



# FY2019 Financial Results and Trends



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

# Agenda



**CAFR**



**FY2019 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



# 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



# 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**



# General Fund

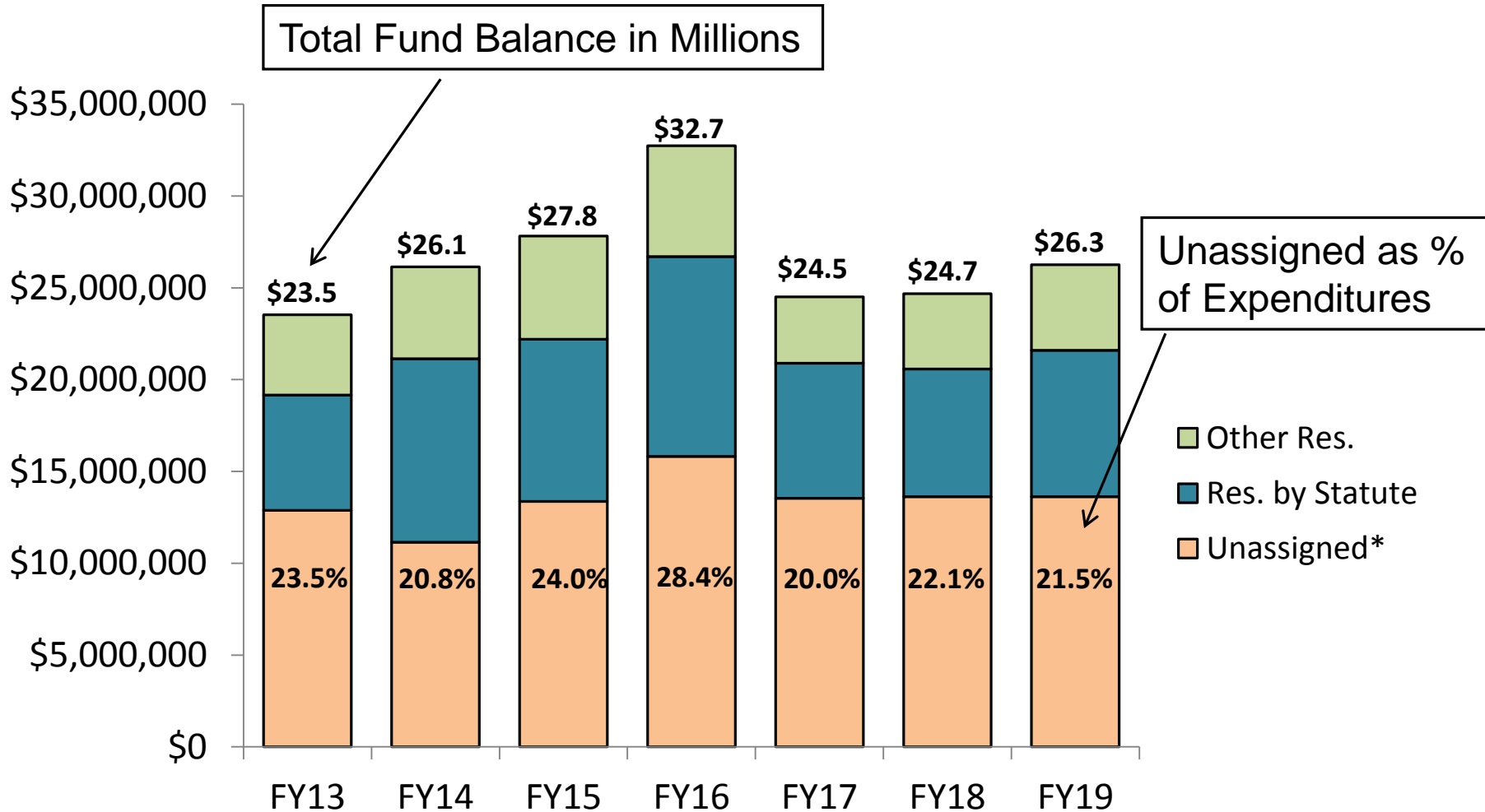
- Overall fund balance (FB) is up \$1.58 million
- Available fund balance is up by \$8,704
- Available fund balance percent is 21.5%
- Available FB less than 22% target due to reserve for inspections of \$425,387
- FB has been stable over the last seven years

