

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018



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Background for Today's Presentation

- NCGS 159-34 requires local governments to have external audit of financial statements annually
- County also required to have an audit for compliance with laws, regulations, contracts, and grants related to federal and state programs and internal controls over financial reporting
- Elliot Davis LLP completed the financial statement audit for the fiscal year ended June 30, 2018
- Today's presentation will share FY 2018 operating results, financial position, and audit opinion

Total County Operations – All Funds

Fund	Primary Revenue Sources	Revenues
General Fund	Taxes, intergovernmental, changes for services	\$ 1,246,542,298
Debt Service Fund	Transfers from property & sales taxes, bond premiums	264,277,377
Special Revenue Funds:		
Affordable Housing	Intergovernmental - federal, transfers from general fund	9,943,615
Major Facilities	Prepared food & occupancy taxes	55,733,928
Grants Fund	Intergovernmental	4,695,385
Capital Area Workforce	Intergovernmental - federal	6,486,300
Fire Tax District	Property Taxes	26,299,016
Transportation	Charges for services, intergovernmental	4,959,265
Capital Project Funds:		
County Capital Projects	Transfers from property & sales taxes	41,832,312
WCPSS Capital	Debt proceeds, transfers from property & sales taxes	650,523,096
WTCC Capital	Debt proceeds, transfers from property & sales taxes	72,144,933
Fire Capital Projects	Transfers from property taxes	3,421,557
Major Facilities Capital	Transfers from prepared food & occupancy taxes	3,178,078
Proprietary Funds:		
Solid Waste Operating	Charges for services	15,571,375
South Wake Landfill	Charges for services	17,210,072
Corporate Fleet	Charges for services	9,152,266
Total 2018 Revenues		\$ 2,431,970,873

County Budget for Property Taxes on Target

	FY2018	FY2017	Difference
PROPERTY TAX			
Budget	\$ 884,795	\$ 843,531	\$ 41,264
Actual Year to Date	887,804	846,283	41,521
Variance Amount	3,009	2,752	
Percent Realized	100.3%	100.3%	
SALES TAX			
Budget	\$ 191,866	\$ 177,540	\$ 14,326
Actual Year to Date	185,587	177,057	8,530
Variance Amount	(6,279)	(483)	
Percent Realized	96.7%	99.7%	
OTHER TAXES			
Budget	\$ 15,372	\$ 15,084	\$ 288
Actual Year to Date	18,302	16,656	1,646
Variance Amount	2,930	1,572	
Percent Realized	119.1%	110.4%	
TOTAL TAXES			
Budget	\$ 1,092,033	\$ 1,036,155	\$ 55,878
Actual Year to Date	1,091,693	1,039,996	51,697
Variance Amount	(340)	3,841	
Percent Realized	100.0%	100.4%	

Numbers above in thousands.

Highlights

Property Tax:

- Collection rate of 99.89% on current year tax collections

Sales Tax:

- Slow down in Sales Tax growth

Other Taxes:

- Real property transfer taxes continue to increase with housing demands

County Realizes 100% of Budgeted Revenues

	FY2018	FY2017	Difference
INTERGOVERNMENTAL REVENUES			
Budget	\$ 69,969	\$ 98,415	\$ (28,446)
Actual Year to Date	80,150	103,631	(23,481)
Variance Amount	10,181	5,216	
Percent Realized	114.6%	105.3%	
CHARGES FOR SERVICES			
Budget	\$ 65,392	\$ 63,594	\$ 1,798
Actual Year to Date	65,834	65,421	413
Variance Amount	442	1,827	
Percent Realized	100.7%	102.9%	
OTHER REVENUES (including appropriated fund balance)			
Budget	\$ 19,385	\$ 16,494	\$ 2,891
Actual Year to Date	8,939	8,877	62
Variance Amount	(10,446)	(7,617)	
Percent Realized	46.1%	53.8%	
TOTAL REVENUES			
Budget	\$ 1,246,779	\$ 1,214,658	\$ 32,121
Actual Year to Date	1,246,616	1,217,925	28,691
Variance Amount	(163)	3,267	
Percent Realized	100.0%	100.3%	

Highlights

Intergovernmental:

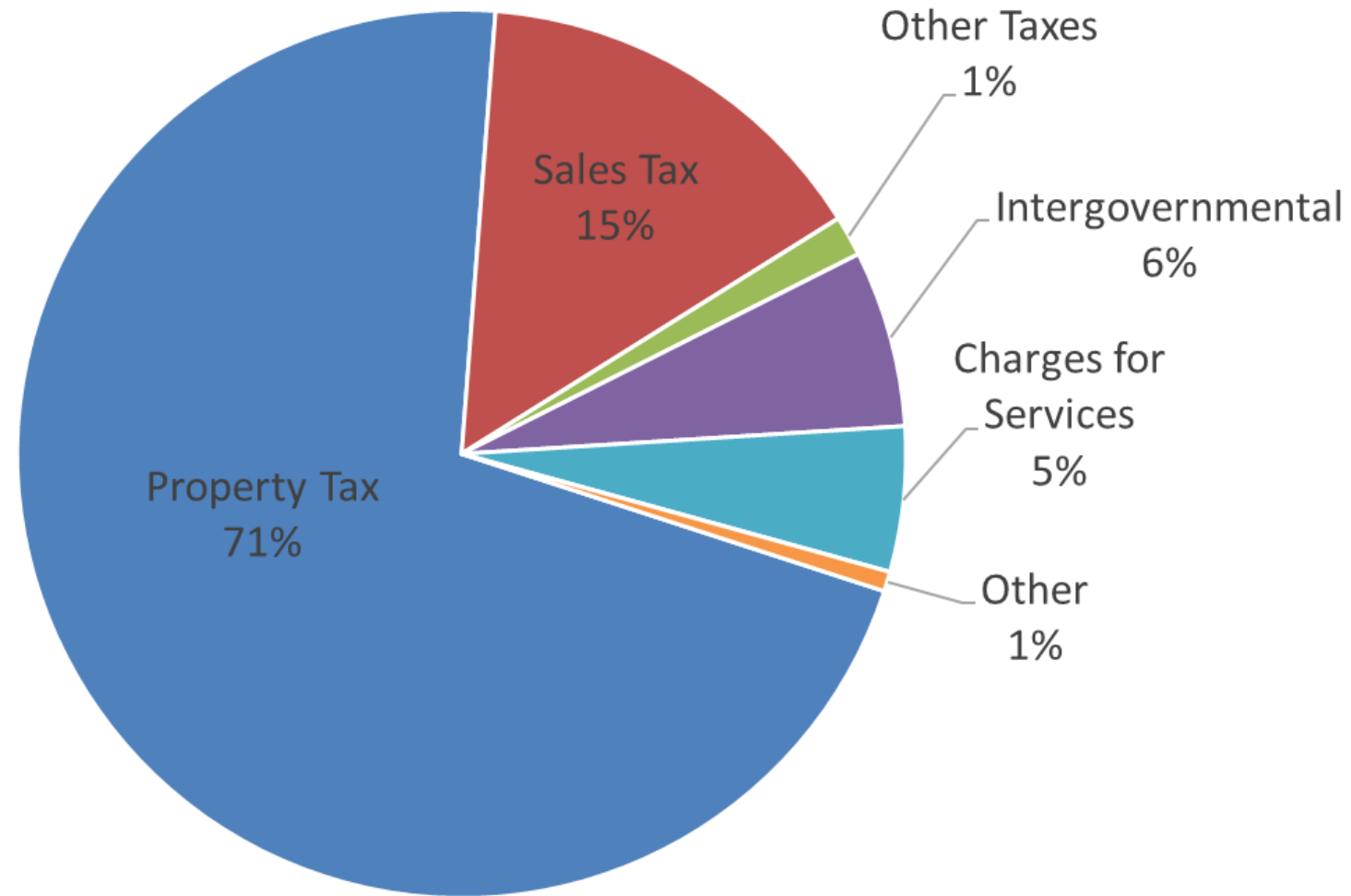
- Decrease in Human Services from prior FY (day care subsidy process)
- Additional \$4 million in ABC revenues

Other Revenues:

- Did not utilize appropriated fund balance, as budgeted

Numbers above in thousands.

