

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
 STATE AND LOCAL GOVERNMENT FINANCE DIVISION
 AND THE LOCAL GOVERNMENT COMMISSION
 PHONE: (919) 807-2381 FAX: (919) 807-2398

Date: **January 8, 2013**

To: **Town of Pittsboro – ajcartrette@pittsboronc.gov**
Rives & Associates – jsharpe@rivescpa.com

From: **Becky Dzingeleski, Financial Reviewer – Becky.Dzingeleski@nctreasurer.com**
Jim Burke, Single Audit Reviewer

The financial statements for June 30, 2013 have been reviewed along with the financial data input form. The following items were noted during our review. These items are “***Items that Need Attention in Future Years***”. Governmental Units that sell General Obligation bonds within the next year will be required to correct or revise certain white letter items when we prepare the official statement for the bond sale.

If changes are required to the Financial or Single Audit Statements the auditor must submit a new PDF file of the **complete** financial audit and/or single audit. When sending the corrected statements, in the subject line please place “Corrections – Becky Dzingeleski – Pittsboro” **Do not e-mail the corrected document directly to the reviewer.** Corrections should be sent through the Leapfile portal. The portal address to upload your corrected document is <http://nctreasurer.slgfd.leapfile.net>.

Items that Need Attention in Future Years

Financial

General Area	Specific Issue
Transfer from Sewer Fund to General Fund – <u>allocation of administrative costs</u> <i>Local governments are making transfers to cover administrative costs from one fund to the other rather than actually recording the cost in the correct fund and reducing the cost in the originating fund. Costs should be budgeted in the correct fund – the fund where they will end up when the allocations are made. When transfers are used, salary and benefit costs are overstated in the originating fund and not properly recorded as costs of providing services in the correct fund (Memo 2014-07: Proper Accounting Treatment for Cost Allocations).</i>	The Transfer note on pg. 44 indicates that the Transfer from the Sewer fund to the General fund was for the allocation of administrative costs. It is possible that part of or this entire amount should have been accounted for as costs rather than a transfer. Please see Memo 2014-07 on our website and consider this in the future. https://www.nctreasurer.com/slg/Memos/2014-07.pdf
Restricted: Stabilization by State Statute (RSS)	The amount reported as RSS in the Statement of Net Assets (\$296,794 – pg.15) differs from total RSS on Exhibit C for the Governmental Fund (\$276,693 – correct per our calculation). The total amounts should be the same. This was mentioned in last year’s letter.
“Deferred revenue” should not appear in the audit report. “Unavailable revenue” and “deferred inflow of resources” are acceptable alternatives, as applicable. [GASBS 65 ¶31, 110]	Exh. 3 (pg. 17) shows a reference to Deferred revenues although it appears this should have been “Property taxes receivable”. In future audit reports please be sure there is no reference to Deferred Revenues.