*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*

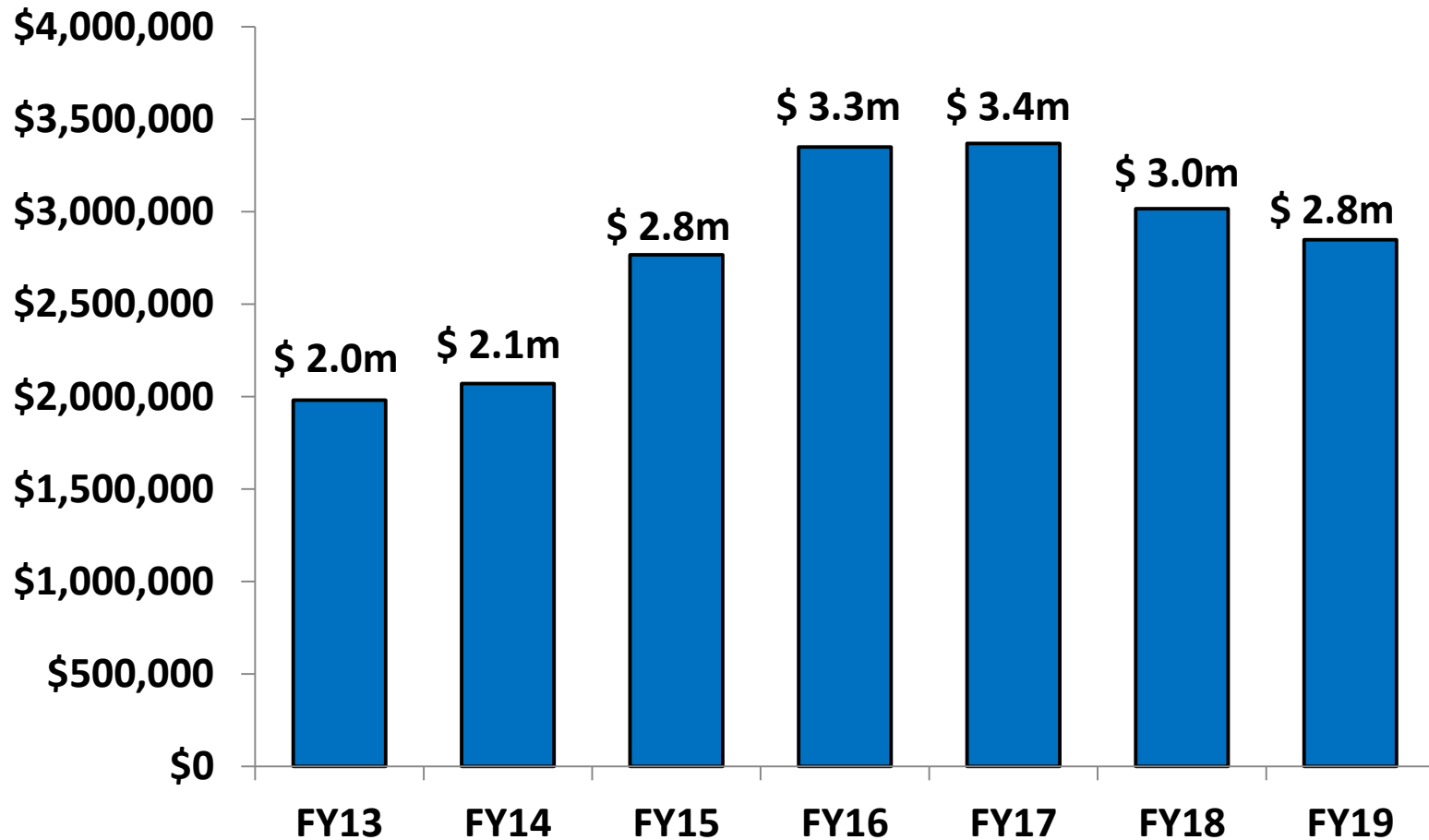


# Fund Balance Target

- 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

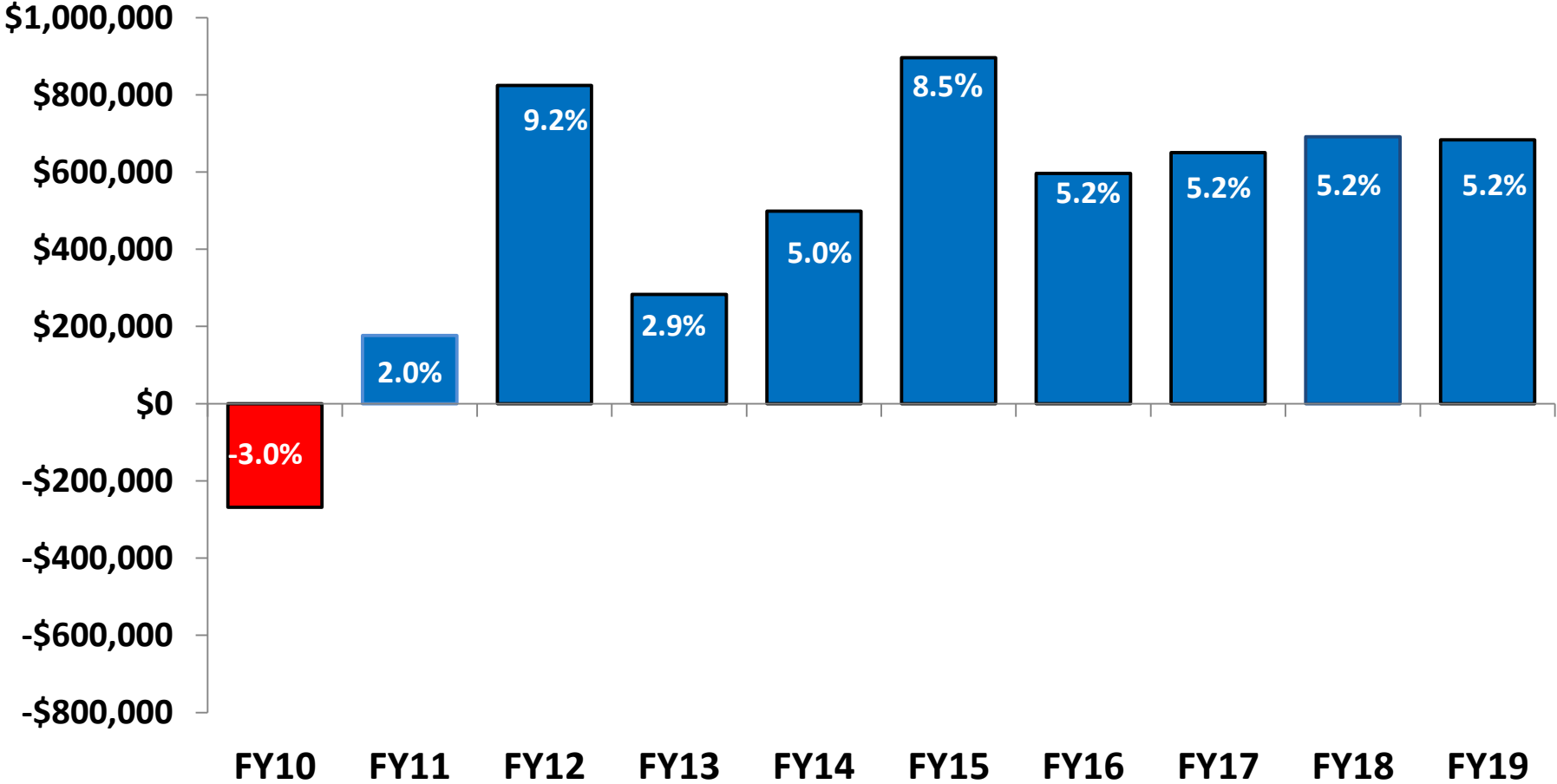


