

FY 2020 Year End Overview

Board of Supervisors Work Session

September 22, 2020

Work Session Agenda

- FY 2020 General Government Expenditure Summary
- FY 2020 General Government Revenue Summary
- FY 2020 General Government Year-End Summary
- Other Funds
- Fund Balance Policies
- Next Steps

FY 2020 General Government Expenditure Summary

FY 2020 Expenditures – General Government Expenditures by Category

| Category | FY 2020 Amended | FY 2020 Actual | Encumbrances | Balance | % of Budget Expended |
|-------------------|----------------------|----------------------|------------------|--------------------|----------------------|
| Personnel | \$62,855,298 | \$62,205,596 | \$0 | \$649,702 | 98.97% |
| Operating | \$35,870,922 | \$35,052,508 | \$210,438 | \$607,976 | 98.31% |
| Transfers & Other | \$19,332,281 | \$19,013,558 | \$0 | \$318,723 | 98.35% |
| Schools Operating | \$70,499,722 | \$70,499,722 | \$0 | \$0 | 100.00% |
| Schools Debt | \$9,137,406 | \$9,137,406 | \$0 | \$0 | 100.00% |
| Schools CSA | \$1,804,000 | \$1,804,000 | \$0 | \$0 | 100.00% |
| Total | \$199,499,629 | \$197,712,790 | \$210,438 | \$1,576,401 | 99.21% |

Actual Expenditures – General Government Expenditures by Functional Team

| Functional Team / Budget Category | Actual FY 2019 | Final Budget FY 2020 | Actual FY 2020 | Encumbrances FY 2020 | \$ Difference FY 2020 Final vs. Actual | % Difference FY 2020 Final vs. Actual |
|--|----------------------|----------------------|----------------------|----------------------|--|---------------------------------------|
| Community Services | \$10,863,762 | \$11,286,849 | \$11,034,658 | \$0 | \$252,191 | 2.23% |
| Human Services | \$12,448,503 | \$12,598,141 | \$12,069,832 | \$36,461 | \$491,848 | 3.90% |
| Internal Services | \$11,309,285 | \$12,086,556 | \$11,658,971 | \$97,495 | \$330,090 | 2.73% |
| Public Safety | \$55,964,766 | \$59,641,158 | \$59,442,967 | \$40,879 | \$157,312 | 0.26% |
| Schools Transfers – Revenue Sharing | \$68,844,764 | \$70,499,722 | \$70,499,722 | \$0 | \$0 | 0.00% |
| Schools Transfers – Debt Service and CSA | \$8,826,982 | \$10,941,406 | \$10,941,406 | \$0 | \$0 | 0.00% |
| Transfers & Departmental Charges | \$18,599,360 | \$17,183,110 | \$17,164,387 | \$0 | \$18,723 | 0.11% |
| Non-Departmental/Other | \$5,603,309 | \$5,262,687 | \$4,900,847 | \$35,603 | \$326,237 | 6.20% |
| Total | \$192,460,731 | \$199,499,629 | \$197,712,790 | \$210,438 | \$1,576,401 | 0.79% |

FY 2020 & FY 2021 General Government Budget Areas to Monitor

| Budget Area | Issue | Next Steps |
|---|--|--|
| Tax Relief for Disabled Veterans / Tax Relief for Elderly | FY 2020 Budget: \$960,000 FY 2020 Actual: \$1,229,937 Difference: (\$269,937) | -FY 2021 Budget increased to \$1,035,000 -Will need to increase budget again in FY 2022 |
| Western Virginia Regional Jail - Housing Prisoners | FY 2020 Budget: \$2,884,925 FY 2020 Actual: \$2,838,775 Difference: \$46,150 | -FY 2021 Budget increased to \$3,009,925 -Surplus in FY 2020 due to decreased prisoner population during COVID-19 pandemic -Work with Sheriff's Office to monitor monthly expenditures and prisoner counts |
| <i>Children's Service Act (CSA) Fund Balance</i> | <i>Discussed in later slides</i> | <i>Take steps to increase contributions to increase fund balance</i> |

