




Chesterfield County, Virginia Internal Audit

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DATE: June 19, 2020

TO: Joseph P. Casey, Ph.D. Chesterfield County
County Administrator Board of Supervisors

Mervin B. Daugherty, Ed.D. Chesterfield County
School Superintendent School Board

FROM: Khara L. Durden, CPA, CISA, CFE 
Director of Internal Audit

SUBJECT: FY19 Comparative Report of Local Government Revenues and Expenditures Analysis

BACKGROUND

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

OBJECTIVES, SCOPE, AND METHODOLOGY

Annually, Internal Audit evaluates and summarizes certain APA Comparative Report information. We share results with County and School management for reference and continued analysis of possible improvement opportunities. Our report compares key revenue, cost, and demographic data for selected localities. We evaluate and summarize the top 10 populated localities, which maintains our relative peer group and includes all localities with populations over 200,000.

We believe our analysis provides an objective summary of information from the APA's Comparative Report. However, 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: Matt Harris, Deputy County Administrator, Finance and Administration
Sarah Sned, Deputy County Administrator, Human Services
Jesse Smith, Deputy County Administrator, Community Development
Scott Zaremba, Deputy County Administrator, Community Operations
Donna Arrington, Director of Accounting
Andrea Peeks, Director of Budget and Management
Dr. Thomas Taylor, Deputy Superintendent, Schools
Bob Meister, Chief Finance Officer, Schools
Josh Davis, Chief Operations Officer, Schools

RESULTS SUMMARY

The APA's FY19 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 data for the top 10 populated localities, which includes all localities with populations over 200,000.

Chesterfield's Rankings

The schedule below lists Chesterfield's rankings for fiscal years 2019 and 2018 among the top 10 populated localities in the state. A lower comparative cost results in a lower rank (i.e. 1). Chesterfield has stayed the same in most categories with a few small changes in rankings. 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.

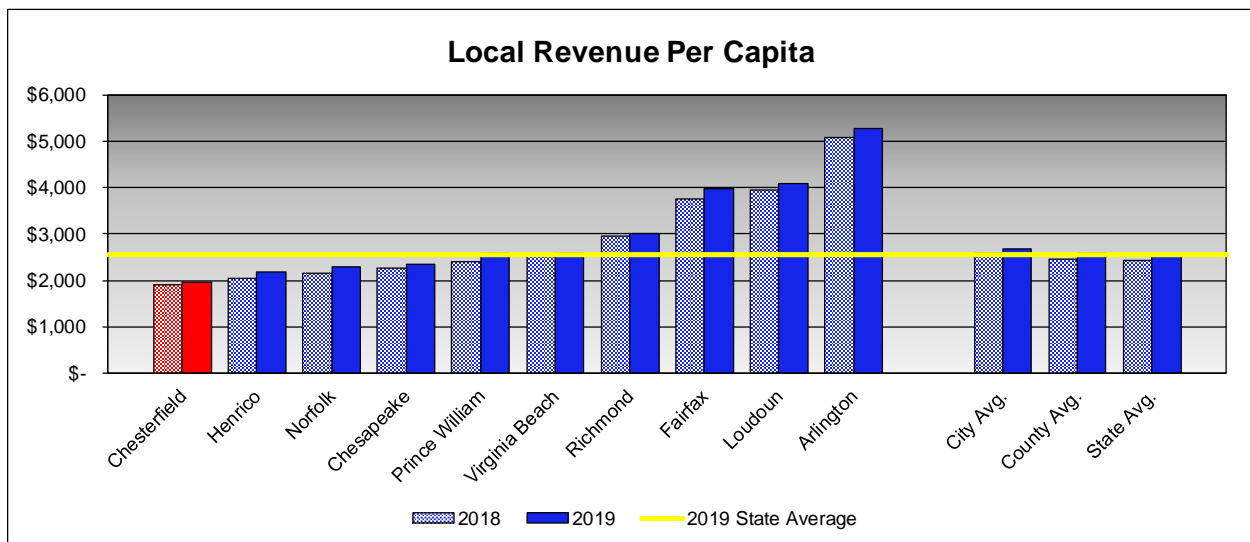
CATEGORY	RANKING	
	2019	2018
1. LOCAL REVENUE PER CAPITA	1	1
2. OPERATING COST PER CAPITA	1	1
a. GENERAL GOVERNMENT ADMINISTRATION COST PER CAPITA	1	2
b. JUDICIAL ADMINISTRATION COST PER CAPITA	6	6
c. PUBLIC SAFETY COST PER CAPITA	3	3
d. PUBLIC WORKS COST PER CAPITA	1	1
e. HEALTH & HUMAN SERVICES COST PER CAPITA	4	5
f. EDUCATION COST PER CAPITA	5	4
g. EDUCATION COST PER STUDENT	1	1
h. PARKS, RECREATION, & CULTURAL COST PER CAPITA	1	1
i. COMMUNITY DEVELOPMENT COST PER CAPITA	1	2
3. OPERATING COST PER CAPITA WITHOUT SCHOOLS	1	1
4. GENERAL GOVERNMENT CAPITAL PROJECTS COST PER CAPITA	5	4
5. GENERAL GOVERNMENT DEBT SERVICE COST PER CAPITA	2	2
6. BALANCE OF NET DEBT PER CAPITA	1	1

APA notes that their “report provides a uniform presentation of fiscal information; however, we caution users not to base conclusions solely on this report's data.” 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. Localities may offer different service levels or account for certain items in different ways. Therefore, further analysis may be needed to make informed management decisions.

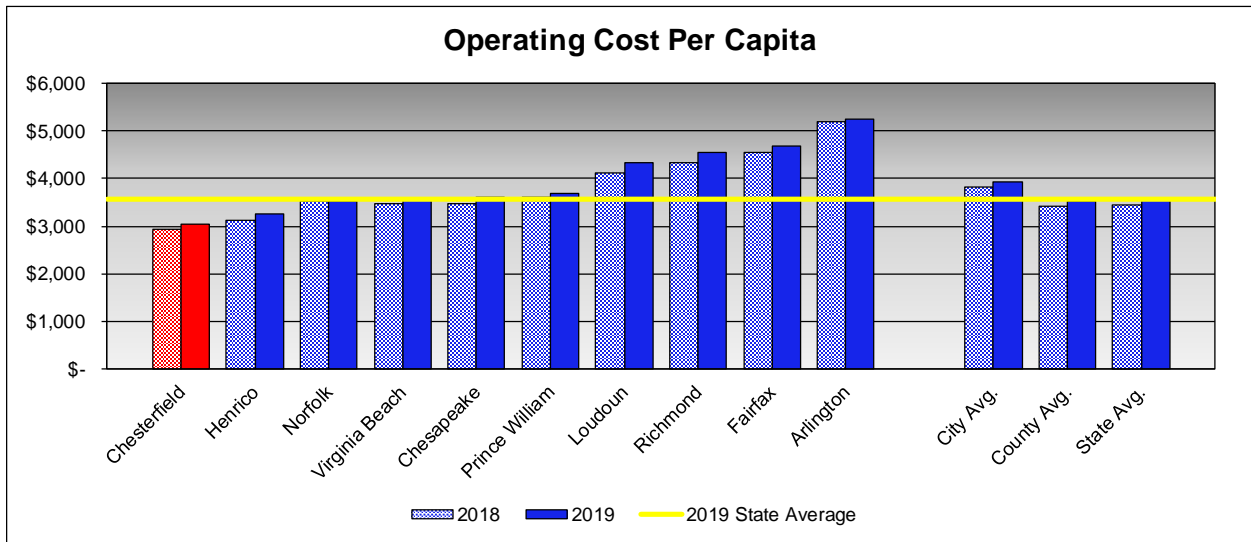
COMPARATIVE CHARTS BY CATEGORY

Revenue and Expenditure Data:

