



Albemarle County

Legislation Text

File #: 18-296, **Version:** 1

AGENDA DATE: 5/9/2018

TITLE:

FY 19 Resolution of Appropriations

SUBJECT/PROPOSAL/REQUEST: Approval of the Resolution of Appropriations for the Albemarle County Operating and Capital Budgets for FY 19

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Kamptner, Allshouse, L., Bowman, Vinzant

PRESENTER (S): Lori Allshouse

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: The Board of Supervisors adopted the County's FY 19 Operating and Capital Budgets totaling \$432,190,800 during the April 17, 2018 Board meeting. At the Board's May 9, 2018 meeting, staff will ask the Board to consider four items.

1) **Approval of Annual Resolution of Appropriations:** To provide the authority from the Board to spend these funds, an Annual Resolution of Appropriations for the fiscal year ending on June 30, 2019 is required. The attached FY 19 Annual Resolution of Appropriations includes amendments to reflect the impact of changes in health insurance employer contribution rates and an option to accommodate the School Board's April 26 adoption of its budget for the School Fund.

2) **School Board Request:** At its February 8, 2018 meeting, the School Board adopted a [resolution](http://esb.k12albemarle.org/attachments/bf41233e-fc5e-42be-ac21-b8b8f89fc997.pdf) requesting that the Board of Supervisors appropriate the School Division's FY 19 operating fund in a single category and the special revenue fund in a single category as allowed by state statute.

3) **General Government Reserve for Contingencies:** At its April 17, 2018 meeting, the Board requested further information on the \$180,893 placed in the General Fund Reserve for Contingencies as a result of updated revenue projections.

4) **Official Intent to Reimburse Expenditures with Proceeds of a Borrowing:** In addition, the Board's approval 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.

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

DISCUSSION:

1) Approval of Annual Resolution of Appropriations

The appropriation resolution appropriates the total County budget, including both general government and school operating and capital funds, School Self-Sustaining Funds, and Other General Government Fund appropriations in a single resolution. The Annual Resolution also includes the following:

Budget Amendments

A) On April 9, 2018, the County's Health Care Consultant, March and McLennan Agency, provided an updated claim utilization review of the County's Medical Plan. The result of its review noted that total claims in the County's Health Care Fund decreased by 25.9% in CY 2017 when compared to CY 2016. These cost reductions in 2017 reduced the consultant's projections for the plan year beginning in October 2018. The consultant's recommendations were incorporated into the County's long-range health care fiscal planning model and result in savings to the County and School Division's FY 19 Budgets.

The Health care-related reductions described above provide net cost savings in the School Fund of \$2,021,600 and the General Fund of \$741,132. The School Division desires to redirect the School's Health Care savings to balance its FY 19 budget. Staff recommends that savings in the General Fund are used to establish a Health Care Stabilization Fund.

B) The School Operating Fund and Special Revenue Fund budgets adopted by the School Board on April 26, 2018 are \$89,965 less than the budgets approved by the Board of Supervisors. This net change is due to adjustments in local and state revenues and transfers.

These adjustments result in a total decrease to the FY 19 Adopted Budget of \$173,286. These amendments do not exceed one percent of the FY 19 total budgeted expenditures and therefore do not require a public hearing.

This Annual Resolution of Appropriations for FY 19 allocates a total of \$432,017,514 to General Government and School Division operating, capital improvement, and debt service accounts for expenditure in FY 19 and provides administrative authority to the County Executive to make budget adjustments and transfers as outlined in the attached Resolution.

General Fund	\$291,693,934
General Fund School Reserve Fund	\$1,024,735
School Fund	\$186,800,503
School Special Revenue Funds	\$19,861,772
Other General Government Funds	\$25,558,247
Capital Projects	\$101,288,735
<u>Debt Service</u>	<u>\$24,022,755</u>
Subtotal	\$650,250,681

Less Inter-fund Transfers	(\$218,233,167)
---------------------------	-----------------

TOTAL (New appropriations)	\$432,017,514
----------------------------	---------------

County Executive Authority

The appropriation resolution continues to authorize the County Executive to do the following things:

A) Transfer funding from specific Board approved FY 19 non-departmental reserve accounts to the appropriate department accounts for expenditure. For FY 19, these specific reserve accounts are: 1) the General

Government's Training Pool, 2) the Innovation Fund, 3) the Salary Reserve, 4) the Strategic Priority Support Reserve, and 5) the Transformational Initiatives Reserve.

