

FY 2021 Year End Overview

Board of Supervisors Work Session

September 21, 2021

Work Session Agenda

- Overview
- FY 2021 General Government Revenue Summary
- FY 2021 General Government Expenditure Summary
- FY 2021 General Government Year-End Summary
- Other Funds
- Fund Balance Policies
- Next Steps

Overview

Overview -Year End Highlights

- FY 2021 Budget was intended as a one-year maintenance budget in response to the uncertainties of the COVID-19 Pandemic
- Very conservative and substantial budget reductions were made in anticipation of unknown economic impacts
- These conservative decisions along with improving economic conditions have led to significant year-end savings
- Preliminary FY 2021 Year End savings are in line with other localities and the Commonwealth

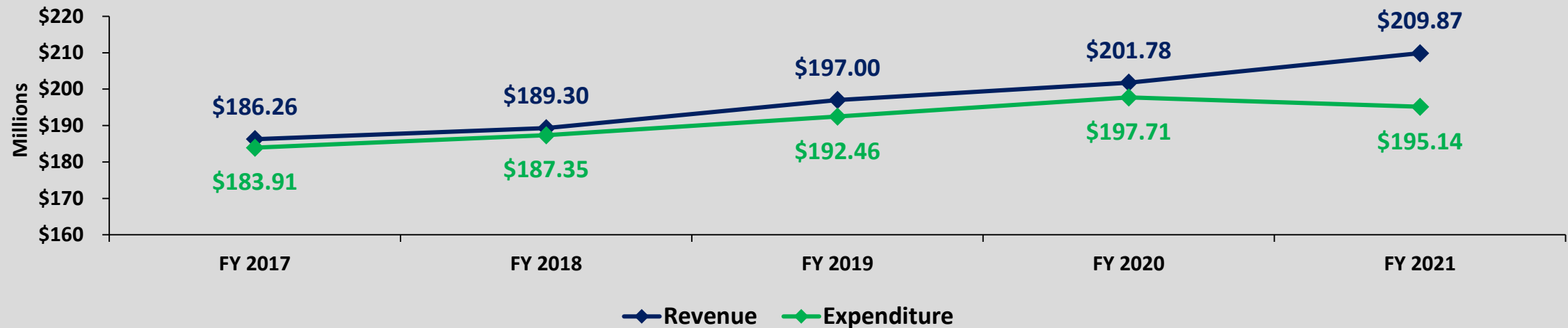
Overview – Budget Adjustments Due to Pandemic

	FY 2021 Original Proposed Budget	FY 2021 Adopted Budget	FY 2021 Amended Budget	Decrease from Adopted to Amended
Beginning Budget	\$ 195,622,195	\$ 201,725,122	\$ 190,144,949	
Adjusted Budget	201,725,122	190,144,949	194,247,003	
Total Changes	\$ 6,102,927	\$ (11,580,173)	\$ 4,102,054	(7,478,119)
% Change	3.12%	-5.74%	2.16%	-3.71%

- Significant budget reductions were made including:
 - Eliminated employee pay increases
 - Reduced school transfer
 - Reduced capital fund transfer
 - Eliminated fleet replacement in FY 2021

Overview – Actual Revenue and Expenditure Growth

**Actual Revenue and Expenditure Growth
FY 2017 through FY 2021**



Annual Growth Percentage				
	FY 2018	FY 2019	FY 2020	FY 2021
Revenue	1.63%	4.07%	2.42%	4.01%
Expenditure	1.87%	2.73%	2.73%	-1.30%

Overview - FY 2021 General Government Year End Summary

Revenues		Expenditures	
Amended Budget – General Fund	\$ 198,385,925	Amended Budget – General Fund	\$ 198,385,925
Actual Revenues	209,867,513	Actual Expenditures	194,881,175
		Encumbrances Carried Forward	250,056
Revenues above Budget	\$ 11,481,588	Expenditure Savings	\$ 3,254,694
% of Amended Budget	105.79%	% of Amended Budget	98.36%

FY 2021 Year-End Balance	Amount
Revenues above Amended Budget	\$ 11,481,588
Expenditure Savings, Net Encumbrances	3,254,694
Total 2021 Year End	14,736,282
Less FY 2022 Budgeted Contribution to Fund Balance	(491,803)
Less General Government Expenditure Contingency per Policy	(252,597)
Total Available Funds at FY 2021 Year End	\$ 13,991,882

