

11.13.17

City Council Meeting

2017 Audit Highlights

- ▶ **External Audit - June 30, 2017**
- ▶ **Highest Audit Opinion on Financial Statements and Single Audit**
- ▶ **General Fund: \$31,421,084 (32% of Expenditures)**
- ▶ **Results of Operations**

Audit Highlights

Opinions on Compliance:

Unmodified opinions on compliance for all federal and state programs

- Highest Opinion That Can Be Given
- No Management Letter
- No Findings on Financial Statements for 2nd Straight Year



Major Programs Tested:

- ▶ Clean Water State Revolving Fund Cluster
- ▶ Powell Bill Grant
- ▶ Community Development Block Grant
- ▶ Federal Transit Cluster & State Match
 - ▶ Two findings (Non-Material Non-Compliance)

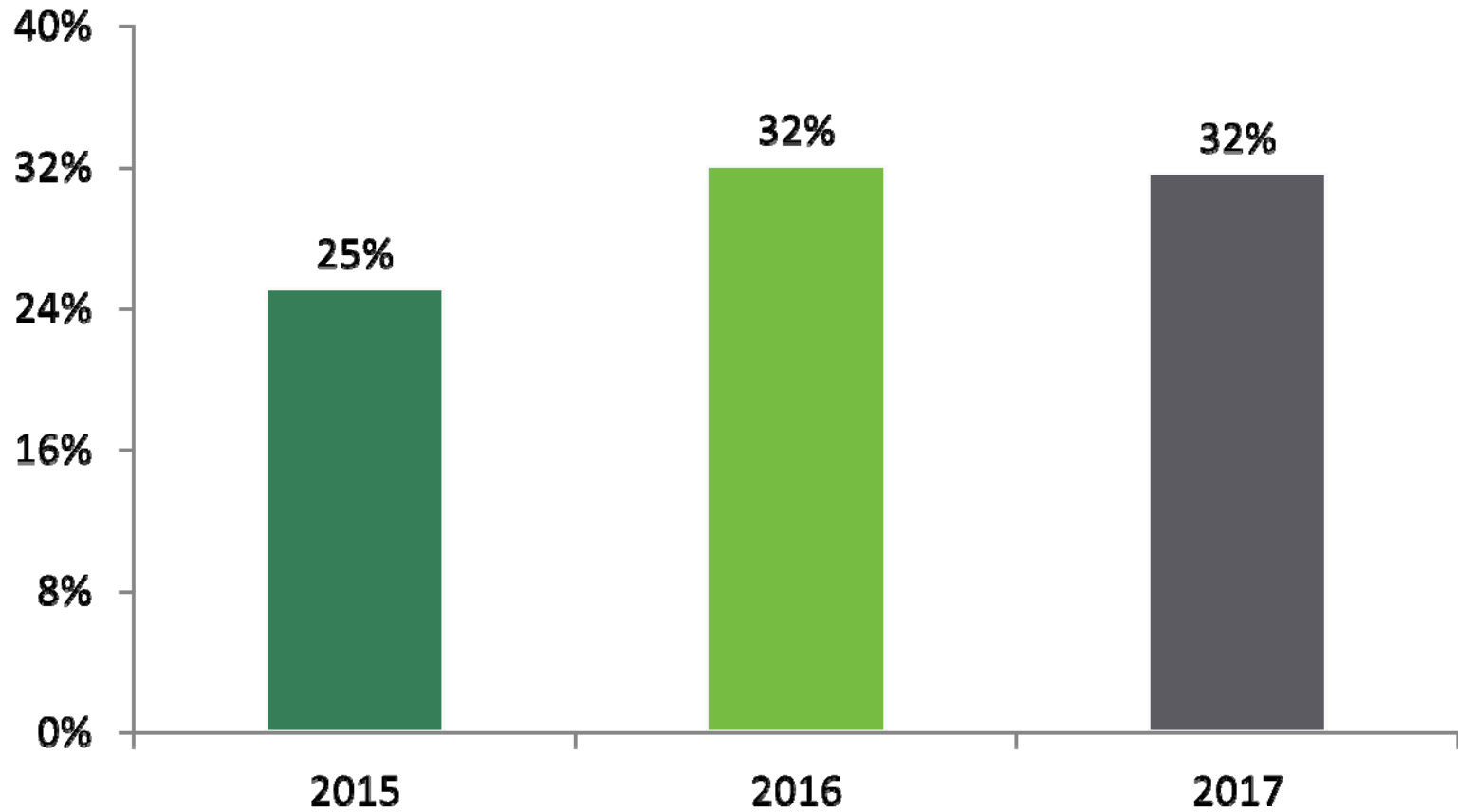
Audit Highlights

Available Fund Balance – General Fund

| | |
|--------------------------------|--------------------|
| Total Fund Balance | \$ 31,421,084 |
| Non spendable | - 68,804 |
| Stabilization by State Statute | <u>- 5,527,481</u> |
| Available Fund Balance | \$25,824,799 |
| | |
| Available Fund Balance 2016 | \$ 24,897,233 |
| Increase in Available FB | \$ 927,566 |

Audit Highlights

Available Fund Balance as a % of Expenditures – General Fund



General Fund Summary

| | |
|-----------------------|----------------------------|
| TOTAL REVENUES | \$80,855,029 |
| TOTAL EXPENSES | <u>\$81,876,066</u> |
| NET | (\$1,021,037) |

