

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. 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	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY18 Adopted	FY19 Adopted	% Change Budget FY18/ Budget FY19
County-wide Insurance:						
Medical Insurance Internal Service	\$49,390,676	\$52,171,443	\$55,360,887	\$75,977,000	\$80,230,000	5.60%
Workers Compensation	\$4,526,489	\$6,336,163	\$8,415,302	\$4,170,414	\$4,670,414	11.99%
Casualty Pool	\$1,192,834	\$1,691,570	\$1,327,760	\$1,575,701	\$1,575,701	0.00%
Property & Miscellaneous Insurance	\$733,774	\$748,766	\$827,002	\$1,260,491	\$995,375	(21.03%)
Miscellaneous Insurance	\$0	\$28,057	\$0	\$0	\$0	-
Unemployment Insurance	\$124,969	\$67,397	\$78,514	\$125,000	\$125,000	0.00%
Restricted Use Funds:						
Transient Occupancy Tax for Tourism	\$2,280,215	\$2,383,500	\$2,100,000	\$1,900,515	\$721,079	(62.06%)
Proffers	\$12,751,205	\$12,437,246	\$20,586,614	\$1,420,665	\$4,467,456	214.46%
Recordation Tax for Transportation	\$0	\$0	\$6,082,753	\$0	\$0	-
Cable Equipment Capital Grant	\$1,340,000	\$1,385,000	\$1,488,696	\$1,480,500	\$1,480,500	0.00%
Transportation Districts	\$2,323,314	\$260,400	\$276,200	\$324,200	\$467,700	44.26%
County Pass-Through Collections:						
Community Development Authorities	\$0	\$1,229,479	\$2,592,701	\$2,854,623	\$2,917,000	2.19%
Commonwealth Taxes	\$463,294	\$453,593	\$486,108	\$500,000	\$500,000	0.00%
NVTA Taxes	\$1,316,688	\$1,470,370	\$1,576,183	\$1,400,000	\$1,400,000	0.00%
Trust/Fiduciary Funds:						
OPEB/LODA Trusts	\$3,727,666	\$4,412,358	\$3,877,189	\$0	\$0	-
Police/Fire Supp. Retirement/LOSAP	\$2,504,180	\$2,716,166	\$3,207,269	\$0	\$0	-
Library Donations	\$118,933	\$152,493	\$140,996	\$0	\$0	-
Innovation Property Owners Association	\$402,726	\$254,642	\$1,889,847	\$0	\$0	-
Other:						
Contributions - Hylton Performing Arts/NVCC	\$3,043,226	\$2,998,084	\$2,906,680	\$3,038,356	\$3,029,278	(0.30%)
Contingency	\$305,000	\$50,000	\$10,000	\$2,075,000	\$544,429	(73.76%)
Administration	\$2,635,674	\$2,800,048	\$5,765,912	(\$935,438)	\$499,307	(153.38%)
Total Expenditures	\$89,180,863	\$94,046,775	\$118,996,612	\$97,167,027	\$103,623,239	6.64%

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Expenditure and Revenue Summary

