



Item 5:
**Financial audit for the fiscal
year ended June 30, 2016**

City of Greenville, NC

2016 Audited Financial Statements

Audit Highlights

- ▶ **Unmodified opinion**
- ▶ **General Fund fund balance: \$32,442,111**
- ▶ **Capital Asset Prior Period Adjustment**
 - Successful execution of corrective action plan as part of new system conversion

Audit Highlights

- ▶ **Opinion on Internal Control**
- ▶ **Management Letter**

Audit Highlights

Federal and State Awards

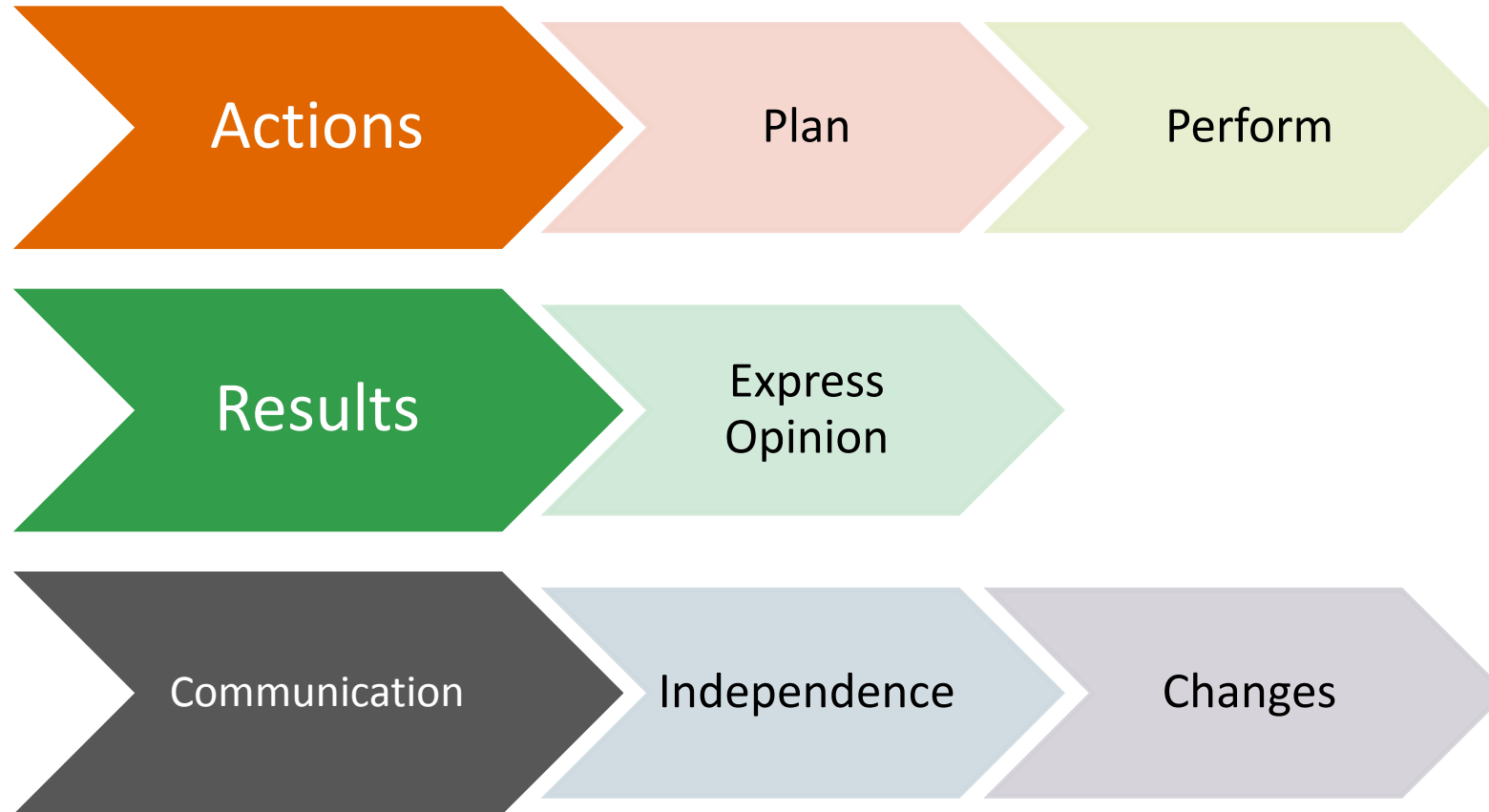
Opinion on Compliance:

Unmodified opinion on compliance for all federal and state programs

Major Programs Tested:

- ▶ Federal Transit Grants/Transit Development Program (State)
- ▶ Clean Water State Revolving Fund Cluster
- ▶ Powell Bill Grant

Role of the External Auditor



Audit Highlights

Available Fund Balance

Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance

Less: Non spendable (not in cash form, not available)

Less: Stabilization by State Statute (by state law, not available)

Available Fund Balance

This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages.

