

## 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 2018 Actual	FY 2019 Adopted	FY 2020 Adopted	% Change '19 to '20
Insurance	\$6,660,174	\$4,341,185	\$5,600,000	29%
Retiree Benefits/Health Plan Adjustment	11,456,917	19,400,000	17,700,000	-9%
Miscellaneous	47,343,882	20,179,042	23,544,552	17%
Contingents [1]	3,585,032	22,322,446	24,894,318	12%
<b>Total Expenditures</b>	<b>\$69,046,005</b>	<b>\$66,242,673</b>	<b>\$71,738,870</b>	<b>8%</b>

[1] The Contingent budget includes Federal HOME funding that is dedicated to AHIF but budgeted in the Housing and Community Development fund beginning in FY 2019.

### 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 and one-half percent of General Fund expenditures, an increase in the Operating Reserve of one-half percent from the adopted FY 2019 budget. 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 2018 Actual	FY 2019 Adopted	FY 2020 Adopted	% Change '19 to '20
Insurance Cost	\$6,660,174	\$4,341,185	\$5,600,000	29%
<b>Total Expenditures</b>	<b>\$6,660,174</b>	<b>\$4,341,185</b>	<b>\$5,600,000</b>	<b>29%</b>

↑ Insurance charges increase based on FY 2017 and FY 2018 actuals.

### 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 2018 Actual	FY 2019 Adopted	FY 2020 Adopted	% Change '19 to '20
Retirees' Health & Life Insurance	\$11,649,955	\$12,400,000	\$11,400,000	-8%
Other Post Employment Benefits (OPEB - trust)	7,194,972	7,000,000	7,000,000	-
Health Plan Adjustment	(7,388,010)	-	(700,000)	-
<b>Total Expenditures</b>	<b>\$11,456,917</b>	<b>\$19,400,000</b>	<b>\$17,700,000</b>	<b>-9%</b>

- ↓ 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 \$18.4 million in FY 2020.
- The total County employee healthcare costs are expected to be flat for Cigna participants and increase three percent for Kaiser participants. Preliminary estimates for healthcare assumed a five percent increase in healthcare which was budgeted in departments' budget. The budget savings (\$700,000) may be spread to each of the departments in the General Fund as part of the FY 2020 supplemental budget adjustments included in the FY 2019 Close-out process.

### 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 2018 Actual	FY 2019 Adopted	FY 2020 Adopted	% Change '19 to '20
Facility Rent and Operating Charges	\$12,400,932	\$10,752,073	\$10,082,104	-6%
Intra-County Charges	(133,460)	(1,476,380)	(1,346,958)	-9%
Consultants	1,384,223	595,088	774,514	30%
Contracted Services	477,658	478,000	478,000	-
Memberships	141,147	157,523	157,523	-
Special Events & Unclassified Services	290,104	198,000	148,000	-25%
Employer of Choice	203,706	641,675	2,964,226	362%
Housing Projects	24,593,645	-	-	-
Early Retirement	-	(752,950)	(300,000)	-60%
Fuel & Utility Savings	-	(750,000)	-	-100%
Miscellaneous	73,496	65,000	80,000	23%
Short-term Financing	7,912,866	7,871,013	8,107,143	3%
IDA Debt Service on Ballston Skating Facility	-	2,400,000	2,400,000	-
<b>Total Expenditures</b>	<b>\$47,344,315</b>	<b>\$20,179,042</b>	<b>\$23,544,552</b>	<b>17%</b>

- ↓ The rent costs and operating expenses in various County facilities decrease for FY 2020 primarily due to the free rent associated with the renegotiated lease terms for 2100 Clarendon Boulevard in CY 2017.

