

NON-DEPARTMENTAL BUDGET SUMMARY

Non-departmental accounts include County-wide costs for insurance premiums and claims (including workers' compensation), fringe benefits for retirees (health and life insurance premiums), miscellaneous expenses, County building rent and overhead charges to certain County agencies, and contingents held for future County Board actions such as the General Contingent and Affordable Housing Investment Fund.

NON-DEPARTMENTAL FINANCIAL SUMMARY

| | FY 2012 Actual | FY 2013 Adopted | FY 2014 Adopted | % Change '13 to '14 |
|--|---------------------|---------------------|---------------------|------------------------|
| Insurance | \$4,933,924 | \$4,443,135 | \$4,980,000 | 12% |
| Retiree Benefits/ Health Plan Adjustment | 16,650,263 | 20,454,927 | 20,884,927 | 2% |
| Miscellaneous | 46,543,949 | 21,570,926 | 21,981,181 | 2% |
| Contingents | 500,000 | 12,205,623 | 15,730,623 | 29% |
| Total Expenditures | \$68,628,136 | \$58,674,611 | \$63,576,731 | 8% |

INSURANCE COSTS

The County's risk financing program is comprised of commercially purchased insurance coverage and retained risks paid for through a program of self-insurance. The liability program is self-insured up to \$1 million per occurrence. The program includes general liability, police legal liability, public officials' liability and automobile liability. The County has a commercially purchased excess liability policy with limits of \$10 million per occurrence with no annual aggregate. The County has exposure for property losses to a current deductible of \$50,000. Losses above the deductible level are covered by a commercially purchased policy.

The County also maintains a Self-Insurance Reserve (\$5,000,000) and a General Fund Operating Reserve funded at 5.00 percent of General Fund expenditures. Insurance is purchased primarily for property, general liability and automobile liability exposures subject to prudent deductible/retention levels. Insurance is provided for real and personal property, crime, garage keepers, professional liability and constitutional office coverage. Retained exposures include general liability, automobile damage and related liability up to specific retention levels.

| | FY 2012 Actual | FY 2013 Adopted | FY 2014 Adopted | % Change '13 to '14 |
|---------------------------|--------------------|--------------------|--------------------|------------------------|
| Insurance Cost | 4,933,924 | 4,443,135 | 4,980,000 | 12% |
| Total Expenditures | \$4,933,924 | \$4,443,135 | \$4,980,000 | 12% |

↑ The FY 2014 budget increases based upon an analysis of actual spending over the past several years.

RETIREE BENEFITS and HEALTH PLAN ADJUSTMENT

This account includes the employer's share of retirees' health and life insurance premiums and adjustments related to the employer's share of health plan expenses for general employees.

| | FY 2012 Actual | FY 2013 Adopted | FY 2014 Adopted | % Change '13 to '14 |
|---|---------------------|---------------------|---------------------|------------------------|
| Retirees' Health & Life Insurance | \$11,434,047 | \$11,784,793 | \$11,784,793 | - |
| Other Post Employment Benefits (OPEB - trust) | 6,509,350 | 8,670,134 | 9,100,134 | 5% |
| Health Plan Adjustment | (1,293,134) | - | - | - |
| Total Expenditures | \$16,650,263 | \$20,454,927 | \$20,884,927 | 2% |

- ↑ OPEB funding levels are based on the most recent actuarial study (October 2012) and ensure that the County is fully meeting its annual required contribution to the fund. The total funding for OPEB (current costs plus future liability) is \$20.9 million in FY 2014.

MISCELLANEOUS EXPENSES

These County expenses include: rent, overhead charge-backs to some County agencies, the cost of the County's annual external audit and other consulting fees, national and state association memberships (National League of Cities, National Association of Counties, Virginia Municipal League, and Virginia Association of Counties) and other miscellaneous expenses not allocated to County departments.

| | FY 2012 Actual | FY 2013 Adopted | FY 2014 Adopted | % Change '13 to '14 |
|---|---------------------|---------------------|---------------------|------------------------|
| Facility Rent and Operating Charges | \$9,902,197 | \$10,800,572 | \$10,756,925 | - |
| Intra-County Charges | (387,315) | (166,044) | (156,489) | -6% |
| Consultants | 900,701 | 200,000 | 699,000 | 250% |
| Contracted Services | - | 478,000 | 478,000 | - |
| Memberships | 132,086 | 129,783 | 129,783 | - |
| Special Events & Unclassified Services | 1,148,846 | 213,000 | 213,000 | - |
| Employer of Choice | 132,798 | 769,653 | 685,000 | -11% |
| Housing Projects | 28,059,300 | - | - | - |
| Miscellaneous | 67,638 | 35,000 | 65,000 | 86% |
| IDA Debt Service on Ballston Skating Facility | - | 2,400,000 | 2,400,000 | - |
| Lease Purchase | 6,587,698 | 6,710,962 | 6,710,962 | - |
| Total Expenditures | \$46,543,949 | \$21,570,926 | \$21,981,181 | 2% |

- ↑ The County Board added one-time funding to the consultant contingent for a County picnic (\$25,000).
- ↑ The County Board added one-time funding for a floating holiday to take the place of the Columbus Day holiday that was removed in the proposed budget (\$150,000).
- ↓ Intra-County Charges decrease due to a reduction in the Utilities Fund rent chargeback (\$9,555).
- ↑ Consultant expenses increase due higher audit expenses (\$40,000), the addition of the County's share of costs for the maintenance and operations of the National Capital Region

Interoperable Communications Infrastructure (\$134,000), and the addition of funding for the maintenance and operations of Connect Arlington (\$300,000).

