



ARLINGTON COUNTY

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2020



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2020

(July 1, 2019 - June 30, 2020)



DEPARTMENT OF MANAGEMENT AND FINANCE

**Maria Meredith, Director
Rahul Bhalla, Comptroller**

The FY 2020 Comprehensive Annual Financial Report is printed on paper consisting of 100% recycled content (post-consumer fiber).



Vision

“Arlington will be a diverse and inclusive world-class community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important.”

ARLINGTON COUNTY BOARD

Mission

High Quality Service

Leadership Philosophy

We believe that people want to do the best job possible. When all of us share responsibility for creating a work environment with clear goals, mutual support and opportunities for continuous learning, Arlington County can best achieve its goals. We will realize our full potential through teamwork, respect for each other, sharing information, and support for individual creativity and initiative.

Principles of Government Service

***Ethics/Stewardship * Diversity / Inclusion ***

***Commitment to Employees**

***Leadership * Teamwork * Empowerment / Accountability ***

**ARLINGTON COUNTY, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2020**

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INTRODUCTORY SECTION

The Introductory Section includes the letter of transmittal, which provides a profile of the County, local economic conditions and outlook, long-term financial planning goals, and relevant financial policies. In addition, included in this section is the Government Finance Officers Association's *Certificate of Achievement for Excellence* in Financial Reporting, an organizational chart, and a directory of officials.

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DEPARTMENT OF MANAGEMENT AND FINANCE

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November 6, 2020

To Libby Garvey, Chair, Members of the County Board and Residents of Arlington County, Virginia:

We are pleased to present the Comprehensive Annual Financial Report (the “CAFR”) of Arlington County, Virginia (the “County”) for the fiscal year ended June 30, 2020. This report prepared by the Accounting, Reporting and Control Division within the Department of Management and Finance identifies the County’s financial position and financial activities over the past year.

Section 15.2-2511 of the *Code of Virginia* requires that all general-purpose local governments publish within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This report is therefore designed to present fairly the financial position of the County, including its discretely presented component units in all material respects to demonstrate compliance with applicable legal and contractual provisions reported as a financial reporting entity.

This report consists of management’s representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report, based on the framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of material misstatements. The County’s internal control framework is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County’s financial statements in conformity with GAAP. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County’s financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified (“clean”) opinion that the County’s financial statements for the fiscal year ended June 30, 2020 are fairly presented in all material respects in conformity with GAAP. The report of the independent auditor is presented as the first component of the financial section of this report.

Management’s Discussion and Analysis (“MD&A”) immediately follows the report of the independent auditor and provides a narrative introduction, overview, and analysis of the basic financial statements and the County’s fiscal performance. The MD&A complements this letter and should be read in conjunction with it.

In addition to meeting the requirements set forth in State statutes, the audit was also conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The independent auditor report of the basic financial statements, required supplementary information and other supplementary information is included in the Financial Section of this Report. The independent auditors' report related specifically to the Uniform Grant Guidance, including the Schedule of Expenditure of Federal Awards, findings and recommendation, and the auditors' report on internal control over financial reporting and on compliance and other matters is available in the last section of the CAFR under the heading "Federally Assisted Programs."

Profile of the Government



Arlington, Virginia is a world-class residential, business and tourist location that was originally part of the 10-mile square parcel of land surveyed in 1791 to be the Nation's Capital. It is geographically the smallest self-governing county in the United States, occupying slightly less than 26 square miles. Arlington maintains a rich variety of stable neighborhoods, quality schools and diversified land use. Home to some of the most influential organizations in the world – including the Pentagon – Arlington stands out as one of America's preeminent places to live, visit and do business.

The geographical area of the County is about 26 square miles of which 1.8 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and, thereby, establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land in Arlington County is almost totally developed. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Richmond Highway/Crystal City Metro corridors.

Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932. In accordance with Section 15.2-602, the legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. The County Manager serves at the direction of the Board, implements the Board's policies, directs business and administrative procedures and appoints department directors. The County Board also appoints a County Auditor and the County Attorney.

Arlington County is also financially accountable for a legally separate school system, Arlington Public Schools ("Schools"), which is reported separately as a discretely presented component unit within the County financial statements. The five-member School Board is elected by the citizens. The School Board appoints the Superintendent of Schools as the Chief Administrative Officer for the County's public-school system. The School Board has no

taxing authority or authority to issue debt and receives its spending authority from the County Board. Additional information on Schools can be found in Note 1.C in the notes to the financial statements.

In addition to the County Board and School Board, other elected Arlington County officials include the Commonwealth Attorney, the Commissioner of Revenue, the Treasurer, the Sheriff, and the Clerk of the Circuit Court. The Commonwealth of Virginia's General Assembly appoints the judges of the Circuit Court, the General District Court, and the Juvenile and Domestic Relations Court.

Because of its unique unitary structure, the County provides a full range of local government services often associated with both cities and counties. These services include public safety (police and fire protection), judicial (courts, prosecuting offices and detention center), water and sewer, health, welfare and social services, public improvements, streets and highways, planning and zoning, community planning and development, libraries, parks and recreation, education and general administrative services. The County's Water Pollution Control Plant (WPCP) treats 23 million gallons of wastewater each day from residences and businesses, with nearly 20 percent of the plant's flow coming from neighboring localities such as Alexandria, Fairfax and Falls Church. The plant's mission is to safely and economically process wastewater and hazardous waste materials to protect the environment, especially Four Mile Run, the Potomac River and the Chesapeake Bay. With respect to streets and highways, the County is one of only a few of the ninety-five counties in the Commonwealth of Virginia which are responsible for street and highway construction and maintenance. In other counties, the Virginia Department of Transportation is generally the responsible entity. Also, the County is one of the few jurisdictions in Virginia that has fully melded the State health function into its County government organization.

The annual budget serves as the foundation for Arlington County's operational and financial planning. All departments of the County are required to submit requests for appropriation to the County Manager by November of each year. The County Manager uses these requests as the starting point for developing a proposed budget. The County Manager's proposed budget for the following fiscal year is presented to the County Board in February.

The County Board holds a series of work sessions during which preliminary funding decisions regarding proposed operating programs are considered. Public hearings on the proposed budget and tax/fee rates are held prior to adoption by the County Board. Final County Board decisions are incorporated into the appropriation, tax, and budget resolutions for the fiscal year. These resolutions are generally approved by the County Board in April and a separate Adopted Budget document is issued subsequent to the Board's approval. According to §22.1-93 of the Code of Virginia, the County Board must adopt the School Board budget no later than May 15th for the following fiscal year or within 30 days of receipt by the county or municipality of the estimates of state funds, whichever shall later occur.

The annual budget is prepared by fund, department, program and type of expense within departments/programs. Department directors may make transfers of appropriations within a department with Department of Management and Finance approval. Transfers of appropriations between departments, and transfers between funds require the approval of the County Manager and County Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented in the Required Supplementary Information ("RSI") section following the notes. For governmental funds, other than the General Fund, with appropriated annual budgets, these comparisons are presented in the supplemental subsections of this report in Exhibits B-3, B-4, B-5, B-6, B-7, B-8, B-9 and C-3. For the discrete component unit Schools, these comparisons are presented in Exhibit G-3.

As required by Virginia Law, the County assesses real property in the County annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2020 was \$81.1 billion. The County government's adopted budget for all funds for Fiscal Year 2020 totaled \$1.718 billion, which included \$670 million for public primary and secondary education.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River from Washington, DC, Arlington is rich in culture, recreation and tourist attractions supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and retail development that serves to diversify its property tax base. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to retail sales and tourism, all showing stable or improved levels over the past three years. Arlington's 2019 real property tax base is approximately divided between 49% commercial and 51% residential properties, enabling the County to maintain a competitive property tax rate in the Washington D.C. region. In calendar year ("CY") 2020, the tax rate (the base rate plus the county wide sanitary district tax rate) was left unchanged from CY 2019 at \$1.026 per \$100 of assessed value. In the aggregate, CY 2020 real estate assessments reflected stable property values with 4.6% growth over CY 2019, the highest in six years. New construction in the County contributed to 0.8 percent of the overall property tax growth. The combined value of commercial and apartment assessments increased 4.9 percent. Apartment buildings grew by 8.9 percent, which included a 2.8 percent increase from new construction. After decreasing last year, general commercial (malls, retail stores, gas stations, etc.) property assessments increased 1.8 percent. Office property values continued to grow, increasing 2.5 percent due to gradually declining office vacancy rates and Amazon-related leasing activity. Growth was partially offset by hotels, which were down 1.7 percent from the previous year. The average value of a single-family property increased by 4.2% from \$658,600 in CY 2019 to \$686,300 in CY 2020.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. Elegant high-rises, national and regional corporate and association headquarters, excellent connectivity through numerous Metro stations, upscale hotels, a dynamic and diverse retail sector, and a diverse cultural scene make Arlington a premier place to live, work, play and stay. Arlington is the epitome of smart growth and new urbanism. Arlington's location in the center of the Washington metropolitan region, just five minutes from Washington by car or Metrorail, has made the County a highly desirable business and residential location. Arlington has maintained high-quality residential neighborhoods while supporting well-managed growth. High-density commercial and residential development is focused around Metro stations in the Rosslyn-Ballston corridor and the Richmond Highway corridor, which includes both Pentagon City and Crystal City. Arlington's population, currently at around 228,400 has grown by 10% since 2010 – consistent with the 1% annual average since 1980. The total number of jobs in the County is estimated at 234,800 as of January 1, 2020. According to Arlington County estimates, the total number of jobs in the County increased by about 16.7 percent between 2000 and 2020. Arlington continues to economically surpass much of the region and the nation. In 2019 calendar year, Arlington's unemployment remains one of the lowest in the Commonwealth. The unemployment rate for the County as of June 30, 2020 was 5.9% per the Bureau of Labor Statistics. This compares favorably to Virginia's average unemployment rate of 8.4% and the national average rate of 11.2%. The County's per capita income remains among the highest in the state. Home prices continue to have measured growth. Commercial real estate sector is impacted by both the uptick in the development pipeline coinciding with the Amazon headquarters development in the County as well as the unfolding pandemic.

All economic indicators pointed to the fact that Arlington was poised to end FY 2020 and begin FY 2021 with steady revenue streams, an overall positive real estate market, and low unemployment levels. However, the COVID-19 (Coronavirus) pandemic quickly and significantly changed the economic outlook across the country and the world, including in Arlington County. Arlington's core sectors like professional services, tech, and government have largely been able to weather the effects of the pandemic by shifting to virtual operations, and Arlington's unemployment rate at 5.7% as of July 2020 remains lower than the national (10.5%) and regional rate (8%). However, as is the case across the country and globe, COVID-19 has negatively impacted the County's hospitality and retail sectors. In April, due to the projected impact of COVID-19 on critical revenues from sales, meals, transient occupancy taxes, property

taxes and fees, the original proposed budget was revised resulting in a budget that was approximately \$51 million less than the original FY 2021 proposed budget. Arlington County continues to prioritize supporting residents and small businesses and protecting the health of the public.

Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2002, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. Arlington’s Comprehensive Plan consists of eleven elements that guide the County’s decisions in areas such as land use, economic development, community character, natural resources, parks and recreation, transportation, housing and historic preservation. These Plan elements have been adopted and amended by the County Board over the course of nearly six decades. The annual budget serves as Arlington’s annual operations plan. The budget continues the multi-year focus on these priorities: economic development, service delivery and transparency, and strategic financial planning and fiscal sustainability.

Arlington Vision

"Arlington will be a diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important."

— Arlington County Board

In February 2020, the County Board proposed a budget for FY 2021 of \$1.396 billion. The budget reflected an increase in the assessment base, increases in a variety of other fines and fees, and growth in all other tax revenue combined. In early April 2020, following the COVID-19 pandemic and its economic impact on the community, the County Manager presented a revised proposed budget. The County projected a significant drop in various revenue streams. Meals tax, sales tax, transient occupancy tax, car rental taxes, interest income, recordation fees, and business and professional occupation license (BPOL) taxes are all very sensitive to changes in the economy. Overall revenues in the original proposed budget to the revised proposed budget were assumed to drop almost \$51 million: from \$1.396 billion (February) to \$1.345 billion (April). The County Manager’s Adopted Budget provided funding to meet projected needs to support emergency assistance to residents (eviction prevention, food), COVID-19 testing, contact tracing, and areas of investment that will help our recovery efforts, for example, assistance to the business community and non-profits.

In October 2020, the three primary rating agencies reaffirmed for Arlington the highest credit rating attainable by jurisdictions. Ratings issued by Fitch (AAA), Moody’s (Aaa) and Standard & Poor’s (AAA) validate that Arlington’s financial position is strong, reflecting conservative budgeting and close monitoring of expenditures, a sizable and diversifying tax base with institutional presence, and strong and balanced historical financial results. In assigning their ratings, the rating agencies did note that they will continue to monitor economically sensitive revenues that could be pressured as a result of the COVID-19 pandemic, and that future credit challenges could result from the County’s reserves and liquidity remaining below similarly rated Counties nationwide. As of June 30, 2020, Arlington is one of 48 counties in the United States with top bond ratings from all three-major bond-rating agencies.

Taxes and Fees

Under state law, the County’s budget must be balanced fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The funding provided for Schools reflects the current revenue-sharing percentage (47 percent of local taxes) as outlined in the Revenue Sharing Principles adopted by the County Board and School Board in January 2015. The County Board maintained the real estate tax rate at \$1.026 cents per hundred dollars of assessed value (including the sanitary district tax) for CY 2020. Arlington continues to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value. Because of assessment growth, the average homeowner will pay \$284 more in real estate taxes in CY 2020 than in CY 2019 at existing tax rates, an increase of 4.2 percent.

Arlington's real property tax base is approximately divided between 49% commercial and 51% residential properties. This balance of tax burden is a fiscal benefit of "smart growth". In addition to holding the real estate tax rate steady, the FY 2021 budget includes no increases to the tax rates of personal property and business tangible property, or business and professional occupational licenses.

Fiscal Sustainability

Consistent with the County's debt and financial policies, the County prepares a multi-year financial forecast. This forecast is intended to help inform, and provide greater awareness to, the Board and the community of medium and long-term budget pressures as policy and service delivery choices are considered. The County is required to adopt a balanced budget annually, so any projected shortfalls would be eliminated through a combination of expenditure and service reductions, revenue increases (either increased taxes or fees), or a combination of the two. The forecast, prepared prior to the COVID-19 pandemic, assumed moderate growth in revenues that increased slightly over time as the impact of increased development was realized in real estate assessments. Other tax growth was expected to show low to moderate growth reflecting the continued strength of the County's businesses.

Since March 2020 with the onset on the COVID-19 pandemic, out-year forecast assumptions made previously are a little more uncertain. Although the County expects the disruption from the COVID-19 pandemic to be temporary, many of the County and Schools' priorities will require continued commitments beyond the continuing services level budget in the coming years including focused investments targeting areas experiencing cost pressures or required to maintain core values – adding funding for education, affordable housing, fiscal reserves, employee compensation, and maintaining services to the most vulnerable in the community.

Reserves and Fiscal Policy

In response to rating agency feedback and a review of peer AAA jurisdictions, the FY 2020 adopted budget strengthened the County's fiscal position. The FY 2020 budget included an additional \$2.7 million in one-time funds to bring the Stabilization Reserve to 0.5% of general fund revenues. In November of 2019, at FY19 Closeout, the County further increased the Stabilization Reserve to 1% of the General Fund Budget. In April of 2020, the County Board adopted a revised the Financial and Debt Management Policy to increase the minimum of the Stabilization Reserve by policy. The County also amended its Financial and Debt Management Policy in the spring of CY 2019 as part of the FY 2020 budget adoption to raise the minimum balance in the General Fund Operating Reserve to 5.5%. In FY 2020, \$1.7M of the Stabilization Reserve was used to fund emergency technology needs. To address the revenue shortfall following the COVID-19 pandemic, the County Board utilized \$4.0 million of the Stabilization Reserve for FY 2021 leaving a balance of \$7.8 million available. Under the County's financial policy, the draw on the Stabilization Reserve is required to be replenished within the subsequent two fiscal years.

Metro

Metro is key to Arlington's commercial corridors and our economic development strategies. The FY 2020 Adopted Budget included a substantial commitment to Metro funding (\$80.9 million). This included local tax support and Arlington's share of state transit aid and gas taxes. Metro's FY 2021 budget is in a state of flux given the decline in ridership, increase in COVID-related expenses, and the possibility that federal CARES Act funding may not resolve this funding gap. The revised adopted WMATA budget assumes that the Silver Line will begin revenue operations in April 2021, a delay from the original budget assumption of July 2020. Further budget reductions were also proposed in September 2020 that would further delay the Silver Line to FY 2022, significantly reduce rail and bus service levels, and potentially include employee layoffs. The County's revised budget reflects a \$1.5 million, or 3% reduction in the County's contribution due to the delay of the Silver Line to April 2021.

Education

Like most local governments, Arlington's largest single expenditure is for education. The public-school system represents more than a third of total General Fund spending, and accounts for almost half of local tax dollars. The County is proud of the continuing accomplishments of its students and schools with the many notable achievements by Arlington Public Schools (APS).

- APS is the recipient of the prestigious Medallion of Excellence Award present by the U.S. Senate Productivity and Quality Awards for Virginia and the District of Columbia.
- All schools are accredited by the Virginia Department of Education according to state accreditation ratings and federal accountability ratings.
- The 2020 Washington Post Challenge Index listed all APS high schools in the top 2% in the U.S. This is the ninth year in a row all APS high schools made the list.
- 11 APS schools received 2020 Virginia Exemplar Performance School Awards for advanced learning and achievement.
- APS is the only district in Virginia in which every preschool slot funded with state dollars is matched and filled with a student.
- Spanish immersion programs are offered at two elementary, one middle, and one high school.
- More than 95% of APS students earn one or more high school credits during middle school.
- Nearly 80% of graduating seniors completed at least one AP or IB course, and 66% of graduates earn an advanced diploma.
- In 2019, 92% of all students graduated on time, and 96% of students who attended comprehensive high schools graduated on time.
- The drop-out rate of 5% represents a decrease by 1.6 percentage points from 2017.
- Arlington ranks second in Virginia with more than 200 teachers who have earned National Board Certification.
- APS was named the top school division in Virginia by Niche.com's 2020 rankings of top schools and school divisions.
- The APS Class of 2020 earned \$52 million in scholarships
- 66% of APS graduates earned an advance diploma and 91% plan to attend a 2- or 4-year college

Due to the pandemic, Arlington Public Schools switched to full-time distance learning, and began the 2020-21 school year on September 8 in the same mode. APS leaders continue to monitor health conditions and are working collaboratively with state and county health officials to review their plans and make adjustments as necessary.

Fire Department

Critical to Arlington's success is the safe and secure community our residents and visitors enjoy. The FY 2021 adopted budget reflects a strategic resource reorganization to better align with the Fire Department's initiatives. The adopted budget reflects the addition of a human resources administrative specialist position. In addition, nine Firefighter/EMT I positions were added to continue staffing for the implementation of a Kelly Day schedule (9.0 FTEs), and a second recruit school was added to accommodate a recruit class of 25 funded with one-time funds. The "Kelly Day" staffing plan will allow firefighters to work a shorter week and remain competitive in the region.

Stormwater

To increase resilience in response to intense rain events and flooding, the County is undertaking a comprehensive review of ways to mitigate flood risks. Design work is already underway for significant investments in watershed-scale solutions in critical areas that have experienced flooding and are identified in the Stormwater Master Plan. The Adopted Capital Improvement Plan (CIP) seeks to strike the right investment balance between water quality, improved maintenance of assets, education, and capacity improvements. To fund this substantial need, the County

will be going to the voters for a \$50.84 million Bond Referenda in November 2020 to provide the authority to issue bonds to fund Stormwater capital projects in FY 2021 and FY 2022 and funding for key projects that will be constructed over a number of years.

Affordable Housing

In keeping with its vision for a diverse and inclusive community, Arlington supports a variety of housing programs to ensure a range of housing choices for households of all types and income levels. The FY 2021 adopted expenditure budget continues the commitment to fund the Affordable Housing Investment Fund (AHIF) at a level matching FY 2020 (\$16 million). The County has acquired a 0.9 acre site (Crystal House 5) that will be the future home of new committed affordable housing. The addition of this site will ensure additional future affordable units can be built to advance the County's affordable housing principles and goals. The FY 2021 budget also provides \$10.1 million for Housing Grants, including an \$0.8 million increase, to meet the estimated increase in demand prior to COVID-19.

Internal Controls and Budgetary Accounting

The County's management is responsible for designing, implementing and monitoring internal controls to protect the assets of the government from loss, theft or misuse and to ensure the financial statements are prepared in conformity with generally accepted accounting principles. To assist in this effort, the County maintains an Internal Audit Program to minimize risk and fraud through systematic evaluation of operations and internal controls. Internal controls are intended to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of controls should not outweigh the benefits that are expected from the controls.

The annual fiscal year budget serves as the annual operating plan and is one of the three major strategic documents in the County regarding planning, in conjunction with the Capital Improvement Plan and the County Comprehensive Plan. Annual appropriations are adopted for the general, utilities, special revenue and internal service funds. Appropriations are controlled at the department level for the general fund and fund level for other funds. Funds can be transferred within the general fund department's operating budget, as long as the total departmental appropriation is not changed without approval from the County Board. The County Board must approve changes to adopted appropriation levels. Typically, changes result from new or additional grant revenue from the state or federal government and from re-appropriations from a previous fiscal year.

A ten-year Capital Improvement Plan is developed and approved separately from the operating budget. The School Board prepares separate operating and capital budgets, supported to a large degree by transfers from the County's General Fund and from the issuance of general obligation bonds.

Capital Improvement Program

The County Manager biennially prepares and proposes a ten-year Capital Improvement Plan (CIP) to the County Board. Beginning in FY 2013, the CIP presented a ten-year plan instead of a six-year plan. The shift to a longer planning horizon has provided many benefits including facilitating better planning and financing of major multi-year transportation and utility projects and analyzing operating budget impacts. The CIP addresses the major facility and infrastructure needs of the County, including the needs of APS. The CIP includes a description of each capital project, identifying sources of funding, including pay-as-you-go (PAY-GO), bond financing, short-term financing, various dedicated funding from storm water, utilities and transportation sources, as well as external funding such as state and federal grants and developer contributions. Project budgets include the financial impact to the operating budget, where applicable to inform decisions about project affordability and sustainability. PAY-GO dollars are traditionally used to fund the maintenance capital program that serves to maintain and extend the useful life of major assets. While major capital projects are generally funded through bonds, the County attempts to maintain an appropriate balance between PAY-GO and debt financed projects in order to maintain an affordable capital program that stays within

established financial policies and considers funding of the County's maintenance capital program. The CIP includes an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.

Due to the COVID-19 pandemic, the planned FY 2021 – FY 2030 CIP was reduced in scope to focus primarily on immediate capital needs in FY 2021, with some out-year investments in public schools, transportation, utilities and stormwater infrastructure projects. The County Manager intends to present an off-cycle CIP in FY 2022 that will cover a longer planning period, with a return to a full ten-year CIP to be presented by FY 2023. The County's CIP for Fiscal Year 2021 was adopted on July 21, 2020, and totals \$277.5 million in capital funding. The CIP includes typical capital projects such as maintenance capital, parks, transportation, metro, neighborhood conservation, government facilities, information technology, public schools, and regionals. The short-term proposal, adopted in July, focused on essential projects and those required under existing agreements or statutory requirements. The projects included under the one-year CIP were guided by the following principles:

- Continue projects that were underway.
- Prioritize projects that improve failing infrastructure and capital assets that are at end of life and protect them from failure.
- Meet legal and regulatory obligations (e.g., Metro).
- Incorporate technology and building investments needed to cope with the impact of the COVID-19 pandemic.
- Follow through on commitments to strengthen the County's stormwater infrastructure.

Financial and Debt Management

The County prudently uses debt instruments, including general obligation bonds, revenue bonds, and short-term financing in order to provide re-investment in public infrastructure and to meet other public purposes, including inter-generational tax equity in capital investment. The County's financial and debt management policies guide the County's capital investments, debt issuance and long-term financial management. The policies are generally based on bond rating agency guidance and criteria for highly rated jurisdictions and best practices in local government finance. These policies are reviewed frequently and were last updated in CY 2020 when the County added new policies for the Stormwater fund as it begins to issue bonds and incur debt service.

The County adheres to the following debt affordability criteria (excluding overlapping and self-supporting debt).

- The ratio of net tax-supported debt service to general expenditures should not exceed ten percent within the ten-year projection.
- The ratio of net tax-supported debt to full market value of real property should not exceed three percent within the ten-year projection.
- The ratio of net tax-supported debt to per capita income should not exceed six percent within the ten-year projection.
- Growth in debt service should be sustainable and consistent with the projected growth of revenues. Debt service growth over the six-year projection should not exceed the average ten-year historical revenue growth.
- The term and amortization structure of County debt will be based on an analysis of the useful life of the asset(s) being financed and the variability of the supporting revenue stream. The County will attempt to maximize the rapidity of principal repayment where possible. In no case will debt maturity exceed the useful life of the project.
- The County will refund debt when it is in the best financial interest of the County to do so. When a refunding is undertaken to generate interest rate cost savings, the minimum aggregate present value savings will be three percent of the refunded bond principal amount.

Variable Rate Debt

- Variable rate debt exposure should not exceed twenty percent of total outstanding debt.
- Debt service on variable rate bonds will be budgeted at a conservative rate.

- Before issuing variable rate bonds, the County will determine how potential spikes in the debt service will be funded.
- Before issuing any variable rate bonds, the County will determine the impact of the bonds on the County's total debt capacity under various interest rate scenarios; evaluate the risk inherent in the County's capital structure, giving consideration to both the County's assets and its liabilities; and develop a method for budgeting for debt service.

Moral Obligation Debt or Support

On an infrequent basis, the County provides its "moral obligation" support for partners, including regional public safety agencies and affordable housing partners, among others. A moral obligation exists when the County Board has made a commitment to support the debt of another entity to prevent a potential default. The County's moral obligation is only authorized after an evaluation of the risk to the County's balance sheet and stress testing of the financial assumptions underlying the proposed project. The County Board has approved credit support for the long-term financing of the Gates of Ballston for an amount not to exceed \$23.0 million.

Annual Disclosure

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the County has agreed, for the benefit of the owners of County general obligation bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depositor, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal year, commencing with the fiscal year ended June 30, 1996. The County is currently in compliance with the arrangement to file this information through Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB). The financial information which the County has agreed to annually provide includes "Debt Statement", "Total General Obligation Debt Service", "Ten-Year Summary of General Fund Revenues and Expenditures", "General Fund Balance", "Principal Tax Revenues by Source", "Property Tax Levies and Collections", "Historical Assessed Valuation", "Local Sales Tax Revenue", "Business and Professional License Tax Revenues", "Description of County's Wastewater and Water Systems", "Debt Payable From or Secured By County's Wastewater and Water Systems", and "Financial Information and Operating Data for the Utilities Enterprise Fund, as of the Preceding Fiscal Year, including Description of Revenues and Expenses, Largest Users, Summary of Rates and Fees, and a Historical Summary of Debt Service Coverage". These are included as Exhibit S-3 and Notes to the Financial Statements #9, Table I, Table I-1, Table D, Table D-1, Table D-2, Table C, Table E, Table H, Table F, Exhibits S-9, S-10, and G-2, Table S, Table V, Exhibit D-1, D-2, and D-3, and Table U. The Virginia Resources Authority requires certain additional financial information to be disclosed annually. The financial information which the County has agreed to provide annually includes "Certificate of No Default signed by the Finance Director", "Certificate of Consulting Engineer" and "Evidence of Comprehensive General Liability Insurance". These are included in Tables Q, T and W.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the 34th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report in accordance with standards established by the Governmental Accounting Standards Board (GASB), GAAP and applicable legal and compliance requirements established by law.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented the *Award for Distinguished Budget Presentation* to the County for its FY 2020 budget. This award is the highest form of recognition in governmental budgeting.

The School Board’s Adopted FY 2020 Budget received the *Association for School Business Officials International Meritorious Budget Award* for the eleventh time.

County Acknowledgements

The County continues to maintain a strong financial position through responsible and progressive management of financial operations, by thorough bond official statement disclosure practice, and sound accounting and financial reporting practices. We strongly support the efforts of the Auditor of Public Accounts of the Commonwealth of Virginia, the GASB, and the GFOA to improve accounting and financial reporting standards. The implementation of standards provides, in the County’s opinion, a sound framework for a truly “comprehensive” annual financial report. The preparation of this CAFR was made possible by the efficient and dedicated services of the staff of the Department of Management and Finance. In addition, this report could not have been completed without the active participation of the Treasurer’s Office, the Office of the Assistant Superintendent of Finance in the APS, the County Attorney’s Office, the Commissioner of Revenue’s Office, and the staff of the County’s Retirement Office.

We would like to express our sincere thanks to the staff of the Department of Management and Finance, and to all others who have contributed to the preparation of this report.

Respectfully submitted,

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Maria Meredith
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Maria R. Meredith, Director
Department of Management and Finance

DocuSigned by:
Rahul Bhalla
4712FB133B6D406...

Rahul Bhalla, Comptroller
Department of Management and Finance



Government Finance Officers Association

Certificate of
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for Excellence
in Financial
Reporting

Presented to

**Arlington County
Virginia**

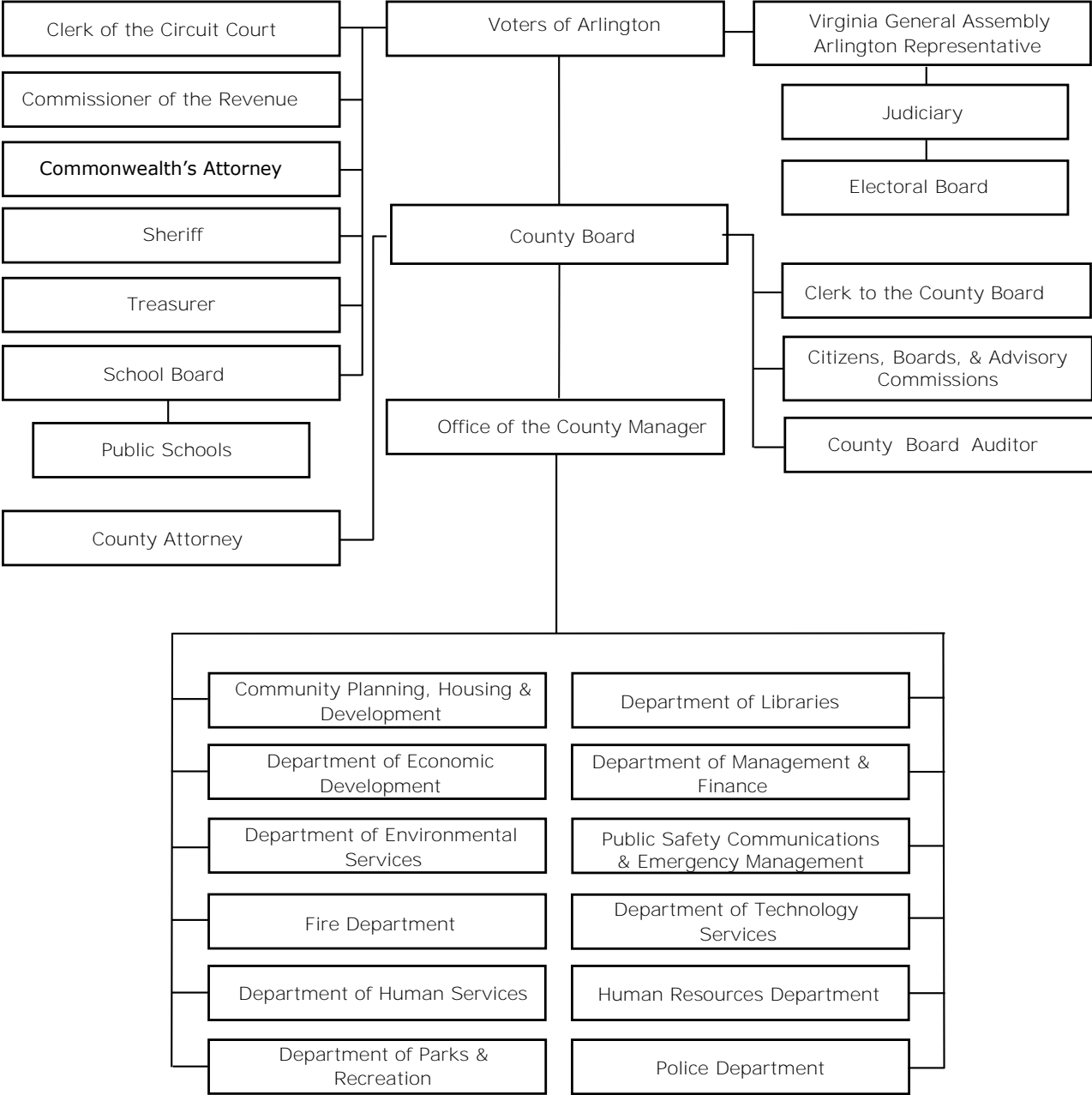
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



**ARLINGTON COUNTY, VIRGINIA
DIRECTORY OF OFFICIALS
June 30, 2020**

COUNTY BOARD

Libby Garvey, Chair

Christian Dorsey, Vice Chair

Katie Cristol

Matt de Ferranti

Takis P. Karantonis (elected 7/7/2020)

COUNTY SCHOOL BOARD

Monique O'Grady, Chair

Barbara Kanninen, Vice Chair

Tannia Talento

Reid Goldstein

Nancy Van Doren

FINANCE BOARD

Christian Dorsey, Chair

Carla de la Pava

Theo Stamos

Laura Triggs

JUDICIAL

Circuit Court Judges:

William T. Newman Jr.
Daniel S. Fiore, II
Louise M. DiMatteo
Judith L. Wheat

General District Court Judges:

Jason S. Rucker
Daniel Tomas Lopez
Romaine Frances O'Brien

Juvenile and Domestic Relations:

Robin L. Robb
George D. Varoutsos

**ARLINGTON COUNTY, VIRGINIA
DIRECTORY OF OFFICIALS (continued)**

COUNTY OFFICIALS

Elective

Attorney for the Commonwealth
Clerk of the Court
Commissioner of the Revenue
Sheriff
Treasurer

Parisa Dehghani-Tafti
Paul Ferguson
Ingrid H. Morroy
Beth Arthur
Carla de la Pava

Administrative – General County

County Manager
Deputy County Manager
Deputy County Manager
Deputy County Manager
Chief Race and Equity Officer
County Attorney
Clerk to the County Board
County Auditor
Director of Community Planning, Housing and Development
Director of Parks and Recreation
Fire Chief
Director of Department of Human Services
Director of Department of Libraries
Director of Department of Management and Finance
Director of Department of Human Resources
Chief of Police
Director of Department of Environmental Services
Director of Department of Technology Services
Director of Department of Economic Development
Registrar of Voters
Director of Public Safety and Emergency Communications

Mark J. Schwartz
Michelle G. Cowan
Shannon Flanagan-Watson
James H. Schwartz
Samia Byrd
Stephen MacIsaac
Kendra Jacobs
Dr. Chris Horton
Claude Williamson
Jane Rudolph
David Povlitz
Anita Friedman
Diane Kresh
Maria Meredith
Marcy Foster
Jay Farr
Greg Emanuel
Jack Belcher
Telly Tucker
Gretchen Reinemeyer
Aaron Miller

Administrative - County School Board

Superintendent of Schools
Clerk of the School Board
Deputy Clerk of the School Board
Internal Auditor Director
Assistant Superintendent, Human Resources
Assistant Superintendent, Finance & Management Services
Assistant Superintendent, Information Services
Assistant Superintendent, Teaching & Learning
Assistant Superintendent, Administrative Services
Assistant Superintendent, School & Community Relations
Assistant Superintendent Operations and Facilities
Chief Diversity, Inclusion, and Equity Officer
Executive Director, Planning and Evaluation
Chief of Staff, Superintendent's Office

Dr. Franisco Duran
Melanie Elliott
Claudia Mercado
John Mickevics
Dan Redding
Leslie Peterson
Raj Adusumilli
Bridget Loft
Cintia Z. Johnson
Catherine Ashby
John Chadwick
Arron Gregory
Lisa Stengle
Brian Stockton

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FINANCIAL SECTION

The Financial Section includes the report of independent auditor, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.

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Report of Independent Auditor

The County's financial statements and accounting systems are audited each fiscal year by an independent public accounting firm. The audits are conducted in accordance with generally accepted auditing standards, governmental auditing standards and the "single audit" concept applicable to Federally Assisted Programs.

The report of independent auditor on the County's financial statements is contained in this section. The reports required under the "single audit" concept are included in the Federal Grant Activity section of this report, entitled "FEDERALLY ASSISTED PROGRAMS."

Report of Independent Auditor

To the Honorable Members of the County Board
Arlington County, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership, which represents 6.6%, 6.9%, and 1.3%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gates Partnership, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Gates Partnership were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information as and for the year ended June 30, 2020 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the County's basic financial statements for the year ended June 30, 2019, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The Other Supplementary Information on Exhibits A-1, A-2, B-1, B-2, C-1, C-2, D-1, D-2, D-3, E-1, E-2, E-3, F-3, G-1, G-2, G-4, G-5, S-9, and S-10 present summarized comparative totals as of and for the year ended June 30, 2019 and are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these summarized comparative totals presented as of and for the year ended June 30, 2019 are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Cheryl Bekant LLP

Tysons Corner, Virginia
November 6, 2020



Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide the narrative introduction and overview that users need to interpret the Basic Financial Statements. MD&A also provides financial highlights of some key data presented in the Basic Financial Statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Arlington County, Virginia ("the County"), we offer readers of the County's annual financial statements this overview and analysis of the financial activities of the County and its component units (i.e., Arlington Public Schools ("Schools") and Gates Partnership) for the fiscal year ended June 30, 2020.

This report is intended to provide accountability and insight into the County's financial results and their implications for operational performance given the overall goals and objectives adopted by the County Board. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found within the "Introductory Section" at the front of this report, as well as the County's financial statements that follow this section.

Throughout this report, the "County" is also referred to as the "Primary Government." The "Total Reporting Entity" represents the entity as a whole, comprised of the County and its component units. Since Arlington Public Schools, Gates Partnership and the County have a material relationship, the Total Reporting Entity presents a more accurate and comprehensive picture of the fiscal operations of the County.

Financial Highlights

Government Wide

- The total reporting entity has a positive net position of \$2,393.7 million at June 30, 2020 (Exh. 1).
- For FY 2020, taxes and other revenues of the County's governmental activities amounted to \$1,515.4 million. Expenses amounted to \$1,368.0million. (Exh. 2)
- For FY 2020, revenues of the County's business-type activities were \$136.6 million, and expenses were \$109.0 million.

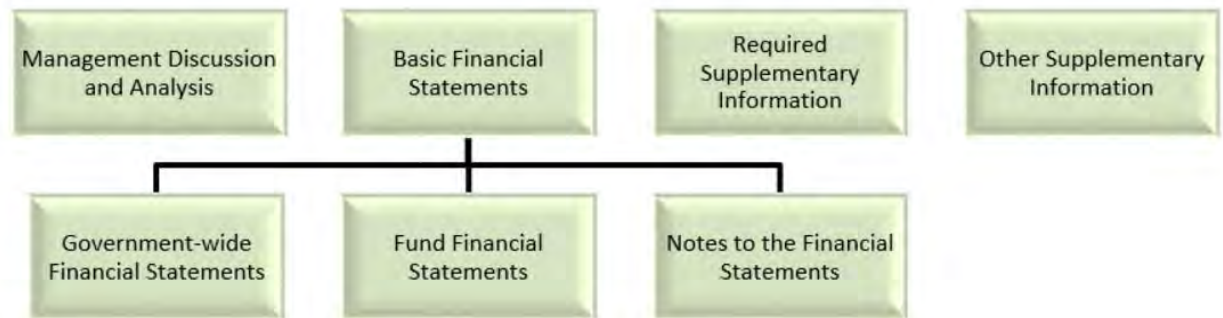
Fund Level

- As of June 30, 2020, the County's governmental funds reported combined fund balances of \$621.5 million, a decrease of \$84.6 million over FY 2019. (Exh. 3)
- The County's general fund reported a fund balance of \$246.9 million, an increase of \$13.9 million, or 6.0%, from June 30, 2019.
- Debt service (principal and interest) payments in FY 2020 totaled \$72 million. Debt service covers capital projects for County government activities and component units, namely Schools.

Other Financial Highlights

- County actions over the last five years have positioned Arlington to confront the pandemic and recession from a position of relative strength. Those actions include but are not limited to, diversification of local employment base, economic development successes including Amazon's HQ2, and bolstered reserves.
- Reserves, fiscal constraint, and active financial management have allowed a nimble response to the impacts of COVID-19.
- The County received its first installment (\$20.6 million) of federal CARES monies in June. CARES funds are restricted to cover eligible costs incurred due to the pandemic. COVID-19 related direct and indirect funding straddling both fiscal years exceeds \$65 million.
- The County delayed issuing General Obligation bonds as a result of the pandemic and therefore there is a reduction in the total outstanding general obligation bond debt of \$96.5 million when compared to FY 2019.
- All vacant positions were frozen and re-filling critical positions were individually, thoughtfully evaluated.

Components of the Financial Section



Overview of the Financial Statements

The Comprehensive Annual Financial Report (“CAFR”) consists of four sections: introductory, financial, statistical and federally assisted programs. As the above chart shows, the financial section of this report has four components – *management’s discussion and analysis* (this section), *the basic financial statements and notes*, *the required supplementary information* (“RSI”) and the *other supplementary information*.

The County’s basic financial statements consist of two kinds of statements, each with a different view of the County’s finances. The government-wide financial statements provide both long-term and short-term information about the County’s overall financial status. The fund financial statements focus on major aspects of the County’s operations, reporting those operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the County’s accountability. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statements and notes are followed by required supplementary information that contains the budgetary comparison schedule for the general fund and trend data pertaining to the retirement and postemployment systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental, enterprise, internal service, fiduciary, and component unit funds.

Government-wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the County’s finances, in a manner similar to a private-sector business. In addition, they report the County’s net position and how it has changed during the fiscal year.

The *statement of net position* presents information on all of the total reporting entity’s assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position as shown in Exhibit 1. Over time, increases or decreases in net position serve as a useful indicator to demonstrate whether the financial position of the County is improving or deteriorating.

The *statement of activities* as shown in Exhibit 2, presents information on how the total reporting entity’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and compensated absences (i.e., earned but unused vacation leave).

The government-wide financial statements are divided into three categories:

Governmental Activities – These activities are principally supported by taxes, other local taxes, and federal and state grants. Most of the County’s basic services are reported here, including general government, public safety, environmental services, health and welfare, libraries, parks, recreation and culture, planning and community development, and education.

Business-type Activities – The County charges fees to customers to help it cover the costs of certain services it provides. The business-type activities of the County include the utilities, the public parking garage operations, and planning, housing and community development.

Component Units – The County includes two other entities in its report - Arlington County Public Schools (“Schools”), a legally separate school system for which the County is financially accountable and Gates Partnership for which the County has the ability to impose will and fiscal dependency.

The County’s governmental and business-type activities are collectively referred to as the primary government. Together, the primary government and its component units are referred to as the reporting entity.

The government-wide financial statements can be found in Exhibit 1 and Exhibit 2 of this report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County and Schools, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has three kinds of funds:

Governmental funds – Most of the County’s basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds’ statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided in an accompanying schedule to the governmental funds statement that explains the relationship (or differences) between them.

The County adopts an annual appropriated budget for its general fund, special revenue funds, capital projects fund and internal service funds, including Schools’ operating expenses within separate funds established. Budgetary comparison statements have been provided for the general fund and special revenue funds to demonstrate compliance with the budget.

The County’s governmental funds’ financial statements can be found in Exhibit 3 and Exhibit 4. The reconciliation of the County’s governmental funds’ financial statements to the County’s government-wide financial statements are shown in Exhibit 3(A) and Exhibit 4(A). General fund, special revenue funds and capital project funds’ financial statements can be found in Exhibit A-1 through Exhibit C-3 and Exhibit 11-A. Non-major governmental funds’ financial statements can be found in Exhibit X and Exhibit Y of this report. Combining statements for the Schools’ governmental funds’ financial statements can be found in Exhibit G-1 through G-3. The reconciliation of Schools’ governmental funds’ financial statements to the Schools government-wide financial statements are shown in Exhibit G1(A) and Exhibit G2(A) of this report.

Proprietary funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like government-wide financial statements, provide both long-term and short-term financial information. The County uses enterprise funds to account for its utilities (water and sewer operations), its public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, and the Community Planning and Housing Development (CPHD) Fund. Internal service funds are created as an accounting device used to accumulate and allocate costs internally among the County’s various functions. The County uses internal service funds to account for the operation and maintenance of its fleet of vehicles and printing operation. Because both of these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary funds' financial statements can be found in Exhibit 5 through Exhibit 7. Combining statements for enterprise funds can be found in Exhibit D-1 through Exhibit D-3. Combining statements for internal service funds are shown in Exhibit E-1 through Exhibit E-3 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds account for a pension trust fund, an OPEB trust fund, private purpose trust funds and agency funds. The pension trust fund is used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plan. The OPEB trust funds are used to account for the assets held in trust by the County and Schools for other postemployment benefits other than pensions, such as health care and life insurance. Private purpose trust funds are used to report resources held in trust for the Alexandria/Arlington Facility Monitoring Group, IDA – Ballston Skating Facility and IDA Signature Theater. The agency fund reports resources held by the County in a custodial capacity for individuals, private organization and other governments.

The County's basic fiduciary funds' financial statements can be found in Exhibits 8 and 9. Combining fiduciary financial statements are presented on Exhibit F-1 through Exhibit F-5. Schools' fiduciary fund financial statements are shown in Exhibit G-4 and Exhibit G-5 of this report.

Notes to the Financial Statements: The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the section titled "Notes to the Financial Statements" of this report.

Financial Analysis of the County as a Whole

Net Position

Net position may serve over time as a useful indicator of government's financial position. As of June 30, 2020, net position for the total reporting entity was \$2,393.7 million. The following table (Table A-1) reflects the condensed Statement of Net Position for FY 2020 and FY 2019:

Table A-1
Condensed Statement of Net Position
June 30, 2020
With Comparative Totals for June 30, 2019
(in millions of dollars)

| | Primary Government | | | | | | Component Units | | | | | |
|--------------------------------|-------------------------|-----------|--------------------------|---------|-----------|-----------|-----------------|---------|-------------------|--------|------------------------|-----------|
| | Governmental Activities | | Business-type Activities | | Total | | Schools | | Gates Partnership | | Total Reporting Entity | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$1,340.2 | \$1,492.8 | \$93.3 | \$96.0 | \$1,433.5 | \$1,588.8 | \$222.4 | \$294.7 | \$6.3 | \$6.2 | \$1,662.3 | \$1,889.7 |
| Capital assets | 1,471.7 | 1,351.4 | 1,071.2 | 1,063.8 | 2,542.9 | 2,415.2 | 816.8 | 774.0 | 66.9 | 68.8 | 3,426.6 | 3,258.0 |
| Total assets | 2,811.9 | 2,844.2 | 1,164.5 | 1,157.4 | 3,976.4 | 4,004.0 | 1,039.2 | 1,068.7 | 73.2 | 75.0 | 5,088.8 | 5,147.7 |
| Deferred outflows of resources | 169.0 | 81.9 | - | - | 169.0 | 81.9 | 151.8 | 109.2 | - | - | 320.8 | 191.2 |
| Long-term debt outstanding | 1,448.2 | 1,538.7 | 259.1 | 280.0 | 1,707.4 | 1,818.7 | 740.0 | 672.7 | 48.4 | 49.6 | 2,495.8 | 2,541.0 |
| Other liabilities | 166.7 | 188.5 | 27.3 | 29.2 | 194.0 | 217.8 | 81.6 | 95.4 | 1.7 | 1.7 | 277.4 | 314.9 |
| Total liabilities | 1,614.9 | 1,727.2 | 286.5 | 309.2 | 1,901.4 | 2,036.5 | 821.7 | 768.1 | 50.1 | 51.3 | 2,773.2 | 2,855.9 |
| Deferred inflows of resources | 181.6 | 162.0 | 1.9 | 2.1 | 183.6 | 164.1 | 59.1 | 67.1 | - | - | 242.7 | 231.2 |
| Net Position: | | | | | | | | | | | | |
| Investment in capital assets | 794.0 | 731.0 | 852.2 | 820.8 | 1,646.2 | 1,551.8 | 805.4 | 760.3 | 18.5 | 19.2 | 1,996.8 | 1,849.5 |
| Restricted for: | | | | | | | | | | | | |
| Capital projects | 46.2 | 147.8 | - | - | 46.2 | 147.8 | 79.9 | 129.1 | - | - | 126.1 | 276.8 |
| Seized assets | 1.7 | 1.6 | - | - | 1.7 | 1.6 | - | - | - | - | 1.7 | 1.6 |
| Grants | 1.6 | 0.7 | - | - | 1.6 | 0.7 | 4.6 | 5.1 | - | - | 6.2 | 5.8 |
| Unrestricted | 340.8 | 155.7 | 23.9 | 27.7 | 364.7 | 183.4 | (579.7) | (551.8) | 4.6 | 4.5 | 262.9 | 118.1 |
| Total Net Position | \$1,184.3 | \$1,036.8 | \$876.1 | \$848.5 | \$2,060.4 | \$1,885.3 | \$310.2 | \$342.7 | \$23.1 | \$23.7 | \$2,393.7 | \$2,251.8 |

Note: Totals may not add due to rounding.

For governmental activities, assets and deferred outflows of resources (outflows that are expected to benefit future periods) exceeded liabilities and deferred inflows of resources (inflows that are for future periods) by \$1,184.4 million.

For business-type activities, assets exceeded liabilities and deferred inflows of resources by \$876.1 million. For primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total of \$2,060.4 million at the close of the most recent fiscal year. In the case of the Schools, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$310.2 million, and in the case of the Gates Partnership, assets exceeded liabilities by \$23.1 million.

By far the largest portion of the primary government and component units' net position reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment, infrastructure, capitalized projects), less any related debt used to acquire those assets. This represents 83.4% of the total reporting entity's net position. The primary government and Schools use these capital assets to provide a variety of services to its citizens. Consequently, these assets are long-term in nature and not available for future spending. Although the primary government and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other liquid sources of funds, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position of the primary government and Schools represents resources that are subject to external restrictions on how they may be used. The restricted net position was 5.6% of the net position of the total reporting entity as of June 30, 2020. The unrestricted net position was 11% of the net position of the total reporting entity.

In Virginia, state law provides that a school board is a separate legal entity and has long held that school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia’s local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. To accommodate changes in GAAP, a state law was passed in FY 2002 to allow the County and Schools to consider the debt-financed Schools’ assets owned by “tenancy in common” and would permit the County to display these assets in the County column. The County has chosen not to do so. However, in accordance with GAAP, Schools’ debt shown in the government-wide financial statements has been excluded in the calculation of net investment in capital assets within the governmental activities’ column of the primary government and has been included in the calculation for the total reporting entity column. The total reporting entity column, which displays the unrestricted capital assets for the entire government, therefore, gives a more complete picture of debt-financed capital assets for the County. Additional information is provided in Note 10.

Changes in Net Position

The activities of the primary government and component units as of June 30, 2020 increased net position from FY 2019 as follows:

| Total Reporting Entity | Increase/(Decrease) in Net Position | | | |
|------------------------------------|-------------------------------------|------------------|----------------|------------|
| | 2020 | 2019 | \$ In millions | Percentage |
| Governmental | \$1,184.3 | \$1,036.9 | \$147.4 | 14.2% |
| Business-type | 876.1 | 848.5 | 27.6 | 3.3% |
| Component unit - Schools | 310.2 | 342.7 | (32.5) | -9.5% |
| Component unit - Gates Partnership | 23.1 | 23.7 | (0.6) | -2.5% |
| Change in Net Position | \$2,393.7 | \$2,251.8 | \$141.9 | |

Note: Totals may not add due to rounding.

The following table (Table A-2) displays the changes in net position for FY 2020 and FY 2019:

Table A-2
Statement of Changes in Net Position
Year Ended June 30, 2020
With Comparative Totals for June 30, 2019
(in millions of dollars)

| | Primary Government | | | | | | Component Units | | | | | |
|---|-------------------------|------------------|--------------------------|----------------|------------------|------------------|-----------------|----------------|-------------------|---------------|------------------------|------------------|
| | Governmental Activities | | Business-type Activities | | Total | | Schools | | Gates Partnership | | Total Reporting Entity | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues | | | | | | | | | | | | |
| Program revenues | | | | | | | | | | | | |
| Charges for services | \$82.7 | \$89.6 | \$134.2 | \$132.1 | \$216.9 | \$221.7 | \$19.3 | \$24.2 | \$7.9 | \$7.6 | \$244.1 | \$253.5 |
| Operating grants and contributions | 144.8 | 130.0 | - | - | 144.8 | 130.0 | 70.3 | 68.2 | - | - | 215.1 | 198.2 |
| Capital grants and contributions | - | - | 1.5 | 2.7 | 1.5 | 2.7 | - | - | - | - | 1.5 | 2.7 |
| General revenues | | | | | | | | | | | | |
| Property taxes | 965.4 | 926.1 | - | - | 965.4 | 926.1 | - | - | - | - | 965.4 | 926.1 |
| Other local taxes | 218.6 | 230.2 | - | - | 218.6 | 230.2 | 30.7 | 28.4 | - | - | 249.3 | 258.6 |
| Revenue from general fund | - | - | -0.3 | 0.4 | -0.3 | 0.4 | 518.7 | 569.7 | - | - | 518.3 | 570.1 |
| Investment and interest earnings | 22.1 | 30.5 | 1.1 | 2.3 | 23.2 | 32.8 | 1.6 | 2.6 | 0.1 | - | 24.8 | 35.4 |
| Miscellaneous | 81.9 | 2.3 | - | - | 81.9 | 2.3 | - | - | 0.1 | 0.1 | 82.0 | 2.4 |
| Total revenues | 1,515.4 | 1,408.7 | 136.6 | 137.5 | 1,652.0 | 1,546.2 | 640.6 | 693.1 | 8.1 | 7.7 | 2,300.7 | 2,247.0 |
| Deferred inflows | | | | | | | | | | | | |
| Expenses | | | | | | | | | | | | |
| General government | 270.9 | 255.3 | - | - | 270.9 | 255.3 | - | - | - | - | 270.9 | 255.3 |
| Public safety | 152.7 | 138.5 | - | - | 152.7 | 138.5 | - | - | - | - | 152.7 | 138.5 |
| Environmental services | 117.7 | 107.8 | - | - | 117.7 | 107.8 | - | - | - | - | 117.7 | 107.8 |
| Health and welfare | 158.4 | 143.4 | - | - | 158.4 | 143.4 | - | - | - | - | 158.4 | 143.4 |
| Libraries | 14.5 | 13.7 | - | - | 14.5 | 13.7 | - | - | - | - | 14.5 | 13.7 |
| Parks, culture and recreation | 47.8 | 54.9 | - | - | 47.8 | 54.9 | - | - | - | - | 47.8 | 54.9 |
| Planning and community development | 60.8 | 56.7 | - | - | 60.8 | 56.7 | - | - | - | - | 60.8 | 56.7 |
| Education | 518.4 | 495.8 | - | - | 518.4 | 495.8 | 673.0 | 641.0 | - | - | 1,191.4 | 1,136.8 |
| Debt service: | | | | | | | | | | | | |
| Interest and other charges | 26.7 | 22.8 | - | - | 26.7 | 22.8 | - | - | - | - | 26.7 | 22.8 |
| Water and sewer | - | - | 85.6 | 90.1 | 85.6 | 90.1 | - | - | - | - | 85.6 | 90.1 |
| CPHD Development Fund | - | - | 16.5 | 15.2 | 16.5 | 15.2 | - | - | - | - | 16.5 | 15.2 |
| Parking garage | - | - | 6.7 | 7.8 | 6.7 | 7.8 | - | - | - | - | 6.7 | 7.8 |
| 8th Level Ballston Public Parking Garage | - | - | 0.2 | 0.2 | 0.2 | 0.2 | - | - | - | - | 0.2 | 0.2 |
| Rental Properties | - | - | - | - | - | - | - | - | 8.7 | 8.6 | 8.7 | 8.6 |
| Total expenses | 1,368.0 | 1,288.8 | 109.0 | 113.3 | 1,477.0 | 1,402.3 | 673.0 | 641.0 | 8.7 | 8.6 | 2,158.7 | 2,051.8 |
| Increase/(Decrease) in Net Positions | 147.4 | 119.9 | 27.7 | 24.2 | 175.1 | 144.1 | (32.5) | 52.1 | (0.6) | (0.9) | 142.0 | 195.2 |
| Net Position-Beginning | 1,036.9 | 917.0 | 848.5 | 824.3 | 1,885.4 | 1,741.3 | 342.7 | 290.6 | 23.7 | 24.6 | 2,251.8 | 2,056.5 |
| Net Position-Ending | \$1,184.3 | \$1,036.9 | \$876.2 | \$848.5 | \$2,060.5 | \$1,885.4 | \$310.2 | \$342.7 | \$23.1 | \$23.7 | \$2,393.7 | \$2,251.8 |

Note: Totals may not add due to rounding.

Revenues

Overall, revenues for the County's primary government activities were \$1,652.0 million for fiscal year 2020 representing an increase of \$105.8 million from the prior year. Taxes constitute the largest source of primary government revenues, amounting to \$1,184.0 million for FY 2020, an increase of \$27.7 million over FY 2019. Real Estate taxes increased by \$36.8 million to \$844.9 million due to increased assessments in the County and an increase to the tax rate in CY 2019. Personal property taxes increased by \$2.5 million to \$120.5 million. Higher personal property tax revenue is driven primarily by higher than anticipated business tangible tax receipts. Other local tax revenue, which includes taxes on business licenses, general sales tax, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other, totaled \$218.6 million, which is a decrease of \$11.6 million from FY 2020. The decrease in other local tax revenue is due to the negative impact of COVID 19 on local businesses.

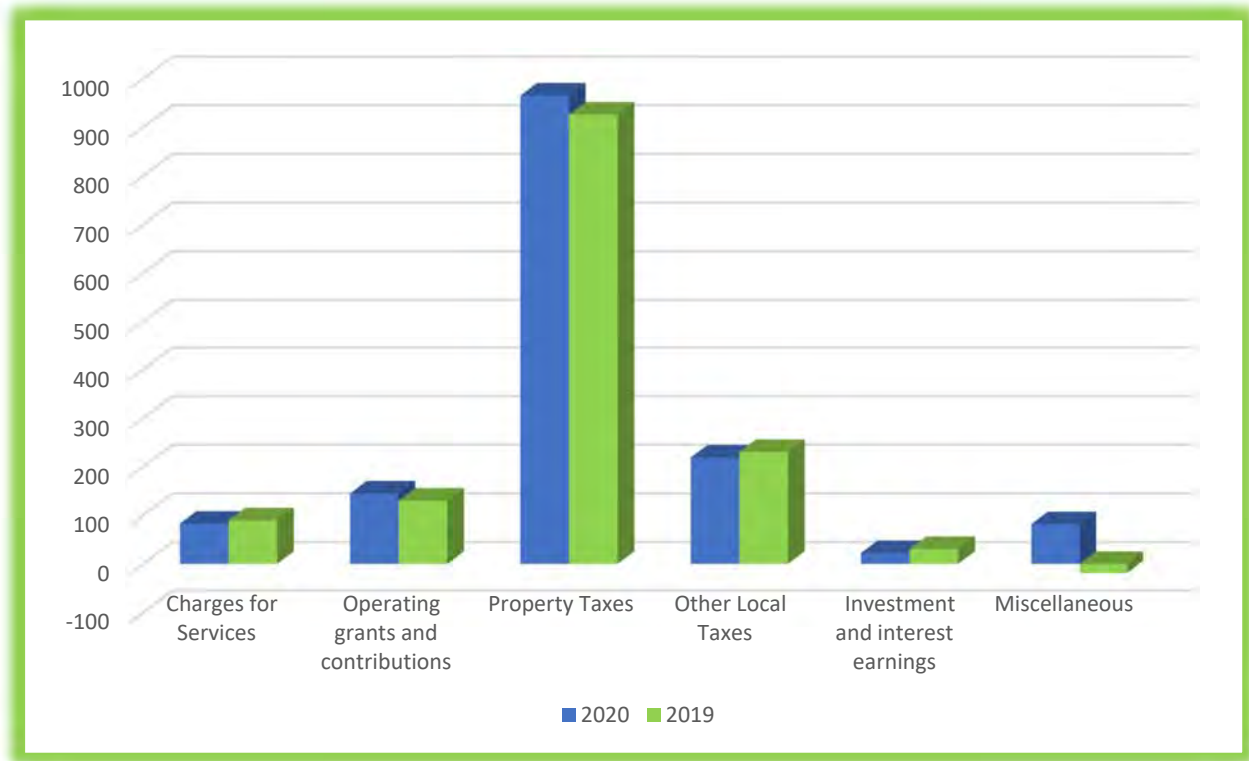
Program revenues are derived directly from the programs run by various departments and reduce the net cost for various functions. Total program revenues for primary government were \$361.7 million. Operating grants and contributions represent 40% of program revenues, totaling \$144.8 million. Charges for services totaled \$216.9 million.

Component unit activities generated combined revenues of \$648.7 million, aside from general fund revenue, primarily from charges for services totaling \$27.2 million. Total revenues decreased from FY 2019 by \$52.1 million mainly

because of a decrease of \$51 million in revenue from general fund due to the tax revenue decreases as a result of the pandemic.

Chart A-3 displays the sources of revenue within governmental activities with a comparison between fiscal year 2020 and fiscal year 2019.

Chart A-3
Sources of Revenue from Governmental Activities
For Fiscal Years 2020 and 2019
(in millions)



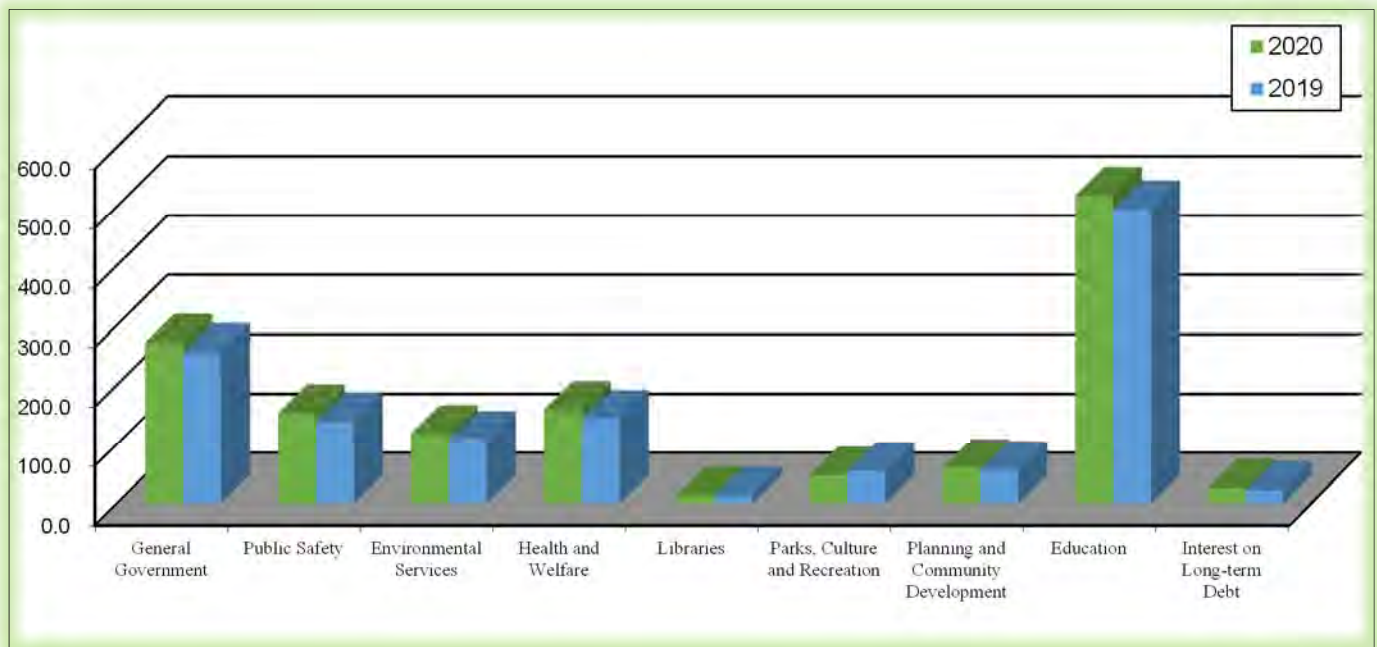
Expenses

Total expenses of the County's governmental activities for FY 2020 were \$1,368.0 million, representing an increase of \$79.2 million from FY 2019. County's transfers to Arlington Public Schools for FY 2020 were \$518.7 million, a decrease of \$22.6 million from the previous fiscal year due to capital expenditure timing. As the chart A-4 indicates, at 38% education continues to be the County's largest program.

Expenses for the County's business-type activities totaled \$109 million, which provided water and sewer utility services, parking garage operations and planning and zoning services.

The following (Chart A-4) displays the net costs of the governmental activities:

Chart A-4
Net Expense of Governmental Activities
For Fiscal Years 2020 and 2019



Financial Analysis of Governmental Funds

The County and Schools use fund accounting in accordance with GAAP to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's and Schools' governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's and Schools' financing requirements. For example, unrestricted (committed and assigned) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of FY 2020, the County's governmental funds reported combined fund balances of \$621.5 million, a decrease of \$84.6 million in comparison with the prior year.

Non-spendable and restricted fund balance equates to 8.3% or \$51.6 million of the total governmental funds' balance and is comprised of inventories and pre-paid items or restricted funds related to seized assets, capital projects and grants that cannot be used for other purposes.

Committed fund balance constitutes 81.2% or \$504.4 million of the total governmental fund balance. This constitutes committed funds, which can only be used for specific purposes already imposed by a formal action of the County Board. \$176.4 million or 35% of the total committed fund balance is from the general fund. The remaining fund balance of \$65.5 million is appropriated for ongoing capital projects.

The County's governmental fund balance of \$68.3 million in assigned fund balance represents funds that are intended for specific purposes designated and proposed by the County Manager and are set aside for appropriation by the County Board as a part of the County's year-end close out process. Included therein is an amount of \$4.9 million representing unrealized gain from investments which resulted from measuring them at their fair market value. It is the County's practice to hold the investments until maturity because this insulates the County from any gains or losses resulting from temporary changes in market value.

The general fund is one of the major governmental funds of the County. At the end of FY 2020, the general fund's fund balance was \$246.9 million or 39.7% of the total governmental funds' fund balance. \$99.8 million of the committed fund balance represents reserves set aside in accordance to the County Board's policy for unexpected critical and unpredictable financial needs. These reserves include a General Fund Operating Reserve of \$74 million, which is set at 5.5% of general fund revenue, a Stabilization Reserve adopted at 1% of the general fund, COVID contingency of \$10.2 million, and a Self-insurance Reserve of \$5.0 million. The Stabilization Reserve was used in FY 2020 for emergency technology needs and in FY 2021 to offset for lost revenue due to the impacts of the pandemic resulting in a current balance of \$7.8 million. It has been proposed that \$2.6 million be replenished to the Stabilization Reserve in November 2020. The Stabilization Reserve, Stabilization Reserve replenishment and COVID contingency are reported as the Stabilization Reserve/COVID contingency on Exhibit 3 and Schedule A-1. Total reserves represent 56.6% of the total governmental funds' committed fund balance and equate to 40.4% of the general fund's total fund balance.

At the end of FY 2020, committed and assigned fund balance for the general fund was \$244.7 million or 99.2% of the total general fund balance. \$61.4 million or 24.9% of the general fund's fund balance represents the County's commitment, both committed and assigned, to provide affordable housing that ultimately benefit low income households.

As a measure of the general fund's liquidity, it is useful to compare both committed and assigned fund balances and total fund balance to total expenditures. In FY 2020, committed and assigned fund balance equated to 19% of general fund expenditures. The total general fund's fund balance represents 19.1% of total general fund expenditures.

As of June 30, 2020, the total general fund's fund balance increased from prior year by 6% to \$246.9 million. The increase in the general fund balance was driven primarily by a decrease in expenditures due to fiscal constraint in response to COVID-19, increases to reserves from FY 2019, School expenditure savings, and real estate tax revenue above budget.

In addition to the core reserves described above, the County has reserves in other funds which are available to allow the County to respond to unforeseen events or deeper impacts.

| | <u>Reserves</u> |
|---|-------------------------|
| | <i>(\$ in millions)</i> |
| General fund committed/assigned reserves: | |
| Operating reserve | \$74.0 |
| Stabilization Reserve/COVID Contingent ¹ | 20.8 |
| Self-insurance reserve | 5.0 |
| Other committed | 76.6 |
| Other assigned | 68.3 |
| General fund unassigned reserves | 0 |
| Total general fund reserves | 244.7 |
| Internal service fund reserves: | |
| Automotive equipment reserves | 8.5 |
| Enterprise fund reserves: | |
| CPHD Development fund | 14.9 |
| General Capital Projects fund available reserves² | 102.1 |
| Total reserves available | \$370.2 |

¹ Includes Stabilization Reserve of \$7.8 million, proposed Stabilization Reserve Replenishment of \$2.6 million and COVID contingent of \$10.2 million.

² General Capital Projects Fund available reserves excludes unexpended bond premiums.

The Component Unit, Arlington Public Schools, maintains its own reserves under its operating fund which are distinct, and in addition to, the above reserves. The current reserves under Schools are \$52.8 million.

Special Revenue and Capital Project Funds. Special revenue funds' and capital projects funds' fund balance was \$374.6 million and represents 60.3% of the total governmental funds' fund balance. The transportation capital fund is a major fund of the County and contributes to 29.3% of the total governmental fund balance. At the end of the current fiscal year, total fund balance of the transportation capital fund was \$182.4 million and general capital projects fund was \$107.3 million. All other funds combined were \$84.9 million.

As a measure of the capital project funds' liquidity, it may be useful to compare total fund balance to total expenditures. Total capital projects funds' fund balance represents 176.7% of total capital project funds' expenditures, of which \$45 million represents the fund balance for various bond funded projects such as metro, government facilities, public recreation, neighborhood conservation, and street and highway projects.

The fund balance of the County's general capital projects fund decreased by \$7.4 million during the current fiscal year, primarily due to higher capital expenditures. The fund balance of all the bond funds decreased as there was no general obligation bond issuance in FY 2020.

Additional information on the Special Revenue and Capital Projects Funds can be found on Exhibit 3, Exhibit 4, Exhibit B-1 through Exhibit C-3.

Proprietary funds. The County’s proprietary funds’ financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Utilities Fund at the end of the fiscal year amounted to \$64.1 million, the Ballston Public Parking Garage Funds amounted to a deficit of (\$55.2 million) and the CPHD Development Fund amounted to \$14.9 million. The total change in net position for the Utilities Fund included a surplus of \$29.3 million, the Ballston Public Parking Garage Funds had a deficit of (\$3.4 million), and CPHD Development Fund had a surplus of \$1.8 million. Other factors concerning the finances of these funds have been addressed in the discussion of the County’s business-type activities and Exhibit 5 - Exhibit 7.

General Fund Budgetary Highlights

| General Fund (<i>\$ in millions</i>) | Original Budget | Final Budget | Actual |
|---|----------------------------|-------------------------|---------------|
| Revenue | \$1,312.2 | \$1,335.3 | \$1,321.9 |
| Transfers In | \$0.5 | \$3.0 | \$5.0 |
| Expenditures | \$1,332.1 | \$1,441.6 | \$1,289.4 |
| Transfers Out | \$24.1 | \$28.5 | \$28.5 |
| Net Change in Fund Balance | (\$43.5) | (\$131.8) | \$8.9 |

- Revenues show a final unfavorable budget variance of 0.1% or \$13.4 million due to \$8 million decrease in revenue from charges for services and \$6 million decrease in expected federal revenues. Charges for services include decreases in fees due to timing differences in reimbursements and changes in billing cycles, and transportation and parking fees due to COVID. The decrease in federal revenues majorly represents the amount of federal CARES funding deferred into fiscal year 2021.
- Actual Transfers In (revenues) display a favorable final budget variance of \$2 million.
- Actual expenditures of \$1,289.4 million are less than final budget of \$1,441.6 million with a favorable variance of \$152.2 million or 10.5%. The favorable variance is due to vacancy savings, health care savings, excess federal CARES funding to be carried forward to fiscal year 2021, and unspent funds dedicated to affordable housing.
- Actual Transfers Out (expenditures) were equivalent to the final budget.

Additional information on the County’s statement of revenues, expenditures and changes in fund balance, budget and actual can be found in the RSI section of this report.

Capital Asset and Long-Term Debt

Capital Assets

The County’s investment in capital assets for its governmental activities, business-type activities and component units as of June 30, 2020 amounted to \$1,996.7 million (net of related debt). The net book value of capital assets was \$3,426.6 million, which includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

During fiscal year 2020 major capital asset acquisitions placed into service and their corresponding cost included the following:

- Metro Tunnel and Court Square West elevator replacements, \$1 million
- Replacement of pedestrian bridge at Lubber Run, \$0.5 million

- The Lynn Street Esplanade & Curtis Trail Improvements including installation of the “Corridor of Light” public artwork, \$9 million
- The Clarendon Circle Pedestrian Safety Improvements, \$3.4 million,
- Installation of the Utility Information Billing System, \$5.7 million

Capital assets increased by \$168.6 million for the total reporting entity as a whole and by \$127.5 million for the primary government. The majority of the total reporting entity spending was for the building and improvements for schools, County infrastructure improvements and capital projects in progress within the County.

Table A-5 below displays the capital assets by asset type:

Table A-5 Net Capital Assets
June 30, 2020
With Comparative Totals for June 30, 2019
(in millions of dollars)

| | Primary Government | | | | | | Component Units | | | | Total Reporting Entity | |
|--------------------------|-------------------------|------------------|--------------------------|------------------|------------------|------------------|-----------------|----------------|-------------------|---------------|------------------------|------------------|
| | Governmental Activities | | Business-type Activities | | Total | | Schools | | Gates Partnership | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Land | \$232.7 | \$230.9 | \$6.2 | \$6.2 | \$238.9 | \$237.1 | \$4.7 | \$4.7 | \$13.0 | \$13.3 | \$256.6 | \$255.1 |
| Buildings | 306.2 | 293.5 | 15.0 | 15.7 | 321.2 | 309.2 | 713.4 | 625.1 | 53.9 | 55.5 | 1088.5 | 989.8 |
| Equipment | 121.8 | 115.8 | 1.4 | 1.7 | 123.2 | 117.5 | 47.4 | 47.3 | - | - | 170.6 | 164.8 |
| Infrastructure | 538.1 | 505.0 | - | - | 538.1 | 505.0 | - | - | - | - | 538.1 | 505.0 |
| Intangible assets | 2.2 | 2.5 | 5.3 | 0.4 | 7.5 | 2.9 | - | - | - | - | 7.5 | 2.9 |
| Plant - sewer system | - | - | 309.0 | 303 | 309.0 | 303.0 | - | - | - | - | 309.0 | 303.0 |
| Plant - water system | - | - | 706.4 | 709.7 | 706.4 | 709.7 | - | - | - | - | 706.4 | 709.7 |
| Construction in progress | 237.7 | 171.7 | 27.9 | 27.1 | 265.6 | 198.8 | 51.3 | 96.9 | - | - | 316.9 | 295.7 |
| Internal service funds | 33.1 | 32.1 | - | - | 33.1 | 32.1 | - | - | - | - | 33.1 | 32.1 |
| Total | \$1,471.7 | \$1,351.4 | \$1,071.2 | \$1,063.8 | \$2,542.9 | \$2,415.4 | \$816.8 | \$774.0 | \$66.9 | \$68.8 | \$3,426.6 | \$3,258.0 |

Note: Totals may not add due to rounding

Additional information on the County’s capital assets can be found in Note 5 within the Notes to the Financial Statements.

Long-term debt

In October 2020, Standard and Poor’s, Moody’s, and Fitch’s Investor Services reaffirmed the County’s top AAA/Aaa/AAA ratings.

The ratings validate that Arlington’s financial position is strong, reflecting conservative budgeting and close monitoring of expenditures, a sizable and diversifying tax base with institutional presence, and strong and balanced historical financial results. In assigning their ratings, the rating agencies did note that they will continue to monitor economically sensitive revenues that could be pressured as a result of the COVID-19 pandemic, and that future credit challenges could result from the County’s reserves and liquidity remaining below similarly rated Counties nationwide. As of June 30, 2020, Arlington is one of 48 counties in the United States with top bond ratings from all three-major bond-rating agencies.

At the end of the current fiscal year, the total reporting entity had total long-term liabilities outstanding of \$2,494.7 million, the majority of which is \$1,185.4 million in general obligation bonds, combined net OPEB liability of \$362.4 million and \$488.8 million in net pension liability for schools. The remainder \$458.1 million comprises notes payable and related accrued interest, capital leases, staff obligations and line of credit backed by the full faith credit of the County.

The following table (Table A-6) reflects the long-term debt:

Table A-6
Arlington County Long-term Liability
June 30, 2020
With Comparative Totals for June 30, 2019
(in millions of dollars)

| | Primary Government | | | | | | Component Units | | | | Total Reporting Entity | |
|------------------------------------|--------------------|------------------|--------------------------|----------------|------------------|------------------|-----------------|----------------|-------------------|---------------|------------------------|------------------|
| | Governmental | | Business-type Activities | | Total | | Schools | | Gates Partnership | | | |
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| General obligation bonds** | \$1,115.2 | \$1,203.9 | \$70.2 | \$78.0 | \$1,185.4 | \$1,281.9 | \$- | \$- | \$- | \$- | \$1,185.4 | \$1,281.9 |
| IDA Revenue Bonds | 101.8 | 106.3 | - | - | 101.8 | 106.3 | - | - | - | - | 101.8 | 106.3 |
| Mortgage payable | - | - | 3.4 | 3.4 | 3.4 | 3.4 | - | - | 17.6 | 18.0 | 21.0 | 21.4 |
| VRA loan payable | - | - | 143.3 | 158.9 | 143.3 | 158.9 | - | - | 7.4 | 7.8 | 150.7 | 166.7 |
| Obligations under capital lease | 12.8 | 13.9 | - | - | 12.8 | 13.9 | - | 1.8 | - | - | 12.8 | 15.7 |
| Workers' compensation claims | 3.9 | 3.7 | - | - | 3.9 | 3.7 | - | - | - | - | 3.9 | 3.7 |
| Accrued compensated absences | 38.2 | 34.5 | 2.6 | 2.0 | 40.8 | 36.4 | 42.9 | 39.9 | - | - | 83.7 | 76.4 |
| Mortgage and bond interest payable | - | - | 39.6 | 37.6 | 39.6 | 37.6 | - | - | - | - | 39.6 | 37.6 |
| Bonds payable | - | - | - | - | - | - | - | - | 22.4 | 22.9 | 22.4 | 22.9 |
| Line of credit | 14.2 | 8.6 | - | - | 14.2 | 8.6 | 8.0 | 5.1 | - | - | 22.2 | 13.7 |
| Net pension liability | - | - | - | - | - | - | 488.8 | 437.5 | - | - | 488.8 | 437.5 |
| Net OPEB liability | 162.1 | 167.9 | - | - | 162.1 | 167.9 | 200.3 | 188.4 | - | - | 362.4 | 356.3 |
| Total | \$1,448.2 | \$1,538.7 | \$259.1 | \$280.0 | \$1,707.3 | \$1,818.7 | \$740.0 | \$672.7 | \$47.4 | \$48.7 | \$2,494.7 | \$2,540.1 |

Note: Totals may not add due to rounding

** Bond-financed capital assets for Schools are accounted through the General Fund.

The County's total debt decreased by \$45.4 million during the current fiscal year. The key factors that contributed to this change are the postponement of the general obligation bond issuance for this fiscal year, a decrease of \$96.5 million in outstanding general bonds and premium amortization, \$16.0 million in VRA loan offset by an increase in pension liability of \$51.3 million and an increase in line of credit by \$8.5 million.

Additional information of the County's long-term debt can be found in Note 9 in Notes to the Financial Statements of this report.

Economic Factors

Arlington's unemployment rate remains one of the lowest in the Commonwealth. The unemployment rate for the County as of June 30, 2020 is 5.9% per the Bureau of Labor Statistics, which is an increase of 2.9% from a year ago. This compares favorably to Virginia's average unemployment rate of 8.4% and the national average rate of 11.2%. The County's per capita income remains among the highest in the State.

The vacancy rate of the County's office buildings decreased from 17.4% in CY 2018 to 14.8% in CY 2019. The average value of existing residential properties, including condominiums, townhouses, and detached homes, increased from \$658,600 in CY 2019 to \$686,300 in CY 2020, an increase of 4.2 percent. Commercial property assessments increased by 4.9 percent over the previous year with the general commercial, apartment, and office segments all increasing in value. Apartment values grew 8.9 percent and general commercial properties increased by 1.8 percent. Office property assessments maintained their measured growth, increasing 2.5 percent over the previous year mainly due to a gradually declining office vacancy rate and continued demand for rental properties.

Prior to the COVID-19 pandemic, tourism also broke records with Arlington visitors spending \$3.6 billion in 2019 -- a 4.4% increase over 2018 -- generating nearly \$98 million in local tax receipts and supporting over 27,000 local jobs. However, since March 2020, the impact on the health, safety, and economic activity of the County has specifically affected local taxes benefiting from tourism and hospitality. Transient occupancy taxes (hotel taxes), sales taxes, meals taxes, and car rental taxes have all experienced impacts of the COVID-19 pandemic on economic activity. In addition, some local charges for services and fees have been negatively impacted including parking fees, parks and recreation program charges for service, transportation fees, and fines.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller, Department of Management and Finance, 2100 Clarendon Boulevard, Suite 501, Arlington, Virginia, 22201, or email dmf@arlingtonva.us.

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Basic Financial Statements

Basic Financial Statements are the core of general-purpose external financial reporting for state and local governments. Basic Financial Statements have three components:

- Government-wide financial statements which include the Statement of Net Position and the Statement of Activities.
- Fund financial statements which include separate sets of financial statements for governmental funds, proprietary funds and fiduciary funds.
- Notes to the financial statements.