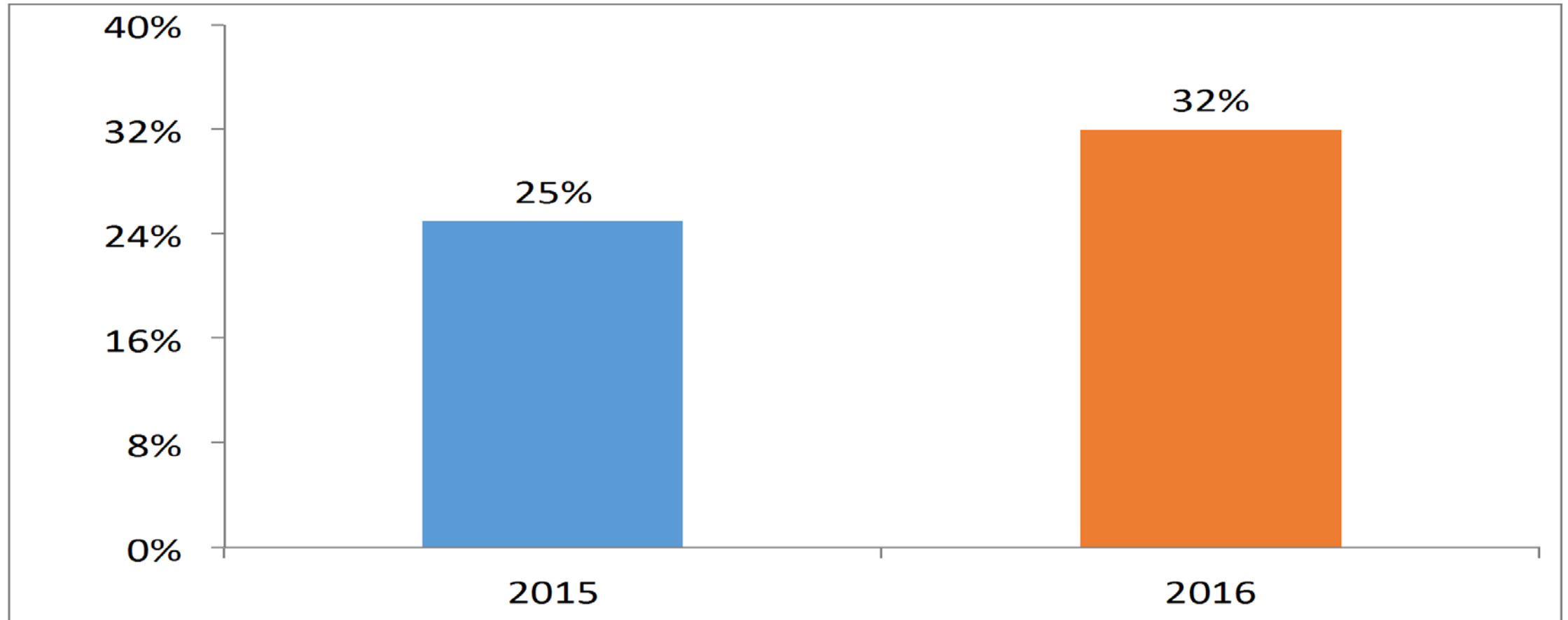
Audit Highlights

Available Fund Balance – General Fund

Total Fund Balance	\$ 32,442,111
Non spendable	- 54,444
Stabilization by State Statute	<u>- 7,490,434</u>
Available Fund Balance	\$24,897,233
Available Fund Balance 2015	\$ 19,429,725
Increase in Available FB	\$ 5,467,508

Audit Highlights

Available Fund Balance as a % of Expenditures – General Fund



2016 Results of Operations

- Audit Summary
- General Fund
 - Revenues
 - Expenses
- Budget to Actual Comparisons
- Fund Balance
- Capital Reserve
- Other Funds

2016 Results of Operations

Auditors Presented an Unmodified Opinion
Unassigned Fund Balance Policy >14%

General Fund Summary

TOTAL REVENUES	\$77,638,278
TOTAL EXPENSES	<u>\$77,775,706</u>
NET	(\$137,428)

