

FY 2022 Year End Overview and FY 2024 Budget Planning

Board of Supervisors Work Session

September 28, 2022

Work Session Agenda

- Overview
- FY 2022 General Government Revenue Summary
- FY 2022 General Government Expenditure Summary
- FY 2022 General Government Year End Summary
- Fund Balance Policies
- Planning for FY 2024 Budget

Overview

Overview -Year End Highlights

- Conservative budgeting due to continued economic uncertainties along with unexpected strong economic performance resulted in significant year-end revenues above budget
- General government expenditures were within 0.32% of budget as a result of increased costs due to inflation
- Preliminary FY 2022 Year End savings are comparable with other localities and the Commonwealth
- Other fund balances currently meet or exceed our comprehensive financial policy

FY 2022 General Government Revenue Summary

FY 2022 Revenue – Budget vs. Actual

Category	Actual FY 2021	Amended Budget FY 2022	Actual FY 2022	\$ Difference FY 2022 Amended vs. Actual	% Difference FY 2022 Amended vs. Actual
Real Estate Taxes	\$ 100,461,192	\$ 102,084,564	\$ 105,637,680	\$ 3,553,116	3.48%
Personal Property Taxes	37,155,603	33,500,000	36,813,410	3,313,410	9.89%
Intergovernmental Revenue (State/Federal)	17,833,168	18,197,531	18,116,989	(80,542)	-0.44%
Other Local Taxes and Fees ¹	14,426,807	13,530,000	15,281,898	1,751,898	12.95%
Local Sales Tax	12,941,172	12,200,000	14,152,239	1,952,239	16.00%
Other Revenues ²	7,423,715	7,266,524	7,876,096	609,572	8.39%
Business License Tax	6,962,688	6,364,000	7,763,436	1,399,436	21.99%
Meals Tax	4,552,451	4,270,750	5,310,072	1,039,322	24.34%
Communication Sales & Use Tax	2,955,602	2,900,000	2,810,863	(89,137)	-3.07%
Hotel/Motel Tax	1,091,883	807,597	1,688,196	880,599	109.04%
Appropriated Beginning Balance	4,063,232	14,587,212	14,587,212	-	0.00%
Total	\$ 209,867,513	\$ 215,708,178	\$ 230,038,091	\$ 14,329,913	6.64%

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

Actual Revenue – Major Categories

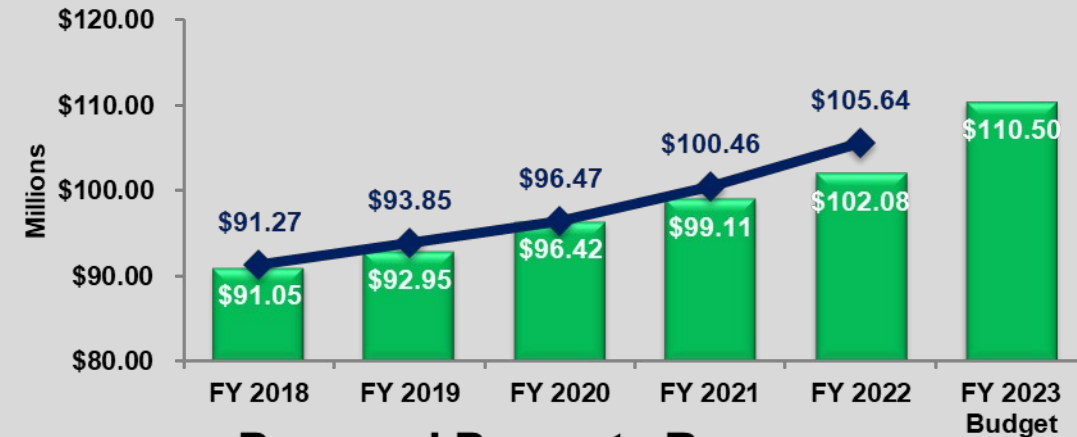
- Real Estate

- \$3,553,116 or 3.48% above budget
- Surplus revenue due to increased assessments and strengthened housing market

