

# Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018

**PRESENTED BY**

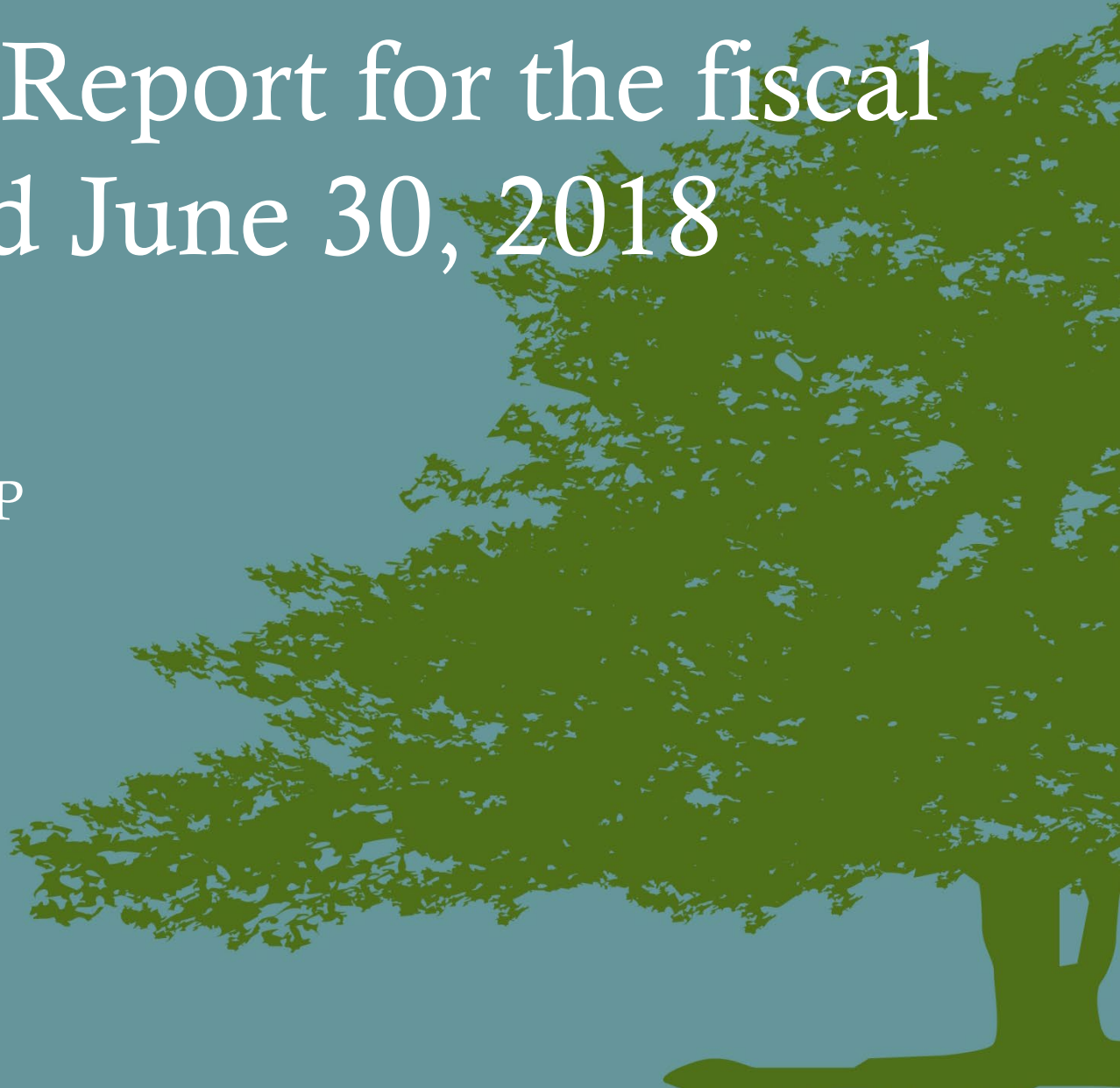
April Adams, CPA

Cherry Bekaert LLP

November 6 , 2018



TOWN of  
WAKE FOREST



# Agenda

- External Auditor's Role and Results
- Audit process
- Financial performance - FY 17-18
- Summary and Other Items
- Questions and Discussion



