

Unclassified Administration



Agency & Program

Non-Departmental

➤ Unclassified Administration

Locator 

Expenditure and Revenue Summary

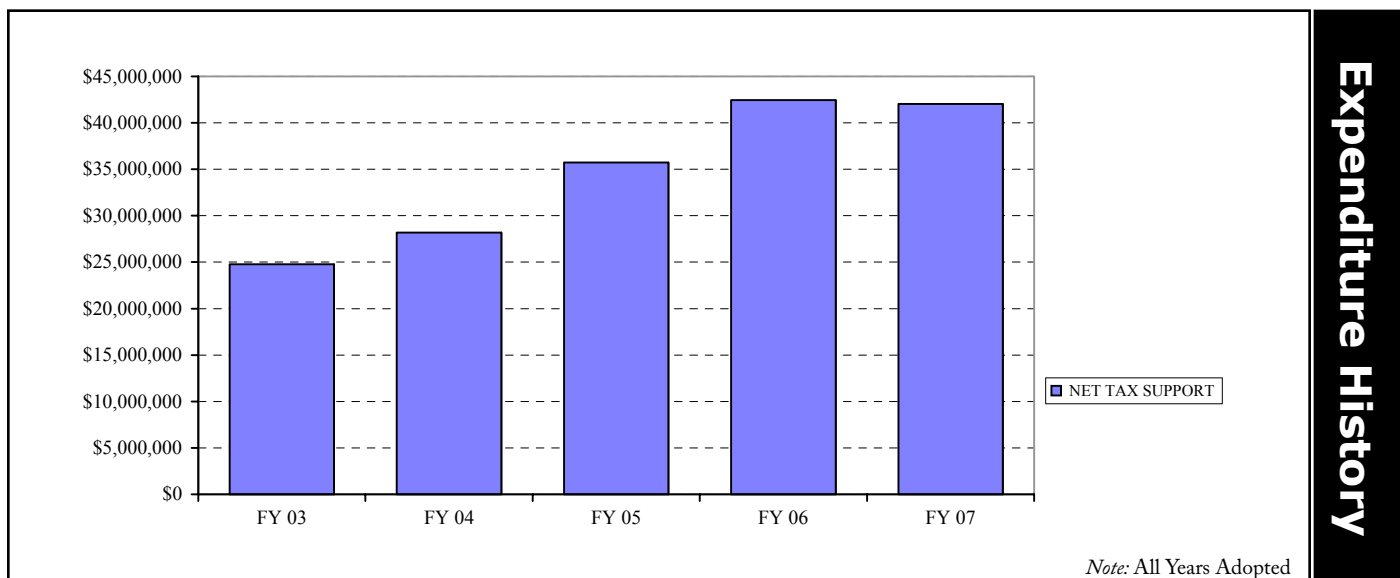
| | FY 05 Approp | FY 05 Actual | FY 06 Adopted | FY 07 Adopted | % Change Adopt 06/ Adopt 07 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------------------|
| A. Expenditure by Program | | | | | |
| 1 Administration | \$22,245,501 | \$21,330,356 | \$13,451,981 | \$15,827,628 | 17.66% |
| 2 Medical Insurance - (Internal Services) | \$24,531,914 | \$19,157,818 | \$29,009,000 | \$32,459,000 | 11.89% |
| Total Expenditures | \$46,777,415 | \$40,488,174 | \$42,460,981 | \$48,286,628 | 13.72% |

B. Expenditure by Classification

| | | | | | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------|
| 1 Personal Services | \$465,106 | \$38,342 | \$554,862 | \$750,116 | 35.19% |
| 2 Fringe Benefits | \$747,743 | \$362,401 | \$3,902 | \$831,875 | 21219.20% |
| 3 Contractual Services | \$1,163,425 | \$1,096,957 | \$1,715,000 | \$1,915,000 | 11.66% |
| 4 Internal Services | \$1,445,266 | \$1,117,051 | \$12,670,052 | \$14,473,314 | 14.23% |
| 5 Other Services | \$22,806,463 | \$17,724,011 | \$27,517,165 | \$29,916,323 | 8.72% |
| 6 Debt Maintenance | \$190,624 | \$190,624 | \$0 | \$0 | — |
| 7 Transfers | \$19,958,788 | \$19,958,788 | \$0 | \$400,000 | — |
| Total Expenditures | \$46,777,415 | \$40,488,174 | \$42,460,981 | \$48,286,628 | 13.72% |