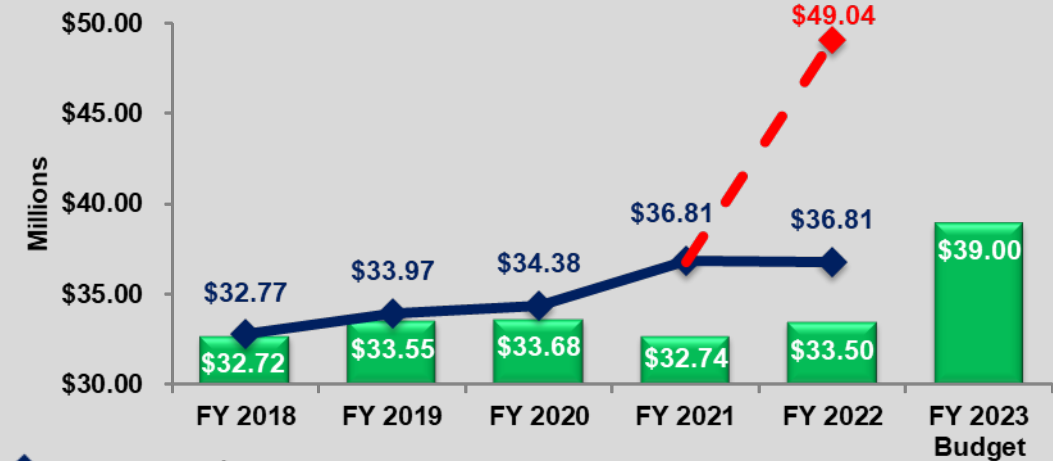
- Personal Property

- \$3,313,410 or 9.89% above budget
- Used vehicle values increased at unprecedented levels
- Roanoke County adjusted tax relief to offset increased tax bills (\$12.23 million)

Real Estate Revenue



Personal Property Revenue



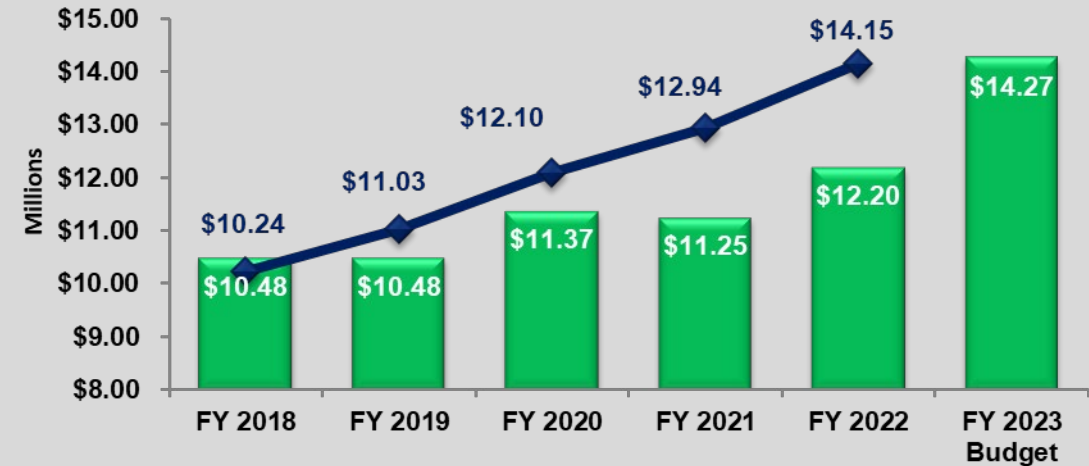
■ Budgeted Revenue
 ◆ Actual Revenue

Actual Revenue – Major Categories

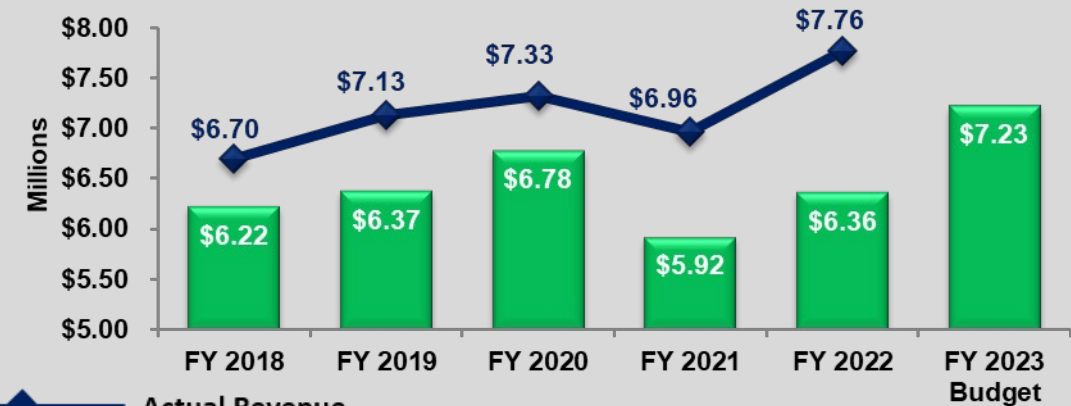
- Sales Tax
 - \$1,952,239 or 16.00% above budget
 - Revenue increased over FY 2021 due to a strengthened economy and inflationary impacts on prices