**Expenses are within 3% of
Revenues**

General Fund Revenues

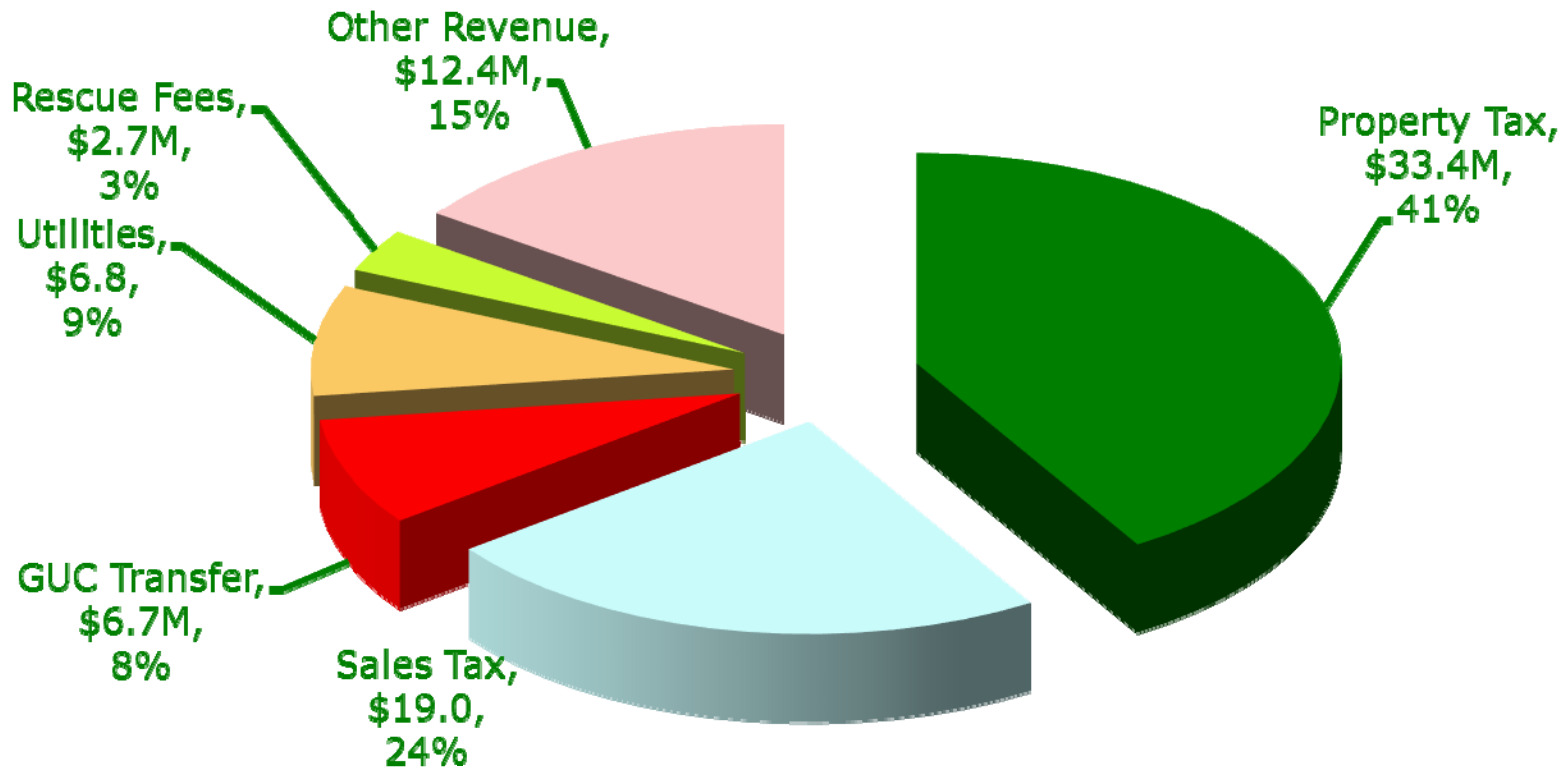
**Total
Revenue
Increase
4%**

**Tax Rate
Decrease from
\$.53 to \$.52**

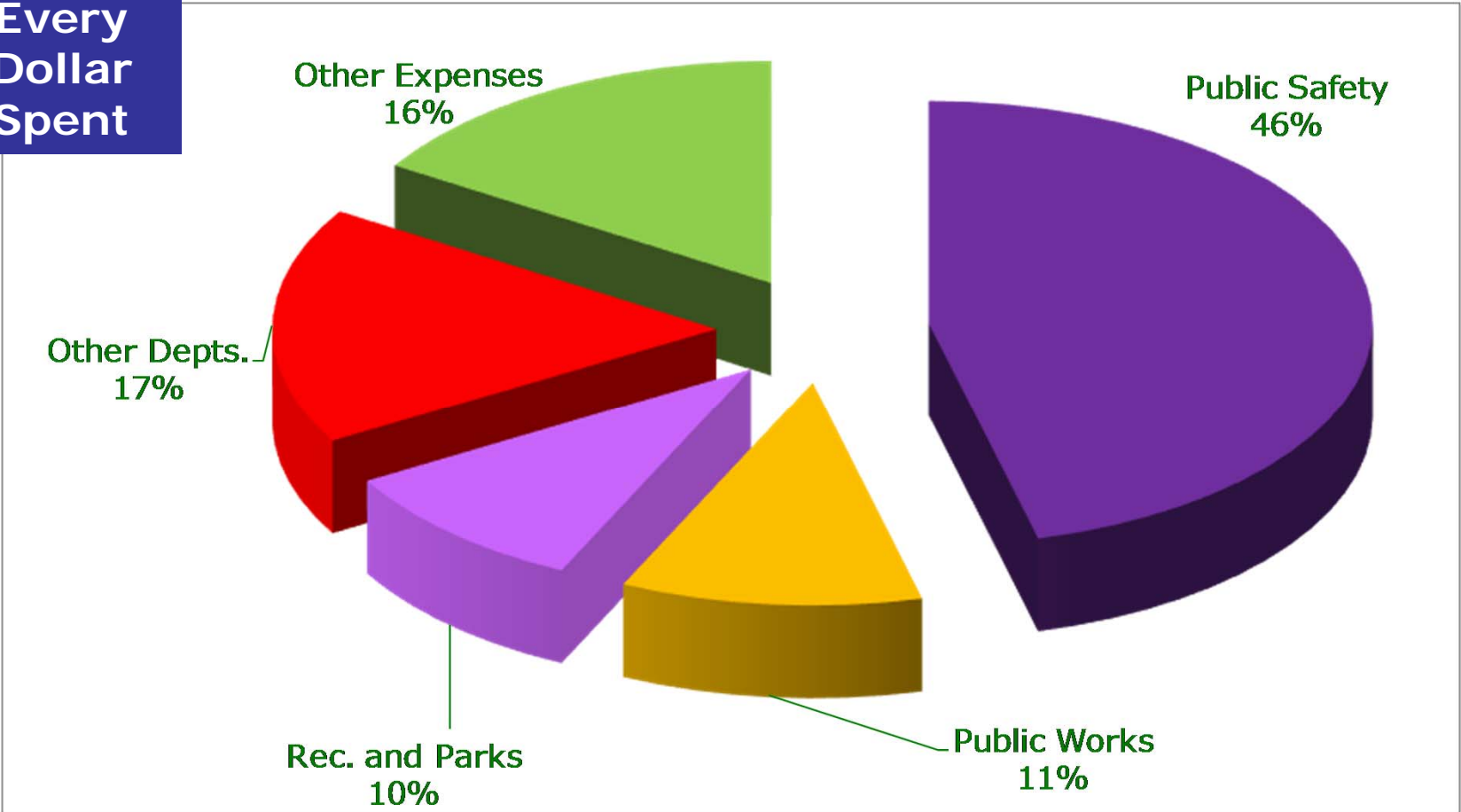
**Inspections
Fees Increased
>100%**

**Sales Tax
Increased 10%**

Top 5 Revenues: General Fund



**For
Every
Dollar
Spent**



General Fund Summary

Revenues up
4%

Increased Sales
Tax, Motor
Vehicle
Collection

Expenses up
5%

General Fund
CIP projects
transferred to
their respective
Capital Project
Funds

City remained
within the 14%
Unassigned Fund
Balance Policy

Fund Balance
position
decreased
\$1,021,027, -3%

General Fund Balance

| | |
|----------------------------|-----------------------|
