



## Legislation Details (With Text)

**File #:** 11-0851      **Version:** 1      **Name:** FM - Separately Issued Financial Statements  
**Type:** Agenda Item      **Status:** Approved  
**File created:** 8/4/2011      **In control:** City Council  
**On agenda:** 9/20/2011      **Final action:** 9/20/2011  
**Title:** Recommendation to receive and file Separately Issued Financial Statements, the Federal Single Audit, and the Auditor's communication with those charged with governance for the Fiscal Year ended September 30, 2010. (Citywide)  
**Sponsors:** Financial Management  
**Indexes:** Audits  
**Code sections:**  
**Attachments:** 1. 092011-C-8 SINGLE AUDIT REPORT.pdf, 2. 092011-C-8 AQUARIUM PACIFIC FIN STATE.pdf, 3. 092011-C-8 AUDITOR'S COMMUNICATION.pdf, 4. 092011-C-8 COMP ANNUAL FINANCIAL REPORT .pdf, 5. 092011-C-8 FY 2010 MGMT LETTER FOR CITY OF LB.pdf, 6. 092011-C-8 LB AIRPORT ENTERPRISE FUND ANNUAL FINANCIAL R.pdf, 7. 092011-C-8 LB AIRPORT SCHEDULE OF PASSENGER FACILITIES .pdf, 8. 092011-C-8 LOS CERRITOS WETLANDS AUTH.pdf, 9. 092011-C-8sr.pdf

Date	Ver.	Action By	Action	Result
9/20/2011	1	City Council	approve recommendation	Pass

Recommendation to receive and file Separately Issued Financial Statements, the Federal Single Audit, and the Auditor's communication with those charged with governance for the Fiscal Year ended September 30, 2010. (Citywide)

### Separately Issued Financial Reports and Statements

Certain City funds, joint powers authorities, and other subsidiary entities are also required to submit audited annual financial statements under separate cover, including the Los Cerritos Wetlands, Water Department, Airport Enterprise Fund, Airport Schedules for Passenger Facility Charges, and the Aquarium of the Pacific. These separate reports are enclosed and are issued annually to meet distinct legal and financial requirements.

### Federal Single Audit

Also attached is the Federal Single Audit required by the Federal Office of Management and Budget for municipalities receiving over \$500,000 annually in federal funds. The Federal Single Audit, covering 13 major programs as well as all American Recovery and Reinvestment Act (ARRA) grant funds, resulted in the identification of two significant deficiencies, seven findings and \$620,000 in questioned costs. No material weaknesses were identified. This compares to eight major programs, two significant deficiencies, three findings, and \$42,000 in questioned costs for the previous fiscal year.

### The Auditor's Communications with Those Charged with Governance

The City's external auditor (KPMG) is required to prepare and submit the Auditor's Communication with Those Charged with Governance in accordance with Statement of Auditing Standards 114 (SAS 114). "Those charged with governance" refers to the person or persons responsible for the strategic direction of the entity and the obligations relative to the accountability of such entity, including oversight of the financial reporting process. KPMG is required to communicate with those charged with governance those matters related to the financial statement audit that are, in KPMG's professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process.

KPMG has also provided a separately issued Management Letter that provides comments, findings and recommendations related to internal controls as well as other operational matters. No material weaknesses were identified. City management has reviewed KPMG's recommendations on how the City can improve its financial reporting and internal controls and has responded, via a separately issued Management Letter, to each issue.

Action on this item is not time critical.

There is no fiscal or local job impact associated with this action.

Approve recommendation.

JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

PATRICK H. WEST  
CITY MANAGER