



FY2019 Financial Results and Trends



**Town of Chapel Hill
Business Management
Department**
January 22, 2020

Agenda



CAFR



FY2019 Results



Trends



Next Steps

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Comprehensive Annual Financial Report

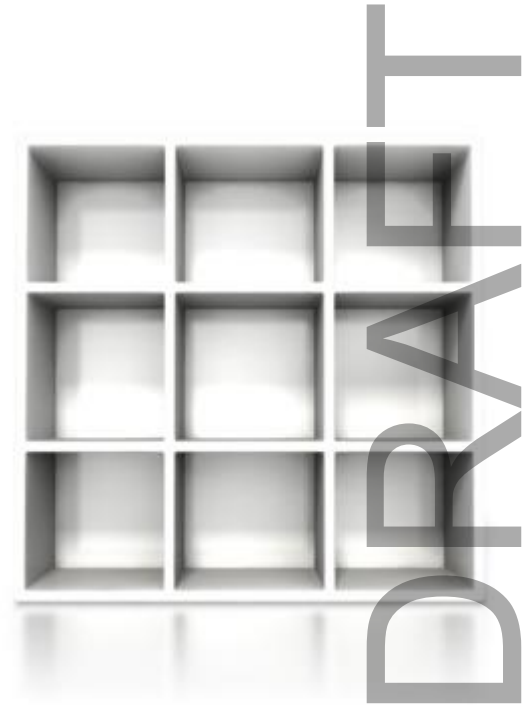
- **Introduction**
- **Financial Section**
 - Auditor's Opinion
 - MD&A
 - Government-Wide Statements
 - Fund Financial Statements
- **Statistical Section**
- **Single Audit Section**



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?**



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Financial Highlights (FY2019)

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



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Government-Wide Statements

- The Town's total net position increased by about \$4.5 million
 - \$1.6 million increase in Governmental Funds (increase in property tax & sales tax revenues)
 - \$2.9 million increase in Enterprise Funds (additions to fund balance in Transit and Stormwater)

\$119.1 million in total net position

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General Fund

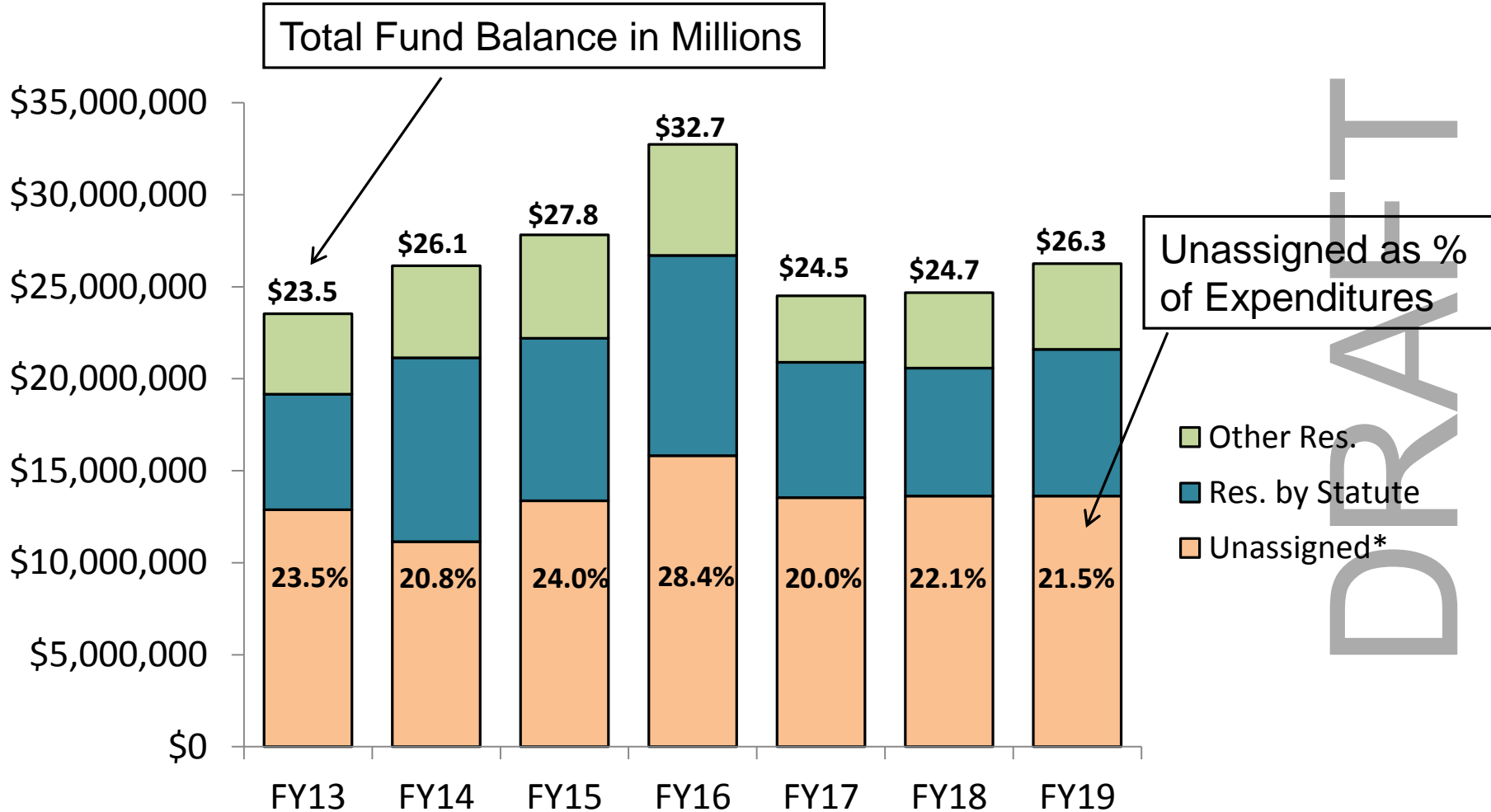
- Overall fund balance (FB) is up \$1.58 million
- Available fund balance is up by \$8,704
- Available fund balance percent is 21.5%
- Available FB less than 22% target due to reserve for inspections of \$425,387
- FB has been stable over the last seven years

