

**SACRAMENTO METROPOLITAN AIR QUALITY
MANAGEMENT DISTRICT**

For Agenda of: July 27, 2006

TO: Board of Directors
Sacramento Metropolitan Air Quality Management District

FROM: Larry Greene
Air Pollution Control Officer

**SUBJECT: Financial Statements and Independent Auditors' Report for Fiscal Year
2003/2004**

Recommendation

Staff recommends the Board approve the attached Resolution accepting the Financial Statements and Independent Auditor's Report for Fiscal Year 2003/2004; and authorize the Chairperson of the Board to sign it for and on behalf of the Sacramento Metropolitan Air Quality Management District ("District").

Audit

Gilbert Associates, Inc., an independent auditing firm, is responsible for expressing an opinion on the financial statements of the District based upon their audit. The audit also assesses accounting principles used and significant estimates made by the management of the District.

Presentation of financial statements

Gilbert Associates, Inc. presents the Financial Statements of the District to the Board of Directors and will answer any questions regarding their independent auditors' report.

Gilbert Associates, Inc. found no material weaknesses during their audit of the District. However, they noted one reportable condition and one management comment. The reportable condition noted the year-end closing process and the management comment noted the need to ensure monitoring of the debt covenants. The District has experienced vacancies within the accounting division that delayed the closing process and the audit. Staff shortages have also caused delays in billings. Steps have already been taken by the District to correct this situation. A permanent District Accountant/Controller has been hired; two new fiscal positions and an Administrative Assistant position have been filled within the last year. The reportable condition is now being addressed. There is a focus on interim and year-end reconciliation procedures and account analysis to ensure timely submission of future audits. In addition, the district has implemented procedures to monitor debt covenants.

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Attachments

Attached are copies of the fiscal year 2003/2004 Financial Statements and Independent Auditors' Report.

Respectfully submitted,

Larry Greene
Air Pollution Control Officer

Attachments