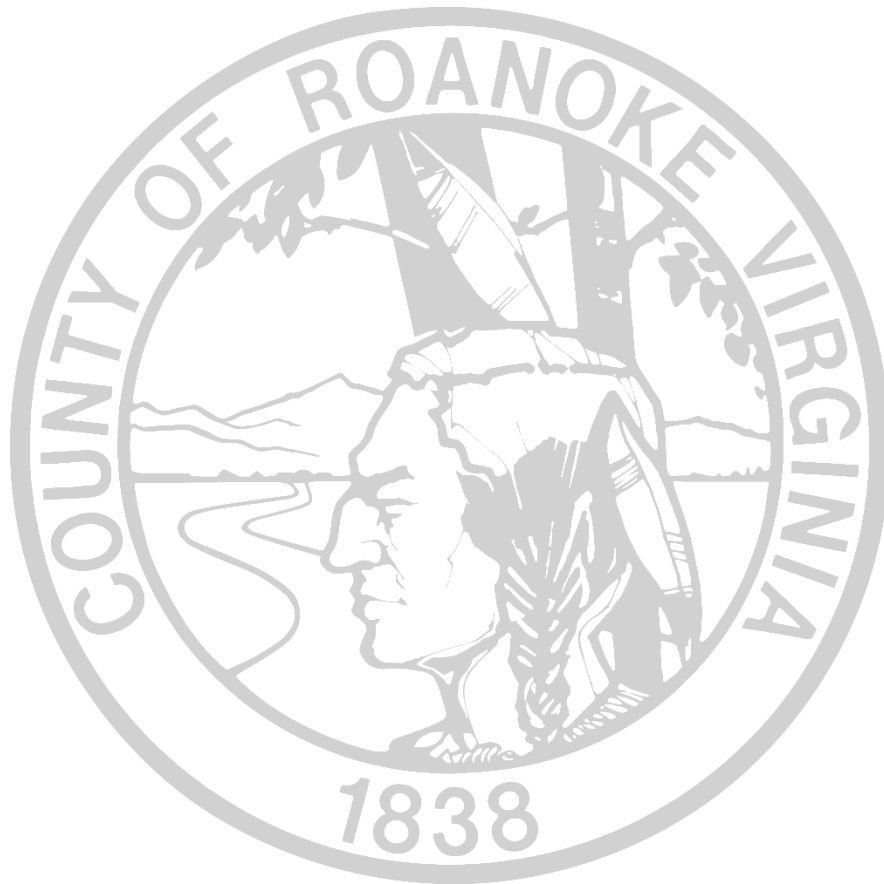




# Understanding the Budget





## Understanding the Budget

### Introducing Sections of the Annual Fiscal Plan

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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 includes comparative graphs and spreadsheets illustrating prior versus current year budget data.

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

### Fund Structure

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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 (RCPS) 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, Children's Services Act, Criminal Justice Academy, County Fleet Service Center, Public Works Projects, Communications and Information Technology, Recreation Fee Class, PRT School Operations, 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)

A chart for each department and fund shows the number of regular full-time positions in addition to three years of budget data: FY 2022 actual data, FY 2023 amended budget, and FY 2024 adopted budget. The “General Fund” section also provides departmental goals for each County department.

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.

“**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).<sup>1</sup> This section includes: General Government support of capital initiatives and projects, a list of adopted FY 2024 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**

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Budgets for all funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) 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 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.

<sup>1</sup> Funding is included in each department's operating budget for smaller projects such as furniture, fixtures, machinery and equipment.



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

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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 2024 capital year budget. The entire Proposed FY 2024 – FY 2033 Capital Improvement Program (CIP) document can be viewed online at <https://www.roanokecountyva.gov/590/Capital-Improvement-Program-CIP>. 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. For a brief overview, see the Component Unit (School Funds) section of this document.
- *Annual Financial Report*. 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 auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The fiscal year ending 2022 Annual Report can be viewed online at <https://www.roanokecountyva.gov/371/Financial-Reports>.

### Fiscal Year 2024 Budget Process

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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. This process was followed through the proposal of the operating budget on March 28, 2023.



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 complete Performance Management Plans to focus on organization wide efforts to monitor and enhance performance management. The Department of Finance and Management Services collaborates annually with departments to identify and update appropriate Core Objectives and Performance Measures. These plans are included as part of the adopted budget document once the Board of Supervisors has approved the appropriation of ordinances.

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 Department of Finance and Management Services. Funding Adjustment Requests 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.

The Roanoke County Revenue Team, facilitated by the Department of Finance and Management Services, develops revenue projections for the upcoming fiscal year. Revenue projections shape expenditure budgets for the upcoming fiscal year. County Administration works with the Department of Finance and Management Services to identify resources for both capital and operational budgets.

Once revenue projections are firm, a final review of priorities is conducted with 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 and by section within each department. Supplementary data is also provided, including explanation of changes over the prior fiscal year.

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 2024 budget appropriation ordinance on May 23, 2023.



