Audit Report

- Audit report for the year ended June 30, 2012 has been finalized with a report date of February 28, 2013.
- The City finance department and our firm both worked together to produce this financial report.
- Final audit report will be sent to the State later this week.
- There were no significant reporting differences from the preceding year.
- Report has been submitted for the GFOA Certificate program again this year.
Audit Communication Letter

- Letter represents a standard communication between the audit firm and your council or audit committee.
- Letter addresses auditor responsibilities, audit findings, difficulties or disagreements (if any), misstatements, and representations by management.
- There are no significant concerns or deficiencies reported in the audit communication letter.
The compliance report addresses findings related to your internal control structure, laws and regulations, and federal grant requirements.

This report section starts on page 160 of audit report.

Compliance report reflects 2 repeat findings for the City regarding information technology policies and capital asset recordkeeping.

This year (2012), there are no new audit findings.

There were also no findings for 2012 related to federal grants.

It is common to have audit compliance findings. It is important to make plans to address such findings.
Key Financial Figures

- General Fund (see pages 111 – 115):
  - Total Revenues $39.0 million ($38.2m last year-2011)
  - Total Expenditures $21.5 million ($21.2m last year).
  - Transfers Out $20.6 million/ Transfers In $2.9 million (net of $16.8m last year)
  - Excess Expenditures/ Transfers over Revenue = $(250k); $300k excess revenue last year
  - Total Fund Balance $9.2 million ($9.5m last year)
  - Unassigned Fund Balance $5.0 million ($2.8m last year). Unassigned balance is increasing as $5m capital outlay note is repaid.
  - Net reserve (unassigned fund balance vs. expenditures + transfers out):
    - 12.8% as of June 30, 2012 (10.7% in 2011)
Key Financial Figures

- Other Governmental Funds (see pages 17 and 19):
  - School Fund
  - Capital Projects Fund
  - Debt Service Fund
  - Other Governmental Funds (primarily special revenue funds)

- Net change in fund balance - $130k net for all governmental funds
Key Financial Figures

- Proprietary Funds (start on page 23):
  - Electric Fund $1.6 million net income ($2.4m prior year)
  - Waterworks Fund $700k net loss ($1.5m net income prior year)
- Both primary proprietary funds had operating income before transfers out. Bottom line in Waterworks Fund is affected by capital contributions. Both funds have stable equity balances.
Key Financial Figures

- All individual City funds reported a positive fund balance at end of year.
- Government Wide net income (see page 16):
  - $4.6 million loss for governmental activities due to change in fair value of interest rate swaps ($3.4m net income in 2011)
  - $970k net income for business-type activities ($4.0 net income for 2011 aided by capital contributions)
- Capital Assets net of accumulated depreciation = $284 million ($283m prior year).
- Long Term Debt excluding derivatives is $178 million at June 30, 2012 ($173m for 2011)
Wrapup

- Thank you for the opportunity for Pugh & Company, P.C. to serve the City of Oak Ridge.
- Will be glad to field any questions.