

REVENUE SHARING

DESCRIPTION AND OVERVIEW

An Annexation and Revenue Sharing Agreement dated February 17, 1982, between the County of Albemarle and the City of Charlottesville was approved in a public referendum on May 18, 1982. The agreement required the County and the City to annually contribute portions of their respective real property tax bases and revenues to a Revenue and Economic Growth Sharing Fund. Distribution of the fund and the resulting net transfer of funds will be made on each January 31 while this agreement remains in effect.

During the time this agreement is in effect, the City will not initiate any annexation procedures against the County. Also, pursuant to this agreement, a committee was created to study the desirability of combining the governments and the services currently provided. The agreement became effective on July 1, 1982 and remains in effect until:

- The County and City are consolidated into a single political subdivision; or
- The concept for independent cities presently existing in Virginia is altered by the State law in such a manner that real property in the City becomes part of the County’s tax base; or
- The County and City mutually agree to cancel or change the agreement.

FINANCIAL DATA

Description	<u>FY 07/08</u> <u>Budget</u>	<u>FY 08/09</u> <u>Adopted</u>	<u>Dollar</u> <u>Inc/(Dec)</u>	<u>Percent</u> <u>+/-</u>
Revenue Sharing with the City of Charlottesville: In FY 08/09, the County will pay \$13,633,950 to the City of Charlottesville in fulfillment of the revenue sharing agreement provisions, an increase of \$421,549 over the FY 07/08 payment. This payment is at the agreed-upon cap of 10% of the total assessed property values based on the 2006 calendar year.	\$13,212,401	\$13,633,950	\$421,549	3.19%

The history of payments made over the extent of the agreement is provided on the following table.

HISTORY OF REVENUE SHARING PAYMENTS MADE TO THE CITY

FISCAL YEAR	AMOUNT OF PAYMENT	DOLLAR INCREASE	PERCENT INCREASE
1982-83	\$1,293,552	N/A	N/A
1983-84	1,530,991	237,439	18.40%
1984-85	1,579,753	48,762	3.20%
1985-86	1,875,179	295,426	18.70%
1986-87	1,956,554	81,375	4.30%
1987-88	2,277,953	321,399	16.40%
1988-89	2,368,027	90,074	4.00%
1989-90	2,693,120	325,093	13.70%
1990-91	2,802,360	109,240	4.10%
1991-92	3,277,350	474,990	17.00%
1992-93	3,426,000	148,650	4.50%
1993-94	4,319,236	893,236	26.10%
1994-95	4,475,120	155,884	3.60%
1995-96	5,049,991	574,871	12.90%
1996-97	5,170,853	120,862	2.40%
1997-98	5,518,393	347,540	6.70%
1998-99	5,587,013	68,620	1.20%
1999-00	5,853,794	266,781	4.80%
2000-01	6,093,101	239,307	4.10%
2001-02	6,482,712	389,611	6.40%
2002-03	6,692,811	210,099	3.20%
2003-04	7,726,021	1,033,210	15.40%
2004-05	8,004,461	278,440	3.60%
2005-06	9,742,748	1,738,287	21.70%
2006-07	10,134,816	392,068	4.02%
2007-08	13,212,401	3,077,585	30.37%
2008-09	\$13,633,950	\$421,549	3.19%
TOTAL	\$142,778,260		

TRANSFERS

DESCRIPTION AND OVERVIEW

Transfers of funds from the General Fund to several other County Funds are made each year to pay for public school operations, school debt service and capital projects, general government debt service and capital projects, and stormwater management improvement projects.

SCHOOL TRANSFER

Description	FY 07/08 Approp	FY 08/09 Recommended	FY 08/09 Adopted	Dollar Inc/(Dec)	Percent +/-
General Fund Transfer to School Operations - Recurring: Albemarle County's School Operations are financed from several sources of funding including local, state and federal revenues and from local tax revenues. The local tax revenues are provided to the School Division by a transfer of funds from the County General Fund. This transfer provides about 2/3 rd of the money needed to operate the schools each year, other than school self-sustaining funds, and accounts for about 45% of the County's yearly General Fund expenditures.	\$98,433,401	\$99,355,566	\$101,225,059	\$2,791,658	2.8%
TOTAL, SCHOOL OPERATIONS	\$98,433,401	\$99,355,566	\$101,225,059	\$2,791,658	2.8%

TRANSFER TO CAPITAL AND DEBT

The transfer to Capital Projects and Debt Service is made up of three components – 1) an increase in the base from the previous year by the overall rate of revenue growth; 2) an additional one-half percentage of operating budget growth; and 3) two cents of the tax rate. In FY 08/09, this calculation totals \$25.1 million. Debt service requirements for the schools and local government are then subtracted, leaving \$10.2 million for pay-as-you-go projects to be divided between schools, stormwater, and general government.

