



# FY18 Financial Results and Trends



**Town of Chapel Hill  
Business Management  
Department**  
February 13, 2019

# Agenda



**CAFR**



**FY18 Results**



**Trends**



**Next Steps**

# Comprehensive Annual Financial Report

- **Introduction**
- **Financial Section**
  - Auditor's Opinion
  - MD&A
  - Government-Wide Statements
  - Fund Financial Statements
- **Statistical Section**
- **Single Audit Section**



# Financial Reporting Structure

## Major Funds

- **Fund Financial Statements**
  - **Governmental Funds**
    - General Fund
    - Debt Management Fund
    - Capital Projects Ordinance Fund
  - **Enterprise Funds**
    - Transit Fund
    - Parking Fund
    - Stormwater Fund
    - Public Housing Fund



# Key Questions

- 1. Are we better off today than we were one year ago?**
- 2. Do the financial results of operations reveal any trends or conditions that need to be addressed on an operational or policy level?**



# Financial Highlights (FY18)

## Unqualified Opinion

- Independent External Auditors

## Award for Excellence in Financial Reporting

- Government Finance Officers Association (GFOA)

## Triple A Bond Rating

- Moody's and Standard & Poors



# Government-Wide Statements

- **The Town's total net position increased by about \$830K (before restatement)**
  - **\$ 2.0 million decrease in Governmental Funds (OPEB and pension liabilities)**
  - **\$2.9 million increase in Enterprise Funds (additions to fund balance in Transit, Parking and Stormwater)**

**\$139.3 Million before restatement -  
\$113.8 after net OPEB liability**



# General Fund

- Overall fund balance (FB) is up \$171K
- Available FB is down by \$40K
- Percent of available FB is 22.1%
- FB has been stable over the last 8 years

