

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2019

(July 1, 2018 - June 30, 2019)



DEPARTMENT OF MANAGEMENT AND FINANCE

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

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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 ***

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**ARLINGTON COUNTY, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2019**

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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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October 30, 2019

To Christian Dorsey, 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, 2019. 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, 2019, 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, 2019, 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. 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.

Public hearings on the proposed budget and tax rates are held prior to adoption by the County Board. The County Board also holds a series of work sessions during which preliminary funding decisions regarding proposed operating and capital programs are considered. 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, and B-9. For the discrete component unit Schools, these comparisons are presented in Exhibit G-3.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2019 was \$77.6 billion. The County government's adopted budget for all funds for Fiscal Year 2019 totaled \$1,647 million, which included \$640 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 a lively hub of commerce, culture, recreation and tourism, 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 2018 real property tax base is approximately divided between 48% commercial and 52% residential properties, enabling the County to maintain a competitive property tax rate in the Washington D.C. region. In calendar year ("CY") 2019, the tax rate (the base rate plus the county wide sanitary district tax rate) was adopted at \$1.026 per \$100 of assessed value, an increase of two cents from CY 2017 (there was no increase in CY 2018). In the aggregate, CY 2019 real estate assessments reflected stable property values with 3.5% growth over CY 2018. New construction in the County contributed to 0.9% of the overall property tax growth. The combined value of commercial and apartment assessments increased 4.1%. The apartment assessment base grew by 5.5% which included a 2.8% increase from new construction. Hotel property assessments demonstrated strong growth increasing by 5.9%. Office property assessments increased 4.3% due in part to building completions and leasing activity. CY 2019 residential assessments increased 2.9% in the aggregate. Including new construction, single-family houses (including townhomes) increased 3.1% while condominium assessment totals increased by 2.6%. The average value of a single-family property increased by 2.8%; from \$640,900 in CY 2018 to \$658,600 in CY 2019.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. Elegant high-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife and live theaters 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 just over 207,600 has grown by 9% since 2010 – consistent with the 1% annual average since 1980. The total number of jobs in the County increased by about 12.8% between 2000 and 2019. Further evidence of positive economic activity is seen through the County's business license tax revenues, which experienced 11% growth between FY 2018 and FY 2019. Arlington continues to economically surpass much of the region and the nation. Professional and Technical Services is the top industry for jobs located in Arlington. Arlington's unemployment rate remains the lowest in the Commonwealth at 2.0%. The County's per capita income remains among the highest in the State. The vacancy rate of the County's office buildings decreased from 18.0% to 16.6%. With the recent announcement that Amazon will develop a major headquarters in the County, Arlington is poised for steady revenue streams, an overall positive real estate market, and continued low unemployment levels in the future. Tourism also broke records with Arlington visitors spending \$3.4 billion in 2018 -- a 4.3% increase over 2017 -- generating nearly \$94 million in local tax receipts and supporting over 26,500 local jobs.

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

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

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.

The budget adopted by the County Board for FY 2020 represents a compromise and a consensus of the Board and reflects the values of Arlington's community. The adopted budget represents a sustainable progressive plan for our community's future by providing funding for our core values of effective public service, education, and inclusiveness. The County government's adopted budget for all funds for FY 2020 increased 5.5% of which the general fund increased 6.3% and Schools increased 4.6% from the FY 2019 adopted budget. With budgetary pressures for essential community services, specifically for the County's public schools, outpacing expected revenue growth, the County Board raised real estate taxes by two cents while also accepting \$4.8 million in proposed reductions by the County Manager. Three-fourths of the revenue from the real estate tax increase will go to Arlington Public Schools. At the adopted tax rate, the tax bill for an average Arlington homeowner will increase 4.8% or roughly \$310 over CY 2018. Arlington continues to economically surpass much of the region and the nation. Both residential and commercial property values continue on a positive trajectory. Arlington's continued strong employment and solid real estate market are the foundation for steady incremental growth in the County's major revenue streams.

In May 2019, 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 outstanding reflecting a strong debt and contingent liability profile, affluent and growing property tax base, and strong financial management. The continued growth and diversification of high wage jobs in the technology, research and financial services sectors, high per-capita retail sales, and strong budgetary performance serve to establish Arlington County, as of June 30, 2019, as only 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. Three-fourths of the revenue from the real estate tax rate change will go to Arlington Public Schools (APS) and the remaining one-fourth will help ensure the County provides competitive compensation to its public safety and general employees and additional support to APS (school nurses & school resource officers). The County Board approved a CY 2019 real estate tax rate increase from \$1.006 to \$1.026 cents per hundred dollars of assessed value (including the sanitary district tax). Arlington continues to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value.

Arlington's 2018 and 2019 real property tax base is approximately divided between 48% commercial and 52% residential properties. This balance of tax burden is a fiscal benefit of "smart growth". Other than the two-cent increase in the real estate tax rate, the FY 2020 budget includes no increases to the tax rates of personal property and business tangible property, or business and professional occupational licenses.

Fiscal Sustainability

The actions taken by the County Board reflect the recognition of a multi-year trend of continued cost pressures and modest revenue growth. After holding the real estate tax rate flat in CY 2018, the County Board made several difficult decisions for CY 2019 which included a tax rate increase and reduction in expenditures to offset slowing revenue growth. The County Board focused investments targeting areas experiencing cost pressures or required to maintain our 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 aims to further strengthen the County's fiscal position. The FY 2020 budget includes an additional \$2.7 million in one-time funds to bring the Budget, Economic & Revenue Stabilization Contingent to 0.5% of general fund revenues. The County also amended its Financial and Debt Management Policy in the spring of CY 2019 to raise the minimum balance in the General Fund Operating Reserve to 5.5%. The County Board will be considering another \$6.8 million increase to the Budget, Economic and Revenue Stabilization Contingent in November of 2019 to raise it to 1.0% of general fund revenues.

Metro

Metro is key to Arlington's commercial corridors and our economic development strategies. The FY 2020 Adopted Budget includes a substantial commitment to Metro funding (\$80.9 million). This includes local tax support and Arlington's share of state transit aid and gas taxes.

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. For FY 2020, funding for Schools will increase \$31.5 million to \$532.3 million in ongoing and one-time funding. The County is proud of the continuing accomplishments of its students and schools with the many notable achievements by Arlington Public Schools (APS).

- Niche.com 2020 ranked Arlington Public Schools as the top school division in the Commonwealth of Virginia for the fifth consecutive year.
- All APS schools are fully accredited by the Virginia Department of Education for the 2019-2020 school year based on last year's Standards of Learning (SOL) test results.
- In 2019, 93% of all APS students and 96% of students in Arlington's three comprehensive high schools graduated on time of which 69% earned an Advanced Studies Diploma.
- Since 2012, almost half of the dropout rate (46%) has been eliminated.
- APS was awarded with the prestigious Medallion of Excellence Award from the U.S. Senate Productivity and Quality Awards for Virginia and the District of Columbia.
- Arlington ranks second in Virginia with 190 teachers who have earned National Board Certification.
- 98% of staff is highly qualified as defined by the U.S. Department of Education. The remaining 2% includes teachers with provisional certificates or in the process of getting teacher certification.
- 84% of APS teachers have earned a Master's or Doctoral degree.

Arlington's commitment to education is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, approximately 20 percent of APS school-funding comes from sources other than local taxes. In contrast, approximately half the cost of Prince William County Public Schools, for example, is paid by the state, while Arlington pays almost 80 percent of the cost of educating our students.