B) Administratively approve budget transfers of unencumbered funds for up to \$50,000.00 per fund in the fiscal year from one classification or project to another within the same general government fund and to allocate the County-wide salary lapse budget between department budgets to appropriately reflect where salary lapse actually occurs.

C) Administratively transfer funding that is initially estimated and budgeted for specific capital projects' project management services to other projects, when necessary and appropriate, to fully reflect where the project management services are actually performed and authorizes the County Executive to carry forward grants awarded in FY 19 into FY 20 without re-appropriation.

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.

2) School Board Request

At its February 8, 2018 meeting, the School Board adopted a [resolution <http://esb.k12albemarle.org/attachments/bf41233e-fc5e-42be-ac21-b8b8f89fc997.pdf>](http://esb.k12albemarle.org/attachments/bf41233e-fc5e-42be-ac21-b8b8f89fc997.pdf) requesting that the Board of Supervisors appropriate the School Division's FY 19 operating fund in a single category and the special revenue fund in a single category as allowed by state statute. The Office of Management and Budget studied the School Board's request and is including the results of this analysis in Attachment A.

Attachment B includes the first resolution of appropriation option, which is an Annual FY 19 Resolution that provides the same appropriation authority as previous years.

Attachment C provides an alternative Annual Resolution based on the School Board's request for the Board's consideration. The School Division's budget document and quarterly reports will continue to show both actual and budgeted expenditures by each of the State categories.

3) Options for \$180,893 Reserve

At its April 17, 2018 meeting, the Board requested further information on the \$180,893 placed in the General Fund Reserve for Contingencies as a result of updated revenue projections. Staff recommends the Board consider the following options in priority order:

Option 1 - Stormwater Capital Improvements Fund: Funding would be provided as an initial step to address stormwater capital improvements. This option is consistent with the Board's direction at its April 11, 2017 meeting to look at strategies to fund the stormwater program that only focus on the General Fund.

Option 2 - Sustaining a Quality Organization Reserve: Funding would be held in reserve to provide ongoing support for any items identified during FY 19 that may be desired to begin prior to FY 20 that are aligned with this budget goal. For example, this could include implementation of recommendations from the County's recently completed Use of Technology Assessment.

Option 3 - Reserve for future Strategic Plan Discussions Reserve: Funding would be held in reserve to support any items identified in the Board's future Strategic Plan discussions that may be desired to begin prior to FY 20.

Option 4 - Capital Improvements Fund: Funding would be provided as cash/equity for the Capital Improvements Program.

Staff will bring back an appropriation at a subsequent Board meeting to reflect the option selected by the

Board of Supervisors. The Annual Resolution of Appropriation continues to show this funding held in the Reserve for Contingencies.

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

Attachment D: The Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing allows the County to use up to \$66,826,982 in bond proceeds to reimburse capital program expenditures in the FY 19 Capital Budget.

RECOMMENDATION:

- 1) Staff recommends the approval of the Resolution of Appropriations including the budget amendments described above.
- 2) Staff recommends the Board adopt Option 1 (Attachment B) or Option 2 (Attachment C) to appropriate the FY 19 budget.
- 3) Staff recommends the Board provide direction on use of the \$180,893 reserve currently budgeted in the Reserve for Contingencies. Staff will bring back an appropriation to amend the budget at a subsequent Board meeting.
- 4) Staff recommends approval of the attached Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing (Attachment D).

ATTACHMENTS:

- A: Policy Research Document: Impacts of Changing the Appropriation Process to Broaden Categories of Expenditure
B: FY 19 Resolution of Appropriations - Option 1
C: FY 19 Resolution of Appropriations - Option 2
D: Resolution of Official Intent to Reimburse Expenditures with Proceeds of a Borrowing