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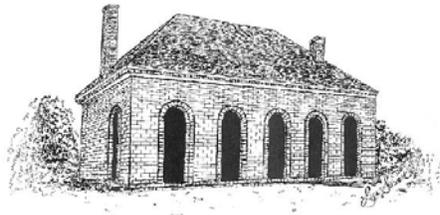
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HANOVER COURTHOUSE

HANOVER COUNTY

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DEPUTY COUNTY ADMINISTRATOR

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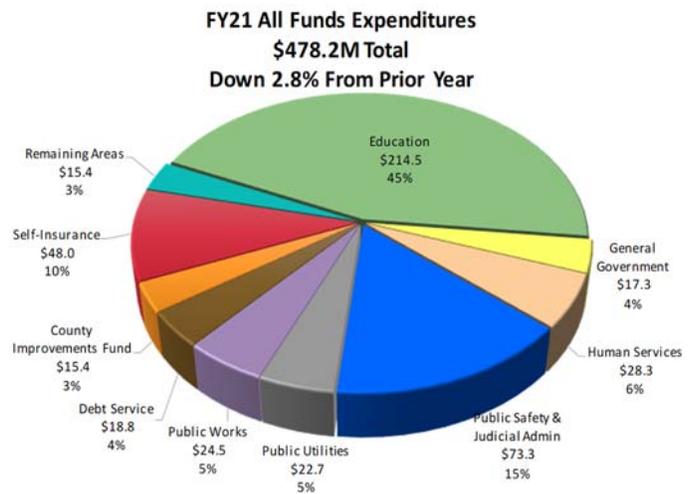
May 6, 2020

Dear Board of Supervisors:

The Fiscal Year 2021 Budget, FY21-25 Five-Year General Fund Financial Plan and Capital Improvements Program (CIP) continues to focus on the Board’s priorities of Education, Public Safety, Human Services and the workforce, while maintaining our tax rate. Our ability to fund those priorities this year was challenged by economic impacts resulting from the COVID-19 global pandemic.

When the budget was presented in February, our economic outlook was consistent with the moderate growth we had been experiencing over the last few years. After analyzing the potential financial impacts of COVID-19, the FY21 General Fund budget was reduced by \$10.2 million or 3.7% from the budget proposed in February. Anticipated changes in Real and Personal Property Taxes make up \$3.5 million of that decrease. This budget is, however, relatively flat when compared to the current year. The FY21 All Funds budget is \$478.2 million, with decreases in Public Utilities, Schools, Debt Service and Capital Improvements.

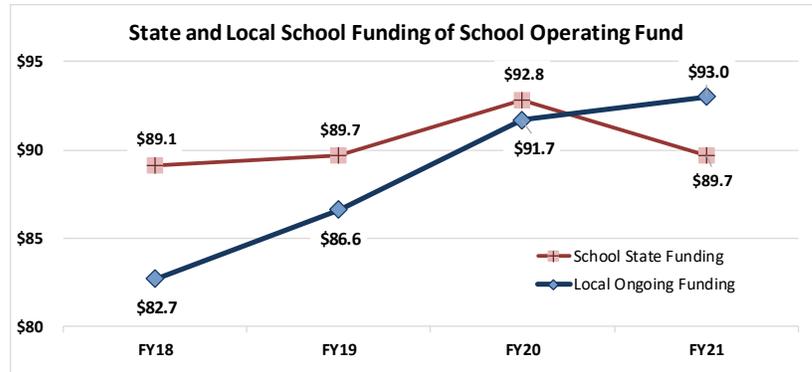
The strength of our local economy resulted in increases across all revenue categories until COVID-19 had an immediate impact on state and local economies. Sales Tax was impacted immediately, due to businesses not operating at normal levels. After analyzing each business sector, we estimate that Sales Tax will be reduced to FY19 levels. Real Property Taxes will still be favorable overall to the current budget by \$4.6 million due to growth already recognized. With regard to Personal Property Taxes, it is estimated that the drop in new car sales and new businesses investments will reduce revenue by \$500,000 (1.3%) below the current year.



The Virginia Retirement System handed the County an additional challenge with an investment rate change after the budget was presented in February. This increased the County’s obligation by \$1.3 million. We had to cover this cost in addition to the \$10.2 million revenue shortfall.

State Support for Schools

While Federal and State support increased for our Human Services programs, a primary challenge in developing this reconstructed budget is that COVID-19 had a significant impact on State support for education. State funding for Schools is back to FY19 levels. This has required the County to step forward with an additional \$1.3 million in local funding to ensure staffing and service levels are maintained. Increases in Federal Aid and local Recovered Costs are budgeted, but they are generally restricted to very specific programs and populations.



Capital Investments

Dr. Gill and his staff have been great partners for the County as we find workable solutions to overcome the challenges posed by the shortfall in state funding and the impacts of COVID-19. A proposed Board initiative for FY21 is to partner with the schools to provide laptops for middle school students. Working together, County and Schools have identified funds that will allow the schools to open the 2020-21 school year with laptops for all middle school students.

The first year of the School Improvements Fund maintained support for \$13.0 million of investments in facility improvements, technology enhancements, safety and security and school buses. In future years, school facility improvements will be an issue of rising importance as the schools tackle the reality of our aging school buildings. The five-year capital improvements program reflects the consolidation of John M. Gandy and Henry Clay elementary schools in fiscal years 2022 and 2023, with other building replacements proposed outside of the 5-year CIP.

In the FY21 CIP for public safety, we delayed funding for 1 year on new items such as the new fire truck at Station #17. There were also projects that are funded, but will be on hold pending a mid-year financial review. These projects will only go forward if the forecast is on track to meet budget. We also delayed the start date for projects by a year or two for Public Safety System Upgrades to include traffic preemption and public safety microwave radio replacement.

The five-year capital plan for Hanover Fire/EMS includes construction of Station #17 in the Mechanicsville area. This will meet the escalating calls for service in that area.

The first year of roadway improvements are primarily dedicated to supporting Phase II of the widening of Atlee Station Road and the further widening of Pole Green Road. The CIP includes funding from the Central Virginia Transportation Authority beginning in the second year of the CIP and continuing throughout the plan.

Highlights for Human Services

The State's expansion of the Medicaid program resulted in a 43% increase in cases from December 2018 to December 2019. The number of residents receiving Medicaid grew from about 6,000 to more than 8,200 over that time period. Due to COVID-19, the number of applications for the Supplemental Nutrition Assistance Program (SNAP) increased significantly (more than doubling from 137 in February 2020 to 298 in March 2020). The increased workload will be managed with existing resources. In the area of providing mandated services to children in need, we have seen a large growth in the Children's Services Act (CSA) program to include foster care placements and special education services. The FY21 budget includes an increase of \$825,000 in state and local funding to support this service. Cost containment is a concern across the state and Hanover County is updating policies and taking additional steps to mitigate budget impacts. A significant accomplishment in Human Services this year was the fulfillment of the Board Initiative to implement a specialized transportation program. County funds matched state grant funds to establish "Hanover DASH" in December. Through the end of April, 532 trips have been provided to residents. We plan to continue to pursue grant funding for this initiative in FY21.

Through teamwork and community partnerships, Hanover County distributed approximately 20,000 meal kits to the community, not including student meals. The Health Department continues to provide resources and information to the community during the pandemic, including COVID-19 testing, preventative measures and outbreak containment and investigations.

Public Utilities

The Department of Public Utilities' FY21 budget of \$32.1 million includes an operating budget of \$22.8 million and a capital budget of \$9.3 million. The Five-Year CIP totals \$109.6 million and includes \$38.1 million for expansion and \$71.5 million for the renewal and replacement of Hanover's water and sewer systems. In response to the COVID-19 crisis, this budget does not raise water or sewer rates.

Funding for two significant projects in support of economic development is included in the FY21 CIP. These projects are the I-95 Waterline Crossing and the Middle Chickahominy Wastewater Water Pump Station Upgrade.

Our Workforce

It has been my pleasure, over these 16 years as County Administrator, to work with one of the best workforces in the state of Virginia. Staff are to be commended for continuing to provide services during COVID-19, adapting to new work environments and embracing new technologies. Because of the challenges mentioned previously, this budget was not able to support a much deserved merit pay

increase for our employees. That said, as we made tough choices during the budget cuts, retaining jobs was one of – if not the – highest priority. This budget has no layoffs, no furloughs, no reductions in pay and a 10% increase in the County’s contribution toward employee health insurance. We will weather this crisis with our talented staff intact and new positions planned in the second year of the Five-Year Financial Plan. This includes 7 Sheriff’s Deputies originally planned for FY21 which are delayed 1 year to the start of FY22 and 3 Firefighter-Medics.

Conclusion

This budget maintains the focus on our priority service areas while responding to an economic environment that is continually changing. Should the economy recover faster than the assumptions in this budget, we can rely on the balanced Five-Year Financial Plan to guide decisions relative to restoring funding to our most critical areas. However, should the economy be less favorable, this budget is positioned to transition from an economic pause to a downturn or recession if necessary. We prepared a budget that would be responsive to the environment as we know it today, with further safety nets in place in case the situation gets worse.

Hanover County weathered both the recession and the recovery while maintaining our Triple AAA bond rating. This budget is built on the same priorities and financial principles that worked for us in the past. We have maintained our strong reserve fund balances even though ongoing revenues had to be modified from previously expected levels. Therefore, I fully expect that our recovery from this current health care crisis will be equally successful.

I am always grateful for our budget staff and our partners – our constitutional officers; Dr. Gill, his staff and the School Board; our Deputy County Administrators and their staffs. Their efforts make this budget possible and will enable us to meet these new challenges. The spirit of teamwork is one of the things that has made Hanover County great, and if I have a legacy, that would be one I would be proud to pass along to my successor.

Sincerely,

A handwritten signature in cursive script that reads "Cecil R. Harris Jr." The signature is written in black ink and is positioned below the word "Sincerely,".

Cecil R. Harris Jr.
County Administrator

Hanover County FY21 Budget Highlights

Quick Facts of the FY21 Budget:

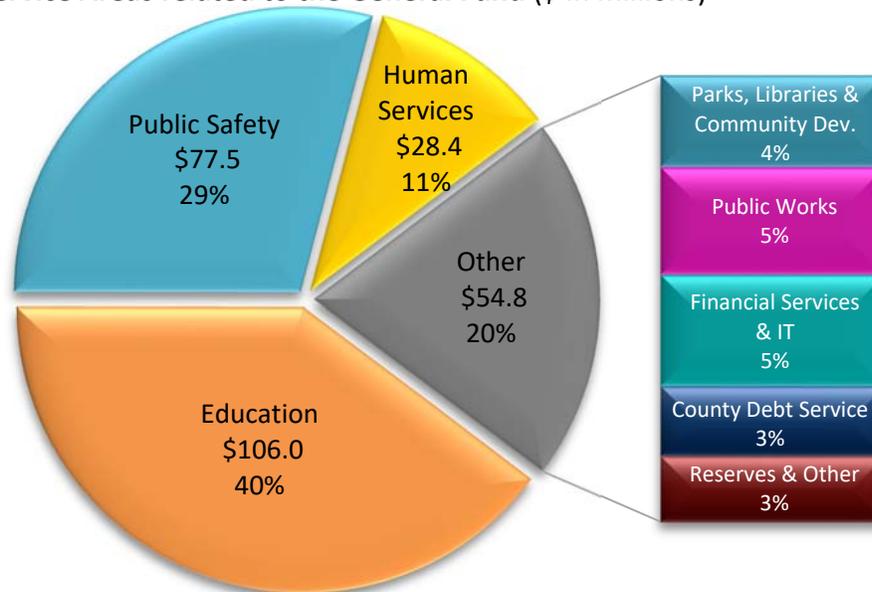
- All funds: \$478.2 million, a \$13.8M or 2.8% decrease from the current year.
- County General Fund: \$266.7 million, a \$0.4M or 0.2% decrease from the current year.

Revenues –

- All residential property tax rates remain unchanged.
- Real Property revenue increase of \$4.6 million or 3.9% above FY20 budget.
- Personal Property decrease of \$0.5 million or 1.3% below FY20 budget.
- Ongoing General Fund local revenues increase of \$2.1 million or 1.0% above FY20 budget.
- No increases in Public Utility water or wastewater rates or capacity fees.

Expenditures –

Priority Service Areas related to the General Fund (\$ in millions)

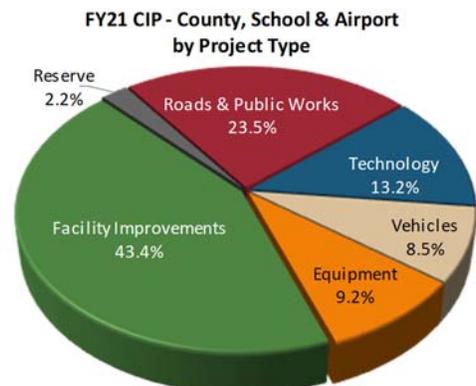


- **Personnel:** Due to the financial impacts of COVID-19, there is no compensation increase for County and School staff and no new positions in FY21.

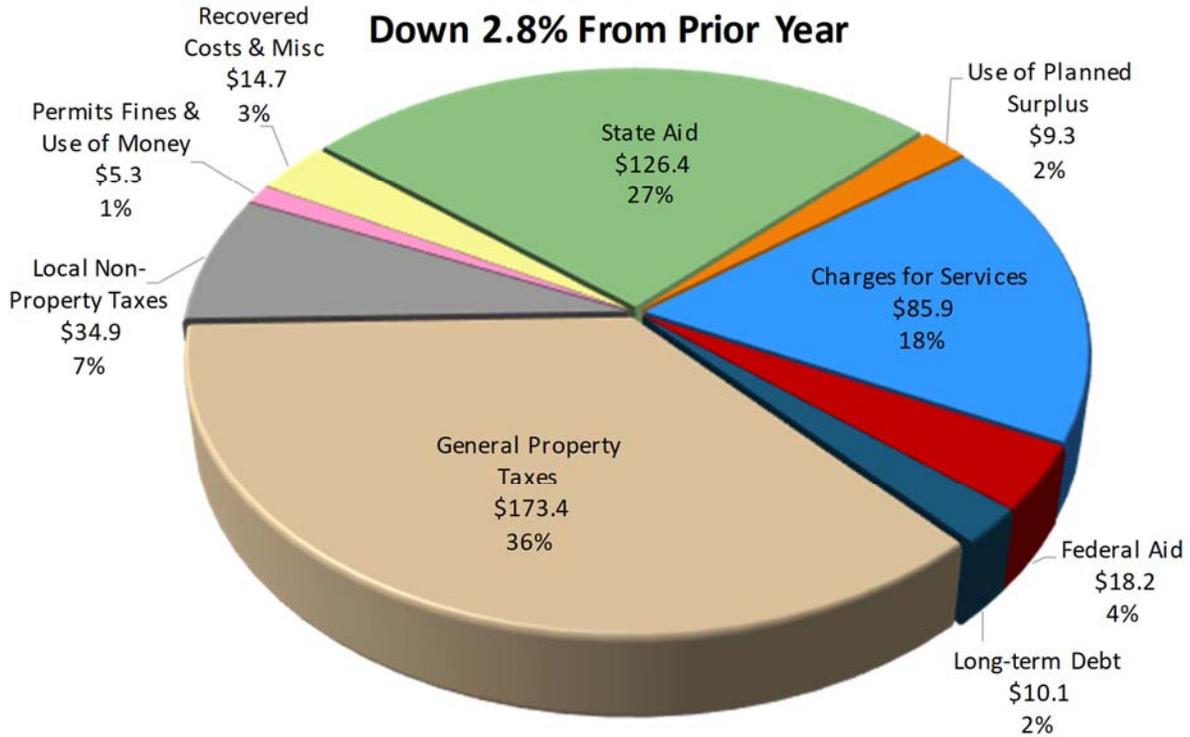
Capital Improvements Program (CIP) – County, School & Airport

In response to COVID-19, many CIP projects were delayed or removed from the plan. Of the FY21 projects that remain, \$2.2M in projects have been placed on hold pending a mid-year financial review.