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



Total GF Fund Balance

FY2012-13 thru FY2018-19



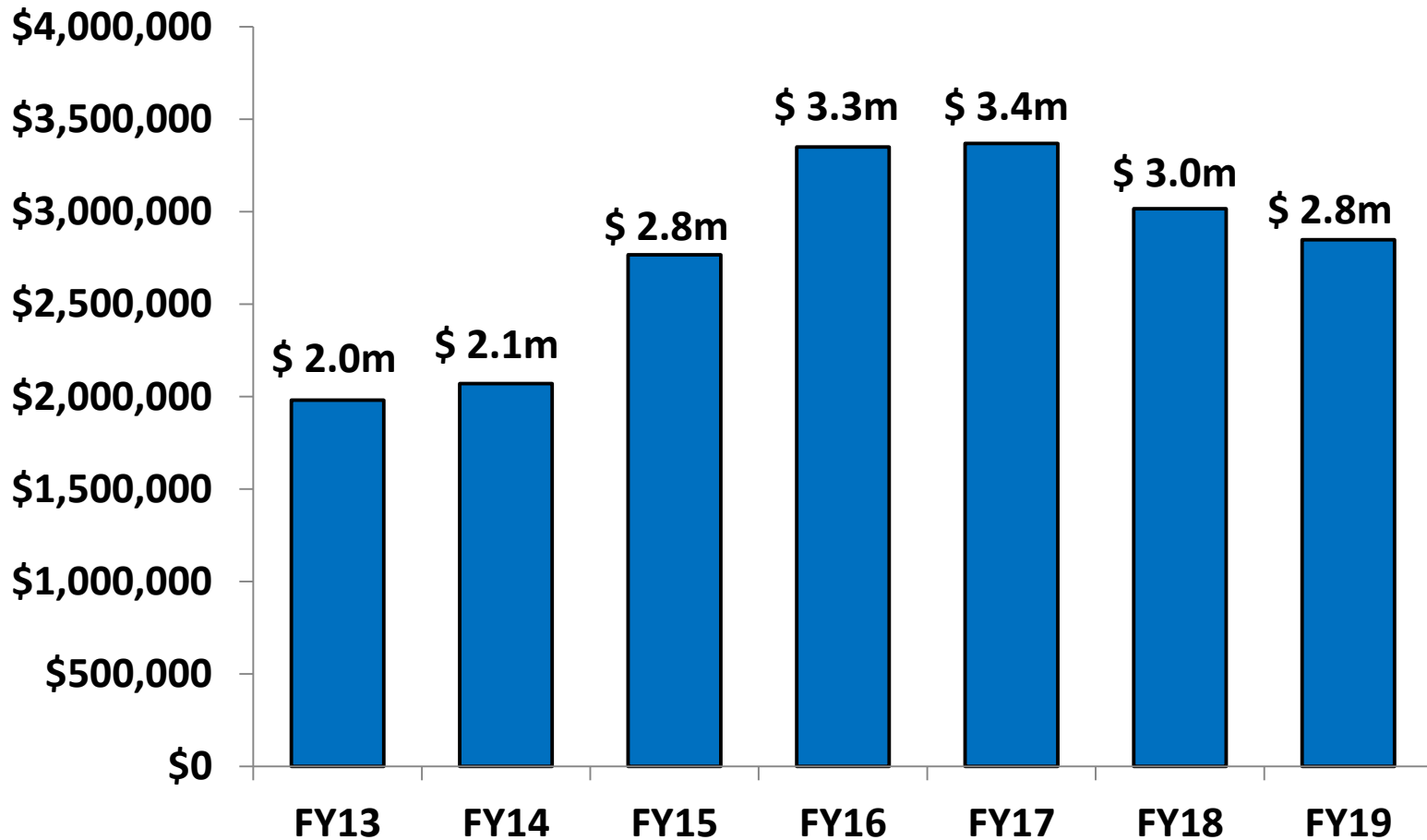
- *Unassigned fund balance is calculated as a percent of expenditures and other uses per audited financial statements*