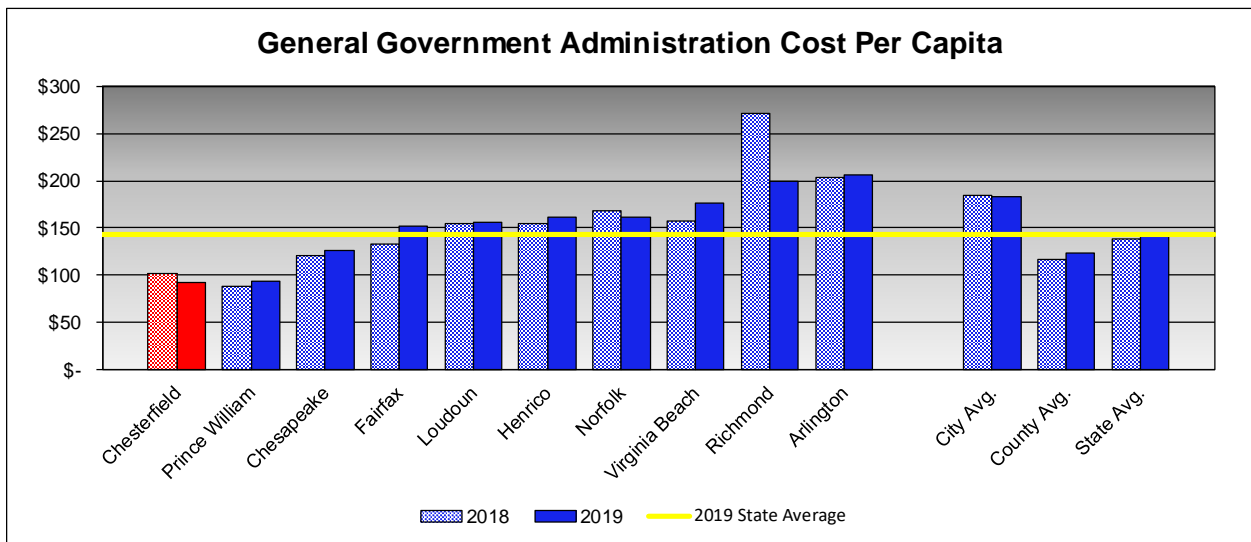
The charts below were derived from revenue and expenditure data per the APA’s 2019 and 2018 Comparative Reports' Exhibits and illustrate Chesterfield’s relative position among the top 10 populated localities in the state. Chesterfield is highlighted in red for easy identification, and the current statewide average is indicated by the horizontal yellow line for easy comparison.



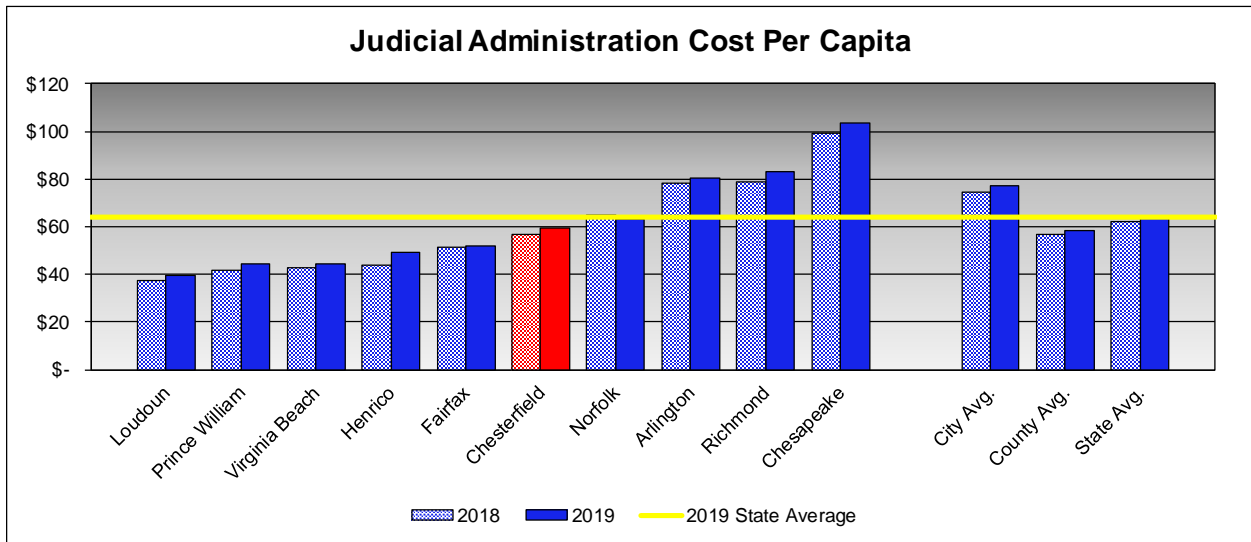
General Government Local Revenues including: General Property Taxes, Other Local Taxes, Permits, Privilege Fees, Regulatory Licenses, Fines and Forfeitures, Charges for Service, Revenue from Use of Money and Property, and Miscellaneous.