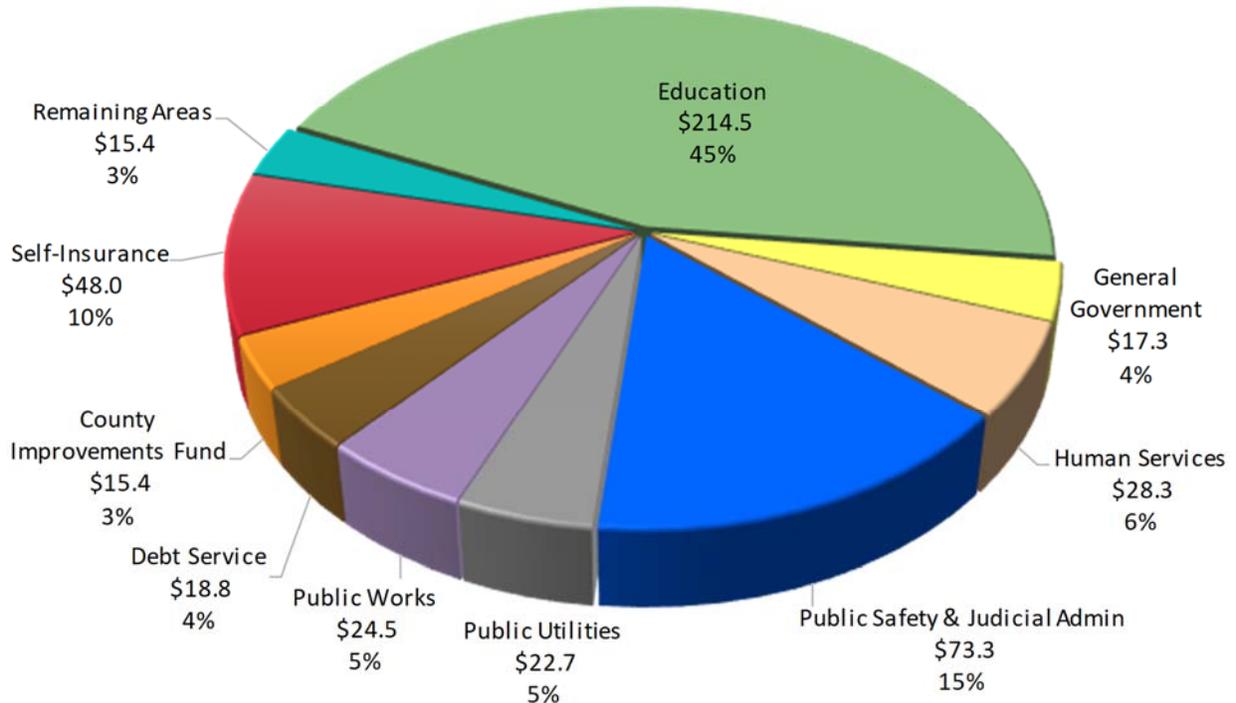
CIP Funding Sources	FY21	% of Total
Intergovernmental	\$ 9.1M	29%
Local	10.8M	34%
Long-Term Debt	10.0M	32%
Remaining Revenue	1.5M	5%
Total	\$ 31.4M	100%



FY21 All Funds Revenues
\$478.2M Total
Down 2.8% From Prior Year



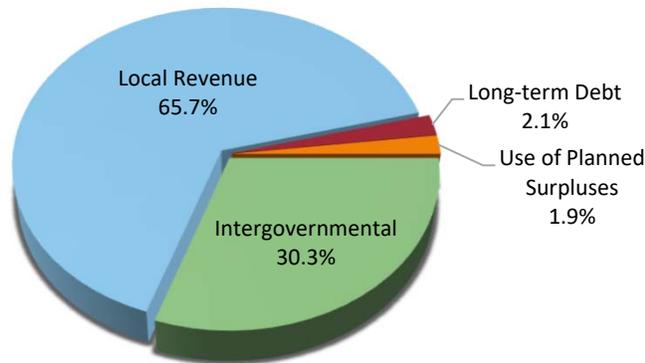
FY21 All Funds Expenditures
\$478.2M Total
Down 2.8% From Prior Year



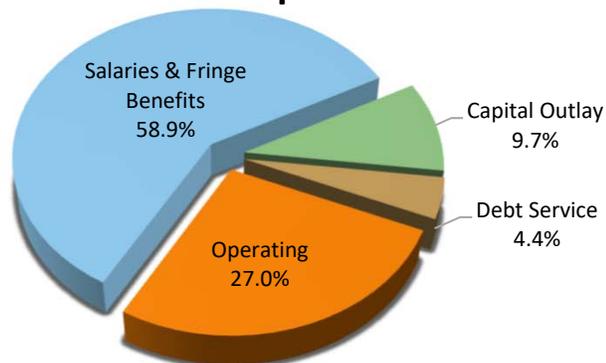
Summary of Revenues and Expenditures for All Funds

	FY19 Actual	FY20 Budget	FY21 Budget	% Change
Revenues	462,228,404	492,019,525	478,229,153	-2.8%
Local Revenue	303,604,959	309,815,571	314,167,640	1.4%
General Property Taxes	160,914,285	169,303,000	173,390,000	2.4%
Local Non-Property Taxes	35,158,775	36,368,000	34,880,000	-4.1%
Permits Fines & Use of Money	8,793,013	6,269,810	5,256,035	-16.2%
Charges for Services	80,181,865	84,471,211	85,909,880	1.7%
Recovered Costs & Misc	18,557,021	13,403,550	14,731,725	9.9%
Intergovernmental	141,388,653	156,742,949	144,632,868	-7.7%
State Aid	123,887,985	134,283,414	126,450,871	-5.8%
Federal Aid	17,500,668	22,459,535	18,181,997	-19.0%
Long-term Debt	17,234,792	6,496,000	10,150,000	56.3%
Use of Planned Surpluses	-	18,965,005	9,278,645	-51.1%
Expenditures	444,170,060	492,019,525	478,229,153	-2.8%
Salaries & Fringe Benefits	260,980,970	278,059,985	282,009,690	1.4%
Operating	116,716,876	128,399,514	129,115,552	0.6%
Capital Outlay	44,041,555	63,247,191	46,268,755	-26.8%
Debt Service	22,430,659	22,312,835	20,835,156	-6.6%

FY21 All Funds Revenue



FY21 All Funds Expenditures



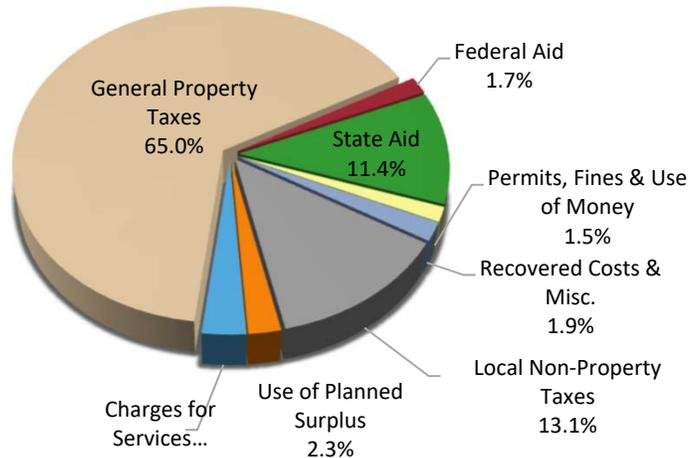
FY21 All Funds Budget

	General Fund	School Funds	Capital Funds	Special Revenue Fund	Enterprise Funds	Internal Service Fund	Fiduciary Funds	Debt Service Fund	Transfer from Other Funds	Grand Total
Revenues	266,698,661	201,481,978	28,404,123	87,295	44,928,985	48,012,900	1,919,000	18,811,920	(132,115,709)	478,229,153
Local Revenue	225,372,287	7,974,374	1,550,000	87,295	31,813,784	46,012,900	1,357,000	-	-	314,167,640
General Property Taxes	173,390,000	-	-	-	-	-	-	-	-	173,390,000
Local Non-Property Taxes	34,880,000	-	-	-	-	-	-	-	-	34,880,000
Permits Fines & Use of Money	3,905,610	159,600	-	87,295	1,028,530	75,000	-	-	-	5,256,035
Charges for Services	8,149,050	5,522,025	750,000	-	25,550,905	45,937,900	-	-	-	85,909,880
Recovered Costs & Misc	5,047,627	2,292,749	800,000	-	5,234,349	-	1,357,000	-	-	14,731,725
Intergovernmental	35,067,941	100,511,604	6,162,323	-	2,891,000	-	-	-	-	144,632,868
State Aid	30,471,594	89,793,277	5,950,000	-	236,000	-	-	-	-	126,450,871
Federal Aid	4,596,347	10,718,327	212,323	-	2,655,000	-	-	-	-	18,181,997
Long-term Debt	-	-	10,000,000	-	-	-	-	150,000	-	10,150,000
Use of Planned Surpluses	6,258,433	-	300,000	-	720,212	2,000,000	-	-	-	9,278,645
Transfers In	-	92,996,000	10,391,800	-	9,503,989	-	562,000	18,661,920	(132,115,709)	-
Expenditures - by Category	266,698,661	201,481,978	28,404,123	87,295	44,928,985	48,012,900	1,919,000	18,811,920	(132,115,709)	478,229,153
Salaries & Fringe Benefits	95,850,994	177,088,531	-	-	7,173,446	1,896,719	-	-	-	282,009,690
Operating	45,265,161	22,700,482	-	87,295	13,001,733	46,116,181	1,919,000	25,700	-	129,115,552
Capital Outlay	2,802,110	1,692,965	28,404,123	-	13,369,557	-	-	-	-	46,268,755
Debt Service	-	-	-	-	2,048,936	-	-	18,786,220	-	20,835,156
Transfers Out	122,780,396	-	-	-	9,335,313	-	-	-	(132,115,709)	-
Expenditures - by Function	266,698,661	201,481,978	28,404,123	87,295	44,928,985	48,012,900	1,919,000	18,811,920	(132,115,709)	478,229,153
Airport	-	-	-	-	572,206	-	-	-	-	572,206
Community Development	4,639,847	-	-	87,295	-	-	1,919,000	-	-	6,646,142
Education	-	201,481,978	13,000,000	-	-	-	-	-	-	214,481,978
General Government	17,254,602	-	-	-	-	-	-	-	-	17,254,602
Human Services	28,336,877	-	-	-	-	-	-	-	-	28,336,877
Judicial Administration	7,226,825	-	-	-	-	-	-	-	-	7,226,825
Nondepartmental	124,855,582	-	-	-	-	48,012,900	-	18,811,920	(122,780,396)	68,900,006
Not Applicable	-	-	15,404,123	-	-	-	-	-	-	15,404,123
Parks, Recreation & Cultural	6,663,127	-	-	-	-	-	-	-	-	6,663,127
Public Safety	66,115,076	-	-	-	-	-	-	-	-	66,115,076
Public Utilities	-	-	-	-	32,071,466	-	-	-	(9,335,313)	22,736,153
Public Works	11,606,725	-	-	-	12,285,313	-	-	-	-	23,892,038

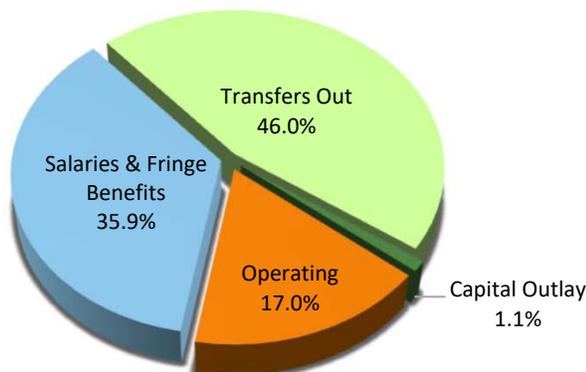
General Fund Summary

	FY19 Actual	FY20 Budget	FY21 Budget	% Change
Revenues	250,062,522	267,115,065	266,698,661	-0.2%
Local Revenue	215,826,126	223,246,501	225,372,287	1.0%
General Property Taxes	160,914,285	169,303,000	173,390,000	2.4%
Local Non-Property Taxes	35,158,775	36,368,000	34,880,000	-4.1%
Permits Fines & Use of Money	5,917,001	4,158,050	3,905,610	-6.1%
Charges for Services	8,861,064	8,448,444	8,149,050	-3.5%
Recovered Costs & Misc	4,975,001	4,969,007	5,047,627	1.6%
Intergovernmental	34,085,229	33,951,589	35,067,941	3.3%
State Aid	29,636,236	29,619,664	30,471,594	2.9%
Federal Aid	4,448,993	4,331,925	4,596,347	6.1%
Use of Planned Surpluses	-	9,916,975	6,258,433	-36.9%
Transfers In	151,167	-	-	----
Expenditures	246,199,510	267,115,065	266,698,661	-0.2%
Salaries & Fringe Benefits	86,591,859	92,934,892	95,850,994	3.1%
Operating	41,047,225	44,672,879	45,265,161	1.3%
Capital Outlay	3,038,047	3,250,620	2,802,110	-13.8%
Transfers Out	115,522,379	126,256,674	122,780,396	-2.8%

FY21 General Fund Revenue



FY21 General Fund Expenditures



Other Fund Summaries

	FY19 Actual	FY20 Budget	FY21 Budget	% Change
Capital Funds				
County Improvements Fund				
Revenues	28,498,058	35,540,370	15,404,123	-56.7%
Intergovernmental	6,579,261	17,966,780	6,162,323	-65.7%
State Aid	3,663,612	9,988,980	5,950,000	-40.4%
Federal Aid	2,915,649	7,977,800	212,323	-97.3%
Local Revenue	2,322,376	1,700,000	1,550,000	-8.8%
Permits Fines & Use of Money	296,426	1,000,000	-	-100.0%
Charges for Services	792,278	500,000	750,000	50.0%
Recovered Costs & Misc	1,233,672	200,000	800,000	300.0%
Long-term Debt	12,000,000	6,400,000	-	-100.0%
Use of Planned Surpluses	-	1,915,590	300,000	-84.3%
Transfers In	7,596,421	7,558,000	7,391,800	-2.2%
Expenditures	18,349,433	35,540,370	15,404,123	-56.7%
Transfers Out	126,105	-	-	----
Capital Outlay	18,223,328	35,540,370	15,404,123	-56.7%
School Improvements Fund				
Revenues	10,000,000	5,800,000	13,000,000	124.1%
Long-term Debt	5,000,000	-	10,000,000	----
Transfers In	5,000,000	5,800,000	3,000,000	-48.3%
Expenditures	11,413,273	5,800,000	13,000,000	124.1%
Capital Outlay	11,413,273	5,800,000	13,000,000	124.1%
Debt Service Fund				
Debt Service Fund				
Revenues	19,991,053	20,455,680	18,811,920	-8.0%
Intergovernmental	257,046	252,850	-	-100.0%
Federal Aid	257,046	252,850	-	-100.0%
Local Revenue	148,913	-	-	----
Permits Fines & Use of Money	138,569	-	-	----
Recovered Costs & Misc	10,344	-	-	----
Long-term Debt	202,478	96,000	150,000	56.3%
Transfers In	19,382,616	20,106,830	18,661,920	-7.2%
Expenditures	19,968,077	20,455,680	18,811,920	-8.0%
Operating	40,612	29,600	25,700	-13.2%
Debt Service	19,927,465	20,426,080	18,786,220	-8.0%

Other Fund Summaries

	FY19 Actual	FY20 Budget	FY21 Budget	% Change
Enterprise Funds				
Airport CIP Fund				
Revenues	174,610	2,615,000	2,950,000	12.8%
Intergovernmental	142,296	2,164,000	2,891,000	33.6%
State Aid	101,835	1,804,000	236,000	-86.9%
Federal Aid	40,461	360,000	2,655,000	637.5%
Long-term Debt	32,314	-	-	----
Use of Planned Surpluses	-	40,000	-	-100.0%
Transfers In	-	411,000	59,000	-85.6%
Expenditures	350,580	2,615,000	2,950,000	12.8%
Operating	32,664	-	-	----
Capital Outlay	296,036	2,615,000	2,950,000	12.8%
Debt Service	21,880	-	-	----
Airport Fund				
Revenues	286,128	381,644	572,206	49.9%
Intergovernmental	6,111	-	-	----
State Aid	6,111	-	-	----
Local Revenue	227,988	283,200	462,530	63.3%
Permits Fines & Use of Money	227,188	233,200	403,530	73.0%
Recovered Costs & Misc	800	50,000	59,000	18.0%
Use of Planned Surpluses	-	50,000	-	-100.0%
Transfers In	52,029	48,444	109,676	126.4%
Expenditures	306,510	381,644	572,206	49.9%
Salaries & Fringe Benefits	111,501	116,077	116,707	0.5%
Operating	53,331	124,007	131,859	6.3%
Capital Outlay	-	-	18,000	----
Debt Service	141,678	141,560	305,640	115.9%
Public Utilities CIP Fund				
Revenues	8,282,367	13,214,787	9,335,313	-29.4%
Transfers In	8,282,367	13,214,787	9,335,313	-29.4%
Expenditures	8,282,364	13,214,787	9,335,313	-29.4%
Capital Outlay	8,282,364	13,214,787	9,335,313	-29.4%