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ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2020

| | Primary Government | | | Component Units | | Total Reporting Entity |
|---|-------------------------|--------------------------|------------------------|----------------------|---------------------|------------------------|
| | Governmental Activities | Business-type Activities | Total | Schools | Gates Partnership | |
| ASSETS: | | | | | | |
| Equity in pooled cash and investments | \$764,267,676 | \$69,655,117 | \$833,922,793 | \$127,053,057 | \$1,904,569 | \$962,880,419 |
| Petty cash | - | - | - | 715 | - | 715 |
| Cash with fiscal agents | 270,456 | 25,221 | 295,677 | - | - | 295,677 |
| Receivables, net | 524,629,169 | 18,618,951 | 543,248,120 | 9,681,021 | 110,423 | 553,039,564 |
| Receivable from primary government | - | - | - | 85,389,689 | - | 85,389,689 |
| Receivable from other governments | 21,948,947 | - | 21,948,947 | - | - | 21,948,947 |
| Inventory | - | 2,438,130 | 2,438,130 | 279,279 | - | 2,717,409 |
| Other assets | 3,001,734 | 2,590,799 | 5,592,533 | - | 37,549 | 5,630,082 |
| Reserves and escrow deposits | - | - | - | - | 4,283,436 | 4,283,436 |
| Net pension asset | 25,800,000 | - | 25,800,000 | - | - | 25,800,000 |
| Capital assets: | | | | | | |
| Land | 232,684,358 | 6,161,255 | 238,845,613 | 4,697,946 | 12,991,305 | 256,534,864 |
| Intangible assets, net | 2,147,008 | 5,339,270 | 7,486,278 | - | - | 7,486,278 |
| Depreciable assets, net | 999,151,396 | 1,031,795,498 | 2,030,946,894 | 760,740,419 | 53,892,039 | 2,845,579,352 |
| Construction in progress | 237,694,583 | 27,915,126 | 265,609,709 | 51,348,132 | - | 316,957,841 |
| Total capital assets, net | 1,471,677,345 | 1,071,211,149 | 2,542,888,494 | 816,786,497 | 66,883,344 | 3,426,558,335 |
| Total assets | 2,811,595,327 | 1,164,539,366 | 3,976,134,693 | 1,039,190,258 | 73,219,321 | 5,088,544,272 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | | | |
| Deferred outflows related to pensions | 144,300,000 | - | 144,300,000 | 114,745,326 | - | 259,045,326 |
| Deferred outflows related to OPEB | 24,696,052 | - | 24,696,052 | 37,043,595 | - | 61,739,647 |
| Total deferred outflows of resources | 168,996,052 | - | 168,996,052 | 151,788,921 | - | 320,784,973 |
| LIABILITIES: | | | | | | |
| Accounts payable | 44,665,761 | 6,323,204 | 50,988,965 | 10,525,082 | 121,957 | 61,636,004 |
| Unearned revenues | 6,352,929 | - | 6,352,929 | 99,972 | - | 6,452,901 |
| Due to component unit | 85,389,687 | - | 85,389,689 | - | - | 85,389,689 |
| Accrued liabilities | 19,885,533 | 20,936,714 | 40,822,247 | 60,719,906 | 1,089,980 | 102,632,133 |
| Contracts payable - retainage | 4,118,111 | 82,889 | 4,201,000 | 3,398,961 | - | 7,599,961 |
| Other liabilities | 6,267,216 | - | 6,267,216 | 6,871,703 | 509,068 | 13,647,987 |
| Non-current liabilities: | | | | | | |
| Due within one year | 100,764,591 | 67,373,500 | 168,138,091 | 7,525,089 | 1,019,305 | 176,682,485 |
| Due in more than one year | 1,347,451,023 | 191,772,251 | 1,539,223,274 | 732,519,230 | 47,395,322 | 2,319,137,826 |
| Total liabilities | 1,614,894,851 | 286,488,557 | 1,901,383,410 | 821,659,943 | 50,135,632 | 2,773,178,984 |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Deferred revenue - community development | 49,708,018 | - | 49,708,018 | - | - | 49,708,018 |
| Deferred revenue - taxes | 13,939,316 | - | 13,939,316 | - | - | 13,939,316 |
| Deferred revenue | 16,496,641 | - | 16,496,641 | - | - | 16,496,641 |
| Deferred gain on refunding | 3,007,362 | 1,940,377 | 4,947,739 | - | - | 4,947,739 |
| Deferred inflows related to pensions | 67,200,000 | - | 67,200,000 | 45,263,260 | - | 112,463,260 |
| Deferred inflows related to OPEB | 31,290,459 | - | 31,290,459 | 13,858,305 | - | 45,148,764 |
| Total deferred inflows of resources | 181,641,796 | 1,940,377 | 183,582,173 | 59,121,565 | - | 242,703,738 |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 794,000,992 | 852,241,713 | 1,646,242,705 | 805,410,072 | 18,468,717 | 1,996,756,863 |
| Restricted for: | | | | | | |
| Capital projects | 46,223,534 | - | 46,223,534 | 79,922,641 | - | 126,146,175 |
| Seized assets | 1,697,539 | - | 1,697,539 | - | - | 1,697,539 |
| Grants | 1,340,316 | - | 1,340,316 | 4,594,239 | - | 5,934,555 |
| Unrestricted | 340,792,351 | 23,868,719 | 364,661,069 | (579,729,281) | 4,614,972 | 262,911,391 |
| Total net position | \$1,184,054,732 | \$876,110,432 | \$2,060,165,162 | \$310,197,671 | \$23,083,689 | \$2,393,446,523 |

** In accordance with GASB 34, Net Investment in Capital Assets must be presented net of related debt, in order to reflect the true position of the Primary Government and Component Units. Therefore, the Net Investment in Capital Assets of the Governmental Activities does not include the Component Unit - School's debt issued by the Primary Government (\$473,364,631) in its calculation. This debt is reflected in the Total Reporting Entity column, since the debt is owned by the County. However, capital assets obtained with the debt are included in the Net Investment in Capital Assets for Schools. The sum of the columns between the Primary Government and Component Units does not equal the Total Reporting Entity column by a difference of \$473,364,631 because the debt related to the Schools is reduced from Net Investment in Capital Assets of the Total Reporting Entity. The Unrestricted Net Position of the Total Reporting Entity therefore reflects the impact of the debt for Schools. The Total Reporting Entity column matches the assets with the debt and reports the net amounts on the Net Investment in Capital Assets. Additional information on the reclassification is provided in Note 10.

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues |
|--|----------------------|--|--|-----------------------------------|----------------------------|
| | | Charges for services (Includes Licenses, Permits & Fees) | Operating Grants and Contributions | Capital Grants & Contributions | Governmental Activities |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$270,906,963 | \$20,837,413 | \$49,619,579 | \$- | (\$200,449,971) |
| Public safety | 152,716,730 | 10,267,596 | 11,952,573 | - | (130,496,561) |
| Environmental services | 117,736,981 | 31,245,172 | 12,522,086 | - | (73,969,723) |
| Health & welfare | 158,419,693 | 4,978,039 | 35,871,014 | - | (117,570,640) |
| Libraries | 14,514,949 | 206,768 | 193,918 | - | (14,114,263) |
| Parks, recreation & culture | 47,785,625 | 5,962,627 | 95,499 | - | (41,727,499) |
| Planning & community development | 60,764,706 | 9,170,415 | 34,514,409 | - | (17,079,882) |
| Education | 518,411,207 | - | - | - | (518,411,207) |
| Interest and other charges | 26,748,943 | - | - | - | (26,748,943) |
| Total governmental activities | 1,368,005,797 | 82,668,030 | 144,769,078 | - | (1,140,568,689) |
| Business-type activities: | | | | | |
| Utilities | 85,613,163 | 112,915,415 | - | 1,512,140 | - |
| Ballston Public Parking Garage | 6,672,400 | 3,185,177 | - | - | - |
| 8th level Ballston Public Parking Garage | 159,682 | 205,687 | - | - | - |
| CPHD Development Fund | 16,505,036 | 17,929,909 | - | - | - |
| Total business-type activities | 108,950,281 | 134,236,188 | - | 1,512,140 | - |
| Total primary government | 1,476,956,078 | 216,904,218 | 144,769,078 | 1,512,140 | (1,140,568,689) |
| Component unit: | | | | | |
| Schools | 673,052,214 | 19,330,098 | 70,288,414 | - | - |
| Gates Partnership | 8,714,010 | 7,899,503 | - | - | - |
| Total component units | 681,766,224 | 27,229,601 | 70,288,414 | - | - |
| General Revenues: | | | | | |
| Property Taxes: | | | | | |
| Real estate property taxes | | | | | 844,941,780 |
| Personal property taxes | | | | | 120,480,341 |
| Other Local Taxes: | | | | | |
| Business, professional occupancy license taxes | | | | | 71,999,176 |
| Sales tax | | | | | 43,718,554 |
| Meals tax | | | | | 32,772,936 |
| Transient tax | | | | | 16,553,258 |
| Utility tax | | | | | 17,034,351 |
| Recordation, car rental and other local taxes | | | | | 36,545,094 |
| Revenue from primary government | | | | | - |
| Investment and interest earnings | | | | | 22,066,092 |
| Miscellaneous | | | | | 81,589,446 |
| Total general revenues | | | | | 1,287,701,028 |
| Change in net position | | | | | 147,132,339 |
| Net position, beginning | | | | | 1,036,922,393 |
| Net position, ending | | | | | \$1,184,054,732 |

The notes to the financial statements are an integral part of this statement.

| and Changes in Net Position | | Component Units | | Total Reporting Entity | |
|-----------------------------|-----------------|-----------------|-------------------|----------------------------------|--|
| Business-type Activities | Total | Schools | Gates Partnership | Functions/Programs | |
| | | | | Primary Government: | |
| | | | | Governmental Activities: | |
| \$- | (\$200,449,971) | \$- | \$- | (\$200,449,971) | General government |
| - | (130,496,561) | - | - | (130,496,561) | Public safety |
| - | (73,969,723) | - | - | (73,969,723) | Environmental services |
| - | (117,570,640) | - | - | (117,570,640) | Health & welfare |
| - | (14,114,263) | - | - | (14,114,263) | Libraries |
| - | (41,727,499) | - | - | (41,727,499) | Parks, recreation & culture |
| - | (17,079,882) | - | - | (17,079,882) | Planning & community development |
| - | (518,411,207) | - | - | (518,411,207) | Education |
| - | (26,748,943) | - | - | (26,748,943) | Interest and other charges |
| - | (1,140,568,689) | - | - | (1,140,568,689) | Total governmental activities |
| | | | | Business-type activities: | |
| 28,814,392 | 28,814,392 | - | - | 28,814,392 | Utilities |
| (3,487,223) | (3,487,223) | - | - | (3,487,223) | Ballston Public Parking Garage |
| 46,005 | 46,005 | - | - | 46,005 | 8th level Ballston Public Parking Garage |
| 1,424,873 | 1,424,873 | - | - | 1,424,873 | CPHD Development Fund |
| 26,798,047 | 26,798,047 | - | - | 26,798,047 | Total business-type activities |
| 26,798,047 | (1,113,770,642) | - | - | (1,113,770,642) | Total primary government |
| | | | | Component unit: | |
| - | - | (583,433,702) | - | (583,433,702) | Schools |
| - | - | - | (814,507) | (814,507) | Gates Partnership |
| - | - | (583,433,702) | (814,507) | (584,248,209) | Total component units |
| | | | | General Revenues: | |
| | | | | Property Taxes: | |
| - | 844,941,780 | - | - | 844,941,780 | Real estate property taxes |
| - | 120,480,341 | - | - | 120,480,341 | Personal property taxes |
| | | | | Other Local Taxes: | |
| - | 71,999,176 | - | - | 71,999,176 | Business, professional occupancy license taxes |
| - | 43,718,554 | 30,735,856 | - | 74,454,410 | Sales tax |
| - | 32,772,936 | - | - | 32,772,936 | Meals tax |
| - | 16,553,258 | - | - | 16,553,258 | Transient tax |
| - | 17,034,351 | - | - | 17,034,351 | Utility tax |
| - | 36,545,094 | - | - | 36,545,094 | Recordation, car rental and other local taxes |
| (301,019) | (301,019) | 518,665,226 | - | 518,364,207 | Revenue from primary government |
| 1,135,373 | 23,201,465 | 1,576,220 | 64,760 | 24,842,445 | Investment and interest earnings |
| - | 81,589,446 | - | 114,492 | 81,703,938 | Miscellaneous |
| 834,354 | 1,288,535,382 | 550,977,302 | 179,252 | 1,839,691,936 | Total general revenues |
| 27,632,402 | 174,764,740 | (32,456,400) | (635,255) | 141,673,085 | Change in net position |
| 848,478,029 | 1,885,400,423 | 342,654,071 | 23,718,944 | 2,251,773,438 | Net position, beginning |
| \$876,110,431 | \$2,060,165,163 | \$310,197,671 | \$23,083,689 | \$2,393,446,523 | Net position, ending |

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| ASSETS | General Fund | General Capital Projects Fund | Transportation Capital Funds | All Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------------------|------------------------------------|------------------------------------|--------------------------------|
| Equity in pooled cash and investments | \$357,428,964 | \$109,664,083 | \$176,662,489 | \$108,007,446 | \$751,762,982 |
| Cash with fiscal agents | 270,456 | - | - | - | 270,456 |
| Receivables, net | 463,745,517 | 7,676,831 | 2,341,617 | 49,302,393 | 523,066,358 |
| Due from other funds | 1,523,467 | - | - | - | 1,523,467 |
| Receivables from other governments | 12,125,090 | 686,124 | 8,372,077 | 765,656 | 21,948,947 |
| Prepaid items and other assets | 649,252 | 22,426 | 62,792 | 1,640,279 | 2,374,749 |
| Totals assets | \$835,742,746 | \$118,049,464 | \$187,438,975 | \$159,715,774 | \$1,300,946,959 |
| LIABILITIES | | | | | |
| Vouchers payable | \$23,901,279 | \$2,580,685 | \$4,948,784 | \$11,635,791 | \$43,066,539 |
| Unearned revenues | 1,524,642 | 4,812,879 | 15,408 | - | 6,352,929 |
| Due to component unit | 85,389,687 | - | - | - | 85,389,687 |
| Accrued payroll liabilities | 19,885,533 | - | - | - | 19,885,533 |
| Contracts payable - retainage | - | 270,982 | 62,513 | 3,784,616 | 4,118,111 |
| Other liabilities | 3,184,676 | 3,079,071 | - | 3,200 | 6,266,947 |
| Total liabilities | 133,885,817 | 10,743,617 | 5,026,705 | 15,423,607 | 165,079,746 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenue - community development | 468,059 | - | - | 49,239,959 | 49,708,018 |
| Deferred revenue | 11,106,372 | - | - | 5,390,269 | 16,496,641 |
| Unavailable revenue - taxes | 443,417,513 | - | - | 5,046,036 | 448,463,549 |
| Total deferred inflows of resources | 454,991,944 | - | - | 59,676,264 | 514,668,208 |
| FUND BALANCES | | | | | |
| <u>Non spendable:</u> | | | | | |
| Prepaid items | 299,252 | 22,426 | 62,792 | 1,640,279 | 2,024,749 |
| <u>Restricted for:</u> | | | | | |
| Seized assets | 1,697,539 | - | - | - | 1,697,539 |
| Grants | 105,530 | - | - | 1,234,786 | 1,340,316 |
| Capital projects | - | - | - | 46,223,534 | 46,223,534 |
| <u>Committed to:</u> | | | | | |
| Self-insurance reserve | 5,000,000 | - | - | - | 5,000,000 |
| Stabilization/COVID contingent | 20,812,837 | - | - | - | 20,812,837 |
| Operating reserve | 73,999,445 | - | - | - | 73,999,445 |
| Subsequent years' County budget | 6,099,018 | - | - | - | 6,099,018 |
| Subsequent years' capital projects | - | 107,283,421 | 182,349,478 | 38,330,349 | 327,963,248 |
| Incomplete projects | 342,706 | - | - | - | 342,706 |
| Affordable Housing Investment Fund - Allocated | 42,910,772 | - | - | - | 42,910,772 |
| Subsequent years' School budget | 27,253,775 | - | - | - | 27,253,775 |
| <u>Assigned to:</u> | | | | | |
| Subsequent years' County budget | 25,833,581 | - | - | - | 25,833,581 |
| Subsequent years' capital projects | 15,138,549 | - | - | - | 15,138,549 |
| Mark to Market Investment Reserve | 4,882,159 | - | - | - | 4,882,159 |
| Incomplete projects | 3,957,960 | - | - | - | 3,957,960 |
| Affordable Housing Investment Fund - Unallocated | 18,531,863 | - | - | - | 18,531,863 |
| <u>Unassigned:</u> | - | - | - | (2,813,045) | (2,813,045) |
| Total fund balances | 246,864,985 | 107,305,847 | 182,412,270 | 84,615,903 | 621,199,005 |
| Total liabilities, deferred inflows of resources and fund balance | \$835,742,746 | \$118,049,464 | \$187,438,975 | \$159,715,774 | \$1,300,946,959 |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2020

| | | |
|---|----------------------|-------------------------------|
| Total governmental fund balances | | \$621,199,005 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds. (Note 5) | | 1,438,632,390 |
| Other long-term assets are not available to pay for current period expenditures and are deferred in the funds. (Note 4) | | 434,524,233 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds: (Note 9) | | |
| Other long-term obligations | (\$136,271,917) | |
| Bonds payable | (615,965,887) | |
| School bonds payable | (467,435,742) | |
| Capital lease obligations | (11,772,111) | |
| Line of credit | (12,733,465) | |
| Compensated absences | (37,581,438) | |
| Workers' compensation | (3,889,701) | |
| Premium on bonds issued | <u>(133,652,705)</u> | (1,419,302,966) |
| Deferred outflows of resources are not available to pay for current period expenditures and are not reported in the funds: | | |
| Pension (Note 16.A) | 144,300,000 | |
| OPEB (Note 17.A and 17.B) | <u>24,696,052</u> | 168,996,052 |
| Deferred inflows of resources are not due and payable in the current period and are not reported in the funds: | | |
| Advance refunding (Note 4) | (3,007,362) | |
| Pension (Note 16.A) | (67,200,000) | |
| OPEB (Note 17.A and 17.B) | <u>(31,290,459)</u> | (101,497,821) |
| Internal service funds' net position (Exhibit 6) | | 41,503,839 |
| Net position of governmental activities | | <u><u>\$1,184,054,732</u></u> |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | General Capital Projects Fund | Transportation Capital Fund | All Other Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| REVENUES: | | | | | |
| General property taxes: | | | | | |
| Real estate property taxes | \$784,070,294 | \$- | \$25,482,225 | \$16,222,341 | \$825,774,860 |
| Personal property taxes | 120,480,341 | - | - | - | 120,480,341 |
| Other local taxes: | | | | | |
| Business, professional and occupancy license (BPOL) tax | 71,999,176 | - | - | - | 71,999,176 |
| Sales tax | 43,718,554 | - | - | - | 43,718,554 |
| Meals tax | 32,772,936 | - | - | - | 32,772,936 |
| Transient tax | 16,553,258 | - | - | - | 16,553,258 |
| Utility tax | 17,034,351 | - | - | - | 17,034,351 |
| Recordation, car rental and other local taxes | 24,940,168 | - | - | 11,604,926 | 36,545,094 |
| Fines and forfeitures | 6,781,552 | - | - | - | 6,781,552 |
| Licenses, permits and fees | 14,136,969 | - | - | - | 14,136,969 |
| Intergovernmental | 110,471,837 | 609,951 | 8,196,593 | 25,490,697 | 144,769,078 |
| Charges for services | 55,568,399 | 3,934,500 | 1,000,000 | 1,246,610 | 61,749,509 |
| Interest and rent | 19,676,879 | - | - | 2,389,213 | 22,066,092 |
| Miscellaneous revenues | 3,705,466 | 1,522,727 | 17,306,405 | 142,040 | 22,676,638 |
| Total revenues | 1,321,910,180 | 6,067,178 | 51,985,223 | 57,095,827 | 1,437,058,408 |
| EXPENDITURES: | | | | | |
| Current operating: | | | | | |
| General government | 238,159,729 | 3,250,963 | 5,592,606 | 8,813,500 | 255,816,798 |
| Public safety | 148,849,754 | 73,961 | - | - | 148,923,715 |
| Environmental services | 96,104,905 | - | - | - | 96,104,905 |
| Health and welfare | 140,044,513 | - | - | 19,019,974 | 159,064,487 |
| Libraries | 14,333,511 | - | - | - | 14,333,511 |
| Parks, recreation and culture | 40,719,089 | 439,610 | - | - | 41,158,699 |
| Planning and community development | 19,335,014 | 561,800 | - | 17,133,952 | 37,030,766 |
| Debt service | | | | | |
| Principal | 45,298,185 | - | - | - | 45,298,185 |
| Interest and other charges | 26,748,943 | - | - | - | 26,748,943 |
| Intergovernmental: | | | | | |
| Community development | - | - | - | 22,155,624 | 22,155,624 |
| Education - Schools | 518,411,207 | - | - | - | 518,411,207 |
| Capital outlay | 1,405,537 | 47,442,712 | 33,258,479 | 89,480,836 | 171,587,564 |
| Total expenditures | 1,289,410,387 | 51,769,046 | 38,851,085 | 156,603,886 | 1,536,634,404 |
| Excess expenditures over revenues | 32,499,793 | (45,701,868) | 13,134,138 | (99,508,059) | (99,575,996) |
| OTHER FINANCING SOURCES(USES): | | | | | |
| Transfers in | 5,024,073 | 28,042,166 | - | 246,700 | 33,312,939 |
| Transfers out | (28,535,248) | - | (2,351,932) | (2,817,334) | (33,704,514) |
| Issuance of capital leases | - | 3,220,352 | - | - | 3,220,352 |
| Issuance of line of credit | - | 6,837,029 | - | - | 6,837,029 |
| Sale of land and buildings | 4,862,630 | - | - | - | 4,862,630 |
| Bond premium | - | 189,686 | - | - | 189,686 |
| Total other financing sources and (uses), net | (18,648,545) | 38,289,233 | (2,351,932) | (2,570,634) | 14,718,122 |
| Net change in fund balances | 13,851,248 | (7,412,635) | 10,782,206 | (102,078,693) | (84,857,874) |
| Fund balances, beginning | 233,013,737 | 114,718,482 | 171,630,064 | 186,694,596 | 706,056,879 |
| Fund balances, ending | \$246,864,985 | \$107,305,847 | \$182,412,270 | \$84,615,903 | \$621,199,005 |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

| | | |
|--|----------------------|-----------------------------|
| Net change in fund balances - total governmental funds | | (\$84,857,874) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. (Note 5) | | |
| Add: Capital acquisitions and cost adjustments | \$171,587,564 | |
| Less: Depreciation expense | <u>(51,906,449)</u> | 119,681,115 |
| In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus the difference is the net book value (i.e., depreciated cost) of the capital asset dispositions. | | |
| | | (330,173) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (Note 4) | | |
| Add: Unearned property tax revenue 6/30/19 | (415,357,313) | |
| Less: Unearned property tax revenue 6/30/20 | <u>(434,524,233)</u> | 19,166,920 |
| Debt proceeds provide current financial resources to the governmental funds, but issuing debt, increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. (Note 9) | | |
| Add: Debt repayment - principal | 90,429,521 | |
| Less: Debt proceeds | (10,057,380) | |
| Less: Bond premiums | <u>-</u> | 80,372,141 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds: | | |
| Amortization of deferred losses on bond refundings | 188,698 | |
| Amortization of bond premiums | <u>9,072,465</u> | 9,261,163 |
| Compensated absences and workers' compensation. (Note 9) | | (3,762,346) |
| OPEB expenses (Note 17.B) | | |
| Add: FY 2020 OPEB contributions deferred | 614,726 | |
| Less: OPEB expense | <u>16,133,064</u> | 16,747,790 |
| Pension expenses Note 16.A): | | |
| Add: FY 2020 pension contributions deferred | 59,900,000 | |
| Less: Pension expense | <u>(69,000,000)</u> | (9,100,000) |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities (Exhibit 6): | | |
| Additional income for internal service funds | 378,439 | |
| Net operating (loss) internal service funds | <u>(424,834)</u> | <u>(46,395)</u> |
| Change in net position of governmental activities | | <u><u>\$147,132,339</u></u> |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities Internal Service Funds | |
|---------------------------------------|---|--------------------------------------|---|-----------------------------|---|---------------------|
| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | | Total |
| ASSETS: | | | | | | |
| Current assets: | | | | | | |
| Equity in pooled cash and investments | \$49,960,371 | \$1,820,595 | \$1,526,206 | \$16,347,945 | \$69,655,117 | \$12,504,694 |
| Cash with fiscal agents | 25,221 | - | - | - | 25,221 | - |
| Accounts receivables, net | 18,618,951 | - | - | - | 18,618,951 | 1,562,811 |
| Inventories | 2,438,130 | - | - | - | 2,438,130 | 626,985 |
| Prepaid expenses | 2,590,799 | - | - | - | 2,590,799 | - |
| Total current assets | <u>73,633,472</u> | <u>1,820,595</u> | <u>1,526,206</u> | <u>16,347,945</u> | <u>93,328,218</u> | <u>14,694,490</u> |
| Non-current assets: | | | | | | |
| Capital assets: | | | | | | |
| Land | 6,161,255 | - | - | - | 6,161,255 | - |
| Depreciable, net | 1,015,854,354 | 12,948,824 | 2,952,856 | 39,464 | 1,031,795,498 | 33,044,955 |
| Intangible assets, net | 5,339,270 | - | - | - | 5,339,270 | - |
| Construction in progress | 15,020,253 | 4,127,785 | - | 8,767,088 | 27,915,126 | - |
| Total capital assets, net | <u>1,042,375,132</u> | <u>17,076,609</u> | <u>2,952,856</u> | <u>8,806,552</u> | <u>1,071,211,149</u> | <u>33,044,955</u> |
| Total non current assets | <u>1,042,375,132</u> | <u>17,076,609</u> | <u>2,952,856</u> | <u>8,806,552</u> | <u>1,071,211,149</u> | <u>33,044,955</u> |
| Total assets | <u>1,116,008,604</u> | <u>18,897,204</u> | <u>4,479,062</u> | <u>25,154,497</u> | <u>1,164,539,366</u> | <u>47,739,445</u> |
| LIABILITIES: | | | | | | |
| Current liabilities: | | | | | | |
| Vouchers payable | 5,423,458 | 355,839 | 4,183 | 539,724 | 6,323,204 | 1,599,222 |
| Contracts payable - retainage | 82,889 | - | - | - | 82,889 | - |
| Accrued liabilities | 261,123 | 20,675,591 | - | - | 20,936,714 | 269 |
| Due to other funds | - | - | - | - | - | 1,523,467 |
| Due within one year | 26,385,154 | 40,898,935 | - | 89,411 | 67,373,500 | 871,206 |
| Total current liabilities | <u>32,152,624</u> | <u>61,930,365</u> | <u>4,183</u> | <u>629,135</u> | <u>94,716,306</u> | <u>3,994,164</u> |
| Non-current liabilities: | | | | | | |
| Due in more than one year | 190,967,555 | - | - | 804,696 | 191,772,251 | 2,241,442 |
| Total liabilities | <u>223,120,179</u> | <u>61,930,365</u> | <u>4,183</u> | <u>1,433,831</u> | <u>286,488,557</u> | <u>6,235,606</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | | | | |
| Deferred cost of refunding | 1,940,377 | - | - | - | 1,940,377 | - |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 826,835,375 | 13,646,930 | 2,952,856 | 8,806,552 | 852,241,713 | 31,988,626 |
| Unrestricted (deficit) | 64,112,673 | (56,680,092) | 1,522,023 | 14,914,114 | 23,868,719 | 9,515,213 |
| Total net position (deficit) | <u>\$890,948,048</u> | <u>(\$43,033,162)</u> | <u>\$4,474,879</u> | <u>\$23,720,666</u> | <u>\$876,110,431</u> | <u>\$41,503,839</u> |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Business-type Activities-Enterprise Funds | | | | Total Business-type Activities | Governmental Activities Internal Service Funds |
|--|---|-----------------------------------|--|-----------------------------|--------------------------------------|---|
| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | | |
| OPERATING REVENUES: | | | | | | |
| Water-sewer service charges | \$96,130,683 | \$- | \$- | \$- | \$96,130,683 | \$- |
| Water-service hook-up charges | 6,515,147 | - | - | - | 6,515,147 | - |
| Water-service connection charges | 1,125,775 | - | - | - | 1,125,775 | - |
| Sewage treatment service charges | 4,507,573 | - | - | - | 4,507,573 | - |
| Permits and fees | - | - | - | 17,929,909 | 17,929,909 | - |
| Other charges for services | 4,636,237 | - | - | - | 4,636,237 | 21,161,883 |
| Parking charges | - | 3,185,177 | 205,687 | - | 3,390,864 | - |
| Total operating revenues | 112,915,415 | 3,185,177 | 205,687 | 17,929,909 | 134,236,188 | 21,161,883 |
| OPERATING EXPENSES: | | | | | | |
| Personnel services | 17,768,833 | - | - | 9,716,573 | 27,485,406 | 4,948,457 |
| Fringe benefits | 6,531,067 | - | - | 3,662,288 | 10,193,355 | 2,031,134 |
| Cost of store issuances | - | - | - | - | - | 4,052,607 |
| Contractual services | 10,699,213 | 1,662,312 | 31,347 | 3,938,502 | 16,331,374 | - |
| Purchases of water | 8,230,324 | - | - | - | 8,230,324 | - |
| Materials and supplies | 8,301,379 | 153,095 | 8,655 | 167,498 | 8,630,627 | 2,109,032 |
| Utilities | - | - | - | - | - | 157,025 |
| Operating equipment | - | - | - | - | - | 19,181 |
| Outside services | - | - | - | - | - | 2,496,467 |
| Depreciation and amortization | 17,464,222 | 815,259 | 95,177 | 28,884 | 18,403,542 | 5,772,814 |
| Deferred rent | - | 1,279,992 | - | - | 1,279,992 | - |
| Equipment (Construction Contracts) | 3,165,071 | - | - | (3,656,533) | (491,462) | - |
| Internal services | - | - | - | 2,647,824 | 2,647,824 | - |
| Miscellaneous | 6,665,042 | 377,695 | 24,503 | - | 7,067,240 | - |
| Total operating expenses | 78,825,151 | 4,288,353 | 159,682 | 16,505,036 | 99,778,222 | 21,586,717 |
| Operating income (loss) | 34,090,264 | (1,103,176) | 46,005 | 1,424,873 | 34,457,966 | (424,834) |
| NON-OPERATING REVENUES(EXPENSES): | | | | | | |
| Interest income and other income | 800,170 | - | - | 335,204 | 1,135,374 | - |
| Interest expense and fiscal charges | (6,788,012) | (2,384,047) | - | - | (9,172,059) | - |
| Interest expense on capital leases | - | - | - | - | - | (25,576) |
| Gain on disposal of assets | - | - | - | - | - | 240,633 |
| Total non-operating revenues (expenses) | (5,987,842) | (2,384,047) | - | 335,204 | (8,036,685) | 215,057 |
| Net Income(loss) before contributions and transfers | 28,102,422 | (3,487,223) | 46,005 | 1,760,077 | 26,421,281 | (209,777) |
| CONTRIBUTIONS AND TRANSFERS: | | | | | | |
| Contributions from developers and other sources | 1,512,140 | - | - | - | 1,512,140 | - |
| Transfers in | (301,019) | - | - | - | (301,019) | 293,382 |
| Transfers out | - | - | - | - | - | (130,000) |
| Total contributions and transfers | 1,211,121 | - | - | - | 1,211,121 | 163,382 |
| Change in net position | 29,313,543 | (3,487,223) | 46,005 | 1,760,077 | 27,632,402 | (46,395) |
| Net position (deficit) - beginning of year | 861,634,505 | (39,545,939) | 4,428,874 | 21,960,589 | 848,478,029 | 41,550,234 |
| Net position (deficit) - end of year | \$890,948,048 | (\$43,033,162) | \$4,474,879 | \$23,720,666 | \$876,110,431 | \$41,503,839 |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Business-type Activities - Enterprise Funds | | | | Total | Governmental Activities Internal Service Funds |
|--|---|--------------------------------------|--|-----------------------------|---------------|---|
| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash received from customers | \$113,915,471 | \$3,185,177 | \$205,687 | \$17,929,909 | \$135,236,244 | \$- |
| Receipts from interfund charges for fleet management services | - | - | - | - | - | 17,259,850 |
| Receipts from interfund charges for print services | - | - | - | - | - | 2,383,152 |
| Cash paid to suppliers | (39,123,615) | (3,672,860) | (103,794) | (2,822,830) | (45,723,099) | (7,843,222) |
| Cash paid to employees | (23,984,902) | - | - | (13,191,415) | (37,176,317) | (6,917,262) |
| Net cash provided by (used for) operating activities | 50,806,954 | (487,683) | 101,893 | 1,915,664 | 52,336,828 | 4,882,518 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest income | 800,170 | - | - | 335,204 | 1,135,374 | - |
| Net cash provided by investing activities | 800,170 | - | - | 335,204 | 1,135,374 | - |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Transfer received (paid) to other funds | (301,019) | - | - | - | (301,019) | (130,000) |
| Repayment of prior year temp loan | - | - | - | - | - | (716,062) |
| Temporary loan from general fund | - | - | - | - | - | 1,523,467 |
| Contributions from developers and other sources | - | - | - | - | - | 293,382 |
| Net cash provided by (used for) non-capital financing activities | (301,019) | - | - | - | (301,019) | 970,787 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Principal payments - bonds | (7,490,101) | - | - | - | (7,490,101) | - |
| Payment of principal on capital leases | - | - | - | - | - | (591,029) |
| Payment of interest on capital leases | - | - | - | - | - | (25,576) |
| Payment of VRA loan | (15,560,155) | - | - | - | (15,560,155) | - |
| Interest and other loan expenses paid | (7,155,828) | - | - | - | (7,155,828) | - |
| Purchase of property | (20,900,283) | (222,912) | - | (3,656,533) | (24,779,728) | (7,229,377) |
| Proceeds from line of credit | - | - | - | - | - | 1,486,887 |
| Proceeds from sale of equipment | - | - | - | - | - | 741,603 |
| Net cash used for capital and related | (51,106,367) | (222,912) | - | (3,656,533) | (54,985,812) | (5,617,492) |
| Net increase (decrease) in cash and cash equivalents | 199,738 | (710,595) | 101,893 | (1,405,666) | (1,814,630) | 235,813 |
| Cash and cash equivalents at beginning of year | 49,760,633 | 2,531,190 | 1,424,313 | 17,753,611 | 71,469,747 | 12,268,881 |
| Cash and cash equivalents at end of year | \$49,960,371 | \$1,820,595 | \$1,526,206 | \$16,347,945 | \$69,655,117 | \$12,504,694 |
| Reconciliation of operating income (loss) to net cash provided by operations: | | | | | | |
| Operating Income (loss) | \$34,090,264 | (\$1,103,176) | \$46,005 | \$1,424,873 | \$34,457,966 | (\$424,834) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation and amortization expense | 17,464,222 | 815,259 | 95,177 | 28,884 | 18,403,542 | 5,772,814 |
| Effect of changes in operating assets and liabilities: | | | | | | |
| Accounts receivable | 984,618 | - | - | - | 984,618 | (1,518,881) |
| Inventories | (262,817) | - | - | - | (262,817) | 57,830 |
| Vouchers payable | (1,395,589) | (1,479,758) | (39,289) | 274,461 | (2,640,175) | 933,260 |
| Compensated absences | 314,997 | - | - | 187,446 | 502,443 | 62,329 |
| Contract retainage | (528,985) | - | - | - | (528,985) | - |
| Prepaid item | 124,805 | - | - | - | 124,805 | - |
| Accrued rent liability | - | 1,279,992 | - | - | 1,279,992 | - |
| Unearned revenue | 15,438 | - | - | - | 15,438 | - |
| Net cash provided by operations | \$50,806,954 | (\$487,683) | \$101,893 | \$1,915,664 | \$52,336,828 | \$4,882,518 |
| Schedule of non-cash capital and related financing activities: | | | | | | |
| Contributions from developers and other sources | \$1,512,140 | \$- | \$- | \$- | \$1,512,140 | \$- |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

| | Pension and OPEB Trust Funds | All Other Private Purpose Trust Funds | Agency Funds |
|---|---------------------------------|---|---------------------|
| ASSETS: | | | |
| Equity in pooled cash and investments | \$214,360,216 | \$2,357,426 | \$24,748,857 |
| Contributions receivable: | | | |
| Employer | 1,611,553 | - | - |
| Employee | 375,163 | - | - |
| Accrued interest and other receivables | 1,403,919 | 4,211,766 | - |
| Capital assets, net | - | 20,202,522 | - |
| Receivable from other governments | - | - | 33,156 |
| Investments, at fair value: | | | |
| Foreign, Municipal and U.S. Government Obligations, including fixed Instruments in pooled funds | 155,518,372 | - | - |
| Corporate fixed income obligations | 137,485,294 | - | - |
| Domestic and foreign equities, including Equities in pooled funds | 607,657,051 | - | - |
| Other investments | 121,087,309 | - | - |
| Real estate funds | 4,129,875 | - | - |
| Pooled equity | 973,193,748 | - | - |
| Pooled fixed Income Convertible | 477,258,969 | - | - |
| Total assets | <u>2,694,081,469</u> | <u>26,771,714</u> | <u>24,782,013</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>-</u> | <u>157,080</u> | <u>-</u> |
| LIABILITIES: | | | |
| Accounts payable and accrued liabilities | 2,304,495 | 4,220,909 | 24,782,013 |
| Bonds payable | - | 20,740,000 | - |
| Total liabilities | <u>2,304,495</u> | <u>24,960,909</u> | <u>\$24,782,013</u> |
| NET POSITION RESTRICTED FOR PLAN BENEFITS AND OTHER PURPOSES | <u>\$2,691,776,974</u> | <u>\$1,967,885</u> | |

The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Pension and OPEB Trust Funds</u> | <u>All Other Private Purpose Trust Funds</u> |
|--|---|--|
| ADDITIONS: | | |
| Contributions and revenues: | | |
| Employer contributions | \$66,378,931 | \$- |
| Employee contributions | 14,664,853 | - |
| Other contributions | 59,657 | - |
| Shared revenues | - | 2,486,407 |
| Private donations | - | 66,374 |
| | <u>81,103,441</u> | <u>2,552,781</u> |
| Total contributions | | |
| Investment earnings: | | |
| Interest and other | 35,539,491 | 69,902 |
| Gross income from securities lending | 222,772 | - |
| Bank fees and expenses from securities lending | (56,395) | - |
| Net change in fair value of investments | 135,057,190 | - |
| | <u>170,763,058</u> | <u>69,902</u> |
| Total investment earnings | | |
| Less investment expenses | <u>6,586,798</u> | <u>1,201,403</u> |
| Net investment earnings (loss) | | |
| | <u>164,176,260</u> | <u>(1,131,501)</u> |
| Total additions | | |
| | <u>245,279,701</u> | <u>1,421,280</u> |
| DEDUCTIONS: | | |
| Administrative expenses | 2,030,262 | 839,041 |
| Retirees pension expense | 115,461,510 | - |
| | <u>117,491,772</u> | <u>839,041</u> |
| Total deductions | | |
| Change in net position | 127,787,929 | 582,239 |
| Net position restricted for plan benefits - begin year | <u>2,563,989,045</u> | <u>1,385,646</u> |
| Net position restricted for plan benefits - year end | <u>\$2,691,776,974</u> | <u>\$1,967,885</u> |

The notes to the financial statements are an integral part of this statement.



Notes to the Financial Statements

The notes to the financial statements are part of the basic financial statements and provide additional information and disclosures pertaining to the County's operational and financial position.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1. Summary of Significant Accounting Policies

Arlington County, Virginia prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the primary standard-setting body for governmental accounting and financial reporting. The GASB updates its codification of existing governmental accounting and financial reporting standards periodically. The codification, along with subsequent GASB pronouncements (statements and interpretations) constitute GAAP for governmental units. The accounting and reporting framework and significant accounting principles and practices utilized by the County are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2020.

A. The Financial Reporting Entity

Arlington County, Virginia (the "County") is a political subdivision of the Commonwealth of Virginia. The County is governed by the County Board, comprised of five-members elected at-large and serving staggered four-year terms, and the board appointed County Manager, who serves as the administrative head of the County. In accordance with the *Code of Virginia* Section 15.2-600 through Section 15.2-642, the County Board serves as the policymaking body of the County, as a whole, as specified in state law under the "County Manager" form of government and County organization.

The accompanying financial statements include the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial benefit/burden relationships with the County as opposed to legal relationships. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Due to restrictions by State Constitution on the issuance of municipal debt, the County created public trusts to finance County services with revenue and refunding bonds or other non-general obligation financing. Public trusts created to provide financing services are blended into the County's primary government, although retaining separate legal entity. Component units that do not meet the criteria for blending have been reported discretely.

As required by GAAP, these financial statements present the County (primary government) and its component units, the Arlington County Public Schools (the "Schools") and the AHC Limited Partnership-10/AHC Limited Partnership-11 ("the Gates Partnership"), entities for which the primary government is considered to be financially accountable. The discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements.

B. Blended Component Units

Blended component units are entities that are legally separate from the County, but that are so closely related to the County that they are, in essence, extensions of the County. The primary government has operational responsibility for the component unit as each of these blended units is governed by the County Board. The blended component units that are reported as part of the primary government are:

Ballston Quarter Community Development Authority ("CDA") is a legally independent authority authorized by an act of the Virginia General Assembly and was formally created by the County Board in September 2016. The CDA's purpose is to assist in the redevelopment project which will change the current Ballston Common Mall into a mixed-use project with new retail and a 406-unit residential development. The CDA is reported as a separate special revenue fund of the County. The CDA is governed by the members of the County Board. Separate financial statements are not prepared for the CDA.

Ballston Business Improvement District was created by the County Board in December 2010 to provide funds for a range of services, events and activities that enhance the public use and enjoyment of the Ballston area. This district is reported as a separate special

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

revenue fund of the County. The County is the governing authority and provides financial and administrative oversight of its operations. Separate financial statements are not prepared for the Ballston Business Improvement District.

Crystal City Business Improvement District was created by the County Board in April 2006 to provide funds for a range of services, events and activities that enhance the public use and enjoyment of the Crystal City area. This district is reported as a separate special revenue fund of the County. The County is the governing authority and provides financial and administrative oversight of its operations. Separate financial statements are not prepared for the Crystal City Business Improvement District.

Rosslyn Business Improvement District was created by the County Board in December 2002 to provide funds for a range of services, events and activities that enhance the public use and enjoyment of the Rosslyn area. This district is reported as a separate special revenue fund of the County. The County is the governing authority and provides financial and administrative oversight of its operations. Separate financial statements are not prepared for the Rosslyn Business Improvement District.

C. Discretely Presented Component Units

Arlington County Public Schools (the "Schools") is a legally separate entity that provides educational services to citizens of the County. It is administered by a five-member School Board that is elected by the citizens. The County government has financial accountability to the Schools since it is not legally authorized to raise taxes or issue debt. Schools' operations are funded primarily by the County's general fund and the County issues general obligation debt for Schools' capital projects. Schools does not issue separate component unit financial statements and has a June 30 year-end.

AHC Limited Partnership-10 (AHC-10) and AHC Limited Partnership-11 (AHC-11) (collectively "the Gates Partnership") are legally separate Virginia limited partnerships. AHC-10 is comprised of a managing general partner, the New Gates Corporation; a housing credit limited partner, Wachovia Guaranteed Tax Credit Fund, and a master tenant limited partner AHC-11. AHC-11 is comprised of a managing general partner, Gates Housing Corporation and an investor limited partner Wachovia Affordable Housing Community Development Corporation.

Debt (Series 2006) was issued by the Industrial Development Authority of Arlington County, Virginia and the proceeds loaned to the Gates Partnership in order to acquire, rehabilitate, and equip a 464-unit multifamily apartment complex for rental to individuals and families of low-income known as the Gates of Ballston (the Project). The debt is projected to be repaid from the revenues generated by the Project. AHC-10 owns the Project, is the borrower on the debt, and leases the Project to AHC-11 under a master lease agreement; AHC-11 rents the Project units to subtenants, pays all operating expenses, and is responsible for making monthly lease payments to AHC-10. The Gates Partnership also has a mortgage note with the Virginia Housing Development Authority and a promissory note with the County. Subject to appropriation, the County will only be responsible for reimbursement of the debt service payments to the extent that the debt service reserve of the Gates Partnership is insufficient to make the required debt service payments. The County does not hold the corporate powers of the Gates Partnership, does not appoint the principals of the Gates Partnership, and does not have the ability to remove principals at will. Under certain conditions, it does have the ability to modify or approve the Gates Partnership's budget, modify or approve rate or fee changes, and influence decisions about management or operations. It can also approve issuance of bonded debt and govern the Gates Partnership's use of revenues, if these acts would adversely affect the ability of the Gates Partnership to make debt service payments. The criteria of imposition of will and financial accountability mandate the inclusion as a discrete component unit. Gates Partnership issues separately audited financial statements and has a December 31 fiscal year-end.

Complete financial statements of AHC Limited Partnership-10 and AHC Limited Partnership-11 may be obtained from Arlington Housing Corporation, 2300 Ninth Street, Suite 200, Arlington, Virginia 22204.

D. Basis of Presentation

The basic financial statements include both government-wide and fund financial statements.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Government-Wide Financial Statements

The government-wide financial statements are designed to display the financial position of the primary government (governmental and business-type activities) to report information on all of the non-fiduciary activities of the primary government as well as its component units. The focus on the government-wide financial statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. As a general rule, the effect of inter-fund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the discretely presented component units for which the primary government is financially accountable.

In the government-wide statement of net position, the governmental and business-type activity columns are presented on a consolidated basis by using the economic resources measurement focus or accrual basis of accounting, which incorporates long-term assets, deferred outflows of resources as well as long-term debt and obligations and deferred inflows of resources, with the resulting difference reported as net position. Inter-fund balances between governmental funds and inter-fund balances between enterprise funds are included in the government-wide statement of net position.

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of the County functions or programs and demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly with a specific function or segment. Program revenues include charges for services to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

The fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories comprising governmental funds, proprietary funds, and fiduciary funds. Governmental funds and proprietary funds are included in the government-wide financial statements, while fiduciary funds are excluded. Separate financial statements are provided for each fund, which serves as a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The fund financial statements also include reconciliations to the government-wide statements, which explains the differences between the fund and government-wide financial statements.

GAAP set forth minimum criteria for the determination of major funds. The County has elected to present additional funds as major for better transparency. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The non-major funds in each category are combined in a column on the fund financial statements and detailed in the section other supplementary information. The Budgetary comparison schedule for the general fund is presented under required supplementary information following the notes to the financial statements.

Governmental funds' financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The funds used by the County and its component units are organized under the following broad categories.

Governmental Fund Types:

Governmental funds are those which are used to account for most general governmental functions of the County and the Schools. The acquisition, use and balances of the County and Schools' expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are included in these funds. The measurement focus of these funds is based upon determination of, and changes in, financial position rather than upon net income determination.

The County and the Schools use the following governmental funds:

The **General Fund** is the government's primary operating governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues derived primarily from property and other local taxes, State and Federal distributions, licenses, permits, charges for services, and interest income are accounted for in this fund. A significant part of the fund's revenue is transferred to the Schools to finance their operations, pay-as-you-go capital projects, and debt service requirements.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The funds used for the Schools include the school operating, school cafeteria, school special grants, school debt service, school community activities, and school comprehensive services funds. The Ballston Quarter CDA, travel and tourism promotion, the Rosslyn, Ballston, and Crystal City business improvement districts, community development block grants, and Housing Choice Vouchers are accounted for in these funds.

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Major capital projects include Transportation Infrastructure, Metro, Maintenance Capital Program (MC), Information Technology, Parks & Recreation, Neighborhood Conservation (NC) Program, and Stormwater Drainage Infrastructure. Transportation Capital Funds provide funding for the County's Transportation Capital Improvement Program and Metro Matters capital program. Crystal City Tax Increment Financing will provide funding for the Crystal City Sector Plan and infrastructure and Columbia Pike Tax Incremental Financing will provide funding for Columbia Pike Neighborhoods Plan to support affordable housing. General Obligation Public Improvement Bonds are used to fund Street and Highways, Community Conservation, Government Facility, Parks and Recreation, Metro and Schools. The IDA Bond Funds have provided funding for the Emergency Communications Center, the Trades Center, the George Mason Center, Arlington Mill Community Center, Fire Station #3, Buckingham Village 3, Buckingham Park, acquisition and renovation of the North Quincy Street Development and 2920 South Glebe Road, and financing of the County's short-term capital needs.

Proprietary Fund Types:

Proprietary funds are used to account for County operations which are similar to those often found in the private sector. The measurement focus of these funds is the determination of net income through matching revenues earned with the expenses incurred to generate such revenues. The operations of such Funds are generally intended to be self-supporting. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items wherein operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

The County uses the following proprietary fund types:

The **Enterprise Funds** account for the financing of services to the general public where the operating expenses involved are usually recovered in the form of charges to users of such activities. Enterprise funds consist of the utilities (water and sewer), the Ballston Public Parking Garage, the 8th Level Ballston Public Parking Garage funds, and the Community Planning Housing Development (CPHD) Development Fund.

The County uses the following enterprise funds:

The **Utilities Fund**, accounts for the activities of the water pollution control plant and the water distribution system.

The **Ballston Public Parking Garage Fund** accounts for the activities of the parking garage operation.

The **8th Level Ballston Public Parking Garage Fund** accounts for the activities of the 8th floor of the parking garage operation.

The **CPHD Development Fund** accounts for fee-supported operations of CPHD inspection services and planning divisions.

Internal Service Funds account for fleet management and printing services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

The principal operating revenues of the utilities fund, the Ballston Public Parking Garage fund, the 8th Level Ballston Public Parking Garage fund and the CPHD Development fund are charges to customers for sales and services. The utilities fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Types:

Fiduciary funds account for the assets received and disbursed by the County government acting in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The County uses the following fiduciary fund types:

The **Private-Purpose Trust Funds** are used to account for resources legally held in trust to provide for costs to oversee the operation of the waste-to-energy plant and other related expenses, resources used for the construction of the Industrial Development Authority (IDA) Skating facility on the eighth level of the Ballston Public Parking Garage, to account for the loan between the IDA and Signature Theater to pay off existing debt of Signature Theater and funds set aside for various social service programs.

The **Pension Trust Fund** accounts for the activities of the Arlington County Employees' Retirement System (the "System"), which accumulates resources for pension benefit payments to qualified employees.

The **Other Postemployment Benefits (OPEB) Trust Funds** accounts for the assets held in trusts by the County and Schools and beneficiaries of the OPEB plans.

The **Agency Funds** account for assets held by the County as an agent for individuals, private organizations, other governmental units and/or funds. The assets included in agency funds are for special welfare programs in the Department of Human Services, Friends of Library donations, Parks and Recreations donations, commission funds reserved for canteen and inmates, and school board's student activity fund.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Budgets

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the general, enterprise, internal service, capital projects, and special revenue funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County Manager biennially submits a ten-year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, the CIP plan presented a ten-year period instead of six years presented previously. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and utility projects, and analyzing operating budget impacts. The Budgetary Comparison Schedule is presented in the Required Supplementary Information section (RSI) following the notes to the financial statements.

E. Equity in Pooled Cash and Investments

The Treasurer's Office pools substantially all cash and investments for County and School purposes (County funds) in pooled and separate cash and investment accounts. Separate accounts correspond with specific contractual and/or legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying balance sheet under the caption "Equity in Pooled Cash and Investments." The Treasurer conducts banking and investment activities as authorized by the *Code of Virginia*, Chapter 44 – Security for Public Deposits Act; Chapter 45 – Investment of Public Funds Act; Chapter 46 – Local Government Investment Pool Act; and Chapter 47 – Government Non-Arbitrage Investment Act. The *Code of Virginia* delineates additional authority and obligations of the Treasurer in 58.1-3123 through 3172.1. In addition, the County Treasurer has a formal, written investment policy which further governs the types of allowable investments and procedures for investing the county's operating funds. The Investment Policy was last updated on April 4, 2017. The Investment Policy received a Certification of Excellence from the Association of Public Treasurers of the United States and Canada in August 2007. The County established a Finance Board pursuant to *Code of Virginia* Sections 58.1-3151 et. seq.

The Treasurer's investment policy sets forth a number of investment parameters such as investment objectives, asset allocations and maximum maturities. The stated investment objectives, in priority order, are: preservation of principal, liquidity and yield. Pursuant to this policy, the Treasurer does not invest County operating funds and bond proceeds in "derivative" securities, securities lending, or invest in mortgage backed securities guaranteed by the Government National Mortgage Association (GNMA). Further, the Treasurer does not invest in reverse repurchase agreements. The Treasurer's general intent is to place and manage all bond proceeds with and through the State Non-Arbitrage Program (SNAP).

All interest earned on cash and investments pooled by the County is recorded in the County's general fund as legally allowed, except for separate cash and investments accounts or funds legally entitled to interest earned.

The pension trust fund (the System) is also authorized to make investments as deemed appropriate by the Retirement Board of Trustees (the Retirement Board) and in compliance with the U.S. Department of Labor regulations. Fixed income investments must be at least 20% of the System's assets at market value. The fund must be rebalanced if the market weight of fixed income investments falls below 20%, unless the Retirement Board, acting on the recommendation of staff or the investment consultant to defer rebalancing, determines that it would not be consistent with the Retirement Board's fiduciary responsibility to rebalance (increase fixed income) at that time.

No new commitment to illiquid investments can be made, which causes the allocation to illiquid investments, including existing market value and commitments, to exceed 15% of each System's market value.

Investments in the pension trust fund consists of investment instruments, domestic and international stocks and bonds, U.S. Treasury notes and bonds, and real estate and real estate notes, which are held in the County's name by the Fund's Trustee who serves as the Pension Systems' agent. Temporary investment funds on deposit with financial institutions were fully insured by the Federal Deposit Insurance Corporation up to \$250,000 for each retirement system participant.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

The System's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The System utilizes independent pricing vendor services, quotations from market makers and alternative valuation methods when market quotations are either not readily available or not deemed representative of fair value. Investment transactions are recorded as of the trade date. These transactions are not finalized until the settlement date. Unrealized appreciation and depreciation of investments is reflected in the Statement of Changes in Fiduciary Net Position for the year. Under authorization of the Retirement Board, the pension trust fund engages in a securities lending program through its custodian. In accordance with its adopted investment policy, the System is authorized to invest in foreign currency forward contracts, which are valued at fair market value, as a risk management tool.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from primary government", "due to/from component unit" (i.e., the current portion of inter-fund loans to the primary government or schools) or "due to/from other funds" or "advances to/from other funds" (i.e., the non-current portion of the inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities would be reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

"Accounts receivable, net" for the utilities fund includes water and sewer services used by customers, but not yet billed. Unbilled revenues are estimated based on the billing cycles of each customer.

All taxes, assessments, service charges and other receivables are shown net of an allowance for uncollectibles. The County's allowance for uncollectible receivables is based upon historic non-collection percentages.

G. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in first-out method for inventories in the utilities, internal service and Schools' funds. Inventories are accounted for using the consumption method. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expense when consumed rather than when purchased.

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Tangible capital assets for both primary government and Schools are defined by the government as capital assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value per GASB S72 definition of acquisition value at date of donation. Land and easements are not depreciated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. For infrastructure capital assets, the maintenance is carried in the General Capital Projects (Pay-Go) Fund. Additions to infrastructure capital assets are provided by capital outlays from the Street and Highway Bond Fund, Neighborhood Conservation Fund, Stormwater Fund and General Capital Projects Fund. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Capital assets of the primary government and Schools are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|------------------------------------|-------|
| Water/sewer system | 75 |
| Parking garage | 45 |
| Infrastructure | 25-40 |
| Building/improvements | 40 |
| Furniture and fixtures | 10 |
| Vehicles | 5-20 |
| Equipment and other capital assets | 5-10 |
| Intangibles | 5 |
| Software | 3 |

Intangible assets, which include computer software purchased or internally generated, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Intangible assets for both primary government and Schools are defined by the government as assets with an initial, individual cost of more than \$50,000 (amount not rounded) and an estimated useful life in excess of one year. Subsequent additions, modifications or upgrades to computer software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Interest incurred during the development of intangible assets of business-type activities is included as part of the capitalized value of the assets developed.

I. Compensated Absences

County general employees are granted vacation leave based upon length of employment with the County; a total of 35 days of vacation are allowed to be carried over from one year to the next. Due to the pandemic, an exception has been made to the carry forward policy. Teachers do not earn vacation leave. Compensatory leave is granted to some County employees for overtime work on an hour-to-hour basis; no more than 80 hours of compensatory leave may be carried over from one year to the next. The County and the Schools do not place a maximum limitation on the accumulation of sick leave, which may be carried over from one year to the next. Compensatory leave is vested, while sick leave vests under certain limited circumstances.

Accumulated vested unpaid compensated absences for the County and the Schools in both the government-wide and the proprietary funds are recorded as an expense and liability of general fund, internal service funds, utilities fund, CPHD Development Fund, and Schools as the employee benefits accrue.

J. Arbitrage Rebate Liability

The U.S. Treasury has issued regulations on calculating the rebate due to the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2020, the County had no arbitrage rebate liability.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing source while discounts on debt issuances are reported as other financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Fund Balance

In accordance with GAAP, the County classifies governmental fund balances as follows:

Non-spendable Fund Balance – Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints, such as inventory and prepaid items.

Restricted Fund Balance – The portion of fund equity appropriated for expenditures or legally segregated for a specific future use and that are constrained for specific purposes which are externally imposed by providers, such as creditors (such as through debt covenants), grantors, or amounts constrained due to constitutional provisions or enabling legislation. The County's restricted fund balance includes, seized assets, unspent bond proceeds, grants and revenues restricted in the special revenue funds.

Committed Fund Balance – The County's highest level of decision making authority is the County Board. Fund balance amounts that are constrained for specific purposes that are imposed by Governing Body formal action through vote by Governing Body and not lapsing at year-end. Committed amounts cannot be used for any other purpose unless the County Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The County's committed fund balance includes items such as self-insurance, operating, and economic and revenue stabilization reserves, and subsequent years' budgets for County and Schools and Affordable Housing Investment Fund. The self-insurance reserve is generally a minimum reserve equivalent to one or two month's claim payments based on a five-year rolling average. For FY 2020, this reserve is currently set at \$5 million. In accordance with the County's Financial and Debt Management policies, the operating reserve is currently set at 5.5% of the FY 2021 general fund revenue budget. The Stabilization Reserve, proposed Stabilization Reserve replenishment and COVID Contingent sum to \$20.8 million.

Assigned Fund Balance – Fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The County classifies fund balance in this category that is assigned by the County Manager. The County Board will review the recommendations of the County Manager during closeout during the November Board meeting. If approved by a resolution of the County Board, the assigned funds become committed. Amendments must follow the guidance described in Note 1.I.E. By State law, funds cannot be spent unless appropriated by the County Board.

Unassigned Fund Balance – Unassigned fund balance includes the residual fund balance within the general fund that has not been classified as restricted, committed or assigned. In accordance with GAAP, a deficit in unassigned fund balance resulting from overspending for specific purposes can be shown in governmental funds other than the general fund. An unassigned fund balance can only be used when appropriated by a resolution of the County Board.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. Committed balances are applied next, followed by assigned after which unassigned balances are consumed.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

M. Cash and Cash Equivalents

For Statement of Cash Flows reporting purposes, cash and cash equivalents include cash on hand, demand deposits, equity in highly liquid cash and investments pools, certificates of deposit, repurchase agreements and commercial paper with maturities at time of purchase of three months or less.

N. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Actual results could differ from those estimates.

O. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of the resources (expenditure) until a future period. Deferred outflows for pensions and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments, differences between expected and actual experience and pension and OPEB contributions made subsequent to the measurement date. Deferred outflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred outflows, except contributions made subsequent to the measurement date, are amortized over the remaining service life of all participants.

P. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. The County reports the following deferred inflow of resources: prepaid and unavailable taxes, grants, housing development loans, deferred gain on refunding and deferred inflows related to pensions and OPEB. Deferred inflows of resources for pensions and OPEB activities result from changes in actuarial proportions, changes in actuarial assumptions, differences between projected and actual earnings on pension and OPEB investments and differences between expected and actual experience. Deferred inflows related to investment differences are deferred and amortized over a closed five-year period and all other deferred inflows are amortized over the remaining service life of all participants.

Q. Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension trust fund and the additions to/deductions from the pension trust fund's fiduciary net position have been determined on the same basis as they are reported by the Arlington County Employees' Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Teacher Retirement Plan is a multiple-employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS Teacher Retirement Plan and the Political Subdivision's Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan and the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The reporting entity administers several single-employer OPEB and multiple-employer, cost sharing OPEB plans. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB

ARLINGTON COUNTY, VIRGINIA

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expense, information about the fiduciary net position of the OPEB trust funds and the additions to/deductions from the OPEB trust funds' fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust plans. The OPEB liabilities and associated deferred outflows of resources and deferred inflows of resources for the multiple-employer OPEB plans are reported with a one-year lag when compared with the fiduciary net position as reported by VRS Line of Duty Act Program, Health Insurance Credit Program, Teachers Group Life Insurance Program, and Group Life Insurance plans. Employer contributions to the plans during the current fiscal year are reflected as a deferred outflow of resources which will impact the OPEB expense of the subsequent year. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

R. Implementation of New GASB Pronouncements

The County implemented no new GASB pronouncements this year.

S. Subsequent Events

COVID-19 virus became a national pandemic in March 2020. This event continues through FY21. The County responded immediately and continues to respond to the pandemic on many different fronts. The County addressed critical safety concerns, economic concerns, and throughout has maintained a high level of communication with the community and staff. The County has established the GRANT (Giving Resilience Assets Near Term) program which provides immediate financial assistance to Arlington small businesses and nonprofits impacted by the pandemic. The County has received to date, in FY20 and continues through FY21, over \$65 million in Federal, State and Local funds for COVID-19 related expenditures

NOTE 2. Legal Compliance

The County Manager's proposed budget for the following fiscal year is presented to the County Board in February. Public hearings on the proposed budget and tax rates are held in early spring and are followed by a series of work sessions of the County Board, during which preliminary funding decisions regarding proposed operating and capital programs are reached. Final County Board decisions are incorporated into the appropriation, tax, and budget resolutions for the fiscal year. These resolutions are generally approved by the County Board in April and a separate Adopted Budget document is issued subsequent to the Board approval. According to §22.1-93 of the Code of Virginia, the County Board must adopt the School Board budget no later than May 15th of the previous fiscal year or within 30 days of receipt by the county or municipality of the estimates of state funds, whichever shall later occur.

Supplemental appropriations may be approved by the County Board subsequent to the adoption of the original budget. In FY2020, such appropriation amendments totaled \$120,744,907 and are reflected in the amounts presented in the financial statements. In addition, the County Board can approve transfers of appropriations between County departments and funds and Department of Management and Finance can approve budget transfers within a department's appropriation. The level of budgetary control in the County is at the department level for the general fund.

Expenditures exceeded the level of control in FY2020 for the Sheriff's Office, Technology Services, Commonwealth Attorney, and the Office of Emergency Management. The Sheriff's Office over-expenditure was primarily due to overtime costs required in the detention facility for minimum staffing requirements. Technology Services' over-expenditure was primarily due to expenses related to unfunded positions supporting IT procurement, communications support, audio visual support for Bozman Government Center, help desk ticket support management and the department's management intern program as well as the over-expenditure of consultants, operating equipment, and memberships. The Commonwealth Attorney's over-expenditure was the result of unbudgeted unused leave payouts for retiring personnel and technology upgrades provided to the office while the Office of Emergency Management was primarily due to costs associated with COVID related contracts which are anticipated to be reimbursed by FEMA.

The Ballston Public Parking Garage (an enterprise fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has a negative net position of \$43,033,162 at June 30, 2020. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

operating income circumstances. The deficiency has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under its agreement with The Federated Department Stores Inc., the County was precluded from initially increasing some key parking rates.

The printing fund (an internal service fund), had a decrease in net position of (\$793,416) in FY20, resulting in an ending net deficit of (\$1,851,778).

NOTE 3. Cash and Investments

I. County Cash and Investments

The County maintains a cash and investment pool in which the County and Schools participate on a dollar equivalent and daily transaction basis. Bank deposits and investments of the Pension Trust Fund are held separately from those of the County.

A. Custodial Credit Risk Deposits

At year end, the carrying amount of the County and School deposits was \$116,966,878 and the bank balance was \$ 131,447,606. Of the bank balance, \$ 18,904,388 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

B. Custodial Credit Risk Investment Securities

Custodial risk is the risk that, in the event of a failure by a counter party, the County will not be able to recover the value of its investments or collateral securities held in custody by an outside party. The Treasurer's investment policy requires that all securities be clearly held in the name of the County and held in safekeeping by a third party in compliance with Section 2.2-4515 of the *Code of Virginia*. As a result, the County has no custodial credit risk.

C. Investment Policy

In accordance with the *Code of Virginia*, the Treasurer's investment policy permits investment in obligations of the United States or agencies thereof, obligations of States and Virginia municipal governments as well as agencies thereof, commercial paper, bankers' acceptances, repurchase agreements, corporate notes, mutual funds, Virginia Investment Pool (VIP) and the Virginia Local Government Investment Pool (LGIP). Depository accounts and certificates may also be used. Unexpended bond proceeds are invested in the Virginia State Non-Arbitrage program (Virginia SNAP).

D. Credit Risk

The *Code of Virginia* authorizes the investment in various instruments as described above. The County will only invest in securities with "prime quality" credit ratings by at least one nationally recognized rating agency, or as otherwise required by State code.

E. Concentrations of Credit Risk

The County's policy defines limits on the percentage of the portfolio that may be invested in various investments. The portfolio is in compliance with each of the stated limits as of June 30, 2020.

ARLINGTON COUNTY, VIRGINIA

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F. Interest Rate Risk and Fair Value Hierarchy

As a means of limiting exposure to fair value losses resulting from increasing interest rates, the Treasurer's investment policy states that the maturities in the portfolio are to be reviewed frequently to mitigate the effects of market fluctuations. In no case, however, shall investments be purchased with maturities greater than five years. At June 30, 2020, the County had the following investments and maturities:

| | <u>Investment Maturity (in years)</u> | | | |
|---|---------------------------------------|-------------------------|----------------------|---------------------|
| | <u>Fair Value</u> | <u>Less than 1 year</u> | <u>1-3 years</u> | <u>3-5 years</u> |
| Corporate Notes | \$158,729,241 | \$92,965,812 | \$58,810,850 | \$6,952,578 |
| Government Agency Bonds | 101,105,936 | 3,484,120 | 38,652,252 | 58,969,565 |
| Municipal Obligations | 16,096,839 | 10,431,425 | 5,665,414 | - |
| Commercial Paper | 1,995,360 | 1,995,360 | - | - |
| Total | <u>\$277,927,376</u> | <u>\$108,876,717</u> | <u>\$103,128,516</u> | <u>\$65,922,143</u> |
| Investments Measured at Net Asset Value (NAV) | | | | |
| Virginia State LGIP - | | | | |
| Liquidity Pool | \$50,226,963 | | | |
| VIP Daily Liquidity Pool | 336,162,606 | | | |
| Virginia State SNAP | 206,832,275 | | | |
| Total Investments | <u>\$593,221,844</u> | | | |

Virginia State LGIP- Liquidity Pool, Virginia Daily Liquidity Pool and Virginia State SNAP are investments not subject to Interest Rate Risk.

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of June 30, 2020, the County's fair value measurements were as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|--------------------------------------|----------------------|----------------------|----------------|----------------|
| Virginia State LGIP - Liquidity Pool | \$50,226,963 | \$50,226,963 | \$- | \$- |
| VIP Daily Liquidity Pool | 336,162,606 | 336,162,606 | - | - |
| Virginia State SNAP | 206,832,275 | 206,832,275 | - | - |
| Corporate Notes | 158,729,241 | 158,729,241 | - | - |
| Government Agency Bonds | 101,105,936 | 101,105,936 | - | - |
| Municipal Obligations | 16,096,839 | 16,096,839 | - | - |
| Commercial Paper | 1,995,360 | 1,995,360 | - | - |
| | | | | |
| Total | <u>\$871,149,220</u> | <u>\$871,149,220</u> | <u>\$-</u> | <u>\$-</u> |

As of June 30, 2020, the County has no investments in assets classified as Level 2 and 3.

First Virginia Community Bank is the trustee for Alexandria/Arlington Waste to Energy-Monitoring Group Trust Fund. Investments in the amount of \$109,102, at fair value, were held by First Virginia Community Bank at June 30, 2020.

Bank of New York Mellon Bank (BNYM), as the trustee for the Industrial Development Authority (IDA) of Arlington County, Virginia, is authorized to invest all bond proceeds for the IDA Taxable Economic Development Revenue Bonds. As of June 30, 2020, the balance of these funds totaled \$9,740,280.

SunTrust Bank is the trustee for the Ballston Parking Garage and the Arlington Mill Community Center Parking Garage. Daily and monthly parking fees collected at the Garages are deposited in SunTrust Bank and transferred monthly to the County's concentration account with Wells Fargo Bank. As of June 30, 2020, the SunTrust Bank balance was \$ 120,473 for the Ballston Parking Garage and \$ 141,110 for the Arlington Mill Parking Garage.

John Marshall Bank is the trustee for the World Cities Alliance, a trust and agency account of Arlington County. As of June 30, 2020, the account balance was \$49,260.

G. External Investment Pools (SNAP, LGIP, VIP Daily Liquidity Pool)

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia SNAP which is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities and towns. As of June 30, 2020, the County had \$206,832,275 in the SNAP short-term investment. SNAP is administered by the Virginia Treasury Board which is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, as determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- SNAP is rated 'AAAm' by Standard and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- SNAP is managed in accordance with GAAP.

ARLINGTON COUNTY, VIRGINIA

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- The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance.
- Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

The County is a participant in the LGIP, which is administered by the Virginia Treasury Board. As of June 30, 2020, the County had \$50,226,963 in the LGIP short-term investment. The Virginia Treasury Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, as determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- The LGIP is rated ‘AAAm’ by Standard and Poor’s and managed in a manner to comply with their ‘AAAm’ rating requirements.
- The LGIP is managed in accordance with GAAP
- The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance.
- Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

The County is a participant in the VIP Stable NAV Liquidity Pool (Daily Liquidity Pool), administered by VACo/VML VIP. As of June 30, 2020, the County had \$336,162,606 in the Stable NAV Liquidity Pool short-term investment. The VACo/VML VIP is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, as determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- VIP Stable NAV Liquidity Pool is rated AAAm by Standard and Poor’s and managed in a manner to comply with their AAAm rating requirements.
- VIP Liquidity Pool is managed in accordance with GAAP.
- The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance.
- Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

II. Arlington County Employees’ Retirement System’s (the “System”) Cash and Investments

A. Legal Provisions and Investment Policy

The System is authorized by the *Code of Virginia* §51.1-803 to invest funds of the System in conformance with the prudent person rule. Arlington County Code §21-23, §35-21, and §46-22 require that assets of the System be invested with care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Arlington County Code §21-24, §35-22, and §46-23 require that investments be diversified to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

The System’s written investment policy provides for investment in all major sectors of the capital markets in order to diversify and minimize total investment program risk.

Such sectors include, but are not limited to:

- Convertible securities
- Cash, money market funds and other short term investment funds

ARLINGTON COUNTY, VIRGINIA

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- Common stocks, preferred stocks, warrants and similar rights of U.S. and non-U.S. companies.
 - Private equity via a fund-of-funds and direct approach to maximize diversification by vintage year and investment type.
 - Open and closed end pooled real estate funds and real estate investment trust securities
 - Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. Governments, companies and super national organizations, in other developed and emerging markets. Limits on concentration, credit quality and duration are governed by each investment manager's contract.

Since the Fund does not utilize a target allocation approach, the following table shows the Fund's ten-year average allocation:

| <u>Asset Class</u> | <u>10 Year Average Allocation</u> |
|----------------------|---------------------------------------|
| Domestic Equity | 47% |
| International Equity | 17% |
| Fixed Income | 31% |
| Cash/Short Term | 1% |
| Non-Traditional | 4% |
| | <u>100%</u> |

While the above asset allocation is not a restrictive target (see investment restrictions below), it is representative of the nature and mix of current and expected System investments.

B. Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected pension plan investments, and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's expected asset allocation as of June 30, 2020 (see the discussion of the system investment policy) are summarized in the following table:

| <u>Asset Class</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|---|
| Domestic Equity | 6.1% |
| International Equity | 7.1% |
| Fixed Income | 1.8% |
| Cash/Short Term | 0.4% |
| Non-Traditional | 9.6% |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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C. Investment Restrictions

The following summarizes the primary investment restrictions included in the System's investment policy statement. Individual investment manager contracts typically include additional guidelines and limitations.

Fixed income investments must be at least 20% of the Fund's assets at market value. The Fund must be rebalanced if the market weight of fixed income investments falls below 20%, unless the Retirement Board, acting on the recommendation of staff or the investment consultant to defer rebalancing, determines that it would not be consistent with the Retirement Board's fiduciary responsibility to rebalance (increase fixed income) at that time.

No new commitment to illiquid investments can be made which causes the allocation to illiquid investments, including existing market value and commitments, to exceed 15% of the System's market value.

Unless the Retirement Board grants prior authorization, the investment managers may not:

- Invest more than 10% of the market value of each portfolio in the securities of any one issuer, with the exception of the U.S. government and its agencies
- Hold more than 5% of the outstanding shares of a single company in each portfolio
- Hold unlisted equity securities that exceed 20% of the portfolio, exclusive of holdings in banks, utilities, and insurance companies
- Use leverage of any sort for any purpose beyond prudent industry standards
- Effect short sales of securities
- Pledge, mortgage or hypothecate securities, except in approved security lending programs

Investment managers are prohibited from:

- Making investments prohibited by county, state or federal law
- Investing in collectibles
- Making loans, including mortgage loans, to individuals

Derivatives are allowed only in cases where their use reduces the cost of a desired transaction and/or improves the risk characteristics of the portfolio. The Retirement Board may, however, approve the use of derivatives to implement investment processes intended to add value in specifically-designated, risk-controlled applications, such as currency management. Any such value-added investment program shall be approved only where:

- The potential exposures have been well defined by the Retirement Board and provide for a downside risk range for the Fund within established limits
- The value of the designated Fund assets subject to risk due to the program does not exceed 15% of the Fund's assets
- In any program where an active overlay strategy combining derivatives with underlying portfolio assets is to be used, the gross amount of any long and short exposures taken on by the overlay shall not exceed the value of the designated funds' assets being overlaid

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2020, the System had \$2 in open net forward currency contracts.

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D. Cash and Cash Equivalents

At June 30, 2020, the System had cash and cash equivalents of \$214,360,216. Cash deposits in bank accounts totaled \$332,756. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$214,027,460 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

E. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 1, Summary of Significant Accounting Policies, Investments, of Arlington County Employees' Retirement System Comprehensive Annual Financial Report.

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The following table presents the fair value of investments by type at June 30, 2020:

System Investments

| <u>Investment Type</u> | <u>Investment Value in (\$000s)</u> |
|--|---|
| Foreign, Municipal and U.S. Governments: | |
| Government and Government Agency Debt | \$12,882 |
| Government Pooled Fund | 85,047 |
| Total Foreign, Municipal, and U.S. Governments | <u>97,929</u> |
| Corporate Fixed Income Obligations: | |
| Residential Mortgaged Backed | 70,783 |
| Commercial Mortgaged Backed | 14,738 |
| Collateralized Mortgaged Obligations | 17,557 |
| Asset Backed Securities | 34,407 |
| Total Corporate Fixed Income Obligations | <u>137,485</u> |
| Domestic and Foreign Equities: | |
| Common Stock | 497,470 |
| REITs | 2,206 |
| Preferred Stock | 1,029 |
| Total Domestic and Foreign Equities | <u>500,705</u> |
| Private Equity: | |
| Private Equity | 121,087 |
| Real Estate Funds: | |
| Real Estate | 4,130 |
| Pooled Equity: | |
| Pooled Equity Funds | 973,194 |
| Pooled Fixed Income: | |
| Pooled Bonds Funds | 477,259 |
| Total ⁽¹⁾ | <u><u>\$2,311,789</u></u> |

(1) Investment related accruals are reflected in the respective asset category; further, data on the Statement of Fiduciary Net Position (Exhibit 8) includes disbursement account cash and operating accruals not reflected in the data above.

Interest Rate Risk: Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$150.4 million of directly owned fixed income securities and on \$562.3 million invested in three pooled US fixed income funds.

ARLINGTON COUNTY, VIRGINIA

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The System's directly owned fixed income investments and maturities at June 30, 2020 are:

| <u>Investment Type:</u> | <u>Investment Maturities</u> | | | | |
|-------------------------------------|-------------------------------------|--------------------------------------|----------------|----------------|------------------|
| | <u>Fair Value</u> (\$000s) | <u>Investment Maturities (years)</u> | | | |
| | | <u>Under 1</u> | <u>1-5</u> | <u>6-10</u> | <u>Over-10</u> |
| Asset Backed Securities | \$34,407 | \$- | \$2,433 | \$1,715 | \$30,259 |
| Commercial Mortgage-Backed | 14,737 | - | - | 186 | 14,551 |
| Government and Government Agencies | 12,882 | - | - | 5,622 | 7,260 |
| Residential Mortgage Backed | 70,784 | - | - | - | 70,784 |
| Collateralized Mortgage Obligations | 17,557 | - | - | 952 | 16,605 |
| Total | <u>\$150,367</u> | <u>\$-</u> | <u>\$2,433</u> | <u>\$8,475</u> | <u>\$139,459</u> |

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration, which reflects the average percentage change in portfolio value due to a 1% change in interest rates. The effective duration for the System's directly held fixed income portfolio at June 30, 2020 is shown below:

| <u>Investment Durations</u> | | |
|---|-------------------|---|
| <u>Investment Type</u> <i>(in \$ 000s)</i> | <u>Fair Value</u> | <u>Effective</u> <u>Duration (Yrs)</u> |
| Asset Backed Securities | \$34,407 | 4.58 |
| Commercial Mortgage-Backed | 14,737 | 4.01 |
| Government & Government Agencies | 12,882 | 16.30 |
| Residential Mortgage Backed | 70,784 | 3.77 |
| Collateralized Mortgage Obligations | 17,557 | 3.55 |
| Total | <u>\$150,367</u> | <u>5.02</u> |

Custodial Credit Risk: In the event of counter-party failure, the System may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty, or counterparty's trust department, are uninsured and are not registered in the name of the System. The System requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the System.

Credit Risk: The System's credit quality distribution for the System's directly held fixed income investments of \$150.4 million at June 30, 2020 is shown in the following table:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Fixed Income Credit Quality Distribution

| <u>Investment Type</u> <i>(in \$ 000s)</i> | <u>Credit Quality</u> | | | | | | | |
|---|-----------------------|----------------|----------------|----------------|----------------|--------------|-----------------|-----------------|
| | <u>AAA</u> | <u>AA</u> | <u>A</u> | <u>BBB</u> | <u>BB</u> | <u>B</u> | <u>Below B</u> | <u>Unrated</u> |
| Asset Backed Securities | \$ 6,744 | \$ - | \$1,467 | \$1,087 | \$ - | \$ - | \$10,781 | \$14,328 |
| Commercial Mortgage-Backed | 2,789 | 1,925 | 286 | 1,660 | 1,058 | 144 | - | 6,875 |
| Government & Government Agencies | 12,882 | - | - | - | - | - | - | - |
| Residential Mortgage Backed | 70,784 | - | - | - | - | - | - | - |
| Collateralized Mortgage Obligations | - | - | - | 222 | - | - | 9,680 | 7,655 |
| Total | <u>\$93,199</u> | <u>\$1,925</u> | <u>\$1,753</u> | <u>\$2,969</u> | <u>\$1,058</u> | <u>\$144</u> | <u>\$20,461</u> | <u>\$28,858</u> |

Note: Ratings based on S&P Quality Ratings.

Foreign Currency Risk: Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2020 was as follows:

Foreign Currency Exposure In Dollars

| <u>Currency (in \$ 000s)</u> | <u>Equity</u> | <u>Fixed Income & Convertible</u> | <u>Cash</u> | <u>Total</u> |
|----------------------------------|------------------|---|--------------|------------------|
| Brazilian Real | \$1,963 | \$- | \$- | \$1,963 |
| British Pound Sterling | 13,732 | - | - | 13,732 |
| Canadian Dollar | 1,821 | - | - | 1,821 |
| Danish Krone | - | - | 1 | 1 |
| Euro | 48,644 | - | 125 | 48,769 |
| HK offshore Chinese Yuan Renmini | 2,994 | - | - | 2,994 |
| Hong Kong Dollar | 30,772 | - | 18 | 30,790 |
| Indonesian Rupiah | 6,940 | - | - | 6,940 |
| Japanese Yen | 4,313 | - | 23 | 4,336 |
| Nigerian Naira | 511 | - | - | 511 |
| Norwegian Krone | 1,342 | - | - | 1,342 |
| Philippines Peso | 6,434 | - | 2 | 6,436 |
| South Africa Rand | 769 | - | - | 769 |
| South Korean Won | 913 | - | - | 913 |
| Swedish Krona | 5,124 | - | 1 | 5,125 |
| Swiss Franc | 4,597 | - | 3 | 4,600 |
| Thailand Baht | 654 | - | - | 654 |
| Turkish Lira | 568 | - | - | 568 |
| Total | <u>\$132,091</u> | <u>\$-</u> | <u>\$173</u> | <u>\$132,264</u> |

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NOTES TO FINANCIAL STATEMENTS

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F. Securities Lending

Under authorization of the Retirement Board, the System engaged in a securities lending program through its custodian, Northern Trust, for securities held in separate accounts. In accordance with the contract, Northern Trust may lend any securities held in custody. Only obligations issued by the U.S. Government are accepted as collateral investment. By not accepting cash collateral, the program relies on the demand of the loaned securities as the driver on income and is not subject to collateral reinvestment risk. Minimum collateralization levels for all loans is 102% of the market value of the borrowed securities or 105% if the borrowed securities are not denominated in dollars. Loans and collateral are marked to market on a daily basis. The collateral is maintained by Northern Trust and all securities on loan are callable at any time. The System does not have the ability to pledge or sell the collateral.

In the event the borrower becomes insolvent and fails to return the securities, Northern Trust indemnifies the System by agreeing to purchase replacement securities, or to remit the collateral held. There were no such failures by any borrower during the fiscal year nor were there any losses during the year resulting from a borrower or lending agent default.

The fair value of securities on loan increased from \$24.4 million at the beginning of the year to \$45.3 million at June 30, 2020. The following table details the net income from securities lending for the fiscal year ended June 30, 2020:

| | |
|--------------------------------------|------------------|
| Gross Income from Securities Lending | \$222,772 |
| Less: Bank Management Fees | <u>(56,395)</u> |
| Net Income from Securities Lending | <u>\$166,377</u> |

At June 30, 2020, the fair value of underlying securities lent was \$45,272,974 and the fair value of the non-cash collateral pledged was \$46,258,280. None of the System's pooled fund investments have material realized or unrealized securities lending related losses.

G. Fair Value of Investments

The System categorizes their fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

- Level 1 Unadjusted quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

For investments that do not have a readily determinable fair value, the System establishes fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. These investments are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset. The table on the next page shows the fair value leveling on the investments for the System.

Equity securities classified in Level 1 of the fair value hierarchy are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security principally trades.

Equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued at prices provided by independent pricing vendors. The vendors provide these prices after evaluating observable inputs including, but not limited to: quoted prices for similar securities, the mean between the last reported bid and ask prices (or the last bid price in the absence of an asked price), yield curves, yield spreads, credit ratings, deal terms, tranche level attributes, default rates, cash flows, prepayment speeds, broker/dealer quotations, inflation and reported trades.

Fixed income securities classified in Level 3 of the fair value hierarchy were valued using a single broker indicative quote.

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Investments and Derivative Instruments Measured at Fair Value

| | 6/30/2020 | Fair Value Measurements | | |
|---|---------------|---|---|---|
| | | Quoted Prices in Active markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Debt securities | | | | |
| Foreign, Municipal and U.S. Governments | | | | |
| Government and Government Agency Debt | \$12,881,575 | \$- | \$12,881,575 | \$- |
| Residential Mortgage Backed | 70,783,841 | | 70,783,841 | |
| Corporate Fixed Income Obligations | | | | |
| Commercial Mortgage Backed | 14,737,610 | - | 14,737,610 | - |
| Asset Backed | 34,406,765 | - | 34,406,765 | - |
| Non-Government Backed C.M.O.s | 17,557,078 | | 17,557,078 | |
| Pooled Fixed Income | | | | |
| Pooled Bond Funds | 72,802,714 | 72,802,714 | - | - |
| Total debt securities measured at fair value | 223,169,583 | 72,802,714 | 150,366,869 | - |
| Equity Securities | | | | |
| Domestic and Foreign Equities | | | | |
| Common stock | 417,485,355 | 417,485,355 | - | - |
| Preferred stock | 1,028,623 | 1,028,623 | - | - |
| Pooled Equity Funds | 776,950,127 | 898,765,392 | - | - |
| Total equity securities measured at fair value | 1,195,464,105 | 1,317,279,370 | - | - |
| Total investments by fair value level | 1,418,633,688 | \$1,390,082,084 | \$150,366,869 | \$- |
| Investments measured at the NAV | | | | |
| Debt Securities | | | | |
| Pooled Bond Funds | \$489,503,544 | | | |
| Total Debt Securities measured at the NAV | 489,503,544 | | | |
| Equity Securities | | | | |
| Domestic and Foreign Equities | | | | |
| Pooled Global Equity Fund | 156,619,488 | | | |
| Pooled International Equity Fund | 121,815,266 | | | |
| Total equity securities measured at the NAV | 278,434,754 | | | |
| Alternative investments | | | | |
| Private Equity | | | | |
| Private Equity | 121,087,309 | | | |
| Total alternative investments measured at the NAV | 121,087,309 | | | |
| Real Estate Funds | | | | |
| Real Estate | 4,129,875 | | | |
| Total alternative investments measured at the NAV | 125,217,184 | | | |
| Total investments measured at fair value | \$893,155,482 | | | |
| Total investments | 2,311,789,170 | | | |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

| Total Assets at Net Asset Value | | | | |
|---------------------------------------|----------------------|-------------------------|-------------------------|-----------------------------|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Debt Securities | | | | |
| Pooled Fixed Income | \$489,503,544 | \$- | Daily | N/A |
| Total Debt Securities | <u>489,503,544</u> | <u>-</u> | | |
| Equity Securities: | | | | |
| Domestic and Foreign Equities | 156,619,488 | - | Monthly | 15-45 days |
| International Pooled Equity | 121,815,266 | - | Monthly | 15-45 days |
| Total equity securities | <u>278,434,754</u> | <u>-</u> | | |
| Alternative Investments: | | | | |
| Private Equity | 121,087,309 | 101,000,000 | N/A | N/A |
| Real Estate | 4,129,875 | - | N/A | N/A |
| Total alternative investments | <u>125,217,184</u> | <u>101,000,000</u> | | |
| Total investments measured at the NAV | <u>\$893,155,482</u> | <u>\$101,000,000</u> | | |

- **Unfunded Commitments.** At June 30th, the System had committed to fund certain alternative investment partnerships in the amount of 313.0 million. Funding of \$212.0 million has been provided leaving an unfunded commitment of \$101.0 million.
- **Equity Focused Funds.** Global Equity and Global Pooled Equity includes global equity funds that invest in both U.S. and non-U.S. equities, seeking quality companies that are attractively valued and have growth potential. Large Cap Domestic Equity includes funds that invest primarily in large cap domestic equity securities.
- **Alternative Investments.** Real estate includes two funds, structured as limited partnerships, which invest primarily in land in the United States. Private Equity includes ten funds, structured as limited partnerships, which employ multiple investment strategies including buy-out, venture capital and fund-of-funds. These investments can never be redeemed with the funds. Instead, the nature of the investments of these types is that distributions are received through the liquidation of the underlying assets of the funds. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.
- **Fixed Income Focused Funds.** Aggregate Bond Index Tracking includes one fund that maintains a portfolio constructed to match or track the components of the Barclays Capital U.S. Aggregate Index as well as a TIP fund.

III. County and Schools' OPEB Trust Funds Cash and Investments

Both, the County's and Schools' OPEB Trust Funds are authorized by the *Code of Virginia* §51.1-803 to invest the funds of the OPEB Trusts in accordance with the prudent person rule. The *Arlington County Code* §46-22 requires that the assets of the 2 Trusts be invested with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Retirement Board may employ an investment advisor or advisors to invest or reinvest assets of the OPEB Trusts in accordance with the provisions of this chapter and regulations established by the Retirement Board.

The Retirement Board is also subject to the policies and procedures as adopted by the Retirement Board including a Governance Policy and an Ethics Policy that references each Trustee's obligations to comply with the *Code of Virginia* - State and Local

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Government Conflict of Interests Act (§2.2-3100 thru §2.2-3131). In the event of a conflict between the OPEB Trusts' documents and this policy, the trusts' documents shall prevail.

The OPEB Trusts' written investment policy states that diversifying the OPEB Trusts among asset classes reduces the market or systematic risk for the OPEB trusts. Based on risk and return expectations, the Retirement Board has established an asset allocation guideline for the OPEB Trusts among selected asset classes that it considers likely to achieve the return objectives of the OPEB Trusts.

The investment objective is to earn an average annual real rate of return that meets or exceeds the OPEB Trusts' assumed actuarial real rate of return, over rolling five-year periods, net of all fees and other expenses. The Retirement Board desires to structure an investment program that is simple yet sufficiently sophisticated to enable the OPEB Trusts to meet these return objectives with consistency within the risk parameters described by this policy.

The assets of each OPEB trust are managed separately and are not comingled. It is generally expected that the assets of the OPEB Trusts are managed in a similar if not identical fashion. Over time, the Retirement Board, at its discretion, may adopt different investment strategies for each OPEB trust to reflect different plan design considerations.

To help guide its risk control and asset allocation objectives, the Retirement Board has established the following primary asset allocation guidelines. Asset allocation for each trust should fall within the following ranges.

| <u>Asset Class Matrix</u> | <u>Range</u> |
|----------------------------------|---------------------|
| Equities | 60% - 70% |
| Fixed Income | 30% - 40% |

The following are approved investment options for the OPEB Trusts:

Vanguard Wellington Fund Admiral Shares (VWENX)

Vanguard Federal Money Market Fund (VMFXX)

The institutional class, called Admiral, of the Vanguard Wellington Fund is an actively managed balanced fund that provides exposure to both equities and fixed income. Vanguard Wellington Fund has the ability to modify the fund's asset mix to hold a range of 60% to 70% equities and 30% to 40% fixed income. Vanguard Wellington Fund covers a broad investment universe that includes exposure to domestic and foreign equities and has a wide selection of investment grade bonds. It is expected that 100% of each OPEB Trusts' assets are invested in the Vanguard Wellington Fund.

Responsibility for custody of the OPEB Trusts' assets will rest with each of the investment manager's custodians. Investment shares or units in an investment fund will be held in the name of each trust.

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JUNE 30, 2020

The OPEB Trusts' investments are recorded at fair value based on the methodology described above. The following table presents fair value of investments by type at June 30, 2020:

| <u>County</u> | | | <u>Schools</u> | | |
|--------------------|-------------------|----------------------|--------------------|-------------------|---------------------|
| <u>Description</u> | <u>Percentage</u> | <u>Fair Value</u> | <u>Description</u> | <u>Percentage</u> | <u>Fair Value</u> |
| Stocks | 65% | \$106,951,941 | Stocks | 65% | \$44,658,009 |
| Bonds | 35% | 57,589,507 | Bonds | 35% | 24,046,621 |
| Total: | 100% | <u>\$164,541,448</u> | Total: | 100% | <u>\$68,704,630</u> |

NOTE 4. Receivables and Unearned Revenues

Receivables at June 30, 2020 are summarized below:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|--|------------------------------------|-------------------------------------|
| Real estate taxes | \$438,941,838 | \$- |
| Personal property taxes | 3,743,522 | - |
| Business license taxes | 4,174,111 | - |
| Meal tax | 1,931,128 | - |
| Accounts receivable | 76,021,501 | 19,349,486 |
| Interest | 1,242,454 | - |
| Total | <u>526,054,554</u> | <u>19,349,486</u> |
| Less: Allowance for uncollectible accounts | <u>(1,425,385)</u> | <u>(730,535)</u> |
| Net receivables | <u>\$524,629,169</u> | <u>\$18,618,951</u> |

Real Estate assessments are based on 100% of the fair market value of land and improvements as of January 1 of each year; January 1 has also been established as the lien date for real property by state law.

The County Board establishes the tax rates in April each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes receivable is the unbilled October 5 installment. This October due amount, totaling 434,524,232.99, has also been recorded as deferred inflows of resources in the general fund since these revenues are not considered to be available to finance current year expenditures.

Personal property tax assessments, relating principally to motor vehicles and tangible property belonging to businesses, are based on 100% of the fair market value of the property as of January 1. Personal property taxes are due on October 5.

The County's allowance for uncollectible taxes and service fees for water and sewer services is based upon historic non-collection percentages.

The Affordable Housing Investment Fund (AHIF) is the County's main financing program for affordable housing development. The County provided residual receipt loans that benefit low and moderate-income households through subordinate deeds of trust to make the financing of affordable multifamily projects feasible. AHIF is a revolving loan fund that provides low interest loans for new construction, acquisition and rehabilitation of affordable housing. Outstanding principal balances for the AHIF loans of \$252 million and accrued interest of approximately \$53 million at June 30, 2020 are not reflected in the accompanying Statement of Net Position

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

since payments are due only if the properties have sufficient cash flow. When loans are closed and proceeds disbursed to the non-profit developers, the loan amount is immediately expensed on the County's financial statements. When loan repayments or interest are received, the County recognizes such payments as revenue. Outstanding balances may be reinvested during future capital transactions including refinancing, recapitalizing or redeveloping the property.

Unearned revenues consist of two components: unearned revenues and deferred inflows of resources. Unearned revenues represent amounts for which asset recognition criteria were met, but for which revenue recognition criteria were not met. Deferred inflows of resources represents amounts for which asset recognition criteria were met, but which were not available to finance expenditures of the current period. At June 30, 2020, the components of unearned revenues reported were as follows:

| <u>Governmental Activities</u> | <u>Unearned Revenues</u> |
|--|--------------------------|
| <u>General Fund</u> | |
| Household Credits | \$1,524,642 |
| <u>Capital Project Fund</u> | |
| Developer's contributions | 4,812,879 |
| | <u>4,812,879</u> |
| <u>Transportation Capital Fund</u> | |
| FTA deferred grant revenue | 15,408 |
| Total Unearned Revenues | <u>\$6,352,929</u> |

| <u>Deferred Inflows of Resources</u> | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Total Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total Primary Government</u> |
|--------------------------------------|----------------------|----------------------------------|--|-------------------------------------|-------------------------------------|
| Taxes | \$8,893,280 | \$5,046,036 | \$13,939,316 | \$- | \$13,939,316 |
| Grants | 11,106,372 | 5,390,270 | 16,496,642 | - | 16,496,642 |
| Pension | 67,200,000 | - | 67,200,000 | - | 67,200,000 |
| OPEB | 31,290,459 | - | 31,290,459 | - | 31,290,459 |
| Housing development loans | 468,059 | 49,239,959 | 49,708,018 | - | 49,708,018 |
| Refunding of debt | 3,007,361 | - | 3,007,361 | 1,940,377 | 4,947,738 |
| Total Deferred Inflows of Resources | <u>\$121,965,531</u> | <u>\$59,676,265</u> | <u>\$181,641,796</u> | <u>\$1,940,377</u> | <u>\$183,582,173</u> |

Deferred inflows of resources in governmental funds include \$434,524,233 of October installment of real estate taxes.

ARLINGTON COUNTY, VIRGINIA

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NOTE 5. Capital Assets, Intangible Assets and Construction in Progress

Capital asset activity for the year ended June 30, 2020:

For Governmental Activities:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|----------------------|---------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$230,882,896 | \$1,801,462 | \$- | \$232,684,358 |
| Construction in progress | 171,691,093 | 151,364,039 | 85,360,549 | 237,694,583 |
| Total capital assets, not being depreciated | <u>402,573,989</u> | <u>153,165,501</u> | <u>85,360,549</u> | <u>470,378,941</u> |
| Capital assets, being depreciated: | | | | |
| Infrastructure | 885,248,017 | 54,728,782 | - | 939,976,799 |
| Buildings | 451,669,317 | 24,505,354 | - | 476,174,671 |
| Furniture, fixtures and equipment | 349,770,515 | 31,159,348 | 4,000,750 | 376,929,113 |
| Intangible assets | 8,466,774 | 508,519 | - | 8,975,293 |
| Total capital assets being depreciated | <u>1,695,154,623</u> | <u>110,902,003</u> | <u>4,000,750</u> | <u>1,802,055,876</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | 380,289,938 | 21,615,544 | - | 401,905,482 |
| Buildings | 158,211,393 | 11,769,272 | - | 169,980,665 |
| Furniture, fixtures and equipment | 201,869,568 | 23,453,065 | 3,279,593 | 222,043,040 |
| Intangible assets | 5,986,903 | 841,382 | - | 6,828,285 |
| Total accumulated depreciation | <u>746,357,802</u> | <u>57,679,263</u> | <u>3,279,593</u> | <u>800,757,472</u> |
| Total capital assets, being depreciated, net | <u>948,796,821</u> | <u>53,222,740</u> | <u>721,157</u> | <u>1,001,298,404</u> |
| Governmental activities, net | <u>\$1,351,370,810</u> | <u>\$206,388,241</u> | <u>\$86,081,706</u> | <u>\$1,471,677,345</u> |

Governmental activities capital assets, net of accumulated depreciated at June 30, 2020, are comprised of the following:

| | |
|------------------------|------------------------|
| Governmental funds | \$1,438,632,390 |
| Internal service funds | 33,044,955 |
| Total | <u>\$1,471,677,345</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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For Business-type Activities:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$6,161,255 | \$- | \$- | \$6,161,255 |
| Construction in progress | 27,149,091 | 24,525,795 | 23,759,760 | 27,915,126 |
| Total capital assets, not being depreciated | <u>33,310,346</u> | <u>24,525,795</u> | <u>23,759,760</u> | <u>34,076,381</u> |
| Capital assets, being depreciated: | | | | |
| Sewer system | 414,103,552 | 8,031,912 | - | 422,135,464 |
| Water system | 841,224,999 | 11,703,733 | - | 852,928,732 |
| Building | 32,066,676 | - | - | 32,066,676 |
| Furniture, fixtures and equipment | 7,428,376 | 8,616 | - | 7,436,992 |
| Intangible assets | 1,650,093 | 5,776,677 | - | 7,426,770 |
| Total capital assets being depreciated | <u>1,296,473,696</u> | <u>25,520,938</u> | <u>-</u> | <u>1,321,994,634</u> |
| Less accumulated depreciation for: | | | | |
| Sewer system | 111,083,186 | 2,000,917 | - | 113,084,103 |
| Water system | 131,521,111 | 15,050,849 | - | 146,571,960 |
| Building | 16,332,195 | 739,678 | - | 17,071,873 |
| Furniture, fixtures and equipment | 5,733,256 | 311,174 | - | 6,044,430 |
| Intangible assets | 1,299,943 | 787,557 | - | 2,087,500 |
| Total accumulated depreciation | <u>265,969,691</u> | <u>18,890,175</u> | <u>-</u> | <u>284,859,866</u> |
| Total capital assets, being depreciated, net | <u>1,030,504,005</u> | <u>6,630,763</u> | <u>-</u> | <u>1,037,134,768</u> |
| Business-type activities, net | <u>\$1,063,814,351</u> | <u>\$31,156,558</u> | <u>\$23,759,760</u> | <u>\$1,071,211,149</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Discretely presented component unit - Schools

| | <u>Beginning</u> | | | |
|--|----------------------|---------------------|--------------------|-----------------------|
| | <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Capital assets, not being depreciated | | | | |
| Land | \$4,697,946 | \$- | \$- | \$4,697,946 |
| Construction in progress | <u>96,918,692</u> | <u>61,005,394</u> | <u>106,575,954</u> | <u>51,348,132</u> |
| Total capital assets, not being depreciated | <u>101,616,638</u> | <u>61,005,394</u> | <u>-</u> | <u>56,046,078</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 898,492,212 | 110,706,446 | - | 1,009,198,658 |
| Furniture, fixtures, and equipment | <u>129,001,272</u> | <u>7,665,098</u> | <u>-</u> | <u>136,666,370</u> |
| Total capital assets being depreciated | <u>1,027,493,484</u> | <u>118,371,544</u> | <u>-</u> | <u>1,145,865,028</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 273,373,652 | 22,462,305 | - | 295,835,957 |
| Furniture, fixtures, and equipment | <u>81,727,881</u> | <u>7,560,771</u> | <u>-</u> | <u>89,288,652</u> |
| Total accumulated depreciation | <u>355,101,533</u> | <u>30,023,076</u> | <u>-</u> | <u>385,124,609</u> |
| Total capital assets, being depreciated, net | <u>672,391,951</u> | <u>88,348,468</u> | <u>-</u> | <u>760,740,419</u> |
| Schools capital assets, net | <u>\$774,008,589</u> | <u>\$88,348,468</u> | <u>\$-</u> | <u>\$816,786,497</u> |

Depreciation expense was charged to functions of the County and Schools as follows:

| <u>Function and Activity</u> | <u>Depreciation Expense</u> |
|---|-----------------------------|
| Primary Government: | |
| Governmental function: | |
| General government | \$16,330,877 |
| Public safety | 4,515,297 |
| Public works, including depreciation expense of infrastructure assets | 22,098,186 |
| Health and welfare | 126,671 |
| Libraries | 250,956 |
| Parks, recreation and culture | 6,826,546 |
| Planning and community development | <u>1,757,916</u> |
| Total depreciation expense - governmental functions | 51,906,449 |
| Internal Services | <u>5,772,814</u> |
| Total depreciation expense - governmental activities | <u>\$57,679,263</u> |
| Business-type activities: | |
| Utilities | \$17,950,855 |
| Ballston Public Parking Garage | 815,259 |
| 8th level Ballston Public Parking Garage | 95,177 |
| CPHD Development Fund | <u>28,884</u> |
| Total depreciation expense - Business-type activities | <u>\$18,890,175</u> |
| Total depreciation expense - Component unit - Schools | <u>\$30,023,076</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 6. Risk Management

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the general fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Settled claims resulting from these risks have not exceeded the commercial reinsurance coverage for the past three years. At June 30, 2020, the current portion of these liabilities was \$8.31 million, which represents an estimate of health insurance claims that have been incurred but not reported of \$7.92 million and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.39 million. The non-current portion was \$3.50 million, which represents an estimate of workers' compensation claims included in the long-term liabilities based on a history of such claims. These liabilities are the County's best estimate based on available information.

Changes in the reported liabilities since July 1, 2018 resulted from the following:

| | <u>Beginning of Fiscal Year Liability</u> | <u>Current Year Claims and Changes in Estimates</u> | <u>Claim Payments</u> | <u>Balance at Fiscal Year-End</u> |
|-------------|---|---|-----------------------|---------------------------------------|
| 2018 – 2019 | | | | |
| Current | \$7,924,968 | \$62,162,296 | \$62,017,810 | \$8,069,454 |
| Long Term | \$4,402,918 | \$1,990,441 | \$3,043,626 | \$3,349,733 |
| 2019 – 2020 | | | | |
| Current | \$8,069,454 | \$61,091,633 | \$60,847,523 | \$8,313,564 |
| Long Term | \$3,349,733 | \$3,019,866 | \$2,868,869 | \$3,500,730 |

The County's policy for self-insurance reserve is to maintain approximately one to two months' claim payments based on a five-year rolling average. Any draw on the self-insurance reserve requires County Board approval and will be replenished within the subsequent two (2) fiscal years. The County has committed a self-insurance reserve in the General Fund of \$5,000,000 as of June 30, 2020.

The County maintains an operating reserve of 5.5% of the General Fund revenue operating budget for the following fiscal year. The County has committed an operating reserve in the General Fund of \$73,999,445 for FY 2020. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily to cover working capital needs and unexpected contingencies.

NOTE 7. Operating Leases

The County leases office space and equipment under various long-term lease agreements. The building lease agreements are subject to various adjustments during the terms of the leases. Future minimum rental payments for each of the following years ending June 30, are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

| <u>Fiscal Year</u> | <u>Amount</u> |
|--------------------|----------------------|
| 2021 | \$19,628,222 |
| 2022 | 19,781,019 |
| 2023 | 19,786,214 |
| 2024 | 19,433,696 |
| 2025 | 19,785,606 |
| 2026-2030 | 107,357,775 |
| 2031-2034 | 44,468,875 |
| | <u>\$250,241,407</u> |

The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. As of June 30, 2020, the lease liability \$20,675,591 has been accrued in the Ballston Public Parking Garage Fund.

In accordance with the lease agreement between the County as a lessor and VNO Courthouse II LLC as a lessee, an annual base rental payment is required to be paid equal to the greater of \$150,000 or 50% of the net cash flow generated by office and residential buildings located in the Court House area. During the fiscal year ended June 30, 2020, the County received \$ 2,725,980 under this lease agreement. The County has also entered into a seventy-five-year lease agreement with Arlington Hotel Associates LLC (LLC) on June 20, 2005 for the construction and operation of a hotel on land owned by Arlington County. The County (Lessor) leases the land to the LLC (Tenant), in return, the LLC made a one-time lump sum payment of \$150,000 upon receipt of the first certificate of occupancy and pays rent in the amount equal to 2% of annual gross revenues thereafter. The total payments received from the LLC during FY 2020 were \$179,928.

NOTE 8. Capital Leases

The County has capital lease arrangements to finance the acquisitions of capital assets, including Arlington Transit (ART) buses, energy performance upgrade for the Arlington County Justice Center, breathing apparatus for the Fire Department, Voice over Internet Protocol (VoIP) voice communication system, a rock crusher, computers, equipment and Arlington Public Schools for the acquisition of computers. Assets acquired under capital leases at June 30, 2020 are summarized below:

| | <u>Primary Government</u> | <u>Schools</u> |
|--------------------------|-------------------------------|--------------------|
| Building | \$1,395,842 | \$- |
| Equipment | 73,063,109 | 17,681,547 |
| Equipment CIP | 434,694 | - |
| Auto | 2,802,688 | - |
| Total assets, at cost | 77,696,333 | 17,681,547 |
| Accumulated depreciation | (41,123,835) | (12,451,630) |
| Total assets, net | <u>\$36,572,498</u> | <u>\$5,229,917</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

The annual future minimum lease payments as of June 30, 2020 are as follows:

General Government:

| Year Ending June 30, | Technology Services | Environmental Services | Public Safety | Total General Government |
|-----------------------------------|------------------------|---------------------------|--------------------|-----------------------------|
| 2021 | \$1,079,808 | \$466,840 | \$2,174,963 | \$3,721,611 |
| 2022 | 736,942 | 466,840 | 2,174,963 | 3,378,745 |
| 2023 | 122,372 | 466,840 | 1,847,592 | 2,436,804 |
| 2024 | 122,372 | 466,840 | 1,847,592 | 2,436,804 |
| 2025 | - | - | 362,081 | 362,081 |
| Total Minimum Lease Payments | 2,061,495 | 1,867,359 | 8,407,191 | 12,336,044 |
| Less Imputed Interest | (49,591) | (159,922) | (354,421) | (563,934) |
| Present Value of Minimum Payments | <u>\$2,011,904</u> | <u>\$1,707,437</u> | <u>\$8,052,770</u> | <u>\$11,772,111</u> |

Internal Service Funds:

| Year Ending June 30, | Auto Equipment |
|-----------------------------------|--------------------|
| 2021 | \$616,604 |
| 2022 | 231,321 |
| 2023 | 231,321 |
| Total Minimum Lease Payments | 1,079,246 |
| Less Imputed Interest | (22,917) |
| Present Value of Minimum Payments | <u>\$1,056,329</u> |

NOTE 9. Long-Term Debt

A. General Obligation Bonds

All outstanding bonds, except revenue bonds, constitute legally binding obligations of the County. The County Board is authorized and required by law to levy ad valorem taxes, without limitation as to rate or amount, on all taxable property within the County to pay the principal and any interest on the bonds. There is no overlapping debt for the County and no legal debt limit for counties in Virginia. There is, however, a requirement that general obligation bonds be approved by the voters at referendum before authorization for sale and issuance.

Maturities of general obligation bonds currently outstanding, including interest, excluding Build America Bond Subsidies, are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

ARLINGTON COUNTY, VIRGINIA
GENERAL OBLIGATIONS BONDS

| Fiscal Year | GENERAL FUND | | SCHOOL FUND | | UTILITY FUND | | TOTAL GO BONDS | |
|-------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | \$37,146,034 | \$21,794,142 | \$36,593,751 | \$20,035,169 | \$7,750,215 | \$2,863,365 | \$81,490,000 | \$44,692,676 |
| 2022 | 38,125,352 | 20,215,684 | 35,196,492 | 18,508,121 | 7,343,156 | 2,460,590 | 80,665,000 | 41,184,395 |
| 2023 | 38,354,501 | 18,493,539 | 34,335,499 | 16,922,767 | 7,620,000 | 2,124,466 | 80,310,000 | 37,540,771 |
| 2024 | 37,760,000 | 16,796,862 | 34,060,000 | 15,420,136 | 7,735,000 | 1,751,176 | 79,555,000 | 33,968,173 |
| 2025 | 36,305,000 | 15,034,204 | 34,335,000 | 13,813,126 | 8,100,000 | 1,372,591 | 78,740,000 | 30,219,922 |
| 2026-2030 | 159,225,000 | 51,974,770 | 152,050,000 | 46,212,991 | 23,635,000 | 2,648,309 | 334,910,000 | 100,836,070 |
| 2031-2035 | 120,525,000 | 21,934,685 | 103,695,000 | 18,517,904 | 4,825,000 | 231,106 | 229,045,000 | 40,683,695 |
| 2036-2039 | 46,690,000 | 3,584,200 | 37,170,000 | 2,760,300 | - | - | 83,860,000 | 6,344,500 |
| | <u>\$514,130,887</u> | <u>\$169,828,085</u> | <u>\$467,435,742</u> | <u>\$152,190,514</u> | <u>\$67,008,371</u> | <u>\$13,451,602</u> | <u>\$1,048,575,000</u> | <u>\$335,470,202</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

ARLINGTON COUNTY, VIRGINIA
IDA BONDS

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$5,790,000 | \$4,466,276 | \$10,256,276 |
| 2022 | 5,845,000 | 4,228,250 | 10,073,250 |
| 2023 | 5,910,000 | 3,982,349 | 9,892,349 |
| 2024 | 5,960,000 | 3,731,112 | 9,691,112 |
| 2025 | 6,030,000 | 3,474,177 | 9,504,177 |
| 2026-2030 | 25,615,000 | 13,987,255 | 39,602,255 |
| 2031-2035 | 23,845,000 | 8,178,866 | 32,023,866 |
| 2036-2040 | 13,805,000 | 3,794,280 | 17,599,280 |
| 2041-2043 | 9,035,000 | 716,455 | 9,751,455 |
| | <u>\$101,835,000</u> | <u>\$46,559,020</u> | <u>\$148,394,020</u> |

ARLINGTON COUNTY, VIRGINIA
VRA BONDS

| Fiscal Year | Principal | Interest | Total |
|-------------|----------------------|---------------------|----------------------|
| 2021 | \$15,991,799 | \$3,768,982 | \$19,760,781 |
| 2022 | 16,435,552 | 3,325,229 | 19,760,781 |
| 2023 | 16,891,758 | 2,869,023 | 19,760,781 |
| 2024 | 17,360,770 | 2,400,011 | 19,760,781 |
| 2025 | 17,842,951 | 1,917,830 | 19,760,781 |
| 2026-2030 | 56,536,688 | 3,570,109 | 60,106,797 |
| 2031 | 2,286,309 | 28,767 | 2,315,076 |
| | <u>\$143,345,827</u> | <u>\$17,879,949</u> | <u>\$161,225,776</u> |

B. Virginia Resources Authority (“VRA”) Loan Payable

VRA Bonds were issued in June 2004 in the amount of \$100,000,000. The proceeds from those bonds were received by the County prior to fiscal year 2012. The interest rate on these bonds is 3.10 percent. The principal outstanding on these bonds at June 30, 2020 was \$36,679,919. These bonds mature in fiscal year 2026.

In June 2007, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$4,000,000 (Series 2007 A) and \$76,000,000 (2007 Series B) in Wastewater System Revenue Bonds (VRA Bonds) and lend the proceeds to the County for improvements to the County’s water pollution control plant and wastewater system. The proceeds from those bonds were received by the County prior to fiscal year 2012. The balance of the Series 2007 A bonds was paid off in June 2018. Interest is charged at a rate of 2.52 percent on the Series B bonds, and the principal outstanding on these bonds at June 30, 2020 was \$36,111,283. These bonds mature in fiscal year 2028.

In October 2008, the County entered into a Financing Agreement with VRA, which agreed to issue \$50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

control plant. The interest rate on these bonds is 2.72 percent. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2020 was \$28,059,300. These bonds mature in fiscal year 2030.

In June 2009, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$35,000,000 in Wastewater System Revenue Bonds, Series 2009 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 2.65 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2020, principal outstanding on these bonds was \$21,325,112. These bonds mature in fiscal year 2031.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$1,856,428 (Series 2008), \$16,795,849 (Series 2009), and \$16,347,723 (Series 2010) Wastewater System Revenue Bonds and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 2.72 percent, 2.65 percent, and 2.05 percent, respectively. At June 30, 2020, the principal outstanding on these bonds was \$1,132,808 on Series 2008 bonds, \$10,233,523 on Series 2009 bonds and \$9,803,882 on Series 2010 bonds. These bonds mature in fiscal year 2031.

All current and prior bonds are secured by a pledge of County sewer revenues.

C. IDA Revenue Bonds (Various County Projects)

On May 9, 2013, the IDA issued \$76,315,000 in Revenue Bonds for the benefit of Arlington County (the "2013 IDA Bonds"). The 2013 IDA Bonds are due in annual installments of \$1,205,000 to \$3,005,000 through 2042, interest from 4% to 5% and were for the funding of the County's acquisition and improvements to land and property located at 2020 14th Street North, advance refunding of the 2004 IDA Lease Revenue Bonds and refunding of IDA Revenue Notes. The County has agreed under a Cooperation Agreement between the County and the IDA that subject to appropriation by the County Board, the County will deliver to the IDA sufficient funds to make payments with respect to the 2011 IDA Bonds. As of June 30, 2020, \$46,490,000 remains outstanding.

On October 27, 2017, the IDA issued \$31,715,000 in Revenue Bonds and \$26,150,000 in Refunding Bonds for the benefit of Arlington County (the "2017 IDA Bonds"). The 2017 IDA Bonds are due in annual installments of \$990,000 to 1,335,000 through 2043, interest of 5% and were for the funding of the acquisition of the Buckingham and Head Start properties. The County has agreed under a Cooperation Agreement between the County and the IDA that subject to appropriation by the County Board, the County will deliver to the IDA sufficient funds to make payments with respect to the 2017 IDA Bonds. As of June 30, 2020, \$55,345,000 remains outstanding.

D. Line of Credit

On June 1, 2019 a credit agreement was signed between IDA and the PNC bank national association. Based on this agreement PNC bank national association agreed to provide a revolving line of credit in aggregate principal amount up to \$30,000,000. The loan is to be used as an interim financing for the costs of planning, developing, acquiring, constructing, improving, renovating and equipping facilities described in the County's adopted capital improvement program or similar projects which may be subsequently approved by the County board. In FY20 the County drew \$8,323,915 for the county projects and \$4,551,233 for Schools projects from this line of credit. As of June 30, 2020, \$22,197,816 remains outstanding.

The occurrence of any of the following events shall be considered as an event of default:

- Failure to pay or cause to be paid any scheduled principal of or interest on any advance when due for any reason; or
- Failure to observe or perform any the material term, condition, covenant or agreement set forth in the agreement; or
- Any representation, warranty or statement made on behalf of IDA or the County which shall prove to have been misleading or incorrect when made; or

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

- Any provision of the agreement shall for any reason cease to be valid and binding on IDA or the County or in full force and effect; or
- The County commences a voluntary case relating to bankruptcy, insolvency, reorganization or relief of debtors, adjustment, winding-up, liquidation; or
- A case shall be commenced without the application or consent of the County, in any court of competent jurisdiction, seeking the liquidation or readjustment of debts, the appointment of a trustee, receiver, custodian, or liquidator; or
- A final judgment for an amount not otherwise covered by insurance, in excess of \$50,000,000 is rendered against the County and if the IDA or the County has not demonstrated an ability to pay such judgment in a timely manner.

Upon the occurrence of any event of default, the bank shall have the right to reduce the available commitment to zero and declare that all obligation shall immediately become due and all outstanding advances shall accrue interest at the default rate.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

E. Changes in Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:

| | Balance July 1 | Additions | Reductions | Balance June 30 | Due in one Year |
|--|------------------------|---------------------|------------------------|------------------------|----------------------|
| General Government: | | | | | |
| Compensated absences* | \$33,986,867 | \$34,317,188 | (\$30,722,617) | \$37,581,438 | \$3,758,144 |
| Workers' compensation | 3,721,926 | 3,355,407 | (3,187,632) | 3,889,701 | 388,970 |
| General obligation Bonds - County | 371,400,450 | - | (25,402,725) | 345,997,725 | 17,717,725 |
| General Obligation Refunding Bonds - County | 184,328,621 | - | (16,195,459) | 168,133,162 | 19,428,309 |
| General Obligation Bonds - Schools | 330,599,551 | - | (24,747,275) | 305,852,276 | 21,637,275 |
| General Obligation Refunding Bonds - Schools | 174,807,906 | - | (13,224,440) | 161,583,466 | 14,956,476 |
| IDA Revenue Bonds - 2011 | 620,000 | - | (620,000) | - | - |
| IDA Revenue Bonds - 2013 | 49,510,000 | - | (3,020,000) | 46,490,000 | 3,030,000 |
| IDA Revenue Bonds - 2017 | 56,175,000 | - | (830,000) | 55,345,000 | 2,760,000 |
| Capital Leases | 12,252,069 | 3,220,352 | (3,700,310) | 11,772,111 | 3,484,911 |
| Line of credit | 8,585,749 | 6,837,028 | (2,689,312) | 12,733,465 | 3,659,109 |
| Bond Premiums - County | 78,613,901 | - | (4,995,650) | 73,618,251 | 4,995,650 |
| Bond Premiums - Schools | 64,111,269 | - | (4,076,815) | 60,034,454 | 4,076,816 |
| Net OPEB liability** | 167,875,003 | - | (5,803,086) | 162,071,917 | - |
| Totals General Government | \$1,536,588,312 | \$47,729,975 | (\$139,215,321) | \$1,445,102,966 | \$99,893,385 |
| Internal service: | | | | | |
| Compensated Absence* | \$507,101 | \$600,038 | (\$537,707) | \$569,432 | \$56,943 |
| Capital lease | 1,647,357 | - | (591,028) | 1,056,329 | 601,851 |
| Line of credit | - | 1,486,887 | - | 1,486,887 | 212,412 |
| Total Governmental Activities | \$1,538,742,770 | \$49,816,900 | (\$140,344,056) | \$1,448,215,614 | \$100,764,591 |
| Component Unit - Schools: | | | | | |
| Compensated absences* | \$39,847,908 | 14,340,036 | (11,238,983) | \$42,948,961 | \$4,294,896 |
| Capital lease | 1,814,105 | - | (1,814,105) | - | - |
| Line of credit | 5,139,346 | 4,551,233 | (1,713,115) | 7,977,464 | 3,230,193 |
| Net Pension liability** | 437,520,744 | 51,311,394 | - | 488,832,138 | - |
| Net OPEB liability** | 188,361,226 | 11,924,530 | - | 200,285,756 | - |
| | \$672,683,329 | \$82,127,193 | (\$14,766,203) | \$740,044,319 | \$7,525,089 |
| Business-Type Activities | | | | | |
| Compensated absences-Utilities* | \$1,360,623 | \$2,081,134 | (\$1,766,136) | \$1,675,621 | \$167,562 |
| Compensated absences-CPHD | 706,661 | 945,566 | (758,120) | 894,107 | 89,411 |
| GO Bonds - Utilities | 17,249,999 | - | (2,370,000) | 14,879,999 | 1,755,000 |
| Refunding Bonds - Utilities | 57,248,473 | - | (5,120,101) | 52,128,372 | 5,995,215 |
| Mortgage Payable - Ballston | 3,429,679 | - | - | 3,429,679 | 3,429,679 |
| Mortgage and Interest Payable - Ballston | 35,085,209 | 2,384,047 | - | 37,469,256 | 37,469,256 |
| VRA Loan Payable | 158,905,982 | - | (15,560,155) | 143,345,827 | 15,991,799 |
| Bond and mortgage interest payable - Utilities | 2,533,307 | - | (372,710) | 2,160,597 | 2,160,597 |
| Bond Premium - Utilities | 3,477,274 | - | (314,981) | 3,162,293 | 314,981 |
| Total business-type activities | \$279,997,207 | \$5,410,747 | (\$26,262,203) | \$259,145,751 | \$67,373,500 |

* The general, Schools and utility funds have been used in prior years to liquidate compensated absences.

** The general and Schools funds have been used to liquidate Pension and OPEB liabilities.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

F. Defeased Debt

The County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. On June 30, 2020, \$37.575 million of bonds outstanding were considered defeased.

NOTE 10. Net Investments in Capital Assets – Component unit - Schools

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. The County is liable for this debt and reports this debt as a liability, which represents a total of \$473,364,631 net of deferred cost of refunding for Schools, whereas Schools reports the capital assets and unspent bond proceeds. In accordance with GAAP, investment in capital assets must be presented net of related debt, in order to reflect the true position of the primary government and component units. Therefore, the net investment in capital assets of governmental activities does not include the component unit - School's debt issued by the primary government for a total of \$473,364,631 in its calculation. This debt is reflected in the total reporting entity column, since the debt is owned by the County. The sum of the columns between the primary government and component units does not equal the total reporting entity column by a difference of \$473,364,631 because the debt related to Schools is reduced from net investment in capital assets of the total reporting entity. The unrestricted net position balance of the total reporting entity therefore reflects the impact of the reclassification for Schools as shown in the table below. The total reporting entity column provides a true picture and matches the County's assets with the debt and reports the net amounts on the net investment in capital assets.

| | Primary Government | | | Component Units | | Total Reporting Entity |
|----------------------------------|--------------------------------|---------------------------------|------------------------|------------------------|--------------------------|-------------------------------|
| | Governmental Activities | Business-type Activities | Total | Schools | Gates Partnership | |
| NET POSITION: | | | | | | |
| Net investment in capital assets | \$794,000,992 | \$852,241,713 | \$1,646,242,705 | \$805,410,072 | \$18,468,717 | \$1,996,756,863 |
| Restricted | | | | | | |
| Capital projects | 46,223,534 | - | 46,223,534 | 79,922,641 | - | \$126,146,175 |
| Seized assets | 1,697,539 | - | 1,697,539 | - | - | \$1,697,539 |
| Grants | 1,615,509 | - | 1,615,509 | 4,594,239 | - | \$6,209,748 |
| Unrestricted | 340,792,351 | 23,868,719 | 364,661,070 | (579,729,281) | 4,614,972 | \$262,911,392 |
| Total net position | \$1,184,329,925 | \$876,110,432 | \$2,060,440,356 | \$310,197,671 | \$23,083,689 | \$2,393,721,716 |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 11. Inter-fund Receivables, Payables and Transfers

The County has numerous transactions among funds and component units to finance operations, provide services, and construct assets. Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans). The amounts of such transactions not received or paid at June 30, 2020 are reflected in current due to/from accounts of each fund/component unit, as summarized below:

Due to/ from other funds

| | <u>Receivables</u> | <u>Payables</u> |
|---------------|--------------------|--------------------|
| General Fund | \$1,523,467 | \$- |
| Printing Fund | - | \$1,523,467 |
| | <u>\$1,523,467</u> | <u>\$1,523,467</u> |

Due to/from primary government and component unit

| | <u>Receivables Entity</u> | <u>Payables Entity</u> |
|----------------------|-------------------------------|------------------------|
| General Fund | - | \$85,389,687 |
| School Funds: | | |
| Operating | | |
| Primary Government | 69,012,435 | - |
| Community Activities | | |
| Primary Government | 577,283 | - |
| Pay-As-You-Go | | |
| Primary Government | 15,797,271 | - |
| CSA | | |
| Primary Government | 2,700 | - |
| | <u>\$85,389,689</u> | <u>\$85,389,687</u> |

The primary purpose of inter-fund transfers is to provide funding for operations and capital projects. Inter-fund transfers for the year ended June 30, 2020 are as follows:

| Transfer | General Fund | Special Revenue Funds | Capital Projects Funds | Internal Service Funds | Total Transfers Out |
|-----------------------------------|--------------------|-----------------------------|------------------------------|------------------------------|------------------------|
| General Fund * | \$- | \$246,700 | \$28,042,166 | \$246,382 | \$28,535,248 |
| Special Revenue Funds * | 160,439 | - | - | - | 160,439 |
| Transportation Project Fund * | 2,351,932 | - | - | - | 2,351,932 |
| Non-major Capital Projects Funds* | 2,381,702 | - | - | - | 2,381,702 |
| Internal Service Funds | 130,000 | - | - | - | 130,000 |
| Utilities | 254,019 | - | - | 47,000 | 301,019 |
| Total Transfers In | <u>\$5,278,092</u> | <u>\$246,700</u> | <u>\$28,042,166</u> | <u>\$293,382</u> | <u>\$33,860,340</u> |

*Transfers in governmental funds in Exhibit 4.

ARLINGTON COUNTY, VIRGINIA

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NOTE 12. Fund Balance

The County reports its fund balance for governmental funds as non-spendable, restricted, committed, assigned and unassigned. The County considers restricted and committed amounts of fund balance to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this; such as a grant agreement requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. Fund balance must be appropriated by the County Board prior to spending.

Majority of the fund balance is set aside from the general fund and capital projects fund. The fund balance for each special revenue fund is restricted or non-spendable. The revenue source for special revenue funds is listed below:

| <u>Special Revenue Funds</u> | <u>Revenue Source</u> |
|--|-----------------------|
| Ballston Business Improvement District | Real Estate Taxes |
| Rosslyn Business Improvement District | Real Estate Taxes |
| Crystal City Business Improvement District | Real Estate Taxes |
| Community Development Grants | Federal Grants |
| Section 8 Housing Program | Federal Grants |
| Travel & Tourism Promotion | Transient Taxes |
| Ballston Quarter Community Dev. IDA | Real Estate Taxes |

Certain portions of fund balance are non-spendable, restricted or committed by the County Board for specific purposes and is therefore not available for general appropriations. Future disbursements of the fund balances are accounted for as expenditures in the year in which they are incurred. All subsequent additions, reductions or redirections of resources must be approved by the County Board.

The County has committed a general fund balance self-insurance reserve of \$5,000,000 and a stabilization reserve equal to 1% of the General Fund Budget as of June 30, 2020. Due to utilization of the stabilization reserve during FY2020 to fund cybersecurity investments (\$1.71 million) and in the FY2021 Adopted Budget for revenue declines, the stabilization reserve, proposed stabilization reserve replenishment, and COVID contingent available balance is \$20,812,837 as of June 30, 2020. The County financial and debt management policy addresses maintaining a stabilization reserve in the advent of unexpected, ordinarily one-time, temporary events, such as major weather events or a local/regional emergency requiring immediate incurrence of cost in response; revenue declines; new/unfunded state, regional or federal programs; unexpected capital expenditures; and local or regional economic stress. The stabilization arrangement meets the criteria for committed fund balance. Use of Stabilization monies requires approval by the County Board. The minimum amount of the contingent will be 1% of the General Fund Budget and will be revisited annually as part of the budget process. Any draw on the stabilization reserve will be replenished within the subsequent two (2) fiscal years.

Additionally, the County policy requires a general fund operating reserve at five and a half percent of the County’s general fund budget. Since its establishment in FY 1986, the operating reserve has not been used but has been increased steadily. Like the Stabilization Reserve, appropriations from the operating reserve require County Board approval and may only be made to meet critical and unforeseen financial needs. Any draw on the operating reserve will be replenished within the subsequent three (3) fiscal years.

NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

Arlington County has been a member of the WMATA compact since its founding in 1967, providing both capital and operating funding for the transit system as a contributing jurisdiction. Since 2010, the County’s level of capital contributions have been set as part of the WMATA Capital Funding Agreement (the “Agreement”). This Agreement initially totaled \$5.0 billion in capital funding covering fiscal years 2011 – 2016 and served as a master agreement to support future capital needs presented in annually updated Capital Improvement Programs (CIP). The CIP has subsequently been extended annually after the expiration of the original six-year period,

ARLINGTON COUNTY, VIRGINIA

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currently extended through FY 2021. The CIP may include any capital project or purchase eligible for capital funding and may include projects in such categories as: vehicles and vehicle parts, rail system infrastructure rehabilitation, maintenance facilities, systems and technology, tracks and structures, passenger facilities, maintenance equipment, other facilities, project management, safety and security projects, and preventative maintenance. Arlington County contributes approximately 8.4% of the local jurisdictional funding in the WMATA CIP. In FY 2020, the County's contribution was \$23.5 million. Arlington County's contributions are subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County uses a mix of General Obligation Bonds, state transit grants, and gas tax revenues to cover its share of the Capital Funding Agreement needs.

In addition, the County shares the operating costs for WMATA's combined bus, rail, and paratransit systems. The general fund is the County's primary funding source, with additional funding coming from State transit aid and gas tax collections held in trust at the Northern Virginia Transportation Commission. During FY 2020, the County paid \$47.6 million from its general fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

B. Construction Commitments

As of June 30, 2020, contractual commitments were outstanding in the following funds for the amounts indicated:

| | |
|-----------------------|---------------------|
| Capital Project Funds | \$82,068,669 |
| Utilities Funds | 13,247,277 |
| | <u>\$95,315,946</u> |

These projects include transportation infrastructure, government facilities, parks and playgrounds, technology equipment and systems, utility water distribution system improvements, sanitary sewer system improvements, wastewater treatment plant improvements, and storm water capital programs.

C. Waste-to-Energy Facility

Arlington Solid Waste Authority

The Arlington Solid Waste Authority (the "ASWA") was created in 1984 and is responsible for oversight of the waste-to-energy facility ("the Facility"). The ASWA consists of the five elected members of the Arlington County Board, the County Manager, who is appointed by the County Board, and the County Comptroller, who reports (as a trustee of the Trust Fund) to the County Manager. The Boards of the County and the ASWA have the same membership.

On December 1, 1984, an inter-local joint enterprise agreement was entered between the Alexandria Sanitation Authority and the Arlington Solid Waste Authority (the "Authorities"). The Joint Enterprise, referred to as the Alexandria/Arlington Resource Recovery Corporation, was formed to design, construct, equip, test, and operate a solid waste disposal facility having an installed capacity of 975 tons per day of mixed municipal solid waste. The facility is located at 5301 Eisenhower Avenue, Alexandria, Virginia. Revenue bonds were issued by the IDA and proceeds were lent to the Authorities to construct the facility.

On October 22, 1985, the Facility was sold by the Authorities to a private company ("the Corporation") pursuant to a Conditional Sale and Security Agreement. The sale involved the transfer of construction-in-progress together with marketable securities and other assets. The Corporation assumed the obligation to provide funds adequate to pay the current liabilities and the outstanding revenue bonds payable as of October 22, 1985. This Agreement requires the Authorities to transfer full title to the Facility only when principal and interest on the outstanding revenue bonds or any subsequent refinancing revenue bonds have been paid in full. The Agreement also entitles the Authorities to repossess the Facility if revenue bond debt service payments are not made.

In connection with this transaction, the Corporation entered into a Facility Agreement dated as of October 1, 1986, obligating it to construct the Facility and to provide waste disposal services to the City of Alexandria, Arlington County, and the Authorities for 20

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years. Under the Facility Agreement, the County has a guaranteed annual tonnage of acceptable waste commitment to the Facility. The commitment is based on a percent of solid waste the County expects to collect. The Facility charges a fee on each ton based on defined costs, and the County has met its maximum requirement for annual tonnage each year.

In July 1998, the Authorities advance refunded \$55,025,000 of the outstanding revenue bonds (Series 1998 A bonds) for the Facility to take advantage of lower interest rates. In November 1998, the IDA issued \$48,550,000 in new retrofit revenue bonds (Series 1998 B bonds) to cover the cost of new pollution abatement equipment at the Facility required by federal law. The proceeds of the Series 1998 B bonds were lent to Authorities to construct the equipment. A promissory note was issued by the ASWA in the amount of \$27,651,000 as part of this construction financing. The Series 1998 A bonds matured in January 2008, and the plant was sold to Covanta for \$10.00 per bill of sale which was dated February 28, 2008. On July 30, 2012, the Trust defeased the 1998 B bonds to take advantage of lowering the tipping fees. The Trust received a payment of \$1,468,952 after it paid \$1,680 in legal fees and \$4,083 in administration fees.

Because the ASWA Board is essentially the same as the Arlington County Board and the financing agreements require the capital assets built with the Series 1998 B bonds to belong to the ASWA (60% ownership), the County had to record these assets in its financial statements for FY 1999 and FY 2000. Cash, capital assets (construction-in-progress), and the promissory note signed by the ASWA were displayed with the County's enterprise funds. The retrofitting of the Facility's boiler units with certain air pollution control equipment was made necessary by the EPA regulations adopted pursuant to the 1990 Clean Air Act Amendments which imposed more stringent emission limitations on waste-to-energy facilities. The Corporation has agreed to design, construct, start-up, and test the equipment so that it passes the acceptance tests.

Since acceptance testing on each unit was completed in November 2000, the operating lease agreement between the ASWA and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the County records and are now considered a part of the plant.

D. Alexandria/Arlington Waste To Energy Facility Monitoring Group Trust Fund "WTE-FMG"

On December 31, 2012, Arlington County and the City of Alexandria entered into a new Inter-local agreement and established the Waste To Energy Facility Monitoring Group Trust "WTE-FMG" and terminated the Alexandria/Arlington Waste Disposal Trust fund. The new trust oversees the operation of the facility and it has been used to pay consulting fees to the engineering firm for operations and maintenance audits of the facility, professional association fees and other payments related to the WTE facility. The Trust derives its revenue mainly from contributions by both jurisdictions and interest on invested funds. The funds are invested by Arlington County in First Virginia Community Bank, the carrying value of the funds totaled \$179,902 and \$162,211 and the bank balance totaled \$179,902 and \$179,550 at June 30, 2020 and June 30, 2019 respectively. During FY 2020, the WTE-FMG had \$118,980 as revenues and project-related expenditures of \$91,792.

E. Industrial Development Authority Ice Skating Facility

The County is committed to encouraging continuing economic development, including the area around Ballston, including the relocation to the County of private businesses to strengthen the business climate, and to making sports and recreation facilities available to the citizens of the County. To further these ends, on December 14, 2004, the County Board approved a resolution to assist the Washington Capitals Hockey Club (the "Capitals"), a professional team of the National Hockey League, in the development and construction of a skating facility and related improvements (the "Skating Facility"). The Skating Facility was built on the eighth (top) level of the existing Ballston Public Parking Garage (the "Garage"), which is owned by the County, adjacent to the Ballston Commons Mall. In 1984, the County had assisted in the development of Ballston Commons Mall, by constructing the existing seven-level parking garage. Under the current arrangements, the County leases the land on which the Garage is built and owns certain rights in the Garage pursuant to a ground lease between the Federated Department Stores, Inc.(FDS), as lessor, and the County, as lessee.

The Skating Facility contains approximately 95,000 square feet of constructed space and houses, among other amenities, two ice sheets suitable for National Hockey League use, one of which is convertible to host sports and events that do not require the ice surface; locker

ARLINGTON COUNTY, VIRGINIA

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rooms and other training facilities for the Capitals; changing rooms for youth and adult hockey teams and figure skaters; a pro shop; rooms for public use; and corporate office space for the Capitals. The development also includes public parking (the "Parking Facilities").

As part of the agreement, the County agreed to construct an eighth level slab (the "Eighth Level Slab") on top of the Garage, to lease the Eighth Level Slab to the Industrial Development Authority of Arlington County, Virginia (the "IDA"), and to acquire the rights necessary to assist the development and construction of the project on the Garage pursuant to a Skating Facility Agreement (the "Skating Facility Agreement"), among the County, FDS, and certain other parties. The County has also constructed public parking (the "Parking Facilities") on the Eighth Level Slab.

The IDA agreed to acquire the rights necessary to undertake development and construction of the Skating Facility pursuant to the Deed of Lease and Grant of Air Rights, and, as a third party beneficiary, under the Skating Facility Agreement. The County is currently leasing the Eighth Level Slab to the IDA and the IDA is leasing back to the County a portion of the Eighth Level Slab on which the County is operating the Parking Facilities.

In 2005, the IDA negotiated with the Capitals a Development Agreement under which the IDA developed and constructed the Skating Facility. The IDA issued \$35,700,000 Series 2005 IDA Skating Facility Taxable Revenue Bonds (the "Bonds") to provide financing for the Skating Facility and, if necessary, the Parking Facilities.

On April 22, 2010 the IDA issued \$30,120,000 Series 2010 IDA Taxable Revenue Refunding Bonds ("Refunding Bonds") with an average interest rate of 5.37% to refund \$35,200,000 of outstanding Bonds. The net proceeds of \$29,781,467 (after payment of \$338,533 in underwriting fees, insurance, and other issuance costs) plus an additional \$5,418,533 debt service reserve fund and debt service fund monies were used as payment on the Bonds. The 2005 Bonds were issued as a floating rate obligation, with interest payable monthly based off a spread to the London Interbank Offered Rate (LIBOR). The Bonds were redeemed in full at par on May 3, 2010 without penalty and there would not be any Net Present Value (NPV) savings given that the Bonds were floating rate obligation callable at any time. As of June 30, 2019, \$21,945,000 was outstanding under these Taxable Revenue Refunding bonds.

A Cooperation Agreement between the County and the IDA states that, subject to appropriation of funds by the County Board, the County will deliver to the IDA sufficient funds so that the IDA can, among other things, make payments with respect to the Bonds and otherwise carry out its obligations under the Development Agreement if necessary. To further secure its obligations to make payments with respect to the Bonds, the IDA will, if required, grant a lien on and security interest in all of its right, title and interest in the Project, including its leasehold interest in the Eighth Level Slab, under a Leasehold Deed of Trust and Security Agreement between the IDA and certain individual trustees for the benefit of the trustee for the Bonds.

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make payments of rent that are equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2020, \$2.4 million was received from the Capitals.

Construction on the project started in April of 2005 and the ice rinks opened to the public and the Capitals on November 10, 2006.

F. Industrial Development IDA Affordable Housing Project

AHC Limited Partnership-10 ("AHC-10") and AHC Limited Partnership-11 ("AHC-11") (collectively the "Gates Partnership") Debt (Series 2006) was issued by the IDA, Virginia and the proceeds loaned to the Gates Partnership in order to acquire, rehabilitate, and equip a 464-unit multifamily apartment complex for rental to individuals and families of low-income known as the Gates of Ballston (the Project). The debt is projected to be repaid from the revenues generated by the Project. AHC-10 owns the Project, is the borrower on the debt, and leases the Project to AHC-11 under a master lease agreement; AHC-11 rents the Project units to subtenants, pays all operating expenses, and is responsible for making monthly lease payments to AHC-10. The Gates Partnership also has a mortgage

ARLINGTON COUNTY, VIRGINIA

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note with the Virginia Housing Development Authority and a promissory note with the County. Subject to appropriation, the County will only be responsible for reimbursement of the debt service payments to the extent that the debt service reserve of the Gates Partnership is insufficient to make the required debt service payments.

G. Litigation

The County is a defendant in lawsuits concerning various matters; in the opinion of the County Attorney, the resulting liability from these lawsuits is not expected to be material.

NOTE 14. Joint Ventures

Northern Virginia Criminal Justice Academy

The County participates in a joint venture with Loudoun County and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The County, the City of Alexandria, and Loudoun County have entered into a capital lease arrangement with the Industrial Development Authority of Loudoun County. The County maintains an equity interest only in the land and building of the Academy, which is reflected in the County's General Capital Leases. The County does not maintain an equity interest in the Academy's operations. In 2006, the County Board approved a resolution which committed the County to enter into an Agreement with the Academy.

The Counties of Arlington, Loudoun and Prince William and the City of Alexandria (Principal Members) agreed to facilitate the financing of the acquisition and construction of an Emergency Vehicle Operating Center ("EVOCC") on property to be owned by the Academy and refinance existing indebtedness (\$6,585,000). Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993 issued by the Industrial Development Authority of Loudoun County; establish a debt service reserve fund, if needed and finance costs of issuance related to the transaction. The financing of the EVOCC was accomplished by the issuance of lease revenue bonds (the "Academy Bonds") by the Loudoun IDA in the aggregate principal amount of \$18,650,000.

The Academy Bonds are payable solely from the revenues derived by the Loudoun IDA from a financing lease between the Authority and the Principal members. The Loudoun IDA leases the EVOCC to the Principal Members who have agreed to make rental payment, subject to annual appropriations sufficient to pay the principal and interest on the Academy Bonds, maintain certain reserve requirements and apply other costs, if any associated with the EVOCC. As of June 30 2020, no bonds remain outstanding.

The Academy Bonds do not constitute a debt or a pledge of the credit or taxing powers of Arlington County and the Loudoun IDA is not obligated to make any payments on the Academy Bonds except from payments made on behalf of the County and other Principal Members under the financing lease.

In addition, the County pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained as well as capital costs in the form of debt service payments associated with the bond financing of the construction of the Emergency Vehicle Operations Center (EVOCC). . Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

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NOTE 15. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, excluding School Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the plan participants and their beneficiaries. Participants' rights under the plan are in an amount equal to the fair market value of the deferred account for each participant. Investments in the plan are valued at market. All defined contribution plan assets are invested as directed by the individual employee and the plan is administered by Voya. The plan's investments are not reported on the County's Balance Sheet as such funds are held in a trust, over which the County has limited oversight.

NOTE 16. Employee Retirement Systems

The County maintains a single-employer, defined benefit pension plan, the Arlington County Employees' Retirement System ("System"), which covers substantially all employees of the County Board. The System was established under Chapters 21, 35, and 46 of the Arlington County Code.

The Schools participate in two VRS plans: the cost-sharing employer Teacher Retirement Plan and an agent Political Subdivision plan.

A. Arlington County Employees' Retirement System (ACERS)

Plan Description

ACERS, also referenced as the "System", is a pension trust fund of the County financial reporting entity and is included in the County's Comprehensive Annual Financial Report. The accompanying financial statements present information on the operations of the System in conformity with generally accepted accounting principles.

The System is a single employer public employee defined benefit pension plan providing retirement benefits to Arlington County uniformed and general employees and to certain School Board employees.

Plan Administration

On November 16, 2004, amendments to Arlington County Chapters 21, 35 and 46 were made to transfer the System's administrative responsibilities to the County Manager while leaving investment responsibility with the Retirement Board.

The Retirement Board consists of seven voting and three substitute trustees as follows:

- Three appointed by the County Board
- One appointed by the County Manager
- One trustee and one substitute trustee elected by general employees
- One trustee and one substitute trustee elected by police officers, firefighters, and deputy sheriffs (uniform)
- One trustee and one substitute trustee elected by retired employees

If no eligible person is nominated for an elected position, the County Manager appoints an eligible person to serve as trustee.

In December 2007, the County Code was modified to require that the trustees elected by active employees be active employees and that the trustees elected by retired employees currently be receiving retirement benefits from the System.

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The trustees annually elect a President, Vice-President and Secretary from among their members, and appoint a Treasurer and Assistant Treasurer, who may or may not be a member of the Retirement Board.

The trustees annually approve a Retirement Board Investment Office administrative budget. Administrative expenses are funded from System assets.

Plan Membership

At June 30, 2020, System membership consisted of the following:

| | <u>General</u> | <u>Uniformed</u> | <u>School</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|-------------------|---------------------|
| Active Employees: | | | | |
| Vested | 1,612 | 535 | 5 | 2,152 |
| Non-Vested | <u>1,064</u> | <u>314</u> | - | <u>1,378</u> |
| Total Active Employees | 2,676 | 849 | 5 | 3,530 |
| | | | | |
| Vested Deferred | 561 | 113 | 21 | 695 |
| Retirees and Beneficiaries | 2,412 | 885 | 865 | 4,162 |
| | | | | |
| Total Members | <u><u>5,649</u></u> | <u><u>1,847</u></u> | <u><u>891</u></u> | <u><u>8,387</u></u> |

Benefits Provided

The System provides retirement benefits as well as survivor and disability benefits. The table below describes the benefits and how they are calculated.

All plan members are eligible for disability benefits after two years of service and qualify for Social Security disability at retirement. Disability retirement benefits are determined in the same manner as retirement benefits with no reduction for early retirement.

All normal retirement benefits vest after five years of credited service. If an employee leaves covered employment before five years of credited service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A summary of member contribution rates, normal service retirement and average final compensation for the employees covered under various chapters of the County Code except for the period ending June 30, 2020 is provided in the next section below.

Benefit terms provide for annual cost of living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 100% of the CPI-U increase up to a maximum of 3% plus one half of the CPI-U increase for the next 9%. This equates to a maximum of 7.5% increase for a 12% increase in the CPI-U.

The System also provides a Deferred Retirement Option Plan (DROP) for employees eligible for retirement. Retirement benefits are paid into a stable value investment fund for DROP participants.

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Member Contributions and Retirement Benefits

| | <u>Participants Covered Under Arlington County Code Chapter</u> | | |
|--|---|---|---|
| | <u>21</u> | <u>35</u> | <u>46</u> |
| Covers Employees Hired: | Before 2/8/81 | Before 2/8/81 | 2/8/81 or After |
| Contribution Rates: | | | |
| General Employees | 4.00% | None Required | 4.00% |
| School Board Employees | 4.00% | None Required | N/A |
| VRS eligibility required | No | Yes | N/A |
| Uniformed Employees: | | | |
| - Management | 5.62% | N/A | 5.00% through 1/3/09, |
| - Non-Management | 6.62% | N/A | 5.00% through 1/3/09, 7.50% thereafter |
| Normal Retirement Age: | | | |
| General County Employees | 60 | 62 | 62 |
| School Board Employees | 60 | 62 | N/A |
| Uniformed Employees | 50 | N/A | 52 |
| “Rule of 80” Applies | Yes | No | Yes |
| Retirement Benefit: | | | |
| Percentage of Average Final Salary (AFS) times years of creditable service subject to a 30-year maximum. AFS is generally the average of the three highest compensation years, including overtime. For Chapter 46 employees retiring on or after 1/4/09, the New AFS definition excludes overtime and most premium pays. | 2.50% for each of the first 20 years plus 2.00% for each of the next 10 years | 2.13% reduced by the VRS benefits under Formula A | Retiring on/prior to 1/3/09 General: 1.50% Uniform: 2.00% until Social Security Eligible then 1.50%, 1.70% & 2.00% for each 10 year increment Retiring on/after 1/4/09 General: 1.70% New AFS or 1.50% Prior AFS through 1/3/09 plus 1.70% New AFS thereafter Uniform: 2.50% through 1/3/09 plus 2.70% thereafter on New AFS or 2.00% Prior AFS through 1/3/09 plus 2.70% New AFS thereafter until Social Security Eligible then 1.50%, 1.70% & 2.00% for each 10-year increment prior to 1/3/09 |
| Employee contribution refund upon leaving County | Contributions plus interest | N/A | Contributions plus interest |

Contributions

Chapters 21, 35 and 46 of the County Code established the Plan and provide the basis for determining the contribution rates. The County Board may amend the Plan at any time.

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Based on an annual actuarial valuation prepared by an actuary selected by the Retirement Board, a contribution rate is recommended to the County Board for adoption. The actuarially determined rate results in contributions to the Systems which, along with member contributions, are anticipated to be sufficient to fund the value of benefits expected to be earned by plan members during the year, plus an amount to amortize any unfunded actuarial liability.

As of the measurement date for the year ended June 30, 2020, the active member contribution rate was 4.00% of pay for general employees and 7.50% of pay for uniformed employees. The County's blended contribution rate was 21.00% of annual covered payroll. Employer contributions were \$59,878,931 and employee contributions were \$14,664,853 for FY2020.

Rate of Return

For the year ending June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Investment Returns

Last Six Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return | | | | | | |
| Net of Investment Expense | 6.60% | 6.80% | 7.80% | 12.70% | 0.01% | 1.90% |

The chart is intended to show information for 10 years. More data will be added as it becomes available.

Net Pension Liability (Asset)

The County's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by an actuarial valuation and measurement date as of June 30, 2019, using the following actuarial assumptions:

| | |
|----------------------------|-------|
| Investment rate of return | 6.75% |
| Assumed inflation rate | 3.00% |
| Projected salary increases | 3.00% |

Mortality rates were based on the PubG -2010 Employee projected with scale MP-2018.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2019 was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made at rates determined by the Retirement Board, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments

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of current plan members. Therefore, the actuarial assumed rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability/(Asset)

| | Increase (Decrease) (\$ in millions) | | |
|---|--------------------------------------|-----------------------------------|-------------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| | (a) | (b) | (a) - (b) |
| FY2020 Beginning balance - Measurement date of 6/30/2018 | \$2,208.0 | \$2,303.1 | (\$95.1) |
| Changes for the year: | | | |
| Service cost | 59.3 | - | 59.3 |
| Interest | 149.5 | - | 149.5 |
| Differences between expected and actual experience | (31.1) | - | (31.1) |
| Change in benefits | 112.6 | - | 112.6 |
| Contributions - employer | - | 56.7 | (56.7) |
| Contributions - employee | - | 13.0 | (13.0) |
| Net investment income | - | 152.1 | (152.1) |
| Benefit payments, including refunds of employee contributions | (110.8) | (110.8) | 0.0 |
| Administrative expense | - | (0.8) | 0.8 |
| Net changes | <u>\$179.5</u> | <u>\$110.2</u> | <u>\$69.3</u> |
| FY2020 Ending Balance - Measurement date of 6/30/2019 | <u>\$2,387.5</u> | <u>\$2,413.3</u> | <u>(\$25.8)</u> |

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net pension asset of the County, calculated using the discount rate of 6.75%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| | (\$ in millions) | | |
|---|------------------------|--------------------------|------------------------|
| | Current | | |
| | 1% Decrease (5.75%) | Discount Rate (6.75%) | 1% Increase (7.75%) |
| County's net pension liability/ (asset) | \$315.6 | (\$25.8) | (\$303.2) |

The System's Fiduciary Net Position as of June 30, 2020 and June 30, 2019 Measurement Date

Detailed information about the System's fiduciary net position is available in a separately issued Arlington County Employees' Retirement System financial report and can be downloaded from the Retirement Investment Office's website at <https://careers.arlingtonva.us/plan-performance>, or by writing to the Retirement Investment Office at 2100 Clarendon Boulevard, Suite 504, Arlington, VA 22201.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the County recognized pension expense of \$69.0 million calculated as of the measurement date of June 30, 2019. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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| | <u>Deferred Outflows of</u> | <u>Deferred Inflows of</u> |
|---|---------------------------------|--------------------------------|
| Differences between expected and actual experience | \$- | \$36,900,000 |
| Changes of assumptions | 84,400,000 | - |
| Net difference between projected and actual earning on the System's investments | - | 30,300,000 |
| Employer contributions subsequent to measurement date | 59,900,000 | - |
| Total | <u>\$144,300,000</u> | <u>\$67,200,000</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Years Ending June 30,
(\$ in millions)

| | <u>Balances</u> |
|------------|-----------------|
| 2021 | \$10.4 |
| 2022 | (10.1) |
| 2023 | 16.5 |
| 2024 | 0.4 |
| Thereafter | - |
| | <u>\$17.2</u> |

Additional disclosures on changes in net pension liability, related ratios, and employer contributions can be found in the RSI following the notes to the financial statements.

B. Virginia Retirement System (VRS) Teacher Retirement Plan

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This cost-sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria.

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Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2019 (measurement date June 30, 2018) was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$48,195,875 and \$47,023,129 for the years ended June 30, 2020 and June 30, 2019, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, Schools reported a liability of \$485,265,685 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Schools' proportion of the net pension liability was based on Schools actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, Schools' proportion was 3.71% as compared to 3.69% at June 30, 2018.

For the year ended June 30, 2020, Schools recognized pension expense of \$58,512,360. Since there was a change in proportionate share between measurement dates, a portion of the expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2020, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$- | \$31,073,612 |
| Net difference between projected and actual earnings on pension plan investments | - | 10,655,283 |
| Change in assumptions | 48,052,680 | - |
| Changes in proportion and differences between Employer contributions and proportionate share of contributions | 14,553,926 | 2,148,874 |
| Employer contributions subsequent to the measurement date | <u>48,195,875</u> | <u>-</u> |
| Total | <u>\$110,802,481</u> | <u>\$43,877,769</u> |

The \$48,195,875 reported as deferred outflows of resources related to pensions resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (NPL) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

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For the Fiscal Years Ending June 30,

(\$ in thousands)

| | Balances |
|------|-----------------|
| 2021 | \$5,424 |
| 2022 | (5,744) |
| 2023 | 6,754 |
| 2024 | 8,637 |
| 2025 | 3,658 |
| | <u>\$18,729</u> |

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

| | |
|--|---|
| Inflation: | 2.5% |
| Salary increases, including Inflation: | 3.5% – 5.95% |
| Investment rate of return: | 6.75%, net of pension plan investment expense, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 202; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 202; 115% of rates for males and females.

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The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decrease from 7.00% to 6.75% |

Net Pension Liability (NPL)

The NPL is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

| | |
|----------------------------------|---|
| | Teacher Employee Retirement Plan |
| Total Pension Liability | \$49,683,336 |
| Plan Fiduciary Net Position | <u>36,522,769</u> |
| Employers' Net Pension Liability | <u><u>\$13,160,567</u></u> |

| | |
|---|--------|
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.51% |
|---|--------|

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The NPL is disclosed in accordance with the requirements of GAAP in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and

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by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class (Strategy)</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Rate of Return</u> | <u>Weighted Average Long-Term Expected Rate of Return</u> |
|------------------------------------|--------------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.27% | 1.23% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP-Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | <u>100.00%</u> | | <u>5.13%</u> |
| | | Inflation | <u>2.50%</u> |
| | | * Expected arithmetic nominal return | <u>7.63%</u> |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | <u>1.00% Decrease (5.75%)</u> | <u>Current Discount Rate (6.75%)</u> | <u>1.00% Increase (7.75%)</u> |
|---|-------------------------------|--------------------------------------|-------------------------------|
| School division's proportionate share of their VRS Teacher Employee Retirement Plan Net Pension Liability | \$730,535,671 | \$485,265,685 | \$282,472,834 |

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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Additional disclosures on employers share of net pension liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

C. Virginia Retirement System (VRS) Political Subdivision Plan

Plan Description

All full-time, salaried permanent employees, such as school maintenance, janitorial and cafeteria employees and bus drivers as elected by Schools are automatically covered by VRS Retirement Plan upon employment. This cost-sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria.

Employees Covered by Benefit Terms

As of the June 30, 2020, System membership consisted of the following:

| | <u>Number</u> |
|--|---------------------|
| Inactive members or their beneficiaries curenly receiving benefits | 110 |
| Inactive Members: | |
| Vested inactive members | 52 |
| Non-vested inactive members | 182 |
| Inactive members active elsewhere in VRS | <u>100</u> |
| VRS Total inactive members | 334 |
| Active Members | <u>585</u> |
| Total Covered employees | <u><u>1,029</u></u> |

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement.

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The political subdivision's contractually required contribution rate for the year ended June 30, 2020 was 5.78% of covered employee compensation and 5.78% for the year ended June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,255,049 and \$1,218,540 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The political subdivisions net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

| | |
|--|--|
| Inflation: | 2.5% |
| Salary increases, including Inflation: | 3.5% – 5.35% |
| Investment rate of return: | 6.75, net of pension plan investment expense, including inflation* |

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Lowered rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 20% |
| Discount Rate | Decrease from 7.00% to 6.75% |

All Others (Non 10 Largest) – Non-Hazardous Duty:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Lowered rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 15% |
| Discount Rate | Decrease from 7.00% to 6.75% |

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Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class (Strategy)</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Rate of Return</u> | <u>Weighted Average Long-Term Expected Rate of Return</u> |
|------------------------------------|--------------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP-Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | <u>100.00%</u> | | <u>5.13%</u> |
| | | Inflation | <u>2.50%</u> |
| | | * Expected arithmetic nominal return | <u>7.63%</u> |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability

| (measurement date) | Increase (Decrease) | | |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balances at June 30, 2018 | \$48,293,951 | \$46,800,207 | \$1,493,744 |
| Changes for the year: | | | |
| Service cost | 1,944,608 | - | 1,944,608 |
| Interest | 3,327,475 | - | 3,327,475 |
| Differences between expected and actual experience | 514,042 | - | 514,042 |
| Change in assumptions | 1,712,931 | | - |
| Contributions - employer | - | 1,207,932 | (1,207,932) |
| Contributions - employee | - | 1,064,709 | (1,064,709) |
| Net investment income | - | 3,185,444 | (3,185,444) |
| Benefit payments, including refunds | (1,517,186) | (1,517,186) | - |
| Administrative expenses | - | (29,714) | 29,714 |
| Other changes | - | (2,024) | 2,024 |
| Net changes | <u>5,981,870</u> | <u>3,909,161</u> | <u>2,072,709</u> |
| Balances at June 30, 2019 | <u>\$54,275,821</u> | <u>\$50,709,368</u> | <u>\$3,566,453</u> |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1.00% Decrease (5.75%) | Current Discount Rate (6.75%) | 1.00% Increase (7.75%) |
|---|------------------------------|----------------------------------|------------------------------|
| Political subdivision's Net Pension Liability/(Asset) | \$10,971,733 | \$3,566,453 | (\$4,155,000) |

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$1,354,559. At June 30, 2020, the political subdivision reported deferred inflows of resources related to pensions from the following sources:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Employer contributions subsequent to the measurement date | \$1,255,049 | \$- |
| Difference between expected and actual experience | 923,768 | 221,644 |
| Net difference between projected and actual earnings on plan investments | 465,850 | 896,291 |
| Change in assumptions | 1,298,178 | 267,556 |
| Total | <u>\$3,942,845</u> | <u>\$1,385,491</u> |

The amount \$1,255,049 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Years Ending June 30,

| | <u>Balances</u> |
|------------|--------------------|
| 2021 | \$298,274 |
| 2022 | 331,394 |
| 2023 | 579,356 |
| 2024 | 93,281 |
| 2025 | - |
| Thereafter | - |
| | <u>\$1,302,305</u> |

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdg/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA. 23218-2500.

Additional disclosures on changes in net pension liability, related ratios, and employer contributions can be found in the RSI following the notes to the financial statements.

NOTE 17. Other Postemployment Benefits (OPEB)

A. County OPEB

Plan Description

In addition to the pension benefits described in Note 16, the County administers a single-employer defined benefit healthcare plan, The Arlington County Retiree Welfare Benefit Trust. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

ARLINGTON COUNTY, VIRGINIA

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JUNE 30, 2020

Plan Administration

Investments for the County’s OPEB Plan are the responsibility of the Arlington County Employee’s Retirement System Board of Trustees (the Retirement Board.) The Retirement Board consists of seven voting and three substitute trustees as follows:

- Three appointed by the County Board
- One appointed by the County Manager
- One trustee and one substitute trustee elected by general employees
- One trustee and one substitute trustee elected by uniformed employees
- One trustee and one substitute trustee elected by retired employees

Additional details regarding the Retirement Board can be found in Note 16.

Plan Membership

At July 1, 2019 (valuation date), the following employees were covered by the benefit terms:

| | |
|---|--------------|
| Total Active employees with coverage | 3,007 |
| Total Active employees without coverage | 601 |
| Total Retirees with coverage | 1,683 |
| Total Retirees without coverage | <u>282</u> |
| Total Members | <u>5,573</u> |

Benefits Provided

Postemployment benefits are provided to eligible retirees include medical, dental, and life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

Contributions

The contribution requirements of plan members are established and may be amended by the County Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the County intends to fund the actuarially determined contributions in future years. For full career employees, the County currently contributes between 16% and 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2020, the County contributed \$13,791,000 towards benefit payments and an additional \$6,500,000 in pre-funding contributions towards health and life plans for retirees.

Investment Policy

The investment policy for the County OPEB plan was adopted in April 2009 and most recently revised in September 2016. The investment objective is to earn an average annual rate of return for the Trust of at least 8% or 3% over the CPI-U, whichever is greater, over rolling five-year periods, net of all investment management fees and direct investment expense. The following is the Board’s adopted allocation policy:

ARLINGTON COUNTY, VIRGINIA

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| <u>Asset Class</u> | <u>Target Percentage</u> |
|---------------------------|---------------------------------|
| Equities | 60%-70% |
| Fixed Income | <u>30%-40%</u> |
| Total: | 100% |

Concentrations

The Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on the County's OPEB investments, net of investment expense was 4.86%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|--|
| Inflation | 3.00% per year as of June 30, 2020 |
| Salary Increases | 3.00% per year for general salary inflation as of June 30, 2020 |
| Discount Rate | 6.75% for accounting and funding disclosures as of June 30, 2020 |
| Investment Rate of Return | 6.75% as of June 30, 2020 |

Mortality rates for active employees and healthy retirees were based on 100% of the Pub-2010 General Employee and General Retiree mortality tables for males (110% for females) projected with generational mortality improvements from 2010 using Scale MP-2018. Rates for Uniformed employees and healthy Uniformed retirees were based on 100% of the Pub-2010 Safety Employee and Safety Retiree above-median income mortality tables for males (125% for females) projected with generational mortality improvements from 2010 using Scale MP-2018.

Mortality rates for disabled retirees were based on 100% of the Pub-2010 Non-Safety Disabled Retiree mortality table for males (100% for females) projected with generational improvements from 2010 using Scale MP-2018. Rates for disabled Uniformed retirees were based on 100% of the Safety Disabled Retiree mortality table (125% for females) projected with generational mortality improvements from 2010 using Scale MP-2018.

The demographic and economic assumptions are set to reflect the same assumptions (where applicable) as ACERS. Those assumptions were set by the Retirement Board on the basis of the recommendations made by Cheiron as a result of an experience study performed concurrently with the June 30, 2019 pension actuarial valuation. The Retirement Board did not change the investment return of 6.75% or the inflation and general wage inflation assumptions of 3.00% from the previous experience study.

ARLINGTON COUNTY, VIRGINIA

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The Long-Term Expected Rate of Return on OPEB Plan investments is 6.75% as of June 30, 2020.

Discount Rate

This Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index to satisfy the requirements under GAAP. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 27, 2019 was 3.50% and the municipal bond rate at June 25, 2020 was 2.21%.

However, the depletion test as of the most recent actuarial valuation of July 1, 2019, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate for this report, as required by GAAP, is the long-term expected rate of return, 6.75%.

Changes in Net OPEB Liability-County

| | Increase (Decrease) | | |
|---|-----------------------------|------------------------------------|---------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2019 | \$305,584,260 | \$150,701,257 | \$154,883,003 |
| Changes for the year: | | | |
| Service cost | 7,186,201 | - | 7,186,201 |
| Interest | 20,654,160 | - | 20,654,160 |
| Changes of benefits | (9,579,643) | - | (9,579,643) |
| Difference between expected and actual experience | (7,043,612) | - | (7,043,612) |
| Changes in assumptions | 7,679,137 | - | 7,679,137 |
| Contributions-employer | - | 20,291,000 | (20,291,000) |
| Net investment income | - | 7,340,191 | (7,340,191) |
| Benefit payments | (13,791,000) | (13,791,000) | - |
| Net changes: | 5,105,243 | 13,840,191 | (8,734,948) |
| Balances at June 30, 2020 | \$310,689,503 | \$164,541,448 | \$146,148,055 |

Sensitivity of the net OPEB Liability to changes in the Discount Rate

The following amounts present the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

| 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|----------------------|--------------------------------|----------------------|
| \$177,068,225 | \$146,148,055 | \$119,698,622 |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Sensitivity of the net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (6.80% decreasing by 0.20% annually to an ultimate rate of 4%) or 1- percentage-point higher (8.80% decreasing by 0.20% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

| 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|----------------------------------|----------------------------------|----------------------------------|
| <u>6.80% decreasing to 4.00%</u> | <u>7.80% decreasing to 5.00%</u> | <u>8.80% decreasing to 6.00%</u> |
| \$133,738,915 | \$146,148,055 | \$159,680,335 |

OPEB expense and deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2020, the County will recognize OPEB expense in the amount of \$2,785,237. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$- | \$16,524,012 |
| Changes of assumptions | 20,122,439 | 11,302,376 |
| Net difference between projected and actual earnings on on OPEB plan investments | - | <u>1,699,017</u> |
| Total | <u>\$20,122,439</u> | <u>\$29,525,405</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

For the Fiscal Years Ending June 30,

| | <u>Balances</u> |
|------------|------------------------|
| 2021 | (\$5,303,145) |
| 2022 | (4,239,147) |
| 2023 | (2,386,539) |
| 2024 | (1,442,218) |
| 2025 | 1,322,694 |
| Thereafter | <u>2,645,389</u> |
| | <u>(\$9,402,966)</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

OPEB Trust Financial Statements

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
OPEB TRUST
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Equity in pooled cash and investments | \$ - | \$ - |
| Investments, at fair value | | |
| Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds | 57,589,507 | 52,745,440 |
| Domestic and Foreign Equities, including Equities in Pooled Funds | 106,951,941 | 97,955,817 |
| Total assets | <u>164,541,448</u> | <u>150,701,257</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | <u>-</u> | <u>-</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| NET POSITION RESTRICTED FOR OPEB | <u>\$164,541,448</u> | <u>\$150,701,257</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OPEB TRUST
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
|--|----------------------|----------------------|
| ADDITIONS: | | |
| Employer contributions | \$6,500,000 | \$7,000,000 |
| Other Contributions | 52,745 | 45,567 |
| Investment income: | | |
| Interest and dividends | 7,461,970 | 11,470,177 |
| Net appreciation (depreciation) in fair value | (121,779) | 2,039,381 |
| Total Additions | <u>13,892,936</u> | <u>20,555,125</u> |
| DEDUCTIONS: | | |
| Other consulting expenses | <u>52,745</u> | <u>45,567</u> |
| Total Deductions | <u>52,745</u> | <u>45,567</u> |
| Net Increase | 13,840,191 | 20,509,558 |
| Net Position Restricted for OPEB, beginning of year: | <u>150,701,257</u> | <u>130,191,699</u> |
| Net Position Restricted for OPEB, end of year: | <u>\$164,541,448</u> | <u>\$150,701,257</u> |

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the RSI following the notes to the financial statements.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

B. Arlington County-Line of Duty Act Program (LODA)-OPEB

General Information about the LODA Program

The VRS LODA Program is a multiple-employer, cost-sharing OPEB plan. It was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled resulting from the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the LODA Program's liabilities, deferred outflows of resources, deferred inflows of resources, and expenses, information about the fiduciary net position of the program and the additions to/deductions from the program's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, VRS (the "System") is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program, including eligibility, coverage and benefits is set out below:

LODA PLAN PROVISIONS

Eligible Employees

The eligible employees of the LODA Program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts

The LODA Program provides death and health insurance benefits for eligible individuals:

- **Death** – The death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
 - \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
 - \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
 - An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
- **Health Insurance** – The LODA program provides health insurance benefits.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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- Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA Program.

Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

Contributions

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the program for the year ended June 30, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the program from the entity were \$614,726 and \$595,670 for the years ended June 30, 2020 and June 30, 2019, respectively.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2020, the entity reported a liability of \$15,923,862 for its proportionate share of the net LODA OPEB liability. The net LODA OPEB liability was measured as of June 30, 2019 and the total LODA OPEB liability used to calculate the net LODA OPEB liability was determined by an actuarial valuation as of that date. The entity's proportion of the net LODA OPEB liability was based on the County's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2019, the County's proportion was 4.43826% as compared to 4.14408% at June 30, 2018.

For the year ended June 30, 2020, the entity recognized LODA OPEB expense of \$1,370,494. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB Program from the following sources:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$2,314,519 | \$- |
| Net difference between projected and actual earnings on LODA OPEB plan investments | - | 31,524 |
| Change in assumptions | 747,162 | 1,380,417 |
| Change in proportionate share | 897,206 | 353,113 |
| Employer Contributions subsequent to the measurement date | <u>614,726</u> | - |
| Total | <u>\$4,573,613</u> | <u>\$1,765,054</u> |

An amount of \$614,726 reported as deferred outflows of resources related to the LODA OPEB Program resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the net LODA OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB plan will be recognized as an expense in future reporting periods as follows:

For the Fiscal Years Ending June 30,

| | <u>Balances</u> |
|------------|--------------------|
| 2021 | \$258,475 |
| 2022 | 258,534 |
| 2023 | 263,409 |
| 2024 | 268,602 |
| 2025 | 270,136 |
| Thereafter | <u>874,677</u> |
| | <u>\$2,193,833</u> |

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation - 2.50 percent

Salary increases, including Inflation - Locality employees: N/A

Medical cost trend rates assumption: -

- Under age 65: 7.25 percent - 4.75 percent
- Ages 65 and older: 5.50 percent - 4.75 percent

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Investment rate of return 3.50 percent, net of OPEB plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since the LODA Program is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

Mortality rates – Largest Ten Locality Employers With Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

| | |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages. |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Increased disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increased rate from 60% to 70% |

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

| | |
|-------------------------------|------------------|
| Total LODA OPEB liability | \$361,626 |
| Plan Fiduciary Net position | \$2,839 |
| Employers’ Net OPEB liability | <u>\$358,787</u> |

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability .79%

ARLINGTON COUNTY, VIRGINIA

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The total LODA OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability is disclosed in accordance with the requirements of GAAP in the System’s notes to the financial statements and RSI.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2019.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the covered employer’s proportionate share of the net LODA OPEB liability using the discount rate of 3.50%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current rate:

| 1% Decrease 2.50% | Current Discount Rate 3.50% | 1% Increase 4.50% |
|----------------------|--------------------------------|----------------------|
| \$18,472,816 | \$15,923,862 | \$13,907,804 |

Sensitivity of the Covered Employer’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer’s proportionate share of the net LODA OPEB liability using health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

| 1% Decrease 6.75% decreasing to 3.75% | Healthcare Cost Trend Rates 7.75% decreasing to 4.75% | 1% Increase 8.75% decreasing to 5.75% |
|--|--|--|
| \$13,463,470 | \$15,923,862 | \$19,026,675 |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

LODA OPEB Plan Fiduciary Net Position

Detailed information about the LODA Program’s Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

C. Schools OPEB

Plan Description

In addition to the pension benefits described in Note 16, the Schools administer a single-employer defined benefit healthcare plan, the Arlington County School Board Retiree Welfare Benefit Trust. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Schools’ pension plans. The plan does not issue a publicly available financial report.

Plan Administration

Investments for the Schools OPEB Plan are the responsibility of the Arlington County Employee’s Retirement System Board of Trustees (the Retirement Board.) The Retirement Board consists of seven voting and three substitute trustees as follows:

- Three appointed by the County Board
- One appointed by the County Manager
- One trustee and one substitute trustee elected by general employees
- One trustee and one substitute trustee elected by uniformed employees
- One trustee and one substitute trustee elected by retired employees

Additional details regarding the Retirement Board can be found in Note 16.

Plan Membership

At June 30, 2020 (valuation date), the following employees were covered by the benefit terms:

| | |
|---|--------------|
| Total Active employees with coverage | 3,567 |
| Total Active employees without coverage | 1,234 |
| Total Retirees with coverage | <u>1,358</u> |
| Total Plan Members | <u>6,159</u> |

Benefits Provided

The benefits provided are the same as those provided to active employees, and include medical, dental, and life insurance. At age 65, coverage is provided under Medicare Advantage plans. Employees hired on/after January 1, 2009 must have at least 10 years of service at retirement to be eligible for retiree health coverage through Arlington Public Schools. There is no age or service requirement for disability health benefits. A surviving spouse can continue coverage after the death of the retiree but the School subsidy ceases and the surviving spouse is responsible for the full premium.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Contributions

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the Actuarially Determined Contribution in future years. For full career employees, the Schools currently contributes between 10% and 77% towards the cost of medical premiums based on coverage selected. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2020 the Schools' contributed \$7,918,493 and did not make a pre-funding contributions towards health plans for retirees.

Investment Policy

The Schools OPEB investment policy was adopted in April 2009 and most recently revised in September 2016. The investment objective is to earn an average annual rate of return for the Trust of at least 8% or 3% over the CPI-U, whichever is greater, over rolling five-year periods, net of all investment management fees and direct investment expense. The following is the Board's adopted allocation policy:

| <u>Asset Class</u> | <u>Target Percentage</u> |
|---------------------------|---------------------------------|
| Equities | 60%-70% |
| Fixed Income | <u>30%-40%</u> |
| Total: | 100% |

Concentrations

For the Schools OPEB Plan, the Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense for the Schools Trust was 4.86%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---------------------------|--|
| Inflation | 3.00% per year as of June 30, 2020 |
| Salary Increases | 3.00% per year for general salary inflation as of June 30, 2020 |
| Discount Rate | 6.75% for accounting and funding disclosures as of June 30, 2020 |
| Investment Rate of Return | 6.75% as of June 30 2020 |

Mortality rates for healthy inactive members were based on the RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2015.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Mortality rates for disabled members were based on the RPH-2014 Disabled Retiree Mortality Table fully generational using Scale MP-2015.

The Long-Term expected rate of return was 6.75% as of June 30, 2020.

Discount rate

This Plan uses the Bond Buyer GO 20-Bond Municipal Index to satisfy the requirements under paragraph 48 of GASB No. 74. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 27, 2019 was 3.50% and the municipal bond rate at June 25, 2020 was 2.21%. However, the depletion test as of the most recent actuarial valuation of July 1, 2020, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate for this report, as required by GASB No. 74, is the long-term expected rate of return, 6.75%.

Changes in Net OPEB Liability-Arlington Public Schools

| | Increase (Decrease) | | |
|---|-----------------------------|---------------------------------------|---------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2019 | \$180,591,888 | \$65,513,662 | \$115,078,226 |
| Changes for the year: | | | |
| Service cost | 4,444,683 | - | 4,444,683 |
| Interest | 12,227,083 | - | 12,227,083 |
| Change of benefit terms | (1,354,960) | - | (1,354,960) |
| Difference between expected and actual experience | 2,220,971 | - | 2,220,971 |
| Changes in assumptions | 2,277,620 | - | 2,277,620 |
| Contributions-employer | - | 7,918,493 | (7,918,493) |
| Net investment income | - | 3,190,968 | (3,190,968) |
| Benefit payments | (7,810,271) | (7,810,271) | - |
| Net changes: | 12,005,126 | 3,299,190 | 8,705,936 |
| Balances at June 30, 2020 | \$192,597,014 | \$68,812,852 | \$123,784,162 |

Sensitivity of the net OPEB Liability to changes in the Discount Rate

The following amounts present the net OPEB liability of the Schools, as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

| 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|----------------------|--------------------------------|----------------------|
| \$150,059,480 | \$123,784,162 | \$102,057,694 |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Sensitivity of the net OPEB Liability to changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Schools, as well as what the Schools' net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (5.5% decreasing an ultimate rate of 3%) or 1- percentage-point higher (7.50% decreasing to an ultimate rate of 5.00%) than the current healthcare cost trend rates:

| 1% Decrease 5.50% decreasing to 3.00% | Healthcare Cost Trend Rates 6.50% decreasing to 4.00% | 1% Increase 7.50% decreasing to 5.00% |
|--|--|--|
| \$104,144,390 | \$123,784,162 | \$142,782,228 |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2020, the Schools will recognize OPEB expense in the amount of \$10,817,759. At June 30, 2020, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$8,823,790 | \$809,049 |
| Changes of assumptions | 15,361,652 | 9,782,099 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 711,233 |
| Total: | <u>\$24,185,442</u> | <u>\$11,302,381</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expenses in future fiscal years as noted below:

For the fiscal years ending June 30,

| | |
|------------|---------------------|
| 2021 | (\$76,874) |
| 2022 | 338,825 |
| 2023 | 353,413 |
| 2024 | 770,519 |
| 2025 | 524,272 |
| Thereafter | 10,972,906 |
| | <u>\$12,883,061</u> |

ARLINGTON COUNTY, VIRGINIA

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OPEB Trust Statements-Arlington Public Schools

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | <u>JUNE 30, 2020</u> | <u>JUNE 30, 2019</u> |
|----------------------------------|----------------------|----------------------|
| ASSETS | | |
| Cash and Investments | \$68,704,630 | \$65,513,662 |
| Accounts Receivable | <u>-</u> | <u>-</u> |
| Total assets | <u>68,704,630</u> | <u>65,513,662</u> |
| LIABILITIES | <u>-</u> | <u>-</u> |
| NET POSITION RESTRICTED FOR OPEB | <u>\$68,704,630</u> | <u>\$65,513,662</u> |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| ADDITIONS: | | |
| Employer contributions | \$ - | \$2,600,000 |
| Investment Income: | | |
| Interest and dividends | 3,243,899 | 4,192,284 |
| Net appreciation (depreciation) in fair value | <u>(52,931)</u> | <u>1,739,526</u> |
| Total additions | 3,190,968 | 8,531,810 |
| Net Increase | 3,190,968 | 8,531,810 |
| Net Position Held in Trust for Plan Benefits, beginning of year | <u>65,513,662</u> | <u>56,981,852</u> |
| Net Position Held in Trust for Plan Benefits, end of year: | | |
| Restricted | <u>\$68,704,630</u> | <u>\$65,513,662</u> |

Additional disclosures on changes in Schools net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

D. Arlington Public Schools Health Insurance Credit (“HIC”) Program OPEB-Teachers

Summary of Significant Accounting Policies

The VRS Teacher Employee HIC Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Teacher Employee Health Insurance Credit Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

| TEACHER EMPLOYEE HIC PROGRAM PLAN PROVISIONS |
|--|
| <p>Eligible Employees</p> <p>The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent (professional) salaried employees of public school divisions covered under VRS. |
| <p>Benefit Amounts</p> <p>The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• At Retirement – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. |

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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-
- | |
|--|
| <ul style="list-style-type: none">• Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:<ul style="list-style-type: none">○ \$4.00 per month, multiplied by twice the amount of service credit, or○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. |
|--|

| |
|---|
| <p>HIC Program Notes:</p> <ul style="list-style-type: none">• The monthly HIC benefit cannot exceed the individual premium amount.• Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree. |
|---|

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$3,845,725 and \$3,730,540 for the years ended June 30, 2020 and June 30, 2019, respectively.

Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee HIC Program OPEB

At June 30, 2020, Schools' reported a liability of \$48,569,733 for its proportionate share of the VRS Teacher Employee HIC Program net OPEB liability. The net VRS Teacher Employee HIC Program OPEB liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the net VRS Teacher Employee HIC Program OPEB liability was determined by an actuarial valuation as of that date. Schools' proportion of the net VRS Teacher Employee HIC Program OPEB liability was based on Schools' actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, Schools' proportion of the VRS Teacher Employee HIC Program was 3.71017% as compared to 3.72495% at June 30, 2018.

For the year ended June 30, 2020, Schools' recognized VRS Teacher Employee HIC Program OPEB expense of \$4,269,238. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019 a portion of the VRS Teacher Employee HIC program net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, Schools' reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC program OPEB from the following sources:

ARLINGTON COUNTY, VIRGINIA

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| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$- | \$275,103 |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 3,067 | - |
| Change in assumptions | 1,130,442 | 337,493 |
| Change in proportionate share | 1,521,832 | 165,016 |
| Employer Contributions subsequent to the measurement date | <u>3,845,725</u> | <u>-</u> |
| Total | <u>\$6,501,066</u> | <u>\$777,612</u> |

An amount of \$3,845,725 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized as expenses in future reporting periods as follows:

For the Fiscal Years Ending June 30,

| | <u>Balances</u> |
|------------|------------------------|
| 2021 | \$317,910 |
| 2022 | 317,860 |
| 2023 | 339,144 |
| 2024 | 332,021 |
| 2025 | 298,743 |
| Thereafter | <u>272,051</u> |
| | <u>\$1,877,729</u> |

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation - 2.5 percent

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Salary increases, including inflation – Teacher Employees: 3.5 percent – 5.95 percent

Investment rate of return - 6.75 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75 to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount rate | Decrease from 7.00% to 6.75% |

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

ARLINGTON COUNTY, VIRGINIA

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| | |
|---|---|
| | Teacher Employee HIC OPEB Plan |
| Total Teacher Employee HIC OPEB liability | \$1,438,114 |
| Plan Fiduciary Net Position | <u>129,016</u> |
| Teacher Employee net HIC OPEB liability | <u>\$1,309,098</u> |

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB liability 8.97%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|------------------------------------|--------------------------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP-Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | <u>100.00%</u> | | <u>5.13%</u> |
| | Inflation | | <u>2.50%</u> |
| | * Expected arithmetic nominal return | | <u>7.63%</u> |

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that

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ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of Schools' Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents Schools' proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what would be Schools' proportionate share of the net HIC OPEB liability if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--------------------------------|--------------|--------------------------|--------------|
| | 5.75% | 6.75% | 7.75% |
| Teacher HIC Net OPEB Liability | \$54,357,789 | \$48,569,733 | \$43,652,787 |

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

E. Arlington Public Schools-Teachers Group Life Insurance ("GLI") Program-OPEB

Summary of Significant Accounting Policies

The VRS GLI Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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General Information about the GLI Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

| GLI PROGRAM PLAN PROVISIONS |
|---|
| <p>Eligible Employees</p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p> |
| <p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit. |

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-
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in benefit Amounts

The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,279.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the GLI Program from the entity were \$1,675,248 and \$1,627,548 for the years ended June 30, 2020 and June 30, 2019, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2020, Schools' reported a liability of \$26,016,243 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the net GLI OPEB

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liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 1.59877% as compared to 1.59696% at June 30, 2018.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$802,100. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$1,730,236 | \$337,454 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 534,394 |
| Change in assumptions | 1,642,514 | 784,504 |
| Change in proportionate share | 771,941 | - |
| Employer Contributions subsequent to the measurement date | <u>1,675,248</u> | <u>-</u> |
| Total | <u><u>\$5,819,939</u></u> | <u><u>\$1,656,352</u></u> |

The amount of \$1,675,248 was reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date; therefore, will be recognized as a reduction of the Net GLI OPEB liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

For the Fiscal Year Ending June 30,

| | <u>Balances</u> |
|------------|---------------------------|
| 2021 | \$292,939 |
| 2022 | 292,960 |
| 2023 | 519,296 |
| 2024 | 662,456 |
| 2025 | 570,207 |
| Thereafter | <u>150,481</u> |
| | <u><u>\$2,488,339</u></u> |

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Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation- 2.5 percent
Salary increases, including inflation –
 Teachers 3.5 percent – 5.95 percent
 Locality – General employees 3.5 percent – 5.35 percent
Investment rate of return - 6.75 Percent, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75 to simplify preparation of the OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates and females 115% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount rate | Decrease rate from 7.00% to 6.75% |

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Mortality rates – Largest Ten Locality Employers – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, White Collar Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increased rate from 14% to 20% |
| Discount rate | Decrease rate from 7.00% to 6.75% |

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

| | |
|--|--|
| | Group Life Insurance OPEB Program |
| Total GLI OPEB liability | \$3,390,238 |
| Plan Fiduciary Net Position | <u>1,762,972</u> |
| Employers’ Net GLI OPEB liability | <u>\$1,627,266</u> |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB liability | 52.00% |

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The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and RSI.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|------------------------------------|--------------------------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP-Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | 100.00% | | 5.13% |
| | Inflation | | 2.50% |
| | * Expected arithmetic nominal return | | 7.63% |

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB Program's fiduciary net position was projected to be

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available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of Schools' Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents Schools' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| 1% Decrease | Current Discount Rate | 1% Increase |
|--------------|-----------------------|--------------|
| 5.75% | 6.75% | 7.75% |
| \$34,178,142 | \$26,016,243 | \$19,397,171 |

GLI Program's Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

F. Arlington County Public Schools GLI-OPEB

Summary of Significant Accounting Policies

The VRS GLI Program is a multiple-employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI Program and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the GLI Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program.

The specific information for GLI Program, including eligibility, coverage and benefits is set out in the table below:

| GLI PROGRAM PLAN PROVISIONS |
|--|
| <p>Eligible Employees</p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p> |
| <p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">• Accidental dismemberment benefit• Safety belt benefit• Repatriation benefit• Felonious assault benefit• Accelerated death benefit option |
| <p>Reduction in benefit Amounts</p> |

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The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the GLI Program from Arlington Public Schools were \$126,983 and \$119,981 for the years ended June 30, 2020 and June 30, 2019, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB

At June 30, 2019, Schools reported a liability of \$1,915,618 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of that date. Schools' proportion of the net GLI OPEB liability was based on Schools' actuarially determined employer contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, Schools' proportion was 0.11772% as compared to 0.11420% at June 30, 2018.

For the year ended June 30, 2020, Schools recognized GLI OPEB expense of \$82,299. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, Schools' reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program from the following sources:

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| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$127,400 | \$24,848 |
| Net difference between projected and actual earnings on GLI OPEB program investments | - | 39,348 |
| Change in assumptions | 120,941 | 57,764 |
| Change in proportionate share | 161,824 | - |
| Employer Contributions subsequent to the measurement date | <u>126,983</u> | <u>-</u> |
| Total | <u>537,148</u> | <u>121,960</u> |

An amount of \$126,983 reported as deferred outflows of resources related to the GLI OPEB Program resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program will be recognized in the GLI OPEB expense in future reporting periods as follows:

For the Fiscal Years ending June 30th:

| | <u>Balances</u> |
|------------|------------------|
| 2021 | \$44,809 |
| 2022 | 44,810 |
| 2023 | 61,476 |
| 2024 | 69,145 |
| 2025 | 54,085 |
| Thereafter | <u>13,880</u> |
| | <u>\$288,205</u> |

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation: 2.5 percent

Salary increases, including inflation – Locality – General employees: 3.5 percent – 5.35 percent

Investment rate of return of 6.75 percent, net of investment expenses including inflation*

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* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the changes to the discount rate which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75. |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increased rate from 14 to 15% |
| Discount Rate | Decrease rate from 7.00% to 6.75% |

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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| | <u>GLI OPEB Program</u> |
|--|------------------------------------|
| Total GLI OPEB Liability | \$3,390,238 |
| Plan Fiduciary Net Position | <u>1,762,972</u> |
| Employers' Net GLI OPEB Liability | <u>\$1,627,266</u> |
| | |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 52.00% |

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and RSI.

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Target Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|------------------------------------|------------------------------|---|---|
| Public Equity | 34.00% | 5.61% | 1.91% |
| Fixed Income | 15.00% | 0.88% | 0.13% |
| Credit Strategies | 14.00% | 5.13% | 0.72% |
| Real Assets | 14.00% | 5.27% | 0.74% |
| Private Equity | 14.00% | 8.77% | 1.23% |
| MAPS-Multi-Asset Public Strategies | 6.00% | 3.52% | 0.21% |
| PIP-Private Investment Partnership | 3.00% | 6.29% | 0.19% |
| Total | <u>100.00%</u> | | <u>5.13%</u> |
| | | Inflation | <u>2.50%</u> |
| | | * Expected arithmetic nominal return | <u>7.63%</u> |

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of Schools' Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents Schools' proportionate share of the net GLI OPEB liability using the discount rate of 7.00%, as well as what Schools' proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

| 1% Decrease | Current Discount Rate | 1% Increase |
|-------------|-----------------------|-------------|
| 5.75% | 6.75% | 7.75% |
| \$2,516,591 | \$1,915,618 | \$1,428,245 |

GLI Program Fiduciary Net Position

Detailed information about the GLI program's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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Note 18. Pension and OPEB Aggregated Components

A. Primary Government OPEB and Pension

As required by GASB, the table below presents the aggregate amounts for OPEB and Pension expenses of the Primary government for the period ending June 30, 2020.

**Arlington County Government
OPEB and Pension Components-Primary Government
For the Period Ending June 30, 2020**

| | County OPEB | LODA OPEB | Total Primary Government OPEB | County Pension | Total OPEB & Pension |
|----------------------------------|----------------|--------------|----------------------------------|-------------------|-------------------------|
| Net OPEB/Pension Liability | 146,148,055 | 15,923,862 | 162,071,917 | - | 162,071,917 |
| Net OPEB/Pension Asset | - | - | - | 25,800,000 | 25,800,000 |
| Deferred Inflows | 29,525,405 | 1,765,054 | 31,290,459 | 67,200,000 | 98,490,459 |
| Deferred Outflows | 20,122,439 | 3,958,887 | 24,081,326 | 84,400,000 | 108,481,326 |
| Deferred Outflows-Contributions* | - | 614,726 | 614,726 | 59,900,000 | 60,514,726 |
| OPEB/Pension Expense | 2,785,237 | 1,370,494 | 4,156,231 | 69,000,000 | 73,156,231 |

*The County Pension and LODA OPEB Plan have measurement dates of the previous fiscal year end. Therefore, current year contributions which were made subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction in the respective Pension and LODA OPEB liabilities in the following fiscal year.

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B. Component Unit Schools OPEB and Pension

The table below presents aggregate amounts for OPEB and Pension expense for the Component Unit Schools.

**Arlington County Public Schools
OPEB and Pension Components
For the Period Ending June 30, 2020**

| APS OPEB Plans | APS OPEB | APS Teachers HIC OPEB | APS Teachers GLI OPEB | APS Non-Prof GLI OPEB | Total OPEB |
|----------------------------------|-------------|--------------------------|--------------------------|--------------------------|---------------|
| Net OPEB/Pension Liability | 123,784,162 | 48,569,733 | 26,016,243 | 1,915,618 | 200,285,756 |
| Net OPEB/Pension Asset | - | - | - | - | - |
| Deferred Inflows | 11,302,381 | 777,612 | 1,656,352 | 121,960 | 13,858,305 |
| Deferred Outflows | 24,185,442 | 2,655,341 | 4,144,691 | 410,165 | 31,395,639 |
| Deferred Outflows-Contributions* | - | 3,845,724 | 1,675,248 | 126,983 | 5,647,955 |
| OPEB/Pension Expense | 10,817,759 | 4,269,238 | 802,100 | 82,299 | 15,971,396 |

| APS Pension Plans | APS Teachers Pension | APS Political Sub- Division Pension | Total APS Pension |
|----------------------------------|-------------------------|--|----------------------|
| Net OPEB/Pension Liability | 485,265,685 | 3,566,453 | 488,832,138 |
| Net OPEB/Pension Asset | - | - | - |
| Deferred Inflows | 43,877,769 | 1,385,491 | 45,263,260 |
| Deferred Outflows | 62,606,606 | 2,687,796 | 65,294,402 |
| Deferred Outflows-Contributions* | 48,195,875 | 1,255,049 | 49,450,924 |
| OPEB/Pension Expense | 58,512,360 | 1,354,559 | 59,866,919 |

*The APS Teachers OPEB, Non-Professional OPEB, and all APS Pension Plans have a measurement date of the previous fiscal year end. Therefore, current year contributions which were made subsequent to the measurement date are reported as deferred outflows of resources, and will be recognized as a reduction in the respective APS OPEB or Pension liability in the following fiscal year.

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Required Supplementary Information

The exhibits included are required to supplement the basic financial statements. This information is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context.

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ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-A

Page 1 of 2

ARLINGTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual | Variance Positive (Negative) |
|---|----------------------|----------------------|----------------------|---------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| General Property taxes: | | | | |
| Real estate | \$771,036,860 | \$771,036,860 | \$784,070,294 | \$13,033,434 |
| Personal | 119,052,147 | 119,052,147 | 120,480,341 | 1,428,194 |
| Other local taxes | 221,532,000 | 221,532,000 | 207,018,443 | (14,513,557) |
| Licenses, permits and fees | 12,382,803 | 12,382,804 | 14,136,969 | 1,754,165 |
| Charges for services | 64,252,642 | 64,047,399 | 55,568,399 | (8,479,000) |
| Fines and forfeitures | 7,155,924 | 7,155,924 | 6,781,552 | (374,372) |
| Grants: | | | | |
| State grants | 75,996,278 | 82,829,618 | 77,489,102 | (5,340,516) |
| Federal grants | 16,067,363 | 39,461,775 | 32,982,735 | (6,479,040) |
| Use of money and property | 16,507,342 | 16,507,342 | 19,676,879 | 3,169,537 |
| Miscellaneous revenue | 8,258,008 | 1,246,709 | 3,705,466 | 2,458,757 |
| Total revenues | 1,312,241,367 | 1,335,252,578 | 1,321,910,180 | (13,342,398) |
| EXPENDITURES: | | | | |
| General Government Administration: | | | | |
| County Board | 1,642,161 | 1,678,742 | 1,617,157 | 61,585 |
| County Manager | 5,234,421 | 5,229,162 | 5,037,376 | 191,786 |
| Financial Management | 8,584,601 | 8,674,000 | 8,507,461 | 166,539 |
| Human Resources | 9,747,306 | 9,737,482 | 9,586,373 | 151,109 |
| Technology Services | 23,057,137 | 24,748,747 | 26,162,571 | (1,413,824) |
| County Attorney | 3,219,699 | 3,215,852 | 3,025,692 | 190,160 |
| Commissioner of Revenue | 5,912,908 | 5,899,892 | 5,903,371 | (3,479) |
| Treasurer | 7,254,724 | 7,242,643 | 6,494,950 | 747,693 |
| Electoral Board | 1,528,593 | 1,528,593 | 1,459,522 | 69,071 |
| Total General Government | 66,181,550 | 67,955,113 | 67,794,473 | 160,640 |
| Judicial Administration: | | | | |
| Circuit Court & Circuit Court Judiciary | 4,785,686 | 4,758,810 | 4,490,390 | 268,420 |
| General District Court | 387,064 | 386,458 | 356,710 | 29,748 |
| Juvenile & Domestic Relations Court | 7,564,087 | 7,554,716 | 6,841,346 | 713,370 |
| Commonwealth Attorney | 4,494,369 | 4,545,951 | 4,685,745 | (139,794) |
| Sheriff & Jail | 45,331,117 | 46,159,332 | 46,968,108 | (808,776) |
| Office of the Public Defender | 181,239 | 181,239 | 171,548 | 9,691 |
| Magistrate's Office | 29,986 | 29,986 | 26,544 | 3,442 |
| Total Judicial Administration | 62,773,548 | 63,616,492 | 63,540,391 | 76,101 |
| Public Safety: | | | | |
| Police | 72,068,068 | 73,684,828 | 70,065,179 | 3,619,649 |
| Public Safety Communications and Emergency Management | 13,631,309 | 13,948,030 | 14,013,398 | (65,368) |
| Fire | 64,948,843 | 65,153,908 | 65,131,946 | 21,962 |
| Total Public Safety | 150,648,220 | 152,786,766 | 149,210,523 | 3,576,243 |
| Environmental Services | 100,909,216 | 105,292,126 | 96,197,295 | 9,094,831 |
| Health & Welfare | 141,975,137 | 150,231,087 | 140,082,502 | 10,148,585 |
| Libraries | 14,704,271 | 14,682,551 | 14,333,511 | 349,040 |

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-A
Page 2 of 2

ARLINGTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Planning & Community Development: | | | | |
| Economic Development | 8,735,645 | 9,072,658 | 8,511,765 | 560,893 |
| Community Planning, Housing & Development | 11,858,193 | 11,617,172 | 10,823,249 | 793,923 |
| Total Planning & Community Development | 20,593,838 | 20,689,830 | 19,335,014 | 1,354,816 |
| Parks and Recreation | 43,103,220 | 43,376,175 | 40,749,903 | 2,626,272 |
| Education | 532,329,006 | 547,147,001 | 518,411,207 | 28,735,794 |
| Non-Departmental: | | | | |
| Non-Departmental | 71,738,870 | 152,739,521 | 52,773,126 | 99,966,395 |
| Debt Service | | | | |
| Principal payment | 43,264,585 | 42,910,189 | 45,298,185 | (2,387,996) |
| Interest payment | 28,810,415 | 24,764,812 | 26,723,993 | (1,959,181) |
| Other costs | 78,342 | 125,000 | 24,950 | 100,050 |
| Regionals/Contributions | 7,443,092 | 7,600,614 | 7,337,677 | 262,937 |
| METRO | 47,597,637 | 47,597,637 | 47,597,637 | - |
| Total Non-Departmental | 198,932,941 | 275,737,773 | 179,755,568 | 95,982,205 |
| Total expenditures | 1,332,150,947 | 1,441,514,914 | 1,289,410,387 | 152,104,527 |
| Excess (deficiency) of revenues over expenditures | (19,909,580) | (106,262,336) | 32,499,793 | 138,762,129 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 543,981 | 2,961,194 | 5,024,073 | 2,062,879 |
| Transfers out | (24,094,634) | (28,535,248) | (28,535,248) | - |
| Sale of Land | | | 4,862,630 | |
| Total other financing sources/(uses) | (23,550,653) | (25,574,054) | (18,648,545) | 2,062,879 |
| Net change in fund balance* | (43,460,233) | (131,836,390) | 13,851,248 | 140,825,008 |
| Fund Balance - beginning of year | 233,013,737 | 181,910,989 | 233,013,737 | - |
| Fund Balance - end of year | \$189,553,504 | \$50,074,599 | \$246,864,985 | \$196,790,386 |

*The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) on fund balance.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-B

Arlington County Government
Notes to Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budget and Actual
For the Year Ended June 30, 2020

The following procedures are used by the County in establishing the annual budgetary data reflected in the budgetary comparison schedule.

- 1) Prior to March 1, the County Manager is charged with presenting a proposed operating budget for the fiscal year commencing the following July. A multi-year capital improvement program is developed and approved separately from the operating budget and the School Board prepares a separate operations budget, supported to a large degree by transfers from the County's general fund. The County Board conducts budget work sessions with the departments and advisory commissions and holds public hearings prior to the final adoption of the budget by May 15th.
- 2) Annual appropriations are adopted for the general, enterprise, special revenue, capital projects, and internal service funds. Appropriations are controlled at the department level in the general fund.
- 3) Departments are charged with making sure that approved budget levels reflect any supplemental appropriations approved by the County Board. In addition, DMF is authorized to transfer budgeted amounts within any department if the total departmental appropriation is not changed. Any revisions that alter estimated revenues or total expenditures for any department or fund must be approved by the County Board. Appropriations lapse at June 30 unless the County Board approves carrying them forward to the next fiscal year.
- 4) The budgets of the general government fund types, which include the general fund, special revenue funds, and general capital projects fund, are prepared on a modified-accrual basis of accounting.

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-C

Arlington County Retirement System
Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios
For the Years Ended June 30, 2015 through 2019*
(\$ in millions)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total pension liability | | | | | | |
| Service cost | \$59.3 | \$57.8 | \$56.5 | \$53.8 | \$54.8 | \$52.1 |
| Interest | 149.5 | 143.5 | 139.1 | 143.6 | 135.6 | 131.6 |
| Differences between expected and actual experience | (31.1) | (13.7) | (27.1) | (47.3) | (16.2) | (11.0) |
| Changes of assumptions | 112.6 | - | - | 27.2 | - | 29.4 |
| Change in benefits | - | 3.1 | - | - | - | - |
| Benefit payments including refunds of employee contributions | (110.8) | (105.0) | (99.7) | (95.3) | (90.8) | (86.3) |
| Net change in total pension liability | <u>179.5</u> | <u>85.7</u> | <u>68.8</u> | <u>82.0</u> | <u>83.4</u> | <u>115.8</u> |
| Total pension liability -- beginning | <u>2,208.0</u> | <u>2,122.3</u> | <u>2,053.5</u> | <u>1,971.5</u> | <u>1,888.1</u> | <u>1,772.3</u> |
| Total pension liability -- ending | <u><u>\$2,387.5</u></u> | <u><u>\$2,208.0</u></u> | <u><u>\$2,122.3</u></u> | <u><u>\$2,053.5</u></u> | <u><u>\$1,971.5</u></u> | <u><u>\$1,888.1</u></u> |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$56.7 | \$54.9 | \$51.8 | \$54.5 | \$58.2 | \$53.7 |
| Contributions - employee | 13.0 | 12.9 | 12.7 | 12.3 | 12.2 | 11.9 |
| Net investment income | 152.1 | 167.3 | 246.3 | (1.3) | 37.3 | 304.2 |
| Benefit payments including refunds of employee contributions | (110.8) | (105.0) | (99.7) | (95.3) | (90.8) | (86.3) |
| Administrative expense | (0.8) | (0.8) | (0.8) | (1.7) | (1.5) | (0.7) |
| Net change in plan fiduciary net position | <u>110.2</u> | <u>129.3</u> | <u>210.3</u> | <u>(31.5)</u> | <u>15.4</u> | <u>282.8</u> |
| Plan fiduciary net position - beginning | <u>2,303.1</u> | <u>2,173.8</u> | <u>1,963.5</u> | <u>1,995.0</u> | <u>1,979.6</u> | <u>1,696.8</u> |
| Plan fiduciary net position - ending | <u><u>\$2,413.3</u></u> | <u><u>\$2,303.1</u></u> | <u><u>\$2,173.8</u></u> | <u><u>\$1,963.5</u></u> | <u><u>\$1,995.0</u></u> | <u><u>\$1,979.6</u></u> |
| County's net pension liability (asset) - ending | <u><u>(\$25.8)</u></u> | <u><u>(\$95.1)</u></u> | <u><u>(\$51.5)</u></u> | <u><u>\$90.0</u></u> | <u><u>(\$23.5)</u></u> | <u><u>(\$91.5)</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 101.1% | 104.3% | 102.4% | 95.6% | 101.2% | 104.85% |
| Covered payroll | \$270.0 | \$261.4 | \$236.5 | \$248.9 | \$243.5 | \$252.4 |
| County's net position liability (asset) as a percentage of covered-payroll | -9.6% | -36.4% | -21.8% | 36.2% | -9.7% | -36.3% |

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only five years of information available. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-D

Arlington County Retirement System
Schedule of Employer Contributions-County
Last 10 Fiscal Years
(\$ in millions)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Actuarially determined contribution | \$59.9 | \$56.7 | \$54.9 | \$51.8 | \$54.5 | \$58.2 | \$53.7 | \$48.0 | \$46.3 | \$43.2 |
| County contributions in relation to the actuarially determined contributions | 59.9 | 56.7 | 54.9 | 51.8 | 54.5 | 58.2 | 53.7 | 48.0 | 46.3 | 43.2 |
| Contribution deficiency/ (excess) | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Covered Payroll | \$285.2 | \$270.0 | \$261.4 | \$236.5 | \$248.9 | \$243.5 | \$252.4 | \$233.0 | \$224.8 | \$209.7 |
| Contributions as a percentage of covered payroll | 21.0% | 21.0% | 21.0% | 21.9% | 21.9% | 23.9% | 22.6% | 20.6% | 20.7% | 20.5% |

Exhibit 11-E

Notes to Schedule-Arlington County Retirement System Pension-Key Assumptions

| | |
|----------------|---|
| Valuation date | June 30, 2019 |
| Timing | Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the System year. |

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------|--|
| Actuarial cost method | Entry age normal cost method |
| Asset valuation method | Five year, smoothed |
| Amortization method | Level percent open |
| Discount rate | 6.75% |
| Amortization growth rate | 3.00% |
| Inflation | 3.00% |
| Salary increases | 3.00% plus merit/seniority component which vary by year of service and are compounded annually |

| | |
|-----------|---|
| Mortality | <u>General and Uniformed</u> RP-2000 Combined Mortality with generational mortality improvements using Scale AA for active employees and non-disabled inactive members; for Uniformed members, 50% of deaths assumed to be service-connected. RP-2000 Disabled Mortality projected with generational mortality improvements using Scale AA for disabled lives. |
|-----------|---|

| | |
|--|--|
| | <u>School</u> RP-2000 Employee Mortality with White Collar adjustment with generational improvements using Scale BB for active and non-disabled inactive members; no deaths assumed to be service-connected. RP-2000 Disabled Mortality projected with generational mortality improvements using Scale AA for disabled lives. |
|--|--|

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-F

**Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Years Ended June 30, 2015 through 2020***

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's Proportion of the Net Pension Liability (Asset) | 3.68727% | 3.70772% | 3.62326% | 3.54755% | 3.50960% | 3.41217% |
| Employer's Proportionate Share of the Net Pension Liability (Asset) | \$485,265,685 | \$436,027,000 | \$445,588,000 | \$497,158,000 | \$441,730,000 | \$412,350,000 |
| Employer's Covered Payroll | 299,004,021 | 293,004,021 | 278,505,978 | 295,036,838 | 264,893,277 | - |
| Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 162.29% | 148.81% | 159.99% | 168.51% | 166.76% | - |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 73.51% | 74.81% | 72.92% | 68.28% | 70.68% | 70.88% |

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-G

VRS Teachers Retirement Plan
Schedule of Employer Contributions
For the Years Ended 2015 through 2020 *

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|-------------|--|---|---|---|--|
| 2020 | \$48,195,875 | \$48,195,875 | \$- | \$322,899,378 | 14.93% |
| 2019 | 47,023,129 | 47,023,129 | - | 299,004,021 | 15.73% |
| 2018 | 47,818,256 | 47,818,256 | - | 293,004,021 | 16.32% |
| 2017 | 40,828,976 | 41,192,000 | (363,024) | 278,505,978 | 14.66% |
| 2016 | 41,482,179 | 41,585,081 | (102,902) | 295,036,838 | 14.06% |
| 2015 | 38,409,525 | 37,194,010 | 1,215,515 | 264,893,277 | 14.04% |

*This schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

Exhibit 11-H

Notes to Schedule-VRS Teachers Retirement Plan

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study of the System for the four- year period ending June 30, 2016, except for the change in discount rate, which was based on VRS Board action effective July 1, 2019. Changes in the assumptions based on the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decrease from 7.00% to 6.75% |

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-I

**VRS Political Subdivisions
Schedule of Changes in Net Pension Liability and Related Ratios
For the Years ended June 30, 2015 through 2020***

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total pension liability | | | | | | |
| Service cost | \$1,944,608 | \$1,886,500 | \$1,874,972 | \$1,828,396 | \$2,027,449 | \$1,830,932 |
| Interest | 3,327,475 | 3,013,456 | 2,837,805 | 2,699,983 | 2,439,032 | 2,209,579 |
| Differences between expected and actual | 514,042 | 1,015,819 | (4,454) | (1,444,760) | 237,081 | - |
| Changes in assumptions | 1,712,931 | - | (947,788) | - | - | - |
| Benefit payments, incl refunds of contributions | (1,517,186) | (1,342,405) | (1,160,059) | (1,069,403) | (881,977) | (643,241) |
| Net change in total pension liability | 5,981,870 | 4,573,370 | 2,600,476 | 2,014,216 | 3,821,585 | 3,397,270 |
| Total pension liability - beginning | 48,293,951 | 43,720,581 | 41,120,105 | 39,105,889 | 35,284,304 | 31,887,034 |
| Total pension liability - ending | <u>\$54,275,821</u> | <u>\$48,293,951</u> | <u>\$43,720,581</u> | <u>\$41,120,105</u> | <u>\$39,105,889</u> | <u>\$35,284,304</u> |
| | | | | | | |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$1,207,932 | \$1,151,875 | \$1,077,379 | \$1,225,860 | \$954,339 | \$1,725,606 |
| Contributions - employee | 1,064,709 | 1,008,648 | 935,848 | 884,066 | 722,556 | 1,003,574 |
| Net investment income | 3,185,444 | 3,193,423 | 4,632,064 | 667,328 | 1,570,563 | 4,406,370 |
| Benefit payments, incl refunds of contributions | (1,517,186) | (1,342,405) | (1,160,059) | (1,069,403) | (881,977) | (643,241) |
| Administrative expense | (29,714) | (26,286) | (25,371) | (21,338) | (20,294) | (21,639) |
| Other | (2,024) | (2,904) | (4,184) | (273) | (332) | 232 |
| Net change in plan fiduciary net position | 3,909,161 | 3,982,351 | 5,455,677 | 1,686,240 | 2,344,855 | 6,470,902 |
| Plan fiduciary net position - beginning | 46,800,207 | 42,817,856 | 37,362,179 | 35,675,939 | 33,331,084 | 26,860,182 |
| Plan fiduciary net position - ending | <u>\$50,709,368</u> | <u>\$46,800,207</u> | <u>\$42,817,856</u> | <u>\$37,362,179</u> | <u>\$35,675,939</u> | <u>\$33,331,084</u> |
| | | | | | | |
| Political subdivision's net pension liability | <u>\$3,566,453</u> | <u>\$1,493,744</u> | <u>\$902,725</u> | <u>\$3,757,926</u> | <u>\$3,429,950</u> | <u>\$1,953,220</u> |
| | | | | | | |
| Plan fiduciary net position as a percentage of the total pension liability | 93.43% | 96.91% | 97.94% | 90.86% | 91.23% | 94.46% |
| | | | | | | |
| Covered payroll | \$21,082,014 | \$18,170,928 | \$18,633,172 | \$17,912,069 | \$18,922,234 | \$17,327,513 |
| | | | | | | |
| Political subdivision's net pension liability as a percentage of covered payroll | 16.92% | 8.22% | 4.84% | 20.98% | 18.13% | 11.27% |

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2019 is the sixth year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-J

VRS Political Subdivisions
Schedule of Employer Contributions
For the Years Ended 2015 through 2020 *

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|-------------|--|---|---|---|--|
| 2020 | \$1,255,049 | \$1,255,049 | \$- | \$24,495,341 | 5.12% |
| 2019 | 1,218,540 | 1,218,540 | - | 21,082,014 | 5.78% |
| 2018 | 1,251,977 | 1,251,977 | - | 18,170,928 | 6.89% |
| 2017 | 1,082,587 | 1,077,379 | \$5,208 | 18,633,172 | 5.81% |
| 2016 | 1,234,142 | 1,199,863 | \$34,279 | 17,912,069 | 6.89% |
| 2015 | 1,302,210 | 1,709,102 | (\$406,892) | 18,922,234 | 9.12% |

* This schedule is intended to show information for 10 years. Since 2020 is the sixth year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

Exhibit 11-K

Notes to Schedule-VRS Political Subdivisions

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions based on the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Lowered rates |
| Salary Scale | No change |
| Line of Duty Disability | Increase rate from 14% to 15% |
| Discount Rate | Decrease from 7.00% to 6.75% |

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-L

**Schedule of Changes in Net OPEB Liability and Related Ratios-County OPEB Plan
For the Years Ended 2017, 2018, 2019 and 2020***

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | |
| Service cost | \$7,186,201 | \$6,542,420 | \$7,045,072 | \$6,789,601 |
| Interest | 20,654,160 | 21,063,700 | 20,569,239 | 19,577,252 |
| Changes of benefit terms | (9,579,643) | - | - | - |
| Changes of assumptions | 7,679,137 | (16,439,988) | (855,957) | 21,967,205 |
| Difference between expected and actual experience | (7,043,612) | (4,310,682) | (4,316,370) | (7,417,570) |
| Benefit Payments | (13,791,000) | (13,349,194) | (15,838,142) | (12,672,328) |
| Net change in total OPEB liability | 5,105,243 | (6,493,744) | 6,603,842 | 28,244,160 |
| Total OPEB liability - beginning | 305,584,260 | 312,078,004 | 305,474,162 | 277,230,002 |
| Total OPEB liability - ending (a) | <u>\$310,689,503</u> | <u>\$305,584,260</u> | <u>\$312,078,004</u> | <u>\$305,474,162</u> |
| Plan fiduciary net position | | | | |
| Contributions - employer | \$20,291,000 | \$20,349,194 | \$19,237,827 | \$19,522,328 |
| Net investment income | 7,340,191 | 13,509,558 | 7,935,995 | 11,825,989 |
| Benefit payments | (13,791,000) | (13,349,194) | (12,042,855) | (12,672,328) |
| Net change in plan fiduciary net position | 13,840,191 | 20,509,558 | 15,130,967 | 18,675,989 |
| Plan fiduciary net position - beginning | 150,701,257 | 130,191,699 | 115,060,732 | 96,384,743 |
| Plan fiduciary net position - ending (b) | <u>\$164,541,448</u> | <u>\$150,701,257</u> | <u>\$130,191,699</u> | <u>\$115,060,732</u> |
| Net OPEB Liability - ending | <u>\$146,148,055</u> | <u>\$154,883,003</u> | <u>\$181,886,305</u> | <u>\$190,413,430</u> |
| Plan fiduciary net position as a % of the total OPEB liability | 53.0% | 49.3% | 42.7% | 37.7% |
| **Covered-employee payroll | \$284,480,517 | \$281,226,164 | \$272,210,858 | N/A |
| Net OPEB liability as % of covered-employee payroll | 51.37% | 55.07% | 66.82% | N/A |

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Contributions to the OPEB Plan are not based on a measure of pay but are a function of benefits covered, family status, and demographics. Therefore, the relevant measure is "covered-employee payroll", or the payroll of employees provided with OPEB through the OPEB plan.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-M

Schedule of Employer Contributions - County OPEB Plan
For the Years Ended 2011 through 2020

| Date | Actuarially Determined Contribution (ADC) | Contributions in relation to ADC | Contribution Deficiency (Excess) | Covered- Employee Payroll | Contribution as a Percentage of Covered Employee Payroll |
|-------------|--|---|---|--|---|
| 2020 | \$18,450,712 | \$20,291,000 | (\$1,840,288) | \$284,480,517 | 7.13% |
| 2019 | 18,525,231 | 20,349,194 | (1,823,963) | 281,226,164 | 7.24% |
| 2018 | 19,316,113 | 19,237,827 | 78,286 | 272,210,858 | 7.07% |
| 2017 | 17,836,375 | (1,685,953) | 19,522,328 | - | - |
| 2016 | 18,448,969 | 19,706,851 | (1,257,882) | - | - |
| 2015 | 18,935,237 | 19,480,852 | (545,615) | - | - |
| 2014 | 19,871,609 | 20,942,046 | (1,070,437) | - | - |
| 2013 | 20,013,479 | 19,879,203 | 134,276 | 257,540,000 | 7.72% |
| 2012 | 18,314,275 | 19,018,775 | (704,500) | 247,630,000 | 7.68% |
| 2011 | 17,311,380 | 16,334,196 | 977,184 | 231,930,000 | 7.04% |

Exhibit 11-N

Notes to Schedules-County OPEB

Valuation Date: June 30, 2019

Actuarially determined contribution rates are calculated as of June 30, 2019, prior to the fiscal year in when they are reported, and have been rolled forward to June 30, 2020.

Methods and assumptions used to determine contribution rates:

| | |
|----------------------------|--|
| Actuarial cost method | Entry age normal level % of salary |
| Amortization method/period | Level % of salary, 24 years |
| Asset valuation method | Set equal to the market value of assets |
| Inflation: | 3.00% annual increase |
| Medical trend rate: | The medical trend rate assumption starts at 7.80% in 2020 and gradually declines to 5.0% by the year 2034. |
| Salary increases | 3.00% per year net of exiting employees and new hires |
| Investment rate of return | 6.75% per year as of June 30, 2020 |
| Mortality rates: | The mortality rates for active and healthy retirees were calculated at 100% of the Pub-2010 General Employee/Retiree mortality table for males (110% for females) projected with generational mortality improvements from 2010 using Scale MP-2018. The mortality rates for disabled retirees were calculated at 100% of the Pub-2010 Non-Safety Disabled retiree mortality table for males (110% for females) projected with generational mortality improvements from 2010 using Scale MP-2018. |

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-O

County OPEB Plan
Schedule of Investment Returns
Last Four Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return Net of Investment Expense | 4.86% | 10.37% | 6.89% | 12.25% |

The chart is intended to show information for 10 years. More data will be added as it becomes available.

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-P

**Schedule of Employer's Share of Net OPEB Liability
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2020, 2019 and 2018***

| | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|
| Employer's Proportion of the Net LODA OPEB Liability | 4.44% | 4.14% | 4.10% |
| Employer's Proportionate Share of the Net LODA OPEB Liability | \$15,923,862 | \$12,992,000 | \$10,773,000 |
| Covered-Employee Payroll | \$286,986,839 | \$272,210,858 | \$309,889,759 |
| Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered-Employee Payroll | 5.55% | 4.77% | 3.48% |
| Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability | 0.79% | 0.60% | 1.30% |

* The amounts presented have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there are only three years of information available. Additional years will be displayed as they become available.

**The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-Q

**Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2011 through 2020**

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Covered- Employee Payroll | Contributions as a % of Covered- Employee Payroll |
|-------------|--|---|---|--|--|
| 2020 | \$614,726 | \$614,726 | \$- | \$284,480,517 | 0.22% |
| 2019 | 595,670 | 595,670 | - | 286,986,839 | 0.21% |
| 2018 | 441,414 | 441,414 | - | 272,210,858 | 0.16% |
| 2017 | 442,123 | 442,123 | - | 309,889,759 | 0.14% |
| 2016 | 418,315 | 418,315 | - | 300,085,853 | 0.14% |
| 2015 | 409,235 | 409,235 | - | 292,004,396 | 0.14% |
| 2014 | 435,192 | 435,192 | - | 271,739,851 | 0.16% |
| 2013 | 365,562 | 365,562 | - | 273,314,371 | 0.13% |
| 2012 | 204,420 | 204,420 | - | 266,910,120 | 0.08% |
| 2011 | N/A ** | N/A ** | N/A ** | N/A ** | N/A ** |

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

**FY2011 was the first year for the Line of Duty Act Program (LODA); however, there were no contributions.

Exhibit 11-R

**Notes to Required Supplementary Information
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2020**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Employees In The Non- Largest Ten Locality Employers With Public Safety Employees

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Increased age 50 rates and lowered rates at older ages |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service year |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Line of Duty Disability | Decreased rate from 60 to 45% |

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-S

Schedule of Changes in Net OPEB Liability and Related Ratios-Arlington Public Schools
For the Years Ended 2020, 2019, 2018, and 2017

| Total OPEB Liability | 2020 | 2019 | 2018 | 2017 |
|--|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$4,444,683 | \$4,335,321 | \$4,514,868 | \$3,724,642 |
| Interest | 12,227,083 | 11,876,704 | 11,989,545 | 10,156,192 |
| Changes in benefit terms | (1,354,960) | - | - | - |
| Changes in assumptions | 2,277,620 | (2,188,349) | (13,025,339) | 18,230,091 |
| Difference between expected and actual experience | 2,220,971 | (1,078,733) | 2,312,548 | 7,411,499 |
| Benefit payments | (7,918,493) | (7,810,271) | (6,774,239) | (6,227,027) |
| Net change in total OPEB liability | 11,896,904 | 5,134,672 | (982,617) | 33,295,397 |
| Total OPEB liability - beginning | 180,591,888 | 175,457,216 | 176,439,833 | 143,144,436 |
| Total OPEB liability - ending (a) | <u>\$192,488,792</u> | <u>\$180,591,888</u> | <u>\$175,457,216</u> | <u>\$176,439,833</u> |
| Plan fiduciary net position | | | | |
| Contributions-employer | \$7,918,493 | \$10,410,271 | \$9,374,239 | \$8,827,027 |
| Contributions-retired members | - | - | - | - |
| Net investment income | 3,190,968 | 5,931,810 | 3,506,989 | 5,287,676 |
| Benefit payments | (7,918,493) | (7,810,271) | (6,774,239) | (6,227,027) |
| Net change in plan fiduciary net position | 3,190,968 | 8,531,810 | 6,106,989 | 7,887,676 |
| Plan fiduciary net position - beginning | 65,513,662 | 56,981,852 | 50,874,863 | 42,987,187 |
| Plan fiduciary net position - ending (b) | <u>\$68,704,630</u> | <u>\$65,513,662</u> | <u>\$56,981,852</u> | <u>\$50,874,863</u> |
| Net OPEB Liability-ending (a) - (b) | <u>\$123,784,162</u> | <u>\$115,078,226</u> | <u>\$118,475,364</u> | <u>\$125,564,970</u> |
| Plan Fiduciary net position as % of total OPEB liability | 35.7% | 36.3% | 32.5% | 28.8% |
| Covered-employee payroll | \$331,556,331 | \$313,758,720 | \$305,435,909 | \$294,660,463 |
| Net OPEB liability as % of covered-employee payroll | 37.3% | 36.7% | 38.8% | 42.6% |

This schedule is intended to show information for 10 years. Additional years will be added as they become available

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-T

| Date | Actuarially Determined Contribution (ADC) | Contributions in relation to ADC | Contribution Deficiency (Excess) | Covered- Employee Payroll | Contribution as a Percentage of Covered- Employee Payroll |
|-------------|--|---|---|--|--|
| 2020 | \$11,713,825 | \$7,918,493 | \$3,795,332 | \$331,556,331 | 2.4% |
| 2019 | 11,651,099 | 10,410,271 | 1,240,828 | 313,758,720 | 3.3% |
| 2018 | 11,712,327 | 9,374,239 | 2,338,088 | 305,435,909 | 3.1% |
| 2017 | 9,448,250 | 8,827,027 | 621,223 | 294,660,463 | 3.0% |
| 2016 | 9,072,082 | 8,033,056 | 1,039,026 | 275,631,084 | 2.9% |
| 2015 | 7,516,603 | 8,000,708 | (484,105) | 211,917,981 | 3.8% |
| 2014 | 7,631,362 | 7,910,729 | (279,367) | 204,258,295 | 3.9% |
| 2013 | 8,062,374 | 9,352,970 | (1,290,596) | 267,192,229 | 3.5% |
| 2012 | 9,248,589 | 10,293,067 | (1,044,478) | 255,686,344 | 4.0% |
| 2011 | 9,373,969 | 12,217,684 | (2,843,715) | 244,675,927 | 5.0% |

Exhibit 11-U

Notes to Schedules-Arlington Public Schools

Valuation Date: June 30, 2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry age normal level % of salary

Amortization method: Level % of salary

Amortization period: Remaining amortization period is 26 years

Asset valuation method: Fair market value of assets

Inflation: 3.00% per year as of June 30, 2020

Medical trend rate: Medical trends assumptions for this valuation were developed using the Society of Actuaries (SOA) Long-run Medical Cost trend model version 2020_b.

Salary increases: 3.00% salary scale as of June 30, 2020

Investment rate of return: 6.75% per year as of June 30, 2020

Mortality rates: Active members, Healthy Retirees and Beneficiaries, or Disabled Retirees-100% of the respective Pub-2010 Teachers employee, retiree, or disabled retiree mortality table for males (115% for females) projected with generational mortality improvements from 2010 using Scale MP-2018

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-V

Arlington Public Schools OPEB Plan
Schedule of Investment Returns
Last Four Fiscal Years

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Annual Money-Weighted Rate of Return Net of Investment Expense | 4.86% | 10.37% | 6.89% | 12.30% |

The chart is intended to show information for 10 years. More data will be added as it becomes available.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-W

**Arlington Public Schools-Teachers Plan
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2020, 2019 and 2018***

| | 2020 | 2019 | 2018 |
|---|---------------|---------------|---------------|
| Employer's Proportion of the Net HIC OPEB Liability | 3.71% | 3.72% | 3.63% |
| Employer's Proportionate Share of the Net HIC OPEB Liability | \$48,569,733 | \$47,295,000 | \$46,108,000 |
| Covered Payroll | \$310,878,333 | \$301,138,537 | \$300,366,698 |
| Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll | 15.62% | 15.71% | 15.35% |
| Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability | 8.97% | 8.08% | 7.04% |

*The amounts in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there is only three years of information available. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-X

**Schedule of Employer Contributions
Arlington County Public Schools-Teachers Plan
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2011 through 2020**

| Date | Contributions in Relation to | | | Contributions as a % of | |
|-------------|--|--|---|--------------------------------|------------------------|
| | Contractually Required Contribution | Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Covered Payroll |
| 2020 | \$3,845,725 | \$3,845,725 | \$- | \$320,477,047 | 1.20% |
| 2019 | 3,730,540 | 3,730,540 | - | 310,878,333 | 1.20% |
| 2018 | 3,704,004 | 3,704,004 | - | 301,138,537 | 1.23% |
| 2017 | 3,183,887 | 3,183,887 | - | 300,366,698 | 1.06% |
| 2016 | 2,867,346 | 2,867,346 | - | 270,504,340 | 1.06% |
| 2015 | 2,819,847 | 2,819,847 | - | 266,023,302 | 1.06% |
| 2014 | 2,757,249 | 2,757,249 | - | 250,659,000 | 1.10% |
| 2013 | 2,724,123 | 2,724,123 | - | 247,647,545 | 1.10% |
| 2012 | NA * | NA * | NA * | NA * | NA * |
| 2011 | NA * | NA * | NA * | NA * | NA * |

* Information is not available prior to FY 2013

Exhibit 11-Y

**Notes to Schedules
Arlington Public Schools HIC-Teachers Plan
For the Year Ended June 30, 2020**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study of the System for the four-year period ending June 30, 2016, except the change to the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the assumptions as a result of the experience study and board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decreased rate from 7.00% to 6.75% |

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-Z

Schedule of Employer's Share of Net OPEB Liability
Arlington Public Schools-Teachers Plan
Group Life Insurance Program
For the Years Ended June 30, 2020, June 30, 2019 and June 30, 2018*

| | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|
| Employer's Proportion of the Net GLI OPEB Liability | 1.60% | 1.60% | 1.57% |
| Employer's Proportionate Share of the Net GLI OPEB Liability | \$26,016,243 | \$24,253,000 | \$23,574,000 |
| Covered Payroll | \$312,990,048 | \$334,144,790 | \$288,942,885 |
| Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll | 8.31% | 7.26% | 8.16% |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 52.00% | 51.22% | 48.86% |

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there are only three years of information available. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-AA

**Schedule of Employer Contributions
Arlington County Public Schools-Teachers Plan
General Life Insurance (GLI) Program
For the Years Ended June 30, 2011 through 2020**

| Date | Contributions in Relation to | | | Contributions as a % of | |
|-------------|--|--|---|--------------------------------|------------------------|
| | Contractually Required Contribution | Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Covered Payroll |
| 2020 | \$1,675,248 | \$1,675,248 | \$- | \$322,163,165 | 0.52% |
| 2019 | 1,627,548 | 1,627,548 | - | 312,990,048 | 0.52% |
| 2018 | 1,737,553 | 1,737,553 | - | 334,144,790 | 0.52% |
| 2017 | 1,655,136 | 1,502,503 | 152,633 | 288,942,885 | 0.52% |
| 2016 | 1,573,752 | 1,314,583 | 259,169 | 252,804,423 | 0.52% |
| 2015 | 1,386,596 | 1,386,596 | - | 266,653,025 | 0.52% |
| 2014 | 1,304,982 | 1,304,982 | - | 250,957,983 | 0.52% |
| 2013 | 1,170,864 | 1,170,864 | - | 225,166,134 | 0.52% |
| 2012 | NA * | NA * | NA * | NA * | NA * |
| 2011 | NA * | NA * | NA * | NA * | NA * |

* Information is not available prior to FY 2013

Exhibit 11-AB

**Notes to Schedules
For the Year Ended June 30, 2020
Arlington Public Schools-Teachers GLI Program**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes as a result of the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | Adjusted rates to better match experience |
| Salary Scale | No change |
| Discount Rate | Decrease from 7.00% to 6.75% |

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-AC

Schedule of Employer's Share of Net OPEB Liability
Arlington County Public Schools-Non-Professional Employees
Group Life Insurance Program
For the Years Ended June 30, 2020, 2019 and 2018*

| | 2020 | 2019 | 2018 |
|--|--------------|--------------|--------------|
| Employer's Proportion of the Net GLI OPEB Liability | 0.11772% | 0.11420% | 0.10838% |
| Employer's Proportionate Share of the Net GLI OPEB Liability | \$1,915,618 | \$1,735,000 | \$1,631,000 |
| Covered Payroll | \$23,073,185 | \$18,129,748 | \$18,508,403 |
| Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll | 8.30% | 9.57% | 8.81% |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 52.00% | 51.22% | 48.86% |

* The amounts in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there is only three years of information available. Additional years will be displayed as they become available.

ARLINGTON COUNTY, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-AD

**Schedule of Employer Contributions
Arlington County Public Schools-Non-Professional Employees
Group Life Insurance (GLI) Program
For the Years Ended June 30, 2011 through 2020**

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a % of Covered Payroll |
|-------------|--|---|---|----------------------------|--|
| 2020 | \$126,983 | \$126,983 | \$- | \$24,419,844 | 0.52% |
| 2019 | 119,981 | 119,981 | - | 23,073,185 | 0.52% |
| 2018 | 94,275 | 94,275 | - | 18,129,748 | 0.52% |
| 2017 | 96,244 | 103,950 | (7,706) | 18,508,403 | 0.56% |
| 2016 | 105,446 | 89,114 | 16,332 | 20,277,983 | 0.44% |
| 2015 | 113,430 | 113,430 | - | 21,813,445 | 0.52% |
| 2014 | 114,226 | 114,226 | - | 21,966,555 | 0.52% |
| 2013 | 123,909 | 123,909 | - | 23,828,655 | 0.52% |
| 2012 | NA * | NA * | NA * | NA * | NA * |
| 2011 | NA * | NA * | NA * | NA * | NA * |

* Information is not available prior to FY 2013

Exhibit 11-AE

**Notes to Schedules
For the Year Ended June 30, 2020
Arlington Public Schools-Non-Professional Employees GLI Program**

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except for the discount rate which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions due to the experience study and VRS Board action are as follows:

| | |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates | Lowered retirement rates at older ages and extended final retirement age from 70 to 75. |
| Withdrawal Rates | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates | Lowered disability rates |
| Salary Scale | No change |
| Line of Duty Disability | Increased rate from 14 to 15% |
| Discount Rate | Decrease from 7.00% to 6.75% |

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OTHER SUPPLEMENTARY INFORMATION

The supplemental schedules are presented to reflect finance-related legal and contractual compliance, details of data summarized in the preceding financial statements and other information deemed useful for financial statements users in the analysis of the County's financial activities.

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Combined Financial Statements - Overview

The combined financial statements provide a summary level of reporting for the operating results and financial position of the County's various fund types.

These "general purpose financial statements" provide a broad financial overview for users requiring less detailed information than is presented in the individual statements for each separate fund.

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

| | SPECIAL REVENUE FUNDS | | | | | | | Street and Highway Bond Fund | Neighborhood Conservation Bond Fund | Government Facility Bond |
|---|--|----------------------------|--|---------------------------------------|--|------------------------------|---------------------------|------------------------------|-------------------------------------|--------------------------|
| | Ballston Quarter Community Development Authority | Travel & Tourism Promotion | Ballston Business Improvement District | Rosslyn Business Improvement District | Crystal City Business Improvement District | Community Development Grants | Section 8 Housing Program | | | |
| ASSETS | | | | | | | | | | |
| Equity in pooled cash and investments | \$905,772 | \$70,191 | \$911,134 | \$2,152,239 | \$2,308,485 | \$3,329,223 | \$184,918 | \$1,822,684 | \$9,107,455 | \$20,611,936 |
| Receivables, net | - | 14,545 | - | - | - | 49,239,959 | - | - | - | - |
| Receivables from other governments | - | - | - | - | - | 400,891 | 16,823 | - | - | - |
| Prepaid items | - | - | - | - | - | 81,240 | 1,553,643 | - | 4,275 | - |
| Total assets | \$905,772 | \$84,736 | \$911,134 | \$2,152,239 | \$2,308,485 | \$53,051,313 | \$1,755,384 | \$1,822,684 | \$9,111,730 | \$20,611,936 |
| LIABILITIES | | | | | | | | | | |
| Vouchers payable | \$- | \$81,544 | \$- | \$- | \$- | \$164,933 | \$11,536 | \$3,000,846 | \$1,170,270 | \$1,810,298 |
| Contracts payable - retainage | - | - | - | - | - | - | - | - | 127,375 | 1,976,713 |
| Other liabilities | - | - | - | - | - | - | - | - | 3,200 | - |
| Total liabilities | - | 81,544 | - | - | - | 164,933 | 11,536 | 3,000,846 | 1,300,845 | 3,787,011 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | |
| Unavailable revenue-community development | - | - | - | - | - | 49,239,959 | - | - | - | - |
| Unavailable revenue-special assessments | - | - | 801,032 | 1,971,754 | 2,273,250 | - | - | - | - | - |
| Unavailable revenue | - | - | - | - | - | 3,646,421 | 1,743,848 | - | - | - |
| Total deferred inflows of resources | - | - | 801,032 | 1,971,754 | 2,273,250 | 52,886,380 | 1,743,848 | - | - | - |
| FUND BALANCES | | | | | | | | | | |
| Nonspendable - prepaid items | - | - | - | - | - | 81,240 | 1,553,643 | - | 4,275 | - |
| Restricted | 905,772 | 3,192 | 110,102 | 180,485 | 35,235 | - | - | - | 7,806,610 | 16,824,925 |
| Committed | - | - | - | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | (81,240) | (1,553,643) | (1,178,162) | - | - |
| Total fund balances | 905,772 | 3,192 | 110,102 | 180,485 | 35,235 | - | - | (1,178,162) | 7,810,885 | 16,824,925 |
| Total liabilities, deferred inflows of resources and fund balances | \$905,772 | \$84,736 | \$911,134 | \$2,152,239 | \$2,308,485 | \$53,051,313 | \$1,755,384 | \$1,822,684 | \$9,111,730 | \$20,611,936 |

* Street and Highway Bond Fund has a negative balance of \$1,178,162 due to the postponement of the Bond issuance from FY20 to FY21 and outstanding encumbrances.

| CAPITAL PROJECTS FUNDS | | | | | | | | | |
|------------------------|-----------------------------|------------------------|-------------------|----------------------------|---------------------|--------------------|--------------------|------------------------------------|--|
| Stormwater Fund | Public Recreation Bond Fund | Fire Station Bond Fund | Library Bond Fund | Transit Facility Bond Fund | Crystal City TIF | Columbia Pike TIF | IDA Bond Fund | Total Non-Major Governmental Funds | ASSETS |
| \$14,084,347 | \$25,735,437 | \$4,625 | \$44 | \$82,585 | \$23,584,100 | \$1,122,846 | \$1,989,425 | \$108,007,446 | Equity in pooled cash and investments |
| 47,889 | - | - | - | - | - | - | - | 49,302,393 | Receivables, net |
| - | - | - | - | - | 347,942 | - | - | 765,656 | Receivables from other governments |
| 1,121 | - | - | - | - | - | - | - | 1,640,279 | Prepaid |
| <u>\$14,133,357</u> | <u>\$25,735,437</u> | <u>\$4,625</u> | <u>\$44</u> | <u>\$82,585</u> | <u>\$23,932,042</u> | <u>\$1,122,846</u> | <u>\$1,989,425</u> | <u>\$159,715,774</u> | Total assets |
| | | | | | | | | | LIABILITIES |
| \$460,910 | \$4,539,589 | \$- | \$- | \$- | \$395,865 | \$- | \$- | \$11,635,791 | Vouchers payable |
| - | 1,680,528 | - | - | - | - | - | - | 3,784,616 | Contracts payable - retainage |
| - | - | - | - | - | - | - | - | 3,200 | Other liabilities |
| <u>460,910</u> | <u>6,220,117</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>395,865</u> | <u>-</u> | <u>-</u> | <u>15,423,607</u> | Total liabilities |
| | | | | | | | | | DEFERRED INFLOWS OF RESOURCES |
| - | - | - | - | - | - | - | - | 49,239,959 | Unavailable revenue-community development |
| - | - | - | - | - | - | - | - | 5,046,036 | Unavailable revenue-special assessments |
| - | - | - | - | - | - | - | - | 5,390,269 | Unavailable revenue |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>59,676,264</u> | Total deferred inflows of resources |
| | | | | | | | | | FUND BALANCES |
| 1,121 | - | - | - | - | - | - | - | 1,640,279 | Nonspendable - prepaid items |
| - | 19,515,320 | 4,625 | 44 | 82,585 | - | - | 1,989,425 | 47,458,320 | Restricted |
| 13,671,326 | - | - | - | - | 23,536,177 | 1,122,846 | - | 38,330,349 | Committed |
| - | - | - | - | - | - | - | - | (2,813,045) | Unassigned |
| <u>13,672,447</u> | <u>19,515,320</u> | <u>4,625</u> | <u>44</u> | <u>82,585</u> | <u>23,536,177</u> | <u>1,122,846</u> | <u>1,989,425</u> | <u>84,615,903</u> | Total fund balances |
| <u>\$14,133,357</u> | <u>\$25,735,437</u> | <u>\$4,625</u> | <u>\$44</u> | <u>\$82,585</u> | <u>\$23,932,042</u> | <u>\$1,122,846</u> | <u>\$1,989,425</u> | <u>\$159,715,774</u> | Total liabilities, deferred inflows of resources and fund balances |

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| | SPECIAL REVENUE FUNDS | | | | | | | Street and Highway Bond Fund | Neighborhood Conservation Bond Fund | Government Facility Bond Fund |
|---|---|----------------------------------|---|--|---|------------------------------------|---------------------------------|------------------------------------|---|-------------------------------------|
| | Ballston Quarter Community Development Authority | Travel & Tourism Promotion | Ballston Business Improvement District | Rosslyn Business Improvement District | Crystal City Business Improvement District | Community Development Grants | Section 8 Housing Program | | | |
| REVENUES: | | | | | | | | | | |
| Other local taxes | \$2,745,120 | \$837,893 | \$1,510,593 | \$3,857,193 | \$2,654,127 | \$- | \$- | \$- | \$- | \$- |
| Real estate taxes | - | - | - | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | 6,210,021 | 19,019,974 | - | - | - |
| Interest earnings | - | - | 1,648 | 3,649 | 2,214 | - | - | 202,771 | 174,924 | 885,082 |
| Charges for services | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous revenue | - | - | - | - | - | - | - | - | - | - |
| Total revenues | 2,745,120 | 837,893 | 1,512,241 | 3,860,842 | 2,656,341 | 6,210,021 | 19,019,974 | 202,771 | 174,924 | 885,082 |
| EXPENDITURES: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | - | 349,385 |
| Planning and community development | 1,974,215 | 1,084,593 | 1,430,128 | 3,761,261 | 2,639,256 | 6,210,021 | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | 19,019,974 | - | - | - |
| Intergovernmental: | | | | | | | | | | |
| Community development | - | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - | 10,586,760 | 7,788,133 | 30,639,969 |
| Total expenditures | 1,974,215 | 1,084,593 | 1,430,128 | 3,761,261 | 2,639,256 | 6,210,021 | 19,019,974 | 10,586,760 | 7,788,133 | 30,989,354 |
| Revenues over (under) expenditures | 770,905 | (246,700) | 82,113 | 99,581 | 17,085 | - | - | (10,383,989) | (7,613,209) | (30,104,272) |
| OTHER FINANCING SOURCES(USES): | | | | | | | | | | |
| Transfers in (out) | (275,193) | 246,700 | (30,212) | (77,144) | (53,083) | - | - | (202,771) | (174,924) | (885,082) |
| Total other financing sources (uses) | (275,193) | 246,700 | (30,212) | (77,144) | (53,083) | - | - | (202,771) | (174,924) | (885,082) |
| Net change in fund balances | 495,712 | - | 51,901 | 22,437 | (35,998) | - | - | (10,586,760) | (7,788,133) | (30,989,354) |
| FUND BALANCE, beginning of year | 410,060 | 3,192 | 58,201 | 158,048 | 71,233 | - | - | 9,408,598 | 15,599,018 | 47,814,279 |
| FUND BALANCE, end of year | \$905,772 | \$3,192 | \$110,102 | \$180,485 | \$35,235 | \$- | \$- | (\$1,178,162) | \$7,810,885 | \$16,824,925 |

CAPITAL PROJECTS FUNDS

| Stormwater Fund | Public Recreation Bond Fund | Fire Station Bond Fund | Library Bond Fund | Transit Facility Fund | Crystal City TIF | Columbia Pike TIF | IDA Bond Fund | Total Non-Major Governmental Funds | |
|-----------------|-----------------------------|------------------------|-------------------|-----------------------|------------------|-------------------|---------------|------------------------------------|--------------------------------------|
| | | | | | | | | | REVENUES: |
| \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$11,604,926 | Other local taxes |
| 10,129,002 | - | - | - | - | 5,454,040 | 639,299 | - | 16,222,341 | Real estate taxes |
| - | - | - | - | - | 260,702 | - | - | 25,490,697 | Intergovernmental |
| - | 796,382 | - | - | 185,733 | - | - | 136,810 | 2,389,213 | Interest income |
| 1,246,610 | - | - | - | - | - | - | - | 1,246,610 | Charges for services |
| - | - | - | - | - | 142,040 | - | - | 142,040 | Miscellaneous revenue |
| 11,375,612 | 796,382 | - | - | 185,733 | 5,856,782 | 639,299 | 136,810 | 57,095,827 | Total revenues |
| | | | | | | | | | EXPENDITURES: |
| | | | | | | | | | Current: |
| 8,247,399 | - | - | - | - | 216,716 | - | - | 8,813,500 | General government |
| - | - | - | - | - | - | 34,478 | - | 17,133,952 | Planning and community development |
| - | - | - | - | - | - | - | - | 19,019,974 | Health and welfare |
| - | - | - | - | 22,155,624 | - | - | - | 22,155,624 | Intergovernmental: |
| 3,727,694 | 30,954,256 | - | - | - | 5,553,052 | - | 230,972 | 89,480,836 | Community development |
| | | | | | | | | | Capital outlay |
| 11,975,093 | 30,954,256 | - | - | 22,155,624 | 5,769,768 | 34,478 | 230,972 | 156,603,886 | Total expenditures |
| (599,481) | (30,157,874) | - | - | (21,969,891) | 87,014 | 604,821 | (94,162) | (99,508,059) | Revenues over (under) expenditures |
| | | | | | | | | | OTHER FINANCING SOURCES(USES): |
| - | (796,382) | - | - | (185,733) | - | - | (136,810) | (2,570,634) | Transfers in (out) |
| - | (796,382) | - | - | (185,733) | - | - | (136,810) | (2,570,634) | Total Other financing sources (uses) |
| (599,481) | (30,954,256) | - | - | (22,155,624) | 87,014 | 604,821 | (230,972) | (102,078,693) | Net change in fund balances |
| 14,271,928 | 50,469,576 | 4,625 | 44 | 22,238,209 | 23,449,163 | 518,025 | 2,220,397 | 186,694,596 | FUND BALANCE, beginning of year |
| \$13,672,447 | \$19,515,320 | \$4,625 | \$44 | \$82,585 | \$23,536,177 | \$1,122,846 | \$1,989,425 | \$84,615,903 | FUND BALANCE, end of year |

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General Fund

The General Fund is the primary operating fund of the County and is used to account for the majority of current operating expenditures of the general government. Financing is also provided for the operations of other funds, which include the County's public school system. Debt service expenditures for the payments of principal and interest on the County's general long-term debt (bond and other long-term debt not serviced by the Utilities Operating or School Debt Service Funds) are included in this fund.

The major sources of revenue include property taxes, other local taxes, licenses, permits, fees and other miscellaneous charges. Revenues and expenditures under a variety of State and Federal grant programs are also accounted for in this fund.

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | 2020 | 2019 |
|---|---------------|---------------|
| ASSETS | | |
| Equity in pooled cash and investments | \$357,428,964 | \$350,019,379 |
| Cash with fiscal agents | 270,456 | 270,456 |
| Receivables(net, where applicable, of allowance for uncollectibles): | | |
| Taxes | 447,365,215 | 437,185,306 |
| Accounts receivable - other | 14,669,789 | 14,687,817 |
| Accounts receivable - development loan | 468,059 | 525,273 |
| Accrued interest | 1,242,454 | 1,724,254 |
| Due from other governments | 12,125,090 | 7,580,479 |
| Temporary loan to other funds | 1,523,467 | 883,315 |
| Due from component unit | - | 1,153,681 |
| Prepaid items and other assets | 649,252 | 147,830 |
| Total assets | \$835,742,746 | \$814,177,790 |
| LIABILITIES | | |
| Accrued payroll liabilities | \$19,885,533 | \$23,838,964 |
| Vouchers payable | 23,901,279 | 19,449,789 |
| Current maturities of interest payable | 267,304 | 267,304 |
| Other current liabilities | 2,917,372 | 3,666,995 |
| Unearned revenue | 1,524,642 | 192,718 |
| Due to component unit | 85,389,687 | 100,092,495 |
| Total liabilities | 133,885,817 | 147,508,265 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Unavailable revenue | 11,106,372 | 1,561,865 |
| Unavailable revenue - community development | 468,059 | 525,273 |
| Unavailable revenue - taxes | 443,417,513 | 431,568,650 |
| Total deferred inflows of resources | 454,991,944 | 433,655,788 |
| FUND BALANCES: | | |
| Non spendable: | | |
| Prepaid items | 299,252 | 147,830 |
| Restricted: | | |
| Grants | 105,530 | 6,556 |
| Seized assets | 1,697,539 | 1,609,893 |
| Committed: | | |
| Self insurance reserve | 5,000,000 | 5,000,000 |
| Stabilization/COVID contingent | 20,812,837 | 6,700,000 |
| Operating reserve | 73,999,445 | 74,593,507 |
| Subsequent years' County budget | 6,099,018 | 5,395,806 |
| Subsequent years' capital projects | - | 16,776,098 |
| Incomplete projects | 342,706 | 488,256 |
| Affordable Housing Investment Fund - Allocated | 42,910,772 | 33,369,718 |
| Subsequent years' School's budget | 27,253,775 | 24,720,333 |
| Assigned: | | |
| Subsequent years' County budget | 25,833,581 | 3,742,270 |
| Subsequent years' capital projects | 15,138,549 | 15,968,901 |
| Economic & revenue stabilization contingent | - | 6,781,228 |
| Mark to Market Investment Reserve | 4,882,159 | 4,882,157 |
| Incomplete projects | 3,957,960 | 3,273,950 |
| Affordable Housing Investment Fund - Unallocated | 18,531,863 | 15,313,904 |
| Unassigned | - | 14,243,330 |
| Total fund balances | 246,864,985 | 233,013,737 |
| Total liabilities, deferred inflows of resources and fund balances | \$835,742,746 | \$814,177,790 |

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | 2020 | | VARIANCE POSITIVE (NEGATIVE) | 2019 ACTUALS |
|--|----------------------|----------------------|------------------------------------|----------------------|
| | BUDGET | ACTUAL | | |
| REVENUES: | | | | |
| Taxes | \$1,111,621,007 | \$1,111,569,078 | (\$51,929) | \$1,084,626,492 |
| Licenses and permits | 12,382,804 | 14,136,969 | 1,754,165 | 12,150,581 |
| From the Commonwealth of Virginia | 82,829,618 | 77,489,102 | (5,340,516) | 76,434,686 |
| From the federal government | 39,461,775 | 32,982,735 | (6,479,040) | 17,649,032 |
| Charges for services | 64,047,399 | 55,568,399 | (8,479,000) | 62,380,067 |
| Fines and forfeitures | 7,155,924 | 6,781,552 | (374,372) | 7,637,315 |
| Use of money and property | 16,507,342 | 19,676,879 | 3,169,537 | 27,491,249 |
| Miscellaneous revenues | 3,757,922 | 7,607,277 | 3,849,355 | 11,498,802 |
| Total revenues | 1,337,763,791 | 1,325,811,991 | (11,951,800) | 1,299,868,224 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 67,955,113 | 67,794,473 | 160,640 | 63,526,723 |
| Judicial administration | 63,616,492 | 63,540,391 | 76,101 | 64,008,417 |
| Public safety | 152,786,766 | 149,210,523 | 3,576,243 | 144,778,022 |
| Environmental services | 105,292,126 | 96,197,295 | 9,094,831 | 94,053,743 |
| Health and welfare | 150,231,087 | 140,082,502 | 10,148,585 | 135,256,946 |
| Parks and recreation | 43,376,175 | 40,749,903 | 2,626,272 | 41,865,623 |
| Libraries | 14,682,551 | 14,333,511 | 349,040 | 14,458,512 |
| Planning and community development | 20,689,830 | 19,335,014 | 1,354,816 | 19,473,043 |
| Non-departmental | 152,739,521 | 52,773,126 | 99,966,395 | 64,270,266 |
| Contributions to regional agencies | 55,198,252 | 54,935,314 | 262,938 | 49,957,545 |
| Debt service: | | | | |
| Principal | 40,775,630 | 45,298,185 | (4,522,555) | 44,859,170 |
| Interest on serial bonds | 28,810,415 | 26,723,993 | 2,086,422 | 22,728,757 |
| Other costs | 78,342 | 24,950 | 53,392 | 98,453 |
| Total expenditures | 896,232,300 | 770,999,180 | 125,233,120 | 759,335,220 |
| Revenues over expenditures | 441,531,491 | 554,812,811 | 113,281,320 | 540,533,004 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 5,525,913 | 5,286,075 | (239,838) | 8,541,613 |
| Transfers from component unit | - | 1,736,821 | 1,736,821 | 2,403,864 |
| Transfers out | (33,611,180) | (32,699,061) | 912,119 | (10,599,174) |
| Transfers to component unit | (547,147,001) | (520,148,028) | 26,998,973 | (491,718,373) |
| Proceeds from sale of land | 5,525,913 | 4,862,630 | (663,283) | 1,941,814 |
| Total other financing sources (uses) | (569,706,355) | (540,961,563) | 28,744,792 | (489,430,256) |
| Revenues over (under) expenditures and other sources (uses) | (128,174,864) | 13,851,248 | 142,026,112 | 51,102,748 |
| FUND BALANCE, beginning of year | 233,013,737 | 233,013,737 | - | 181,910,989 |
| FUND BALANCE, end of year | \$104,838,873 | \$246,864,985 | \$142,026,112 | \$233,013,737 |

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Special Revenue Funds

Ballston Quarter Community Development Authority – to account for the operations of the Ballston Quarter redevelopment project. This will be funded by a CDA bond and backed with incremental tax revenues.

