

FY 2017 Year End Overview

Board of Supervisors Work Session

September 26, 2017

Work Session Agenda

- FY 2017 Year End Summary
 - Unappropriated Balance
 - Capital Reserves
 - Historical Data on Year End Balances
- FY 2017 General Government Revenue Summary
- FY 2017 General Government Expenditure Summary
- Other General Funds
- Internal Service Funds (Health, Dental, Risk Management)
- Next Steps

FY 2017 Year End Summary

FY 2017 Year End Summary

| Revenues | | Expenditures | |
|---------------------------------------|--------------------|---|------------------|
| Revised Revenue Budget – General Fund | \$184,860,373 | Revised Expenditure Budget – General Fund | \$184,860,373 |
| Actual Revenues | \$186,259,860 | Actual Expenditures | \$183,917,949 |
| | | Encumbrances Carried Forward | (\$166,095) |
| Revenues above Budget | \$1,399,487 | Expenditure Savings | \$776,329 |

| Recommended Allocation of FY 2017 Year-End Balance | |
|--|------------------|
| Total Available | \$2,175,816 |
| To FY 2017-18 Fund Balance Policy (Budgeted) | (\$429,719) |
| To FY 2017-18 Fund Balance Policy (Maintain Target of 11%) | (\$148,030) |
| To FY 2017-18 Capital Budget | (\$200,000) |
| Reserve for City/County Sales Tax | (\$350,000) |
| Reserve for Risk Management Fund Balance | (\$350,000) |
| Reserve for Childrens’ Services Act (CSA) Fund Balance | (\$525,000) |
| Website Update | (\$65,000) |
| Remaining Balance to Capital Reserves | \$108,067 |

Unappropriated Balance

| General Fund Unappropriated Balance | |
|--|--------------|
| Balance at Fiscal Year End 2017 | \$22,954,213 |
| FY 2018 Contribution to Fund Balance | \$577,749 |
| Projected Fiscal Year End 2018 Balance | \$23,531,962 |
| Percentage of Budget | 11.00% |

Capital Reserves – After Year End Close

| Total Capital Reserves | |
|--|--------------------|
| Balance at Fiscal Year End 2017 | \$4,939,380 |
| Use of Capital Reserves for Self Contained Breathing Apparatus (SCBA) Project | (\$879,545) |
| FY 2018 Capital Reserves Appropriation in CIP | (\$153,420) |
| Remaining Balance in FY 2017-18 to Capital Reserves (Assuming recommended allocation of year end balance) | \$108,067 |
| Projected Capital Reserve Balance at Fiscal Year End 2018 | \$4,014,482 |

Summary of Revenue and Expenditures Savings

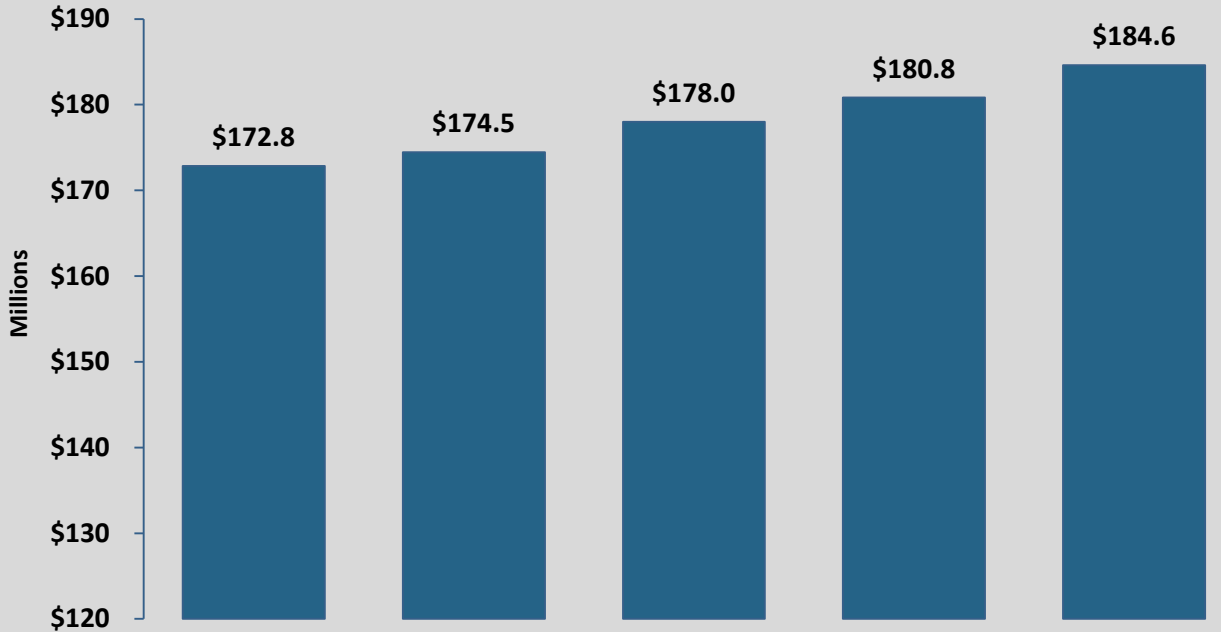
| <u>County</u> | <u>FY 2012</u> | <u>FY 2013</u> | <u>FY 2014</u> | <u>FY 2015</u> | <u>FY 2016</u> | <u>Unaudited FY 2017</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------------|
| Surplus Revenues | \$ 202,222 | \$ 978,954 | \$ 2,017,363 | \$ 2,183,788 | \$ 977,770 | \$ 1,399,487 |
| Expenditures Savings | 3,936,893 | 3,665,481 | 3,001,241 | 1,272,470 | 1,341,717 | 776,329* |
| TOTAL | <u>4,139,115</u> | <u>4,644,435</u> | <u>5,018,604</u> | <u>3,456,258</u> | <u>2,319,487</u> | <u>2,175,816</u> |
| Use of Surplus: | | | | | | |
| Fire and Rescue Capital-Fee for Service | 202,222 | - | 178,977 | - | - | - |
| General Fund Unappropriated Balance | - | 194,239 | 532,638 | 500,000 | 544,881 | 577,749 |
| Transfer to Capital Reserves | 1,270,929 | 1,442,859 | 1,910,844 | 2,354,765 | 1,492,589 | 108,067 |
| FY 2017-18 Capital Budget | - | - | - | - | - | 200,000 |
| Reserve for City/County Sales Tax | - | - | - | - | - | 350,000 |
| Risk Management Fund Balance | - | - | - | - | - | 350,000 |
| CSA Fund Balance | - | - | - | - | - | 525,000 |
| Roanoke County Website Update | - | - | - | - | - | 65,000 |
| *Department Rollovers/Encumbrances | 2,665,964 | 3,007,337 | 2,396,145 | 601,493 | 282,017 | - * |
| TOTAL | <u>\$ 4,139,115</u> | <u>\$ 4,644,435</u> | <u>\$ 5,018,604</u> | <u>\$ 3,456,258</u> | <u>\$ 2,319,487</u> | <u>\$ 2,175,816</u> |