General Fund Summary

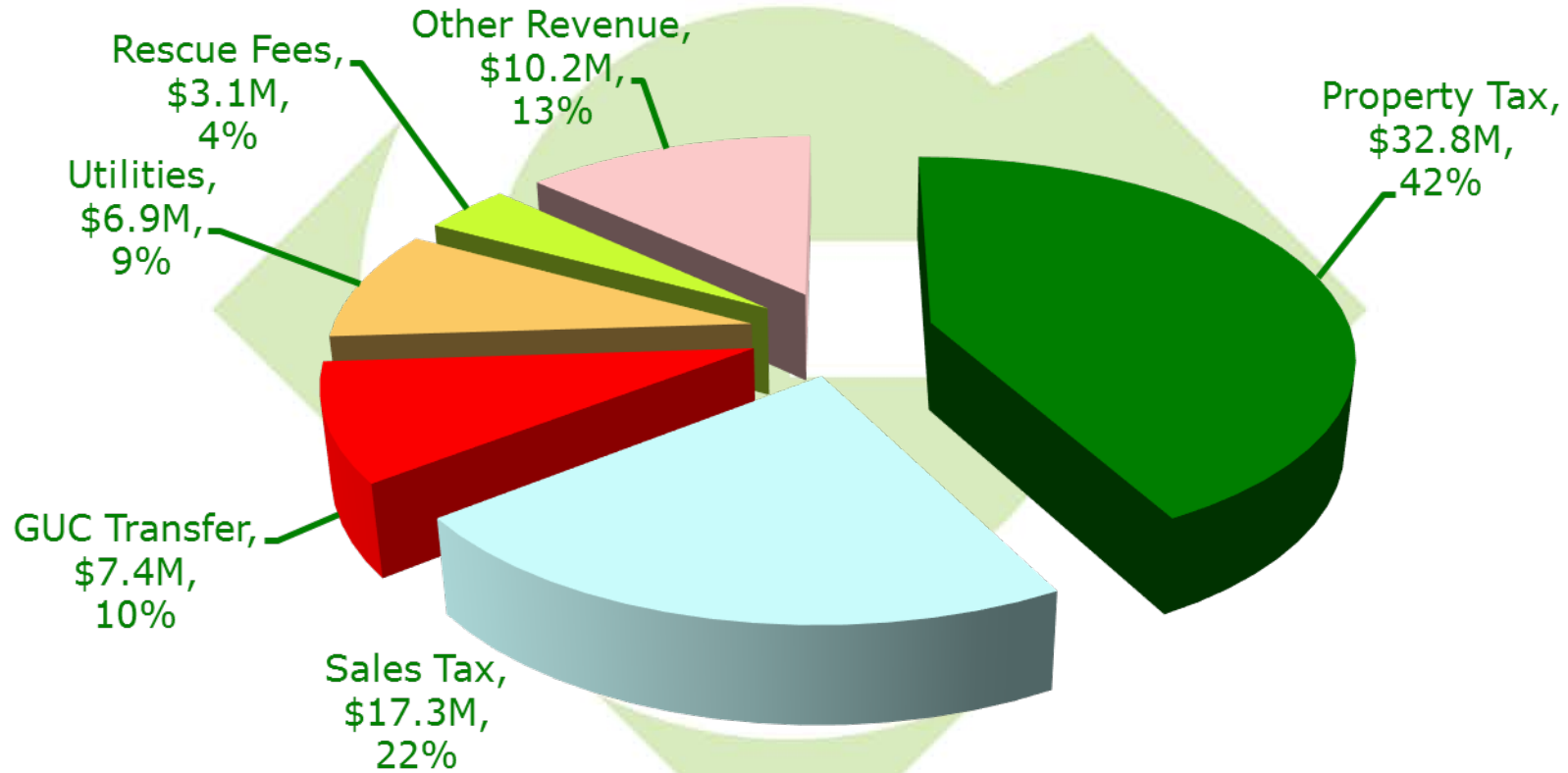
**Total
Revenue
Increase <
1% or
\$231k**

