



TOWN COUNCIL AGENDA ITEM

MEETING DATE: November 24, 2025

Agenda Title/Category:	FYE25 Audit Presentation			
Staff Contact/Presenter:	Christopher Tucker, Asst. Town Manager			
Meets Strategic Initiative or Approved Plan:	Yes	No	If yes, list:	N/A
Background:	The Local Government Budget and Fiscal Control Act (NC-GS 159) requires local governments to have their accounts audited by a CPA or CPA firm after the close of the fiscal year. The results of the audited accounts become the Town’s financial statements, often called the audit report.			
Discussion:	Beau Hildebrand with Martin Starnes and Associates will be in attendance with the attached presentation to go over the results of his firm’s audit of our financials.			
Fiscal impact:	None			
Attachments:	Staff Memo LGC Memo Regarding OMB delay MSA Powerpoint Presentation FYE25 DRAFT ToP Financial Statements (Will be Sent Friday under separate cover)			
Recommended Motion to be made by Council:	No Action. Receive information			



November 20, 2025

To: Honorable Mayor and Town Council
Ryan Spitzer, Town Manager
Lisa Snyder, Town Clerk

From: Christopher Tucker, Asst. Town Manager CMT

RE: Council Information – Audit Presentation

The Local Government Budget and Fiscal Control Act (NC-GS 159) requires local governments to have their accounts audited by a CPA or CPA firm after the close of the fiscal year. The results of the audited accounts become the Town's financial statements, often called the audit report.

For Council's information at the November 24, 2025 Work Session, Beau Hildebrand with Martin Starnes and Associates (MSA) will be in attendance with the attached presentation to go over the **DRAFT** results of his firm's audit of our financials.

I have included a memo from the LGC confirming why MSA is only able to present draft results. Due to the Federal Shutdown, certain guidance from the Office of Management and Budget (OMB) regarding single audits, of which we are one, has not been finalized, which is not allowing MSA to finalize our report. The LGC and MSA agree that low risk audits such as ours, are free to present these draft reports to our governing boards as we do not expect it to impact the final numbers.

Martin Starnes expects to issue an unmodified opinion which is a desired outcome. Unfortunately, we did receive two findings from testing that are of little consequence, but certainly proper form to disclose and address.

- 1) Fund 80 – Our TH / Library CPF went over budget prior to 6/30. We addressed the matter in September 2025 via the closeout budget amendment, but during the fiscal year, the fund exceeded appropriations prior to the final BA.
- 2) We had a single invoice that did not get accrued into FY25 properly during the AP process. It was caught during testing and corrected by staff via journal entry. Since the invoice was in one of our smaller funds, its size made it material. I do feel this was a bit of a harsh determination, but this disclosure is the only true consequence.



At a high level, all funds had generally positive outcomes in FYE25, and the Town remains fiscally well positioned to operate efficiently in the immediate and short-term futures, while having available resources to leverage for opportunities.

There is no Council action required other than to receive information and pose any questions to myself or Mr. Hildebrand.

A bound copy of the report will be provided to both old and new Councils once the OMB guidance has allowed for finalization of the report.

An official website of the State of North Carolina [How you know](#)



BRADFORD B. BRINEI
STATE TREASURER OF NORTH CAROLINA



OCTOBER 16, 2025

LGC Staff Guidance on Delayed Release of Final 2025 OMB Compliance Supplement

As a result of the current federal government shutdown, the release of the final Office of Management and Budget (OMB) Compliance Supplement for 2025 has been delayed. LGC staff are aware that this delay has the potential to impact audit completion and submission for a large number of local governments and public authorities in North Carolina, as the supplement is needed for auditors to test the major federal programs of units that expended \$750,000 or more of federal financial assistance in FY 2025.