*For FY 2017, Department Rollovers/Encumbrances of \$166,095 are accounted for in Expenditure Savings total

FY 2017 Revenue Summary

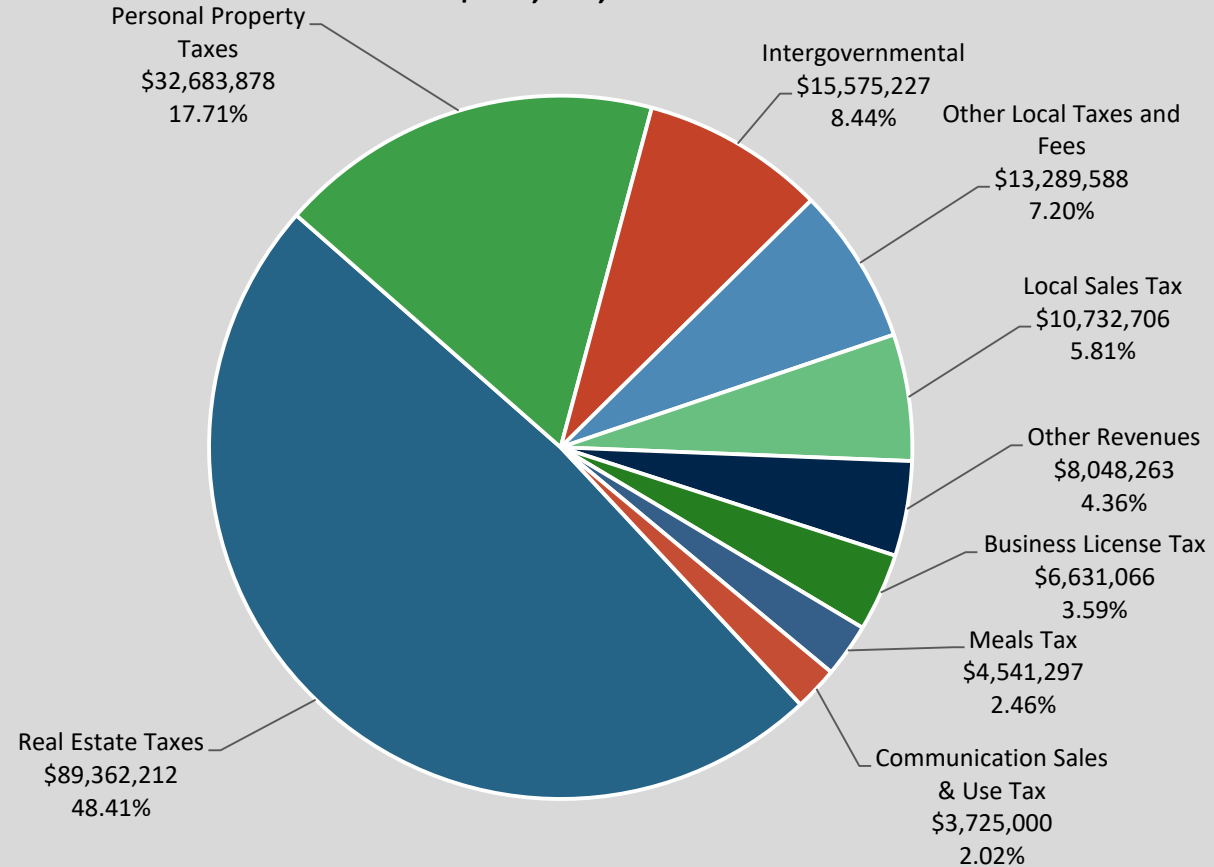
FY 2017 Actual Revenue

***Actual Revenue - FY 2013 through FY 2017**



| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
|------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | \$172,830,147 | \$174,451,731 | \$177,983,392 | \$180,835,808 | \$184,589,237 |
| YOY Growth | 1.37% | 0.94% | 2.02% | 1.60% | 2.08% |

