

Agenda Date: May 19, 2011
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Board Agenda Item

TO: Air Pollution Control District Board
FROM: Terry Dressler, Air Pollution Control Officer
CONTACT: Donald Kendig, CPA, Business Manager (961-8854)
SUBJECT: APCD Fiscal Year 2009-10 Financial Audit

RECOMMENDATIONS:

Receive and file the attached:

- a.) Fiscal Year 2009-10 APCD *Comprehensive Annual Financial Report (CAFR)*, also containing the *Financial Audit Report*,
- b.) the *Independent Certified Public Accountants Report on Internal Control over Financial Reporting and on Compliance and Other Matters*, and
- c.) the Independent Auditors' *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 \$500,000 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 Certified Public Accountants 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.

2009-10 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 (auditors) prepared the included *Financial Audit Report*. The auditors found that our financial statements are presented fairly, in all material respects.

Single Audit Report

Federal expenditures were below the \$500,000 threshold in fiscal year 2009-10, so 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 Certified Public Accountants Report on Internal Control over Financial Reporting and on Compliance and Other Matters*. The auditors did not identify any deficiencies in internal control 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 2009-10 APCD *Comprehensive Annual Financial Report* (CAFR), also containing the *Financial Audit Report*,
- b. Fiscal Year 2009-10 *Independent Certified Public Accountants Report on Internal Control over Financial Reporting and on Compliance and Other Matters*, and
- c. Fiscal Year 2009-10 *Independent Auditors' Report to the Board of Directors and Management*