County Receives Most General Fund Revenue through Taxes



Expenditures on Trend with Prior Year

	Budget	Actual	Variance	Current %	Prior %
General Government	\$ 67,540,090	\$ 57,970,496	\$ 9,569,594	85.8%	95.5%
Human Services	153,948,244	150,650,843	3,297,401	97.9%	99.0%
Behaviorial Health	27,434,268	26,233,318	1,200,950	95.6%	67.2%
Education	452,197,000	452,197,000	-	100.0%	100.0%
Community Services	36,101,223	34,939,538	1,161,685	96.8%	97.8%
Environmental Services	12,493,135	11,917,505	575,630	95.4%	94.3%
Public Safety	150,428,304	144,864,557	5,563,747	96.3%	99.0%
General Services Administration	28,776,384	28,545,345	231,039	99.2%	99.3%
Transfers to Other Funds	317,860,648	317,860,648	-	100.0%	100.0%
Total	\$ 1,246,779,296	\$ 1,225,179,250	\$ 21,600,046	98.3%	98.7%

General Fund Budget vs. Actual Analysis

Board of Elections

Underspent temporary contract services on one-stop early voting sites.

Revenue

Annual reappraisal services costs down as County changes reappraisal cycle.

Non-Departmental

Change in healthcare vendor as of January 2018.

EMS

Through FY 2018, continued to experience high vacancy rates within field positions.

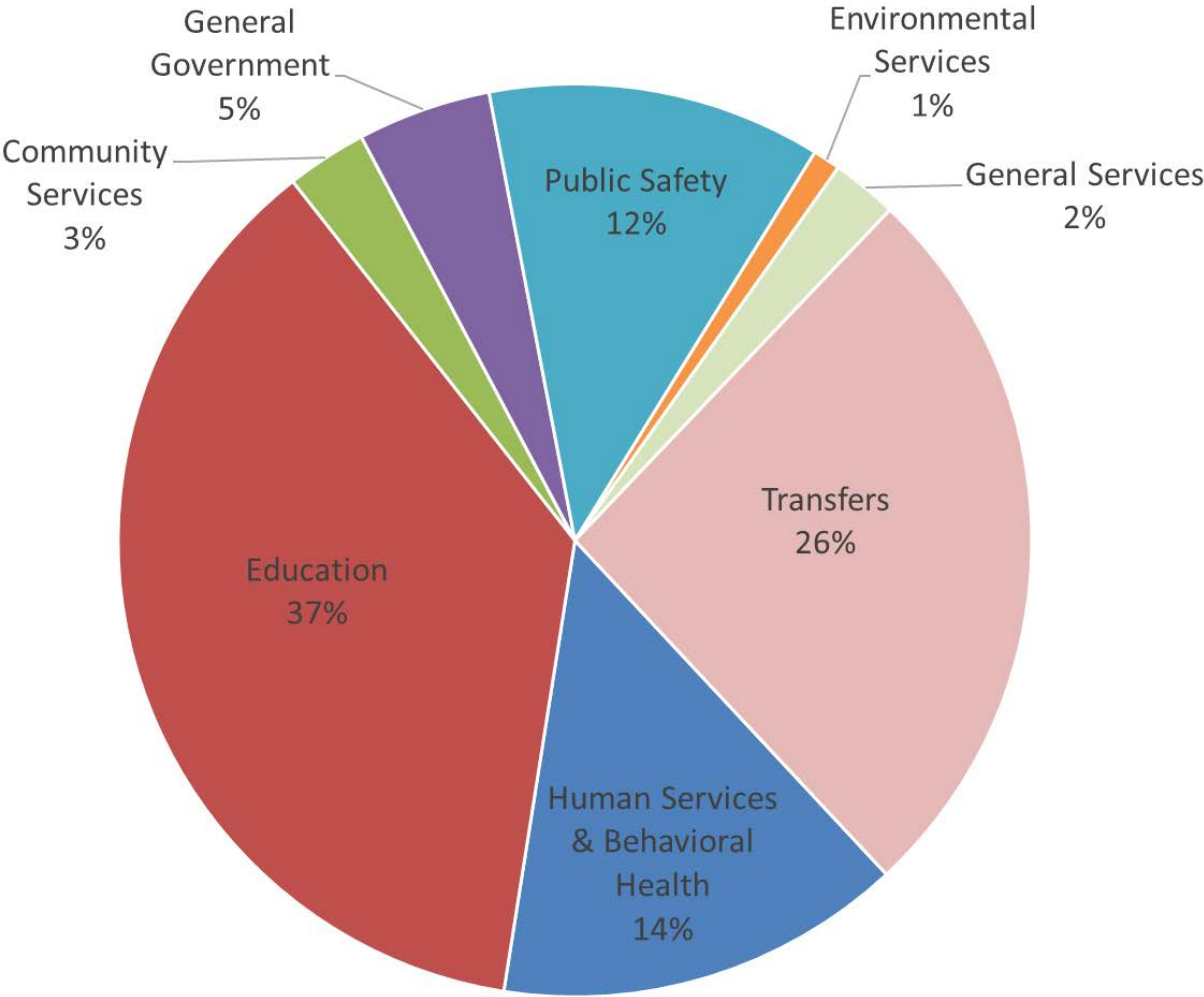
Community Services

Wake Forest Library was delayed in opening during FY 2018.

