



FY17 Financial Results and Trends



**Town of Chapel Hill
Business Management
Department**
January 2018

Agenda



CAFR



FY17 Results



Trends



Next Steps

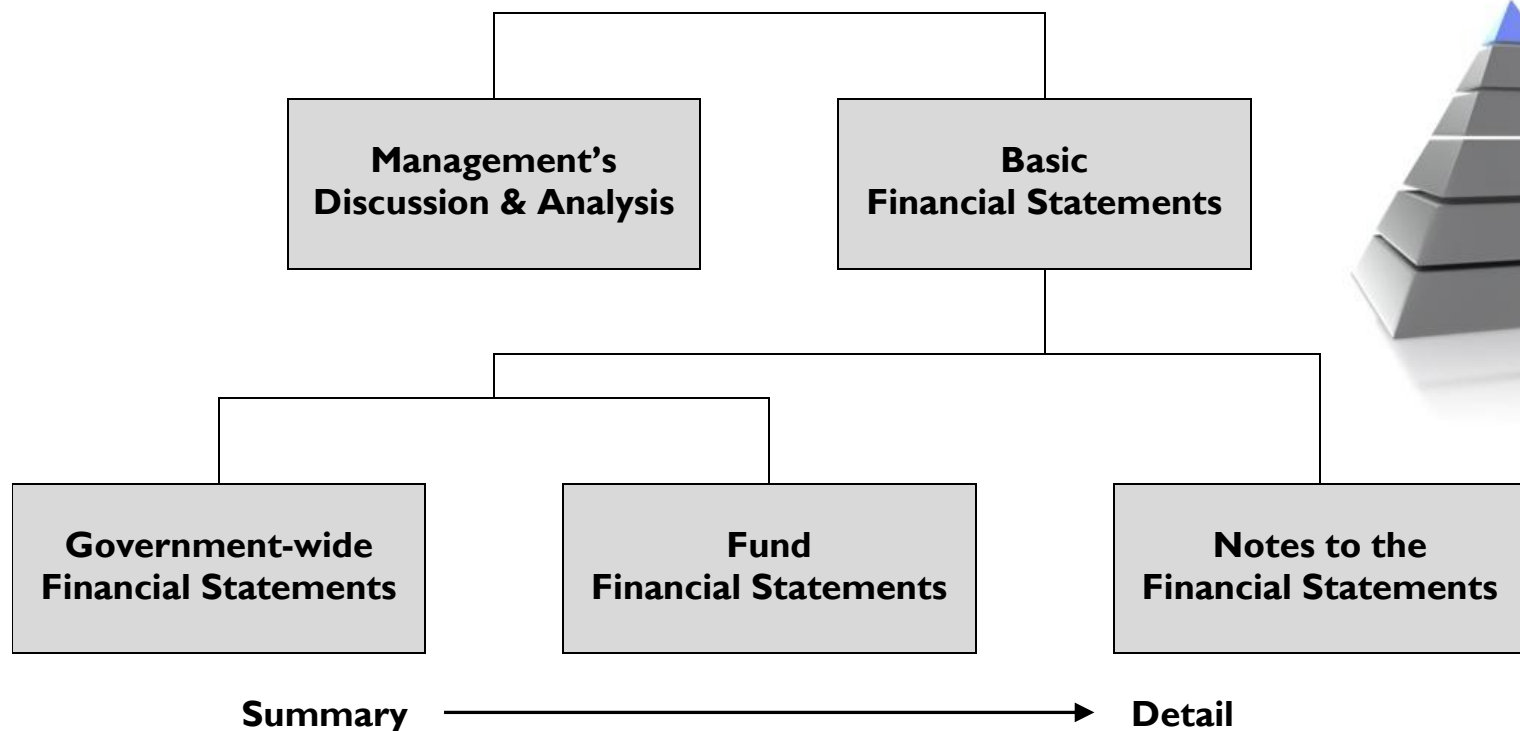
Comprehensive Annual Financial Report

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



Financial Reporting Structure Hierarchy

Required Components of Annual Financial Report



Financial Reporting Structure

Major Funds

- **Fund Financial Statements**

- **Governmental Funds**

- General Fund
 - Debt Management Fund
 - Capital Projects

- **Enterprise Funds**

- Transit Fund
 - Parking
 - Stormwater
 - Public Housing



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 (FY17)



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

- The Town's total net position decreased by about \$3.8 million
 - \$ 1.9 million decrease in Governmental Funds
 - \$1.9 million decrease in Enterprise Funds

