

Non-Departmental

Non-Departmental Overview

The Non-Departmental budget is a miscellaneous collection of budgets not attributed to specific agency operations. As such, they do not directly impact agency services provided to the community. However, the Non-Departmental budget is necessary because it provides budgetary support for county-wide insurance expenditures (medical, casualty, property and workers compensation). It also includes restricted use funds that may only be expended for a specific purpose (proffers, transient occupancy tax for tourism, cable equipment grant). The Non-Departmental budget also includes those budgets where Prince William County (PWC) acts in a trustee capacity for another organization (library donations and trust/fiduciary funds). In other instances, the County acts merely as a collecting agent and remits all revenue received to the Commonwealth or a Community Development Authority. Please see the General Overview section for a more detailed description of each program included in the Non-Departmental budget.

Mandates

The following mandated services are reported in the Non-Departmental section of the budget.

Federal Code: The unemployment insurance system, created by the [Social Security Act of 1935](#), is administered by each state.

State Code: The unemployment insurance system is administered in Virginia through Title [65.2](#) of the Code of Virginia. Title [2.2-1204](#) of the Code of Virginia requires local governments to make health insurance plans available to employees. The Auditor of Public Accounts for the Commonwealth requires political subdivisions in Virginia to adhere to Governmental Accounting Standards Board standards for financial reporting.

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Expenditure and Revenue Summary

Expenditure by Program	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Adopted	FY18 Adopted	% Change Budget FY17/ Budget FY18
County-wide Insurance:						
Medical Insurance Internal Service	\$44,794,671	\$49,390,676	\$52,171,443	\$68,932,000	\$75,977,000	10.22%
Workers Compensation	\$788,416	\$4,526,489	\$6,336,163	\$4,170,414	\$4,170,414	0.00%
Casualty Pool	\$1,749,775	\$1,192,834	\$1,691,570	\$1,575,701	\$1,575,701	0.00%
Property & Miscellaneous Insurance	\$968,370	\$733,774	\$748,766	\$1,260,491	\$1,260,491	0.00%
Miscellaneous Insurance	\$66,261	\$0	\$28,057	\$0	\$0	-
Unemployment Insurance	\$185,559	\$124,969	\$67,397	\$125,000	\$125,000	0.00%
Restricted Use Funds:						
Transient Occupancy Tax for Tourism	\$2,121,032	\$2,280,215	\$2,383,500	\$2,100,000	\$1,900,515	(9.50%)
Proffers	\$6,520,135	\$12,751,205	\$12,437,246	\$8,284,094	\$1,420,665	(82.85%)
Recordation Tax for Transportation	\$1,100,000	\$0	\$0	\$0	\$0	-
Cable Equipment Capital Grant	\$1,687,144	\$1,340,000	\$1,385,000	\$1,480,500	\$1,480,500	0.00%
Transportation Districts	\$2,500,000	\$2,323,314	\$260,400	\$276,200	\$324,200	17.38%
County Pass-Through Collections:						
Community Development Authorities	\$0	\$0	\$1,229,479	\$2,593,361	\$2,854,623	10.07%
Commonwealth Taxes	\$491,799	\$463,294	\$453,593	\$500,000	\$500,000	0.00%
NVTA Taxes	\$855,547	\$1,316,688	\$1,470,370	\$1,400,000	\$1,400,000	0.00%
Trust/Fiduciary Funds:						
OPEB/LODA Trusts	\$2,954,991	\$3,727,666	\$4,412,358	\$0	\$0	-
Police/Fire Supp. Retirement/LOSAP	\$2,471,329	\$2,504,180	\$2,716,166	\$0	\$0	-
Library Donations	\$117,591	\$118,933	\$152,493	\$0	\$0	-
Innovation Property Owners Association	\$372,905	\$402,726	\$254,642	\$0	\$0	-
Other:						
Contributions - Hylton Performing Arts/NVCC	\$3,925,323	\$3,043,226	\$2,998,084	\$3,065,412	\$3,038,356	(0.88%)
Contingency	\$100,000	\$305,000	\$50,000	\$1,300,000	\$2,075,000	59.62%
Administration	\$3,679,602	\$2,635,674	\$2,800,048	(\$387,674)	(\$935,438)	(117.46%)
Total Expenditures	\$77,450,451	\$89,180,863	\$94,046,775	\$96,675,499	\$97,167,027	0.51%