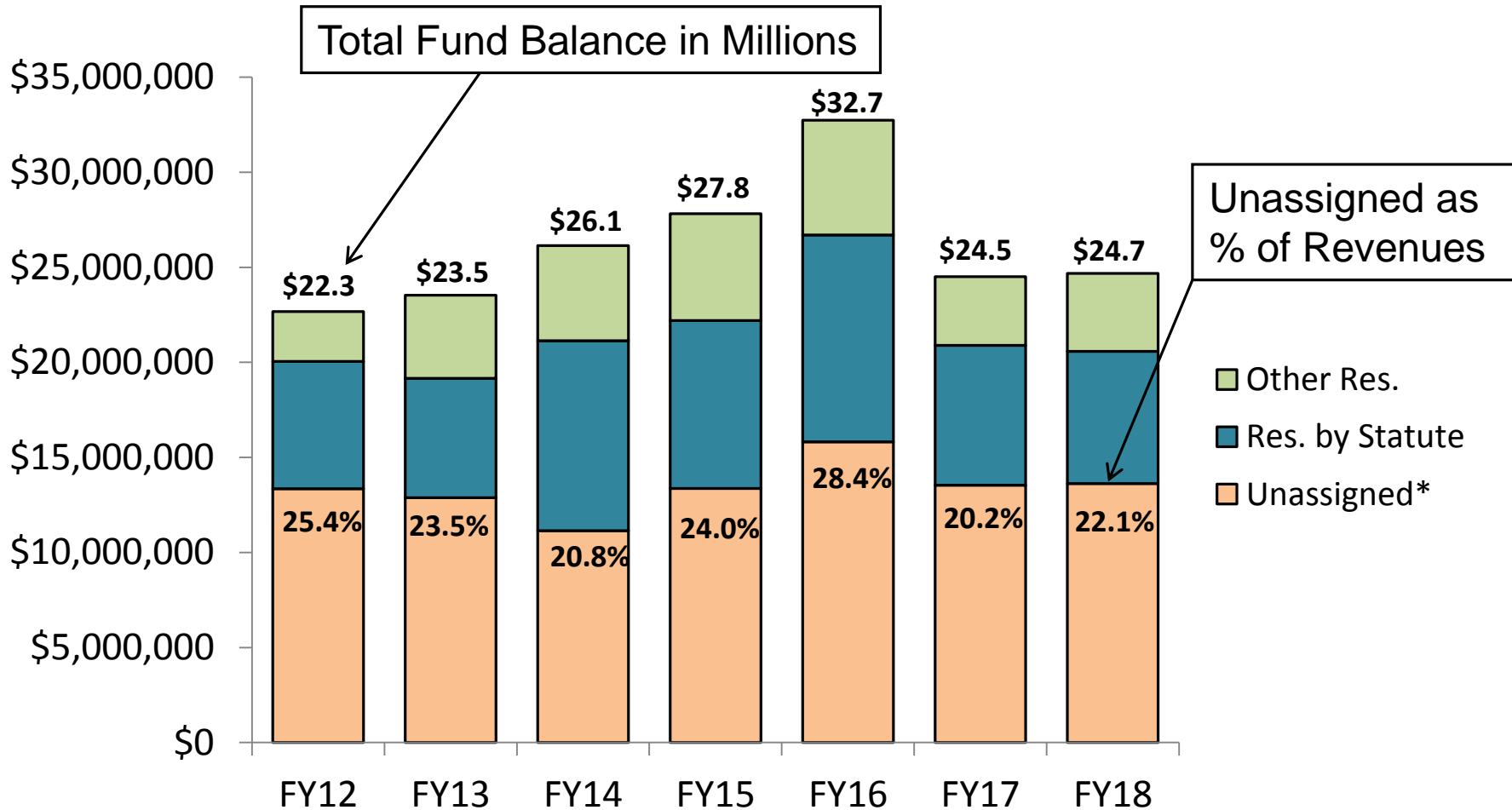


*Fund Balance Percent is calculated as available fund balance over expenditures and other uses (source: audited financial statements) .*