\$139.3 Million



General Fund

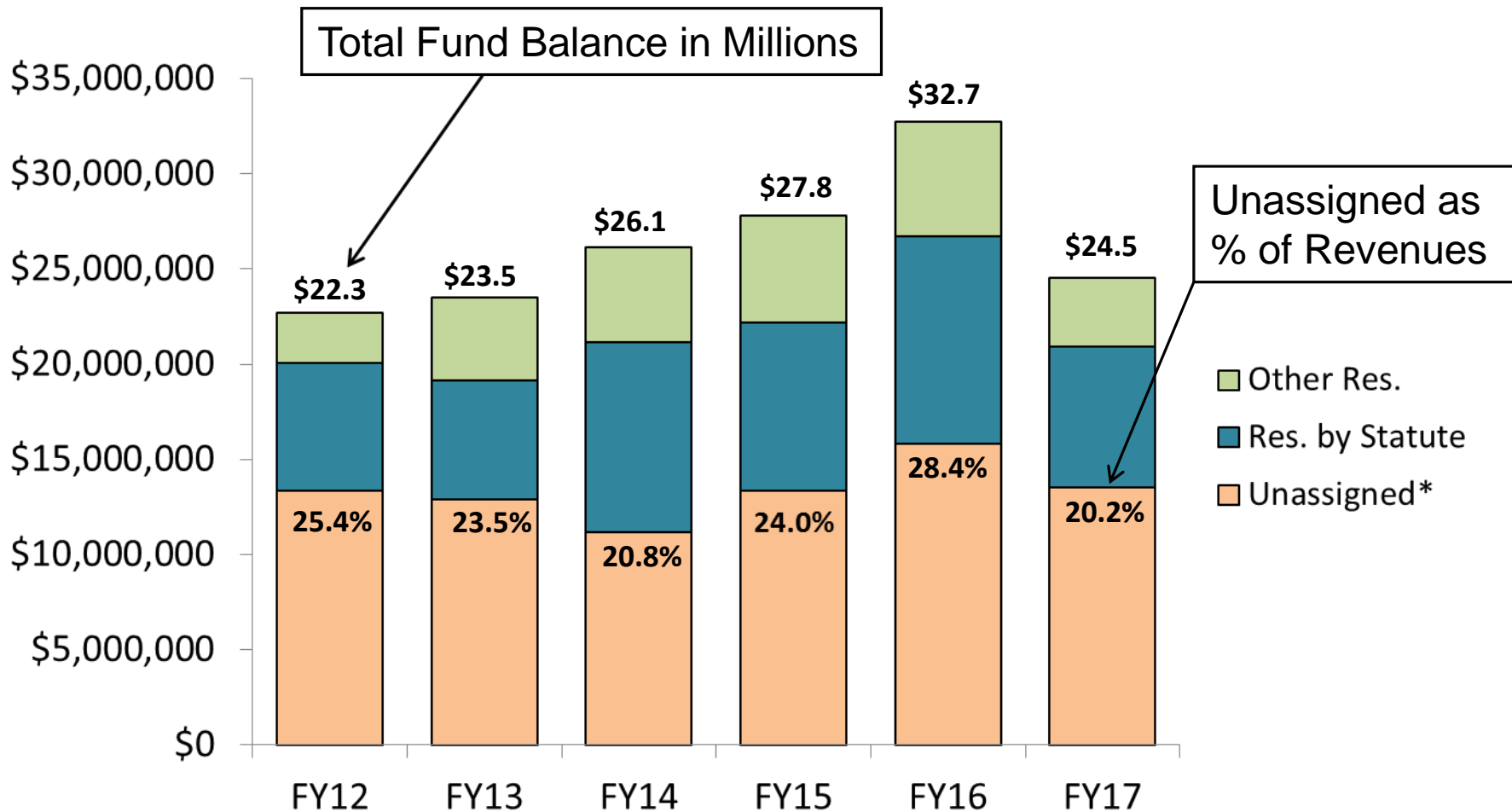
- Overall fund balance (FB) is down \$8.2 million
- Available FB is down by \$2.4 million
- Percent of available FB is 20.2%
- FB has been stable over the last 8 years



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 FY2016-17



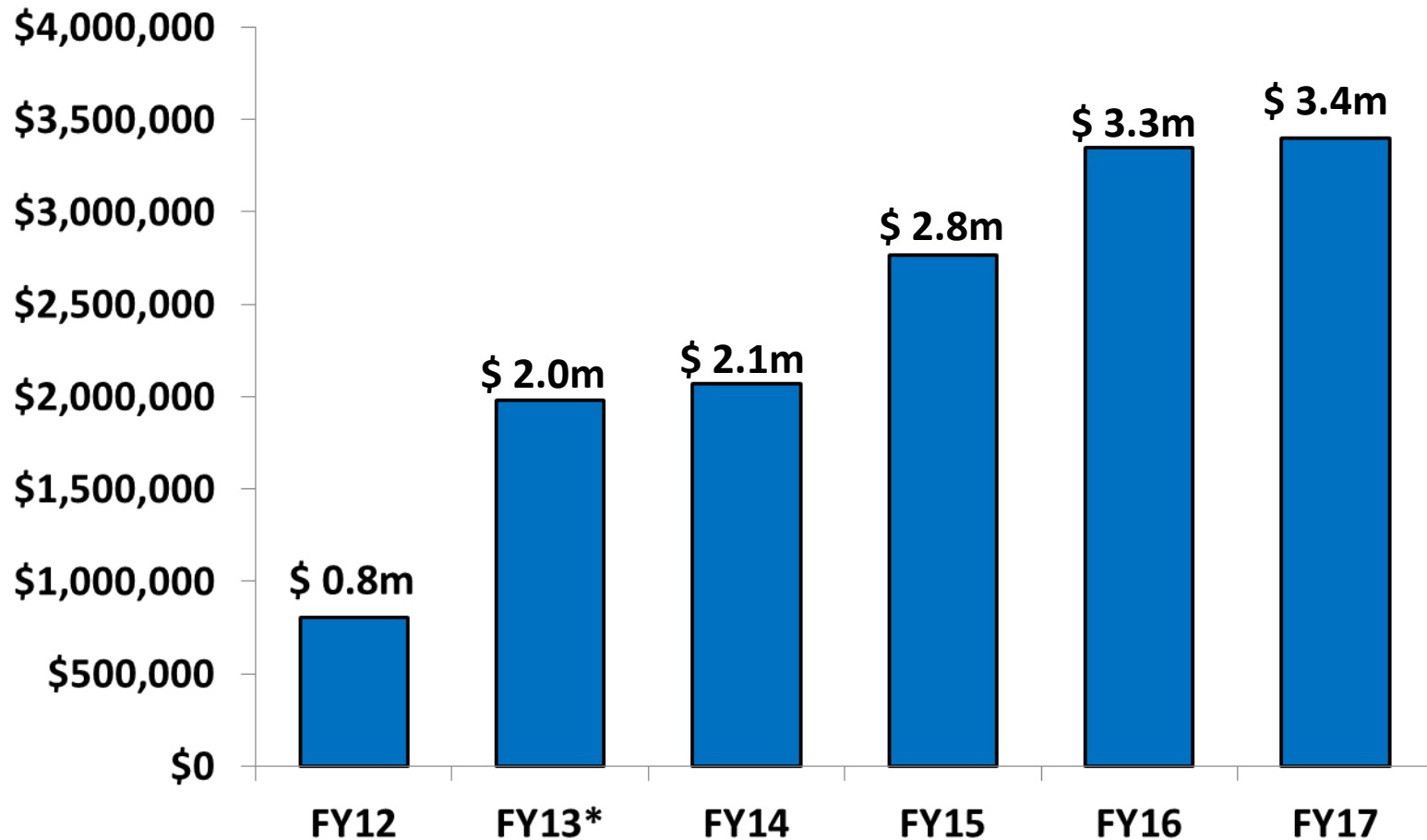
- *Unassigned fund balance is calculated as a percent of expenditures and other uses per audited financial statements*