Overview – Year End Comparison

Revenues	FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
Revenues Above Budget	\$	1,399,487	\$	1,003,574	\$	4,117,271	\$	2,276,393	\$	11,481,588
% Within Budget		0.76%		0.53%		2.13%		1.14%		5.79%

Expenditures	FY 2017		FY 2018		FY 2019		FY 2020		FY 2021	
Expenditure Savings	\$	776,329	\$	171,700	\$	320,986	\$	1,576,401	\$	3,254,694
% Within Budget		0.42%		0.09%		0.17%		0.79%		1.64%

Performance Goal – actual general government fiscal year revenues and expenditures will be within 1% of year-end budgeted amounts

FY 2021 General Government Revenue Summary

FY 2021 General Government Revenue Collection Summary

Category	Date(s)/Period of Collection	% of Total Budget
Real Estate	1 st Half in December (CY 2020), 2 nd Half in June (CY 2021)*	50.0%
Personal Property	Receive in May-June, billed annually	16.5%
Sales Tax	Receive monthly, 2 months delay	5.7%
Business License	Receive in February - March annually	3.0%
Meals	Receive monthly, 1 month delay	2.0%
Hotel/Motel Tax	Receive quarterly, some received monthly	0.4%

**1st Half of Real Estate based on CY 2020 Assessment, 2nd Half based on CY 2021 Assessment finalized in November 2020*

FY 2021 Revenue – Budget vs. Actual

Category	Actual FY 2020	Amended Budget FY 2021	Actual FY 2021	\$ Difference FY 2021 Amended vs. Actual	% Difference FY 2021 Amended vs. Actual
Real Estate Taxes	\$ 96,472,971	\$ 99,146,523	\$ 100,461,192	\$ 1,314,669	1.33%
Personal Property Taxes	34,375,639	32,741,250	37,155,603	4,414,353	13.48%
Intergovernmental Revenue (State/Federal)	17,884,761	17,480,319	17,833,168	352,849	2.02%
Other Local Taxes and Fees ¹	12,906,928	12,967,799	14,426,807	1,459,008	11.25%
Local Sales Tax	12,101,531	11,246,475	12,941,172	1,694,697	15.07%
Other Revenues ²	8,125,984	7,203,648	7,423,715	220,067	3.05%
Business License Tax	7,325,144	5,920,000	6,962,688	1,042,688	17.61%
Meals Tax	4,276,843	3,882,500	4,552,451	669,951	17.26%
Communication Sales & Use Tax	3,251,883	3,000,000	2,955,602	(44,398)	-1.48%
Hotel/Motel Tax	1,265,570	734,179	1,091,883	357,704	48.72%
Appropriated Beginning Balance	3,788,768	4,063,232	4,063,232	-	0.00%
Total	\$ 201,776,022	\$ 198,385,925	\$ 209,867,513	\$ 11,481,588	5.79%

¹ Other Local Taxes and Fees includes: Public Service Corporation Tax, Payment in Lieu of Taxes, Penalties & Interest, Consumer Utility, Motor Vehicle License, Recordation and Conveyance, Other Local Taxes and Fees

² Other Revenues includes: Permits, Fees, & Licenses, Fines and Forfeitures, Use of Money and Property, Charges for Services, Recovered Costs, and Miscellaneous Revenue

Revenue – FY 2020 Actual vs. FY 2021 Actual

Category	Actual FY 2020	Actual FY 2021	\$ Difference FY 2020 Actual vs. FY 2021 Actual	% Difference FY 2020 Actual vs. FY 2021 Actual
Real Estate Taxes	\$ 96,472,971	\$ 100,461,192	\$ 3,988,221	4.13%
Personal Property Taxes	34,375,639	37,155,603	2,779,964	8.09%
Intergovernmental Revenue (State/Federal)	17,884,761	17,833,168	(51,593)	-0.29%
Other Local Taxes and Fees ¹	12,906,928	14,426,807	1,519,879	11.78%
Local Sales Tax	12,101,531	12,941,172	839,641	6.94%
Other Revenues ²	8,125,984	7,423,715	(702,269)	-8.64%
Business License Tax	7,325,144	6,962,688	(362,456)	-4.95%
Meals Tax	4,276,843	4,552,451	275,608	6.44%
Communication Sales & Use Tax	3,251,883	2,955,602	(296,281)	-9.11%
Hotel/Motel Tax	1,265,570	1,091,883	(173,687)	-13.72%
Appropriated Beginning Balance	3,788,768	4,063,232	274,464	7.24%
Total	\$ 201,776,022	\$ 209,867,513	\$ 8,091,491	4.01%