- Business License Tax
 - \$1,399,436 or 21.99% above budget
 - Gross receipts increased with increased sales and prices which were impacted by inflation

Sales Tax Revenue



Business License Tax Revenue



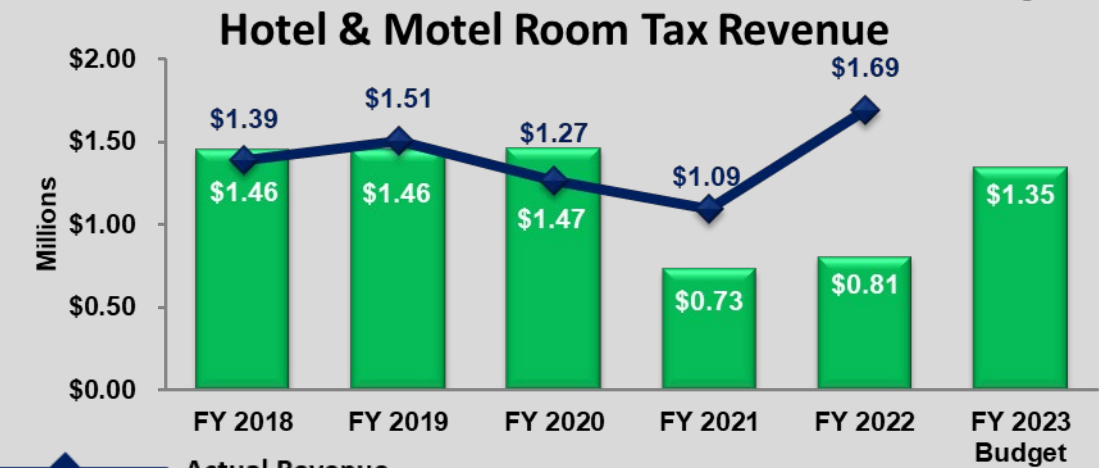
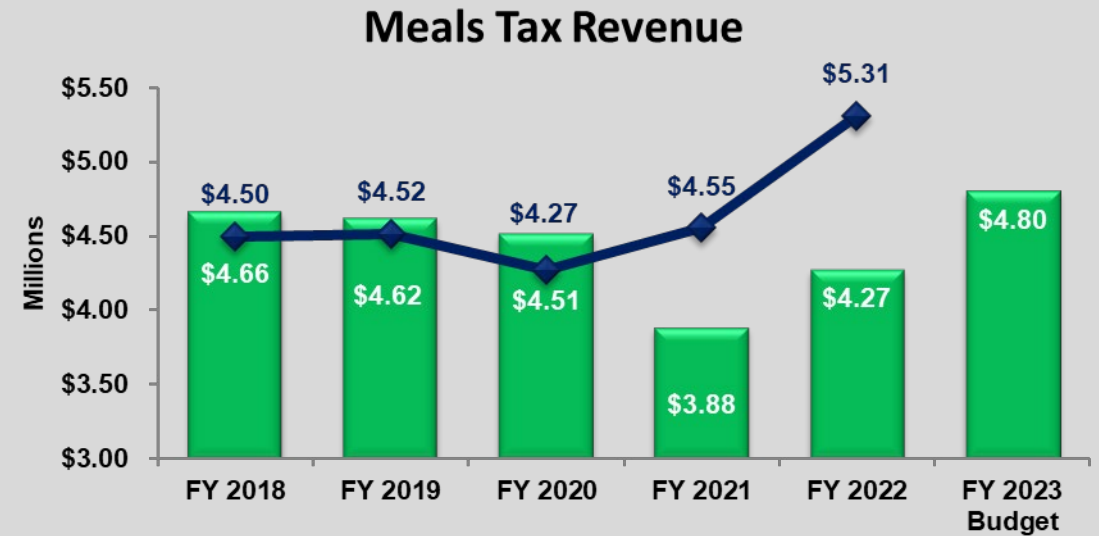
 Budgeted Revenue

