

Tab 2



TOWN OF ORIENTAL
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To: Local Government Commission

Herein is our response to the Financial Performance Indicator of Concern for the year ended June 30, 2023 as presented by our auditor at our Board Meeting.

Financial Performance Indicator Of Concern:

As of June 30, 2023, the Town of Oriental remains on the Local Government Commission's Unit Assistance List.

Corrective Action: The Town has submitted the audit report on time for the 22-23 Fiscal Year. During the previous period, the Town had to change auditors and deal with a lot of key personnel absence due to COVID. For the June 30, 2022 audit the Town had a software issue that took the software company some time to fix. With a consistent auditor and all software issues fixed, Management had confidence and accomplished an audit submitted in a timely manner. In addition, the Town has improved it's Operating Net Income as compared to the prior years by both increasing the water fees and individual connection fees that now cover our costs.

Water and Sewer Capital Assets Condition Ratio - This capital assets condition ratio formula calculates the remaining useful life. A remaining useful asset value less than 0.50 may signal the need to replace the assets in the near future. As of June 30, 2023, the Town's Capital Assets Condition Ratio was .38. The Town was awarded a \$5.5M grant from the state with the new budget to fix the extensive problems with an older distribution system, including lines, valves, and pressure. We are currently in the estimation phase to begin those projects.

Sincerely,

 Mayor Sally Belangia

 Mayor Pro Tempore

 Commissioner

 Commissioner

 Commissioner

 Commissioner

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