



Chesterfield County, Virginia Internal Audit

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GREG L AKERS
Director

DATE: October 19, 2017

TO: Joseph P. Casey, Ph.D.
County Administrator
James F. Lane, Ed.D.
School Superintendent

FROM: Greg Akers, Director of Internal Audit

A handwritten signature in blue ink, appearing to read "Greg".

SUBJECT: Fiscal Year 2016 Comparative Report of Local Government Revenues and Expenditures

All Virginia counties, cities, and certain towns are required to provide financial information to the Virginia Auditor of Public Accounts (APA) annually for preparation of the Comparative Report of Local Government Revenues and Expenditures, in accordance with Section 15.2-2510 of the *Code of Virginia*.

The Internal Audit Department annually evaluates and summarizes selected financial data reported in the APA's Comparative Report. Our analysis compares key revenue, cost, and demographic factors reported for localities with a population over 100,000. We share this analysis with County and School management for reference and continued analysis of possible improvement opportunities.

We believe our analysis provides an objective summary of information from the APA's report. However, as required by Government Auditing Standards (2011 Revision) section 2.12 issued by the U.S. Government Accountability Office, we must communicate this evaluation does not constitute an audit conducted in accordance with generally accepted government auditing standards (GAGAS). Please contact us if you have any questions or recommendations to improve our analysis.

Copy: Lou Lassiter, Deputy County Administrator for Finance and Administration
Sarah Snead, Deputy County Administrator for Human Services
William Dupler, Deputy County Administrator for Community Development
Scott Zaremba, Deputy County Administrator
Alan Carmody, Finance Director
Patsy Brown, Director of Accounting
Donald Fairheart, Chief of Staff, Schools
Christina Berta, Chief Financial Officer, Schools
Audit and Finance Committee

FY2016 ANALYSIS SUMMARY

The APA's FY2016 Comparative Report, available on the [APA's website](#), provides comparative information for Virginia localities through the following exhibits:

- General Government (Exhibit A)
- Local Revenue (Exhibit B, with detail at B-1 and B-2)
- Maintenance and Operation Expenditures (Exhibit C, with detail at C-1 through C-8)
- Capital Projects (Exhibit D)
- Debt Service (Exhibit E)
- Enterprise Activities (Exhibit F)
- Outstanding Debt (Exhibit G)
- Demographic and Tax Data (Exhibit H)

We compared certain revenue, cost, and demographic factors for the 17 localities with populations over 100,000. However, much of our analysis only shows comparative data for 16 of these localities, since there was no financial data reported for the City of Richmond.

Chesterfield's Rankings

The schedule below lists Chesterfield's rankings for fiscal years 2016 and 2015 among the localities with populations over 100,000. A lower comparative cost results in a lower rank (i.e. 1). Chesterfield has stayed the same or had positive changes in most categories. Chesterfield continues to maintain comparatively low cost (i.e. *ranked among the 3 lowest cost localities in both years*) for the categories highlighted in yellow below.

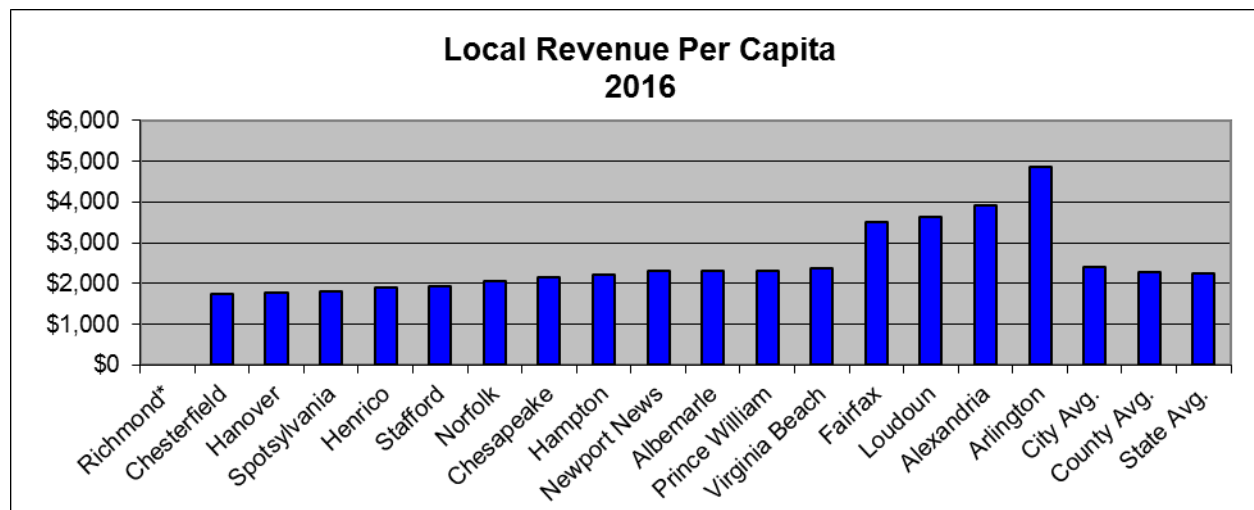
CATEGORY	RANKING*	
	2016	2015
1. LOCAL REVENUE PER CAPITA	1	1
2. OPERATING COST PER CAPITA	1	1
a. GENERAL GOVERNMENT ADMINISTRATION COST PER CAPITA	2	5
b. JUDICIAL COST PER CAPITA	9	7
c. PUBLIC SAFETY COST PER CAPITA	6	7
d. PUBLIC WORKS COST PER CAPITA	2	2
e. HEALTH & WELFARE COST PER CAPITA	7	6
f. EDUCATION COST PER CAPITA	7	5
g. EDUCATION COST PER STUDENT	1	1
h. PARKS & RECREATION COST PER CAPITA	1	1
i. COMMUNITY DEVELOPMENT COST PER CAPITA	3	5
3. OPERATING COST PER CAPITA WITHOUT SCHOOLS	3	3
4. GENERAL GOVERNMENT CAPITAL PROJECTS COST PER CAPITA	5	8
5. GENERAL GOVERNMENT DEBT SERVICE COST PER CAPITA	4	3
6. BALANCE OF NET DEBT PER CAPITA	3	3

*The 2016 and 2015 Comparative Reports only have financial data for 16 localities with populations over 100,000, as the City of Richmond did not meet the reporting deadline.