***FY 2017 Total General Government Revenue
\$184,589,237**



*Excludes Appropriated Beginning Balance of \$1,670,623

FY 2017 Actual Revenue – Budget vs. Actual

| Category | Actual FY 2016 | Final Budget FY 2017 | Actual FY 2017 | \$ Difference FY 2017 Final vs. Actual | % Difference FY 2017 Final vs. Actual |
|--|----------------------|-------------------------|----------------------|--|---|
| Real Estate Taxes | \$88,235,210 | \$89,401,101 | \$89,362,212 | (\$38,889) | -0.04% |
| Personal Property Taxes | \$31,621,657 | \$32,834,622 | \$32,683,878 | (\$150,744) | -0.46% |
| Intergovernmental Revenue (State/Federal) | \$15,467,163 | \$15,116,479 | \$15,575,227 | \$458,748 | 3.03% |
| Other Local Taxes and Fees ¹ | \$13,258,822 | \$12,953,400 | \$13,289,588 | \$336,188 | 2.60% |
| Local Sales Tax | \$10,097,025 | \$10,252,000 | \$10,732,706 | \$480,706 | 4.69% |
| Other Revenues ² | \$7,777,933 | \$8,026,398 | \$8,048,263 | \$21,865 | 0.27% |
| Business License Tax | \$6,233,126 | \$6,447,000 | \$6,631,066 | \$184,066 | 2.86% |
| Meals Tax | \$4,326,106 | \$4,362,750 | \$4,541,297 | \$178,547 | 4.09% |
| Communication Sales & Use Tax | \$3,818,766 | \$3,796,000 | \$3,725,000 | (\$71,000) | -1.87% |
| Appropriated Beginning Balance | \$601,493 | \$1,670,623 | \$1,670,623 | \$0 | 0.00% |
| Total | \$181,437,301 | \$184,860,373 | \$186,259,860 | \$1,399,486 | 0.76% |

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

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

Actual Revenue – Major Categories

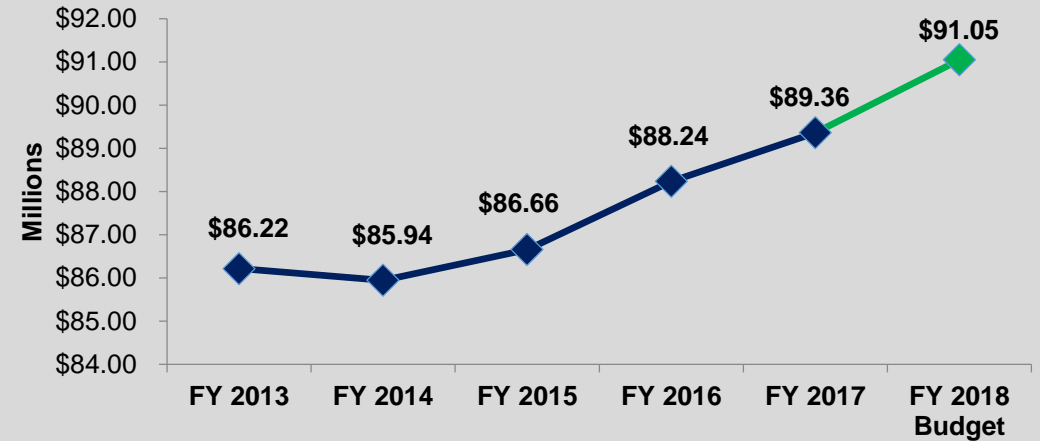
- Real Estate

- FY 2017 Amended Budget: \$89,401,101
- FY 2017 Actual: \$89,362,212
- FY 2017 Variance: (\$38,889)
- Modest growth budgeted for FY 2017 (1.9%)
- Commercial Real Estate: 13.7% of total
Residential Real Estate: 86.3% of total

