

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 Affordable Housing Investment Fund.

NON-DEPARTMENTAL FINANCIAL SUMMARY

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Proposed	% Change '23 to '24
Insurance	\$5,695,461	\$5,100,000	\$5,100,000	-
Retiree Benefits/Health Plan Adjustment	10,242,756	16,500,000	14,890,000	-10%
Miscellaneous	22,173,010	31,272,791	22,725,220	-27%
Contingents	205,341,272	30,540,868	14,066,572	-54%
GASB*	80,171,045	-	-	-
Total Expenditures	\$323,623,544	\$83,413,659	\$56,781,792	-32%

* FY 2022 actual expenditures and revenues received reflect the first year of implementing new Governmental Accounting Standard Board (GASB) standards for Statement No. 87 on leases and Statement No. 96 for subscription-based software. See the County Government GASB Summary for department details in the front section of the budget book.

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. 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 2022 Actual	FY 2023 Adopted	FY 2024 Proposed	% Change '23 to '24
Insurance Cost	\$5,695,461	\$5,100,000	\$5,100,000	-
Total Expenditures	\$5,695,461	\$5,100,000	\$5,100,000	-

RETIREE BENEFITS AND HEALTH PLAN ADJUSTMENTS

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 2022 Actual	FY 2023 Adopted	FY 2024 Proposed	% Change '23 to '24
Retirees' Health & Life Insurance	\$11,043,706	\$11,400,000	\$790,000	-93%
Other Post Employment Benefits (OPEB - trust)	6,500,000	5,100,000	14,100,000	176%
Health Plan Adjustment	(7,300,950)	-	-	-
Total Expenditures	\$10,242,756	\$16,500,000	\$14,890,000	-10%

- 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 \$14.9 million in FY 2024.
- The total County employee healthcare costs are expected to increase in FY 2024 by approximately four percent (all plans).

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 2022 Actual	FY 2023 Adopted	FY 2024 Proposed	% Change '23 to '24
Facility Rent and Operating Charges	\$10,766,108	\$12,128,088	\$12,878,451	6%
Intra-County Charges	(401,463)	(431,278)	(469,505)	9%
Consultants	530,192	2,666,828	1,278,354	-52%
Contracted Services	563,183	478,000	478,000	-
Memberships	143,020	164,000	214,000	30%
Special Events & Unclassified Services	43,047	180,000	150,000	-17%
Employer of Choice	257,803	5,561,753	(1,172,000)	-121%
Fuel, Fleet, & Utility Savings	-	(225,000)	(2,500,000)	1011%
Short-term Financing	9,175,804	8,350,400	8,767,920	5%
Bank Fees	723,174	-	700,000	-
IDA Debt Service on Ballston Skating Facility	372,142	2,400,000	2,400,000	-
Total Expenditures	\$22,173,010	\$31,272,791	\$22,725,220	-27%

- ↑ The rent costs and operating expenses in various County facilities increase six percent over FY 2023 primarily due to normal increases in rent for the Bozman Government Center and the rolling off of free rent provided per the terms of the new lease for Arlington Economic Development's office space in FY 2023.
- ↑ Intra-County Charges increase due to adjustments to the rent chargeback for the Transportation Capital Fund and CPHD Development Fund (\$10,227) as well as rent for the Utilities Customer Service Office (\$28,000).

- ↓ Consultant expenses decrease primarily due to the removal of one-time funding in FY 2023 for the Arlington CEP Action Fund (\$1.0 million), inflation adjustments (\$460,789), restorative justice (\$50,000), a tree canopy study (\$150,000), an assessment from addiction medicine professionals on intake practices at the Detention Center (\$85,000), and an equity demonstration project in Green Valley (\$150,000). The removal of one-time funds was partially offset by the addition of one-time funds for a benefits study (\$200,000), collective bargaining (\$100,000), the Arlington County Fair (\$50,000), and a grant to the Animal Welfare League for the study of a possible relocation (\$275,000).
- ↑ Memberships increase based on the addition of one-time funding for support of the Northern Virginia Economic Development Alliance (\$50,000).
- ↓ Special events decrease due to the removal of one-time funding in FY 2023 for Arlington County Fair support (\$30,000).
- ↓ Employer of Choice program funding decreases primarily due to the removal of FY 2023 one-time funding for a \$1,000 gross bonus for all staff (\$4.3 million), a one-time bonus for those ineligible for telework (\$1.5 million), one-time bonuses focused on recruitment and retention (\$0.6 million), and one-time funding for compensation increases that has been moved to department budgets (\$0.4 million), partially offset by an increase to the dependent care match from \$1,500 to \$2,000 (\$110,000) and an increase to the County's contribution to health saving accounts for those on the high deductible health plan from \$700 individual/\$1,400 dependent to \$950/\$1,900 (\$50,000). Corporate credit for turnover (CFT) is included (\$3.1 million) to account for the anticipated continued challenges of hiring throughout the organization. Specific departmental CFT is accounted for in each department, however, it is anticipated that additional budgetary personnel saving will be achieved throughout the fiscal year across the organization. The FY 2024 proposed budget does not include new funding for compression studies.
- ↑ Fuel and utility savings increase due to the anticipated solar credits from the Maplewood Solar Farm (\$2.0 million) as well as an expected increase in electricity across County facilities.
- ↑ Short-term Financing increases based on an inflationary adjustment for the financing of projects in the Pay-As-You-Go capital fund.
- ↑ Bank fees are budgeted beginning in FY 2024 as a technical adjustment rather than being deducted from interest revenue.
- 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, or for a particular purpose (Affordable Housing Investment Fund).

