

To: Local Government Commission

From: Town of Oriental

RE: FPIC Response

Herein is our response to the Financial Performance Indicators of Concern for the year ending June 30, 2024, as presented at our Board meeting December 12, 2024.

Financial Indicator of Concern: Material Weakness: Timeliness of Bank Reconciliations

Corrective Action: The Town has hired new Financial Staff, appointed a separate Financial Officer from the Town Manager, and redistributed the financial duties, including reconciliations. Reconciliations for the 2024-2025 Fiscal Year are up to date and completed within the acceptable time frame. We have no doubt that the reconciliations will continue to be completed on a timely basis. The Financial Liaison on the Board will keep monthly checks on progress and training plan for financial staff. In addition, the Board has requested a mid-year check in from their Auditor to ensure that we are on the right track.

Financial Indicator of Concern: Significant Deficiency: Inadequate Separation of Duties

Corrective Action: While the staff is not large enough to implement perfect internal controls, The Mayor and two Board members are integrated to the process of separation so that we have covered most separation. We agree that material misstatements have occurred in this period, but are confident that the new procedures listed above will preclude that possibility in the future. Training will be secured as available for financial staff.

Financial Indicator of Concern: Significant Deficiency: Preparation of Financial Statements

Corrective Action: C. Randolph, CPA, PLLC, prepared financial statements because the staff does not have the expertise to prepare them in accordance with GAAP, and we hope that she will continue to provide that service as part of the annual audit process.

Performance Indicator of Concern: Use of General Fund-Appropriated: General Fund Appropriated was used to off-set one time events. These occurrences are not regular in nature. General Fund Appropriated was also used to off-set unexpected increases in operational expenses. Going forward the Town will review actual to budget monthly to adjust for unanticipated increases in operating expenses.

Performance Indicator of Concern: Capital Assets Condition of the Water Treatment Plant is at .37. The Town has secured a \$5.417M direct allocation from the State to rehabilitate and restore the oldest components that require attention. Project is expected to last through at least two budget cycles.

Sincerely,

Mayor Sally T. Belangia

Mayor Pro Tempore Allen Price

Commissioner Charlie Overcash

Commissioner Frank Roe

Commissioner Breena Litzenberger

Commissioner Bonnie Crosser, CPA

Diane H. Miller, MPA, ICMA-CM, Manager

Lisa K. Millington, Finance Officer