# Total GF Fund Balance

FY2011-12 thru FY2017-18



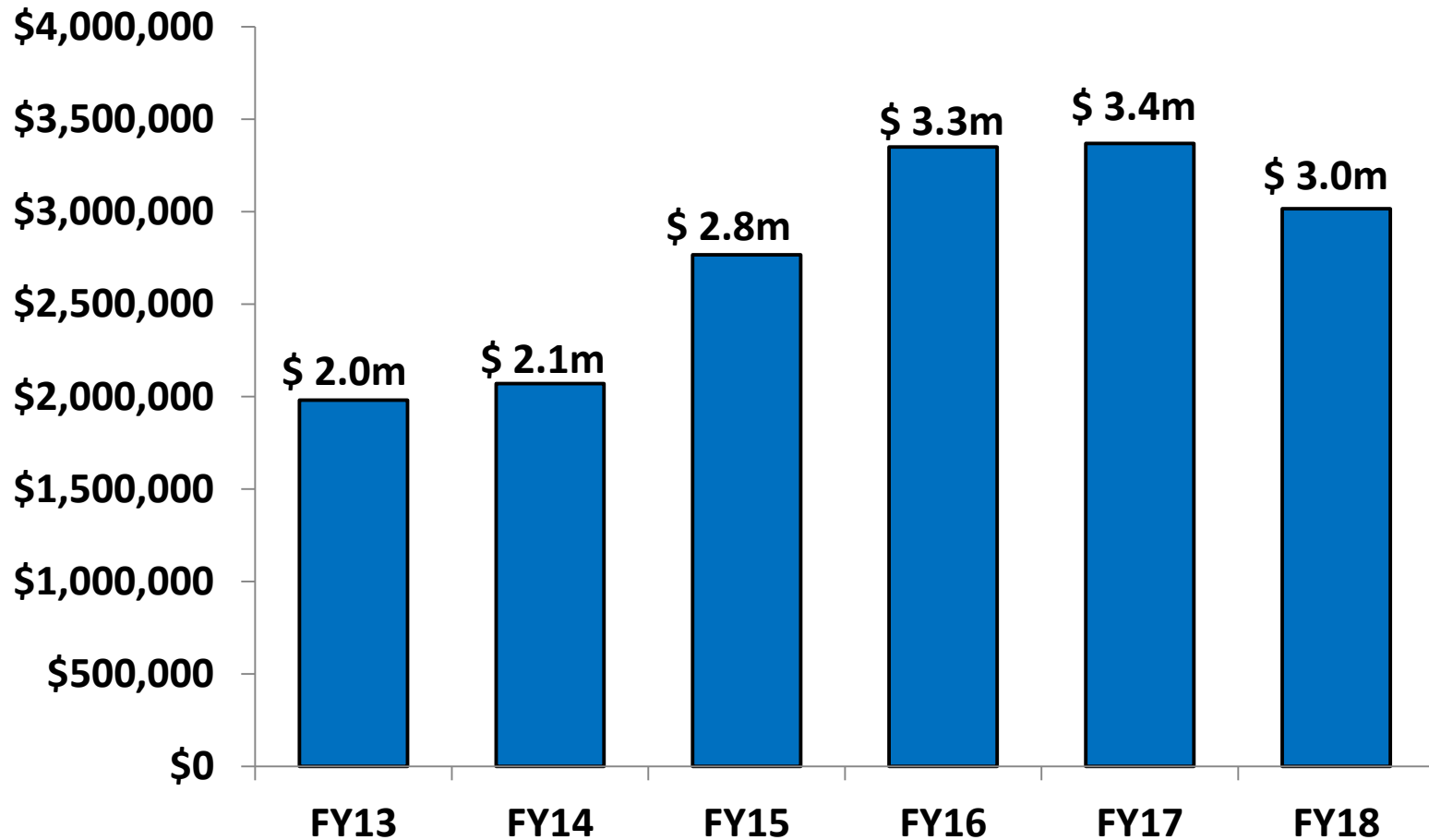
- *Unassigned fund balance is calculated as a percent of expenditures and other uses per audited financial statements*

