

**Item Title:** FY 2021 Budget Revisions

**Specific Action Requested:**

**That the Board of Commissioners approves budget revisions to the FY 2021 General Fund, General Fund Fund Balance, Coronavirus Relief Fund, Capital Workforce Development Fund, and County Capital Projects Fund as described below.**

**Item Summary:**

**Purpose:** In compliance with the *North Carolina Local Government Budget and Fiscal Control Act* (G.S. 159, Article 3), Wake County is required to maintain a balanced budget covering the fiscal year beginning July 1 and ending June 30 for all governmental and proprietary funds except funds authorized by project ordinances.

**Background:** This item is needed to make revisions in the FY 2021 Wake County budgetary funds that require amendments in revenue and expenditure appropriations prior to the close of the fiscal year on June 30, 2021.

**Board Goal:** This Board action supports routine County business.

**Fiscal Impact:** The fiscal impact of the requested amendments for each of the funds listed below are described in detail in this item summary and the attached budget memos.

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## FY 2021 Budget Revisions:

### GENERAL FUND

The following items require amendments in revenue and expenditure appropriation in the General Fund.

	Revenues	Expenditures
<b>Amended as of June 7, 2021</b>	\$1,523,206,782.87	\$1,523,206,782.87
<b>Adjustments</b>		
A. Board of Elections – Personnel from 2020 General Election, Utilities, and Security		160,000.00
B. Finance – Bank Fees and Personnel		150,000.00
C. Non-Departmental – Health Insurance	4,227,994.43	4,227,994.43
D. Non-Departmental – Risk Premium Insurance		315,000.00
E. Vacancy Savings Community Services		(625,000.00)
<b>Total Adjustments</b>	<b>\$4,227,994.43</b>	<b>\$4,227,994.43</b>
<b>Final Amended Budget</b>	<b>\$1,527,434,777.30</b>	<b>\$1,527,434,777.30</b>

#### A. Board of Elections:

The 2020 general election required the Board of Elections to work more overtime than expected to meet early voting, absentee voting, and election day voting demands. An additional \$120,000 is needed to cover personnel overages related to this overtime.

Social distancing protocols also required election staff to work in the warehouse portion of the Board of Elections facility, which required unplanned air conditioning costs. Additional security was likewise required to manage the election beyond what was anticipated. An additional \$40,000 will cover these utility and security overages.

#### B. Finance Department:

The County's current banking contract allows earnings from cash balances to offset fees. This earnings credit fluctuates because of market conditions and interest rates. When interest rates are higher, the County earns more of a credit. When interest rates drop, the County pays more in fees. Over the past several years, the County has seen increased savings, which has added to fund balance in the General Fund. Without knowing the full impact of COVID-19 on the economy and interest rates, the department reduced a portion of the bank fee/credit for FY 2021.

During FY 2021, interest rates continued to drop and stayed low. As a result, the credits were much lower and did not offset approximately \$100,000 of the County's fees as anticipated.

An additional \$50,000 is needed to cover personnel overages related to the overlap of the Chief of Finance Officer and Finance Director positions, one-time extraordinary

pay for additional work performed throughout the year, and the annual leave payout for a long-term employee.

**C. Non-Departmental – Health Insurance:**

On December 7, 2020, the Board of Commissioners approved an intrafund transfer for the \$4,227,994.43 that has been appropriated and reflected in the current General Fund budget total. However, this item includes a technical correction to reflect the corresponding transfer in of the \$4,227,994.43 into the health and dental plan subfund. The intrafund transfer for health and dental insurance was established in the FY 2021 Adopted Budget to account for the retiree health insurance program. The portion of property tax revenue used for retiree health insurance is transferred from Non-Departmental into the Health and Dental Budget. The \$4,227,994.43 adjustment in this item reflects the transfer into the Health and Dental Budget.

Additionally, prescription drug and health claim costs experienced by the County in FY 2021 are projected to exceed the current budget by a total of \$500,000. This Board action will uncommit up to \$500,000 of the committed fund balance for use during the current year to support these higher drug and claims costs.

The County is in the process of evaluating the health plan for plan year 2022 and will evaluate contribution rates and plan design in the creation of the FY 2023 health plan budget.