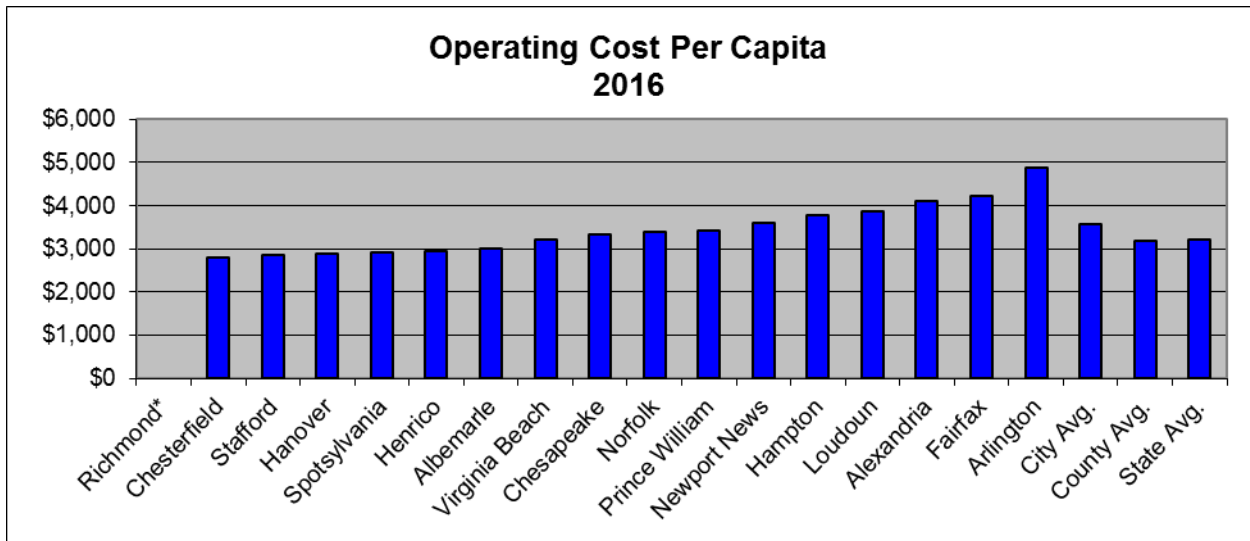
As the APA notes, their “report provides a uniform presentation of fiscal information; however, we caution users not to base conclusions solely on this report's data.” As with any rankings of local governments that simply take numerators and denominators to create a ratio, there should not be an over-reliance on any ranking as an indicator of efficiency or performance without also knowing the comparability and scope of services amongst those entities being ranked. While the APA attempts to provide an overall and consistent manner by which to compare all Virginia localities, there is no narrative analysis from the APA. For example, while per capita costs rankings appear to illustrate positive results, some of these are the result of our high population in the denominator or services that our County does not provide that are performed by some other localities (e.g., road construction and maintenance). There also is not an absolute correlation between low per capita costs and low tax burden for residents or businesses, as the impact of the commercial tax base or grant-funded programs also can vary amongst localities. Therefore, while it is important for us to review and utilize the APA and other such rankings to gauge where the County stands on certain attributes, it is more important for us to further analyze the variability amongst those we compare ourselves to and most importantly to ensure that we strive to provide our own defined services at a low cost and low tax burden.

Comparative Charts—Revenue and Expenditure Data:

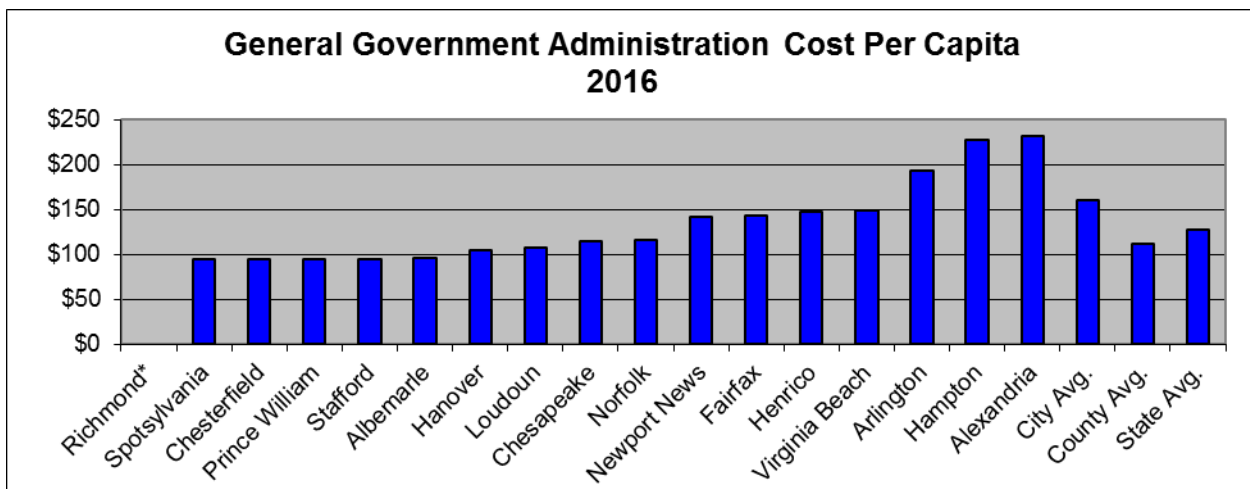
The charts below were derived from revenue and expenditure data per the APA’s Comparative Report Exhibits and illustrate Chesterfield’s relative position among the localities with populations over 100,000.



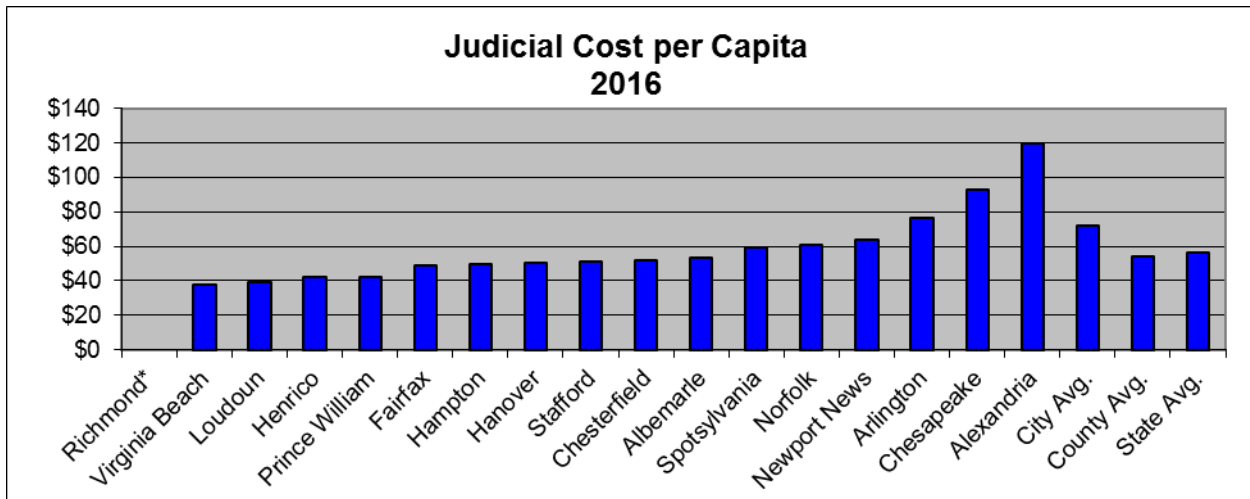
General Government Local Revenues including: General Property Taxes, Other Local Taxes, Permits, Privilege Fees, and Regulatory Licenses, Fines and Forfeitures, Charges for Services, Revenue from Use of Money and Property, and Miscellaneous.