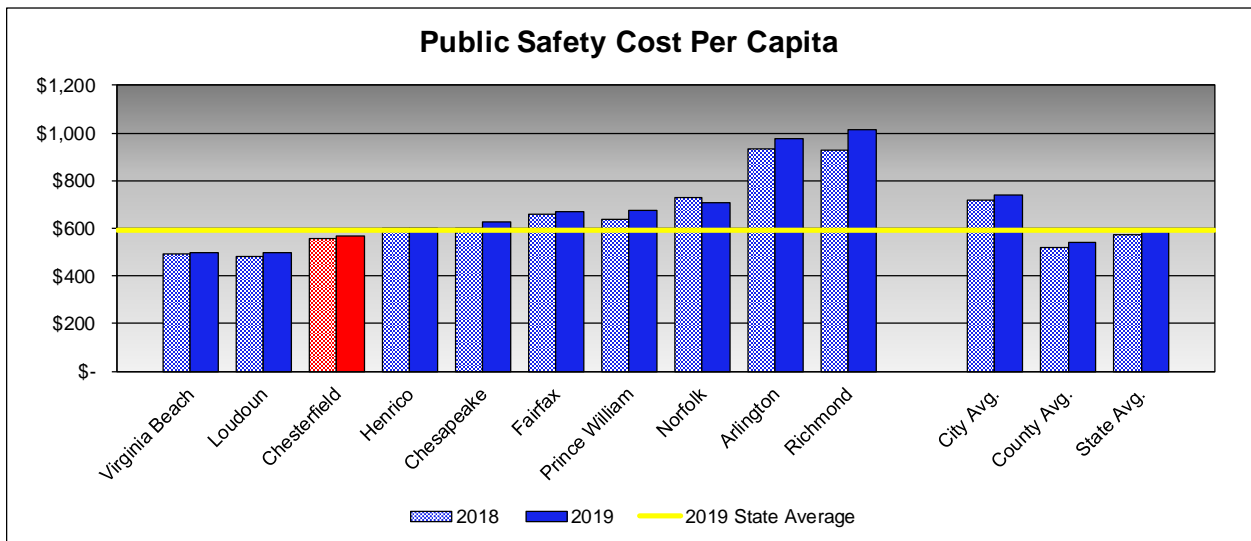
General Government Maintenance and Operation Expenditures including: General Government Administration; Judicial Administration; Public Safety; Public Works; Health & Human Services; Education; Parks, Recreation, & Cultural; and Community Development. Individual charts follow for each of these categories.



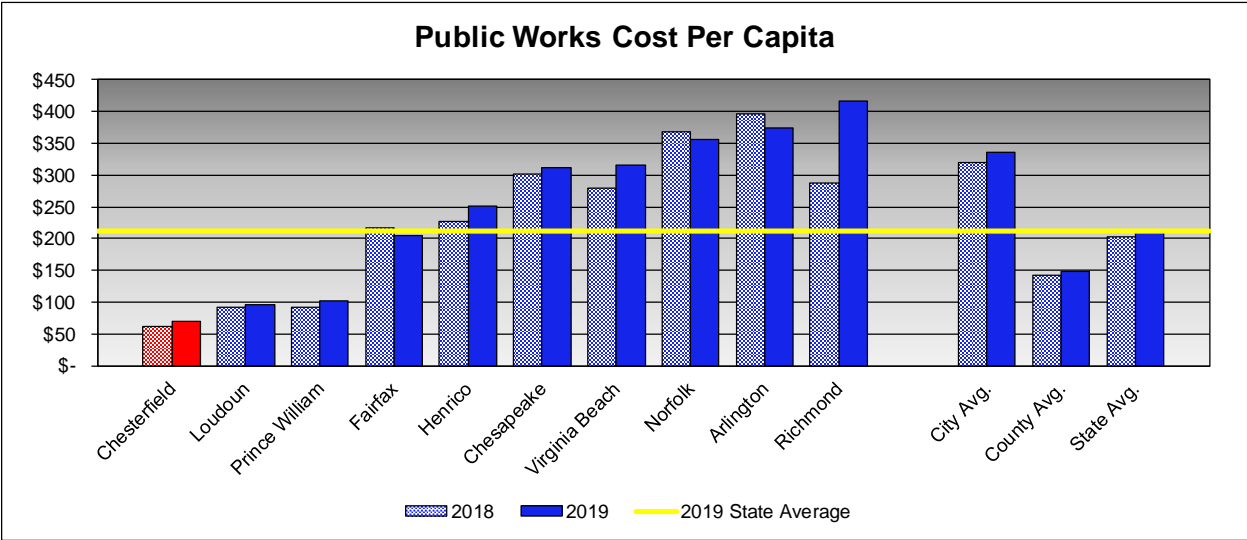
General Government Administration Expenditures including: Legislative, General and Financial Administration, and Board of Elections.



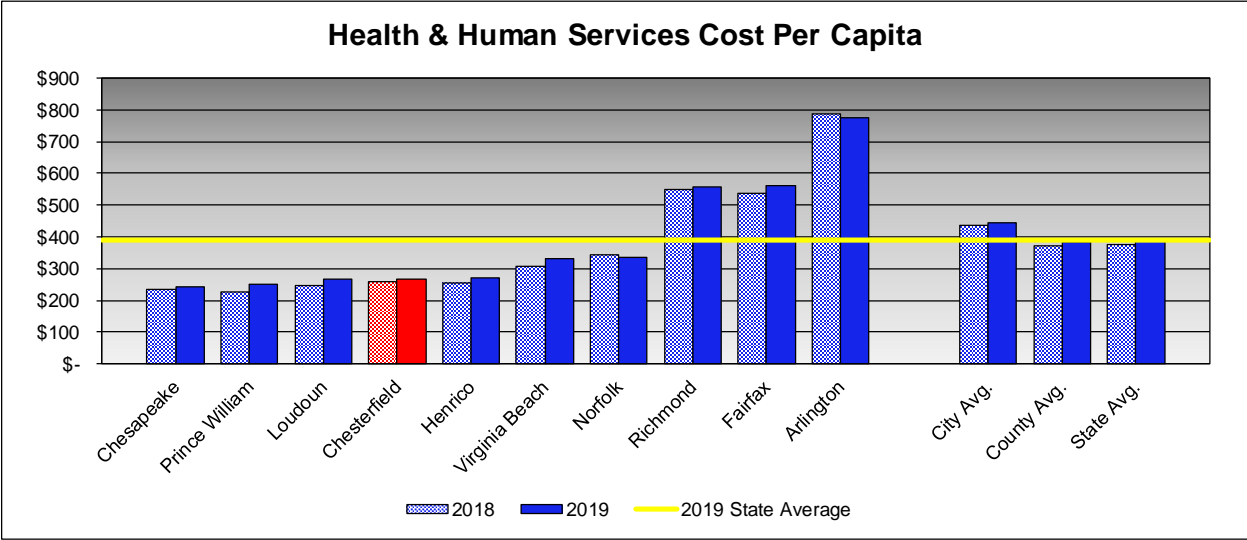
Judicial Administration Expenditures including: Courts and Commonwealth's Attorney.