# General Fund Personnel Cost Savings



# Sales Tax Revenues

## (Change from Prior Year)



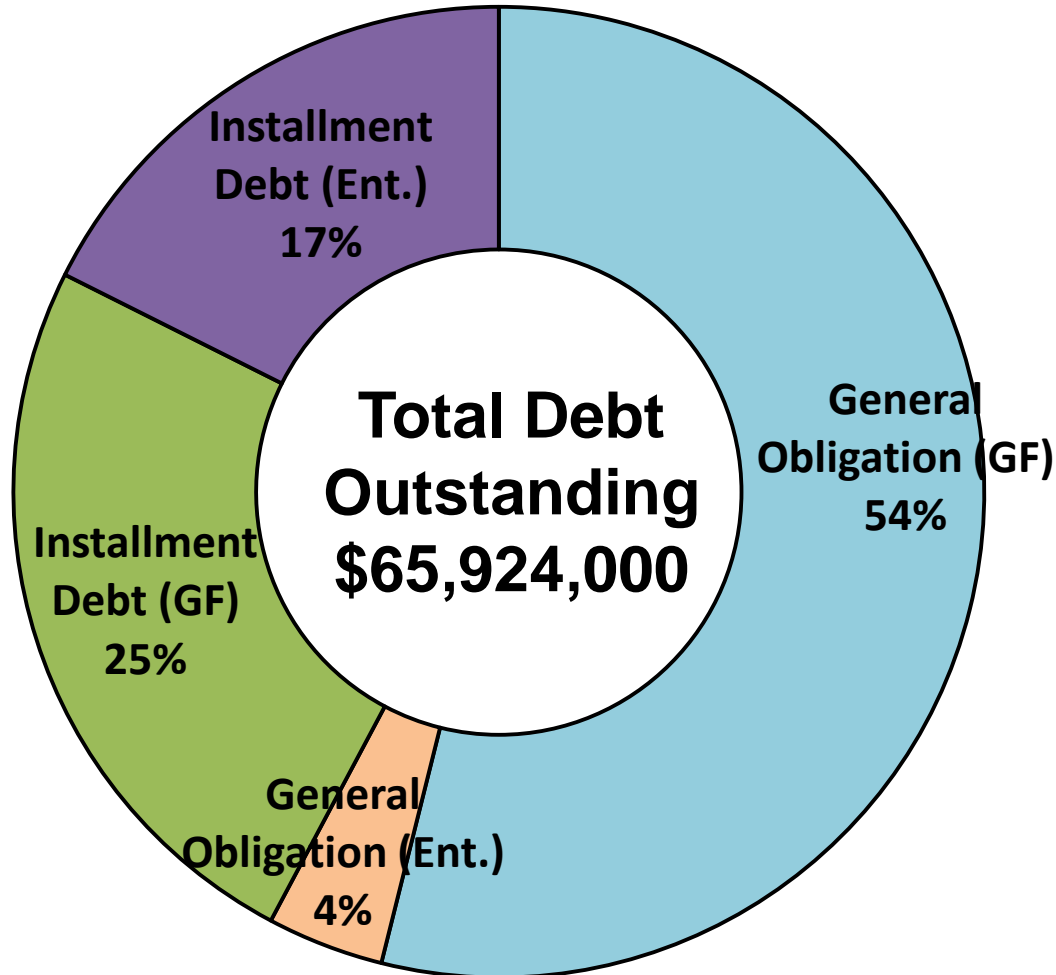
# Debt Management Fund

- 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