# Fund Balance Target

- Establishment of a FB “Floor” of 22%
- FB over target is available for “one-time” expenditures (capital)
- FY18 Unassigned Fund Balance is 22.1%
- Amount over 22% is \$42,714



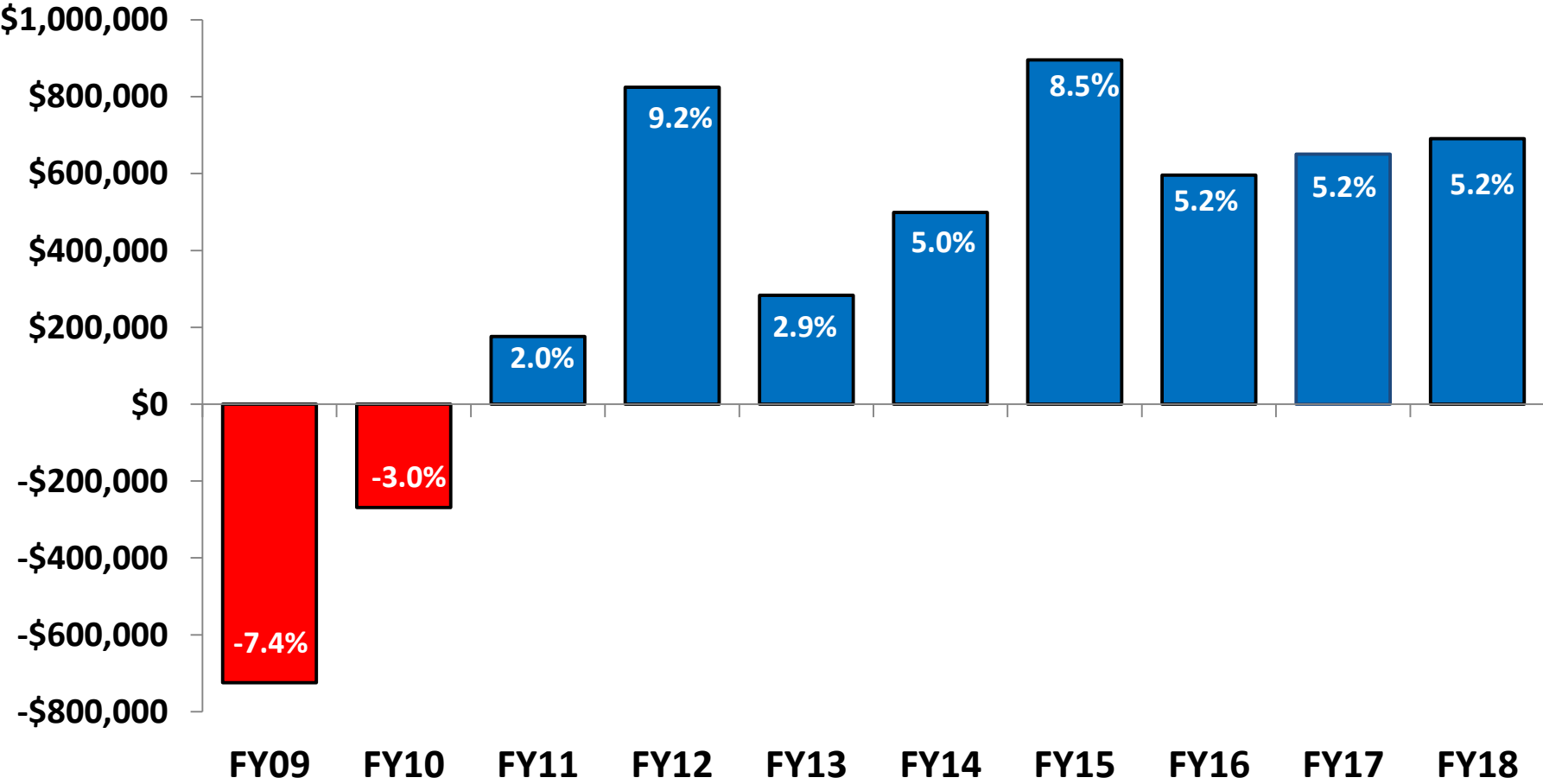
# General Fund Personnel Cost Savings



*\* Change in Personnel Funding Transfer Policy*

