must undertake a federally mandated "Single Audit" any fiscal year the APCD expends more than \$750,000 of federal funds and issue a report as a result of that audit.

As part of the audit of the APCD's financial status (the financial audit) the accounting firm must issue two supplemental reports: 1) an *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters*, and 2) a *Report to the Board of Directors and Management* communicating other pertinent matters related to the audit of the financial statements.

2015-16 Comprehensive Annual Financial Report (CAFR)

The attached CAFR was prepared by the APCD Fiscal Division, under the direction of APCD management. The independent accounting firm Bartlett, Pringle & Wolf, LLP (auditors) prepared the included *Independent Auditor's Report*. The auditors found that our financial statements are presented fairly, in all material respects.

Single Audit Reports

Federal expenditures were \$543,754 which was below the \$750,000 threshold in fiscal year 2015-16, therefore a federally mandated "Single Audit" was not required, and no report was issued.

Report on Internal Control and Compliance

As part of the audit, and in accordance with Government Auditing Standards, the auditors considered the APCD's internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters and issued the attached *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. The auditors did not identify any deficiencies in internal controls over financial reporting that would be considered to be a material weakness, and did not find any instances of noncompliance that are required to be reported.

Report to the Board of Directors and Management

The attached *Report to the Board of Directors and Management* was prepared by the auditors outlining other matters that do not rise to the level of reporting required in the other reports, but that are determined to be of interest to the Board and management and require formal communication.

ATTACHMENTS:

- A. Fiscal Year 2015-16 APCD *Comprehensive Annual Financial Report (CAFR)*, also containing the *Independent Auditor's Report*
- B. Fiscal Year 2015-16 *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*
- C. Fiscal Year 2015-16 *Independent Auditor's Report to the Board of Directors and Management*