# External Auditor's Role

## Audit Standards – *GAAS* and *GAS*

### Actions:

Plan & Perform  
Obtain Reasonable  
Assurance  
Free from Material  
Misstatements

### Results:

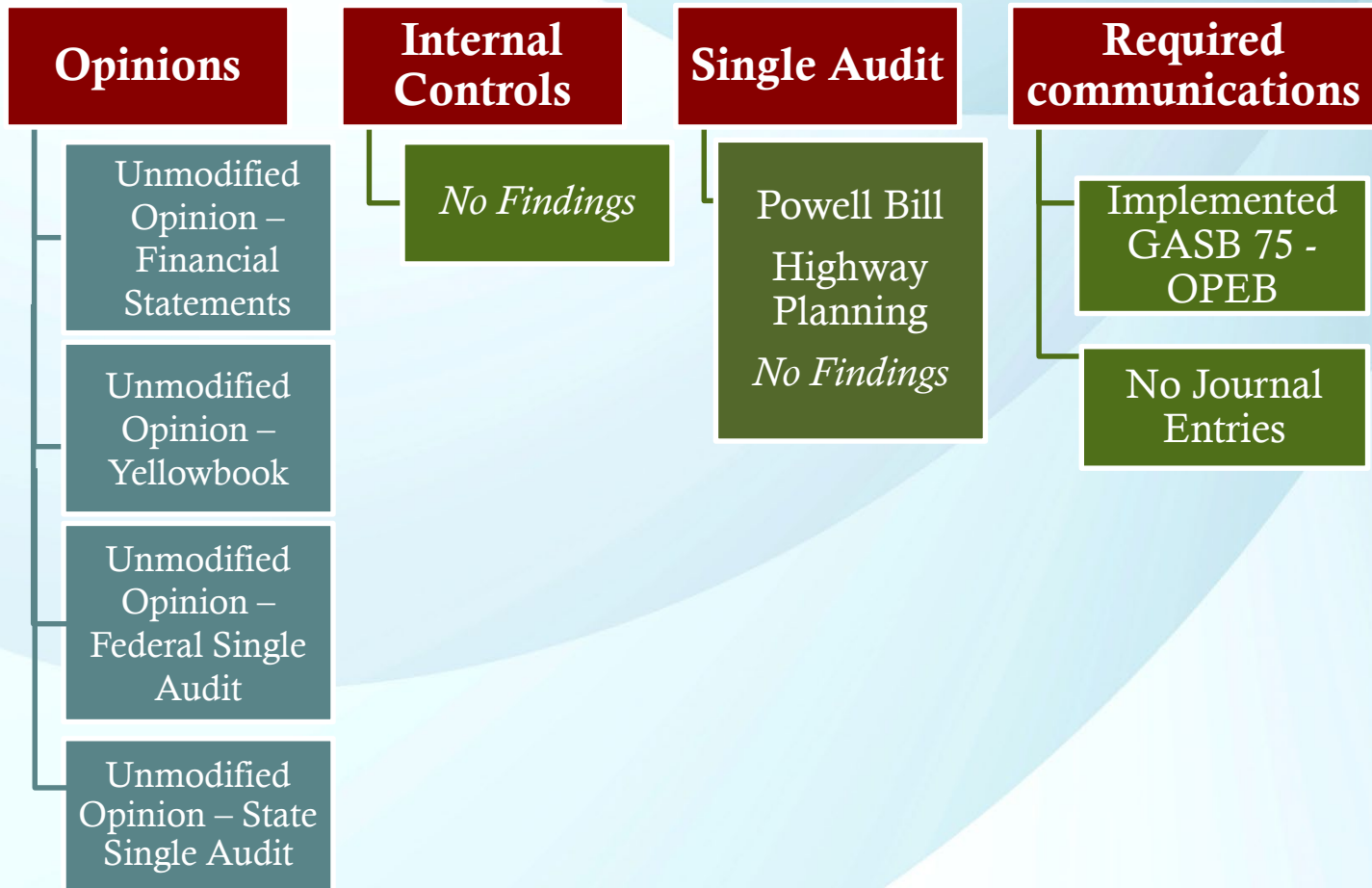
Express Opinions

### Communication:

Policy Changes  
Estimates  
Journal Entries



# Audit Results



# Internal Controls

## Significant Cycles

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

## Testing of Controls

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

## Journal Entries

- Review using data extraction software

## IT Controls

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



# Key Highlights

## 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
- Prepaids
- Cash
- Investments







# Financial Performance Highlights

June 30, 2018

# Cash Balances

	June 30, 2018	June 30, 2017
General Fund	\$ 15,093,898	\$ 14,167,443
Other Governmental Funds	21,136,251	4,583,961
Proprietary Funds	3,922,030	\$3,401,770
Total Cash	\$ 40,152,179	\$ 22,153,174





# Property Taxes (pages 110-111)

- Assessed value = \$ 4.9 billion – June 30, 2018
- Compared to \$ 4.7 billion – June 30, 2017
- Current year Ad Valorem Tax collections totaled \$25.9 million - an increase of \$1.4 million from the prior year
- **99.88%** of Levy Collected (highest in last 10 years)
  - Total statewide average (10,000 – 49,999) – 98.47%
  - Total statewide average – all population groups – 99.08%
- Collections exceeded budgeted expectations