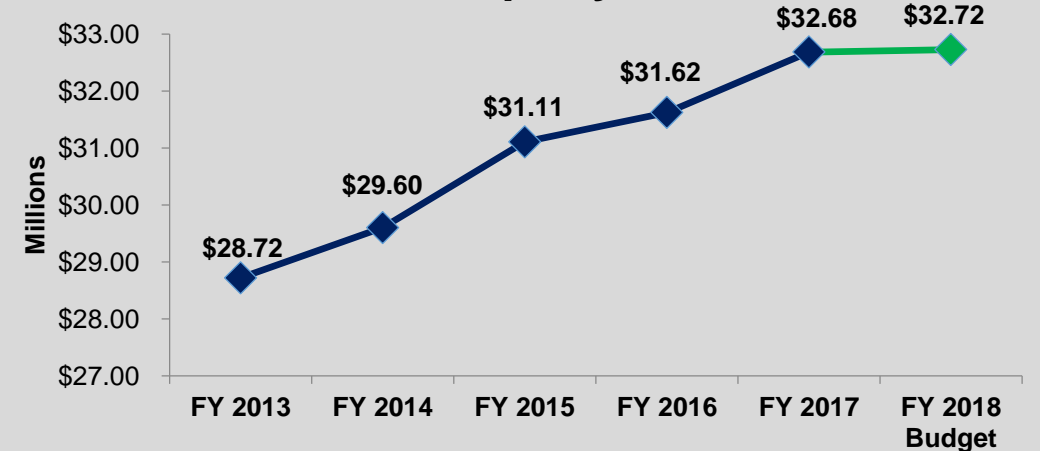
- Personal Property

- FY 2017 Amended Budget: \$32,834,622
- FY 2017 Actual: \$32,683,878
- FY 2017 Variance: (\$150,744)

Real Estate Revenue



Personal Property Revenue



Actual Revenue – Major Categories

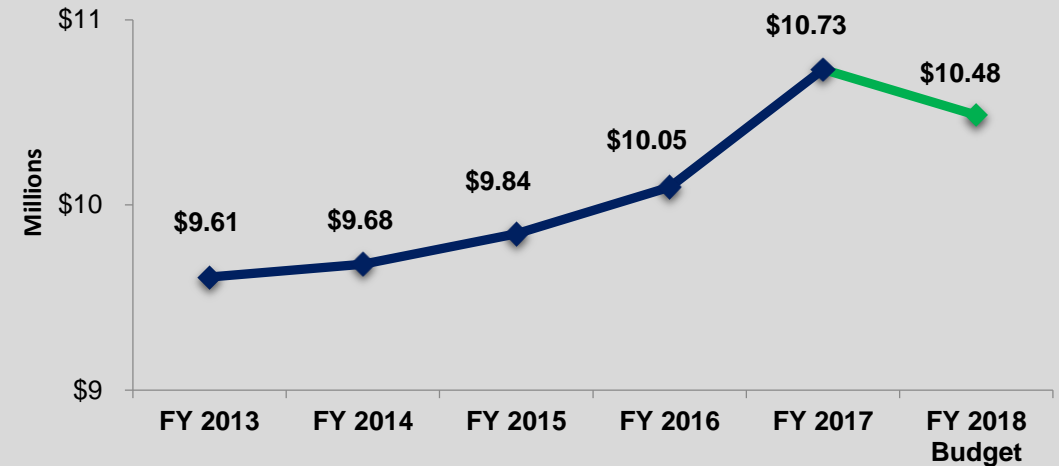
- Sales Tax

- FY 2017 Amended Budget: \$10,252,000
- FY 2017 Actual: \$10,732,706
- FY 2017 Variance: \$480,706
- One-time collections of approximately \$350,000 in FY 2017

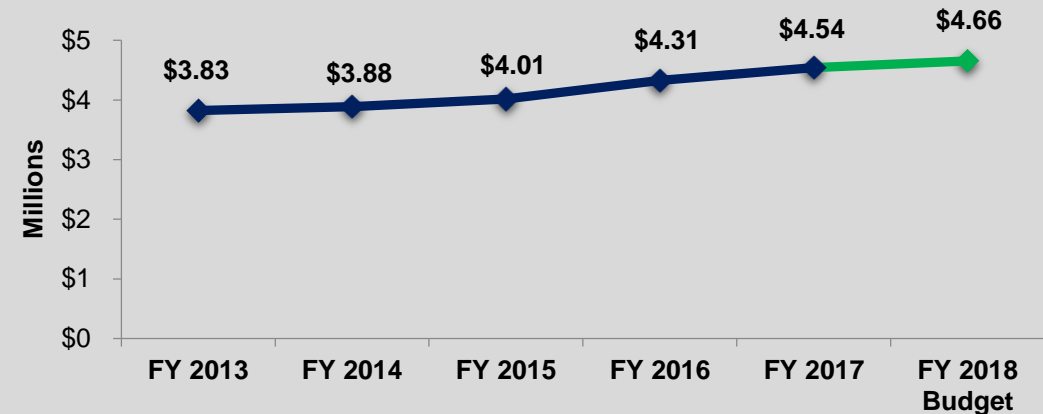
- Meals Tax

- FY 2017 Amended Budget: \$4,362,750
- FY 2017 Actual: \$4,541,297
- FY 2017 Variance: \$178,547