While OMB issued a [draft version](https://www.aicpa-cima.com/resources/download/draft-2025-omb-compliance-supplement-available-for-audit-planning) (<https://www.aicpa-cima.com/resources/download/draft-2025-omb-compliance-supplement-available-for-audit-planning>) of the 2025 Compliance Supplement in August, OMB has specified that the draft should only be used for planning purposes. It is currently unclear when the finalized supplement will be approved and released by OMB leadership.

In light of these circumstances, units and auditors are advised to consider the following guidance:

- Note that FY 2025 audits are due on Dec. 31 rather than the previous deadline of Oct. 31. This should allow some time for units whose audits cannot be completed without the finalized supplement.
- Units concerned that a delay in audit submission may impact an application for debt approval should contact the financial analyst assigned to their transaction in the Debt Management Section. If the transaction has not yet been assigned, contact should be made through the [Debt Inquiry Portal](https://slg-document-portal.powerappsportals.us/LGCDebtApproval/) (<https://slg-document-portal.powerappsportals.us/LGCDebtApproval/>) on our website.
- If an auditor believes that an audit performed under State Single Audit requirements is not significantly impacted by the requirements of the OMB 2025 Compliance Supplement, the audit may be submitted at the audit firm's discretion.
- Our office no longer accepts audits with separate compliance sections issued at a later date. Audit submissions received without a compliance section that is required will not be considered received by LGC staff until the compliance section is submitted.

LGC staff will continue to follow the situation and provide additional guidance as needed.

Users of the 2025 OMB Compliance Supplement should regularly monitor websites for the final issuance, such as OMB's website. Our office is not planning to send an additional notice when the final version is issued, but a link will be provided at our [State Compliance Supplements](https://www.nctreasurer.gov/divisions/state-and-local-government-finance/lgc/local-fiscal-management/annual-audit/compliance-supplements-and-resources/state-compliance-supplements) (<https://www.nctreasurer.gov/divisions/state-and-local-government-finance/lgc/local-fiscal-management/annual-audit/compliance-supplements-and-resources/state-compliance-supplements>) webpage once the final 2025 OMB Compliance Supplement is released.



Town of Pineville

2025 Audited Financial Statements



Audit Highlights

- ☐ **UNMODIFIED OPINION ON THE FINANCIAL STATEMENTS EXPECTED**
- ☐ **COOPERATIVE STAFF**
- ☐ **NEW GASB IMPLEMENTATION**

FUND BALANCE

- ❖ Serves as a measure of the Town's financial resources available.
 - ❑ $(\text{Assets} + \text{Deferred outflows}) - (\text{Liabilities} + \text{Deferred inflows}) = \text{Fund Balance/Net Position}$



FUND BALANCE

Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance

Less: Non spendable (not in cash form, not available)

Less: Stabilization by State Statute (by state law, not available)

Available Fund Balance

This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages.