Expenditure by Classification	FY15 Actuals	FY16 Actuals	FY17 Actuals	FY18 Adopted	FY19 Adopted	% Change Budget FY18/ Budget FY19
Salaries and Benefits	\$2,871,356	\$3,073,141	\$3,852,884	\$1,950,712	\$1,379,432	(29.29%)
Contractual Services	\$3,728,897	\$4,238,133	\$5,949,496	\$5,926,269	\$6,432,269	8.54%
Internal Services	\$363,392	\$355,143	\$351,620	\$6,623,630	\$6,048,072	(8.69%)
Purchase of Goods & Services	\$60,589,906	\$66,839,698	\$69,016,181	\$77,016,130	\$79,709,731	3.50%
Leases & Rentals	\$2,376	\$1,523	\$2,125	\$0	\$0	-
Reserves & Contingencies	\$0	\$0	\$0	(\$2,461,384)	\$0	(100.00%)
Debt Maintenance	\$0	\$59,418	\$0	\$0	\$0	-
Payments to Other Local Agencies	\$0	\$1,381,979	\$3,790,631	\$2,854,623	\$2,917,000	2.19%
Transfers Out	\$21,624,935	\$18,097,739	\$36,033,674	\$5,257,047	\$7,136,735	35.76%
Total Expenditures	\$89,180,863	\$94,046,775	\$118,996,612	\$97,167,027	\$103,623,239	6.64%
Funding Sources						
Revenue from Federal Government	\$0	\$12,590	\$0	\$0	\$0	-
Permits & Fees	\$1,342,526	\$1,394,202	\$1,427,852	\$1,480,500	\$1,480,500	0.00%
Use of Money & Property	\$1,965,486	\$3,200,748	\$11,249,109	\$392,000	\$350,000	(10.71%)
Revenue from Other Localities	\$0	\$0	\$0	\$8,170	\$0	(100.00%)
Miscellaneous Revenue	\$26,230,015	\$25,936,278	\$36,979,108	\$6,641,665	\$9,659,075	45.43%
Non-Revenue Receipts	\$498,025	\$3,307,108	\$4,504,309	\$500,000	\$500,000	0.00%
Other Local Taxes	\$8,679,793	\$9,924,766	\$10,648,169	\$3,500,000	\$3,542,000	1.20%
General Property Taxes	\$2,618,733	\$1,491,634	\$2,869,215	\$3,178,823	\$3,384,700	6.48%
Charges for Services	\$50,651,591	\$54,888,683	\$59,328,420	\$59,936,000	\$63,896,000	6.61%
Transfers In	\$5,429,068	\$4,803,286	\$1,516,105	\$1,596,094	\$1,696,121	6.27%
Total Designated Funding Sources	\$97,415,237	\$104,959,293	\$128,522,286	\$77,233,252	\$84,508,396	9.42%
(Contribution To) / Use of County-wide Insurance Internal Service Funds	(\$684,183)	(\$260,197)	\$1,532,188	\$11,019,000	\$11,269,000	2.27%
(Contribution To) / Use of Trust/Fiduciary Fund Balance	(\$3,927,936)	(\$3,113,744)	(\$13,700,617)	\$0	\$0	-
(Contribution To) / Use of Transportation District Fund Balance	(\$324,952)	(\$20,276)	(\$314)	\$0	\$0	-
Net General Tax Support	\$3,297,304	\$7,518,301	\$2,643,069	\$8,914,775	\$7,845,843	(11.99%)
Net General Tax Support	3.70%	7.99%	2.22%	9.17%	7.57%	

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General Overview

The components of the FY2019 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. County-wide medical and dental premiums are paid from the medical insurance internal service fund, which is funded primarily from charges to County departments. The FY19 medical insurance budget is \$80,230,000.
- 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 FY19 general fund workers compensation budget is \$4,670,414 and the casualty pool budget is \$1,575,701. The FY19 property and miscellaneous insurance budget is \$995,375.

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 administers an unemployment insurance program that provides protection against loss of wages to individuals who become unemployed through no fault of their own. The FY19 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 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 FY2019 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 and the Capital Improvement Program section for detail on projected proffers in the FY2019 Budget.
- 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.

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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 section 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 forecasted at \$1,480,500 in FY19, which is unchanged from FY18. 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](#) of the Code of Virginia. 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 (CDA)** - 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). 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 FY2019 Budget includes \$2,917,000 in a special revenue fund for the three CDAs in the County: Cherry Hill (\$1,805,000), Virginia Gateway (\$930,000), and Heritage Hunt (\$182,000). 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, 2017](#).

E. Other:

1. **Contributions to the Hylton Performing Arts Center (HPAC) and Northern Virginia Community College (NVCC)** - County contributions to the HPAC (\$1,987,050) and the NVCC (\$1,042,228) are included in the FY19 Non-Departmental budget. The FY19 contribution to the HPAC provides \$1,837,050 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.