Sales Tax Revenue



Meals Tax



Actual Revenue – Major Categories

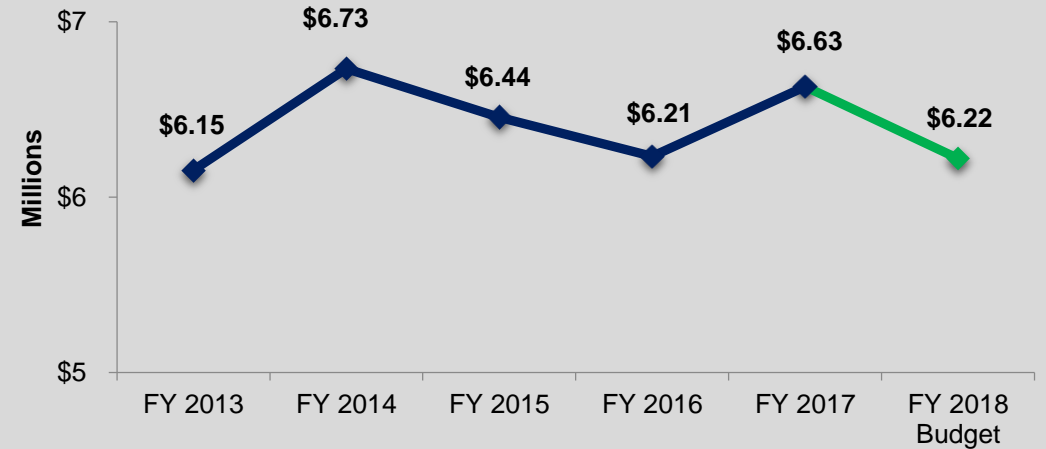
- Business License Tax

- FY 2017 Amended Budget: \$6,447,000
- FY 2017 Actual: \$6,631,066
- FY 2017 Variance: \$184,066
- One-time collections of approximately \$250,000 in FY 2017

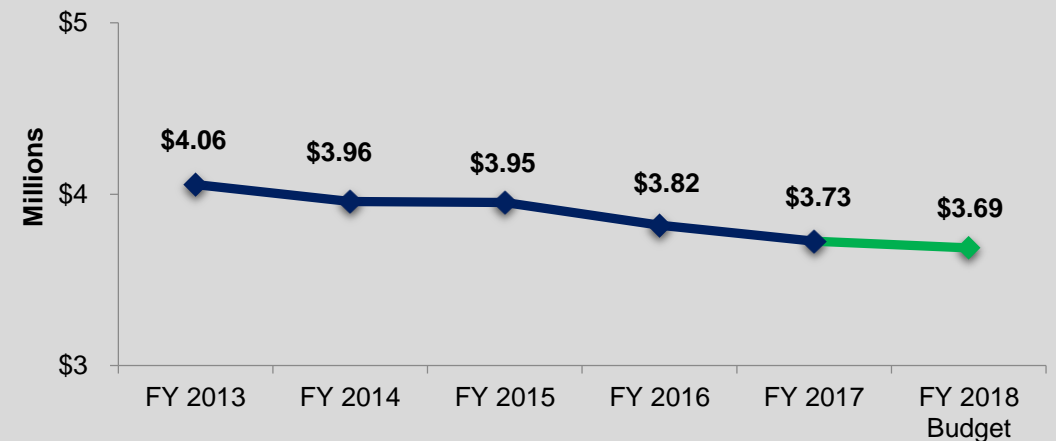
- Communications Sales & Use Tax

- FY 2017 Amended Budget: \$3,796,000
- FY 2017 Actual: \$3,725,000
- FY 2017 Variance: (\$71,000)

Business License Tax



Communication Sales & Use Tax



Actual Revenue – Major Categories

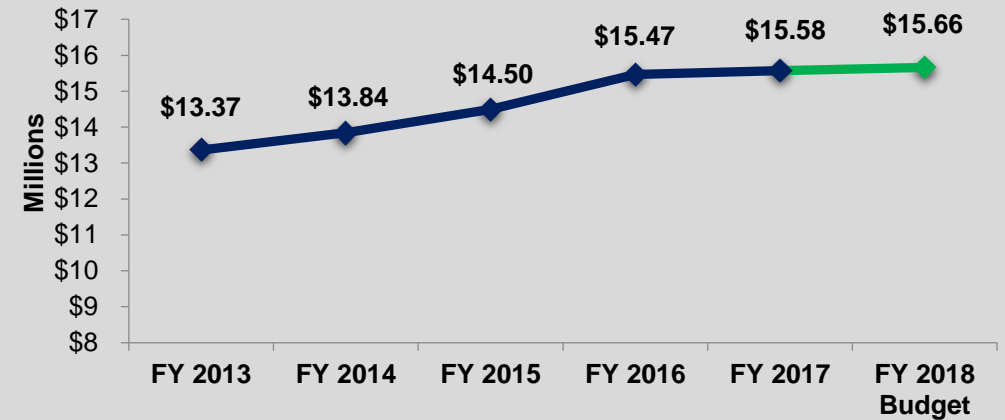
- Intergovernmental Revenue

- FY 2017 Amended Budget: \$15,116,479
- FY 2017 Actual: \$15,575,227
- FY 2017 Variance: \$458,748
- Primarily due to State and Federal revenue associated with Social Services