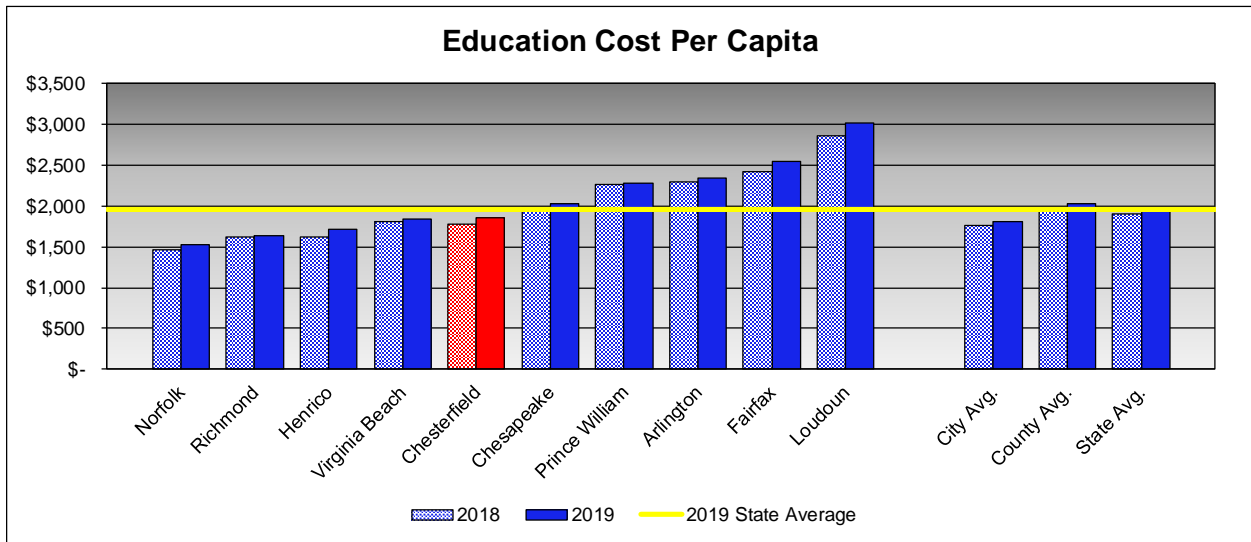
Public Safety Expenditures including: Law Enforcement and Traffic Control, Fire and Rescue Services, Correction and Detention, Inspections, and Other Protection.



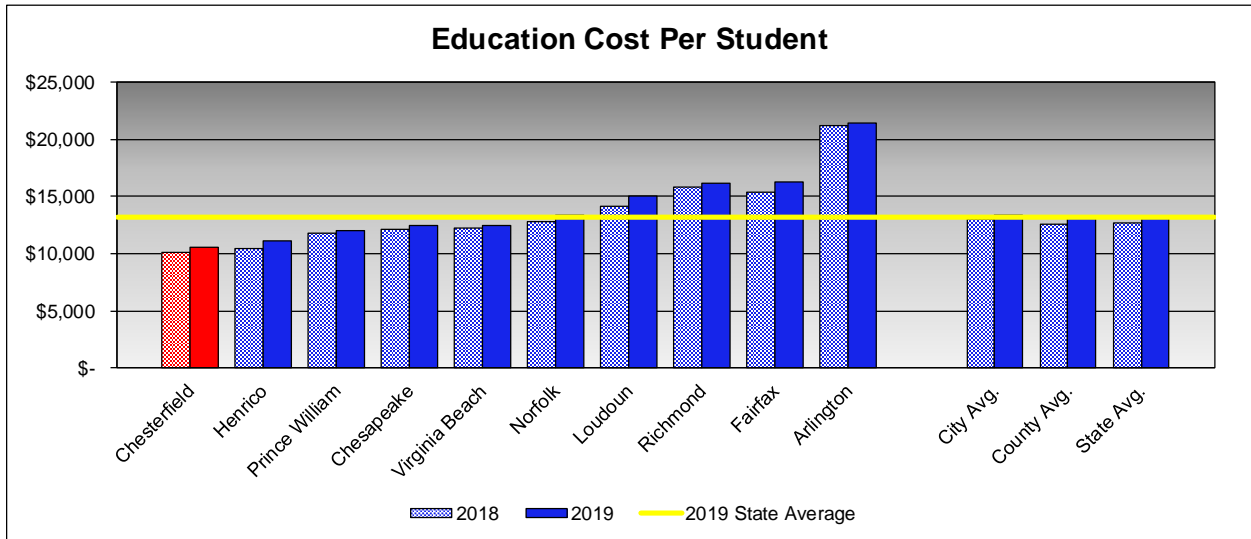
Public Works Expenditures including: Maintenance of Highways; Streets, Bridges and Sidewalks; Sanitation and Waste Removal; and Maintenance of General Buildings and Grounds. Note that road costs vary based on projects and support for these expenditures. For some localities, the state Department of Transportation bears a greater share of the road maintenance burden. Also, there are varying degrees of local government roles with solid waste services.



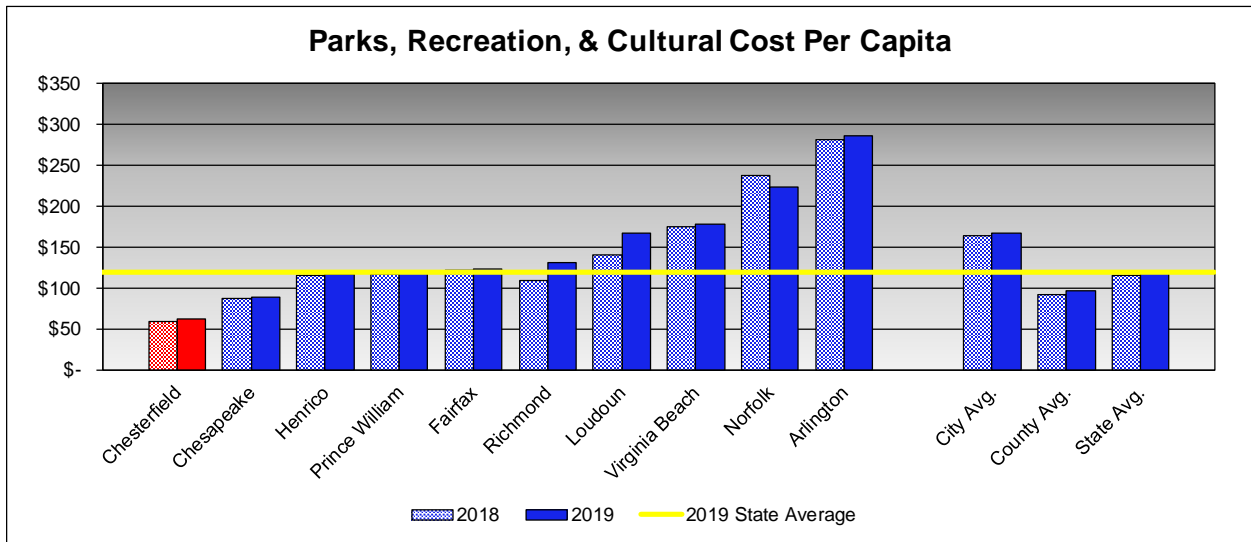
Health and Human Services Expenditures including: Health, Behavioral Health and Developmental Services, and Income Support Benefits/Social Services.