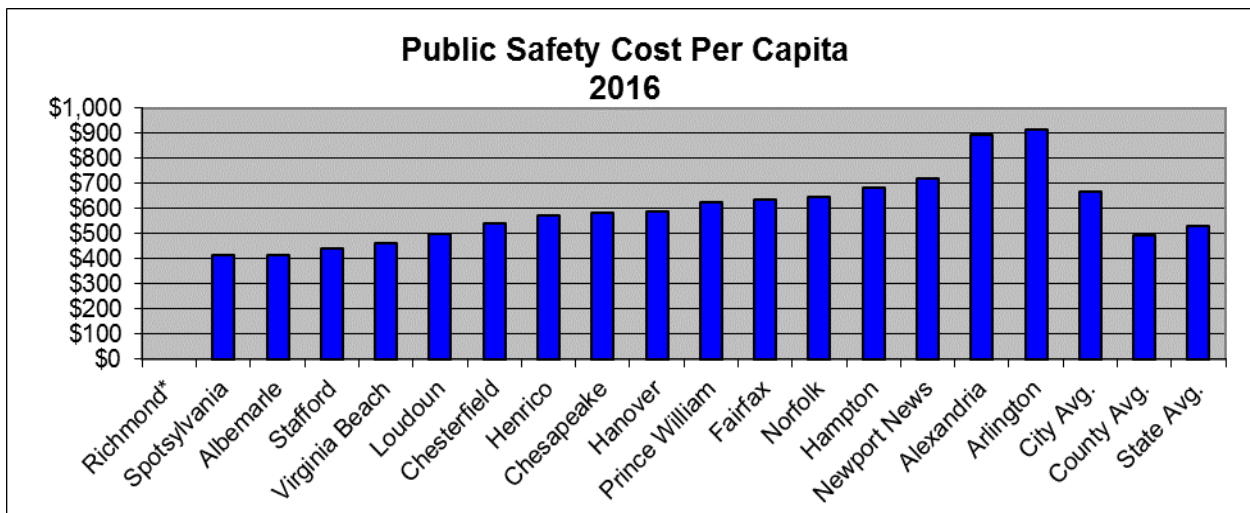
General Government Maintenance and Operations Expenditures including: General Government Administration, Judicial Administration, Public Safety, Public Works, Health and Welfare, Education, Parks, Recreation, and Cultural, Community Development. Individual charts follow for each of these categories.



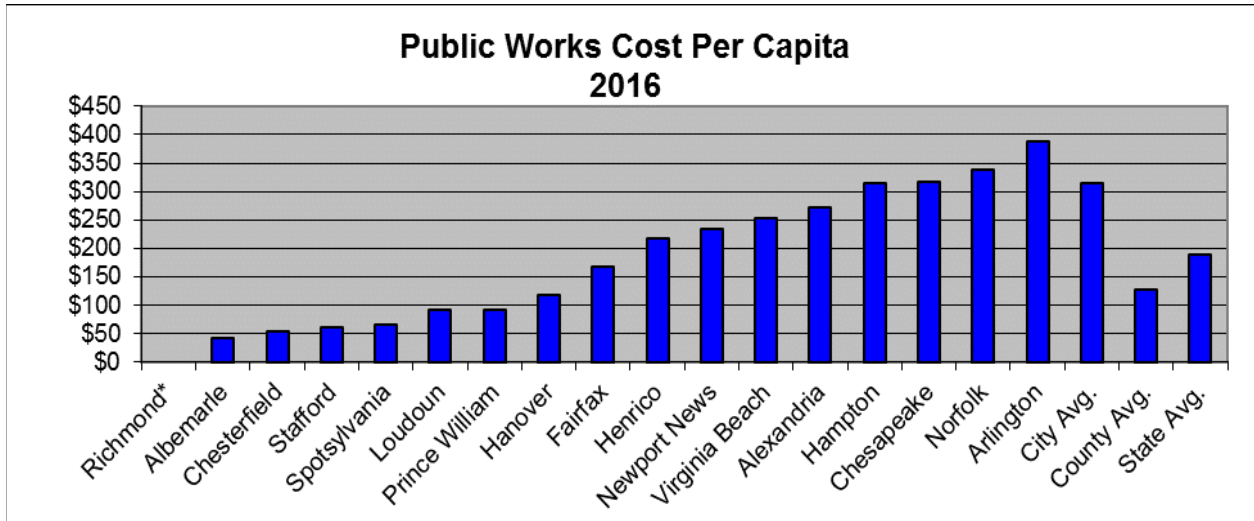
General Government Administration Expenditures including: Legislative, General and Financial Administration, and Board of Elections.



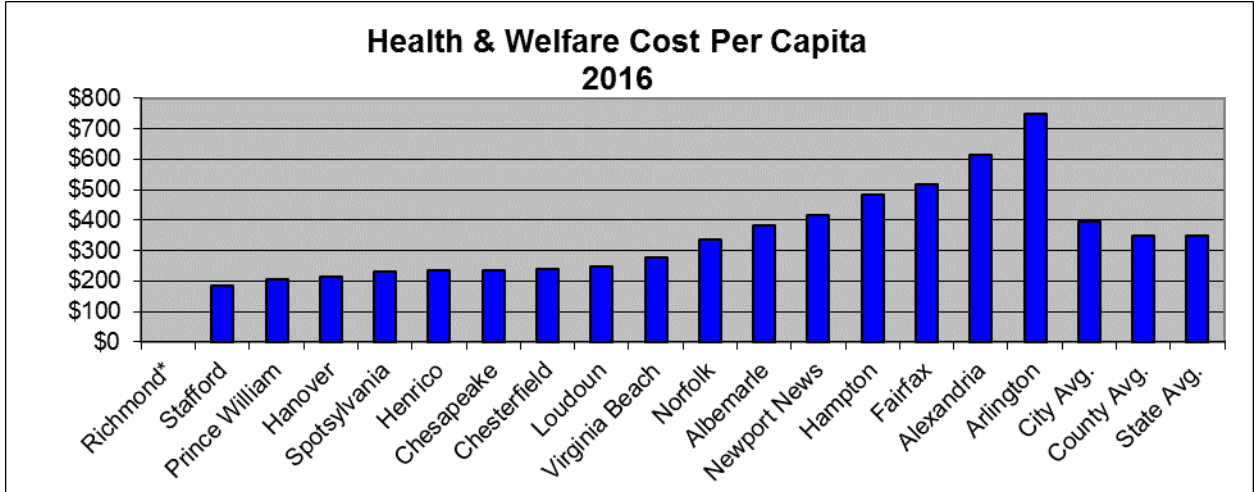
Judicial Administration Expenditures including: Courts and Commonwealth's Attorney.