¹ Other Local Taxes and Fees includes: Public Service Corporation Tax, Payment in Lieu of Taxes, Penalties & Interest, Consumer Utility, Motor Vehicle License, Recordation and Conveyance, Other Local Taxes and Fees

² Other Revenues includes: Permits, Fees, & Licenses, Fines and Forfeitures, Use of Money and Property, Charges for Services, Recovered Costs, and Miscellaneous Revenue

Fourth Quarter Revenue Collections

Category	FY 2018	FY 2019	% Change FY 18 to FY 19	FY 2020	% Change FY 19 to FY 20	FY 2021	% Change FY 20 to FY 21
Real Estate Taxes	\$ 45,724,004	\$ 47,176,424	3.18%	\$ 48,173,787	2.11%	\$ 50,503,728	4.84%
Personal Property Taxes	30,550,488	31,651,441	3.60%	31,813,483	0.51%	34,009,013	6.90%
Intergovernmental Revenue (State/Federal)	4,821,624	5,535,273	14.80%	5,887,868	6.37%	6,354,324	7.92%
Other Local Taxes and Fees ¹	4,985,426	5,148,161	3.26%	4,766,188	-7.42%	5,382,535	12.93%
Local Sales Tax	3,502,971	3,541,054	1.09%	3,916,226	10.59%	4,288,490	9.51%
Other Revenues ²	3,171,281	3,347,415	5.55%	2,609,918	-22.03%	2,714,275	4.00%
Business License Tax	344,371	362,953	5.40%	483,034	33.08%	274,584	-43.15%
Meals Tax	1,570,281	1,591,011	1.32%	1,224,568	-23.03%	1,728,434	41.15%
Communication Sales & Use Tax	1,158,320	1,101,460	-4.91%	1,081,865	-1.78%	960,958	-11.18%
Hotel/Motel Tax	421,832	620,268	47.04%	351,910	-43.26%	503,449	43.06%
Total	\$ 96,250,598	\$ 100,075,460	3.97%	\$ 100,308,847	0.23%	\$ 106,719,790	6.39%

¹ Other Local Taxes and Fees includes: Public Service Corporation Tax, Payment in Lieu of Taxes, Penalties & Interest, Consumer Utility, Motor Vehicle License, Recordation and Conveyance, Other Local Taxes and Fees

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Actual Revenue – Major Categories

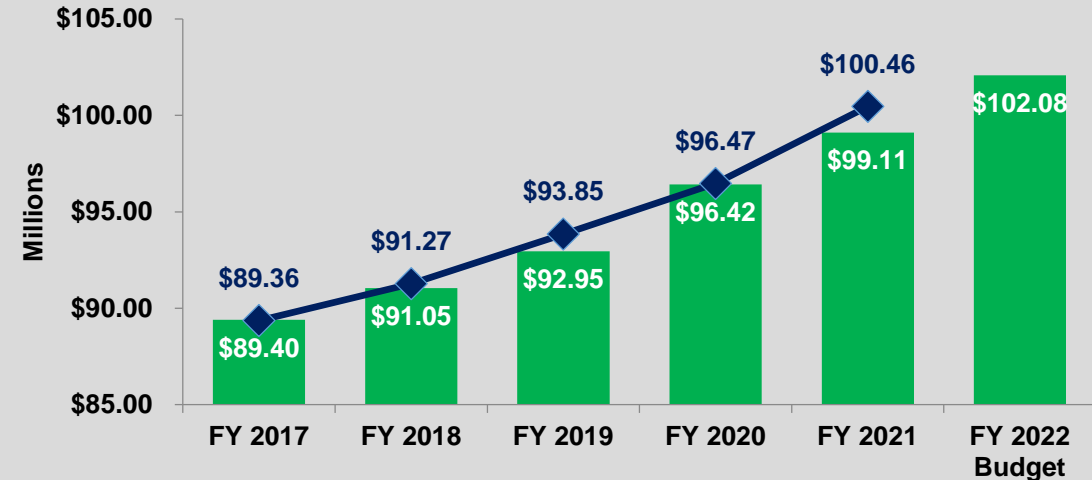
- Real Estate

- \$1,314,669 or 1.33% above budget
- Surplus revenue due to increased new construction sales
- **COVID Impact:** Housing market strengthened as economy recovered quickly and remote work options increased