FY 2020 General Government Revenue Summary

FY 2020 Revenue – Budget vs. Actual

| Category | Actual FY 2019 | Final Budget FY 2020 | Actual FY 2020 | \$ Difference FY 2020 Final vs. Actual | % Difference FY 2020 Final vs. Actual |
|--|----------------------|-------------------------|----------------------|--|---|
| Real Estate Taxes | \$93,845,701 | \$96,420,000 | \$96,472,971 | \$52,971 | 0.05% |
| Personal Property Taxes | \$33,968,449 | \$33,675,000 | \$34,375,639 | \$700,639 | 2.08% |
| Intergovernmental Revenue (State/Federal) | \$17,127,024 | \$16,898,816 | \$17,884,761 | \$985,945 | 5.83% |
| Other Local Taxes and Fees ¹ | \$12,878,530 | \$12,713,109 | \$12,906,928 | \$193,819 | 1.52% |
| Local Sales Tax | \$11,029,879 | \$11,370,594 | \$12,101,531 | \$730,937 | 6.43% |
| Other Revenues ² | \$9,275,566 | \$8,629,985 | \$8,125,984 | (\$504,001) | -5.84% |
| Business License Tax | \$7,126,903 | \$6,775,000 | \$7,325,144 | \$550,144 | 8.12% |
| Meals Tax | \$4,517,454 | \$4,510,000 | \$4,276,843 | (\$233,157) | -5.17% |
| Communication Sales & Use Tax | \$3,376,491 | \$3,250,000 | \$3,251,883 | \$1,883 | 0.06% |
| Hotel/Motel Tax | \$1,506,236 | \$1,468,357 | \$1,265,570 | (\$202,787) | -13.81% |
| Appropriated Beginning Balance | \$2,349,625 | \$3,788,768 | \$3,788,768 | \$0 | 0.00% |
| Total | \$197,001,858 | \$199,499,629 | \$201,776,022 | \$2,276,393 | 1.14% |

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

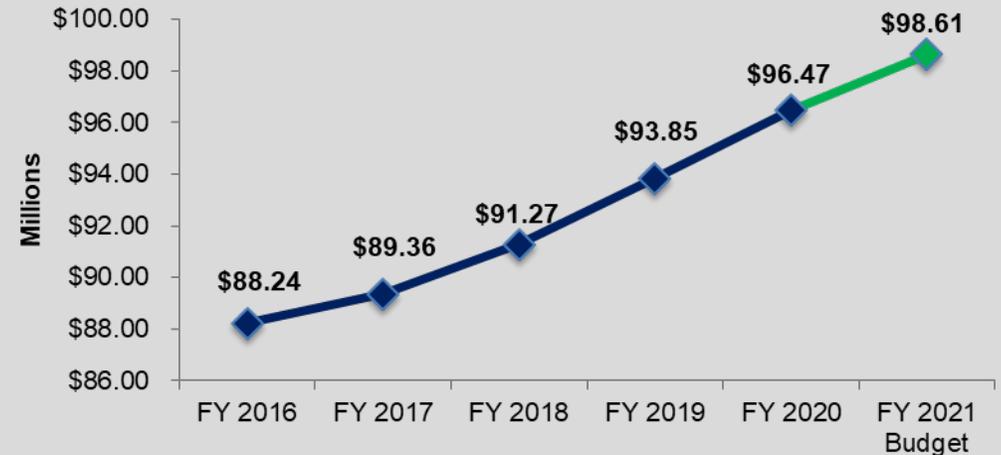
- Real Estate

- FY 2020 Amended Budget: \$96,420,000
- FY 2020 Actual: \$96,472,971
- FY 2020 Variance: \$52,971
- FY 2021 Budget: \$98,611,227