- ↓ Employer of Choice expenses decrease due to a reduction in the operating costs for the Employee Health Clinic (\$15,000), the removal of one-time funding to support the General District, and Juvenile and Domestic Relations courts' state employees (\$91,000), one-time funding for the FY 2013 increase in living wage now included in the base department budgets (\$128,653), the removal of one-time funding for live-where-your work grants (\$100,000), and the removal of funding for the Columbus Day holiday (\$150,000), partially offset by an increase in the administration of benefits for temporary employees (\$250,000).
- ↑ Miscellaneous charges increase due to higher administration fees for the County's flexible spending program for employees (\$30,000).
 - The Ballston Skating Facility, the practice facility for the National Hockey League's Washington Capitals ice hockey team, which opened in November 2006, was financed with Industrial Development Authority (IDA) taxable revenue bonds. It is projected that lease payments to the IDA from the Capitals will be sufficient to pay the debt service on the bonds.

CONTINGENTS

The non-departmental accounts also hold the County Board's contingents. These contingents are appropriated funds established to cover unforeseen expense items or new projects initiated after a fiscal year has begun (General Contingent), for a particular purpose (Affordable Housing Investment Fund), or as a set-aside for future County Board decisions.

The budget includes a \$250,000 General Fund General Contingent, and a combined total of \$12,480,623 in the Affordable Housing Investment Fund (AHIF). AHIF base funding of \$5.3 million is augmented by one-time funding of \$5,724,907 and a portion of recordation tax revenue, earmarked by the County Board when the recordation tax rate increased from \$0.05 to \$0.0833 in FY 2005. After setting aside the incremental recordation tax funds for previously approved, ongoing affordable housing programs, \$1,428,412 in additional recordation tax funding is available in FY 2014.

Over the last few years the County Board has set aside monies in a budget stabilization contingent. Based on economic conditions and balances in other contingent funds, this budget stabilization contingent varies in funding level from year to year. In FY 2013, a new and temporary contingent was established for the Schools based on potential funding needs for Virginia Retirement System (VRS) obligations. Following budget adoption in April 2012, it was determined that \$1.5 million was required to fund Schools VRS obligation. In July 2012, the County Board allocated this additional \$1.5 million to the Schools through the County/School revenue sharing transfer; the balance of the funds (\$400,000) remains in the contingent in FY 2013.

| | FY 2012 Actual | FY 2013 Adopted | FY 2014 Adopted | % Change '13 to '14 |
|---|-------------------|---------------------|---------------------|------------------------|
| General Contingent | \$500,000 | \$500,000 | \$250,000 | -50% |
| Affordable Housing Investment Fund (AHIF) | - | 8,119,370 | 11,052,211 | 36% |
| AHIF - Incremental Recordation Tax | - | 1,361,253 | 1,428,412 | 5% |
| Budget Stabilization Contingent | - | 325,000 | 3,000,000 | 823% |
| Schools VRS Contingent | - | 1,900,000 | - | -100% |
| Total Expenditures | \$500,000 | \$12,205,623 | \$15,730,623 | 29% |

- ↑ The County Board added \$3,000,000 of one-time funding for the Affordable Housing Investment Fund.
- ↑ The AHIF – Incremental Recordation Tax funding increases in FY 2014 due to the projected increase in recordation taxes that will be collected by the County in FY 2014 and applied to AHIF (\$67,159).
 - The Affordable Housing Investment Fund (AHIF) was funded in FY 2013 with \$5.3 million in ongoing funds and \$4.2 million one-time funds. For FY 2014 the one-time funds were reduced to \$2.7 million in the proposed budget. With the County Board’s addition of \$3 million of one-time funds and the projected increase in recordation taxes, which partially funds AHIF, the FY 2014 AHIF funding level will exceed the FY 2013 funding and be the highest annual funding ever allocated for AHIF.
- ↑ The County Board added \$3,000,000 to Budget Stabilization to be used as a Sequestration Reserve.
- ↓ The General Fund General Contingent decreases due to the removal of FY 2013 one-time funds (\$250,000). Additionally, ongoing funding has been replaced with FY 2014 one-time funding (\$250,000).
 - Debt service payments associated with acquisition of Buckingham Village 3, estimated at \$2.1 million, will be paid from AHIF consistent with past practice.
- ↓ The Budget Stabilization Fund decreases due to the removal of FY 2013 one-time funds (\$325,000).
- ↓ The Schools VRS Contingent is eliminated due to the ongoing allocation in FY 2014 of 45.8% of local tax revenue shared with the Schools per County Board guidance.