C. Funding Sources

| | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------|
| 1 Other Local Taxes | \$1,592,768 | \$1,676,323 | \$1,840,889 | \$2,114,588 | 14.87% |
| 2 Revenue From Use of Money & Property | \$100,000 | \$314,238 | \$200,000 | \$400,000 | 100.00% |
| 3 Charges for Services | \$21,853,489 | \$20,559,791 | \$23,934,000 | \$26,383,000 | 10.23% |
| 4 Miscellaneous Revenue | \$16,829,472 | \$16,847,601 | \$11,267,078 | \$12,380,235 | 9.88% |
| 5 Transfers | \$1,866,940 | \$1,866,940 | \$941,911 | \$1,011,367 | 7.37% |
| Total Designated Funding Sources | \$42,242,669 | \$41,264,893 | \$38,183,878 | \$42,289,190 | 10.75% |
| Net General Tax Support | \$4,534,746 | (\$776,719) | \$4,277,103 | \$5,997,438 | 40.22% |



I. Major Issues

General Overview Of Unclassified

Administrative - The Unclassified Administrative area of the budget includes those budget areas representing general expenditures which cannot be assigned appropriately 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. Actual expenditure for the previous year in Unclassified Administrative will always be less than the next years proposed budget because the previous years expenditures have been reallocated to other departmental areas. As a program becomes established, it will often be assigned to an agency on a permanent basis. The funds, once established, would then be transferred from Unclassified Administrative to the agency budget on a permanent basis. Due to the many items coming into and out of the Unclassified Administrative budget area between budget years, it is difficult to compare different fiscal year totals. The items in the FY 07 Adopted Budget for Unclassified Administrative are discussed below:

- A. Data Processing Support** - \$7,616,103 - The Data Processing Internal Service Fund budget, which is part of the Office of Information Technology, requires general fund support for general governmental and unanticipated data processing applications, as well as major capital and program expansions not associated with a particular agency. Additional information on these funds can be found in the Office of Information Technology departmental budget.
- B. Self-Insurance Support** - \$4,799,979 - The Unclassified Administrative area of the General Fund includes funds to support the internal service fund of the Prince William County Self-Insurance Group (PWSIG). Included in this group are the Self-Insurance Workers Compensation, and the Self-Insurance Casualty Pool. The FY 07 Adopted Budget increases by \$725,700 from the FY 06 Adopted level of \$3,814,279. PWSIG Premium Increases of \$725,700 will provide adequate liability and workers' comp insurance coverage for PWC. Additional information on these funds can be found in the Self-Insurance departmental budget.
- D. Transient Occupancy Tax for Tourism** - \$2,114,588 - The portion of the County's Transient Occupancy Tax revenue designated to support tourism-related expenditures is included under Other

Local Taxes within the Funding Sources area. The FY 07 Convention and Visitors Bureau (CVB) Adopted Operating Transfer Budget increases by \$34,709 from the FY 06 Adopted level of \$1,156,952 to \$1,191,661. For further explanation of CVB funding, refer to the CVB, Major Budget Issues. For FY 07, the designated Transient Occupancy Tax fund allocation is shown in *Table 1: Transient Occupancy Tax fund allocation for FY 07* (by purpose, agency/program responsible for expenditures, and amount).

The Board of County Supervisors will authorize the transfer of the \$55,703 set aside in Non-Departmental to support public events at historic properties as opportunities emerge during the fiscal year.

- E. Fleet Maintenance Support** - \$2,057,232 - The Fleet Maintenance Internal Service Fund budget, which is part of the Department of Public Works, requires Non-Departmental General Fund support for expenditures not associated with a particular agency when the budget is adopted. Over the course of the year the funds are allocated against agency budgets to properly account for where the expenditures actually occur. The funds primarily support fleet maintenance and gasoline expenditures. Additional information concerning the Fleet Maintenance Program budget can be found in the Public Works departmental budget.
- F. Transfer from Adult Detention Center Fund** - \$1,011,367 - The transfer of \$1,011,367 to the General Fund from the Adult Detention Center (ADC) is required to compensate the general fund for the cost of implementing the LEOS retirement program for Jail Officers and the Jail Superintendent. The funds show up under Transfers within the Funding Sources area. Additional information concerning the ADC LEOS retirement program can be found in the Major Issues section of the ADC departmental budget.
- G. Pay Plan Market Adjustment Implementation Date** - \$122,576 - Funding is included to implement the Pay Plan Market Adjustment at the beginning of the pay period in which July 1 falls.
- H. Employee Wellness Program** - \$100,000 - The County has analyzed our historical health insurance claims experience and in FY 07 will launch a

wellness program designed to improve the health and productivity of employees and their family members. Research clearly supports a relationship between modifiable health risk factors and the overall costs of health insurance and absenteeism. The objectives of the program are:

- Decreased health care utilization/claims
- Reduction in health risks
- Reduction of absenteeism
- Improved employee satisfaction toward County
- Decreased Worker's Compensation and Disability claims
- Management of Chronic Medical Conditions

I. Classification And Compensation Adjustments Of Targeted Series - \$334,862 - Included in the FY 06 Adopted Budget was \$25,302 to continue the Board of County Supervisors direction to eliminate the salary "lag" between Prince William

and the other Northern Virginia jurisdictions and to target individual series of classifications for review and adjustment. The lag has been virtually eliminated; 97% of County positions are now competitive within the market. For FY 07 \$334,862 is included to address individual series of positions. It is also reasonable to expect as the County continues to grow, that reorganizations in certain parts of County Government will be necessary. This funding will also cover the costs of those reorganizations.

J. Properties Receiving Tax Reimbursement

- \$45,620 - Funds are included in the FY 07 Adopted Budget to relieve the following non-profit organizations of the burden of tax year 2006 real estate taxes.

| | |
|------------------------------------|-----------------|
| ▪ Good Shepherd Housing Foundation | \$24,538 |
| ▪ Northern Virginia Family Service | <u>\$21,082</u> |
| TOTAL | \$45,620 |

Table 1: Transient Occupancy Tax fund allocation for FY 07

| <u>Purpose</u> | <u>Agency/Program</u> | <u>Amount</u> |
|------------------------------|--------------------------------|--------------------|
| 1. Rippon Lodge Acquisition | General Debt | \$190,624 |
| 2. Operating Transfer to CVB | Convention and Visitors Bureau | <u>\$1,191,661</u> |
| Subtotal | | \$1,382,285 |

The Prince William Board of County Supervisors does hereby allocate the \$732,303 for grants and matching funds in the following manner:

| <u>Purpose</u> | <u>Agency/Program</u> | <u>Amount</u> |
|--|---|--------------------|
| 3. Belmont Bay Science Museum | Capital Improvement Program | \$250,000 |
| 4. National Museum of Americans at War | | \$100,000 |
| 5. Advertising/Promotions Matching Fund Grants | Convention and Visitors Bureau | \$97,260 |
| 6. Public Events at Historic Properties | Non-Departmental | \$55,703 |
| 7. Ben Lomond Manor House Matching Fund Grants | Capital Improvement Program | \$50,000 |
| 8. Brentsville Historic Centre Matching Fund Grants | Capital Improvement Program | \$50,000 |
| 9. Bristow Station Battlefield (Historic Preservation) | Capital Improvement Program | \$50,000 |
| 10. Dumfries Weems-Botts Museum | Public Works/Facilities Construction Mgt. | \$35,000 |
| 11. Prince William Soccer, Inc. | Non-Departmental | \$25,000 |
| 12. Matching Fund Grants for Other Capital Improvements Grants | Public Works/Facilities Construction Mgt. | \$14,340 |
| 13. Occoquan Mill House Museum | Public Works/Facilities Construction Mgt. | <u>\$5,000</u> |
| Total | | \$732,303 |
| Total Designated Transient Occupancy Tax Revenues for Tourism | | \$2,114,588 |

II. Compensation Budget Adjustments

ATTRACTING AND RETAINING QUALITY COUNTY EMPLOYEES

Prince William County Compensation Policy

- The compensation policy is as follows:

Prince William County will have a combination of salaries, benefits, employee development, and workplace environment that will attract and retain the most qualified employees in order to implement our vision. To accomplish this, the County recognizes the importance of maintaining salaries that are competitive with other Northern Virginia jurisdictions. Our success in implementing this strategy will be measured by our ability to attract quality applicants, our ability to retain quality employees, and our ability to maintain employee satisfaction.

To implement this compensation policy, we will make every effort, within our position classification structure, to maintain salaries comparable to salaries of similar positions in Fairfax and Arlington counties and the City of Alexandria. The County will annually benchmark its starting salaries with the average starting salaries for these three jurisdictions. Since the County's pay grades are built off of the starting salary figure, increases in the starting salary will result in increases throughout the pay grade.