Fund Balance Target

- Establishment of a fund balance “Floor” of 22%
- Fund balance over target is available for “one-time” expenditures (capital, OPEB)
- FY2019 Unassigned Fund Balance is 21.5%
- New regulations requiring Town to reserve excess inspections revenues of \$425K brought unassigned fund balance below 22% target



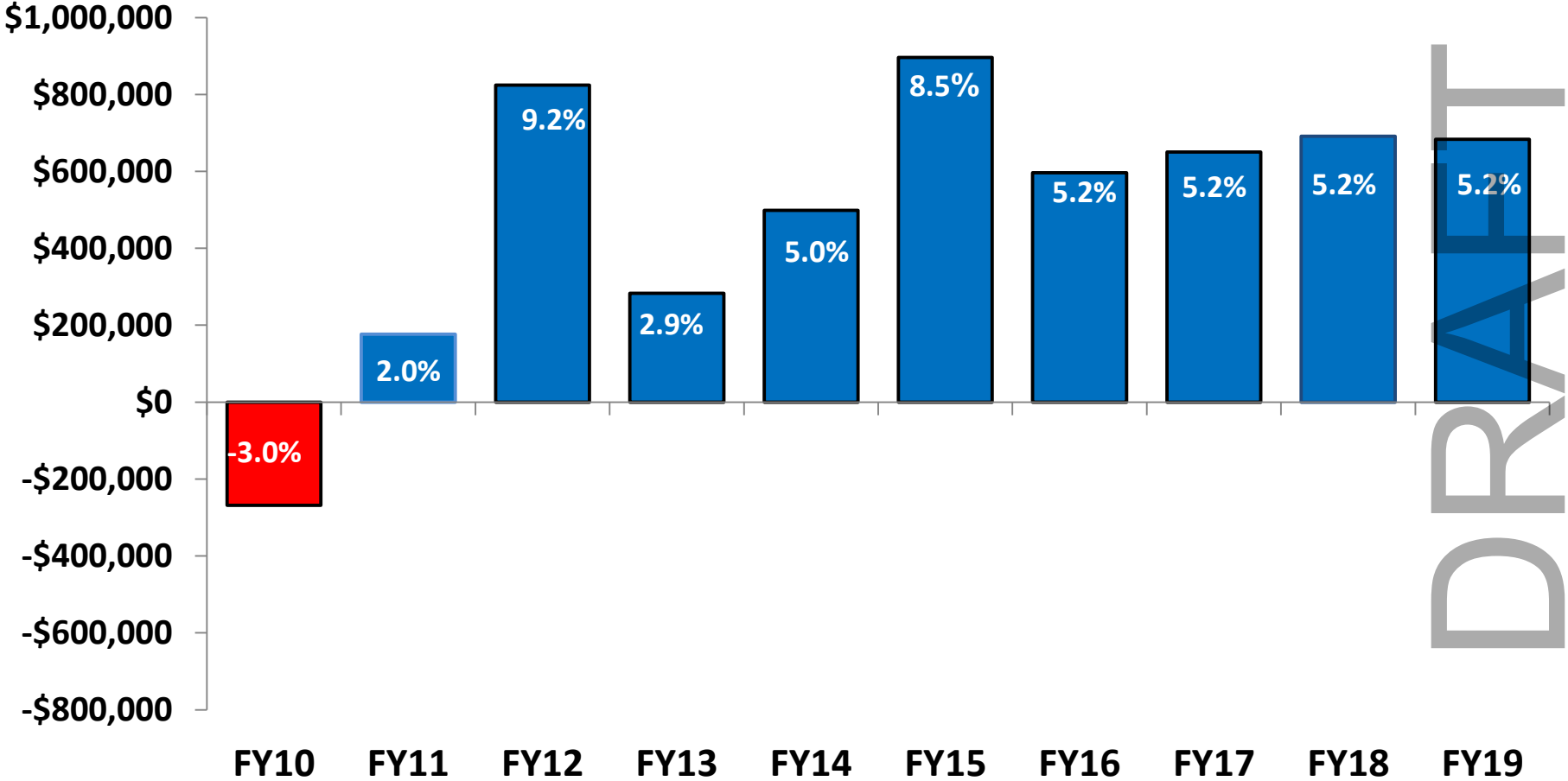