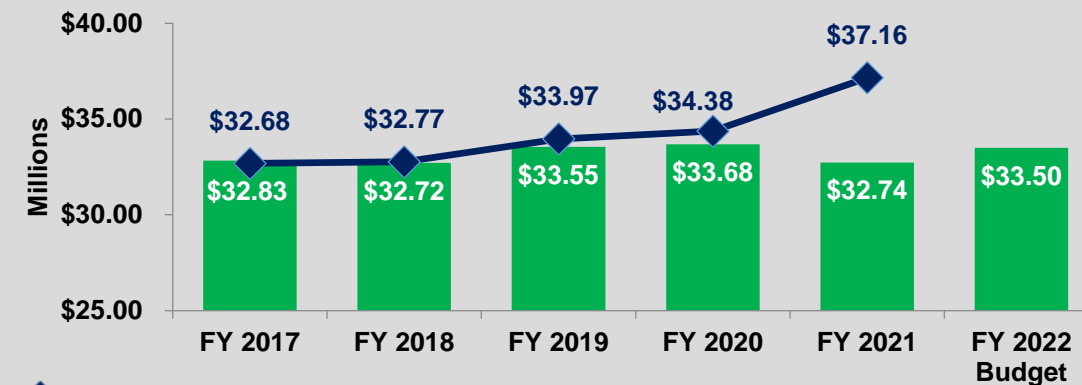
- Personal Property

- \$4,414,353 or 13.48% above budget
- **COVID Impact:** Surplus revenue due to higher values for used vehicles as new car production slowed during COVID-19 pandemic