Fund Balance Target

- Establishment of a FB “Floor” of 22%
- FB over target is available for “one-time” expenditures (capital)
- FY17 Unassigned Fund Balance is 20.2%
- Amount under 22% is \$1,240,000



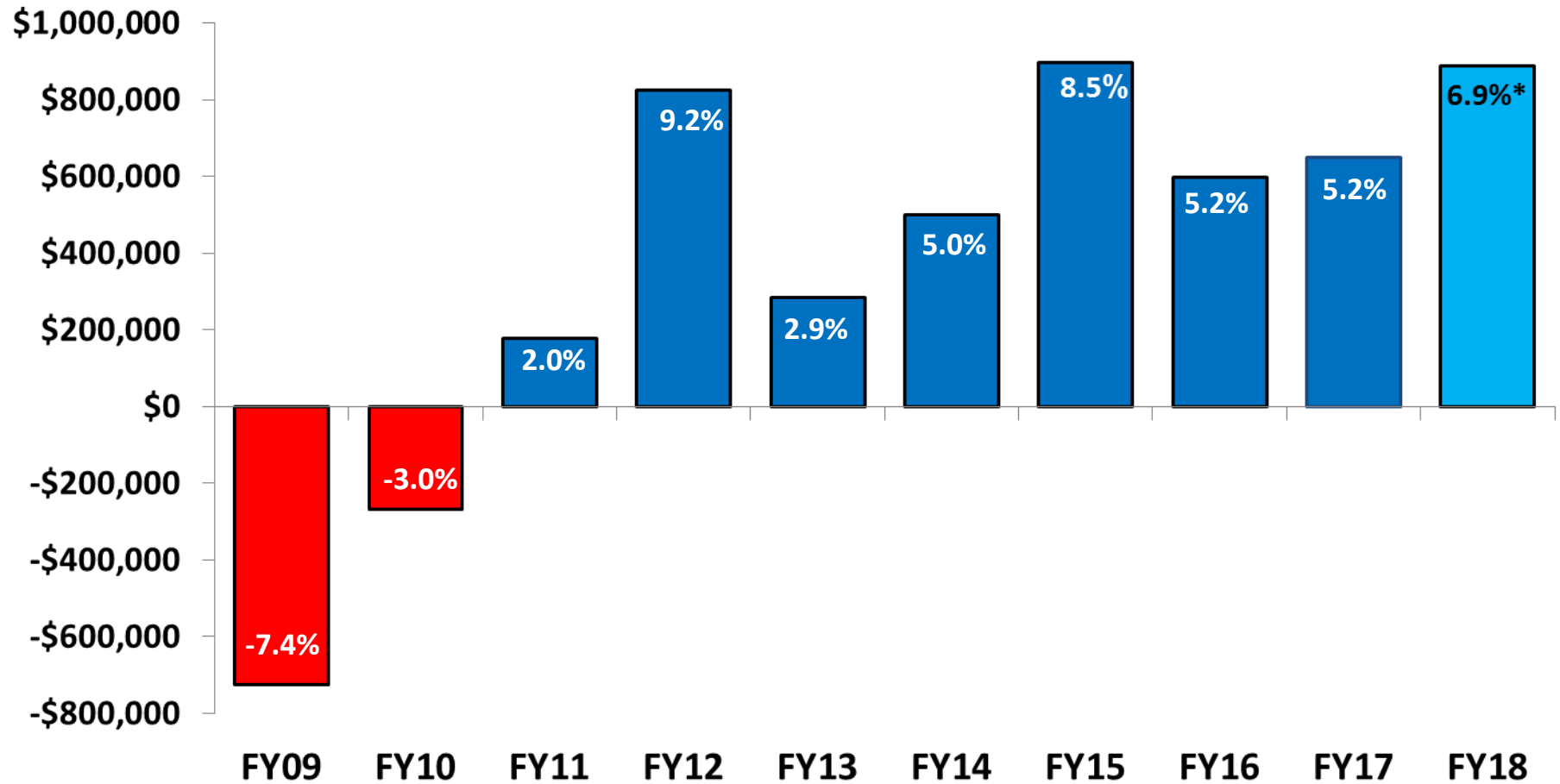
General Fund Personnel Cost Savings



** Change in Personnel Funding Transfer Policy*

Sales Tax Revenues

(Change from Prior Year)



