



# TOWN OF CHAPEL HILL

Town Hall  
405 Martin Luther King Jr.  
Boulevard  
Chapel Hill, NC 27514

## Legislation Text

File #: [18-0042], Version: 2

### **\* Report on the Town's Comprehensive Annual Financial Report (CAFR) for the Period ended June 30, 2017 and Financial Update Presentation.**

#### **Staff:**

Kenneth C. Pennoyer, Director  
Amy Oland, Assistant Director

#### **Department:**

Business Management

**Overview:** The Town's Comprehensive Annual Financial Report (CAFR) for the period ended June 30, 2017 has been distributed and is available on the Town's website. Among other things, the CAFR is a record of the Town's financial performance for the fiscal year and a snapshot of the Town's fiscal condition. The information in the Town's CAFR provides important indicators of the Town's Financial Health that are used by a variety of outside stakeholders, including investors, bond rating agencies, state and federal agencies.



#### **Recommendation(s):**

That the Council accept this report on the Town's Comprehensive Annual Financial Report (CAFR) for the period ended June 30, 2017 (FY17) and financial update presentation.

#### **Key Issues:**

- As has been the case in previous years, the Town has received an unqualified or "clean" opinion from the independent auditors attesting to the fact that the Town's financial statements fairly represent the Town's financial condition in all material respects.
- The Town's overall financial performance for FY17 reflected several key decisions that affected the Town's financial position. These decisions included the planned spend-down of fund balance for the purchase of land.
  - **Governmental Funds:**
    - The General Fund finished FY17 with a significant decrease in fund balance due mostly to planned spend-down. Undesignated fund balance decreased to 20.2%. This is below the Town's target General Fund fund balance of 22%.
    - The debt fund had a modest increase in fund balance as the dedicated tax revenues exceeded debt service payments. We expect this trend to reverse as we finance major high priority capital projects over the next few years.
    - The Capital Fund fund balance increased due to capital program financing activity.
  - **Enterprise Funds:**
    - Transit Fund net assets decreased, in part, due to the planned purchase of new buses using both fund balance and installment financing.
    - The Parking Fund had an operating loss after breaking-even in FY16 for the first time in several years. Net assets are critically low and the Parking Fund will need to be subsidized or restructured if results continue to degrade.
    - Housing Fund - Net assets decreased for the year by about \$555,719 as expenses exceeded revenues due to planned capital maintenance and a significant decline in Federal Assistance. Unrestricted net assets remain strong at about 89.8% of the operating budget.
    - Stormwater Fund - The fund finished FY17 with a decrease in unrestricted net assets

of about \$564,758 due to planned capital spending. Unrestricted net assets at year-end were 67.4% of the operating budget.

**Where is this item in its process?**



**Attachments:**

- Draft Staff Presentation
- Staff Report

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**The Agenda will reflect the text below and/or the motion text will be used during the meeting.**

PRESENTER: Kenneth C. Pennoyer, Business Management Director

RECOMMENDATION: That the Council accept this report on the Town's Comprehensive Annual Financial Report (CAFR) for the period ended June 30, 2017 and financial update presentation.