

## County of Spotsylvania

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### MEMORANDUM

**TO:** Board of Supervisors

**CC:** Mark Taylor, County Administrator  
Mark Cole, Deputy County Administrator  
Ed Petrovitch, Deputy County Administrator  
Departmental Directors and Constitutional Officers

**FROM:** Bonnie Jewell, Budget Manager

**DATE:** October 3, 2017

**SUBJECT:** **Preliminary** FY 2017 End of Year Financial Report & FY 2017 Carryover Recommendations

Finance staff has completed its preliminary review of final FY 2017 General Fund revenue and expenditures. At the end of the third quarter, staff reported an estimated General Fund balance that exceeded required reserve levels by \$7.1 million. As a result of a \$0.4 million correction to the third quarter balance; revenue receipts and expenditure savings that were greater than anticipated at the end of the third quarter; and funding of reserves at the policy-required levels, **we now expect the fund balance to exceed required reserve levels by \$12.0 million.** This \$12.0 million is net of the carryover funding recommended for your approval and shown in Attachment 4.

#### Revenue

General Fund year-end revenue collections and transfers into the General Fund exceed the third quarter FY 2017 budget estimates by approximately \$4.1 million (1.6%). Attachment 2 details the budgeted and actual revenues for all funds. While Attachment 1 shows the projected change in each revenue, the bulk of the estimated excess is related to the increase/decrease of the following revenues:

General Fund Revenue	Expected Increase/(Decrease) (in millions)
Real Estate	\$1.4
Personal Property – current & delinquent	\$0.8
Recordation	\$0.4
Grantors Tax	\$0.2
DSS/CSA	\$0.2

<b>General Fund Revenue</b>	<b>Expected Increase/(Decrease) (in millions)</b>
Bank Stock	\$0.1
Motor Vehicle License Fees	\$0.1
Tax Relief (has offsetting expenses)	\$0.1
Insurance Recovery	\$0.1
Sales Tax	\$0.1
Penalties & Interest	\$0.1
Administrative Collection Fees	\$0.1
Recycling	\$0.1
Meals Tax	\$0.1
Refuse Disposal	\$0.1
Heavy Equipment	\$0.1
Water / Sewer Admin Fee	\$0.1
Public Service Corporation	(\$0.1)
Consumer Utility Tax	(\$0.1)
State Revenue from Comp Board	(\$0.1)
SAFER Grant	(\$0.2)
Miscellaneous Revenues	(\$0.1)
Transfers in from Other Funds	\$0.5
<b>Total Net Revenue/Transfer Increase</b>	<b>+\$4.1 million</b>

### Expenditures

Attachment 3 shows both budgeted and actual FY 2017 expenditures for all funds. Overall, General Fund expenditures are expected to be \$1.2 million (0.5%) less than estimated for the third quarter report. Savings in actual expenditures compared to third quarter projections are summarized in the table below:

<b>General Fund Expenditures – net of carryover</b>	<b>Expected Increase/(Decrease) (in millions)</b>
Turnover of Personnel – Health Insurance	\$1.1
Other Personnel Changes	\$0.4
Contingency Savings	\$0.2
DSS/CSA	(\$0.2)
Transfers out to Other Funds	(\$0.2)
Tax Relief (has offsetting revenue)	(\$0.1)
<b>Total Net Expenditure/Transfer Savings</b>	<b>+\$1.2 million</b>

Note that the health insurance budget savings is net of a \$0.6 million plan deficit. In other words, employee and employer contributions to the plan were \$0.6 million short of claims. That \$0.6 million shortfall was covered with savings in the budget for health insurance which stemmed from vacant positions and plan elections. After covering the shortfall, the remaining health insurance budget savings is \$1.1 million. The “Other Personnel Changes” line shown above comes from vacancies and other turnover savings. For the past few years, staff has been adjusting the personnel budgets of the larger departments in an attempt to reduce the year-

end savings resulting from vacancies and health insurance plan choices. We will continue to review this and make budget adjustments/reductions to address this as part of the annual budget process.

### **General Fund Balance Summary**

We projected the FY 2017 undesignated General Fund balance at \$7.1 million at the time of the third quarter report. When we:

- correct the third quarter fund balance projection to \$7.5 million;
- add the \$4.1 million in additional revenue and transfers in for FY 2017;
- add the \$1.2 million in expenditures savings for FY 2017;
- subtract the \$0.2 million additional use of fund balance approved the by Board and budgeted for FY 2018; and
- subtract the \$0.6 million policy-level increase in reserves;

we expect to end FY 2017 with fully funded reserves and an undesignated General Fund balance of \$12.0 million as shown on Attachment 1.

### **Budget Adjustments Greater than \$50,000 Between Departments**

The budget amendment policy requires that we report to the Board each quarter the budget transfers completed during the quarter that were greater than \$50,000 occurring between departments. Attachment 4 shows the transfers of \$50,000 or more between departments occurring during the fourth quarter of FY 2017. All transfers between capital projects, regardless of the amount, are reported to the Board as part of the quarterly reports on capital projects which are sent to the Board in a separate communication and which are posted to the County's website.

### **Recommendations**

Staff recommends that the Board approve the attached carryover requests (Attachment 5) and related appropriation (Attachment 6). Carryover requests recommended for approval total \$3.4 million for all funds, excluding Schools funds. Once the audit is complete in November, Schools' staff will submit their request to the Board of Supervisors to carryover unspent FY 2017 local funding.