**Tax Rate
Decrease from
\$.54 to \$.53**

**Utilities
Franchise Tax
Increased 11%**

**Sales Tax
Increased 4%**

Top 5 Revenues: General Fund



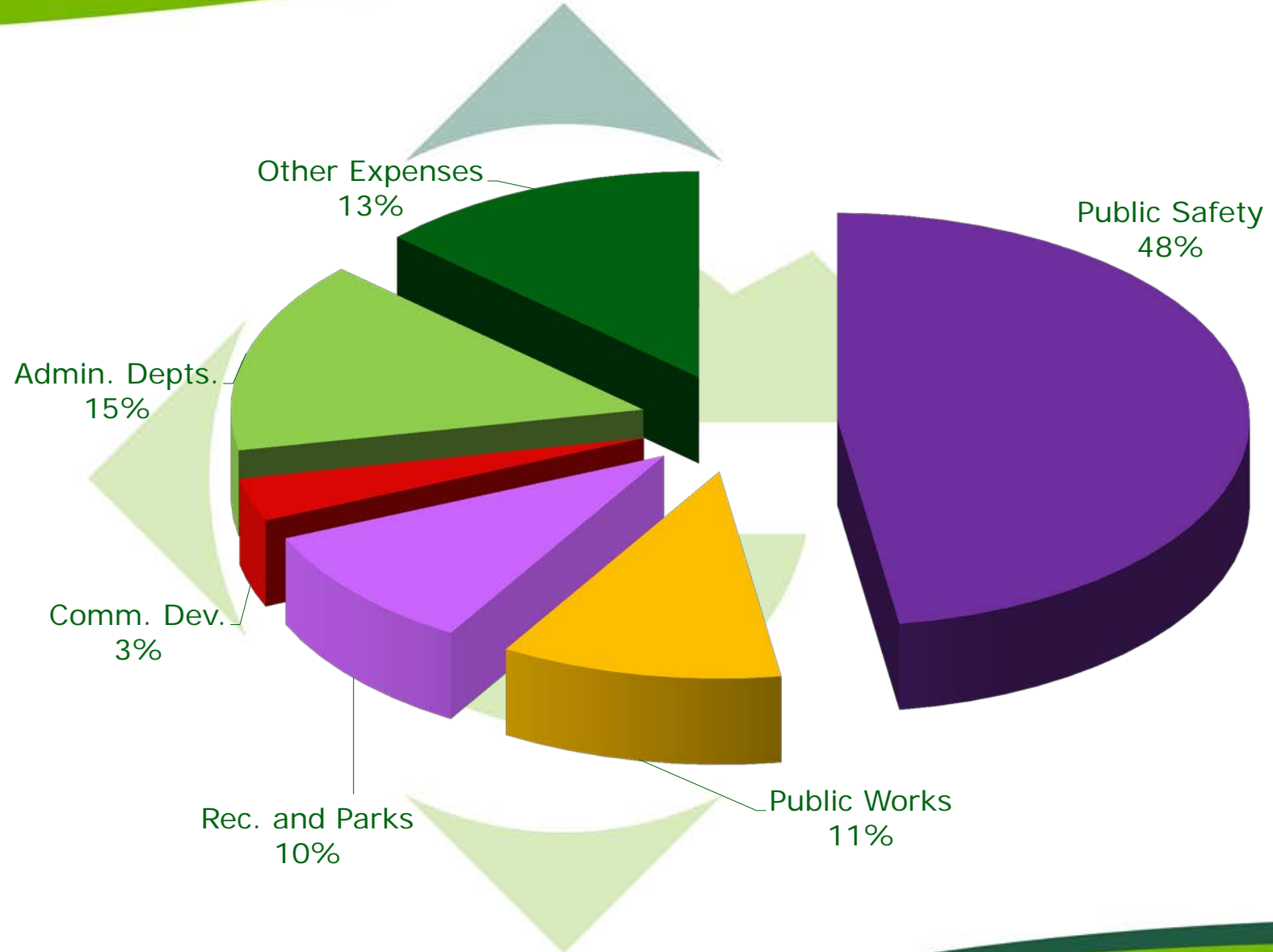
General Fund Revenues

Revenues:	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Property Taxes	\$ 32,775,803	\$ 32,956,190	(1%)
Other Taxes	18,304,376	17,624,101	4%
Intergovernmental	9,890,311	9,735,594	2%
Licenses, Fees, Sales & Services	7,435,190	9,583,770	(22%)
Other Revenues	<u>9,232,598</u>	<u>7,508,015</u>	23%
Total Revenues	\$ 77,638,298	\$ 77,407,670	<1%

Budget vs. Actual Revenues

Revenues:	<u>Budget 2016</u>	<u>Actual 2016</u>	<u>Difference</u>
Property Taxes	\$ 33,039,074	\$ 32,775,803	(\$ 263,271)
Other Taxes	18,328,044	18,304,376	(23,668)
Intergovernmental	10,787,215	9,890,311	(896,904)
Licenses, Fees, Sales & Services	7,434,042	7,435,190	1,148
Other Revenues	<u>12,776,576</u>	<u>9,232,598</u>	<u>(3,543,978)</u>
Total Revenues	\$ 82,364,951	\$ 77,638,278	(\$ 4,726,673)