The Adopted Budget includes a change in the third component of the CIP transfer, limiting it to one cent of the tax rate. This has the impact of reducing cash available for capital projects by \$1.5 million. This reduction does not impact any of the projects scheduled for the five year CIP. However, capital reserves are impacted by this change.

Description	FY 07/08 Approp	FY 08/09 Recommended	FY 08/09 Adopted	Dollar Inc/(Dec)	Percent +/-
General Fund Transfer to School Debt Service: In addition to the funds for School operational costs, a transfer from the General Fund is made each year to the School Debt Service Fund to make the interest and principal payments on money borrowed by the County for construction and major renovations of school buildings and for other school capital projects.	\$12,234,074	\$12,913,103	\$12,913,103	\$679,029	5.6%
General Fund Transfer to General Government Debt Service: A transfer from the General Fund to the General Government Debt Service Fund is made each year to make the interest and principal payments on funds borrowed by the County for capital projects that relate to General Government functions.	1,929,269	1,930,644	1,930,644	1,375	0.07%
SUBTOTAL, DEBT SERVICE	\$14,163,343	\$14,843,747	\$14,843,747	\$680,404	4.8%

(TRANSFERS CONTINUED)

Description	FY 07/08 Approp	FY 08/09 Recommended	FY 08/09 Adopted	Dollar Inc/(Dec)	Percent +/-
General Fund Transfer to Capital Funds: A transfer from the General Fund to the Capital Improvements Fund is made each year to fund General Government capital projects which are funded on a "pay-as-you-go" basis and to build up fund reserves to cover future project costs and increased debt service requirements.	\$9,807,664	\$8,315,640	\$8,427,962	(\$1,379,702)	-14.1%
General Fund Transfer to School Capital Funds: A transfer from the General Fund to the School Capital Improvements Fund is made to fund the portion of School capital projects which are funded on a "pay-as-you-go" basis.	1,098,000	1,000,000	1,000,000	(98,000)	-8.9%
General Fund Transfer to Stormwater Management Capital Funds: A transfer from the General Fund to the Stormwater Management Fund is made each year to fund Stormwater Management improvement projects which are funded on a "pay-as-you go" basis.	725,000	800,000	800,000	75,000	10.3%
SUBTOTAL, CAPITAL FUNDS	\$11,630,664	\$10,115,640	\$10,227,962	(\$1,402,702)	-12.1%
TOTAL, TRANSFERS TO DEBT AND CAPITAL	\$25,794,007	\$24,959,387	\$25,071,709	(\$722,298)	-2.8%

RESERVES

DESCRIPTION AND OVERVIEW

Amounts are set aside as reserves for contingencies and unexpected expenses that arise during the year.

FINANCIAL DATA

Description	FY 07/08 Budget	FY 08/09 Recommended	FY 07/08 Adopted	Dollar Inc/(Dec)	Percent +/-
Board of Supervisors Contingency Reserve: The Contingency reserve allows the Board to provide funds for additional priority needs.	\$692,689	\$300,000	\$447,118	(\$245,571)	-35.5%
Salary Contingency Reserve: The Salary Contingency reserve provides \$20,000 for general salary reclassifications that occur throughout the fiscal year. Generally, this reserve is 0.3% of salaries and allows for both individual reclassifications and department-wide reclassifications. In FY 07/08, the Department of Finance and the Department of Social Services both underwent salary studies, resulting in reclassifications that used the allotted amounts for both FY 07/08 and FY 08/09. As a result, we have reduced the FY 08/09 allocation to allow for general salary reclassifications only. Human Resources will continue department-wide salary studies for implementation in FY 09/10.	159,500	20,000	20,000	-139,500	-87.5%
Merit Pool Contingency: The Merit Pool Contingency provides funding for salary increases resulting from merit reviews and will be distributed to the various departments after the actual merit calculations are performed.	223,800	224,000	224,000	200	0.1%
Total Rewards Pool: This funding is to be used by departments to fund the Total Rewards Program. In FY 07/08, this funding was budgeted within department budgets. In total, funding set aside for Total Rewards has been reduced from \$50,000 to \$25,000, a reduction of 50%.	0	25,000	25,000	25,000	
Revenue Shortfall Contingency: During the budget work sessions, the Board set aside the equivalent of 1 cent on the tax rate to be used during the year if revenue projections are worse than anticipated.	0	0	1,614,072	1,614,072	
TOTAL, RESERVES	\$1,075,989	\$569,000	\$2,330,190	\$1,254,201	116.6%

REFUNDS

DESCRIPTION AND OVERVIEW

An amount is appropriated each year to pay refunds owed by the County. The increase reflects historical actual refunds.

FINANCIAL DATA

Description	FY 07/08 Budget	FY 08/09 Recommended	FY 07/08 Adopted	Dollar Inc/(Dec)	Percent +/-
Refunds	\$146,590	\$169,500	\$169,500	\$22,910	15.6%