

Agenda Item Number 12.C.

FY 2003-04 Financial Statements and Audit Report

Presenter: George Kloeppe

Action Recommended: Accept FY 2003-2004 Financial Statements and Audit; authorize submission to the State

Background:

The enclosed "*Annual Financial Report*" for the year ended June 30, 2004 was prepared by the LCOG fiscal staff and audited by the accounting firm of Jones & Roth, PC. The document, which includes the agency's *Financial Statements* for the past year, 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 and 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 85, 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, and the narrative entitled "Management's Discussion and Analysis," prepared by Marlene Siavitz, LCOG's Financial Services Manager, on pages 3 through 11 might be helpful.

If questions regarding the *Financial Report* or the independent audit arise prior to the December 9 Board meeting, please contact George Kloeppe at 682-4395.