For
Every
Dollar
Spent



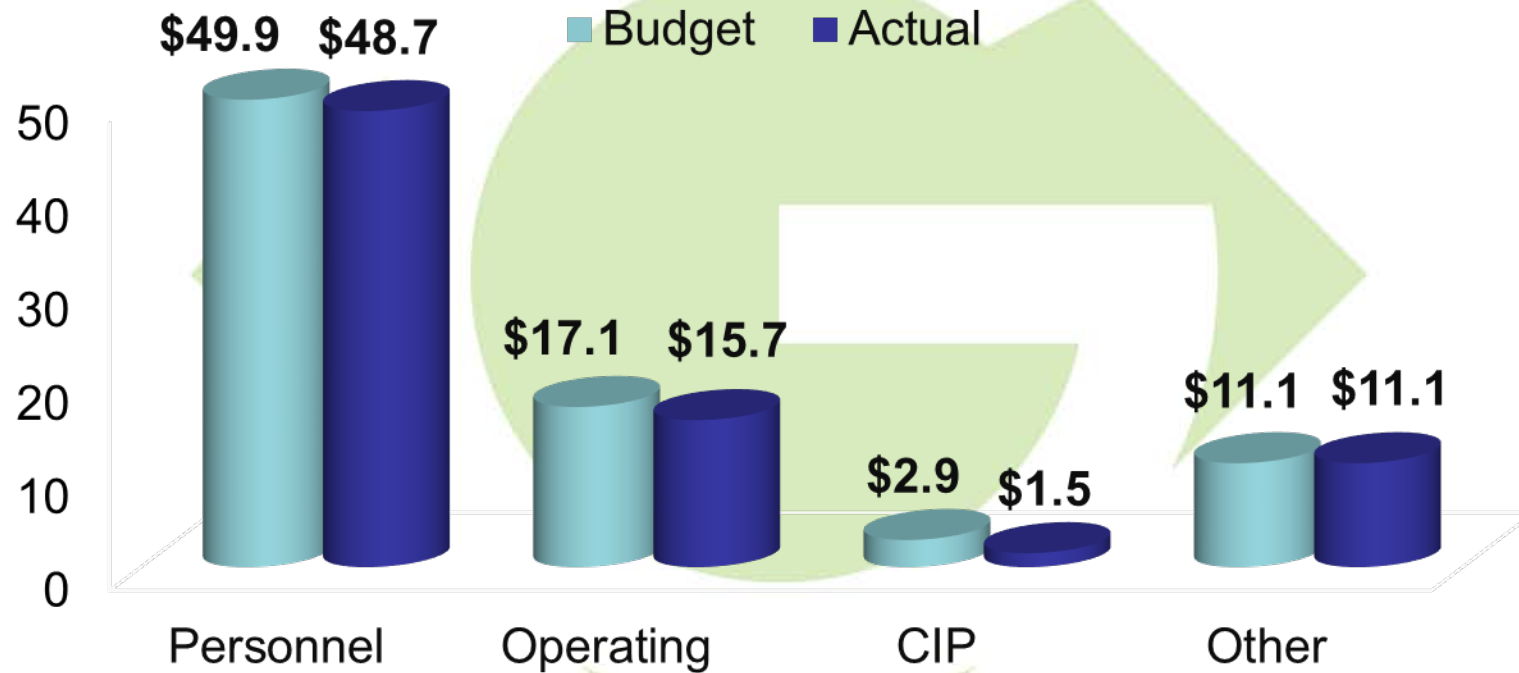
Spending by Department

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Change</u>
Public Safety	\$37,020,608	\$35,414,546	5%
Public Works	8,580,845	7,924,225	8%
Rec/Parks	7,644,937	7,400,170	3%
Comm. Develop.	2,624,265	2,466,066	6%
Admin. Depts.	11,731,599	9,917,094	18%
Capital Improvements	-	2,596,181	(100%)
Other Expenses	<u>10,173,452</u>	<u>10,523,924</u>	(3%)
Total Expenses	\$77,775,706	\$76,242,206	2%

Budget vs. Actual Expenses

	<u>Budget 2016</u>	<u>Actual 2016</u>	<u>Difference</u>
Public Safety	\$37,280,256	\$37,020,608	\$259,648
Public Works	10,712,747	8,580,845	2,131,902
Rec/Parks	8,437,451	7,644,937	792,514
Comm. Develop.	3,258,794	2,624,265	634,529
Admin. Depts.	12,384,743	11,731,599	653,144
Other Expenses	<u>10,290,960</u>	<u>10,173,452</u>	<u>117,508</u>
Total Expenses	\$ 82,364,951	\$77,775,706	4,589,245

Expenses



Expenses Delayed

- **Lapse Salaries** **\$ 1.2 Million**
- **Unspent Capital Imp.** **\$ 1.4 Million**

General Fund Summary

Revenues up
<1%

Increased Sales
and Utilities
Taxes while
Property Tax
Rate Decreased

Expenses up
2%

Addition of the
Office of Budget
and Evaluation;
Increased
Retiree Health
Insurance
Premiums

City remained
within the 14%
Unassigned Fund
Balance Policy
Fund Balance
position
decreased
\$137,428, <-1%