- ↓ Intra-County charges decrease due to adjustments to the rent chargeback for the Transportation Capital Fund and CPHD Development Fund.
- ↑ Consultant expenses increase due to the addition of \$80,000 in ongoing funding for immigrant services and field maintenance funding (\$139,426); offset by the removal of \$40,000 in one-time funding for immigrant services.
- ↓ Special events and unclassified services decrease due to the removal of one-time funds added (\$50,000) by the County Board for the County Fair at FY 2019 budget adoption.
- ↑ Employer of Choice program funding includes monies set-aside for the cost to increase the pay ranges for public safety and general employees by two percent (\$0.83 million), potential additional liabilities to retirement actuarial costs for pay enhancements (\$0.95 million), and contingent funding for Amazon staffing needs funded with anticipated fee revenue (\$0.7 million).
- ↓ Early Retirement decreases based on the projected salary saving from employees in the Deferred Retirement Option Plan (DROP) who chose to accept the County's offer in the spring of CY 2019 to leave the organization ahead of their scheduled departure date.
- ↓ Fuel & Utility savings decrease due to realignment of costs to department utility budgets and the projected demand/costs for utilities in the FY 2020 General Fund budget.
- ↑ Miscellaneous charges increase due to higher charges from the County's benefit administrator.
- ↑ Short-term financing increases to fund capital projects approved in the Adopted FY 2019-2028 Capital Improvement Plan. The debt service budget for short-term financing pays for various public safety and enterprise technology projects that have reached the end-of-life and must be refreshed. Several large investments in both public safety and enterprise technology are required due to assets having reached critical replacement points (\$236,130).
  - 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, \$15,359,136 in funding for the Affordable Housing Investment Fund (AHIF), \$4,000,000 for an Economic & Revenue Stabilization contingent, and \$2,585,182 in Economic Development incentive funds.

The Affordable Housing Investment Fund totals \$16,000,000 and is a combination of ongoing and one-time funds. For FY 2020, the Adopted Budget includes the addition of \$1,911,314 in ongoing funding (replacing previous year's one-time funding). The County Board also added \$1,521,872 in one-time funding bringing total one-time funding to \$7,255,814. Total AHIF funding includes base ongoing and one-time funds, ongoing federal HOME funding budgeted in the Housing and Community Development Fund, and 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 affordable housing programs).

Source	On-going	One-time
Base Budget	\$6,874,790	\$7,255,814
Federal HOME (in Housing and Community Development Fund)	640,864	-
Recordation Tax Increment	1,228,532	-
<b>TOTAL</b>	<b>\$8,744,186</b>	<b>\$7,255,814</b>

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 and updated during the FY 2017 budget process. The updated policies include a requirement to maintain a Budget, Economic and Revenue Stabilization Contingent with a minimum balance of \$4,000,000 to address unexpected events, such as major weather events or a local/regional emergency requiring immediate incurrence of cost in response; revenue declines and local or regional economic stress. These funds are one-time monies so any funds expended need to be replenished in the following fiscal years per the fiscal policies adopted by the County Board.

The Economic Development Contingent decreases due to the projected funding required in FY 2020 for previously approved economic incentives agreements. Economic incentives are used to attract businesses to Arlington to help reduce the office vacancy rate and spur investment in the Arlington community. The total funding of \$2,585,182 includes \$1,085,182 in one-time funds and \$1,500,000 in ongoing funding.

	FY 2018 Actual	FY 2019 Adopted	FY 2020 Adopted	% Change '19 to '20
General Contingent	-	\$250,000	\$250,000	-
Affordable Housing Investment Fund (AHIF)[1]	-	12,608,732	14,130,604	12%
AHIF - Incremental Recordation Tax	-	1,228,532	1,228,532	-
Economic & Revenue Stabilization Contingent	-	4,000,000	6,700,000	68%
Economic Development Contingent	\$3,585,032	4,235,182	2,585,182	-39%
<b>Total Expenditures</b>	<b>\$3,585,032</b>	<b>\$22,322,446</b>	<b>\$24,894,318</b>	<b>12%</b>

[1] Federal HOME funding is budgeted in the Housing and Community Development fund beginning in FY 2019. In FY 2020, \$640,864 of the total \$16,000,000 in AHIF funding is budgeted in the Community Development Fund.