# Total Town Long-Term Debt

June 30, 2019



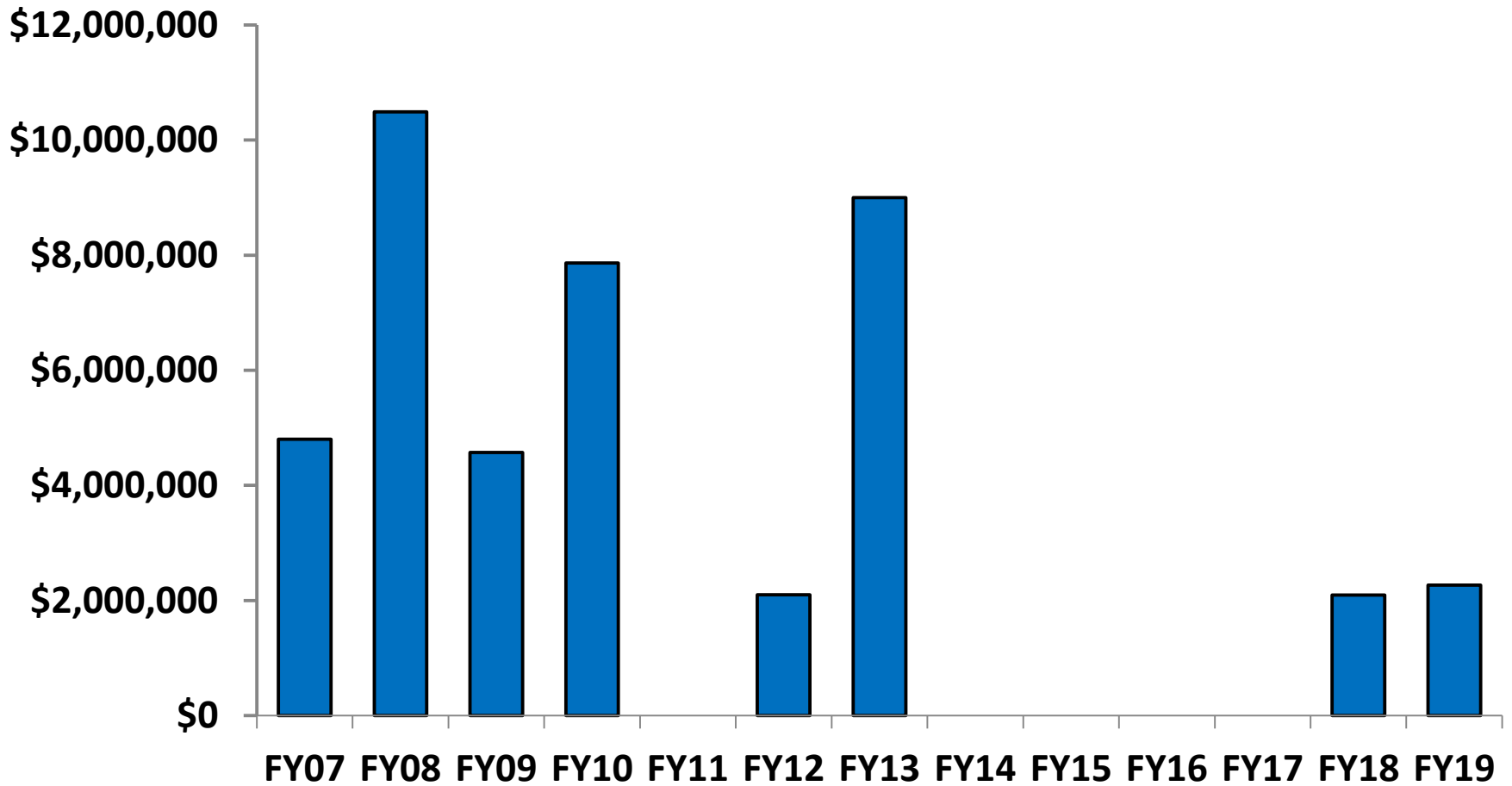
# Transit Fund

<b>Operating Results:</b>	<b><u>FY2017-18</u></b>	<b><u>FY2018-19</u></b>
– 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	<b>\$ 1,859,992</b>	<b>\$ 1,698,822</b>

<b>TRANSIT</b>	<b>FY2017-18</b>	<b>FY2018-19</b>	<b>Change</b>
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)