| FY2016 Ending Fund Balance | \$ 32,442,111 |
| FY2017 Ending Fund Balance | 31,421,084 |
| Change | <u>\$ (1,021,027)</u> |

Fund Balance Position

| Fund Balances: | <u>FY 2017</u> | <u>FY 2016</u> | <u>% Change</u> |
|---------------------------|-------------------|-------------------|-----------------|
| Nonspendable | \$ 68,804 | \$ 54,444 | 26% |
| Restricted | 7,668,336 | 10,170,592 | -25% |
| Committed | 2,328,149 | 2,276,781 | 2% |
| Assigned | 1,178,344 | 1,795,994 | -34% |
| Unassigned | <u>20,177,451</u> | <u>18,144,300</u> | <u>11%</u> |
| Total Fund Balance | 31,421,084 | 32,442,111 | -3% |

Fund Balance Comparison

| <u>MUNICIPALITY</u> | <u>POPULATION</u> | <u>FUND BALANCE AVAILABLE</u> | <u>FBA as a % of GF Expenses</u> |
|-------------------------|-------------------|-------------------------------|----------------------------------|
| CONCORD | 87,130 | \$ 57,521,842 | 70.68 |
| ASHEVILLE | 90,918 | 35,797,016 | 37.60 |
| GASTONIA | 73,843 | 20,604,669 | 34.15 |
| GREENVILLE('16) | 87,690 | 24,897,233 | 32.01 |
| Greenville ('17) | 91,497 | 23,830,768 | 29.17 |
| HIGH POINT | 109,749 | 22,800,338 | 22.02 |
| JACKSONVILLE | 77,464 | 19,382,733 | 45.73 |

Restricted Fund Balance

| Fiscal Year | Restricted Fund Balance | Accounts Receivable |
|-------------|-------------------------|---------------------|
| 2014-15 | \$ 16,168,556 | \$ 13,778,908 |
| 2015-16 | 10,170,592 | 9,235,670 |
| 2016-17 | 7,668,336 | 7,036,462 |
| % Change | -52.6% | -48.9% |



