

NON-DEPARTMENTAL

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 Adopted | % 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 | 17,209,764 | 48% |
| Contingents | - | 7,053,184 | 15,985,501 | 127% |
| Total Expenditures | \$35,591,401 | \$29,666,151 | \$45,498,533 | 53% |

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 Adopted | % 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 Adopted | % 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 to 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 increased from \$500 to \$600 for any eligible household in Arlington with an income of \$77,407 per year or less. 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 Adopted | % Change '06 to '07 |
|---------------------------|---------------------|---------------------|---------------------|------------------------|
| Building Rent | \$7,903,431 | \$9,038,929 | \$8,877,742 | -2% |
| Homeowner's Grant | - | 2,164,488 | 2,164,488 | - |
| Intra-County Charges | (378,771) | (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 | 73,580 | 297,050 | 387,050 | 30% |
| Housing Projects | 9,475,471 | - | - | - |
| Miscellaneous | 68,507 | 35,000 | 35,000 | - |
| Lease Purchase | 3,826,962 | - | 5,647,984 | - |
| Total Expenditures | \$21,530,971 | \$11,632,967 | \$17,209,764 | 48% |

- ↓ Decrease in rent (\$161,187) primarily reflects a three month commitment to leased office space (“swing space”) in 2300 Clarendon Boulevard. FY 2006 reflected full-year funding for swing space due to office construction and relocation of departments.
- ↑ Increase in unallocated Employer of choice benefits (\$90,000) that include, among others, Live Where You Work Grants, Walk to Work Grants, and Wellness programs.
- ↑ The increase in Lease Purchase expenditures (\$5,647,984) reflects a consolidation of all lease purchase funds from all departments into one centrally managed account.

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.

| | FY 2006 Adopted | FY 2007 Adopted | % 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 | 9,212,993 | 3298% |
| Total Expenditures | \$7,053,184 | \$15,985,501 | 127% |

- ↓ The FY 2007 adopted General Fund General Contingent decreased by twelve percent from the FY 2006 adopted budget. The FY 2006 appropriation included \$140,124 in one-time funds available during County budget balancing.
- ↑ The compensation contingent contains unallocated funds for public safety pay enhancements (\$7,212,993) as well as location pay (\$2,000,000) as outlined in the FY 2007 compensation memo. These amounts will be allocated to the appropriate departments during FY 2007. 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 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.