

# NC DEPARTMENT OF STATE TREASURER

325 NORTH SALISBURY STREET  
RALEIGH, NORTH CAROLINA 27603-1385  
FACSIMILE TRANSMITTAL SHEET

<b>To:</b> Rick Shreve Town of Black Mountain		<b>From:</b> Amy.Szalaj @nctreasurer.com NC Dept of State Treasurer
<b>Phone</b> 828-419-9300	<b>Date:</b> 12/2/2010	<b>Phone number:</b> 919-807-2381
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**CC to**  
Phillip E. Church  
LOWDERMILK, CHURCH & CO., LLP  
**CPA Fax Number:**  
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**Notes/Comments:**

The financial statements for the Town of Black Mountain for the fiscal year ended 8/30/2010 have been reviewed by our office. The following page(s) list items that we noted during our review. Items X'ed in the CORRECTIONS NEEDED column, if any, must be addressed before the audit can be accepted.

Other items X'ed in the White Letter (WL) column should be adjusted in future reports submitted to this office. Governmental units that sell G.O. 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. Items in Bold and Italicized font indicate areas that the staff of the LGC has noted as prone to error or problems.

If changes are required to the final statements, the LGC staff requests the changes in hard copy or e-mail form. Fax versions of the changes may be used to verify that the corrections are acceptable, but hard copy or e-mail versions of the changes should follow.

III. GOVERNMENT-WIDE STATEMENTS			
Corrections Needed	WL		
	X	d.	The amount of Invested in Capital Assets Net of Related Debt (ICAND) appears to be materially incorrect. Unspent bond proceeds should, in most instances, be netted against outstanding debt totals. [Memo #928]
Please review the ICAND for Governmental Activities. It appears that a portion of its debt was not used in its calculation.			
IV. FUND STATEMENTS			
Corrections Needed	WL		
	X	m.	Other related issues.
Capital contributions are always positive. Please move and rename the negative capital contributions on page 19 to the Nonoperating expenses. Please rename the negative capital contributions listed on page 20.			
V. NOTE DISCLOSURES			
Corrections Needed	WL		
X		e.	Government-wide cash and investments plus any cash and investments carried in fiduciary funds should materially equal the cash and investments disclosed in the Deposits and Investments note. [Memos #1065 and 1067]
As mentioned in the previous year, please include the Agency Fund's Cash and cash equivalents in the Deposits and Investments notes on page 32.			
	X	u.	Interfund balances/payables and receivables should be disclosed and include the nature of the transaction(s) and the long-term portion, if any. [GASBS 38 ¶ 14 and Memo #981] A schedule of interfund transfers should be presented as part of the notes including the amounts transferred between funds and a general description of the principle purpose of each transfer. [GASBS 38 ¶ 15 and Memo #981]
Please include the purpose for the Town's transfers on page 43.			