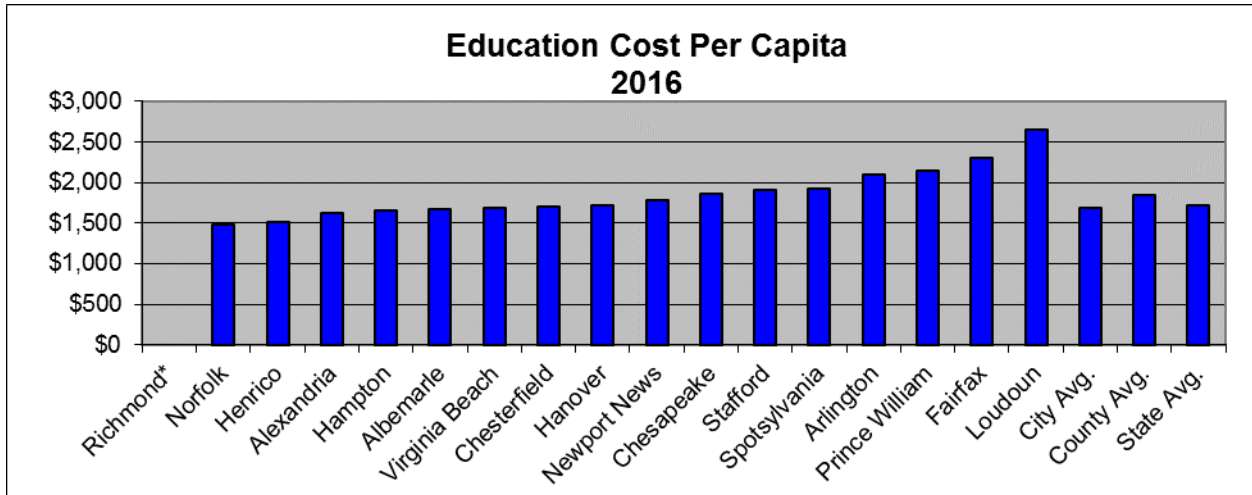
Public Safety Expenditures including: Law Enforcement and Traffic Control, Fire and Rescue Services, Correction and Detention, Inspections, and Other Protection.



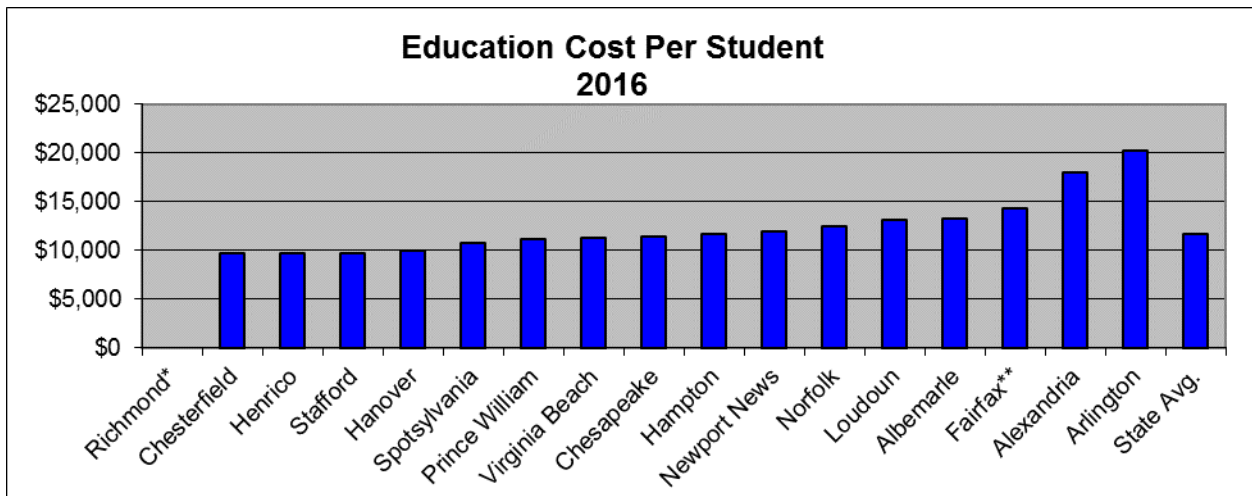
Public Works Expenditures including: Maintenance of Highways, Streets, Bridges, and Sidewalks, Sanitation and Waste Removal, and Maintenance of General Buildings and Grounds.



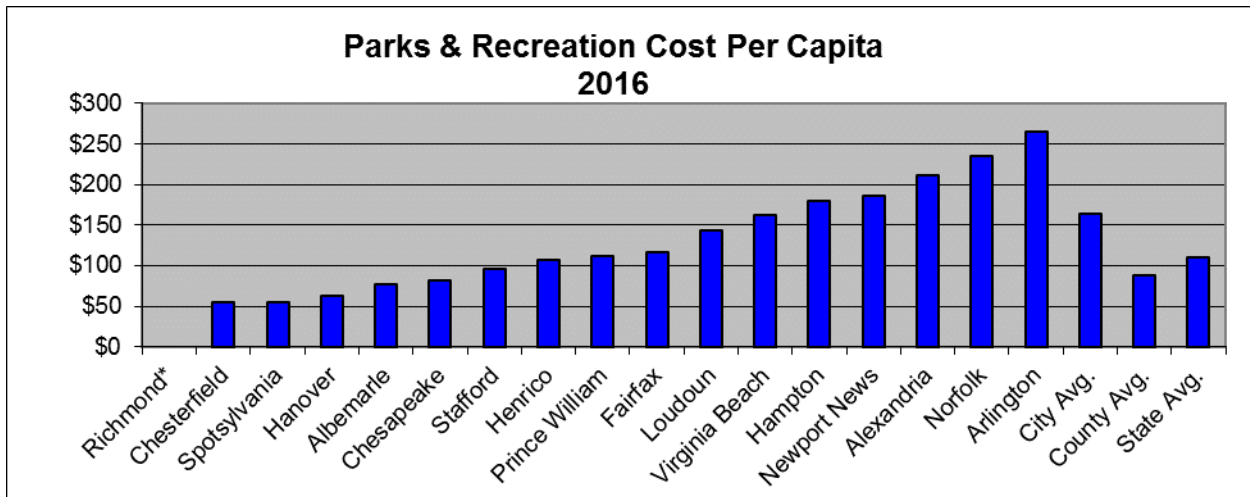
Health and Welfare Expenditures including: Health, Mental Health and Mental Retardation, and Welfare/Social Services.