 Actual Revenue

Actual Revenue – Major Categories

- Meals Tax
 - \$1,039,322 or 24.34% above budget
 - Revenue surplus due to several new restaurants opening in Roanoke County as well as inflation in prices

- Hotel & Motel Room Taxes
 - \$880,599 or 109.04 % above budget
 - Revenue surplus due to increased travel in FY 2022 and events such as the Iron Man race



 Budgeted Revenue

 Actual Revenue

FY 2022 General Government Expenditure Summary

FY 2022 Expenditures – General Government

Expenditures by Category

Category	FY 2022 Budget	FY 2022 Actual	Encumbrances	Balance	% of Budget Expended
Personnel	\$ 69,686,191	\$ 69,183,747	\$ -	\$ 502,444	99.28%
Operating	36,177,549	36,153,121	285,187	(260,759)	100.72%
Transfers & Other	28,489,991	28,044,673	-	445,318	98.44%
Schools Operating	71,821,490	71,821,490	-	-	100.00%
Schools Debt	7,653,956	7,653,956	-	-	100.00%
Schools CSA	1,879,000	1,879,000	-	-	100.00%
Total	\$ 215,708,177	\$ 214,735,987	\$ 285,187	\$ 687,003	99.68%

*Operating overages due to inflation in fuel and fleet repair costs

FY 2022 General Government Year End Summary

Overview - FY 2022 General Government Year End Summary

FY 2022 Year-End Balance	Amount
Revenues above Adopted Budget	\$ 14,329,913
Expenditure Savings, Net of Encumbrances	687,003
Total 2022 Year End	15,016,916
Less FY 2023 Budgeted Contribution to Fund Balance	(2,093,025)
Less General Government Expenditure Contingency per Policy	(546,202)
Total Available Funds at FY 2022 Year End	\$ 12,377,689

Summary of Revenue and Expenditures Savings and Proposed Year End FY22 Allocation

County	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Unaudited FY 2022
Surplus Revenues	\$ 1,397,659	\$ 1,328,574	\$ 4,117,271	\$ 2,276,393	\$ 11,459,599	\$14,329,913
Expenditures Savings	748,781	213,720	320,986	1,576,401	3,131,217	687,003
TOTAL	\$ 2,146,440	\$ 1,542,294	\$ 4,438,257	\$ 3,852,794	\$ 14,590,816	\$ 15,016,916
Use of Surplus:						
General Fund Unappropriated Balance	577,749	-	752,899	-	491,803	2,093,025
General Government Exp. Contingency	-	-	250,000	250,000	252,597	546,202
Transfer to Capital Reserves	103,691	142,294	1,435,358	1,736,826	7,910,896	7,547,689
Revenue Stabilization	-	-	-	-	-	1,500,000
Other Operating Expenditure Contingency	-	-	-	-	-	1,500,000
Individual Capital Projects ¹	265,000	600,000	1,400,000	-	1,050,000	580,000
Health Insurance Fund Balance Policy	-	-	-	-	-	750,000
Public Private Partnerships	-	-	-	-	-	500,000
Restore funds to Capital Projects	\$ -	\$ -	\$ -	\$ 1,045,000	\$ 1,105,000	\$ -
Equipment Replacement	-	-	-	-	601,500	-
Contributions to Other Fund Balances	875,000	800,000	-	-	1,320,000	-
Gratitude Bonus for Roanoke County Employees	-	-	-	511,068	1,859,020	-
Other Items	325,000	-	600,000	309,900	-	-
TOTAL	\$ 2,146,440	\$ 1,542,294	\$ 4,438,257	\$ 3,852,794	\$ 14,590,816	\$ 15,016,916