**D. Non-Departmental - Risk Management:**

The County anticipates an additional insurance premium cost of \$300,000 in FY 2021, \$113,000 of which is for increased cyber insurance premiums. The property and casualty insurance environment is currently experiencing a challenging market characterized by restrictions in insurer capacity, reductions in coverage, and increases in premiums. Contributing factors include litigation trends, severe weather events, recent civil unrest, COVID-19 related uncertainty, and continuing network intrusion and ransomware attacks. This has impacted Wake County's FY 2021 insurance premium budget.

An additional \$15,000 is required to fund contractual services for workers compensation claims administration.

**E. Community Services:**

Community Services is projected to have lapsed salaries and benefits at the close of the 2021 fiscal year. The lapsed salary and benefits have accrued as the result of unfilled and vacant positions experienced during the fiscal year because of employee turnover and difficulty in recruitment. The lapsed salary and benefits reallocated within in this agenda item total \$625,000.

## GENERAL FUND FUND BALANCE

That the Board of Commissioners commits for these purposes with the final specific amounts determined after financial records are closed for the 2021 fiscal year:

- i. Approximately \$10,000,000 of FY 2021 behavioral health funding for use in subsequent fiscal years for behavioral health purposes with the final specific amount determined after financial records are closed for the 2021 fiscal year, and
- ii. Approximately \$6,500,000 of North Carolina Alcoholic Beverage Control Commission funding set aside for future appropriation, with the final specific amount determined after financial records are closed for the 2021 fiscal year.

GASB Statement 54 defines “Committed” fund balance as amounts that are subject to an internally enforceable spending constraint placed on it by the governing board before the end of the fiscal year. This requires that any commitment of fund balance be approved by formal action of the County’s Board of Commissioners. Amendments or modifications of this committed fund balance must also be approved by formal action of the Board of Commissioners. Staff recommends formally adopting the funds identified above as committed fund balance within the County’s General Fund for the fiscal year ended June 30, 2020 to indicate these funds are not generally available and that authority to spend these funds requires additional Board action.

## CORONAVIRUS RELIEF FUND

The following items require amendments in revenue and expenditure appropriation in the Coronavirus Relief Fund.

	Revenues	Expenditures
<b>Amended as of June 7, 2021</b>	\$193,993,121.00	\$193,993,121.00
<b>Adjustments</b>		
CARES Act Coronavirus Relief Funds	600.20	
Interest	517,000.00	
Donations	101,335.00	
COVID-19 Testing and Vaccine Operations		\$618,935.20
<b>Total Adjustments</b>	<b>\$618,935.20</b>	<b>\$618,935.20</b>
<b>Final Amended Budget</b>	<b>\$194,612,056.20</b>	<b>\$194,612,056.20</b>

This appropriates the remaining \$600.20 in federal Coronavirus Relief Funds Wake County received as part of the federal Coronavirus Aid, Relief and Economic Security (CARES) Act. It also appropriates \$517,000 in interest received on these funds and three donations: (1) \$100,000 from an individual donor on April 2020 to be used for COVID-19 operations, (2) \$335 from an individual’s State stimulus check for school supplies to aid our Wake Support program, and (3) \$1,000 from Williams Companies for COVID-19 responder support. These funds will be used for public health operations, including COVID-19 testing and vaccine operations.

## CAPITAL AREA WORKFORCE DEVELOPMENT

The Capital Area Workforce Development Fund involves a variety of workforce development activities, including the NCWorks Career Center system, youth development activities, job training partnerships, and services to dislocated workers and companies, including those companies facing layoffs and closures. Funds come from the federal government. On May 21, 2021 the US Department of Labor informed Capital Area Workforce Development of the availability of additional revenue to support the Dislocated Worker Rapid Response program. This program helps unemployed workers get back to work as quickly as possible and overcome barriers to employment.