	FY19	FY20	FY21	FY22	FY23
Debt Service	\$1,837,050	\$1,841,258	\$1,841,363	\$1,842,900	\$1,843,875
Capital	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000
Total	\$1,987,050	\$1,991,258	\$1,991,363	\$1,992,900	\$1,993,875

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 \$1,008,113 to NVCC in FY19. The second component includes a \$34,115 allocation to support maintenance and operations at NVCC.

2. **Contingency** - A contingency is established within the general fund to provide limited funding for service delivery costs and unanticipated agency revenue shortfalls. The budget includes the County contingency base budget of \$544,429 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.”
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.

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- F. **Transfer from Adult Detention Center (ADC) Fund** - The transfer of \$1,598,121 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. **Budgeted Salary Lapse** - Employee compensation for each agency includes the salaries, benefits, and budgeted increases that may include either pay plan or pay-for-performance increases. This total compensation figure is adjusted in the budget to account for turnover and the associated savings when longer term employees are replaced by individuals hired at lower points in the County's pay scale. The Non-Departmental budget includes a negative expenditure budget of \$750,000 in budgeted salary lapse to support general savings throughout the organization.

Budget Initiatives

1. Workers' Compensation Premiums Increase

Expenditure	\$500,000	General Fund Impact	\$500,000
Revenue	\$0	FTE Positions	0.00

- a. **Description** - This initiative provides funding for an increase to workers' compensation premiums. Factors affecting the premium increase include the County payroll (specifically increases in personnel within public safety agencies), increasing health insurance costs, and claim severity. These increased premiums are a result of claim severity in FY15 and FY16, which were among two of the top three years in the history of the workers' compensation program. Claims from previous years continue to develop. This \$500,000 ongoing expenditure increase is projected to become \$1.0 million in FY20 and \$1.5 million in FY21 and is included in the Five-Year Plan.

2. County Proffers for Capital Projects

Expenditure	\$4,099,390	General Fund Impact	\$4,099,390
Revenue	\$0	FTE Positions	0.00

- a. **Description** - Funding is transferred from proffer accounts to support capital projects. This amount is budgeted for capital projects in the FY2019-2024 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.

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3. Allocation of TOT Revenue Designated for Tourism

Expenditure	(\$1,179,436)	General Fund Impact	(\$1,137,436)
Revenue	\$42,000	FTE Positions	0.00

- a. **Description** - TOT revenue designated for tourism is increased \$42,000 from FY18 to \$2,142,000 in FY19. In FY18, the BOCS took action to merge the Convention & Visitors Bureau with the Parks & Recreation Department; therefore, a significant portion of the expenditure budget has been shifted from Non-Departmental to Parks & Recreation. The FY2019 Budget planned allocations are shown in the table below:

TOT Tourism Allocations for FY2019 Budget	
The Non-Departmental budget allocates the TOT Tourism funding in the following manner:	Amount
1. Transfer to Public Works, Historic Preservation program	\$650,741
2. Dumfries Weems-Botts Museum	\$37,874
3. Prince William Soccer, Inc.	\$27,053
4. Occoquan Mill House Museum	\$5,411
Non-Departmental TOT Allocated Subtotal	\$721,079
The Parks & Recreation budget allocates the TOT Tourism funding in the following manner:	Amount
1. Parks & Recreation, Tourism program	\$1,231,010
Parks & Recreation TOT Allocated Subtotal	\$1,231,010
TOT Allocated Grand Total	\$1,952,089
FY19 TOT Revenue Projection	\$2,142,000
Contribution To/(Use Of) TOT Fund Balance	\$189,911

TOT supported expenditures for tourism in the FY2019 Budget total \$1,952,089 and are allocated as follows:

- The FY2019 Budget provides \$650,741 to the Public Works, Historic Preservation program and \$1,231,010 to the Parks & Recreation, Tourism program. Additional information can be found in the individual department budget pages in the Community Development section of this document.
- The FY2019 Budget includes funding for community partners from the TOT funding, including the Dumfries Weems-Botts Museum (\$37,874), Prince William Soccer, Inc. (\$27,053) and Occoquan Mill House Museum (\$5,411). Funding for each of these community partners include a 3% increase funded by TOT revenue.