General Fund Personnel Cost Savings



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Sales Tax Revenues

(Change from Prior Year)



Debt Management Fund

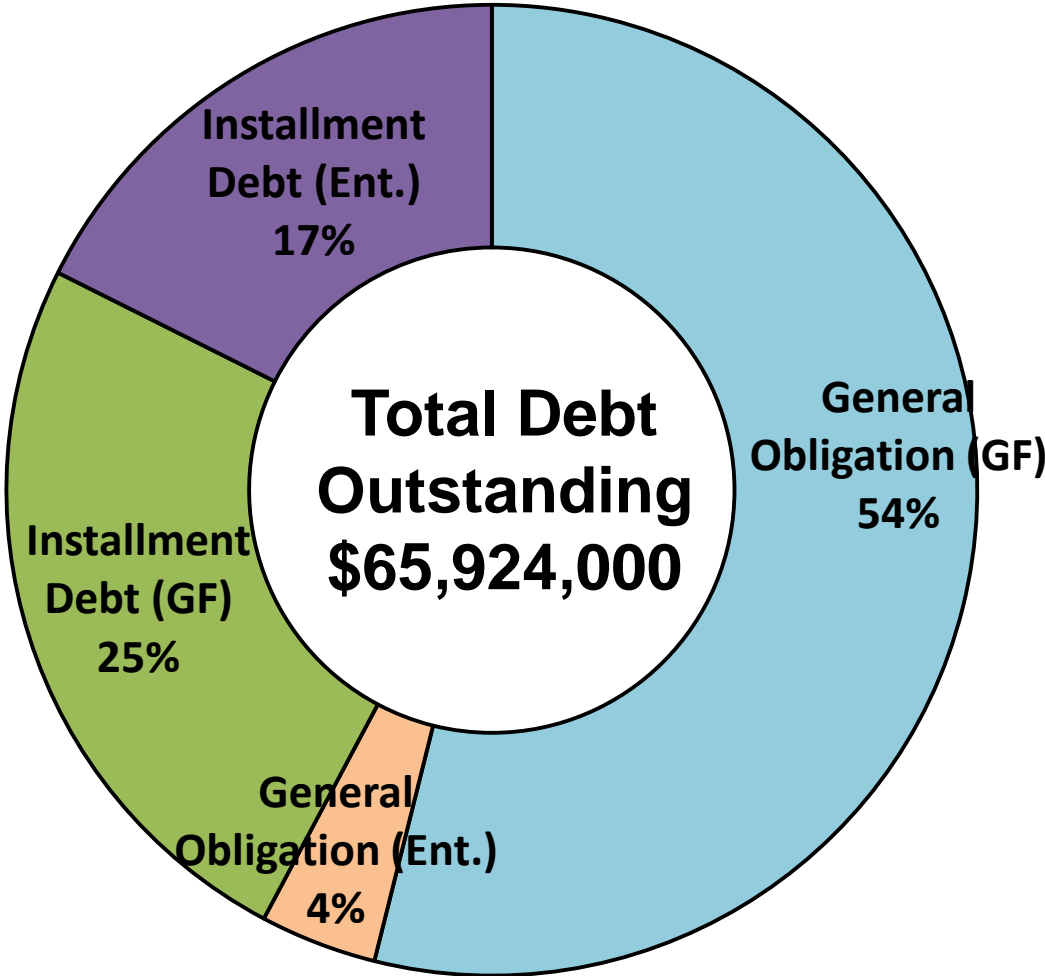
- Increase in fund balance by \$305K to \$7.5 million
- Planned new debt thru FY23 is \$56.7 million – new debt service \$4.4 million



