

Agenda Date:	May 17, 2007
Agenda Placement:	Admin
Estimated Time:	N/A
Continued Item:	No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Terry Dressler, Air Pollution Control Officer

CONTACT: Donald Kendig, CPA, Business Manager (961-8854)
Steven J. Hicks, CPA, Partner, Nasif, Hicks, Harris & Co., LLP (963-5115)

SUBJECT: APCD Fiscal Year 2005-06 Financial Audit

RECOMMENDATIONS:

1. Receive and file the attached Fiscal Year 2005-06:
 - a. APCD Comprehensive Annual Financial Report (CAFR), also containing the Financial Audit Report,
 - b. Auditors' 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
 - 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. The attached APCD CAFR and Financial Audit Report satisfy this requirement.

In prior years the APCD also undertook a federally mandated "Single Audit," which included an "Auditors' 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*. For fiscal year 2005-06, ending June 30, 2006, Federal expenditures were below \$500,000 and the APCD was exempt from Single Audit reporting. Nonetheless, the Auditors conducted additional audit testing and issued the supplemental report for the Federal funds we did expend.

Lastly, as part of concluding the engagement, the independent auditors prepared a letter to the Board of Directors summarizing their responsibility, significant APCD policies, estimates, and adjustments, and other pertinent audit considerations.

ATTACHMENTS

1. Fiscal Year 2005-06 APCD Comprehensive Annual Financial Report (CAFR), also containing the Financial Audit Report,
2. Separately issued, Fiscal Year 2005-06 Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, and
3. Fiscal Year 2005-06 Independent Auditors' Letter to the Board of Directors.