Public Safety

Critical to Arlington's success is the safe and secure community our residents and visitors enjoy. The FY 2020 Adopted Budget continued to increase funding for public safety by increasing pay and adding additional staff in the Fire Department. The entry pay levels and the salaries of most Public Safety uniformed were increased to stay competitive with Arlington's three major competitors (Alexandria, Fairfax, Prince William). Including market pay adjustment, pay for most uniformed positions increased 6.0%-9.0%. In addition to pay increases, nine additional firefighters and one large recruit class was added to the Fire Department to continue the increase in staffing required for the multi-year implementation of a Kelly Day. Once fully implemented, a Kelly Day schedule provides an extra

day off per 28-day cycle for firefighters, thus reducing the number of hours worked per week and making the County's fire schedule more competitive with the surrounding jurisdictions.

Land Acquisition

To support the County's ability to purchase property for future facilities, parks or other community resources, the Board approved nearly \$10 million in one-time funds for land acquisition.

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 2020 Adopted Budget continues the commitment to fund the Affordable Housing Investment Fund (AHIF) bringing the total AHIF funding to \$16.0 million – an increase of \$1.7 million over FY 2019. Additionally, the FY 2020 Adopted Budget includes \$9.3 million for the Housing Grants Program which is now fully funded with ongoing resources and increases the maximum allowable rent limits, not changed since 2010, to 60% of the Area Medium Income.

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. 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 submits a ten-year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, the CIP presented a ten-year planning period instead of six years. 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 CIP addresses facility and infrastructure needs of the County, including the needs of APS. The CIP includes a detailed description of each capital project, identifying every source of funding, including pay-as-you-go (PAY-GO), bond financing, master lease 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 and discernable. The County balances the use of debt financing sources against the ability to utilize PAY-GO funding for capital projects. While major capital facility projects will generally be funded through bonds, the County attempts to maintain an appropriate balance of PAY-GO versus debt, particularly considering the County's debt capacity and analysis of maintenance capital needs. As part of each biennial CIP process, the County reviews and updates its maintenance capital needs. Complete condition assessments of

maintenance assets are completed every four to five years. The CIP includes an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.

On July 14, 2018, the Arlington County Board adopted a CIP for fiscal years 2019 to 2028, totaling \$3.4 billion for the County and APS. Highlights include:

- Fully funding Arlington Public Schools CIP (\$613.56 million), which includes the building of new schools and renovations and additions to existing ones to address growing school enrollment.
- Improving roads, countywide bus service and trails.
- Building a new Jennie Dean Park and Rosslyn Highlands Park +.
- Re-building fire stations No. 8 and 10.
- Continued but reduced investment for neighborhood conservation projects.
- Creating a new online payment portal and replacing the County's tax assessment and collection system with more advanced technology.

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 2019 when the County took additional steps to strengthen its fiscal position by raising the minimum balance requirement in the General Fund Operating Reserve.

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 will only be authorized after an evaluation of the risk to the County's balance sheet and stress testing of the financial assumptions underlying the proposed project.

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, 2018. This was the 33rd 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 2019 Budget received the *Association for School Business Officials International Meritorious Budget Award* for the tenth 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,



Maria R. Meredith, Director
Department of Management and Finance



Rahul Bhalla, Comptroller
Department of Management and Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Arlington County
Virginia**

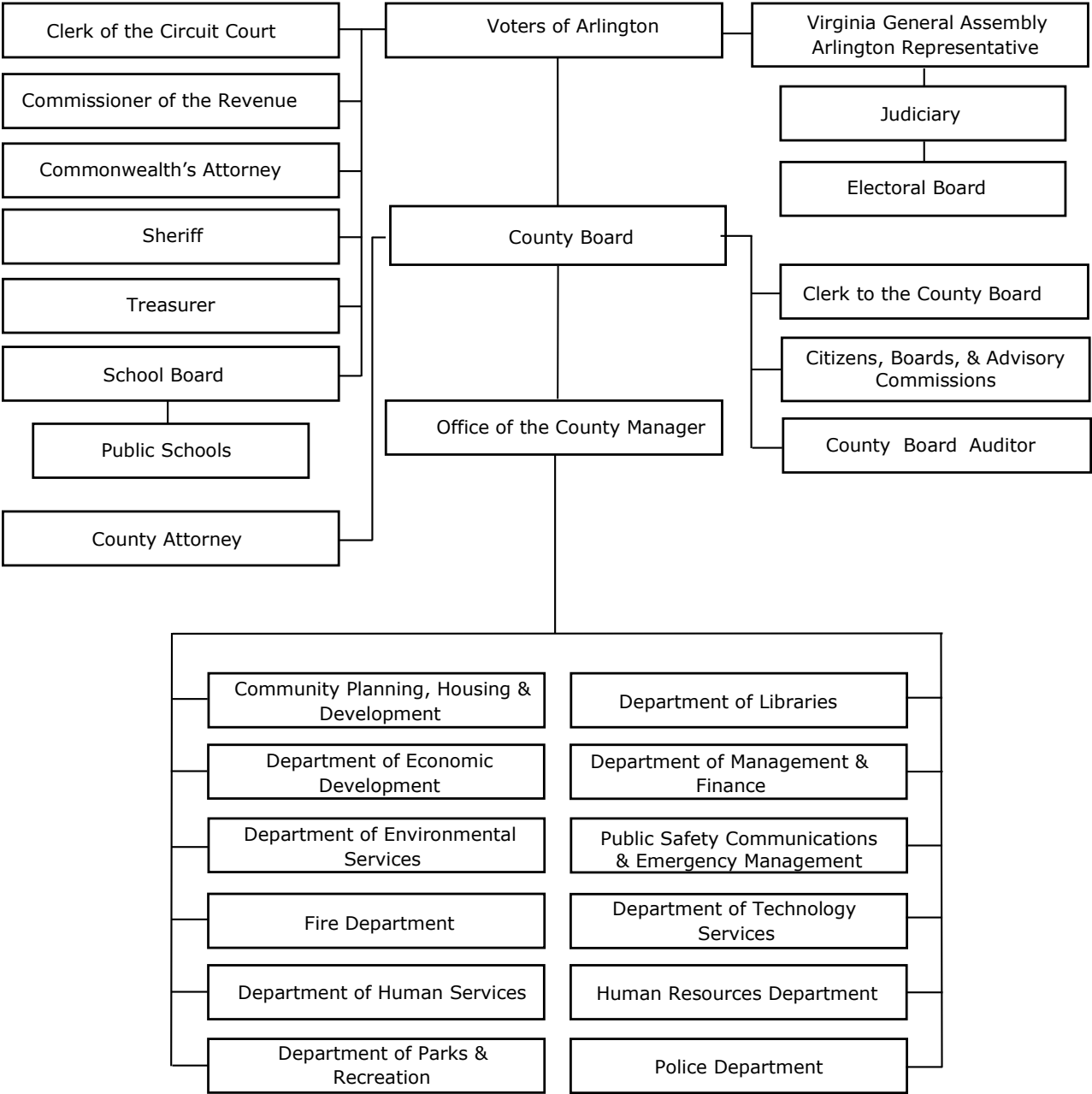
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



**ARLINGTON COUNTY, VIRGINIA
DIRECTORY OF OFFICIALS
June 30, 2019**

COUNTY BOARD

Christian Dorsey, Chair

Libby Garvey, Vice Chair

Erik Gutshall
Katie Cristol
Matt de Ferranti

COUNTY SCHOOL BOARD

Tannia Talento, Chair

Monique O'Grady, Vice Chair

Dr. Barbara Kanninen
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:

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

Juvenile and Domestic Relations:

George D. Varoutsos
Robin L. Robb

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

COUNTY OFFICIALS

Elective

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

Theo Stamos
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
Deputy County Manager
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
Acting Director of Department of Economic Development
Registrar of Voters
Director of Public Safety and Emergency Communications

Mark J. Schwartz
Samia Byrd
Michelle G. Cowan
Shannon Flanagan-Watson
James H. Schwartz
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
Alexander Iams
Gretchen Reinemeyer
Aaron Miller

Administrative - County School Board

Interim Superintendent of Schools
Clerk of the School Board
Deputy Clerk of the School Board
Internal Auditor Director
Interim Assistant Superintendent, Human Resources
Assistant Superintendent, Finance & Management Services
Assistant Superintendent, Information Services
Assistant Superintendent, Teaching & Learning
Acting Assistant Superintendent, Administrative Services
Interim Assistant Superintendent, School & Community Relations
Assistant Superintendent Operations and Facilities

Cintia Z. Johnson
Melanie Elliott
Claudia Mercado
John Mickevici
Dan Redding
Leslie Peterson
Raj Adusumilli
Vacant
Dr. Jeannette Allen
Catherine Ashby
John Chadwick



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, 2019, 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 7%, 6%, and 1%, 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, 2019, 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 pension and OPEB information 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Other Supplementary Information as and for the year ended June 30, 2019 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 and Schedule of Expenditures of Federal Awards are 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, 2018, 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, 2018 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 2018 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, 2018 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 14, 2019, 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.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Tysons Corner, Virginia
November 14, 2019



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, 2019.

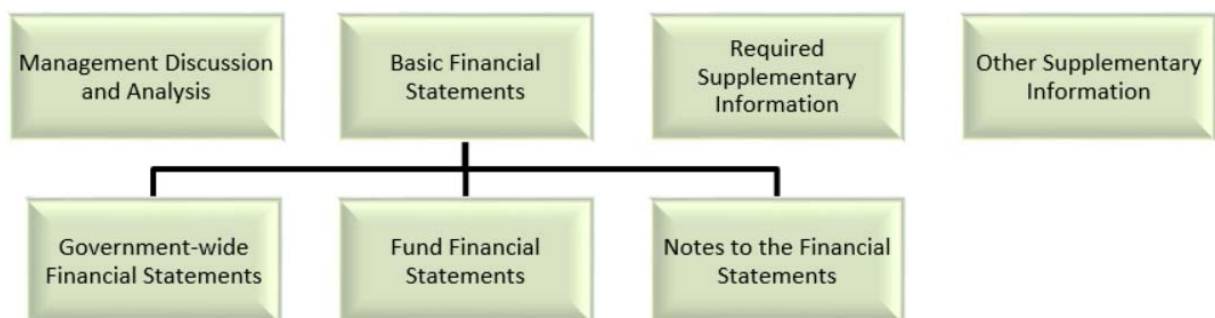
This report is intended to provide accountability and insight into the County’s financial results and their implications for operational performance given the overall goals and objectives adopted by the County Board. We encourage readers to consider the information presented here in conjunction with 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

- The total reporting entity, which includes the Schools and Gates Partnership component units, has a positive net position of \$2,251.8 million at June 30, 2019.
- For FY 2019, taxes and other revenues of the County’s governmental activities amounted to \$1,408.7 million. Expenses amounted to \$1,288.8 million.
- For FY 2019, revenues of the County’s business-type activities were \$137.5 million, and expenses were \$113.3 million.
- As of June 30, 2019, the County’s governmental funds reported combined fund balances of \$706.1 million, an increase of \$71.3 million over FY 2018.
- The County’s general fund reported a fund balance of \$233 million, an increase of \$51.1 million, or 28.1%, from June 30, 2018.
- In June 2019, the County sold \$169.5 million in General Obligation Bonds, Series 2019. Out of the total, \$106.4 is to be used for funding County’s capital projects and \$63.1 million is for funding Schools’ capital projects.
- Debt service (principal and interest) in FY 2019 amounted to \$67.7 million.
- Total borrowings at the end of the FY 2019 were \$2,540.1 million.

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 basis 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, 2019, net position for the total reporting entity was \$2,251.8 million. The following table (Table A-1) reflects the condensed Statement of Net Position for FY 2019 and FY 2018:

Table A-1
Condensed Statement of Net Position
June 30, 2019
With Comparative Totals for June 30, 2018
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total Reporting Entity	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Current and other assets	\$1,492.8	\$1,337.6	\$96.0	\$107.1	\$1,588.8	\$1,444.7	\$294.7	\$331.7	\$6.2	\$6.1	\$1,889.7	\$1,782.4
Capital assets	1,351.4	1,261.1	1,063.8	1,049.0	2,415.2	2,310.0	774.0	677.3	68.8	70.8	3,258.0	3,058.1
Total assets	2,844.2	2,598.6	1,159.8	1,157.4	4,004.0	3,754.7	1,068.7	1,009.0	75.0	76.9	5,147.7	4,840.5
Deferred outflows of resources	82.1	86.9	-	-	82.1	86.9	109.2	107.0	-	-	191.2	193.9
Long-term debt outstanding	1,538.7	1,454.6	280.0	299.8	1,818.7	1,754.4	672.7	679.7	49.6	50.8	2,541.0	2,484.9 *
Other liabilities	188.5	169.1	29.2	29.7	217.8	198.8	95.4	78.3	1.7	1.5	314.9	278.6
Total liabilities	1,727.3	1,623.7	309.2	329.5	2,036.5	1,953.2	768.1	758.0	51.3	52.3	2,855.9	2,763.4
Deferred inflows of resources	162.0	144.8	2.1	2.3	164.1	147.1	67.1	67.4	-	-	231.2	214.5
Net Position:												
Investment in capital assets	731.0	709.3	820.8	783.0	1,551.8	1,492.2	760.3	669.6	19.2	20.1	1,849.5	1,766.7 *
Restricted for:												
Capital projects	147.8	136.7	-	-	147.8	136.7	129.1	157.5	-	-	276.8	294.2
Seized assets	1.6	1.3	-	-	1.6	1.3	-	-	-	-	1.6	1.3
Grants	0.7	0.5	-	-	0.7	0.5	5.1	4.30	-	-	5.8	4.8
Unrestricted	155.8	69.3	27.7	41.3	183.4	110.6	(551.8)	(540.9)	4.5	4.5	118.1	(10.6) *
Total Net Position	\$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

Note: Totals may not add due to rounding.

* 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 (\$481,819,120) 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 \$481,819,120 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.

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 \$1,036.9 million.