Fund Balance Position

Fund Balances:	<u>FY 2016</u>	<u>FY 2015</u>	<u>% Change</u>
Nonspendable	\$ 54,444	\$ 116,233	-53%
Restricted	10,170,592	16,168,556	-37%
Committed	2,276,781	2,276,781	- %
Assigned	1,795,994	1,591,683	12%
Unassigned	<u>18,144,300</u>	<u>12,426,286</u>	<u>46%</u>
Total Fund Balance	32,442,111	32,579,539	<-1%

Capital Reserve Transfer

2015-2017 General Fund <u>Budget</u>	<u>Percent</u>	<u>Total Balance Required</u>	<u>Unassigned Fund Balance</u>	<u>Amount Available For Transfer</u>
79,039,132	14%	11,065,478	17,727,804	6,662,326
	\$ 6,662,326	Amount Available for Transfer to Capital Reserve Fund@ 14% Budget Ordinance Amendments (FY 2016-2017), through October, 2016		
	<u>(2,332,231)</u>			
	\$ <u>4,330,095</u>	Amount Available to transfer, above the 14% Fund Balance Policy for Capital Improvements		
	\$ 4,330,095	Total Amount Available for Capital Improvements Prior to Designations		

Capital Reserve Transfer (cont.)

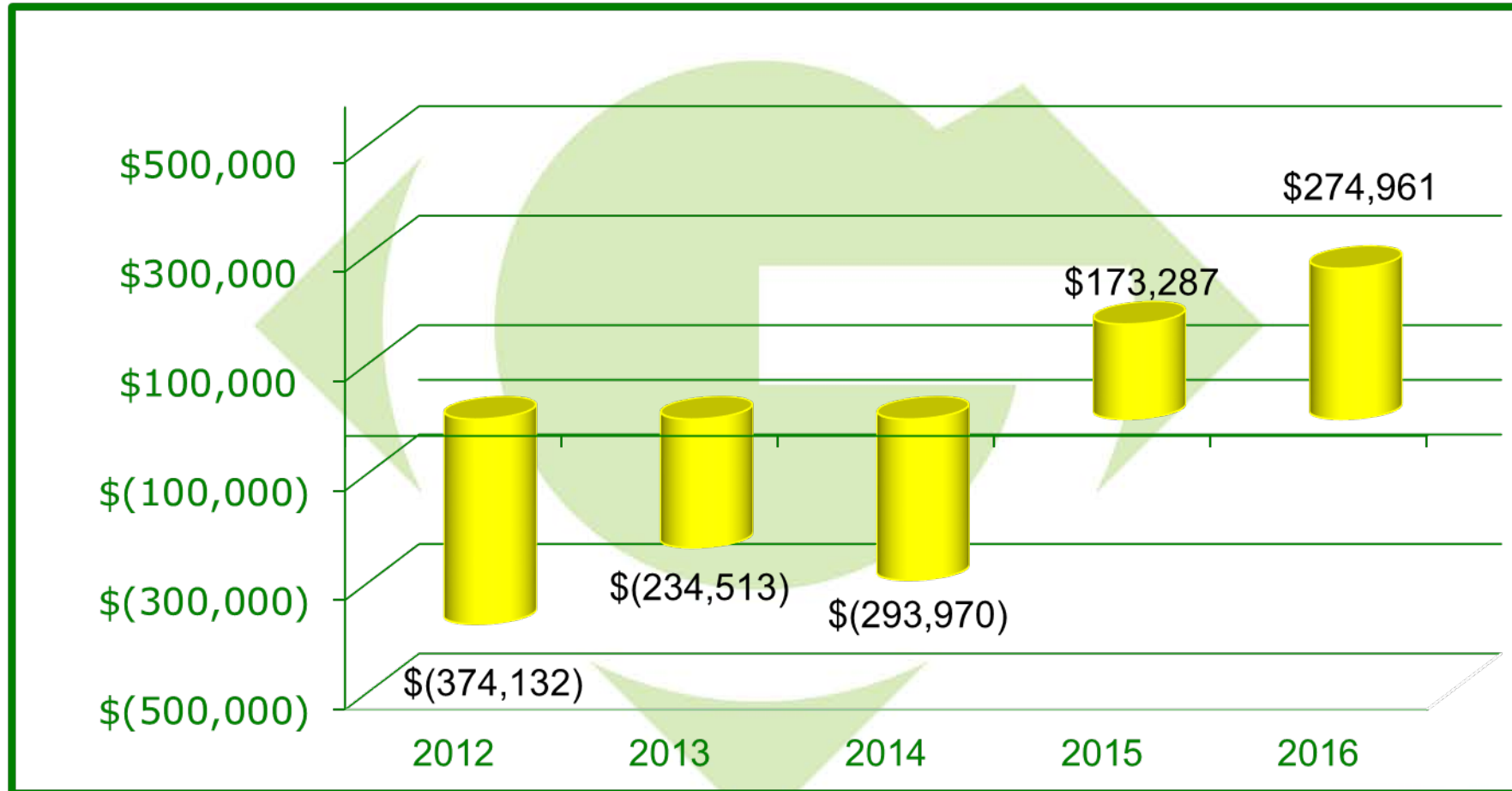
\$ 4,330,095	Total Amount Available for Capital Improvements Prior to Designations
(197,500)	Police Vehicles
* (500,000)	River Park North Shelter Grant (Projected)
<u>* (1,500,000)</u>	<u>FEMA Related Costs (Projected)</u>
\$ 2,132,595	