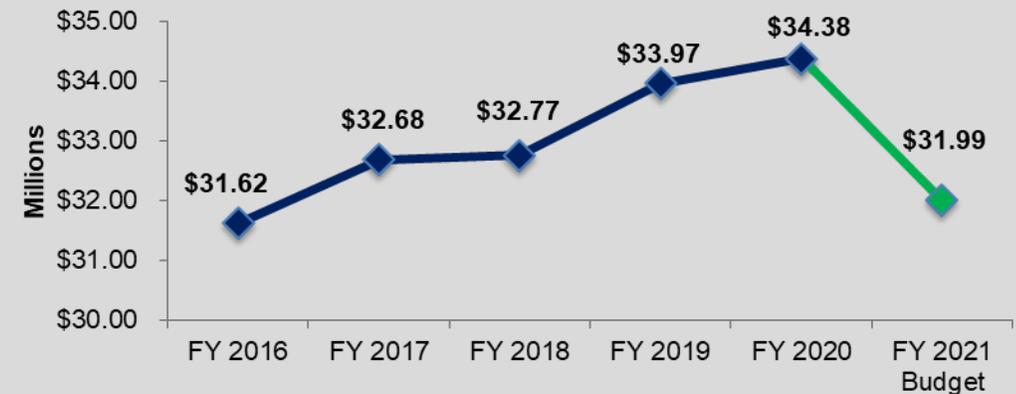
- Personal Property

- FY 2020 Amended Budget: \$33,675,000
- FY 2020 Actual: \$34,375,639
- FY 2020 Variance: \$700,639
- FY 2021 Budget: \$31,991,250
- FY 2021 Budget reduced by 5% due to economic uncertainty created by COVID-19

Real Estate Revenue



Personal Property Revenue



Actual Revenue – Major Categories

- Sales Tax

- FY 2020 Amended Budget: \$11,370,594
- FY 2020 Actual: \$12,101,531
- FY 2020 Variance: \$730,937
- FY 2021 Budget: \$9,096,475
- FY 2021 Budget reduced by 20% due to economic uncertainty created by COVID-19

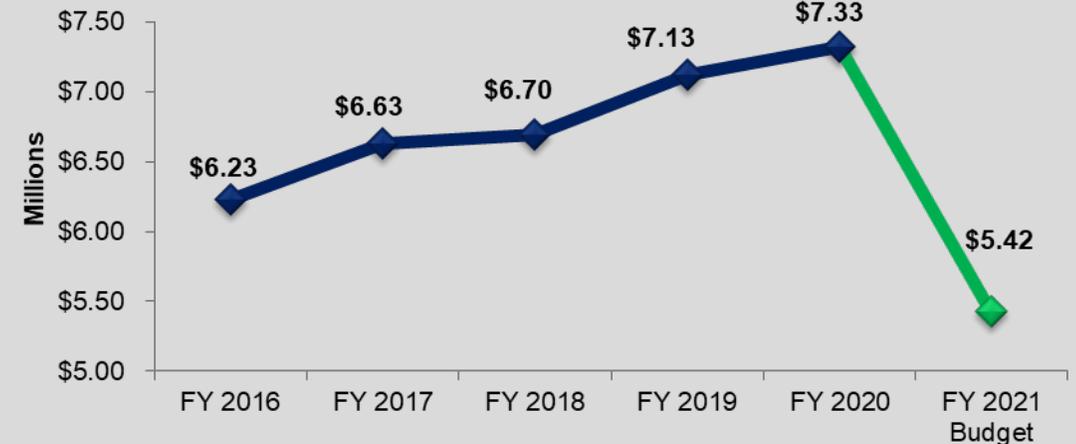
- Business License Tax

- FY 2020 Amended Budget: \$6,775,000
- FY 2020 Actual: \$7,325,144
- FY 2020 Variance: \$550,144
- FY 2021 Budget: \$5,420,000
- FY 2021 Budget reduced by 20% due to economic uncertainty created by COVID-19

