



Understanding the Budget





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Introducing Sections of the Annual Fiscal Plan

The County of Roanoke, Virginia's Annual Fiscal Plan provides actionable, concise information about government financial activities and policies. County residents, elected officials, administrators, businesses, charities, and other interested parties will find this document useful. The Fiscal Plan is designed to "tell the story" of Roanoke County's operations by supplementing line-items detail with an easier to understand narrative.

The, "**Organizational Policies, Plans and Analyses**" section provides a review of factors that influence budgeting decisions in Roanoke County and included comparative graphs and spreadsheets illustrating prior vs. current year budget data.

Each fund that requires annual budget appropriations approved by the Board of Supervisors is included in this document.

Fund Structure

Roanoke County's budget is organized by fund; each fund is considered a separate accounting and reporting entity. (See the Fund Chart in this section of the Annual Fiscal Plan).

Each fund's operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, where appropriate.

The following is an overview of governmental funds used by Roanoke County.

"General Fund" - The general operating fund reflects all County revenues and expenditures that are not required to be accounted for in another fund. Revenues are derived primarily from general property taxes, other local taxes, licenses, permits and fees. Other major sources of revenue include reimbursement to the County for expenditures shared by the Commonwealth of Virginia. Major expenditures include the costs of general daily government operation and transfers to other funds, principally to fund the operation of Roanoke County Public Schools and the County debt service.

The General Fund is comprised of several sub-funds, which are combined for purposes of financial statement reporting. These sub-funds include *General Government, Comprehensive Services, County Garage, Internal Services, Recreation Fee Class, the Law Library, and Grants*.

The *General Government sub-fund* is divided into functional areas that are consistent with those prescribed by the Commonwealth of Virginia's Auditor of Public Accounts for comparative cost reporting by all local governments within the Commonwealth. These functional areas are as follows:

- General Administration
- Constitutional Officers
- Judicial Administration



- Management Services
- Public Safety
- Community Services and Development
- Human Services
- Other (Non-departmental and Transfers)

The “General Fund” section also provides a summary business plan that outlines major goals and objectives for each County department included in the appropriate sub-fund (e.g. Police & Fire and Rescue constitute the Public Safety sub-fund). A chart for each department and fund shows the number of regular full-time positions in addition to three years of budget data: FY 2016 actual data, FY 2017 adopted budget, and FY 2018 adopted budget.

The “**Component Unit Schools**” incorporates detailed financial data provided by the RCPS Department of Finance.

“**Debt Service Fund**” - This fund is used to account for the revenues required to pay interest on outstanding long-term debt and to repay any maturing issues or installments.¹

“**Capital Fund**” - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).² This section includes: General Government support of capital initiatives and projects, a list of adopted FY 2018 capital projects included within the Capital Improvement Program, and fleet and equipment replacement details.

“**Internal Service Fund**” - This fund accounts for financing services from one department to other departments within Roanoke County. Included are risk management, health insurance fund, and dental insurance fund.

Basis of Budgeting

Budgets for all funds are adopted on a basis consistent with Generally Accepted Accounting Principles applicable to governmental units. *Governmental Funds are accounted for using the modified accrual basis of accounting with revenues being recorded when the funds are received and expenditures recorded when the goods or services are received and the liabilities incurred. The basis of budgeting and the basis of accounting are consistent for all funds.* Budgeted amounts reflected in the financial statements are as originally adopted or as amended by the County Administrator or the Board of Supervisors.

The County Administrator may authorize or delegate the authorization of the transfer of any unencumbered balance, or portion thereof, from one department to another within a fund. Otherwise, the Board of Supervisors must approve amendments that alter the total appropriation of any fund. In addition, any amendment that exceeds one (1) percent of the total revenue shown in the currently adopted budget may not be accomplished without first

¹ This fund is not used for debt serviced by Enterprise Funds, which manage their own debt service activities.

² Funding is included in each department's operating budget for smaller projects such as furniture, fixtures, machinery and equipment.



advertising and conducting a public hearing. Appropriations for the General Fund lapse at year-end. Appropriations for the Capital Fund are continued beyond a single fiscal year until completion of applicable projects even when projects extend for more than one fiscal year.

During the fiscal year, as department directors make purchases for goods and services, their budgets are monitored at a summary level. Each departmental budget is separated into three expenditure categories:

- Personnel - this covers employee salaries and benefits
- Non-Personnel - funds routine operating expenditures
- Transfers & Other – includes transfers to capital among other funds

Controls have been placed in the general ledger system to prevent department directors from spending more than is budgeted, in total, for these expenditure categories.

