

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017

PRESENTED BY

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Cherry Bekaert LLP

November 21 , 2017



TOWN *of*
WAKE FOREST



Agenda

- Auditor's Role
- Audit process – key highlights
- Financial performance - FY 16-17
- Future Accounting Standards
- Summary and Other Items
- Questions and Discussion



Auditor's Role

Actions:
Plan
Perform
Obtain Reasonable
Assurance

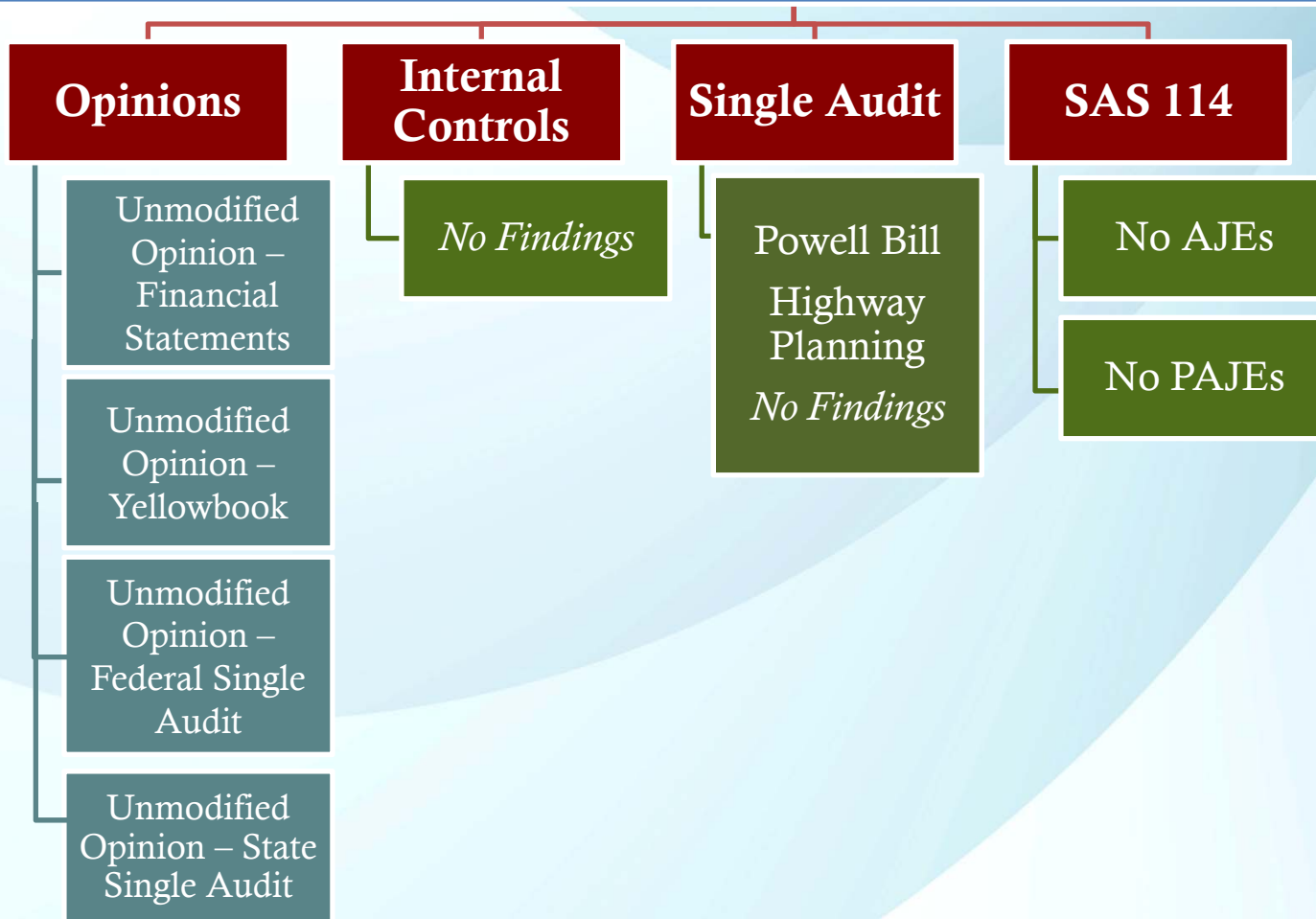
Results:
Express Opinions

Communication:
Policy Changes
Estimates
Journal Entries



Key Highlights

RESULTS



Internal Controls

Financial Statements

Significant Cycles

- Cash Receipts
- Cash Disbursements
- Payroll
- Debt
- Capital Assets

Testing of Controls

- Rotational Testing:
 - Payroll
- Budget Testing
- Single Audit:
 - Powell Bill
 - Highway Planning

Journal Entries

- Entry Review:
 - Data extraction software

IT Controls

- IT Entity Level
- Backup & Recovery
- Access & Security
- Network Security
- Program Change Management
- System Development Life Cycle



Key Highlights

Significant Audit Areas – Financial Statements

Assets & Revenues

- Accounts Receivable
- Governmental and Proprietary Revenues
- Capital Assets

Liabilities & Expenses

- Accounts Payable
- Expenses
- Payroll, OPEB and Pension (LGERS & LEOSSA)
- Long Term Debt