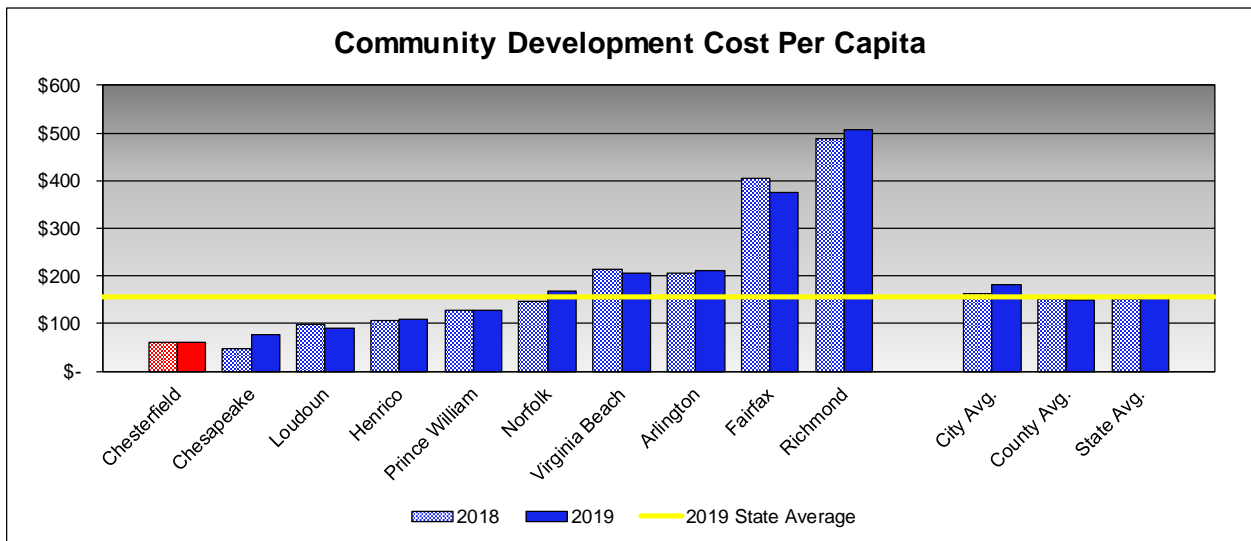
Education Expenditures for Elementary, Secondary, Other, and Contributions to Community Colleges include Instruction, Administration, Attendance and Health, Pupil Transportation, Operation and Maintenance, Food Service and Other Operations. Debt service and capital projects costs are excluded. Expenditures can differ across localities, such as in-kind or shared services costs. The APA does not collect information on how localities bill for shared services.



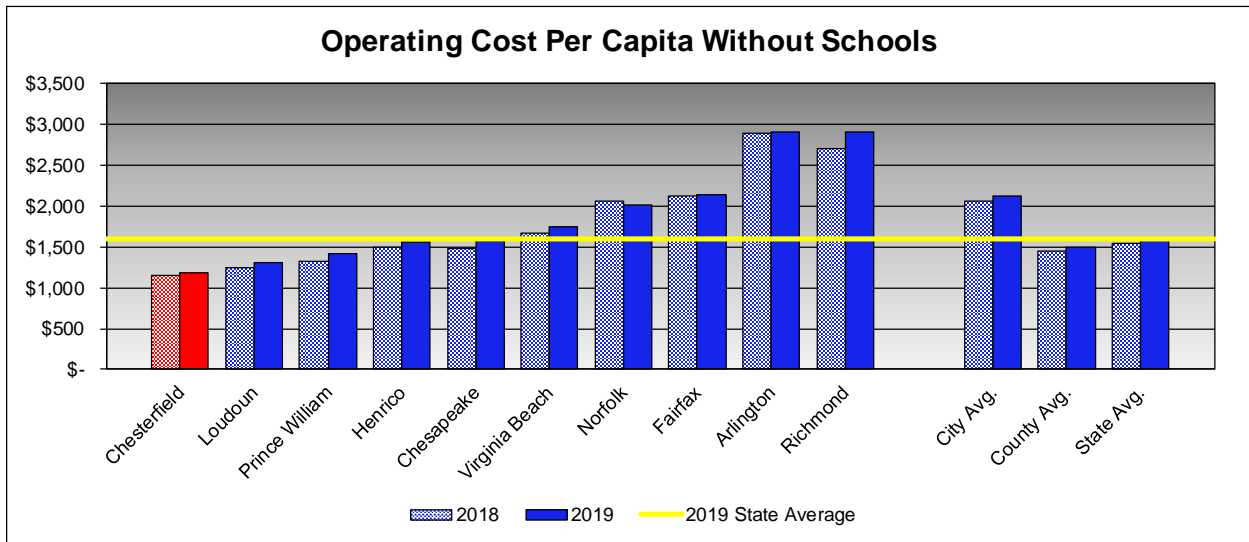
Education Expenditures, as described in the previous chart notation above.



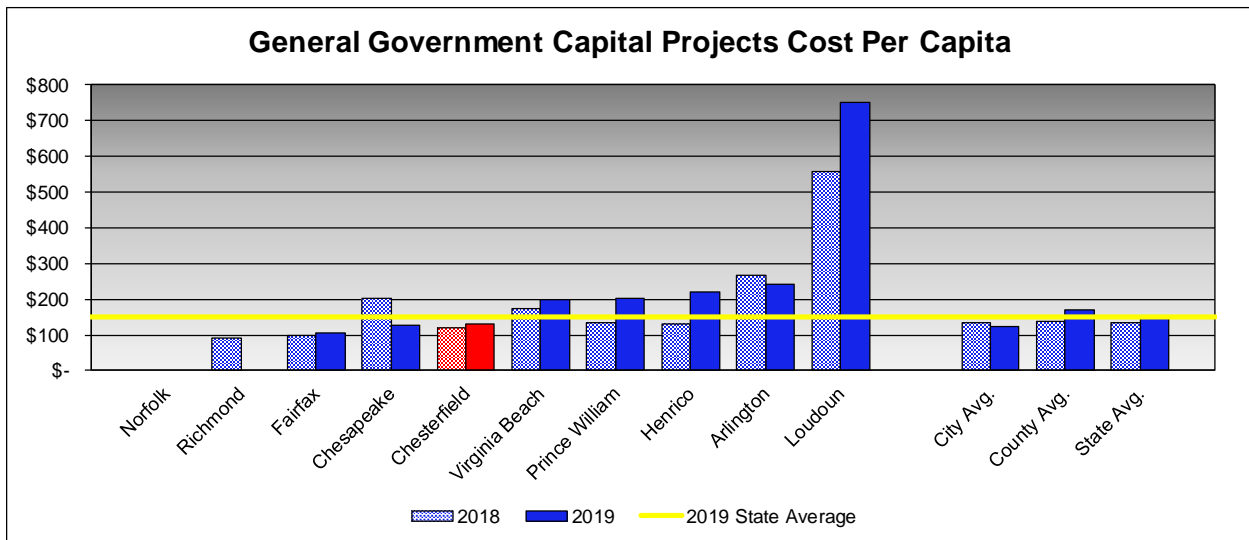
Parks, Recreation, and Cultural Expenditures including: Parks and Recreation, Cultural Enrichment, and Public Libraries.