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Expenditure and Revenue Summary

Expenditure by Classification	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Adopted	FY18 Adopted	% Change Budget FY17/ Budget FY18
Salaries and Benefits	\$3,260,698	\$2,871,356	\$3,073,141	\$961,961	\$1,950,712	102.78%
Contractual Services	\$3,476,429	\$3,728,897	\$4,238,133	\$7,184,439	\$5,926,269	(17.51%)
Debt Maintenance	\$0	\$0	\$59,418	\$0	\$0	-
Internal Services	\$471,799	\$363,392	\$355,143	\$7,139,975	\$6,623,630	(7.23%)
Payments to Other Local Agencies	\$0	\$0	\$1,381,979	\$2,593,361	\$2,854,623	10.07%
Purchase of Goods & Services	\$52,950,064	\$60,589,906	\$66,839,698	\$67,961,186	\$77,016,130	13.32%
Leases & Rentals	\$3,400	\$2,376	\$1,523	\$0	\$0	-
Reserves & Contingencies	\$0	\$0	\$0	(\$1,461,384)	(\$2,461,384)	68.43%
Transfers Out	\$17,288,060	\$21,624,935	\$18,097,739	\$12,295,961	\$5,257,047	(57.25%)
Total Expenditures	\$77,450,451	\$89,180,863	\$94,046,775	\$96,675,499	\$97,167,027	0.51%
Funding Sources						
Revenue from Federal Government	\$48,555	\$0	\$12,590	\$0	\$0	-
Permits & Fees	\$1,266,852	\$1,342,526	\$1,394,202	\$1,480,500	\$1,480,500	0.00%
Use of Money & Property	\$11,759,364	\$1,965,486	\$3,200,748	\$400,000	\$392,000	(2.00%)
Revenue from Other Localities	\$0	\$0	\$0	\$8,170	\$8,170	0.00%
Miscellaneous Revenue	\$30,333,089	\$26,230,015	\$25,936,278	\$13,179,094	\$6,641,665	(49.60%)
Non-Revenue Receipts	\$497,539	\$498,025	\$3,307,108	\$500,000	\$500,000	0.00%
Other Local Taxes	\$7,354,250	\$8,679,793	\$9,924,766	\$3,500,000	\$3,500,000	0.00%
General Property Taxes	\$2,515,539	\$2,618,733	\$1,491,634	\$2,869,561	\$3,178,823	10.78%
Charges for Services	\$45,808,639	\$50,651,591	\$54,888,683	\$53,257,000	\$59,936,000	12.54%
Transfers In	\$6,659,712	\$5,429,068	\$4,803,286	\$1,516,105	\$1,596,094	5.28%
Total Designated Funding Sources	\$106,243,539	\$97,415,237	\$104,959,293	\$76,710,430	\$77,233,252	0.68%
(Contribution To) / Use of County-wide Insurance Internal Service Funds	(\$3,478,816)	(\$684,183)	(\$260,197)	\$10,971,000	\$11,019,000	0.44%
(Contribution To) / Use of Trust/Fiduciary Fund Balance	(\$24,727,214)	(\$3,927,936)	(\$3,113,744)	\$0	\$0	-
(Contribution To) / Use of Transportation District Fund Balance	(\$64,844)	(\$324,952)	(\$20,276)	\$0	\$0	-
Net General Tax Support	\$522,214	\$3,297,304	\$7,518,301	\$8,994,069	\$8,914,775	(0.88%)
Net General Tax Support	0.67%	3.70%	7.99%	9.30%	9.17%	

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General Overview

The components of the FY2018 Budget for Non-Departmental/Unclassified Administrative are discussed below.

A. County-wide Insurance:

1. **Medical Insurance Internal Service Fund** - PWC established a health insurance fund to self-insure for employee medical coverage as well as provide fully insured dental, vision, and flexible spending benefits. The fund also provides additional insurance credits for retirees. Countywide medical and dental premiums are paid from the medical insurance internal service fund, which is funded primarily from charges to County departments. The FY18 medical insurance budget is \$75,977,000.