# Sales Tax Revenues

## (Change from Prior Year)



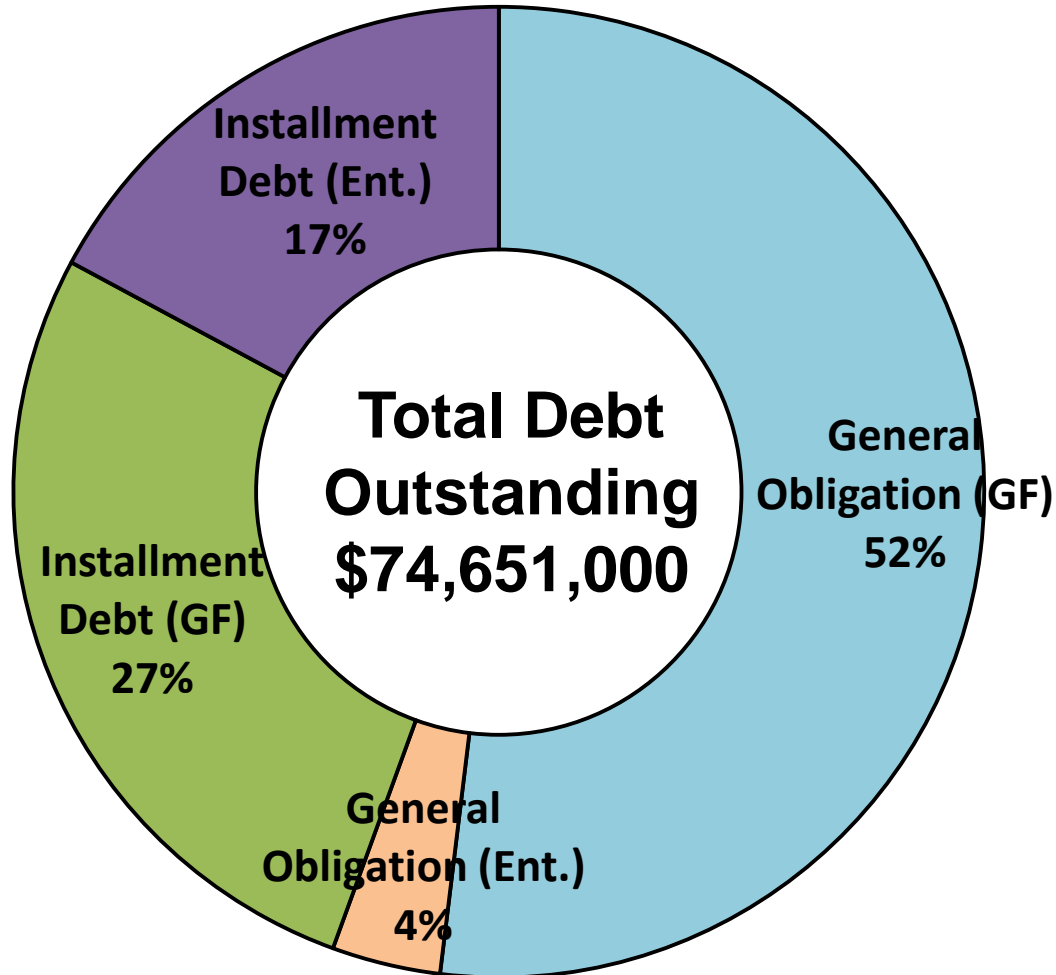
# Debt Management Fund

- Increase in fund balance of \$141,000 to \$7.2 million
- Planned new debt thru FY23 is \$56.7 million – new debt service \$4.4 million