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Total Town Long-Term Debt

June 30, 2019



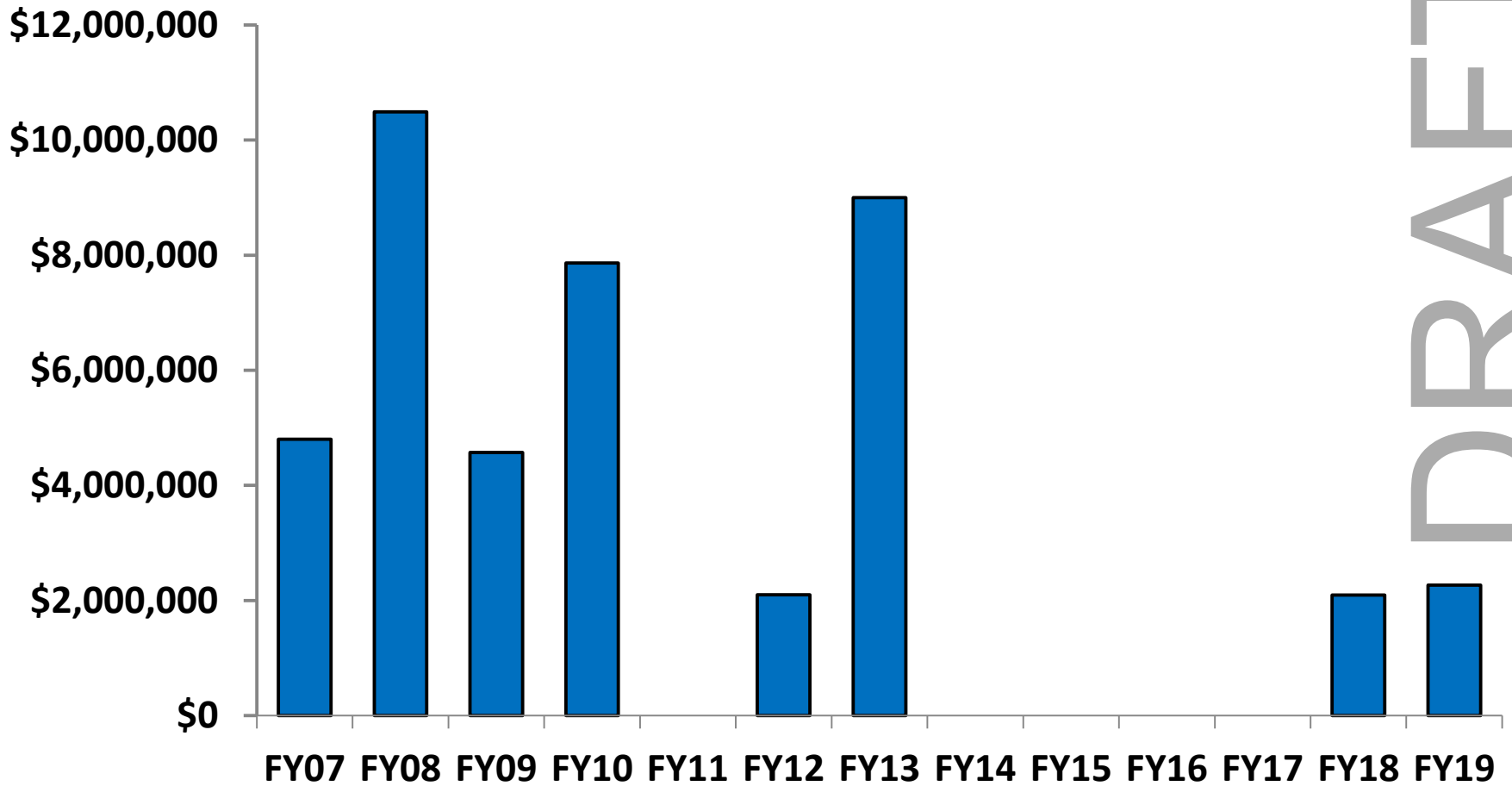
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Transit Fund