* *Budget Estimate*

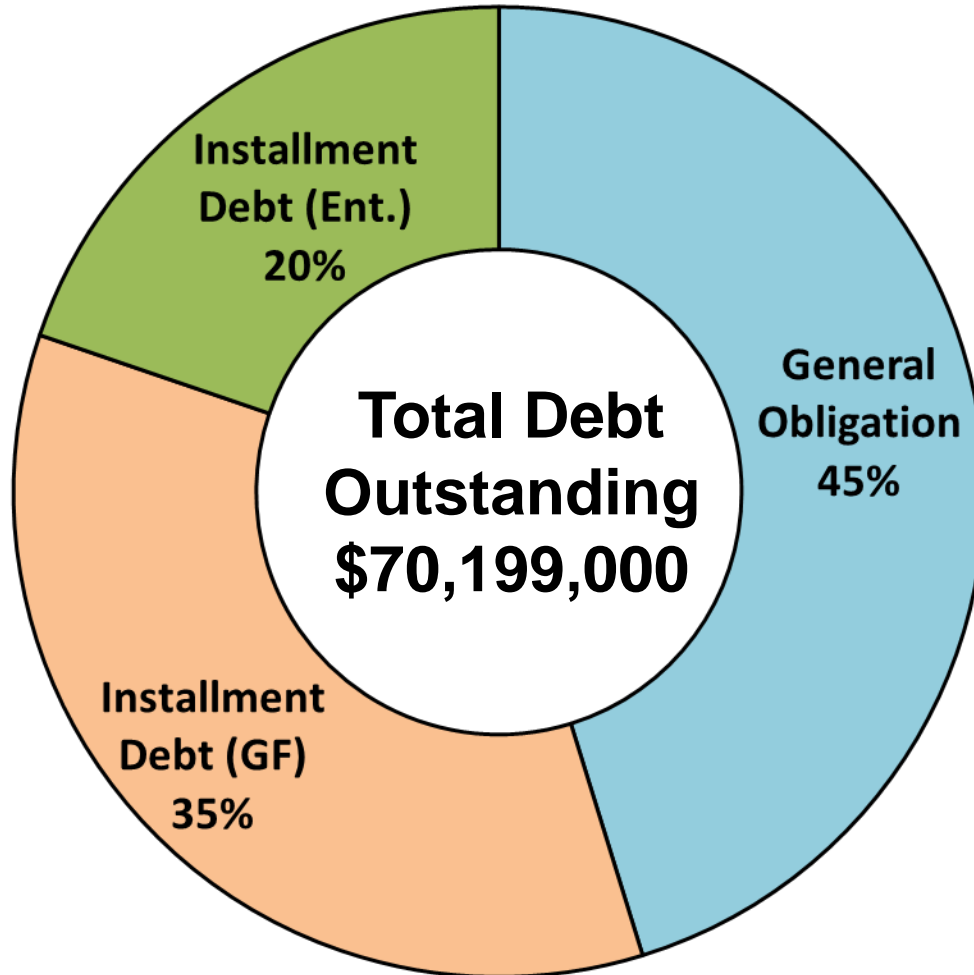
Debt Management Fund

- Increase in fund balance of \$433,000 to \$7 million
- Planned new debt thru FY22 is about \$54 million – New debt service \$3.5 million (est.)



Total Town Long-Term Debt

June 30, 2017



2. Debt Fund Base Scenario

NEW PLANNED DEBT

\$9.8m GO Bonds (April 2018)

- \$5.5m Streets & Sidewalks
- \$4.3m Parks & Recreation

\$36.5m MSC (March 2019)