Other Documents Related to the Annual Fiscal Plan

In addition to the Annual Fiscal Plan, the County prepares several other documents that relate to County operations and finances. These include:

- *Capital Improvement Program (CIP)*. The Capital Improvement Program (CIP) is a County program in which capital investments are identified and funded with the purpose of preserving County assets. The CIP plan is a ten-year planning document used to schedule capital expenditure projects and coordinate capital financing in a way that manages future debt service requirements. Financial resources used to meet those priority projects funded each fiscal year are accounted for through the Capital Fund. See the Capital Fund section of the Annual Fiscal Plan for more detailed information about the FY 2018 capital year budget. The entire Adopted FY 2018 – FY 2027 CIP document can be viewed online at <http://www.roanokecountyva.gov/index.aspx?NID=590>. Roanoke County Schools develop and publish their own capital improvement program that is adopted by the School Board and approved by the Board of Supervisors.
- *Roanoke County Public Schools Budget*. This document details the School Board operations and funding requests. The School Board budget must be submitted to the County administration no later than April 1 of each year. The Board of Supervisors must adopt the school budget by May 1. For a brief overview, see the Component Unit (School Funds) section of this document.
- *Comprehensive Annual Financial Report (CAFR)*. This document is the final report on the examination of the County's financial statements at June 30 of each year. An independent auditing firm reviews this report, in accordance with Generally Accepted Auditing Principles. The fiscal year ending 2016 CAFR can be viewed online at <http://www.roanokecountyva.gov/index.aspx?NID=371>.



Fiscal Year 2018 Budget Process

This section is a brief overview of the ideal budget process that the County of Roanoke, Virginia strives to achieve each year on behalf of its citizens.

Throughout the budget process, work sessions are conducted with the Board of Supervisors to address key budgetary issues. These begin in the capital planning phase and continue through the adoption of the budget.

Capital planning is the first component of budget development. This process involves identifying capital improvement, maintenance, technology, and vehicle replacement needs, as well as identified resources. These needs and resources are programmed into a 10-year schedule of balanced revenues and expenditures. This process shapes the County's overall commitment to capital infrastructure investment and shapes the resources available for operational budget development.

Roanoke County uses an "incremental approach" to prepare its budget. Departments receive a budget target in which to build individual budgets. Departments completed Performance Management Plans to replace the Business Plan model to focus on organization wide efforts to monitor and enhance performance management. With the transition away from business plans, the Office of Management and Budget will continue to collaborate with departments to identify appropriate Core Objectives and Performance Measures.

If additional funding is requested to extend or enhance service delivery, or to repair structural budget deficits, a Funding Adjustment Request is submitted to the Office of Management and Budget. Funding Adjustment Request define resources needed to accomplish immediate activities or goals in the upcoming fiscal year. These requests and the Roanoke County Capital Improvement Program (CIP) Plan, help to determine overall resource allocation.

Functional Budget Teams then meet to develop goal statements, identify strategic challenges facing the group as a whole, and prioritize and deliberate Funding Adjustment Requests before presenting to senior leadership. Functional Budget Teams are comprised of departments with similar functionality (for example, Police and Fire and Rescue fall within the Public Safety Functional Team) and are designed to bring together departments that face similar challenges in service delivery. The goal of prioritization in a functional team context is to identify needs specific to service delivery areas and review those needs at an organizational level.

Concurrently, the Roanoke County Revenue Team, facilitated by the Office of Management and Budget, develops revenue projections for FY 2018. Revenue projections shape expenditure budgets for the upcoming fiscal year. County Administration works with the Office of Management and Budget to identify resources for both capital and operational budgets.

Once revenue projections are firm, final review of functional team prioritization is conducted by County Administration. Final review of expenditure budgets are conducted and adjustments are made in response to community feedback. Once this process is complete, a balanced budget is drafted and the County Administrator presents a proposed balanced budget to the Board of Supervisors. The budget document provided for Board review includes proposed resource allocation by fund, by department within each fund, by section within each department, and by expenditure category within each section. There are three types of expenditure categories for this purpose: Personnel, Non-Personnel, and Transfers & Other. Supplementary data is also provided, such as statistical information.



Advertisements are published in the local newspaper to meet state code requirements, and copies of the proposed budget are placed in local libraries, as well as published online, to provide multiple opportunities for Roanoke County residents to become familiar with the proposed budget before public hearings.

Public hearings in accordance with state code are held to obtain taxpayer feedback regarding resource allocations and tax rates. It is important for Roanoke County officials to understand how funding and service provision will affect various community stakeholders in order to effectively govern.