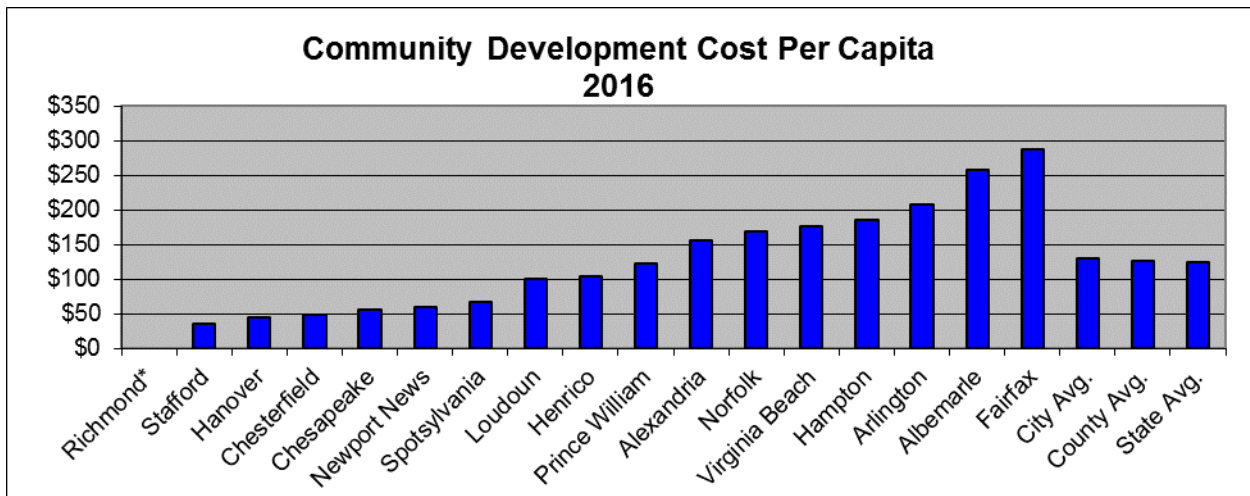
Education Expenditures including: Elementary, Secondary, Other Education, and Contributions to Community Colleges.



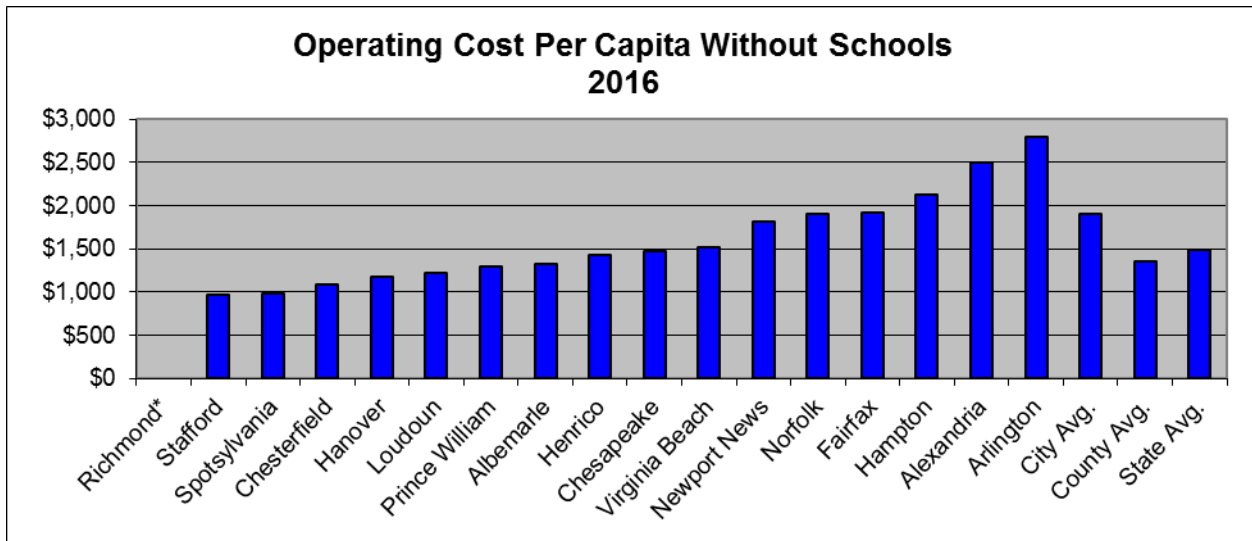
Education Expenditures, including Elementary, Secondary, Other Education, and Contributions to Community Colleges, averaged on student membership per State Superintendent of Public Instruction's 2015-2016 annual report.



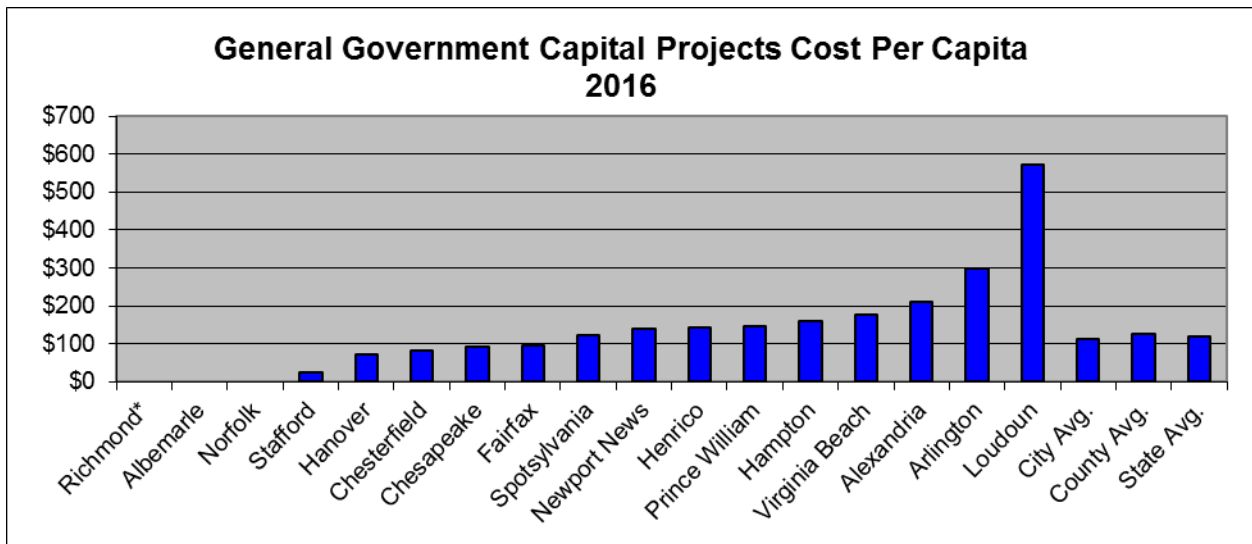
Parks, Recreation, and Cultural Expenditures including: Parks and Recreation, Cultural Enrichment, and Public Libraries.



