

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019



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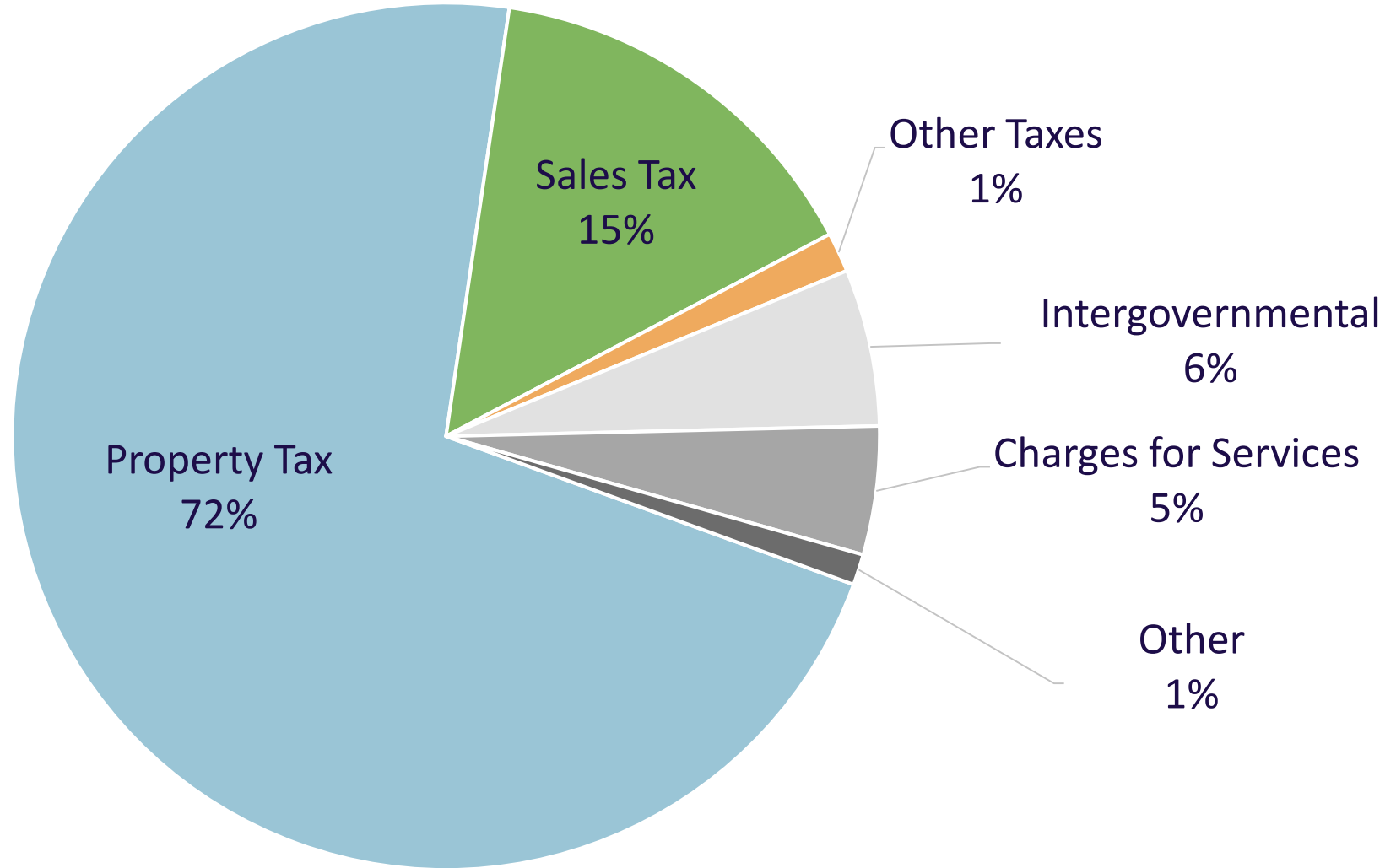
Background for Today's Presentation

- 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
- Elliott Davis LLP completed the financial statement audit for the fiscal year ended June 30, 2019
- Today's presentation will share FY 2019 operating results, financial position, and audit opinion