# Total Town Long-Term Debt

June 30, 2018



# Transit Fund

## Operating Results:

	<u>FY2016-17</u>	<u>FY2017-18</u>
– Charges for Services	\$ 845,073	\$ 986,786
– Non-operating Revenues	<u>21,166,587</u>	<u>20,921,270</u>
– Total Revenues	22,011,660	21,908,056
– Less: Operating Exp.*	<u>23,389,971</u>	<u>22,601,060</u>
– Change in Net Assets	<b>(\$ 1,378,311)</b>	<b>(\$ 693,004)</b>

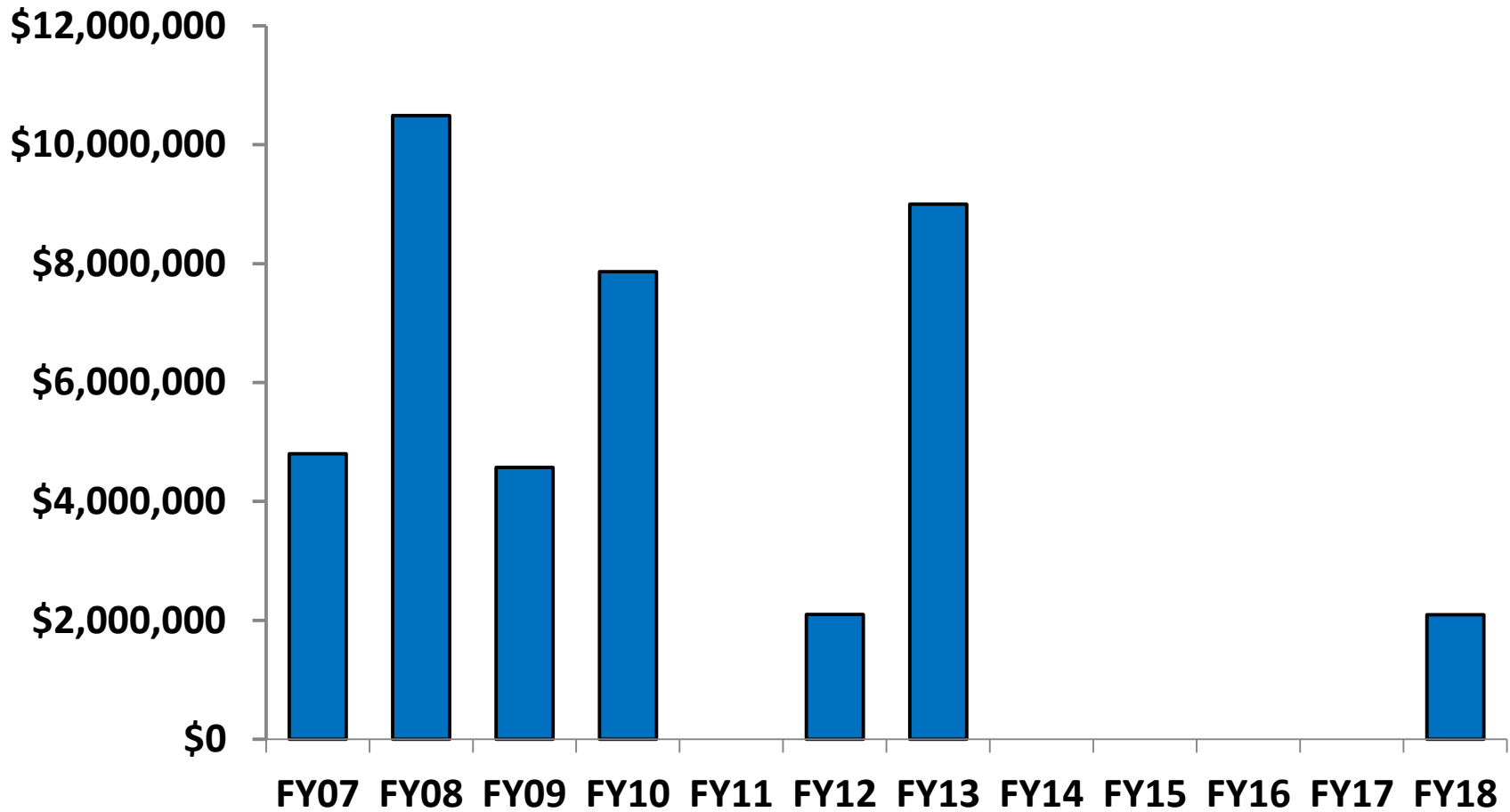
Revenues over expenses \$1,859,992  
 OPEB restatement (4,991,674)  
 Change in Net Assets (\$3,131,682)

