

Office of the County Auditor
Auditor's Analysis

Council Bill No. 42-2022

Introduced: June 6, 2022

Auditor: Lori Buchman

Fiscal Impact:

The fiscal impact of this legislation is a \$650,000 increase in the budget appropriation for the Fleet Internal Service Fund (Fleet Fund) using the Fleet Fund balance. Per the Administration's testimony, this increase will be used to support rising fuel costs.

However, we were informed that this increase will allow the Administration to earmark \$500,000 for future vehicle purchases. This is in addition to a \$400,000 earmark being carried forward from Fiscal Year 2021 for the same purpose and the approximately \$1.8 million of Non-Departmental appropriation for the purchase of vehicles in the FY 2023 approved budget.

On July 1, Central Fleet will also have access to its FY 2023 appropriation of \$5.6 million for vehicle and equipment purchases. The Administration states that supply chain issues have caused delays in purchasing vehicles and there is potential for the delays to continue.

The testimony provided by the Administration stated that the fund has exhausted the current appropriation. However, the Fleet Fund has \$1.6 million in total available appropriations, including \$292,000 for supplies and materials. This appropriation is immediately available to cover any remaining FY 2022 fuel costs. The Administration has indicated that remaining obligations in FY 2022 will include payroll costs of \$623,000 and a \$500,000 earmark request for the purchase of police undercover vehicles. Our Office was informed that the remaining funds will be used to support operating needs. The Administration did not provide specific purposes for the use of these funds.

Purpose:

As noted above, per the Administration, the purpose of this legislation is to provide an emergency appropriation of \$650,000 from the Fleet Fund's prior year revenues to provide additional spending authority in FY 2022.

Other Comments:

The Fleet Fund generates revenue through chargebacks to County Agencies and External Users. Per the County's financial statements, in FY 2021, total revenue generated by user charges was \$14.8 million. County agencies contributed 97 percent of the total revenue, of which 63 percent was General Fund revenue.

The FY 2021 financial statements report \$6.2 million of unrestricted fund balance as part of the overall net position of \$36 million in Central Fleet Operations.