Other Areas

- Net Position/Fund Balance
- Related Parties
- Estimates
- Legal
- Contingencies
- Inventory
- Deposits
- Prepays
- Cash
- Investments





Financial Performance Highlights

June 30, 2017

Cash Balances

	June 30, 2017	June 30, 2016
General Fund	\$14,167,443	\$ 13,509,242
Other Governmental Funds	\$4,583,961	\$7,306,196
Proprietary Funds	\$3,401,770	\$3,693,757
Total Cash	\$22,153,174	\$ 24,509,195



Property Taxes (pages 100-101)

- Assessed value = \$ 4.7 billion – June 30, 2017
- Compared to \$ 4.5 billion – June 30, 2016
- Current year Ad Valorem Tax collections totaled \$24.5 million - an increase of \$1.0 million from the prior year
- **99.86%** of Levy Collected (highest in last 10 years)
 - Total statewide average (10,000 – 49,999) – 98.49%
 - Total statewide average – all population groups – 99.02%
- Collections exceeded budgeted expectations



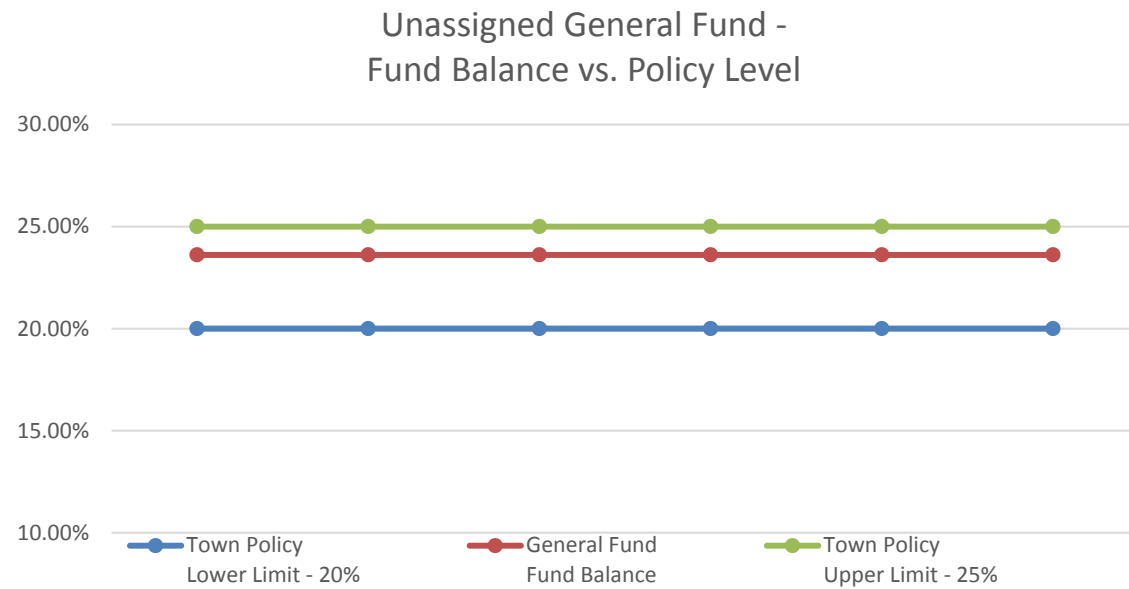
General Fund Balance

- Policy amended – February 2016
 - Unassigned fund balance - between 20% – 25% of general fund expenditures
 - Total fund balance - at least 35% of general fund expenditures