Total County Operations – All Funds

Fund	Primary Revenue Sources	Revenues
General Fund	Taxes, intergovernmental, changes for services	\$ 1,355,248,232
Debt Service Fund	Transfers from property & sales taxes, bond premiums	311,606,939
Special Revenue Funds:		
Affordable Housing	Intergovernmental - federal, transfers from general fund	4,603,300
Major Facilities	Prepared food & occupancy taxes	60,565,664
Grants Fund	Intergovernmental	4,671,186
Capital Area Workforce	Intergovernmental - federal	7,196,943
Fire Tax District	Property Taxes	26,623,918
Transportation	Charges for services, intergovernmental	6,878,836
Capital Project Funds:		
County Capital Projects	Transfers from property & sales taxes	53,235,285
WCPSS Capital	Debt proceeds, transfers from property & sales taxes	608,831,466
WTCC Capital	Debt proceeds, transfers from property & sales taxes	36,411,615
Fire Capital Projects	Transfers from property taxes	6,822,756
Major Facilities Capital	Transfers from prepared food & occupancy taxes	3,381,454
Affordable Housing Capital	Transfers from property taxes	15,547,111
Proprietary Funds:		
Solid Waste Operating	Charges for services	16,062,656
South Wake Landfill	Charges for services	19,282,406
Corporate Fleet	Charges for services	9,855,116
Total 2019 Revenues		\$ 2,546,824,883

Most General Fund Revenues are Taxes



County Budget for Property Taxes on Target

	FY2019	FY2018	Difference
PROPERTY TAX			
Budget	\$ 964,988	\$ 884,795	\$ 80,193
Actual Year to Date	972,810	887,804	85,006
Variance Amount	7,822	3,009	
Percent Realized	100.8%	100.3%	
SALES TAX			
Budget	\$ 200,304	\$ 191,866	\$ 8,438
Actual Year to Date	202,550	185,587	16,963
Variance Amount	2,246	(6,279)	
Percent Realized	101.1%	96.7%	
OTHER TAXES			
Budget	\$ 16,987	\$ 15,372	\$ 1,615
Actual Year to Date	20,084	18,302	1,782
Variance Amount	3,097	2,930	
Percent Realized	118.2%	119.1%	
TOTAL TAXES			
Budget	\$ 1,182,279	\$ 1,092,033	\$ 90,246
Actual Year to Date	1,195,444	1,091,693	103,751
Variance Amount	13,165	(340)	
Percent Realized	101.1%	100.0%	

Property Tax:

- 99.9% collection rate on current year taxes

Sales Tax:

- 9.1% increase in sales tax revenues from prior year

Other Taxes:

- Real estate transfer and vehicle lease taxes increased 10.4% from prior year

Numbers in thousands.

County Realizes over 100% of Budgeted Revenues

	FY2019	FY2018	Difference
INTERGOVERNMENTAL REVENUES			
Budget	\$ 67,439	\$ 69,969	\$ (2,530)
Actual Year to Date	79,373	80,150	(777)
Variance Amount	11,934	10,181	
Percent Realized	117.7%	114.6%	
CHARGES FOR SERVICES			
Budget	\$ 64,947	\$ 65,392	\$ (445)
Actual Year to Date	64,901	65,834	(933)
Variance Amount	(46)	442	
Percent Realized	99.9%	100.7%	
OTHER REVENUES (including appropriated fund balance)			
Budget	\$ 26,817	\$ 19,385	\$ 7,432
Actual Year to Date	15,530	8,939	6,591
Variance Amount	(11,287)	(10,446)	
Percent Realized	57.9%	46.1%	
TOTAL REVENUES			
Budget	\$ 1,341,482	\$ 1,246,779	\$ 94,703
Actual Year to Date	1,355,248	1,246,616	108,632
Variance Amount	13,766	(163)	
Percent Realized	101.0%	100.0%	

Intergovernmental:

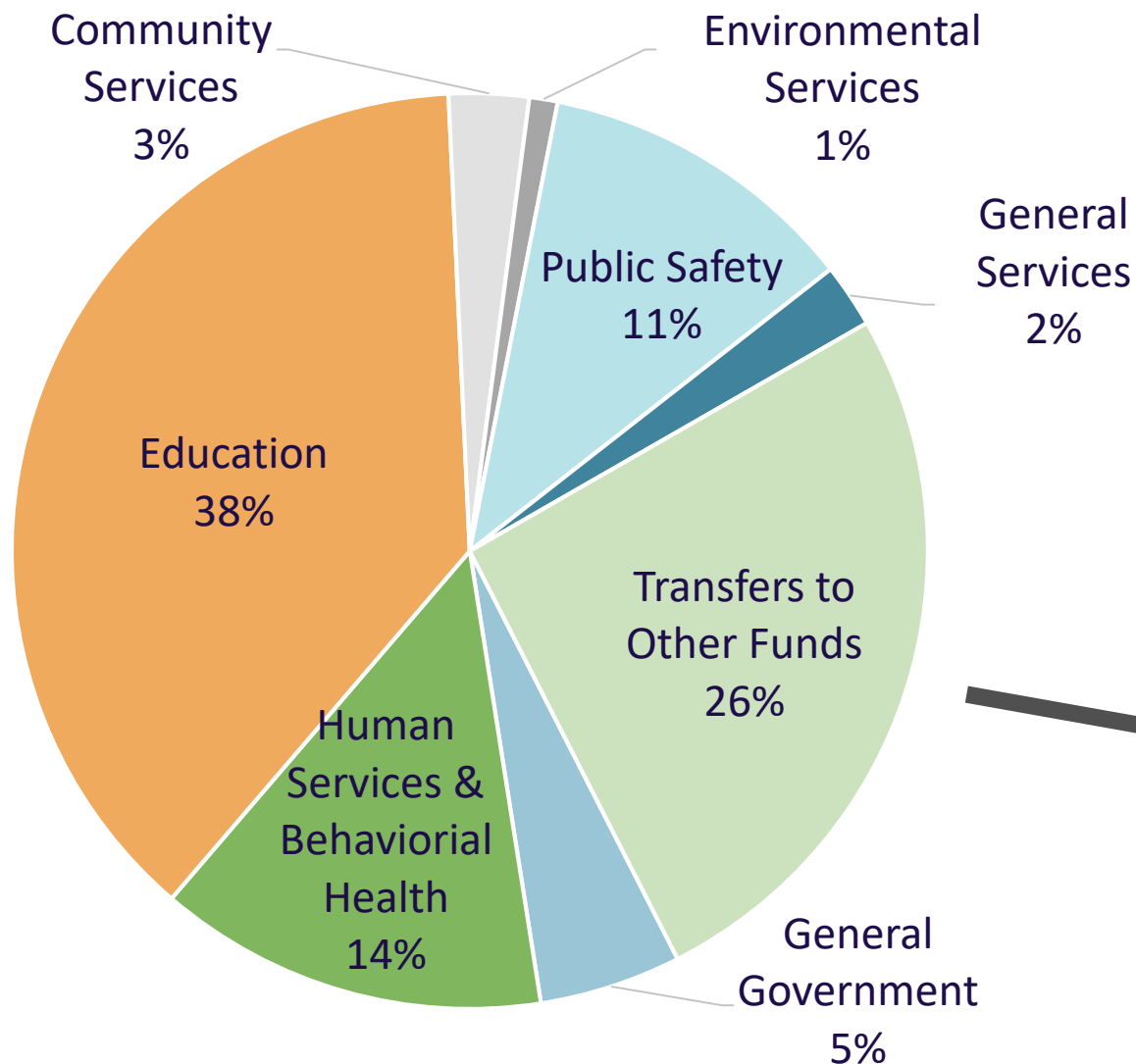
- Increased Medicaid reimbursement of administrative costs
- \$5.9 million in excess ABC revenues

Other Revenues:

- Did not utilize appropriated fund balance, as budgeted

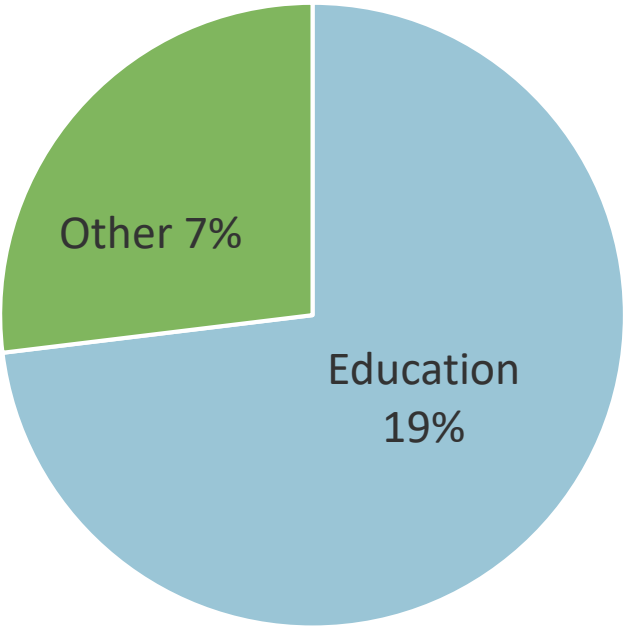
Numbers in thousands.