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

A calendar of events for budget development activities for FY 2024 is included in this section of the document.

### **Amending the Annual Fiscal Plan**

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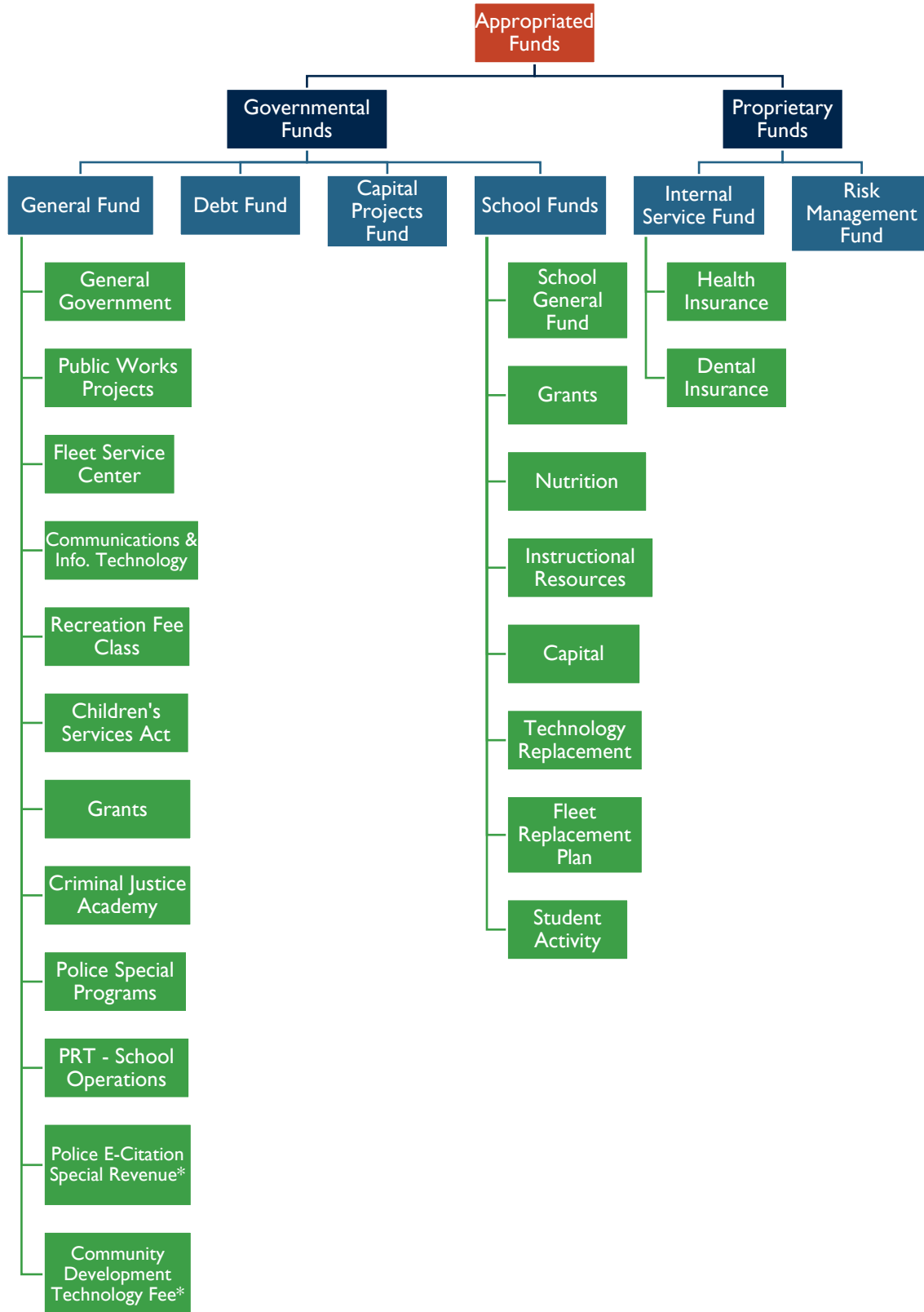
In accordance with state code, Roanoke County may amend its budget to adjust the aggregate amount approved as part of the original Appropriation Ordinance. The Board of Supervisors must approve any amendment - increasing or decreasing appropriations - during the normal course of conducting County business. 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 on the proposed budget amendment.