*This represents restricted fund balance anticipated to be reimbursed to the City in future years

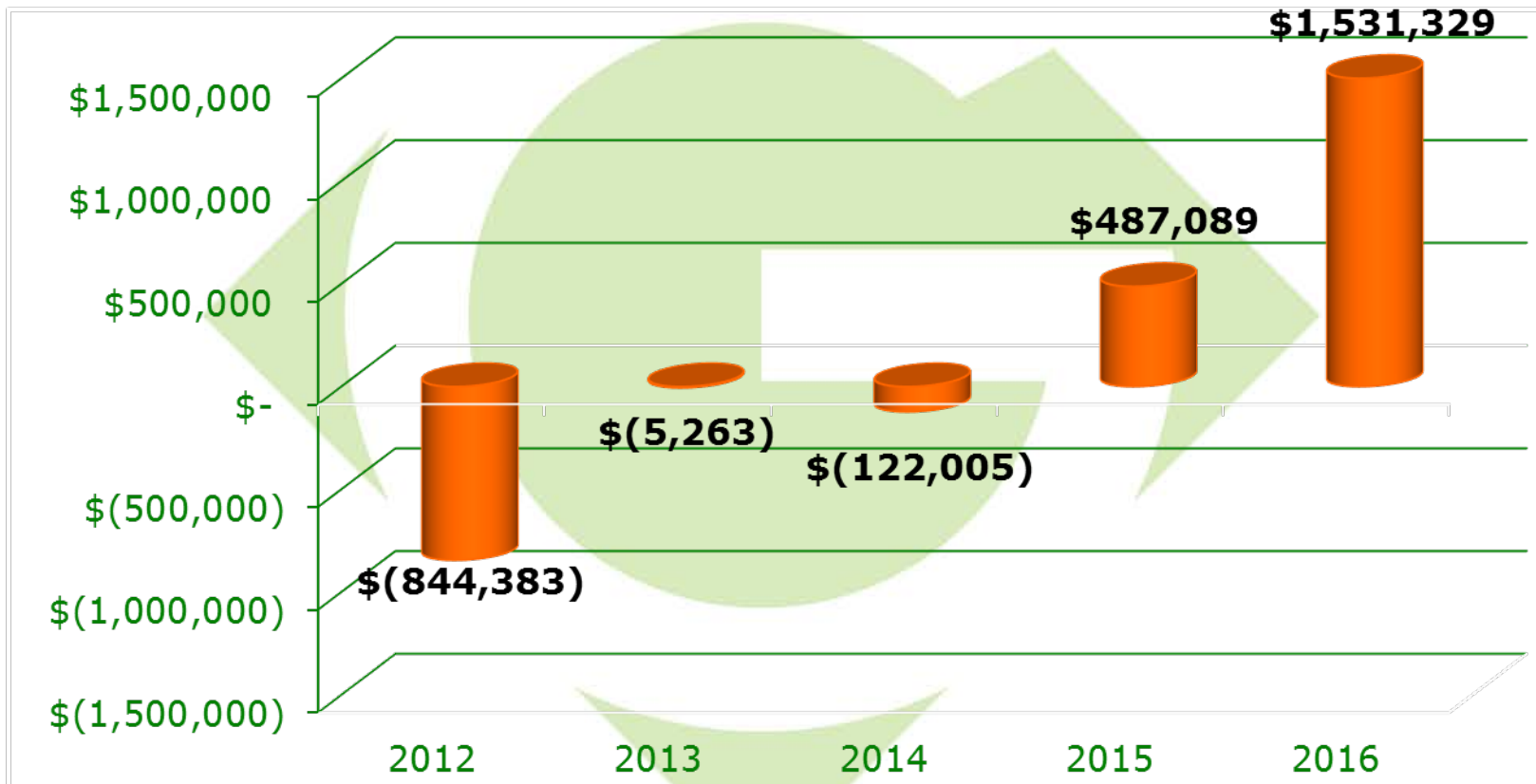
Fund Balance Comparison

<u>MUNICIPALITY</u>	<u>POPULATION</u>	<u>FUND BALANCE AVAILABLE</u>	<u>FBA as a % of GF Expenses</u>
CONCORD	85,428	\$ 53,833,695	80.76
ASHEVILLE	89,248	26,171,462	26.44
GASTONIA	73,186	20,371,154	35.55
GREENVILLE('15)	87,436	19,429,725	25.48
Greenville ('16)	90,597	24,897,233	32.01
HIGH POINT	108,556	24,233,088	24.40
JACKSONVILLE	76,576	16,023,225	38.56