# Parking Fund

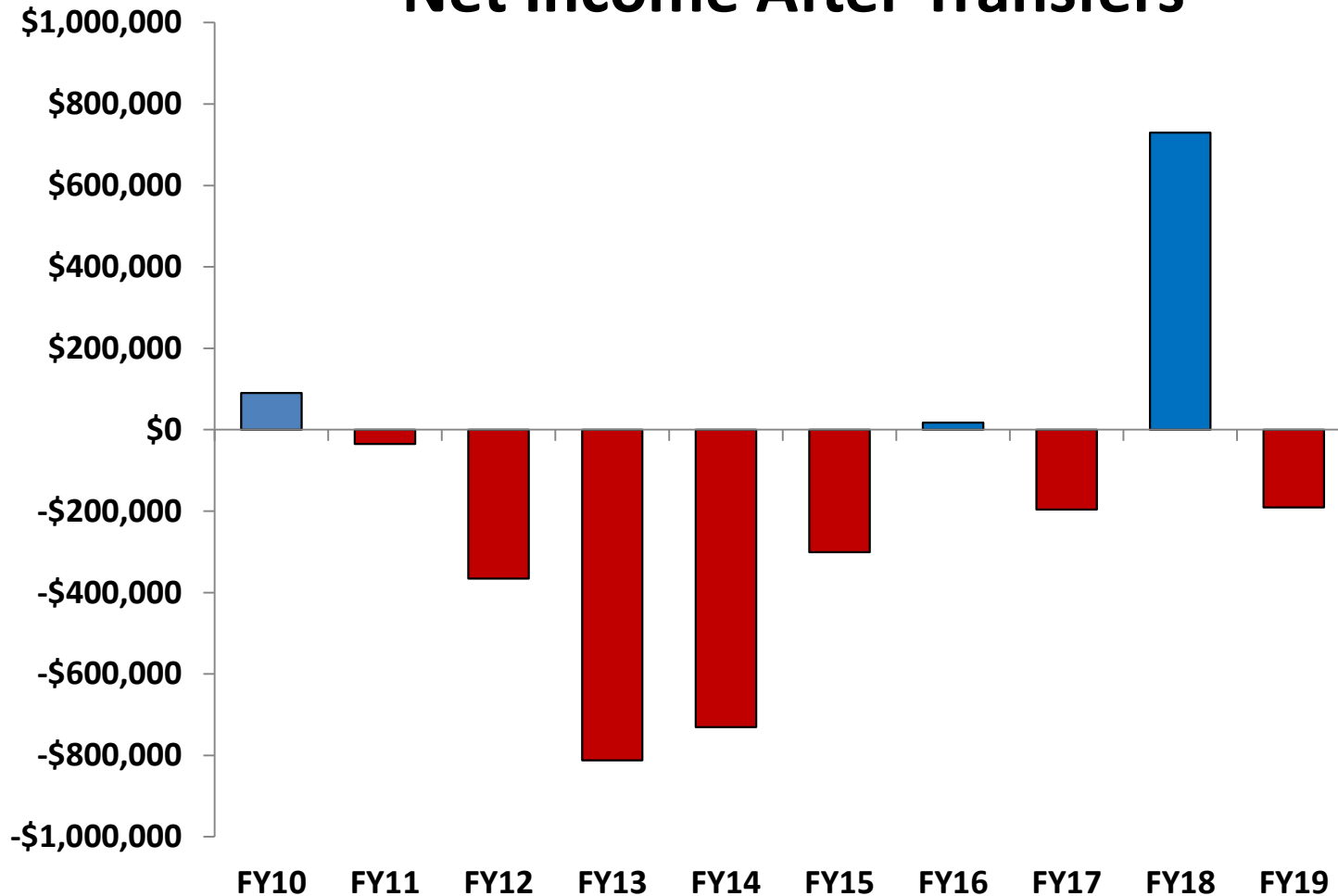
<b>Operating Results</b>	<b><u>FY2017-18</u></b>	<b><u>FY2018-19</u></b>
– Charges for Services	\$ 2,494,701	\$ 2,590,653
– Non-operating Rev/Exp	<u>304,042</u>	<u>16,970</u>
– Total Revenues	2,798,743	2,607,623
– Less: Operating Expenses	2,583,997	1,883,893
– +/- Transfers	<u>(391,831)</u>	<u>(914,631)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

<b>PARKING</b>	<b>FY2017-18</b>	<b>FY2018-19</b>	<b>Change</b>
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



