



IX.

Agenda Item

County of Hanover

Board Meeting: May 13, 2015

Subject: Presentation - Quarterly Financial Reports

Summary of Agenda Item: In accordance with the County Financial Policies, attached is the financial report for the County's General Fund for the nine months ended March 31, 2015 and a projection for the twelve months ended June 30, 2015. In addition, financial reports and projections for Public Utilities and the School Division for the same periods are provided.

The quarterly financial reports will be reviewed by the Finance Committee at the next scheduled meeting on Monday, May 4, 2015.

**County
Administrator's
Recommended
Motion:**

N/A

BOARD OF SUPERVISORS

WAYNE T. HAZZARD, CHAIRMAN
SOUTH ANNA DISTRICT

AUBREY M. STANLEY, VICE-CHAIRMAN
BEAVERDAM DISTRICT

SEAN M. DAVIS
HENRY DISTRICT

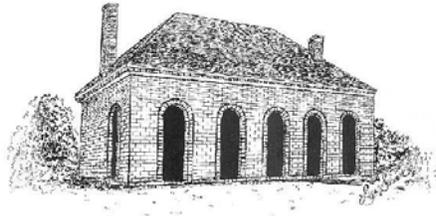
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CHICKAHOMINY DISTRICT

W. CANOVA PETERSON
MECHANICSVILLE DISTRICT

G. E. "ED" VIA, III
ASHLAND DISTRICT

ELTON J. WADE, SR.
COLD HARBOR DISTRICT

CECIL R. HARRIS, JR.
COUNTY ADMINISTRATOR



HANOVER COURTHOUSE

HANOVER COUNTY

ESTABLISHED IN 1720

FINANCE AND MANAGEMENT SERVICES DEPARTMENT

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DIRECTOR

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SHELLY H. WRIGHT
BUDGET DIVISION DIRECTOR

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ACCOUNTING DIVISION DIRECTOR

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TO: Cecil R. Harris, Jr., County Administrator
FROM: Kathleen T. Seay, Director of Finance and Management Services
DATE: April 27, 2015
RE: FY 2015 - April Financial Report

Enclosed please find the statement of revenues, expenditures and changes in fund balance/net position for the nine months ended March 31, 2015 and a projection for the twelve months ended June 30, 2015 for the General Fund, the Public Utilities Department and the School Division Operating Fund.

Highlights of the General Fund’s Financial Performance:

- Year-to-date revenues total approximately \$134.8 million, approximately 62% of expected total year revenues which is consistent with the prior year. General property taxes increased \$2.8 million from the prior year. Revenue from the Commonwealth increased by \$257,000 due to the more revenue collected to date in CSB and a large Fire/EMS grant. Permits, privilege fees and regulatory licenses, and fines and forfeitures declined from the prior year. Other local taxes (consisting primarily of Local Sales Tax) is up \$696,000. Finally, charges for services is up \$292,000 due to increased collections on the radio system access charges and the EMS cost recovery. The increases and decreases in the various line items net to a total increase of approximately \$3.5 million over the prior year.
- Total year revenues are projected to be approximately \$208.2 million or approximately \$0.9 million higher than the appropriated budget. General property taxes are projected to increase from the prior year by approximately \$3.7 million and to be favorable to budget by approximately \$1.2 million. This includes an increase of approximately \$230,000 for machinery and tools tax, \$200,000 for merchant’s capital, and \$1.0 million for personal property taxes offset by third quarter adjustments for less delinquent collections (\$230,000). Other local taxes are projected to increase from the prior year but to be approximately \$389,000 lower than budget due to a decrease in recordation tax of

approximately \$550,000 and a decrease in communication sales tax of \$150,000, offset by an increase in lodging tax of \$120,000 and an increase in sales tax of \$130,000.

