



Fire Tax District Audits

Office of Internal Audit



Overview

Internal Audit Reviews Fire Department Audit Reports Annually

1. 11 June 30, 2020 audit reports reviewed

Eastern Wake Fire Department is not included in presentation

2. 7 accounting firms performed the audits

A.T. Allen & Company

Dreher Martin

TRP Sumner, PLLC

Petway Mills & Pearson, PA

May & Place, PA

B. Dane Byers, CPA

Steward Ingram & Cooper, PLLC

3. Reports reviewed for consistency, adequacy of note disclosures, and compliance with minimum 5% expendable net assets per contract.

Contract Requirements

Maintain minimum year-end balances as follows:

1. Expendable net assets without donor restrictions or board designations of at least 5% of annual total expenses
2. Financial assets to meet cash need for general expenditures within one year of at least 10% of annual total expenses

Definitions

Expendable Net Assets Without Donor Restrictions or Board Designations

- Net assets without donor restrictions
- Less net investment in capital assets
- Less amounts designated for specific expenditures by the governing board

Net investment in capital assets is total property and equipment, net of accumulated depreciation, less debt owed on property and equipment.

Calculations Performed

Expendable Net Assets:

1. Total Expenses from report
2. Expendable net assets w/o donor restrictions or designations from report
3. Expendable net assets (#2) divided by total expenses equals percentage of total expenditures

Calculations Example

Expendable Net Assets:

Total Expenses	\$2,101,214
Expendable Net Assets Without Donor Restrictions or Designations	\$139,299
Percentage of Total Expenses	6.6%
Was Minimum Requirement Met (5%)?	Yes
Was Maximum Requirement Met (10%)?	Yes

Definitions

Financial Assets to Meet Cash Needs for General Expenditures Within One Year (Liquidity)

- Total assets
- Less nonfinancial assets (e.g. prepaid amounts)
- Less assets unavailable for general expenditures due to contractual or donor-imposed restrictions
- Less assets unavailable for general expenditures because they have been designated for other purposes by the governing board

Calculations Performed

Liquidity:

1. Total assets from report
2. Nonfinancial assets from report
3. Assets unavailable for general expenditures within one year from report
4. Total assets minus nonfinancial assets (#2) minus assets unavailable (#3) equals liquidity

Calculations Example

Liquidity:

Total Assets	\$1,439,510
Less Nonfinancial Assets	\$970,241
Less Assets Unavailable for General Expenditures w/i One Year	<u>\$177,463</u>
Liquidity	\$291,806

Percentage of Total Expenses (Total Expenses = \$2,101,214)	13.9%
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Was Minimum Requirement Met (10%)?	Yes
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Department Expendable Net Asset Levels

Durham Highway	12.5%	\$155,080
Fairview	7.1%	\$171,013
Garner	7.2%	\$451,490
Hopkins	34.1%	\$352,647
Northern Wake	0.9%	\$ 37,600

Percentage of total expenses and expendable net assets without donor restrictions or designations are shown.

Department Expendable Net Asset Levels

Rolesville	32.5%	\$534,885
Swift Creek	8.2%	\$ 70,375
Wake New Hope	7.8%	\$152,252
Wake Forest	0.5%	\$ 44,101
Wendell	17.7%	\$397,918
Western Wake	35.8%	\$470,276

Department Liquidity Levels

Durham Highway	15.9%	\$197,371
Fairview	8.2%	\$198,408
Garner	13.2%	\$827,930
Hopkins	35.6%	\$368,288
Northern Wake	5.2%	\$206,345

Percentage of total expenses and amount of liquidity shown.

Department Liquidity Levels

Rolesville	35.4%	\$582,160
Swift Creek	14.5%	\$124,288
Wake New Hope	20.1%	\$393,333
Wake Forest	9.0%	\$733,437
Wendell	23.7%	\$532,047
Western Wake	38.5%	\$505,860

Why Do We Want To Have Minimum Expendable Net Assets of 5%

To ensure that fire departments have:

- Approximately one month's worth of expenses on hand
- Encourage savings for future needs

Non-Profit Fire Department Expendable Net Asset Levels

				Change From
Department	2019	2020	Net Asset %	2019
Durham Highway	\$119,196	\$155,080	12.5%	\$35,884
Fairview	\$151,711	\$171,013	7.1%	\$19,302
Garner	\$461,211	\$451,490	7.2%	-\$9,721
Hopkins	\$281,077	\$352,647	34.1%	\$71,570
Northern Wake	\$119,501	\$37,600	9.0%	-\$81,901
Rolesville	\$502,875	\$534,885	32.5%	\$32,010
Swift Creek	\$43,305	\$70,375	8.2%	\$27,070
Wake Forest	\$567,640	\$44,101	7.8%	-\$523,539
Wake New Hope	\$173,265	\$152,252	0.5%	-\$21,013
Wendell	\$529,296	\$397,918	17.7%	-\$131,378
Western Wake	\$460,898	\$470,276	35.8%	\$9,378



Questions.