Sales Tax Revenue



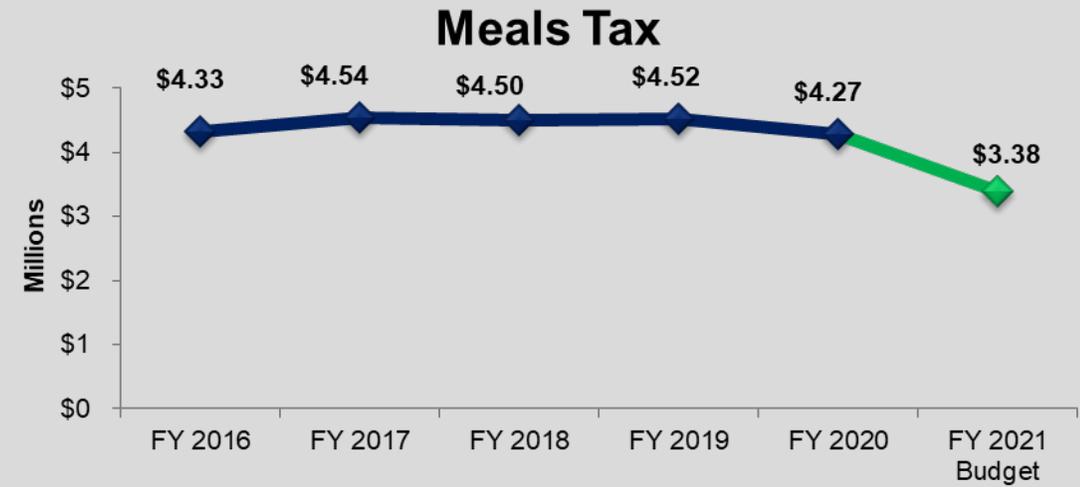
Business License Tax



Actual Revenue – Major Categories

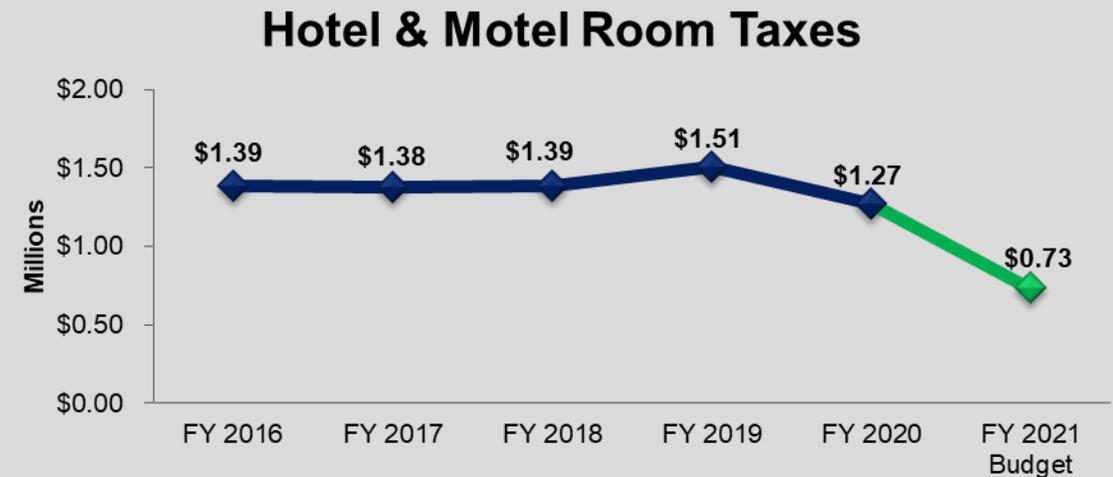
• Meals Tax

- FY 2020 Amended Budget: \$4,510,000
- FY 2020 Actual: \$4,276,843
- FY 2020 Variance: (\$233,157)
- FY 2021 Budget: \$3,382,500
- FY 2021 Budget reduced by 25% due to economic uncertainty created by COVID-19



• Hotel & Motel Room Taxes

- FY 2020 Amended Budget: \$1,468,357
- FY 2020 Actual: \$1,265,570
- FY 2020 Variance: (\$202,787)
- FY 2021 Budget: \$734,179
- FY 2021 Budget reduced by 50% due to economic uncertainty created by COVID-19



Actual Revenue – Major Categories

- Intergovernmental Revenue

- FY 2020 Amended Budget: \$16,898,816
- FY 2020 Actual: \$17,884,761
- FY 2020 Variance: \$985,945
- FY 2021 Budget: \$17,013,744
- FY 2020 increases are primarily due to Federal revenue associated with Social Services