Operating Results:	<u>FY2017-18</u>	<u>FY2018-19</u>
– Charges for Services	\$ 986,786	\$ 962,431
– Non-operating Revenues	<u>20,921,270</u>	<u>25,221,067</u>
– Total Revenues	21,908,056	26,183,498
– Less: Operating Exp.	22,601,060	26,723,809
– Less: Transfers	(621,771)	(456,272)
– Plus: Capital Contrib.	<u>3,174,767</u>	<u>2,695,405</u>
– Change in Net Assets	\$ 1,859,992	\$ 1,698,822

TRANSIT	FY2017-18	FY2018-19	Change
Total Net Assets	\$ 31,238,523	\$ 32,937,345	\$ 1,698,822
Unrestricted net assets	5,739,766	8,676,695	2,936,929
Unrestricted as % of Budget	30.9%	36.5%	

Federal Grant Awards (For Bus Purchases)



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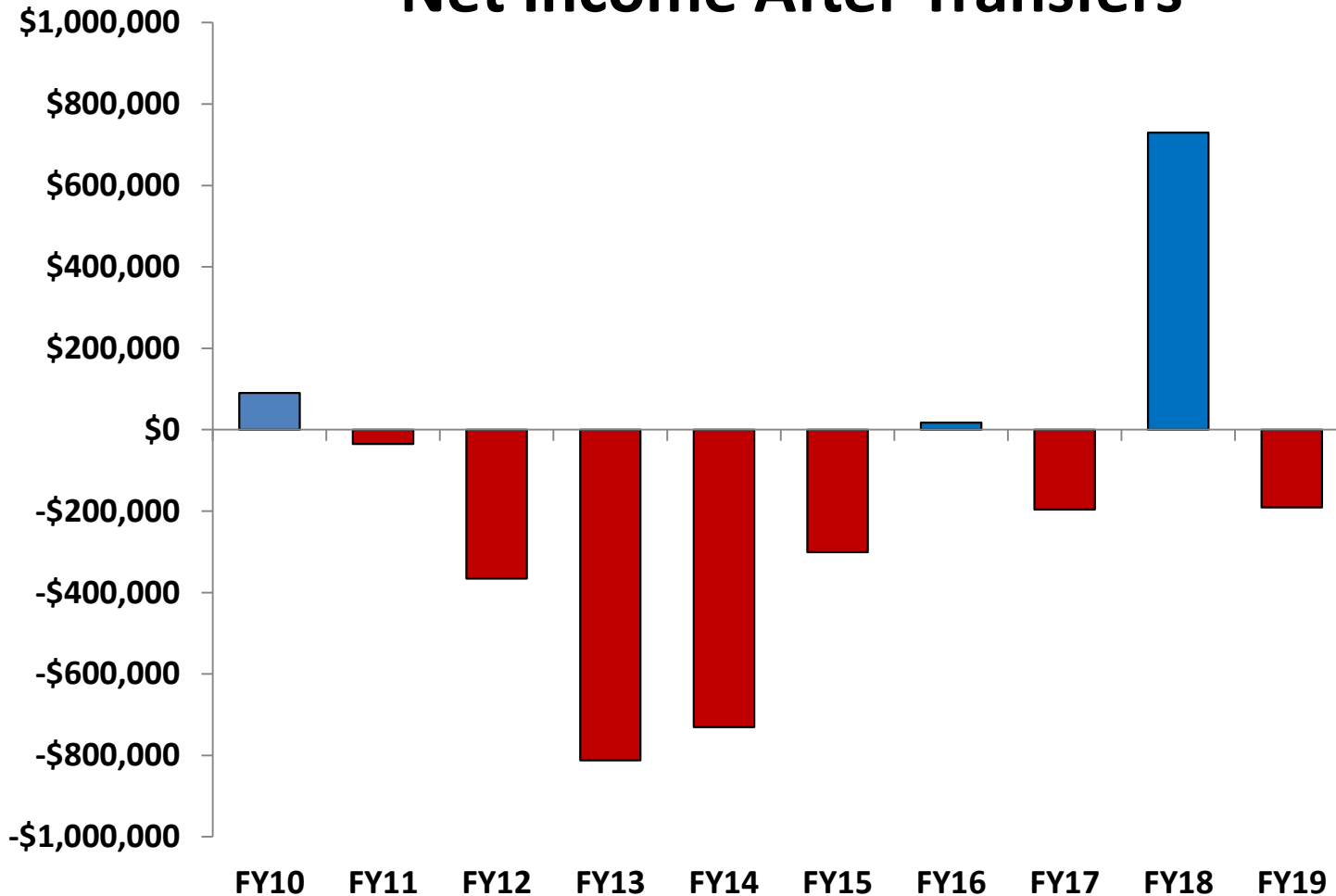
Parking Fund