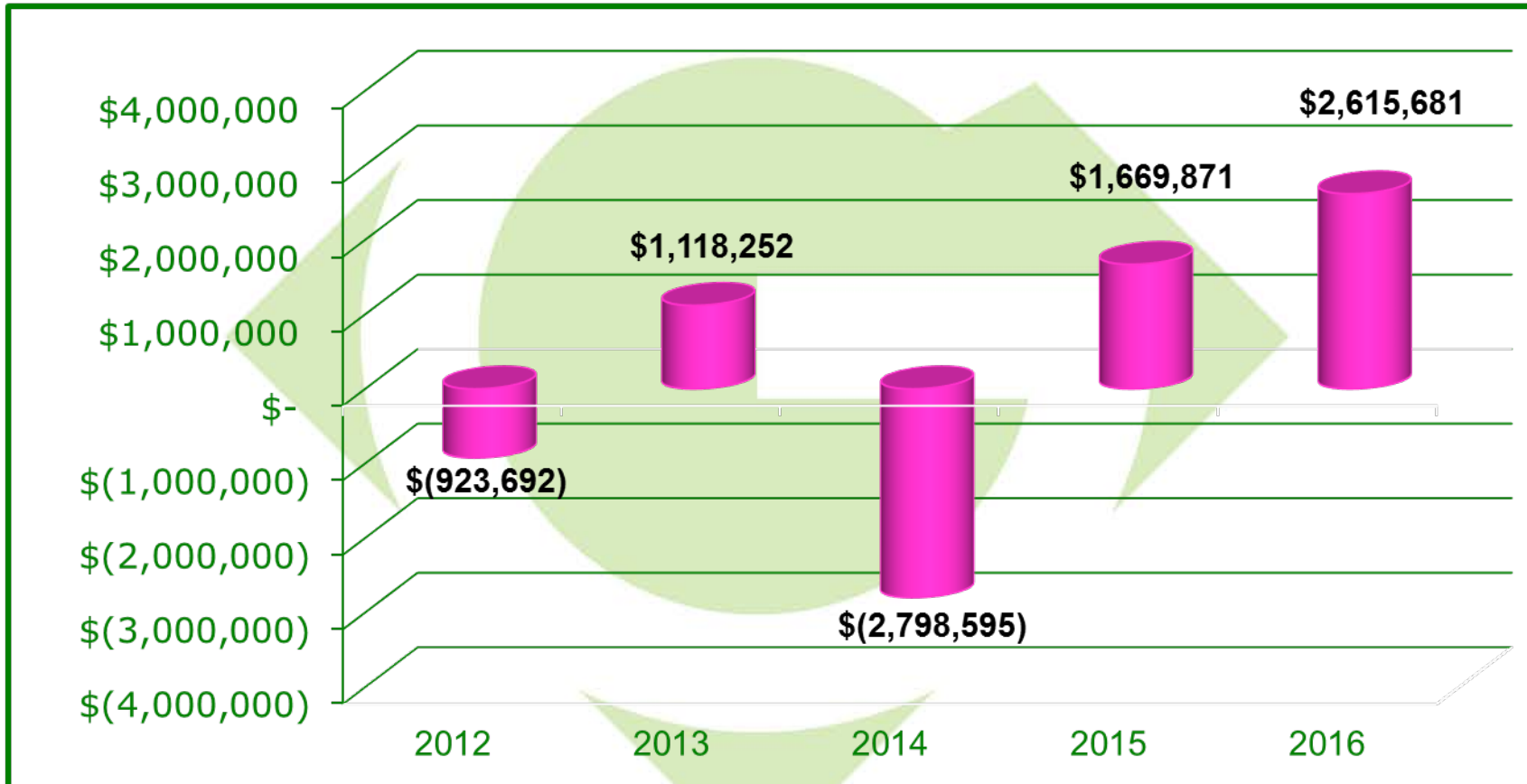
Transit Fund



Sanitation Fund



Stormwater Fund



Year End Summary

Revenues Increased \$231k or <1%

Expenses Increased \$1.5M or 2%

Fund Balance Decreased \$137K or <-1%

Year End Summary

Auditors Presented an Unmodified Opinion
Unassigned Fund Balance Policy >14%

Recommendation:

City Council Accepts the Auditor Opinion, Audited Financial Statements, and Presentation on the Results of Operations.



Questions