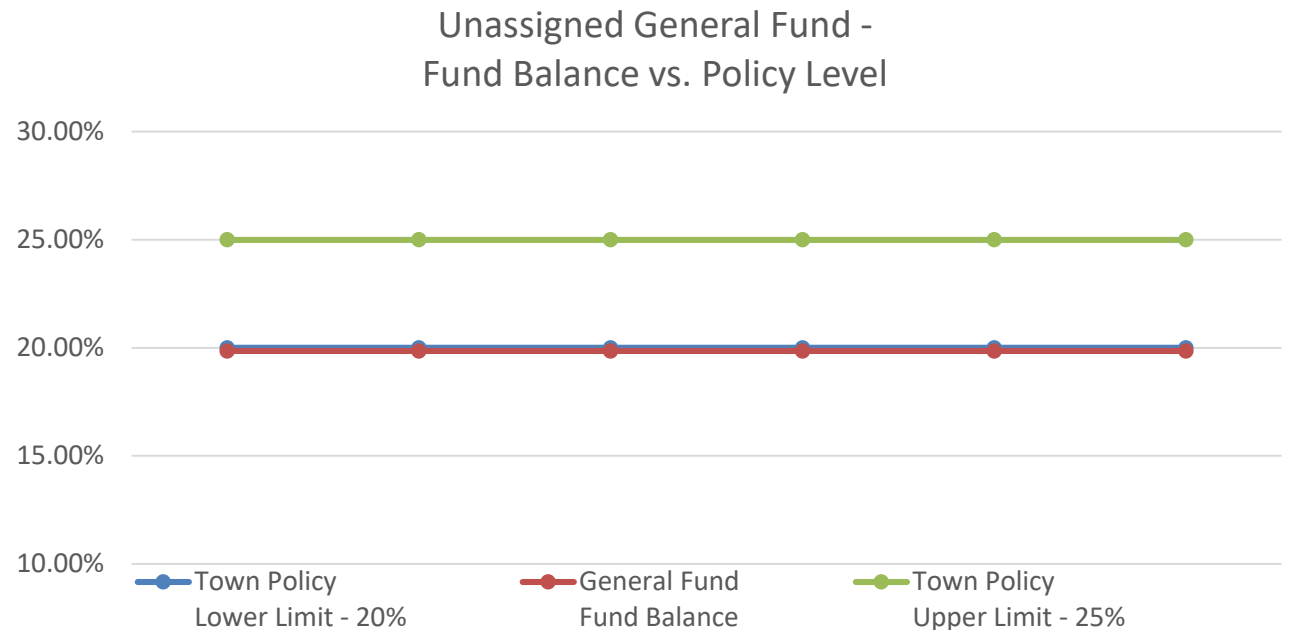
# General Fund Balance

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



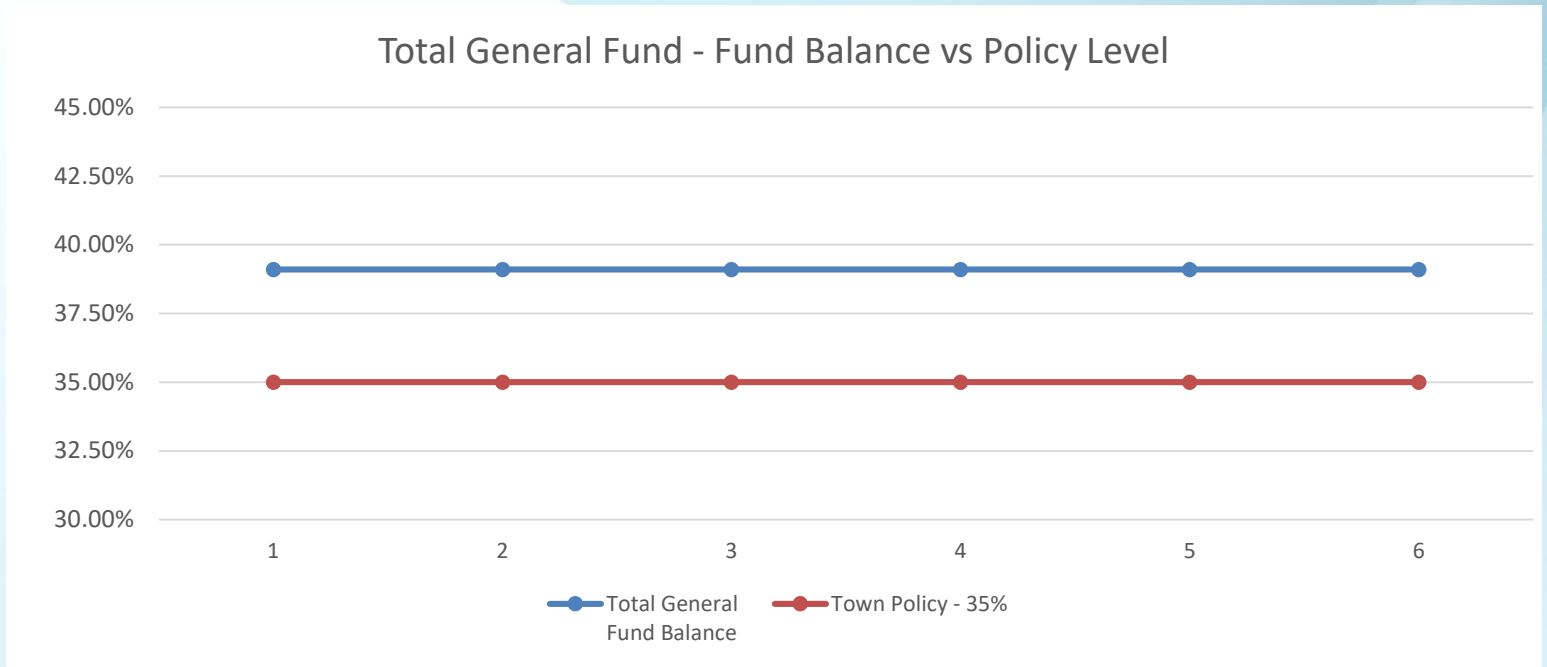
# General Fund Balance

- ▶ Unassigned fund balance equals 19.9% of actual operating expenditures (including capital purchases)