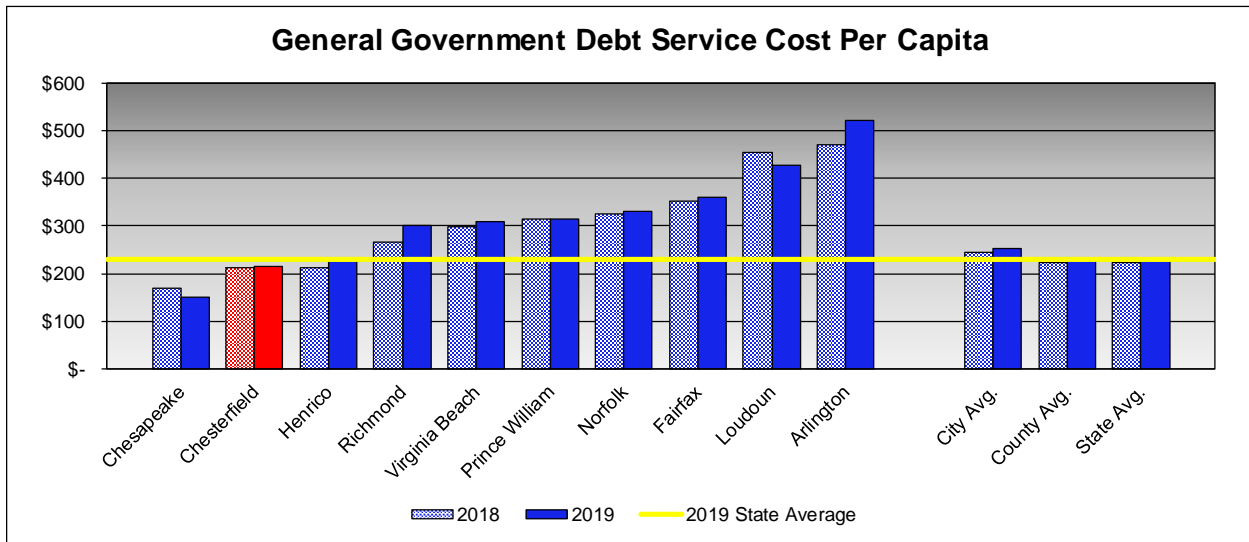
Community Development Expenditures including: Planning and Community Development, Environmental Management, and Cooperative Extension Program.



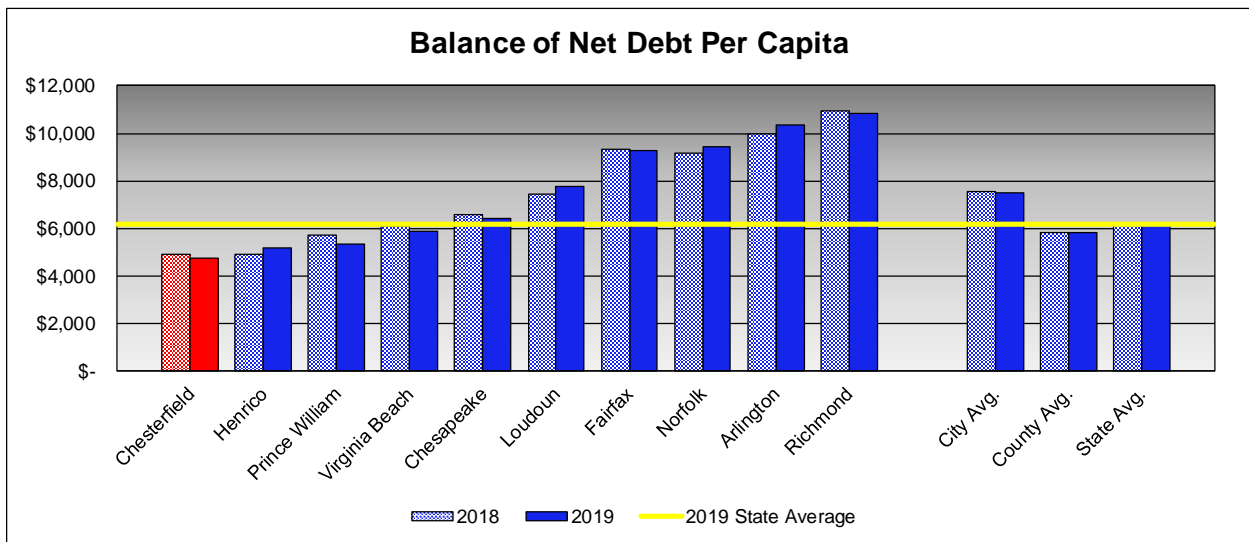
General Government Maintenance and Operation Expenditures including: General Government Administration; Judicial Administration; Public Safety; Public Works; Health & Human Services; Parks, Recreation, & Cultural; and Community Development.



Transfers to General Government Capital Projects to support or subsidize General Government Capital Projects Expenditures including: Education, Streets, Roads and Bridges, Other General Government, Transfers to Other Funds, and Payments to Other Governments.



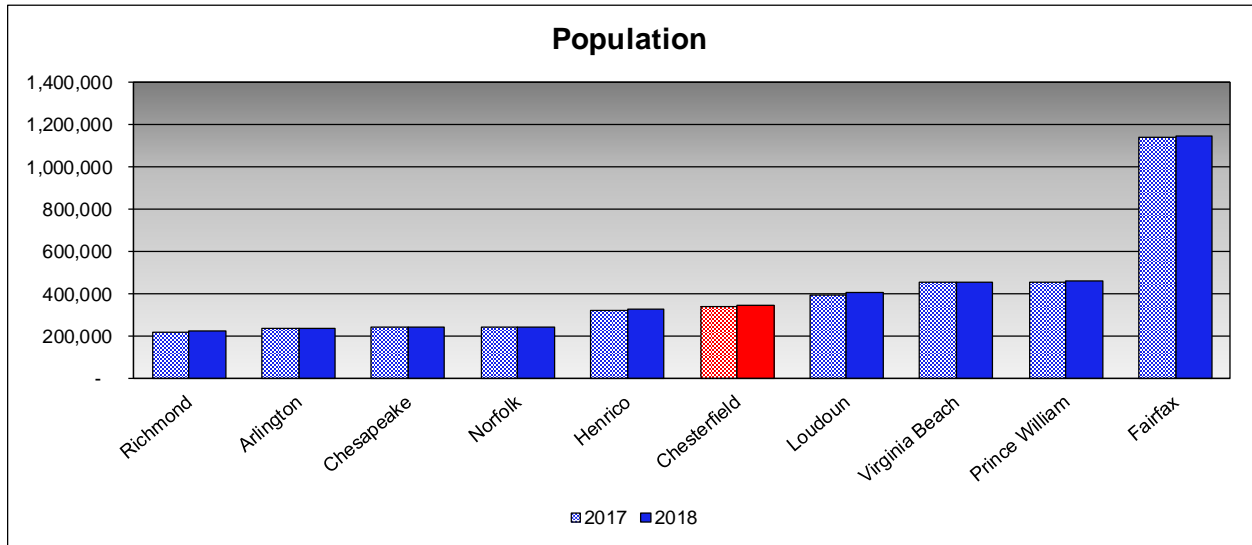
Transfers to General Government Debt Service, payments made by general government, to support or subsidize General Government Debt Service Expenditures including Redemption of Debt and Debt Interest Cost for Education, Streets, Roads and Bridges, and Other General Government, Payments to Other Governments, Transfers to General Government, and Other.