2. **Casualty Pool, Workers Compensation, and Property and Miscellaneous Self-Insurance Programs** - The County maintains self-insurance programs for general liability, automobile, public official and law enforcement professional liability, pollution liability and workers compensation insurance through the PWC Self-Insurance Group (PWSIG) casualty pool and workers compensation pool. The two self-insurance programs began operations July 1, 1989, and are licensed by the State Corporation Commission. The FY18 general fund workers compensation budget is \$4,170,414 and the casualty pool budget is \$1,575,701. The FY18 property and miscellaneous insurance budget is \$1,260,491.

These activities are reported in the internal services fund. Revenues come primarily from other County funds through “premiums” set to cover estimated self-insured claims and liabilities, excess and other insurance premiums, and operating expenses. Claims filed or to be filed through the end of the previous fiscal year are accrued liabilities. Each of the programs has sufficient reserves to cover its estimated claims liability.

3. **Unemployment Insurance** - The Virginia Employment Commission (VEC) administers an unemployment insurance program that provides protection against loss of wages to individuals who become unemployed through no fault of their own. The FY18 unemployment insurance budget is \$125,000.

B. Restricted Use Funds:

1. **Transient Occupancy Tax (TOT) for Tourism** - Section [58.1-3819](#) of the Code of Virginia authorizes PWC to levy a 5% TOT on hotels, motels, boarding houses, travel campgrounds, and other facilities offering guest rooms rented out for continuous occupancy for fewer than thirty (30) consecutive days. The Code of Virginia also mandates that any levy in excess of a 2% rate must be designated and spent solely on tourism initiatives. Therefore, the County’s general revenue share generated by the TOT is 40% and 60% is budgeted for tourism-related purposes. The portion of the County’s TOT revenue designated to support tourism-related expenditures is included under Other Local Taxes within the Funding Sources area of the Expenditure and Revenue Summary. Please see the Budget Initiatives section for a summary of how TOT revenue designated for tourism is allocated in the FY2018 Budget.

2. **Proffers** - Prior to July 2016, Virginia Code [15.2-2303.2](#) allowed PWC to accept voluntary proffers from zoning applicants. Proffers were intended to help mitigate the impacts of development resulting from a zoning change. The County’s Zoning Ordinance includes provisions for the acceptance and enforcement of proffers submitted with rezoning applications prior to June 30, 2016. Available monetary proffers to support County capital projects are evaluated on an annual basis. Please see the Budget Initiatives section for detail on projected proffers in the FY2018 Budget.

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3. **Recordation Tax for Transportation** - Recordation tax revenue is generated when a legal instrument regarding real property such as a deed (including home refinance activity) or deed of trust is recorded with the Clerk of the Circuit Court. Approximately 74% of recordation tax revenue is dedicated by Board of County Supervisors (BOCS) policy to support transportation initiatives in the County. Recordation tax revenue is budgeted as general revenue at the beginning of each fiscal year and the portion committed for transportation is transferred to Non-Departmental during the course of the fiscal year. Most of recordation tax revenue committed for transportation is used to pay existing debt service costs on selected road construction projects. Please see the Debt Service agency pages of the FY2018 Budget for a summary of transportation projects financed by recordation tax revenue.
4. **Cable Equipment Grant** - An annual 1% cable equipment grant is provided by cable television providers operating in the County. Grant proceeds must be used for cable related capital needs. Although not considered general revenue, revenue derived from the grant is shared with PWC Schools in accordance with the County/Schools revenue agreement. Cable equipment grant revenue is forecast at \$1,480,500 in FY18 which is unchanged from FY17. Of this amount, the Schools receive \$847,290 and the County share is \$633,210. Both the County and Schools use cable equipment grant proceeds to support informational programming on their respective access channels. Cable equipment grant receipts are evaluated on an annual basis for potential, future adjustments.
5. **Transportation Districts** - The Route 234 Bypass Transportation Improvement District was created in 1991 after landowners within the District boundaries petitioned the BOCS to create a special taxing district in accordance with Section 15.2-4700 et. Seq., of the Code of Virginia Ann. The Route 234 Bypass Transportation District rate is \$0.02 per \$100 of assessed value and is levied on property zoned or used for commercial or industrial purposes within the district boundaries. Revenue generated by the district reimburses the County's general fund for debt service paid to finance the Route 234 Bypass road bond project approved by voters in 1988.

