

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 2013 Actual	FY 2014 Adopted	FY 2015 Adopted	% Change '14 to '15
Insurance	\$3,764,108	\$4,980,000	\$4,850,000	-3%
Retiree Benefits/ Health Plan Adjustment	18,388,651	20,884,927	20,884,927	-
Miscellaneous	21,812,162	21,981,181	20,648,192	-6%
Contingents	-	15,730,623	16,205,716	3%
Total Expenditures	\$43,964,921	\$63,576,731	\$62,588,835	-2%

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 five 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 2013 Actual	FY 2014 Adopted	FY 2015 Adopted	% Change '14 to '15
Insurance Cost	\$3,764,108	\$4,980,000	\$4,850,000	-3%
Total Expenditures	\$3,764,108	\$4,980,000	\$4,850,000	-3%

- ↓ The FY 2015 adopted budget decreases based upon previous actual expenditures and projected costs for FY 2015.

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 2013 Actual	FY 2014 Adopted	FY 2015 Adopted	% Change '14 to '15
Retirees' Health & Life Insurance	\$10,648,478	\$11,784,793	\$11,784,793	-
Other Post Employment Benefits (OPEB - trust)	8,200,134	9,100,134	9,100,134	-
Health Plan Adjustment	(459,961)	-	-	-
Total Expenditures	\$18,388,651	\$20,884,927	\$20,884,927	-

- OPEB funding levels are based on the most recent actuarial study (October 2013) 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 2015.

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 2013 Actual	FY 2014 Adopted	FY 2015 Adopted	% Change '14 to '15
Facility Rent and Operating Charges	\$10,099,013	\$10,756,925	\$11,075,236	3%
Intra-County Charges	(166,044)	(156,489)	(156,489)	-
Consultants	656,852	699,000	474,000	-32%
Contracted Services	477,423	478,000	478,000	-
Memberships	129,934	129,783	129,783	-
Special Events & Unclassified Services	121,078	213,000	213,000	-
Employer of Choice	270,196	685,000	788,700	15%
Housing Projects	4,115,750	-	-	-
Hiring Slowdown	-	-	(1,300,000)	-
Miscellaneous	54,864	65,000	65,000	-
IDA Debt Service on Ballston Skating Facility	-	2,400,000	2,400,000	-
Lease Purchase	6,052,627	6,710,962	6,480,962	-3%
Total Expenditures	\$21,811,693	\$21,981,181	\$20,648,192	-6%

- ↑ The County Board added one-time funding for consulting services to address detention facility staffing (\$75,000).
- ↑ The County Board added one-time funding for two additional holidays following Christmas and New Year's Day in FY 2015 (\$250,000).
- ↓ The County Board enacted a hiring slowdown (\$1,300,000).
- ↑ The rent costs and operating expenses in various County facilities increased (\$318,311) based upon previous actual expenditures and projected costs for FY 2015.

- ↓ Consultant expenses decrease due to the reallocation of funding for the maintenance and operations of Connect Arlington (\$300,000) to the Department of Technology Services (DTS).
- ↓ Employer of Choice expenses decrease due to the elimination of FY 2014 one-time funding set-aside in Non-departmental for the floating holiday which took the place of Columbus Day holiday (\$150,000), which is partially offset by a slight increase for contractual increases for operating the Employee Health Clinic (\$3,700). For FY 2015, this floating holiday is included in the departmental base budgets.
 - 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.
- ↓ Lease purchase decreases due to the reallocation of funding for the Microsoft Enterprise Agreement (\$230,000) to DTS.

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 \$12,955,716 in the Affordable Housing Investment Fund (AHIF). AHIF base funding of \$5,327,304 is reduced by \$2,000,000 to a new base of \$3,327,304. For FY 2015 AHIF is augmented by one-time funding of \$2,900,000 provided by the County Board during FY 2013 close-out, one-time funding of \$5,300,000 provided by the County Board at budget adoption, 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 2015.

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.

	FY 2013 Actual	FY 2014 Adopted	FY 2015 Adopted	% Change '14 to '15
General Contingent	-	\$250,000	\$250,000	-
Affordable Housing Investment Fund (AHIF)	-	11,052,211	11,527,304	4%
AHIF - Incremental Recordation Tax	-	1,428,412	1,428,412	-
Budget Stabilization Contingent	-	3,000,000	3,000,000	-
Total Expenditures	-	\$15,730,623	\$16,205,716	3%

- ↑ The County Board added \$5,300,000 of one-time funding for the Affordable Housing Investment Fund.
- ↓ The County Board decreased the amount of ongoing funding for the Affordable Housing Investment Fund by \$2,000,000.

- The Affordable Housing Investment Fund (AHIF) was funded in FY 2014 with \$5.3 million in ongoing funds and \$5.7 million in one-time funds. For FY 2015 the County Board shifted \$2 million from ongoing to one-time funding; the new ongoing base amount is \$3.3 million. With the County Board's addition of \$5.3 million in one-time funds plus \$2.9 million in one-time funds from FY 2013 close-out, the FY 2015 AHIF funding level will exceed the FY 2014 funding and be the highest annual funding ever allocated for AHIF.
- The County Board added \$3,000,000 of one-time funding to Budget Stabilization to be used as an Economic Reserve. With the removal of one-time funds used as a Sequestration Reserve (\$3,000,000), the Budget Stabilization Fund stays at the same level as FY 2014.
- Debt service payments associated with acquisition of Buckingham Village 3, estimated at \$1.8 million, will be paid from AHIF consistent with past practice.