Real Estate Revenue



Personal Property Revenue



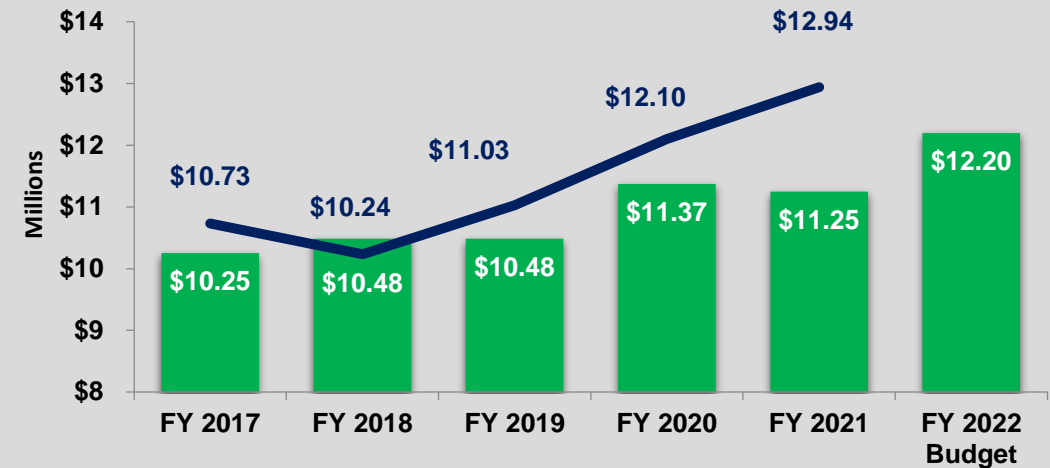
 Budgeted Revenue

 Actual Revenue

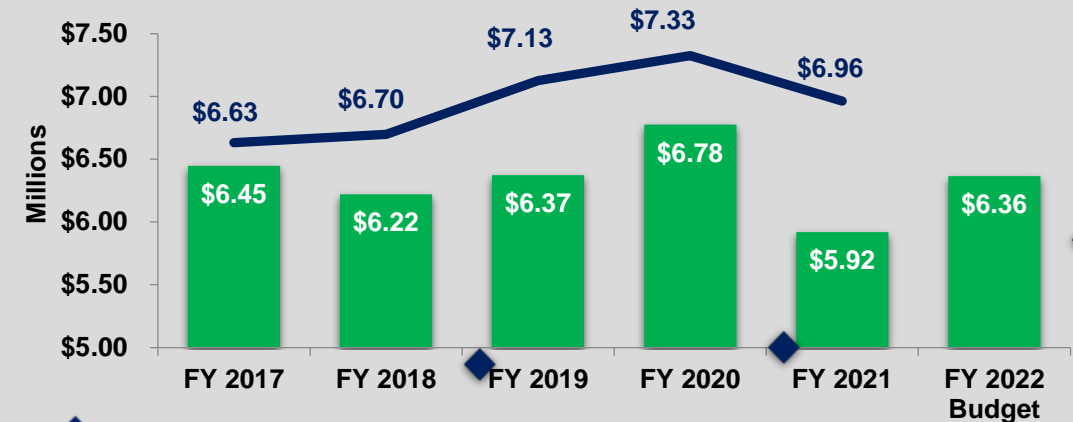
Actual Revenue – Major Categories

- Sales Tax
 - \$1,694,697 or 15.07% above budget
 - **COVID Impact:** Surplus revenue due to increased consumer spending related to federal stimulus and increased collection of internet sales tax due to many people working from home
- Business License Tax
 - \$1,042,688 or 17.61% above budget
 - **COVID Impact:** Surplus revenue despite decline in number of licenses due to increased gross receipts correlated with increased consumer spending

Sales Tax Revenue



Business License Tax Revenue



■ Budgeted Revenue

◆ Actual Revenue

Actual Revenue – Major Categories

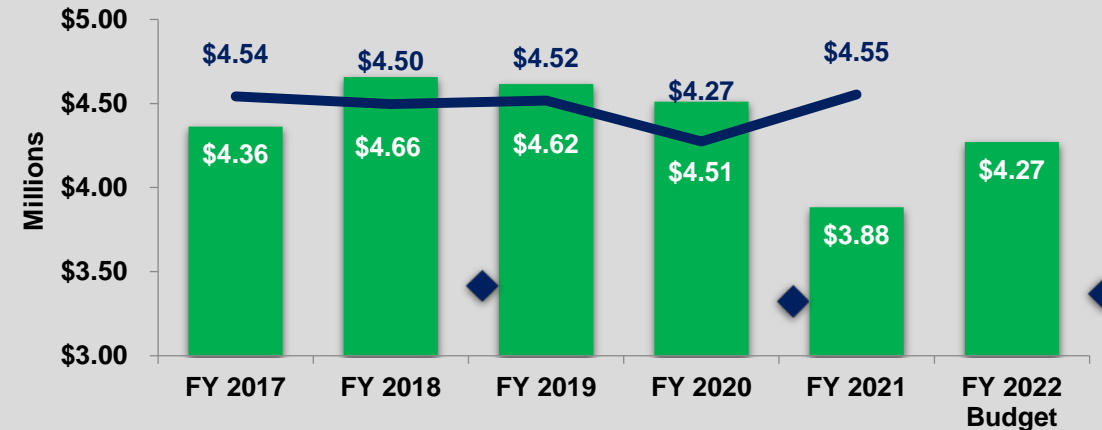
- Meals Tax

- \$669,951 or 17.26% above budget
- ***COVID Impact:*** Surplus due to continued demand during pandemic and increased spending as restrictions eased

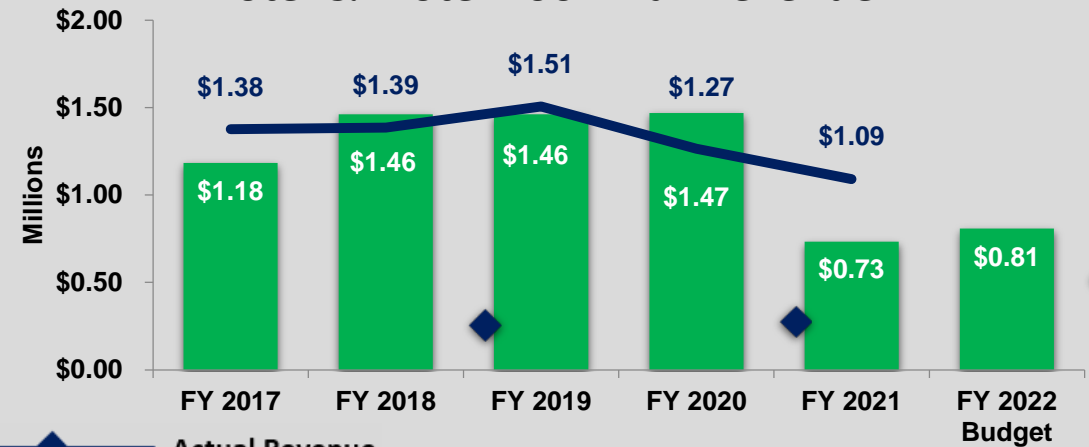
- Hotel & Motel Room Taxes

- \$357,704 or 48.72% above budget
- ***COVID Impact:*** Budget reduced by 50% in FY 2021 but revenue recovered with increased travel and eased restrictions in final quarter of FY 2021