C. County Pass-Through Collections:

1. **Community Development Authorities** - Community Development Authorities (CDAs) are governed under [§15.2-5152](#) of the Code of Virginia. CDAs are created to promote the economic development of the County. Properties within established boundaries are levied a CDA assessment to provide certain public infrastructure such as road improvements, bridges, stormwater, and water and sewer improvements within the district. There are three CDAs in PWC: Virginia Gateway (created in 1998), Heritage Hunt (created in 1999), and Cherry Hill (created in 2013). It is important to note that property owners within each CDA boundary petitioned the County to create each CDA.

In accordance with [§15.2-5158](#) of the Code of Virginia, all three CDAs in the County request annually that the County levy and collect a special tax on taxable real property within the development authority's jurisdiction to finance the services and facilities provided by the authority. This code section also requires that all revenue received by the County will be paid over to the development authority subject to annual appropriation. The FY2018 Budget includes \$2,854,623 in a special revenue fund for the three CDAs in the County: Cherry Hill (\$1,780,623), Virginia Gateway (\$915,000), and Heritage Hunt (\$159,000). There is no impact on the County's general fund.

2. **Pass-Through Collections to Commonwealth** - PWC collects revenue on behalf of the Commonwealth of Virginia. Such revenue includes Sheriff fees as well as an additional 2% TOT levied to support transportation improvements as part of the Northern Virginia Transportation Authority (NVTA). The revenue is collected by the County and remitted to the Commonwealth. The County receives NVTA funding for local and regional transportation projects.

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D. Trust/Fiduciary Funds:

1. **Trust/Fiduciary Funds** - Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governments. Agency funds are custodial in nature whereby assets equal liabilities and do not measure results of County operations. Trust/Fiduciary funds do not require budget and appropriation by the BOCS. Each respective fund is administered by a board of trustees. Trust/Fiduciary funds included in Non-Departmental are:

- Other Post-Employment Benefits (OPEB) - Police Officer and Uniformed Fire and Rescue Personnel Supplemental Retirement
- OPEB - Length of Service Award Program (LOSAP)
- OPEB - Post-Retirement Medical Benefits Credit Plan
- OPEB - Line of Duty Act (LODA)
- Innovation Property Owners Association
- Library donations from the Friends of the Library and private sources which are administered by the Library Board

For a detailed description of each OPEB plan as well as the benefits provided, please see PWC's [Comprehensive Annual Financial Report for the Year Ended June 30, 2016](#), beginning on page 107.

E. Other:

1. **Contributions (Hylton Performing Arts Center and Northern Virginia Community College (NVCC))** - County contributions to the Hylton Performing Arts Center (\$2,006,445) and the NVCC (\$1,031,911) are included in the FY18 Non-Departmental budget. The FY18 contribution to the Hylton Performing Arts Center (HPAC) provides \$1,856,445 for debt service and \$150,000 for capital expenses. Please see the detail below for County contributions to the HPAC in the Five-Year Plan.

	FY18	FY19	FY20	FY21	FY22
Debt Service	\$1,856,445	\$1,837,050	\$1,841,257	\$1,838,437	\$1,838,460
Capital	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Total	\$2,006,445	\$1,987,050	\$1,991,257	\$1,988,437	\$1,988,460

There are two components to PWC's contribution to the NVCC. The first component provides a \$2.25 per capita annual capital development contribution of \$997,792 to NVCC in FY18. The second component includes a \$34,119 allocation to support maintenance and operations at NVCC. The cumulative five-year cost of increased NVCC contributions is \$203,590.