For business-type activities, assets exceeded liabilities and deferred inflows of resources by \$848.5 million. For primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total of \$1,885.4 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 \$342.70 million, and in the case of the Gates Partnership, assets exceeded liabilities by \$23.7 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 82.1% 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 12.6% of the net position of the total reporting entity as of June 30, 2019. The unrestricted net position was 5.2% 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, 2019 increased net position from FY 2018 as follows:

Total Reporting Entity	<u>Increase/Decrease in Net Position</u>	
	<i>(\$ In millions)</i>	<i>Percentage</i>
Governmental activities	\$119.7	61.4%
Business-type activities	24.2	12.4%
Component unit - Schools	52.1	26.7%
Component unit - Gates Partnership	(0.9)	-0.5%
Change in Net Position	<u>\$195.1</u>	<u>100.0%</u>

The following table (Table A-2) displays the changes in net position for FY 2019 and FY 2018:

Table A-2
Statement of Changes in Net Position
Year Ended June 30, 2019
With Comparative Totals for June 30, 2018
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total Reporting Entity	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues												
Program revenues												
Charges for services	\$89.6	\$82.9	\$132.1	\$134.8	\$221.7	\$217.7	\$24.2	\$22.2	\$7.6	\$7.6	\$253.5	\$247.5
Operating grants and contributions	130.0	128.6	-	-	130.0	128.6	68.2	61.7	-	-	198.2	190.3
Capital grants and contributions	-	-	2.7	1.1	2.7	1.1	-	-	-	-	2.7	1.1
General revenues												
Property taxes	926.1	884.4	-	-	926.1	884.4	-	-	-	-	926.1	884.4
Other local taxes	230.2	217.2	-	-	230.2	217.2	28.4	26.3	-	-	258.6	243.5
Revenue from general fund	-	-	0.4	0.6	0.4	0.6	569.7	604.1	-	-	570.1	604.7
Investment and interest earnings	30.5	10.4	2.3	0.5	32.8	10.9	2.6	1.4	-	-	35.4	12.3
Miscellaneous	2.3	(19.1)	-	0.3	2.3	(18.8)	-	-	0.1	0.1	2.4	(18.7)
Total revenues	1,408.7	1,304.4	137.5	137.3	1,546.2	1,441.7	693.1	715.7	7.7	7.7	2,247.0	2,165.0
Deferred inflows												
Expenses												
General government	255.3	256.7	-	-	255.3	256.7	-	-	-	-	255.3	256.7
Public safety	138.5	137.2	-	-	138.5	137.2	-	-	-	-	138.5	137.2
Environmental services	107.8	109.7	-	-	107.8	109.7	-	-	-	-	107.8	109.7
Health and welfare	143.4	151.1	-	-	143.4	151.1	-	-	-	-	143.4	151.1
Libraries	13.7	14.3	-	-	13.7	14.3	-	-	-	-	13.7	14.3
Parks, culture and recreation	54.9	43.9	-	-	54.9	43.9	-	-	-	-	54.9	43.9
Planning and community development	56.7	79.8	-	-	56.7	79.8	-	-	-	-	56.7	79.8
Education	495.8	498.4	-	-	495.8	498.4	641.0	608.2	-	-	1,136.8	1,106.6
Debt service:												
Interest and other charges	22.8	18.6	-	-	22.8	18.6	-	-	-	-	22.8	18.6
Water and sewer	-	-	90.1	89.3	90.1	89.3	-	-	-	-	90.1	89.3
CPHD Development Fund	-	-	15.2	17.0	15.2	17.0	-	-	-	-	15.2	17.0
Parking garage	-	-	7.8	7.9	7.8	7.9	-	-	-	-	7.8	7.9
8th Level Ballston Public Parking Garage	-	-	0.2	0.2	0.2	0.2	-	-	-	-	0.2	0.2
Rental Properties	-	-	-	-	-	-	-	-	8.6	8.5	8.6	8.5
Total expenses	1,288.8	1,309.9	113.3	114.3	1,402.3	1,424.2	641.0	608.2	8.6	8.5	2,051.9	2,040.8
Increase/(Decrease) in Net Positions	119.9	(5.5)	24.2	23.0	144.1	17.5	52.1	107.5	(0.9)	(0.8)	195.0	124.2
Net Position-Beginning	917.0	922.5	824.3	801.3	1,741.3	1,723.8	290.6	183.1	24.6	25.4	2,056.5	1,932.3
Net Position-Ending	\$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

Note: Totals may not add due to rounding.

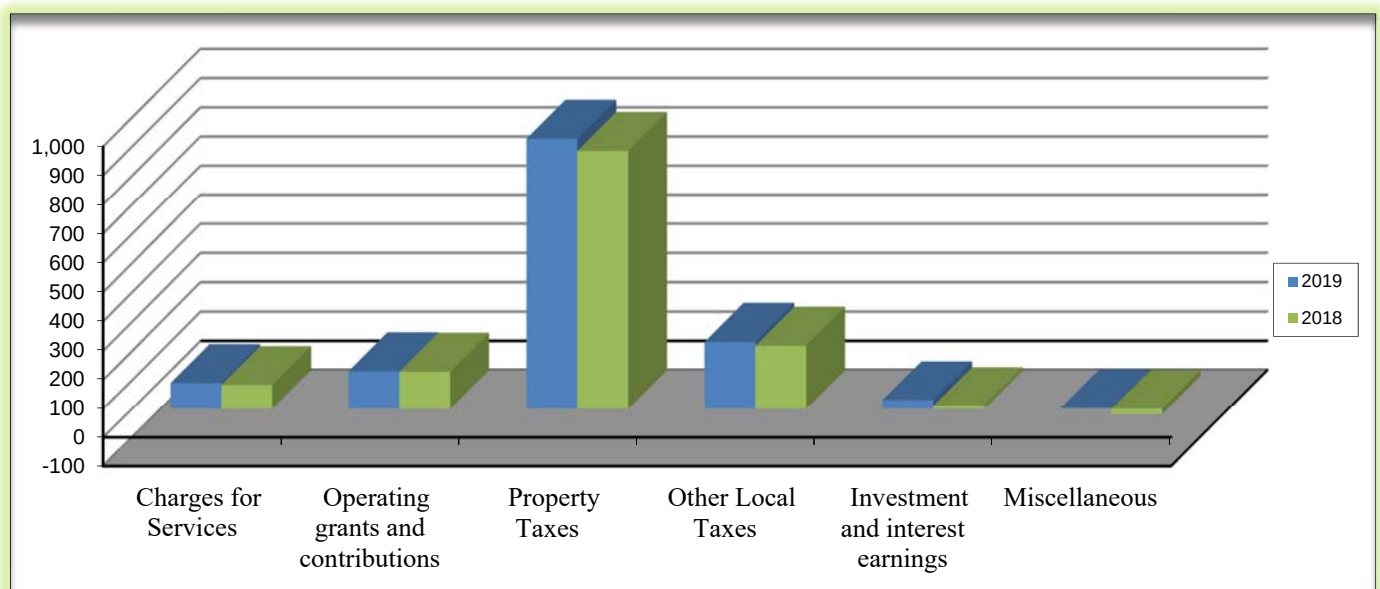
Revenues

Overall, revenues for the County's governmental activities were \$1,408.7 million for fiscal year 2019 representing an increase of \$104.3 million from the prior year. Taxes constitute the largest source of primary government revenues, amounting to \$1,156.3 million for FY 2019, an increase of \$54.7 million over FY 2018. Real Estate taxes increased by \$39.6 million to \$808.1 million due to increased assessments in the County and an increase to the tax rate in CY 2019. Personal property taxes increased by \$2.1 million to \$118 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 \$230.2 million, which represents a \$13 million increase from FY 2018. The increase in other local tax revenue is due to an increase in business license, sales, meals and utility taxes that was partially offset by a decrease in recordation and transient taxes.