Other Fund Summaries

	FY19 Actual	FY20 Budget	FY21 Budget	% Change
Public Utilities Fund				
Revenues	36,573,175	35,061,040	32,071,466	-8.5%
Local Revenue	36,573,175	29,618,600	31,351,254	5.8%
Permits Fines & Use of Money	1,573,054	625,000	625,000	0.0%
Charges for Services	25,679,186	24,436,100	25,550,905	4.6%
Recovered Costs & Misc	9,320,935	4,557,500	5,175,349	13.6%
Use of Planned Surpluses	-	5,442,440	720,212	-86.8%
Expenditures	29,456,846	35,061,040	32,071,466	-8.5%
Transfers Out	8,282,367	13,214,787	9,335,313	-29.4%
Salaries & Fringe Benefits	6,457,077	6,972,999	7,056,739	1.2%
Operating	11,490,570	12,129,045	12,869,874	6.1%
Capital Outlay	887,196	999,014	1,066,244	6.7%
Debt Service	2,339,636	1,745,195	1,743,296	-0.1%
Fiduciary Funds				
Bell Creek CDA Fund				
Revenues	151,297	160,000	157,000	-1.9%
Local Revenue	151,297	160,000	157,000	-1.9%
Recovered Costs & Misc	151,297	160,000	157,000	-1.9%
Expenditures	150,221	160,000	157,000	-1.9%
Operating	150,221	160,000	157,000	-1.9%
Lewistown CDA Fund				
Revenues	1,454,349	1,989,643	1,762,000	-11.4%
Local Revenue	834,275	1,353,243	1,200,000	-11.3%
Recovered Costs & Misc	834,275	1,353,243	1,200,000	-11.3%
Transfers In	620,074	636,400	562,000	-11.7%
Expenditures	1,457,121	1,989,643	1,762,000	-11.4%
Operating	1,457,121	1,989,643	1,762,000	-11.4%
Internal Service Fund				
Self-Insurance Fund				
Revenues	40,562,582	47,456,700	48,012,900	1.2%
Local Revenue	40,562,582	45,856,700	46,012,900	0.3%
Permits Fines & Use of Money	327,487	50,000	75,000	50.0%
Charges for Services	39,810,853	45,626,700	45,937,900	0.7%
Recovered Costs & Misc	424,242	180,000	-	-100.0%
Use of Planned Surpluses	-	1,600,000	2,000,000	25.0%
Expenditures	42,360,040	47,456,700	48,012,900	1.2%
Salaries & Fringe Benefits	1,493,963	1,671,318	1,896,719	13.5%
Operating	40,866,077	45,785,382	46,116,181	0.7%

Other Fund Summaries

	FY19 Actual	FY20 Budget	FY21 Budget	% Change
School Funds				
Food Services Fund				
Revenues	6,808,785	7,419,458	7,604,475	2.5%
Intergovernmental	2,542,003	2,609,226	2,684,450	2.9%
State Aid	80,452	75,226	80,450	6.9%
Federal Aid	2,461,551	2,534,000	2,604,000	2.8%
Local Revenue	4,266,782	4,810,232	4,920,025	2.3%
Permits Fines & Use of Money	3,306	-	-	----
Charges for Services	4,182,959	4,580,232	4,680,025	2.2%
Recovered Costs & Misc	80,517	230,000	240,000	4.3%
Expenditures	6,801,643	7,419,458	7,604,475	2.5%
Salaries & Fringe Benefits	3,619,869	3,705,943	3,880,895	4.7%
Operating	3,157,638	3,663,515	3,698,580	1.0%
Capital Outlay	24,136	50,000	25,000	-50.0%
Schools Operating Fund				
Revenues	183,232,936	194,193,039	193,877,503	-0.2%
Intergovernmental	97,776,707	99,798,504	97,827,154	-2.0%
State Aid	90,399,739	92,795,544	89,712,827	-3.3%
Federal Aid	7,376,968	7,002,960	8,114,327	15.9%
Local Revenue	2,584,990	2,698,535	3,054,349	13.2%
Permits Fines & Use of Money	203,527	115,000	159,600	38.8%
Charges for Services	855,525	879,735	842,000	-4.3%
Recovered Costs & Misc	1,525,938	1,703,800	2,052,749	20.5%
Transfers In	82,871,239	91,696,000	92,996,000	1.4%
Expenditures	182,965,603	194,193,039	193,877,503	-0.2%
Transfers Out	25,062	-	-	----
Salaries & Fringe Benefits	162,706,701	172,658,756	173,207,636	0.3%
Operating	18,356,665	19,756,883	19,001,902	-3.8%
Capital Outlay	1,877,175	1,777,400	1,667,965	-6.2%
Special Revenue Fund				
Economic Development Authority				
Revenues	106,455	88,560	87,295	-1.4%
Local Revenue	106,455	88,560	87,295	-1.4%
Permits Fines & Use of Money	106,455	88,560	87,295	-1.4%
Expenditures	64,752	88,560	87,295	-1.4%
Operating	64,752	88,560	87,295	-1.4%

Fund Balances for Governmental Funds¹

	FY19 Actual	FY20 Projected ²	FY21 Budget ⁴	% Change FY20 to FY21
General Fund				
Estimated Beginning Fund Balance	\$ 52,872,240	\$ 56,739,698	\$ 52,094,691	
Net Change in Fund Balance	3,867,458	(4,645,007)	(6,258,433)	
Estimated Ending Fund Balance	<u>\$ 56,739,698</u>	<u>\$ 52,094,691</u>	<u>\$ 45,836,258</u>	-12.0%
Unassigned Fund Balance	\$ 33,241,543	\$ 34,134,102	\$ 34,639,000	1.5%
Net Operating Revenues	249,911,355	256,059,923	260,440,228	
Est. Unassigned Fund Balance as % of Net Operating Revenues	13.3%	13.3%	13.3%	
County Improvements Fund				
Estimated Beginning Fund Balance	\$ 24,668,529	\$ 34,817,153	\$ 34,817,153	
Net Change in Fund Balance ³	10,148,624	-	(300,000)	
Estimated Ending Fund Balance	<u>\$ 34,817,153</u>	<u>\$ 34,817,153</u>	<u>\$ 34,517,153</u>	-0.9%
School Improvements Fund				
Estimated Beginning Fund Balance	\$ 5,446,139	\$ 4,032,865	\$ 4,032,865	
Net Change in Fund Balance ³	(1,413,274)	-	-	
Estimated Ending Fund Balance	<u>\$ 4,032,865</u>	<u>\$ 4,032,865</u>	<u>\$ 4,032,865</u>	0.0%
Debt Service Fund				
Estimated Beginning Fund Balance	\$ 498,057	\$ 475,080	\$ 475,080	
Net Change in Fund Balance	(22,977)	-	-	
Estimated Ending Fund Balance	<u>\$ 475,080</u>	<u>\$ 475,080</u>	<u>\$ 475,080</u>	0.0%

¹ Consistent with the Comprehensive Annual Financial Report (CAFR), Governmental funds do not include proprietary funds, fiduciary funds or component units.

² Projected fund balances are as of the 3rd quarter financial report.

³ Net changes in fund balance for County and School Improvements Funds can not be projected accurately based on the nature of multi-year projects. This potential risk is mitigated by the fact that Fund Balance is not a source of funding and policy controls relative to budget amendments are in place to prevent overspending that would result in unbudgeted changes in Fund Balance.

⁴ The County uses a conservative approach to budgeting. For example, the County budgets for 100% of approved positions and does not include an estimate for vacancy savings. Additionally, the FY20 projection includes budgeted contingency and revenue reserves of \$1.3 million and \$700,000, respectively. As such, although the FY21 budget reflects a \$6.3 million net change in fund balance, the County's actual results will be favorable to the budget consistent with prior years. The following table is for reference on the historical trends related to the use of fund balance.

Use of Fund Balance	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>
Appropriated Budget	(7,600,000)	(8,620,909)	(9,916,975)
Actual	336,654	3,867,458	N/A
Projected (FY20 only)			(4,645,007)

General Fund Revenue Appropriations

	FY19 Actual	FY20 Budget	FY21 Budget	Dollar Change	Percent Change
Local Revenue	215,826,126	223,246,501	225,372,287	2,125,786	1.0%
General Property Taxes	160,914,285	169,303,000	173,390,000	4,087,000	2.4%
Real Property Taxes	112,632,254	119,150,000	123,750,000	4,600,000	3.9%
Personal Property Taxes	34,723,904	37,800,000	37,325,000	(475,000)	-1.3%
Remaining Property Taxes	9,886,617	9,880,000	9,612,000	(268,000)	-2.7%
Machinery & Tools Tax	1,911,864	1,900,000	1,670,000	(230,000)	-12.1%
Merchants Capital Tax	1,741,132	1,750,000	1,412,000	(338,000)	-19.3%
Mobile Home Tax	26,541	30,000	30,000	-	0.0%
Public Service Tax	6,207,080	6,200,000	6,500,000	300,000	4.8%
Delinquent Taxes	2,381,544	1,373,000	1,713,000	340,000	24.8%
Penalties & Interest	1,289,966	1,100,000	990,000	(110,000)	-10.0%
Local Non-Property Taxes	35,158,775	36,368,000	34,880,000	(1,488,000)	-4.1%
Sales Tax	22,817,650	24,100,000	23,000,000	(1,100,000)	-4.6%
Local Non-Property Taxes	12,341,125	12,268,000	11,880,000	(388,000)	-3.2%
Bank Stock Tax	1,022,062	930,000	1,150,000	220,000	23.7%
Communications Tax	4,223,080	4,300,000	4,050,000	(250,000)	-5.8%
Consumer Utility Tax	1,933,885	2,030,000	1,950,000	(80,000)	-3.9%
Contractors License	750,251	690,000	775,000	85,000	12.3%
Lodging Tax	1,212,370	1,270,000	685,000	(585,000)	-46.1%
Recordation Tax	2,526,251	2,410,000	2,600,000	190,000	7.9%
Sales Tax on Mobile Homes	46,238	25,000	35,000	10,000	40.0%
Tax on Wills	35,280	33,000	35,000	2,000	6.1%
Utility Franchise Licenses	591,708	580,000	600,000	20,000	3.4%
Permits Fines & Use of Money	5,917,001	4,158,050	3,905,610	(252,440)	-6.1%
Fines & Forfeitures	986,441	1,025,400	983,010	(42,390)	-4.1%
Permits Fees & Licenses	2,440,339	2,042,500	1,970,600	(71,900)	-3.5%
Animal Licenses	36,237	35,000	10,000	(25,000)	-71.4%
Building Inspection Fees	1,650,044	1,310,000	1,300,000	(10,000)	-0.8%
Filing Fees	4,775	-	-	-	----
Inspection Fees	511,181	455,500	415,100	(40,400)	-8.9%
Planning Permits & Fees	232,814	235,000	239,500	4,500	1.9%
Septic Tank Permits	5,288	7,000	6,000	(1,000)	-14.3%
Use of Money & Property	2,490,221	1,090,150	952,000	(138,150)	-12.7%

General Fund Revenue Appropriations

	FY19 Actual	FY20 Budget	FY21 Budget	Dollar Change	Percent Change
Charges for Services	8,861,064	8,448,444	8,149,050	(299,394)	-3.5%
Charges for Services	8,861,064	8,448,444	8,149,050	(299,394)	-3.5%
Charges for Services	4,812,931	4,486,549	4,132,050	(354,499)	-7.9%
Court-Related Services	154,331	143,200	163,000	19,800	13.8%
EMS Services	2,541,604	2,552,000	2,692,000	140,000	5.5%
Landfill	696,015	575,165	521,500	(53,665)	-9.3%
User Fees	656,183	691,530	640,500	(51,030)	-7.4%
Recovered Costs & Misc	4,975,001	4,969,007	5,047,627	78,620	1.6%
Miscellaneous	1,058,531	1,192,692	1,174,500	(18,192)	-1.5%
Gifts & Donations	77,118	53,000	28,000	(25,000)	-47.2%
Miscellaneous	708,201	219,500	228,500	9,000	4.1%
Refunds	147,278	69,625	68,000	(1,625)	-2.3%
Reserves	-	700,000	700,000	-	0.0%
Sale of Assets	125,934	150,567	150,000	(567)	-0.4%
Recovered Costs	3,916,470	3,776,315	3,873,127	96,812	2.6%
Intergovernmental	34,085,229	33,951,589	35,067,941	1,116,352	3.3%
Federal Aid	4,448,993	4,331,925	4,596,347	264,422	6.1%
State Aid	29,636,236	29,619,664	30,471,594	851,930	2.9%
Categorical State Aid	8,605,493	8,549,664	9,335,094	785,430	9.2%
Non-Categorical State Aid	15,550,167	15,422,000	15,522,000	100,000	0.6%
State Share of Local Offices	5,480,576	5,648,000	5,614,500	(33,500)	-0.6%
Transfers In	151,167	-	-	-	----
Use of Planned Surpluses	-	9,916,975	6,258,433	(3,658,542)	-36.9%
Use of Planned Surplus	-	9,916,975	6,258,433	(3,658,542)	-36.9%
Economic Stability Reserve	-	-	250,000	250,000	----
PYB Grants & Donations	-	2,000	3,400	1,400	70.0%
Use of Planned Surplus	-	9,914,975	6,005,033	(3,909,942)	-39.4%
Grand Total	250,062,522	267,115,065	266,698,661	(416,404)	-0.2%

Real Property Tax Rate is \$0.81 per \$100 of Assessed Value

Real Property Tax Generated: \$123.8 Million

One Penny (\$0.01) Generates \$1.5 Million

General Fund Revenue Information

Hanover County strives to maintain a diverse yet stable revenue base so that the County may continue delivering quality services to its citizens. Revenues are monitored and projected to allow for efficient, consistent and cost-effective delivery of those services. Revenue strength and stability in Hanover has translated to savings for taxpayers. Confidence in the County’s diverse tax base and revenue stability are reflected in the AAA bond rating assigned to Hanover by all three of the major ratings agencies. These results have allowed the County to access lower-cost financing while maintaining the low tax burden citizens have come to expect.

Ongoing revenue for the General Fund includes General Property Taxes; Local Non-Property Taxes; Permits, Fines & Use of Money; Charges for Services; Recovered Costs & Miscellaneous; and Intergovernmental, which includes both federal and state aid. Ongoing revenue is used to meet recurring expenditures.

Ongoing Revenue	% of Total
General Property Taxes	66.6%
Local Non-Property Taxes	13.4%
State Aid	11.7%
Charges for Services	3.1%
Recovered Costs & Misc	1.9%
Federal Aid	1.8%
Permits Fines & Use of Money	1.5%
Total	100.0%

Additional information regarding major sources of ongoing revenues are included below. Detail tables highlight select individual revenue sources.

PROPERTY TAX RATES¹

Calendar Year	Real Property	Power Generating Equipment	Personal Property	Fire & Rescue Volunteers ²	Aircraft	Machinery & Tools	Merchants' Capital
2010	0.81	0.55	3.57	1.78	0.50	3.57	1.90
2011	0.81	0.55	3.57	1.78	0.50	3.57	1.90
2012	0.81	0.55	3.57	1.78	0.50	3.57	1.90
2013	0.81	0.55	3.57	1.78	0.50	3.57	1.90
2014	0.81	0.81	3.57	1.78	0.50	3.57	1.90
2015	0.81	0.81	3.57	1.78	0.50	3.57	1.90
2016	0.81	0.81	3.57	1.78	0.50	3.57	1.90
2017	0.81	0.81	3.57	1.78	0.50	3.57	1.90
2018	0.81	0.81	3.57	1.78	0.50	3.57	1.90
2019	0.81	0.81	3.57	1.78	0.50	3.57	1.90

¹Per \$100 of assessed value.

²Fire & rescue volunteers who satisfy eligibility criteria have a separate personal property tax rate for one vehicle.

General Fund Revenue Information

GENERAL PROPERTY TAXES

The majority of the County’s General Fund revenue is generated through General Property Taxes, which refers to taxes levied on the assessed valuation of property such as real estate and motor vehicles. In FY21, Hanover expects to receive \$173.4M in general property taxes; an increase of \$4.1M or 2.4% from FY20. This change is due primarily to increases in the valuation of real estate and personal property.

	FY19 Actual	FY20 Budget	FY21 Budget
Real Property Taxes	112,632,254	119,150,000	123,750,000
Personal Property Taxes	34,723,904	37,800,000	37,325,000
Remaining Property Taxes	9,886,617	9,880,000	9,612,000
Delinquent Taxes	2,381,544	1,373,000	1,713,000
Penalties & Interest	1,289,966	1,100,000	990,000

The real property tax rate remains \$0.81 per \$100 of assessed value. This rate has not changed since 2007. Real Property Taxes are budgeted to increase \$4.6M or 3.9% over FY20. This is due to larger than anticipated growth in the 2020 assessments. Personal Property Taxes in FY21 are estimated to generate \$37.3M. There is no change in the tax rate. An additional \$15.0M of Personal Property Tax Relief from the State is recorded as Non-Categorical State Aid.

Real Property Tax

The *Code of Virginia* §§ 58.1-3200 through 58.1-3389, authorizes localities to levy taxes on the assessed value of real estate property owned by businesses, individuals and public service corporations. Real property is defined as land and improvements, including buildings and other structures.



Section §58.1-3201 provides that all general reassessments or annual assessments shall be at 100% of fair market value. The projection of real property tax revenue is contingent upon the accuracy of estimates of the real property tax base. In developing these estimates, the County Assessor incorporates a combination of factors, including historical trends, the current year’s tax base, the cumulative effect of parcel reassessments, the value of land in the County’s land use program and an estimate of new construction during the upcoming year. The Assessor’s office appraises all real property annually. Real Property Taxes are levied in April and are collected semi-annually on June 5th and October 5th. Supplemental prorated levies for construction are performed throughout the year.