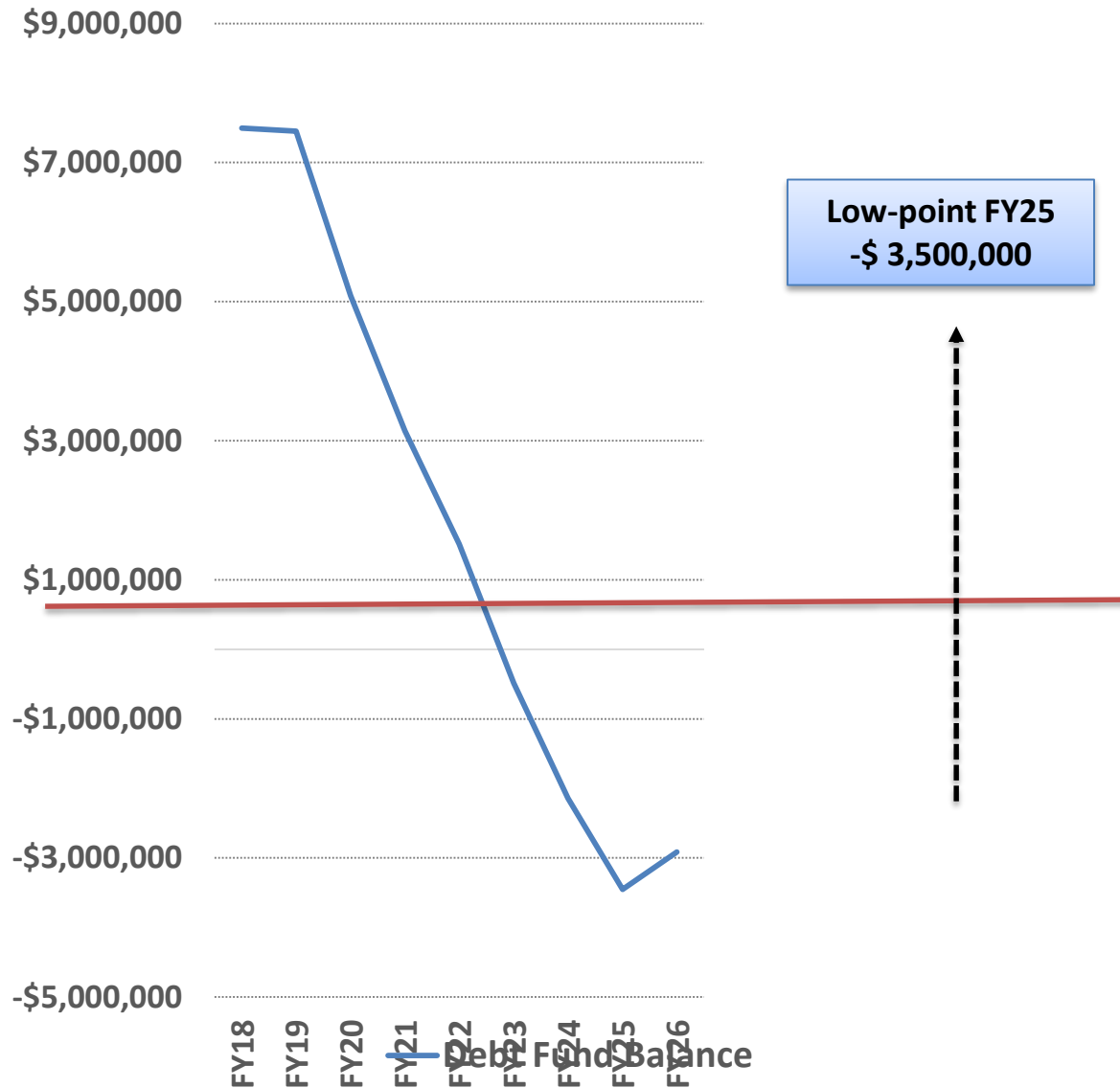
- \$31.4m Installment Financing
- \$2.7 P&R GO MSC
- \$2.6m Ef Phase II*
- \$2.4m Wallace Deck

\$7.7m GO Bonds (Jan 2022)

- \$7.7 Streets & Sidewalks

* Repayment thru Blue Hill TIF

Debt Fund Balance



Transit Fund

Operating Results:

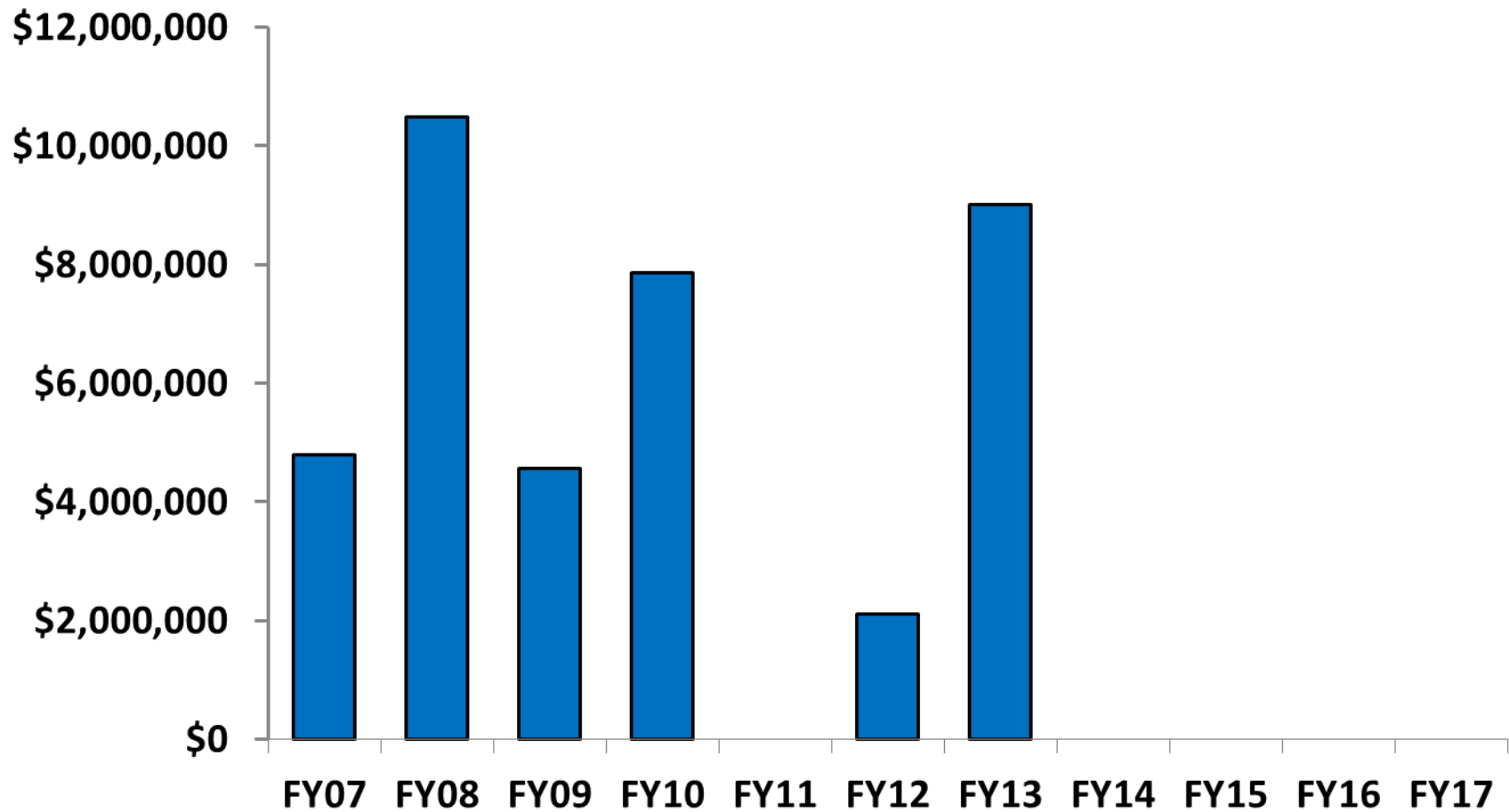
	<u>FY2015-16</u>	<u>FY2016-17</u>
– Charges for Services	\$ 969,270	\$ 845,073
– Non-operating Revenues	<u>17,453,369</u>	<u>21,166,587</u>
– Total Revenues	18,422,637	22,011,660
– Less: Operating Exp.*	<u>22,225,006</u>	<u>23,389,971</u>
– Change in Net Assets	(\$ 3,880,719)	(\$ 1,378,311)