Meals Tax Revenue



Hotel & Motel Room Tax Revenue



■ Budgeted Revenue

◆ Actual Revenue

FY 2021 General Government Expenditure Summary

FY 2021 Expenditures – General Government

Expenditures by Category

Category	FY 2021 Amended	FY 2021 Actual	Encumbrances	Balance	% of Budget Expended
Personnel	\$ 61,053,043	\$ 59,521,071	\$ -	\$ 1,531,972	97.49%
Operating	36,195,215	34,538,523	250,056	1,406,636	96.11%
Transfers & Other	21,548,444	21,232,358	-	316,086	98.53%
Schools Operating	69,710,710	69,710,710	-	-	100.00%
Schools Debt	8,074,513	8,074,513	-	-	100.00%
Schools CSA	1,804,000	1,804,000	-	-	100.00%
Total	\$ 198,385,925	\$ 194,881,175	\$ 250,056	\$ 3,254,694	98.36%

Actual Expenditures – General Government Expenditures by Functional Team

Functional Team / Budget Category	Actual FY 2020	Amended Budget FY 2021	Actual FY 2021	Encumbrances FY 2021	\$ Difference FY 2021 Amended vs. Actual	% Difference FY 2021 Amended vs. Actual
Community Services	\$ 11,034,658	\$ 11,432,954	\$ 11,399,615	\$ 3,839	\$ 29,500	0.26%
Human Services	12,069,832	13,029,983	11,892,752	732	1,136,499	8.72%
Internal Services	11,658,971	12,153,502	11,491,220	53,840	608,442	5.01%
Public Safety	59,442,967	54,031,754	53,591,019	137,436	303,299	0.56%
Schools Transfers – Revenue Sharing	70,499,722	69,710,710	69,710,710	-	-	0.00%
Schools Transfers – Debt Service and CSA	10,941,406	9,878,513	9,878,513	-	-	0.00%
Transfers & Departmental Charges	17,164,387	20,973,583	20,973,583	-	-	0.00%
Non-Departmental/Other	4,900,847	7,174,926	5,943,763	54,209	1,176,954	16.40%
Total	\$ 197,712,790	\$ 198,385,925	\$ 194,881,175	\$ 250,056	\$ 3,254,694	1.64%

COVID-19 Affected Expenditures

The COVID-19 pandemic affected departmental expenditures as follows:

- Personnel Expenditures, Surplus of \$1,531,972
 - Salary savings of \$716,833 related to the increased number of vacancies during FY 2021, especially in Police
 - Part-time savings of \$633,349 due to a reduction in services in Libraries and Parks, Recreation & Tourism
 - Salary savings were offset by overages in Overtime and Standby Pay due to increased need in Fire & Rescue due to the COVID-19 pandemic as well as the transition of 11 SAFER Grant funded firefighters to the General Fund

COVID-19 Affected Expenditures (Continued)

- Housing of Prisoners – Per Diem (Sheriff), surplus of \$360,354
 - Capacity restrictions at the Western Virginia Regional Jail during the COVID-19 Pandemic
 - As restrictions were lifted in late FY 2021, County usage increased
 - Staff expect increased costs in FY 2022
- RVRA & Recycling – General Services, deficit of (\$121,744)
 - RVRA tipping fees increased in FY 2021
 - Tonnage collected increased by 12.49% from FY 2020 mainly due to many Roanoke County citizens working from home

COVID-19 Affected Expenditures (Continued)

- **CORTRAN, Surplus of \$169,246**
 - Decreased program usage during pandemic
 - FY 2022 expectation is to be at or above budget for the upcoming fiscal year
- **Other Operating Expenses, Surplus of \$376,840**
 - Departments monitored expenses closely for various operating expenditures
 - Travel and Training had savings due to decreased ability to attend offsite conferences and training sessions
- **CARES Act Funding, Surplus of \$938,026**
 - Significant savings as Roanoke County was able to use CARES Act funds to supplement COVID-19 related expenses in FY 2021