The Board of Supervisors adopted an ordinance allowing property tax relief for elderly or permanently disabled persons. The property must be the sole dwelling of the applicant. The maximum income level is \$52,500 and maximum net worth is \$200,000 (excluding the value of the house and up to ten (10) acres of land), with no maximum discount.

General Fund Revenue Information

Personal Property Tax

Pursuant to the *Code of Virginia* §§ 58.1-3500 through 58.1-3536, counties may levy a tax on tangible personal property. Included in this category are such items as motor vehicles, farming equipment and motorized vehicles including boats, aircraft, recreational vehicles, campers and trailers. Taxes are levied on 100% of trade-in assessed value, which are based on published market guides. Personal Property Tax projections incorporate historical analysis, estimates of future growth and information regarding tangible property market values.

The current tax rate is \$3.57 per \$100 of value and is collected annually on February 5th of the subsequent year. The rate for aircraft is \$0.50 per \$100 of assessed value. Hanover County prorates the Personal Property Tax on vehicles (not including boats). The County also has an incentive program to recognize the contributions of fire and rescue squad volunteers, providing tax relief of 50% on the primary vehicle used by volunteers. In November 2006, the Board of Supervisors established a separate classification for disabled veterans, providing 50% tax relief. Hanover County also offers a discount for vehicles with high mileage.

Public Service Corporation Taxes

Public Service Corporation Taxes are the real estate and personal property tax due from companies whose purpose is to provide utilities for the public. An example is a railroad line or telephone company. The County receives annual assessments from the State Corporation Commission (SCC) and the Department of Taxation. The County's real and personal property tax rates are applied to these assessments.

Machinery & Tools and Merchants' Capital Taxes

A Machinery & Tools Tax is levied on certain equipment, such as those used for manufacturing, mining, processing, radio/television broadcasting, dairy and laundry/dry cleaning. A Merchants' Capital Tax, is levied on the inventory of stock on hand, daily rental of passenger cars, daily rental property and all other tangible personal property.

LOCAL NON-PROPERTY TAXES

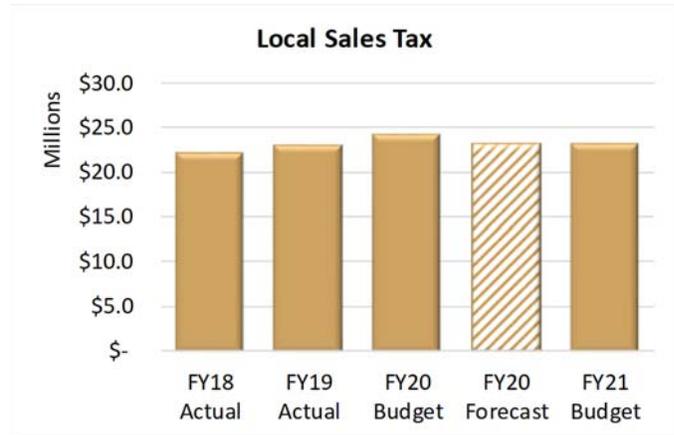
	FY19 Actual	FY20 Budget	FY21 Budget
Local Sales Tax	22,817,650	24,100,000	23,000,000
Communications Tax	4,223,080	4,300,000	4,050,000
Recordation Tax	2,526,251	2,410,000	2,600,000
Consumer Utility Tax	1,933,885	2,030,000	1,950,000
Bank Stock Tax	1,022,062	930,000	1,150,000
Contractors License	750,251	690,000	775,000
Lodging Tax	1,212,370	1,270,000	685,000

Hanover County collects substantial revenue from Local Non-Property Taxes, which are levied on a variety of sale and service transactions.

General Fund Revenue Information

Local Sales Tax

The largest single item in this revenue category is Local Sales Tax. The County receives 1% of the Commonwealth’s 5.3% sales tax on all local sales, which is collected by merchants and remitted through the Commonwealth to Hanover. Pursuant to Virginia Code §58.1-605, the County currently remits 4.84% of that amount to the Town of Ashland. Local Sales Tax revenue is budgeted at \$23.0M in FY21, a 4.6% decrease from FY20.



Retail Trade is the largest classification of the County’s taxable sales:

Classification	FY19 Taxable Sales (as % of total)
Retail Trade	53.5%
Wholesale Trade	16.2%
Recreation/Food Services	11.4%
All Other Classifications	18.9%

Communications Tax

This tax applies a uniform 5% tax per month on all telecommunications services as well as a uniform 911 fee of \$0.75 per line per month. Satellite television and voice over internet telephone service are also subject to the 5% tax.

Recordation Tax

Section § 58.1-3800 of the *Code of Virginia* authorizes localities to impose a Recordation Tax on the recording of estates, deeds of trusts, mortgages, leases, contracts and agreements that are required to be admitted as matters of record to the Clerk of the Circuit Court. The tax collected by the Clerk of the Circuit Court is equal to one-third of the amount of the State recordation tax.

Consumer Utility Tax

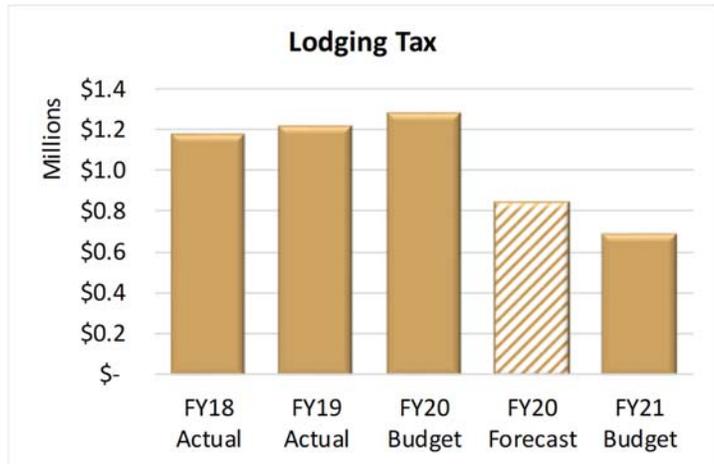
The *Code of Virginia* §58.1-3814 authorizes localities to impose a tax on the consumers of public utilities. This tax is applied to all gas and electric service recipients, both residential and nonresidential, within the County excluding the Town of Ashland, which has a separate utility tax for Ashland residents.

General Fund Revenue Information

Lodging Tax

This tax is levied on lodging at any motel, hotel, travel campground or boardinghouse for a period of 30 consecutive days or less. The tax is 8% of the amount paid for lodging and related services.

Lodging Tax is transmitted to the Greater Richmond Convention Center Authority (GRCCA) and forms the basis for a 25% refund for Hanover’s contribution to the Richmond Convention Center. The refund is recorded under Recovered Costs.



PERMITS, FINES & USE OF MONEY

	FY19 Actual	FY20 Budget	FY21 Budget
Permits Fees & Licenses	2,440,339	2,042,500	1,970,600
Fines & Forfeitures	986,441	1,025,400	983,010
Use of Money & Property	2,490,221	1,090,150	952,000

Permits, Privilege Fees and Regulatory Licenses

The County collects revenues from issuing Permits, Privilege Fees and Regulatory Licenses to help defray the cost of related County services, such as code inspections and zoning adjustments.

Planning Permits & Fees include land use application fees among other charges for service and materials. These fees recover a portion of the costs associated with the processing, reviewing and advertising of applications as well as the inspection of their respective projects.

Building Inspection Fees include building, mechanical, electrical and plumbing permits. These fees defray the costs of code compliance plan reviews, field inspections and related administrative costs.

Use of Money & Property

This includes revenues received through rental income and interest earned on investments.

Fines & Forfeitures

The Clerk of the Circuit Court assesses fines and forfeitures for violations of County criminal ordinances. Revenues under this category also include interest collected on past-due fines, court-appointed attorney fees and courthouse security fees.

CHARGES FOR SERVICES

Charges for Services are revenues received by the County for services provided. Revenue for medical care provided by the Community Services Board (\$3.3M) and EMS Services (\$2.7M) account for 74% of the Charges for Services category. Other revenues within this category include such items as parks and recreation fees, landfill fees and radio system access charges. This category as a whole is expected to

General Fund Revenue Information

experience a decrease of 3.5% in FY21.

	FY19 Actual	FY20 Budget	FY21 Budget
Charges for Services	4,812,931	4,486,549	4,132,050
EMS Services	2,541,604	2,552,000	2,692,000

Charges for Services

The Community Services Board charges clients and insurance (including Medicaid) for eligible services such as case management, outpatient therapy, day support and intensive community treatment. Transfer station hauling, radio system access and other charges are also included in this category.

EMS Services

In March 2005, the County established an EMS Fee Recovery Program that leverages funding from Medicare/Medicaid and insurance companies for ambulance transports. Projections are based on the average number of transports, the service rate and collection rates.

RECOVERED COSTS & MISCELLANEOUS

	FY19 Actual	FY20 Budget	FY21 Budget
Recovered Costs	3,916,470	3,776,315	3,873,127
Miscellaneous	1,058,531	1,192,692	1,174,500

Recovered Costs

A large portion of this category are revenues received from the Public Utilities Fund and Pamunkey Regional Jail in exchange for services provided by County departments such as Finance, Information Technology and Human Resources. In addition, a service assessment charge is imposed on Public Utilities for law enforcement, fire protection and emergency medical services. The increase in FY21 is a result of the Public Utilities contribution.



The County also receives an annual refund from the Greater Richmond Convention Center Authority (GRCCA) equal to 25% of the Lodging Tax plus anticipated rebates for any revenues exceeding costs.

Miscellaneous

Miscellaneous revenue includes refunds and revenue not classified elsewhere. Examples include donations, insurance recoveries and the sale of assets.

General Fund Revenue Information

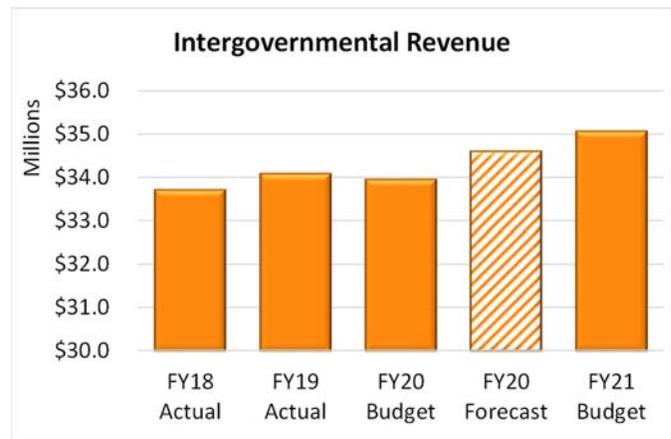
INTERGOVERNMENTAL

Intergovernmental revenues consist of Federal and State Aid. In FY21, intergovernmental revenues have a budgeted increase of \$1.1M or 3.3% from the prior year.

	FY19 Actual	FY20 Budget	FY21 Budget
Non-Categorical State Aid	15,550,167	15,422,000	15,522,000
Categorical State Aid	8,605,493	8,549,664	9,335,094
State Share of Local Offices	5,480,576	5,648,000	5,614,500
Categorical Federal Aid	4,448,993	4,331,925	4,596,347

Non-Categorical State Aid

Non-Categorical State Aid tends to be predictable. Vehicle Rental Tax and the Personal Property Tax Relief Program are included in this category. As mandated by the State, the State's portion of the Personal Property Tax Relief Program is classified as reimbursement from the State as Non-Categorical State Aid. The County receives a pro-rata share of \$950 million of relief distributed statewide. This tax relief amount is \$15.0M and is expected to remain constant in future years.



Categorical Aid

Federal and State Categorical Aid contain grants earmarked for specific uses and are tightly restricted. Funding is generally granted on a project-by-project basis. The two largest increases in this area for FY21 are for STEP-VA initiatives in the Community Services Board (\$330,000) and increases in the Children's Services Act (\$283,000).

More than 80% of Categorical State and Federal Aid support the County's Human Services departments. Social Services, the Community Services Board and the Children's Services Act each receives substantial intergovernmental funding.

Public Safety departments also receive State and Federal Categorical Aid, expected to total \$2.0M in FY21.

Additional grants are frequently awarded throughout the year. Potential grant awards are not reflected in the fiscal year budget; however, these amounts are included in prior year actuals when applicable.

State Share of Local Offices

The State provides funding for programs that benefit both the County and the State. The State Compensation Board provides partial reimbursement for the departments with constitutional officers. The County supplements these funds. These departments include the Clerk of the Circuit Court, Commissioner of the Revenue, Commonwealth's Attorney, Sheriff and Treasurer. The State Board of Elections provides partial funding for the Registrar.

General Fund Departmental Appropriations

	FY19 Actual	FY20 Budget	FY21 Budget	Dollar Change	Percent Change
Salaries & Fringe Benefits	86,591,859	92,934,892	95,850,994	2,916,102	3.1%
Operating	41,047,225	44,672,879	45,265,161	592,282	1.3%
Capital Outlay	3,038,047	3,250,620	2,802,110	(448,510)	-13.8%
Transfers Out	115,522,379	126,256,674	122,780,396	(3,476,278)	-2.8%
Grand Total	246,199,510	267,115,065	266,698,661	(416,404)	-0.2%

	FY19 Actual	FY20 Budget	FY21 Budget	Dollar Change	Percent Change
Community Development	4,951,102	5,265,666	4,639,847	(625,819)	-11.9%
Community Support	1,740,090	1,830,753	1,234,907	(595,846)	-32.5%
Economic Development	1,033,408	1,114,279	1,059,218	(55,061)	-4.9%
Planning	1,988,734	2,096,030	2,128,613	32,583	1.6%
Soil & Water Conservation	102,907	105,994	105,994	-	0.0%
VA Cooperative Extension	85,963	118,610	111,115	(7,495)	-6.3%
General Government	15,797,591	16,809,336	17,254,602	445,266	2.6%
Assessor	1,066,551	1,303,960	1,294,118	(9,842)	-0.8%
Board of Supervisors	579,501	618,364	618,546	182	0.0%
Commissioner of the Revenue	1,685,903	1,738,851	1,913,257	174,406	10.0%
County Administrator	1,300,212	1,372,558	1,376,274	3,716	0.3%
County Attorney	1,135,199	1,231,025	1,167,369	(63,656)	-5.2%
Finance & Management Services	1,818,745	1,971,211	2,023,563	52,352	2.7%
Human Resources	1,072,230	1,305,450	1,321,029	15,579	1.2%
Information Technology	4,718,293	4,689,820	4,846,317	156,497	3.3%
Internal Audit	306,699	338,319	373,144	34,825	10.3%
Registrar	507,813	548,716	575,937	27,221	5.0%
Treasurer	1,606,445	1,691,062	1,745,048	53,986	3.2%
Human Services	25,498,256	26,814,219	28,336,877	1,522,658	5.7%
Children's Services Act	6,087,299	5,977,000	6,802,100	825,100	13.8%
Community Resources	390,423	442,152	588,069	145,917	33.0%
Community Services Board	11,025,943	11,660,588	12,087,404	426,816	3.7%
Health	619,177	653,504	665,000	11,496	1.8%
Social Services	5,506,758	6,180,975	6,194,304	13,329	0.2%
Tax Relief	1,868,656	1,900,000	2,000,000	100,000	5.3%
Judicial Administration	6,463,715	7,107,197	7,226,825	119,628	1.7%
Circuit Court	319,500	348,207	336,342	(11,865)	-3.4%
Clerk of the Circuit Court	1,434,581	1,545,021	1,591,010	45,989	3.0%
Commonwealth's Attorney	1,971,941	2,120,100	2,159,931	39,831	1.9%
Court Services	2,623,535	2,948,451	2,987,085	38,634	1.3%
General District Court	92,432	118,815	123,690	4,875	4.1%
Juvenile & Domestic Relations Court	18,396	23,230	25,336	2,106	9.1%
Magistrate	3,330	3,373	3,431	58	1.7%

General Fund Departmental Appropriations

	FY19 Actual	FY20 Budget	FY21 Budget	Dollar Change	Percent Change
Nondepartmental	115,522,379	128,385,321	124,855,582	(3,529,739)	-2.7%
Personnel Category Adjustment	-	159,862	93,652	(66,210)	-41.4%
Reserve for Contingencies	-	1,268,785	1,281,534	12,749	1.0%
Reserve for Revenue Transfers	-	700,000	700,000	-	0.0%
Transfer to Airport CIP	-	411,000	59,000	(352,000)	-85.6%
Transfer to Airport Fund	52,029	48,444	109,676	61,232	126.4%
Transfer to CIP Assignments	600,000	1,110,000	250,000	(860,000)	-77.5%
Transfer to CIP County	6,996,421	6,448,000	7,141,800	693,800	10.8%
Transfer to CIP Schools	5,000,000	5,800,000	3,000,000	(2,800,000)	-48.3%
Transfer to Debt Service	-	29,600	25,700	(3,900)	-13.2%
Transfer to Debt Svc County	6,478,881	7,304,460	8,588,970	1,284,510	17.6%
Transfer to Debt Svc Schools	12,903,735	12,772,770	10,047,250	(2,725,520)	-21.3%
Transfer to Lewistown CDA	620,074	636,400	562,000	(74,400)	-11.7%
Transfer to Schools Operating	82,871,239	91,696,000	92,996,000	1,300,000	1.4%
Parks, Recreation & Cultural	6,233,772	6,794,731	6,663,127	(131,604)	-1.9%
Pamunkey Regional Library	2,765,714	2,941,000	2,941,000	-	0.0%
Parks & Recreation	3,468,058	3,853,731	3,722,127	(131,604)	-3.4%
Public Safety	60,177,387	64,437,089	66,115,076	1,677,987	2.6%
Animal Control	1,031,886	1,134,302	1,122,139	(12,163)	-1.1%
Building Inspections	1,544,415	1,686,142	1,680,660	(5,482)	-0.3%
Community Corrections	508,544	587,793	605,345	17,552	3.0%
Emergency Communications	5,543,179	6,110,737	6,196,567	85,830	1.4%
Fire-EMS	20,484,679	21,896,303	23,008,649	1,112,346	5.1%
Juvenile Court Services	529,208	553,416	558,138	4,722	0.9%
Pamunkey Regional Jail	5,324,085	5,616,310	5,717,226	100,916	1.8%
Sheriff	25,211,391	26,852,086	27,226,352	374,266	1.4%
Public Works	11,555,308	11,501,506	11,606,725	105,219	0.9%
General Services	4,534,084	4,797,205	4,921,226	124,021	2.6%
Public Works	1,817,887	1,924,597	1,957,552	32,955	1.7%
Public Works Operations	5,203,337	4,779,704	4,727,947	(51,757)	-1.1%
Grand Total	246,199,510	267,115,065	266,698,661	(416,404)	-0.2%

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Expenditure Information: General Fund

The following expenditure information summarizes how the County's budget is allocated and illustrates how the County attempts to provide the services needed and desired by the citizens in an efficient and effective manner.

