

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, 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 2015 Actual	FY 2016 Adopted	FY 2017 Adopted	% Change '16 to '17
Insurance	\$4,306,075	\$4,341,185	\$4,341,185	-
Retiree Benefits/Health Plan Adjustment	19,015,102	21,720,324	20,400,000	-6%
Miscellaneous	50,387,531	21,773,239	23,397,564	7%
Contingents	-	15,706,017	18,836,786	20%
Total Expenditures	\$73,708,708	\$63,540,765	\$66,975,535	5%

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 2015 Actual	FY 2016 Adopted	FY 2017 Adopted	% Change '16 to '17
Insurance Cost	\$4,306,075	\$4,341,185	\$4,341,185	-
Total Expenditures	\$4,306,075	\$4,341,185	\$4,341,185	-

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 2015 Actual	FY 2016 Adopted	FY 2017 Adopted	% Change '16 to '17
Retirees' Health & Life Insurance	\$12,409,158	\$12,256,185	\$12,900,000	5%
Other Post Employment Benefits (OPEB - trust)	7,500,000	9,464,139	7,500,000	-21%
Health Plan Adjustment	(894,056)	-	-	-
Total Expenditures	\$19,015,102	\$21,720,324	\$20,400,000	-6%

- OPEB funding levels are based on the most recent actuarial study 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 \$20.4 million in FY 2017.
- The total County employee healthcare cost increase is projected to be 7.5 percent from FY 2016 to FY 2017 based on the most current estimate available.

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 2015 Actual	FY 2016 Adopted	FY 2017 Adopted	% Change '16 to '17
Facility Rent and Operating Charges	\$11,140,632	\$11,495,274	\$12,007,895	4%
Intra-County Charges	(156,789)	(161,787)	(128,347)	-21%
Consultants	1,252,149	535,088	1,052,088	97%
Contracted Services	478,025	478,000	508,000	6%
Memberships	140,678	129,783	137,700	6%
Special Events & Unclassified Services	5,112,019	213,000	263,000	23%
Employer of Choice	158,209	538,700	748,700	39%
Housing Projects	27,148,141	-	-	-
Hiring Slowdown	-	(450,000)	(649,241)	44%
Fuel & Utility Savings	-	-	(500,000)	-
Miscellaneous	78,449	95,000	138,584	46%
Lease Purchase	5,036,018	6,500,181	7,419,185	14%
IDA Debt Service on Ballston Skating Facility	-	2,400,000	2,400,000	-
Total Expenditures	\$50,387,531	\$21,773,239	\$23,397,564	7%

- ↑ The rent costs and operating expenses in various County facilities increased \$512,621 based upon projected costs for leased County facilities in FY 2017.
- ↓ Intra-County charges decrease due to a decrease in the Utilities Fund rent chargeback (\$33,440).

- ↑ Consultant expenses increase due to **the County Board's addition of** a combination of one-time and ongoing funding for streaming public meetings (\$50,000 ongoing, \$50,000 one-time), one-time funding for senior and disabled tax relief working group and study (\$50,000), and one-time funding for a compensation and benefits study (\$175,000). In addition, consultant expenses are increase due to funding for the County **Manager's initiative** on open data (\$192,000),
- ↑ **Contracted services increase due to the County Board's addition of one-time** funding to aid Arlington Neighborhood Villages with the transition from a volunteer-led organization to a self-supporting organization (\$30,000).
- ↑ **Special events and unclassified services increase due to the County Board's addition of one-time** funds for the Lee Highway Alliance (\$50,000).
- ↑ Employer of Choice program increases are based on the County Board expanding the employee health clinic hours of operation from 3 days/week to 4 days/week and that one-time funding be included for the over-time cost of the Presidential Inauguration in CY 2017.
- ↑ Net increase in hiring slowdown is the result of the removal of the FY 2016 one-time savings from holding positions vacant in FY 2016 and the resulting vacancy savings in FY 2017 with **the Manager's early retirement package provided to employees in** the Spring of CY 2016.
- ↓ An adjustment to the **County's utility and fuel budget based on projected consumption and** fuel pricing (\$500,000).
- ↑ The increase in miscellaneous expenses is the net change in adding one-time funding (\$73,584) for gear and equipment for the additional Fire Department medic positions adopted by the County Board.
- ↑ Lease purchase funding increases as a result of increased debt service, flat since 2013, for various public safety equipment which has reached its end of life and must be refreshed. Ongoing Pay-As-You-Go (PAYG) funds have been transferred to the lease purchase debt service budget to sustain the necessary on-going replacement of aged and critical equipment and technology infrastructure.
 - 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, new projects initiated after a fiscal year has begun (General Contingent), or for a particular purpose (Affordable Housing Investment Fund).

The budget includes a \$250,000 General Fund General Contingent, and a combined total of \$13,719,786 in the Affordable Housing Investment Fund (AHIF). Ongoing AHIF base funding of \$3,327,304 is augmented by one-time funding of \$9,363,829. Of the \$9,363,829 in one-time funding, the County Board set-aside \$8,200,000 during the FY 2015 close-out and added an additional \$1,163,829 in one-time funds at FY 2017 budget adoption. Additional ongoing funding for AHIF comes from 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, \$1,028,653 in additional recordation tax funding is available in FY 2017.

Over the last few years the County Board has set aside monies in an economic and revenue stabilization contingent. This existing practice from recent years was formally adopted by the County Board in a revised set of financial and debt management policies in FY 2014. The updated policies include a requirement to maintain an Economic and Revenue Stabilization Contingent with a minimum balance of \$3 million to address revenue declines and local or regional economic stress. These funds are one-time monies so any funds expended in FY 2016 would need to be replenished in FY 2017 to maintain the minimum level adopted by the County Board.

The budgeted includes \$1.5 million in one-time funds for an economic development contingent to continue the incentive strategy that has been successful to date. In addition the budget includes \$367,000 in funds for previously approved economic incentive agreements.

	FY 2015 Actual	FY 2016 Adopted	FY 2017 Adopted	% Change '16 to '17
General Contingent	-	\$250,000	\$250,000	-
Affordable Housing Investment Fund (AHIF)	-	11,527,304	12,691,133	10%
AHIF - Incremental Recordation Tax	-	1,028,653	1,028,653	-
Economic & Revenue Stabilization Contingent	-	3,000,000	3,000,000	-
Economic Development Contingent	-	-	1,867,000	-
Total Expenditures	-	\$15,805,957	\$18,836,786	19%