2. **Contingency** - A contingency is established within the general fund to provide limited funding for service delivery costs and unanticipated agency revenue shortfalls. The FY17 adopted contingency was \$1,300,000 of which \$1,000,000 was designated for the Prince William Schools' Class Size Reduction Grant (approved by the BOCS on August 3, 2016, via [BOCS Resolution #16-644](#)) and \$300,000 was County contingency. The FY18 Budget transfers the \$1,000,000 Class Size Reduction Grant from contingency to the Schools for FY18-20 as intended by [BOCS Resolution #16-644](#). The FY18 Budget also increases County contingency base budget from \$300,000 to \$500,000 as required by Policy 2.12 in the adopted [Principles of Sound Financial Management](#): "The County will annually appropriate a contingency budget to provide for unanticipated increases in service delivery costs and needs that may arise throughout the fiscal year. The contingency budget will be established at a minimum of \$500,000 annually and may be allocated only by resolution of the BOCS." Please see the Budget Initiatives section for an additional, one-time appropriation of \$1,575,000 to contingency for a total of \$2,075,000 in the FY2018 Budget.

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- 3. Administration** - The Unclassified Administrative area of the budget includes those general fund expenditures, which are not assigned to specific agency budgets. During the course of the fiscal year, many of these dollars are allocated against agency budgets to properly account for where the expenditures actually occur. As a program becomes established, an unclassified administrative budget item will often be assigned to an agency on a permanent basis. The funds would then be transferred from Unclassified Administrative to the agency budget. Due to the many items coming into and out of the Non-Departmental/Unclassified Administrative budget area between budget years, it is difficult to compare different fiscal year totals.
- F. Transfer from Adult Detention Center (ADC) Fund** - The transfer of \$1,498,094 to the general fund from the ADC is required to compensate the general fund for the cost of implementing the Law Enforcement Officers' Supplement (LEOS) retirement program for Jail Officers and the Jail Superintendent. The funds are included as revenue in the Funding Sources area. Additional information concerning the ADC LEOS retirement program can be found in the General Overview section of the ADC departmental budget.
- G. Eliminate Virginia Retirement System (VRS) Offset Salary Savings** - During FY12, the Commonwealth of Virginia passed VRS legislation that required all individuals in VRS who are employed by local governments to pay a 5% employee contribution effective July 1, 2012 (FY13). Prior to FY13, PWC paid an employee's 5% share of VRS contributions. The state provided local governments the option to phase in the 5% VRS contribution paid by VRS Plan 1 employees over a maximum of five years. Localities were also mandated to provide a salary increase to offset the mandatory VRS contributions from VRS Plan 1 employees. From FY13-17, PWC phased in the 5% employee contribution at 1% each year and provided a 1% salary increase to all VRS Plan 1 employees hired on or before June 30, 2010, as well as all VRS Plan 2 employees hired between July 1, 2010, and June 30, 2011. All employees hired after July 1, 2011, did not receive any of the 1% VRS offsets from FY13-17. Since FY13, the Non-Departmental budget included salary savings (\$0.9 million in FY17) to account for those employees not eligible for the 1% VRS offset. Since the full 5% VRS mandated employee contribution was completed in FY17, these savings will no longer be realized in the Non-Departmental budget. The cost of eliminating these budgeted savings in FY18 was programmed in the adopted FY17-21 Five-Year Plan.
- H. Internal Service Fund (ISF) Technology Budget** - The County annually allocates all technology costs to agencies through an ISF, using the approved cost basis for each technology activity. Technology activities include phone, radio and computer support, business systems support, GIS, web services, capital equipment replacement, and administration. In addition to the annual allocation of technology costs, several technology initiatives are funded through an increase in the Non-Departmental/Unclassified Administration 4000 series - Microsoft Enterprise agreement, Oracle licensing and changes to the County computer standard. Details on these initiatives can be found in the Department of Information Technology section. In FY18, the Non-Departmental/Unclassified Administration technology bill decreases by \$428,031 to \$451,606.

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- I. Budgeted Savings** - Prior to FY16, the County had a long-standing practice of using year-end savings as a funding source in the next year's budget. Utilizing these savings has provided significant tax bill savings for County residents. The three major credit rating agencies revised their rating criteria used to evaluate the creditworthiness of jurisdictions using bond proceeds to finance capital infrastructure projects. Under the current criteria, year-end savings are considered one-time funds, which should not be used to support ongoing expenditures. In order to address the issue, the FY2016 Budget included a 2.5% reduction to the general fund portion of agency expenditure budgets (with the exception of state courts and magistrates), totaling \$13.0 million. This reduction was implemented by adding a negative budget line item to agencies, similar to budgeted salary lapse. The savings amount for Non-Departmental is \$2,310,549 with \$2,286,665 budgeted in the Administration program and \$23,884 budgeted in the Property and Miscellaneous Insurance program. Please see the Budget Initiatives section for a \$1.0 million increase in budgeted savings in the FY18 Non-Departmental budget.