## County of Roanoke Budget Calendar FY 2023 - FY 2024

<b>September 2022</b>	<ul style="list-style-type: none"> <li>• Begin Capital Improvement Program (CIP) process</li> <li>• Board of Supervisors Work Session: FY 2021-2022 Preliminary Year-End Overview</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>• CIP Project Funding Requests due</li> </ul>
<b>November</b>	<ul style="list-style-type: none"> <li>• Budget Development Kick-Off: Departments begin review of Operating Budget</li> <li>• Board of Supervisors Work Session: Capital Project Status Update (November 9)</li> <li>• Departmental Operating Allocations Issued</li> <li>• Begin Performance Management Plan process</li> </ul>
<b>December</b>	<ul style="list-style-type: none"> <li>• Briefing to Board of Supervisors on the FY 2021-2022 Audit Results</li> <li>• Department submissions, performance management plans, and funding/fee adjustments due</li> <li>• Initial review of departmental submissions</li> <li>• Outside Agency application process opens (December 5)</li> <li>• Prepare preliminary revenue estimates</li> </ul>
<b>January 2023</b>	<ul style="list-style-type: none"> <li>• Briefing to Board of Supervisors on 2023 Real Estate Assessment</li> <li>• Outside Agency Applications due (January 6)</li> <li>• Board of Supervisors Work Session: Real Estate Assessment, Current Year Budget, and FY 2023-2024 Budget Issues (January 10)</li> <li>• Board of Supervisors Work Session: FY 2023 Mid-Year Revenue and Expenditure Update (January 24)</li> </ul>
<b>February</b>	<ul style="list-style-type: none"> <li>• FY 2023-2024 Revenues Finalized through Revenue Team process</li> <li>• Board of Supervisors Work Session: FY 2023-2024 Revenue Outlook and Fees and Charges Compendium (February 14)</li> <li>• County Review of Outside Agency Applications complete</li> <li>• Board of Supervisors Work Session: FY 2024 Compensation Update and Outside Agency Funding (February 28)</li> <li>• Board of Supervisors Work Session: FY 2024 – FY 2033 CIP &amp; Capital Project Status Update (February 28)</li> </ul>
<b>March</b>	<ul style="list-style-type: none"> <li>• Public Hearing: Effective Tax Rate (March 14)</li> <li>• Public Hearing: Maximum Tax Rate (March 14)</li> <li>• Maximum Tax Rate Adopted by Board of Supervisors (March 14)</li> <li>• County Administrator proposes FY 2023-2024 Operating Budget and FY 2024 - FY 2033 Capital Improvement Plan to Board of Supervisors (March 28)</li> </ul>
<b>April</b>	<ul style="list-style-type: none"> <li>• Public Hearing: FY 2023-2024 Tax Rate Adoption (April 11)</li> <li>• Resolution to Adopt the FY 2023-2024 Tax Rate (April 11)</li> <li>• Public Hearing 1 of 2: General Comment on FY 2023-2024 Budget (April 25)</li> </ul>
<b>May</b>	<ul style="list-style-type: none"> <li>• First Reading of Budget Ordinances (May 9)</li> <li>• Public Hearing 2 of 2: General Comment on FY 2023-2024 Budget (May 9)</li> <li>• Second Reading of Budget Ordinances (May 23)</li> <li>• Board of Supervisors Adopts FY 2023-2024 Budget and FY 2024 - FY 2033 CIP (May 23) – County and Schools</li> </ul>





*\*While considered part of the General Fund, these funds are accounted within the Capital Fund.*



Fund-Department Relationship (Appropriated General Fund)												
	General Government	Public Works Projects	Fleet Service Center	Communications and Info. Technology	Recreation Fee Class	Children's Services Act	Grants	Criminal Justice Academy	Police Special Programs	PRT - School Operations	Police E-Citation Special Revenue*	Development Services Technology Fee*
<b>General Administration</b>												
Board of Supervisors	X											
County Administration	X											
Internal Auditor	X											
Public Information	X											
County Attorney	X											
Human Resources	X											
<b>Constitutional Officers</b>												
Commissioner of the Revenue	X											
Commonwealth's Attorney	X											
Sheriff's Office	X											
Treasurer	X											
Clerk of the Circuit Court	X											
<b>Judicial Administration</b>												
Circuit Court Judges	X											
General District Court	X											
Magistrate	X											
Juvenile & Domestic Court	X											
Court Service Unit	X											
Courthouse Maintenance	X											
<b>Management Services</b>												
Real Estate Valuation	X											
Finance and Management Services	X					X						



Fund Department Structure												
	General Government	Public Works Projects	Fleet Service Center	Communications and Info. Technology	Recreation Fee Class	Children's Services Act	Grants	Criminal Justice Academy	Police Special Programs	PRT - School Operations	Police E-Citation Special Revenue*	Development Services Technology Fee*
<b>Public Safety</b>												
Police	X						X	X	X		X	
Fire and Rescue	X						X					
<b>Community Services and Development</b>												
General Services	X		X									
Economic Development	X											
Development Services	X											X
Planning	X											
<b>Human Services</b>												
Parks, Recreation, and Tourism	X				X					X		
Public Health	X											
Social Services	X			X			X					
Public Transportation (CORTRAN)	X											
Library	X											
Virginia Cooperative Extension	X											
Elections	X											
<b>Communications and Information Technology</b>												
CommIT Admin/Operations				X								
Communications Shop				X								
Emergency Communications Center				X								
<b>Non-Departmental</b>												
Employee Benefits	X											
Contributions	X											
Miscellaneous	X											
Board Contingency	X											
<b>Transfers</b>	X	X	X	X		X		X				