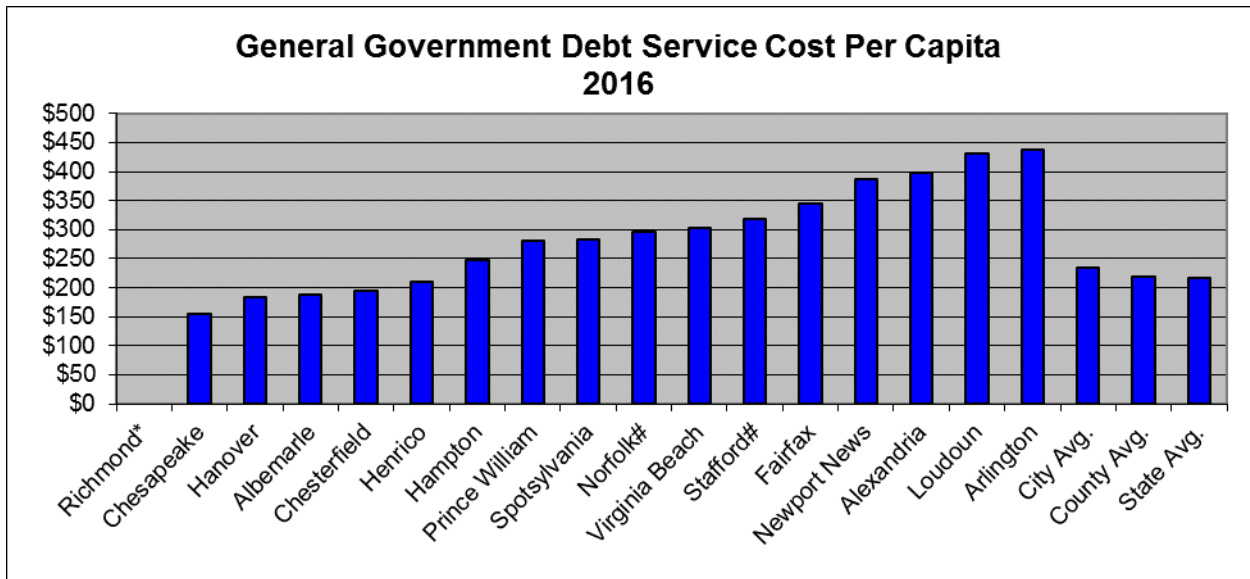
Community Development Expenditures including: Planning and Community Development, Environmental Management, and Cooperative Extension Program.



General Government Maintenance and Operations Expenditures including: General Government Administration, Judicial Administration, Public Safety, Public Works, Health and Welfare, Parks, Recreation, and Cultural, Community Development.

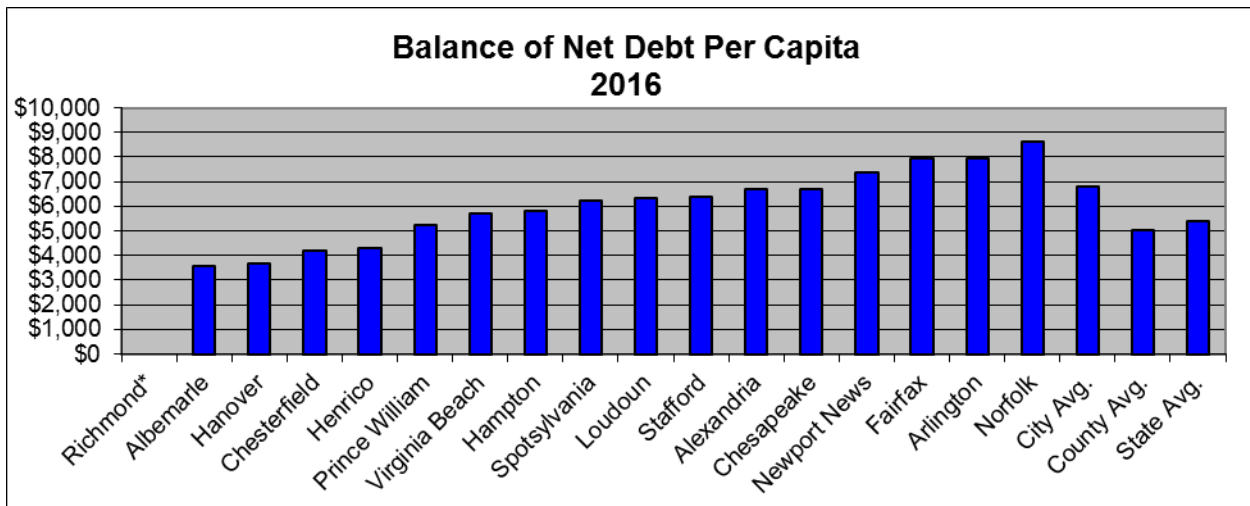


Transfers to General Government Capital Projects.



Transfers to General Government Debt Service.

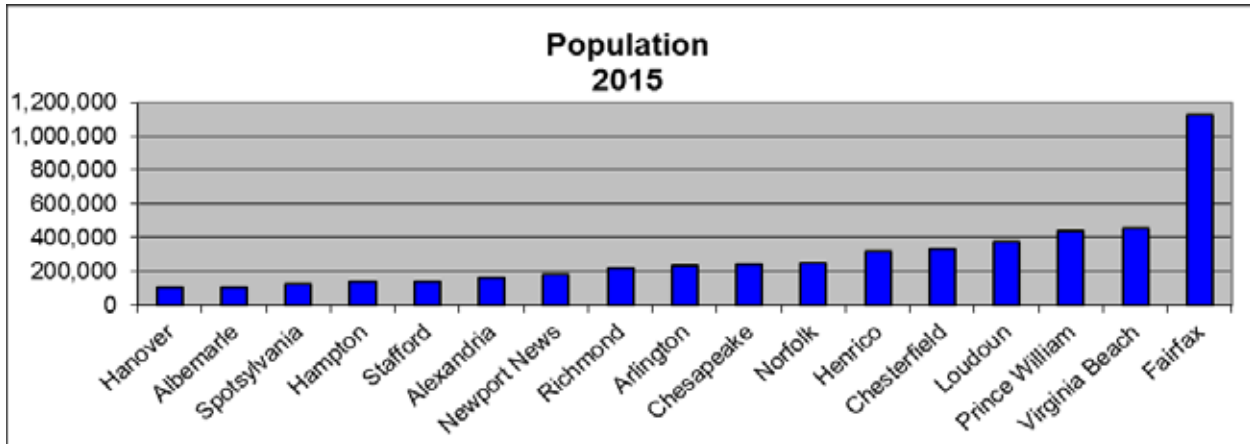
#No data reported for this category by the locality. For internal comparative purposes, we estimated using other Comparative Report data.