Operating Results	<u>FY2017-18</u>	<u>FY2018-19</u>
– Charges for Services	\$ 2,494,701	\$ 2,590,653
– Non-operating Rev/Exp	<u>304,042</u>	<u>16,970</u>
– Total Revenues	2,798,743	2,607,623
– Less: Operating Expenses	2,583,997	1,883,893
– +/- Transfers	<u>(391,831)</u>	<u>(914,631)</u>
– Change in Net Assets	\$ 729,746	\$ (190,901)

PARKING	FY2017-18	FY2018-19	Change
Total Net Assets	\$ 982,832	\$ 791,931	(\$ 190,901)
Unrestricted net assets	(2,696,092)	(2,826,044)	(129,952)
Unrestricted as % of Budget	N/A	N/A	N/A

Parking Fund Operating Results

Net Income After Transfers



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Housing Fund

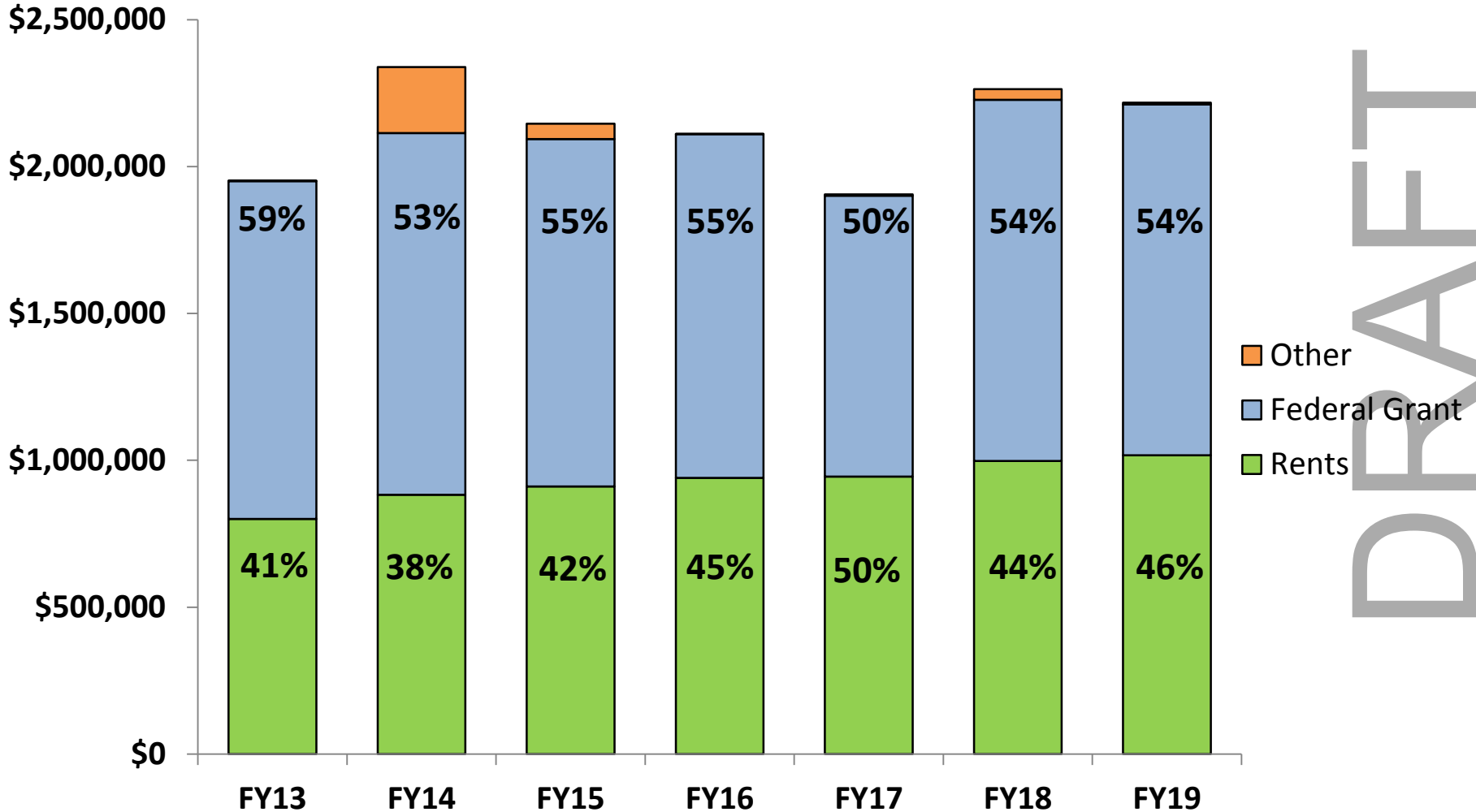
Operating Results:

	<u>FY2017-18</u>	<u>FY2018-19</u>
– Charges for Services	\$ 997,741	\$ 1,017,155
– Non-operating Revenues	<u>1,265,754</u>	<u>1,200,348</u>
– Total Revenues	2,263,495	2,217,503
– Less: Operating Exp.	2,591,141	2,534,614
– Plus: Capital Contrib.	<u> -</u>	<u> 349,106</u>
– Change in Net Assets	(\$ 327,646)	\$ 31,995

HOUSING	FY2017-18	FY2018-19	Change
Total Net Assets	\$ 11,264,675	\$ 11,296,670	\$ 31,995
Unrestricted net assets	2,211,578	2,539,525	327,947
Unrestricted as % of Budget	96.0%	115.2%	

Housing Fund Revenues

FY2013-19



Stormwater Fund

Operating Results:	<u>FY2017-18</u>	<u>FY2018-19</u>
– Charges for Services	\$ 2,841,275	\$ 2,884,075
– Non-operating Revenues	<u>28,734</u>	<u>491,042</u>
– Total Revenues	2,870,009	3,375,117
– Less: Operating Exp.	2,266,475	2,053,839
– +/- Transfers	<u>9,400</u>	<u>10,245</u>
– Change in Net Assets	\$ 612,934	\$ 1,331,523

STORMWATER	FY2017-18	FY2018-19	Change
Total Net Assets	\$ 3,657,733	\$ 4,989,256	\$ 1,331,523
Unrestricted net assets	1,527,544	2,557,181	1,029,637
Unrestricted as % of Budget	56.1%	93.9%	

Trends - General

- **Stormwater Fund** is stable
- Fluctuations in Federal Funding in **Housing Fund** is something we will be watching
- **Transit Fund** – will continue to monitor capital spending/bus replacement needs
- **Parking Fund** – will continue to monitor sustainability of fund
- **Debt Fund** will quickly spend down fund balance to support planned 5-year capital program
- **General Fund** costs are increasing faster than revenues

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Next Steps

- **FY21 Budget Process**
 - Council Retreat on January 31st/February 1st
 - Initial Budget Public Forum on February 26th
 - March 18th Budget Work Session
 - 5-Year Budget Strategy Discussion
- **Proposed Debt Issuance**
 - Tentatively scheduled for June/July 2020

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FY2019 Financial Results and Trends



Questions?

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