



Albemarle County

Executive Summary

File #: 21-297, **Version:** 1

AGENDA DATE: 6/2/2021

TITLE:

Fiscal Year 2022 (FY 2022) Resolution of Appropriations

SUBJECT/PROPOSAL/REQUEST: Approval of the Resolution of Appropriations for the Albemarle County Operating and Capital Budgets for FY 2022; Recommendation and Update to the FY 2022 Budget

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Kamptner, Birch, Bowman, Vinzant, Mitchell

PRESENTER (S): Andy Bowman

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: The Board of Supervisors adopted the County's FY 2022 Operating and Capital Budget totaling \$466,177,427 during the May 5, 2021 Board meeting. At the Board's June 2, 2021 meeting, staff will ask the Board to consider the following items:

1) Adoption of Annual Resolution of Appropriations: To provide the authority from the Board to spend these funds, the Board's adoption of an Annual Resolution of Appropriations for the fiscal year ending on June 30, 2022 is required.

2) Adoption of Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing: In addition, the Board's adoption of a Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing is required to provide the County with the authority to use bond proceeds to reimburse capital program expenditures for the specified projects.

3) Update on the FY 2022 Budget: Finally, staff provided to the Board a third quarter financial report on May 19, 2021 that showed continued revenue recovery in FY 2021, which also has implications for improved FY 2022 revenue projections. As part of the County's 3-6-6 approach to managing the FY 2021 budget, referring to the last three months on FY 2020, the first six months of FY 2021, and the last six months of FY 2021, staff will provide a recommended framework for Board direction to amend the FY 2022 budget with a subsequent appropriation request in July.

STRATEGIC PLAN: Mission - To enhance the well-being and quality of life for all community members through the provision of the highest level of public service consistent with the prudent use of public funds.

DISCUSSION:

1) Adoption of Annual Resolution of Appropriations:

The Resolution of Appropriations appropriates the total County Budget, including both general government

and school operating and capital funds, School Special Revenue Funds, and Other General Government Funds appropriations in a single resolution. The Annual Resolution includes the following:

School Division Adjustments

On May 14, 2020, the School Board adopted the School Fund and School Special Revenue Funds. The School Board's adoption is \$1.3 M greater than the budget adopted by the Board of Supervisors on May 5 due to \$1.35 M in additional state revenue, \$0.02 M in additional local revenue, and a decrease of \$0.05 M in use of fund balance. These adjustments are included in this Resolution to align with the School Board's adoption of the School Division's budget and reflected in Attachment A. This amendment does not exceed one percent of the FY 2022 total budgeted expenditures and therefore does not require a public hearing.

County Executive Authority

The appropriation resolution authorizes the County Executive to do the following. In accordance with current practice, all of these transfers or distributions will be reported to the Board of Supervisors as part of the County's quarterly financial reports.

A) Transfer funding to and from specific Board approved FY 2022 non-departmental reserve accounts to the appropriate department accounts for expenditures. For FY 2022, these specific General Fund reserve accounts are:

- Salary and Benefits Reserve
- Board of Supervisor's Strategic Priority Support Reserve
- Business Process Optimization Reserve
- Pandemic Reserve
- Cigarette Tax Reserve
- Climate Action Pool
- Training Pool
- Minimum Wage Reserve
- Reserve for Contingencies

The specific Capital Fund reserve accounts are:

- Transportation Leveraging Fund
- Neighborhood Improvements Funding Initiative (NIFI) Contingency
- Sidewalk Program Contingency
- Advancing Strategic Priorities Reserve
- Economic Development Funding for Public-Private Partnerships
- Capital Budget Stabilization Reserve

B) Administratively approve budget transfers of unencumbered funds for up to \$500,000 per fund in the fiscal year from one classification or project to another within the same fund and to allocate the County-wide salary lapse budget between department budgets to appropriately reflect where salary lapse actually occurs. This amount is an increase from the current amount of \$50,000 based on a review of practices in peer localities where more flexible appropriation authority is in place and to minimize supplemental appropriations that are more administrative in nature.

C) Administratively approve the carry forward of outstanding grants and capital projects from year to year.

D) Close out grant funds and capital projects, including the transfer of any unencumbered residual funds to the appropriate fund's fund balance.

External Recipients of Funds

Section X, Paragraph Six of the attached Annual Resolution of Appropriations includes language clarifying requirements for external recipients of County funds.

2) Official Intent to Reimburse Expenditures with Proceeds of a Borrowing

Attachment B: The Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing allows the County to use up to \$45.4 M in bond proceeds to reimburse the County for capital program expenditures.

3) Recommendation and Update to the FY 2022 Budget: Based on the third quarter financial report, which showed a) continued improving consumer driven revenues as FY 2021 progressed (e.g. sales, meals, and transient occupancy taxes); business driven revenues (e.g. business license and bank franchise taxes) now that more meaningful data was available; and other revenues improving based on year-to-date and in particular, third quarter activity, staff recommends increasing the FY 2022 revenue projection by \$3.5 M.

This funding is recommended to be allocated to general government and school operations and capital and debt service based on the shared allocation of local tax revenues, which yields approximately \$1.7 M for general government operations, \$1.4 M for school operations, and \$0.3 M for capital. To explain why the general government portion is greater than the schools, while general government receives a smaller portion of shared tax revenues than the School Division, non-shared revenues, such as community development fees, are also improving, and are included in the \$1.7 M total.

Staff will present a recommendation on June 2 that addresses priorities such as supporting workforce stabilization (e.g. the funding of vacant positions that have been unfilled and defunded or “frozen”). Staff will request Board direction on that recommendation and bring a subsequent appropriation at the July 7, 2021 Board meeting.

BUDGET IMPACT: The Resolution of Appropriations provides the authority from the Board to spend funds included in the FY 2022 Budget. The FY 2022 Budget update provides additional revenue and an appropriation request will come forward at the July Board meeting, pending direction.

RECOMMENDATION:

Staff recommends the adoption of the Annual Resolution of Appropriations (Attachment A) and adoption of the attached Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing (Attachment B). Staff will also seek direction on the recommended use of the FY 2022 revenue update.

ATTACHMENTS:

A - FY 2022 Annual Resolution of Appropriations

B - Official Intent to Reimburse Expenditures with Proceeds of a Borrowing