	Revenues	Expenditures
<b>Amended as of June 7, 2021</b>	\$6,546,250	\$6,546,250
<b>Adjustments</b>		
Additional Federal Funding for WIOA Dislocated Workers Program	100,000	100,000
<b>Total Adjustments</b>	<b>\$100,000</b>	<b>\$100,000</b>
<b>Final Amended Budget</b>	<b>\$6,646,250</b>	<b>\$6,646,250</b>

## COUNTY CAPITAL PROJECTS FUND

### Element: Automation

- A. The FY 2021 Budget included an expansion for the Sheriff's Office to upgrade their 911 Communications Center in conjunction with the City of Raleigh as part of the statewide transition to Next Generation 911. Next Generation 911 is an internet protocol-based system with the goal of ensuring residents can reach 911 services regardless of their location or the communication technology they use. The technology enhances emergency 911 services to create a faster, more resilient system that allows voice, photos, videos, and text messages to flow seamlessly from the public to the 911 network.

The FY 2021 expansion included one-time funding of \$57,400 based on an initial plan to transition to Next Gen in FY 2021, but the transition has been delayed until FY 2022. This action transfers the one-time funding from the General Fund to the Automation element to retain the one-time appropriation to support the transition to Next Generation 911 in FY 2022.

Element	Project	Current Appropriation	Proposed Appropriation	Total Proposed
Automation	Next Generation 911	-	\$57,400	\$57,400

### Element: County Buildings

- A. Reallocate \$200,000 from savings on the Sunnybrook exterior upgrades project to a new project for Cornerstone Exterior Envelope Repairs. Overall facilities conditions investigations related to the Cornerstone Renovations project have uncovered additional needed repairs on the exterior of the building, including replacing mortar, brick, sealants, and waterproofing coatings. The scope of these recommended exterior wall repairs is more extensive than originally anticipated

and separate from the Housing program-driven interior renovations. Since Cornerstone is the oldest building in the County’s portfolio (constructed in 1900), these repairs are strongly recommended and can be accomplished with the proposed reallocation.

Element	Project	Current Appropriation	Reallocation/ Appropriation	Revised Appropriation
County Buildings	Sunnybrook FCA Upgrades	\$950,000	(\$200,000)	\$750,000
County Buildings	Cornerstone Exterior Envelope Repairs	\$0	\$200,000	\$200,000
<b>Total</b>		<b>\$950,000</b>	<b>\$0</b>	<b>\$950,000</b>

A. Transfer \$750,000 of FY21 savings from GSA General Fund Operating to County Building in the County Capital Fund. This funding will address space needs in the Justice Center and Wake 2.0 space adjustments.

Element	Project	Current Appropriation	Reallocation/ Appropriation	Revised Appropriation
County Buildings	Justice Center Modifications	\$0	\$750,000	\$750,000
<b>Total</b>		<b>\$0</b>	<b>\$750,000</b>	<b>\$750,000</b>

Element: Open Space and Parks, Recreation, Greenways & Open Space CIP

A. Reallocate \$24,174.95 from the prior phase of the Procter Farm Preserve project in the Open Space Element to the next phase of the Procter Farm Preserve project in the consolidated Parks, Recreation, Greenways and Open Space Element. Since the 2018 PGROS bond encompasses both open space and parks projects, the Open Space Element was combined with the Parks Element to better align the County CIP structure with the anticipated bond projects. This change finalizes that realignment.

Element	Project	Current Appropriation	Reallocation/ Appropriation	Revised Appropriation
Open Space	Procter Farm Preserve	\$111,420.60	(\$24,174.95)	\$87,245.65
Parks, Recreation, Greenways and Open Space	Procter Farm Preserve Ph1A	\$2,374,389.40	\$24,174.95	\$2,398,564.35
<b>Total</b>		<b>\$2,485,810.00</b>	<b>\$0</b>	<b>\$2,485,810.00</b>

**Attachments:**

1. Budget Memo: Board of Elections
2. Budget Memo: Finance
3. Budget Memo: Non-Departmental
4. Budget Memo: Community Services
5. Budget Memo: Coronavirus Relief Fund
6. Budget Memo: Capital Area Workforce Development
7. Budget Memo: County Capital – Automation
8. Budget Memo: County Capital – County Buildings

9. Budget Memo: County Capital – Open Space

10. Budget Memo: County Capital – Parks, Recreation, Greenways and Open Space