¹Fire Hydrant Stormwater Replacement, \$80,000; Email System Project, \$500,000

Fund Balance Policies

Other Funds

Fund	FY 2022 Beginning Balance	FY 2022 Activity	Undesignated Fund Balance (June 30, 2022)	Fund Balance Policy \$	Surplus/(Deficit) Fund Balance Policy
Criminal Justice Academy	\$ 215,848	\$ (11,048)	\$ 204,800	\$ 44,778	\$ 160,022
Fleet Service Center	159,288	114,019	273,307	253,546	19,761
Fee Class Fund	318,652	402,876	721,528	272,624	448,904
Information Technology	328,119	262,884	591,003	363,099	227,904
Communications Shop ¹	426,086	(51,480)	374,606	161,383	213,223
Emergency Communications Center (ECC)	257,656	89,058	346,714	201,681	145,033

¹Includes \$225,000 planned use of fund balance in FY 2022 for CIP projects

Other Funds

Children's Services Act (CSA)

Fund	FY 2022 Beginning Balance	FY 2022 Deficit	Addition to Fund Balance	Undesignated Fund Balance (June 30, 2022)	Fund Balance Policy \$	Surplus/(Deficit) Fund Balance Policy
Children's Services Act (CSA)	\$ 377,179	\$ (576,465)	\$ 2,200,000	\$ 2,000,714	\$ 1,185,270	\$ 815,444

Fiscal Year	Total CSA Revenues	Total CSA Expenditures	Deficit	Addition to Fund Balance	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	6,457,922	6,993,575	(535,653)	525,000	1,139,787
FY 2019	6,946,760	7,170,706	(223,946)	-	915,841
FY 2020	7,485,868	7,515,842	(29,974)	-	885,887
FY 2021	8,725,018	9,233,706	(508,688)	-	377,179
FY 2022	8,936,390	9,512,855	(576,465)	2,200,000	2,000,714

- Alternative Day School costs decreased \$63,011 in FY 2022
- Community Based Services costs increased \$390,533 in FY 2022
- Therapeutic Foster Care costs decreased \$262,902 in FY 2022
- County and Schools added \$2.2 million to fund balance in FY 2022 from FY 2021 Year End Savings

Internal Service Funds

Fund	FYE 2022 Beginning Balance +IBNR	FY 2022 Activity	Undesignated Fund Balance +IBNR	Fund Balance Policy \$	Surplus/(Deficit) Fund Balance Policy
Health	\$ 3,311,266	\$ (753,492)	\$ 2,557,774	\$ 2,097,671	\$ 460,671
Dental	79,634	3,646	83,280	-	83,280
Risk Management	3,463,131	81,380	3,544,511	2,836,900	707,611

Fund Balance Policy: Health Insurance – 10% of current year expenditure budget plus IBNR
 Risk Management – 10% of current year expenditure budget plus IBNR and \$500K for property claims

(IBNR: Incurred But Not Reported claims)

Planning for FY 2024 Budget

Planning for FY 2024 Budget

- Great deal of uncertainty
- Budgeting very difficult for projections of revenues and expenditures
- Continued concerns related to high inflation
- Increasing interest rates
- Unpredictable economy

Planning for FY 2024 Budget (continued)

- Year 3 of compensation commitments for Public Safety step plans (\$3.25 million)
- Pay adjustments for all non-public safety employees (approximately \$0.4 million for each 1% increase)
- Addition of 15 Firefighters to the General Government Fund with ending of current SAFER Grant in January 2024 (\$0.563 million)
- Addition of 18 Firefighters with new Bonsack Fire Station in FY 2024 (\$1.1 million)
- Other employee benefits increases

Planning for FY 2024 Budget (continued)

- Operating and equipment costs for the new Bonsack Fire Station (\$1.0 million)
- Western Virginia Regional Jail Debt Principal Payments (\$0.3 million)
- Increased Technology costs including cyber security, Software as a Service, and new email platform (\$0.4 million)
- Increased capital replacement, repairs and fuel costs
- CSA program costs continue to increase (\$0.3 million)
- School Revenue Sharing
- Funding for CTE

Planning for FY 2024 Budget

- Recommend staff work on a variety of scenarios for revenue projections
 - Personal Property
 - Continue to review current year vehicle values and potentially apply similar methodology used in FY 2022
 - Evaluate NADA projections for long-term values of vehicles
 - Analyze tax rate based on information
 - Real Estate
 - Continue to monitor the housing data and market conditions
 - Evaluate long-term housing values
 - Analyze tax rate based on information

Questions & Comments