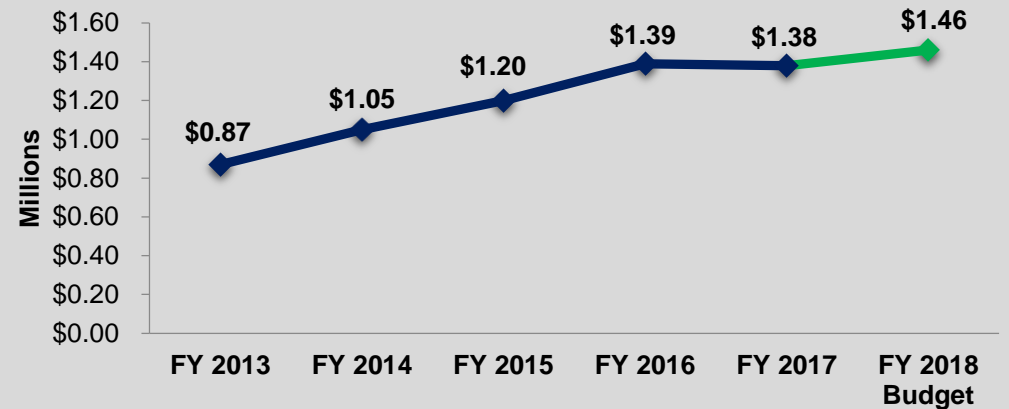
- Hotel & Motel Room Taxes

- FY 2017 Amended Budget: \$1,184,500
- FY 2017 Actual: \$1,376,286
- FY 2017 Variance: \$191,786

Intergovernmental Revenue



Hotel & Motel Room Taxes



South Peak CDA

- South Peak CDA receives 70% of the following revenues generated for 20 years.
 - Real Estate
 - Personal Property
 - Sales
 - Business License
 - Hotel/Motel
 - Meals
- In FY 2017, South Peak CDA realized \$678,821 from total revenue collections (30.2% increase over FY 2016) out of total \$969,744.

| Total Revenue Generation FY 2013 through FY 2017 | | | | | | |
|--|-----------------|------------------|------------------|------------------|------------------|--------------------|
| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | Total |
| South Peak CDA | \$15,723 | \$129,288 | \$305,155 | \$521,192 | \$678,821 | \$1,650,179 |
| Roanoke County | \$6,738 | \$55,409 | \$130,781 | \$223,368 | \$290,923 | \$707,220 |
| Total | \$22,461 | \$184,697 | \$435,936 | \$744,560 | \$969,744 | \$2,357,399 |

- FY 2017 Budgeted Transfer: \$311,000, Actual: \$678,821
- FY 2018 Budgeted Transfer: \$560,000

South Peak CDA (Continued)

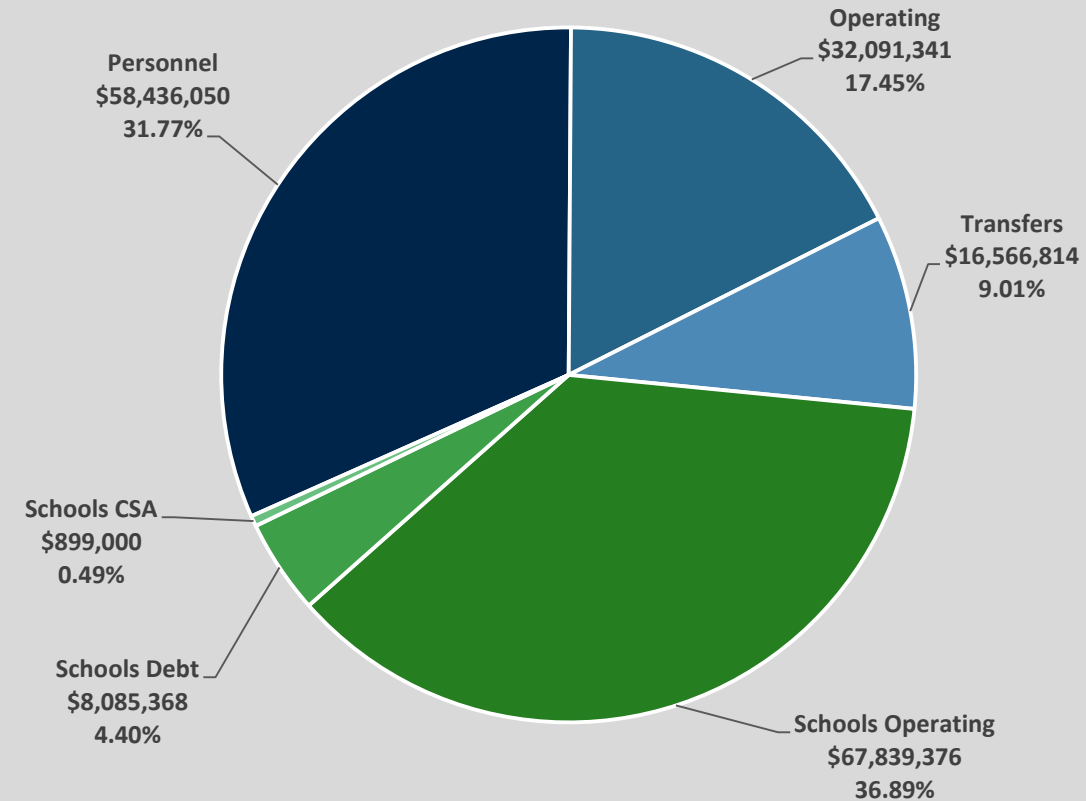
| South Peak CDA Revenue Generation (70% Portion) FY 2013 through FY 2017 | | | | | |
|---|-----------------|------------------|------------------|------------------|------------------|
| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| Real Estate | \$15,723 | \$128,110 | \$204,047 | \$232,317 | \$262,239 |
| Personal Property | - | \$1,178 | \$23,918 | \$21,825 | \$35,358 |
| Sales | - | - | - | \$47,349 | \$57,992 |
| Business License | - | - | \$16,024 | \$18,509 | \$14,461 |
| Hotel/Motel | - | - | \$57,054 | \$185,836 | \$177,423 |
| Meals | - | - | \$4,113 | \$15,355 | \$131,348 |
| Total | \$15,723 | \$129,288 | \$305,155 | \$521,192 | \$678,821 |