FY 2021 Year End Summary

FY 2021 General Government Year End Summary

Revenues		Expenditures	
Amended Budget – General Fund	\$ 198,385,925	Amended Budget – General Fund	\$ 198,385,925
Actual Revenues	209,867,513	Actual Expenditures	194,881,175
		Encumbrances Carried Forward	250,056
Revenues above Budget	\$ 11,481,588	Expenditure Savings	\$ 3,254,694
% of Amended Budget	105.79%	% of Amended Budget	98.36%

FY 2021 Year-End Balance	Amount
Revenues above Amended Budget	\$ 11,481,588
Expenditure Savings, Net Encumbrances	3,254,694
Total 2021 Year End	14,736,282
Less FY 2022 Budgeted Contribution to Fund Balance	(491,803)
Less General Government Expenditure Contingency per Policy	(252,597)
Total Available Funds at FY 2021 Year End	\$ 13,991,882

Summary of Revenue and Expenditures Savings after Year End Allocation

County	FY 2016	FY 2017	FY 2018	FY 2019*	FY 2020*	Unaudited FY 2021*
Surplus Revenues	\$ 977,770	\$ 1,397,659	\$ 1,328,574	\$ 4,117,271	\$ 2,276,393	\$ 11,481,588
Expenditures Savings	1,341,717	896,310	371,265	320,986	1,576,401	3,254,694
TOTAL	\$ 2,319,487	\$ 2,293,969	\$ 1,699,839	\$ 4,438,257	\$ 3,852,794	\$ 14,736,282
Use of Surplus:						
Restore funds to Capital Projects ¹	\$ -	\$ -	\$ -	\$ -	\$ 1,045,000	\$ 450,000
General Government Exp. Contingency	-	-	-	250,000	250,000	252,597
General Fund Unappropriated Balance	544,881	577,749	-	752,899	-	491,803
Individual Capital Projects ²	-	265,000	600,000	1,400,000	-	800,000
Contributions to Other Fund Balances ³	-	875,000	800,000	-	-	1,350,000
Equipment Replacement	-	-	-	-	-	3,000,000
Savings Due to CARES Act for Capital Reserves	-	-	-	-	-	938,026
Transfer to Capital Reserves	1,492,589	103,691	142,294	1,435,358	1,736,826	7,453,856
Gratitude Bonus for Roanoke County Employees	-	-	-	-	511,068	-
Other Items	-	325,000	-	600,000	309,900	-
Department Rollovers/Encumbrances	282,017	147,529	157,545	-	-	-
TOTAL	\$ 2,319,487	\$ 2,293,969	\$ 1,699,839	\$ 4,438,257	\$ 3,852,794	\$ 14,736,282

*For FY 2019 through FY 2021, Department Rollovers/Encumbrances are accounted for in Expenditure Savings total.

¹Dixie Caverns, \$350,000; Mount Pleasant Library, \$100,000

²Library Mobile Wi-Fi Hotspots, \$200,000; Public Service Center, \$600,000 (\$500,000 additional construction, \$100,000 A&E)

³CSA Fund Balance Contribution, \$1,200,000, Meet fund balance policies for other funds, \$150,000

FY 2021 Other Funds

Other Funds

Fund	FY 2021 Beginning Balance	FY 2021 Revenues	FY 2021 Expenditures	FY 2021 Surplus/(Deficit)	Undesignated Fund Balance (June 30, 2021)
Criminal Justice Academy	\$ 151,354	\$ 370,468	\$ 305,974	\$ 64,494	\$ 215,848
Fleet Service Center	143,315	3,037,462	3,021,489	15,973	159,288
Fee Class Fund	327,576	2,654,276	2,663,201	(8,925)	318,651
Information Technology	167,695	6,570,827	6,410,403	160,424	328,119
Communications Shop	402,997	1,344,999	1,321,911	23,088	426,085
Emergency Communications Center (ECC)	207,403	3,240,778	3,190,526	50,252	257,655

Other Funds

Children's Services Act (CSA)

Fund	FY 2021 Beginning Balance	FY 2021 Revenues	FY 2021 Expenditures	FY 2021 Surplus/(Deficit)	Undesignated Fund Balance (June 30, 2021)
Children's Services Act (CSA)	\$ 885,866	\$ 8,725,019	\$ 9,233,706	\$ (508,687)	\$ 377,179