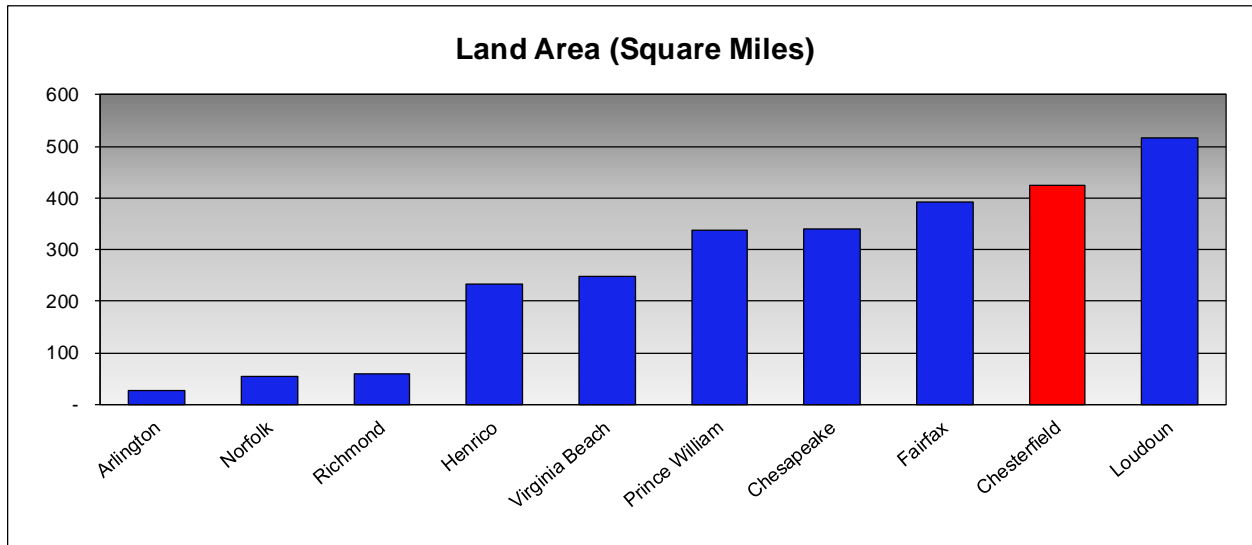
The total gross debt less the funds restricted (for payment of indebtedness) at the end of the reported fiscal year. This represents the amount required to fund the outstanding balance of indebtedness of the reporting government.

Demographic and Tax Data:

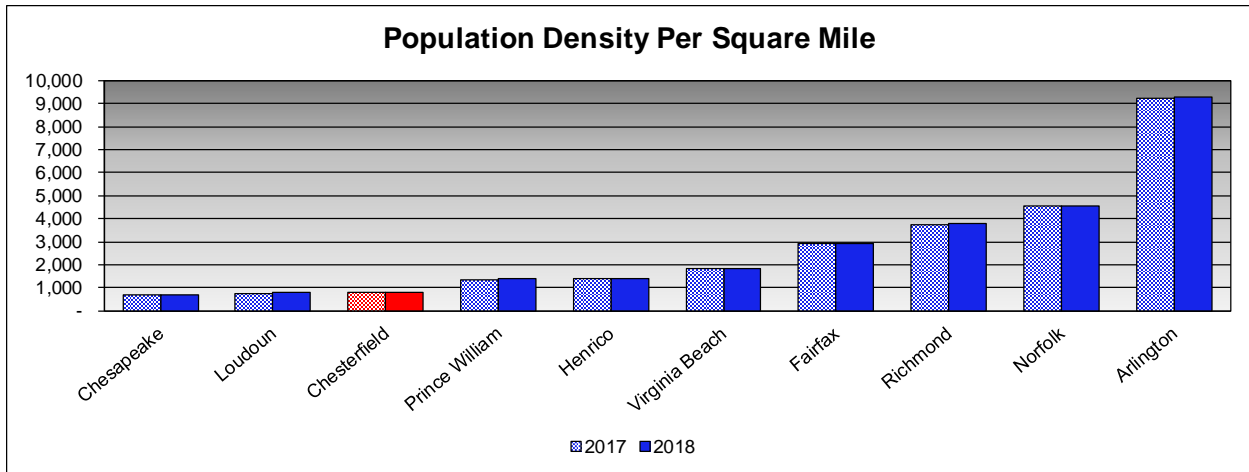
The charts below were derived from demographic and tax data per the APA’s Comparative Report Exhibit H and illustrate Chesterfield’s relative position among the top 10 populated localities. Notes to the Comparative Report and inquiry of the APA provided the source information listed below each chart.



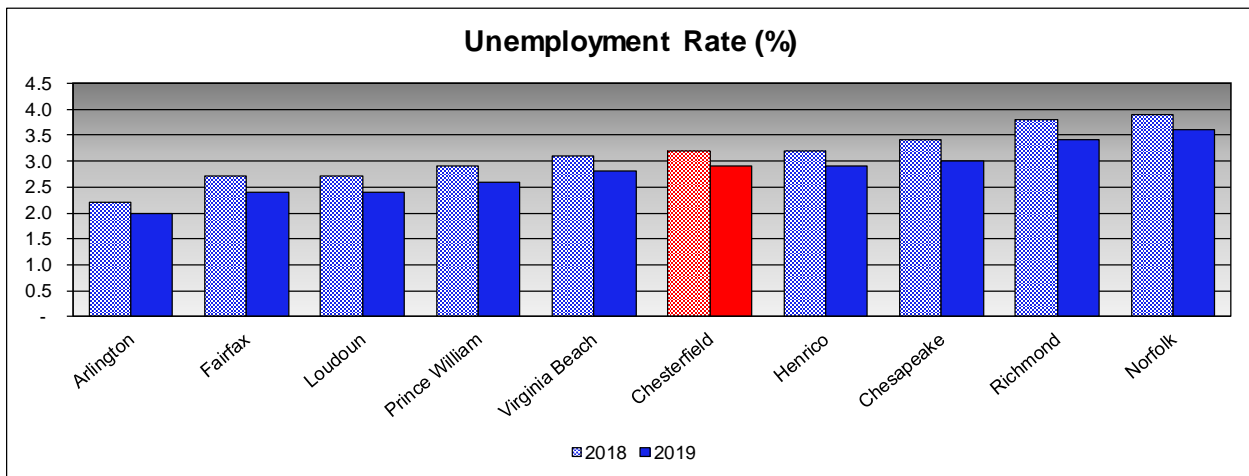
Source: University of Virginia’s Weldon Cooper Center, Demographics Research Group’s July 1st provisional estimates.



