County Executive’s Report

NOVEMBER 3, 2021
3-6-6-12 Model

**3 Q4 of FY 20**
Maintain essential services, freeze positions, review discretionary spending, preserve case

**6 Q1/2 of FY 21**
Respond.
Recover.
Recalibrate.

**6 Q3/4 of FY 21**
Revisit financials, respond accordingly, implement longer-term structural changes

**12 FY 22**
Transitionary budget
Our economic outlook is stabilizing.
Our community is adapting.

Our organization is transforming for the future.
General Fund Revenue Growth Trends

• In **FY 18 & 19**, the first 3 quarters of revenue growth were close to 4th quarter growth.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1st-3rd Quarters</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 18</td>
<td>4.7%</td>
<td>4.0%</td>
</tr>
<tr>
<td>FY 19</td>
<td>5.4%</td>
<td>6.0%</td>
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</tbody>
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• The first 3 quarters of **FY 20**, at 4.4%, were comparable to recent history, but that changed in the 4th Quarter due to the pandemic.

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<tr>
<td>FY 20</td>
<td>4.4%</td>
<td>0.6%</td>
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• The first 3 quarters of **FY 21** had slower growth, until total revenues improved in the 4th quarter.

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<tr>
<td>FY 21</td>
<td>2.6%</td>
<td>7.0%</td>
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• Note: 4th quarter changes are impactful because for the past 5 years, 46% of General Fund revenues are collected in the 4th quarter.
FY 2021 Performance
July 1, 2020 to June 30, 2021

Unaudited Fiscal 21 Year-End Performance
• Revenues exceeded budget by $16.1 million or 5.3%
• Expenditures were under budget by $15.4 million or 4.9%

Unaudited General Fund’s fund balance
• “The fund balance is built over the years from savings to provide the County with working capital to enable it to finance unforeseen emergencies without borrowing” – Adopted County Financial Policies
• Anticipated positive variance after policy, appropriated, obligated, & planned uses of General Fund’s fund balance = $13.2 million in one-time funding
Sustained Focus on Strategic Priorities

- Climate Action Planning
- Outdoor Recreational Parks and Amenities
- Economic Development Program
- School Space Needs
- Infrastructure Planning
- Aging Urban Neighborhood Revitalization
- Court Complex Expansion/Upgrade
- Rio/29 Area Redevelopment
- Broadband Expansion

Levels:
- Workforce Stabilization
- Economic Outlook
- Financial Foundation

Quality Government Operations
How Can We Use This Moment to Transform?

**FY 21 – One-Time Funding**
- Board consideration of the one-time $13.2 million will be brought forward in connection with planning for FY 23
- Recommendations are aimed to support the priorities in the triangle and the Strategic Plan

**FY 22 – Revenue base has grown**
- December 1 - Board consideration of additional workforce stabilization initiatives
  - Mid-year salary adjustment for employees
  - Targeted additional positions to adjust to the changing environment
Next Steps

• FY 21 Audit
  • Audit Committee Meeting Nov. 19, 2021
  • December 15

• FY 22 Budget
  • November 17: 1st Quarter Financials
  • December 1: Budget Amendment, including Workforce Stabilization

• Five-Year Financial Planning
  • November 17 & December 15 Work Sessions
  • Capital Improvement Plan Advisory Committee

• FY 23 Budget Process
  • December 15 Real Estate Reassessment Presentation
  • February 23 County Executive’s Budget Recommendation