FY 2017 Expenditure Summary

Actual Expenditures – General Government Expenditures by Category

| Category | FY 2017 Amended | FY 2017 Actual | Encumbrances | Balance | % of Budget Expended |
|-------------------|----------------------|----------------------|------------------|------------------|----------------------|
| Personnel | \$58,696,807 | \$58,436,050 | \$0 | \$260,757 | 99.56% |
| Operating | \$32,911,596 | \$32,091,341 | \$166,095 | \$654,160 | 98.01% |
| Transfers | \$16,428,226 | \$16,566,814 | \$0 | (\$138,588) | 100.84% |
| Schools Operating | \$67,839,376 | \$67,839,376 | \$0 | \$0 | 100.00% |
| Schools Debt | \$8,085,368 | \$8,085,368 | \$0 | \$0 | 100.00% |
| Schools CSA | \$899,000 | \$899,000 | \$0 | \$0 | 100.00% |
| Total | \$184,860,373 | \$183,917,949 | \$166,095 | \$776,329 | 99.58% |

***FY 2017 Actual Expenditures
\$183,917,949**



*Excludes Encumbrances

Actual Expenditures – General Government Expenditures by Functional Team

| Functional Team | Actual FY 2016 | Final Budget FY 2017 | Encumbrances FY 2017 | Actual FY 2017 | \$ Difference FY 2017 Final vs. Actual | % Difference FY 2017 Final vs. Actual |
|--|----------------------|----------------------|----------------------|----------------------|--|---------------------------------------|
| Community Services | \$10,561,018 | \$10,656,295 | \$22,342 | \$10,157,574 | \$476,379 | 4.47% |
| Human Services | \$10,322,565 | \$10,219,115 | \$17,435 | \$10,345,078 | (\$143,398) | -1.40% |
| Internal Services | \$10,390,906 | \$10,095,064 | \$16,643 | \$9,820,357 | \$258,065 | 2.56% |
| Public Safety | \$52,191,051 | \$49,603,519 | \$109,676 | \$49,037,062 | \$456,782 | 0.92% |
| Schools Transfers (Revenue Sharing, Debt Service, and CSA) | \$77,350,809 | \$76,823,744 | \$0 | \$76,823,744 | \$0 | 0.00% |
| Interfund Transfers | \$11,638,259 | \$13,169,348 | \$0 | \$13,411,867 | (\$242,519) | -1.84% |
| Intrafund Transfers | \$4,169,897 | \$3,086,642 | \$0 | \$3,086,642 | \$0 | 0.00% |
| Non-Departmental/Other | \$4,246,476 | \$11,206,646 | \$0 | \$11,235,626 | (\$28,979) | -0.26% |
| Total | \$180,870,983 | \$184,860,373 | \$166,095 | \$183,917,949 | \$776,329 | 0.42% |

FY 2018 & FY 2019 General Government Budget Areas to Monitor

| Budget Area | Issue | Next Steps |
|---|---|---|
| Public Transportation (CORTRAN) | Significantly over budget by \$142K in FY 2017 | November 8, 2017 work session planned |
| Separation Pay | Significantly over budget by \$195K in FY 2017 | FY 2018 Budget increased by \$50,000. Monitor turnover to better project costs. |
| Western Virginia Regional Jail -Housing Prisoners | Housing of prisoners at the Regional Jail exceeded budget by \$176K | Added \$125K for housing prisoners in FY 2018 Budget. |
| VRS Increase | Anticipated increase of approximately \$500,000 for FY 2019 | Waiting to get final percentage increase from VRS |
| CSA & Risk Management Fund Balances | Discussed in later slides | Take steps to increase contributions to increase fund balances |

FY 2017 Other Funds

Other Major Funds

| Fund | FY 2017 Beginning Balance | FY 2017 Revenues | FY 2017 Expenditures | FY 2017 Surplus/(Deficit) | Undesignated Fund Balance (June 30, 2017) | <i>Fund Balance Committed in FY 2018</i> |
|--------------------------|---------------------------|------------------|----------------------|---------------------------|---|--|
| CommIT | \$2,297,755 | \$9,477,762 | \$9,416,961 | \$60,801 | \$2,358,556 | \$1,715,000 |
| Criminal Justice Academy | \$181,926 | \$260,461 | \$301,946 | (\$41,485) | \$140,441 | \$52,959 |
| Fleet Service Center | \$356,814 | \$2,935,460 | \$2,949,613 | (\$14,153) | \$342,661 | \$50,000 |
| Fee Class | \$1,098,743 | \$4,898,080 | \$4,947,722 | (\$49,642) | \$1,049,101 | \$250,000 |