Human Services

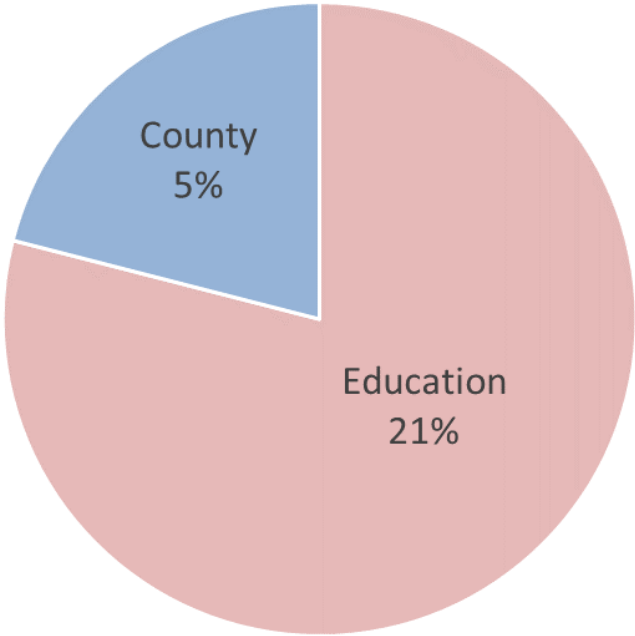
Less than budgeted expenditures on Special Assistance for Adults and vaccines/medicines related to mental health.

Education Comprises Majority of General Fund Expenditures



A Breakdown of Transfers:

79% of Transfers is for Education Debt Service and Capital resulting in **Total Education Funding being 58% of the General Fund Budget**



Fund Balance Increase of \$21 Million

	Original Budget	Final Budget	Actual	Variance
Operating Revenues	\$ 1,261,445,104	\$ 1,235,796,950	\$ 1,246,616,123	\$ 10,819,173
Appropriated Fund Balance	872,896	10,982,346	-	(10,982,346)
Total Revenues	<u>1,262,318,000</u>	<u>1,246,779,296</u>	1,246,616,123	<u>(163,173)</u>
Total Expenditures	<u>1,262,318,000</u>	<u>1,246,779,296</u>	<u>1,225,179,250</u>	<u>21,600,046</u>
Increase in Fund Balance			21,436,873	
Fund Balance, beginning of year			<u>296,176,737</u>	
Fund Balance, end of year			<u>\$ 317,613,610</u>	

County Continues to Meet Fund Balance Policy Requirements

Fund Balance Components	Amount	Policy Requirement	FY18 Percentage	FY 2017 Percentage
Working Capital (Component of General Fund fund balance)	\$ 208,294,319	10% ⁽¹⁾	15.6%	15.3%
Total General Fund fund balance	\$ 317,613,610	15% ⁽¹⁾	23.9%	23.4%
Debt Service Fund fund balance	\$ 108,974,619			
Total Fund Balance	\$ 426,588,229	30% ⁽²⁾	33.5%	33.6%

(1) Percentage of Subsequent Years General Fund Budget (\$1,331,034,000)

(2) Percentage of Combined General Fund and Debt Service Fund Revenues, net of Transfers (\$1,272,895,500)

Financial Model Fund Balance Forecast v. CAFR Results

Actual General Fund fund balance increase	\$ 21,436,873
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Less fund balance increases/decreases committed for future expenditures:

Reappraisal	432,362
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ROD automation	159,712
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Behavioral health savings	452,302
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Health insurance reserves	2,500,000
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ABC revenues	(1,402,580)
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Equals uncommitted increase in fund balance	19,295,077
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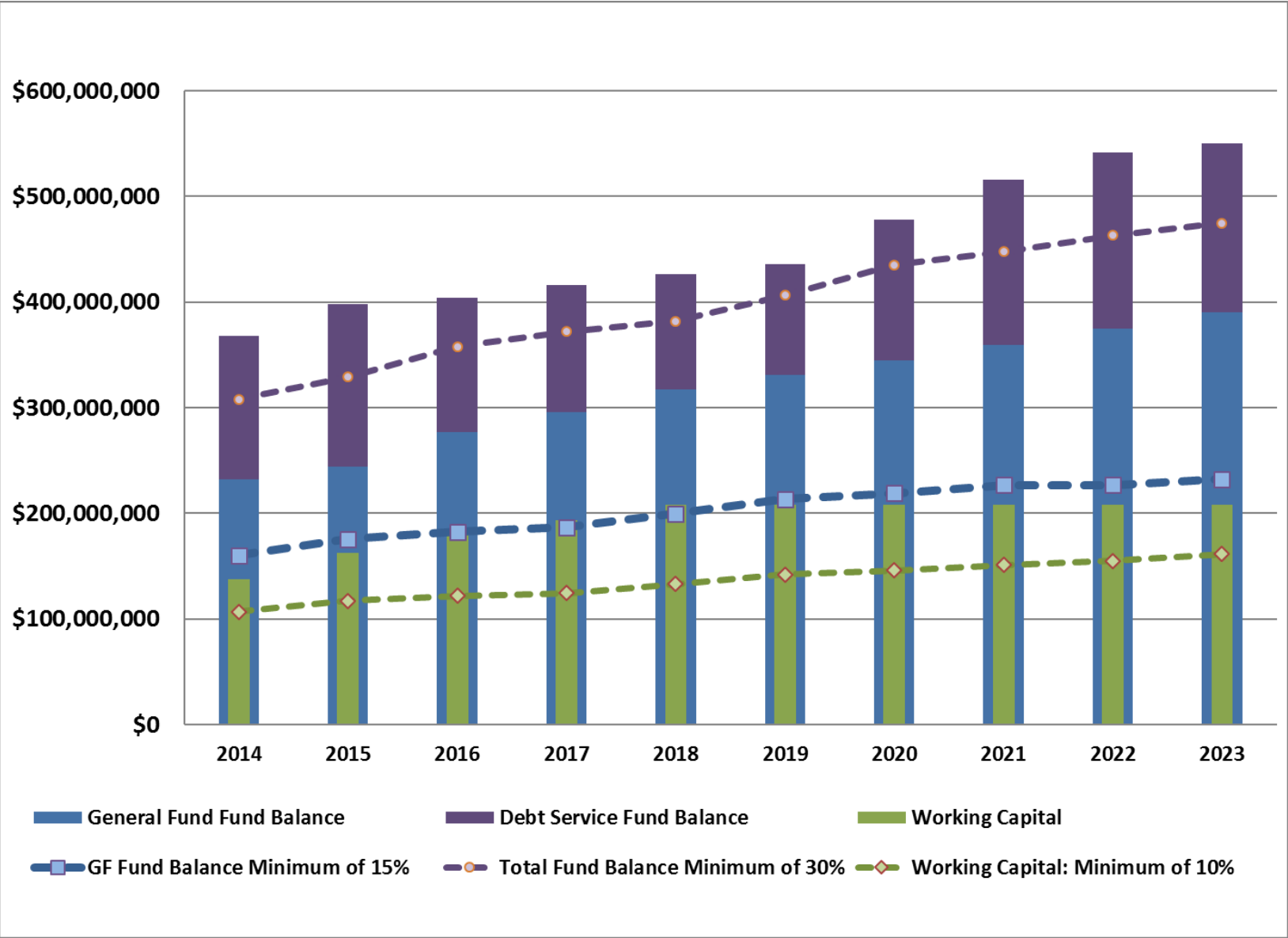
Financial model "forecasted" increase in fund balance	17,413,891
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Difference between actual increase in fund balance and forecasted amount	\$ 1,881,186
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Financial Model Assumes Increases in Fund Balance

- Why?
 - As the County's budget increases, additional fund balance is needed to maintain fund balance targets
- How?
 - Financial Model assumes increases in fund balance resulting from normal budget v. actual variances
 - Financial Model assumes increases in revenues through the enactment of property tax rates adequate to fund future obligations

Financial Model Monitors Fund Balance Trends in the Future





Questions?