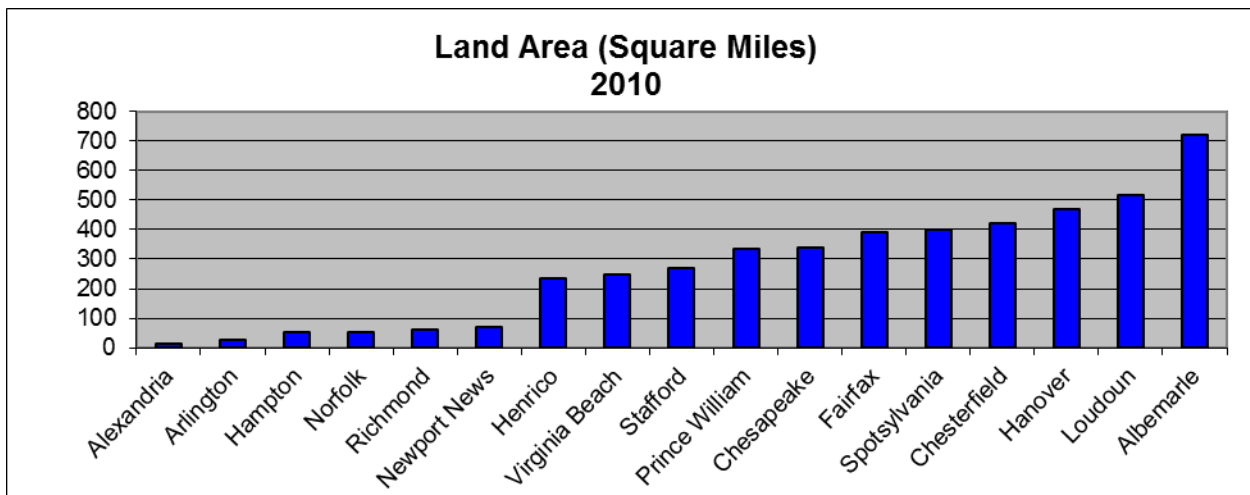
The total gross debt less the funds restricted (for payment of indebtedness) at the end of the reported fiscal year. This represents the amount required to fund the outstanding balance of indebtedness of the reporting government.

Comparative Charts—Demographic and Tax Data:

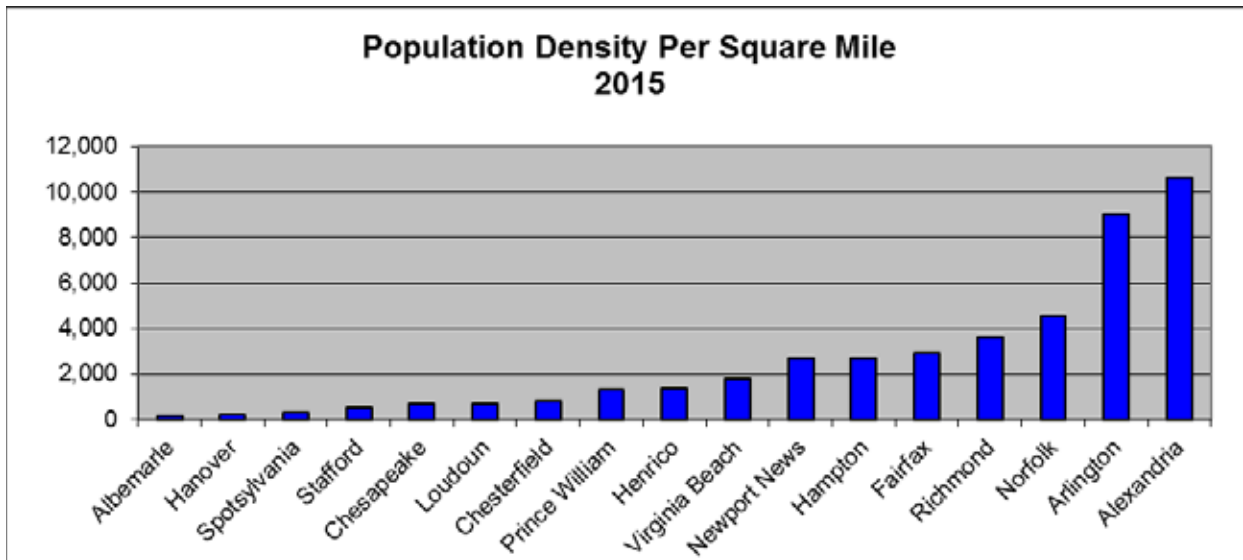
The charts below were derived from demographic and tax data per the APA’s Comparative Report Exhibit H and illustrate Chesterfield’s relative position among the localities with populations over 100,000. Notes to the Comparative Report provided the source information listed below each chart.



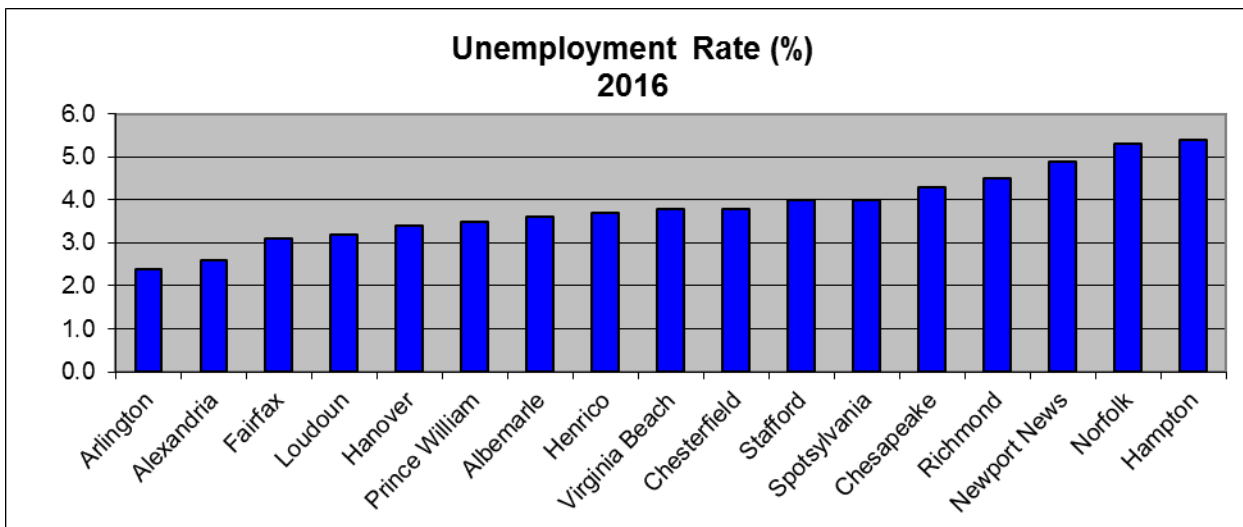
Source: University of Virginia’s Weldon Cooper Center for Public Service’s July 1, 2015 provisional estimates (start of FY2016).



