

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 2005 Actual	FY 2006 Adopted	FY 2007 Proposed	% Change '06 to '07
Insurance Costs	\$3,792,379	\$4,442,000	\$4,603,268	4%
Retiree Benefits/Health Adjustment	10,268,051	6,538,000	7,700,000	18%
Miscellaneous	21,530,971	11,632,967	11,429,414	-2%
Contingents	-	7,053,184	7,085,501	-
Total Expenditures	\$35,591,401	\$29,666,151	\$30,818,183	4%

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 County maintains a Self-Insurance Reserve (\$3,500,000) and a General Fund Operating Reserve funded at two percent of General Fund expenditures (currently \$15,200,000). Insurance is purchased primarily for its 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.

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/\$20 million 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.

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed	% Change '06 to '07
Insurance Cost	3,792,379	4,442,000	4,603,268	4%
Total Expenditures	\$3,792,379	\$4,442,000	\$4,603,268	4%

↑ The increase in insurance costs is due to projected estimates on the rising costs of premiums.

RETIREE BENEFITS/HEALTH ADJUSTMENT

This account includes the employer's share of retirees' health and life insurance costs. The actual expenditures also include the year-end health care adjustment for the County's indemnity plan. Accumulated premiums collected less actual claims paid determine the health adjustment amount, either savings or additional costs determined at year-end.

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed	% Change '06 to '07
Retirees' Health Insurance	\$5,732,922	\$6,820,000	\$7,400,000	9%
Health Adjustment	4,132,218	(730,000)	-	-100%
Retirees' Life Insurance	402,911	448,000	300,000	-33%
Total Expenditures	\$10,268,051	\$6,538,000	\$7,700,000	18%

- ↑ Retirees' Health Insurance increases reflect anticipated expenses and a 10% premium increase for FY 2007.
- ↓ There are no anticipated savings in health care projected for FY 2007. The Health Adjustment for FY 2006 reflected anticipated plan changes that should provide overall County savings for the managed care plan.
- ↓ Decrease in life insurance reflects a change in the group life insurance costs due to a favorable bidding process on provider and costs.

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.

In FY 2006, the County Board approved a New Homeowner's Grant program. The grant amount for FY 2007 is proposed to increase from \$500 to \$600 for any eligible household in Arlington with an income of \$72,000 per year or less and assets less than \$240,000. An additional \$75 (up from \$50) will be added to the household grant for each dependent. The total set aside for this grant is \$2,164,488.

	FY 2005 Actual	FY 2006 Adopted	FY 2007 Proposed	% Change '06 to '07
Building Rent	\$7,903,431	\$9,038,929	\$8,835,376	-2%
Homeowner's Grant	-	2,164,488	2,164,488	-
Intra-County Charges	(392,108)	(562,000)	(562,000)	-
Audit/Consultants	317,938	246,500	246,500	-
Memberships	101,368	105,000	105,000	-
Special Events	142,485	308,000	308,000	-
Employer of Choice	104,495	297,050	297,050	-
Housing Projects	9,475,471	-	-	-
Miscellaneous	3,877,891	35,000	35,000	-
Total Expenditures	\$21,530,971	\$11,632,967	\$11,429,414	-2%

- ↓ Decrease in rent (\$203,552) primarily reflects a three month commitment to leased office space ("swing space") in 2300 Clarendon Boulevard. FY 2006 reflected a full year funding for swing space due to office construction and relocation of departments.
- Employer of choice benefits are not allocated to specific departments and include, among others, Live Where You Work Grants, Walk to Work Grants, and Wellness programs.

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. For FY 2007, the budget includes a \$1,000,000 General Fund General Contingent, and a \$5,772,508 Affordable Housing Investment Fund (AHIF) Contingent. The AHIF Contingent is supported with federal HOME funds (\$1,019,982) and the balance is local tax funds.

	FY 2006 Adopted	FY 2007 Proposed	% Change '06 to '07
General Contingent	\$1,140,124	\$1,000,000	-12%
Affordable Housing Investment Fund (AHIF)	5,641,905	5,772,508	2%
Compensation Contingent	271,155	312,993	15%
Total Expenditures	\$7,053,184	\$7,085,501	-

- ↓ The FY 2006 adopted General Fund General Contingent included \$140,124 in funds available during County budget balancing.
- ↑ The compensation contingent contains funds available after spreading the costs of market pay, retirement and health insurance increases, and public safety pay to the departmental budgets for FY 2007. These funds are needed to supplement the public safety pay for certain premium and overtime pays not included in the original allocation. These funds would be allocated to the appropriate departments prior to budget adoption. The FY 2006 amount represents the balance after allocating the costs of market pay adjustments and overtime policy changes to individual departments in January, 2006. The adopted budget totaled \$5,372,104.
- ↑ The AHIF includes \$1,772,508 derived from the increase in the recordation tax rate approved by the state for FY 2005. The County Board earmarked these incremental taxes for affordable housing programs. This amount is net of \$970,147 in ongoing costs for affordable housing projects approved by the Board for FY 2006.