- Year-to-date expenditures and transfers total approximately \$153.1 million or 71% of the appropriated budget which is slightly higher than the prior year. Total year expenditures and transfers are projected to be approximately \$208.9 million or 96.5% of the appropriated budget as compared to 94.2% in the prior year. Personnel savings are estimated to be approximately \$1.4 million and operating savings are estimated to be approximately \$2.3 million with a return from the School Board of approximately \$4.0 million.
- The total projected operating balance is approximately \$8.6 million which is primarily planned for use in the FY16 County and School budgets.
- Of the total projected year-end fund balance of \$49.9 million, the unassigned fund balance is expected to be approximately \$26.2 million or 12.6% of projected revenues. Assignments are expected to total approximately \$20.9 million and are subject to change based on final year end results.
- As of March 31, 2015, year-to-date reserve for contingencies budget transfers totaled \$264,049 and the remaining balance was \$1,016,743. Year-to-date transfers represent requests for the Board of Supervisors, Sheriff's Office and a departmental benefit adjustment.

Highlights of the Public Utilities Department's Financial Performance:

- Year to date revenues total \$20.4 million, approximately 75.2% of appropriated revenues.
- Projected revenues are expected to be \$30.7 million or approximately \$3.5 million higher than the appropriated budget. This favorable variance is primarily the result of increased capacity fee revenue and donated assets. Water and sewer capacity fee revenues are expected to be 118% of appropriated budget, an increase of \$700,000. Donated assets, although not part of the appropriated budget, are included in total revenue. Donated assets are expected to reach \$1.6 million this fiscal year. The capital budget includes \$821,000 in grant funds, all of which will be received during the current year. Water and sewer user fees are expected to be \$1.2 million above budget.
- Year to date expenses total \$12.1 million, approximately 63.1% of appropriated budget. Total expenses for the year are projected to be \$18.5 million which is 96% of the appropriated budget. Personnel costs are estimated to be \$220,000 below budget. Contract services, including long term water and sewer contracts, are expected to be \$98,500 below budget. Other charges are projected to be below budget include power (\$179,000), fuel (\$92,000), and chemicals (\$64,000).
- The budgeted change in net position is the net effect of total operations, including non-cash transactions. The total balance in net position, excluding depreciation, is projected to increase by \$12.2 million which is \$4.2 million above budget. The increase includes \$1.6 million in donated assets.

Highlights of the School Division Operating Fund Financial Performance:

- At this point in the year, the school division anticipates an unspent appropriation of approximately \$4.0 million that will be returned to the County's General Fund.

- FY2015 appropriated revenues of \$171.9 million have increased by \$9.5 million compared with appropriated revenues in the prior year of \$162.4 million. This is attributable primarily to the increase in state revenue of \$6.5M and local revenue of \$2.8 million. FY2015 appropriated expenditures of \$173.5 million have increased by \$9 million compared with appropriated expenditures in the prior year of \$164.5 million. The factors affecting the increase are compensation, the VRS rate increase, additional instructional positions and an increase in instructional materials and facilities maintenance projects.
- Actual expenditures, net of year end encumbrances and reappropriations, are anticipated to be \$4.3 million less than the approved budget of \$170.7 million. General support includes a budgeted line item of \$831,000 to cover anticipated state revenue shortfalls. The instruction budget reflects turnover savings of salaries and benefits for approximately 120 instructional positions leaving from FY2015 and being replaced with employees (mostly instructional positions) at a lower salary.

cc: Finance Committee of the Board of Supervisors
Enclosures

COUNTY OF HANOVER, VIRGINIA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Nine Months Ended March 31, 2014 and 2015