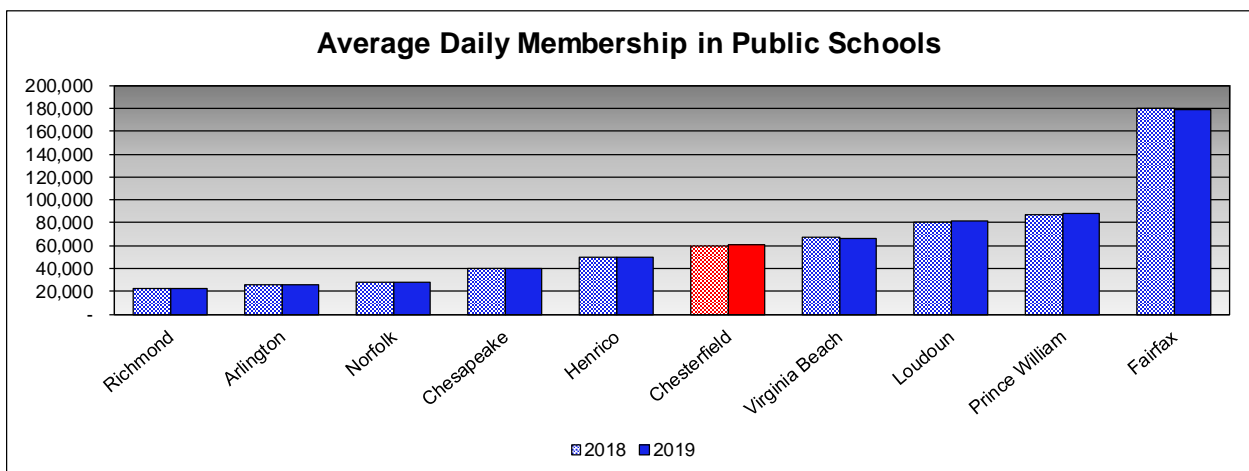
Source: U.S. Census Bureau, 2010 Census.



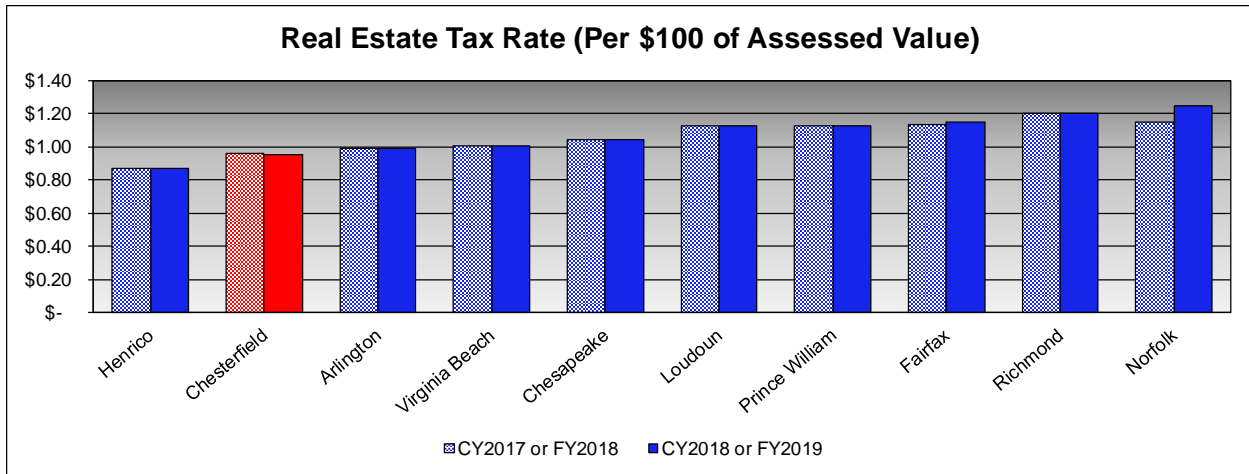
Population divided by land area.



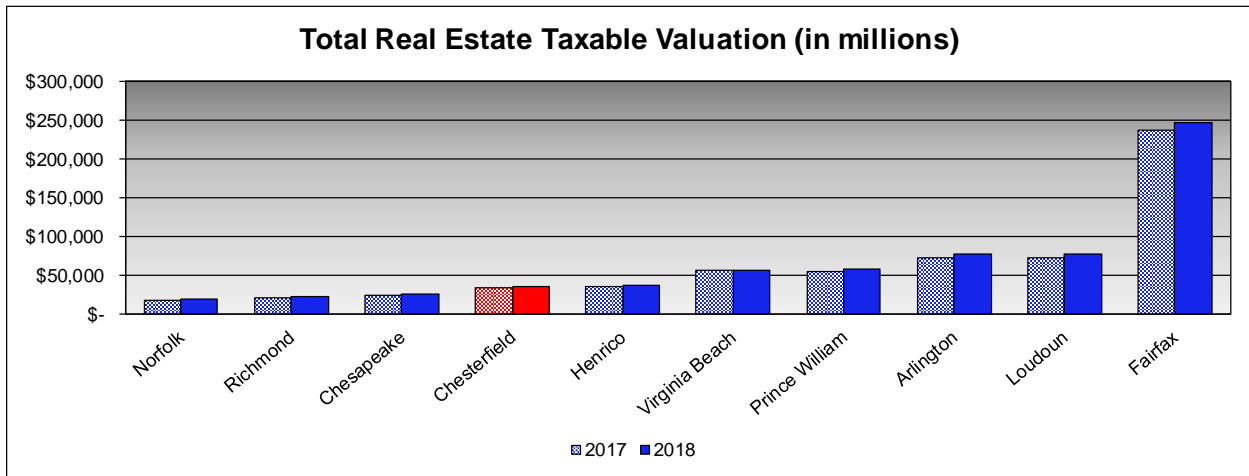
Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics.



Source: Virginia Department of Education provided this data to the APA.



Source: Virginia Local Tax Rates, prepared by the University of Virginia's Weldon Cooper Center for Public Service. Current year data is for tax year 2018 or fiscal year 2019 (whichever is reported).



Source: Department of Taxation's Annual Report.