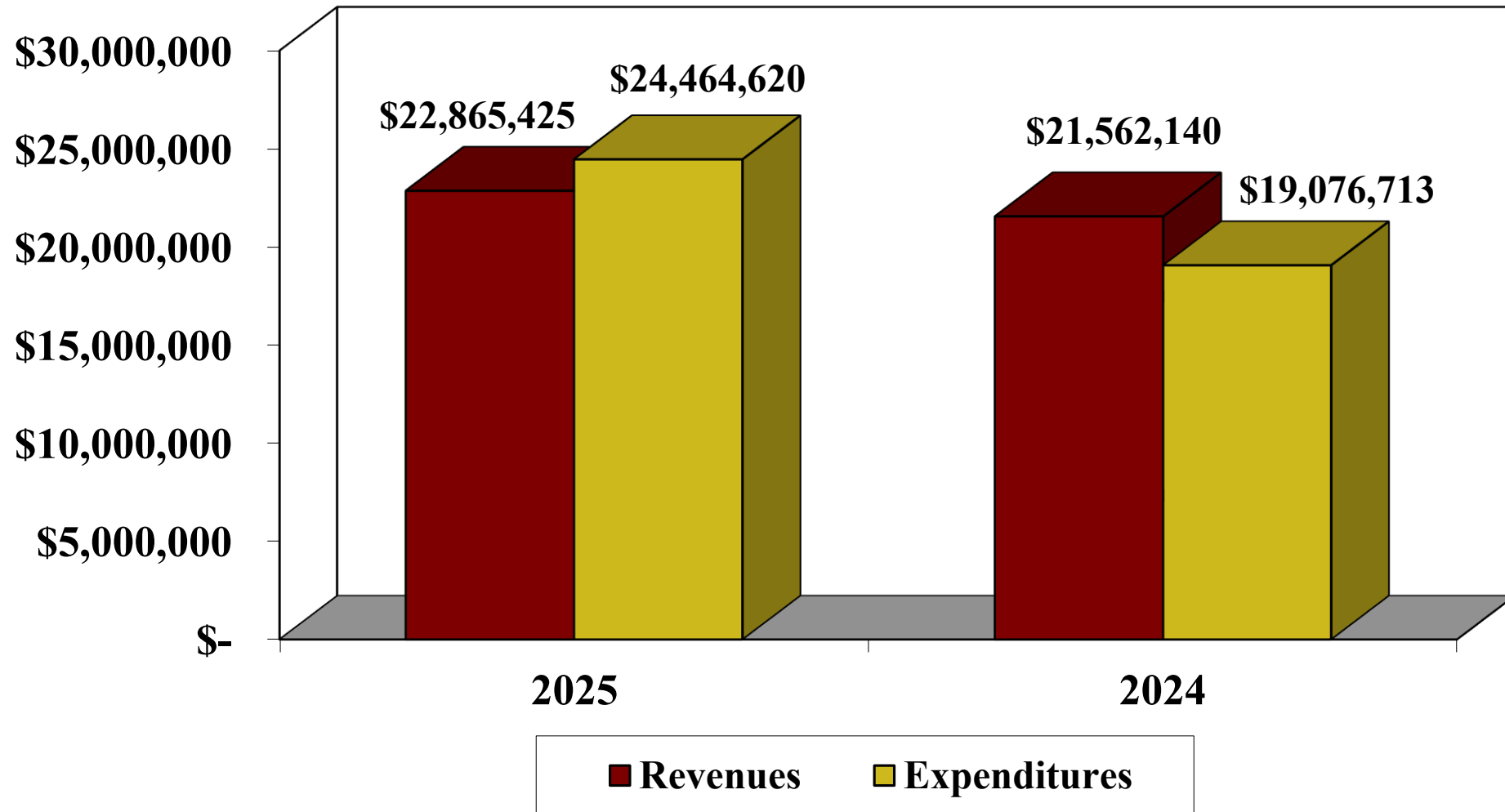


FUND BALANCE POSITION – GENERAL FUND

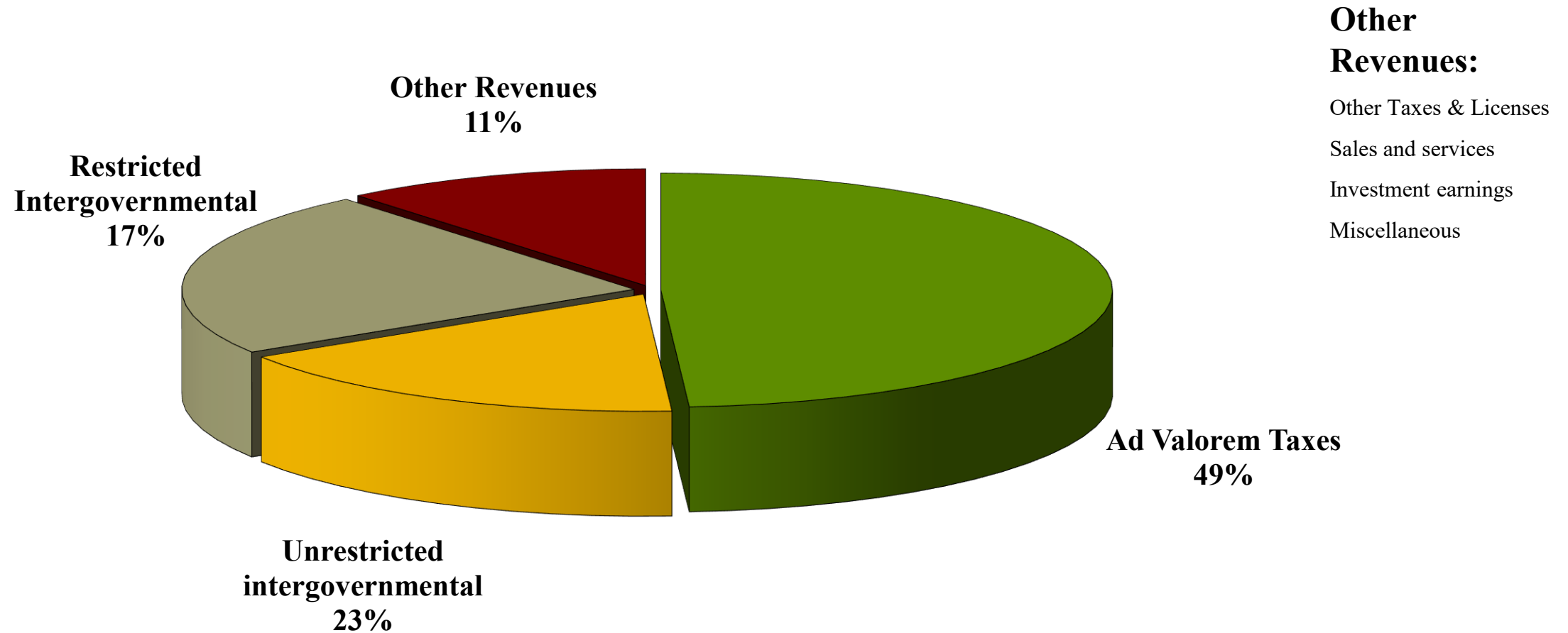
Total Fund Balance - 2025	\$ 22,910,237
Prepaid items	-
Leases	(157,608)
Stabilization by state statute	(2,507,915)
Available Fund Balance	<u>\$ 20,244,714</u>
Available Fund Balance - 2024	\$ 22,040,497
Decrease in available FB	\$ (1,795,783)



