

BOARD OF ALDERMEN

ITEM NO. E(1)

AGENDA ITEM ABSTRACT MEETING DATE: November 12, 2002

TITLE: Presentation of Audit Report for Fiscal Year Ending June 30, 2002

DEPARTMENT: Management Services	PUBLIC HEARING: No
ATTACHMENTS: A. Resolution B. 2001-02 Audit Report C. Memo - Audit Management Letter D. Memo – Impact of GASB 34	FOR INFORMATION CONTACT: L. Bingham Roenigk, 918-7300 Judy Weller, Accounting Officer, 918-7302

PURPOSE

In accordance with principles of accountability and state statutes, the town undergoes an annual financial audit by independent auditors. The Town contracted with Dixon Odom PLLC to perform the audit for the fiscal year ending June 30, 2002. The purpose of this agenda item is for the Board to receive the audit report. LaVonne Montague, CPA, of Dixon Odom PLLC, who oversees the town's audit, will present the report.

INFORMATION

Annually, the Board of Aldermen receives the audit report that evaluates the Town's system of internal accounting controls to express an opinion on the Town's financial statements. The auditors find the general-purpose financial statements present fairly, in all material respects, the financial position of the Town as of June 30, 2002 and thus issue an "unqualified" or clean opinion (attachment C).

In addition, the auditors have prepared a memo regarding the adoption of the Governmental Accounting Standards Board Statement 34 (GASB34), which represents one of the most comprehensive changes in financial reporting standards in the history of standards setting (attachment D). The auditors identify numerous implementation issues and anticipate that additional auditing assistance will be required to complete the FY03-04 audit.

FINANCIAL IMPACT: The auditors estimate that additional costs associated with implementation of GASB 34 may reach a level that is 20% of the current fee charged, which is approximately \$5,000. The projected cost will be refined at a later date and will be requested within the FY03-04 budget.

ADMINISTRATION'S RECOMMENDATION

The Board is requested to receive the audit report and approve a resolution accepting the 2001-02-audit report.

A RESOLUTION ACCEPTING THE 2001-02 AUDIT REPORT

WHEREAS, the Carrboro Board of Aldermen have received the annual 2001-02 Audit Report; and

WHEREAS, the Aldermen were informed by the Town's auditors, Dixon Odom PLLC that the Town's financial statements are free of material misstatement and that the audit tests conducted by the firm did not uncover any material weaknesses that are required to be reported under Government Auditing Standards;

NOW THEREFORE, THE BOARD OF ALDERMEN OF THE TOWN OF CARRBORO:

Section 1: Accept the annual 2001-02 Audit Report.