Travel and Tourism Promotion – to account for the operations of various programs to promote tourism and business travel in the County.

Ballston Business Improvement District – to account for the operations of a service district in the Ballston area created to collect and disperse local tax revenue for supplemental services to those already provided by county government

Rosslyn Business Improvement District – to account for the operations of a service district in the downtown Rosslyn area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Crystal City Business Improvement District – to account for the operations of a service district in the downtown Crystal City area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Community Development Grants – to account for the operations of various community development programs which are financed by block grant and other grant assistance by the U.S. Department of Housing and Urban Development.

Section 8 Housing Program – to account for the operations of various housing programs which are financed by grant assistance from the U.S. Department of Housing and Urban Development.

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Ballston Quarter Community Development Authority | Travel & Tourism Promotion | Ballston Business Improvement District | Rosslyn Business Improvement District | Crystal City Business Improvement District | Community Development Grants | Section 8 Housing Program | Totals | |
|---|---|----------------------------------|--|---|---|------------------------------------|---------------------------------|---------------------|---------------------|
| | | | | | | | | June 30, 2020 | June 30, 2019 |
| ASSETS | | | | | | | | | |
| Equity in pooled cash and investments | \$905,772 | \$70,191 | \$911,134 | \$2,152,239 | \$2,308,485 | \$3,329,223 | \$184,918 | \$9,861,962 | \$8,437,137 |
| Receivable from other governments | - | - | - | - | - | 400,891 | 16,823 | 417,714 | 721,162 |
| Receivables-community development | - | 14,545 | - | - | - | 49,239,959 | - | 49,254,504 | 48,272,019 |
| Prepaid items | - | - | - | - | - | 81,240 | 1,553,643 | 1,634,883 | 1,457,500 |
| Total assets | \$905,772 | \$84,736 | \$911,134 | \$2,152,239 | \$2,308,485 | \$53,051,313 | \$1,755,384 | \$61,169,063 | \$58,887,818 |
| LIABILITIES | | | | | | | | | |
| Vouchers payable | \$- | \$81,544 | \$- | \$- | \$- | \$164,933 | \$11,536 | \$258,013 | \$204,922 |
| Temporary loan - General Fund | - | - | - | - | - | - | - | - | 167,253 |
| Total liabilities | - | 81,544 | - | - | - | 164,933 | 11,536 | 258,013 | 372,175 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Unavailable revenues-community development | - | - | - | - | - | 49,239,959 | - | 49,239,959 | 48,272,556 |
| Unavailable revenues-special assessments | - | - | 801,032 | 1,971,754 | 2,273,250 | - | - | 5,046,036 | 4,171,985 |
| Unavailable revenues | - | - | - | - | - | 3,646,421 | 1,743,848 | 5,390,269 | 5,370,368 |
| Total deferred inflows of resources | - | - | 801,032 | 1,971,754 | 2,273,250 | 52,886,380 | 1,743,848 | 59,676,264 | 57,814,909 |
| FUND BALANCES | | | | | | | | | |
| Nonspendable-prepaid items | - | - | - | - | - | 81,240 | 1,553,643 | 1,634,883 | 1,457,500 |
| Restricted | 905,772 | 3,192 | 110,102 | 180,485 | 35,235 | - | - | 1,234,786 | 700,734 |
| Unassigned | - | - | - | - | - | (81,240) | (1,553,643) | (1,634,883) | (1,457,500) |
| Total fund balances | 905,772 | 3,192 | 110,102 | 180,485 | 35,235 | - | - | 1,234,786 | 700,734 |
| Total liabilities, deferred inflows of resources and fund balances | \$905,772 | \$84,736 | \$911,134 | \$2,152,239 | \$2,308,485 | \$53,051,313 | \$1,755,384 | \$61,169,063 | \$58,887,818 |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Ballston Quarter Community Development Authority | Travel and Tourism Promotion | Ballston Business Improvement District | Rosslyn Business Improvement District | Crystal City Business Improvement District | Community Development Grants | Section 8 Housing Program | Totals | |
|--|---|------------------------------------|--|---|---|---------------------------------|---------------------------------|--------------------|-------------------|
| | | | | | | | | June 30, 2020 | June 30, 2019 |
| REVENUES: | | | | | | | | | |
| Other local taxes | \$2,745,120 | \$837,893 | \$1,510,593 | \$3,857,193 | \$2,654,127 | \$- | \$- | \$11,604,926 | \$9,483,215 |
| From the federal government | - | - | - | - | - | 6,210,021 | 19,019,974 | 25,229,995 | 23,345,519 |
| Interest earnings | - | - | 1,648 | 3,649 | 2,214 | - | - | 7,511 | 7,704 |
| Total revenues | 2,745,120 | 837,893 | 1,512,241 | 3,860,842 | 2,656,341 | 6,210,021 | 19,019,974 | 36,842,432 | 32,836,438 |
| EXPENDITURES: | | | | | | | | | |
| Current - | | | | | | | | | |
| Planning and community development | 1,974,215 | 1,084,593 | 1,430,128 | 3,761,261 | 2,639,256 | 6,210,021 | - | 17,099,474 | 14,282,447 |
| Health and welfare | - | - | - | - | - | - | 19,019,974 | 19,019,974 | 18,384,976 |
| Total expenditures | 1,974,215 | 1,084,593 | 1,430,128 | 3,761,261 | 2,639,256 | 6,210,021 | 19,019,974 | 36,119,448 | 32,667,423 |
| Revenues over (under) expenditures | 770,905 | (246,700) | 82,113 | 99,581 | 17,085 | - | - | 722,984 | 169,015 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Transfers out | (275,193) | - | (30,212) | (77,144) | (53,083) | - | - | (435,632) | (156,832) |
| Transfers in | - | 246,700 | - | - | - | - | - | 246,700 | 341,681 |
| Total other financing sources(uses) | (275,193) | 246,700 | (30,212) | (77,144) | (53,083) | - | - | (188,932) | 184,849 |
| Revenues and other financing sources (uses) over (under) expenditures | 495,712 | - | 51,901 | 22,437 | (35,998) | - | - | 534,052 | 353,864 |
| FUND BALANCES, beginning of year | 410,060 | 3,192 | 58,201 | 158,048 | 71,233 | - | - | 700,734 | 346,870 |
| FUND BALANCES, end of year | \$905,772 | \$3,192 | \$110,102 | \$180,485 | \$35,235 | \$- | \$- | \$1,234,786 | \$700,734 |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
BALLSTON QUARTER COMMUNITY DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|---|--------------------|-------------------------|---|
| REVENUES: | | | |
| Other local taxes | <u>\$1,668,740</u> | <u>\$2,745,120</u> | <u>\$1,076,380</u> |
| Total revenues | <u>1,668,740</u> | <u>2,745,120</u> | <u>1,076,380</u> |
| EXPENDITURES: | | | |
| Planning and community development | <u>2,078,800</u> | <u>1,974,215</u> | <u>104,585</u> |
| Revenues over expenditures | <u>(410,060)</u> | <u>770,905</u> | <u>1,180,965</u> |
| OTHER FINANCING (USES): | | | |
| Transfers Out | - | (275,193) | (275,193) |
| Total other financing uses | <u>-</u> | <u>(275,193)</u> | <u>(275,193)</u> |
| Revenues and other financing sources over (under) expenditures * | (410,060) | 495,712 | 905,772 |
| FUND BALANCE, beginning of year | <u>410,060</u> | <u>410,060</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$-</u></u> | <u><u>\$905,772</u></u> | <u><u>\$905,772</u></u> |

* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
TRAVEL AND TOURISM PROMOTION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|---|-----------------------|-----------------------|---|
| REVENUES: | | | |
| Other local taxes | <u>\$1,310,000</u> | <u>\$837,893</u> | <u>(\$472,107)</u> |
| Total revenues | <u>1,310,000</u> | <u>837,893</u> | <u>(472,107)</u> |
| EXPENDITURES: | | | |
| Planning and community development | <u>1,556,700</u> | <u>1,084,593</u> | <u>472,107</u> |
| Revenues over (under) expenditures | <u>(246,700)</u> | <u>(246,700)</u> | <u>-</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>246,700</u> | <u>246,700</u> | <u>-</u> |
| Total other financing sources | <u>246,700</u> | <u>246,700</u> | <u>-</u> |
| Revenues and other financing sources over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, beginning of year | <u>3,192</u> | <u>3,192</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$3,192</u></u> | <u><u>\$3,192</u></u> | <u><u>\$-</u></u> |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
BALLSTON BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|--|------------------------|-------------------------|---|
| REVENUES: | | | |
| Other local taxes | \$1,497,516 | \$1,510,593 | \$13,077 |
| Interest earnings | - | 1,648 | 1,648 |
| Total revenues | <u>1,497,516</u> | <u>1,512,241</u> | <u>14,725</u> |
| EXPENDITURES: | | | |
| Planning and community development | <u>1,712,913</u> | <u>1,430,128</u> | <u>282,785</u> |
| Revenues over expenditures | <u>(215,397)</u> | <u>82,113</u> | <u>297,510</u> |
| OTHER FINANCING (USES): | | | |
| Transfers in | 245,347 | - | (245,347) |
| Transfers Out | <u>(29,950)</u> | <u>(30,212)</u> | <u>(262)</u> |
| Total other financing uses | <u>215,397</u> | <u>(30,212)</u> | <u>(245,609)</u> |
| Revenues and other financing uses (over) expenditures | <u>-</u> | <u>51,901</u> | <u>51,901</u> |
| FUND BALANCE, beginning of year | <u>58,201</u> | <u>58,201</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$58,201</u></u> | <u><u>\$110,102</u></u> | <u><u>\$51,901</u></u> |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
ROSSLYN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|--|-------------------------|-------------------------|---|
| REVENUES: | | | |
| Other local taxes | \$3,938,338 | \$3,857,193 | (\$81,145) |
| Interest earnings | 4,831 | 3,649 | (1,182) |
| Total revenues | <u>3,943,169</u> | <u>3,860,842</u> | <u>(82,327)</u> |
| EXPENDITURES: | | | |
| Planning and community development | <u>3,864,402</u> | <u>3,761,261</u> | <u>(103,141)</u> |
| Revenues over expenditures | <u>78,767</u> | <u>99,581</u> | <u>20,814</u> |
| OTHER FINANCING (USES): | | | |
| Transfers Out | <u>(78,767)</u> | <u>(77,144)</u> | <u>1,623</u> |
| Total other financing (uses) | <u>(78,767)</u> | <u>(77,144)</u> | <u>1,623</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>-</u> | <u>22,437</u> | <u>22,437</u> |
| FUND BALANCE, beginning of year | <u>158,048</u> | <u>158,048</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$158,048</u></u> | <u><u>\$180,485</u></u> | <u><u>\$22,437</u></u> |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
CRYSTAL CITY BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|--|------------------------|------------------------|---|
| REVENUES: | | | |
| Other local taxes | \$2,763,656 | \$2,654,127 | (\$109,529) |
| Interest earnings | - | 2,214 | 2,214 |
| Total revenues | <u>2,763,656</u> | <u>2,656,341</u> | <u>(107,315)</u> |
| EXPENDITURES: | | | |
| Planning and community development | <u>2,708,383</u> | <u>2,639,256</u> | <u>69,127</u> |
| Revenues over expenditures | <u>55,273</u> | <u>17,085</u> | <u>(38,188)</u> |
| OTHER FINANCING (USES): | | | |
| Transfers Out | <u>(55,273)</u> | <u>(53,083)</u> | <u>2,190</u> |
| Total other financing uses | <u>(55,273)</u> | <u>(53,083)</u> | <u>2,190</u> |
| Revenues and other financing uses over expenditures | <u>-</u> | <u>(35,998)</u> | <u>(35,998)</u> |
| FUND BALANCE, beginning of year | <u>71,233</u> | <u>71,233</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$71,233</u></u> | <u><u>\$35,235</u></u> | <u><u>(\$35,998)</u></u> |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMMUNITY DEVELOPMENT GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|--|---------------------|--------------------|---|
| REVENUES: | | | |
| From the federal government | <u>\$11,195,887</u> | <u>\$6,210,021</u> | <u>(\$4,985,866)</u> |
| Total revenues | <u>11,195,887</u> | <u>6,210,021</u> | <u>(4,985,866)</u> |
| EXPENDITURES: | | | |
| Planning and community development | <u>11,195,887</u> | <u>6,210,021</u> | <u>4,985,866</u> |
| Revenues (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES: | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other financing sources (uses) over (under) expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, end of year | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> |

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
SECTION 8 HOUSING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCES
BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Positive (Negative)</u> |
|---------------------------------|-------------------------|---------------------|---|
| REVENUES: | | | |
| From the federal government | <u>\$20,830,002</u> | <u>\$19,019,974</u> | <u>(\$1,810,028)</u> |
| EXPENDITURES: | | | |
| Health and welfare | <u>20,552,359</u> | <u>19,019,974</u> | <u>1,532,385</u> |
| Revenues over expenditures | <u>277,643</u> | <u>-</u> | <u>(277,643)</u> |
| FUND BALANCE, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE, end of year | <u><u>\$277,643</u></u> | <u><u>\$-</u></u> | <u><u>(\$277,643)</u></u> |



Capital Projects Funds

The Capital Projects Funds are used to account for the purchase and/or construction of major capital facilities, including buildings, roads and other long-lived improvements, which are not financed by proprietary funds. Financing is provided primarily by general obligation bonds and IDA revenue bonds, Federal and State grants, general fund transfers, revenues from sanitary district tax and special incremental tax on real property.

The capital projects for general government functions which are financed under the County's pay-as-you-go capital programs are accounted for in the General Capital Projects Funds. As required by law, separate funds are used to account for the capital project expenditures financed by the proceeds of general obligation bonds, IDA revenue bonds, revenues from sanitary district tax and special incremental tax on real property.

ARLINGTON COUNTY, VIRGINIA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2020
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | General Capital Projects Fund | Street and Highway Bond Fund | Neighborhood Conservation Bond Fund | Government Facility Bond | Stormwater Fund | Public Recreation Bond Fund | Fire Station Bond Fund | Library Bond Fund |
|--|--|------------------------------------|---|--------------------------------|---------------------|-----------------------------------|------------------------------|----------------------|
| ASSETS: | | | | | | | | |
| Equity in pooled cash and investments | \$109,664,083 | \$1,822,684 | \$9,107,455 | \$20,611,936 | \$14,084,347 | \$25,735,437 | \$4,625 | \$44 |
| Receivables | 7,676,831 | - | - | - | 47,889 | - | - | - |
| Receivables from other governments | 686,124 | - | - | - | - | - | - | - |
| Prepaid expenses | 22,426 | - | 4,275 | - | 1,121 | - | - | - |
| Total assets | \$118,049,464 | \$1,822,684 | \$9,111,730 | \$20,611,936 | \$14,133,357 | \$25,735,437 | \$4,625 | \$44 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| LIABILITIES: | | | | | | | | |
| Vouchers payable | \$2,580,685 | \$3,000,846 | \$1,170,270 | \$1,810,298 | \$460,910 | \$4,539,589 | \$- | \$- |
| Due to component unit | - | - | - | - | - | - | - | - |
| Contracts payable-retainage | 270,982 | - | 127,375 | 1,976,713 | - | 1,680,528 | - | - |
| Unearned revenue | 4,812,879 | - | - | - | - | - | - | - |
| Other liabilities | 3,079,071 | - | 3,200 | - | - | - | - | - |
| Total liabilities | 10,743,617 | 3,000,846 | 1,300,845 | 3,787,011 | 460,910 | 6,220,117 | - | - |
| FUND BALANCES: | | | | | | | | |
| <u>Non-spendable</u> | | | | | | | | |
| Prepaid | 22,426 | - | 4,275 | - | 1,121 | - | - | - |
| <u>Restricted</u> | | | | | | | | |
| Capital projects | - | - | 7,806,610 | 16,824,925 | - | 19,515,320 | 4,625 | 44 |
| <u>Committed to</u> | | | | | | | | |
| Capital projects | 107,283,421 | - | - | - | 13,671,326 | - | - | - |
| <u>Unrestricted</u> | | | | | | | | |
| | - | (1,178,162) | - | - | - | - | - | - |
| Total fund balances | 107,305,847 | (1,178,162) | 7,810,885 | 16,824,925 | 13,672,447 | 19,515,320 | 4,625 | 44 |
| Total liabilities and fund balances | \$118,049,464 | \$1,822,684 | \$9,111,730 | \$20,611,936 | \$14,133,357 | \$25,735,437 | \$4,625 | \$44 |

* Street and Highway Bond Fund has a negative balance of \$1,178,162 due to postponement of the Bond issuance from FY20 until FY21 and outstanding encumbrances.

| Transportation Capital Fund | Transit Facility Bond Fund | Crystal City TIF | Columbia Pike TIF | IDA Bond Fund | Totals | | |
|-----------------------------------|----------------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|--|
| | | | | | June 30, 2020 | June 30, 2019 | |
| ASSETS: | | | | | | | |
| \$176,662,489 | \$82,585 | \$23,584,100 | \$1,122,846 | \$1,989,425 | \$384,472,056 | \$494,410,662 | Equity in pooled cash and investment |
| 2,341,617 | - | - | - | - | 10,066,337 | 12,574,750 | Receivables |
| 8,372,077 | - | 347,942 | - | - | 9,406,143 | 6,343,224 | Receivables from other governments |
| 62,792 | - | - | - | - | 90,614 | 325,660 | Prepaid expenses |
| <u>\$187,438,975</u> | <u>\$82,585</u> | <u>\$23,932,042</u> | <u>\$1,122,846</u> | <u>\$1,989,425</u> | <u>\$404,035,150</u> | <u>\$513,654,296</u> | Total assets |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| LIABILITIES: | | | | | | | |
| \$4,948,784 | \$- | \$395,865 | \$- | \$- | \$18,907,247 | \$26,513,835 | Vouchers payable |
| - | - | - | - | - | - | 3,357,475 | Due to component unit |
| 62,513 | - | - | - | - | 4,118,111 | 1,747,810 | Contracts payable-retainage |
| 15,408 | - | - | - | - | 4,828,287 | 8,704,273 | Unearned revenue |
| - | - | - | - | - | 3,082,271 | 988,496 | Other liabilities |
| <u>5,026,705</u> | <u>-</u> | <u>395,865</u> | <u>-</u> | <u>-</u> | <u>30,935,916</u> | <u>41,311,889</u> | Total liabilities |
| FUND BALANCES: | | | | | | | |
| 62,792 | - | - | - | - | 90,614 | 325,660 | <u>Non-spendable</u> Prepaid |
| - | 82,585 | - | - | 1,989,425 | 46,223,534 | 147,750,470 | <u>Restricted:</u> Capital projects |
| 182,349,478 | - | 23,536,177 | 1,122,846 | - | 327,963,248 | 324,266,277 | <u>Committed to:</u> Capital projects |
| - | - | - | - | - | (1,178,162) | - | <u>Unassigned</u> |
| <u>182,412,270</u> | <u>82,585</u> | <u>23,536,177</u> | <u>1,122,846</u> | <u>1,989,425</u> | <u>373,099,234</u> | <u>472,342,407</u> | Total fund balances |
| <u>\$187,438,975</u> | <u>\$82,585</u> | <u>\$23,932,042</u> | <u>\$1,122,846</u> | <u>\$1,989,425</u> | <u>\$404,035,150</u> | <u>\$513,654,296</u> | Total liabilities and fund balances |

ARLINGTON COUNTY, VIRGINIA
 CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2020
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | General Capital Projects Fund | Street and Highway Bond Fund | Neighborhood Conservation Bond Fund | Government Facility Bond | Stormwater Fund | Public Recreation Bond Fund | Fire Station Bond Fund | Library Bond Fund |
|--|--|------------------------------------|---|--------------------------------|--------------------|-----------------------------------|------------------------------|----------------------|
| REVENUES: | | | | | | | | |
| From the Commonwealth of Virginia | \$364,389 | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| From the federal government | 245,562 | - | - | - | - | - | - | - |
| Charges for services | 3,934,500 | - | - | - | 1,246,610 | - | - | - |
| Real estate taxes | - | - | - | - | 10,129,002 | - | - | - |
| Interest | - | 202,771 | 174,924 | 885,082 | - | 796,382 | - | - |
| Miscellaneous revenue | 1,522,727 | - | - | - | - | - | - | - |
| Total revenues | 6,067,178 | 202,771 | 174,924 | 885,082 | 11,375,612 | 796,382 | - | - |
| EXPENDITURES: | | | | | | | | |
| Inter Governmental: | | | | | | | | |
| Community development | - | - | - | - | - | - | - | - |
| Current operating: | | | | | | | | |
| General Government | 3,250,963 | - | - | 349,385 | 8,247,399 | - | - | - |
| Planning and Community Development | 561,800 | - | - | - | - | - | - | - |
| Parks, Recreation and Cultural Development | 439,610 | - | - | - | - | - | - | - |
| Public Safety | 73,961 | - | - | - | - | - | - | - |
| Capital outlay | 47,442,712 | 10,586,760 | 7,788,133 | 30,639,969 | 3,727,694 | 30,954,256 | - | - |
| Total expenditures | 51,769,046 | 10,586,760 | 7,788,133 | 30,989,354 | 11,975,093 | 30,954,256 | - | - |
| Revenues over/(under) expenditures | (45,701,868) | (10,383,989) | (7,613,209) | (30,104,272) | (599,481) | (30,157,874) | - | - |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | |
| Proceeds from lease purchase | 3,220,352 | - | - | - | - | - | - | - |
| Proceeds from line of credit | 6,837,029 | - | - | - | - | - | - | - |
| Proceeds for bond premium | 189,686 | - | - | - | - | - | - | - |
| Proceeds from sale of bonds | - | - | - | - | - | - | - | - |
| Transfers in | 28,042,166 | - | - | - | - | - | - | - |
| Transfers out | - | (202,771) | (174,924) | (885,082) | - | (796,382) | - | - |
| Transfers to component unit | - | - | - | - | - | - | - | - |
| Total other financing sources/(uses), net | 38,289,233 | (202,771) | (174,924) | (885,082) | - | (796,382) | - | - |
| Revenues and other financing sources/(uses) over/(under) expenditures | (7,412,635) | (10,586,760) | (7,788,133) | (30,989,354) | (599,481) | (30,954,256) | - | - |
| FUND BALANCE, beginning of year | 114,718,482 | 9,408,598 | 15,599,018 | 47,814,279 | 14,271,928 | 50,469,576 | 4,625 | 44 |
| FUND BALANCE, end of year | \$107,305,847 | (\$1,178,162) | \$7,810,885 | \$16,824,925 | \$13,672,447 | \$19,515,320 | \$4,625 | \$44 |

| Transportation Capital Fund | Transit Facility Bond Fund | Crystal City TIF | Columbia Pike TIF | IDA Bond Fund | Totals | | |
|-----------------------------------|----------------------------------|---------------------|----------------------|---------------------|------------------|------------------|--|
| | | | | | June 30, 2020 | June 30, 2019 | |
| | | | | | | | REVENUES: |
| \$6,877,232 | \$- | \$- | \$- | \$- | \$7,241,621 | \$9,236,473 | From the Commonwealth of Virginia |
| 1,319,361 | - | 260,702 | - | - | 1,825,625 | 3,343,120 | From the federal government |
| 1,000,000 | - | - | - | - | 6,181,110 | 7,381,233 | Charges for services |
| 25,482,225 | - | 5,454,040 | 639,299 | - | 41,704,566 | 40,025,506 | Real estate taxes |
| - | 185,733 | - | - | 136,810 | 2,381,702 | 2,971,534 | Interest |
| 17,306,405 | - | 142,040 | - | - | 18,971,172 | 15,832,659 | Miscellaneous revenue |
| 51,985,223 | 185,733 | 5,856,782 | 639,299 | 136,810 | 78,305,796 | 78,790,525 | Total Revenues |
| | | | | | | | EXPENDITURES: |
| - | 22,155,624 | - | - | - | 22,155,624 | 23,244,376 | Inter Governmental: |
| | | | | | | | Community development |
| 5,592,606 | - | 216,716 | - | - | 17,657,069 | 17,286,801 | Current operating: |
| - | - | - | 34,478 | - | 596,278 | 492,942 | General Government |
| - | - | - | - | - | 439,610 | 382,209 | Planning and Community Development |
| - | - | - | - | - | 73,961 | 2,398 | Parks, Recreation and Cultural Development |
| 33,258,479 | - | 5,553,052 | - | 230,972 | 170,182,027 | 146,652,789 | Public Safety |
| | | | | | | | Capital outlay |
| 38,851,085 | 22,155,624 | 5,769,768 | 34,478 | 230,972 | 211,104,569 | 188,061,515 | Total expenditures |
| 13,134,138 | (21,969,891) | 87,014 | 604,821 | (94,162) | (132,798,773) | (109,270,990) | Revenues over/ (under) expenditures |
| | | | | | | | OTHER FINANCING SOURCES/(USES): |
| - | - | - | - | - | 3,220,352 | 1,871,651 | Proceeds from lease purchase |
| - | - | - | - | - | 6,837,029 | 8,585,749 | Proceeds from line of credit |
| - | - | - | - | - | 189,686 | 18,396,431 | Proceeds for bond premium |
| - | - | - | - | - | - | 106,350,000 | Proceeds from sale of bonds |
| - | - | - | - | - | 28,042,166 | 10,517,108 | Transfers in |
| (2,351,932) | (185,733) | - | - | (136,810) | (4,733,634) | (10,252,255) | Transfers out |
| - | - | - | - | - | - | (6,440,000) | Transfers to component unit |
| (2,351,932) | (185,733) | - | - | (136,810) | 33,555,599 | 129,028,684 | Total other financing sources/(uses), net |
| 10,782,206 | (22,155,624) | 87,014 | 604,821 | (230,972) | (99,243,174) | 19,757,694 | Revenues and other financing sources/(uses) over/(under) expenditures |
| 171,630,064 | 22,238,209 | 23,449,163 | 518,025 | 2,220,397 | 472,342,408 | 452,584,713 | FUND BALANCE, beginning of year |
| \$182,412,270 | \$82,585 | \$23,536,177 | \$1,122,846 | \$1,989,425 | \$373,099,234 | \$472,342,407 | FUND BALANCE, end of year |

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | General Capital Projects Fund | | | Street and Highway Bond Fund | | | Neighborhood Conservation Bond Fund | | |
|--|-------------------------------|-------------------|-------------------------------------|------------------------------|-------------------|-------------------------------------|-------------------------------------|------------------|----------------------------------|
| | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) |
| REVENUES: | | | | | | | | | |
| From the commonwealth of Virginia | \$1,000,000 | \$364,389 | (\$635,611) | \$- | \$- | \$- | \$- | \$- | \$- |
| From the federal government | - | 245,562 | 245,562 | - | - | - | - | - | - |
| Charges for services | - | 3,934,500 | 3,934,500 | - | - | - | - | - | - |
| Real estate taxes | - | - | - | - | - | - | - | - | - |
| Interest income | - | - | - | - | 202,771 | 202,771 | - | \$174,924 | 174,924 |
| Miscellaneous revenue | 1,919,243 | 1,522,727 | (396,516) | - | - | - | - | - | - |
| Total revenues | 2,919,243 | 6,067,178 | 3,147,935 | - | 202,771 | 202,771 | - | 174,924 | 174,924 |
| Inter governmental: | | | | | | | | | |
| Community development | - | - | - | - | - | - | - | - | - |
| Current operating: | | | | | | | | | |
| General government | 144,553 | 3,250,963 | 3,106,410 | - | - | - | - | - | - |
| Planning and community development | - | 561,800 | - | - | - | - | - | - | - |
| Parks, recreation and cultural development | - | 439,610 | - | - | - | - | - | - | - |
| Public safety | - | 73,961 | - | - | - | - | - | - | - |
| Capital outlay | 195,948,766 | 47,442,712 | (148,506,054) | 26,621,761 | 10,586,760 | (16,035,001) | 24,068,402 | 7,788,133 | (16,280,269) |
| Total expenditures | 196,093,319 | 51,769,046 | (144,324,273) | 26,621,761 | 10,586,760 | (16,035,001) | 24,068,402 | 7,788,133 | (16,280,269) |
| Revenues over/(under) expenditures | (193,174,076) | (45,701,868) | 147,472,208 | (26,621,761) | (10,383,989) | 16,237,772 | (24,068,402) | (7,613,209) | 16,455,193 |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | | |
| Proceeds from lease purchase | 12,178,410 | 3,220,352 | (8,958,058) | - | - | - | - | - | - |
| Proceeds from line of credit | - | 6,837,029 | 6,837,029 | - | - | - | - | - | - |
| Proceeds for bond premium | 25,008,146 | 189,686 | (24,818,460) | - | - | - | - | - | - |
| Proceeds from sale of go bonds | - | - | - | 16,035,000 | - | (16,035,000) | 8,000,000 | - | (8,000,000) |
| Transfers in | 28,081,540 | 28,042,166 | (39,374) | - | - | - | - | - | - |
| Transfers out | (6,297,482) | - | - | - | (202,771) | (202,771) | - | (174,924) | (174,924) |
| Transfers to component unit | - | - | - | - | - | - | - | - | - |
| Total other financing sources/(uses), net | 58,970,614 | 38,289,233 | (20,681,381) | 16,035,000 | (202,771) | (16,237,771) | 8,000,000 | (174,924) | (8,174,924) |
| Revenues and other financing sources (uses) over/(under) expenditures | (134,203,462) | (7,412,635) | 126,790,827 | (10,586,761) | (10,586,760) | 1 | (16,068,402) | (7,788,133) | 8,280,269 |
| FUND BALANCE, beginning of year | 134,203,462 | 114,718,482 | (19,484,980) | 10,586,761 | 9,408,598 | (1,178,163) | 16,068,402 | 15,599,018 | (469,384) |
| FUND BALANCE, end of year | \$- | \$107,305,847 | \$107,305,847 | \$- | (\$1,178,162) | (\$1,178,162) | \$- | \$7,810,885 | \$7,810,885 |

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Government Facility Bond Fund | | | Stormwater Fund | | | Public Recreation Bond Fund | | |
|--|-------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|-----------------------------|-------------------|-------------------------------------|
| | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) |
| REVENUES: | | | | | | | | | |
| From the commonwealth of Virginia | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| From the federal government | - | - | - | - | - | - | - | - | - |
| Charges for services | - | - | - | 1,117,500 | 1,246,610 | 129,110 | - | - | - |
| Real estate taxes | - | - | - | 10,093,595 | 10,129,002 | 35,407 | - | - | - |
| Interest income | - | 885,082 | 885,082 | - | - | - | - | 796,382 | 796,382 |
| Miscellaneous revenue | - | - | - | - | - | - | - | - | - |
| Total revenues | - | 885,082 | 885,082 | 11,211,095 | 11,375,612 | 164,517 | - | 796,382 | 796,382 |
| Inter governmental: | | | | | | | | | |
| Community development | - | - | - | - | - | - | - | - | - |
| Current operating: | | | | | | | | | |
| General government | - | 349,385 | - | 10,522,441 | 8,247,399 | (2,275,042) | - | - | - |
| Planning and community development | - | - | - | - | - | - | - | - | - |
| Parks, recreation and cultural development | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - |
| Capital outlay | 85,025,926 | 30,639,969 | (54,385,957) | 14,515,729 | 3,727,694 | (10,788,035) | 86,366,581 | 30,954,256 | (55,412,325) |
| Total expenditures | 85,025,926 | 30,989,354 | (54,036,572) | 25,038,170 | 11,975,093 | (13,063,077) | 86,366,581 | 30,954,256 | (55,412,325) |
| Revenues over/(under) expenditures | (85,025,926) | (30,104,272) | 54,921,654 | (13,827,075) | (599,481) | 13,227,594 | (86,366,581) | (30,157,874) | 56,208,707 |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | | |
| Proceeds from lease purchase | - | - | - | - | - | - | - | - | - |
| Proceeds from line of credit | - | - | - | - | - | - | - | - | - |
| Proceeds for bond premium | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of go bonds | 41,695,000 | - | (41,695,000) | - | - | - | 35,220,000 | - | (35,220,000) |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | - | (885,082) | (885,082) | - | - | - | - | (796,382) | (796,382) |
| Transfers to component unit | - | - | - | - | - | - | - | - | - |
| Total other financing sources/(uses), net | 41,695,000 | (885,082) | (42,580,082) | - | - | - | 35,220,000 | (796,382) | (36,016,382) |
| Revenues and other financing sources (Uses) Over/(Under) Expenditures | (43,330,926) | (30,989,354) | 12,341,572 | (13,827,075) | (599,481) | 13,227,594 | (51,146,581) | (30,954,256) | 20,192,325 |
| FUND BALANCE, beginning of year | 43,330,926 | 47,814,279 | 4,483,353 | 13,827,075 | 14,271,928 | 444,853 | 51,146,581 | 50,469,576 | (677,005) |
| FUND BALANCE, end of year | \$- | \$16,824,925 | \$16,824,925 | \$- | \$13,672,447 | \$13,672,447 | \$- | \$19,515,320 | \$19,515,320 |

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Fire Station Bond Fund | | | Library Bond Fund | | | Transportation Capital Fund | | |
|--|------------------------|----------|-------------------------------------|-------------------|----------|-------------------------------------|-----------------------------|--------------------|-------------------------------------|
| | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) |
| REVENUES: | | | | | | | | | |
| From the commonwealth of Virginia | \$- | \$- | \$- | \$- | \$- | \$- | \$804,840 | \$6,877,232 | \$6,072,392 |
| From the federal government | - | - | - | - | - | - | 10,100,000 | 1,319,361 | - |
| Charges for services | - | - | - | - | - | - | - | 1,000,000 | 1,000,000 |
| Real estate taxes | - | - | - | - | - | - | 26,419,757 | 25,482,225 | (937,532) |
| Interest income | - | - | - | - | - | - | - | - | - |
| Miscellaneous revenue | - | - | - | - | - | - | 261,089,643 | 17,306,405 | (243,783,238) |
| Total revenues | - | - | - | - | - | - | 298,414,240 | 51,985,223 | (246,429,017) |
| Inter governmental: | | | | | | | | | |
| Community development | - | - | - | - | - | - | - | - | - |
| Current operating: | | | | | | | | | |
| General government | - | - | - | - | - | - | 12,854,810 | 5,592,606 | (7,262,204) |
| Planning and community development | - | - | - | - | - | - | - | - | - |
| Parks, recreation and cultural development | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | 338,994,772 | 33,258,479 | (305,736,293) |
| Total expenditures | - | - | - | - | - | - | 351,849,582 | 38,851,085 | (312,998,497) |
| Revenues over/(under) expenditures | - | - | - | - | - | - | (53,435,342) | 13,134,138 | 66,569,480 |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | | |
| Proceeds from lease purchase | - | - | - | - | - | - | - | - | - |
| Proceeds from line of credit | - | - | - | - | - | - | - | - | - |
| Proceeds for bond premium | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of go bonds | - | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (2,351,932) | (2,351,932) | - |
| Transfers to component unit | - | - | - | - | - | - | - | - | - |
| Total other financing sources/(uses), net | - | - | - | - | - | - | (2,351,932) | (2,351,932) | - |
| Revenues and other financing sources (Uses) Over/(Under) Expenditures | - | - | - | - | - | - | (55,787,274) | 10,782,206 | 66,569,480 |
| FUND BALANCE, beginning of year | 4,625 | 4,625 | - | 44 | 44 | - | 55,787,274 | 171,630,064 | 115,842,790 |
| FUND BALANCE, end of year | \$4,625 | \$4,625 | \$- | \$44 | \$44 | \$- | \$- | \$182,412,270 | \$182,412,270 |

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | Transit Facility Fund | | | Crystal City TIF | | | Columbia Pike TIF | | |
|--|-----------------------|-------------------|-------------------------------------|-------------------|------------------|-------------------------------------|-------------------|----------------|-------------------------------------|
| | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) |
| REVENUES: | | | | | | | | | |
| From the commonwealth of Virginia | \$- | \$- | \$- | \$- | \$- | \$0 | \$- | \$- | \$- |
| From the federal government | - | - | - | - | 260,702 | 260,702 | - | - | - |
| Charges for services | - | - | - | - | - | - | - | - | - |
| Real estate taxes | - | - | - | 5,964,730 | 5,454,040 | (510,690) | 496,660 | 639,299 | 142,639 |
| Interest income | - | 185,733 | 185,733 | - | - | 189,070 | - | - | - |
| Miscellaneous revenue | - | - | - | 10,000,000 | 142,040 | (9,857,960) | - | - | - |
| Total revenues | - | 185,733 | 185,733 | 15,964,730 | 5,856,782 | (10,107,948) | 496,660 | 639,299 | 142,639 |
| Inter governmental: | | | | | | | | | |
| Community development | - | 22,155,624 | 22,155,624 | - | - | - | - | - | - |
| Current operating: | | | | | | | | | |
| General government | - | - | - | 324,421 | 216,716 | (107,705) | - | - | - |
| Planning and community development | - | - | - | - | - | - | 1,014,685 | 34,478 | (980,207) |
| Parks, recreation and cultural development | - | - | - | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - | - | - | - |
| Capital outlay | 42,675,624 | - | (42,675,624) | 49,761,205 | 5,553,052 | (44,208,153) | - | - | - |
| Total expenditures | 42,675,624 | 22,155,624 | (20,520,000) | 50,085,626 | 5,769,768 | (44,315,858) | 1,014,685 | 34,478 | (980,207) |
| Revenues over/(under) expenditures | (42,675,624) | (21,969,891) | 20,705,733 | (34,120,896) | 87,014 | 34,207,910 | (518,025) | 604,821 | 1,122,846 |
| OTHER FINANCING SOURCES/(USES): | | | | | | | | | |
| Proceeds from lease purchase | - | - | - | - | - | - | - | - | - |
| Proceeds from line of credit | - | - | - | - | - | - | - | - | - |
| Proceeds for bond premium | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of go bonds | 20,520,000 | - | (20,520,000) | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - | - |
| Transfers out | - | (185,733) | (185,733) | - | - | - | - | - | - |
| Transfers to component unit | - | - | - | - | - | - | - | - | - |
| Total other financing sources/(uses), net | 20,520,000 | (185,733) | (20,705,733) | - | - | - | - | - | - |
| Revenues and other financing sources (Uses) Over/(Under) Expenditures | (22,155,624) | (22,155,624) | - | (34,120,896) | 87,014 | 34,207,910 | (518,025) | 604,821 | 1,122,846 |
| FUND BALANCE, beginning of year | 22,155,624 | 22,238,209 | 82,585 | 34,120,896 | 23,449,163 | (10,671,733) | 518,025 | 518,025 | - |
| FUND BALANCE, end of year | \$- | \$82,585 | \$82,585 | \$- | \$23,536,177 | \$23,536,177 | \$- | \$1,122,846 | \$1,122,846 |

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

| | IDA Bond Fund | | Variance- Positive (Negative) |
|--|---------------|-------------|-------------------------------------|
| | Budget | Actual | |
| REVENUES: | | | |
| From the commonwealth of Virginia | \$- | \$- | \$- |
| From the federal government | - | - | - |
| Charges for services | - | - | - |
| Real estate taxes | - | - | - |
| Interest income | - | 136,810 | 136,810 |
| Miscellaneous revenue | - | - | - |
| Total revenues | - | 136,810 | 136,810 |
| Inter governmental: | | | |
| Community development | - | - | - |
| Current operating: | | | |
| General government | - | - | - |
| Planning and community development | - | - | - |
| Parks, recreation and cultural development | - | - | - |
| Public safety | - | - | - |
| Capital outlay | 2,476,523 | 230,972 | (2,245,551) |
| Total expenditures | 2,476,523 | 230,972 | (2,245,551) |
| Revenues over/(under) expenditures | (2,476,523) | (94,162) | 2,382,361 |
| OTHER FINANCING SOURCES/(USES): | | | |
| Proceeds from lease purchase | - | - | - |
| Proceeds from line of credit | - | - | - |
| Proceeds for bond premium | - | - | - |
| Proceeds from sale of go bonds | - | - | - |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Transfers to component unit | - | (136,810) | (136,810) |
| Total other financing sources/(uses), net | - | (136,810) | (136,810) |
| Revenues and other financing sources (Uses) Over/(Under) Expenditures | (2,476,523) | (230,972) | 2,245,551 |
| FUND BALANCE, beginning of year | 2,476,523 | 2,220,397 | (256,126) |
| FUND BALANCE, end of year | \$- | \$1,989,425 | \$1,989,425 |



Enterprise Funds

Utilities Fund – to account for the operations, maintenance and construction of the County’s water and sanitary sewer system and for the capital asset improvements in the water pollution control plant. Revenues of this fund consist principally of charges for services to County residents. Debt service on the general obligation bonds issued to finance the construction of plant facilities is also accounted for in this fund.

Ballston Public Parking Garage Fund – to account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

Eighth Level Ballston Public Parking Garage Fund - to account for financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

CPHD Development Fund – to account for financing of the fee-supported units of the Inspection Services Division and Planning Division. Operating expenses involved are recovered in the form of charges to users of such services.

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Totals | | | | | |
|---|------------------------|--------------------------------------|--|-----------------------------|------------------------|------------------------|
| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | June 30, 2020 | June 30, 2019 |
| ASSETS | | | | | | |
| CURRENT ASSETS: | | | | | | |
| Equity in pooled cash and investments | \$49,960,371 | \$1,820,595 | \$1,526,206 | \$16,347,945 | \$69,655,116 | \$71,469,747 |
| Cash with fiscal agents | 25,221 | - | - | - | 25,221 | 25,221 |
| Accounts receivable: | | | | | | |
| Water-sewer charges | 892,277 | - | - | - | 892,277 | 969,132 |
| Estimated unbilled service charges | 13,956,121 | - | - | - | 13,956,121 | 15,103,259 |
| Other | 3,770,553 | - | - | - | 3,770,553 | 3,531,178 |
| Prepaid expenses | 2,590,799 | - | - | - | 2,590,799 | 2,715,604 |
| Inventories | 2,438,130 | - | - | - | 2,438,130 | 2,175,313 |
| Total current assets | 73,633,472 | 1,820,595 | 1,526,206 | 16,347,945 | 93,328,217 | 95,989,454 |
| CAPITAL ASSETS: | | | | | | |
| Land | 6,161,255 | - | - | - | 6,161,255 | 6,161,255 |
| Sewer system | 422,135,464 | - | - | - | 422,135,464 | 414,103,552 |
| Water system | 852,928,732 | - | - | - | 852,928,732 | 841,224,999 |
| Equipment | 2,803,881 | 1,652,860 | 73,900 | 2,906,351 | 7,436,992 | 7,428,376 |
| Building | - | 28,555,205 | 3,511,471 | - | 32,066,676 | 32,066,676 |
| Intangible assets | 6,309,801 | - | - | 1,116,969 | 7,426,770 | 1,650,093 |
| Construction in progress | 15,020,253 | 4,127,785 | - | 8,767,088 | 27,915,126 | 27,149,091 |
| Less accumulated depreciation-intangible assets | (970,531) | - | - | (1,116,969) | (2,087,500) | (1,299,943) |
| Less accumulated depreciation | (262,013,723) | (17,259,241) | (632,515) | (2,866,887) | (282,772,366) | (264,669,748) |
| Total capital assets (net of accumulated depreciation) | 1,042,375,132 | 17,076,609 | 2,952,856 | 8,806,552 | 1,071,211,149 | 1,063,814,351 |
| Total assets | \$1,116,008,604 | \$18,897,204 | \$4,479,062 | \$25,154,497 | \$1,164,539,366 | \$1,159,803,805 |

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | | | | | Totals | |
|--|------------------------|--------------------------------------|--|-----------------------------|------------------------|------------------------|
| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | June 30, 2020 | June 30, 2019 |
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES: | | | | | | |
| Payable from current assets: | | | | | | |
| General obligation bonds payable | \$8,065,196 | \$- | \$- | \$- | \$8,065,196 | \$7,805,082 |
| VRA loan payable | 15,991,799 | - | - | - | 15,991,799 | 15,560,155 |
| Interest payable | 2,160,597 | 37,469,256 | - | - | 39,629,853 | 37,618,516 |
| Vouchers payable | 5,423,458 | 355,839 | 4,183 | 539,724 | 6,323,204 | 8,897,492 |
| Contracts payable - retainage | 82,889 | - | - | - | 82,889 | 611,874 |
| Mortgage /notes payable | - | 3,429,679 | - | - | 3,429,679 | 3,429,679 |
| Capital leases | - | - | - | - | - | - |
| Other accrued liabilities | 261,123 | 20,675,591 | - | - | 20,936,714 | 19,707,171 |
| Compensated absences | 167,562 | - | - | 89,411 | 256,973 | 206,728 |
| Total current liabilities | 32,152,624 | 61,930,365 | 4,183 | 629,135 | 94,716,307 | 93,836,697 |
| LONG-TERM LIABILITIES: | | | | | | |
| Compensated absences | 1,508,059 | - | - | 804,696 | 2,312,755 | 1,860,556 |
| VRA loan payable | 127,354,028 | - | - | - | 127,354,028 | 143,345,827 |
| General obligation bonds payable | 62,105,468 | - | - | - | 62,105,468 | 70,170,664 |
| Total long-term liabilities | 190,967,555 | - | - | 804,696 | 191,772,251 | 215,377,047 |
| Total liabilities | 223,120,179 | 61,930,365 | 4,183 | 1,433,831 | 286,488,558 | 309,213,744 |
| DEFERRED INFLOWS OF RESOURCES | 1,940,377 | - | - | - | 1,940,377 | 2,112,031 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 826,835,375 | 13,646,930 | 2,952,856 | 8,806,552 | 852,241,713 | 820,779,039 |
| Unrestricted (deficit) | 64,112,673 | (56,680,092) | 1,522,023 | 14,914,114 | 23,868,719 | 27,698,991 |
| Total net position (deficit) | 890,948,048 | (43,033,162) | 4,474,879 | 23,720,666 | 876,110,431 | 848,478,030 |
| Total liabilities, deferred inflows of resources and net position | \$1,116,008,604 | \$18,897,204 | \$4,479,062 | \$25,154,497 | \$1,164,539,366 | \$1,159,803,805 |

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | Totals | |
|--|----------------------|--------------------------------------|--|-----------------------------|----------------------|----------------------|
| | | | | | June 30, 2020 | June 30, 2019 |
| OPERATING REVENUES: | | | | | | |
| Water-sewer service charges | \$96,130,683 | \$- | \$- | \$- | \$96,130,683 | \$92,757,659 |
| Water-service hook-up charges | 6,515,147 | - | - | - | 6,515,147 | 6,158,068 |
| Water-service connection charges | 1,125,775 | - | - | - | 1,125,775 | 1,006,450 |
| Sewage treatment service charges | 4,507,573 | - | - | - | 4,507,573 | 5,442,794 |
| Permits and fees | - | - | - | 17,929,909 | 17,929,909 | 17,905,941 |
| Other | 4,636,237 | - | - | - | 4,636,237 | 4,328,045 |
| Parking charges | - | 3,185,177 | 205,687 | - | 3,390,864 | 4,496,544 |
| Total operating revenues | 112,915,415 | 3,185,177 | 205,687 | 17,929,909 | 134,236,188 | 132,095,501 |
| OPERATING EXPENSES: | | | | | | |
| Personnel services | 17,768,833 | - | - | 9,716,573 | 27,485,406 | 25,634,377 |
| Fringe benefits | 6,531,067 | - | - | 3,662,288 | 10,193,355 | 9,586,875 |
| Contractual services | 10,699,213 | 1,662,312 | 31,347 | 3,938,502 | 16,331,374 | 16,315,549 |
| Purchases of water | 8,230,324 | - | - | - | 8,230,324 | 8,278,063 |
| Materials and supplies | 8,301,379 | 153,095 | 8,655 | 167,498 | 8,630,627 | 11,920,263 |
| Deferred rent | - | 1,279,992 | - | - | 1,279,992 | 1,279,992 |
| Depreciation and amortization | 17,464,222 | 815,259 | 95,177 | 28,884 | 18,403,542 | 17,794,466 |
| Equipment (construction contracts) | 3,165,071 | - | - | (\$3,656,533) | (491,462) | 813,096 |
| Internal services | - | - | - | 2,647,824 | 2,647,824 | 2,595,447 |
| Miscellaneous | 6,665,042 | 377,695 | 24,503 | - | 7,067,240 | 7,204,933 |
| Total operating expenses | 78,825,151 | 4,288,353 | 159,682 | 16,505,036 | 99,778,222 | 101,423,061 |
| Operating income (loss) | 34,090,264 | (1,103,176) | 46,005 | 1,424,873 | 34,457,966 | 30,672,440 |
| NON-OPERATING REVENUES(EXPENSES): | | | | | | |
| Interest income and other income | 800,170 | - | - | 335,204 | 1,135,374 | 2,283,585 |
| Interest expense and fiscal charges | (6,788,012) | (2,384,047) | - | - | (9,172,059) | (11,906,261) |
| Interest expense on capital leases | - | - | - | - | - | (243) |
| Total non-operating revenues (expenses) | (5,987,842) | (2,384,047) | - | 335,204 | (8,036,685) | (9,622,919) |
| Net Income before contributions and net transfers | 28,102,422 | (3,487,223) | 46,005 | 1,760,077 | 26,421,281 | 21,049,521 |
| CONTRIBUTIONS AND TRANSFERS | | | | | | |
| Contributions from developers and other sources | 1,512,140 | - | - | - | 1,512,140 | 2,734,420 |
| TRANSFERS | | | | | | |
| Transfers in | (301,019) | - | - | - | (301,019) | 400,000 |
| Change in net position | 29,313,543 | (3,487,223) | 46,005 | 1,760,077 | 27,632,402 | 24,183,941 |
| Net position (deficit), beginning of year | 861,634,505 | (39,545,939) | 4,428,874 | 21,960,589 | 848,478,029 | 824,294,089 |
| Net position (deficit), end of year | \$890,948,048 | (\$43,033,162) | \$4,474,879 | \$23,720,666 | \$876,110,431 | \$848,478,030 |

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | | | | | Totals | |
|---|---------------------|--------------------------------------|--|-----------------------------|---------------------|---------------------|
| | Utilities | Ballston Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | June 30 2020 | June 30 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash received from customers | \$113,915,471 | \$3,185,177 | \$205,687 | \$17,929,909 | \$135,236,244 | \$131,548,934 |
| Cash paid to suppliers | (39,123,615) | (3,672,860) | (103,794) | (2,822,830) | (45,723,099) | (49,428,077) |
| Cash paid to employees | (23,984,902) | - | - | (13,191,415) | (37,176,317) | (35,175,399) |
| Net cash provided by (used for) operating activities | <u>50,806,954</u> | <u>(487,683)</u> | <u>101,893</u> | <u>1,915,664</u> | <u>52,336,828</u> | <u>46,945,458</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest income | 800,170 | - | - | 335,204 | 1,135,374 | 2,283,585 |
| Net cash provided by investing activities | <u>800,170</u> | <u>-</u> | <u>-</u> | <u>335,204</u> | <u>1,135,374</u> | <u>2,283,585</u> |
| Transfer received other funds | (301,019) | - | - | - | (301,019) | 400,000 |
| Net cash provided by (used for) non-capital financing activities | <u>(301,019)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(301,019)</u> | <u>400,000</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Principal payments - bonds | (7,490,101) | - | - | - | (7,490,101) | (7,671,614) |
| Principal payment - capital leases | - | - | - | - | - | (16,962) |
| Interest payment - capital leases | - | - | - | - | - | (243) |
| Payment of VRA loan | (15,560,155) | - | - | - | (15,560,155) | (15,140,287) |
| Interest and other loan expenses | (7,155,828) | - | - | - | (7,155,828) | (7,948,419) |
| Purchase of property | (20,900,283) | (222,912) | - | (3,656,533) | (24,779,728) | (31,055,945) |
| Net cash (used for) capital and related financing activities | <u>(51,106,367)</u> | <u>(222,912)</u> | <u>-</u> | <u>(3,656,533)</u> | <u>(54,985,812)</u> | <u>(61,833,471)</u> |
| Net increase(decrease) in cash and cash equivalents | <u>199,738</u> | <u>(710,595)</u> | <u>101,893</u> | <u>(1,405,666)</u> | <u>(1,814,630)</u> | <u>(12,204,428)</u> |
| Cash and cash equivalents at beginning of year | 49,760,633 | 2,531,190 | 1,424,313 | 17,753,611 | 71,469,747 | 83,674,175 |
| Cash and cash equivalents at end of year | <u>\$49,960,371</u> | <u>\$1,820,595</u> | <u>\$1,526,206</u> | <u>\$16,347,945</u> | <u>\$69,655,116</u> | <u>\$71,469,747</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operations: | | | | | | |
| Operating Income (loss) | \$34,090,264 | (\$1,103,176) | \$46,005 | \$1,424,873 | \$34,457,966 | \$30,672,440 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Depreciation and amortization expense | 17,464,222 | 815,259 | 95,177 | 28,884 | 18,403,542 | 17,794,466 |
| Effect of changes in operating assets and liabilities: | | | | | | |
| Accounts receivable | 984,618 | - | - | - | 984,618 | (554,651) |
| Inventories | (262,817) | - | - | - | (262,817) | (288,701) |
| Vouchers payable | (1,395,589) | (1,479,758) | (39,289) | 274,461 | (2,640,175) | (2,089,047) |
| Compensated absences | 314,997 | - | - | 187,446 | 502,443 | 45,853 |
| Contract retainage | (528,985) | - | - | - | (528,985) | 344,761 |
| Prepaid expenses | 124,805 | - | - | - | 124,805 | - |
| Accrued rent liability | - | 1,279,992 | - | - | 1,279,992 | 1,279,992 |
| Unearned revenue | 15,438 | - | - | - | 15,438 | 8,085 |
| Net cash provided by (used for) by operating activities | <u>\$50,806,954</u> | <u>(\$487,683)</u> | <u>\$101,893</u> | <u>\$1,915,664</u> | <u>\$52,336,828</u> | <u>\$46,945,458</u> |
| Schedule of non-cash capital and related financing activities: | | | | | | |
| Contributions from developers and other sources | \$1,512,140 | \$- | \$- | \$- | \$1,512,140 | \$2,734,420 |

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Internal Service Funds

Automotive Equipment Fund – to account for the costs related to the operation and maintenance of automotive equipment used by County departments and agencies. The acquisition and replacement of automotive equipment is accounted for in this fund. Revenue is derived primarily from user charges to recover actual costs which include depreciation of equipment.

Printing Fund – to account for the costs of operating a central print shop which provides printing and duplicating services to County departments and agencies. Revenue is derived principally from user charges and specific services.

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Automotive Equipment | Printing | Totals | |
|---|-------------------------|--------------------|---------------------|---------------------|
| | | | June 30, 2020 | June 30, 2019 |
| ASSETS | | | | |
| CURRENT ASSETS: | | | | |
| Equity in pooled cash and investments | \$12,504,694 | \$- | \$12,504,694 | \$12,268,881 |
| Accounts receivable | 1,543,626 | 19,185 | 1,562,811 | 43,930 |
| Inventories | 626,985 | - | 626,985 | 684,815 |
| Total current assets | 14,675,305 | 19,185 | 14,694,490 | 12,997,626 |
| CAPITAL ASSETS: | | | | |
| Equipment and other capital assets | 87,201,930 | 35,633 | 87,237,563 | 83,740,184 |
| Less-accumulated depreciation | (54,171,392) | (21,216) | (54,192,608) | (51,650,822) |
| Net capital assets | 33,030,538 | 14,417 | 33,044,955 | 32,089,362 |
| Total assets | \$47,705,843 | \$33,602 | \$47,739,445 | \$45,086,988 |
| LIABILITIES AND NET POSITION | | | | |
| CURRENT LIABILITIES: | | | | |
| Vouchers payable | \$1,364,919 | \$234,303 | \$1,599,222 | \$403,530 |
| Compensated absences | 44,182 | 12,761 | 56,943 | 50,710 |
| Obligations under capital lease | 601,851 | - | 601,851 | 591,028 |
| Due to other funds | - | 1,523,467 | 1,523,467 | 716,062 |
| Line of credit | 212,412 | - | 212,412 | - |
| Accounts payable | 269 | - | 269 | 262,701 |
| Total current liabilities | 2,223,633 | 1,770,531 | 3,994,164 | 2,024,031 |
| LONG-TERM LIABILITIES: | | | | |
| Compensated absences | 397,640 | 114,849 | 512,489 | 456,391 |
| Line of credit | 1,274,475 | - | 1,274,475 | - |
| Obligations under capital lease | 454,478 | - | 454,478 | 1,056,330 |
| Total long-term liabilities | 2,126,593 | 114,849 | 2,241,442 | 1,512,721 |
| Total liabilities | 4,350,226 | 1,885,380 | 6,235,606 | 3,536,752 |
| NET POSITION: | | | | |
| Net investment in capital assets | 31,974,209 | 14,417 | 31,988,626 | 30,442,004 |
| Unrestricted (deficit) | 11,381,408 | (1,866,195) | 9,515,213 | 11,108,232 |
| Total net position (deficit) | 43,355,617 | (1,851,778) | 41,503,839 | 41,550,236 |
| Total liabilities and net position | \$47,705,843 | \$33,602 | \$47,739,445 | \$45,086,988 |

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Automotive Equipment | Printing | Totals | |
|--|-------------------------|----------------------|---------------------|---------------------|
| | | | June 30, 2020 | June 30, 2019 |
| OPERATING REVENUES: | | | | |
| Charges for services | <u>\$18,790,457</u> | <u>\$2,371,426</u> | <u>\$21,161,883</u> | <u>\$22,514,353</u> |
| OPERATING EXPENSES: | | | | |
| Cost of store issuances | 3,352,961 | 699,646 | 4,052,607 | 5,328,494 |
| Personnel services | 4,412,999 | 535,458 | 4,948,457 | 4,784,172 |
| Fringe benefits | 1,786,812 | 244,322 | 2,031,134 | 2,049,353 |
| Material and supplies | 1,866,743 | 242,289 | 2,109,032 | 2,662,564 |
| Utilities | 144,823 | 12,202 | 157,025 | 204,031 |
| Operating equipment | 19,114 | 67 | 19,181 | 10,565 |
| Outside services | 822,790 | 1,673,677 | 2,496,467 | 2,746,171 |
| Depreciation | <u>5,769,251</u> | <u>3,563</u> | <u>5,772,814</u> | <u>5,830,712</u> |
| Total operating expenses | <u>18,175,493</u> | <u>3,411,224</u> | <u>21,586,717</u> | <u>23,616,062</u> |
| Operating income (loss) | <u>614,964</u> | <u>(1,039,798)</u> | <u>(424,834)</u> | <u>(1,101,709)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Interest payment on capital lease | (25,576) | - | (25,576) | (47,185) |
| Gain on disposal of assets | <u>240,633</u> | <u>-</u> | <u>240,633</u> | <u>1,035,776</u> |
| Total non-operating revenues (expenses) | <u>215,057</u> | <u>-</u> | <u>215,057</u> | <u>988,591</u> |
| Income (loss) before transfers | <u>830,021</u> | <u>(1,039,798)</u> | <u>(209,777)</u> | <u>(113,118)</u> |
| CONTRIBUTIONS AND NET TRANSFERS | | | | |
| Transfers in | 47,000 | 246,382 | 293,382 | 242,337 |
| Transfers out | <u>(130,000)</u> | <u>-</u> | <u>(130,000)</u> | <u>(2,751,686)</u> |
| Total operating transfers | <u>(83,000)</u> | <u>246,382</u> | <u>163,382</u> | <u>(2,509,349)</u> |
| Change in net position | 747,021 | (793,416) | (46,395) | (2,622,467) |
| Net position, beginning of year | <u>42,608,596</u> | <u>(1,058,362)</u> | <u>41,550,234</u> | <u>44,172,703</u> |
| Net position, end of year | <u>\$43,355,617</u> | <u>(\$1,851,778)</u> | <u>\$41,503,839</u> | <u>\$41,550,236</u> |

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | | | Totals | |
|---|-------------------------|----------------------|---------------------|---------------------|
| | Automotive Equipment | Printing | June 30, 2020 | June 30, 2019 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from interfund charges for fleet management services | \$17,259,850 | \$- | \$17,259,850 | \$19,947,082 |
| Receipts from interfund charges for print services | - | 2,383,152 | 2,383,152 | 2,529,676 |
| Payments to suppliers and providers | (5,176,909) | (2,666,313) | (7,843,222) | (12,252,538) |
| Payments to employees for salaries and benefits | (6,146,636) | (770,626) | (6,917,262) | (6,901,032) |
| Net cash provided by (used in) operating activities | <u>5,936,305</u> | <u>(1,053,787)</u> | <u>4,882,518</u> | <u>3,323,188</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | |
| Temporary loan from general fund | - | 1,523,467 | 1,523,467 | 716,062 |
| Repayment of prior year temp loan | - | (716,062) | (716,062) | (317,400) |
| Operating transfers in | 47,000 | 246,382 | 293,382 | 242,337 |
| Operating transfers out | (130,000) | - | (130,000) | (2,751,686) |
| Net cash provided by (used in) non-capital financing activities | <u>(83,000)</u> | <u>1,053,787</u> | <u>970,787</u> | <u>(2,110,687)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Principal payment on capital lease | (591,029) | - | (591,029) | (1,029,784) |
| Payment of interest on capital lease | (25,576) | - | (25,576) | (47,185) |
| Purchases of equipment | (7,229,377) | - | (7,229,377) | (8,360,485) |
| Proceeds from line of credit | 1,486,887 | - | 1,486,887 | - |
| Proceeds from sale of equipment | 741,603 | - | 741,603 | 1,658,396 |
| Net cash used in capital and related financing activities | <u>(5,617,492)</u> | <u>-</u> | <u>(5,617,492)</u> | <u>(7,779,058)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>235,813</u> | <u>-</u> | <u>235,813</u> | <u>(6,566,557)</u> |
| Cash and cash equivalents at beginning of year | <u>12,268,881</u> | <u>-</u> | <u>12,268,881</u> | <u>18,835,438</u> |
| Cash and cash equivalents at end of period | <u>\$12,504,694</u> | <u>\$-</u> | <u>\$12,504,694</u> | <u>\$12,268,881</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | |
| Operating income (loss) | \$614,964 | (\$1,039,798) | (\$424,834) | (\$1,101,709) |
| Adjustments to reconcile operating income(loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 5,769,251 | 3,563 | 5,772,814 | 5,830,712 |
| Effect of changes in operating assets and liabilities: | | | | |
| Accounts receivable | (1,530,607) | 11,726 | (1,518,881) | (37,595) |
| Inventories | 43,027 | 14,803 | 57,830 | 64,111 |
| Vouchers payables | 986,495 | (53,235) | 933,260 | (1,364,824) |
| Compensated absences | 53,175 | 9,154 | 62,329 | (67,507) |
| Net cash provided by (used in) operating activities | <u>\$5,936,305</u> | <u>(\$1,053,787)</u> | <u>\$4,882,518</u> | <u>\$3,323,188</u> |

Fiduciary Funds

Fiduciary funds are used to account for the assets received and disbursed by the County government acting in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Pension Trust Fund – to account for the operations of the Arlington Employee’s Supplemental Retirement System.

Other Post-employment Benefits (OPEB) Fund – to account for the assets held in trust by the County for the employees / beneficiaries of its OPEB plan.

Private Purpose Trust Funds:

Alexandria/Arlington Waste To Energy –Facility Monitoring Group “WTE-FMG” Trust Fund – to account for the WTE-FMG Trust Fund set up by the County and the City of Alexandria for supervision and oversight of the Waste To Energy facility.

IDA- Ballston Skating Facility Fund – to account for the Ballston Skating Facility which is funded and owned by the Arlington Industrial Development Authority.

IDA- Signature Fund – to account for the loan to the Industrial Development Authority “IDA” for the sole purpose of funding the loan agreement to Signature Theater.

Other Private Purpose Trust Funds – to account for contributions from private donors and other miscellaneous sources which are restricted for various recreational and other community service programs.

Agency Funds:

Commonwealth of Virginia Fund – to account for the collection and remittance of State taxes and fees by the County as an agency for the Commonwealth of Virginia.

Urban Area Security Initiative Fund – to account for funding provided by the U.S. Department of Homeland Security to develop and implement plans for terrorism prevention, preparedness, response and/or recovery.

Other Agency Funds – to account for contributions from private donors and other miscellaneous sources which are restricted for various recreational and other community service programs.

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
TRUST FUNDS
JUNE 30, 2020

| | Pension Trust | OPEB Trust | Total Pension and OPEB Trusts | Private Purpose Trust | | | | Total Private Purpose Trusts |
|---|------------------------|----------------------|-------------------------------|---|---------------------------------|--------------------|------------------------------|------------------------------|
| | | | | Alexadria/Arlington Waste to Energy Facility Monitoring Group | IDA - Ballston Skating Facility | IDA Signature Loan | Other Private Purpose Trusts | |
| ASSETS | | | | | | | | |
| Equity in pooled cash and investments | \$214,360,216 | \$- | \$214,360,216 | \$179,902 | \$2,160,271 | \$- | \$17,253 | \$2,357,426 |
| Contributions receivable: | | | | | | | | |
| Employer | 1,611,553 | - | 1,611,553 | - | - | - | - | - |
| Employee | 375,163 | - | 375,163 | - | - | - | - | - |
| Accrued interest and other receivables | 1,403,919 | - | 1,403,919 | - | 476,813 | 3,734,953 | - | 4,211,766 |
| Capital assets, net | - | - | - | - | 20,202,522 | - | - | 20,202,522 |
| Investments, at fair value: | | | | | | | | |
| Foreign, municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds | 97,928,865 | 57,589,507 | 155,518,372 | - | - | - | - | - |
| Corporate fixed income obligations | 137,485,294 | - | 137,485,294 | - | - | - | - | - |
| Domestic and foreign equities, including equities in pooled funds | 500,705,110 | 106,951,941 | 607,657,051 | - | - | - | - | - |
| Other investments | 121,087,309 | - | 121,087,309 | - | - | - | - | - |
| Real estate funds | 4,129,875 | - | 4,129,875 | - | - | - | - | - |
| Pooled equity | 973,193,748 | - | 973,193,748 | - | - | - | - | - |
| Pooled fixed income | 477,258,969 | - | 477,258,969 | - | - | - | - | - |
| Total assets | 2,529,540,021 | 164,541,448 | 2,694,081,469 | 179,902 | 22,839,606 | 3,734,953 | 17,253 | 26,771,714 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Loss on refunding bonds, net | - | - | - | - | 157,080 | - | - | 157,080 |
| LIABILITIES | | | | | | | | |
| Accounts payable and accrued liabilities | 2,304,495 | - | 2,304,495 | 4,143 | 481,813 | 3,734,953 | - | 4,220,909 |
| Bonds payable | - | - | - | - | 20,740,000 | - | - | 20,740,000 |
| Total liabilities | 2,304,495 | - | 2,304,495 | 4,143 | 21,221,813 | 3,734,953 | - | 24,960,909 |
| NET POSITION RESTRICTED FOR PLAN BENEFITS AND OTHER PURPOSES | \$2,527,235,526 | \$164,541,448 | \$2,691,776,974 | \$175,759 | \$1,774,873 | \$- | \$17,253 | \$1,967,885 |

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| | Private Purpose Trusts | | | | Total Private Purpose Trusts |
|--------------------------------------|---|------------------------------------|-----------------------|------------------------------------|------------------------------------|
| | Alexandria/Arlington Waste to Energy Facility Monitoring Group | IDA - Ballston Skating Facility | IDA Signature Loan | Other Private Purpose Trusts | |
| ADDITIONS | | | | | |
| Contributions and revenues | | | | | |
| Shared revenues | \$118,000 | \$2,368,407 | \$- | \$- | \$2,486,407 |
| Private donations-others | - | - | - | 66,374 | 66,374 |
| Total contributions | <u>118,000</u> | <u>2,368,407</u> | <u>-</u> | <u>66,374</u> | <u>2,552,781</u> |
| Investment earnings: | | | | | |
| Interest and other | 980 | 30,926 | 37,996 | - | 69,902 |
| Total investment earnings | <u>980</u> | <u>30,926</u> | <u>37,996</u> | <u>-</u> | <u>69,902</u> |
| Less investment expenses | - | 1,163,407 | 37,996 | - | 1,201,403 |
| Net investment earnings/(loss) | <u>980</u> | <u>(1,132,481)</u> | <u>-</u> | <u>-</u> | <u>(1,131,501)</u> |
| Total additions | <u>118,980</u> | <u>1,235,926</u> | <u>-</u> | <u>66,374</u> | <u>1,421,280</u> |
| DEDUCTIONS | | | | | |
| Administrative expenses/other | 91,792 | 661,101 | - | 86,148 | 839,041 |
| Total deductions | <u>91,792</u> | <u>661,101</u> | <u>-</u> | <u>86,148</u> | <u>839,041</u> |
| Change in net position | <u>27,188</u> | <u>574,825</u> | <u>-</u> | <u>(19,774)</u> | <u>582,239</u> |
| Net position - beginning of the year | <u>148,571</u> | <u>1,200,048</u> | <u>-</u> | <u>37,027</u> | <u>1,385,646</u> |
| Net position - ending of the year | <u>\$175,759</u> | <u>\$1,774,873</u> | <u>\$-</u> | <u>\$17,253</u> | <u>\$1,967,885</u> |

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Pension Trust | OPEB Trust | June 30, 2020 | June 30, 2019 |
|---|------------------------|----------------------|------------------------|------------------------|
| ADDITIONS: | | | | |
| Employer contributions | \$59,878,931 | \$6,500,000 | \$66,378,931 | \$63,677,112 |
| Members' contributions | 14,664,853 | - | 14,664,853 | 13,008,727 |
| Other contributions | 6,912 | 52,745 | 59,657 | 71,219 |
| Investment income: | | | | |
| Interest and dividends | 28,077,521 | 7,461,970 | 35,539,491 | 43,394,814 |
| Net appreciation in fair value | 135,178,969 | (121,779) | 135,057,190 | 128,829,537 |
| Gross income from securities lending | 222,772 | - | 222,772 | 264,567 |
| Bank fees and income/expenses from securities lending | (56,395) | - | (56,395) | (66,239) |
| Investment expense | (6,586,798) | - | (6,586,798) | (5,730,389) |
| Total Additions | 231,386,765 | 13,892,936 | 245,279,701 | 243,449,348 |
| DEDUCTIONS: | | | | |
| Members' benefits | 114,598,243 | - | 114,598,243 | 109,604,861 |
| Refund of members' contributions | 863,267 | - | 863,267 | 1,215,026 |
| Administrative expenses | 936,789 | - | 936,789 | 849,945 |
| Other consulting expenses | 1,040,728 | 52,745 | 1,093,473 | 1,061,709 |
| Total Deductions | 117,439,027 | 52,745 | 117,491,772 | 112,731,541 |
| Net Increase | 113,947,738 | 13,840,191 | 127,787,929 | 130,717,807 |
| Net Position Held in Trust for Plan Benefits, beginning of year | 2,413,287,788 | 150,701,257 | 2,563,989,045 | 2,433,271,238 |
| Net Position Held in Trust for Plan Benefits, end of year: | <u>\$2,527,235,526</u> | <u>\$164,541,448</u> | <u>\$2,691,776,974</u> | <u>\$2,563,989,045</u> |

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2020

| | Commonwealth of Virginia | Urban Area Security Initiative | Other Agency Funds | Total Agency Funds |
|--|--------------------------------|-----------------------------------|--------------------------|--------------------------|
| ASSETS | | | | |
| Equity in pooled cash and investments | \$65,692 | \$258,518 | \$24,424,647 | \$24,748,857 |
| Receivable from other governments | - | - | 33,156 | 33,156 |
| Total assets | <u>65,692</u> | <u>258,518</u> | <u>24,457,803</u> | <u>24,782,013</u> |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | <u>65,692</u> | <u>258,518</u> | <u>24,457,803</u> | <u>24,782,013</u> |
| Total liabilities | <u>65,692</u> | <u>258,518</u> | <u>24,457,803</u> | <u>24,782,013</u> |
| NET POSITION | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> |

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|--|-------------------------|--------------------|--------------------|--------------------------|
| <u>Commonwealth of Virginia</u> | | | | |
| ASSETS: | | | | |
| Equity in pooled cash and investments | \$69,130 | \$- | \$3,438 | \$65,692 |
| Receivable from other governments | - | - | - | - |
| Total assets | <u>\$69,130</u> | <u>\$-</u> | <u>\$3,438</u> | <u>\$65,692</u> |
| LIABILITIES: | | | | |
| Accounts payable and accrued liabilities | \$69,130 | \$1,119 | \$4,557 | \$65,692 |
| Total liabilities | <u>\$69,130</u> | <u>\$1,119</u> | <u>\$4,557</u> | <u>\$65,692</u> |
| <u>Urban Area Security Initiative</u> | | | | |
| ASSETS: | | | | |
| Equity in pooled cash and investments | \$258,518 | \$- | \$- | \$258,518 |
| Total assets | <u>\$258,518</u> | <u>\$-</u> | <u>\$-</u> | <u>\$258,518</u> |
| LIABILITIES: | | | | |
| Accounts payable and accrued liabilities | \$258,518 | \$- | \$- | \$258,518 |
| Total liabilities | <u>\$258,518</u> | <u>\$-</u> | <u>\$-</u> | <u>\$258,518</u> |
| <u>Other Agency Fund</u> | | | | |
| ASSETS: | | | | |
| Equity in pooled cash and investments | \$22,604,916 | \$7,889,630 | \$6,069,899 | \$24,424,647 |
| Receivable from other governments | 178,250 | 33,156 | 178,250 | 33,156 |
| Total assets | <u>\$22,783,166</u> | <u>\$7,922,786</u> | <u>\$6,248,149</u> | <u>\$24,457,803</u> |
| LIABILITIES: | | | | |
| Accounts payable and accrued liabilities | \$22,783,166 | \$5,593,428 | \$3,918,791 | \$24,457,803 |
| Total liabilities | <u>\$22,783,166</u> | <u>\$5,593,428</u> | <u>\$3,918,791</u> | <u>\$24,457,803</u> |
| <u>Total All Agency Funds</u> | | | | |
| ASSETS: | | | | |
| Equity in pooled cash and investments | \$22,932,564 | \$7,889,630 | \$6,073,337 | \$24,748,857 |
| Receivable from other governments | 178,250 | 33,156 | 178,250 | 33,156 |
| Total assets | <u>\$23,110,814</u> | <u>\$7,922,786</u> | <u>\$6,251,587</u> | <u>\$24,782,013</u> |
| LIABILITIES: | | | | |
| Accounts payable and accrued liabilities | \$23,110,814 | \$5,594,547 | \$3,923,348 | \$24,782,013 |
| Total liabilities | <u>\$23,110,814</u> | <u>\$5,594,547</u> | <u>\$3,923,348</u> | <u>\$24,782,013</u> |



Discretely Presented Component Unit – Schools

School Operating Fund – to account for the general operations of the County’s public school system. Financing is provided primarily by transfers from the General Fund and from State and Federal grants to be used only for education programs.

School Food and Nutrition Services Fund – to account for the operations of the School food services programs for student meals. Revenue is provided by fees, State financing and other miscellaneous sources to be used for School food service operations.

School Community Activities Fund – to account for the operations of various community service programs, which include aquatic centers and day care facilities. Financing is provided primarily by General Fund transfers and fees collected for specific activities.

School Special Grant/ Debt Service Funds - to account for the operations of various special school programs, which are financed by limited term grants under State and Federal aid programs. Debt Service expenditures for the payment of principal and interest on school bonds are also accounted for in these funds.

School Capital Project Funds – to account for purchase and /or construction of major capital facilities for the schools. The capital projects which are financed under the County’s Pay-As-You-go Capital Programs are accounted for in the School Capital Projects Pay-As-You-Go Fund. As required by law, a separate fund, the School Capital Projects Bond Fund, is used to account for the capital project expenditures financed by the proceeds of general obligation bonds.

School Comprehensive Services Act Fund – to account for expenditures for at-risk youth by the Department of Human Services- Foster Care, Juvenile and Domestic Relations District Court and the Schools. The State reimburses 55% of these expenditures.

Arlington County School Board Retiree Welfare Benefit Plan Trust – to account for the assets held in trust by the School Board for the employees / beneficiaries of its OPEB plan.

School Agency Funds – to account for student activity funds held in a fiduciary capacity.

