

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014

PRESENTED BY

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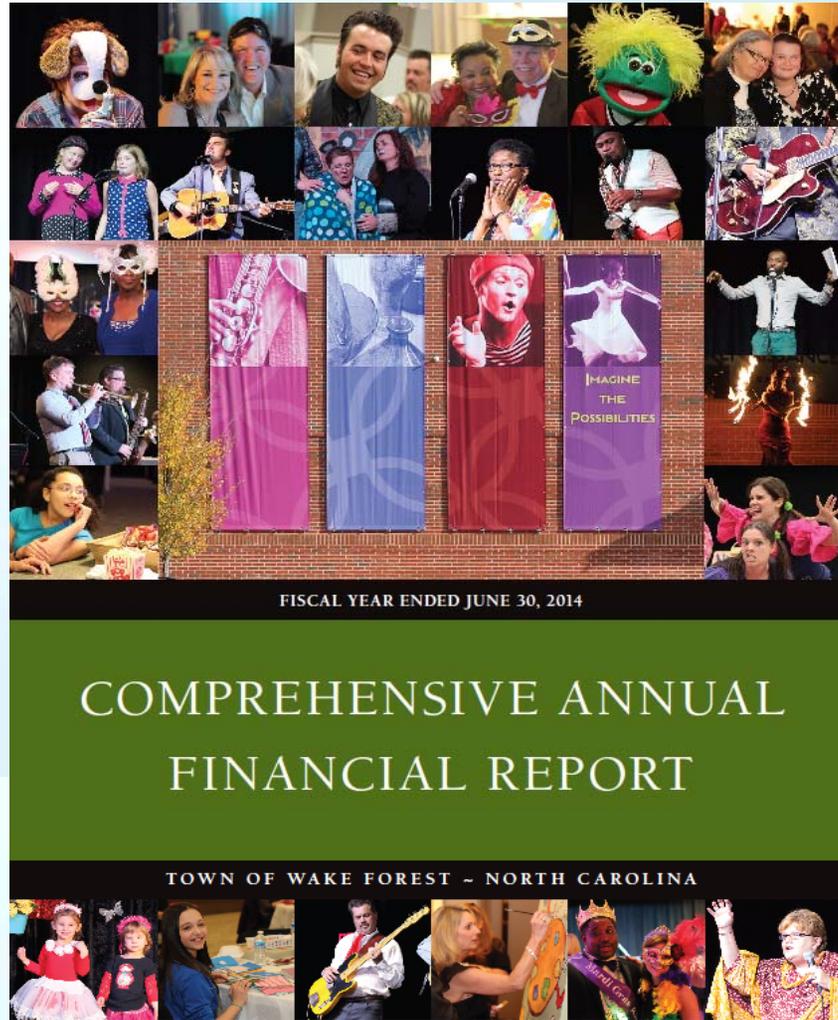
November 18, 2014



TOWN *of*
WAKE FOREST



Cover design credit – Bess Martinson



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New Audit Firm – Cherry Bekaert LLP

- Transition to new firm – process
- Auditor's role
- Discussion of internal controls
 - Cherry Bekaert is required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Town's internal controls over financial reporting.



Internal Control Definitions

Category	Definition
Material Weakness	A deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.
Significant Deficiency	A deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.



Highlights – Audit Results

- Audit opinion was unqualified (Clean)
- Town – sound financial position
- General Fund Balance – slight decrease - \$292,000
- Electric Fund – positive cash position
- Schedule of findings – pages 121-124
 - Compliance with Davis Bacon Act – certified payrolls



Cash Balances

	June 30, 2014	June 30, 2013
General Fund	\$10,050,414	\$ 10,686,723
Other Governmental Funds	\$4,719,092	\$4,485,922
Proprietary Funds	\$4,843,557	\$4,273,467
Total Cash	\$19,613,063	\$ 19,446,112



Property Taxes (pages 75-76)

- Assessed value = \$4.1 billion – June 30, 2014
 - Compared to \$3.9 billion – June 30, 2013
- Current year Ad Valorem Tax collections totaled \$21.1 million - an increase of \$ 1.3 million from the prior year
- **99.49%** of Levy Collected (highest in last 10 years)
 - Total statewide average (10,000 – 49,999) – 96.75%
 - Total statewide average – all population groups – 97.52%
- Collections exceeded budgeted expectations



General Fund Balance

- ▶ Unassigned fund balance equals 15.8% of actual operating expenditures (including capital purchases) and total fund balance equals 32.7% for FYE June 30, 2014. (FYE June 30, 2013 – 24.7% and 38.2% respectively)
- ▶ Town's fiscal policy – 35% of general fund expenditures
 - ▶ Policy allows to go below policy for specific purposes – 36 months to restore to policy level



General Fund

Revenues & Expenditures

- ▶ Total revenues in the General Fund totaled \$32.7 million, an increase of approximately \$1.7 million from \$31.0 million at June 30, 2013
- ▶ Total expenditures in the General Fund totaled \$35.4 million, an increase of approximately \$4.2 million from \$31.2 million at June 30, 2013
- ▶ Net change - total revenues *under* expenditures and other financing sources was *(\$ 292,000)*



General Fund

- Net change in fund balance for past five fiscal years as follows:
 - June 30, 2014 (\$ 292,000)
 - June 30, 2013 551,000
 - June 30, 2012 (493,000)
 - June 30, 2011 (946,000)
 - June 30, 2010 (1,451,000)
- Four of last five years - planned use of fund balance for one time capital items



Proprietary Funds

- Includes Electric Fund and Electric Capital Reserve Fund
- Net income for past five fiscal years as follows:
 - June 30, 2014 \$ 196,000
 - June 30, 2013 \$ 539,000
 - June 30, 2012 \$ 133,000
 - June 30, 2011 \$ 1,184,000
 - June 30, 2010 \$ 1,451,000
- Transferred \$ 25,000 to Electric Capital Reserve fund in fiscal year 2013-2014. Balance is \$400,000.



Debt Issuances

Fiscal year ended June 30, 2014

- Installment Purchase Agreements:
 - \$1,181,000 – Wake Forest Renaissance Centre building purchase
 - \$462,670 – Seventeen (17) police vehicles
 - \$740,000 – Holding Park Pool improvements
 - \$505,035 – All other equipment and vehicles
- Revenue Bond:
 - \$2,500,000 – Substation and N. Main Street lighting improvements



Debt Position

June 30, 2014

- Total Outstanding Debt \$32.6 million
 - Governmental Activities 27.3 million
 - Water & Sewer Fund 1.7 million
 - Electric Fund 3.6 million
- Total Debt applicable to limitation - \$ 27.3 million
- Percentage of debt to valuation - .6580%
 - Before authorization of \$25.1 million – G.O. bonds



Other Items

- The Town received the Certificate for Achievement of Excellence in Financial Reporting from the GFOA
 - Marks 24th consecutive year the Town has received this award
- Staff comments and follow-up
- Questions/Discussion





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