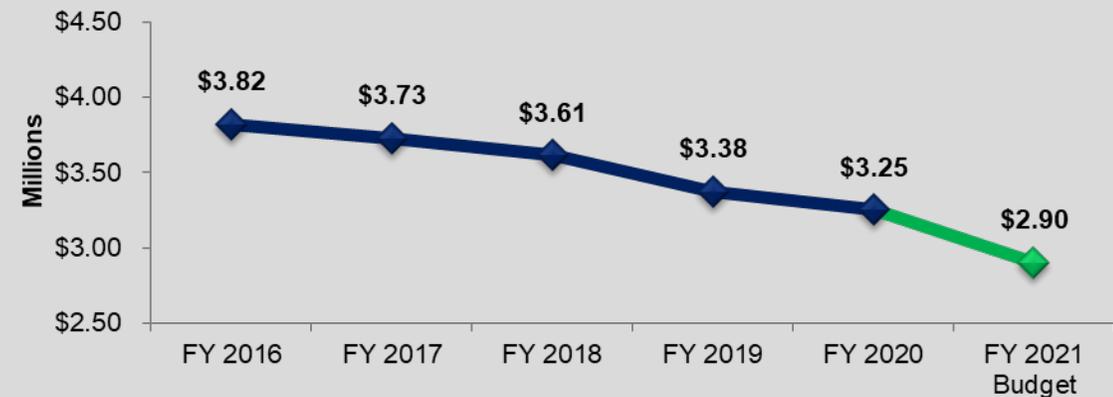
- Communications Sales & Use Tax

- FY 2020 Amended Budget: \$3,250,000
- FY 2020 Actual: \$3,251,883
- FY 2020 Variance: \$1,883
- FY 2021 Budget: \$2,900,000

Intergovernmental Revenue



Communication Sales & Use Tax



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 2020, South Peak CDA realized \$631,278 from total revenue collections (3.52% decrease from FY 2019) out of total \$901,826.
- Anticipate a decrease in revenue in FY 2021 due to the COVID-19 pandemic.

Total Revenue Generation FY 2013 through FY 2020

| | FY 2013 | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | Total |
|----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| South Peak CDA | \$15,723 | \$129,288 | \$305,155 | \$521,192 | \$678,821 | \$649,649 | \$654,338 | \$631,278 | \$3,585,444 |
| Roanoke County | \$6,738 | \$55,409 | \$130,781 | \$223,368 | \$290,923 | \$278,421 | \$280,430 | \$270,548 | \$1,536,618 |
| Total | \$22,461 | \$184,697 | \$435,936 | \$744,560 | \$969,744 | \$928,070 | \$934,768 | \$901,826 | \$5,122,062 |

FY 2020 Year End Summary

FY 2020 General Government Year End Summary

| Revenues | | Expenditures | |
|---------------------------------------|---------------|---|---------------|
| Amended Revenue Budget – General Fund | \$199,499,629 | Amended Expenditure Budget – General Fund | \$199,499,629 |
| Actual Revenues | \$201,776,022 | Actual/Projected Expenditures | \$197,712,790 |
| | | Encumbrances Carried Forward | \$210,438 |
| Revenues above Budget | \$2,276,393 | Expenditure Savings | \$1,576,401 |
| % of Amended Budget | 101.14% | % of Amended Budget | 99.21% |

| FY 2020 Year-End Balance | Amount |
|--|--------------------|
| Revenues above Amended Budget | \$2,276,393 |
| Expenditure Savings, Net Encumbrances | \$1,576,401 |
| Total 2020 Year End | \$3,852,794 |
| Less General Government Expenditure Contingency per Policy | (\$250,000) |
| Total Available Funds at FY 2020 Year End | \$3,602,794 |

Summary of Revenue and Expenditures Savings after Year End Allocation

| County | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 | Unaudited FY 2020* |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Surplus Revenues | \$ 2,183,788 | \$ 977,770 | \$ 1,397,659 | \$ 1,328,574 | \$4,117,271 | \$2,276,393 |
| Expenditures Savings | 1,272,470 | 1,341,717 | 896,310 | 371,265 | 320,986 | 1,576,401 |
| TOTAL | \$ 3,456,258 | \$ 2,319,487 | \$ 2,293,969 | \$ 1,699,839 | \$ 4,438,257 | \$ 3,852,794 |
| Use of Surplus: | | | | | | |
| Restore funds for Center for Research and Technology (9/8/20) | - | - | - | - | - | 1,045,000 |
| Gratitude Bonus for Roanoke County Employees (8/21/20) | - | - | - | - | - | 510,799 |
| General Government Exp. Contingency | - | - | - | - | 250,000 | 250,000 |
| General Fund Unappropriated Balance | 500,000 | 544,881 | 577,749 | - | 752,899 | - |
| Transfer to Capital Reserves | 2,354,765 | 1,492,589 | 103,691 | 142,294 | 1,435,358 | - |
| Individual Capital Projects | - | - | 265,000 | 600,000 | 1,400,000 | - |
| Contributions to Other Fund Balances | - | - | 875,000 | 800,000 | - | - |
| Other Items | - | - | 325,000 | - | 600,000 | - |
| Department Rollovers/Encumbrances | 601,493 | 282,017 | 147,529 | 157,545 | - | - |
| TOTAL | \$ 3,456,258 | \$ 2,319,487 | \$ 2,293,969 | \$ 1,699,839 | \$ 4,438,257 | \$ 1,805,799 |

