

## 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 2007 Actual	FY 2008 Revised	FY 2009 Proposed	% Change '08 to '09
Insurance Costs	\$4,313,966	\$4,603,268	\$4,743,135	3%
Retiree Benefits/Health Adjustment	9,304,025	8,691,600	7,966,438	-8%
Miscellaneous	33,446,483	20,227,019	22,003,281	9%
Contingents	-	9,628,292	10,227,932	6%
<b>Total Expenditures</b>	<b>\$47,064,474</b>	<b>\$43,150,179</b>	<b>\$44,940,786</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 three percent of General Fund expenditures (currently \$26,685,315). The General Fund Operating Reserve was increased from two percent to three percent as a part of the FY 2007 Close-Out. 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 2007 Actual	FY 2008 Revised	FY 2009 Proposed	% Change '08 to '09
Insurance Cost	4,313,966	4,603,268	4,743,135	3%
<b>Total Expenditures</b>	<b>\$4,313,966</b>	<b>\$4,603,268</b>	<b>\$4,743,135</b>	<b>3%</b>

↑ Insurance cost increases of \$139,867 reflect an increase based on prior year actuals and premium rate increases.

## 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 as determined at year-end.

	FY 2007 Actual	FY 2008 Revised	FY 2009 Proposed	% Change '08 to '09
Retirees' Health Insurance	\$7,236,646	\$8,391,600	\$10,539,713	26%
Health Adjustment	1,824,459	-	(2,873,275)	-
Retirees' Life Insurance	242,920	300,000	300,000	-
<b>Total Expenditures</b>	<b>\$9,304,025</b>	<b>\$8,691,600</b>	<b>\$7,966,438</b>	<b>-8%</b>

- ↑ Retirees' health insurance increases reflect a ten percent budgeted premium increase for FY 2009. The full cost to the County of retiree health insurance is \$10,539,713. Of that total, \$2,873,275 has already been budgeted as part of employer costs in Departmental budgets. Therefore, in order to accurately state the Non-Departmental retiree health insurance cost, the \$10,539,713 is included, but offset by the health adjustment for amounts within Departmental budgets.

## 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 2007 Actual	FY 2008 Revised	FY 2009 Proposed	% Change '08 to '09
Building Rent	\$8,184,596	\$8,883,041	\$10,829,066	22%
Intra-County Charges	(378,771)	(387,322)	(1,261,611)	226%
Homeowner's Grant	2,021,642	2,164,488	2,164,488	-
Audit/Consultants	600,627	246,500	596,500	142%
Memberships	114,584	105,000	105,000	-
Special Events	289,316	348,000	318,000	-9%
Employer of Choice	196,247	387,050	387,050	-
Housing Projects	18,145,081	-	-	-
Miscellaneous	31,813	35,000	35,000	-
IDA Debt Service on Ballston Skating Facility	-	2,300,000	2,400,000	4%
Lease Purchase	4,241,348	6,145,262	6,429,788	5%
<b>Total Expenditures</b>	<b>\$33,446,483</b>	<b>\$20,227,019</b>	<b>\$22,003,281</b>	<b>9%</b>

- ↑ Increase in rent (\$1,946,025) reflects the inflationary rent and expense increases for County leased space, the addition of rental space for the Community Planning, Housing and Development (CPHD) Development Fund, located at Courthouse Plaza (\$882,840), as well as the rental costs for new Fire Department warehouse space (\$272,000).
- ↑ Increase in Intra-County charges primarily reflects a chargeout to the CPHD Development Fund (\$882,840) for rental costs.

- ↑ Increase in Consultant expenditures (\$350,000) reflects the anticipated costs associated with an increase in the County's Living Wage hourly rate from \$11.80 to \$12.75. This increase will affect both County employees and new contracts.
- ↓ Decrease in special event expenditures (\$30,000) reflects the elimination of the County employee picnic.
- ↑ 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. 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 remits these revenues to the County to pay the debt service, estimated at \$2.4 million for FY 2009.
- ↑ Lease Purchase expenditure increases (\$284,526) reflect a growth rate consistent with the growth in General Fund tax revenues. Lease purchase financing is used to spread the cost of major purchases over several years.

**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 2009, the budget includes a \$1,000,000 General Fund General Contingent and a \$6,227,932 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), additional funding is available in FY 2009.

	FY 2008 Revised	FY 2009 Proposed	% Change '08 to '09
General Contingent	\$1,000,000	\$1,000,000	-
Affordable Housing Investment Fund (AHIF)	5,628,292	6,227,932	11%
Other Post Employment Benefits	3,000,000	3,000,000	-
<b>Total Expenditures</b>	<b>\$9,628,292</b>	<b>\$10,227,932</b>	<b>6%</b>

- ↑ The increase in the AHIF (\$599,640) is a result of projected increases in the amount of money collected through recordation tax.
  - To the extent that funding for Buckingham Villages, an affordable housing project, is met through debt financing, the associated debt service costs will be allocated from AHIF.
  - With new accounting standards regarding post-employment benefits, the County Board set aside \$3.0 million in FY 2008 which included \$1.0 million in on-going funds and \$2.0 million in one-time funds from FY 2007. The FY 2009 proposed budget sets aside \$3.0 million in ongoing funding for retiree health care cost liabilities.