

## 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 2006 Actual	FY 2007 Revised	FY 2008 Proposed	% Change '07 to '08
Insurance Costs	\$4,114,115	\$4,603,268	\$4,603,268	-
Retiree Benefits/Health Adjustment	11,918,854	10,700,000	8,810,000	-18%
Miscellaneous	12,397,896	17,707,042	20,065,616	13%
Contingents	-	7,988,012	8,976,341	12%
<b>Total Expenditures</b>	<b>\$28,430,865</b>	<b>\$40,998,322</b>	<b>\$42,455,225</b>	<b>4%</b>

### 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 \$16,600,000). 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 2006 Actual	FY 2007 Revised	FY 2008 Proposed	% Change '07 to '08
Insurance Cost	4,114,115	4,603,268	4,603,268	-
<b>Total Expenditures</b>	<b>\$4,114,115</b>	<b>\$4,603,268</b>	<b>\$4,603,268</b>	<b>-</b>

### RETIREE BENEFITS/HEALTH ADJUSTMENT

This account includes the employer's share of retirees' health and life insurance premiums. 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 are determined at year-end.

	FY 2006 Actual	FY 2007 Revised	FY 2008 Proposed	% Change '07 to '08
Retirees' Health Insurance	\$5,979,949	\$7,400,000	\$8,510,000	15%
Health Adjustment	5,703,640	3,000,000	-	-100%
Retirees' Life Insurance	235,265	300,000	300,000	-
<b>Total Expenditures</b>	<b>\$11,918,854</b>	<b>\$10,700,000</b>	<b>\$8,810,000</b>	<b>-18%</b>

- ↑ Retirees' Health Insurance increases reflect a 15% premium increase for FY 2008.
- ↓ Decrease in Health Adjustment (\$3,000,000) reflects a one time adjustment to FY 2007 as a result of upward trends in healthcare costs. In FY 2007, the County has chosen a new healthcare provider and has made plan changes that will hopefully lead to sustainable health care costs without sacrificing coverage for employees and retirees.

### 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 2006 Actual	FY 2007 Revised	FY 2008 Proposed	% Change '07 to '08
Building Rent	\$8,325,580	\$8,877,742	\$8,713,087	-2%
Homeowner's Grant	1,313,193	2,164,488	2,164,488	-
Intra-County Charges	(378,771)	(562,000)	(378,771)	-33%
Audit/Consultants	356,961	246,500	246,500	-
Memberships	108,557	105,000	105,000	-
Special Events	132,193	308,000	348,000	13%
Employer of Choice	151,026	387,050	387,050	-
Housing Projects	272,299	-	-	-
Miscellaneous	34,957	35,000	35,000	-
IDA Debt Service on Ballston Skating Facility	-	-	2,300,000	-
Lease Purchase	2,081,901	6,145,262	6,145,262	-
<b>Total Expenditures</b>	<b>\$12,397,896</b>	<b>\$17,707,042</b>	<b>\$20,065,616</b>	<b>13%</b>

- ↓ Decrease in rent (\$164,655) primarily reflects the discontinuation of temporary leased space ("swing space") in 2300 Clarendon Boulevard.
- ↓ Decrease in Intra-County charges (\$183,229) is due to a reduction in the number of rentable properties charged to the Department of Human Services (DHS).
- ↑ Increase in special event funding (\$40,000) reflects Arlington's official sponsorship as the "Home of the Marine Corps Marathon".
- Employer of choice benefits are not allocated to specific departments and include, among others, Live Where You Work Grants, and Wellness programs.

- ↑ The new 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. Lease payments to the IDA from the users of the facility, including the Capitals' organization, should be sufficient to pay the debt service on the bonds. The IDA will remit these revenues to the County to pay the debt service, estimated at \$2.3 million for FY 2008.

## 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 2008, the budget includes a \$1,000,000 General Fund General Contingent and a \$5,428,412 Affordable Housing Investment Fund (AHIF). Base funding for the AHIF (\$4,000,000) - supported by general tax support and federal HOME funds - is augmented from incremental Recordation Taxes. The County Board earmarked the increased proceeds from a change in the Recordation Tax rate from \$.05 to \$.0833 for affordable housing when the rate change went into effect in FY 2005. After setting aside incremental Recordation Tax funds for previously approved, ongoing affordable housing programs (\$970,147), an additional \$1,428,412 is available in FY 2008.

	FY 2007 Revised	FY 2008 Proposed	% Change '07 to '08
General Contingent	\$1,000,000	\$1,000,000	-
Affordable Housing Investment Fund (AHIF)	5,794,958	5,428,412	-6%
Compensation Contingent	1,193,054	957,000	-20%
Health Care Contingent	-	1,000,000	-
Fire Department Program Contingent	-	590,929	-
<b>Total Expenditures</b>	<b>\$7,988,012</b>	<b>\$8,976,341</b>	<b>11%</b>

- ↓ The decrease in the AHIF (\$366,456) is a result of projected decreases in the amount of money collected through recordation tax.
- ↓ The Compensation Contingent for FY 2008 provides funding for an additional pay step for employees at the top of the current pay scale. The FY 2007 amount represents the balance of the original \$9.2 million allocated to departments after budget adoption for public safety pay enhancements and location pay for employees.
  - With recent changes to the County health plan (in place since January 1, 2007) and new accounting standards regarding post-employment benefits, the proposed budget sets aside a \$1 million contingent for potential health care costs and retirement benefits in FY 2008.
  - The Fire Department Program Contingent (\$590,929) represents a set aside to offset recurring budget issues within the department. This set-aside will be allocated to the appropriate accounts once additional internal review has concluded. Internal reviews have focused on overtime use in the Department over the past several years as well as some non-personnel funding needs. Allocation of this contingent will address staffing issues, budget planning for operating equipment and will include a set of improved policies and practices.