EMPLOYEE COMPENSATION

The Board of Supervisors has long recognized that competitive employee compensation is critical to the County's success.

All departments and funds with Salaries & Fringe Benefits are subject to countywide compensation and benefit changes. Typical countywide changes include merit pay increases and the cost of employer-provided benefits. Departmental costs vary based on benchmarking, career ladder advances, staff turnover and reclassification of existing positions to reflect new duties and requirements. Throughout the document, these impacts will be collectively referred to as the "countywide compensation adjustment."

Because of economic impacts resulting from the COVID-19 global pandemic, the FY21 budget does not include a merit pay increase for employees or adjusted compensation for select County positions based on benchmarking against equivalents in the region.

The FY21 countywide compensation adjustment includes:

- A 10% increase in the County's contribution toward employee health insurance.
- Reallocation of department health insurance costs based on eligible FTE rather than employee election.
- An 18% increase in the County's retirement contribution rate from the Virginia Retirement System (VRS).
- Career ladder advancements in eligible positions to recognize the additional training and achievements of the workforce during their careers with the County.
- Changes in cost due to staff turnover.
- Tuition reimbursement for qualifying higher education classes.

Department-specific adjustments for new positions and increases in employee hours are generally identified through the Service Level Plan.

Recognizing that compensation is only one aspect of a quality work environment, the County also supports employee training & development and employee recognition in operating budgets.

OPERATING

Operating amounts are separately determined for each department through the budget process. The Service Level Plan is used to identify items that are outside of the existing department expenditures.

CAPITAL OUTLAY

Capital Outlay amounts vary annually as equipment and projects are purchased or completed. All General Fund Capital Outlay is requested through the Service Level Plan.

Expenditure Information: General Fund

GENERAL FUND BY FUNCTIONAL AREA

The General Fund is the primary operating fund from which nearly all County services receive their local funding. In addition to specific funding adjustments noted in other sections, the budget is prepared to accommodate service level changes with many areas of the County's operation being mandated by Federal or State law, for which budgetary control is always a challenge.

The information presented below represents highlights of each functional area. More detailed information is presented on the department pages later in the document.

All departments with County employees are impacted by the countywide compensation adjustment.

COMMUNITY DEVELOPMENT

	FY21 Budget	Dollar Change	Percent Change
Community Development	4,639,847	(625,819)	-11.9%
Salaries & Fringe Benefits	2,405,913	(6,273)	-0.3%
Operating	2,233,934	(619,546)	-21.7%

The Community Development functional area includes departments dedicated to making Hanover County a premier community for people and businesses.

The Planning and Economic Development departments account for 68% of the Community Development functional area. Expenditures are predominately in salaries, however, operational investments include software to support proffer tracking and document management, as well as continuing support for business recruitment opportunities.

Community Support for 7 local and 14 regional organizations recognizes the benefits obtained by county citizens from these agencies. This budget preserves support for all local Hanover agencies. Support increases for Feed More, the American Red Cross and Homeward. The largest component of Community Support is paid to the Greater Richmond Convention Center Authority (GRCCA) to fund regional tourism efforts. Support for GRCCA decreases 46% to match the projected change in lodging tax as a result of COVID-19.

General Fund - Functional Area Summaries

Community Development

BUDGET SUMMARY	FY19	FY20	FY21	% Change
	Actual	Budget	Budget	FY20 to FY21
Expenditures - by Department	4,951,102	5,265,666	4,639,847	-11.9%
Community Support	1,740,090	1,830,753	1,234,907	-32.5%
Economic Development	1,033,408	1,114,279	1,059,218	-4.9%
Planning	1,988,734	2,096,030	2,128,613	1.6%
Soil & Water Conservation	102,907	105,994	105,994	0.0%
VA Cooperative Extension	85,963	118,610	111,115	-6.3%
Expenditures - by Category	4,951,102	5,265,666	4,639,847	-11.9%
Salaries & Fringe Benefits	2,237,362	2,412,186	2,405,913	-0.3%
Operating	2,713,740	2,853,480	2,233,934	-21.7%
Revenues	4,951,102	5,265,666	4,639,847	-11.9%
General Fund Revenue	4,662,608	5,023,541	4,325,452	-13.9%
Local Revenue	283,994	242,125	314,395	29.8%
Intergovernmental	4,500	-	-	----
Generated Revenue Percent	5.8%	4.6%	6.8%	
General Fund Revenue Percent	94.2%	95.4%	93.2%	

FTE SUMMARY	FY20	FY20	FY21	FTE Chg from
	Budget	Amended	Budget	FY20 Amended
Full-time Equivalents (FTE)	25.0	25.0	25.0	-
Full-time Positions	25.0	25.0	25.0	-

Expenditure Information: General Fund

GENERAL GOVERNMENT

	FY21 Budget	Dollar Change	Percent Change
General Government	17,254,602	445,266	2.6%
Salaries & Fringe Benefits	14,798,354	441,855	3.1%
Operating	2,426,248	91,591	3.9%
Capital Outlay	30,000	(88,180)	-74.6%

The General Government functional area includes the Board of Supervisors and County Administrator's offices, as well as central support services that help front-line county departments provide superior customer service through creativity, innovation and sound financial practices. Services include financial, human resources, tax assessment, voter registration and information technology.

The largest single component is the Information Technology (IT) department at 28% of the total functional area. FY21 IT investment includes redistricting software and equipment to assist with monitoring the County's network. Capital IT projects are funded in the Capital Improvements Program (CIP).

Hanover continues to invest in enhancements to financial systems, including a third-party collections package for the Treasurer's Office; an updated payroll interface between Finance and Human Resources systems (which will benefit the County and Schools); and ongoing support for software enhancements for the Commissioner of the Revenue.

The County is also funding the first year of a three-year project for the Registrar to provide for secure storage and portability of voting equipment. Finally, the FY21 budget includes funding for a citizen survey conducted every three years.

General Fund - Functional Area Summaries

General Government

BUDGET SUMMARY	FY19 Actual	FY20 Budget	FY21 Budget	% Change FY20 to FY21
Expenditures - by Department	15,797,591	16,809,336	17,254,602	2.6%
Assessor	1,066,551	1,303,960	1,294,118	-0.8%
Board of Supervisors	579,501	618,364	618,546	0.0%
Commissioner of the Revenue	1,685,903	1,738,851	1,913,257	10.0%
County Administrator	1,300,212	1,372,558	1,376,274	0.3%
County Attorney	1,135,199	1,231,025	1,167,369	-5.2%
Finance & Management Services	1,818,745	1,971,211	2,023,563	2.7%
Human Resources	1,072,230	1,305,450	1,321,029	1.2%
Information Technology	4,718,293	4,689,820	4,846,317	3.3%
Internal Audit	306,699	338,319	373,144	10.3%
Registrar	507,813	548,716	575,937	5.0%
Treasurer	1,606,445	1,691,062	1,745,048	3.2%
Expenditures - by Category	15,797,591	16,809,336	17,254,602	2.6%
Salaries & Fringe Benefits	13,250,703	14,356,499	14,798,354	3.1%
Operating	2,434,779	2,334,657	2,426,248	3.9%
Capital Outlay	112,109	118,180	30,000	-74.6%
Revenues	15,797,591	16,809,336	17,254,602	2.6%
General Fund Revenue	14,685,446	15,877,436	16,276,702	2.5%
Local Revenue	510,467	380,000	428,000	12.6%
Intergovernmental	601,678	551,900	549,900	-0.4%
Generated Revenue Percent	7.0%	5.5%	5.7%	
General Fund Revenue Percent	93.0%	94.5%	94.3%	

FTE SUMMARY	FY20 Budget	FY20 Amended	FY21 Budget	FTE Chg from FY20 Amended
Full-time Equivalents (FTE)	144.7	144.7	144.7	-
Full-time Positions	140.0	140.0	140.0	-
Part-time Positions	4.7	4.7	4.7	-

Expenditure Information: General Fund

HUMAN SERVICES

	FY21 Budget	Dollar Change	Percent Change
Human Services	28,336,877	1,528,488	5.7%
Salaries & Fringe Benefits	15,824,429	695,305	4.6%
Operating	12,512,448	833,183	7.1%

Human Services remains one of the County's priority service areas. The Human Services functional area includes departments that protect the vulnerable and promote citizen independence and a high quality of life.

Growth in the Human Services Operating budget is largely from increases in services provided through the Children's Services Act (CSA) and the Community Services Board (CSB). The CSA budget accounts for 54% of total growth in the Human Services functional area. CSA costs are shared between state, federal and local governments.

After adoption of the FY20 budget, the County amended the FY20 Community Services Board (CSB) budget to authorize 4.6 new positions, along with State funding, as part of Virginia's System Transformation Excellence and Performance (STEP-VA) program. This growth is partially offset by decreases to both Local Revenue and Operating Expenditures to reflect revised expectations for Medicaid-covered services and billing.

A significant accomplishment in Human Services this year was the fulfillment of the Board Initiative to implement a specialized transportation program. County funds matched state grant funds to establish "Hanover DASH" in December. Ongoing support for this program is reflected in the FY21 budget.

General Fund - Functional Area Summaries

Human Services

BUDGET SUMMARY	FY19	FY20	FY21	% Change
	Actual	Budget	Budget	FY20 to FY21
Expenditures - by Department	25,498,256	26,814,219	28,336,877	5.7%
Children's Services Act	6,087,299	5,977,000	6,802,100	13.8%
Community Resources	390,423	442,152	588,069	33.0%
Community Services Board	11,025,943	11,660,588	12,087,404	3.7%
Health	619,177	653,504	665,000	1.8%
Social Services	5,506,758	6,180,975	6,194,304	0.2%
Tax Relief	1,868,656	1,900,000	2,000,000	5.3%
Expenditures - by Category	25,498,256	26,814,219	28,336,877	5.7%
Salaries & Fringe Benefits	14,249,179	15,129,124	15,824,429	4.6%
Operating	11,217,807	11,679,265	12,512,448	7.1%
Capital Outlay	31,270	5,830	-	-100.0%
Revenues	25,498,256	26,814,219	28,336,877	5.7%
General Fund Revenue	11,308,370	12,142,201	13,137,824	8.2%
Local Revenue	3,489,978	3,855,189	3,581,972	-7.1%
Intergovernmental	10,699,908	10,816,829	11,617,081	7.4%
Generated Revenue Percent	55.7%	54.7%	53.6%	
General Fund Revenue Percent	44.3%	45.3%	46.4%	

FTE SUMMARY	FY20	FY20	FY21	FTE Chg from
	Budget	Amended	Budget	FY20 Amended
Full-time Equivalents (FTE)	199.8	204.9	204.9	-
Full-time Positions	190.0	198.0	198.0	-
Part-time Positions	9.8	6.9	6.9	-

Expenditure Information: General Fund

JUDICIAL ADMINISTRATION

	FY21 Budget	Dollar Change	Percent Change
Judicial Administration	7,226,825	119,628	1.7%
Salaries & Fringe Benefits	6,260,234	145,016	2.4%
Operating	679,601	(35,838)	-5.0%
Capital Outlay	286,990	10,450	3.8%

The Judicial Administration functional area includes expenditures relating to the courts system. The primary initiatives in this functional area are in the CIP for the Clerk of the Circuit Court to replace the land records management system and the Commonwealth's Attorney to replace the case management system. These capital projects are separately budgeted in the CIP section of the document.

Most positions and operating costs for the Courts themselves are funded by the Commonwealth. The County supplements Operating budgets for all Courts and staff for the Circuit Court. The adopted budget reflects County expenditures only.

The Court Services division of the Sheriff's Office is budgeted under Judicial Administration.

General Fund - Functional Area Summaries

Judicial Administration

BUDGET SUMMARY	FY19	FY20	FY21	% Change
	Actual	Budget	Budget	FY20 to FY21
Expenditures - by Department	6,463,715	7,107,197	7,226,825	1.7%
Circuit Court	319,500	348,207	336,342	-3.4%
Clerk of the Circuit Court	1,434,581	1,545,021	1,591,010	3.0%
Commonwealth's Attorney	1,971,941	2,120,100	2,159,931	1.9%
Court Services	2,623,535	2,948,451	2,987,085	1.3%
General District Court	92,432	118,815	123,690	4.1%
Juvenile & Domestic Relations Court	18,396	23,230	25,336	9.1%
Magistrate	3,330	3,373	3,431	1.7%
Expenditures - by Category	6,463,715	7,107,197	7,226,825	1.7%
Salaries & Fringe Benefits	5,605,288	6,115,218	6,260,234	2.4%
Operating	568,180	715,439	679,601	-5.0%
Capital Outlay	290,247	276,540	286,990	3.8%
Revenues	6,463,715	7,107,197	7,226,825	1.7%
General Fund Revenue	4,442,758	5,034,197	5,157,725	2.5%
Local Revenue	317,696	310,900	326,500	5.0%
Intergovernmental	1,703,261	1,762,100	1,742,600	-1.1%
Generated Revenue Percent	31.3%	29.2%	28.6%	
General Fund Revenue Percent	68.7%	70.8%	71.4%	

FTE SUMMARY	FY20	FY20	FY21	FTE Chg from
	Budget	Amended	Budget	FY20 Amended
Full-time Equivalents (FTE)	74.0	74.0	74.0	-
Full-time Positions	74.0	74.0	74.0	-

Expenditure Information: General Fund

NONDEPARTMENTAL

	FY21 Budget	Dollar Change	Percent Change
Nondepartmental	124,855,582	(3,529,739)	-2.7%
Transfers Out	122,780,396	(3,476,278)	-2.8%
Reserve for Contingencies	1,281,534	12,749	1.0%
Reserve for Revenue Transfers	700,000	-	0.0%
Personnel Category Adjustmnt	93,652	(66,210)	-41.4%

Transfers to other funds and appropriated General Fund reserves are reported in the Nondepartmental functional area. Transfers to the Schools, capital improvements funds, debt service and other funds are detailed on the respective fund pages. Reserves include a Reserve for Contingencies required by the County's financial policies, a Reserve for Revenue Transfers to set aside appropriated funds for future grants, donations and insurance recoveries and a Personnel Category Adjustment for mid-year compensation adjustments beyond the budget capacity of individual departments.

The single largest expenditure for the General Fund – 40% of the fund total – is \$106.0 million transferred to support School operations, capital projects and debt service.

