



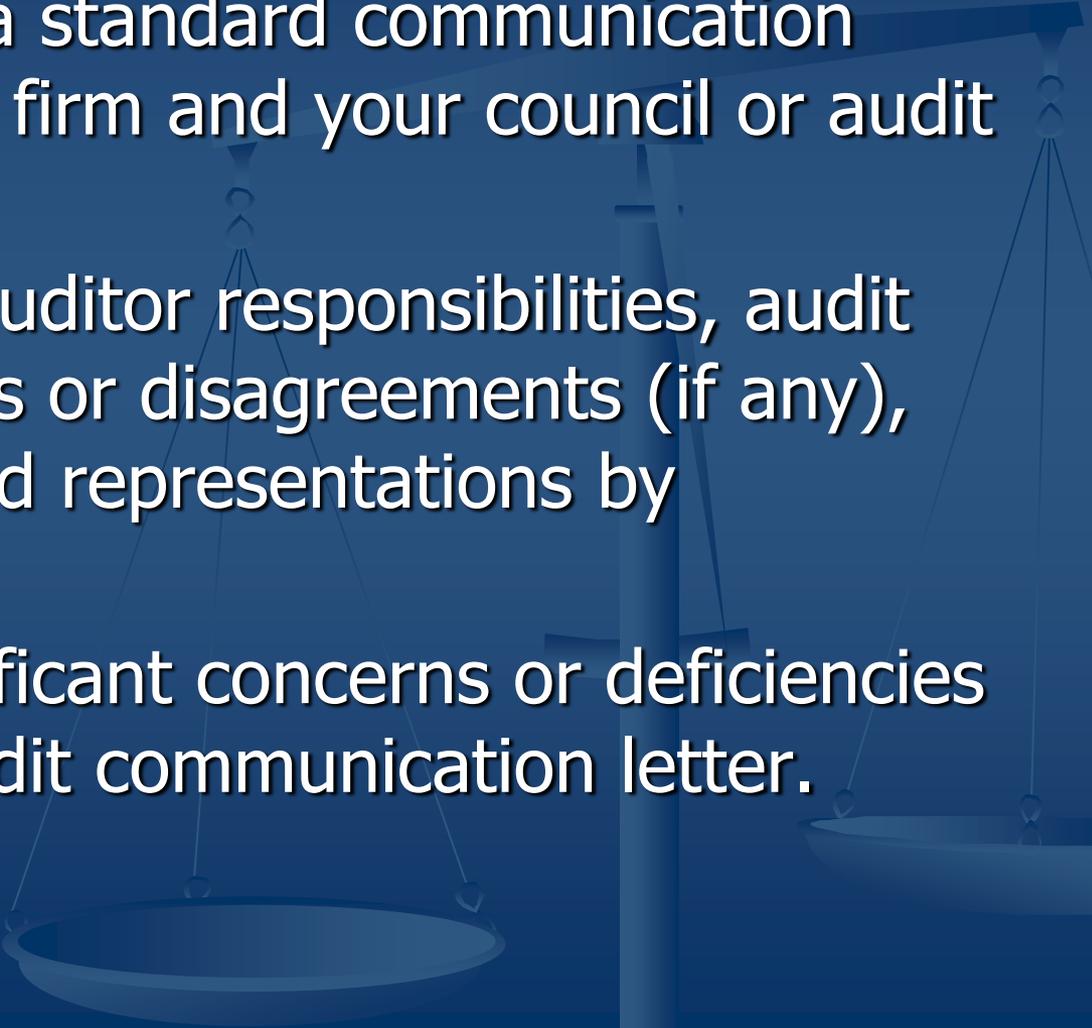
Audit Presentation – City of Oak Ridge

City Council Meeting – March 18, 2013

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.
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Compliance Report

- 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.