* Net of Transfers and Capital Contributions

TRANSIT	FY2015-16	FY2016-17	Change
Total Net Assets	\$ 35,675,910	\$ 33,370,205	(\$ 2,305,705)
Unrestricted net assets	6,935,625	1,822,837	(\$ 5,112,788)
Unrestricted as % of Budget	33.4%	8.9%	

Federal Grant Awards

(For Bus Purchases)



Parking Fund

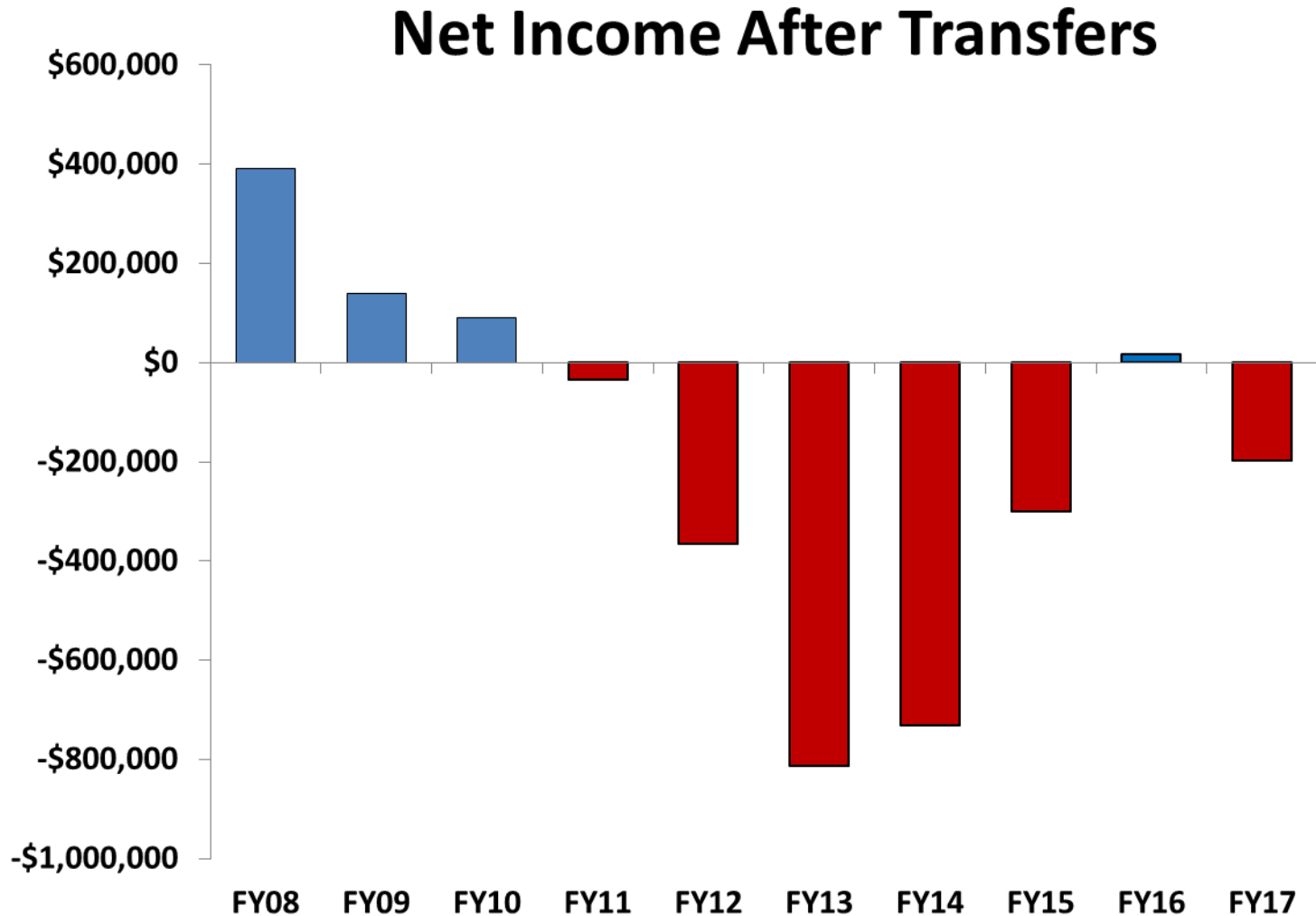
Operating Results

	<u>FY2015-16</u>	<u>FY2016-17</u>
– Charges for Services	\$ 2,597,035	\$ 2,541,380
– Non-operating Rev/Exp	<u>3,208</u>	<u>1,753</u>
– Total Revenues	2,600,243	2,543,133
– Less: Operating Expenses*	<u>2,582,759</u>	<u>2,739,382</u>
– Change in Net Assets	\$ 17,484	\$ (196,249)

