

## *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 2025 Actual	FY 2026 Adopted	FY 2027 Adopted	% Change '26 to '27
Insurance	\$6,798,684	\$6,260,000	\$6,685,000	7%
Retiree Benefits/Health Plan Adjustment	22,680,927	13,875,000	11,710,456	-16%
Miscellaneous	28,828,740	26,282,243	26,728,467	2%
Contingents	18,392,118	21,306,069	14,038,956	-34%
<b>Total Expenditures</b>	<b>\$76,700,469</b>	<b>\$67,723,312</b>	<b>\$59,162,879</b>	<b>-13%</b>

### INSURANCE COSTS

The County's insurance portfolio is comprised of commercially purchased insurance and a program of fully funded self-insurance. Arlington County is a member of The Virginia Association of Counties Group Self-Insurance Risk Pool (VAcorp).

The self-insurance program provides coverage for general liability, auto liability, and Worker's Compensation. Nineteen policies of insurance are purchased to provide coverage for various risk exposures of Arlington County. These policies include excess umbrella coverage for auto and general liability, medical malpractice, comprehensive and collision coverage for Arlington County Fire Department (ACFD) vehicles and equipment, and other smaller miscellaneous policies.

↑ Insurance increases to align the budget with projected costs (\$425,000).

The County also maintains a Self-Insurance Reserve (\$6.6 million) and a General Fund Operating Reserve funded at five and one-half percent of General Fund expenditures. The County's Stabilization Reserve includes 1.3 percent (\$21.9 million) of the General Fund Budget plus an additional allocation of \$8.3 million.

	FY 2025 Actual	FY 2026 Adopted	FY 2027 Adopted	% Change '26 to '27
Insurance Cost	\$6,798,684	\$6,260,000	\$6,685,000	7%
<b>Total Expenditures</b>	<b>\$6,798,684</b>	<b>\$6,260,000</b>	<b>\$6,685,000</b>	<b>7%</b>

### RETIREE BENEFITS AND HEALTH PLAN ADJUSTMENTS

This account includes the employer's share of Virginia Line of Duty Act (LODA) costs, contributions to the trust fund for retiree benefits payments, and adjustments related to the employer's share of health plan expenses for general employees.

	FY 2025 Actual	FY 2026 Adopted	FY 2027 Adopted	% Change '26 to '27
Retirees' Health & Life Insurance	\$874,930	\$875,000	\$875,000	-
Other Post Employment Benefits (OPEB - trust)	14,100,000	13,000,000	10,835,456	-17%
Health Plan Adjustment	7,705,997	-	-	-
<b>Total Expenditures</b>	<b>\$22,680,927</b>	<b>\$13,875,000</b>	<b>\$11,710,456</b>	<b>-16%</b>

- OPEB funding levels are based on the most recent actuarial study and ensure that the County is more than meeting its annual required contribution to the fund. The total funding for OPEB (current costs plus future liability) is \$10.8 million in FY 2027.

### 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 2025 Actual	FY 2026 Adopted	FY 2027 Adopted	% Change '26 to '27
Facility Rent and Operating Charges	\$12,971,133	\$13,679,429	\$14,212,115	4%
Intra-County Charges	(447,161)	(479,241)	(492,085)	3%
Consultants	2,848,572	2,470,120	1,142,252	-54%
Contracted Services	529,229	478,000	478,000	-
Memberships	181,330	194,000	164,000	-15%
NVTD debt service	548,338	-	548,338	-
Special Events	30,572	10,000	10,000	-
Mass Transit Credit	(274,896)	-	-	-
Employer of Choice	(183,650)	(3,085,551)	(2,779,761)	-10%
Fuel, Fleet, & Utility Savings	-	(1,084,514)	(584,392)	-46%
Key Bridge Marriott Support	1,474,295	-	-	-
Short-term Financing	6,016,456	11,000,000	11,000,000	-
Bank Fees	435,065	700,000	630,000	-10%
IDA Debt Service on Ballston Skating Facility	4,699,457	2,400,000	2,400,000	-
<b>Total Expenditures</b>	<b>\$28,828,740</b>	<b>\$26,282,243</b>	<b>\$26,728,467</b>	<b>2%</b>

- ↑ Facility rent and operating charges in various County facilities increase four percent due to normal rent and operating expenses in the Bozman Government Center and Arlington Economic Developments leased space in Ballston.
- ↓ Consultant expenses decrease primarily due to the removal of FY 2026 adopted one-time funding for the Climate Action Fund (\$500,000) and Economic Development Tools and Incentives (\$750,000). These decreases are partially offset by the addition of one-time funding for a public safety staffing study (\$100,000).
- ↑ Employer of Choice program funding increases primarily due to the removal of FY 2026 one-time funding for the costs of early retirement (\$750,000); \$3.1 million of the remaining budget is corporate credit for turnover (CFT) 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 savings will be achieved throughout the fiscal year across the organization.

- ↑ Fuel, Fleet, and Utility savings increase due to the removal of corporate fuel savings, which has been spread across departmental budgets (\$500,000).
- ↓ Bank fees are adjusted to reflect anticipated costs in FY 2027 under recent contract terms.
  - 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.

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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).

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. Beginning with the FY 2024 adopted budget, both existing balances and new revenue in the Columbia Pike TIF will be dedicated to this investment in Barcroft Apartments.

The Affordable Housing Investment Fund (AHIF) for the FY 2027 adopted budget totals \$11 million. The County Board added \$650,398 to the adopted budget for AHIF. The FY 2027 adopted budget for AHIF includes:

- \$10.3 million of ongoing General Fund support;
- \$21 thousand of one-time General Fund support;
- \$0.7 million in federal HOME monies budgeted in the Housing and Community Development Fund.

Source	Funding
General Fund Support - ongoing	\$10,302,481
General Fund Support - one-time	21,167
Federal HOME (in Housing and Community Development Fund)	701,762
<b>TOTAL</b>	<b>\$11,025,410</b>

The Economic Development Contingent increase in FY 2027 is based on projected payments for economic incentive grants. 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 \$1,765,308, including \$265,308 in one-time funds and \$1,500,000 in ongoing funding.

The Adopted Budget includes a \$1.2 million County Manager’s Contingent and \$750,000 for a Legal Contingent for unforeseen needs utilizing outside counsel which arise during the fiscal year.

	FY 2025 Actual	FY 2026 Adopted	FY 2027 Adopted	% Change '26 to '27
Affordable Housing Investment Fund (AHIF) <sup>1</sup>	\$13,143,390	\$11,673,250	\$10,323,648	-12%
Barcroft Financing	-	5,000,000	-	-100%
Economic Development Contingent	2,143,239	2,632,819	1,765,308	-33%
COVID Contingent	301,874	-	-	-
County Manager's Contingent	2,803,615	2,000,000	1,200,000	-40%
Legal Contingent	-	-	750,000	-
<b>Total Expenditures</b>	<b>\$18,392,118</b>	<b>\$21,306,069</b>	<b>\$14,038,956</b>	<b>-34%</b>

<sup>1</sup> The AHIF budget shown in the table reflects the General Fund portion only (\$10.3 million). The remaining amount is budgeted in the Community Development Fund (\$0.7 million).