	FY2014					FY2015				
	Nine Months Ended March 31, 2014	Twelve Months Ended June 30, 2014				Nine Months Ended March 31, 2015	Twelve Months Ended June 30, 2015			
	Actual	Appropriated	Actual	\$ Variance with Appropriated	% of Appropriated	Actual	Appropriated	FY 2015 Projection*	\$ Variance with Appropriated	% of Appropriated
REVENUES										
Revenue from local sources:										
General property taxes	\$ 77,387,498	124,647,000	127,474,854	2,827,854	102.3%	\$ 80,171,344	130,010,000	131,200,000	1,190,000	100.9%
Other local taxes	17,562,143	28,883,000	29,270,980	387,980	101.3%	18,313,232	30,736,000	30,347,000	(389,000)	98.7%
Permits, privilege fees and regulatory licenses	1,603,864	1,656,000	2,172,162	516,162	131.2%	1,512,912	2,014,800	2,036,000	21,200	101.1%
Fines and forfeitures	844,544	1,202,200	1,142,444	(59,756)	95.0%	815,681	1,127,800	1,140,800	13,000	101.2%
Revenues from use of money and property	610,282	664,300	707,096	42,796	106.4%	611,001	718,000	724,000	6,000	100.8%
Charges for services	4,628,479	6,328,821	6,705,877	377,056	106.0%	4,920,791	6,514,192	6,843,108	328,916	105.0%
Miscellaneous	710,118	849,496	957,980	108,484	112.8%	835,176	592,289	800,776	208,487	135.2%
Recovered costs	3,697,579	3,571,908	3,743,137	171,229	104.8%	3,191,827	3,693,292	3,817,985	124,693	103.4%
Revenue from the Commonwealth	22,231,827	28,489,568	27,469,094	(1,020,474)	96.4%	22,488,429	28,585,335	28,185,271	(400,064)	98.6%
Revenue from the Federal government	2,003,006	3,178,859	3,858,513	679,654	121.4%	1,937,706	3,276,609	3,065,038	(211,571)	93.5%
Total revenues	131,279,340	199,471,152	203,502,137	4,030,985	102.0%	134,798,099	207,268,317	208,159,978	891,661	100.4%
EXPENDITURE SUMMARY										
General governmental administration	8,997,985	13,403,729	12,739,951	663,778	95.0%	9,576,752	14,146,779	13,736,999	409,780	97.1%
Judicial administration	3,229,121	4,745,147	4,656,463	88,684	98.1%	3,484,508	4,955,358	4,898,134	57,224	98.8%
Public safety	34,723,177	49,167,245	47,648,455	1,518,790	96.9%	36,507,418	51,417,147	50,652,259	764,888	98.5%
Public works	6,090,040	9,435,084	8,778,388	656,696	93.0%	6,637,062	9,698,700	9,500,100	198,600	98.0%
Human services	13,408,333	23,159,959	20,334,633	2,825,326	87.8%	13,870,484	23,671,627	22,160,140	1,511,487	93.6%
Parks, recreation and cultural	3,830,760	5,623,008	5,416,936	206,072	96.3%	4,035,593	5,842,424	5,756,046	86,378	98.5%
Community development	3,215,824	4,540,824	4,462,138	78,686	98.3%	3,411,841	4,774,411	4,633,009	141,402	97.0%
Education	48,966,476	73,091,040	69,460,297	3,630,743	95.0%	55,840,266	74,453,688	70,448,897	4,004,791	94.6%
Nondepartmental	-	745,382	-	745,382	-	-	1,306,300	816,300	490,000	62.5%
Total expenditures	122,461,716	183,911,418	173,497,261	10,414,157	94.3%	133,363,924	190,266,434	182,601,884	7,664,550	96.0%
Excess of expenditures over revenues	8,817,624	15,559,734	30,004,876	14,445,142	192.8%	1,434,175	17,001,883	25,558,094	8,556,211	150.3%
OTHER FINANCING USES										
Transfers out	18,017,194	25,318,749	23,595,558	1,723,191	93.2%	19,712,946	26,250,901	26,250,901	-	100.0%
Total other financing uses	18,017,194	25,318,749	23,595,558	1,723,191	93.2%	19,712,946	26,250,901	26,250,901	-	100.0%
Net change in fund balance	(9,199,570)	(9,759,015)	6,409,318	16,168,333	-65.7%	(18,278,771)	(9,249,018)	(692,807)	8,556,211	7.5%
Fund balances - beginning	44,234,130	44,234,130	44,234,130	-	100.0%	50,643,448	50,643,448	50,643,448	-	100.0%
Fund balances - ending	\$ 35,034,560	34,475,115	50,643,448	16,168,333	146.9%	\$ 32,364,677	41,394,430	49,950,641	8,556,211	120.7%

* Includes encumbrance and reappropriation estimate

COUNTY OF HANOVER, VIRGINIA
Public Utilities
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Nine Months Ended March 31, 2014 and 2015