Implementing the Compensation Policy -

The County's policy will be implemented through the following:

A. Market Pay Adjustment

| | |
|----------------------|-------------|
| Total Cost - | \$7,410,457 |
| Supporting Revenue - | \$846,874 |
| Total PWC Cost - | \$6,563,583 |

- Market Pay Adjustment** - \$7,315,566 - These funds are included and discussed in each agency budget and provides for a 3.0%, across-the-board market pay adjustment for all County employees. This adjustment will continue to maintain salaries that are competitive between Prince William and the other Northern Virginia jurisdictions.
- Sunday and Holiday Pay Increase** - \$94,891 - These funds are included and discussed in each agency budget which pay out Sunday and Holiday Pay and provides

for a 3.0% increase. This is necessitated by increasing the pay plan through this year's and subsequent year's market pay adjustment.

- Five-Year Plan Impact** - The Five-Year Plan includes the following market pay adjustments.

| | |
|-------------------------------|------|
| <i>Market Plan Adjustment</i> | |
| FY 07 | 3.0% |
| FY 08 | 3.0% |
| FY 09 | 3.0% |
| FY 10 | 3.0% |
| FY 11 | 3.0% |

Market pay adjustments are a moving target, however, and may need to be adjusted based on actions taken by other Northern Virginia jurisdictions. The total Five-Year Cost for these salary initiatives is as follows:

| | |
|---------------------------------|----------------------|
| Market Pay Adjustment | \$98,790,737 |
| Sunday and Holiday Pay Increase | \$1,228,437 |
| TOTAL | \$100,019,174 |

B. Pay for Performance Increase

| | |
|----------------------|-------------|
| Total Cost - | \$2,775,019 |
| Supporting Revenue - | \$292,100 |
| Total PWC Cost - | \$2,482,919 |

- Pay for Performance Increase** - \$2,775,019 - These funds are included and discussed in each agency budget. The County's pay for performance system was established in 1981 and allows managers to reward employee performance by giving a pay for performance increase from 1-7 steps (a step is 1% of the base pay within an employee's pay grade) each year until an employee reaches the maximum salary for their grade. This funding supports an average four-step increase for eligible employees. However, on-average, County employees receive 4.5 steps. This 4.5 step increase provides a 3.6% increase to employees in the bottom half of their salary range and a 2.9% increase in the top half of the salary range or an average percentage increase of 3.25%.
- Compensation "Roll-Over"** - \$1,851,885 - These funds have been added to the Base Budget, and have been spread to agency budgets, due to the following:

- Each year the County's budget funds the roll-over of compensation actions in the current year into the next budget year. Primarily, this is due to positions which were funded for a part year in the prior year requiring a full year budget for the next fiscal year and due to pay for performance increases necessary because all employees do not receive their pay for performance increases at the beginning of the fiscal year. Therefore, a pay for performance increase given half-way through a fiscal year needs to be funded for the entire next fiscal year. This roll-over increases the cost of providing a pay for performance increase to all employees.

3. Five-Year Plan Impact - The total Five-Year Cost for annual pay for performance and compensation roll-over is as follows:

| | |
|--------------------------------|---------------------|
| ▪ Pay for Performance Increase | \$36,077,424 |
| ▪ Compensation Roll-Over | \$25,963,582 |
| TOTAL | \$62,041,006 |

C. Virginia Retirement System (VRS) and Group Life Insurance Rate Increases

| | |
|----------------------|-------------|
| Total Cost - | \$5,314,041 |
| Supporting Revenue - | \$637,177 |
| Total PWC Cost - | \$4,676,864 |

- VRS Increase** - \$2,990,340 - This funding request is included and discussed in each agencies supplemental budget. The VRS actuary has recently completed an actuarial valuation of political subdivision contribution rates for FY 07 and FY 08 as of June 30, 2005. As a result of these valuations the Prince William County contribution rate for FY 07 was increased from 12.62% to 14.19% effective July 1, 2006. The rate will remain unchanged from 14.19% for FY 08. There is currently \$1,525,572 in the VRS Rate Stabilization Reserve and an additional \$609,000 in the Retiree Health Insurance/VRS Reserve for a total of \$2,134,572 which will be used in FY 07 to help cover the VRS rate increase.
- Group Life Insurance Increase** - \$2,323,701 - This funding request is included and discussed in each agencies supplemental budget. For the past four Fiscal Years (FY 03 to FY 06) there has been a premium holiday from VRS for Group Life Insurance. This resulted in the Group Life Insurance percent paid by

Prince William County for FY 03 to FY 06 being set at 0.0%. For FY 07 VRS has notified Prince William that the Group Life Insurance rate will be 1.22% effective July 1, 2006.

3. Reasons For Increases - The retirement increases per the PWC Finance Department can be attributed to the following primary factors:

- The rate increase for Prince William County is primarily due to the market performance of assets which affects the actuarial value of assets and the unfunded actuarial liability dictating the contribution of the County Pay for Performance.

