



Fire Tax District Audits

Internal Audit Department



Overview

Internal Audit Reviews Fire Department Audit Reports Annually

1. Reviewed 10 audit reports dated June 30, 2025
2. 5 accounting firms performed the audits

Dreher Martin
May & Place, PA
TRP Sumner, PLLC

Danny B. West, PLLC
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 (liquidity)

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 audit 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 (15%)?	Yes

Department Expendable Net Asset Levels

Durham Highway	23.3%	\$350,337
Fairview	6.7%	\$312,862
Hopkins	31.7%	\$593,475
Northern Wake	5.61%	\$354,589

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

Note: Garner and Rolesville have merged with respective Towns as of 7/1/25 and thus are not included.

Department Expendable Net Asset Levels

Swift Creek	13.2%	\$169,929
Wake New Hope	14.5%	\$425,567
Wendell	23.8%	\$1,172,115
Western Wake	20.8%	\$245,630

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	2024	2025	Net Asset %	2024
Durham Highway	\$320,172	\$350,337	23.3%	\$30,165
Fairview	\$287,902	\$312,862	6.7%	\$24,960
Hopkins	\$473,799	\$593,475	31.7%	\$119,676
Northern Wake	\$278,301	\$354,589	5.6%	\$76,288
Swift Creek	\$162,249	\$169,929	13.2%	\$7,680
Wake New Hope	\$298,745	\$425,567	14.5%	\$126,822
Wendell	\$1,104,520	\$1,172,115	23.8%	\$67,595
Western Wake	\$282,169	\$245,630	20.8%	(\$36,539)

Note: Garner and Rolesville have merged with respective Towns as of 7/1/25 and thus are not included.

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 13.9%

(Total Expenses = \$2,101,214)

Was Minimum Requirement Met (10%)? Yes

Department Liquidity Levels

Durham Highway	27.8%	\$ 417,627
Fairview	9.6%	\$ 451,823
Hopkins	33.5%	\$ 626,266
Northern Wake	11.8%	\$ 745,278

Percentage of total expenses and amount of liquidity shown.

Department Liquidity Levels

Swift Creek	13.2%	\$169,243
Wake New Hope	20.3%	\$593,401
Wendell	29.5%	\$1,449,169
Western Wake	22.0%	\$260,292



Questions.