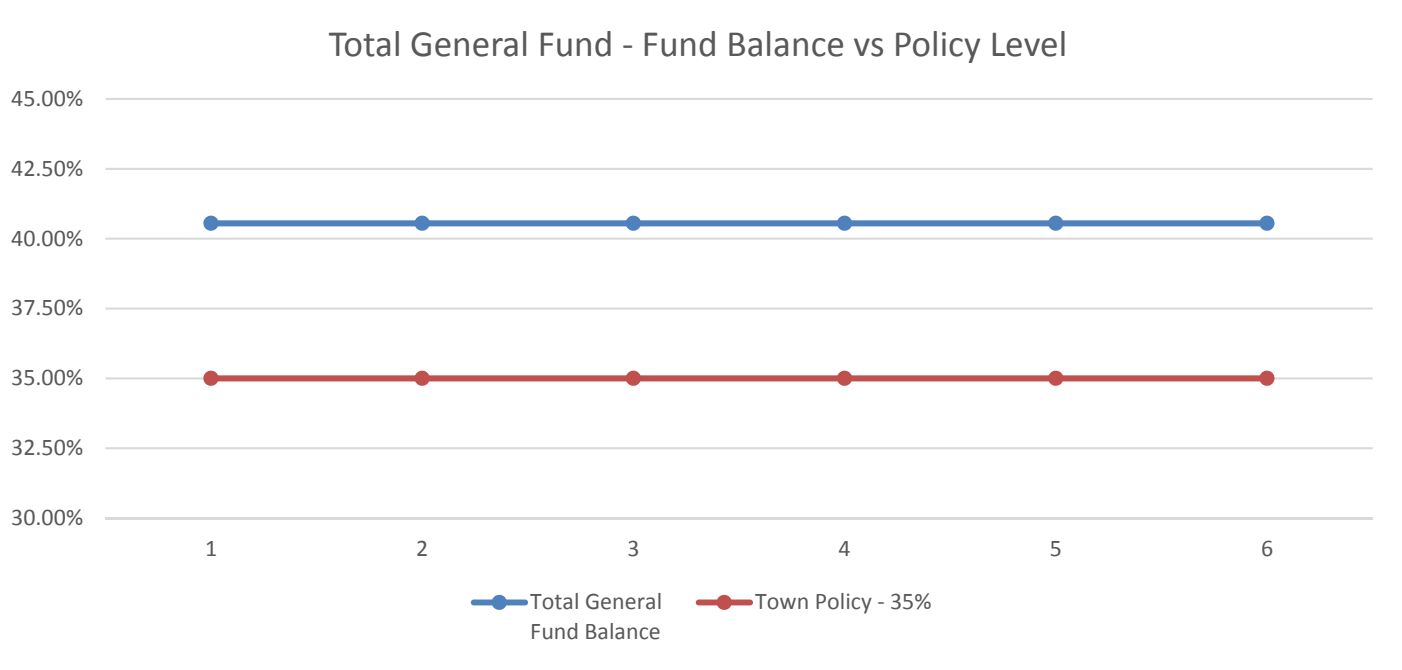
General Fund Balance

- ▶ Unassigned fund balance equals 24.04% of actual operating expenditures (including capital purchases)



General Fund Balance

➤ Total fund balance equals 40.55% for FYE June 30, 2017



General Fund

Revenues & Expenditures

- Total revenues in the General Fund totaled \$39.5 million, an increase of approximately \$1.7 million from \$37.8 million at June 30, 2016
- Total expenditures in the General Fund totaled \$39.1 million, a *decrease* of \$.5 million from \$39.6 million at June 30, 2016
- **Net change - total revenues and other financing sources *over* expenditures was \$1,621,000**



General Fund

- Net change in fund balance for past five fiscal years as follows:

➤ June 30, 2017	\$1,621,000
➤ June 30, 2016	\$1,357,000
➤ June 30, 2015	1,327,000
➤ June 30, 2014	(292,000)
➤ June 30, 2013	551,000



Electric Fund

Revenues & Expenses

- Total operating revenues in the Electric Fund totaled \$20.2 million
- Total operating expenses in the Electric Fund totaled \$19.5 million
- **Increase in net position - total revenues *over* expenses was \$660,000**
 - *Rate change in September 2016*
 - *Average decrease in overall rate structure – 2.75%*



Proprietary Funds

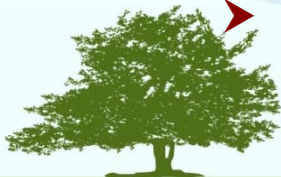
- Includes Electric Fund and Electric Capital Reserve Fund
- Net position for past five fiscal years as follows:
 - June 30, 2017 \$ 660,000
 - June 30, 2016 1,884,000
 - June 30, 2015 164,000
 - June 30, 2014 196,000
 - June 30, 2013 539,000



Debt Activity

Fiscal year ended June 30, 2017

- **Installment Purchase Agreements:**
 - \$1,023,170 – Police vehicles (20); Street Sweeper and Rear Loader Sanitation Truck
 - March 2017 – 4 year term – 1.72%
- Total debt decreased \$4.2 million
- Subsequent event
 - \$2,900,000 – Holding Park Pool
 - September 2017 – 10 year term – 2.85%



Debt Position

June 30, 2017

- ▶ Total Outstanding Debt \$24.6 million
 - ▶ Governmental Activities 22.3 million
 - ▶ Electric Fund 2.3 million

- ▶ Total Debt applicable to limitation - \$ 43.1 million
 - ▶ Includes authorized but unissued G.O. bonds:
 - \$20,770,000 (from November 2014 referendum)



Debt Policy Compliance

June 30, 2017

- Percentage of debt to valuation - .9160%
 - Town's policy – 2% of assessed valuation
 - State statute – 8% of assessed valuation

- Debt service expenditure ratio :
 - Governmental expenditures – 9.7%
 - General Fund expenditures – 12.2%
- Town policy – 15%





Future Accounting Standards and Summary

Accounting Standards – future years

GASB 75

**Accounting and Financial
Reporting for
Postemployment Benefits
Other than Pensions**

**GASB 81 Irrevocable Split-
Interest Agreements**

**GASB 83
Certain Asset Retirement
Obligations**

GASB 84

Fiduciary Activities

GASB 86

**Certain Debt
Extinguishment Issues**

GASB 87

Leases



Summary



Other Items

- The Town received the Certificate for Achievement of Excellence in Financial Reporting from the GFOA
 - Marks 27th consecutive year the Town has received this award
- Staff comments and follow-up
 - Popular Annual Financial Report (PAFR)
- Questions/Discussion





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