General Fund - Functional Area Summaries

Nondepartmental

BUDGET SUMMARY	FY19 Actual	FY20 Budget	FY21 Budget	% Change FY20 to FY21
Expenditures - by Category	115,522,379	128,385,321	124,855,582	-2.7%
Salaries & Fringe Benefits	-	159,862	93,652	-41.4%
Operating	-	1,968,785	1,981,534	0.6%
Transfers Out	115,522,379	126,256,674	122,780,396	-2.8%
Revenues	115,522,379	128,385,321	124,855,582	-2.7%
General Fund Revenue	115,396,274	127,685,321	124,155,582	-2.8%
Local Revenue	-	700,000	700,000	0.0%
Transfers In	126,105	-	-	----
Generated Revenue Percent	0.1%	0.5%	0.6%	
General Fund Revenue Percent	99.9%	99.5%	99.4%	

Expenditure Information: General Fund

PARKS, RECREATION AND CULTURAL

	FY21 Budget	Dollar Change	Percent Change
Parks, Recreation & Cultural	6,663,127	(131,604)	-1.9%
Salaries & Fringe Benefits	2,459,900	29,236	1.2%
Operating	4,196,227	(41,840)	-1.0%
Capital Outlay	7,000	(119,000)	-94.4%

Parks & Recreation and the Pamunkey Regional Library are the two departments in this functional area.

Parks & Recreation maintains parkland throughout the County and offers a wide range of events and programs, including the Youth Summer Program and the Hanover Tomato Festival. The FY21 Operating budget decreases as a result of COVID-19 and the resulting reprioritization of programs and services.

The Pamunkey Regional Library plans to open the new, larger Atlee Branch Library in FY21.

Parks and the Library also continue to work toward the joint Montpelier Park Community Center & Library anticipated to open in FY22.

General Fund - Functional Area Summaries

Parks, Recreation & Cultural

BUDGET SUMMARY	FY19	FY20	FY21	% Change
	Actual	Budget	Budget	FY20 to FY21
Expenditures - by Department	6,233,772	6,794,731	6,663,127	-1.9%
Pamunkey Regional Library	2,765,714	2,941,000	2,941,000	0.0%
Parks & Recreation	3,468,058	3,853,731	3,722,127	-3.4%
Expenditures - by Category	6,233,772	6,794,731	6,663,127	-1.9%
Salaries & Fringe Benefits	2,184,912	2,430,664	2,459,900	1.2%
Operating	3,969,311	4,238,067	4,196,227	-1.0%
Capital Outlay	79,549	126,000	7,000	-94.4%
Revenues	6,233,772	6,794,731	6,663,127	-1.9%
General Fund Revenue	5,450,646	6,045,851	5,991,227	-0.9%
Local Revenue	783,126	746,880	668,500	-10.5%
Use of Planned Surpluses	-	2,000	3,400	70.0%
Generated Revenue Percent	12.6%	11.0%	10.1%	
General Fund Revenue Percent	87.4%	89.0%	89.9%	

FTE SUMMARY	FY20	FY20	FY21	FTE Chg from
	Budget	Amended	Budget	FY20 Amended
Full-time Equivalents (FTE)	31.1	31.1	31.1	-
Full-time Positions	30.0	30.0	30.0	-
Part-time Positions	1.1	1.1	1.1	-

Expenditure Information: General Fund

PUBLIC SAFETY

	FY21 Budget	Dollar Change	Percent Change
Public Safety	66,115,076	1,677,987	2.6%
Salaries & Fringe Benefits	47,385,333	1,546,800	3.4%
Operating	16,339,023	314,407	2.0%
Capital Outlay	2,390,720	(183,220)	-7.1%

Public Safety remains one of the County's priority service areas. This functional area includes departments with the primary goal of protecting the public and keeping them safe. The Sheriff and Fire-EMS are the two largest departments in the County.

During FY20, Fire-EMS received a federal Staffing for Adequate Fire and Emergency Response (SAFER) grant for the hiring of 12 Firefighter Medics. The Board also authorized the addition of an EMS Training Coordinator. These 13 positions are reflected in the FY21 budget.

Because of the COVID-19 pandemic, additional Deputy Sheriffs and Firefighter Medics originally planned for FY21 have been delayed one year to the start of FY22.

Public Safety departments have equipment needs funded throughout the plan. Fire-EMS is increasing its investment in personal protective equipment (PPE) for career and volunteer firefighters. The Sheriff's Office's plan for replacing vehicles and mobile data computers for officers is funded at an annual cost of \$2.1 million.

General Fund - Functional Area Summaries

Public Safety

BUDGET SUMMARY	FY19	FY20	FY21	% Change
	Actual	Budget	Budget	FY20 to FY21
Expenditures - by Department	60,177,387	64,437,089	66,115,076	2.6%
Animal Control	1,031,886	1,134,302	1,122,139	-1.1%
Building Inspections	1,544,415	1,686,142	1,680,660	-0.3%
Community Corrections	508,544	587,793	605,345	3.0%
Emergency Communications	5,543,179	6,110,737	6,196,567	1.4%
Fire-EMS	20,484,679	21,896,303	23,008,649	5.1%
Juvenile Court Services	529,208	553,416	558,138	0.9%
Pamunkey Regional Jail	5,324,085	5,616,310	5,717,226	1.8%
Sheriff	25,211,391	26,852,086	27,226,352	1.4%
Expenditures - by Category	60,177,387	64,437,089	66,115,076	2.6%
Salaries & Fringe Benefits	42,930,399	45,838,533	47,385,333	3.4%
Operating	14,915,755	16,024,616	16,339,023	2.0%
Capital Outlay	2,331,233	2,573,940	2,390,720	-7.1%
Revenues	60,177,387	64,437,089	66,115,076	2.6%
General Fund Revenue	49,287,620	54,222,929	55,645,906	2.6%
Local Revenue	5,379,394	4,853,400	4,870,810	0.4%
Intergovernmental	5,485,311	5,360,760	5,598,360	4.4%
Transfers In	25,062	-	-	----
Generated Revenue Percent	18.1%	15.9%	15.8%	
General Fund Revenue Percent	81.9%	84.1%	84.2%	

FTE SUMMARY	FY20	FY20	FY21	FTE Chg from
	Budget	Amended	Budget	FY20 Amended
Full-time Equivalents (FTE)	554.5	567.5	567.5	-
Full-time Positions	552.0	565.0	565.0	-
Part-time Positions	2.5	2.5	2.5	-

Expenditure Information: General Fund

PUBLIC WORKS

	FY21 Budget	Dollar Change	Percent Change
Public Works	11,606,725	105,219	0.9%
Salaries & Fringe Benefits	6,623,179	130,373	2.0%
Operating	4,896,146	37,576	0.8%
Capital Outlay	87,400	(62,730)	-41.8%

The Public Works functional area is responsible for the operation, maintenance and construction of County roads, facilities, vehicles and equipment, as well as sanitation and waste removal. Oversight and management responsibilities are part of the General Fund. Funding for many projects handled by these departments are budgeted in the CIP.

The Department of Public Works manages County road and stormwater projects funded in the CIP. Public Works also provides oversight to Public Works Operations, the Hanover County Airport and the Cannery.

Over half of the Operating budget for Public Works Operations is for the transfer station hauling contract. The cost of this program has been difficult to project recently due to economic factors as well as changes relative to the largest vendors. In FY21, the cost to the County will decrease, and the associated revenue will decrease even more.

General Services manages all non-school, County-owned facilities and maintains and repairs County and School vehicles. In addition, the FY21 budget includes the first full year of the Hanover Museum of History and Culture. This museum, housed in the Historic Clerk's Office in the Courthouse Complex, is opening as part of Hanover's 300th Birthday Celebration in 2020.

General Fund - Functional Area Summaries

Public Works

BUDGET SUMMARY	FY19	FY20	FY21	% Change
	Actual	Budget	Budget	FY20 to FY21
Expenditures - by Department	11,555,308	11,501,506	11,606,725	0.9%
General Services	4,534,084	4,797,205	4,921,226	2.6%
Public Works	1,817,887	1,924,597	1,957,552	1.7%
Public Works Operations	5,203,337	4,779,704	4,727,947	-1.1%
Expenditures - by Category	11,555,308	11,501,506	11,606,725	0.9%
Salaries & Fringe Benefits	6,134,016	6,492,806	6,623,179	2.0%
Operating	5,227,653	4,858,570	4,896,146	0.8%
Capital Outlay	193,639	150,130	87,400	-41.8%
Revenues	11,555,308	11,501,506	11,606,725	0.9%
General Fund Revenue	8,922,616	9,811,441	10,033,652	2.3%
Local Revenue	2,613,686	1,667,090	1,550,040	-7.0%
Intergovernmental	19,006	18,000	18,000	0.0%
Use of Planned Surpluses	-	4,975	5,033	1.2%
Generated Revenue Percent	22.8%	14.7%	13.6%	
General Fund Revenue Percent	77.2%	85.3%	86.4%	

FTE SUMMARY	FY20	FY20	FY21	FTE Chg from
	Budget	Amended	Budget	FY20 Amended
Full-time Equivalents (FTE)	87.6	88.1	88.1	-
Full-time Positions	86.0	86.0	86.0	-
Part-time Positions	1.6	2.1	2.1	-

Five-Year General Fund Financial Plan

Fiscal Years 2021 through 2025

BACKGROUND

The County began preparing a Five-Year Financial Plan for the General Fund in 1989. The plan plays a key role in assisting the County in determining funding priorities and balancing the budget. Each year, items in the previous year's adopted plan are given priority over new requests. Departments wishing to fund an item that is not included in the previous year's adopted plan must be able to demonstrate what has occurred during the past year to make the item in question a funding priority over items already incorporated into the County's planning process. The plan helps identify which areas of the cumulative requests are higher than anticipated, allowing budget staff to focus on those areas and identify the unanticipated issues. The plan is also an assurance to our citizens that the County is planning for the long term and financially positioning itself to meet the needs of the future.

When reviewing the plan, it is important to remember that only the first year is adopted and appropriated by the Board of Supervisors. The remaining years of the plan are based on current programmatic and financial conditions. The exact dollars and positions in the plan are likely to change, but, if current needs and conditions remain relatively constant, the overall direction and emphasis reflected in the plan should remain consistent. The Five-Year General Fund Financial Plan is adopted by the Board of Supervisors during the budget process and is subject to a public hearing.

MAJOR ASSUMPTIONS

Traditionally, the Five-Year General Fund Financial Plan assumes conservative revenue growth and illustrates how such revenue growth over current year projections can be reinvested in the County. As fiscal flexibility is limited in meeting current service levels, the County is selective in any enhancements of service levels and directs resources to priority service areas (e.g., education, public safety and human services). Therefore, some service level enhancements are either staggered, phased-in or deferred as necessary.

The Five-Year General Fund Financial Plan represents the County's attempt to match future spending needs with a projection of available resources. This plan is adopted by the Board of Supervisors each year, thereby indicating to the public the County's expected tax rates, operating costs, capital improvements, debt service requirements and school allocations. Generally, the plan seeks to maintain or enhance all current budget guidelines and the Board's adopted initiatives.

FIVE-YEAR OVERVIEW

Revenue Highlights

This five-year plan continues to forecast growth in our largest revenue sectors of real property and personal property with no increase in the tax rates. The ongoing revenue increase in the out-years is conservative at 3.2% on average annually. This includes growth in average annual real property assessments of 3.8%, personal property tax of 3.6% and sales tax of 4.0%.

Compensation

A planned 2.0% compensation increase for FY21 was removed from the budget in response to the economic impacts of COVID-19. Annual compensation increases of 2.0% are planned in FY22 through FY25 for both County and School employees. The Five-Year Plan also assumes health insurance increases for both the employer and employees for increases not mitigated by plan modifications.

Five-Year General Fund Financial Plan

Fiscal Years 2021 through 2025

School Operating and Capital Improvements

The General Fund's support for School Operations will increase 1.4% in FY21, and then increase 2.9% on average throughout the Five-Year General Fund Financial Plan. This budget maintains the County's commitment to growth in local per pupil funding.

In addition to funding for School Operations, the School Capital Improvements Program is funded from the General Fund and long-term borrowing. Capital projects include improvements at existing indoor and outdoor facilities and replacement of an existing school. Payments on debt-funded school projects vary annually as old debt issuances expire and debt is issued on new projects. General Fund support for debt service on school projects totals \$10.0 million in FY21, and reaches a high of \$10.9 million in Year 4 of the Five-Year General Fund Financial Plan.

County Staffing

As a result of the anticipated changes in revenue, this Five-Year Plan is not funding any additional benefited positions in the first year. Additional positions are planned in the remaining years, primarily in Public Safety. These position requests will be reviewed annually for need and financial capacity.

County Capital Improvements Program (CIP)

The County's CIP includes regular funding for technology, Public Safety vehicles and equipment and general facility improvements. The five-year outlook also includes a new fire station, planned to be funded with long-term borrowing within the County's well-established debt capacity policies.

Finally, roadway improvements are a large part of the CIP that includes \$37.0 million over the five-year period. State and Federal support is the primary source of funding at \$26.8 million.

County of Hanover, Virginia
Five-Year General Fund Financial Plan
Fiscal Years 2021 through 2025

	FY21 Year 1	FY22 Year 2	FY23 Year 3	FY24 Year 4	FY25 Year 5
Revenues					
Ongoing Revenues	260,440,228	269,184,270	277,586,210	286,348,360	295,718,600
Charges for Services	8,149,050	8,544,020	8,697,640	8,859,550	9,024,820
Fines and Forfeitures	983,010	983,010	983,010	983,010	983,010
General Property Taxes	173,390,000	179,345,210	186,241,780	193,410,420	200,861,960
Intergovernmental	35,067,941	35,554,170	35,865,130	36,169,870	36,728,130
Miscellaneous	1,174,500	1,174,900	1,175,310	1,175,720	1,176,140
Other Local Taxes	34,880,000	36,548,500	37,517,670	38,543,600	39,627,690
Permits, Fees and Licenses	1,970,600	1,970,600	1,970,600	1,983,600	1,996,730
Recovered Costs	3,873,127	4,104,460	4,168,120	4,244,090	4,329,720
Use of Money & Property	952,000	959,400	966,950	978,500	990,400
Use of Planned Surpluses	6,258,433	7,646,880	7,985,430	6,519,080	10,022,840
Fund Balance Assign. - Capital	-	1,135,000	970,000	-	-
Fund Balance Assign. - Stormwater	250,000	250,000	-	500,000	-
Funding from PY Budgets - County	2,750,000	3,000,000	3,000,000	3,000,000	3,000,000
Funding from PY Budgets - Schools	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
School Assignment	-	-	1,000,000	-	4,000,000
Economic Stability Reserve	250,000	250,000	-	-	-
Other PYB	8,433	11,880	15,430	19,080	22,840
Revenues Total	266,698,661	276,831,150	285,571,640	292,867,440	305,741,440
Expenditures					
Salaries & Fringe Benefits	95,850,994	99,882,550	103,471,540	107,497,790	111,373,990
Operating	37,547,935	39,995,260	41,604,410	43,982,100	45,907,270
Capital Outlay	2,802,110	3,385,600	3,442,060	3,291,570	3,323,830
Debt Service Fund	18,661,920	18,818,880	17,755,100	18,361,210	18,243,330
County Debt Service	8,588,970	8,342,300	7,531,080	7,401,280	7,386,510
School Debt Service	10,047,250	10,450,780	10,198,220	10,933,330	10,828,320
Debt Service Other	25,700	25,800	25,800	26,600	28,500
County CIP	7,391,800	7,515,760	7,902,800	6,083,600	5,934,450
School Allocation Plan	95,996,000	98,521,000	102,394,000	104,348,000	111,390,000
School CIP	3,000,000	3,000,000	4,000,000	3,000,000	7,000,000
School Operating	92,996,000	95,521,000	98,394,000	101,348,000	104,390,000
Other Exp.	8,447,902	8,712,100	9,001,730	9,303,170	9,568,570
Airport Fund	168,676	152,900	180,880	212,620	200,010
Lewistown CDA	562,000	610,460	633,650	657,740	682,770
Pamunkey Regional Jail	5,717,226	5,888,740	6,065,400	6,247,360	6,434,780
Tax Relief	2,000,000	2,060,000	2,121,800	2,185,450	2,251,010
Expenditures Total	266,698,661	276,831,150	285,571,640	292,867,440	305,741,440

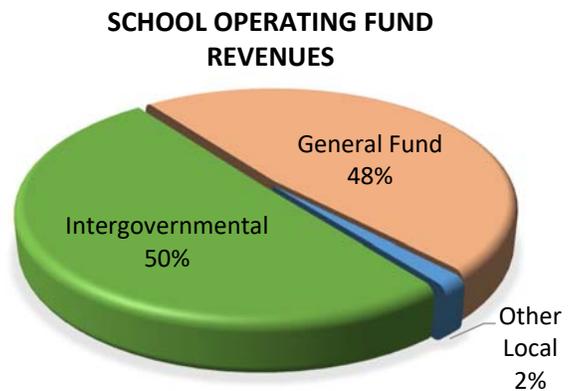
Expenditure Information: School Funds

Hanover County Public Schools consists of 25 schools throughout the County with a projected FY21 enrollment of 17,248 students.

	FY21 Budget	Dollar Change	Percent Change
School Funds	201,481,978	(130,519)	-0.1%
Schools Operating Fund	193,877,503	(315,536)	-0.2%
Food Services Fund	7,604,475	185,017	2.5%
Capital Funds	13,000,000	7,200,000	124.1%
School Improvements Fund	13,000,000	7,200,000	124.1%

Schools Operating Fund

This fund is the primary operating fund for all education-related governmental activities, including salaries. Revenues come almost entirely from the County General Fund and state and federal aid.



