

## BACKGROUND INFORMATION

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On July 11, 2012, the Board of Supervisors approved [budget and finance operational improvements](#) related to the appropriation process. These improvements included the following:

- Implement carry-over CIP re-appropriations.
- Streamline the appropriation process by increasing the School Division's budget associated with anticipated grants, donations, and fund raising activities for School Division's Activity Funds.
- Authorize County Executive approval of budget transfers under \$50,000 within the same fund.

On June 3, 2015, the Board [expanded the County Executive's authority](#) to also transfer funding from specific Board approved reserve accounts to the appropriate budget line-items as required to ensure proper accounting of these expenditures and to allocate salary lapse budget between departments to reflect where lapse actually occurred.

In November 2015, the Albemarle County Joint General Government/School Division Efficiency Committee presented their recommendations to the Board of Supervisors. This [report](#) included a recommendation to "Continue to streamline annual Resolution of Appropriations process for both the School Division and General Government, concentrating first, on the improvement of the grant appropriations process. Then work to identify further potential appropriation efficiencies in the areas of the General Fund, Capital Improvement Funds and the School Fund."

At its February 8, 2018 meeting, the School Board adopted a [resolution](#) requesting that the Board of Supervisors appropriate the operating fund in a single category and the special revenue fund in a single category as allowed by state statute.

## DISCUSSION

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Virginia Code Section [22.1-94](#) states that "The amount appropriated by the governing body for public schools shall relate to its total only or to such major classifications prescribed by the Board of Education pursuant to Section [22.1-115](#)." This code section allows the Board of Supervisors to appropriate School Division funds in total or by category. Historically, the Board appropriates the School Division's operating and special revenue funds by the nine categories prescribed by the State.

### ***Review of Peer Counties***

Staff reviewed the appropriation practices of 12 Virginia counties (Albemarle, Arlington, Chesterfield, Fairfax, Hanover, Henrico, James City, Loudoun, Prince William, Roanoke, Spotsylvania, and Stafford) to see how they appropriated the School Division.

- 2 localities appropriated the school division by State category (including Albemarle)
- 9 localities appropriated the school division by fund
- 1 locality appropriated the school division by a single appropriation

### ***Impacts of Changing the Appropriation Process to Broaden Categories of Expenditure***

- There would be a potential reduction of Board of Supervisors' budgetary control at the time of the annual appropriation. To mitigate this impact, Schools could be required to share information about any transfers that occur between categories to the Board of Supervisors as part of the Quarterly Financial Reports. Further, the Board of Supervisors could elect to appropriate on a quarterly basis to increase budgetary control.

- There would be a reduction in detail included in Annual Resolution of Appropriations. This impact can be mitigated by including additional supplemental information within the Resolution of Appropriations to include further details about the amount of funding the School budgeted for each category.
- Moving to a single category appropriation would not impact the County's ability to compare to other jurisdictions. Additionally, it would not impact year-to-year comparisons. Financial accounting and reporting will still be maintained by category. The information in the School Division's budget document would not be impacted by this change.
- There would be an increase in administrative efficiency. Budget transfers that are administrative in nature and that do not change the total County budget will be able to occur without going through the current appropriation executive summary process, which has the following impacts:
  - Potential to save staff time in preparation of the appropriation request, which will increase time available for fiscal management, analysis, compliance and other duties.
  - Potential to save review time for staff in other administrative departments.
  - Potential to more quickly move funding to the proper location, ensuring that the benefits to the community are not delayed by the administrative process. For the School Division, the appropriation process currently requires approval by the School Board followed by approval by the Board of Supervisors. In many instances, this can take 3-4 months from the initiation of a request until funding is approved.