* Net of Transfers and Capital Contributions

PARKING	FY2015-16	FY2016-17	Change
Total Net Assets	\$ 491,972	\$ 295,723	\$ (196,249)
Unrestricted net assets	(2,952,593)	(3,140,810)	(188,217)
Unrestricted as % of Budget	N/A	N/A	N/A

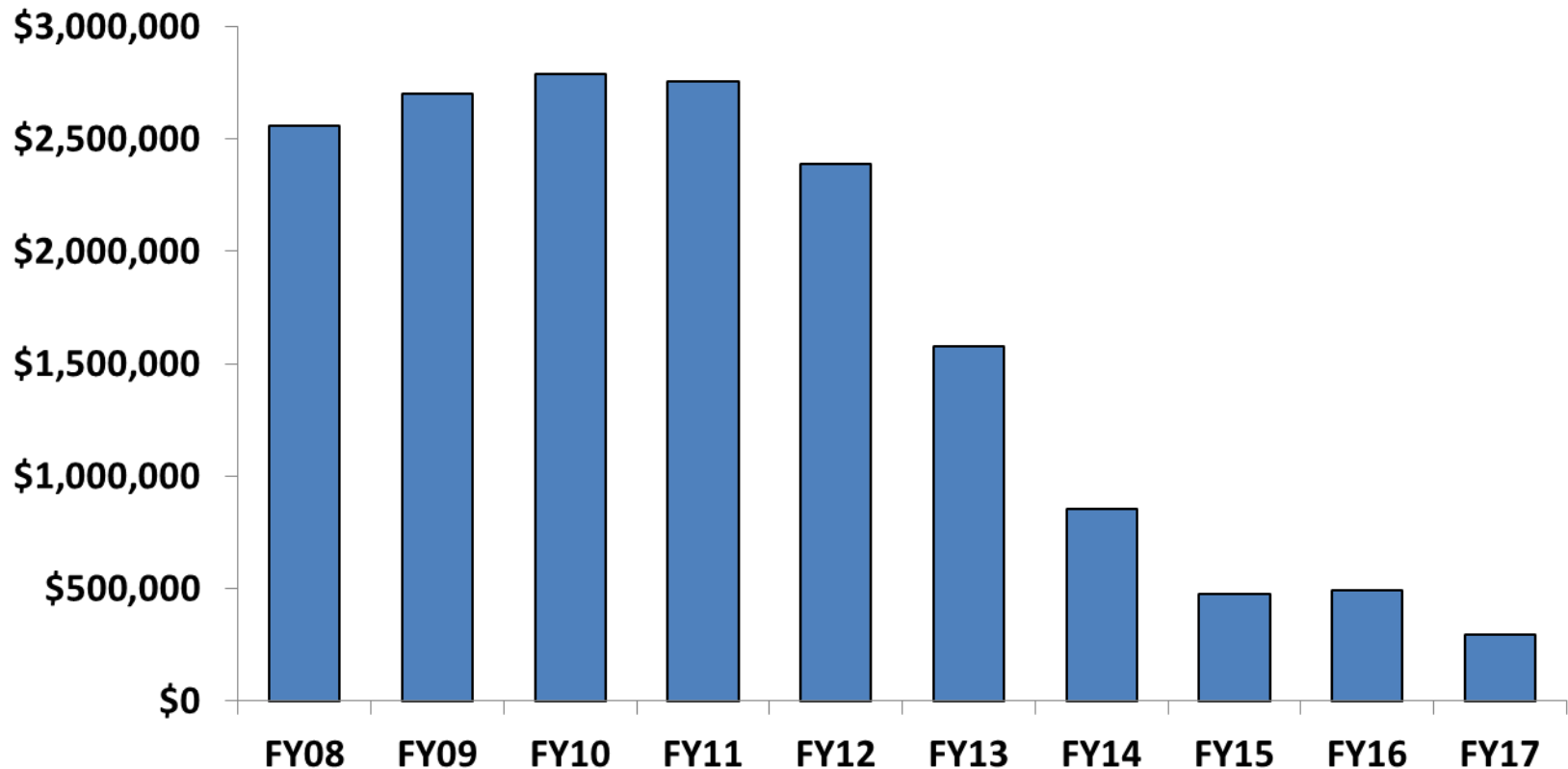
Parking Fund Operating Results



Parking Fund Operating Results

Net Assets

FY08 thru FY17



Housing Fund

Operating Results:

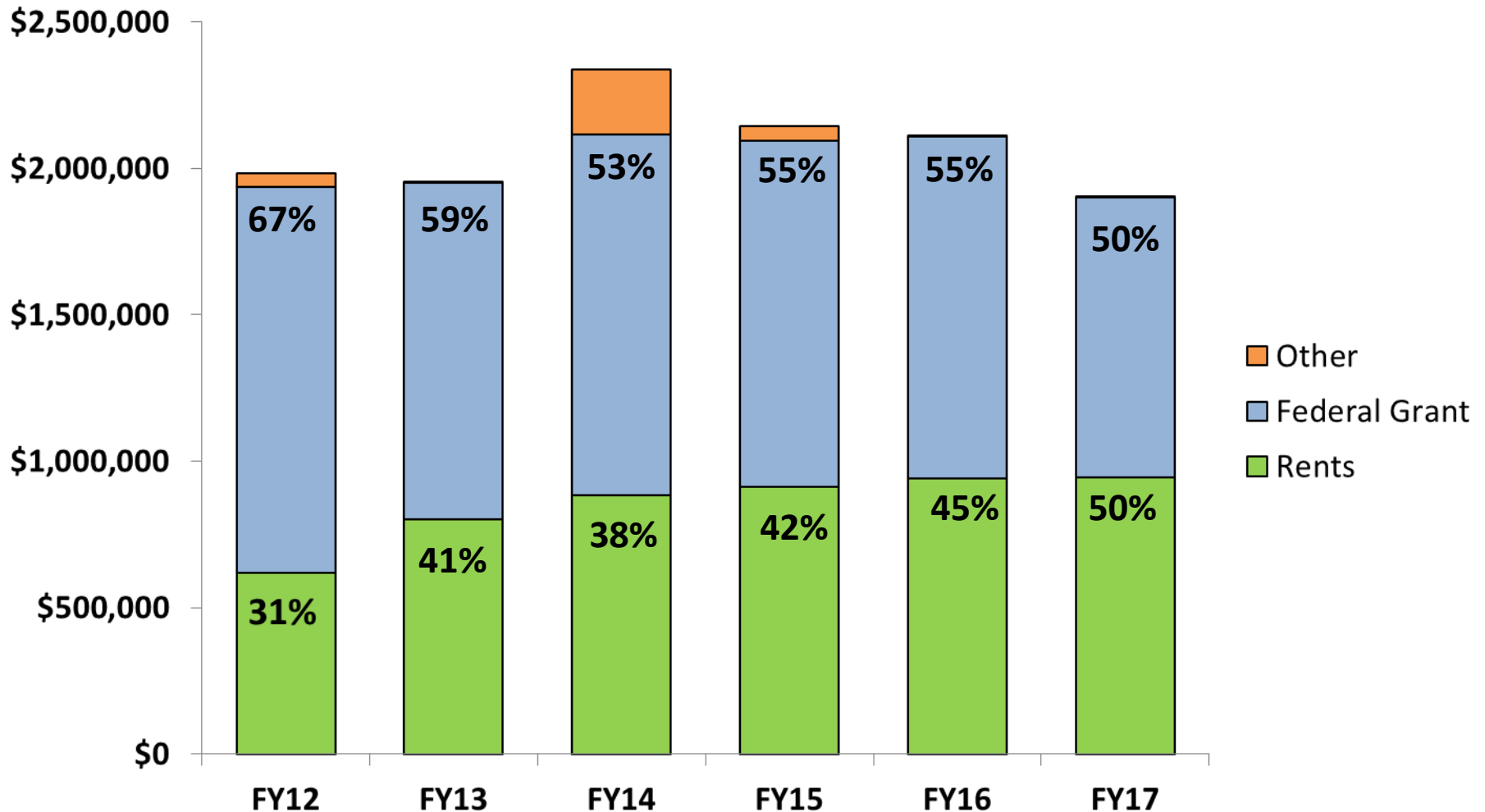
	<u>FY2015-16</u>	<u>FY2016-17</u>
– Charges for Services	\$ 940,223	\$ 944,681
– Non-operating Revenues	<u>1,171,450</u>	<u>960,309</u>
– Total Revenues	2,111,673	1,904,990
– Less: Operating Exp.*	<u>2,557,118</u>	<u>2,460,709</u>
– Change in Net Assets	(\$ 445,443)	(\$ 555,719)

* Net of Transfers and Capital Contributions

TRANSIT	FY2015-16	FY2016-17	Change
Total Net Assets	\$ 12,439,408	\$ 11,883,689	(\$ 555,719)
Unrestricted net assets	2,156,214	2,192,817	36,603
Unrestricted as % of Budget	103.1%	89.8%	

Housing Fund Revenues

FY2012-17



Stormwater Fund

Operating Results:

	<u>FY2015-16</u>	<u>FY2016-17</u>
– Charges for Services	\$ 2,181,361	\$ 2,297,155
– Non-operating Revenues	<u>10,318</u>	<u>3,063</u>
– Total Revenues	2,191,679	2,300,218
– Less: Operating Exp.*	<u>2,107,562</u>	<u>2,179,428</u>
– Change in Net Assets	\$ 84,117	\$ 121,774

* Net of Transfers and Capital Contributions

TRANSIT	FY2015-16	FY2016-17	Change
Total Net Assets	\$ 3,113,560	\$ 3,235,334	\$ 121,774
Unrestricted net assets	2,158,914	1,594,156	(564,758)
Unrestricted as % of Budget	91.3%	67.4%	

Trends - General

- **Stormwater Fund** is relatively stable
- Reduction in Federal Funding in **Housing Fund** is concerning
- **Transit Fund's** position is weakened due to planned capital spending
- **Parking Fund** is in critical condition
- **Debt Fund** will need tax increase to support planned Capital Program
- **General Fund** is at break-even and costs are increasing faster than revenues

Future Focus

- Maintaining Core Services
 - Rising Personnel Costs
 - Cost/Revenue Imbalance
- Public Facilities & Infrastructure
 - Maintenance
 - Capital Program
 - Debt Capacity
- Strategic Initiatives
 - Council Goals



Next Steps

- **Mid-year Budget to Actual Report**
- **GO Bond Issuance - Bond Project Implementation**
- **Planning for FY19 Budget Process**
- **Affordable Housing Bond Referendum (November 2018)**