GENERAL FUND SUMMARY

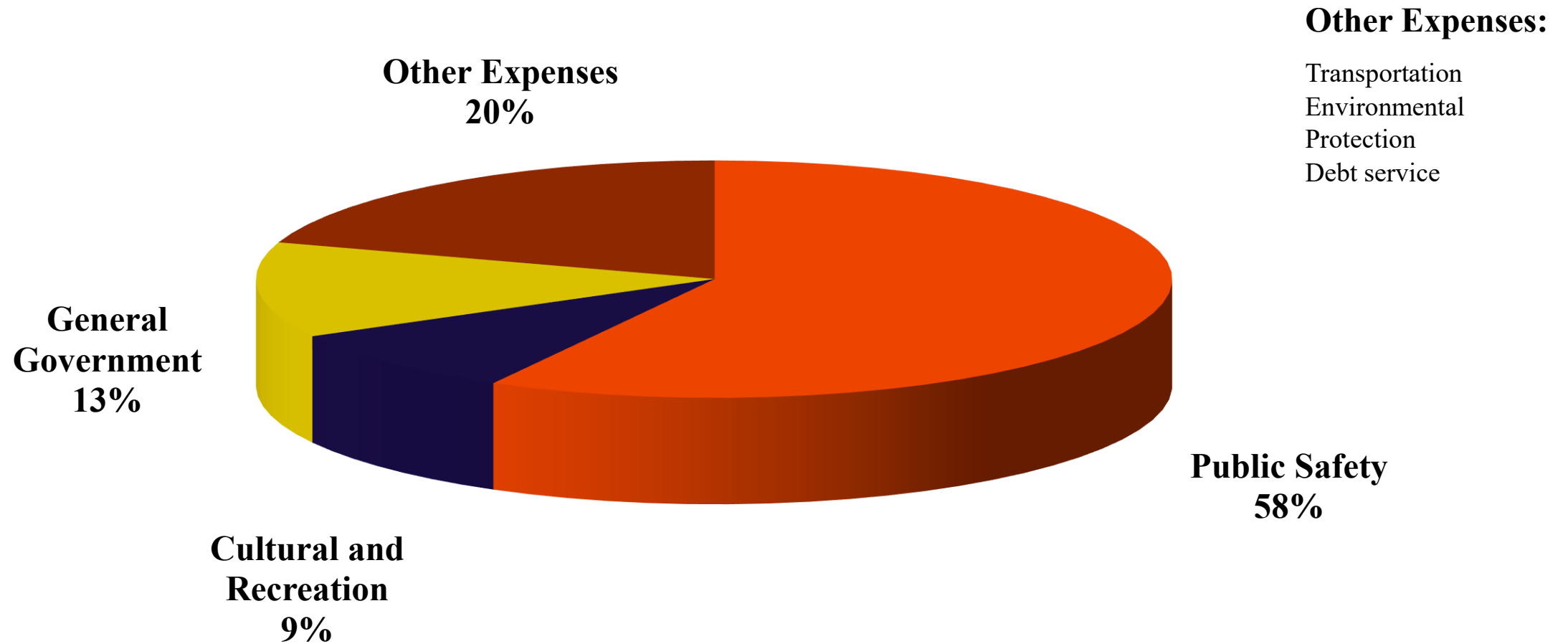


TOP 3 REVENUES: GENERAL FUND



Top 3 comprise \$ 20,237,884 (89%) of revenues

TOP 3 EXPENDITURES: GENERAL FUND



Top 3 comprise \$19,703,817 (81%) of expenditures

3-YEAR COMPARISON – GENERAL FUND

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Available Fund Balance	\$ 18,983,824	\$ 21,645,898	\$ 19,888,068
Total Exp+Transf out less proceeds	23,074,635	19,181,713	24,528,541
Avail FB/Total Exp+Transf out	82.27%	112.85%	81.08%
Increase (decrease) in FB	\$ (2,050,450)	\$ 3,055,989	\$ (2,628,852)

ELECTRIC FUND

<u>Charges For Services</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
\$ 13,888,500	\$ 4,719,700	\$ 30,771,984

Comparison to June 30, 2024

\$ 12,786,402	\$ 4,338,025	\$ 26,365,815
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3-YEAR COMPARISON – ELECTRIC FUND

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Current Assets	\$ 5,467,454	\$ 5,893,847	\$ 6,310,849
Current Liabilities	1,327,555	1,325,303	1,592,900
Quick Ratio	4.12	4.45	3.96
Operating net income excluding depreciation + debt service	2,146,362	2,543,726	3,500,129
Unrestricted cash/total expenses less depreciation + debt service	29.64%	31.63%	35.45%

ILEC FUND

<u>Charges For Services</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
\$ 1,023,908	\$ 1,772,478	\$ 4,857,136

Comparison to June 30, 2024

\$ 1,090,046	\$ 1,948,794	\$ 5,094,652
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CLEC FUND

<u>Charges For Services</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
\$ 1,312,620	\$ (735,691)	\$ 1,077,380

Comparison to June 30, 2024

\$ 1,300,936	\$ (695,037)	\$ 1,102,918
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PERFORMANCE INDICATORS

- General performance indicators of concern for FY 2025
- Audit Findings
- The Town still qualifies as a low-risk auditee.



Questions?

Beau Hildebrand

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