

State Auditor Beth Wood Insists Bald Head Island Transportation System Bond Sale Applications Be Removed from Agenda for Next Meeting of Local Government Commission

State Auditor Wood Emphasizes Need to Verify System Valuation Prior to Placing Applications on Agenda

November 22, 2021

RALEIGH, N.C.: On November 15, 2021, State Auditor Beth A. Wood submitted a letter (see below) to State Treasurer Dale Folwell, in his capacity as Chairman of the Local Government Commission, insisting he remove both applications to sell bonds to purchase the assets of the Bald Head Island Transportation System from the Commission's December 2021 agenda.

The Local Government Commission (LGC) approves the issuance of debt for all units of local government. State Auditor Wood is a member of the LGC, which also includes the Secretary of State, Secretary of Revenue, and others appointed by the Governor, Speaker of the House and Senate President Pro Tempore. In her letter to the State Treasurer, the State Auditor highlights the following conditions that warrant removal of the bond applications from the December agenda:

- The Commission has not received sufficient evidence, **required** by State [statute](#), to support the value of the assets. To date, two valuations of the assets of the Bald Head Island Transportation System have been submitted. However, these valuations used assumptions that have raised a number of questions and fail to provide evidence that the amount proposed is, as the applicable statute requires, **adequate and not excessive**.
- Consideration of bond applications that fail to meet all of the statutory requirements (in this case the absence of an appraisal that accurately and reliably sets the value of the assets) gives the appearance of preferential treatment of these applicants and risks setting a precedent for other units applying for approval to sell bonds.
- Three Commissioners, whose terms ended June 30, 2021, were not reappointed. There is not enough time for new appointees to educate themselves well enough to make an informed vote at the December 7, 2021 meeting, especially since the appointments for the vacated positions have not been confirmed as of this date.

State Auditor Wood also points to the extreme pressure placed upon the State Treasurer to put the applications on the next agenda. For these reasons, she insists the two applications for the approval of the sale of bonds to purchase the Bald Head Island Transportation System be removed from the Local Government Commission's December 7, 2021 agenda, and should not be placed back on the agenda until the LGC has sufficient evidence supporting the asset valuation and the new members have had the opportunity to become well-versed on the issue such that they can make an informed vote.

Follow-up inquiries can be directed to the Public Information Officer at osa_communications@ncauditor.net or by calling (919) 807-7666.