

## County of Spotsylvania

Finance Department  
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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 9, 2018

**SUBJECT:** **Preliminary** FY 2018 End of Year Financial Report & FY 2018 Carryover Recommendations

Finance staff has completed its preliminary review of final FY 2018 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 \$5.5 million. As a result of 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 \$8.0 million.** This \$8.0 million is net of the carryover funding recommended for your approval and shown in Attachment 5.

#### Revenue

General Fund year-end revenue collections and transfers into the General Fund exceed the third quarter FY 2018 budget estimates by approximately \$2.0 million (0.8%). Attachment 2 details the budgeted and actual revenues for all funds. While Attachment 2 shows the projected change in each revenue, the bulk of the estimated excess is related to the increase/decrease of the following actual revenues relative to third quarter projections:

General Fund Revenue	Expected Increase/(Decrease) (in millions)
DSS/CSA	\$1.6
Real Estate	\$1.2
Water/Sewer General Fund Admin Fees	\$0.3
Miscellaneous	\$0.3
Forfeiture/Seizure	\$0.2
Utility Gross Receipts Tax	\$0.2

<b>General Fund Revenue</b>	<b>Expected Increase/(Decrease) (in millions)</b>
Sales Tax	\$0.2
Bank Stock	\$0.2
Refuse Disposal Fees	\$0.1
Administrative Collection Fees	\$0.1
Recycling Revenue	\$0.1
Meals Tax	\$0.1
Business License	\$0.1
Penalties & Interest	(\$0.1)
Vehicle License Fees	(\$0.1)
Four For Life – State Revenue for F/R	(\$0.1)
Consumer Utility Tax	(\$0.1)
Delinquent/Deferred Real Estate	(\$0.2)
Compensation Board – State Revenue	(\$0.2)
Interest Earnings	(\$0.2)
Personal Property	(\$0.7)
Grants – Various	(\$0.8)
Transfers in from Other Funds	(\$0.2)
<b>Total Net Revenue/Transfer Increase</b>	<b>+\$2.0 million</b>

### Expenditures

Attachment 3 shows both budgeted and actual FY 2018 expenditures for all funds. Overall, General Fund expenditures are expected to be \$0.5 million (0.2%) 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 Savings – net of carryover</b>	<b>Expected Increase/(Decrease) (in millions)</b>
Personnel – Active Health Insurance	\$0.8
Personnel – Retiree Health Insurance	(\$0.1)
Other Personnel Changes	\$0.1
Miscellaneous	\$0.3
Building & Grounds	\$0.1
Treasurer	\$0.1
Maintenance	(\$0.1)
Tax Relief (has offsetting revenue)	(\$0.1)
Sheriff	(\$0.1)
DSS/CSA	(\$0.7)
Transfers out to Other Funds	\$0.2
<b>Total Net Expenditure/Transfer Savings</b>	<b>+\$0.5 million</b>

Total health insurance budget savings is \$0.7 million. The “Other Personnel Changes” line shown above comes from vacancies and other turnover savings. For the past few years – and particularly for FY 2019 - 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 as part of the annual budget process. Additionally, Finance staff is reviewing employee/employer contribution levels and will determine what recommendations, if any, will be made for changes in health insurance premium rates for the FY 2020 Budget process.

### **General Fund Balance Summary**

We projected the FY 2018 undesignated General Fund balance at \$5.5 million at the time of the third quarter report. When we:

- add the \$2.0 million in additional revenue and transfers in for FY 2018; and
- add the \$0.5 million in expenditures savings for FY 2018;

we expect to end FY 2018 with fully funded reserves and an undesignated General Fund balance of \$8.0 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 2018. 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 \$2.7 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 2018 local funding.