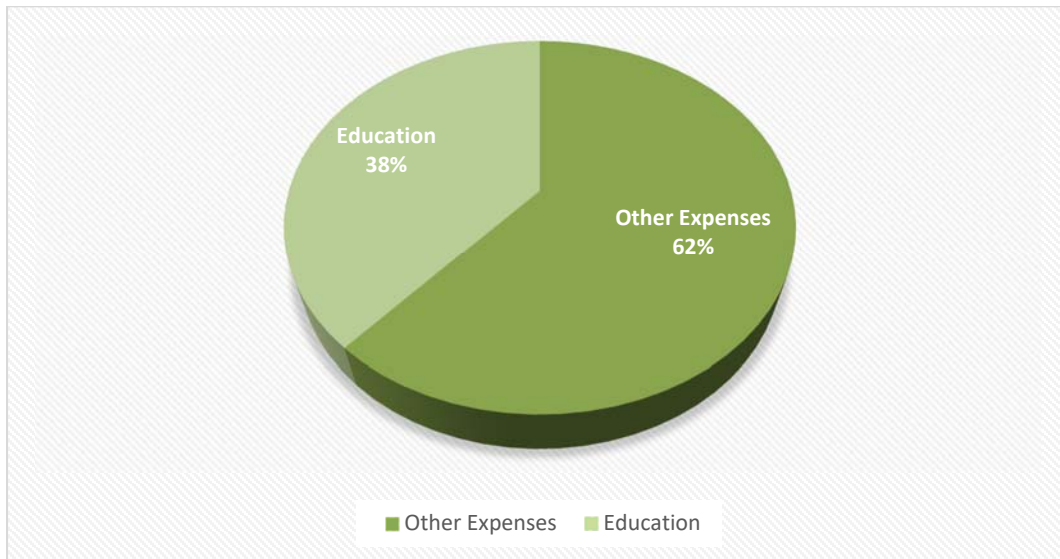
Program revenues are derived directly from the programs run by various departments and reduce the net cost for various functions. Total program revenues from governmental activities were \$219.6 million. Operating grants and contributions represent the most significant of these revenues, totaling \$130 million. Charges for services totaled \$89.6 million. For additional information and comparative results, refer to Table A-2.

Business-type activities generated revenues of \$137.5 million, primarily from charges for services, which totaled \$132.1 million. Total revenues increased from FY 2018 by \$0.2 million mainly because of an increase of \$1.5 million in grants and contribution revenue and an increase of \$1.5 million investment and miscellaneous earnings which was partially offset by a decrease of \$2.7 million in charges for services.

Chart A-3
Sources of Revenue from Governmental Activities
For Fiscal Years 2019 and 2018
(in millions)



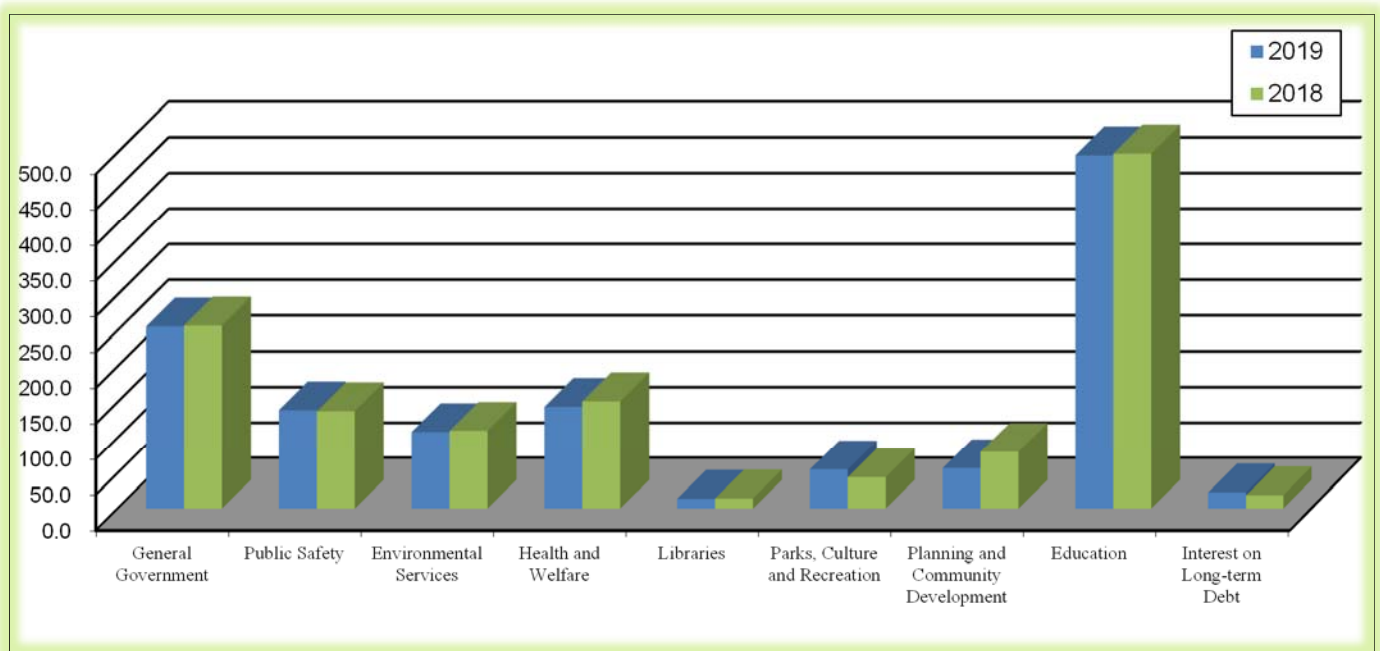
Expenses. Total expenses of the County’s governmental activities for FY 2019 were \$1,288.8 million, representing a decrease of \$21.1 million from FY 2018. Education expense for FY 2019 was \$495.8 million, a decrease of \$2.6 million from the previous fiscal year. As the chart on the following page indicates, education continues to be the County’s largest program. General government expenses represent the second largest expense, totaling \$255.3 million in FY 2019.



Expenses for the County’s business-type activities totaled \$113.3 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 2019 and 2018
(in millions of dollars)



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 2019, the County's governmental funds reported combined fund balances of \$706.1 million, a decrease of \$71.3 million in comparison with the prior year.

Non-spendable and restricted fund balance equates to 21.5% or \$152 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 69.6% or \$491.3 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. \$167 million or 34% of the total committed fund balance is from the general fund. The remaining fund balance of \$324.3 million is appropriated for ongoing capital projects.

The County's governmental fund balance of \$50 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 \$4.8 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 County will be evaluating this treatment in the coming year to determine best practices for planning and accounting for this revenue source.

The general fund is one of the major governmental funds of the County. At the end of FY 2019, the general fund's fund balance was \$233 million or 33% of the total governmental funds' fund balance. \$86.3 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 \$74.6 million, which is set at 5.5% of general fund revenue, a Budget, Economic and Revenue Stabilization Contingent of \$6.7 million and a Self-insurance Reserve of \$5.0 million. Total reserves represent 17.6% of the total governmental funds' committed fund balance and equate to 37% of the general fund's total fund balance.

At the end of FY 2019, committed and assigned fund balance for the general fund was \$217 million or 93.1% of the total general fund balance. \$48.7 million or 20.9% of the general fund's fund balance represents the County's commitment to provide affordable housing incentives 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 2019, committed and assigned fund balance equated to 16.4% of general fund expenditures. The total general fund's fund balance represents 17.6% of total general fund expenditures.

As of June 30, 2019, the total general fund's fund balance increased from FY 2018 by 28.1% to \$233 million. The increase in the general fund balance was driven primarily by an increase in real estate tax revenue, interest revenue, reserve balances and by a decrease of general government and School expenditures.