Education Majority of General Fund Expenditures



A Breakdown of Transfers:

75% of Transfers is for Education Debt Service and Capital resulting in **total Education Funding being 57% of the General Fund Budget.**



Expenditures on Trend with Prior Year

	Budget	Actual	Variance	Current %	Prior %
General Government	\$ 75,063,935	\$ 66,211,093	\$ 8,852,842	88.2%	85.8%
Human Services	158,819,397	154,591,269	4,228,128	97.3%	97.9%
Behaviorial Health	30,658,429	27,210,559	3,447,870	88.8% +	95.6%
Education	501,319,244	501,319,244	-	100.0%	100.0%
Community Services	37,860,685	37,277,208	583,477	98.5%	96.8%
Environmental Services	13,463,448	13,191,047	272,401	98.0%	95.4%
Public Safety	153,835,865	150,008,746	3,827,119	97.5%	96.3%
General Services Administration	29,864,555	29,807,677	56,878	99.8%	99.2%
Transfers to Other Funds	340,596,338	340,596,338	-	100.0%	100.0%
Total	\$ 1,341,481,896	\$ 1,320,213,181	\$ 21,268,715	98.4%	98.3%

Where the General Fund recognized savings

1

Revenue/Tax Admin

Reappraisal services savings due to timing and availability of contract appraisers (\$1.1 million). Unused funds go back in to Revaluation Reserve to be used in a future year.

2

Health Insurance

Savings recognized within the health and dental plans of \$1.5 million, reserved and to be used against costs in future years.

3

Non-Departmental

Savings in various contracts, lower than anticipated expenditures for Hurricane Florence, and unallocated funds from the WCPSS enrollment reserve (\$6.1 million).

Where the General Fund recognized savings

1

Housing

The newly-created Housing Department took time to establish program goals, operations, and related staffing (\$1.3 million).

2

Behavioral Health

Contract savings with Alliance Behavioral Health from the utilization of state funding and delays in pilot programs (\$3.4 million). This savings committed to expenses in future years.

3

EMS

Underspent by \$1.2 million due to vacancies, savings in medical and other supplies, and contracted billing services.

General Fund - Fund Balance increases \$35 Million

	Original Budget	Final Budget	Actual	Variance
Operating Revenues	\$ 1,322,096,000	\$ 1,328,362,383	\$ 1,355,248,232	\$ 26,885,849
Appropriated Fund Balance	8,938,000	13,119,513	-	(13,119,513)
Total Revenues	<u>1,331,034,000</u>	<u>1,341,481,896</u>	1,355,248,232	<u>13,766,336</u>
Total Expenditures	<u>1,331,034,000</u>	<u>1,341,481,896</u>	1,320,213,181	<u>21,268,715</u>
Increase in Fund Balance			35,035,051	
Fund Balance, beginning of year			<u>317,613,610</u>	
Fund Balance, end of year			<u>\$ 352,648,661</u>	

Forecast v. CAFR Results

	Forecast	Actual	Variance
Revenues:			
Property Taxes	\$ 971,044,000	\$ 972,810,000	\$ 1,766,000
Sales Taxes	197,050,000	202,550,000	5,500,000
Other Taxes	17,084,000	20,084,000	3,000,000
Federal/State Intergovernmental	64,318,000	69,227,000	4,909,000
Local Intergovernmental & ABC Revenues	4,196,000	10,146,000	5,950,000
Charges for Services	61,652,000	64,901,000	3,249,000
All Other Revenues & Transfers	14,132,000	15,530,000	1,398,000
Total Revenues	<u>1,329,476,000</u>	<u>1,355,248,000</u>	<u>25,772,000</u>
Expenditures:			
Total General Fund Expenditures	<u>1,322,913,000</u>	<u>1,320,213,000</u>	<u>2,700,000</u>
Revenues Greater Than Expenditures	<u>\$ 6,563,000</u>	<u>\$ 35,035,000</u>	<u>\$ 28,472,000</u>

Net Increase in Fund Balance

Actual General Fund fund balance increase	\$ 35,035,051
Less fund balance increases/decreases committed for future expenditures:	
Reappraisal	(161,491)
ROD automation	(206,023)
Behavioral health	(898,274)
Health insurance reserves	1,500,000
ABC revenues	3,193,322
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Equals increase in uncommitted fund balance	\$ 31,607,517

County Continues to Meet Fund Balance Policy Requirements

Fund Balance Components	Amount	Policy Requirement	FY19 Percentage	FY18 Percentage
Working Capital (Component of General Fund fund balance)	\$ 229,054,346	10% ⁽¹⁾	15.5%	15.6%
Total General Fund fund balance	\$ 352,630,715	15% ⁽¹⁾	23.9%	23.9%
Debt Service Fund fund balance	\$ 111,303,046			
Total Fund Balance	\$ 463,933,761	30% ⁽²⁾	33.2%	33.5%

(1) Percentage of Subsequent Years General Fund Budget (\$1,473,980,000)

(2) Percentage of Combined General Fund and Debt Service Fund Revenues, net of Transfers (\$1,397,418,225)



Questions?