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Governmental Funds | | | | | | | Totals | | |
|---|-----------------------|--------------------------------------|----------------------------------|----------------------------|-----------------------------------|--|--------------------------|-----------------------------------|----------------------|----------------------|
| | School Operating Fund | School Food & Nutrition Service Fund | School Community Activities Fund | School Special Grants Fund | School Capital Projects Bond Fund | School Capital Projects (Pay-as-you go Fund) | School Debt Service Fund | School Comprehensive Services Act | June 30, 2020 | June 30, 2019 |
| ASSETS | | | | | | | | | | |
| Equity in pooled cash and investment: | \$28,379,914 | \$4,639,410 | \$- | \$3,017,355 | \$62,850,466 | \$28,165,912 | \$- | \$- | \$127,053,057 | \$174,851,747 |
| Petty cash | - | 340 | 375 | - | - | - | - | - | 715 | 1,065 |
| Accounts receivable | 5,573,656 | 596,383 | 489,471 | 3,021,511 | - | - | - | - | 9,681,021 | 17,358,211 |
| Due from other funds | - | - | - | - | - | - | - | - | - | - |
| Due from primary government | 69,012,435 | - | 577,283 | - | - | 15,797,271 | - | 2,700 | 85,389,689 | 103,449,970 |
| Inventories and other assets | 95,685 | 183,594 | - | - | - | - | - | - | 279,279 | 189,063 |
| Total assets | \$103,061,690 | \$5,419,727 | \$1,067,129 | \$6,038,866 | \$62,850,466 | \$43,963,183 | \$- | \$2,700 | \$222,403,761 | \$295,850,056 |
| LIABILITIES AND FUND BALANCES | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | |
| Accrued salaries payable | \$58,407,555 | \$377,457 | \$691,872 | \$1,242,932 | \$- | \$90 | \$- | \$- | \$60,719,906 | \$58,323,262 |
| Vouchers payable | 2,745,940 | 137,023 | 94,705 | 150,381 | 5,369,866 | 2,024,467 | - | 2,700 | 10,525,082 | 23,416,414 |
| Contracts payable - retainage | - | - | - | - | 3,398,961 | - | - | - | 3,398,961 | 6,746,752 |
| Other liabilities | 6,820,389 | - | - | 51,314 | - | - | - | - | 6,871,703 | 6,196,900 |
| Deferred revenue | 99,972 | - | - | - | - | - | - | - | 99,972 | 728,588 |
| Due to other funds | - | - | - | - | - | - | - | - | - | - |
| Due to primary government | - | - | - | - | - | - | - | - | - | 1,153,681 |
| Total liabilities | 68,073,856 | 514,480 | 786,577 | 1,444,627 | 8,768,827 | 2,024,557 | \$- | 2,700 | \$81,615,624 | 96,565,597 |
| FUND BALANCES | | | | | | | | | | |
| Non spendable: | | | | | | | | | | |
| Inventory | - | 183,594 | - | - | - | - | - | - | 183,594 | 65,361 |
| Restricted for: | | | | | | | | | | |
| Capital projects | - | - | - | - | 41,692,751 | 38,229,890 | - | - | 79,922,641 | 129,085,720 |
| Grants | - | - | - | 4,594,239 | - | - | - | - | 4,594,239 | 5,074,348 |
| Committed to: | | | | | | | | | | |
| Incomplete projects | 6,607,920 | 816,516 | 280,552 | - | 12,388,888 | 3,708,736 | - | - | 23,802,612 | 27,351,735 |
| Next years' School budget | 19,974,087 | - | - | - | - | - | - | - | 19,974,087 | 15,149,258 |
| Assigned to: | | | | | | | | | | |
| Operating reserve | - | 3,905,137 | - | - | - | - | - | - | 3,905,137 | 5,420,295 |
| Unfunded liabilities | 2,000,000 | - | - | - | - | - | - | - | 2,000,000 | 2,000,000 |
| Subsequent years' debt service | 414,474 | - | - | - | - | - | - | - | 414,474 | 684,474 |
| Health insurance reserve | 1,000,000 | - | - | - | - | - | - | - | 1,000,000 | 1,000,000 |
| Future year budget reserve | (233,182) | - | - | - | - | - | - | - | (233,182) | 10,941,029 |
| VRS reserve | 1,412,239 | - | - | - | - | - | - | - | 1,412,239 | 2,512,239 |
| Compensation reserve | 3,812,296 | - | - | - | - | - | - | - | 3,812,296 | 0 |
| Total fund balances | 34,987,834 | 4,905,247 | 280,552 | 4,594,239 | 54,081,639 | 41,938,626 | - | - | 140,788,137 | 199,284,459 |
| Total liabilities and fund balance | \$103,061,690 | \$5,419,727 | \$1,067,129 | \$6,038,866 | \$62,850,466 | \$43,963,183 | \$- | \$2,700 | \$222,403,761 | \$295,850,056 |

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE FUND BALANCES OF COMPONENT UNIT - SCHOOLS TO
 NET POSITION OF COMPONENT UNIT - SCHOOLS
 JUNE 30, 2020

| | |
|--|-----------------------------|
| Total-component unit-Schools' fund balances | \$140,788,137 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds | 816,786,497 |
| Net OPEB liabilities are not due and payable in the current period and are not reported in the funds | (200,285,756) |
| Deferred outflows of resources from pensions are not available to pay for current period expenditures and are not reported in the funds | 114,745,326 |
| Deferred outflows of resources from OPEB are not available to pay for current period expenditures and are not reported in the funds | 37,043,595 |
| Net pension liabilities are not due and payable in the current period and are not reported in the funds | (488,832,138) |
| Deferred inflows of resources from pension are not due and payable in the current period and are not reported in the funds | (45,263,260) |
| Deferred inflows of resources from OPEB are not due and payable in the current period and are not reported in the funds | (13,858,305) |
| Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds | <u>(50,926,425)</u> |
| Net position of component unit - Schools | <u><u>\$310,197,671</u></u> |

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2020
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | Governmental Funds | | | | | | | Totals | | |
|--|-----------------------|--------------------------------------|----------------------------------|----------------------------|-----------------------------------|--|--------------------------|-----------------------------------|---------------|---------------|
| | School Operating Fund | School Food & Nutrition Service Fund | School Community Activities Fund | School Special Grants Fund | School Capital Projects Bond Fund | School Capital Projects (Pay-as-you-go) Fund | School Debt Service Fund | School Comprehensive Services Act | June 30, 2020 | June 30, 2019 |
| REVENUES: | | | | | | | | | | |
| Sales tax | \$ 30,735,856 | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$ 30,735,856 | \$ 28,417,611 |
| State/local government | 44,418,410 | 129,135 | - | 4,050,478 | - | - | - | 2,004,978 | 50,603,001 | 47,637,761 |
| Federal | 3,755,787 | 5,072,292 | - | 10,857,334 | - | - | - | - | 19,685,413 | 20,605,161 |
| Charges for services | 3,392,247 | 3,791,707 | 10,214,959 | 1,931,185 | - | - | - | - | 19,330,098 | 24,216,473 |
| Use of money and property | - | 93,418 | - | - | 1,482,802 | - | - | - | 1,576,220 | 2,561,957 |
| Total revenues | 82,302,300 | 9,086,552 | 10,214,959 | 16,838,997 | 1,482,802 | - | - | 2,004,978 | 121,930,588 | 123,438,963 |
| EXPENDITURES: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| Community Activities | - | - | 16,525,888 | - | - | - | - | - | 16,525,888 | 17,737,366 |
| Education | 532,554,387 | 9,694,414 | - | 17,319,106 | - | - | - | 4,372,105 | 563,940,012 | 548,327,485 |
| Capital projects | - | - | - | - | 33,597,353 | 30,399,656 | - | - | 63,997,009 | 125,257,196 |
| Debt service: | | | | | | | | | | |
| Principal | - | - | - | - | - | - | 37,971,714 | - | 37,971,714 | 40,309,215 |
| Interest | - | - | - | - | - | - | 21,208,746 | - | 21,208,746 | 18,200,253 |
| Total expenditures | 532,554,387 | 9,694,414 | 16,525,888 | 17,319,106 | 33,597,353 | 30,399,656 | 59,180,460 | 4,372,105 | 703,643,369 | 749,831,515 |
| Excess (deficiency) of revenues over (under) expenditures | (450,252,087) | (607,862) | (6,310,929) | (480,109) | (32,114,551) | (30,399,656) | (59,180,460) | (2,367,127) | (581,712,781) | (626,392,552) |
| Other financing sources(uses): | | | | | | | | | | |
| Transfers in | 444,245,700 | - | 6,330,579 | - | - | 8,327,250 | 58,877,372 | 2,367,127 | 520,148,028 | 498,158,376 |
| Transfers out | - | - | - | - | (1,482,802) | - | - | - | (1,482,802) | (5,003,864) |
| Interfund transfers | (4,928,272) | 8,822 | - | - | - | 4,616,362 | 303,088 | - | - | - |
| Bond proceeds | - | - | - | - | - | - | - | - | - | 73,940,146 |
| Proceeds from line of credit | 4,551,233 | - | - | - | - | - | - | - | 4,551,233 | 5,139,346 |
| Total other financing sources(uses) | 443,868,661 | 8,822 | 6,330,579 | - | (\$1,482,802) | 12,943,612 | 59,180,460 | 2,367,127 | 523,216,459 | 572,234,004 |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses | (6,383,426) | (599,040) | 19,650 | (480,109) | (33,597,353) | (17,456,044) | - | - | (58,496,322) | (54,158,548) |
| FUND BALANCES, beginning of year | 41,371,260 | 5,504,287 | 260,902 | 5,074,348 | 87,678,992 | 59,394,670 | - | - | 199,284,459 | 253,443,007 |
| FUND BALANCES, end of year | \$34,987,834 | \$4,905,247 | \$280,552 | \$4,594,239 | \$54,081,639 | \$41,938,626 | \$- | \$- | \$140,788,137 | \$199,284,459 |

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - COMPONENT UNIT-SCHOOLS
TO STATEMENT OF ACTIVITIES - COMPONENT UNIT SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - component unit-Schools (\$58,494,322)

Amounts reported for governmental activities in the Statement
of Activities are different because:

Governmental funds report capital outlays as expenditures
while governmental activities report depreciation expense
to allocate those expenditures over the life of the assets.

| | | |
|---------------------------|---------------------|------------|
| Add: Capital acquisitions | \$72,800,984 | |
| Less Depreciation expense | <u>(30,023,076)</u> | 42,777,908 |

Lease proceeds provide current financial resources to the
governmental funds, but capital leases increases long-term
liabilities in the Statement of Net Position. Repayment of
capital leases is an expenditure in the governmental funds,
but the repayment reduces long term liabilities in the
Statement of Net Position.

| | | |
|------------------------------------|--------------------|-------------|
| Add: Repayment of capital leases | 1,814,105 | |
| Less: Proceeds from capital leases | <u>(4,551,233)</u> | (2,737,128) |

OPEB expenses

| | | |
|--|--------------------|-------------|
| Add: FY 2020 OPEB contributions deferred | 5,647,956 | |
| Less: OPEB expense | <u>(8,044,656)</u> | (2,396,700) |

Pension expenses

| | | |
|---|---------------------|--------------|
| Add: FY 2020 pension contributions deferred | 49,450,924 | |
| Less: Pension expense | <u>(59,669,144)</u> | (10,218,220) |

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and
are not reported as expenditures in governmental funds
such as compensated absences

(1,387,938)

Change in net position of component unit-Schools

(\$32,456,400)

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2020

| | School Operating Fund | | | School Food & Nutrition Service Fund | | | School Community Activities Fund | | |
|---|-----------------------|----------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------------------|----------------------------------|--------------------|-------------------------------------|
| | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) | Budget | Actual | Variance- Positive (Negative) |
| REVENUES: | | | | | | | | | |
| Sales tax | \$30,377,851 | \$30,735,856 | \$358,005 | \$- | \$- | \$- | \$- | \$- | \$- |
| Intergovernmental | | | | | | | | | |
| State | 44,585,780 | 44,418,410 | (167,370) | 188,000 | 129,135 | (58,865) | - | - | - |
| Federal | 800,000 | 3,755,787 | 2,955,787 | 5,550,000 | 5,072,292 | (477,708) | - | - | - |
| Charges for services | 4,016,800 | 3,392,247 | (624,553) | 4,801,178 | 3,791,707 | (1,009,471) | 14,119,568 | 10,214,959 | (3,904,609) |
| Use of money and property | - | - | - | - | 93,418 | 93,418 | - | - | - |
| Total revenues | <u>79,780,431</u> | <u>82,302,300</u> | <u>2,521,869</u> | <u>10,539,178</u> | <u>9,086,552</u> | <u>(1,452,626)</u> | <u>14,119,568</u> | <u>10,214,959</u> | <u>(3,904,609)</u> |
| EXPENDITURES: | | | | | | | | | |
| Education | 570,736,662 | 532,554,387 | 38,182,275 | 10,746,631 | 9,694,414 | 1,052,217 | - | - | - |
| Community Activities | - | - | - | - | - | - | 20,505,775 | 16,525,888 | 3,979,887 |
| Capital projects | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - | - | - | - |
| Total expenditures | <u>570,736,662</u> | <u>532,554,387</u> | <u>38,182,275</u> | <u>10,746,631</u> | <u>9,694,414</u> | <u>1,052,217</u> | <u>20,505,775</u> | <u>16,525,888</u> | <u>3,979,887</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(490,956,231)</u> | <u>(450,252,087)</u> | <u>40,704,144</u> | <u>(207,453)</u> | <u>(607,862)</u> | <u>(400,409)</u> | <u>(6,386,207)</u> | <u>(6,310,929)</u> | <u>75,278</u> |
| Other financing sources(uses): | | | | | | | | | |
| Transfers in | 471,642,163 | 444,245,700 | (27,396,463) | - | - | - | 6,125,305 | 6,330,579 | 205,274 |
| Transfers out | - | - | - | - | - | - | - | - | - |
| Interfund transfers | (4,928,272) | (4,928,272) | - | 8,822 | 8,822 | - | - | - | - |
| Proceeds from lLease | - | 4,551,233 | 4,551,233 | - | - | - | - | - | - |
| Total other financing sources(uses) | <u>466,713,891</u> | <u>443,868,661</u> | <u>(22,845,230)</u> | <u>8,822</u> | <u>8,822</u> | <u>-</u> | <u>6,125,305</u> | <u>6,330,579</u> | <u>205,274</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses | <u>(24,242,340)</u> | <u>(6,383,426)</u> | <u>17,858,914</u> | <u>(198,631)</u> | <u>(599,040)</u> | <u>(400,409)</u> | <u>(260,902)</u> | <u>19,650</u> | <u>280,552</u> |
| FUND BALANCES, beginning of year | <u>41,371,260</u> | <u>41,371,260</u> | <u>-</u> | <u>5,504,287</u> | <u>5,504,287</u> | <u>-</u> | <u>260,902</u> | <u>260,902</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$17,128,920</u> | <u>\$34,987,834</u> | <u>\$17,858,914</u> | <u>\$5,305,656</u> | <u>\$4,905,247</u> | <u>(\$400,409)</u> | <u>\$-</u> | <u>\$280,552</u> | <u>\$280,552</u> |

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2020

| | School Special Grants Fund | | | School Debt Service Fund | | | School Capital Projects Bond Fund | | |
|--|----------------------------|--------------------|------------------------------|--------------------------|---------------------|------------------------------|-----------------------------------|---------------------|------------------------------|
| | Budget | Actual | Variance-Positive (Negative) | Budget | Actual | Variance-Positive (Negative) | Budget | Actual | Variance-Positive (Negative) |
| REVENUES: | | | | | | | | | |
| Sales tax | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- | \$- |
| Intergovernmental | | | | | | | | | |
| State | 3,450,328 | 4,050,478 | 600,150 | - | - | - | - | - | - |
| Federal | 11,706,478 | 10,857,334 | (849,144) | - | - | - | - | - | - |
| Charges for services | 2,323,725 | 1,931,185 | (392,540) | - | - | - | - | - | - |
| Use of money and property | - | - | - | - | - | - | - | 1,482,802 | 1,482,802 |
| Total revenues | <u>17,480,531</u> | <u>16,838,997</u> | <u>(641,534)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,482,802</u> | <u>1,482,802</u> |
| EXPENDITURES: | | | | | | | | | |
| Education | 22,554,879 | 17,319,106 | 5,235,773 | - | - | - | - | - | - |
| Community Activities | - | - | - | - | - | - | - | - | - |
| Capital projects | - | - | - | - | - | - | 87,678,992 | 33,597,353 | 54,081,639 |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | 37,658,215 | 37,971,714 | (313,499) | - | - | - |
| Interest and fiscal charges | - | - | - | 21,502,348 | 21,208,746 | 293,602 | - | - | - |
| Total expenditures | <u>22,554,879</u> | <u>17,319,106</u> | <u>5,235,773</u> | <u>59,160,563</u> | <u>59,180,460</u> | <u>(19,897)</u> | <u>87,678,992</u> | <u>33,597,353</u> | <u>54,081,639</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,074,348)</u> | <u>(480,109)</u> | <u>4,594,239</u> | <u>(59,160,563)</u> | <u>(59,180,460)</u> | <u>(19,897)</u> | <u>(87,678,992)</u> | <u>(32,114,551)</u> | <u>55,564,441</u> |
| Other financing sources(uses): | | | | | | | | | |
| Transfers in | - | - | - | 58,857,475 | 58,877,372 | 19,897 | - | - | - |
| Transfers out | - | - | - | - | - | - | - | (\$1,482,802) | (1,482,802) |
| Interfund transfers | - | - | - | 303,088 | 303,088 | - | - | - | - |
| Proceeds from line of credit | - | - | - | - | - | - | - | - | - |
| Total other financing sources(uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>59,160,563</u> | <u>59,180,460</u> | <u>19,897</u> | <u>-</u> | <u>(1,482,802)</u> | <u>(1,482,802)</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses | <u>(5,074,348)</u> | <u>(480,109)</u> | <u>4,594,239</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(87,678,992)</u> | <u>(33,597,353)</u> | <u>54,081,639</u> |
| FUND BALANCES, beginning of year | <u>5,074,348</u> | <u>5,074,348</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>87,678,992</u> | <u>87,678,992</u> | <u>-</u> |
| FUND BALANCES, end of year | <u>\$-</u> | <u>\$4,594,239</u> | <u>\$4,594,239</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$54,081,639</u> | <u>\$54,081,639</u> |

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2020

| | School Capital Projects (Pay-as-you-go) Fund | | | School Comprehensive Services Act | | | Totals | | |
|--|--|--------------|------------------------------|-----------------------------------|-------------|------------------------------|---------------|---------------|------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance-Positive (Negative) |
| REVENUES: | | | | | | | | | |
| Sales tax | \$- | \$- | \$- | \$- | \$- | \$- | \$30,377,851 | \$30,735,856 | \$358,005 |
| Intergovernmental | | | | | | | | | |
| State | - | - | - | 1,985,075 | 2,004,978 | 19,903 | 50,209,183 | 50,603,001 | 393,818 |
| Federal | - | - | - | - | - | - | 18,056,478 | 19,685,413 | 1,628,935 |
| Charges for services | - | - | - | - | - | - | 25,261,271 | 19,330,098 | (5,931,173) |
| Use of money and property | - | - | - | - | - | - | - | 1,576,220 | 1,576,220 |
| Total revenues | - | - | - | 1,985,075 | 2,004,978 | 19,903 | 123,904,783 | 121,930,588 | (1,974,195) |
| EXPENDITURES: | | | | | | | | | |
| Education | - | - | - | 4,225,000 | 4,372,105 | (147,105) | 608,263,172 | 563,940,012 | 44,323,160 |
| Community Activities | - | - | - | - | - | - | 20,505,775 | 16,525,888 | 3,979,887 |
| Capital projects | 72,293,165 | 30,399,656 | 41,893,509 | - | - | - | 159,972,157 | 63,997,009 | 95,975,148 |
| Debt service: | | | | | | | | | |
| Principal | - | - | - | - | - | - | 37,658,215 | 37,971,714 | (313,499) |
| Interest and fiscal charges | - | - | - | - | - | - | 21,502,348 | 21,208,746 | 293,602 |
| Total expenditures | 72,293,165 | 30,399,656 | 41,893,509 | 4,225,000 | 4,372,105 | (147,105) | 847,901,667 | 703,643,369 | 144,258,298 |
| Excess (deficiency) of revenues over (under) expenditures | (72,293,165) | (30,399,656) | 41,893,509 | (2,239,925) | (2,367,127) | (127,202) | (723,996,884) | (581,712,781) | 142,284,103 |
| Other financing sources(uses): | | | | | | | | | |
| Transfers in | 8,282,133 | 8,327,250 | (45,117) | 2,239,925 | 2,367,127 | 127,202 | 547,147,001 | 520,148,028 | (26,998,973) |
| Transfers out | - | - | - | - | - | - | - | (1,482,802) | (1,482,802) |
| Interfund transfers | 4,616,362 | 4,616,362 | - | - | - | - | - | - | - |
| Proceeds from Lease | - | - | - | - | - | - | - | 4,551,233 | 4,551,233 |
| Total other financing sources(uses) | 12,898,495 | 12,943,612 | (45,117) | 2,239,925 | 2,367,127 | 127,202 | 547,147,001 | 523,216,459 | (23,930,542) |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses | (59,394,670) | (17,456,044) | 41,938,626 | - | - | - | (176,849,883) | (58,496,322) | 118,353,561 |
| FUND BALANCES, beginning of year | 59,394,670 | 59,394,670 | - | - | - | - | 199,284,459 | 199,284,459 | - |
| FUND BALANCES, end of year | \$- | \$41,938,626 | \$41,938,626 | \$- | \$- | \$- | \$22,434,576 | \$140,788,137 | \$118,353,561 |

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF PLAN NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

| | <u>2020</u> | <u>2019</u> |
|----------------------|----------------------------|----------------------------|
| ASSETS | | |
| Cash and Investments | \$68,704,630 | \$65,513,662 |
| Accounts Receivable | - | - |
| | <u>68,704,630</u> | <u>65,513,662</u> |
| Total assets | | |
| LIABILITIES | - | - |
| NET POSITION | <u><u>\$68,704,630</u></u> | <u><u>\$65,513,662</u></u> |

EXHIBIT G-5

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 STATEMENT OF CHANGES IN PLAN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2020
 (WITH COMPARATIVE TOTALS FOR 2019)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| ADDITIONS: | | |
| Employer contributions | \$- | \$2,600,000 |
| Investment Income: | | |
| Interest and dividends | 3,243,899 | 4,192,284 |
| Net appreciation (depreciation) in fair value | <u>(52,931)</u> | <u>1,739,526</u> |
| Total additions | <u>3,190,968</u> | <u>8,531,810</u> |
| Net Increase | 3,190,968 | 8,531,810 |
| Net Position Held in Trust for Plan Benefits, beginning of year | <u>65,513,662</u> | <u>56,981,852</u> |
| Net Position Held in Trust for Plan Benefits, end of year: | | |
| Restricted | <u>\$68,704,630</u> | <u>\$65,513,662</u> |

COMBINING STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES
 AGENCY FUNDS
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD'S STUDENT ACTIVITY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

| | <u>Balance July 1, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2020</u> |
|---------------------------------------|---------------------------------|---------------------------|---------------------------|----------------------------------|
| ASSETS | | | | |
| Equity in pooled cash and investments | <u>\$3,252,106</u> | <u>\$4,284,559</u> | <u>\$4,626,358</u> | <u>\$2,910,307</u> |
| Total assets | <u><u>\$3,252,106</u></u> | <u><u>\$4,284,559</u></u> | <u><u>\$4,626,358</u></u> | <u><u>\$2,910,307</u></u> |
| LIABILITIES | | | | |
| Due to student groups | <u>\$3,252,106</u> | <u>\$-</u> | <u>\$ 341,799</u> | <u>\$2,910,307</u> |
| Total liabilities | <u><u>\$3,252,106</u></u> | <u><u>\$-</u></u> | <u><u>\$ 341,799</u></u> | <u><u>\$2,910,307</u></u> |

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Supplemental Schedules

The supplemental schedules are presented to reflect finance-related legal and contractual compliance, details of data summarized in the preceding financial statements and other information deemed useful for financial statement users in the analysis of the County's financial activities.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | Governmental Funds | | | Proprietary Funds | | Fiduciary Funds | Component Unit | Total (Memorandum Only) |
|--|--------------------|-----------------|------------------|-------------------|------------------|------------------|----------------|----------------------------|
| | General | Special Revenue | Capital Projects | Enterprise | Internal Service | Trust and Agency | Schools | |
| BALANCES, beginning of year | \$350,019,379 | \$8,437,137 | \$494,410,663 | \$71,469,747 | \$12,268,882 | \$26,461,932 | \$174,851,747 | \$1,137,919,487 |
| Receipts (net): | | | | | | | | |
| Taxes | 1,111,569,078 | 11,604,926 | 41,704,566 | - | - | - | 30,735,856 | 1,195,614,426 |
| Licenses and permits | 14,136,969 | - | - | - | - | - | - | 14,136,969 |
| Fines and forfeitures | 6,781,552 | - | - | - | - | - | - | 6,781,552 |
| Revenue from use of money and property | 19,676,879 | 7,511 | 2,381,702 | 1,135,374 | - | - | 1,576,220 | 24,777,686 |
| Charges for services | 55,568,399 | - | 6,181,110 | 134,236,188 | 21,161,883 | 71,650 | 19,330,098 | 236,549,328 |
| Miscellaneous | 7,607,277 | - | 18,971,172 | 1,512,140 | - | 5,989,429 | - | 34,080,018 |
| Intergovernmental | 110,471,837 | 25,229,995 | 9,067,246 | - | - | 8,092,392 | 70,288,414 | 223,149,884 |
| Proceeds from indebtedness | - | - | 3,220,352 | - | - | - | - | 3,220,352 |
| Proceeds from sale of assets | 4,862,630 | - | - | - | 741,603 | - | 4,551,233 | 10,155,466 |
| Total Receipts | 1,330,674,621 | 36,842,432 | 81,526,148 | 136,883,702 | 21,903,486 | 14,153,471 | 126,481,821 | 1,748,465,681 |
| Total Receipts and Balance | 1,680,694,000 | 45,279,569 | 575,936,811 | 208,353,449 | 34,172,368 | 40,615,403 | 301,333,568 | 2,886,385,168 |
| Disbursements (net): | | | | | | | | |
| Warrants(checks)issued | 705,393,715 | 34,953,482 | 214,773,287 | 108,191,230 | 21,214,451 | 17,620,188 | 633,765,277 | 1,735,911,630 |
| Retirement of indebtedness | 45,298,185 | - | - | 23,050,256 | 591,029 | - | 37,971,714 | 106,911,184 |
| Interest and other debt costs | 26,748,943 | - | - | 7,155,828 | 25,576 | - | 21,208,746 | 55,139,093 |
| Total Disbursements | 777,440,843 | 34,953,482 | 214,773,287 | 138,397,314 | 21,831,056 | 17,620,188 | 692,945,737 | 1,897,961,907 |
| Interfund Transfers: | | | | | | | | |
| Transfers in | 7,022,896 | 246,700 | 28,042,166 | (301,019) | 293,382 | 4,111,068 | 520,148,028 | 559,563,221 |
| Transfers out | (552,847,089) | (435,632) | (4,733,634) | - | (130,000) | - | (1,482,802) | (559,629,157) |
| BALANCES, end of year | \$357,428,964 | \$10,137,155 | \$384,472,056 | \$69,655,116 | \$12,504,694 | \$27,106,283 | \$127,053,057 | \$988,357,325 |

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CASH AND INVESTMENTS
ADJUSTED CASH IN BANKS (BOOK BALANCE)
JUNE 30, 2020

| | |
|--|-----------------------------|
| Assets held by the Treasurer | |
| Cash on hand | <u>\$15,000</u> |
| Cash in banks: | |
| Checking | |
| Wells Fargo | 759,080 |
| SunTrust | 350,973 |
| Citibank | 771,673 |
| Bank of America | 25,007 |
| First Va. Community Bank | 109,102 |
| John Marshall | 49,260 |
| United Bank | 29,613 |
| U. S. Bank | 4,550 |
| Total Checking Account | <u>2,099,258</u> |
| Savings : | |
| Wells Fargo | 2,104,832 |
| Bank of America | 1,879,643 |
| Total Savings Account | <u>3,984,475</u> |
| Money Markets : | |
| John Marshall Money Market - ICS | 16,570,315 |
| John Marshall Money Market | 2,000 |
| Eagle Money Market | 5,110,525 |
| First Virginia Community Bank Money Market | 6,956,235 |
| Wells Fargo Money Market | 21,193,902 |
| Sandy Spring Money Market | 5,918,128 |
| JP Morgan Chase Money Market | 45,391,759 |
| Total Money Markets | <u>101,142,864</u> |
| Total Cash in Banks | <u>107,241,597</u> |
| Investments: | |
| Held with Trustee : | |
| Corporate Notes | 158,729,241 |
| Commercial Paper | 1,995,360 |
| Federal Agency Bonds/ Notes | 101,105,936 |
| Municipal Investments | 16,096,839 |
| Total Held with Trustee | <u>277,927,376</u> |
| State Treasurer's Local Government Investment Pool | 50,226,963 |
| Virginia Investment Pool Daily Liquidity | 336,162,606 |
| State Non Arbitrage Investment Program (SNAP) | 206,832,275 |
| Total Investments | <u>871,149,220</u> |
| Total Cash and Investments held by the Treasurer | <u>978,390,817</u> |
| Assets held with Trustees | |
| Mellon- IDA Ballston Skating Facility | 2,260,271 |
| Mellon- IDA Lease Revenue Bonds | 7,480,009 |
| Total Assets held with Trustees | <u>9,740,280</u> |
| Total Cash & Investment Balances, June 30, 2020 | <u><u>\$988,131,097</u></u> |

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CASH AND INVESTMENTS
CASH IN BANKS
JUNE 30, 2020

| | |
|--|------------------------|
| Assets Held by the Treasurer | |
| Cash on Hand | <u>\$15,000</u> |
| Cash in Banks: | |
| Checking | |
| Wells Fargo | 760,656 |
| SunTrust | 350,973 |
| Citibank | 771,673 |
| Bank of America | 25,007 |
| First Va. Community Bank | 109,102 |
| John Marshall | 49,260 |
| United Bank | 28,263 |
| U. S. Bank | 4,550 |
| Total Checking Account | <u>2,099,484</u> |
| Savings: | |
| Wells Fargo | 10,599,683 |
| Bank of America | 1,879,643 |
| Total Savings Account | <u>12,479,326</u> |
| Money Markets: | |
| John Marshall Money Market - ICS | 16,570,315 |
| John Marshall Money Market | 2,000 |
| Eagle Money Market | 5,110,525 |
| First Virginia Community Bank Money Market | 6,956,235 |
| Wells Fargo Money Market | 27,179,553 |
| Sandy Spring Money Market | 5,918,128 |
| JP Morgan Chase Money Market | 45,391,759 |
| Total Money Markets | <u>107,128,514</u> |
| Total Cash in Banks | <u>121,722,325</u> |
| Investments: | |
| Held with Trustee : | |
| Corporate Notes | 158,729,241 |
| Commercial Paper | 1,995,360 |
| Federal Agency Bonds/ Notes | 101,105,937 |
| Municipal Investments | 16,096,839 |
| Total Held with Trustee | <u>277,927,376</u> |
| State Treasurer's Local Government Investment Pool | 50,226,963 |
| Virginia Investment Pool Daily Liquidity | 336,162,606 |
| State Non Arbitrage Investment Program (SNAP) | 206,832,275 |
| Total Investments | <u>871,149,220</u> |
| Total Cash and Investments held by the Treasurer | <u>992,871,545</u> |
| Assets held with Trustees | |
| Mellon- IDA Ballston Skating Facility | 2,260,272 |
| Mellon- IDA Lease Revenue Bonds | 7,480,009 |
| Total Assets held with Trustees | <u>9,740,281</u> |
| Total Cash & Investment Balances, June 30, 2020 | <u>\$1,002,611,826</u> |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2020

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Market Value</u> |
|---------------------------|--------------------------|--------------------------|-------------------------|
| Corporate Notes | | | |
| WALMART INC | 3.63% | 07/08/20 | 5,002,750 |
| AUST & NZ BANKING GRP | 2.13% | 08/19/20 | 581,241 |
| JOHNSON & JOHNSON | 2.95% | 09/01/20 | 139,619 |
| INTL BK RECON & DEVELOP | 1.63% | 09/04/20 | 3,007,050 |
| AUTOMATIC DATA PROCESSING | 2.25% | 09/15/20 | 5,011,050 |
| MICROSOFT CORP | 3.00% | 10/01/20 | 2,471,473 |
| MICROSOFT CORP | 3.00% | 10/01/20 | 95,637 |
| TORONTO DOMINION BANK | 2.05% | 10/09/20 | 2,978,550 |
| COLGATE-PALMOLIVE CO | 2.95% | 11/01/20 | 1,008,710 |
| COLGATE-PALMOLIVE CO | 2.95% | 11/01/20 | 121,045 |
| COLGATE-PALMOLIVE CO | 2.95% | 11/01/20 | 1,513,065 |
| COLGATE-PALMOLIVE CO | 2.95% | 11/01/20 | 494,268 |
| MICROSOFT CORP | 2.00% | 11/03/20 | 2,158,751 |
| MICROSOFT CORP | 2.00% | 11/03/20 | 375,522 |
| MICROSOFT CORP | 2.00% | 11/03/20 | 1,380,596 |
| MICROSOFT CORP | 2.00% | 11/03/20 | 1,606,512 |
| AUST & NZ BANKING GRP | 2.25% | 11/09/20 | 503,520 |
| AUST & NZ BANKING GRP | 2.25% | 11/09/20 | 332,323 |
| JOHNSON & JOHNSON | 1.95% | 11/10/20 | 1,535,400 |
| BAYLOR SCOTT & WHITE | 2.12% | 11/15/20 | 4,117,604 |
| BAYLOR SCOTT & WHITE | 2.12% | 11/15/20 | 500,925 |
| BAYLOR SCOTT & WHITE | 2.12% | 11/15/20 | 1,157,137 |
| BAYLOR SCOTT & WHITE | 2.12% | 11/15/20 | 265,490 |
| AUST & NZ BANKING GRP | 2.70% | 11/16/20 | 2,218,942 |
| WESTPAC BANKING CORP | 2.60% | 11/23/20 | 1,008,470 |
| WESTPAC BANKING CORP | 2.60% | 11/23/20 | 1,008,470 |
| TORONTO DOMINION BANK | 2.50% | 12/14/20 | 2,524,900 |
| TORONTO DOMINION BANK | 2.50% | 12/14/20 | 2,019,920 |
| VISA INC | 2.20% | 12/14/20 | 3,019,770 |
| VISA INC | 2.20% | 12/14/20 | 2,013,180 |
| VISA INC | 2.20% | 12/14/20 | 2,710,747 |
| VISA INC | 2.20% | 12/14/20 | 1,299,508 |
| VISA INC | 2.20% | 12/14/20 | 1,006,590 |
| PROCTER & GAMBLE | 9.36% | 01/01/21 | 395,433 |
| ROYAL BANK OF CANADA | 2.50% | 01/19/21 | 3,576,466 |
| APPLE INC | 2.25% | 02/23/21 | 3,032,940 |
| JOHNSON & JOHNSON | 1.65% | 03/01/21 | 3,024,600 |
| JOHNSON & JOHNSON | 1.65% | 03/01/21 | 2,016,400 |
| BERKSHIRE HATHAWAY INC | 2.20% | 03/15/21 | 5,059,950 |
| BERKSHIRE HATHAWAY INC | 2.20% | 03/15/21 | 2,874,052 |
| COMMONWEALTH BK AUSTR NY | 2.55% | 03/15/21 | 5,078,050 |
| TOYOTA MOTOR CREDIT CORP | 1.90% | 04/08/21 | 2,916,039 |
| ROYAL BANK OF CANADA | 3.20% | 04/30/21 | 2,047,940 |
| APPLE INC | 2.85% | 05/06/21 | 1,021,800 |
| BLACKROCK INC | 4.25% | 05/24/21 | 1,033,450 |
| WALMART INC | 3.13% | 06/23/21 | 236,410 |
| WALMART INC | 0.54% | 06/23/21 | 5,463,548 |
| TORONTO DOMINION BANK | 1.80% | 07/13/21 | 2,597,171 |
| TORONTO DOMINION BANK | 1.80% | 07/13/21 | 5,072,600 |
| APPLE INC | 1.55% | 08/04/21 | 1,308,937 |
| MICROSOFT CORP | 1.55% | 08/08/21 | 2,027,380 |
| ROYAL BANK OF CANADA | 1.42% | 02/01/22 | 6,048,837 |
| ROYAL BANK OF CANADA | 1.42% | 02/01/22 | 4,029,200 |
| JOHNSON & JOHNSON | 2.25% | 03/03/22 | 283,432 |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2020

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Market Value</u> |
|--------------------------------|--------------------------|--------------------------|-------------------------|
| NATIONAL AUSTRALIA BANK NY | 2.50% | 05/22/22 | 1,487,983 |
| NATIONAL AUSTRALIA BANK NY | 2.50% | 05/22/22 | 461,109 |
| ROYAL BANK OF CANADA | 1.00% | 06/08/22 | 2,005,200 |
| TOYOTA MOTOR CREDIT CORP | 2.13% | 06/29/22 | 9,864,100 |
| TOYOTA MOTOR CREDIT CORP | 2.13% | 11/29/22 | 9,822,600 |
| WESTPAC BANKING CORP | 1.88% | 01/11/23 | 1,366,526 |
| WESTPAC BANKING CORP | 2.00% | 01/13/23 | 517,655 |
| TORONTO DOMINION BANK | 1.39% | 01/26/23 | 4,955,000 |
| TORONTO DOMINION BANK | 0.79% | 02/15/23 | 4,903,800 |
| APPLE INC | 2.85% | 02/23/23 | 1,051,321 |
| ROYAL BANK OF CANADA | 1.15% | 05/22/23 | 1,008,000 |
| INTL BK RECON & DEVELOP | 2.05% | 01/28/25 | 5,038,100 |
| INTL BK RECON & DEVELOP | 2.05% | 01/28/25 | 1,914,478 |
| | | Total Corporate Notes | <u>158,729,241</u> |
| Government Agency Bonds | | | |
| FEDERAL HOME LOAN BANK | 1.75% | 07/24/20 | 3,002,850 |
| FEDERAL HOME LOAN MTG CORP | 2.00% | 12/11/20 | 251,898 |
| TENN VAL AUTH CPN STRIP | 0.00% | 12/15/20 | 229,372 |
| FEDERAL HOME LOAN MTG CORP | 1.70% | 01/21/22 | 5,019,600 |
| FEDERAL FARM CREDIT BANK | 1.85% | 03/03/22 | 225,414 |
| FEDERAL FARM CREDIT BANK | 1.68% | 07/15/22 | 565,299 |
| FEDERAL FARM CREDIT BANK | 2.11% | 07/22/22 | 225,207 |
| FEDERAL FARM CREDIT BANK | 2.11% | 07/22/22 | 75,069 |
| FEDERAL HOME LOAN MTG CORP | 1.80% | 07/29/22 | 2,773,075 |
| FEDERAL FARM CREDIT BANK | 1.84% | 09/09/22 | 4,308,299 |
| FEDERAL HOME LOAN MTG CORP | 0.35% | 09/22/22 | 3,973,450 |
| FEDERAL FARM CREDIT BANK | 2.00% | 09/23/22 | 5,019,100 |
| FEDERAL HOME LOAN MTG CORP | 0.34% | 12/02/22 | 1,460,015 |
| FEDERAL HOME LOAN MTG CORP | 0.40% | 12/15/22 | 1,500,090 |
| FEDERAL FARM CREDIT BANK | 1.60% | 02/10/23 | 201,158 |
| FEDERAL HOME LOAN MTG CORP | 0.40% | 03/03/23 | 2,500,250 |
| FEDERAL FARM CREDIT BANK | 1.24% | 03/10/23 | 401,608 |
| FEDERAL HOME LOAN MTG CORP | 0.45% | 03/30/23 | 2,498,200 |
| FEDERAL HOME LOAN MTG CORP | 1.15% | 04/06/23 | 2,500,350 |
| FEDERAL HOME LOAN MTG CORP | 0.45% | 06/05/23 | 3,905,664 |
| FEDERAL HOME LOAN MTG CORP | 0.43% | 06/09/23 | 1,500,405 |
| FEDERAL HOME LOAN MTG CORP | 1.70% | 07/13/23 | 825,355 |
| FEDERAL HOME LOAN MTG CORP | 1.70% | 08/10/23 | 1,001,370 |
| FEDERAL HOME LOAN MTG CORP | 1.80% | 08/10/23 | 2,003,100 |
| FEDERAL FARM CREDIT BANK | 1.99% | 08/14/23 | 936,907 |
| FEDERAL HOME LOAN BANK | 3.00% | 08/28/23 | 1,004,530 |
| FEDERAL FARM CREDIT BANK | 0.52% | 09/11/23 | 1,287,026 |
| FEDERAL FARM CREDIT BANK | 0.52% | 09/11/23 | 1,500,030 |
| FEDERAL HOME LOAN MTG CORP | 2.55% | 10/16/23 | 502,495 |
| FEDERAL FARM CREDIT BANK | 0.49% | 12/08/23 | 2,498,425 |
| FEDERAL HOME LOAN MTG CORP | 1.88% | 01/10/24 | 735,243 |
| FEDERAL HOME LOAN MTG CORP | 1.80% | 01/22/24 | 1,022,217 |
| FEDERAL HOME LOAN BANK | 1.70% | 02/26/24 | 739,564 |
| FEDERAL HOME LOAN MTG CORP | 1.50% | 02/28/24 | 2,003,300 |
| FEDERAL FARM CREDIT BANK | 0.59% | 03/25/24 | 2,497,950 |
| FEDERAL HOME LOAN BANK | 1.15% | 04/02/24 | 1,000,980 |
| FEDERAL HOME LOAN BANK | 1.15% | 04/02/24 | 5,004,900 |
| FEDERAL HOME LOAN MTG CORP | 0.60% | 06/10/24 | 1,000,040 |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2020

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Market Value</u> |
|----------------------------------|--------------------------|--------------------------|-------------------------|
| FEDERAL FARM CREDIT BANK | 0.71% | 06/17/24 | 284,917 |
| FEDERAL HOME LOAN MTG CORP | 2.05% | 07/29/24 | 2,503,075 |
| FEDERAL HOME LOAN MTG CORP | 1.82% | 08/19/24 | 3,003,330 |
| FEDERAL HOME LOAN MTG CORP | 1.75% | 09/04/24 | 100,840 |
| FEDERAL FARM CREDIT BANK | 0.72% | 09/10/24 | 1,998,280 |
| FEDERAL FARM CREDIT BANK | 0.72% | 09/10/24 | 429,630 |
| FEDERAL HOME LOAN BANK | 1.97% | 09/11/24 | 2,005,000 |
| FEDERAL FARM CREDIT BANK | 0.73% | 12/03/24 | 2,762,235 |
| FEDERAL FARM CREDIT BANK | 0.73% | 12/03/24 | 1,733,265 |
| FEDERAL HOME LOAN BANK | 2.00% | 12/11/24 | 200,674 |
| FEDERAL HOME LOAN MTG CORP | 2.00% | 12/30/24 | 1,930,266 |
| FEDERAL HOME LOAN MTG CORP | 0.77% | 01/29/25 | 300,096 |
| FEDERAL HOME LOAN BANK | 1.80% | 02/12/25 | 1,007,210 |
| FEDERAL FARM CREDIT BANK | 1.50% | 03/05/25 | 2,003,600 |
| FEDERAL FARM CREDIT BANK | 1.50% | 03/05/25 | 2,003,600 |
| FEDERAL FARM CREDIT BANK | 1.13% | 03/17/25 | 1,002,330 |
| FEDERAL FARM CREDIT BANK | 1.13% | 03/17/25 | 100,233 |
| FEDERAL HOME LOAN MTG CORP | 1.13% | 03/17/25 | 2,001,340 |
| FEDERAL HOME LOAN MTG CORP | 1.00% | 04/07/25 | 1,010,020 |
| FEDERAL HOME LOAN MTG CORP | 0.75% | 04/30/25 | 1,000,150 |
| FEDERAL HOME LOAN MTG CORP | 0.85% | 05/05/25 | 999,100 |
| FEDERAL HOME LOAN MTG CORP | 0.90% | 05/06/25 | 1,000,370 |
| FEDERAL HOME LOAN MTG CORP | 0.75% | 05/28/25 | 1,000,870 |
| FEDERAL HOME LOAN MTG CORP | 0.95% | 06/10/25 | 1,000,320 |
| FEDERAL HOME LOAN MTG CORP | 0.75% | 06/11/25 | 1,250,250 |
| FEDERAL NATIONAL MTG ASSN | 0.80% | 06/24/25 | 775,132 |
| Total Government Agency Bonds | | | <u>101,105,937</u> |
| Municipal Obligations | | | |
| FLORIDA ST HURRICANE | 3.00% | 07/01/2020 | 100,000 |
| FLORIDA ST HURRICANE | 3.00% | 07/01/2020 | 2,400,000 |
| FLORIDA ST HURRICANE | 3.00% | 07/01/2020 | 700,000 |
| FLORIDA ST HURRICANE | 3.00% | 07/01/2020 | 1,800,000 |
| UPPER OCCOQUAN VA SEWAGE AUTH | 4.25% | 07/01/2020 | 165,000 |
| UPPER OCCOQUAN VA SEWAGE AUTH | 4.25% | 07/01/2020 | 500,000 |
| VIRGINIA ST PORT AUTH CMWLTH | 2.15% | 07/01/2020 | 500,000 |
| PORTSMOUTH VA | 2.00% | 08/01/2020 | 1,751,925 |
| FLORIDA WATER POL CN | 1.85% | 01/15/2021 | 2,514,500 |
| FLORIDA ST REV BOND | 2.64% | 07/01/2021 | 1,020,630 |
| FLORIDA ST REV BOND | 2.64% | 07/01/2021 | 204,126 |
| FLORIDA ST REV BOND | 2.64% | 07/01/2021 | 1,020,630 |
| FLORIDA ST REV BOND | 2.64% | 07/01/2021 | 918,567 |
| FLORIDA ST REV BOND | 2.64% | 07/01/2021 | 464,387 |
| UPPER OCCOQUAN VA SEWAGE AUTH | 2.05% | 07/01/2021 | 504,395 |
| VIRGINIA ST PUBLIC BLDG AUTH | 4.20% | 08/01/2021 | 513,230 |
| VIRGINIA ST PUBLIC BLDG AUTH | 5.30% | 08/01/2021 | 505,705 |
| FAIRFAX CNTY VA ECON DEV AUTHFAC | 2.90% | 10/01/2021 | 513,745 |
| Total Municipal Obligations | | | <u>16,096,839</u> |
| Commercial Paper | | | |
| LLOYDS BANK | | 03/04/21 | 1,995,360 |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2020

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Market Value</u> |
|--|--------------------------|--------------------------|-------------------------|
| | | | 1,995,360 |
| TOTAL COMMERCIAL PAPER | | | |
| Money Market Funds | | | |
| EAGLE BANK | 1.89% | | 5,110,525 |
| FIRST VIRGINIA COMMUNITY BANK | 0.53% | | 6,956,235 |
| JOHN MARSHALL BANK ICS | 0.44% | | 16,570,315 |
| JOHN MARSHALL BANK | 0.05% | | 2,000 |
| JP MORGAN CHASE | 0.15% | | 45,391,759 |
| SANDY SPRING BANK | 0.24% | | 5,918,128 |
| WELLS FARGO | 0.05% | | 21,193,902 |
| | | Total Money Market Funds | 101,142,863 |
| Virginia State Non-Arbitrage Program (SNAP) | | | 206,832,275 |
| Virginia Investment Pool Daily Liquidity | | | 336,162,606 |
| STATE TREASURER'S LOCAL GOVERNMENT INVESTMENT POOL (LGIP) | | | 50,226,963 |
| TOTAL SECURITIES | | | \$972,292,084 |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| Amount Authorized and Sold | Date of Bonds | Bonds Outstanding: (Relates to total amount authorized and sold) | | Payments: (Relates to total amount authorized and sold) | |
|---|---------------------|--|---------------------|---|------------------|
| | | Interest Rate- % | Principal | Annual Amount | Maturity Date |
| General obligation debt: | | | | | |
| <u>Serviced by general fund:</u> | | | | | |
| G.O. Public improvement refunding (\$65,650,000) 8/15/09 | | | | | |
| Street & Highway | \$5,519,144 | | | | |
| Neighborhood conservation | 2,769,159 | | | | |
| Government facility bond | 653,173 | 5.00 | 1,695,615 | 1,695,615 | 08/01/20 |
| Parks and recreation | 10,466,863 | | | | |
| Fire | 1,686,726 | | | | |
| Library | 1,130,373 | | | | |
| Metro | 4,934,823 | | | | |
| | <u>\$27,160,261</u> | | <u>\$1,695,615</u> | | |
| G.O. Public improvement (\$73,415,000) 7/27/10 | | | | | |
| Street & Highway | \$7,150,000 | | | | |
| Neighborhood conservation | 6,900,000 | | | | |
| Government facility bond | 1,270,000 | 3.693 | 1,270,000 | 1,270,000 | 08/15/20 |
| Parks and recreation | 1,500,000 | 3.993 | 1,270,000 | 1,270,000 | 08/15/21 |
| Metro | 7,542,000 | 4.193 | 1,270,000 | 1,270,000 | 08/15/22 |
| | <u>\$24,362,000</u> | 4.393 | 1,270,000 | 1,270,000 | 08/15/23 |
| | | 4.593 | 1,270,000 | 1,270,000 | 08/15/24 |
| | | 4.693 | 1,270,000 | 1,270,000 | 08/15/25 |
| | | 5.301 | 6,325,000 | 1,265,000 | 08/15/26-30 |
| | | | <u>\$13,945,000</u> | | |
| G.O. Public improvement refunding (65,870,000) 7/27/10 | | | | | |
| Street & Highway | \$5,661,131 | | | | |
| Neighborhood conservation | 2,906,731 | | | | |
| Government facility bond | 1,167,608 | 5.00 | 7,087,694 | 7,087,694 | 08/15/20 |
| Parks and recreation | 11,120,617 | 5.00 | 6,995,352 | 6,995,352 | 08/15/21 |
| Fire | 1,486,736 | 3.00 | 1,639,501 | 1,639,501 | 08/15/22 |
| Library | 2,204,188 | | | | |
| Metro | 3,577,903 | | | | |
| | <u>\$28,124,914</u> | | <u>\$15,722,547</u> | | |
| G.O. Public improvement refunding (\$106,445,000) 2/22/12 | | | | | |
| Street & Highway | \$6,073,372 | | | | |
| Neighborhood conservation | 4,851,013 | 4.00/3.00 | 3,165,000 | 3,165,000 | 08/01/21 |
| Government facility bond | 959,373 | 5.00 | 11,955,000 | 11,955,000 | 08/01/22 |
| Parks and recreation | 15,124,026 | 5.00 | 9,240,000 | 9,240,000 | 08/15/23 |
| Fire Station | 1,349,591 | 5.00 | 7,175,000 | 7,175,000 | 08/15/24 |
| Library | 1,152,494 | 5.00 | 2,280,000 | 2,280,000 | 08/15/25 |
| Metro | 10,065,131 | | | | |
| | <u>\$39,575,000</u> | | <u>\$33,815,000</u> | | |
| G.O. Public improvement (\$108,140,000) 6/20/12 | | | | | |
| Street & Highway | \$6,150,000 | 5.00 | 1,957,725 | 1,957,725 | 08/15/20 |
| Neighborhood conservation | 4,000,000 | | | | |
| Government facility bond | 4,435,000 | | | | |
| Parks and recreation | 11,010,000 | | | | |
| Metro | 10,000,000 | | | | |
| | <u>\$35,595,000</u> | | <u>\$1,957,725</u> | | |
| G.O. Public improvement (\$93,975,000) 5/9/13 | | | | | |
| Street & Highway | \$11,190,000 | 5.00 | 4,970,000 | 2,485,000 | 08/01/20-21 |
| Neighborhood conservation | 4,000,000 | 4.00 | 4,960,000 | 2,480,000 | 08/01/31-32 |
| Government facility bond | 11,395,000 | | | | |
| Parks and recreation | 15,410,000 | | | | |
| Metro | 10,000,000 | | | | |
| | <u>\$51,995,000</u> | | <u>\$9,930,000</u> | | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | | |
|---|---------------------|---------|------------|---------------------|-------------|--|
| G.O. Public improvement refunding (\$30,320,000) | | 5/9/13 | | | | |
| Street & Highway | \$2,411,674 | 4.00 | 230,000 | 230,000 | 08/01/24 | |
| Neighborhood conservation | 982,015 | 5.00 | 2,830,000 | 2,830,000 | 08/01/25 | |
| Government facility bond | 380,957 | 5.00 | 4,980,000 | 4,980,000 | 08/01/26 | |
| Parks and recreation | 3,618,568 | 4.00 | 3,000,000 | 3,000,000 | 08/01/27 | |
| Fire station | 164,926 | | | | | |
| Library | 457,644 | | | | | |
| Metro | 3,024,216 | | | | | |
| | <u>\$11,040,000</u> | | | <u>\$11,040,000</u> | | |
| G.O. Public improvement refunding (\$81,255,000) | | 5/9/13 | | | | |
| Street & Highway | \$10,194,261 | | | | | |
| Neighborhood conservation | 6,878,456 | | | | | |
| Parks and recreation | 15,956,083 | 1.659 | 6,275,000 | 6,275,000 | 08/01/20 | |
| Fire station | 1,564,102 | 1.925 | 3,310,000 | 3,310,000 | 08/01/21 | |
| Library | 1,591,281 | 2.075 | 2,245,000 | 2,245,000 | 08/01/22 | |
| Metro | 8,060,817 | 2.225 | 1,345,000 | 1,345,000 | 08/01/23 | |
| | <u>\$44,245,000</u> | 2.320 | 880,000 | 880,000 | 08/01/24 | |
| | | 2.470 | 860,000 | 860,000 | 08/01/25 | |
| | | 2.620 | 635,000 | 635,000 | 08/01/26 | |
| | | | | <u>\$15,550,000</u> | | |
| G.O. Public improvement (\$64,910,000) | | 5/28/14 | | | | |
| Street & Highway | \$7,405,000 | 5.000 | 2,790,000 | 1,395,000 | 02/15/21-22 | |
| Neighborhood conservation | 5,000,000 | 3.000 | 1,395,000 | 1,395,000 | 02/15/24 | |
| Parks and recreation | 3,640,000 | 3.000 | 1,390,000 | 1,390,000 | 02/15/25 | |
| Government facility bond | 5,705,000 | 3.000 | 2,790,000 | 1,395,000 | 02/15/26-27 | |
| Metro | 5,000,000 | 3.000 | 1,395,000 | 1,395,000 | 02/15/29 | |
| | <u>\$26,750,000</u> | 3.750 | 6,950,000 | 1,390,000 | 02/15/30-34 | |
| | | | | <u>\$16,710,000</u> | | |
| G.O. Public improvement refunding (\$40,455,000) | | 5/28/14 | | | | |
| Street & Highway | \$3,177,905 | 5.000 | 1,940,000 | 1,940,000 | 08/15/21 | |
| Neighborhood conservation | 1,633,800 | 5.000 | 1,885,000 | 1,885,000 | 08/15/22 | |
| Parks and recreation | 7,423,080 | 5.000 | 8,720,000 | 4,360,000 | 08/15/23-24 | |
| Government facility bond | 2,326,465 | 5.000 | 1,875,000 | 1,875,000 | 08/15/25 | |
| Metro | 3,403,750 | 5.000 | 3,545,000 | 3,545,000 | 08/15/27 | |
| | <u>\$17,965,000</u> | | | <u>\$17,965,000</u> | | |
| G.O. Public improvement (\$77,440,000) | | 6/17/15 | | | | |
| Street & Highway | \$9,370,000 | 4.000 | 13,890,000 | 2,315,000 | 08/15/20-25 | |
| Neighborhood conservation | 3,000,000 | 3.000 | 4,630,000 | 2,315,000 | 08/15/26-27 | |
| Parks and recreation | 5,705,000 | 4.000 | 2,315,000 | 2,315,000 | 08/15/28 | |
| Government facility bond | 18,365,000 | 3.500 | 4,630,000 | 2,315,000 | 08/15/29-30 | |
| Metro | 8,000,000 | 3.500 | 2,310,000 | 2,310,000 | 08/15/31 | |
| | <u>\$44,440,000</u> | 3.750 | 6,930,000 | 2,310,000 | 08/15/32-34 | |
| | | | | <u>\$34,705,000</u> | | |
| G.O. Public improvement (\$55,200,000) | | 5/4/16 | | | | |
| Street & Highway | \$3,075,000 | 5.000 | 980,000 | 980,000 | 08/15/21 | |
| Neighborhood conservation | 4,000,000 | 5.000 | 16,520,000 | 1,180,000 | 08/15/22-35 | |
| Parks and recreation | 5,610,000 | | | | | |
| Government facility bond | 8,365,000 | | | | | |
| Metro | 1,600,000 | | | | | |
| | <u>\$22,650,000</u> | | | <u>\$17,500,000</u> | | |
| G.O. Public improvement refunding (\$161,530,000) | | 5/4/16 | | | | |
| Street & Highway | \$13,758,132 | | | | | |
| Neighborhood conservation | 9,438,268 | 3.000 | 4,370,000 | 4,370,000 | 08/15/20 | |
| Parks and recreation | 27,586,418 | 5.000 | 3,505,000 | 3,505,000 | 08/15/21 | |
| Government facility bond | 7,093,846 | 5.000 | 3,730,000 | 3,730,000 | 08/15/22 | |
| Metro | 17,419,589 | 5.000 | 3,520,000 | 3,520,000 | 08/15/23 | |
| Higher Education | 548,993 | 5.000 | 4,120,000 | 4,120,000 | 08/15/24 | |
| Fire Station | 2,524,864 | 5.000 | 6,190,000 | 6,190,000 | 08/15/25 | |
| Libraries | 519,890 | 5.000 | 8,195,000 | 8,195,000 | 08/15/26 | |
| | | 5.000 | 5,985,000 | 5,985,000 | 08/15/27 | |
| | | 2.500 | 8,970,000 | 8,970,000 | 08/15/28 | |
| | | 2.500 | 8,835,000 | 8,835,000 | 08/15/29 | |
| | | 2.500 | 7,930,000 | 7,930,000 | 08/15/30 | |
| | | 2.750 | 5,340,000 | 5,340,000 | 08/15/31 | |
| | | 2.750 | 1,655,000 | 1,655,000 | 08/15/32 | |
| | <u>\$78,890,000</u> | | | <u>\$72,345,000</u> | | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | | |
|--|----------------------|-----------|--------------------|-----------------------|--------------|--|
| G.O. Public improvement (\$185,095,000) | | 5/31/17 | | | | |
| Street & Highway | \$15,670,000 | | | | | |
| Neighborhood conservation | 9,600,000 | | | | | |
| Parks and recreation | 11,900,000 | 5.000 | 3,765,000 | 3,765,000 | 08/15/20 | |
| Government facility bond | 26,125,000 | 5.000 | 4,745,000 | 4,745,000 | 08/15/21 | |
| Metro | 46,600,000 | 2.000 | 5,720,000 | 5,720,000 | 08/15/22 | |
| | <u>\$109,895,000</u> | 5.000 | 28,600,000 | 5,720,000 | 08/15/23-27 | |
| | | 5.000 | 17,145,000 | 5,715,000 | 08/15/28-30 | |
| | | 4.000 | 34,290,000 | 5,715,000 | 08/15/31-36 | |
| | | | | <u>\$94,265,000</u> | | |
| G.O. Public improvement (\$153,555,000) | | 6/20/2018 | | | | |
| Street & Highway | \$15,210,000 | | | | | |
| Neighborhood conservation | 3,000,000 | 5.000 | 200,000 | 200,000 | 08/15/20 | |
| Parks and recreation | 6,725,000 | 5.000 | 600,000 | 600,000 | 08/15/21 | |
| Government facility bond | 18,220,000 | 5.000 | 1,000,000 | 1,000,000 | 08/15/22 | |
| Metro | 18,000,000 | 5.000 | 2,000,000 | 2,000,000 | 08/15/23 | |
| | <u>\$61,155,000</u> | 5.000 | 2,250,000 | 2,250,000 | 08/15/24 | |
| | | 5.000 | 2,500,000 | 2,500,000 | 08/15/25 | |
| | | 5.000 | 3,000,000 | 3,000,000 | 08/15/26 | |
| | | 5.000 | 3,250,000 | 3,250,000 | 08/15/27 | |
| | | 5.000 | 3,500,000 | 3,500,000 | 08/15/28 | |
| | | 5.000 | 3,750,000 | 3,750,000 | 08/15/29 | |
| | | 5.000 | 8,290,000 | 4,145,000 | 8/15/2030-31 | |
| | | 5.000 | 24,840,000 | 4,140,000 | 8/15/2032-37 | |
| | | | | <u>\$55,180,000</u> | | |
| G.O. Public improvement (\$153,555,000) | | 6/19/2019 | | | | |
| Street & Highway | \$15,210,000 | | | | | |
| Neighborhood conservation | 3,000,000 | 5.000 | 4,330,000 | 4,330,000 | 06/15/21 | |
| Parks and recreation | 6,725,000 | 5.000 | 5,420,000 | 5,420,000 | 06/15/22 | |
| Government facility bond | 18,220,000 | 5.000 | 43,320,000 | 5,415,000 | 6/15/2023-30 | |
| Metro | 18,000,000 | 4.000 | 48,735,000 | 5,415,000 | 6/15/2031-39 | |
| | <u>\$61,155,000</u> | | | | | |
| | | | | <u>\$101,805,000</u> | | |
| SUBTOTAL: | | | | <u>\$ 514,130,887</u> | | |
| FY 2004 Bond premium to be amortized | | | 442,468 | | | |
| FY 2005 Bond premium to be amortized | | | 1,054,277 | | | |
| FY 2006 Bond premium to be amortized | | | 493,305 | | | |
| FY 2007 Bond premium to be amortized | | | 157,676 | | | |
| FY 2008 Bond premium to be amortized | | | 596,600 | | | |
| FY 2010 Bond premium to be amortized | | | 469,683 | | | |
| FY 2011 Bond premium to be amortized | | | 3,552,326 | | | |
| FY 2012 Bond premium to be amortized | | | 3,875,430 | | | |
| FY 2013 Bond premium to be amortized | | | 6,885,692 | | | |
| FY 2014 Bond premium to be amortized | | | 1,709,451 | | | |
| FY 2015 Bond premium to be amortized | | | 2,561,869 | | | |
| FY 2016 Bond premium to be amortized | | | 3,890,405 | | | |
| FY 2017 Bond premium to be amortized | | | 15,033,429 | | | |
| FY 2018 Bond premium to be amortized | | | 15,419,030 | | | |
| FY 2019 Bond premium to be amortized | | | 17,476,610 | | | |
| Total GO Bonds serviced by general fund: | | | <u>587,749,138</u> | | | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | | |
|---|---------------------|-----------|-----------|----------------------|--------------|--|
| IDA Revenue bond (\$76,315,000) | | 5/9/13 | | | | |
| Refunding 2004 IDA | \$23,930,000 | | | | | |
| \$2,020 | 20,250,000 | | | | | |
| Buckingham Village 3 | \$32,135,000 | | | | | |
| | <u>\$76,315,000</u> | | | | | |
| | | 5.00/1.99 | 3,030,000 | 3,030,000 | 12/15/20 | |
| | | 5.00/2.43 | 3,040,000 | 3,040,000 | 12/15/21 | |
| | | 5.00/2.58 | 3,055,000 | 3,055,000 | 12/15/22 | |
| | | 5.00/2.73 | 3,060,000 | 3,060,000 | 12/15/23 | |
| | | 5.00/2.93 | 3,080,000 | 3,080,000 | 12/15/24 | |
| | | 3.08 | 1,955,000 | 1,955,000 | 12/15/25 | |
| | | 3.48 | 1,985,000 | 1,985,000 | 12/15/26 | |
| | | 3.48 | 2,015,000 | 2,015,000 | 12/15/27 | |
| | | 3.48 | 2,050,000 | 2,050,000 | 12/15/28 | |
| | | 4.01 | 2,085,000 | 2,085,000 | 12/15/29 | |
| | | 4.01 | 2,130,000 | 2,130,000 | 12/15/30 | |
| | | 4.01 | 2,175,000 | 2,175,000 | 12/15/31 | |
| | | 4.01 | 2,220,000 | 2,220,000 | 12/15/32 | |
| | | 4.11 | 1,205,000 | 1,205,000 | 12/15/33 | |
| | | 4.11 | 1,255,000 | 1,255,000 | 12/15/34 | |
| | | 4.11 | 1,310,000 | 1,310,000 | 12/15/35 | |
| | | 4.11 | 1,365,000 | 1,365,000 | 12/15/36 | |
| | | 4.11 | 1,420,000 | 1,420,000 | 12/15/37 | |
| | | 4.11 | 1,480,000 | 1,480,000 | 12/15/38 | |
| | | 4.11 | 1,545,000 | 1,545,000 | 12/15/39 | |
| | | 4.11 | 1,610,000 | 1,610,000 | 12/15/40 | |
| | | 4.11 | 1,675,000 | 1,675,000 | 12/15/41 | |
| | | 4.11 | 1,745,000 | 1,745,000 | 12/15/42 | |
| | | | | | | |
| | | | | <u>\$46,490,000</u> | | |
| 2017 IDA Revenue and refunding bonds (\$57,865,000) | | | | | | |
| Refunding 2009B IDA | 20,035,000 | | | | | |
| 2011 IDA | 6,115,000 | | | | | |
| Buckingham Village 3 | 31,715,000 | | | | | |
| | <u>\$57,865,000</u> | | | | | |
| | | 5.00 | 2,760,000 | 2,760,000 | 02/15/21 | |
| | | 5.00 | 2,805,000 | 2,805,000 | 02/15/22 | |
| | | 5.00 | 2,855,000 | 2,855,000 | 02/15/23 | |
| | | 5.00 | 2,900,000 | 2,900,000 | 02/15/24 | |
| | | 5.00 | 2,950,000 | 2,950,000 | 02/15/25 | |
| | | 5.00 | 2,995,000 | 2,995,000 | 02/15/26 | |
| | | 5.00 | 3,050,000 | 3,050,000 | 02/15/27 | |
| | | 5.00 | 3,105,000 | 3,105,000 | 02/15/28 | |
| | | 5.00 | 3,160,000 | 3,160,000 | 02/15/29 | |
| | | 5.00 | 3,215,000 | 3,215,000 | 02/15/30 | |
| | | 5.00 | 3,275,000 | 3,275,000 | 02/15/31 | |
| | | 5.00 | 2,790,000 | 2,790,000 | 02/15/32 | |
| | | 5.00 | 2,860,000 | 2,860,000 | 02/15/33 | |
| | | 5.00 | 2,930,000 | 2,930,000 | 02/15/34 | |
| | | 5.00 | 3,005,000 | 3,005,000 | 02/15/35 | |
| | | 5.00 | 2,680,000 | 1,340,000 | 2/15/2036-37 | |
| | | 5.00 | 8,010,000 | 1,335,000 | 2/15/2038-43 | |
| | | | | | | |
| | | | | <u>\$55,345,000</u> | | |
| Total IDA revenue bonds serviced by general fund | | | | <u>\$101,835,000</u> | | |
| Compensated absences | | | | 37,581,438 | | |
| Estimated liability for workers' compensation claims | | | | 3,889,701 | | |
| Serviced by general fund-capital leases | | | | 11,772,111 | | |
| Line of Credits | | | | 12,733,465 | | |
| Net OPEB liability | | | | <u>162,071,917</u> | | |
| Total general obligation debt serviced by general fund: | | | | 917,632,770 | | |
| Due in one year | | | | <u>(59,222,818)</u> | | |
| Total long term liabilities -general fund | | | | <u>858,409,952</u> | | |
| Serviced by School Operating Fund: | | | | | | |
| G.O. Public improvement refunding (\$65,650,000) | | 8/15/09 | | | | |
| School Improvements | <u>\$27,608,536</u> | | | | | |
| | | 5.00 | 2,544,916 | 2,544,916 | 08/01/20 | |
| | | | | | | |
| | | | | <u>\$2,544,916</u> | | |
| Schools- QSCB (\$3,380,000) | | 7/6/10 | | | | |
| School Improvements | <u>\$3,380,000</u> | | | | | |
| | | 5.31 | 1,400,000 | 200,000 | 06/01/21-27 | |
| | | | | | | |
| | | | | <u>\$1,400,000</u> | | |
| G.O. Public improvement (\$73,415,000) | | 7/27/10 | | | | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | |
|---|---------------------|-----------|-----------|---------------------|---------------|
| School Improvements | <u>\$30,703,000</u> | | | | |
| | | 3.693 | 1,535,000 | 1,535,000 | 08/15/20 |
| | | 3.993 | 1,535,000 | 1,535,000 | 08/15/21 |
| | | 4.193 | 1,535,000 | 1,535,000 | 08/15/22 |
| | | 4.393 | 1,535,000 | 1,535,000 | 08/15/23 |
| | | 4.593 | 1,535,000 | 1,535,000 | 08/15/24 |
| | | 4.693 | 1,535,000 | 1,535,000 | 08/15/25 |
| | | 5.301 | 7,675,000 | 1,535,000 | 08/15/26-30 |
| | | | | <u>\$16,885,000</u> | |
| G.O. Public improvement refunding (\$65,870,000) | | 7/27/10 | | | |
| School Improvements | <u>\$25,408,254</u> | | | | |
| | | 5.00 | 5,201,560 | 5,201,560 | 08/15/20 |
| | | 5.00 | 6,061,492 | 6,061,492 | 08/15/21 |
| | | 3.00 | 1,550,499 | 1,550,499 | 08/15/22 |
| | | 3.125 | 1,355,000 | 1,355,000 | 08/15/23 |
| | | | | <u>\$14,168,551</u> | |
| G.O. Public improvement refunding (\$106,445,000) | | 2/22/12 | | | |
| School Improvements | <u>\$39,255,000</u> | | | | |
| | | 4.00/3.00 | 3,125,000 | 3,125,000 | 08/01/21 |
| | | 5.00 | 9,015,000 | 9,015,000 | 08/01/22 |
| | | 5.00 | 7,650,000 | 7,650,000 | 08/15/23 |
| | | 5.00 | 7,525,000 | 7,525,000 | 08/15/24 |
| | | 5.00 | 3,365,000 | 3,365,000 | 08/15/25 |
| | | | 3,770,000 | 3,770,000 | 08/15/26 |
| | | | 1,740,000 | 1,740,000 | 08/15/27 |
| | | | | <u>\$36,190,000</u> | |
| G.O. Public improvement (\$108,140,000) | | 6/20/12 | | | |
| School Improvements | <u>\$65,145,000</u> | | | | |
| | | 5.00 | 3,257,275 | 3,257,275 | 08/15/20 |
| | | | | <u>\$3,257,275</u> | |
| G.O. Public improvement (\$93,975,000) | | 5/9/13 | | | |
| School Improvements | <u>\$38,380,000</u> | | | | |
| | | 5.00 | 3,840,000 | 1,920,000 | 08/01/20-21 |
| | | 4.00 | 1,920,000 | 1,920,000 | 08/01/31 |
| | | 4.00 | 1,915,000 | 1,915,000 | 08/01/32 |
| | | | | <u>\$7,675,000</u> | |
| G.O. Public improvement refunding (\$30,320,000) | | 5/9/13 | | | |
| School Improvements | <u>\$11,590,000</u> | | | | |
| | | 4.00 | 240,000 | 240,000 | 08/01/24 |
| | | 5.00 | 2,975,000 | 2,975,000 | 08/01/25 |
| | | 5.00 | 5,225,000 | 5,225,000 | 08/01/26 |
| | | 4.00 | 3,150,000 | 3,150,000 | 08/01/27 |
| | | | | <u>\$11,590,000</u> | |
| G.O. Public improvement refunding (\$81,255,000) | | 5/9/13 | | | |
| School Improvements | <u>\$33,505,000</u> | | | | |
| | | 1.659 | 3,840,000 | 3,840,000 | 08/01/20 |
| | | 1.925 | 1,655,000 | 1,655,000 | 08/01/21 |
| | | 2.075 | 1,325,000 | 1,325,000 | 08/01/22 |
| | | 2.225 | 525,000 | 525,000 | 08/01/23 |
| | | 2.320 | 925,000 | 925,000 | 08/01/24 |
| | | 2.470 | 900,000 | 900,000 | 08/01/25 |
| | | 2.620 | 670,000 | 670,000 | 08/01/26 |
| | | | | <u>\$9,840,000</u> | |
| G.O. Public improvement (\$64,910,000) | | 5/28/14 | | | |
| School Improvements | <u>\$36,460,000</u> | | | | |
| | | 5.000 | 3,650,000 | 1,825,000 | 02/15/2021-22 |
| | | 3.000 | 1,825,000 | 1,825,000 | 02/15/24 |
| | | 3.000 | 1,825,000 | 1,825,000 | 02/15/25 |
| | | 3.000 | 3,650,000 | 1,825,000 | 02/15/2026-27 |
| | | 3.000 | 1,820,000 | 1,820,000 | 02/15/29 |
| | | 3.750 | 9,100,000 | 1,820,000 | 02/15/2030-34 |
| | | | | <u>\$21,870,000</u> | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | | | |
|---|--------------|-----------|-------|----------------------|-----------|---------------|--|
| G.O. Public improvement refunding (\$40,455,000) | | 5/28/14 | | | | | |
| School Improvements | \$19,725,000 | | 5,000 | 1,170,000 | 1,170,000 | 08/15/21 | |
| | | | 5,000 | 3,135,000 | 3,135,000 | 08/15/22 | |
| | | | 5,000 | 10,170,000 | 5,085,000 | 08/15/2023-24 | |
| | | | 5,000 | 3,115,000 | 3,115,000 | 08/15/25 | |
| | | | 5,000 | 2,135,000 | 2,135,000 | 08/15/27 | |
| | | | | \$19,725,000 | | | |
| G.O. Public improvement (\$77,440,000) | | 6/17/15 | | | | | |
| School Improvements | \$30,000,000 | | 4,000 | 9,000,000 | 1,500,000 | 08/15/20-25 | |
| | | | 3,000 | 3,000,000 | 1,500,000 | 08/15/26-27 | |
| | | | 4,000 | 1,500,000 | 1,500,000 | 08/15/28 | |
| | | | 3,500 | 3,000,000 | 1,500,000 | 08/15/29-30 | |
| | | | 3,500 | 1,500,000 | 1,500,000 | 08/15/31 | |
| | | | 3,750 | 4,500,000 | 1,500,000 | 08/15/32-34 | |
| | | | | \$22,500,000 | | | |
| G.O. Public improvement (\$55,200,000) | | 5/4/16 | | | | | |
| School Improvements | \$32,550,000 | | 5,000 | 11,410,000 | 1,630,000 | 08/15/20-26 | |
| | | | 5,000 | 14,625,000 | 1,625,000 | 08/15/27-35 | |
| | | | | \$26,035,000 | | | |
| G.O. Public improvement refunding (\$161,530,000) | | 5/4/16 | | | | | |
| School Improvements | \$72,220,000 | | 3,000 | 3,370,000 | 3,370,000 | 08/15/20 | |
| | | | 5,000 | 4,140,000 | 4,140,000 | 08/15/21 | |
| | | | 5,000 | 3,810,000 | 3,810,000 | 08/15/22 | |
| | | | 5,000 | 2,120,000 | 2,120,000 | 08/15/23 | |
| | | | 5,000 | 2,935,000 | 2,935,000 | 08/15/24 | |
| | | | 5,000 | 4,155,000 | 4,155,000 | 08/15/25 | |
| | | | 5,000 | 7,460,000 | 7,460,000 | 08/15/26 | |
| | | | 5,000 | 7,135,000 | 7,135,000 | 08/15/27 | |
| | | | 2,500 | 8,685,000 | 8,685,000 | 08/15/28 | |
| | | | 2,500 | 8,555,000 | 8,555,000 | 08/15/29 | |
| | | | 2,500 | 7,225,000 | 7,225,000 | 08/15/30 | |
| | | | 2,750 | 5,180,000 | 5,180,000 | 08/15/31 | |
| | | | 2,750 | 2,755,000 | 2,755,000 | 08/15/32 | |
| | | | | \$67,525,000 | | | |
| G.O. Public improvement (\$185,095,000) | | 5/31/17 | | | | | |
| School Improvements | \$75,200,000 | | 5,000 | 7,520,000 | 3,760,000 | 08/15/20-21 | |
| | | | 2,000 | 3,760,000 | 3,760,000 | 08/15/22 | |
| | | | 5,000 | 30,080,000 | 3,760,000 | 08/15/23-30 | |
| | | | 2,000 | 22,560,000 | 3,760,000 | 08/15/31-36 | |
| | | | | \$63,920,000 | | | |
| G.O. Public improvement (\$153,555,000) | | 6/20/2018 | | | | | |
| School Improvements | \$92,400,000 | | 5,000 | 3,470,000 | 3,470,000 | 08/15/20 | |
| | | | 5,000 | 3,500,000 | 3,500,000 | 08/15/21 | |
| | | | 5,000 | 7,400,000 | 3,700,000 | 8/15/2022-23 | |
| | | | 5,000 | 4,000,000 | 4,000,000 | 08/15/24 | |
| | | | 5,000 | 4,200,000 | 4,200,000 | 08/15/25 | |
| | | | 5,000 | 4,400,000 | 4,400,000 | 08/15/26 | |
| | | | 5,000 | 4,500,000 | 4,500,000 | 08/15/27 | |
| | | | 5,000 | 30,720,000 | 5,120,000 | 8/15/2028-33 | |
| | | | 5,000 | 20,460,000 | 5,115,000 | 8/15/2034-37 | |
| | | | | \$82,650,000 | | | |
| G.O. Public improvement (\$169,480,000) | | 6/19/2019 | | | | | |
| School Improvements | \$92,400,000 | | 5,000 | 2,540,000 | 2,540,000 | 06/15/21 | |
| | | | 5,000 | 28,575,000 | 3,175,000 | 6/15/2022-30 | |
| | | | 4,000 | 9,525,000 | 3,175,000 | 6/15/2031-33 | |
| | | | 4,000 | 19,020,000 | 3,170,000 | 6/15/2034-39 | |
| | | | | \$59,660,000 | | | |
| SUB TOTAL | | | | \$467,435,742 | | | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | |
|--|-----------------------------|
| FY 2004 Bond Premium to be amortized | 290,476 |
| FY 2005 Bond Premium to be amortized | 731,795 |
| FY 2006 Bond Premium to be amortized | 174,801 |
| FY 2007 Bond Premium to be amortized | 90,023 |
| FY 2008 Bond Premium to be amortized | 963,136 |
| FY 2010 Bond Premium to be amortized | 741,451 |
| FY 2011 Bond Premium to be amortized | 2,385,839 |
| FY 2012 Bond Premium to be amortized | 6,560,817 |
| FY 2013 Bond Premium to be amortized | 4,110,768 |
| FY 2014 Bond Premium to be amortized | 2,282,557 |
| FY 2015 Bond Premium to be amortized | 1,673,617 |
| FY 2016 Bond Premium to be amortized | 5,767,388 |
| FY 2017 Bond Premium to be amortized | 10,093,930 |
| FY 2018 Bond Premium to be amortized | 13,898,217 |
| FY 2019 Bond Premium to be amortized | 10,269,639 |
| <hr/> | |
| Total serial bonds serviced by school operating fund: | \$527,470,196 |
| Compensated absences | 42,948,961 |
| Capital leases serviced by schools | - |
| Line of credits | 7,977,464 |
| Net pension liability schools | 488,832,138 |
| Net OPEB liability schools | 200,285,756 |
| <hr/> | |
| Total general obligation debt serviced by school operating fund: | 1,267,514,515 |
| Due in one year | (48,195,656) |
| Total long term liabilities - schools | <u>1,219,318,859</u> |
| <hr/> | |
| Total general obligation debt serviced by general fund and school operating fund: | <u><u>2,077,728,811</u></u> |

Serviced by utilities fund:

| | | | | | |
|--|---------------------|-------|-----------|---------------------|-------------|
| G.O. Public improvement refunding (\$65,650,000) | 8/15/09 | | | | |
| Water share | \$1,765,156 | | | | |
| Sewer share | 953,197 | | | | |
| Advanced Water Treatment | <u>8,162,851</u> | | | | |
| | <u>\$10,881,204</u> | 3.125 | 1,499,469 | 1,499,469 | 08/01/20 |
| | | | | <u>\$1,499,469</u> | |
| <hr/> | | | | | |
| G.O. Public improvement (\$73,415,000) | 7/27/10 | | | | |
| Water share | \$4,000,000 | | | | |
| Advanced Water Treatment | <u>14,350,000</u> | | | | |
| | <u>\$18,350,000</u> | 3.693 | 955,000 | 955,000 | 08/15/20 |
| | | 3.993 | 955,000 | 955,000 | 08/15/21 |
| | | 4.193 | 955,000 | 955,000 | 08/15/22 |
| | | 4.393 | 955,000 | 955,000 | 08/15/23 |
| | | 4.593 | 955,000 | 955,000 | 08/15/24 |
| | | 4.693 | 955,000 | 955,000 | 08/15/25 |
| | | 5.301 | 4,775,000 | 955,000 | 08/15/26-30 |
| | | | | <u>\$10,505,000</u> | |
| <hr/> | | | | | |
| G.O. Public improvement refunding (\$65,870,000) | 7/27/10 | | | | |
| Water share | \$1,211,039 | | | | |
| Sewer share | 1,243,833 | | | | |
| Advanced Water Treatment | <u>9,881,960</u> | 5.00 | 3,685,746 | 3,685,746 | 08/15/20 |
| | <u>\$12,336,832</u> | 5.00 | 308,156 | 308,156 | 08/15/21 |
| | | | | <u>\$3,993,902</u> | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | | | |
|---|---------------------|-----------|--|-----------|---------------------|---------------|--|
| G.O. Public improvement refunding (\$106,445,000) | | 2/22/12 | | | | | |
| Water share | \$2,696,098 | | | | | | |
| Sewer share | 2,944,245 | 4.00/3.00 | | 4,700,000 | 4,700,000 | 08/01/21 | |
| Advanced Water Treatment | 21,974,657 | 5.00 | | 5,910,000 | 5,910,000 | 08/01/22 | |
| | <u>\$27,615,000</u> | 5.00 | | 5,390,000 | 5,390,000 | 08/15/23 | |
| | | 5.00 | | 4,975,000 | 4,975,000 | 08/15/24 | |
| | | 5.00 | | 3,200,000 | 3,200,000 | 08/15/25 | |
| | | | | | <u>\$24,175,000</u> | | |
| G.O. Public improvement (\$108,140,000) | | 6/20/12 | | | | | |
| Advanced Water Treatment | <u>\$7,400,000</u> | 5.00 | | 385,000 | 385,000 | 08/15/2020 | |
| | | | | | <u>\$385,000</u> | | |
| G.O. Public improvement (\$93,975,000) | | 5/9/13 | | | | | |
| Water share | <u>\$3,600,000</u> | 5.00 | | 360,000 | 180,000 | 08/01/20-21 | |
| | | 4.00 | | 360,000 | 180,000 | 08/01/31-32 | |
| | | | | | <u>\$720,000</u> | | |
| G.O. Public improvement refunding (\$30,320,000) | | 5/9/13 | | | | | |
| Water share | \$380,262 | 4.00 | | 160,000 | 160,000 | 08/01/24 | |
| Sewer share | 422,514 | 5.00 | | 1,975,000 | 1,975,000 | 08/01/25 | |
| Advanced Water Treatment | 6,887,224 | 5.00 | | 3,465,000 | 3,465,000 | 08/01/26 | |
| | <u>\$7,690,000</u> | 4.00 | | 2,090,000 | 2,090,000 | 08/01/27 | |
| | | | | | <u>\$7,690,000</u> | | |
| G.O. Public improvement refunding (\$81,255,000) | | 5/9/13 | | | | | |
| Water share | \$697,476 | 1.659 | | 210,000 | 210,000 | 08/01/20 | |
| Sewer share | 1,641,858 | 2.225 | | 15,000 | 15,000 | 08/01/23 | |
| Advanced Water Treatment | 1,165,666 | 2.320 | | 615,000 | 615,000 | 08/01/24 | |
| | <u>\$3,505,000</u> | 2.470 | | 600,000 | 600,000 | 08/01/25 | |
| | | 2.620 | | 450,000 | 450,000 | 08/01/26 | |
| | | | | | <u>\$1,890,000</u> | | |
| G.O. Public improvement (\$64,910,000) | | 5/28/14 | | | | | |
| Water share | <u>\$1,700,000</u> | 5.000 | | 170,000 | 85,000 | 02/15/2021-22 | |
| | | 3.000 | | 85,000 | 85,000 | 02/15/24 | |
| | | 3.000 | | 85,000 | 85,000 | 02/15/25 | |
| | | 3.000 | | 170,000 | 85,000 | 02/15/2026-27 | |
| | | 3.000 | | 85,000 | 85,000 | 02/15/29 | |
| | | 3.750 | | 425,000 | 85,000 | 02/15/2030-34 | |
| | | | | | <u>\$1,020,000</u> | | |
| G.O. Public improvement refunding (\$40,455,000) | | 5/28/14 | | | | | |
| Water share | \$348,335 | 5.000 | | 325,000 | 325,000 | 08/15/21 | |
| Advanced Water Treatment | <u>\$2,416,665</u> | 5.000 | | 370,000 | 370,000 | 08/15/22 | |
| | | 5.000 | | 1,110,000 | 555,000 | 08/15/2023-24 | |
| | | 5.000 | | 370,000 | 370,000 | 08/15/25 | |
| | | 5.000 | | 590,000 | 590,000 | 08/15/27 | |
| | | | | | <u>\$2,765,000</u> | | |
| G.O. Public improvement (\$77,440,000) | | 6/17/15 | | | | | |
| Advanced Water Treatment | <u>\$3,000,000</u> | 4.000 | | 900,000 | 150,000 | 08/15/20-25 | |
| | | 3.000 | | 300,000 | 150,000 | 08/15/26-27 | |
| | | 4.000 | | 150,000 | 150,000 | 08/15/28 | |
| | | 3.500 | | 300,000 | 150,000 | 08/15/29-30 | |
| | | 3.500 | | 150,000 | 150,000 | 08/15/31 | |
| | | 3.750 | | 450,000 | 150,000 | 08/15/32-34 | |
| | | | | | <u>\$2,250,000</u> | | |

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2020

| | | | | | |
|---|---------------------|-------|-----------|-----------------------------|----------|
| G.O. Public improvement refunding (\$161,530,000) | 5/4/16 | | | | |
| Water share | \$1,987,360 | | 600,000 | 600,000 | 08/15/20 |
| Sewer share | 31,547 | 3,000 | 640,000 | 640,000 | 08/15/21 |
| Advanced Water Treatment | 8,401,093 | 5,000 | 235,000 | 235,000 | 08/15/22 |
| | <u>\$10,420,000</u> | 5,000 | 585,000 | 585,000 | 08/15/23 |
| | | 5,000 | 605,000 | 605,000 | 08/15/24 |
| | | 5,000 | 795,000 | 795,000 | 08/15/25 |
| | | 5,000 | 1,190,000 | 1,190,000 | 08/15/26 |
| | | 5,000 | 680,000 | 680,000 | 08/15/27 |
| | | 2,500 | 1,190,000 | 1,190,000 | 08/15/28 |
| | | 2,500 | 1,175,000 | 1,175,000 | 08/15/29 |
| | | 2,500 | 1,155,000 | 1,155,000 | 08/15/30 |
| | | 2,750 | 940,000 | 940,000 | 08/15/31 |
| | | 2,750 | 325,000 | 325,000 | 08/15/32 |
| | | | | <u>\$10,115,000</u> | |
| SUBTOTAL: | | | | <u>\$67,008,371</u> | |
| FY 2005 Bond premium to be amortized | | | | 121,193 | |
| FY 2007 Bond premium to be amortized | | | | 319,997 | |
| FY 2008 Bond premium to be amortized | | | | 439,688 | |
| FY 2011 Bond premium to be amortized | | | | 855,039 | |
| FY 2012 Bond premium to be amortized | | | | 767,192 | |
| FY 2013 Bond premium to be amortized | | | | 385,470 | |
| FY 2014 Bond premium to be amortized | | | | 106,353 | |
| FY 2015 Bond premium to be amortized | | | | 167,361 | |
| | | | | <u>70,170,664</u> | |
| Total serial bonds serviced by utilities fund: | | | | 70,170,664 | |
| Compensated absences - utilities fund | | | | 1,675,621 | |
| Bond and VRA interest payable - utilities fund | | | | 2,160,597 | |
| VRA loans payable | | | | <u>143,345,827</u> | |
| Total long term obligations serviced by utilities fund: | | | | 217,352,709 | |
| Compensated absences - Internal service funds | | | | 569,432 | |
| Compensated absences - CPHD Development fund | | | | 894,107 | |
| Capital leases serviced by auto equipment fund | | | | 1,056,329 | |
| Line of credits auto equipment fund | | | | <u>1,486,887</u> | |
| Subtotal: | | | | 221,359,464 | |
| Bond and mortgage interest payable | | | | 37,469,256 | |
| Mortgage payable-ballston public garage fund | | | | <u>3,429,679</u> | |
| Total business-type activities obligations: | | | | 262,258,399 | |
| Due in one year | | | | <u>(68,244,706)</u> | |
| Total business-type activities long term obligations: | | | | <u>194,013,693</u> | |
| Total long term obligations: | | | | <u><u>2,271,742,504</u></u> | |

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 JUNE 30, 2020

| FISCAL YEAR | REAL ESTATE | PERSONAL PROPERTY | TOTAL |
|----------------|-------------------------|---------------------------|---------------------------|
| 2020 | \$133,234 | \$786,223 | \$919,457 |
| 2019 | 72,818 | 365,108 | 437,926 |
| 2018 | 25,177 | 323,986 | 349,163 |
| 2017 | 167 | 205,063 | 205,230 |
| 2016 | 1,901 | 224,620 | 226,521 |
| 2015 | 2,993 | - | 2,993 |
| 2014 | 948 | - | 948 |
| 2013 | - | - | - |
| 2012 | - | - | - |
| 2011 | - | - | - |
| 2010 | - | - | - |
| 2009 | - | - | - |
| 2008 | - | - | - |
| 2007 | - | - | - |
| 2006 | - | - | - |
| 2005 | - | - | - |
| 2004 | - | - | - |
| 2003 | - | - | - |
| 2002 | - | - | - |
| 2001 | - | - | - |
| TOTAL | <u><u>\$237,238</u></u> | <u><u>\$1,905,000</u></u> | <u><u>\$2,142,238</u></u> |

NOTES:

Figures are rounded to the nearest dollar.

