



City of Boiling Spring Lakes

9 East Boiling Spring Road

Boiling Spring Lakes, NC 28461

Phone: 910-363-0025 Fax: 910-363-0029

Date: January 4, 2022

To: Sharon Edmundson, Secretary of the Local Government Commission

Re: Response to the Independent Auditor's Findings, Recommendations, and Fiscal Matters

Dear Ms. Edmundson:

We have carefully reviewed the Financial Performance Indicators of Concern ("FPIC") presented to the Board of Commissioners of the City of Boiling Spring Lakes by Ira Wayne Berry, CPA of Berry, Padgett & Chandler, PLLC on January 4, 2022. Our response addressing each item follows:

The City of Boiling Spring Lakes was unable to timely file their financial statements due to our audit firm not completing the audit on time. Our audit firm is currently suffering a staff shortage. Additionally their current staff has been hampered with absences due to COVID related restrictions. The City of Boiling Spring Lakes provided items in a timely manner, accounts were reconciled and performed all tasks needed to get their audit done timely. It is not the fault of the unit that the audit report is late.

To prevent recurrence of the late filing of financial statements, the unit will meet with our audit firm in early 2022 to see how they will address their staffing problems for the next annual audit. If they are unable to adequately address the issue to complete the audit on time, we will seek a new audit firm.

Questions regarding this response letter may be addressed to Suzanne Tungate, Finance Director, (910) 363-0025 or email: stungate@cityofbsl.org

Respectfully submitted,

Signature: 

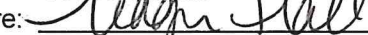
Title: Commissioner

Signature: 

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The City of Boiling Spring Lakes' Fund Balance available less Powell Bill divided by total expenditures is 23.64%, less than the minimum threshold for governmental units in a similar size. The average of similar units is 63%.

We agree that the fund balance of Boiling Spring Lakes should be much higher and we are making progress in improving that situation. Last fiscal year, our Fund balance was 19.79%. As we progress further in time from the disaster of Hurricane Florence our financial position is improving. We received more of our reimbursements from FEMA for the debris removal and initial repairs. We currently have paid approximately \$2.5 million dollars in engineering fees for Dam Reconstruction, but do not yet have the final FEMA approval to allow us to submit for reimbursement for these expenditures. Once we have that, our position will improve.

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Respectfully submitted:

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Title: Commissioner

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