# Housing Fund

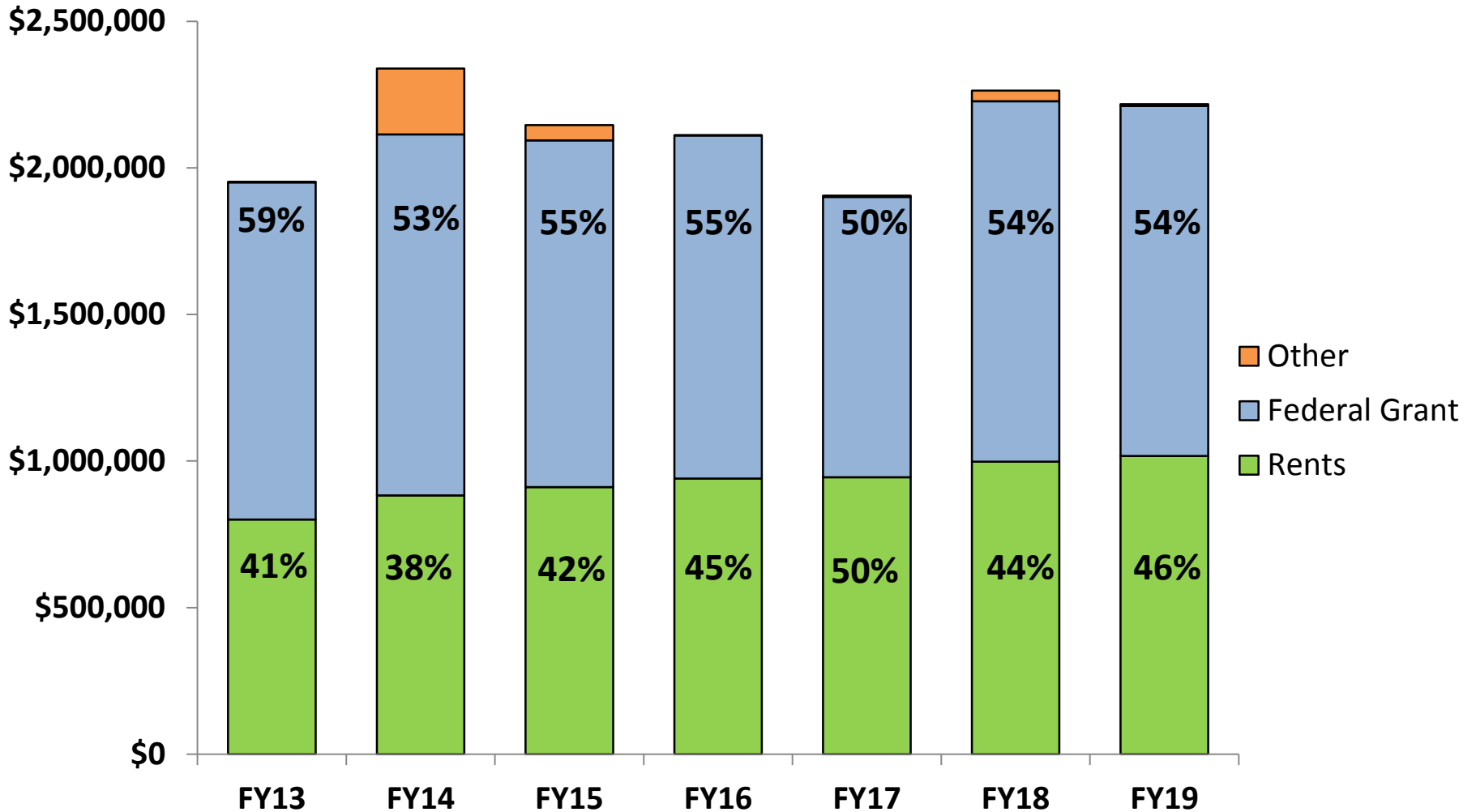
## Operating Results:

	<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	<b>(\$ 327,646)</b>	<b>\$ 31,995</b>

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

<b>Operating Results:</b>	<b><u>FY2017-18</u></b>	<b><u>FY2018-19</u></b>
– 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	<b>\$ 612,934</b>	<b>\$ 1,331,523</b>

<b>STORMWATER</b>	<b>FY2017-18</b>	<b>FY2018-19</b>	<b>Change</b>
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

# Next Steps

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



# FY2019 Financial Results and Trends



**Questions?**