The amounts of delinquent real and personal property taxes receivable at June 30, 2020 are presented on the basis of the County's fiscal years during which such taxes became due.

The delinquent real estate taxes for the fiscal year consist of all taxes which were levied for the prior calendar year, and for the nineteen years preceding, which remain uncollected as of the close of the fiscal year.

The delinquent personal property taxes for the fiscal year consist of all taxes which were levied for the prior calendar year, and for the four years preceding, which remain uncollected as of the close of the fiscal year.

The amounts of delinquent taxes include the original levy and subsequent adjustment for penalties. The penalty balances for real estate and personal property taxes totaled \$16,878 and \$414,913 respectively.

ARLINGTON COUNTY, VIRGINIA
 REAL ESTATE AND PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

| Fiscal Year | Total Current Tax Levy | Current Taxes Not Collected | Current Taxes Collected | Percent of Levy Collected | Collection of Prior Year's Taxes In Current Year | Total Taxes Collected | Total Collections As % of Current Levy | Write-Offs and Adjustments | Deferred Taxes | Outstanding Delinquent Taxes | Outstanding Delinquent Taxes as % of Total Levy |
|-------------|------------------------|-----------------------------|-------------------------|---------------------------|--|-----------------------|--|----------------------------|----------------|------------------------------|---|
| 2011 | \$653,198,268 | \$2,147,274 | \$651,050,994 | 99.67% | \$3,259,661 | \$654,310,655 | 100.17% | \$924,343 | \$1,391,658 | \$3,596,781 | 0.55% |
| 2012 | 701,019,137 | 1,585,301 | 699,433,836 | 99.77% | 3,158,923 | 702,592,759 | 100.22% | 1,016,583 | 1,362,159 | 3,358,566 | 0.48% |
| 2013 | 754,569,203 | 4,983,622 | 749,585,581 | 99.34% | 2,803,775 | 752,389,356 | 99.71% | 720,244 | 2,097,357 | 3,107,347 | 0.41% |
| 2014 | 787,485,043 | 1,730,821 | 785,754,221 | 99.78% | 2,736,519 | 788,490,740 | 100.13% | 1,016,011 | 2,303,573 | 2,623,869 | 0.33% |
| 2015 | 812,023,501 | 1,379,131 | 810,644,370 | 99.83% | 2,588,689 | 813,233,059 | 100.15% | 848,789 | 2,394,515 | 2,197,169 | 0.27% |
| 2016 | 837,718,155 | 1,297,393 | 836,420,761 | 99.85% | 1,544,871 | 837,965,632 | 100.03% | 599,182 | 3,052,244 | 2,034,123 | 0.24% |
| 2017 | 868,874,581 | 1,380,080 | 867,494,501 | 99.84% | 2,194,749 | 869,689,250 | 100.09% | 903,604 | 3,158,640 | 1,964,782 | 0.23% |
| 2018 | 899,725,011 | 1,322,536 | 898,402,475 | 99.85% | 2,146,492 | 900,548,967 | 100.09% | 597,207 | 3,491,420 | 1,685,935 | 0.19% |
| 2019 | 932,328,308 | 2,502,038 | 929,826,270 | 99.73% | 1,391,166 | 931,217,436 | 99.88% | 530,237 | 3,685,987 | 1,652,718 | 0.18% |
| 2020 | 972,115,572 | 3,201,218 | 968,914,354 | 99.67% | 946,671 | 969,861,025 | 99.77% | 629,153 | 4,081,075 | 2,142,238 | 0.22% |

NOTES:

"Total Current Tax Levy" reflects current and delinquent taxes assessed in the current period less changes in the amount of deferred Real Estate taxes, plus penalties assessed for the current and prior years.

"Current Taxes Not Collected" consists of delinquent taxes plus first installment real estate taxes receivable.

"Current Taxes Collected" reflects the amount of a fiscal year's tax levy collected during each fiscal year.

"Total Taxes Collected" reflects "Current Taxes Collected" plus collection of prior year's taxes and penalties in the current year plus reimbursements from the Commonwealth for the Personal Property Tax Relief Act.

Delinquent personal property taxes are collectible for 5 years, delinquent real estate taxes for 20 years.

Source: Arlington County Treasurer's Office

ARLINGTON COUNTY, VIRGINIA
NET BOOK VALUE OF CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS SCHEDULE BY SOURCE (1)
JUNE 30, 2020

| | Governmental Funds <u>Total Cost</u> |
|--|---|
| Governmental funds capital assets: | |
| Land | \$232,684,358 |
| Infrastructure | 939,976,799 |
| Buildings | 476,174,671 |
| Furniture, fixtures and equipment | 289,691,550 |
| Construction in Progress | 237,694,583 |
| Intangibles | <u>8,975,293</u> |
| Total governmental funds capital assets | <u><u>\$2,185,197,254</u></u> |
| Investments in governmental funds' capital assets by source: | |
| General fund | \$247,697,205 |
| Special revenue funds | 135,506 |
| Capital projects funds | 1,929,834,448 |
| State literary loans | 1,680,040 |
| Donated assets | <u>5,850,055</u> |
| Total investment in general capital assets | <u><u>\$2,185,197,254</u></u> |

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2020

| FUNCTION AND ACTIVITY: | General Capital Assets | | | |
|------------------------------------|--------------------------------|-----------------------------|---------------------------|-------------------------------|
| | 6/30/2019 Beginning Balance | Additions | Deletions | 6/30/2020 Ending Balance |
| Governmental funds: | | | | |
| General Government | \$347,430,049 | \$18,632,730 | \$119 | \$366,062,660 |
| Public Safety | 121,965,960 | 5,059,062 | 220,187 | 126,804,835 |
| Environmental Services | 1,151,821,116 | 98,103,116 | 78,005 | 1,249,846,227 |
| Health and Public Welfare | 34,700,648 | 336,987 | 48,565 | 34,989,070 |
| Libraries | 30,589,131 | 75,000 | - | 30,664,131 |
| Parks and Recreation | 258,351,682 | 41,423,812 | - | 299,775,494 |
| Planning and Community Development | 69,129,842 | 7,956,857 | 31,862 | 77,054,837 |
| Total governmental funds | <u>2,013,988,428</u> | <u>171,587,564</u> | <u>378,738</u> | <u>2,185,197,254</u> |
| Internal Services Fund | | | | |
| Auto Equipment Fund | 83,740,184 | 7,229,377 | 3,731,998 | 87,237,563 |
| Total Internal Services Fund | <u>83,740,184</u> | <u>7,229,377</u> | <u>3,731,998</u> | <u>87,237,563</u> |
| Component Unit: Schools | <u>1,129,110,122</u> | <u>72,800,984</u> | <u>-</u> | <u>1,201,911,106</u> |
| Total general capital assets | <u><u>\$3,226,838,734</u></u> | <u><u>\$251,617,925</u></u> | <u><u>\$4,110,736</u></u> | <u><u>\$3,474,345,923</u></u> |

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2020

EXHIBIT S-8

| FUNCTION AND ACTIVITY: | Total | Land | Infrastructure | Buildings | Equipment | Intangibles | CIP |
|---|------------------------|----------------------|----------------------|------------------------|----------------------|--------------------|----------------------|
| General Government: | | | | | | | |
| Control- | | | | | | | |
| Legislative | \$ 1,190,662 | \$- | \$- | \$- | \$1,190,662 | \$- | \$- |
| Executive | 532,598 | - | - | - | 532,598 | - | - |
| Judicial | 7,750,928 | - | - | 1,050,170 | 5,745,848 | 899,576 | 55,334 |
| Total Control | 9,474,188 | - | - | 1,050,170 | 7,469,108 | 899,576 | 55,334 |
| Staff Agencies- | | | | | | | |
| Elections | 1,129,595 | - | - | - | 1,129,595 | - | - |
| Management and Finance | 1,610,532 | - | - | - | 1,610,532 | - | - |
| Human Resources | 414,403 | - | - | - | 331,135 | 83,268 | - |
| Office of County Attorney | 1,092,069 | - | - | - | 972,247 | 119,822 | - |
| Commissioner of the Revenue | 629,149 | - | - | - | 629,149 | - | - |
| Treasurer | 349,169 | - | - | 244,884 | 72,199 | 32,086 | - |
| Department of Technology Services | 75,878,425 | - | 15,799,056 | 991,860 | 53,907,780 | 1,979,421 | 3,200,308 |
| General government | 275,485,130 | 140,919,088 | 88,148,773 | 26,328,154 | 10,847,909 | 1,001,390 | 8,239,816.00 |
| Total Staff Agencies | 356,588,472 | 140,919,088 | 103,947,829 | 27,564,898 | 69,500,546 | 3,215,987 | 11,440,124 |
| Total General Government | 366,062,660 | 140,919,088 | 103,947,829 | 28,615,068 | 76,969,654 | 4,115,563 | 11,495,458 |
| Public Safety: | | | | | | | |
| Police | 22,880,851 | - | 958,127 | 9,837,613 | 11,166,448 | 671,523 | 247,140 |
| Fire | 82,809,006 | 5,499,264 | 32,569,290 | 7,125,394 | 37,304,061 | - | 310,997 |
| Public Safety Communications and Emergency Management | 21,114,978 | - | - | - | 16,346,769 | 794,936 | 3,973,273 |
| Total Public Safety | 126,804,835 | 5,499,264 | 33,527,417 | 16,963,007 | 64,817,278 | 1,466,459 | 4,531,410 |
| Community Services: | | | | | | | |
| Environmental Services | 1,249,846,227 | 61,503,362 | 634,204,045 | 280,862,910 | 111,622,456 | 2,390,563 | 159,262,891 |
| Health and Public Welfare | 34,989,070 | - | - | 14,127,700 | 19,476,949 | 636,104 | 748,317 |
| Libraries | 30,664,131 | - | 11,857,686 | 18,349,791 | 456,654 | - | - |
| Recreation | 299,775,494 | 22,559,339 | 105,647,651 | 102,017,417 | 15,572,369 | - | 53,978,718 |
| Community Development | 77,054,837 | 2,203,305 | 50,792,171 | 15,238,778 | 776,190 | 366,604 | 7,677,789 |
| Total Community Service | 1,692,329,759 | 86,266,006 | 802,501,553 | 430,596,596 | 147,904,618 | 3,393,271 | 221,667,715 |
| Total General Capital Assets | \$2,185,197,254 | \$232,684,358 | \$939,976,799 | \$476,174,671 | \$289,691,550 | \$8,975,293 | \$237,694,583 |
| Internal Services Fund: | | | | | | | |
| Auto Equipment Fund | \$87,237,563 | \$- | \$- | \$- | \$87,237,563 | \$- | \$- |
| Total Internal Services Fund | \$87,237,563 | \$- | \$- | \$- | \$87,237,563 | \$- | \$- |
| Component Unit: Schools | \$1,201,911,106 | \$4,697,946 | \$- | \$1,009,198,658 | \$136,666,370 | \$- | \$51,348,132 |
| Total General Capital Assets | \$3,474,345,923 | \$237,382,304 | \$939,976,799 | \$1,485,373,329 | \$513,595,483 | \$8,975,293 | \$289,042,715 |

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | 2020 | | | 2019 Actuals |
|--|------------------------|------------------------|-----------------------------------|------------------------|
| | Budget | Actual | Variance - Positive (Negative) | |
| GENERAL FUND | | | | |
| General property taxes: | | | | |
| Real estate | \$771,036,860 | \$784,070,294 | \$13,033,434 | \$745,871,152 |
| Personal | 119,052,147 | 120,480,341 | 1,428,194 | 117,994,659 |
| Total general property taxes | 890,089,007 | 904,550,635 | 14,461,628 | 863,865,811 |
| Other local taxes: | | | | |
| Business, professional and occupational license (BPOL) tax | 69,020,000 | 71,999,176 | 2,979,176 | 69,913,867 |
| Sales tax | 44,700,000 | 43,718,554 | (981,446) | 44,047,335 |
| Meals tax | 40,900,000 | 32,772,936 | (8,127,064) | 40,168,158 |
| Transient tax | 26,000,000 | 16,553,258 | (9,446,742) | 24,623,587 |
| Utility tax | 16,152,000 | 17,034,351 | 882,351 | 16,462,272 |
| Recordation, car rental and other local taxes | 24,760,000 | 24,940,168 | 180,168 | 25,545,462 |
| Total other local taxes | 221,532,000 | 207,018,443 | (14,513,557) | 220,760,681 |
| Total taxes | 1,111,621,007 | 1,111,569,078 | (51,929) | 1,084,626,492 |
| License, permits and fees | 12,382,804 | 14,136,969 | 1,754,165 | 12,150,581 |
| Fines and forfeitures | 7,155,924 | 6,781,552 | (374,372) | 7,637,315 |
| Charges for services | 64,047,399 | 55,568,399 | (8,479,000) | 62,380,067 |
| Grants: | | | | |
| State grants | 82,829,618 | 77,489,102 | (5,340,516) | 76,434,686 |
| Federal grants | 39,461,775 | 32,982,735 | (6,479,040) | 17,649,032 |
| Total grants | 122,291,393 | 110,471,837 | (11,819,556) | 94,083,718 |
| Use of money and property | 16,507,342 | 19,676,879 | 3,169,537 | 27,491,249 |
| Sale of land and buildings | 4,015,000 | 4,862,630 | 847,630 | 1,941,814 |
| Miscellaneous revenue | 3,757,922 | 7,607,277 | 3,849,355 | 11,498,802 |
| GRAND TOTALS FOR GENERAL FUND | \$1,341,778,791 | \$1,330,674,621 | (\$11,104,170) | \$1,301,810,038 |
| GENERAL FUND TRANSFERS FROM OTHER FUNDS: | | | | |
| Rosslyn Business Improvement District | \$78,767 | \$77,144 | (\$1,623) | \$72,709 |
| Crystal City Business Improvement District | 55,273 | 53,083 | (2,190) | 50,977 |
| Automotive Equipment Fund | 380,000 | 130,000 | (250,000) | 2,751,686 |
| General Capital Projects | 65,281 | - | (65,281) | - |
| Street & Highway Bond Fund | - | 202,771 | 202,771 | 241,013 |
| Neighborhood Conservation Bond Fund | - | 174,924 | 174,924 | 247,723 |
| Government Facility Bond | - | 885,082 | 885,082 | 1,229,302 |
| Ballston Business Improvement District | 29,941 | 30,212 | 271 | 33,146 |
| Public Recreation Bond Fund | - | 796,382 | 796,382 | 864,750 |
| TCF – NVTA 30% | 2,316,211 | 2,316,211 | - | 1,069,000 |
| TCF C&I Tax | 35,721 | 35,721 | - | 1,361,721 |
| Transit Facilities Bond Fund | - | 185,733 | 185,733 | 213,228 |
| IDA Bond Funds | - | 136,810 | 136,810 | 175,518 |
| IDA Skating Facility | 2,400,000 | - | (2,400,000) | - |
| School Capital Improvement Bond Fund | - | 1,482,802 | 1,482,802 | 2,403,864 |
| Utilities - Construction (Pay as U Go) | - | 254,019 | 254,019 | - |
| Trust & Agency Fund | 164,719 | 262,002 | 97,283 | 230,840 |
| Total transfers | \$5,525,913 | \$7,022,896 | \$1,496,983 | \$10,945,477 |
| GRAND TOTALS | \$1,347,304,704 | \$1,337,697,517 | (\$9,607,187) | \$1,312,755,515 |

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | 2020 | | | 2019 Actuals |
|--|---------------------|---------------------|-----------------------------------|---------------------|
| | Budget | Actual | Variance - Positive (Negative) | |
| SPECIAL REVENUE FUNDS: | | | | |
| Ballston BID | \$1,742,863 | \$1,512,241 | (\$230,622) | \$1,658,339 |
| Ballston Quarter CDA | \$1,669,740 | 2,745,120 | 1,075,380 | 410,060 |
| Travel & Tourism Fund | 1,310,000 | 837,893 | (472,107) | 1,231,590 |
| Rosslyn BID | 3,943,170 | 3,860,842 | (82,328) | 3,637,271 |
| Crystal City BID | 2,763,656 | 2,656,341 | (107,315) | 2,553,659 |
| Community Development Block Grant Fund | 11,195,887 | 6,210,021 | (4,985,866) | 4,960,543 |
| Section 8 Housing | 20,830,002 | 19,019,974 | (1,810,028) | 18,384,976 |
| Total Special Revenue Funds | \$43,455,318 | \$36,842,432 | (\$6,612,886) | \$32,836,438 |

BREAKDOWN OF REVENUE BY FUNCTION:

| | Charges for services includes licenses & fees | Operating grants/Contributions | | Capital Grants Contributions |
|----------------------------------|--|--------------------------------|---------------------|---------------------------------|
| | | State | Federal | |
| General government | \$20,837,413 | \$33,754,087 | \$15,865,492 | \$- |
| Public safety | 10,267,596 | 10,519,298 | 1,433,275 | - |
| Environmental services | 31,245,172 | 12,522,086 | - | - |
| Health & welfare | 4,978,039 | 20,310,545 | 15,560,469 | - |
| Libraries | 206,768 | 193,918 | - | - |
| Economic development | 123,983 | - | 28,000 | - |
| Planning & community development | 2,865,322 | 189,168 | - | - |
| Parks & recreation | 5,962,627 | - | 95,499 | - |
| Total General Fund | \$76,486,920 | \$77,489,102 | \$32,982,735 | \$- |

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DEETAIL SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | 2020 | | Variance - Positive (Negative) | 2019 Actuals |
|---|--------------------|--------------------|-----------------------------------|--------------------|
| | Budget | Actual | | |
| General Government Administration: | | | | |
| County Board | \$1,678,742 | \$1,617,157 | \$61,585 | \$1,632,038 |
| County Manager | 5,229,162 | 5,037,376 | 191,786 | 5,335,137 |
| Management and Finance | 8,674,000 | 8,507,461 | 166,539 | 8,004,496 |
| Human Resources | 9,737,482 | 9,586,373 | 151,109 | 9,324,435 |
| Technology Services | 24,748,747 | 26,162,571 | (1,413,824) | 22,028,662 |
| County Attorney | 3,215,852 | 3,025,692 | 190,160 | 3,044,995 |
| Commissioner of Revenue | 5,899,892 | 5,903,371 | (3,479) | 5,964,215 |
| Treasurer | 7,242,643 | 6,494,950 | 747,693 | 7,048,516 |
| Electoral Board | 1,528,593 | 1,459,522 | 69,071 | 1,144,229 |
| Total General Government | <u>67,955,113</u> | <u>67,794,473</u> | <u>160,640</u> | <u>63,526,723</u> |
| Judicial Administration: | | | | |
| Circuit Court Judiciary | 1,303,327 | 1,189,132 | 114,195 | 1,183,285 |
| Circuit Court Clerk | 3,455,483 | 3,301,258 | 154,225 | 3,295,794 |
| District Court | 386,458 | 356,710 | 29,748 | 352,711 |
| Juvenile & Domestic Relations Court | 7,554,716 | 6,841,346 | 713,370 | 7,030,385 |
| Commonwealth Attorney | 4,545,951 | 4,685,745 | (139,794) | 4,257,707 |
| Sheriff & Jail | 46,159,332 | 46,968,108 | (808,776) | 47,698,889 |
| Magistrate's Office | 29,986 | 26,544 | 3,442 | 25,929 |
| Office of the Public Defender | 181,239 | 171,548 | 9,691 | 163,717 |
| Total Judicial Administration | <u>63,616,492</u> | <u>63,540,391</u> | <u>76,101</u> | <u>64,008,417</u> |
| Public Safety: | | | | |
| Police | 73,684,828 | 70,065,179 | 3,619,649 | 68,703,892 |
| Public Safety Communications and Emergency Management | 13,948,030 | 14,013,398 | (65,368) | 13,252,362 |
| Fire | 65,153,908 | 65,131,946 | 21,962 | 62,821,768 |
| Total Public Safety | <u>152,786,766</u> | <u>149,210,523</u> | <u>3,576,243</u> | <u>144,778,022</u> |
| Department of Environmental Services: | | | | |
| DES-Environmental Services | 105,292,126 | 96,197,295 | 9,094,831 | 94,053,743 |
| Health & Welfare: | | | | |
| Human Services | 150,231,087 | 140,082,502 | 10,148,585 | 135,256,946 |
| Libraries: | | | | |
| | 14,682,551 | 14,333,511 | 349,040 | 14,458,512 |
| Planning & Community Development: | | | | |
| Economic Development | 9,072,658 | 8,511,765 | 560,893 | 8,788,089 |
| Community Planning, Housing & Development | 11,617,172 | 10,823,249 | 793,923 | 10,684,954 |
| Total Planning & Community Development | <u>20,689,830</u> | <u>19,335,014</u> | <u>1,354,816</u> | <u>19,473,043</u> |
| Parks & Recreation: | | | | |
| | 43,376,175 | 40,749,903 | 2,626,272 | 41,865,623 |
| Non-Departmental: | | | | |
| Non-Departmental | 152,739,521 | 52,773,126 | 99,966,395 | 64,270,266 |
| Debt Service | | | | |
| Principal payment | 40,775,630 | 45,298,185 | (4,522,555) | 44,859,170 |
| Interest payment | 28,810,415 | 26,723,993 | 2,086,422 | 22,728,757 |
| Other costs | 78,342 | 24,950 | 53,392 | 98,453 |
| Regionals/Contributions | 7,600,615 | 7,337,677 | 262,938 | 7,356,516 |
| METRO | 47,597,637 | 47,597,637 | - | 42,601,029 |
| Total Non-Departmental | <u>277,602,160</u> | <u>179,755,568</u> | <u>97,846,592</u> | <u>181,914,191</u> |
| Total expenditures before transfers-out | <u>896,232,300</u> | <u>770,999,180</u> | <u>125,233,120</u> | <u>759,335,220</u> |

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DEETAIL SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2019)

| | 2020 | | | 2019 Actuals |
|--|-------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| | Budget | Actual | Variance - Positive (Negative) | |
| Transfers-Out | | | | |
| Travel & Tourism | 246,700 | 246,700 | - | 246,700 |
| Community Development Block Grant | - | - | - | 94,981 |
| Auto Equipment Fund | - | - | - | - |
| Printing Fund | 246,382 | 246,382 | - | 242,337 |
| General Capital Projects Fund | 28,042,166 | 28,042,166 | - | 5,667,108 |
| Utilities - Construction (Pay as U Go) | - | - | - | 400,000 |
| OPEB Trust Fund | - | 52,745 | (52,745) | 45,567 |
| Schools | | | | |
| General Operating | 547,147,001 | 444,245,700 | 102,901,301 | 436,949,406 |
| Community Activities/Cable TV | - | 6,330,579 | (6,330,579) | 5,137,866 |
| Pay-As-You-Go | - | 8,327,250 | (8,327,250) | (6,011,072) |
| Debt Service | - | 58,877,372 | (58,877,372) | 53,695,031 |
| Comprehensive Services Act | - | 2,367,127 | (2,367,127) | 1,947,142 |
| Trust & Agency | 5,075,932 | 4,111,068 | 964,864 | 3,902,481 |
| Total transfers-out | <u>580,758,181</u> | <u>552,847,089</u> | <u>27,911,092</u> | <u>502,317,547</u> |
| GRAND TOTALS EXPENDITURES | <u>\$1,476,990,481</u> | <u>\$1,323,846,269</u> | <u>\$153,144,212</u> | <u>\$1,261,652,767</u> |
| SPECIAL REVENUE FUNDS: | | | | |
| Ballston Quarter CDA | \$2,078,800 | \$1,699,022 | \$379,778 | 65,420 |
| Travel & Tourism Promotion | 1,556,700 | 1,084,593 | 472,107 | 1,478,290 |
| Ballston Business Improvement District | 1,712,913 | 1,430,128 | 282,785 | 1,581,613 |
| Rosslyn Business Improvement District | 3,864,402 | 3,761,261 | 103,141 | 3,632,070 |
| Crystal City Business Improvement District | 2,708,383 | 2,639,256 | 69,127 | 2,469,530 |
| Community Development Block Grant | 11,195,887 | 6,210,021 | 4,985,866 | 5,055,524 |
| Section 8 Housing | 20,552,359 | 19,019,974 | 1,532,385 | 18,384,976 |
| Total Special Revenue Funds | <u>\$43,669,444</u> | <u>\$35,844,255</u> | <u>\$7,825,189</u> | <u>\$32,667,424</u> |
| TOTAL GENERAL AND SPECIAL REVENUE FUNDS | <u>\$1,520,659,925</u> | <u>\$1,359,690,524</u> | <u>\$160,969,401</u> | <u>\$1,294,320,191</u> |

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2020

| <u>FUND AND FUNCTION</u> | <u>AMOUNT</u> |
|--|---------------|
| GENERAL FUND: | |
| Capital Outlays: | |
| General Government | \$883,575 |
| Public Safety | 360,769 |
| Public Works | 92,390 |
| Health & Public Welfare | 37,989 |
| Parks & Recreation | 30,814 |
| | <hr/> |
| Total General Fund | \$1,405,537 |
| CAPITAL PROJECTS FUNDS: | |
| General Capital Projects Fund: | |
| Public Works: | |
| Transportation Projects | 7,035,672 |
| Government Facilities | 18,453,584 |
| Cultural & Recreation - Community Affairs: | |
| Government Facilities | 8,102,054 |
| Parks | 13,851,402 |
| | <hr/> |
| Total General Capital Projects Funds | 47,442,712 |
| NVTA | 33,258,479 |
| NOVA Transportation Authority | |
| Street & Highway Bond Fund: | |
| Capital Projects - Public Works/Transportation/ Street & Highway Improvements | 10,586,760 |
| Neighborhood Conservation Bond Fund: | |
| Neighborhood Capital Projects | 7,788,133 |
| Government Facility Bond | 30,639,969 |
| Stormwater Fund | 3,727,694 |
| Public Recreation Bond Fund: | |
| Public Recreation | 30,954,256 |
| TIF Tax Increment Finance Fund: | |
| Crystal City | 5,553,052 |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | <hr/> |
| | 89,480,836 |
| GRAND TOTAL | <hr/> <hr/> |
| | \$171,587,564 |

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STATISTICAL (Unaudited)

This part of the Arlington County Comprehensive Annual Financial Report (“CAFR”) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time (Table A, Table B, Table C, Table C1, Table D, Table D1, Table D2, Table E and Table F.)

Revenue Capacity

These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax (Table G, and Table H.)

Debt Capacity

These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and its ability to issue additional debt in the future (Table I , Table I1, and Table J.)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place (Table K and Table L.)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County’s CAFR relates to the services the County provides and the activities it performs (Table M, Table N, Table O, and Table P.)

Other

These schedules contain information needed for the Nationally Recognized Municipal Securities Information Repository (NRMSIR) and other disclosures (Tables Q-W.)

ARLINGTON COUNTY, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | Restated <u>2014</u> | <u>2015</u> | Restated <u>2016</u> | Restated <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|---|------------------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|-------------------------|------------------------|------------------------|------------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$344,322,135 | \$403,542,902 | \$474,696,280 | \$535,062,341 | \$574,586,273 | \$635,380,832 | \$680,734,809 | \$709,263,105 | \$731,027,923 | \$794,000,992 |
| Restricted | 225,288,981 | 232,698,808 | 227,995,685 | 269,842,611 | 330,023,604 | 334,149,978 | 173,130,986 | 138,358,959 | 150,067,653 | 49,261,389 |
| Unrestricted | (17,457,284) | 25,744,732 | 49,538,622 | 79,773,920 | 81,902,773 | 117,459,284 | 68,643,510 | 69,423,556 | 155,826,816 | 340,792,351 |
| Total governmental activities net position | \$552,153,832 | \$661,986,442 | \$752,230,587 | \$884,678,872 | \$986,512,650 | \$1,086,990,094 | \$922,509,305 | \$917,045,620 | \$1,036,922,392 | \$1,184,054,732 |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$550,468,690 | \$597,679,391 | \$635,958,255 | \$665,755,045 | \$690,358,957 | \$716,480,873 | \$745,082,642 | \$782,955,479 | \$820,779,039 | \$852,241,713 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | 100,132,907 | 90,488,927 | 74,065,947 | 68,677,574 | 66,850,074 | 61,732,336 | 56,239,617 | 41,338,610 | 27,698,991 | 23,868,719 |
| Total business-type activities net position | \$650,601,597 | \$688,168,318 | \$710,024,202 | \$734,432,619 | \$757,209,031 | \$778,213,209 | \$801,322,259 | \$824,294,089 | \$848,478,030 | \$876,110,432 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$894,790,825 | \$1,001,222,293 | \$1,110,654,535 | \$1,200,817,386 | \$1,264,945,229 | \$1,351,861,705 | \$1,425,817,450 | \$1,492,218,584 | \$1,551,806,962 | \$1,646,242,705 |
| Restricted | 225,288,981 | 232,698,808 | 227,995,685 | 269,842,611 | 330,023,604 | 334,149,978 | 173,130,986 | 138,358,959 | 150,067,653 | 49,261,389 |
| Unrestricted | 82,675,623 | 116,233,659 | 123,604,569 | 148,451,494 | 148,752,848 | 179,191,620 | 124,883,128 | 110,762,166 | 183,525,807 | 364,661,070 |
| Total primary government activities net position | \$1,202,755,429 | \$1,350,154,760 | \$1,462,254,789 | \$1,619,111,491 | \$1,743,721,681 | \$1,865,203,303 | \$1,723,831,564 | \$1,741,339,709 | \$1,885,400,422 | \$2,060,165,164 |
| School Component Unit | | | | | | | | | | |
| Net investment in capital assets | \$404,050,823 | \$464,751,903 | \$514,336,832 | \$530,311,199 | \$556,749,155 | \$581,646,003 | \$609,275,690 | \$669,586,313 | \$760,308,386 | \$805,410,072 |
| Restricted | 55,906,993 | 58,009,636 | 56,593,162 | 60,416,507 | 72,843,131 | 75,799,932 | 136,786,090 | 161,881,887 | 134,160,068 | 84,516,880 |
| Unrestricted | - | - | 16,013,663 | 14,011,637 | (406,303,553) | (463,796,368) | (563,004,285) | (540,914,359) | (551,814,383) | (579,729,281) |
| Total schools component unit activities net position | \$459,957,816 | \$522,761,539 | \$586,943,657 | \$604,739,343 | \$223,288,733 | \$193,649,567 | \$183,057,495 | \$290,553,841 | \$342,654,071 | \$310,197,671 |
| Other Component Units | | | | | | | | | | |
| Net investment in capital assets | \$27,962,471 | \$26,577,683 | \$23,930,078 | \$23,120,590 | \$22,012,946 | \$20,877,403 | \$21,156,037 | \$20,059,291 | \$19,196,157 | \$18,468,717 |
| Unrestricted | (982,778) | 428,056 | 3,123,030 | 4,052,943 | 5,317,754 | 5,797,323 | 4,218,609 | 4,543,551 | 4,522,787 | 4,614,972 |
| Total other component units activities net position | \$26,979,693 | \$27,005,739 | \$27,053,108 | \$27,173,533 | \$27,330,700 | \$26,674,726 | \$25,374,646 | \$24,602,842 | \$23,718,944 | \$23,083,689 |
| Total reporting entity | | | | | | | | | | |
| Net investment in capital assets | \$1,058,123,481 | \$1,174,960,089 | \$1,287,156,290 | \$1,404,633,540 | \$1,488,963,284 | \$1,594,563,029 | \$1,870,742,636 | \$1,766,689,820 | \$1,849,492,385 | \$1,996,756,863 |
| Restricted | 281,195,974 | 290,708,444 | 284,588,847 | 330,259,118 | 402,866,735 | 409,949,910 | 309,917,076 | 298,915,290 | 282,617,828 | 132,080,730 |
| Unrestricted | 350,373,483 | 434,253,505 | 504,506,417 | 516,131,709 | 102,511,095 | 81,014,657 | (248,396,007) | (10,434,274) | 118,053,331 | 262,911,391 |
| Total reporting entity net position | \$1,689,692,938 | \$1,899,922,038 | \$2,076,251,554 | \$2,251,024,367 | \$1,994,341,114 | \$2,085,527,596 | \$1,932,263,705 | \$2,056,496,392 | \$2,251,773,437 | \$2,393,446,524 |

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | 2011 | 2012 | 2013 | Restated 2014 | 2015 | Restated 2016 | Restated 2017 | 2018 | 2019 | 2020 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$180,060,339 | \$212,776,822 | \$197,890,282 | \$246,530,409 | \$231,359,735 | \$394,484,321 | \$279,284,619 | \$256,738,339 | \$255,269,010 | \$270,906,963 |
| Public safety | 116,211,459 | 118,391,330 | 120,977,618 | 130,260,142 | 122,974,380 | 129,088,522 | 144,637,250 | 137,159,492 | 138,494,296 | 152,716,730 |
| Environmental services | 76,871,992 | 80,272,770 | 84,444,970 | 92,633,746 | 92,336,816 | 100,110,934 | 112,310,807 | 109,706,002 | 107,778,851 | 117,736,981 |
| Health & welfare | 109,078,189 | 115,139,323 | 113,901,082 | 121,333,852 | 115,512,691 | 121,129,960 | 139,912,548 | 151,108,894 | 143,381,298 | 158,419,693 |
| Libraries | 11,313,749 | 12,134,689 | 12,464,589 | 13,191,542 | 12,479,621 | 12,570,917 | 14,451,289 | 14,303,753 | 13,717,698 | 14,514,949 |
| Parks, recreation & culture | 36,866,666 | 34,180,696 | 36,105,159 | 38,608,095 | 36,436,310 | 39,197,586 | 45,591,640 | 43,938,152 | 54,858,577 | 47,785,625 |
| Planning & community development | 42,986,854 | 54,626,473 | 60,359,027 | 63,669,222 | 58,062,841 | 54,600,221 | 63,855,173 | 79,827,438 | 5,674,421 | 60,764,706 |
| Education | 417,655,490 | 411,415,097 | 462,562,274 | 418,066,409 | 457,765,814 | 464,731,408 | 475,698,480 | 498,407,581 | 495,754,509 | 518,411,207 |
| Interest and other charges | 18,551,212 | 18,282,330 | 28,131,683 | 16,786,171 | 18,380,254 | 18,435,458 | 16,537,709 | 18,647,406 | 22,827,210 | 26,748,943 |
| Total governmental activities expenses | <u>1,009,595,950</u> | <u>1,057,219,530</u> | <u>1,116,836,685</u> | <u>1,141,079,588</u> | <u>1,145,308,461</u> | <u>1,334,349,327</u> | <u>1,292,279,515</u> | <u>1,309,837,057</u> | <u>1,288,795,870</u> | <u>1,368,005,797</u> |
| Business-type activities: | | | | | | | | | | |
| Utilities | 68,006,236 | 76,050,327 | 93,564,517 | 85,448,387 | 85,965,153 | 83,764,431 | 83,798,393 | 89,266,685 | 90,118,824 | 85,613,163 |
| Ballston Public Parking Garage | 5,234,038 | 6,062,024 | 5,750,518 | 5,315,660 | 6,307,728 | 6,215,496 | 6,218,247 | 7,875,701 | 7,817,622 | 6,672,400 |
| IDA Revenue Bond Fund | - | - | - | - | - | - | - | - | - | - |
| 8th Level Ballston Public Parking Garage | 132,027 | 50,496 | 53,085 | 157,097 | 174,141 | 193,955 | 172,755 | 168,660 | 171,869 | 159,682 |
| CPHD Development Fund | 10,556,125 | 11,598,557 | 12,173,696 | 13,762,118 | 14,948,371 | 16,355,916 | 17,484,785 | 16,982,009 | 15,221,250 | 16,505,036 |
| Total business-type activities expenses | <u>83,928,426</u> | <u>93,761,404</u> | <u>111,541,816</u> | <u>104,683,282</u> | <u>107,395,393</u> | <u>106,529,798</u> | <u>107,674,180</u> | <u>114,293,055</u> | <u>113,329,565</u> | <u>108,950,281</u> |
| Total primary government expenses | <u>\$1,093,524,376</u> | <u>\$1,150,980,934</u> | <u>\$1,228,378,501</u> | <u>\$1,245,762,870</u> | <u>\$1,252,703,854</u> | <u>\$1,440,879,125</u> | <u>\$1,399,953,695</u> | <u>\$1,424,130,112</u> | <u>\$1,402,125,435</u> | <u>\$1,476,956,078</u> |
| Component units: | | | | | | | | | | |
| Schools | 407,401,980 | 431,308,198 | 485,061,915 | 930,311,090 | 487,285,239 | 603,030,183 | 645,639,200 | \$608,191,193 | \$641,033,391 | 673,052,214 |
| Other | 7,505,677 | 7,317,002 | 7,375,441 | 7,468,573 | 7,480,926 | 8,268,201 | 8,235,021 | 8,457,705 | 8,609,075 | 8,714,010 |
| Total component units activities expenses | <u>\$414,907,657</u> | <u>\$438,625,200</u> | <u>\$492,437,356</u> | <u>\$937,779,663</u> | <u>\$494,766,165</u> | <u>\$611,298,384</u> | <u>653,874,221</u> | <u>\$616,648,898</u> | <u>\$649,642,466</u> | <u>\$681,766,224</u> |
| Program Revenues | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$19,911,198 | \$20,870,357 | \$20,219,252 | \$20,009,810 | \$20,223,240 | \$18,696,900 | \$20,352,884 | \$20,559,698 | \$20,310,840 | \$20,837,413 |
| Environmental services | 26,728,203 | 28,408,484 | 26,049,002 | 26,811,532 | 25,683,556 | 27,222,714 | 29,865,144 | 30,188,869 | 33,895,719 | 31,245,172 |
| Public safety | 10,204,341 | 9,949,039 | 10,793,294 | 11,590,616 | 10,621,445 | 11,010,776 | 11,064,477 | 10,696,452 | 11,327,279 | 10,267,596 |
| Other activities | 13,056,130 | 16,750,057 | 14,154,588 | 20,447,573 | 32,491,876 | 16,911,503 | 19,770,277 | 21,501,442 | 24,015,358 | 20,317,849 |
| Operating grants and contributions | 113,012,048 | 136,827,855 | 120,764,535 | 134,856,589 | 129,818,926 | 136,159,090 | 124,013,804 | 128,647,415 | 130,008,830 | 144,769,078 |
| Capital grants and contributions | 1,822,203 | 1,818,130 | - | - | - | - | - | - | - | - |
| Total governmental activities program revenues | <u>184,734,123</u> | <u>214,623,922</u> | <u>191,980,671</u> | <u>213,716,120</u> | <u>218,839,043</u> | <u>210,000,983</u> | <u>205,066,586</u> | <u>211,593,876</u> | <u>219,558,026</u> | <u>227,437,108</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water-sewer service charges | 81,641,099 | 86,840,829 | 86,768,619 | 88,880,766 | 94,542,664 | 93,056,953 | 97,263,095 | 94,465,528 | 92,757,659 | 96,130,683 |
| Water-service hook-up charges | 3,165,075 | 4,419,474 | 5,672,805 | 5,499,780 | 6,273,269 | 5,474,991 | 4,822,363 | 8,710,176 | 6,158,068 | 6,515,147 |
| Other activities | 34,258,022 | 35,828,391 | 34,594,120 | 30,649,078 | 27,925,859 | 27,473,298 | 27,291,713 | 31,591,667 | 33,179,774 | 31,590,358 |
| Capital grants and contributions | 5,626,019 | 3,317,976 | 6,322,423 | 3,789,066 | 1,065,000 | 906,855 | 985,385 | 1,068,855 | 2,734,420 | 1,512,140 |
| Total business-type activities program revenues | <u>124,690,215</u> | <u>130,406,670</u> | <u>133,357,967</u> | <u>128,818,690</u> | <u>129,806,792</u> | <u>126,912,097</u> | <u>130,362,556</u> | <u>135,836,227</u> | <u>134,829,921</u> | <u>135,748,328</u> |
| Total primary government program revenues | <u>\$309,424,338</u> | <u>\$345,030,592</u> | <u>\$325,338,638</u> | <u>\$342,534,810</u> | <u>\$348,645,835</u> | <u>\$336,913,080</u> | <u>\$335,429,142</u> | <u>\$347,430,103</u> | <u>\$354,387,947</u> | <u>\$363,185,436</u> |
| Component units: | | | | | | | | | | |
| Charges for services | \$27,358,213 | \$23,945,689 | \$31,354,968 | \$28,565,024 | \$28,974,950 | \$34,839,210 | \$40,966,481 | \$29,786,395 | \$31,829,095 | \$27,229,601 |
| Operating grants and contributions | 471,380,848 | 459,514,609 | 507,003,321 | 465,682,654 | 505,002,526 | 54,346,672 | 58,222,744 | 61,670,606 | 68,242,922 | 70,288,414 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total component units program revenues | <u>\$498,739,061</u> | <u>\$483,460,298</u> | <u>\$538,358,289</u> | <u>\$494,247,678</u> | <u>\$533,977,476</u> | <u>\$89,185,882</u> | <u>\$99,189,225</u> | <u>\$91,457,001</u> | <u>\$100,072,017</u> | <u>\$97,518,015</u> |

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

| | 2011 | 2012 | 2013 | 2014 | 2015 | Restated 2016 | Restated 2017 | 2018 | 2019 | 2020 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities | (\$824,851,827) | (\$842,595,608) | (\$924,856,014) | (\$927,363,468) | (\$926,469,418) | (\$1,124,348,344) | (\$1,087,212,929) | (\$1,279,181,052) | (\$1,069,237,844) | (\$1,140,568,689) |
| Business-type activities | 40,761,789 | 36,645,266 | 21,816,151 | 24,135,428 | 22,411,399 | 20,382,299 | 22,688,376 | 21,543,172 | 21,500,356 | 26,798,047 |
| Total primary government net expense | (\$784,090,038) | (\$805,950,342) | (\$903,039,863) | (\$903,228,040) | (\$904,058,019) | (\$1,103,966,045) | (\$1,064,524,553) | (\$1,257,637,880) | (\$1,047,737,488) | (\$1,113,770,642) |
| Component units: | | | | | | | | | | |
| Component unit activities | \$83,831,404 | \$44,835,098 | \$45,920,933 | (\$443,531,985) | \$39,211,311 | (\$522,112,502) | (\$554,684,996) | (\$525,191,897) | (\$549,570,449) | (\$584,248,209) |
| Total component units net expense | \$83,831,404 | \$44,835,098 | \$45,920,933 | (\$443,531,985) | \$39,211,311 | (\$522,112,502) | (\$554,684,996) | (\$525,191,897) | (\$549,570,449) | (\$584,248,209) |
| General Revenues and Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes: | | | | | | | | | | |
| Real estate property taxes | \$572,591,637 | \$619,748,841 | \$648,659,020 | \$683,987,883 | \$701,941,723 | \$722,486,477 | \$753,992,522 | \$768,501,925 | \$808,086,871 | \$844,941,780 |
| Personal property taxes | 95,246,129 | 100,928,065 | 106,957,213 | 110,688,939 | 108,913,548 | 111,768,494 | 114,836,050 | 115,869,128 | 117,994,659 | 120,480,341 |
| Other local taxes: | | | | | | | | | | |
| Business, professional occupancy license taxes | 60,460,108 | 61,939,212 | 61,341,154 | 62,752,491 | 58,970,752 | 60,181,386 | 63,837,926 | 62,986,320 | 69,913,867 | 71,999,176 |
| Other local taxes | 135,568,319 | 139,639,610 | 143,631,442 | 139,621,783 | 144,447,846 | 146,376,918 | 153,982,204 | 154,166,783 | 160,330,029 | 146,624,193 |
| Investment and interest earnings | 8,328,982 | 5,443,855 | 4,287,344 | 6,578,889 | 7,895,921 | 9,852,799 | 7,998,391 | 10,397,487 | 30,470,487 | 22,066,092 |
| Miscellaneous | 11,505,318 | 27,112,773 | 50,223,986 | 34,381,768 | 27,933,406 | 10,662,537 | (8,417,776) | (29,142,147) | 2,318,704 | 81,589,446 |
| Total governmental activities | \$883,700,493 | \$954,812,356 | \$1,015,100,159 | 1,038,011,753 | \$1,050,103,196 | \$1,061,328,611 | \$1,086,229,317 | \$1,082,779,496 | 1,189,114,617 | \$1,287,701,028 |
| Business-type activities: | | | | | | | | | | |
| Investment and interest earnings | \$691,356 | \$747,823 | \$39,733 | \$272,989 | \$365,013 | \$621,879 | \$420,674 | \$543,957 | \$2,283,585 | \$1,135,373 |
| Revenue from General Fund | - | - | - | - | - | - | - | 884,701 | 400,000 | (301,019) |
| Total business-type activities | \$691,356 | \$747,823 | \$39,733 | \$272,989 | \$365,013 | \$621,879 | \$420,674 | \$1,428,658 | \$2,683,585 | \$834,354 |
| Total primary government | \$884,391,849 | \$955,560,179 | \$1,015,139,892 | \$1,038,284,742 | \$1,050,468,209 | \$1,061,950,490 | \$1,228,487,014 | \$1,084,208,154 | \$1,191,798,202 | \$1,288,535,382 |
| Component units activities: | | | | | | | | | | |
| Other local taxes | | | | | | | | | | |
| Other local taxes | \$17,134,732 | \$17,782,467 | \$18,171,301 | \$19,368,052 | \$21,198,389 | \$23,067,985 | \$24,458,713 | \$26,332,866 | \$28,417,611 | \$30,735,856 |
| Revenue from the general fund/miscellaneous | 312,440 | 212,204 | 137,253 | 172,798 | 204,103 | 468,749,277 | 519,085,091 | 605,583,573 | 572,369,170 | 520,420,698 |
| Total primary government | \$17,447,172 | \$17,994,671 | \$18,308,554 | \$19,540,850 | \$21,402,492 | \$491,817,262 | \$24,958,723 | \$631,916,439 | \$600,786,781 | \$551,156,554 |
| Changes in Net Position | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities | \$58,848,666 | \$112,216,748 | \$90,244,145 | \$110,648,285 | \$123,633,778 | (\$63,019,733) | (\$983,612) | (\$5,463,685) | \$119,876,773 | \$147,132,339 |
| Business-type activities | 41,453,145 | 37,393,089 | 21,855,884 | 24,408,417 | 22,776,412 | 21,004,178 | 23,109,050 | 22,971,830 | 24,183,941 | 27,632,401 |
| Total primary government net expense | \$100,301,811 | \$149,609,837 | \$112,100,029 | \$135,056,702 | \$146,410,190 | (\$42,015,555) | \$22,125,438 | \$17,508,145 | \$144,060,714 | \$174,764,740 |
| Component units: | | | | | | | | | | |
| Component units activities | \$101,278,576 | \$62,829,769 | \$64,229,487 | (\$423,991,135) | \$60,613,803 | (\$30,295,140) | (\$10,973,165) | 106,724,542 | 51,216,332 | (\$33,091,655) |
| Total component units net expense | \$101,278,576 | \$62,829,769 | \$64,229,487 | (\$423,991,135) | \$60,613,803 | (\$30,295,140) | (\$10,973,165) | \$106,724,542 | \$51,216,332 | (\$33,091,655) |

Note: Through FY 2015, transfers from the primary government were reported as operating grants and contributions. From FY 2016 to present, the transfers are reported in revenue from the general fund/miscellaneous for the component units.

ARLINGTON COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS AND COMPONENT UNITS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | | | | | | | | | | |
| <u>Nonspendable:</u> | | | | | | | | | | |
| Prepaid | \$- | \$- | \$- | \$- | \$- | \$- | \$35,036 | \$61,626 | \$147,830 | \$299,252 |
| <u>Restricted for:</u> | | | | | | | | | | |
| Seized assets | 2,385,573 | 2,436,464 | 2,272,448 | 2,522,979 | 2,459,482 | 1,515,487 | 1,599,616 | 1,325,556 | 1,609,893 | 1,697,539 |
| Grants | - | - | - | - | - | - | 255,110 | 144,268 | 6,556 | 105,530 |
| <u>Committed to:</u> | | | | | | | | | | |
| Self insurance reserve | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Stabilization / COVID contingent | - | - | 3,000,000 | 3,000,000 | 8,599,377 | 3,000,000 | 4,000,000 | 4,000,000 | 6,700,000 | 20,812,837 |
| Operating reserve | 40,192,725 | 50,240,906 | 52,605,487 | 54,575,340 | 57,385,360 | 57,997,382 | 62,635,601 | 63,791,653 | 74,593,507 | 73,999,445 |
| Subsequent years' County budget | 11,151,929 | 10,488,080 | 5,208,794 | 4,860,024 | 4,529,331 | 7,165,939 | 4,643,563 | 4,407,475 | 5,395,806 | 6,099,018 |
| Subsequent years' capital projects | 4,946,013 | 1,902,323 | 8,403,862 | 14,831,642 | 2,833,146 | 2,057,099 | 6,636,589 | 195,358 | 16,776,098 | - |
| Incomplete projects | 230,734 | 171,861 | 130,223 | 412,220 | 281,390 | 562,321 | 664,991 | - | 488,256 | 342,706 |
| Affordable Housing Investment Fund-Allocated | 19,163,965 | 7,050,422 | 21,838,549 | 45,631,924 | 36,914,040 | 36,834,387 | 44,073,880 | 46,121,170 | 33,369,718 | 42,910,772 |
| Subsequent years' School's budget | 32,481,838 | 64,669,485 | 26,269,900 | 46,735,944 | 29,898,607 | 25,164,263 | 24,217,093 | 9,989,113 | 24,720,333 | 27,253,775 |
| <u>Assigned to:</u> | | | | | | | | | | |
| Subsequent years' County budget | 10,913,573 | 12,565,023 | 19,649,922 | 15,593,759 | 8,904,967 | 5,950,000 | 5,860,000 | 2,115,131 | 3,742,270 | 25,833,581 |
| Subsequent years' capital projects | 6,135,259 | 18,978,462 | 12,162,577 | 11,782,428 | 16,289,709 | 17,248,521 | 10,279,343 | 8,900,209 | 15,968,901 | 15,138,549 |
| Stabilization contingent | - | 3,000,000 | 5,000,000 | - | - | - | - | - | 6,781,228 | - |
| Operating reserve | 10,048,181 | 2,364,581 | 1,969,853 | 2,810,020 | 612,022 | 1,887,880 | - | 6,379,165 | - | - |
| Mark to Market Investment Reserve | - | - | - | - | - | - | - | - | 4,882,157 | 4,882,159 |
| Employee furlough day restoration | - | - | - | - | - | - | - | - | - | - |
| Fresh AIRE program | 354,877 | 1,244,577 | 1,224,867 | 1,480,249 | 1,029,381 | 652,621 | 156,301 | - | - | - |
| Incomplete projects | 933,856 | 2,416,189 | 5,215,352 | 3,772,275 | 2,562,778 | 2,531,501 | 2,532,004 | 5,258,062 | 3,273,950 | 3,957,960 |
| Affordable Housing Investment Fund-Unallocated | 3,717,920 | 8,930,790 | 29,647,093 | 20,045,133 | 22,960,486 | 23,676,458 | 13,841,061 | 7,898,390 | 15,313,904 | 18,531,863 |
| <u>Unassigned:</u> | | | | | | | | | | |
| Total General Fund Balance | \$160,754,645 | \$191,459,163 | \$199,598,927 | \$233,053,937 | \$200,260,076 | \$191,243,859 | \$186,430,188 | \$181,910,989 | \$233,013,737 | \$246,864,985 |
| General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses | 16.62% | 19.02% | 18.44% | 21.16% | 17.07% | 16.15% | 15.26% | 14.49% | 18.47% | 18.65% |
| Other Governmental Funds | | | | | | | | | | |
| <u>Special Revenue funds</u> | | | | | | | | | | |
| <u>Nonspendable:</u> | | | | | | | | | | |
| Prepaid | \$1,252,930 | \$1,286,469 | \$1,299,658 | \$1,288,591 | \$1,265,793 | \$1,382,728 | \$1,351,822 | \$1,438,170 | \$1,457,500 | \$1,634,883 |
| <u>Restricted for:</u> | | | | | | | | | | |
| Grants | 4,318,223 | 2,755,933 | 1,257,426 | 1,002,099 | 178,471 | 261,829 | 489,837 | 203,901 | 700,734 | 1,234,786 |
| <u>Unassigned:</u> | | | | | | | | | | |
| | - | - | - | - | (1,265,793) | (1,382,728) | (1,351,822) | (1,438,170) | (1,457,500) | (1,634,883) |
| Capital Project funds | | | | | | | | | | |
| <u>Nonspendable:</u> | | | | | | | | | | |
| Prepaid | - | - | 4,275 | 4,275 | 4,275 | 4,275 | 4,275 | 204,275 | 325,660 | 90,614 |
| <u>Restricted for:</u> | | | | | | | | | | |
| Grants | 1,380,184 | - | - | - | - | - | - | - | - | - |
| Debt Service | 18,383,560 | 20,743,558 | 35,790,356 | 29,790,565 | 27,117,029 | 22,682,341 | 13,529,817 | - | - | - |
| Capital Project | - | - | - | - | - | - | 157,256,606 | 136,685,234 | 147,750,470 | 46,223,534 |
| <u>Committed to:</u> | | | | | | | | | | |
| Capital Projects | 199,954,084 | 233,848,803 | 228,964,200 | 271,072,724 | 332,569,683 | 335,752,062 | 291,701,436 | 315,695,204 | 324,266,277 | 327,963,248 |
| <u>Unassigned:</u> | | | | | | | | | | |
| | - | - | - | - | (90,872) | (90,872) | (90,872) | - | - | (1,178,162) |
| Total Other Governmental Fund Balance | \$225,288,981 | \$258,634,763 | \$267,315,915 | \$303,158,254 | \$361,135,251 | \$358,609,635 | \$462,891,099 | \$452,788,614 | \$473,043,141 | \$374,334,020 |
| Component unit - Schools | | | | | | | | | | |
| <u>Nonspendable:</u> | | | | | | | | | | |
| Inventory | \$- | \$- | \$- | \$- | \$- | \$- | \$65,361 | \$47,853 | \$65,361 | \$183,594 |
| <u>Restricted for:</u> | | | | | | | | | | |
| Capital projects | 52,726,465 | 47,055,029 | 54,583,825 | 57,977,311 | 69,833,117 | 72,212,556 | 132,830,419 | 157,543,728 | 129,085,720 | 79,922,641 |
| Grants | 2,077,853 | 2,109,001 | 2,009,337 | 2,439,196 | 3,010,014 | 3,587,376 | 3,955,671 | 4,338,159 | 5,074,348 | 4,594,239 |
| <u>Committed to:</u> | | | | | | | | | | |
| Incomplete projects | 18,077,449 | 26,987,189 | 26,082,805 | 25,505,075 | 16,152,851 | 24,234,549 | 21,980,077 | 41,625,717 | 27,351,735 | 23,802,612 |
| Subsequent years' School budget | 6,545,000 | 7,975,000 | 16,749,704 | 15,121,892 | 7,179,001 | 16,689,537 | 17,317,655 | 25,319,573 | 15,149,258 | 19,974,087 |
| <u>Assigned to:</u> | | | | | | | | | | |
| Operating reserve | 2,363,770 | 2,413,261 | 2,843,426 | 3,208,571 | 3,716,159 | 4,429,512 | 5,485,560 | 4,216,675 | 5,420,295 | 3,905,137 |
| Unfunded liabilities | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Subsequent years' debt service | 7,000,000 | 5,025,000 | 3,625,000 | 3,360,000 | 5,260,000 | 4,610,000 | 3,310,000 | 643,621 | 884,474 | 414,474 |
| Health insurance reserve | - | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| General reserve | 3,000,000 | 4,000,000 | - | 1,201,283 | 20,824,898 | 21,593,920 | 19,204,667 | 9,495,442 | 10,941,029 | (233,182) |
| VRS reserve | 11,587,239 | 7,387,239 | 7,387,239 | 5,637,239 | 5,637,239 | 4,637,239 | 2,512,239 | 2,512,239 | 2,512,239 | 1,412,239 |
| Compensation reserve | - | - | - | - | 2,000,000 | 5,200,000 | 4,650,000 | 4,700,000 | - | 3,812,296 |
| Total Component Unit - Schools | \$105,377,776 | \$105,951,719 | \$116,281,336 | \$117,450,567 | \$136,613,279 | \$160,194,689 | \$214,294,838 | \$253,443,007 | \$199,284,459 | \$140,788,137 |

ARLINGTON COUNTY, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|-----------------------|
| REVENUES: | | | | | | | | | | |
| General property taxes: | | | | | | | | | | |
| Real estate property taxes | \$548,838,350 | \$592,363,670 | \$632,709,421 | \$668,556,176 | \$688,841,170 | \$713,443,705 | \$739,206,924 | \$760,072,030 | \$785,896,658 | \$825,774,860 |
| Personal property taxes | 95,246,129 | 100,928,065 | 106,957,213 | 110,688,939 | 108,913,548 | 111,768,494 | 114,836,050 | 115,869,128 | 117,994,659 | 120,480,341 |
| Other Local taxes: | | | | | | | | | | |
| BPOL | 60,460,108 | 61,939,212 | 61,341,154 | 62,752,491 | 58,970,752 | 60,181,386 | 63,837,926 | 62,986,320 | 69,913,867 | 71,999,176 |
| Other local taxes | 135,568,319 | 139,639,610 | 143,631,442 | 139,621,783 | 144,447,846 | 146,376,918 | 153,982,204 | 154,166,783 | 160,330,029 | 146,624,193 |
| Fines and forfeitures | 9,590,928 | 10,641,659 | 8,468,253 | 8,113,863 | 7,941,007 | 7,059,138 | 7,059,743 | 7,295,337 | 7,637,315 | 6,781,552 |
| Licenses, permits and fees | 9,929,105 | 10,606,117 | 10,502,137 | 12,396,844 | 11,231,202 | 9,846,558 | 11,459,159 | 10,500,494 | 12,150,581 | 14,136,969 |
| Intergovernmental | 114,834,250 | 138,645,985 | 124,506,820 | 130,888,641 | 129,818,926 | 136,159,090 | 124,013,804 | 128,647,415 | 130,008,830 | 144,769,078 |
| Charges for services | 50,379,839 | 52,346,023 | 52,245,746 | 58,348,824 | 69,847,908 | 56,936,197 | 62,533,880 | 65,150,630 | 69,761,300 | 61,749,509 |
| Interest and rent | 8,328,982 | 5,443,855 | 4,287,344 | 6,578,890 | 7,895,921 | 9,852,799 | 7,998,391 | 10,397,487 | 30,470,487 | 22,066,092 |
| Miscellaneous revenues | 12,891,977 | 19,008,738 | 23,192,304 | 31,320,765 | 16,519,366 | 9,987,188 | 36,435,080 | 34,419,599 | 25,556,067 | 22,676,638 |
| Total revenues | 1,046,067,987 | 1,131,562,934 | 1,167,841,834 | 1,229,267,216 | 1,244,427,646 | 1,261,611,473 | 1,321,363,161 | 1,349,505,223 | 1,409,719,793 | 1,437,058,408 |
| EXPENDITURES: | | | | | | | | | | |
| Current operating: | | | | | | | | | | |
| General government | 168,558,845 | 200,088,702 | 184,333,469 | 225,143,159 | 231,403,533 | 227,511,625 | 242,249,446 | 248,875,917 | 258,405,036 | 255,816,798 |
| Public safety | 112,925,159 | 117,033,171 | 118,725,350 | 123,709,905 | 128,312,548 | 132,891,285 | 135,910,402 | 137,242,067 | 144,393,475 | 148,923,715 |
| Environmental services | 71,924,393 | 74,921,125 | 76,672,481 | 80,154,573 | 84,449,239 | 90,475,552 | 92,794,551 | 93,942,044 | 93,770,027 | 96,104,905 |
| Health and welfare | 109,509,790 | 115,330,415 | 113,418,239 | 117,309,171 | 122,873,986 | 127,311,224 | 134,083,906 | 155,041,903 | 153,617,662 | 159,064,487 |
| Libraries | 11,074,270 | 11,880,873 | 12,366,401 | 12,486,165 | 13,007,081 | 12,934,327 | 13,604,095 | 14,430,897 | 14,444,988 | 14,333,511 |
| Parks, recreation and culture | 35,652,708 | 32,849,180 | 32,686,242 | 34,197,295 | 35,811,989 | 37,839,728 | 40,102,122 | 40,584,735 | 42,195,997 | 41,158,699 |
| Planning and community development | 36,154,777 | 45,056,535 | 48,773,039 | 48,990,317 | 48,475,367 | 48,076,861 | 52,064,879 | 31,007,188 | 34,096,463 | 37,030,766 |
| Debt service | | | | | | | | | | |
| Principal | 36,310,305 | 36,160,046 | 35,841,532 | 38,600,630 | 41,173,105 | 40,178,151 | 44,310,598 | 52,504,298 | 44,859,170 | 45,298,185 |
| Interest and other charges | 18,551,212 | 18,282,330 | 19,715,860 | 17,958,561 | 18,380,254 | 18,703,765 | 16,537,709 | 18,647,406 | 22,827,210 | 26,748,943 |
| Bond issuance costs | 273,649 | - | 8,415,823 | (1,172,390) | - | (55,934) | - | - | - | - |
| Community development | 6,372,169 | 8,804,947 | 10,052,960 | 11,504,210 | 11,286,794 | 7,596,576 | 8,300,000 | 48,000,000 | 23,244,376 | 22,155,624 |
| Education | 364,633,453 | 423,610,118 | 479,997,640 | 443,783,010 | 485,542,768 | 497,281,408 | 562,773,691 | 606,250,044 | 569,694,655 | 518,411,207 |
| Capital outlay | 111,378,633 | 92,185,904 | 144,985,816 | 77,111,549 | 86,217,132 | 103,529,116 | 102,738,956 | 137,977,942 | 148,209,754 | 171,587,564 |
| Total expenditures | 1,083,319,363 | 1,176,203,346 | 1,285,984,852 | 1,229,776,155 | 1,306,933,796 | 1,344,273,684 | 1,445,470,355 | 1,584,504,441 | 1,549,758,813 | 1,536,634,404 |
| Deficiency of revenues under expenditures | (37,251,376) | (44,640,412) | (118,143,018) | (508,939) | (62,506,150) | (82,662,211) | (124,107,194) | (234,999,218) | (140,039,020) | (99,575,996) |
| OTHER FINANCING SOURCES(USES): | | | | | | | | | | |
| Transfers in | 26,716,715 | 30,385,999 | 33,382,459 | 29,921,732 | 30,328,278 | 21,548,610 | 24,794,452 | 18,497,120 | 19,169,562 | 33,312,939 |
| Transfers out | (26,794,414) | (30,582,672) | (33,527,183) | (30,054,131) | (30,466,776) | (21,706,445) | (25,406,721) | (19,446,220) | (17,060,213) | (33,704,514) |
| Capital leases | 4,287,958 | 1,435,230 | 4,473,803 | 5,459,005 | 6,383,803 | 5,418,570 | 9,530,658 | 3,759,718 | 1,871,651 | 3,220,352 |
| Refunding bonds issued | 53,533,168 | 41,885,000 | 127,097,545 | 37,690,000 | - | 151,110,000 | - | - | - | - |
| Payments to refunded bond escrow agent | (54,922,067) | (44,350,490) | (118,681,722) | (38,862,390) | - | (151,165,934) | - | (29,785,000) | - | 4,862,630 |
| Deferred cost of refunding | 1,388,899 | 2,465,490 | - | - | - | - | - | 3,635,000.00 | - | - |
| Premium from sale of bonds | 6,458,775 | 6,712,155 | 11,594,033 | 2,442,072 | 5,647,316 | 12,072,242 | 29,561,598 | 32,439,884 | 29,206,577 | 189,686 |
| Issuance of revenue bonds | 11,940,000 | - | - | - | - | - | - | - | - | - |
| Issuance of debt | 173,655,000 | 100,740,000 | 110,625,000 | 63,210,000 | 74,440,000 | 55,200,000 | 185,095,000 | 185,270,000 | 169,480,000 | - |
| Bond proceeds Schools | (78,543,000) | - | - | - | - | - | - | - | - | - |
| Total other financing sources, net | 117,721,034 | 108,690,712 | 134,963,935 | 69,806,288 | 86,332,621 | 72,477,043 | 223,574,987 | 220,520,502 | 211,353,326 | 14,718,122 |
| Net change in fund balances | \$80,469,658 | \$64,050,300 | \$16,820,917 | \$69,297,349 | \$23,826,471 | (\$10,185,168) | \$99,467,793 | (\$14,478,716) | \$71,214,306 | (\$84,857,874) |
| Debt service as a percentage of noncapital expenditures | 5.6% | 5.0% | 4.9% | 4.9% | 4.7% | 4.7% | 4.5% | 4.9% | 4.8% | 5.3% |

ARLINGTON COUNTY, VIRGINIA
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS (1)
 LAST TEN FISCAL YEARS

| Fiscal Year | General Government | Public Safety | Public Works/ Environmental Services | Health & Welfare | Culture/ Recreation (2) | Education | Non-Departmental | Debt Service(3) | Contributions to Regional Agencies | | Total |
|-------------|--------------------|---------------|---|------------------|----------------------------|---------------|------------------|-----------------|------------------------------------|-------------|-----------------|
| | | | | | | | | | Transit | Other | |
| 2011 | \$95,464,852 | \$112,696,379 | \$72,721,915 | \$109,677,751 | \$96,741,115 | \$363,204,699 | \$43,769,131 | \$88,099,570 | \$21,473,703 | \$8,149,062 | \$1,011,998,177 |
| 2012 | 98,637,205 | 119,356,254 | 75,750,178 | 115,347,313 | 103,765,797 | 393,832,257 | 68,114,014 | 89,268,683 | 24,510,207 | 8,186,444 | 1,096,768,352 |
| 2013 | 102,029,048 | 119,744,336 | 77,419,666 | 113,479,716 | 108,495,964 | 430,523,375 | 43,851,605 | 92,980,788 | 25,475,000 | 8,352,183 | 1,122,351,681 |
| 2014 | 105,703,611 | 124,205,497 | 80,533,785 | 117,358,298 | 110,126,685 | 436,028,377 | 76,452,328 | 99,504,576 | 28,194,000 | 7,854,224 | 1,185,961,381 |
| 2015 | 111,169,816 | 128,820,489 | 85,161,962 | 122,965,470 | 112,125,804 | 440,895,526 | 73,575,715 | 103,652,359 | 29,885,640 | 7,821,061 | 1,216,073,842 |
| 2016 | 116,780,112 | 133,129,820 | 90,929,047 | 127,949,353 | 114,633,008 | 475,846,878 | 63,067,532 | 103,412,767 | 30,328,935 | 6,182,977 | 1,262,260,429 |
| 2017 | 119,544,153 | 135,737,313 | 93,100,334 | 134,525,749 | 121,896,497 | 499,528,735 | 69,607,342 | 107,091,436 | 30,343,315 | 7,550,062 | 1,318,924,936 |
| 2018 | 124,042,899 | 137,855,697 | 94,573,460 | 136,105,243 | 122,093,842 | 530,772,539 | 65,329,008 | 121,463,580 | 36,239,655 | 7,019,804 | 1,375,495,727 |
| 2019 | 127,535,140 | 144,778,022 | 94,053,743 | 135,256,946 | 126,201,967 | 548,327,485 | 64,270,266 | 126,047,790 | 42,601,029 | 7,356,516 | 1,416,428,904 |
| 2020 | 131,334,864 | 149,210,523 | 96,197,295 | 140,082,502 | 127,063,764 | 563,940,012 | 52,773,126 | 131,227,588 | 47,597,637 | 7,337,677 | 1,446,764,988 |

NOTES:

- (1) Includes expenditures of the General and Special Revenue Funds of the County and School Board.
- (2) Includes the specific functions of Libraries, Parks and Recreation, Planning and Development, Community Grants, Housing Grants, and Travel & Tourism Promotion and School Community Activities.
- (3) Includes all debt service for the General, Special Revenue and Capital Project Funds of the County and School Board.

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

| Fiscal Year | Taxes | Licenses and Permits | Inter Governmental Revenue | Charges for Services | Fines and Forfeitures | Miscellaneous Revenues | Total |
|-------------|---------------|----------------------|----------------------------|----------------------|-----------------------|------------------------|-----------------|
| 2011 | \$828,985,623 | \$9,929,105 | \$159,329,241 | \$70,094,896 | \$9,590,928 | \$23,152,911 | \$1,101,082,704 |
| 2012 | 879,404,041 | 10,606,117 | 154,376,886 | 67,754,260 | 10,641,659 | 29,126,756 | 1,151,909,719 |
| 2013 | 926,920,232 | 10,502,137 | 151,775,127 | 75,576,387 | 8,468,253 | 37,260,396 | 1,210,502,532 |
| 2014 | 963,946,680 | 12,396,844 | 156,810,777 | 74,212,578 | 8,113,863 | 37,374,435 | 1,252,855,177 |
| 2015 | 985,665,544 | 11,231,202 | 153,311,932 | 74,135,262 | 7,941,007 | 25,291,766 | 1,257,576,713 |
| 2016 | 1,017,112,658 | 9,846,558 | 162,131,804 | 81,787,347 | 7,059,138 | 26,824,880 | 1,304,762,385 |
| 2017 | 1,056,016,422 | 11,459,159 | 174,008,895 | 90,929,060 | 7,059,743 | 21,168,364 | 1,360,641,643 |
| 2018 | 1,080,066,898 | 10,500,494 | 174,975,857 | 81,490,726 | 7,295,337 | 31,878,659 | 1,386,207,971 |
| 2019 | 1,122,527,318 | 12,150,581 | 185,672,159 | 86,596,540 | 7,637,315 | 43,501,526 | 1,458,085,439 |
| 2020 | 1,153,909,860 | 14,136,969 | 205,990,246 | 74,898,497 | 6,781,552 | 28,867,887 | 1,484,585,011 |

NOTES:

(1) Includes revenues of the General, Special Revenue Funds, and School Board.

TABLE E

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

| Fiscal Year | General Property | Local Sales | Local Cigarette | Transient (1) | Bank Stock | Recordation | Car Rental | Commercial Utility | Meals | Short Term Rental | Estate Taxes | Total |
|-------------|------------------|--------------|-----------------|---------------|-------------|-------------|-------------|--------------------|--------------|-------------------|--------------|---------------|
| 2011 | \$615,862,280 | \$36,889,985 | \$2,928,357 | \$22,913,832 | \$3,313,327 | \$6,011,781 | \$5,279,343 | \$11,341,864 | \$31,425,804 | \$46,513 | \$109,483 | \$736,122,569 |
| 2012 | 660,105,238 | 38,630,486 | 3,125,075 | 21,789,115 | 3,079,109 | 6,536,109 | 5,630,079 | 10,433,639 | 33,409,536 | 41,857 | 72,779 | 782,853,022 |
| 2013 | 703,847,389 | 39,447,636 | 3,109,154 | 22,270,627 | 2,915,557 | 6,974,187 | 6,173,823 | 10,093,508 | 34,707,200 | 47,895 | 64,011 | 829,650,987 |
| 2014 | 742,255,176 | 39,046,328 | 2,902,811 | 20,784,241 | 3,275,105 | 5,318,784 | 5,270,912 | 10,310,369 | 34,951,030 | 50,698 | 67,790 | 864,233,244 |
| 2015 | 761,105,054 | 39,590,910 | 2,503,451 | 23,343,314 | 3,523,174 | 5,298,205 | 5,936,666 | 10,256,548 | 36,508,911 | 51,292 | 72,860 | 888,190,385 |
| 2016 | 787,537,662 | 39,683,462 | 2,412,224 | 24,106,373 | 3,341,220 | 6,049,810 | 6,222,399 | 9,869,041 | 37,332,584 | 64,907 | 69,902 | 916,689,584 |
| 2017 | 813,816,937 | 41,197,357 | 2,384,533 | 26,530,904 | 3,699,383 | 7,048,071 | 6,890,584 | 9,773,431 | 39,047,018 | 52,244 | 64,757 | 950,505,219 |
| 2018 | 836,627,052 | 42,007,601 | 2,370,175 | 26,277,948 | 3,845,928 | 6,022,870 | 6,528,308 | 10,021,776 | 39,469,397 | 49,489 | 57,618 | 973,278,162 |
| 2019 | 863,925,881 | 44,047,335 | 2,115,530 | 25,855,177 | 4,125,274 | 5,750,294 | 6,188,708 | 11,171,563 | 40,168,158 | 57,337 | 58,682 | 1,003,463,939 |
| 2020 | 904,607,797 | 43,718,554 | 1,922,066 | 17,381,151 | 3,630,492 | 6,835,497 | 5,918,313 | 11,050,120 | 32,772,936 | 57,258 | 54,649 | 1,027,948,833 |

NOTES:

(1) Includes transient occupancy tax in Travel and Tourism Fund.

TABLE F

ARLINGTON COUNTY, VIRGINIA
 ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY (1)
 LAST TEN FISCAL YEARS

| Fiscal Year | Real Property | | Personal Property | | Public Property | | Total | | Real Property Tax Rate (2)(3) | Personal Property Tax Rate |
|-------------|------------------|------------------|-------------------|-----------------|-----------------|---------------|------------------|------------------|-------------------------------|----------------------------|
| | Assessed Value | Actual Value | Assessed Value | Actual Value | Assessed Value | Actual Value | Assessed Value | Actual Value | | |
| 2011 | \$57,459,163,400 | \$57,459,163,400 | \$1,892,908,108 | \$1,892,908,108 | \$709,218,039 | \$709,218,039 | \$60,061,289,547 | \$60,061,289,547 | .958/.958 | 5.00% |
| 2012 | 61,672,361,900 | 61,672,361,900 | 1,947,478,083 | 1,947,478,083 | 774,586,506 | 774,586,506 | 64,394,426,489 | 64,394,426,489 | .958/.971 | 5.00% |
| 2013 | 62,891,330,300 | 62,891,330,300 | 2,134,754,992 | 2,134,754,992 | 758,819,988 | 758,819,988 | 65,784,905,280 | 65,784,905,280 | .971/1.006 | 5.00% |
| 2014 | 66,399,525,600 | 66,399,525,600 | 2,222,369,095 | 2,222,369,095 | 801,404,536 | 801,404,536 | 69,423,299,231 | 69,423,299,231 | 1.006/.996 | 5.00% |
| 2015 | 69,269,138,400 | 69,269,138,400 | 2,152,448,649 | 2,152,448,649 | 823,361,286 | 823,361,286 | 72,244,948,335 | 72,244,948,335 | .996/.996 | 5.00% |
| 2016 | 71,275,163,280 | 71,275,163,280 | 2,187,502,318 | 2,187,502,318 | 915,737,900 | 915,737,900 | 74,378,403,498 | 74,378,403,498 | .996/.991 | 5.00% |
| 2017 | 73,388,290,300 | 73,388,290,300 | 2,233,412,227 | 2,233,412,227 | 949,109,098 | 949,109,098 | 76,570,811,625 | 76,570,811,625 | .991/1.006 | 5.00% |
| 2018 | 74,983,635,100 | 74,983,635,100 | 2,250,358,804 | 2,250,358,804 | 760,481,473 | 760,481,473 | 77,994,475,377 | 77,994,475,377 | 1.006/1.006 | 5.00% |
| 2019 | 77,590,138,200 | 77,590,138,200 | 2,319,811,269 | 2,319,811,269 | 942,812,221 | 942,812,221 | 80,852,761,690 | 80,852,761,690 | 1.013/1.013 | 5.00% |
| 2020 | 81,139,153,900 | 81,139,153,900 | 2,374,133,461 | 2,374,133,461 | 950,789,542 | 950,789,542 | 84,464,076,903 | 84,464,076,903 | 1.013/1.013 | 5.00% |

NOTES:

- (1) The amounts shown for assessed and estimated actual value of taxable property represent valuations for County tax years which end December 31st. Property in the County assessed each year at actual value. Therefore, the assessed values are equal to the actual value. Rates are per \$100 of assessed valuation.
- (2) Rate is established each calendar year; the first rate represents second half of the previous calendar year, and the second rate represents first half of the calendar year.
- (3) Rate includes sanitary district tax for stormwater management initiatives.

TABLE G

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL TAXPAYERS (1)
CURRENT YEAR AND NINE YEARS AGO

| 2020 | | | | 2011 | | | |
|---|-------------------------|------|--|---|-------------------------|------|--|
| Taxpayer/ Type of Business | Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Taxpayer/ Type of Business | Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| JBG Smith Properties Office buildings, apartartments, hotel, land | \$4,492,402,600 | 1 | 5.53% | Vornado Realty Trust Office buildings, apartartments, hotel, land | \$5,130,808,500 | 1 | 8.96% |
| Albrittain Interests Apartments, general commercial | 1,732,299,600 | 2 | 2.13% | Arland Towers Co Office building, land | 989,460,700 | 2 | 1.73% |
| Paradigm Managed Properties Apartments, general commercial | 1,290,104,400 | 3 | 1.59% | Albrittain interests Apartment, general commercial | 952,531,400 | 3 | 1.66% |
| Arland Towers Company Office Building, land | 1,219,170,600 | 4 | 1.50% | Paradigm Managed Properties Apartments, general commercial | 898,244,300 | 4 | 1.57% |
| Shirley Park Leasing Office buildings, land | 859,838,000 | 5 | 1.05% | Fashion Centre Assoc Mixed use retail, hotel | 594,396,900 | 5 | 1.04% |
| Fashion Centre Assoc Mixed use retail, hotel | 817,292,900 | 6 | 1.00% | JBG Companies Office building, land, apts, retail, res | 582,070,500 | 6 | 1.02% |
| Beacon Office buildings, land | 800,025,900 | 7 | 0.98% | Street Retail Inc Retail office | 508,376,200 | 7 | 0.89% |
| Caruthers Retail, Office Apartment | 745,772,400 | 8 | 0.91% | Beacon Capital Partners Office buildings, land | 504,061,800 | 8 | 0.88% |
| Tishman Speyer Apartment | 688,360,900 | 9 | 0.84% | Shirley Park Leasing LP Office building | 426,438,000 | 9 | 0.74% |
| Street Retail Inc Office buildings, hotel, land | 667,694,800 | 10 | 0.82% | Kingdon Gould/Airport Plaza Assoc Office buildings, hotel, land | 371,467,400 | 10 | 0.65% |
| Total | <u>\$13,312,962,100</u> | | <u>16.35%</u> | | <u>\$10,957,855,700</u> | | <u>19.14%</u> |

NOTES:

(1) Source - County Department of Management & Finance - Real Estate Assessments

ARLINGTON COUNTY, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Combined Real Estate and Personal Property Tax

| | Total adjusted Tax Levy* | Collected in Fiscal Year of Levy | | Collected in Subsequent Years | Total Collections to date | |
|------|--------------------------|----------------------------------|--------------------|-------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of levy |
| 2011 | \$655,022,768 | \$650,965,303 | 99.38% | \$3,807,129 | \$654,772,432 | 99.96% |
| 2012 | 696,342,554 | 697,633,240 | 100.19% | (1,556,031) | 696,077,209 | 99.96% |
| 2013 | 753,001,012 | 748,656,079 | 99.42% | 4,118,995 | 752,775,074 | 99.97% |
| 2014 | 788,216,883 | 784,483,188 | 99.53% | 3,733,084 | 788,216,273 | 100.00% |
| 2015 | 812,908,449 | 809,269,205 | 99.55% | 3,636,252 | 812,905,457 | 100.00% |
| 2016 | 838,492,251 | 835,542,405 | 99.65% | 2,723,325 | 838,265,730 | 99.97% |
| 2017 | 870,550,574 | 867,494,501 | 99.65% | 2,850,842 | 870,345,343 | 99.98% |
| 2018 | 901,040,613 | 898,402,475 | 99.71% | 2,288,975 | 900,691,450 | 99.96% |
| 2019 | 933,461,584 | 929,826,270 | 99.61% | 3,197,388 | 933,023,658 | 99.95% |
| 2020 | 972,115,572 | 968,914,355 | 99.67% | - | 968,914,355 | 99.67% |

Real Estate Taxes

| | Total adjusted Tax Levy* | Collected in Fiscal Year of Levy | | Collected in Subsequent Years | Total Collections to Date | |
|------|--------------------------|----------------------------------|--------------------|-------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2011 | \$556,655,908 | \$554,896,565 | 99.68% | \$1,759,343 | \$556,655,908 | 100.00% |
| 2012 | 596,245,347 | 599,088,319 | 100.48% | (2,842,972) | 596,245,347 | 100.00% |
| 2013 | 644,486,517 | 642,101,576 | 99.63% | 2,384,941 | 644,486,517 | 100.00% |
| 2014 | 676,543,314 | 674,587,922 | 99.71% | 1,954,444 | 676,542,366 | 100.00% |
| 2015 | 701,721,872 | 699,630,645 | 99.70% | 2,088,235 | 701,718,880 | 100.00% |
| 2016 | 724,866,120 | 723,726,055 | 99.84% | 1,138,164 | 724,864,219 | 100.00% |
| 2017 | 753,091,580 | 751,657,270 | 99.81% | 1,434,143 | 753,091,412 | 100.00% |
| 2018 | 779,915,530 | 779,012,815 | 99.88% | 877,538 | 779,890,353 | 100.00% |
| 2019 | 809,194,489 | 807,017,246 | 99.73% | 2,104,426 | 809,121,672 | 99.99% |
| 2020 | 844,015,620 | 841,600,625 | 99.71% | - | 841,600,625 | 99.71% |

NOTE: Large tax refunds for FY2012 collections were processed during FY2013 resulting in negative collections

Personal Property Taxes

| | Total adjusted Tax Levy* | Collected in Fiscal Year of Levy | | Collected in Subsequent Years | Total Collections to date | |
|------|--------------------------|----------------------------------|--------------------|-------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2011 | \$98,366,861 | \$96,068,738 | 97.66% | \$2,047,786 | \$98,116,524 | 99.75% |
| 2012 | 100,097,207 | 98,544,921 | 98.45% | 1,286,941 | 99,831,862 | 99.73% |
| 2013 | 108,514,495 | 106,554,504 | 98.19% | 1,734,054 | 108,288,558 | 99.79% |
| 2014 | 111,673,569 | 109,895,266 | 98.41% | 1,778,640 | 111,673,906 | 100.00% |
| 2015 | 111,186,577 | 109,638,560 | 98.61% | 1,548,017 | 111,186,577 | 100.00% |
| 2016 | 113,626,131 | 111,816,350 | 98.41% | 1,585,161 | 113,401,511 | 99.80% |
| 2017 | 117,458,994 | 115,837,231 | 98.62% | 1,416,699 | 117,253,931 | 99.83% |
| 2018 | 121,125,083 | 119,389,660 | 98.57% | 1,411,438 | 120,801,098 | 99.73% |
| 2019 | 124,267,095 | 122,809,024 | 98.83% | 1,092,963 | 123,901,987 | 99.71% |
| 2020 | 128,099,952 | 127,313,729 | 99.39% | - | 127,313,729 | 99.39% |

* Levy adjusted to reflect supplemental assessments included in the applicable tax year less taxes deferred, not due.