# General Fund Balance

- ▶ Total fund balance equals 39.1% for FYE June 30, 2018





# General Fund

## *Revenues & Expenditures*

- Total revenues in the General Fund totaled \$40.6 million, an increase of approximately \$1.1 million from \$39.5 million at June 30, 2017
- Total expenditures in the General Fund totaled \$36.9 million, a *decrease* of \$2.2 million from \$39.1 million at June 30, 2017 (debt service fund)
- **Net change - total revenues and other financing sources *over* expenditures was \$356,000**





# General Fund

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

➤ June 30, 2018	\$ 356,000*
➤ June 30, 2017	1,621,000
➤ June 30, 2016	1,357,000
➤ June 30, 2015	1,327,000
➤ June 30, 2014	( 292,000)

\*Including debt service fund = \$1,411,000







# Electric Fund

## *Revenues & Expenses*

- Total operating revenues in the Electric Fund totaled \$21.0 million
- Total operating expenses in the Electric Fund totaled \$20.1 million
- **Increase in net position - total revenues *over* expenses was \$929,000**



# Proprietary Funds

- Includes Electric Fund and Electric Capital Reserve Fund
- Net position for past five fiscal years as follows:
  - June 30, 2018                      \$ 929,000
  - June 30, 2017                      660,000
  - June 30, 2016                      1,884,000
  - June 30, 2015                      164,000
  - June 30, 2014                      196,000



# Debt Activity

Fiscal year ended June 30, 2018

- ▶ Installment Purchase Agreements:
  - ▶ \$ 833,235 – Electric rolling stock
    - ▶ December 2017 – 3 year term – 1.77%
  - ▶ \$2,900,000 – Holding Park Pool
    - ▶ September 2017 – 10 year term – 2.85%
  - ▶ \$1,068,550 – General Fund rolling stock
    - ▶ December 2017 – 3 year term – 1.97%
  - ▶ \$2,400,000 – Street rehabilitation/connections
    - ▶ May 2018 – 8 year term – 3.39%
  - ▶ \$1,000,000 – Building purchase
    - ▶ May 2018 – 4 ½ year term – 3.10%



# Debt Activity

## Continued

- General Obligation Bonds:

- \$ 830,000 – Street and Sidewalk Improvements and Greenway Improvements (various projects)

- \$14,200,000 – Parks and Recreation Improvements (Joyner Park and Northern Wake Senior Center)

- \$1,650,000 – Street and Sidewalk Improvements (Rogers Road)

- June 2018 – 20 year term – 2.98% average TIC



# Debt Activity

## Continued

- Debt model update completed – debt issuances planned through 2021 included
- Obtained rating from Fitch in conjunction with bond sale – resulted in AAA
- Subsequent event:
  - \$3,500,000 – Unicon Drive Purchase
  - October 2018 – 10 year term – 2.94%





# Debt Position

June 30, 2018

- Total Outstanding Debt \$ 47.5 million
  - Governmental Activities 42.2 million
  - Electric Fund 2.5 million
  
- Total Debt applicable to limitation - \$ 47.1 million
  - Includes authorized but unissued G.O. bonds:
    - \$4,920,000 (from November 2014 referendum)







# Debt Policy Compliance

June 30, 2018

- ▶ Percentage of debt to valuation - .9467%
  - ▶ Town's policy – 2% of assessed valuation
  - ▶ State statute – 8% of assessed valuation
  
- ▶ Debt service expenditure ratio :
  - ▶ Governmental expenditures – 9.1%
  - ▶ General Fund expenditures – 11.5%
- ▶ Town policy – 15%



# Summary



# Other Items

- Certificate for Achievement of Excellence in Financial Reporting from the GFOA
  - Marks 28th consecutive year the Town has received this award
- Staff comments and follow-up
  - Popular Annual Financial Report (PAFR)
- Questions/Discussion





TOWN *of*  
WAKE FOREST

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