Budget Initiatives

1. Contingency Increase

Expenditure	\$1,575,000
Revenue	\$0
General Fund Impact	\$1,575,000
FTE Positions	0.00

- a. Description** - This initiative includes a one-time increase of \$1,575,000 to the contingency budget to provide funding for unknown costs in FY2018. When added to \$500,000 in the base budget, the total contingency budget is \$2,075,000 in FY2018. This is a one-time increase for FY2018 only. The contingency budget is \$500,000 in FY2019-2022 of the Five-Year Plan.

2. County Proffers for Capital Projects

Expenditure	\$837,599
Revenue	\$837,599
General Fund Impact	\$0
FTE Positions	0.00

- a. Description** - Funding is transferred from proffer accounts to support capital projects. This amount is budgeted for fire and rescue projects in the FY2018-2023 Capital Improvement Program (CIP). Please refer to the CIP section of this document for additional information regarding proffers and specific projects. This is a one-time transfer and there are no Five-Year Plan impacts.

3. TOT for Tourism

Expenditure	(\$199,485)
Revenue	\$0
General Fund Impact	\$0
FTE Positions	0.00

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- a. **Description** - TOT revenue designated for tourism remains unchanged from FY17 at \$2,100,000. The FY2018 Budget designated TOT fund allocation decreases \$199,485 from \$2,100,000 in FY17 to \$1,900,515 in FY18 as shown in the table below:

TOT Tourism Allocations for FY2018 Budget	
The FY2018 Budget allocates the TOT Tourism funding in the following manner:	Total
1. Transfer to Public Works/Historic Preservation	\$652,249
2. Transfer to the Convention and Visitors Bureau (CVB)	\$1,180,801
3. Dumfries Weems-Botts Museum	\$36,050
4. Prince William Soccer, Inc.	\$26,265
5. Occoquan Mill House Museum	\$5,150
TOT Allocated Total	\$1,900,515
FY18 TOT Revenue Projection	\$2,100,000
Contribution To/(Use Of) TOT Fund Balance	\$199,485

TOT expenditures for tourism in the FY2018 Budget total \$1,900,515 and are allocated as follows:

- The FY2018 Budget provided to the Public Works, Historic Preservation program decreases \$200,000 from \$852,249 in FY17 to \$652,249 in FY18. TOT revenue to support the Public Works Historic Preservation program results in annual, general tax support of \$200,000.
- The FY2018 Budget for the Prince William/Manassas Convention and Visitors Bureau (CVB) remains unchanged from FY17 at \$1,180,801. Additional information on the CVB budget can be found in the Community Development section of this document.
- The FY2018 Budget for the Dumfries Weems-Botts Museum (\$36,050) and Occoquan Mill House Museum (\$5,150) contribution funded by TOT revenue are unchanged from FY17. Both organizations will receive a 2% community partner increase funded by the general fund. Prince William Soccer, Inc. will receive a 2% community partner increase funded by TOT revenue. Their contribution increases \$515 from \$25,750 in FY17 to \$26,265 in FY18.

4. Increase Budgeted Savings

Expenditure	(\$1,000,000)
Revenue	\$0
General Fund Impact	(\$1,000,000)
FTE Positions	0.00

- a. **Description** - This budget reduction increases the amount of county-wide, general fund budgeted savings from \$13.0 million in FY17 to \$14.0 million in the FY2018 Budget. This increase in budgeted savings is needed to maintain total savings at 2.5% of the County government general fund budget as envisioned in the FY16 budget. The budgeted savings amount for Non-Departmental increases from \$2.3 million to \$3.3 million. The \$1.0 million increase in budgeted expenditure savings will be distributed to agency operating budgets during FY2018. Please see the General Overview section of Non-Departmental for a detailed discussion of budgeted savings.

