

Agenda Date: May 18, 2006  
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Continued Item: No

## Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

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Nicholas Cronin, CPA, Audit Manager, Nasif, Hicks, Harris & Co., LLP (966-1521)

SUBJECT: APCD Fiscal Year 2004-05 Financial and Single Audit

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### RECOMMENDATIONS:

1. Receive and file the attached Fiscal Year 2004-05:
  - a. APCD Comprehensive Annual Financial Report (CAFR), also containing the Financial Audit Report
  - b. Single Audit Report
  - c. Independent Auditors' Letter to the Board of Directors

### DISCUSSION:

Each year, financial statements and an independent audit must be prepared on the APCD's financial status. In addition, APCD must undertake a federally mandated "Single Audit." Lastly, as part of concluding the engagement, the independent auditors prepare a letter to the Board of Directors summarizing their responsibility, significant APCD policies, estimates, and adjustments, and other pertinent audit considerations.

#### 2004-05 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 Nasif, Hicks, Harris & Co., LLP prepared the included Financial Audit Report.

This year, with the addition of prior year financial information in the Management, Discussion, and Analysis section of the CAFR, the APCD has fully implemented the new governmental financial reporting model, as prescribed by the Government Accounting Standards Board (GASB) *Statement No. 34: Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

### 2004-05 Single Audit Report

Federal expenditures were greater than \$500,000 in fiscal year 2004-05, so the APCD undertook a federally mandated “Single Audit” that requires the independent auditors to issue a report on the APCD’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal compliance involving the administration of federal awards.

The independent accounting firm Nasif, Hicks, Harris & Co., LLP prepared the attached Single Audit report for the APCD. It has been separated from the CAFR, to allow for more focused distribution of the District’s federal award information to interested parties.

### ATTACHMENTS

1. Fiscal Year 2004-05 APCD Comprehensive Annual Financial Report (CAFR), also containing the Financial Audit Report
2. Separately issued, Fiscal Year 2004-05 Single Audit Report
3. Fiscal Year 2004-05 Independent Auditors’ Letter to the Board of Directors