*\* Excludes Transfers and Capital Contributions*

TRANSIT	FY2016-17	FY2017-18	Change
Total Net Assets	\$ 34,370,205	\$ 31,238,523	(\$ 3,131,682)
Unrestricted net assets	1,822,837	5,739,766	<b>\$3,916,929</b>
Unrestricted as % of Budget	8.9%	30.9%	

# Federal Grant Awards

## (For Bus Purchases)





# Parking Fund

## Operating Results

	<u>FY2016-17</u>	<u>FY2017-18</u>
– Charges for Services	\$ 2,541,380	\$ 2,494,701
– Non-operating Rev/Exp	<u>1,753</u>	<u>304,042</u>
– Total Revenues	2,543,133	2,798,743
– Less: Operating Expenses*	<u>2,739,382</u>	<u>2,583,997</u>
– Change in Net Assets	<b>\$ (196,249)</b>	<b>\$ 729,746</b>

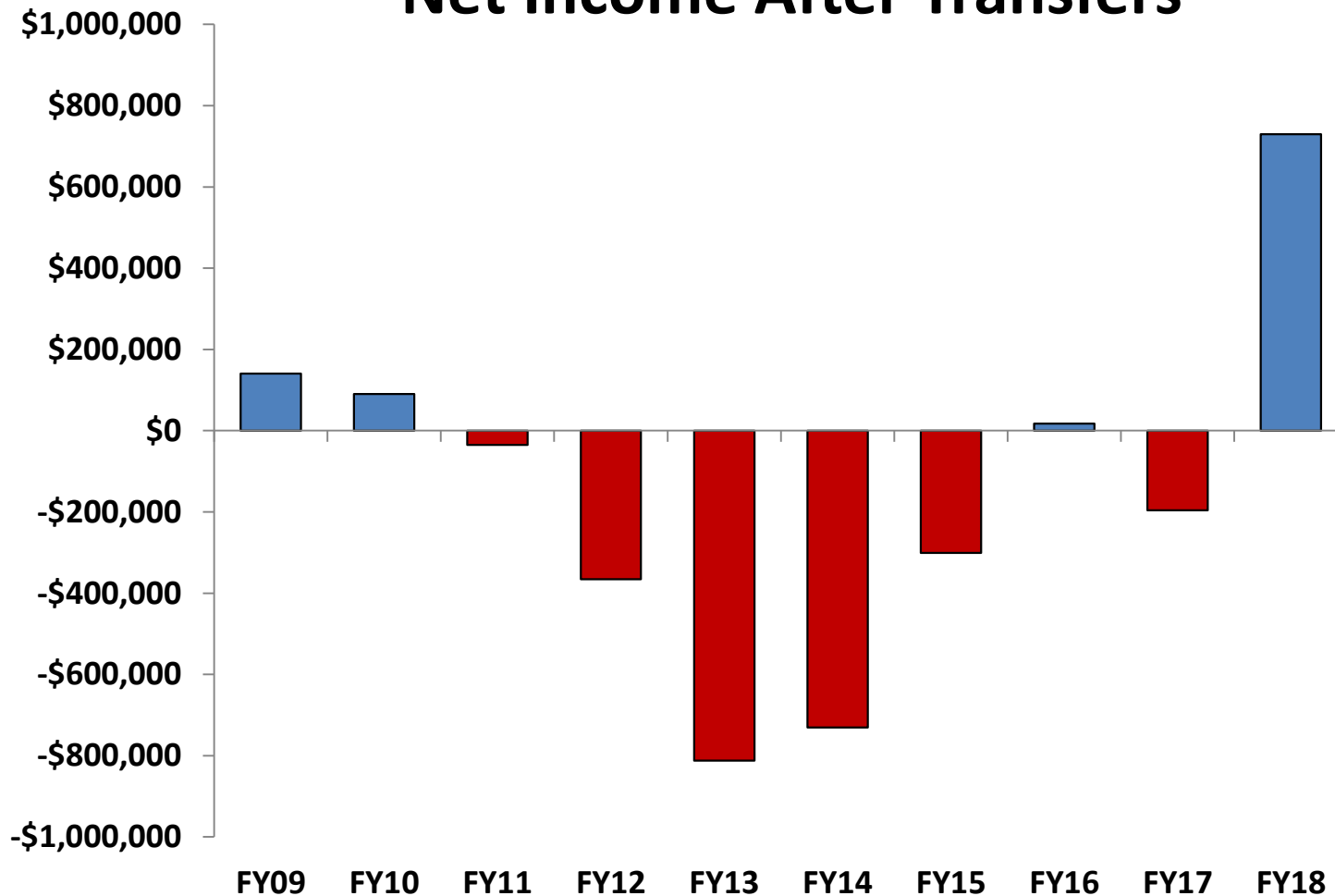
Revenues over expenses	\$729,746
OPEB restatement	( 42,637)
Change in Net Assets	\$687,109