Other Funds

Children's Services Act (CSA)

| Fund | FY 2017 Beginning Balance | FY 2017 Revenues | FY 2017 Expenditures | FY 2017 Surplus/(Deficit) | Undesignated Fund Balance (June 30, 2017) | Fund Balance Committed in FY 2018 |
|----------------------------------|------------------------------|---------------------|-------------------------|------------------------------|---|---|
| Children's Services Act (CSA) | \$2,714,825 | \$5,613,159 | \$7,250,326 | (\$1,637,167) | \$1,077,658 | \$1,063,788 |

- Fund balance continues to decline
- \$660,000 additional contribution budgeted in FY 2018 (\$330,000 each from County General Fund and School Fund)
- Recommend allocating \$525,000 from available year end funds to CSA Fund Balance
- Alternative Day School expenditures were \$3.7 million in FY 2017
- Work Session scheduled for December 17, 2017

| Children's Services Act Fund | Year End Balance |
|------------------------------|------------------|
| FY 2013 | \$6,023,267 |
| FY 2014 | \$5,275,027 |
| FY 2015 | \$4,199,311 |
| FY 2016 | \$2,714,825 |
| FY 2017 | \$1,077,658 |
| Projected FY 2018 | \$13,870 |

FY 2017 Internal Service Funds

Internal Service Funds

| Fund | FY 2017 Beginning Balance | FY 2017 Revenues | FY 2017 Expenditures | FY 2017 Surplus/(Deficit) | Undesignated Fund Balance (June 30, 2017) |
|-----------------|------------------------------|---------------------|-------------------------|------------------------------|---|
| Health | \$756,662 | \$8,812,004 | \$9,830,407 | (\$1,018,403) | (\$261,741) |
| Dental | \$124,846 | \$727,232 | \$729,762 | (\$2,530) | \$122,316 |
| Risk Management | \$707,521 | \$1,679,421 | \$2,208,920 | (\$529,499) | \$178,022 |

Health Insurance

- FY 2016-17 Claims Experience
 - 1 claim > \$200,000
 - 15 claims > \$100,000
 - Medical claims as a cost per member increased 7.1%
- State will take over Line of Duty Claims (LOD) which should save the County approximately \$90,000 in FY 2018 and beyond.
- FY 2017 Year End does not reflect actions taken during the FY 2018 Budget Process to address health insurance expenses. These initiatives include:
 - Moving all employees to the Key Care 1000 plan
 - New prescription drug plan
 - Incentivizing Wellness

| Health Insurance Reserve Projection | |
|--|--------------------|
| Beginning Balance (excludes IBNR Reserves) | \$756,662 |
| Health Insurance Contributions | \$8,812,004 |
| Wellness Program | (\$379,467) |
| Professional Services | (\$84,969) |
| Health Insurance Claims/ Reinsurance/HRA/ACA Fees | (\$9,365,971) |
| Undesignated Fund Balance | (\$261,741) |
| Reserve for IBNR | \$850,953 |
| Cash Balance | \$589,212 |

Risk Management

- Workers' Compensation
 - Significant portion of FY 2017 claims are legacy claims
 - Legacy Claims: \$770,000
 - New claims in FY 2017: \$493,000
 - Settlements: \$137,000
 - Total Claims: \$1.4 million
 - Partnership with VACORP has resulted in more settled claims and better management of the claims process

- Recommend allocating \$350,000 from available year end funds to Risk Management Fund Balance

| Risk Management Reserve Projection | |
|------------------------------------|--------------------|
| Beginning Balance | \$707,521 |
| Revenues | \$1,679,421 |
| Expenditures | \$2,208,920 |
| Undesignated Fund Balance | \$178,022 |
| Reserve for IBNR | \$2,288,000 |
| Cash Balance | \$2,466,022 |

Next Steps

- Continue partnership with departments to manage budgets more precisely
- Continued monitoring of expenditures
 - Timely tracking of vacancies
 - Analysis of personnel expenditures
 - Emphasis on expenditures that were over budget in FY 2017
- Continued monitoring of revenues
 - Revenue Team will meet from November through February
 - Mid-year update to the Board of Supervisors to be provided in January 2018
 - Emphasis on revenues that underperformed in FY 2017

Next Steps – Work Sessions and Briefings

(Through December 2017)

| Work Session or Briefing Topic | Date |
|--|-------------------|
| County Fees and Charges for Services Work Session | October 24, 2017 |
| CORTRAN Work Session | November 8, 2017 |
| Capital Improvement Program (CIP) Update Work Session | November 8, 2017 |
| Fiscal Year 2016-2017 Audit Results Briefing | November 21, 2017 |
| Linking the Community Strategic Plan to the FY 2018-2019 Budget Work Session (Tentative) | November 21, 2017 |
| 2018 Reassessment and Regional Economic Conditions Briefing | December 5, 2017 |
| Children’s Services Act (CSA) Update Work Session | December 19, 2017 |

Comments