The Affordable Housing Investment Fund (AHIF) for the FY 2024 Proposed budget totals \$9.7 million. This includes \$8.9 million of ongoing General Fund support and \$0.8 million in federal HOME monies budgeted in the Housing and Community Development Fund.

In FY 2005, the recordation tax rate increased from \$0.05 to \$0.0833 in FY 2005. The revenue generated from that additional \$0.333 had been dedicated to housing programs, primarily AHIF, since the rate was increased. In FY 2024, recordation tax is projected to decrease due to the slowdown in the real estate market. The FY 2024 Proposed budget keeps the higher FY 2023

recordation tax allocation amount (\$2.0 million), and going forward, will no longer include an incremental adjustment for recordation tax revenue in the AHIF base budget.

Source	Funding
Base Budget	\$8,902,842
Federal HOME (in Housing and Community Development Fund)	755,678
TOTAL	\$9,658,520

FY 2022 actuals reflect the new financing deal related to Barcroft apartments. In December 2021, the County Board provided a \$150 million loan to support acquisition of the property by Jair Lynch Real Estate Partners. This County loan, in combination with a \$160 million low-rate loan from the Amazon Housing Equity Fund, will support the preservation of all Barcroft apartments as affordable units.

The Economic Development Contingent increases due to the projected funding required in FY 2024 for previously approved economic incentives agreements and the addition of one-time funding for an Arlington Innovation Fund (\$1.0 million one-time). 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 for economic incentives is \$2,028,730, including \$528,730 in one-time funds and \$1,500,000 in ongoing funding. The \$1.0 million Arlington Innovation Fund for FY 2024 will support fast-growing technology companies to diversify the local economy and reduce the County's office vacancy rate by providing matching grants to early-stage companies and increasing the number of events and support programming. This fund will help attract and retain key players in the innovation ecosystem in Arlington County, continuing the County's efforts to attract and retain key businesses in the innovation ecosystem.

The Proposed Budget includes a \$2.0 million County Manager's Contingent to address unforeseen needs which arise during the fiscal year.

In FY 2024, the American Rescue Plan Act (ARPA) funding is concluding. The funding received in FY 2021 and FY 2022 has been used to support a number of critical programs through the COVID-19 pandemic including childcare needs, eviction prevention, housing needs, and a number of other human service and housing programs. Remaining funding for ARPA in FY 2024 is for the required reporting and monitoring of ARPA-funded programs.

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Proposed	% Change '23 to '24
Affordable Housing Investment Fund (AHIF) ⁽¹⁾	\$25,760,823	\$16,057,481	\$8,902,842	-45%
AHIF - Incremental Recordation Tax	-	2,028,052	-	-100%
Barcroft Financing	150,000,000	-	-	-
Economic Development Contingent	2,634,243	2,416,029	3,028,730	25%
County Manager's Contingent	1,758,543	2,000,000	2,000,000	-
Countywide ARPA Programs/COVID Contingent	25,187,663	8,039,306	135,000	-98%
Total Expenditures	\$205,341,272	\$30,540,868	\$14,066,572	-54%

(1) Federal HOME funding is budgeted in the Housing and Community Development fund beginning in FY 2019. In FY 2023, \$662,547 of the total \$18.7 million in AHIF funding is budgeted in the Community Development Fund. In FY 2024, \$755,678 of the total \$9.7 million in AHIF funding is budgeted in the Community Development Fund.