

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 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Insurance	\$4,333,253	\$4,341,185	\$4,341,185	-
Retiree Benefits/Health Plan Adjustment	18,852,392	20,400,000	20,400,000	-
Miscellaneous	39,551,201	23,397,564	24,738,660	6%
Contingents	100,000	18,836,786	18,586,786	-1%
Total Expenditures	\$62,836,846	\$66,975,535	\$68,066,631	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 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Insurance Cost	\$4,333,253	\$4,341,185	\$4,341,185	-
Total Expenditures	\$4,333,253	\$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 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Retirees' Health & Life Insurance	\$10,607,320	\$12,900,000	\$12,900,000	-
Other Post Employment Benefits (OPEB - trust)	6,850,000	7,500,000	7,500,000	-
Health Plan Adjustment	1,395,072	-	-	-
Total Expenditures	\$18,852,392	\$20,400,000	\$20,400,000	-

- 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 2018.
- The total County employee healthcare cost increase is projected to be 7.5 percent from FY 2017 to FY 2018 based on the most current estimate available.

MI SCELLANEOUS 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 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
Facility Rent and Operating Charges	\$11,516,196	\$12,007,895	\$12,726,319	6%
Intra-County Charges	(123,987)	(128,347)	(133,460)	4%
Consultants	1,373,112	1,052,088	1,447,088	38%
Contracted Services	477,423	508,000	478,000	-6%
Memberships	143,524	137,700	142,008	3%
Special Events & Unclassified Services	123,942	263,000	213,000	-19%
Employer of Choice	140,111	748,700	978,700	31%
Housing Projects	20,680,794	-	-	-
Hiring Slowdown / Early Retirement	-	(649,241)	(719,756)	11%
Fuel & Utility Savings	-	(500,000)	(500,000)	-
Miscellaneous	62,119	138,584	65,000	-53%
Lease Purchase	5,157,967	7,419,185	7,641,761	3%
IDA Debt Service on Ballston Skating Facility	-	2,400,000	2,400,000	-
Total Expenditures	\$39,551,201	\$23,397,564	\$24,738,660	6%

- ↑ The rent costs and operating expenses in various County facilities increased \$718,424 based upon projected costs for leased County facilities in FY 2018.
- ↑ Intra-County charges increase due to an increase in the Utilities Fund rent chargeback (\$5,113).

- ↑ Consultant expenses increase due to the addition of one-time funding for the Lee Highway planning process (\$500,000), one-time funding for litigation hold software for the County (\$200,000), and transferring the funding for the County's ethics initiative from the Human Resources Department (\$20,000), partially offset by transferring funding for the County Manager's initiative on open data to the County Manager's office (\$50,000) and removal of the following FY 2017 one-time items: funding for streaming public meetings (\$50,000), funding for senior and disabled tax relief working group and study (\$50,000), and funding for a compensation and benefits study (\$175,000).
- ↓ Contracted services expenses decrease due to removal of FY 2017 one-time funding for Arlington Neighborhood Villages to aid in their transition from a volunteer-led organization to a self-supporting organization (\$30,000).
- ↑ Memberships expenses increase based upon projects costs for County memberships in FY 2018.
- ↓ Special events and unclassified services decrease due to removal of FY 2017 one-time funding for the Lee Highway Alliance (\$50,000).
- ↑ Employer of Choice program increases due to increased funding for the County transit subsidy by \$50 per month, from \$130 to \$180 a month (\$200,000) and the addition of a dependent care flexible spending account (FSA) match of \$500 per employee per year (\$180,000), partially offset by the removal of FY 2017 one-time funding for the over-time cost of the Presidential Inauguration in CY 2017 (\$150,000).
- ↑ Increase in Early Retirement is the result of the County Manager's early retirement package provided to employees in the early Spring of CY 2017.
 - An additional adjustment to the County's utility and fuel budget based on projected consumption and fuel pricing (\$500,000).
- ↓ Miscellaneous expenses decrease due to the removal of one-time funding for gear and equipment for the additional Fire Department medic positions added in FY 2017 (\$73,584).
- ↑ Lease purchase funding increases to fund capital projects approved in the FY 2017-2026 capital improvement plan. The debt service budget for lease purchase pays for various public safety and enterprise technology projects that have reached the end of life and must be refreshed. Various public safety projects, previously funded by grants, need to be refreshed and are now funded through the general fund lease purchase budget (\$222,576).
 - 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). AHIF base funding of \$3,327,304 is augmented by total one-time funding of \$9,243,902, of which \$6,996,823 was added by the County Board during FY 2016 close-out, 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, \$1,148,580 in additional recordation tax funding is available in FY 2018.

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. In addition, in FY 2016 closeout the County Board added an additional \$1,000,000 to the Economic and Revenue Stabilization Contingent for a "snowy day" fund. These funds are one-time monies so any funds expended in FY 2017 would need to be replenished in FY 2018 to maintain the minimum level adopted by the County Board.

The Economic Development Contingent decreases due to the removal of \$1.5 million in FY 2017 one-time funds. The budget includes \$367,000 in ongoing funds for previously approved economic incentive agreements and the addition of \$250,000 for ConnectArlington last mile connection grants for the business community.

	FY 2016 Actual	FY 2017 Adopted	FY 2018 Proposed	% Change '17 to '18
General Contingent	-	\$250,000	\$250,000	-
Affordable Housing Investment Fund (AHIF)	-	12,691,133	12,571,206	-1%
AHIF - Incremental Recordation Tax	-	1,028,653	1,148,580	12%
Economic & Revenue Stabilization Contingent	-	3,000,000	4,000,000	33%
Economic Development Contingent	-	1,867,000	617,000	-67%
Total Expenditures	-	\$18,836,786	\$18,586,786	-1%