This is the Result Of:

1. Increased Staff Efficiency!
2. Better IT Systems! (Munis)

Unassigned Fund Balance

FY2017-18 Budget Less Powell Bill **\$ 79,081,156**

Unassigned Fund Balance Percent **14.0%**

Calculated Unassigned Fund Balance **\$ 11,071,362**

Unassigned Fund Balance

| | |
|--|----------------------|
| Unassigned Fund Balance per Audit | \$ 20,177,452 |
| Less Appropriations & Commitments | |
| FY2018 Fund Balance Appropriated (per Amend #3) | (3,239,502) |
| Long Range Debt Plan (Adopted August 2017) | (3,500,000) |
| Street Lights & Cameras | (500,000) |
| State NCDOT Transportation Projects | (1,866,588) |
| Unassigned Fund Balance Less Appropriations | \$ 11,071,362 |
| Calculated Unassigned Fund Balance | \$ 11,071,362 |
| Balance | \$ 0 |

Long Range Debt Plan

- Council Adopted a Long Range Debt Plan in August, 2017 to Fund Approximately \$10.4 Million in **PRIORITY** Projects Over the Next Two Fiscal Years
- Projects will be Funded Through Debt Financing or on a Pay-As-You-Go Basis

| | | |
|----------------------------------|---------------------|--|
| Town Common Gateway | \$ 2,000,000 | } In Addition to 2 nd Half of 2015 G.O. Bond Issuance (\$8.0M) |
| Dickinson Avenue Streetscape | 1,600,000 | |
| Southside Fire Station | 4,000,000 | |
| Sidewalk Development Parking Lot | 2,250,000 | |
| Street Lights & Cameras (FY2019) | 500,000 | |
| Total Projects | \$10,350,000 | |

State NCDOT Transportation Projects

NCDOT Commitments Currently Unfunded:

| Project | City Funding | State/Federal Funding | Total |
|--------------------------|---------------------|--------------------------|-----------------------|
| Firetower- NC43 to 14th | \$ 187,480 | \$ 4,643,220 | \$ 4,830,700 |
| Firetower- 14th to NC33 | 531,160 | 18,027,410 | 18,558,570 |
| Street Signal Conversion | 912,000 | 8,883,000 | 9,795,000 |
| Evans Street Widening | 525,000 | 52,619,444 | 53,144,444 |
| 14th Street Widening | 270,122 | 13,079,484 | 13,349,606 |
| Allen Road | 788,045 | 21,514,012 | 22,302,057 |
| Total | \$ 3,213,807 | \$ 118,766,570 | \$ 121,980,377 |

State NCDOT Transportation Projects

Proposed Five Year Funding Model:

| Fiscal Year | City Funding | Source |
|--------------------|----------------------------|-----------------------------------|
| 2017-18 | \$ 1,866,588 | Fund Balance Appropriation |
| 2018-19 | 336,805 | CIP Budget / TBD |
| 2019-20 | 336,805 | CIP Budget / TBD |
| 2020-21 | 336,805 | CIP Budget / TBD |
| 2021-22 | 336,805 | CIP Budget / TBD |
| Total | <u>\$ 3,213,807</u> | |

Year End Summary

- Revenues Increased \$3.22M (4%)
- Expenses Increased \$3.92M (5%)
- Fund Balance Decreased \$1.02M (3%)
- Auditors Presented the Highest Opinion
- Unassigned Fund Balance Policy >14%

Next Steps

- Local Government Commission Approval
- Submission for the Certificate of Achievement for Excellence in Financial Reporting for the 29th Consecutive Year
- Thank you Cherry Bekaert, City Departments, and especially the Financial Services Department Employees for their professionalism, cooperation, and assistance during this audit

City Council Recommendation:

**Accept the FY2017 Auditor
Opinion and Audited Financial
Statements**