	FY2014					FY2015				
	Nine Months Ended March 31, 2014	Twelve Months Ended June 30, 2014				Nine Months Ended March 31, 2015	Twelve Months Ended June 30, 2015			
	Actual*	Appropriated	Actual*	\$ Variance with Appropriated	% of Appropriated	Actual*	Appropriated	FY 2015 Projection	\$ Variance with Appropriated	% of Appropriated
REVENUES										
Operating revenues:										
Charges for services	\$ 13,945,073	21,985,105	22,239,494	254,389	101%	\$ 14,797,105	22,069,500	23,216,500	1,147,000	105%
Miscellaneous	252,057	175,000	355,770	180,770	203%	153,941	175,000	250,000	75,000	143%
Total operating revenues	14,197,130	22,160,105	22,595,264	435,159	102%	14,951,046	22,244,500	23,466,500	1,222,000	105%
Nonoperating revenues:										
Revenue from the Commonwealth	48,803	911,255	154,345	(756,910)		477,996	821,529	821,000	(529)	100%
Capacity fees - nonoperating	4,592,805	3,633,633	6,117,522	2,483,889	168%	3,578,659	4,000,000	4,700,000	700,000	118%
Interest income	86,717	100,000	110,332	10,332	110%	72,130	75,000	100,000	25,000	133%
Total nonoperating revenues	4,728,325	4,644,888	6,382,199	1,737,311	137%	4,128,785	4,896,529	5,621,000	724,471	115%
Capital contributions	3,085,058	-	3,486,989	3,486,989		1,330,896	-	1,600,000	1,600,000	
Total revenues	22,010,513	26,804,993	32,464,452	5,659,459	121%	20,410,727	27,141,029	30,687,500	3,546,471	113%
EXPENSES										
Operating expenses:										
Personal services	3,193,091	4,689,682	4,454,551	235,131	95%	3,240,025	4,723,054	4,571,364	151,690	97%
Fringe benefits	1,056,690	1,513,653	1,459,000	54,653	96%	1,125,994	1,607,935	1,539,245	68,690	96%
Contractual services	3,332,315	5,955,605	5,557,085	398,520	93%	3,387,597	5,977,299	5,878,810	98,489	98%
Internal services	1,465,468	1,465,468	1,465,468	-	100%	1,435,418	1,435,418	1,435,418	-	100%
Other charges	2,702,965	4,297,899	3,796,758	501,141	88%	2,524,204	4,373,651	4,007,391	366,260	92%
Total operating expenses	11,750,529	17,922,307	16,732,862	1,189,445	93%	11,713,238	18,117,357	17,432,228	685,129	96%
Nonoperating expenses:										
Senior debt	531,159	1,097,005	985,902	111,103	90%	375,149	1,034,725	1,034,725	-	100%
Total nonoperating expenses	531,159	1,097,005	985,902	111,103	90%	375,149	1,034,725	1,034,725	-	100%
Total expenses	12,281,688	19,019,312	17,718,764	1,300,548	93%	12,088,387	19,152,082	18,466,953	685,129	96%
CHANGE IN NET POSITION	9,728,825	7,785,681	5,759,503	6,960,007	74%	8,322,340	7,988,947	12,220,547	4,231,600	153%
Total net position - beginning	193,644,758	193,644,758	193,644,758	-	100%	199,404,262	199,404,262	199,404,262	-	100%
Total net position - ending	\$ 203,373,583	201,430,439	199,404,261	6,960,007	99%	\$ 207,726,602	207,393,209	211,624,809	4,231,600	102%

* Does not include depreciation expense which is reflected in the audited financial statements in accordance with generally accepted accounting principles.

COUNTY OF HANOVER, VIRGINIA

School Fund - School Board

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Nine Months Ended March 31, 2014 and 2015