Special Revenue and Capital Project Funds. Special revenue funds' and capital projects funds' fund balance was \$473 million and represents 67% of the total governmental funds' fund balance. The transportation capital fund is a major fund of the County and contributes to 24.3% of the total governmental fund balance. At the end of the current fiscal year, total fund balance of the transportation capital fund was \$171.6 million and general capital projects fund was \$114.7 million. All other funds combined were \$186.7 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 251.2% of total capital project funds' expenditures, of which \$147.8 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 increased by \$10.7 million during the current fiscal year, primarily due to other financing sources exceeding excess expenditures over revenues. The fund balance for public recreation bond fund

increased by \$13.0 million during the current fiscal year and it is mainly due to the increase in proceeds from sale of bonds by \$21.9 million compared to FY 2018.

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 \$63.3 million, the Ballston Public Parking Garage Funds amounted to a deficit of (\$52.4 million) and the CPHD Development Fund amounted to \$16.8 million. The total change in net position for the Utilities Fund included a surplus of \$24.4 million, the Ballston Public Parking Garage Funds had a deficit of (\$3.5 million), and CPHD Development Fund had a surplus of \$3.3 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 Variances

At the end of FY 2019, the difference between the original (adopted) budget and final budget for the General Fund was \$73.8 million, which consisted of an increase in the revenue budget of \$2.9 million, an increase in the expenditure budget of \$78.9 million and a decrease in other financing sources/(uses) of \$2.2 million in the following areas:

- \$57.9 million in increases were allocated to Non-departmental for affordable housing, economic incentive funds, master lease financing, and incomplete projects carried over from FY 2018. This includes \$4.1 million allocated to non-departmental for planning projects, consultant projects, the operating contingent, facilities studies and regional studies as a result of the FY 2018 closeout decisions by the County Board. Non-departmental accounts include County-wide costs not appropriated to a specific department.
- \$5.1 million in increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants that fund a wide variety of services for persons with mental illness, substance abuse services, public health, emergency assistance, homelessness prevention, housing assistance resources, and employment services.
- \$2.1 million in increases allocated to the Judicial Administration. This primarily includes carryover funding for security infrastructure upgrades at the jail, various grant carryover including for the State Criminal Alien Assistance Program (SCAAP), Sheriff uniform replacement, seized asset carryover, Compensation Board funds for a new Commonwealth Attorney position, and various new grants including the Virginia Highway Safety grant and the Virginia Supreme Court Drug Program grant.
- \$2.1 million in increases allocated to the Department of Environmental Services primarily for various grant funding, revenue from shared mobility programs and residential permit parking, and carryover of incomplete projects from FY 2018.
- \$1.8 million in increases allocated to public safety for the Police Department, Office of Emergency Management, and Fire department through carryover of grants from the prior year, FY 2018 encumbrance/purchase order carryover, Police and Fire compensation adjustments, and new grants to fund safety initiatives, equipment purchases, and emergency preparedness as well as carryover of seized asset funding.
- \$0.4 million in increases to Planning and Community Development from transferring Trust and Agency funds (Fund 799) to the Community Housing Planning and Development's general fund budget for a historic preservation project, new grants for historical preservation and a public art project, and carryover grant funding from art related grants.
- \$0.2 million in increases allocated to the general government primarily for carryover of incomplete projects from prior years including funding for the County Board auditor and Department of Technology Services for a software license agreement.
- \$0.1 million in increases allocated to the Department of Parks and Recreation in grants carryover funding.
- \$9.3 million increase in transfers out to the Schools, primarily as a result of FY 2018 closeout.

At the end of FY 2019, the difference between the final budget and actuals was \$144.2 million, which consisted of \$99.7 million of favorable expenditure variance, \$39.1 million of favorable revenue variance and a \$5.4 million favorable variance of other financing sources/(uses). The total variances were primarily the result of the following revenue and expenditure variances:

- \$15.6 million favorable revenue variance in Real Estate taxes due to growth in assessments and the 2019 tax rate increase of 2.0 cents.
- \$1.1 million unfavorable variance in personal property tax due to lower than anticipated vehicle personal property tax receipts and business tangible property receipts slightly below budget.
- \$2.3 million favorable variance in other local taxes primarily due to higher than anticipated Business, Professional, and Occupational License (BPOL) tax receipts (\$4.3 million), partially offset by lower than budgeted transient occupancy tax and meals tax receipts.
- \$16.6 million favorable variance in use of money and property primarily due to higher than anticipated interest revenue and an increase in ground lease rent for Courthouse Plaza parcels.
- \$4.0 million unfavorable variance in state grants is due primarily to lower than anticipated Human Services grant revenue.
- \$9.6 million favorable variance in miscellaneous revenue is due primarily to loan repayments and developer contributions for AHIF that will be appropriated during FY 2019 closeout. Unpredictable project and reimbursement pipeline natural accounts are not budgeted.
- \$26.1 million non-departmental – Allocated Housing Funds variance is a result of unspent allocated AHIF Funds for bricks and mortar projects. These funds were allocated by the County Board in FY 2019 for specific projects but have not yet been spent. These funds will be carried over to FY 2020.
- \$5.8 million non-departmental – Contingent Housing expenditure variance can be attributed to unallocated AHIF funds remaining. These funds will be carried over to FY 2020.
- \$4.9 million non-departmental – Health Care expense savings due to lower than expected healthcare costs.
- \$11.6 million non-departmental – short-term financing expense variance stems from several large projects that were budgeted to be financed with short-term financing funds but were delayed and were not fully implemented in FY 2019. The debt service budget (principal and interest) for these approved projects will be carried over into the following year to be spent when the equipment is financed.
- \$4.0 million non-departmental in Budget, Economic and Revenue Stabilization Contingent savings. \$4.0 million was funded in FY 2019 per the adopted financial policy. None of this was utilized in FY 2019, it will be carried over to fund the contingent in FY 2020.
- \$1.0 million over budget in non-departmental due to higher than expected insurance costs related to general liability and workers' compensation claims.
- \$2.4 million non-departmental – Interest Lease Purchase favorable expense variance. The County has agreed to appropriate funds (\$2.4 million) should there be a revenue shortfall from lease payments on the Industrial Development Authority bonds financing the Ballston Garage facility. Since the issuance of the bonds the County has never been required to finance a shortfall in lease payments.
- \$2.0 million METRO variance due to arbitration settlements that occurred after budget adoption.
- \$8.7 million Human Services favorable expense variance is primarily due to staff vacancies, unspent grant funds that will be carried over to FY 2020, program savings based on client need, and Children's Services Act (CSA) favorable expense variance. The surplus for CSA is due to savings resulting from changes in insurance billing.
- \$7.0 million Environment Services favorable expense variance is primarily due to lower than expected payments related to contracted services in transportation and unspent grant funds that will be carried over to FY 2020.
- \$3.5 million Public Safety favorable expense variance is primarily due to vacant positions as well as unspent grant funds that will be carried over to FY 2020, seized asset carryover, and various non-personnel savings.
- \$1.7 million favorable general government expense variance is due to staff vacancies and various non-personnel savings in contracted services.
- \$1.1 million favorable Community Planning, Housing and Development expense variance due to the number of vacant positions as well as unspent art grant funds and funding for a market study that will be carried over to FY 2020.