The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The fiscal year begins on July 1. Tax rates for the calendar year are adopted on or before April 15. The fiscal year budget appropriation is adopted by ordinance after a first and second reading by the Board of Supervisors. The Board formally adopted the FY 2018 budget appropriation ordinance on May 23, 2017.

The Roanoke County budget process continues to improve and evolve into a streamlined and informative system. The Office of Management and Budget continues to assist departments in developing more quantifiable budget objectives by using measurable benchmarks.

A calendar of events for budget development activities for FY 2018 is included in this section of the document.

Amending the Annual Fiscal Plan

In accordance with state code, Roanoke County may amend its budget to adjust the aggregate amount approved as part of the original Appropriation Ordinance. The Board of Supervisors must approve any amendment - increasing or decreasing appropriations - during the normal course of conducting County business. Any such amendment which exceeds one (1) percent of the total expenditures as shown in the adopted budget must be accomplished by publishing a notice of a meeting and a public hearing in a newspaper having general circulation in that locality at least seven (7) days prior to the meeting date. The notice shall state the governing body's intent to amend the budget and include a brief synopsis of the amendment. The amendment may be adopted at the advertised meeting, after first providing a public hearing occurs during such meeting on the proposed budget amendment.

Conclusion

Thank you for your interest in the County of Roanoke, Virginia's Annual Fiscal Plan. This document exists to ensure transparency and provide the fiscal information that those associated with Roanoke County desire.



County of Roanoke Budget Calendar FY 2017 - FY 2018

September 2016	<ul style="list-style-type: none"> • Begin Capital Improvement Program (CIP) process • Board of Supervisors Work Session: FY 2015-2016 Year-End Overview
October	<ul style="list-style-type: none"> • CIP Project Funding Requests due • Board of Supervisors FY 2017-2018 Budget Development Work Sessions: Fire Department Minimum Staffing
November	<ul style="list-style-type: none"> • Begin Performance Management Plan process • Budget Kick-Off: Departments and Schools • Departmental Operating Allocations Issued • Board of Supervisors FY 2017-2018 CIP Budget Development Work Sessions: Project Requests, Project Updates, Fleet Replacement, Project Funding & Debt Policies
December	<ul style="list-style-type: none"> • Department submissions, performance management plans, and funding/fee adjustments due • Initial OMB review of departmental submissions • Outside Agency application process open on December 12 • Prepare preliminary revenue estimates • Board of Supervisors Work Session on tax-exempt policies & non-taxable property • Briefing to Board of Supervisors on 2017 Reassessment and regional economic conditions
January 2017	<ul style="list-style-type: none"> • Functional Budget Team Process Meetings begin • County Administrator presents FY 2018 - FY 2027 CIP Plan to Board of Supervisors on January 24 • Board of Supervisors FY 2017-2018 Budget Development Work Session: Roanoke County fiscal policies • Outside Agency Applications due January 18 • Comparative Statement of Budgeted and Actual Revenues and Expenditures to Board of Supervisors on January 24
February	<ul style="list-style-type: none"> • Joint County Board of Supervisors and School Board Work Session on FY 2018 – FY 2027 CIP • Functional Budget Team Presentations • Work Session: FY 2018 Revenues February 28 • FY 2018 Revenues Finalized • County Review of Outside Agency Applications complete



March

- County Administrator presents FY 2017-2018 Budget to Board of Supervisors (March 14)
- Work Session: Employee Compensation & Benefits related to FY 2017-2018 Operating Budget (March 28)
- Public Hearing: Effective Tax Rate (March 28)
- Public Hearing: Maximum Tax Rate (March 28)
- Maximum Tax Rate Adopted by Board of Supervisors (March 28)

April

- Public Hearing: FY 2018 Tax Rate Adoption (April 11)
- Public Hearing: General Comment on FY 2017-2018 Budget (April 11)
- Resolution to Adopt the FY 2018 Tax Rate (April 11)
- Board of Supervisors FY 2016-2017 Budget Development Work Session: Review FY 2017-2018 Operating Budget (April 11)
- Board of Supervisors FY 2017-2018 Budget Development Work Session: Review the proposed FY 2018 – FY 2027 CIP and FY 2017-2018 Debt Service Fund (April 25)

May

- Public Hearing: General comment on FY 2017-2018 Budget (May 9)
 - First reading of Appropriation Ordinance (May 9)
 - Second reading of Appropriation Ordinance/approval of Class Plan (May 23)
 - Board of Supervisors Adopts FY 2017-2018 Budget and FY 2018 - FY 2027 CIP (May 23)
 - School Budget Adopted by Board of Supervisors (May 23)
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