Allocation of Year-End To Be Determined

\$ 2,046,995

*For FY 2019 and FY 2020, Department Rollovers/Encumbrances are accounted for in Expenditure Savings total.

FY 2020 Other Funds

Other Funds

| Fund | FY 2020 Beginning Balance | FY 2020 Revenues | FY 2020 Expenditures | FY 2020 Surplus/(Deficit) | Undesignated Fund Balance (June 30, 2020) |
|---------------------------------------|---------------------------|------------------|----------------------|---------------------------|---|
| Criminal Justice Academy* | \$131,602 | \$373,201 | \$353,449 | \$19,752 | \$151,354 |
| Fleet Service Center** | \$140,130 | \$3,222,848 | \$3,219,662 | \$3,186 | \$143,316 |
| Fee Class Fund | \$862,231 | \$4,286,168 | \$4,820,822 | (\$534,654) | \$327,577 |
| Information Technology | \$83,158 | \$6,873,771 | \$6,789,234 | \$84,537 | \$167,695 |
| Communications Shop | \$241,433 | \$1,369,962 | \$1,248,397 | \$121,565 | \$362,998 |
| Emergency Communications Center (ECC) | (\$66,934) | \$3,376,409 | \$3,102,072 | \$274,337 | \$207,403 |

*Criminal Justice Academy Fund budgeted a draw down of \$6,003 in fund balance in FY 2021 to keep general government transfer level

**New Fleet Service Center Fees to begin on January 1, 2021 are anticipated to generate additional fund balance

Other Funds

Children's Services Act (CSA)

| Fund | FY 2020 Beginning Balance | FY 2020 Revenues | FY 2020 Expenditures | FY 2020 Surplus/(Deficit) | Undesignated Fund Balance (June 30, 2020) | Fund Balance Committed in FY 2021 |
|----------------------------------|------------------------------|---------------------|-------------------------|------------------------------|---|---|
| Children's Services Act (CSA) | \$915,839 | \$7,485,868 | \$7,515,841 | (\$29,973) | \$885,866 | --- |

| Fiscal Year | Alternative Day School | Total CSA Costs | % of Alt. Day to Total |
|-------------|---------------------------|-----------------|---------------------------|
| FY 2015 | \$2.531 M | \$6.084 M | 41.6% |
| FY 2016 | \$3.163 M | \$6.809 M | 46.5% |
| FY 2017 | \$3.702 M | \$7.244 M | 51.1% |
| FY 2018 | \$4.012 M | \$6.996 M | 57.4% |
| FY 2019 | \$3.993 M | \$7.170 M | 55.7% |
| FY 2020 | \$3.867 M | \$7.315 M | 52.9% |

| Children's Services Act Fund | Year End Balance |
|---------------------------------|------------------|
| FY 2015 | \$ 4,199,311 |
| FY 2016 | \$ 2,714,825 |
| FY 2017 | \$ 1,150,440 |
| FY 2018 | \$ 1,139,786 |
| FY 2019 | \$ 915,839 |
| FY 2020 | \$ 885,866 |

Internal Service Funds

| Fund | FY 2020 Beginning Balance | FY 2020 Revenues | FY 2020 Expenditures | FY 2020 Surplus/(Deficit) | Undesignated Fund Balance (June 30, 2020) |
|------------------|------------------------------|---------------------|-------------------------|------------------------------|---|
| Health* | \$217,002 | \$12,210,924 | \$10,298,931 | \$1,911,993 | \$2,128,995 |
| Dental** | \$155,512 | \$777,361 | \$869,496 | (\$92,135) | \$63,377 |
| Risk Management* | \$1,050,690 | \$1,984,682 | \$1,845,054 | \$139,628 | \$1,190,318 |