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 Debt Administration

Capital Assets

The County's investment in capital assets for its governmental activities, business-type activities and component units as of June 30, 2019 amounted to \$1,849.5 million (net of related debt). The net book value of capital assets was \$3,258 million, which

includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

Major capital asset acquisitions during the current fiscal year included the following:

- \$24 million for Parks and Recreation center improvements including Powhatan Springs skate park, McCoy Park, Tyrol Hills Park and other playgrounds, land acquisition, and field and court upgrades.
- \$39.6 million for government facilities construction including renovations and improvements to the Barcroft Gymnasium, the temporary Salt Facility, Lubber Run Community Center, the Westover Library exterior walls, and Fire Station #4 concrete work.
- \$3.1 million for Neighborhood Conservation projects to include improvements to streetlights, sidewalks, parks, and construction of neighborhood beautification projects.
- \$15.7 million for technology investments including an Electronic Health Record system, fiber optics network, public safety radio replacements, records management systems, emergency phone system replacement, PC replacement, network and server replacement and, enterprise system improvements.
- \$1.3 million for capital funding contributions to regional organizations such as Northern Virginia Community College and the Northern Virginia Regional Parks which provide beneficial services to Arlington residents and visitors. Contributions also include payments for debt obligation related to regional capital projects at the Northern Virginia Criminal Justice Academy.
- \$23.2 million for the County's share of the regional Metro projects.
- \$30.6 million for the Potomac Yard Transitway, Crystal City multi-modal, Columbia Pike Transit Stations, Art light vehicle maintenance facility, Art Bus procurement, transit development plan updates and other transit projects.
- \$15.8 million for paving and trail improvements.
- \$20.3 million for safety and capacity improvements to arterial streets such as along the Columbia Pike and Rosslyn-Ballston corridors, and various intersections in Crystal City such as Clark-Bell.
- \$3.8 million for intelligent transportation systems as well as traffic and pedestrian signal upgrades.
- \$4.4 million for bicycle and pedestrian safety improvements and expansion.
- \$4.9 million for various other transportation improvements such as street lighting, bridge maintenance, neighborhood traffic calming maintenance, utility undergrounding and overall transportation related program administrative costs.
- \$11.7 million for Stormwater Management infrastructure.
- \$27.2 million for Utilities' infrastructure including water and sewer replacements.

Capital assets increased by \$199.9 million for the total reporting entity as a whole and by \$105.1 million for the primary government. The majority of the total reporting entity spend 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:

Table A-5 Net Capital Assets
June 30, 2019
With Comparative Totals for June 30, 2018
(in millions of dollars)

	Primary Government						Component Units				Total	
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Reporting Entity	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Land	\$230.9	\$206.1	\$6.2	\$6.2	\$237.1	\$212.3	\$4.7	\$4.7	\$13.3	\$13.3	\$255.1	\$230.3
Buildings	293.5	238.3	15.7	10.3	309.2	248.6	625.1	628.1	55.5	57.5	989.8	934.2
Equipment	115.8	111.4	1.7	2.1	117.5	113.5	47.3	44.5	-	-	164.8	158.0
Infrastructure	505.0	390.8	-	-	505.0	390.8	-	-	-	-	505.0	390.8
Intangible assets	2.5	2.5	0.4	0.2	2.9	2.7	-	-	-	-	2.9	2.7
Plant - sewer system	-	-	303.0	293.7	303.0	293.7	-	-	-	-	303.0	293.7
Plant - water system	-	-	709.7	705.5	709.7	705.5	-	-	-	-	709.7	705.5
Construction in progress	171.7	281.7	27.1	31	198.8	312.7	-	-	-	-	295.7	312.7
Internal service funds	32.1	30.2	-	-	32.1	30.2	-	-	-	-	32.1	30.2
Total	\$1,351.4	\$1,261.1	\$1,063.8	\$1,049.0	\$2,415.2	\$2,310.1	\$774.0	\$677.3	\$68.8	\$70.8	\$3,258.0	\$3,058.1

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 May 2019, Standard and Poor's, Moody's, and Fitch's Investor Services reaffirmed the County's top AAA/Aaa/AAA ratings. The AAA/Aaa/AAA rating validates that Arlington's financial position is strong, with ample liquidity, sound General Fund reserves, a competitive tax structure, and excellent financial planning. The County's conservative budgeting, timely tax increases and closely monitored expenditure controls and adherence to adopted policies are reasons why Arlington County, as of June 30, 2019, is only 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 \$2,445.0 million, comprised of \$1,515.6 million for general obligation bonds, notes payable and related accrued interest, capital leases, and line of credit backed by the full faith credit of the County.

The remainder of the debt of \$929.4 million represents bonds secured solely by specified revenue sources such as revenue bonds of \$129.2 million, mortgage payable of \$21.4, workers' compensation reserves of \$3.7 million accrued compensated absences of \$76.4 million, \$342.4 net pension liability and \$356.3 million net OPEB liability.

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

Table A-6
Arlington County Long-term Liability
June 30, 2019
With Comparative Totals for June 30, 2018
(in millions of dollars)

	Primary Government						Component Units				Total Reporting Entity	
	Governmental		Business-type Activities		Total		Schools		Gates Partnership			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
General obligation bonds**	\$1,203.9	\$1,094.1	\$78.0	\$86.0	\$1,281.9	\$1,180.1	\$-	\$-	\$-	\$-	\$1,281.9	\$1,180.1
IDA Revenue Bonds	106.3	110.9	-	-	106.3	110.9	-	-	-	-	106.3	110.9
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	18.0	18.7	21.4	22.1
VRA loan payable	-	-	158.9	174.1	158.9	174.1	-	-	7.8	8.1	166.7	182.2
Obligations under capital lease	13.9	17.9	-	-	13.9	17.9	1.8	4.5	-	-	15.7	22.4
Workers' compensation claims	3.7	4.9	-	-	3.7	4.9	-	-	-	-	3.7	4.9
Accrued compensated absences	34.5	34.2	2.0	2.0	36.5	36.1	39.9	39.0	-	-	76.4	75.2
Mortgage and bond interest payable	-	-	37.6	34.3	37.6	34.3	-	-	-	-	37.6	34.3
Bonds payable	-	-	-	-	-	-	-	-	22.9	24.0	22.9	24.0
Line of credit	8.6	-	-	-	8.6	-	5.1	-	-	0.0	13.7	0.0
Net pension liability	-	-	-	-	-	-	437.5	446.4	-	-	437.5	446.4
Net OPEB liability	167.9	192.7	-	-	167.9	192.7	188.4	189.8	-	-	356.3	382.5
Total	\$1,538.7	\$1,454.6	\$280.0	\$299.8	\$1,818.7	\$1,754.4	\$672.7	\$679.7	\$48.7	\$50.8	\$2,540.1	\$2,485.0

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 increased by \$55.1 million during the current fiscal year. The key factors that contributed to this change include an increase of \$101.8 million in outstanding general obligation bonds and bond premiums, an increase of line of credit and capital lease borrowing of \$7.0 million, offset by a \$35.1 million reduction in net pension and OPEB liabilities, a \$15.5 million reduction in outstanding VRA loans payable, and small increases and decreases to other items that accounted for a \$3.1 million decrease in long-term liabilities.

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

Reserves

In response to rating agency feedback and a review of peer AAA jurisdictions, the County has been continuing to incrementally strengthen its core reserves. During the fall of CY 2018 (FY 2019), the County increased the General Fund Operating Reserve from 5% to 5.5% and formally amended its Financial and Debt Management Policy in the spring of CY 2019. Also, as a part of the FY 2020 budget process, the County increased the Budget, Economic and Revenue Stabilization Contingent to 0.5% of the County's total general fund budget. For County Board consideration in November of 2019 (Close-out of FY 2019), it is proposed that the Budget, Economic and Revenue Stabilization Contingent be increased an additional 0.5% to fund this contingent at a full 1% of the County General Fund budget. Between the General Fund Operating Reserve and the Budget, Economic and Revenue Stabilization Contingent, the County will have over \$93 million in reserves set-aside in the General Fund (including a \$5 million Self-Insurance Reserve).