Fiscal Year	Total CSA Revenues	Total CSA Expenditures	Deficit	Year End Fund Balance
FY 2016	\$ 5,324,498	\$ 6,808,984	\$ (1,484,486)	\$ 2,714,825
FY 2017	5,680,066	7,244,451	(1,564,385)	1,150,440
FY 2018	6,982,922	6,993,575	(10,653)	1,139,787
FY 2019	6,946,760	7,170,706	(223,946)	915,840
FY 2020	7,485,868	7,515,822	(29,953)	885,866
FY 2021	8,725,019	9,233,706	(508,687)	377,179

- Alternative Day School costs increased \$269,788 in FY 2021
- Community Based Services costs increased \$636,442 in FY 2021 due to COVID-19 related costs
- Therapeutic Foster Care costs increased \$353,707 in FY 2021

Internal Service Funds

Fund	FY 2021 Beginning Balance	FY 2021 Revenues	FY 2021 Expenditures	FY 2021 Surplus/(Deficit)	Undesignated Fund Balance (June 30, 2021)
Health*	\$ 2,128,995	\$ 11,664,839	\$ 11,446,386	\$ 218,453	\$ 2,347,448
Dental	63,377	760,984	744,727	16,257	79,634
Risk Management*	1,190,317	1,692,874	1,550,360	142,514	1,332,831

*Excludes cash balances for Incurred but not Reported (IBNR) claims

Fund Balance Policies

Fund Balance Policies

Fund	FYE 2021 Fund Balance (June 30, 2021)	FY 2022 Adopted Budget	Fund Balance Policy %	Fund Balance Policy \$	Surplus/(Deficit) Fund Balance Policy
General Government ¹	\$ 23,632,859	\$ 201,038,851	12.0%	\$ 24,124,662	\$ (491,803)
Criminal Justice Academy	215,848	379,625	10.0%	37,963	177,885
Fleet Service Center	159,288	3,380,610	7.5%	253,546	(94,258)
Information Technology	328,119	6,848,425	5.0%	342,421	(14,302)
Communications Shop ²	426,085	1,456,685	10.0%	145,669	280,416
Emergency Communications (ECC)	257,655	3,339,378	5.0%	166,969	90,686
Recreation Fee Class	318,651	4,660,474	5.0%	233,024	85,627
Children's Services Act ³	377,179	7,900,007	15.0%	1,185,001	(807,822)

¹General Government Fund Balance has been addressed with FY 2021 budgeted use of year-end funds

²Communications Shop Fund Balance has planned use of \$225,000 toward IT Infrastructure Replacement Capital Maintenance Program in adopted FY 2022 CIP

³Recommending \$1,200,000 of FY 2021 year-end funds from both County and Schools to address CSA fund balance deficit

Fund Balance Policies

Fund	FYE 2021 Fund Balance +IBNR (June 30, 2021)	FY 2022 Adopted Budget	Fund Balance Policy %	Fund Balance Policy \$	Surplus/(Deficit) Fund Balance Policy
Health Insurance	\$ 3,116,741	\$ 12,161,050	10% + IBNR	\$ 1,985,398	\$ 1,131,343
Risk Management	3,463,131	1,604,003	10% + IBNR and \$500k property claims	2,790,700	672,431

Cautions and Considerations

- Issues for the upcoming Fiscal Year:
 - Increased fleet replacement, fleet repair, and fuel costs
 - Operational costs including building materials increasing
 - Overall inflation projected to increase during 2021 (CPI +5.3% from August 2020)
 - CSA program costs increasing
 - Year 2 of compensation commitments for Public Safety step plans and Decision Band Method adjustments for all other employees (Approximately \$3,000,000)

Cautions and Considerations (continued)

- Obligations in Upcoming Budget Years:
 - Year 3 of compensation commitments for Public Safety step plans and Decision Band Method adjustments for all other employees (Approximately \$3,000,000)
 - Addition of 33 more Firefighters with new Bonsack Fire Station and ending of current SAFER Grant
 - Increased Operational Costs for the new Fire Station
 - Western Virginia Regional Jail Debt Principal Payments
 - Increased Technology costs including cyber security, Software as a Service, and new email platform

Next Steps

Next Steps – Upcoming Board Items

(Through December 2021)

Board Item Topic	Date
Multi-Year Budgeting Review	October 5, 2021
Capital Projects Status Update	October 19, 2021
Fiscal Year 2020-2021 Audit Results and Allocation of Year-End Funds	December 14, 2021
2022 Assessment & Regional Economic Conditions	December 14, 2021

Questions & Comments