	FY2014					FY2015				
	Nine Months Ended March 31, 2014	Twelve Months Ended June 30, 2014				Nine Months Ended March 31, 2015	Twelve Months Ended June 30, 2015			
		Actual	Appropriated	Actual	\$ Variance with Appropriated		% of Appropriated	Actual	Appropriated	Total Year Projection
REVENUES										
Revenue from local sources:										
Charges for services:										
Tuition and other charges for services	\$ 727,385	\$ 949,000	873,347	(75,653)	92%	\$ 712,033	818,564	820,000	1,436	100%
Total charges for services	727,385	949,000	873,347	(75,653)	109%	712,033	818,564	820,000	1,436	100%
Miscellaneous:										
Sale of assets		2,500	-	(2,500)		-	2,500	-	(2,500)	0%
Miscellaneous	459,427	945,692	534,342	(411,350)	57%	571,788	1,058,591	580,000	(478,591)	55%
Total miscellaneous revenue	459,427	948,192	534,342	(413,850)	56%	571,788	1,061,091	580,000	(481,091)	55%
Recovered costs:										
Recovered costs	72,348	783,000	226,869	(556,131)	29%	226,891	603,000	500,000	(103,000)	83%
Total recovered costs	72,348	783,000	226,869	(556,131)	29%	226,891	603,000	500,000	(103,000)	83%
Payments from primary government:										
General Fund	48,249,124	71,723,688	68,742,945	(2,980,743)	96%	55,840,266	74,453,688	70,448,897	(4,004,791)	95%
Total payments from primary government	48,249,124	71,723,688	68,742,945	(2,980,743)	96%	55,840,266	74,453,688	70,448,897	(4,004,791)	95%
Total revenue from local sources	49,508,284	74,403,880	70,377,503	(4,026,377)	95%	57,350,978	76,936,343	72,348,897	(4,587,446)	94%
Revenue from the Commonwealth:										
Non-categorical aid:										
Lottery proceeds and basic school aid	45,011,301	60,858,557	61,439,704	581,147	101%	49,109,752	67,113,650	66,100,900	(1,012,750)	98%
Total non-categorical aid	45,011,301	60,858,557	61,439,704	581,147	101%	49,109,752	67,113,650	66,100,900	(1,012,750)	98%
Categorical aid:										
Categorical aid programs	11,240,821	19,407,924	19,251,121	(156,803)	99%	11,533,144	19,845,924	19,645,777	(200,147)	99%
Total categorical aid	11,240,821	19,407,924	19,251,121	(156,803)	99%	11,533,144	19,845,924	19,645,777	(200,147)	99%
Total revenue from the Commonwealth	56,252,122	80,266,481	80,690,825	424,344	101%	60,642,896	86,959,574	85,746,677	(1,212,897)	99%
Revenue from the Federal government:										
Categorical aid:										
Department of Education	2,577,438	7,717,194	6,569,366	(1,147,828)	85%	1,740,318	8,029,222	6,702,700	(1,326,522)	
Total revenue from the Federal government	2,577,438	7,717,194	6,569,366	(1,147,828)	85%	1,740,318	8,029,222	6,702,700	(1,326,522)	83%
Total revenues	108,337,844	162,387,555	157,637,694	(4,749,861)	97%	119,734,192	171,925,139	164,798,274	(7,126,865)	96%
EXPENDITURES										
Education:										
General support	5,830,458	8,872,255	8,583,220	289,035	97%	6,481,639	9,817,879	8,800,000	1,017,879	90%
Pupil transportation	5,249,467	8,184,476	7,980,471	204,005	98%	5,439,974	8,389,732	8,003,000	386,732	95%
Operations and maintenance	8,503,050	12,360,669	11,737,729	622,940	95%	8,858,327	12,050,445	12,000,000	50,445	100%
Instruction	81,778,618	132,923,910	128,419,499	4,504,411	97%	86,463,415	141,233,533	135,800,000	5,433,533	96%
Facilities	1,225,414	2,169,591	1,435,376	734,215	66%	1,373,886	2,020,676	1,800,000	220,676	89%
Total education	102,587,007	164,510,901	158,156,295	6,354,606	96%	108,617,241	173,512,265	166,403,000	7,109,265	96%
Net change in fund balance	5,750,837	(2,123,346)	(518,601)	1,604,745	24%	11,116,951	(1,587,126)	(1,604,726)	17,600	101%
Fund balance - beginning	2,123,327	2,123,346	2,123,327	(19)	100%	1,604,726	1,587,126	1,604,726	(17,600)	101%
Fund balance - ending	7,874,164	\$ -	1,604,726	1,604,726		\$ 12,721,677	-	-	-	