

AGENDA REPORT

DATE December 17, 2002

ITEM Audit Report, FY 2001 2002

INITIATED BY Fiscal Services Department

ACTION REQUESTED Accept Annual Financial Statements, Audit Report, and Responses to the Audit Management Letter Recommendations

PREPARED BY Judy D. Hardinger, Accounting Technician Sr.

REVIEWED AND APPROVED BY Coleen Balzarini, City Controller/Fiscal Services Director

RECOMMENDATION:

Staff recommends the City Commission accept the FY 2001-2002 Comprehensive Annual Financial Report (CAFR) and approve the responses to the auditor's recommendations contained in the FY 2001-2002 Audit Management Letter.

MOTION:

I move the City Commission accept the FY 2001-2002 Comprehensive Annual Financial Report and Independent Auditor's report as presented as well as approve the responses to the Audit Management Letter recommendations as presented, and authorize staff to submit the responses to the State of Montana, Department of Administration and other government agencies as necessary.

SYNOPSIS:

Junkermier, Clark, Campanella, Stevens, P.C., Certified Public Accountants, conducted the City's FY 2001-2002 Annual Audit. Based on the Independent Auditor's report, the general purpose financial statements present fairly, in all material respects, the financial position of the City of Great Falls, Montana, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Section 2-7-515, MCA, requires the City Commission notify the Montana Department of Administration within 30 days of receipt of the audit report as to what action is planned on any deficiencies and recommendations noted by the independent auditor. If accepted by the Commission, the attached responses will be forwarded to the state in compliance with this requirement.

BACKGROUND:

The City's Audit Committee received a copy of the FY 2001-2002 CAFR, the Independent Auditor's report, responses to the GFOA's (Government Finance Officers Association) comments on the FY 2000-2001 CAFR and a brief summary of the FY 2001-2002 audit on December 12, 2002. The Audit Committee recommends the City Commission accept the CAFR and annual Independent Auditor's report.

Along with the FY 2001-2002 Audit Report, the City's auditors (Junkermier, Clark, Campanella, Stevens, P.C., Certified Public Accountants) issued a separate Audit Management Letter. The letter comments on internal control recommendations related to the operations of the City that **could** adversely affect the City's ability to record, process, summarize, and report financial data. The attached document describes the auditor's FY 2001-2002 recommendations, status of prior year recommendations, and the City's response/disposition to each of the recommendations.

The FY 2001-2002 CAFR will be submitted to the Government Finance Officers Association's (GFOA) Certificate of Achievement Program for review. The prior year's CAFR was submitted and subsequently awarded the Certificate of Achievement for Excellence in Financial Reporting. The City has received this certification every year since FY 1993-1994. It is anticipated the FY 2001-2002 CAFR will meet all requirements to receive the certification as well, since all comments and recommendations made by GFOA for improvement of presentation were implemented in the FY 2001-2002 CAFR.