Food Services Fund

This fund accounts for operation of the school food services program. Revenues are generated primarily from charges for services and federal aid.

School Improvements Fund

This fund includes the financing and construction of local educational facilities, purchase of school buses and large-scale technology investments. Projects are funded with a combination of County General Fund dollars and long-term borrowing.

	Yr 1 Budget	Yr 2-5 Budget	Total 5-Yr Budget
School Improvements Fund	13,000,000	72,775,000	85,775,000
Construction	-	40,000,000	40,000,000
Equipment	2,075,000	8,545,000	10,620,000
Facility Improvements	9,725,000	11,037,562	20,762,562
Land Acquisition	-	3,000,000	3,000,000
Technology	1,200,000	10,192,438	11,392,438

Expenditure Information: Other Funds

OTHER FUNDS

The information presented highlights selected funds only. More detailed information on all appropriated funds is presented in the Other Funds section of the document. All funds with County employees are impacted by the countywide compensation adjustment.

AIRPORT FUNDS

	FY21 Budget	Dollar Change	Percent Change
Airport Fund	572,206	190,562	49.9%
Airport CIP Fund	2,950,000	335,000	12.8%

The Airport and Airport CIP Funds track the revenue, debt service, operating and capital transactions for the Hanover County Airport. CIP projects for the Airport are included in a separate Airport CIP Fund for enhanced internal reporting purposes.

In FY21, the Airport CIP Fund includes milling and resurfacing the runway. Future CIP projects planned from FY22 to FY25 include additional safety improvements, land acquisition and the East Side Taxiway Parallel.

	Yr 1 Budget	Yr 2-5 Budget	Total 5-Yr Budget
Airport CIP Fund	2,950,000	7,329,250	10,279,250
Facility Improvements	2,950,000	6,279,130	9,229,130
Land Acquisition	-	1,050,120	1,050,120

DEBT SERVICE FUND

	FY21 Budget	Dollar Change	Percent Change
Debt Service Fund	18,811,920	(1,643,760)	-8.0%
Debt Service Schools	10,197,250	(2,687,850)	-20.9%
Debt Service County	8,588,970	1,047,990	13.9%
Debt Service Admin	25,700	(3,900)	-13.2%

This fund is used for the payment of principal, interest and fees associated with County and School indebtedness. The budget includes debt service payments for both County and School debt.

The County manages indebtedness to minimize fluctuations of annual debt service requirements and maintain compliance with debt ratio policies throughout the five-year plan.

Expenditure Information: Other Funds

PUBLIC UTILITIES FUNDS

	FY21 Budget	Dollar Change	Percent Change
Public Utilities Fund	22,736,153	889,900	4.1%
Public Utilities CIP Fund	9,335,313	(3,879,474)	-29.4%

Public Utilities is a self-supporting enterprise whereby the operations and capital expenditures are funded with revenues generated from customer user fees and one-time fees paid for capacity at the time of connection to the system. CIP projects for Public Utilities are included in a separate Public Utilities CIP Fund for enhanced internal reporting purposes.

Public Utilities Fund

The operating fund – excluding transfers to CIP – increases 4.1% from the previous year’s budget. In light of the widespread impacts of the COVID-19 pandemic, the Board of Supervisors decided to make no changes to Hanover County water and sewer utility fees and rates for FY21.

Public Utilities CIP Fund

Public Utilities’ capital improvements focus is to ensure continued regulatory compliance and system reliability and to meet the needs of its customers. The FY21 CIP budget includes both renewal and replacement projects and system expansion projects. Included in the FY21 renewal and replacement projects is a \$3.4 million joint capital cost payment to the City of Richmond, which supplies a portion of Hanover’s water. This amount will vary between \$1.9 million to \$7.7 million throughout Years 2-5 of the CIP.

	Yr 1 Budget	Yr 2-5 Budget	Total 5-Yr Budget
Public Utilities CIP Fund	9,335,313	100,309,560	109,644,873
Equipment	146,000	1,171,000	1,317,000
Technology	-	250,000	250,000
Utility Infrastructure	5,817,000	76,111,000	81,928,000
Utility Service Agreement	3,372,313	22,777,560	26,149,873

SELF-INSURANCE FUND

	FY21 Budget	Dollar Change	Percent Change
Self-Insurance Fund	48,012,900	556,200	1.2%

This fund provides for fiscal management of health insurance costs, as well as clinic operations and wellness initiatives, and serves the County, Schools, Pamunkey Regional Library and Pamunkey Regional Jail.

The FY21 budget includes a minimal net increase with claims, including pharmacy and medical costs, budgeted flat from FY20.

Capital Improvements Program Overview

FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM

The Capital Improvements Program (CIP) is the County's plan for investing in facilities, infrastructure and large-scale equipment and vehicles over the next five years. Detailed information on all capital improvement projects, including funding sources and uses, is in the CIP section of this document.

CIP Funding Sources

	Year 1 Budget	Year 2-5 Budget	Total 5-Year Budget
Airport CIP Fund	2,950,000	7,329,250	10,279,250
Federal Aid	2,655,000	5,951,358	8,606,358
Fund Balance Assignment	-	64,000	64,000
General Fund	59,000	344,082	403,082
State Aid	236,000	969,810	1,205,810
County Improvements Fund	15,404,123	71,323,488	86,727,611
Federal Aid	212,323	13,666,198	13,878,521
Fund Balance Assignment	550,000	3,511,840	4,061,840
General Fund	7,141,800	24,581,610	31,723,410
Long-term Debt	-	7,554,000	7,554,000
Proffers	750,000	3,000,000	3,750,000
Recovered Costs & Misc	800,000	8,800,000	9,600,000
State Aid	5,950,000	10,209,840	16,159,840
Public Utilities CIP Fund	9,335,313	100,309,560	109,644,873
Public Utilities	9,335,313	100,309,560	109,644,873
School Improvements Fund	13,000,000	72,775,000	85,775,000
Fund Balance Assignment	-	5,000,000	5,000,000
General Fund	3,000,000	12,000,000	15,000,000
Long-term Debt	10,000,000	55,775,000	65,775,000
Total 5-Year Budget	40,689,436	251,737,298	292,426,734

Five-Year CIP by Fund & Project Type

	Airport CIP Fund	County Improvements Fund	Public Utilities CIP Fund	School Improvements Fund	Total 5-Year Budget
Construction	-	7,919,000	-	40,000,000	47,919,000
Equipment	-	4,320,410	1,317,000	10,620,000	16,257,410
Facility Improvements	9,229,130	2,660,000	-	20,762,562	32,651,692
Land Acquisition	1,050,120	-	-	3,000,000	4,050,120
Reserve	-	3,500,000	-	-	3,500,000
Roads & Public Works	-	43,995,201	-	-	43,995,201
Technology	-	13,025,000	250,000	11,392,438	24,667,438
Utility Infrastructure	-	-	81,928,000	-	81,928,000
Utility Service Agreement	-	-	26,149,873	-	26,149,873
Vehicles	-	11,308,000	-	-	11,308,000
Total 5-Year Budget	10,279,250	86,727,611	109,644,873	85,775,000	292,426,734

FTE Summary Tables

FTE by Department / Fund	FY19	FY19	FY19	FY20	FY20	FY20	FY20	FY21	FY21	FY21	FY20	%
	FT	PT	Budget	FT	PT	Budget	Amended	FT	PT	Budget	to FY21	Chg
General Fund	1,065.0	21.2	1,086.2	1,097.0	19.7	1,116.7	1,135.3	1,118.0	17.3	1,135.3	-	0.0%
Community Development	25.0	-	25.0	25.0	-	25.0	25.0	25.0	-	25.0	-	0.0%
Economic Development	5.0	-	5.0	5.0	-	5.0	5.0	5.0	-	5.0	-	0.0%
Planning	20.0	-	20.0	20.0	-	20.0	20.0	20.0	-	20.0	-	0.0%
General Government	134.0	5.4	139.4	140.0	4.7	144.7	144.7	140.0	4.7	144.7	-	0.0%
Assessor	12.0	-	12.0	13.0	-	13.0	13.0	13.0	-	13.0	-	0.0%
Board of Supervisors	1.0	3.5	4.5	1.0	3.5	4.5	4.5	1.0	3.5	4.5	-	0.0%
Commissioner of the Revenue	19.0	-	19.0	20.0	0.7	20.7	20.7	20.0	0.7	20.7	-	0.0%
County Administrator	7.0	0.7	7.7	8.0	-	8.0	8.0	8.0	-	8.0	-	0.0%
County Attorney	8.0	-	8.0	8.0	-	8.0	8.0	8.0	-	8.0	-	0.0%
Finance & Management Service:	22.0	-	22.0	22.0	-	22.0	22.0	22.0	-	22.0	-	0.0%
Human Resources	9.0	-	9.0	9.0	-	9.0	9.0	9.0	-	9.0	-	0.0%
Information Technology	35.0	-	35.0	36.0	-	36.0	36.0	36.0	-	36.0	-	0.0%
Internal Audit	2.0	0.7	2.7	3.0	-	3.0	3.0	3.0	-	3.0	-	0.0%
Registrar	3.0	-	3.0	4.0	-	4.0	4.0	4.0	-	4.0	-	0.0%
Treasurer	16.0	0.5	16.5	16.0	0.5	16.5	16.5	16.0	0.5	16.5	-	0.0%
Human Services	185.0	10.0	195.0	190.0	9.8	199.8	204.9	198.0	6.9	204.9	-	0.0%
Community Resources	4.0	0.5	4.5	4.0	0.5	4.5	5.0	5.0	-	5.0	-	0.0%
Community Services Board	126.0	8.2	134.2	126.0	8.8	134.8	139.4	133.0	6.4	139.4	-	0.0%
Social Services	55.0	1.3	56.3	60.0	0.5	60.5	60.5	60.0	0.5	60.5	-	0.0%
Judicial Administration	72.0	-	72.0	74.0	-	74.0	74.0	74.0	-	74.0	-	0.0%
Circuit Court	4.0	-	4.0	4.0	-	4.0	4.0	4.0	-	4.0	-	0.0%
Clerk of the Circuit Court	17.0	-	17.0	17.0	-	17.0	17.0	17.0	-	17.0	-	0.0%
Commonwealth's Attorney	20.0	-	20.0	21.0	-	21.0	21.0	21.0	-	21.0	-	0.0%
Court Services	31.0	-	31.0	32.0	-	32.0	32.0	32.0	-	32.0	-	0.0%
Parks, Recreation & Cultural	30.0	1.1	31.1	30.0	1.1	31.1	31.1	30.0	1.1	31.1	-	0.0%
Parks & Recreation	30.0	1.1	31.1	30.0	1.1	31.1	31.1	30.0	1.1	31.1	-	0.0%
Public Safety	534.0	3.1	537.1	552.0	2.5	554.5	567.5	565.0	2.5	567.5	-	0.0%
Animal Control	14.0	-	14.0	14.0	-	14.0	14.0	14.0	-	14.0	-	0.0%
Building Inspections	18.0	1.0	19.0	18.0	1.0	19.0	19.0	18.0	1.0	19.0	-	0.0%
Community Corrections	7.0	0.6	7.6	8.0	-	8.0	8.0	8.0	-	8.0	-	0.0%
Emergency Communications	51.0	0.5	51.5	53.0	0.5	53.5	53.5	53.0	0.5	53.5	-	0.0%
Fire-EMS	197.0	-	197.0	205.0	-	205.0	218.0	218.0	-	218.0	-	0.0%
Juvenile Court Services	3.0	-	3.0	3.0	-	3.0	3.0	3.0	-	3.0	-	0.0%
Sheriff	244.0	1.0	245.0	251.0	1.0	252.0	252.0	251.0	1.0	252.0	-	0.0%
Public Works	85.0	1.6	86.6	86.0	1.6	87.6	88.1	86.0	2.1	88.1	-	0.0%
General Services	33.0	-	33.0	34.0	-	34.0	34.5	34.0	0.5	34.5	-	0.0%
Public Works	17.0	1.0	18.0	17.0	1.0	18.0	18.0	17.0	1.0	18.0	-	0.0%
Public Works Operations	35.0	0.6	35.6	35.0	0.6	35.6	35.6	35.0	0.6	35.6	-	0.0%
Other Funds	2,451.0	147.6	2,598.6	2,472.0	148.8	2,620.8	2,620.8	2,459.0	149.3	2,608.3	(12.5)	-0.5%
Airport	1.0	-	1.0	1.0	-	1.0	1.0	1.0	-	1.0	-	0.0%
Education	2,355.0	147.6	2,502.6	2,375.0	148.8	2,523.8	2,523.8	2,362.0	149.3	2,511.3	(12.5)	-0.5%
Food Services Fund	121.0	8.7	129.7	121.0	8.7	129.7	129.7	121.0	8.7	129.7	-	0.0%
Schools Operating Fund	2,234.0	138.9	2,372.9	2,254.0	140.1	2,394.1	2,394.1	2,241.0	140.6	2,381.6	(12.5)	-0.5%
Public Utilities	94.0	-	94.0	95.0	-	95.0	95.0	95.0	-	95.0	-	0.0%
Self-Insurance	1.0	-	1.0	1.0	-	1.0	1.0	1.0	-	1.0	-	0.0%
Grand Total	3,516.0	168.8	3,684.8	3,569.0	168.5	3,737.5	3,756.1	3,577.0	166.6	3,743.6	(12.5)	-0.3%

FTE Summary Tables

FTE by Functional Area	FY19	FY19	FY19	FY20	FY20	FY20	FY20	FY21	FY21	FY21	FY20	%
	FT	PT	Budget	FT	PT	Budget	Amended	FT	PT	Budget	to FY21	Chg
General Fund	1,065.0	21.2	1,086.2	1,097.0	19.7	1,116.7	1,135.3	1,118.0	17.3	1,135.3	-	0.0%
Community Development	25.0	-	25.0	25.0	-	25.0	25.0	25.0	-	25.0	-	0.0%
General Government	134.0	5.4	139.4	140.0	4.7	144.7	144.7	140.0	4.7	144.7	-	0.0%
Human Services	185.0	10.0	195.0	190.0	9.8	199.8	204.9	198.0	6.9	204.9	-	0.0%
Judicial Administration	72.0	-	72.0	74.0	-	74.0	74.0	74.0	-	74.0	-	0.0%
Parks, Recreation & Cultural	30.0	1.1	31.1	30.0	1.1	31.1	31.1	30.0	1.1	31.1	-	0.0%
Public Safety	534.0	3.1	537.1	552.0	2.5	554.5	567.5	565.0	2.5	567.5	-	0.0%
Public Works	85.0	1.6	86.6	86.0	1.6	87.6	88.1	86.0	2.1	88.1	-	0.0%
Other Funds	2,451.0	147.6	2,598.6	2,472.0	148.8	2,620.8	2,620.8	2,459.0	149.3	2,608.3	(12.5)	-0.5%
Airport	1.0	-	1.0	1.0	-	1.0	1.0	1.0	-	1.0	-	0.0%
Education	2,355.0	147.6	2,502.6	2,375.0	148.8	2,523.8	2,523.8	2,362.0	149.3	2,511.3	(12.5)	-0.5%
Public Utilities	94.0	-	94.0	95.0	-	95.0	95.0	95.0	-	95.0	-	0.0%
Self-Insurance	1.0	-	1.0	1.0	-	1.0	1.0	1.0	-	1.0	-	0.0%
Grand Total	3,516.0	168.8	3,684.8	3,569.0	168.5	3,737.5	3,756.1	3,577.0	166.6	3,743.6	(12.5)	-0.3%

Notes:

- 1) Full-time (FT) positions represent employees who work at least 32 hours per week in a fully benefited status. Part-time (PT) positions represent employees who work at least 20 hours per week in a partially benefited status.
- 2) 'Budget' full-time equivalent (FTE) positions are based on the adopted budget for each year. 'FY20 Amended' FTE positions reflect authorized changes that occurred after adoption of the FY20 budget. The 'FY20 to FY21' and '% Chg' calculations compare FY21 Budget FTEs to FY20 Amended FTEs.
- 3) In addition to the benefited FTE positions noted above, there are other authorized positions for non-benefited employees who work less than 20 hours per week. For non-benefited positions, the department head is required to incur only the number of hours that can be afforded within the appropriated dollars.
- 4) Beginning in FY20, part-time position FTEs are rounded to the nearest tenth. In previous years, part-time position FTEs were rounded to the nearest hundredth. FY19 FTEs are restated to include this change for comparison purposes.
- 5) The Schools Operating Fund FY20 Budget FTE count is restated per the School FTE tables published in the HCPS FY21 adopted budget.