4. Five-Year Plan Impact - The total Five-Year Cost for the VRS and Group Life Insurance increase is as follows:

| | |
|-----------------------|---------------------|
| ▪ VRS Increase | \$11,798,876 |
| ▪ Group Life Increase | \$ 8,704,527 |
| TOTAL | \$20,503,403 |

D. County Health Insurance / Delta Dental Rate Increase

| | |
|----------------------|-------------|
| Total Cost - | \$1,020,257 |
| Supporting Revenue - | \$127,864 |
| Total PWC Cost - | \$892,393 |

1. Description - The County employer contributions to the Medical Insurance Self Insurance Internal Service account for Health Insurance and Delta Dental increases by \$1,020,257 and is included and discussed in each agency budget. Four years ago the County moved primarily to self-insurance for Health Insurance with the creation of a new County Wide Medical Insurance Self Insurance Internal Service account. The Adopted FY 07 amount for the Medical Insurance Self Insurance Internal Service account is \$32,459,000. This is an increase of \$3,450,000 from the FY 06 amount of \$29,009,000. The \$3,450,000 increase is due to the three components shown below.

- Retiree Health will increase to \$1,100,000 in FY 07 which is an increase of \$196,000 over the Adopted FY 06 amount of \$904,000.
- Increased health rates from Anthem, Kaiser and Delta Dental require a combined increase of employer and employee contributions of \$2,268,000 for FY 07.

- The Anthem “Maximum Exposure” budget total increases from an Adopted FY 06 amount of \$3,672,000 to a FY 07 amount of \$4,658,000 an increase of \$986,000 over FY 06. The County currently establishes the self-insured Anthem rates at the actuarially determined “Expected Rates”. The expected rates are the rates that actuaries predict will generate sufficient revenue to offset claims based on the County’s past history of claims. However, because the plan is self-insured the County is potentially liable for claims exposure up to the “Maximum Exposure” amount. The Maximum Exposure amount is the amount budgeted due to the potential use of net assets from setting rates at the expected liability versus the maximum liability level. The County has now fully funded the maximum exposure and has fully reserved for the maximum exposure.
2. **For FY 07** - The County employer share of the contribution increase to the Medical Insurance Self Insurance Internal Service account is \$1,020,257 and is required to maintain the stability of the County’s self-insurance for Health Insurance. This increase amounts to approximately a 6.49% average increase for the County’s Health Insurance.
 3. **Five-Year Plan Impact** - The total Five-Year Cost for the County’s employer contribution for Health Insurance is \$38,204,358.

E. Retiree Health Care Cost Increase

| | |
|----------------------|----------|
| Total Cost - | \$41,740 |
| Supporting Revenue - | \$5,104 |
| Total PWC Cost - | \$36,636 |

1. **Description** - The County Retiree Health Credit Program is applicable to employees upon separation and retirement from County service. This Retiree Health Credit Program is separate from and in addition to the existing VRS Health Credit Program, which is also totally funded by County contributions. All full-time employees and existing retirees with a minimum of 15 years of County service can receive \$5.50 per month for each year of PWC service, up to a maximum of \$165 per month for 30 years of County service. When the \$45 maximum per month currently offered as part of the State VRS is added, the maximum for 30 years of County service increases to \$210 per month.

- An approximate 4% increase of \$41,740 in the Retiree Health Care budget is included to cover projected growth in this benefit.
2. **Five-Year Plan Impact** - The cumulative Five-Year Cost to increase the Retiree Health Care budget at approximately 4% per year is projected to be \$526,083.

III. Other Budget Adjustments

A. County Proffers

| | |
|----------------------|--------------|
| Total Cost - | \$11,058,235 |
| Supporting Revenue - | \$11,058,235 |
| Total PWC Cost - | \$0 |

1. **Description** - Funding from proffer accounts are budgeted to support the transfer of \$8,425,883 to Capital Project accounts for FY 07. These funds are identified in the FY 07 CIP and additional detail concerning these transfers can be found in the Capital Improvements Program section of the budget.
2. **Five-Year Plan Impact** - The total Five-Year projection for funding from proffer accounts is shown below.

| | | | |
|----------------|--|---------------------|--|
| ▪ <i>FY 07</i> | | \$11,058,235 | |
| <i>FY 08</i> | | \$4,151,387 | |
| <i>FY 09</i> | | \$8,010,195 | |
| <i>FY 10</i> | | \$10,195 | |
| <i>FY 11</i> | | \$3,451,602 | |
| TOTAL | | \$26,681,614 | |