Source: Arlington County Treasurer's Office

TABLE I

ARLINGTON COUNTY, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities | | | | | | Business-type activities | | | | | | Total Primary Government | Pct. Of Personal Income (1) | Debt Per Capita (1) |
|-------------|------------------------------|---------------|-----------------------|-----------------------------|-----------------------|----------------|--|---------------|------------------------|-------------------|---------------|----------------|--------------------------|-----------------------------|---------------------|
| | General Obligation Bonds (2) | Bond Premiums | IDA Revenue Bonds (3) | IDA Lease Revenue Bonds (2) | IDA Notes Payable (3) | Capital Leases | Utilities General Obligation Bonds (4) | Bond Premiums | BPPG Revenue Bonds (4) | BPPG Note Payable | VRA Bonds (4) | Capital Leases | | | |
| 2011 | 687,933,174 | 27,954,839 | 40,135,000 | 48,455,000 | 35,016,099 | 21,776,322 | 127,396,828 | 3,581,390 | 11,800,000 | 3,429,679 | 263,158,039 | 276,850 | 1,270,913,220 | 7.89% | 5,894 |
| 2012 | 730,532,411 | 43,491,622 | 38,970,000 | 42,635,000 | 35,016,099 | 16,618,189 | 124,517,591 | 4,654,464 | 10,600,000 | 3,429,679 | 253,204,991 | 218,393 | 1,303,888,439 | 7.27% | 5,814 |
| 2013 | 776,934,905 | 57,387,895 | 125,285,000 | - | - | 17,262,270 | 119,765,096 | 4,977,984 | 9,400,000 | 3,429,679 | 246,193,772 | 173,932 | 1,360,810,533 | 7.12% | 5,874 |
| 2014 | 779,454,489 | 59,689,141 | 116,500,000 | - | - | 19,983,772 | 112,630,511 | 4,830,753 | 8,900,000 | 3,429,679 | 233,282,935 | 144,301 | 1,274,325,637 | 6.99% | 5,765 |
| 2015 | 791,622,939 | 61,649,694 | 106,855,000 | - | - | 20,463,505 | 107,467,060 | 4,747,140 | 7,000,000 | 3,429,679 | 219,832,909 | 113,814 | 1,256,784,906 | 6.89% | 5,686 |
| 2016 | 780,605,263 | 69,752,807 | 101,925,000 | - | - | 21,467,996 | 97,974,737 | 4,429,224 | 5,800,000 | 3,429,679 | 205,816,282 | 82,446 | 1,217,101,402 | 6.67% | 5,506 |
| 2017 | 893,276,266 | 94,741,666 | 96,980,000 | - | - | 24,807,058 | 89,873,734 | 4,111,309 | 4,600,000 | 3,429,679 | 191,314,640 | 50,170 | 1,403,184,522 | 6.56% | 5,854 |
| 2018 | 972,959,914 | 121,130,730 | 110,930,000 | - | - | 17,863,828 | 82,170,086 | 3,793,394 | - | 3,429,679 | 174,046,269 | 16,962 | 1,486,340,862 | 6.87% | 6,045 |
| 2019 | 1,061,136,528 | 142,725,170 | 106,305,000 | - | - | 13,899,427 | 74,498,472 | 3,477,274 | - | 3,429,679 | 158,905,982 | - | 1,568,358,895 | 7.02% | 6,282 |
| 2020 | 981,566,629 | 133,652,705 | 101,835,000 | - | - | 12,828,440 | 67,008,371 | 3,162,293 | - | 3,429,679 | 143,345,827 | - | 1,446,828,944 | 5.94% | 5,651 |

NOTES:

- (1) Population and personal Income estimates are from Arlington County Planning Division presented in Table K.
(2) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.
(3) These amounts are IDA Revenue notes and bonds issued as subject to appropriation obligations of the County.
(4) Business type amounts are self supporting debt obligations that are repaid by user fees or tenant income, not by General Fund Revenues.

TABLE I-1

ARLINGTON COUNTY, VIRGINIA
PRIMARY GOVERNMENT RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

| Fiscal Year | Population (1) | Assessed Value (2) | General Bonded Debt | | | | | Total Primary Government | Pct. Of Actual Taxable Value of Real Property | Debt Per Capita |
|-------------|----------------|--------------------|-----------------------------------|--|-----------------------|-----------------------------|-----------------------|--------------------------|---|-----------------|
| | | | General Obligation Bonds Debt (3) | Utilities General Obligation Bonds (3) | IDA Revenue Bonds (4) | IDA Lease Revenue Bonds (4) | IDA Notes Payable (4) | | | |
| 2011 | 210,280 | 60,061,289,547 | 687,933,174 | 127,396,828 | 40,135,000 | 42,635,000 | 35,016,099 | 933,116,101 | 1.55% | 4,437 |
| 2012 | 216,004 | 64,394,426,489 | 730,532,413 | 124,517,591 | 50,660,000 | 30,945,000 | 35,016,099 | 971,671,103 | 1.51% | 4,498 |
| 2013 | 221,045 | 65,627,006,417 | 776,934,905 | 119,765,096 | 125,285,000 | - | - | 1,021,985,001 | 1.56% | 4,623 |
| 2014 | 215,000 | 69,423,299,231 | 779,454,489 | 112,630,511 | 116,500,000 | - | - | 1,008,585,000 | 1.45% | 4,691 |
| 2015 | 216,700 | 72,244,948,335 | 791,622,939 | 107,467,060 | 106,855,000 | - | - | 898,477,939 | 1.24% | 4,146 |
| 2016 | 220,400 | 74,378,403,498 | 780,605,263 | 97,974,737 | 101,925,000 | - | - | 980,505,000 | 1.36% | 4,449 |
| 2017 | 222,800 | 76,570,811,625 | 893,276,266 | 89,873,734 | 96,980,000 | - | - | 1,080,130,000 | 1.45% | 4,848 |
| 2018 | 225,200 | 77,994,475,377 | 972,959,914 | 82,170,086 | 110,930,000 | - | - | 1,166,060,000 | 1.57% | 5,178 |
| 2019 | 226,400 | 80,852,761,690 | 1,061,136,528 | 74,498,472 | 106,305,000 | - | - | 1,241,940,000 | 1.67% | 5,486 |
| 2020 | 231,800 | 84,464,076,903 | 981,566,629 | 67,008,371 | 101,835,000 | - | - | 1,150,410,000 | 1.55% | 4,963 |

NOTES:

- (1) Population estimates are from Arlington County Planning Division.
- (2) The assessed value figures are based on County tax years which end December 31st.
- (3) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. Amounts do not include revenue bonds.
- (4) These amounts are IDA Revenue notes and bonds issued as subject to appropriation obligations of the County.

TABLE J

ARLINGTON COUNTY, VIRGINIA
 PLEDGED - REVENUE COVERAGE
 UTILITIES BOND COVERAGE
 LAST TEN FISCAL YEARS

| Fiscal Year | Gross Revenue (1) | Direct Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirement | | | Coverage (3) |
|-------------|-------------------|-------------------------------|--|--------------------------|--------------|--------------|--------------|
| | | | | Principal | Interest | Total | |
| 2011 | \$101,182,400 | \$47,186,908 | \$53,995,492 | \$7,956,950 | \$14,055,589 | \$22,012,539 | 2.45 |
| 2012 | 105,787,143 | 52,382,893 | 53,404,250 | 8,295,238 | 14,030,986 | 22,326,224 | 2.39 |
| 2013 | 107,453,634 | 59,471,356 | 47,982,278 | 8,523,845 | 14,061,159 | 22,585,004 | 2.12 |
| 2014 | 105,668,151 | 58,743,860 | 46,924,291 | 8,741,975 | 12,863,094 | 21,605,069 | 2.17 |
| 2015 | 110,141,975 | 59,505,522 | 50,636,453 | 8,163,452 | 11,679,095 | 19,842,547 | 2.55 |
| 2016 | 106,693,535 | 57,993,775 | 48,699,760 | 8,423,257 | 10,595,245 | 19,018,502 | 2.56 |
| 2017 | 109,908,071 | 59,263,440 | 50,644,631 | 8,101,003 | 9,409,421 | 17,510,424 | 2.89 |
| 2018 | 112,331,598 | 64,510,288 | 47,821,310 | 7,703,648 | 9,170,354 | 16,874,002 | 2.83 |
| 2019 | 109,693,016 | 65,056,021 | 44,636,995 | 7,671,614 | 7,948,419 | 15,620,033 | 2.86 |
| 2020 | 112,915,415 | 61,360,929 | 51,554,486 | 7,490,101 | 7,155,828 | 14,645,929 | 3.52 |

NOTES:

- (1) The bonds issued to finance construction of the County's water and sewer system are recorded as a liability of the County's Utilities Fund (Exhibit D-1). The debt service on these bonds is financed by the operation of the Utilities Fund while these bonds are also classified as a general obligation of the County.
- (2) Excludes depreciation.
- (3) The Utilities Fund will maintain debt service coverage of at least 1.25 times on all debt service obligations.

TABLE K

ARLINGTON COUNTY, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

| Fiscal Year | Population (1) | Personal Income (thousands of dollars) | Per Capita Income (2) | School Enrollment (3) | Unemployment Rate (4) |
|----------------|----------------|--|--------------------------|--------------------------|--------------------------|
| 2011 | 210,280 | \$15,707,916 | \$74,700 | 21,168 | 3.9% |
| 2012 | 216,004 | 17,273,192 | 79,967 | 21,853 | 3.5% |
| 2013 | 221,045 | 18,234,223 | 82,491 | 22,763 | 4.0% |
| 2014 | 215,000 | 18,554,500 | 86,300 | 23,612 | 3.5% |
| 2015 | 216,700 | 18,614,530 | 85,900 | 24,664 | 3.4% |
| 2016 | 220,400 | 18,601,760 | 84,400 | 25,463 | 2.9% |
| 2017 | 222,800 | 19,896,040 | 89,300 | 26,405 | 2.6% |
| 2018 | 225,200 | 19,814,447 | 87,986 | 26,983 | 2.5% |
| 2019 | 226,400 | 20,259,857 | 89,487 | 27,521 | 2.0% |
| 2020 | 231,800 | 22,066,896 | 95,198 | 28,142 | 1.9% |

NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.
The 2014-2020 population figures are estimates from the Arlington County Planning Division.
- (2) Source - 2014 -2020 estimates from the Arlington County Planning Division. 2011-2013 figures reported by U.S. Dept of Commerce
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only.
All figures are as of June 30.
- (4) Source Figures for 2014-2020 U.S. Bureau of Labor Statistics, Figures 2011-2013 Virginia Employment Commission

TABLE L

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

| <u>Employers</u> | 2020* | | | <u>Employers</u> | 2011* | | |
|-------------------------------|------------------|-------------|--|----------------------------------|------------------|-------------|---|
| | <u>Employees</u> | <u>Rank</u> | Percentage of Total County <u>Employment</u> | | <u>Employees</u> | <u>Rank</u> | Percentage of Total Count <u>Employment</u> |
| Federal Government | 27,600 | 1 | 11.75% | Federal Government | 34,064 | 1 | 20.51% |
| Local Government | 12,300 | 2 | 5.24% | Local Government | 10,504 | 2 | 6.32% |
| Accenture | 4,900 | 3 | 2.09% | Deloitte | 3,500 | 3 | 2.11% |
| Deloitte | 4,400 | 4 | 1.87% | Virginia Hospital Center | 2,042 | 4 | 1.23% |
| Virginia Hospital Center | 3,200 | 5 | 1.36% | Lockheed Martin Corp | 2,668 | 5 | 1.61% |
| Booz Allen | 1,900 | 6 | 0.81% | Marriott International, Inc. | 1,600 | 6 | 0.96% |
| Gartner | 1,500 | 7 | 0.64% | Booz Allen Hamilton | 1,370 | 7 | 0.82% |
| Amazon** | 1,000 | 8 | 0.43% | SRA International, Inc. | 1,359 | 8 | 0.82% |
| Bloomberg BNA | 980 | 9 | 0.42% | CACI | 1,251 | 9 | 0.75% |
| LIDL | 950 | 10 | 0.40% | US Airways | 1,300 | 10 | 0.78% |
| Marriott Hotel Services, Inc. | 900 | 11 | 0.38% | SAIC | 1,281 | 11 | 0.77% |
| State Government | 770 | 12 | 0.33% | Corporate Executive Board | 968 | 12 | 0.58% |
| CACI | 700 | 13 | 0.30% | Bureau of National Affairs, Inc. | 900 | 13 | 0.54% |
| Marymount University | 600 | 14 | 0.26% | BAE Systems | 745 | 14 | 0.45% |
| CNA | 530 | 15 | 0.23% | Marymount University | 792 | 15 | 0.48% |
| NRECA | 530 | 15 | 0.23% | The Boeing Company | 685 | 16 | 0.41% |
| Boeing | 520 | 16 | 0.22% | State Government | 547 | 17 | 0.33% |
| PBS | 510 | 17 | 0.22% | NRECA | 540 | 18 | 0.33% |
| SAIC | 510 | 17 | 0.22% | Starwood Hotels | 525 | 19 | 0.32% |
| Nestle | 500 | 18 | 0.21% | Accenture | 500 | 20 | 0.30% |
| Total | 64,800 | | 27.60% | Total | 22,573 | | 13.59% |
| Total At-Place Employment | 234,800 | | | Total Covered Employment | 166,101 | | |

Source: Arlington County Planning Division; Arlington Economic Development; Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW)

* 1st Quarter Estimates

** 2nd Quarter Estimate

TABLE M

ARLINGTON COUNTY, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

| Department | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| County Board | 7.8 | 8.0 | 8.0 | 7.8 | 8.3 | 9.3 | 10.0 | 10.0 | 10.0 | 10.0 |
| County Manager | 36.9 | 36.9 | 37.1 | 35.9 | 35.9 | 37.4 | 33.4 | 36.0 | 33.0 | 31.0 |
| Management and Finance | 54.0 | 55.0 | 55.0 | 55.5 | 56.5 | 57.5 | 57.5 | 58.5 | 58.5 | 58.5 |
| Technology Services | 71.0 | 72.0 | 74.0 | 73.0 | 72.0 | 78.0 | 78.0 | 77.0 | 74.0 | 80.0 |
| Human Resources | 50.0 | 51.0 | 52.0 | 52.0 | 52.0 | 52.0 | 53.0 | 53.0 | 53.0 | 53.0 |
| County Attorney | 14.0 | 14.0 | 14.0 | 14.0 | 14.0 | 15.0 | 15.0 | 16.0 | 16.0 | 16.0 |
| Circuit Court | 32.3 | 32.3 | 32.3 | 32.3 | 33.8 | 36.8 | 36.8 | 37.3 | 37.3 | 38.3 |
| General District Court | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.0 | 1.0 |
| Juvenile and Domestic Relations Court | 55.8 | 55.8 | 55.8 | 55.8 | 55.8 | 55.8 | 55.8 | 57.8 | 59.8 | 60.3 |
| Commonwealth's Attorney | 34.0 | 35.0 | 35.0 | 35.0 | 35.0 | 36.0 | 34.0 | 35.0 | 35.0 | 36.0 |
| Sheriff | 266.0 | 267.0 | 271.0 | 271.0 | 272.0 | 279.0 | 286.0 | 293.0 | 293.0 | 295.0 |
| Commissioner of Revenue | 53.0 | 53.0 | 52.0 | 52.0 | 52.0 | 52.0 | 52.0 | 53.0 | 53.0 | 53.0 |
| Treasurer | 60.8 | 60.8 | 59.8 | 61.8 | 61.8 | 62.4 | 62.7 | 62.7 | 62.7 | 62.7 |
| Electoral Board | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.4 | 8.8 |
| Office of Emergency Management | 71.5 | 71.5 | 79.5 | 76.5 | 74.5 | 74.5 | 74.5 | 76.5 | 74.5 | 74.5 |
| Police | 465.0 | 466.0 | 466.0 | 466.0 | 470.0 | 472.0 | 478.0 | 478.0 | 477.0 | 479.0 |
| Fire | 316.0 | 317.0 | 320.0 | 321.0 | 321.0 | 319.0 | 332.0 | 332.0 | 340.0 | 349.0 |
| Public Works/Environmental Services | 694.7 | 700.2 | 721.2 | 730.2 | 765.0 | 774.5 | 783.5 | 793.5 | 799.0 | 799.5 |
| Human Services | 694.7 | 699.7 | 685.8 | 680.5 | 681.5 | 705.9 | 717.9 | 725.6 | 710.2 | 713.5 |
| Libraries | 125.1 | 127.6 | 135.6 | 133.9 | 133.9 | 133.9 | 133.9 | 134.9 | 133.9 | 130.7 |
| Economic Development | 28.8 | 28.8 | 61.6 | 61.6 | 63.6 | 56.7 | 60.0 | 63.2 | 59.9 | 58.9 |
| Community Planning, Housing & Development | 176.0 | 177.0 | 197.1 | 198.6 | 198.6 | 184.5 | 188.5 | 194.5 | 194.0 | 199.5 |
| Parks, Recreation & Cultural Resources | 355.8 | 360.3 | 345.9 | 365.9 | 371.2 | 370.9 | 379.0 | 379.1 | 368.1 | 359.9 |
| Total County Positions | 3,672.9 | 3,698.7 | 3,768.6 | 3,790.0 | 3,838.2 | 3,872.8 | 3,931.3 | 3,976.4 | 3,951.2 | 3,967.9 |
| Total School Positions | 3,787.5 | 3,937.4 | 4,047.1 | 4,109.0 | 4,159.3 | 4,371.7 | 4,544.9 | 4,674.5 | 4,788.5 | 4,897.4 |
| TOTAL POSITIONS | 7,460.4 | 7,636.1 | 7,815.7 | 7,898.9 | 7,997.5 | 8,244.5 | 8,476.2 | 8,650.9 | 8,739.7 | 8,865.3 |

Sources: Arlington County FY2020 Adopted Budget and Arlington County School Board's Adopted Budget FY 2020.

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
LAST TEN FISCAL YEARS

| Form of Government Date of Adoption January 1, 1932 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Area (square miles) | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Lane Miles | 974 | 974 | 974 | 974 | 974 | 974 | 974 | 1,051 | 1,059 | 1,059 |
| Number of Street Lights | 16,723 | 17,267 | 17,796 | 18,708 | 19,642 | 18,349 | 18,493 | 18,500 | 18,625 | 18,655 |
| Fire Protection: | | | | | | | | | | |
| Number of Stations | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 9 |
| Training Academy | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Education: | | | | | | | | | | |
| Attendance Centers | 37 | 37 | 37 | 37 | 38 | 39 | 39 | 39 | 39 | 38 |
| Number of Classrooms (1) | 1,720 | 1,720 | 1,740 | 1,760 | 1,780 | 1,851 | 1,913 | 1,797 | 1,781 | 1,828 |
| Number of Teachers | 2,105 | 2,241 | 2,295 | 2,406 | 2,501 | 2,628 | 2,736 | 2,828 | 2,980 | 2,990 |
| Number of Students | 21,168 | 21,853 | 22,763 | 23,612 | 24,664 | 25,463 | 26,405 | 26,983 | 27,521 | 28,020 |
| County Water System: | | | | | | | | | | |
| Number of consumer service locations | 37,574 | 37,151 | 37,189 | 37,343 | 37,464 | 37,658 | 37,577 | 37,487 | 37,479 | 37,739 |
| Average daily consumption (gallons) | 23,217,000 | 22,500,000 | 22,220,000 | 22,010,000 | 22,190,000 | 22,390,000 | 22,040,000 | 21,160,000 | 24,300,000 | 20,610,000 |
| Miles of water mains | 525 | 525 | 525 | 525 | 525 | 525 | 525 | 525 | 529 | 529 |
| County Sewer System: | | | | | | | | | | |
| Miles of sanitary sewers | 470 | 470 | 470 | 470 | 470 | 470 | 470 | 470 | 466 | 466 |
| Average gallons per day treated | 26,470,000 | 22,000,000 | 20,273,507 | 23,139,205 | 23,019,096 | 23,320,000 | 21,590,000 | 21,970,000 | 25,600,000 | 21,330,000 |
| System capacity under construction (gallons per day) | 10,000,000 | 10,000,000 | - | - | - | - | - | - | - | - |
| Building Permits: | | | | | | | | | | |
| Construction Permits | 2,939 | 3,074 | 3,019 | 3,035 | 3,250 | 3,702 | 3,376 | 3,082 | 3,325 | 2,936 |
| Plumbing, Electrical & Mechanical Permits | 7,834 | 7,907 | 8,264 | 8,338 | 8,873 | 10,288 | 9,477 | 9,083 | 9,558 | 9,128 |
| Fire Permits | 982 | 1,052 | 953 | 997 | 1,064 | 1,214 | 1,192 | 942 | 1,170 | 1,004 |
| Elevator Permits | 72 | 77 | 99 | 95 | 115 | 106 | 110 | 89 | 98 | 117 |
| Recreation and Culture: | | | | | | | | | | |
| Number of Parks and Playgrounds (2) | 212 | 219 | 236 | 236 | 210 | 213 | 214 | 220 | 220 | 220 |
| Number of Libraries | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of Items (e-materials) (3) | 662,757 | 632,517 | 653,092 | 633,127 | 675,924 | 687,584 | 690,700 | 40,274 | 56,109 | 75,285 |
| Number of Community Centers | 14 | 14 | 14 | 14 | 14 | 14 | 13 | 13 | 13 | 13 |
| Number of Nature Centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of Historical Districts | 31 | 32 | 34 | 34 | 36 | 38 | 40 | 40 | 40 | 40 |

- (1) Beginning in FY 2019, Arlington Public Schools revised how classrooms are counted per grade level. The following methodology was utilized for FY 2019:
- (a) Elementary classroom counts shall include pre-kindergarten through grade five, special education, small and large group instruction, art, music, and relocatable classrooms.
 - (b) Middle, High School, and Program classroom counts shall include grade six through twelve, special education, small and large group instruction, lab, art, music, theater, technical, gymnasium, physical education stations, and relocatable classrooms.
- (2) Prior to FY 2015, the parks and playground count included 26 areas not under the Department of Parks and Recreation maintenance responsibilities such as playgrounds owned and maintained by Arlington Public Schools. In FY 2015, the count was updated to include only parks and playgrounds maintained by the Department of Parks and Recreation.
- (3) Beginning in FY 2018, Libraries will report number of items in terms of e-materials instead of print and audiovisual materials as e-materials is a more relevant measure.

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
LAST TEN FISCAL YEARS

Primary Government

| FUNCTION AND ACTIVITY: | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Government: | | | | | | | | | | |
| Control- | | | | | | | | | | |
| Legislative | \$114,522 | \$114,522 | \$114,522 | \$114,522 | \$694,222 | \$694,222 | \$1,190,662 | \$1,190,662 | \$1,190,662 | \$1,190,662 |
| Executive | 480,663 | 480,663 | 480,663 | 492,215 | 497,308 | 532,598 | 532,598 | 532,598 | 532,598 | 532,598 |
| Judicial | 2,594,988 | 3,934,611 | 4,700,614 | 5,334,523 | 5,622,649 | 5,738,322 | 5,822,409 | 6,600,515 | 7,327,958 | 7,750,928 |
| Total Control | 3,190,173 | 4,529,796 | 5,295,799 | 5,941,260 | 6,814,179 | 6,965,142 | 7,545,669 | 8,323,775 | 9,051,218 | 9,474,188 |
| Staff Agencies- | | | | | | | | | | |
| Elections | 270,396 | 270,396 | 270,396 | 1,129,595 | 1,129,595 | 1,129,595 | 1,129,595 | 1,129,595 | 1,129,595 | 1,129,595 |
| Management and Finance | 467,918 | 1,077,827 | 1,588,298 | 1,610,532 | 1,610,532 | 1,610,532 | 1,610,532 | 1,610,532 | 1,610,532 | 1,610,532 |
| Human Resources | 410,350 | 414,403 | 414,403 | 414,403 | 414,403 | 414,403 | 414,403 | 414,403 | 414,403 | 414,403 |
| Office of County Attorney | 876,188 | 923,699 | 953,687 | 966,128 | 1,092,069 | 1,092,069 | 1,092,069 | 1,092,069 | 1,092,069 | 1,092,069 |
| Commissioner of the Revenue | 595,054 | 595,054 | 595,054 | 595,054 | 595,054 | 607,454 | 607,454 | 607,454 | 629,149 | 629,149 |
| Treasurer | 65,114 | 65,114 | 65,114 | 65,114 | 65,114 | 283,967 | 349,169 | 349,169 | 349,169 | 349,169 |
| Department of Technology Service | 11,344,264 | 14,597,576 | 18,195,395 | 29,114,164 | 36,702,653 | 45,702,921 | 50,630,621 | 59,877,714 | 66,026,395 | 75,878,425 |
| General government buildings | 327,020,186 | 327,020,186 | 327,604,012 | 263,901,049 | 265,310,754 | 267,110,754 | 267,127,519 | 267,127,519 | 267,127,519 | 275,485,130 |
| Total Staff Agencies | 341,049,470 | 344,964,255 | 349,686,359 | 297,796,039 | 306,920,174 | 317,951,695 | 322,961,362 | 332,208,455 | 338,378,831 | 356,588,472 |
| Total General Government | 344,239,643 | 349,494,051 | 354,982,158 | 303,737,299 | 313,734,353 | 324,916,837 | 330,507,031 | 340,532,230 | 347,430,049 | 366,062,660 |
| Public Safety: | | | | | | | | | | |
| Police | 10,138,856 | 13,102,757 | 15,073,584 | 15,273,434 | 16,965,207 | 18,117,833 | 18,892,893 | 21,735,178 | 22,535,937 | 22,880,851 |
| Fire | 83,442,395 | 85,337,968 | 85,829,937 | 79,368,941 | 79,413,215 | 79,644,908 | 81,537,998 | 81,664,498 | 81,801,467 | 82,809,006 |
| Emergency management | 4,086,134 | 5,405,411 | 5,681,058 | 5,864,294 | 9,088,294 | 9,876,843 | 13,975,990 | 16,476,814 | 17,628,556 | 21,114,978 |
| Total Public Safety | 97,667,385 | 103,846,136 | 106,584,579 | 100,506,669 | 105,466,716 | 107,639,584 | 114,406,881 | 119,876,490 | 121,965,960 | 126,804,835 |
| Environmental Services | 474,009,827 | 526,053,112 | 632,215,203 | 732,287,767 | 793,284,160 | 863,240,831 | 939,856,784 | 1,043,027,591 | 1,151,821,116 | 1,249,846,227 |
| Health and Public Welfare | 33,069,717 | 33,105,155 | 33,322,630 | 33,767,799 | 33,916,913 | 33,990,233 | 34,260,585 | 34,456,402 | 34,700,657 | 34,989,070 |
| Libraries | 29,731,690 | 30,413,627 | 30,442,689 | 30,420,141 | 30,420,141 | 30,432,892 | 30,465,610 | 30,500,606 | 30,589,131 | 30,664,131 |
| Recreation | 120,041,977 | 143,004,838 | 168,516,013 | 199,547,391 | 207,560,864 | 215,364,983 | 223,208,995 | 235,353,595 | 258,351,682 | 299,775,494 |
| Community Development | 33,022,546 | 38,051,773 | 42,891,236 | 45,798,988 | 47,900,040 | 53,843,517 | 59,303,754 | 66,069,472 | 69,129,842 | 77,054,837 |
| Total General Capital Assets | \$1,131,782,785 | \$1,223,968,692 | \$1,368,954,508 | \$1,446,066,054 | \$1,532,283,187 | \$1,629,338,877 | \$1,732,009,640 | \$1,869,816,386 | \$2,013,988,428 | \$2,185,197,254 |
| Internal Services Fund | | | | | | | | | | |
| Auto Equipment Fund | \$56,525,607 | \$63,781,962 | \$64,955,970 | \$71,496,453 | \$72,843,569 | \$76,415,982 | \$77,930,688 | \$81,578,335 | \$83,740,184 | \$87,237,563 |
| Total Internal Services Fund | \$56,525,607 | \$63,781,962 | \$64,955,970 | \$71,496,453 | \$72,843,569 | \$76,415,982 | \$77,930,688 | \$81,578,335 | \$83,740,184 | \$87,237,563 |
| Component Unit: School Board | | | | | | | | | | |
| Schools | \$587,053,184 | \$663,053,770 | \$736,920,550 | \$771,819,038 | \$816,594,534 | \$864,063,643 | \$916,017,125 | \$1,003,537,262 | \$1,129,110,122 | \$1,201,911,106 |
| GRAND TOTAL | \$1,775,361,576 | \$1,950,804,424 | \$2,170,831,028 | \$2,289,381,545 | \$2,421,721,290 | \$2,569,818,502 | \$2,725,957,453 | \$2,954,931,983 | \$3,226,838,734 | \$3,474,345,923 |

TABLE P

ARLINGTON COUNTY, VIRGINIA
 PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL
 GENERAL GOVERNMENTAL EXPENDITURES
 LAST TEN FISCAL YEARS

| Fiscal Year | Principal | Interest | Total Debt Service (1) | Total General Expenditures (2) | Debt Service to Total General Expenditures |
|----------------|--------------|--------------|------------------------------|--------------------------------------|--|
| 2011 | \$57,645,110 | \$29,848,250 | \$87,493,360 | \$1,011,998,177 | 8.65% |
| 2012 | 59,289,762 | 29,978,921 | 89,268,683 | 1,096,768,352 | 8.14% |
| 2013 | 60,281,364 | 32,699,424 | 92,980,788 | 1,122,351,681 | 8.28% |
| 2014 | 67,578,026 | 31,926,550 | 99,504,576 | 1,185,961,381 | 8.39% |
| 2015 | 71,181,548 | 32,440,408 | 103,621,956 | 1,216,073,842 | 8.52% |
| 2016 | 69,034,806 | 34,372,229 | 103,407,035 | 1,262,260,429 | 8.19% |
| 2017 | 76,623,997 | 30,463,497 | 107,087,494 | 1,318,924,936 | 8.12% |
| 2018 | 87,251,352 | 34,206,183 | 121,457,535 | 1,375,495,727 | 8.83% |
| 2019 | 85,168,385 | 40,780,952 | 125,949,337 | 1,416,428,904 | 8.89% |
| 2020 | 83,269,899 | 47,932,739 | 131,202,638 | 1,446,764,988 | 9.07% |

NOTES:

- (1) Excludes debt service on general obligation bonds payable from the Enterprises Funds and all paying agent charges.
 (2) Includes all categories of expenditures as presented in Table D-1.

| ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2019 - JUNE 30, 2020 | | | | | |
|--|-------------------------|-------------|------------|--|--|
| Type of Coverage & Insurance Company | Policy Number | Period From | Period To | Summary of Coverage & Liability Limits | Premium Costs |
| <u>Property</u> VACORP 1 | VA-AR-006-20 | 07/01/19 | 07/01/20 | All Risk Package Policy coverage on real and personal property, valuable papers and records, Inland Marine equipment, extra expense and business interruptions, Theatrical Equipment Floater, Fine Arts, Property Floater, EDP, Voting Machines and off premises power failures & boiler & machinery. \$50,000 deductible. \$1,079,714,158 TIV subject program limits of \$500 million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged | \$532,935.00 Includes TRIA |
| <u>Crime Policy</u> VACORP 2 | VA-AR-006-20 | 07/01/19 | 07/01/20 | Public Employee Dishonesty, Forgery or Alteration, Theft, Disappearance and Destruction and computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers included as employees Limit: \$1 million, Deductible: \$250 | \$8,850.00 Excludes TRIA |
| <u>Fine Arts Policy</u> VACORP 3 | VA-AR-006-20 | 07/01/19 | 07/01/20 | Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location \$ 1,000 Deductible/ \$ 2,500 per outdoor sculpture Legal Liability -- \$ 250,000 any one loss | Included in Property |
| <u>General Liability, Public Officials Liab. Law Enforcement Liab, Auto Liability</u> Covers Arlington County employees and Officials conducting County business 4 | County Board Resolution | Continuous | Continuous | Self Insured for Liability Exposures. AL, POL, LEL, GL - Primary \$1,000,000 | |
| <u>Umbrella Excess Liability Policy</u> VACORP 5 | VA-AR-006-20 | 07/01/19 | 07/01/20 | Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR | \$417,815.00 |
| <u>Constitutional Officers Package Policy</u> VACORP 6 | VA-AR-006S-20 | 07/01/19 | 07/01/20 | Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. \$2,000,000 each occurrence for Liability Liability, \$5,000 for medical payments. Const. Officers and Volunteer General Liability \$2 million per occurrence | \$33,270.00 |
| <u>Medical Prof.Liability</u> Arch Speciality Insurance 7 | FLP0022336-12 | 07/01/19 | 07/01/20 | Professional Liability Insurance Employed and Contracted Physicians Clinic Staf and EMS Limits: \$2,400,000 Each Incident/\$7,200,000 Aggregate \$12,000,000 Policy Aggregate | \$238,596.00 |

| ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2019 - JUNE 30, 2020 | | | | | |
|---|----------------|-------------|-----------|---|----------------|
| Type of Coverage & Insurance Company | Policy Number | Period From | Period To | Summary of Coverage & Liability Limits | Premium Costs |
| \$25,000 DED. Each claim | | | | | |
| Group Accident Coverage | | | | | |
| National Union Fire Ins. | SRG 0009105405 | 07/01/19 | 07/01/20 | Coverage coordinated with pers. Coverage | |
| | | | | AD&D for volunteers | \$10,500.00 |
| National Union Fire Ins. | SRG 0009105406 | 07/01/19 | 07/01/20 | AD&D for Campers | \$10,000.00 |
| National Union Fire Ins. | SRG 0009105403 | 07/01/19 | 07/01/20 | AD&D for Recreational Sports | \$13,000.00 |
| VACORP | VA-AR-006-20 | 07/01/19 | 07/01/20 | AD&D for Community Service Program | \$1,000.00 |
| VACORP | VA-AR-006-20 | 07/01/19 | 07/01/20 | AD&D for Auxiliary Police | \$1,000.00 |
| 8 | | | | TOTAL PREMIUM | \$35,500.00 |
| County Board Surety Bond | | | | | |
| | K.Cristol | Continuous | | Bond limit \$ 2,500 | 3 yr. policy |
| | C. Dorsey | until | | | |
| | L. Garvey | Cancelled | | | |
| | E. Gutshall | | | | |
| | J. Vihstadt | | | | |
| 9 | | | | | |
| VDOT Permit Bond | | | | | |
| Travelers | 53 S 101062299 | Continuous | | Virginia highways permit bond for facilities located on the VDOT right-of-way | |
| 10 | | | | Limit \$ 100,000 | \$0 |
| Excess Liability Ballston Garage | | | | | |
| First Mercury | SEO-104964/ | 07/01/19 | 07/01/20 | Excess liability coverage required by May Co. regarding ice rink | \$20,250.00 |
| Starstone | 03076C197ALI | 07/01/19 | 07/01/20 | at Ballston Garage. | \$29,875.00 |
| Travelers | ZUP-10T21909 | 07/01/19 | 07/01/20 | | \$29,875.00 |
| 11 | | | | | |
| Fiduciary Liability Policy | | | | | |
| Employee's Suppl. Retirement Sys 2 | PLS 2672194 | | | Fiduciary Liab. To \$ 10million | Premium not |
| National Union/Alton Agency | | | | ERISA Fidelity bond | incl. in total |
| | | | | D&O, Trustees liab. To \$ 3million | |
| | | | | These policies handled by the Retirement Board | |
| 12 | | | | <u>Risk Management is not involved in the purchase of these policies</u> | |
| Constitutional Officers' Liability Plan | | | | | |
| Risk Coverage | | | | Combined Program for CGL/POL & LEL covers Public Officials & Employees | |
| Commonwealth of Virginia (SIR) | | | | by reason of any wrongful Act, rendered in the discharge of the duties of the | |
| Clerk of Court | Virginia Risk | Continuous | | Limits: \$1 million per loss | |
| Sheriff | Virginia Risk | Continuous | | Limits: \$1.5 million per loss | |
| Commissioner of Revenue | Virginia Risk | Continuous | | Limits: \$1 million per loss | |
| Commonwealth's Attorney | Virginia Risk | Continuous | | Limits: \$1 million per loss | |
| Registrar of Voters | Virginia Risk | Continuous | | Limits: \$1 million per loss | |

| ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2019 - JUNE 30, 2020 | | | | | |
|--|---------------|-------------|-----------|--|---------------------------------------|
| Type of Coverage & Insurance Company | Policy Number | Period From | Period To | Summary of Coverage & Liability Limits | Premium Costs |
| Arlington County Treasurer 13 | Virginia Risk | Continuous | | Limits: \$1 million per loss | |
| <u>Fire and Rescue Auto Physical Damage</u> VACORP 14 | VA-AR-006-20 | 07/01/19 | 07/01/20 | Provides comprehensive and collision coverage on vehicles owned or operated by ACFD \$ 1,000 Ded. Per unit | \$65,388.00 Incl. TRIA |
| <u>Police Command Vehicle</u> Hartford Fire Insurance Company 15 | | 07/01/17 | 07/01/18 | Inland Marine policy covering portable Police equipment and Command Vehicle | Incl Incl. TRIA |
| <u>Portable Equipment-Fire Command Vehicle</u> VFIS American Alternative Insurance 16 | | 07/01/17 | 07/01/18 | Inland Marine policy covering ACFD equipment & Command Veh. | Premium not incl. in total |
| <u>Blanket Volunteer Liability</u> VACORP 17 | VA-AR-006-20 | 07/01/19 | 07/01/20 | Covers Liability of Volunteers | Incl under GL |
| <u>Cyber Liability</u> VACORP 18 | VA-AR-006-20 | 07/01/19 | 07/01/20 | \$5,000,000 Limit / \$150,000 Deductible provides coverage for hacking and other technology related liabilities | \$42,000.00 |
| <u>Excess Workers' Compensation</u> VACORP 19 | VA-AR-006-20 | 07/01/19 | 07/01/20 | \$5,000,000 Deductible | \$68,591.00 |
| TOTAL | | | | | \$1,522,945.00 |

TABLE R

ARLINGTON COUNTY, VIRGINIA
CONSTRUCTION ACTIVITY AND REAL PROPERTY VALUE
LAST TEN FISCAL YEARS

| Fiscal Year | Residential Construction (1) | | Commercial Construction (1) | | Miscellaneous Construction (1) | | Real Property Value (2) | | |
|-------------|------------------------------|-------------|-----------------------------|-------------|--------------------------------|---------------|-------------------------|----------------|---------------|
| | Permits | Valuation | Permits | Valuation | Permits | Valuation | Residential | Commercial | Non-Taxable |
| 2011 | 204 | 59,770,300 | 60 | 372,020,336 | 12,690 | 367,577,766 | 30,826,414,200 | 26,435,423,200 | 7,155,902,000 |
| 2012 | 158 | 49,734,782 | 86 | 487,803,163 | 12,003 | 443,979,014 | 31,308,133,600 | 30,363,228,300 | 7,313,610,400 |
| 2013 | 179 | 61,926,017 | 98 | 406,183,727 | 13,219 | 538,830,401 | 36,869,425,300 | 26,021,905,000 | 7,410,523,300 |
| 2014 | 188 | 93,344,705 | 83 | 179,141,259 | 15,338 | 466,745,648 | 39,564,853,200 | 26,835,092,400 | 7,936,267,300 |
| 2015 | 188 | 86,410,180 | 156 | 380,466,809 | 16,202 | 190,079,034 | 35,479,510,900 | 33,789,627,500 | 7,840,094,400 |
| 2016 | 242 | 146,050,201 | 79 | 456,210,899 | 18,451 | 626,573,460 | 36,472,113,000 | 34,803,050,300 | 8,089,795,900 |
| 2017 | 209 | 89,329,019 | 134 | 411,319,170 | 17,051 | 618,650,872 | 37,377,857,200 | 36,010,433,100 | 8,413,261,200 |
| 2018 | 210 | 86,974,365 | 90 | 867,372,358 | 16,176 | 658,484,898 | 38,833,059,600 | 36,150,575,500 | 8,261,279,200 |
| 2019 | 180 | 82,922,103 | 71 | 510,837,965 | 14,096 | 1,314,069,961 | 39,991,805,000 | 37,598,333,200 | 8,820,723,100 |
| 2020 | 175 | 103,291,660 | 101 | 398,426,554 | 16,273 | 508,916,995 | 41,712,776,300 | 39,424,377,600 | 9,122,342,600 |

NOTES:

- (1) Department of Community Planning, Housing and Development, Planning Division--Inspection Services
(2) Estimated actual value. Excludes public service corporations.

TABLE S

ARLINGTON COUNTY, VIRGINIA
BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
LAST TEN FISCAL YEARS

| Fiscal Year | Revenues | Change |
|-------------|------------|--------|
| 2011 | 60,460,108 | 3.15% |
| 2012 | 61,939,212 | 2.45% |
| 2013 | 61,341,154 | -0.97% |
| 2014 | 62,752,491 | 2.30% |
| 2015 | 58,970,752 | -6.03% |
| 2016 | 60,181,386 | 2.05% |
| 2017 | 63,837,926 | 6.08% |
| 2018 | 62,986,320 | -1.33% |
| 2019 | 69,913,867 | 11.00% |
| 2020 | 71,999,176 | 2.98% |



2100 Clarendon Boulevard, Suite 501, Arlington, VA 22201
TEL 703-228-3415 FAX 703-228-3401 EMAIL: DMF@ARLINGTONVA.US www.arlingtonva.us

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2020

Pursuant to Section 10.3 of the Financing Agreements between Virginia Resources Authority and Arlington County, I hereby certify that during the fiscal year ended June 30, 2020, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes or which would constitute an event of default as defined in Section 11.1 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02b, Loan Number C-515396-01, Loan Number C-515396-02, Loan Number C-515413-01, Loan Number C-515413-02, and Loan Number C-515413-02b.

DocuSigned by:
Maria Meredith
1A7FC8CAB8FA4BF...

Maria Meredith
Director
Department of Management & Finance

10/13/2020

Date

TABLE U

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM
For the twelve months ending June 30, 2020

| WATER Customer / Type of Business | Monthly Average Consumption In Thousands of Gallons | SEWER Customer / Type of Business | Monthly Average Consumption In Thousands of Gallons |
|---|--|---|--|
| Joint Base Myer-Henderson Hall Military | 10,399 | Pentagon Military | 24,459 |
| Gates Hudson - 1600 S. Eads Street Residential | 4,486 | Ronald Reagan Washington National Airport Aviation | 11,087 |
| VNO Ashley House LLC- 1600 S. Joyce Street Retail | 3,257 | Joint Base Myer-Henderson Hall Military | 9,575 |
| Pentagon City Mall Associates - 1100 S. Hayes St. Retail | 3,128 | Gates Hudson - 1600 S. Eads Street Residential | 4,486 |
| Washington Golf & Country Club Recreation | 3,078 | VNO Ashley House LLC- 1600 S. Joyce Street Retail | 3,257 |
| Dittmar Company - 5550 S. Columbia Pike Apartments | 2,460 | Pentagon City Mall Associates - 1100 S. Hayes St. Retail | 3,128 |
| Crystal City Lessee LLC - 300 S. Army Navy Drive Hotel | 2,396 | Dittmar Company - 5550 S. Columbia Pike Apartments | 2,460 |
| 1200 Eads Street Sub LLC - 520 S. 12th Street Apartments | 2,371 | Crystal City Lessee LLC - 300 S. Army Navy Drive Hotel | 2,396 |
| Avalon Ballston Square - 850 N. Randolph Street Apartments | 2,331 | 1200 Eads Street Sub LLC - 520 S. 12th Street Apartments | 2,371 |
| VNO James House LLC - 1111 S. Army Navy Dr. Apartments | 2,328 | Avalon Ballston Square - 850 N. Randolph Street Apartments | 2,331 |

NOTE:

(1) Source - County Department of Environmental Services - Utilities Services Office

ARLINGTON COUNTY, VIRGINIA
DESCRIPTION OF THE WASTEWATER & WATER SYSTEM
& WASTEWATER & WATER RATES
JUNE 30, 2020

Wastewater System

Description of System

The County began its pollution abatement program in 1933 with the approval of a bond referendum for a county-wide sewage system to include 100 miles of sanitary sewers and a water pollution control plant (the "Plant") providing primary treatment. The Plant was placed in service in 1937. In response to continued growth, the Plant has been repeatedly expanded, with upgrades providing for advanced treatment, new preliminary treatment, a new dewatering building, and a new equalization tank to minimize fluctuation of flow to the Plant.

The County's system presently consists of 470 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 40 million gallons per day (MGD). Current flows average 21.33 MGD.

Plant Upgrade & Expansion

In April 2001, County staff and an external engineering team were assembled to update the 1988 Master Plan to address wet weather external bypasses, new and foreseen regulations, aging infrastructure and capacity requirements with respect to the Wastewater System. The result of this effort is the Master Plan Update 2001 ("MP01"). The MP01 provides for the goal of minimization of wet weather external bypasses, increased redundancy, expansion of capacity to handle flows to approximately 2040 + and a positive environmental impact for Four Mile Run, the Potomac River, and the Chesapeake Bay. The MP01 featured a two-phase design process and three construction contracts as well as program management and engineering services. Major facilities included in the MP01 include two new aeration tanks, two new equalization tanks, a new biofilter facility, and three new secondary clarifiers.

The total cost of all phases of the MP01 was \$566.3 million. County ratepayer's share was 82 percent; Inter-Jurisdictional Partners' share was 18 percent. Financing for the County's share was provided by several sources. There were eight Wastewater System & Water System Revenue bonds totaling \$300 million issued to the Virginia Water Facilities Revolving Loan Fund Program (the "VWFRF") which is administered by the Virginia Resources Authority ("VRA"). General Obligation bonds of the County were issued in 2007 for \$48.5 million, 2008 for \$27.4 million, and 2009 for \$11.7 million. Grant funds from the Water Quality Improvement Fund under the Department of Environmental Quality Chesapeake Bay Program for approximately \$96 million were authorized in February 2007.

Major Customers

The County's wastewater system serves residents and businesses in the County. A list of the top ten retail wastewater customers is included in Table U of the Statistical Section. On a wholesale basis, the County's wastewater system serves Alexandria Sanitation Authority; the City of Alexandria, Virginia; the City of Falls Church, Virginia; and Fairfax County, Virginia (together, the "Inter-Jurisdictional Partners" or "IJ Partners"). Arlington has contractual agreements for wastewater conveyance and treatment with the IJ Partners that set forth the terms of these relationships, including the calculation of both operating and capital charges. A summary of each IJ Partner contract is included in the table below; additional information on the contracts can be requested from the County's Department of Environmental Services, Budget & Finance Division at (703)228-3601.

| IJ Partner | Share of Plant Capacity | Agreement Expiration Date |
|--|---|---|
| Fairfax County | 3.0 MGD Peak flow capacity reservation of 6.6 MGD | June 30, 2004 Fairfax provided written notification that contract will be honored until new agreement is negotiated |
| City of Alexandria & Alexandria Sanitation Authority (ASA) | 3.0 MGD Maximum daily flow capacity reservation of 7.5 MGD | June 30, 1987 Agreement provides that it is binding until Arlington system is not in existence and as long as either party is not in default. ASA provided written notification that contract will be honored until new agreement is negotiated |
| City of Falls Church | 0.8 MGD Peak flow capacity of 2.0 MGD | September 9, 2012 |

Water Distribution System

Description of System

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production for the entire Washington Aqueduct system, which includes two water treatment plants in the District of Columbia, Dalecarlia and McMillan, is 140 MGD.

The County’s water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 20.46 MGD to approximately 37,700 service accounts. The system serves residents and businesses in the County but does not provide water to the Pentagon or Reagan National Airport except under emergency situations, during construction, or other unusual circumstances.

Washington Aqueduct Agreement

The County entered into an agreement dated as of July 17, 1997 (the “Water Sales Agreement”) with the United States of America acting through the Secretary of the Army providing for the sale and furnishing of water to the County from the Washington Aqueduct. The County has pledged the revenues derived from the ownership and operation of its water system to secure its pro rata share of Aqueduct operating costs, including operations and maintenance, the cost of any water purchases for resale, and debt service on certain loans made by the Secretary of the Treasury to the District of Columbia and the Secretary of the Army and debt service on certain bonds previously issued by the District of Columbia., all of which were incurred to finance improvements to the Secretary of the Army’s water system. Additional information on the Water Sales Agreement can be requested from the County’s Department of Environmental Services, Budget & Finance Division at (703)228-3601.

Wastewater & Water Rates

Retail rates for fiscal years 2016 through 2021 are shown in the following table. The typical residential customer pays \$57.00 per month, assuming median household consumption of 48,000 gallons annually. Historically, rate increases have been effective on May 1 prior to the start of the fiscal year; however, beginning in FY 2019, the effective date matches to the fiscal year start of July 1.

**FY 2016 – FY 2021 Wastewater & Water Rates
Per 1,000 Gallons of Metered Water Usage**

| Fiscal Year | Water | Wastewater | Total | Percent Change |
|-------------|--------|------------|---------|----------------|
| 2016 | \$4.21 | \$9.06 | \$13.27 | 2% |
| 2017 | \$4.21 | \$9.06 | \$13.27 | 0% |
| 2018 | \$4.53 | \$9.09 | \$13.62 | 3% |
| 2019 | \$4.53 | \$9.09 | \$13.62 | 0% |
| 2020 | \$4.70 | \$9.10 | \$13.80 | 1% |
| 2021 | \$4.91 | \$9.29 | \$14.20 | 3% |

The County also charges a variety of other water and wastewater fees to its retail customers, including infrastructure availability fees, connection fees, pretreatment fees, late charges, and new account fees, among others.

Outstanding Debt

As of June 30, 2020, general obligation debt outstanding attributable to the Utilities Fund totaled \$67,008,371. As of June 30, 2020, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$143,345,827. The following table shows future debt service on these obligations.

| Fiscal Year Ended June 30 | TOTAL EXISTING GO DEBT SERVICE | | | VRA BONDS | | | TOTAL | | |
|------------------------------|--------------------------------|------------|------------|-------------|------------|-------------|-------------|------------|-------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2021 | 7,750,216 | 2,863,365 | 10,613,580 | 15,991,799 | 3,768,982 | 19,760,781 | 23,742,015 | 6,632,346 | 30,374,361 |
| 2022 | 7,343,155 | 2,460,590 | 9,803,746 | 16,435,552 | 3,325,229 | 19,760,781 | 23,778,708 | 5,785,819 | 29,564,527 |
| 2023 | 7,620,000 | 2,124,466 | 9,744,466 | 16,891,758 | 2,869,023 | 19,760,781 | 24,511,758 | 4,993,488 | 29,505,246 |
| 2024 | 7,735,000 | 1,751,176 | 9,486,176 | 17,360,770 | 2,400,011 | 19,760,781 | 25,095,770 | 4,151,186 | 29,246,956 |
| 2025 | 8,100,000 | 1,372,591 | 9,472,591 | 17,842,951 | 1,917,830 | 19,760,781 | 25,942,951 | 3,290,421 | 29,233,372 |
| 2026 | 8,130,000 | 999,957 | 9,129,957 | 18,338,675 | 1,422,106 | 19,760,781 | 26,468,675 | 2,422,063 | 28,890,738 |
| 2027 | 6,295,000 | 683,455 | 6,978,455 | 12,049,444 | 964,742 | 13,014,186 | 18,344,444 | 1,648,197 | 19,992,641 |
| 2028 | 4,465,000 | 447,286 | 4,912,286 | 12,361,018 | 653,167 | 13,014,186 | 16,826,018 | 1,100,453 | 17,926,472 |
| 2029 | 2,380,000 | 302,986 | 2,682,986 | 7,636,635 | 365,078 | 8,001,713 | 10,016,635 | 668,064 | 10,684,699 |
| 2030 | 2,365,000 | 214,624 | 2,579,624 | 6,150,916 | 165,016 | 6,315,932 | 8,515,916 | 379,640 | 8,895,556 |
| 2031 | 2,345,000 | 126,437 | 2,471,437 | 2,286,309 | 28,767 | 2,315,076 | 4,631,309 | 155,204 | 4,786,513 |
| 2032 | 1,355,000 | 61,725 | 1,416,725 | | | | 1,355,000 | 61,725 | 1,416,725 |
| 2033 | 740,000 | 28,506 | 768,506 | | | | 740,000 | 28,506 | 768,506 |
| 2034 | 235,000 | 11,625 | 246,625 | | | | 235,000 | 11,625 | 246,625 |
| 2035 | 150,000 | 2,813 | 152,813 | | | | 150,000 | 2,813 | 152,813 |
| | 67,008,371 | 13,451,602 | 80,459,973 | 143,345,827 | 17,879,949 | 161,225,776 | 210,354,198 | 31,331,552 | 241,685,750 |

Historical debt service coverage can be found in Table J of the Statistical Section, and additional information on debt attributable to the Utilities Fund can be found in Exhibit S-3, the Combined Schedule of Long-Term Obligations.

Other Financial & Legal Information

Additional financial information on the Utilities Fund can be found in Exhibits D-1, D-2, and D-3 and the accompanying Notes to the Financial Statements, including a statement regarding significant litigation, if any. Information on insurance coverage can be found in Table Q of the Statistical Section. Required certificates from the County and its independent engineer can be found in Tables T and W of the Statistical Section. Information on management of the County and the Department of Environmental Services and the Department of Management and Finance can be found in the Introductory Section.



**ROSS
TECHNICAL
SERVICES, INC.**

April 22, 2020

Mr. Tom Broderick
Arlington County Water Pollution Control Bureau
3402 S. Glebe Road
Arlington, VA 22202

Dear Mr. Broderick,

Pursuant to Section 5.3 of the Financing Agreement dated as of June 28, 2005 (the "Financing Agreement") between the Virginia Resources Authority as administrator of the Virginia Revolving Loan Fund, and Arlington County ("the County"), the undersigned states the following based on my inquiry of the person or persons who manage the system and whose persons directly responsible for gathering the information:

1. I am a Professional Engineer consulting for Arlington County at the Water Pollution Control Bureau (WPCB).
2. For the fiscal year that will end on June 30, 2021, the County has prepared a budget that
 - a. contains an appropriate estimation of costs for maintenance, repair, replacement and operations, and,
 - b. establishes the proper rates in order to satisfy the rate covenant in Section 5.2 of the Financing Agreement.

Dated: April 22, 2020 By: Dennis W. Dobbs
Professional Engineer 0402037947
Representative of Ross Technical Services, Inc.

cc: Krista Bourgon Abele, Utilities Fund Manager, Department of Environmental Services
Bobby Hopkins, Finance and Administrative Manager, ACWPCB



FEDERALLY ASSISTED PROGRAMS

Information on Federally Assisted Programs is presented for purposes of additional analysis and required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This regulation provides audit requirements for state, local government, and non-profit organizations that receive federal awards.

Contained in this section are the following:

- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
- Independent Auditors' Report on Compliance for each Major Federal Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards required by the Uniform Guidance
- The Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and questioned costs

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Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Members of the County Board
Arlington County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the “County”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated November 6, 2020. Our report includes a reference to other auditors who audited the financial statements of the Gates Partnership, a discretely presented component unit of the County. The financial statements of the Gates Partnership were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Tysons Corner, Virginia
November 6, 2020

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Members of the County Board
Arlington County, Virginia

Report on Compliance for Each Major Federal Program

We have audited Arlington County, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Gates Partnership, which is not included in the schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of Gates Partnership, which is audited by other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise County's basic financial statements. We issued our report thereon dated November 6, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the

audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Cheryl Berkant LLP

Tysons Corner, Virginia
December 11, 2020

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE THIRD QUARTER ENDED JUNE 30, 2020**

| Federal Granting Agency / Pass-Through Entity / Program / Cluster | CFDA Number | Cluster Name | Pass-Through Entity Identifying Number | 6-30-20 | |
|---|-------------|-----------------------------|--|----------------------|--------------------------------|
| | | | | Federal Expenditures | Pass-through to sub-recipients |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| Passed Through the Commonwealth of Virginia: | | | | | |
| Department of Education: | | | | | |
| National School Breakfast Program | 10.553 | Child Nutrition Cluster (1) | | \$ 1,047,237 | \$ - |
| National School Lunch Program | 10.555 | Child Nutrition Cluster (1) | | 4,033,770 | - |
| Child and Adult Care Food Program | 10.558 | | 20CSAC123 | 12,003 | - |
| Department of Agriculture and Consumer Services: | | | | | |
| Special Supplemental Nutrition Program for Women, Infant, and Children | 10.557 | | 201919W100641, 201818W500341 | 637,985 | - |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP) | 10.561 | SNAP Cluster (2) | | 3,102,294 | |
| Total Passed Through the Commonwealth of Virginia: | | | | \$ 8,833,288 | \$ - |
| Passed Through the National Fish & Wildlife Foundation: | | | | | |
| National Fish and Wildlife Foundation | 10.683 | | 16CA11132422213 | \$ - | \$ - |
| Total Passed Through the National Fish & Wildlife Foundation | | | | \$ - | \$ - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | \$ 8,833,288 | \$ - |

(1) Total Child Nutrition Cluster (CFDA #10.553, #10.555)

(2) Total SNAP Cluster (CFDA #10.561)

U.S. DEPARTMENT OF COMMERCE

Direct Awards:

| | | | | | |
|--|--------|--|----------------|------------------|-------------|
| Chesapeake Bay Studies | 11.457 | | NA16NMF4570298 | \$ 67,025 | \$ - |
| Total Direct Awards | | | | \$ 67,025 | \$ - |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | | \$ 67,025 | \$ - |

U.S. DEPARTMENT OF DEFENSE

Direct Awards:

| | | | | | |
|---|--------|--|----------|------------------|-------------|
| Junior Reserve Officer Training | 12.000 | | VA070821 | \$ 92,046 | - |
| Language Grant Program | 12.900 | | | - | - |
| Total Direct Awards | | | | \$ 92,046 | \$ - |
| TOTAL U.S. DEPARTMENT OF DEFENSE | | | | \$ 92,046 | \$ - |

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Direct Awards:

| | | | | | |
|--|--------|---------------------------------------|---|----------------------|-------------------|
| Community Development Block Grants (CDBG) - Entitlement Grants | 14.218 | CDBG - Entitlement Grants Cluster (3) | B18UC510002, B19UC510002, B20UW510002 | \$ 3,223,665 | \$ 512,902 |
| Mainstream Vouchers | 14.879 | | | 16,929 | - |
| Home Investment Partnerships Program | 14.239 | | M15UC510500, M16UC510500, M17UC510500, M18UC510500, M19UC510500 | 2,508,084 | 15,825 |
| Housing Opportunities for Persons with AIDS | 14.241 | | 20D313 | 92,103 | - |
| Continuum of Care Program | 14.267 | | VA0365L3G001800 | 26,478 | - |
| Section 8 Housing Choice Vouchers | 14.871 | Housing Voucher Cluster (4) | | 18,899,061 | - |
| Total Direct Awards | | | | \$ 24,766,319 | \$ 528,727 |

| Federal Granting Agency / Pass-Through Entity / Program / Cluster | CFDA Number | Cluster Name | Pass-Through Entity Identifying Number | 6-30-20 | |
|---|-------------|--------------|--|----------------------|--------------------------------|
| | | | | Federal Expenditures | Pass-through to sub-recipients |

| | | | | | |
|--------------------|--|--|--|----------------------|-------------------|
| DEVELOPMENT | | | | \$ 24,766,319 | \$ 528,727 |
|--------------------|--|--|--|----------------------|-------------------|

(3) Total CDBG - Entitlement Cluster (CFDA #14.218)
(4) Total Housing Voucher Cluster (CFDA #14.871)

U.S. DEPARTMENT OF THE INTERIOR

Passed Through the National Fish & Wildlife Foundation:

| | | | | | |
|---------------------------------------|--------|--|------------|------|------|
| National Fish and Wildlife Foundation | 15.231 | | LO8AC15666 | \$ - | \$ - |
|---------------------------------------|--------|--|------------|------|------|

| | | | | | |
|---|--|--|--|-------------|-------------|
| Total Passed Through the National Fish & Wildlife Foundation | | | | \$ - | \$ - |
| TOTAL U.S. DEPARTMENT OF THE INTERIOR | | | | \$ - | \$ - |

U.S. DEPARTMENT OF JUSTICE

Direct Awards:

| | | | | | |
|---|--------|--|---|------------|--------|
| High Intensity Drug Trafficking Area (HIDTA) | 16.000 | | | \$ 200,213 | \$ - |
| Joint Terrorism Task Force | 16.614 | | | 56,822 | - |
| Metropolitan Area Fraud Task Force | 16.579 | | | 3,114 | - |
| Electronic Crimes Task Force | 16.579 | | | 4,901 | - |
| Justice Systems Response to Families | 16.021 | | 2017-FJ-AX-0016 | 202,604 | 31,836 |
| Justice Assistance Grant Program/DCJS Bryne/JAG Grant | 16.738 | | 2018-DJ-BX-0092, 2019-DJ-BX-0353, #20-A4901AD16 | 41,499 | - |
| Equitable Sharing Program | 16.922 | | | 62,867 | - |

| | | | | | |
|----------------------------|--|--|--|-------------------|------------------|
| Total Direct Awards | | | | \$ 572,020 | \$ 31,836 |
|----------------------------|--|--|--|-------------------|------------------|

Passed Through the Commonwealth of Virginia:

Department of Criminal Justice Services:

| | | | | | |
|------------------------------------|--------|--|----------------------|------------|------|
| Bureau of Justice Assistance (BJA) | 16.034 | | 2020-VD-BX-1041, BDJ | \$ 217,771 | \$ - |
| Crime Victim Assistance | 16.575 | | 20-V3031VW18 | 449,333 | - |

| | | | | | |
|--|--|--|--|---------------------|------------------|
| Total Passed Through the Commonwealth of Virginia | | | | \$ 667,104 | \$ - |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | | \$ 1,239,124 | \$ 31,836 |

U.S. DEPARTMENT OF LABOR

Passed Through the Commonwealth of Virginia:

Virginia Community College System:

| | | | | | |
|---|--------|---------------------------------|--|------------|-----------|
| Employment Service/Wagner-Peyser Funded Activities | 17.207 | Employment Services Cluster (5) | MI-31154-17-60-A51 (MOA-18-056) | \$ 131,458 | \$ 90,922 |
| Workforce Innovation and Opportunity Act (WIOA) Adult Program | 17.258 | WIOA Cluster (6) | AA-33260-19-55-A-51, AA 32183-18-55-A-51 | 314,390 | 165,331 |
| WIOA Youth Activities | 17.259 | WIOA Cluster (6) | AA-33260-19-55-A-51, AA 32183-18-55-A-51 | 57,304 | 24,396 |
| WIOA Dislocated Worker Formula Grants | 17.278 | WIOA Cluster (6) | AA-33260-19-55-A-51, AA 32183-18-55-A-51 | 128,119 | 50,144 |

| | | | | | |
|--|--|--|--|-------------------|-------------------|
| Total Passed Through the Commonwealth of Virginia | | | | \$ 631,271 | \$ 330,794 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | | \$ 631,271 | \$ 330,794 |

(5) Total Employment Services Cluster (CFDA #17.207)
(6) Total WIOA Cluster (CFDA #17.258, #17.259, #17.278)

U.S. DEPARTMENT OF TRANSPORTATION

Direct Award:

| | | | | | |
|-----------------------------------|--------|---|--|------|------|
| Highway Planning and Construction | 20.205 | Highway Planning and Construction Cluster (7) | | \$ - | \$ - |
|-----------------------------------|--------|---|--|------|------|

| Federal Granting Agency / Pass-Through Entity / Program / Cluster | CFDA Number | Cluster Name | Pass-Through Entity Identifying Number | 6-30-20 | |
|--|-------------|---|---|----------------------|--------------------------------|
| | | | | Federal Expenditures | Pass-through to sub-recipients |
| Federal Transit - Capital Investment Grants | 20.500 | Federal Transit Cluster (8) | VA-04-0021-01, VA-04-0028-01, DC-03-0039 | 1,126,074 | - |
| Federal Transit - Formula Grants | 20.507 | Federal Transit Cluster (8) | VA-95-X062,VA-95-X113 | 279,693 | - |
| Total Direct Awards | | | | \$ 1,405,767 | \$ - |
| Passed Through the Commonwealth of Virginia: | | | | | |
| Department of Rail and Public Transportation: | | | | | |
| Highway Planning and Construction | 20.205 | Highway Planning and Construction Cluster (7) | 47019-01 | \$ - | \$ - |
| Department of Transportation: | | | | | |
| Highway Planning and Construction | 20.205 | Highway Planning and Construction Cluster (7) | 106144, 103595, 107662,105295, 113868, 116123, 99179,114671,114670,114672, 106474 | 1,178,296 | - |
| Department of Motor Vehicle Administration: | | | | | |
| State and Community Highway Safety | 20.600 | Highway Safety Cluster (9) | 154AL-2019-59014-9014 (Alcohol), FSC-2019-59020-9020 (Speed), FOP-2019-59017-9017 (Occ. Prot.), FPS-2019-59021-9021 (Ped/Bike) | 12,107 | - |
| Alcohol Open Container Requirements | 20.607 | | 154AL-2020-50023-20023 (Alcohol), FSC-2020-50026-20026 (Speed), FOP-2020-50024-20024 (Occ.Prot.), FPS-2020-50032-20032 (Ped/Bike) | 38,553 | - |
| Total Passed Through the Commonwealth of Virginia | | | | \$ 1,228,956 | \$ - |
| Passed Through the Washington Metro Area Transit Authority: | | | | | |
| Federal Transit - Capital Investment Grants | 20.500 | Federal Transit Cluster (8) | DC-03-0039 | \$ - | \$ - |
| Total Passed Through the Washington Metro Area Transit Authority: | | | | \$ - | \$ - |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | | \$ 2,634,723 | \$ - |
| <p>(7) Total Highway Planning and Construction Cluster (CFDA #20.205) (8) Total Federal Transit Cluster (CFDA #20.500, #20.507) (9) Total Highway Safety Cluster (CFDA #20.616, #20.600)</p> | | | | | |
| U.S. DEPARTMENT OF THE TREASURY | | | | | |
| Direct Awards: | | | | | |
| Equitable Sharing | 21.016 | | | \$ - | \$ - |
| Total Direct Awards | | | | \$ - | \$ - |
| TOTAL U.S. DEPARTMENT OF THE TREASURY | | | | \$ - | \$ - |
| CARES ACT | | | | | |
| COVID-19: CARES - Treasury | 21.019 | | | 10,335,265 | |
| COVID-10: CARES - Treasury - Schools | 21.019 | | | 2,649,223 | |
| Direct Awards: | | | | | |
| COVID-19: Rental Assistance (CDBG) | 21.019 | | | 158,760 | \$158,760 |
| COVID-19: Section 8 Housing Choice Vouchers - CARES | 21.019 | | | 11,882 | |
| COVID-19: Public Assistance (DPSCM) | 21.019 | | | 2,612,612 | |
| COVID-19: Response (FIRE) | 21.019 | | | 116,514 | |
| TOTAL CARES ACT | | | | \$ 15,884,255 | \$ 158,760 |
| National Endowment for the Arts (NEA) | 45.024 | | | \$ 28,000 | \$ - |
| U.S. DEPARTMENT OF EDUCATION | | | | | |

| Federal Granting Agency / Pass-Through Entity / Program / Cluster | CFDA Number | Cluster Name | Pass-Through Entity Identifying Number | 6-30-20 | |
|---|-------------|---------------------------------------|--|----------------------|--------------------------------|
| | | | | Federal Expenditures | Pass-through to sub-recipients |
| Passed Through the Commonwealth of Virginia: | | | | | |
| Department of Behavioral Health and Developmental Services: | | | | | |
| Special Education - Grants for Infants and Families | 84.181 | | H181A190017 | \$ 313,228 | \$ - |
| Department of Education: | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | | S010A180046 | 2,755,470 | - |
| Special Education Grants to States | 84.027 | Special Education Cluster (IDEA) (10) | H027A190107 | 5,517,885 | - |
| Career and Technical Education - Basic Grants to States | 84.048 | | V048A190046 | 263,191 | - |
| Special Education Preschool Grants | 84.173 | Special Education Cluster (IDEA) (10) | H173A190112 | 190,545 | - |
| Education for Homeless Children and Youth | 84.196 | | G00720 | 32,695 | - |
| Twenty-First Century Community Learning Centers | 84.287 | | S287C140047-60565/540-707 | 21,436 | - |
| English Language Acquisition State Grants | 84.365 | | S365A190046/5365A180046 | 808,152 | - |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | 84.367 | | S367A180044 | 496,632 | - |
| Student Support and Academic Enrichment Program | 84.424 | | S424A180048/S424A180048 | 160,168 | - |
| Total Passed Through the Commonwealth of Virginia | | | | \$ 10,559,403 | \$ - |
| Passed Through the County of Fairfax, Virginia: | | | | | |
| Fairfax County Public Schools: | | | | | |
| Adult Education - Basic Grants to States | 84.002 | | V002A190047/V002A180047 | \$ 384,623 | \$ - |
| Total Passed Through the County of Fairfax, Virginia | | | | \$ 384,623 | \$ - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | \$ 10,944,025 | \$ - |

(10) Total Special Education Cluster (IDEA) (CFDA #84.027, #84.173)

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed Through the Commonwealth of Virginia:

Department for the Aging:

| | | | | | |
|---|--------|--------------------|--|-----------|------|
| Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation | 93.041 | | | \$ 1,870 | \$ - |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Care | 93.044 | Aging Cluster (12) | | 177,743 | - |
| Special Programs for the Aging, Title III, Part C, Nutrition Services | 93.045 | Aging Cluster (12) | | 309,949 | - |
| Special Programs for the Aging, Title IV, and Title II, Discretionary Projects | 93.046 | | | 2,098 | - |
| Senior Medicare Patrol Project | 93.048 | | | 4,289 | - |
| National Family Caregiver Support, Title III, Part E | 93.052 | | | 136,745 | - |
| Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations | 93.779 | | | 24,336 | - |
| Medical Assistance Program-Medicaid; Title XIX | 93.778 | | | 1,106,564 | - |

Department of Social Services:

| | | | | | |
|---|--------|--|---|-----------|---------|
| Promoting Safe Stable Families | 93.556 | | | 72,627 | - |
| Temporary Assistance for Needy Families | 93.558 | Cluster (13) | CVS-18-210-03 (CSBG), CVS-19-063-03 (TANF) | 1,164,915 | 178,103 |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs | 93.566 | | | 8,180 | - |
| Low-Income Home Energy Assistance | 93.568 | | | 172,743 | - |
| Community Service Block Grant | 93.569 | Community Service Block Grant Cluster (11) | CVS-19-063-03 | 141,409 | 138,809 |

| Federal Granting Agency / Pass-Through Entity / Program / Cluster | CFDA Number | Cluster Name | Pass-Through Entity Identifying Number | 6-30-20 | |
|---|-------------|-----------------------|--|----------------------|--------------------------------|
| | | | | Federal Expenditures | Pass-through to sub-recipients |
| Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF) | 93.596 | CCDF Cluster (14) | | 195,037 | - |
| Chafee Education and Training Vouchers Program | 93.599 | | | 11,869 | - |
| Adoption and Legal Guardianship Incentive Payments | 93.603 | | | 4,990 | - |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | | | 1,420 | - |
| Foster Care Title IV-E | 93.658 | | | 1,325,309 | - |
| Adoption Assistance | 93.659 | | | 861,041 | - |
| Social Services Block Grant | 93.667 | | | 930,878 | - |
| Chafee Foster Care Independence Program | 93.674 | | | 15,940 | - |
| Children's Health Insurance Program | 93.767 | | | 49,725 | - |
| Medical Assistance Program | 93.778 | Medicaid Cluster (15) | | 3,129,198 | - |
| Department of Health Services: | | | | | |
| Public Health Emergency Preparedness Grants | 93.069 | | 1 NU90TP922013-01 | 101,250 | - |
| Project Grants and Cooperative Agreements for Tuberculosis Control Programs | 93.116 | | U52PS004675 | 43,000 | - |
| Family Planning Services | 93.217 | | FPHPA006376 | 146,650 | - |
| Immunization Cooperative Agreement | 93.268 | | NH23IP922610 | 63,009 | - |
| Maternal and Child Health Services Block Grant to the States | 93.994 | | B04MC32577 | 99,977 | - |
| Department of Behavioral Health and Developmental Services: | | | | | |
| Projects for Assistance in Transition from Homelessness | 93.150 | | X06SM016047-18 | 69,045 | - |
| American Psychiatric Association | 93.243 | | 5H79SM080818-02 | 1,546 | - |
| SUD Federal OPT-R Treatment | 93.788 | | H79TI081682 | 113,521 | - |
| Block Grants for Community Mental Health Services | 93.958 | | B09SM010053-19 | 667,599 | - |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | B08TI010053-19 | 602,553 | - |
| Health Administration Traineeships Program | 93.962 | | B08TI010053-19 | 175,229 | - |
| Total Passed Through the Commonwealth of Virginia | | | | \$ 11,932,254 | \$ 316,912 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | \$ 11,932,254 | \$ 316,912 |

- (11) Total Community Service Block Grant Cluster (CFDA #93.569)
- (12) Total Aging Cluster (CFDA #93.044, #93.045)
- (13) Total TANF Cluster (CFDA #93.558)
- (14) Total CCDF Cluster (CFDA #93.596)
- (15) Total Medicaid Cluster (CFDA #93.778)

U.S. DEPARTMENT OF HOMELAND SECURITY

Direct Awards:

| | | | | | |
|--|--------|--|-------------------|-------------------|-------------|
| Preparing for Emerging Threats and Hazards | 97.133 | | EMW-2016-GR-00231 | \$ 382,821 | \$ - |
| Total Direct Awards | | | | \$ 382,821 | \$ - |

Passed Through the Commonwealth of Virginia:

Department of Emergency Management:

| | | | | | |
|---|--------|--|-------------------------|-----------|------|
| Emergency Management Performance Grants | 97.042 | | EMP-2018 EP-00007(7711) | \$ 56,905 | \$ - |
|---|--------|--|-------------------------|-----------|------|

Department of Fire Programs:

| | | | | | |
|--------------------------------------|--------|--|-------------------|-------|---|
| Homeland Security Grant Program (15) | 97.044 | | EMW-2017-FO-06364 | 7,500 | - |
|--------------------------------------|--------|--|-------------------|-------|---|

Total Passed Through the Commonwealth of Virginia

| | |
|------------------|----------|
| \$ 64,405 | - |
|------------------|----------|

Passed Through the Government of the District of Columbia:

Homeland Security and Emergency Management Agency:

| Federal Granting Agency / Pass-Through Entity / Program / Cluster | CFDA Number | Cluster Name | Pass-Through Entity Identifying Number | 6-30-20 | |
|---|-------------|--------------|--|----------------------|--------------------------------|
| | | | | Federal Expenditures | Pass-through to sub-recipients |
| Homeland Security Grant Program (15) | 97.067 | | 18UASI879-01,18UASI879-02,17UASI879-05,19UASI879-01, EWW-2018-SS-00051 | \$ 621,994 | \$ - |
| Total Passed Through the Government of the District of Columbia | | | | \$ 621,994 | - |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | | \$ 1,069,220 | \$ - |
| <i>(16) Total Homeland Security Grant Program (CFDA #97.067) funded by multiple agencies.</i> | | | | <i>\$ 629,494</i> | <i>\$ -</i> |
| TOTAL FEDERAL ASSISTED PROGRAMS | | | | \$ 78,121,550 | \$ 1,367,029 |

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1: BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) is presented on the modified accrual basis of accounting in all material respects and includes all expenditures of federal awards administered by the County and its component units. The County's reporting entity is defined in Note 1, Part I of the County's basic financial statements. Several programs are funded jointly by the Commonwealth of Virginia and the County in accordance with matching requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the Commonwealth of Virginia and the County.

All costs charged to Federal Awards are presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, otherwise known as the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from the amounts present in, or used in the preparation of, the basic financial statements.

NOTE 2: FEDERAL COGNIZANT AGENCY

The Federal cognizant agency for the County is the U.S. Department of Health and Human Services.

NOTE 3: INDIRECT COSTS

The County did not elect to use the 10% de minimus cost rate.

NOTE 4: NON-CASH

The Commonwealth of Virginia funds the program vouchers distributed directly to eligible citizens in the following programs: Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA #10.557), Supplemental Nutrition Assistance Program (CFDA #10.561), Temporary Assistance for Needy Families (CFDA #93.558), and Medicaid (CFDA #93.778). The value of these vouchers are not included on the County's SEFA. Only the County's administrative expenditures are included.

The U.S. Department of Agriculture runs a program to provide donated food and assigns values for all donated food. For the National School Lunch Program (CFDA #10.555), the County received \$587,695 for the fiscal year ended June 30, 2020, which is included in the total expenditures in the SEFA under this program.

**Arlington County, Virginia
Schedule of Findings and Questioned Costs
June 30, 2020**

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **None**
4. Noncompliance, which is material to the financial statements: **None**
5. Significant deficiencies in internal control over major programs: **Yes, Finding 2020-002**
6. Material weaknesses in internal control over major programs: **None**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **Yes**
9. The programs tested as major programs were:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--|
| 93.778 | Medical Assistance Program |
| 93.558 | Temporary Assistance for Needy Families |
| 21.019 | Coronavirus Relief Fund |
| 84.010 | Title I Grants to Local Education Agencies |
| 14.239 | Home Investment Partnerships Program |

10. Dollar threshold used to distinguish between type A and type B programs: **\$2,343,647**
11. Arlington County qualifies as a low-risk auditee under Section 530 of Uniform Guidance

B. Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

None reported

C. Findings and Questioned Costs Relating to Federal Awards:

Finding 2020-001

Federal Awarding Agency: Department of Health and Human Services (HHS)

State Awarding Agency: Virginia Department of Social Services (VDSS)

Department: Arlington County Department of Social Services (DSS)

Program name: Medical Assistance Program (Medicaid) **CFDA#:** 93.778

Compliance Requirement: Eligibility

Type of Finding: Non-Material Noncompliance

Prior Year Audit Finding Number: N/A

Criteria:

Per *CFR* §435.956, "The agency must -

(A) Verify citizenship status through the electronic service established in accordance with § 435.949 or alternative mechanism authorized in accordance with § 435.945(k), if available; and

(B) Promptly attempt to resolve any inconsistencies, including typographical or other clerical errors, between information provided by the individual and information from an electronic data source, and resubmit corrected information through such electronic service or alternative mechanism.

(ii) If the agency is unable to verify citizenship status in accordance with paragraph (a)(1)(i) of this section, the agency must verify citizenship either -

(A) Through a data match with the Social Security Administration; or

(B) In accordance with § 435.407.

Condition:

Of the sixty (60) beneficiaries that were enrolled in the Medical Assistance Program selected for testing, we identified one (1) beneficiary where the documentation was missing as evidence of verification of citizenship or resident status.

Cause:

DSS management could not locate documentation to support that this beneficiary's citizenship status was verified. This is likely due to increased caseloads caused by the Medicaid Expansion Program, as well as the recent conversion to an electronic case management system.

Effect:

Failure to verify citizenship status could result in medical assistance rendered to ineligible individuals.

Recommendation:

We recommend the DSS ensure all documentation is retained to support verification of citizenship.

Questioned costs: Undeterminable.

Views of responsible officials and planned corrective actions:

The agency concurs with this finding. We will ensure that all documentation needed for eligibility, especially citizenship, is maintained in the case file by instituting a checklist of needed documents immediately as of 12/11/20. Staff will be re-trained on this measure at our next bureau meeting in February 2021.

Finding 2020-002

Federal Awarding Agency: Department of Health and Human Services (HHS)

State Awarding Agency: Virginia Department of Social Services (VDSS)

Department: Arlington County Department of Social Services (DSS)

Program name: Temporary Assistance for the Needy Families (TANF) **CFDA#:** 93.558

Compliance Requirement: Eligibility

Type of Finding: Significant Deficiency, Non-Material Noncompliance

Prior Year Audit Finding Number: N/A

Criteria:

Per *Title 2 Subpart §200.303*, “The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms, and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.”

Per *Subchapter 401.1* of the *TANF Manual*, the Request for Assistance or Application for Benefits must be signed. A signature must be obtained or the application must be denied.

Condition:

Of the sixty (60) beneficiaries that were enrolled in the TANF program selected for testing, we noted two (2) beneficiaries who did not have a signed application on file.

Cause:

The application documents were never scanned into the electronic case management system and the original hardcopy documents could not be located.

Effect:

Failure to obtain and retain signed applications could result in benefits provided to ineligible individuals.

Recommendation:

We recommend the DSS ensure all beneficiaries have a signed application on file. Management could consider use of a checklist or have a supervisory review to ensure all documents are included in the file.

Questioned costs: Undeterminable.

Views of responsible officials and planned corrective actions:

The agency concurs with this finding. We will ensure that all applicants have signed applications on file. We will also institute a checklist of needed documents for each file effective immediately, 12/11/20. Staff will be re-trained on these measures at our next bureau meeting in February 2021.

D. Status of Prior Year Findings

None noted

ARLINGTON COUNTY VISION

Arlington will be a diverse and inclusive world-class urban community with secure, attractive residential and commercial neighborhoods where people unite to form a caring, learning, participating, sustainable community in which each person is important.



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