\* Excludes Transfers In and Capital Contributions

PARKING	FY2016-17	FY2017-18	Change
Total Net Assets	\$ 295,723	\$ 982,832	\$ 687,109
Unrestricted net assets	(3,140,810)	(2,696,092)	444,718
Unrestricted as % of Budget	N/A	N/A	N/A

# Parking Fund Operating Results

## Net Income After Transfers



# Housing Fund

## Operating Results:

	<u>FY2016-17</u>	<u>FY2017-18</u>
– Charges for Services	\$ 944,681	\$ 997,741
– Non-operating Revenues	<u>960,309</u>	<u>1,265,754</u>
– Total Revenues	1,904,990	2,263,495
– Less: Operating Exp.*	<u>2,460,709</u>	<u>2,591,141</u>
– Change in Net Assets	<b>(\$ 555,719)</b>	<b>(\$ 327,646)</b>

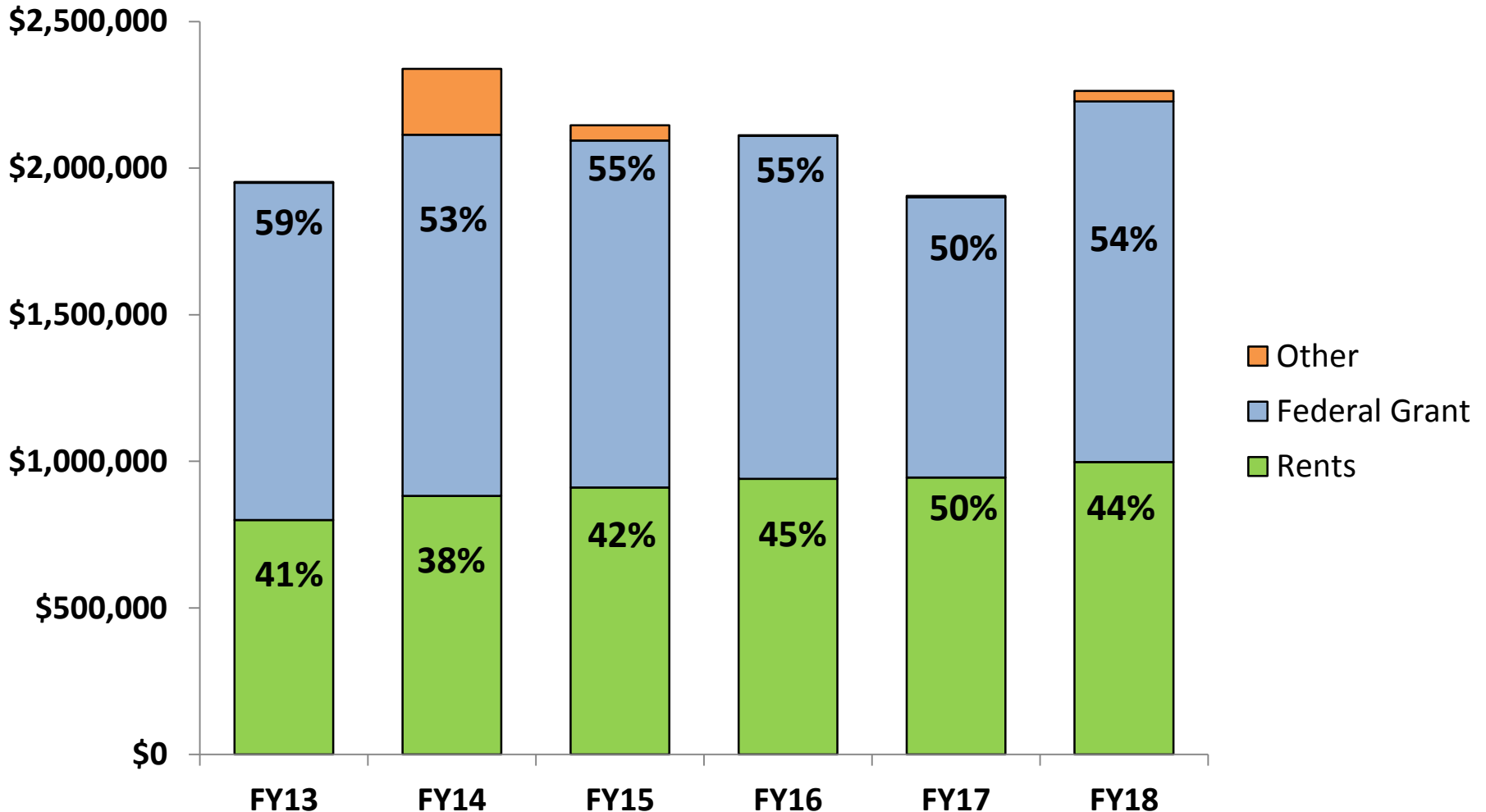
Expenses over revenues	(\$327,646)
OPEB restatement	<u>(291,368)</u>
Change in Net Assets	(\$619,014)

\* Excludes Transfers and Capital Contributions

HOUSING	FY2016-17	FY2017-18	Change
Total Net Assets	\$ 11,883,689	\$ 11,264,675	(\$ 619,014)
Unrestricted net assets	2,192,817	2,211,578	18,761
Unrestricted as % of Budget	89.8%	96.0%	

# Housing Fund Revenues

FY2013-18



# Stormwater Fund

## Operating Results:

	<u>FY2016-17</u>	<u>FY2017-18</u>
– Charges for Services	\$ 2,297,155	\$ 2,841,275
– Non-operating Revenues	<u>3,063</u>	<u>28,734</u>
– Total Revenues	2,300,218	2,870,009
– Less: Operating Exp.*	<u>2,179,428</u>	<u>2,266,475</u>
– Change in Net Assets	<b>\$ 121,774</b>	<b>\$ 603,534</b>

Revenues over expenses	\$603,534
OPEB restatement	<u>(190,535)</u>
Change in Net Assets	\$422,399

\* Excludes Transfers and Capital Contributions

STORMWATER	FY2016-17	FY2017-18	Change
Total Net Assets	\$ 3,235,334	\$ 3,657,733	\$ 422,399
Unrestricted net assets	1,594,156	1,527,544	(66,612)
Unrestricted as % of Budget	67.4%	56.1%	

# Trends - General

- **Stormwater Fund** is stable
- Fluctuations in Federal Funding in **Housing Fund** is something we will be watching
- **Transit Fund's** capital spending needs
- **Parking Fund** – will continue to monitor sustainability of fund
- **Debt Fund** will need influx of additional revenue to support planned capital program
- **General Fund** is at break-even and costs are increasing faster than revenues

# Next Steps

- **FY20 Budget Process**
  - Initial Budget Public Forum on February 20<sup>th</sup>
  - March 4<sup>th</sup> Budget Work Session
    - Draft Financial Policies
    - Preliminary Budget Numbers
- **Proposed Debt Issuance**
  - Tentatively scheduled for Spring 2020



# FY18 Financial Results and Trends



**Questions?**