

**TOWN OF BLACK MOUNTAIN BOARD OF ALDERMEN  
REQUEST FOR BOARD ACTION**

**Meeting Date:** December 13, 2010

**SUBJECT:** Town of Black Mountain Financial Statements and Independent Auditor's Reports for the Year Ended June 30, 2010

**AGENDA INFORMATION**

**Agenda Location:** Communications from Boards/Agencies/Consultants  
**Item Number:** 6-B  
**Department:** Finance & Information Services/Administration  
**Contact:** Sherry Williams, Interim Finance Director  
**Presenter:** Phil Church & Rick Hammer, Lowdermilk Church & Co., LLP

**BRIEF SUMMARY:**

CPAs Phil Church & Rick Hammer, of Lowdermilk Church & Co., LLP, Morganton, NC will present highlights and an overview of the Town's financial condition for the year ended June 30, 2010. The auditor's report offers an unqualified opinion, and notes management's correction of deficiencies in internal control which were repeatedly reported in prior years. Previous deficiencies were related to lack of segregation of duties in the finance function, due primarily to the limited number of personnel available. Corrective action included cross-training of finance staff and involvement of non-departmental staff where necessary to achieve sufficient segregation of duties. The report also notes that no deficiency in internal control, compliance or financial reporting was identified that would support a finding of material weakness in the Town's financial operations.

The Town Manager continues to express concern regarding some of the Town's historic financial management and accounting practices, which are inconsistent with GAAP/GASB standards, and best business practices, particularly with regard to: 1) the handling of receipts and disbursements to and from outside agencies; 2) lack of integration of accounting systems and technologies among the Town's different departments; 3) lack of standard chart of accounts and inconsistent classification of receipts and expenditures over time; 4) the need to transition Golf Fund from cash to accrual basis of reporting, and 5) the need to transition from manual procedures to more automated and electronic procedures. While it is important to resolve such anomalies and inconsistent practices in order to meet GAAP/GASB standards and to provide improved analysis and a more complete record of financial condition, the audit revealed no significant deficiencies that would require immediate action by board or management.

This is the fourth consecutive year that the Town's independent audit has been provided by Lowdermilk Church & Co.

**MOTION FOR CONSIDERATION:** To accept the FY09-10 Financial Statements and accompanying reports and communications as presented.

**FUNDING SOURCE:** N/A

**ATTACHMENTS:** Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2010 for the Town of Black Mountain and Black Mountain ABC Board; LGC's acceptance of the Town's AFR.

**MANAGER'S COMMENTS AND RECOMMENDATIONS:** *To accept as presented.*