

Agenda Item Number 11.B.

FY 2002-03 Financial Statements and Audit Report

Presenter: George Kloeppel

Action Recommended: Accept FY 2002-2003 Financial Statements and Audit; authorize submission to the State

Background:

The enclosed "*Annual Financial Report*" for the year ended June 30, 2003 was prepared by the LCOG fiscal staff and audited by the accounting firm of Jones & Roth, PC. The document, referred to in previous years as the agency's *Financial Statements*, is submitted for your review and acceptance.

The *Financial Report* can serve several distinct purposes, depending upon the needs and interests of the reader. To be assured that the agency's fiscal procedures are adequate, turn to the "Independent Auditors' Report" on pages 1-2 and the supporting "Audit Comments and Disclosures," beginning on page 83. For the period covered, LCOG's operations were found to be in conformity with "generally accepted accounting principles."

The Grant Compliance Review section, beginning on page 83, addresses LCOG's compliance with the requirements of both the state and federal governments. The reports included in this section disclose that we have no material weaknesses in our internal controls and that LCOG complied with the provisions of the laws and regulations which pertain to contracts and grants. There were no "Findings or Questioned Costs."

For a more explicit representation of the financial transactions during the past fiscal year, your attention is directed to the "Statement of Net Assets" on page 12, the "Statement of Activities," on page 13 and "Schedule of Resources and Requirements--Budget and Actual," on page 52. In order to make the best possible use of the *Report*, a review of the "Notes to General Purpose Financial Statements" on pages 24 through 42 might be helpful. Finally, attention is drawn to a section of the *Report* that is new this year, "Management's Discussion and Analysis," prepared by Marlene Siavitz,

LCOG's Financial Services Manager. The "MDA," as it is called, can be found beginning on page 3.

If questions regarding the *Financial Report* or the independent audit arise prior to the December 11 Board meeting, please contact George Kloeppe at 682-4395.