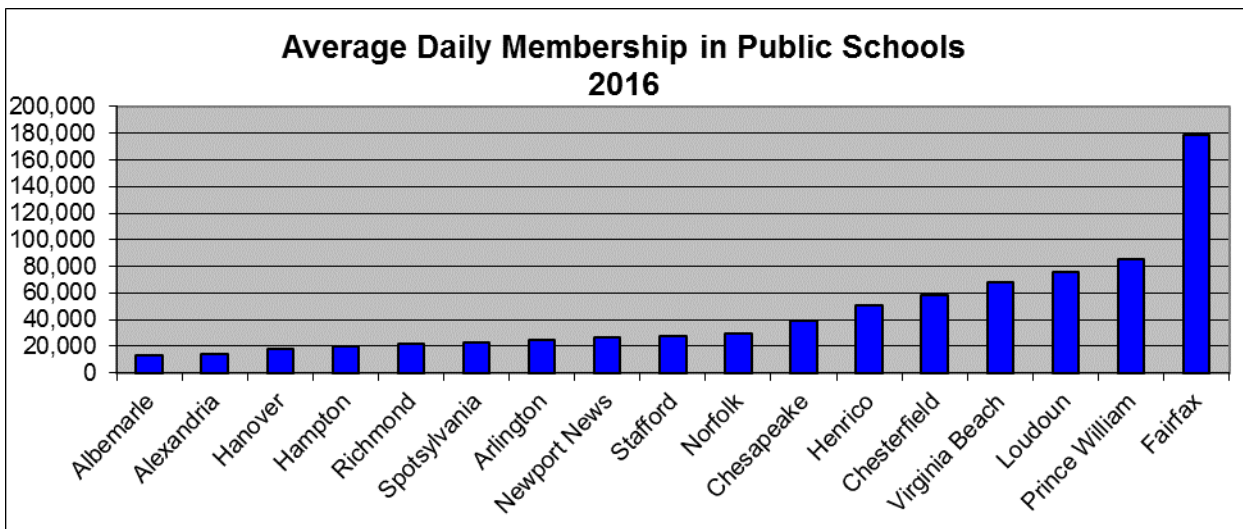
Source: U.S. Census Bureau, 2010 Census.



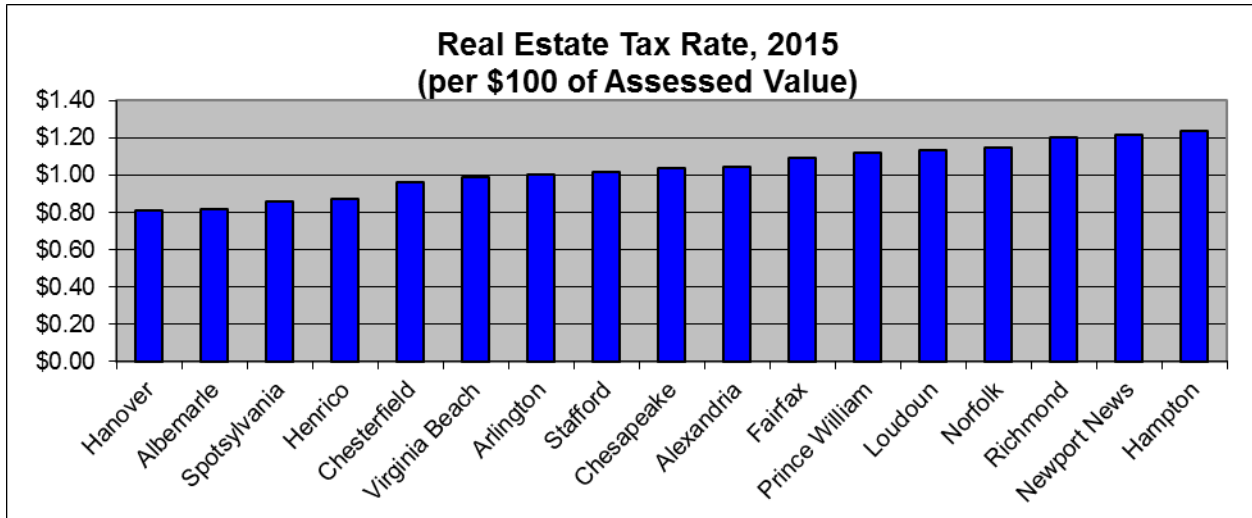
Population divided by land area.



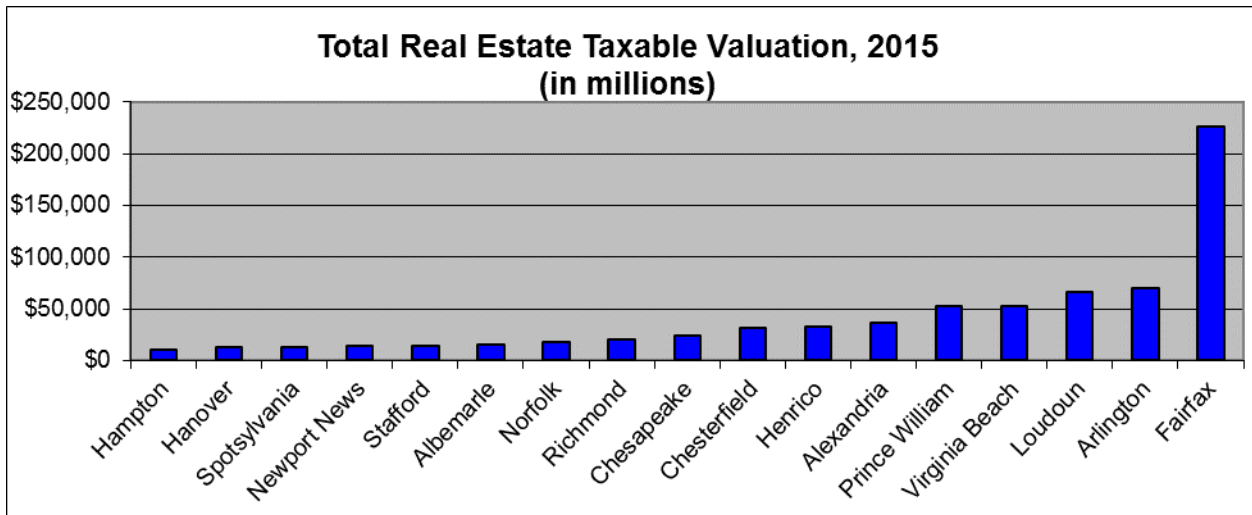
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.



Source: State Superintendent of Public Instruction's annual report.



Source: *Virginia Local Tax Rates*, prepared by the University of Virginia's Weldon Cooper Center for Public Service.



Source: Department of Taxation's fiscal year 2016 Annual Report.