Service Level Plan

SERVICE LEVEL PLAN OVERVIEW

The Service Level Plan (SLP) is the County’s plan for increasing efficiencies and enhancing services provided to the citizens through personnel, operating and capital expenditures within each department’s budget in the Five-Year General Fund Financial Plan. Although the Five-Year General Fund Financial Plan forecasts the anticipated expenditures and approximate timing of each SLP item, only the first fiscal year is appropriated. The SLP items included in fiscal years two through five are for planning purposes and are given priority over new requests in the subsequent budget process.

During the budget process, each department submits SLP requests including justifications based on the type of service enhancement. County Administration collaborates with the Budget Division to determine which SLP requests to include in the Five-Year General Fund Financial Plan based on the assessed need and available resources.

PURPOSE

The SLP was established to identify items within each department’s line item budget that are outside of the existing expenditures of the department in order to highlight projects and improvements that are for purposes of increasing efficiencies and enhancing services being provided by the County.

SLP projects fall under the following categories:

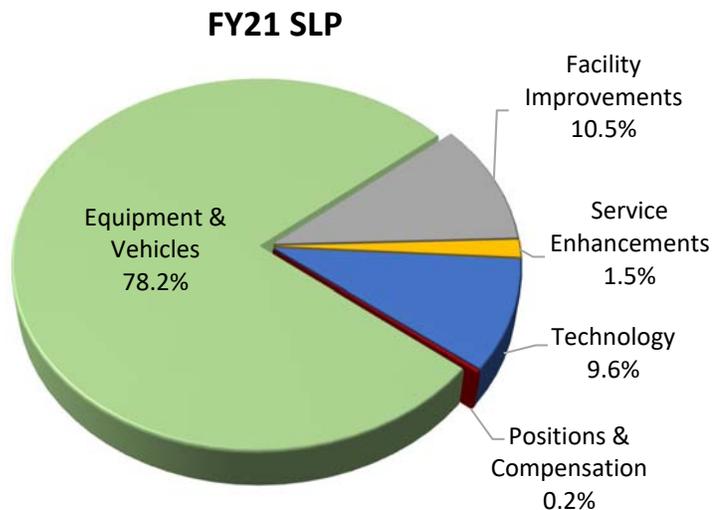
Equipment & Vehicles – Equipment or capital assets costing less than \$50,000 per unit and not associated with a new or changed position or Capital Improvements Program (CIP) project.

Facility Improvements – Improvements to County buildings, parks, properties and parking lots. Examples include sign replacements, replacing HVAC units, paving, roofing and building alterations.

Personnel – New positions, increases in employee hours and other changes in compensation.

Service Enhancements – Projects that do not fall under any other category are included under this general category. Examples include book conservation, training and consulting services.

Technology – Computers and other technology equipment, software, systems and licenses.



Service Level Plan

SLP CRITERIA

The following are the general guidelines for determining which expenditures qualify under the SLP. These guidelines are not all-encompassing as there are exceptions for certain expenditures that are determined on a case-by-case basis.

The SLP consists of both recurring and one-time items. Examples of recurring SLP items include new positions and software maintenance agreements. One-time SLP items, such as the purchase of equipment, may be requested for one year or multiple years.

Positions and Compensation

New positions and increased hours for positions are included in the SLP. Changes to other compensation, such as overtime, that are related to enhanced services are also included. The cost of a new or changed position includes salary and fringe benefits as well as the related operating and capital outlay needed to equip and maintain the position.

Operating and Capital

Enhancements that increase a department's operating or capital expenditures are included in the SLP. These enhancements include projects or equipment related to new programs or services, as well as vehicles for public safety.

Generally, assets with a per-unit cost greater than or equal to \$5,000 but less than \$50,000 are included in the SLP. If an asset is less than \$5,000 per unit, but a large quantity is being requested for a special project, then the expenditure may be included in the SLP.

FY21 Service Level Plan Positions and Compensation

		Salaries & Fringe Benefits		Grand Total
		One-Time	Recurring	
General Fund				
General Government				
Registrar	No Excuse Absentee Voting	-	10,166	10,166
Total Positions & Compensation		-	10,166	10,166

Operating and Capital Projects

		Operating		Capital Outlay	Total Operating and Capital
		One-Time	Recurring	One-Time	
Airport Fund					
Airport					
Airport	Mower - Batwing	-	-	18,000	18,000
General Fund					
Community Development					
Planning	Document Management System	20,000	-	-	20,000
	Proffer Tracking System	15,000	-	-	15,000
General Government					
Board of Supervisors	Citizen Survey	21,850	-	-	21,850
Finance & Management Services	Kronos GL Interface	5,000	-	-	5,000
Information Technology	Network Monitoring Solution	-	25,000	-	25,000
	Redistricting Software	30,000	-	-	30,000
Registrar	Security Cages	-	-	30,000	30,000
Treasurer	Third-Party Collections Software	20,000	-	-	20,000
Human Services					
Social Services	LaserFiche	10,000	-	-	10,000
Judicial Administration					
Clerk of the Circuit Court	Jury Management Software	-	3,000	-	3,000
	Plat Scanner for Land Records Mgmt System	-	-	10,390	10,390
Court Services	AEDs for Transport Vehicles	-	-	6,000	6,000
	Ballistic Shield Replacement	-	3,900	-	3,900
	Proximity/Card Readers for Rifle Lockers	-	-	9,600	9,600
	Vehicles	-	-	261,000	261,000
Parks, Recreation & Cultural					
Parks & Recreation	Community Events: Taylor's Enchanted Evening	-	4,550	-	4,550
	Heavy Duty Equip Trailer Repl	-	-	7,000	7,000
	Therapeutic Riding Program Expansion	-	1,300	-	1,300
Public Safety					
Animal Control	Floor Sealing	-	-	13,700	13,700
Emergency Communications	Fuel Polishing for Generators	-	7,800	-	7,800
	Tower Site Batteries & Cameras	-	6,000	-	6,000

FY21 Service Level Plan Operating and Capital Projects

		Operating		Capital Outlay	Total Operating and Capital	
		One-Time	Recurring	One-Time		
Fire-EMS	Bay Door Replacements	-	-	20,000	20,000	
	Hazmat Vehicle/Supplies	-	-	46,000	46,000	
	Heavy Rescue Extrication	-	-	50,000	50,000	
	Mobile Data Computers Replace	48,000	-	-	48,000	
	Mobile Data Terminal Software	67,000	-	-	67,000	
	Nozzles	8,000	-	-	8,000	
	Personal Protective Equipment	49,740	-	-	49,740	
	Personal Protective Equipment - Fire Marshal	-	7,000	-	7,000	
	Personal Protective Equipment - Volunteers	-	22,500	-	22,500	
	Technical Rescue Team Classes	7,000	-	-	7,000	
	Thermal Imaging Cameras	-	-	63,200	63,200	
	TRT Confined Space Equipment	10,000	-	-	10,000	
	Uniforms - Volunteers	26,780	-	-	26,780	
	Vehicles	-	-	40,000	40,000	
Sheriff	e-Citation Software	21,000	-	-	21,000	
	Full Cage Replacement for Transport Officer	-	-	2,500	2,500	
	Ice Machine Replacement	-	-	3,100	3,100	
	Investigative Portable Alarm Replacement	-	-	13,920	13,920	
	Mobile Data Computers	-	-	156,600	156,600	
	Patrol K9 Replacement	11,000	-	-	11,000	
	Prisoner Transport Cage	-	-	20,000	20,000	
	Sniper Rifle & Night Vision Scope Replacement	15,500	-	-	15,500	
	Tactical Vest Replacements	16,000	-	-	16,000	
	Taser Replacements	30,800	-	-	30,800	
	Tires Emergency Veh Ops Training System	-	-	4,200	4,200	
	Vehicles	-	-	1,957,500	1,957,500	
	Public Works					
	General Services	Lift Posts	-	-	22,000	22,000
Public Works Operations	Dump Truck Replacement	-	-	12,000	12,000	
	Roll-off Container Replacements	-	-	53,400	53,400	
	Scales Software Repl	12,000	-	-	12,000	
Public Utilities Fund						
Public Utilities						
Public Utilities	Anti-Slip Coating	-	-	30,000	30,000	
	Capacity Fee Study	-	-	50,000	50,000	
	Composite Sampler	-	-	7,000	7,000	
	Hach-TU5400 Online Turb Meter	-	-	8,190	8,190	
	Handrails for WWPS	-	-	15,000	15,000	
	HSTP Arc Flash Improvements	-	-	15,680	15,680	
	HVAC Replacement	-	-	14,000	14,000	
	Meter Purchases	-	-	458,280	458,280	
	Motor Vehicles	-	-	190,500	190,500	
	PLC #4 Update	-	-	49,000	49,000	
	Rate Model	-	-	135,000	135,000	
	Replace Blowoffs	-	-	40,000	40,000	
	Replace Crump Creek Pump	-	-	30,000	30,000	
	Replace Isolation Valves	-	-	41,740	41,740	
	Replace Lab/Kitchen Floors	-	-	7,500	7,500	

FY21 Service Level Plan Operating and Capital Projects

		Operating		Capital Outlay	Total Operating and Capital
		One-Time	Recurring	One-Time	
Public Utilities	Replace Mini-Split HVAC	-	-	8,000	8,000
	Replace Portable Welder	-	-	8,000	8,000
	Replacement Heaters	-	-	40,000	40,000
	Route 1 Emergency Hydrant	-	-	15,000	15,000
	RWPS PLC Upgrade	-	-	35,000	35,000
	Sewer Camera for Flush Truck Hose	-	-	16,000	16,000
	Sludge Dumpsters	-	-	22,000	22,000
	Spare Parts Kit	-	-	12,000	12,000
	Strong Waste Sampler Repl	-	-	3,350	3,350
Total Operating and Capital		444,670	81,050	4,071,350	4,597,070

Economic Development Update

As is the case throughout the nation, economic development within Hanover County has been significantly impacted by COVID-19 and the related restrictions concerning travel and social distancing. The result has been a slowdown in lead generation and prospect activity on the business attraction side, and an inability to visit and interact with existing County businesses on the retention side. Despite the challenges brought on by the virus and subsequent restrictions, the Hanover County Department of Economic Development has adjusted normal operating procedures to continue outreach to the County's existing business community as well as market the County to businesses and consultants outside of the Commonwealth of Virginia. In addition, the department continues to work closely with developers and landowners to eliminate barriers to development. The department has submitted and received characterization designations on over a dozen industrial sites through the Virginia Business Ready Sites Program (VBRSP). The department continues to work with the Commonwealth to invest in studies to develop marketable and developable products to expedite the site selection process.

A major component of Hanover's economic development strategy is to provide the necessary tools and resources for existing industries to grow and expand. During FY20, there were more than 80 new expansion projects and announcements, representing a 33% increase from the previous year and one of the most active in Hanover County's recent history. The Business Retention and Expansion programs in Economic Development have visited and assisted more than 300 companies this year.

Wegmans' announcement of their Mid-Atlantic logistics and distribution facility adjacent to Hanover County's Air Park led the way for new announcements in FY20. This facility will be in excess of one million square feet and represents approximately \$175 million in capital investment and 700 above average paying jobs. This project has put Hanover County on the radar for site selectors and developers throughout North America and solidified the County's position as a strong location for logistics and food/beverage operations. In addition to Wegmans, three new speculative flex space building projects are under construction or approved in Hanover County. These buildings will represent an additional 2+ million square feet of much-needed space for new and existing companies to expand in the Hanover market. Other new announcements include: Wine and Beer Supply, Hanover Foils, Arc Granite, Bon Secours Memorial Regional Medical Center, and Connected Solutions Group.

Economic Development continues to incorporate technology into the presentation of buildings, sites and stories to the world. During FY20, the County created or updated drone videos of marketable properties and facilitated an increased internet and social media presence. Staff also compiled a number of business databases to enhance direct communication via email. This proved beneficial in relaying COVID-19 related information to sectors such as the restaurant industry and also provided a firm base from which to launch a new quarterly newsletter.

Face-to-face and relationship development will always be a cornerstone in generating new business opportunities for Hanover County. As such, the County continues working closely with partners such as the Virginia Economic Development Partnership (VEDP) and Greater Richmond Partnership (GRP) to market the County to a national and global audience. Hanover continued its emphasis on visiting with site consultants, embassy/trade offices and prospects to inform them of the strong case for conducting business in the Richmond/Hanover area. This message has been strongly received in markets visited this year, including Dallas, Washington D.C., the United Kingdom and Germany. COVID-19 has resulted in travel restrictions that severely limit face-to-face interactions. VEDP, GRP and Economic Development have continued outreach through virtual channels to establish and maintain key relationships. In FY20, the department has responded to, or worked directly with, over 60 prospect leads and visited or co-hosted over 37 prospects, consultants or trade officials to the region and County.

Economic Development Update

Tourism continues to be a valuable revenue resource for Hanover. Each year, the county welcomes thousands of visitors into the community to enjoy historic attractions, sporting activities, fine dining, breweries and wineries, special events, outdoor sports, biking, festivals, and of course, Kings Dominion. In 2019, Kings Dominion hosted its second season of WinterFest, and announced improvements to the Soak City waterpark area with the addition of Coconut Shores. According to the Virginia Tourism Corporation, visitors in Hanover spent more than \$258 million in calendar year 2018, a 4.8% increase from the prior year. Employment from tourism activities rose 1.4% and local tax receipts increased by 2.7%.

Sports tourism continues to be the fastest-growing market segment in the Richmond Region. During the past several years, numerous games of the International Senior Softball Association World Championships have been held at Pole Green and Poor Farm Parks, and this event is scheduled to return to the area in early August, 2020. This event, jointly hosted by Hanover, Henrico and Richmond, was brought to the area by Richmond Region Tourism and typically welcomes 100 or more teams with over 2,500 attendees including athletes, coaches and fans. Additionally, Richmond Region Tourism recently announced that the Division I and Division II National Junior College Athletic Association's Cross Country Championship will be held at Pole Green Park in 2021.

Hanover County has the lowest real property tax rate in the Greater Richmond Partnership region; no business, professional and occupational license tax (BPOL); available commercial and industrial sites; and water and wastewater capacity. The County is well positioned on the East Coast to take advantage of the large population centers of the Northeast and the fast growing cities of the South. Close proximity to the Richmond Marine Terminal, Port of Virginia, Richmond International Airport and Dulles/Reagan Airports guarantee both people and products can arrive in and depart from the region quickly and efficiently. In addition, the County uses comprehensive planning that targets business development in appropriate areas while maintaining a high quality of residential, forestry and agricultural uses in other parts of the County.

Financial Condition Overview

Hanover County’s ‘Triple-AAA’ rating status was affirmed with a stable outlook by all three national bond rating agencies. Moody’s Investors Service, Fitch Ratings and Standard & Poor’s all praised Hanover’s financial management. Moody’s reports: “The credit position for Hanover County is outstanding....The notable credit factors include an extensive tax base with a strong socioeconomic profile, and a solid financial position.” Fitch Ratings notes, “Solid reserves, conservative financial management and superior inherent budget flexibility underscore strong and resilient financial operations” for the County.

The County relies upon a strong fund balance policy, which requires an unassigned fund balance of at least 10.0% of its General Fund revenues. Hanover County strives to maintain a target unassigned fund balance of roughly 12.0% of actual operating revenues. When balances are projected to be above such thresholds, excess balances can be either saved for future years in which economic conditions warrant using it to mitigate one-time revenue shortfalls or for expenditure mandates targeted for future capital needs to mitigate debt or other local funding needs. The unassigned fund balance as of June 2019 was \$33.2 million, which represented 13.3% of General Fund revenues. The fund balance is projected to be favorable on June 30, 2020, after meeting year-end fund balance policy thresholds and planned needs for the FY21 budget. The Five-Year General Fund Financial Plan is balanced each year, and its reliance on the use of surplus each year reinvested into the subsequent year is at a conservative level; therefore, compliance with the fund balance policy is expected to be maintained throughout the next five years.

The strength of the County’s financial planning and reserves has positioned the County to respond quickly to the economic impacts of the current COVID-19 pandemic. The FY21-25 Five-Year General Fund Financial Plan was built on the assumption that the economy would return to normal by late winter 2020. As information on the pandemic continues to change, staff is monitoring revenue and spending closely. The County’s administration has instituted a hiring freeze and a hold on a number of capital projects in order to be able to adjust should the economic recovery be delayed.

The County has traditionally tracked State-published indicators of fiscal stress. The most recent State report shows that Hanover has the 12th lowest level of fiscal stress out of the 133 localities ranked in Virginia. A component of the fiscal stress index is a locality’s tax rate compared to statewide averages, with low tax rate jurisdictions assigned a lower stress as they would appear to have greater capacity to generate additional revenue. Hanover has the lowest regional real property tax rate of \$0.81 per \$100 of assessed value as compared to Henrico’s \$0.87, Chesterfield’s \$0.95 and Richmond’s \$1.20.

An indicator of the efficiency with which the County operates is an analysis of comparative per capita spending in functional areas as prepared by the State’s Auditor of Public Accounts. Demonstrating the County’s mission to provide superior customer service through sound financial practices, all of our functional areas except Public Safety are below the statewide averages for counties.