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

**FY 2020 included a budgeted draw down of \$100,000 of Fund Balance as a transfer to Health Insurance Fund

Health Insurance Fund

- Total Health Insurance Fund revenues increased over FY 2019 due to adjusted employee and employer rates in FY 2020
- Expenditures were lower than anticipated due to decreased usage impacted by COVID-19 restrictions to healthcare visits and procedures
- Actions taken during FY 2020 and FY 2021 include:
 - FY 2020 Adopted Budget transferred \$100,000 from fully funded Dental Insurance Fund Balance to Health Insurance Fund Balance
 - FY 2020 Adopted Budget included additional \$475,000 contribution to Health Insurance Fund Balance
 - FY 2021 Adopted Budget includes no increases for employee or employer share for health insurance rates based on current and trending claims experience

| Health Insurance Fund Details | |
|---|----------------------|
| Beginning Balance (excludes IBNR Reserves) | \$217,002 |
| Health Insurance Fund Revenues | \$12,210,924 |
| Wellness Program | (\$464,026) |
| Professional Services/Other | (\$102,020) |
| Health Insurance Claims/Prescriptions | (\$8,421,478) |
| HRA Contributions | (\$482,885) |
| Health Reinsurance | (\$706,697) |
| Other Post-Employment Benefit | (\$121,825) |
| Undesignated Fund Balance | \$2,128,995 |
| Cash Reserve for IBNR | \$753,867 |
| Cash Balance | \$2,882,862 |

Fund Balance Policies

Fund Balance Policies

| Fund | FYE 2020 Fund Balance (June 30, 2020) | FY 2021 Adopted Budget | Fund Balance Policy % | Fund Balance Policy \$ | Surplus/(Deficit) Fund Balance Policy |
|--------------------------------|---|------------------------------|-----------------------------|---------------------------|---|
| General Government | \$23,632,859 | \$190,144,949 | 12.0% | \$22,817,394 | \$815,465 |
| Criminal Justice Academy* | \$151,354 | \$393,709 | 10.0% | \$39,371 | \$111,983 |
| Fleet Service Center** | \$143,316 | \$3,302,813 | 7.5% | \$247,711 | (\$104,395) |
| Information Technology | \$167,695 | \$6,041,822 | 5.0% | \$302,091 | (\$134,396) |
| Communications Shop | \$362,998 | \$1,360,949 | 10.0% | \$136,095 | \$226,903 |
| Emergency Communications (ECC) | \$207,403 | \$3,233,258 | 5.0% | \$161,663 | \$45,740 |
| Recreation Fee Class | \$327,577 | \$4,999,052 | 5.0% | \$249,953 | \$77,624 |
| Children's Services Act | \$885,866 | \$7,750,007 | 15.0% | \$1,162,501 | (\$276,635) |

*Criminal Justice Academy Fund budgeted a draw down of \$6,003 in fund balance in FY 2021 to keep general government transfer level

**New Fleet Service Center Fees to begin on January 1, 2021 are anticipated to generate additional fund balance

Fund Balance Policies

| Fund | FYE 2020 Fund Balance +IBNR (June 30, 2020) | FY 2021 Adopted Budget | Fund Balance Policy % | Fund Balance Policy \$ | Surplus/(Deficit) Fund Balance Policy |
|------------------|--|------------------------------|--|---------------------------|---|
| Health Insurance | \$2,882,862 | \$12,056,145 | 10% + IBNR | \$1,959,482 | \$923,380 |
| Risk Management | \$3,381,618 | \$1,604,003 | 10% + IBNR and \$500k property claims | \$2,851,700 | \$529,918 |

Next Steps

Next Steps – Upcoming Board Items

(Through December 2020)

| Board Item Topic | Date |
|--|------------------|
| Capital Projects Status Update | October 20, 2020 |
| FY 2021 First Quarter Revenue & Expenditure Update | November 4, 2020 |
| Fiscal Year 2019-2020 Audit Results and Allocation of Year-End Funds | December 1, 2020 |
| 2021 Assessment & Regional Economic Conditions | December 1, 2020 |

Questions & Comments