



# Financial Management Policies Update

November 19, 2025



# Financial Management Policies: Background

- Policies are a cornerstone of sound financial management
- Policies should be adopted, adhered to, and reviewed periodically
  - Last updated in September 2022
  - Today's review is prior to County's next bond issuance in 2026
- Albemarle has a AAA/AAA/Aaa bond rating
  - 2 ratings attained in 2003, 3rd attained in 2013
  - 55 of 3,000+ counties in United States as of 2024
  - 13 of the 55 are in Virginia
  - Today's recommended changes reviewed with County's financial advisors



# 5 categories of changes

## **Covered in the Executive Summary:**

- Grants Policies: Did not receive substantial changes in 2022 update
- Changes to reflect best practices and/or recognize Virginia Code requirements.
- Adding language to clarify the intent of some statements.
- Changes for clarity, brevity, and readability

## **Summarized in Today's Presentation:**

- Allocation of Shared Revenues formula update

# Allocation of Shared Revenue

## Policy Guideline

The County shares the increase or decrease in available shared revenues among the County Government and Public Schools operating, debt service, and capital budgets.

**Step 1:** Calculate the increase or decrease in General Fund local tax and State non-categorical aid revenues.

**Step 2:** Adjust the amount from Step 1 for changes in expenses that reduce available shared revenue: City of Charlottesville revenue sharing, Tax Relief programs, Economic Development Authority tax-related performance agreements, and the designated transfers to the Water Resources Fund and Affordable Housing Investment Fund.

**Step 3:** Allocate the remainder 54% to the Public Schools operating budget, 36% to the County Government operating budget, and 10% for the joint debt service and capital budgets.

This guideline may be reviewed annually with Board of Supervisors approval.

# **FY 26 Budget Process**

## **March 12, 2025 Recap**

**Question:** In FY 27, how should the change in the value of 3.2 cents dedicated to Public Safety be calculated in the “Allocation of Shared Revenue” formula? Either

- **Option A:** Split by the guideline of 54%/36%/10% (current policy)
- **Option B:** Dedicated 100% for public safety expenses

**Direction:** A majority of the Board did not direct a change; so it is not included in today’s updates in Attachment A

- The Board may direct a change in the future either by policy or as stated in the current policy (annually in the budget process)

# **March 12, 2025 Recap**

## **Potential Considerations**

1. Both options support the policy intent to have a guideline, and that it may be reviewed annually with Board of Supervisors approval.
2. Complexity
  - Not a barrier to implementation.
3. Communication to residents
  - Which provides simpler communication for Board members?
4. Long-term Financial Planning

# Comparison of Options

	FY 26 Adopted	FY 27 - Option A		FY 27 - Option B		Option B compared to Option A
		\$ Change	% Change	\$ Change	% Change	\$ Difference
Water Resources	2,168,606	119,273	5.5%	119,273	5.5%	0
Affordable Housing	1,239,203	68,156	5.5%	68,157	5.5%	0
Capital & Debt	43,340,973	2,084,765	4.8%	2,030,240	4.7%	(54,525)
Public Schools - Ongoing	209,302,695	11,257,732	5.4%	10,963,298	5.2%	(294,435)
County Gov., including Public Safety	148,478,151	7,505,155	5.1%	7,854,114	5.3%	348,959
<b>Total</b>	<b>404,529,628</b>	<b>21,035,082</b>	<b>5.2%</b>	<b>21,035,082</b>	<b>5.2%</b>	<b>0</b>

Notes:

Based on a scenario of 5.5% in shared revenue growth, actual amount will likely vary in the FY 27 Recommended Budget

In Option B, the \$348,959 in additional revenue would be allocated to Public Safety expenses

The change in the value is...

- Option A: Split by the guideline of 54%/36%/10%
- Option B: Dedicated for public safety expenses

# **FY 26 Budget Process**

## **March 12, 2025 Recap**

**Direction:** A majority of the Board did not direct a change; so it is not included in today's updates in Attachment A

- The Board may direct a change in the future either by policy or as stated in the current policy (annually in the budget process)





# Board Consideration

Staff recommends approval of Attachment A -  
Recommended Revisions to the County's  
Financial Management Policies