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. These reserves total approximately 24.2% of total general fund receipts as shown in the table below:

	<u>Reserves</u> <i>(\$ in millions)</i>
General fund committed/assigned reserves:	
Operating reserve	\$74.6
Budget, Economic & Revenue Stabilization Contingent ¹	13.5
Self-insurance reserve	5.0
Other committed	80.8
Other assigned	43.2
General fund unassigned reserves	14.2
Total general fund reserves	231.3
Internal service fund reserves:	
Automotive equipment reserves	12.2
Enterprise fund reserves:	
CPHD Development fund	16.8
General Capital Projects fund available reserves²	85.4
Total reserves available	\$345.7

¹ Includes \$6.8 million in assigned balances to be considered by the County Board in November 2019 to raise the Budget, Economic & Revenue Stabilization Contingent from 0.5% to 1.0% of general fund revenues.

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.

Economic Factors

Arlington continues to economically surpass much of the region and the nation. Arlington's unemployment rate remains the lowest in the Commonwealth. The unemployment rate for the County as of June 30, 2019 is 2.0% per the Bureau of Labor Statistics, which is a decrease of 0.2% from a year ago. This compares favorably to Virginia's average unemployment rate of 2.9% and the national average rate of 3.7%. The County's per capita income remains among the highest in the State.

In the aggregate, CY 2019 real estate assessments reflected stable property values with 3.5% growth over CY2018. The vacancy rate of the County's office buildings decreased from 18.0% to 16.6%. The combined value of commercial and apartment assessments increased 4.1%. The average value of a single-family property increased by 2.8%; from \$640,900 in CY 2018 to \$658,600 in CY 2019. With the recent announcement that Amazon will develop a major headquarters in the County, Arlington is poised for steady revenue streams, an overall positive real estate market, and low unemployment levels in the future.

Tourism also broke records with Arlington visitors spending \$3.4 billion in 2018 -- a 4.3% increase over 2017 -- generating nearly \$94 million in local tax receipts and supporting over 26,500 local jobs.

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 at www.arlingtonva.us/dmf.



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, 2019

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Schools	Gates Partnership	Total Reporting Entity
ASSETS:						
Equity in pooled cash and investments	\$865,136,059	\$71,469,747	\$936,605,806	\$174,851,747	\$1,718,966	\$1,113,176,519
Petty cash	-	-	-	1,065	-	1,065
Cash with fiscal agents	270,456	25,221	295,677	-	-	295,677
Receivables, net	515,013,349	19,603,569	534,616,918	17,358,211	107,489	552,082,618
Receivable from primary government	-	-	-	102,296,289	-	102,296,289
Receivable from other governments	14,644,865	-	14,644,865	-	-	14,644,865
Inventory	-	2,175,313	2,175,313	189,063	-	2,364,376
Other assets	2,615,805	2,715,604	5,331,409	-	38,318	5,369,727
Reserves and escrow deposits	-	-	-	-	4,354,855	4,354,855
Net pension asset	95,100,000	-	95,100,000	-	-	95,100,000
Capital assets:						
Land	230,882,896	6,161,255	237,044,151	4,697,946	13,275,590	255,017,687
Intangible assets, net	2,479,871	350,150	2,830,021	-	-	2,830,021
Depreciable assets, net	946,316,950	1,030,153,855	1,976,470,805	672,391,951	55,539,119	2,704,401,875
Construction in progress	171,691,093	27,149,091	198,840,184	96,918,692	-	295,758,876
Total capital assets, net	1,351,370,810	1,063,814,351	2,415,185,161	774,008,589	68,814,709	3,258,008,459
Total assets	2,844,151,344	1,159,803,805	4,003,955,149	1,068,704,964	75,034,337	5,147,694,450
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows related to pensions	63,500,000	-	63,500,000	77,269,575	-	140,769,575
Deferred outflows related to OPEB	18,550,818	-	18,550,818	31,903,752	-	50,454,570
Total deferred outflows of resources	82,050,818	-	82,050,818	109,173,327	-	191,224,145
LIABILITIES:						
Accounts payable	46,572,076	8,897,492	55,469,568	23,416,414	141,532	79,027,514
Unearned revenues	8,896,991	-	8,896,991	728,588	-	9,625,579
Due to component unit	102,296,289	-	102,296,289	-	-	102,296,289
Accrued liabilities	23,838,964	19,707,171	43,546,135	58,323,262	1,022,306	102,891,703
Contracts payable - retainage	1,747,810	611,874	2,359,684	6,746,752	-	9,106,436
Other liabilities	5,185,496	-	5,185,496	6,196,900	533,003	11,915,399
Non-current liabilities:						
Due within one year	103,208,685	64,620,160	167,828,845	7,512,010	953,515	176,294,370
Due in more than one year	1,435,534,086	215,377,047	1,650,911,133	665,171,319	48,665,037	2,364,747,489
Total liabilities	1,727,280,397	309,213,744	2,036,494,141	768,095,245	51,315,393	2,855,904,779
DEFERRED INFLOWS OF RESOURCES:						
Deferred revenue - community development	48,797,829	-	48,797,829	-	-	48,797,829
Deferred revenue - taxes	20,383,322	-	20,383,322	-	-	20,383,322
Deferred revenue	6,932,233	-	6,932,233	-	-	6,932,233
Deferred gain on refunding	3,196,060	2,112,031	5,308,091	-	-	5,308,091
Deferred inflows related to pensions	46,600,000	-	46,600,000	48,880,683	-	95,480,683
Deferred inflows related to OPEB	36,089,929	-	36,089,929	18,248,292	-	54,338,221
Total deferred inflows of resources	161,999,373	2,112,031	164,111,404	67,128,975	-	231,240,379
NET POSITION:						
Net investment in capital assets	731,027,923	820,779,039	1,551,806,962	760,308,386	19,196,157	1,849,492,385 **
Restricted for:						
Capital projects	147,750,470	-	147,750,470	129,085,720	-	276,836,190
Seized assets	1,609,893	-	1,609,893	-	-	1,609,893
Grants	707,290	-	707,290	5,074,348	-	5,781,638
Unrestricted	155,826,816	27,698,991	183,525,807	(551,814,383)	4,522,787	118,053,331 **
Total net position	\$1,036,922,392	\$848,478,030	\$1,885,400,422	\$342,654,071	\$23,718,944	\$2,251,773,437

** 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 (\$481,819,120) 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 \$481,819,120 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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues
		Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental Activities:					
General government	\$255,269,010	\$20,310,840	\$33,355,394	\$-	(\$201,602,776)
Public safety	138,494,296	11,327,279	11,939,505	-	(115,227,512)
Environmental services	107,778,851	33,895,719	12,117,677	-	(61,765,455)
Health & welfare	143,381,298	4,627,381	36,381,055	-	(102,372,862)
Libraries	13,717,698	412,502	184,510	-	(13,120,686)
Parks, recreation & culture	54,858,577	9,771,975	76,077	-	(45,010,525)
Planning & community development	56,714,421	9,203,500	35,954,612	-	(11,556,309)
Education	495,754,509	-	-	-	(495,754,509)
Interest and other charges	22,827,210	-	-	-	(22,827,210)
Total governmental activities	1,288,795,870	89,549,196	130,008,830	-	(1,069,237,844)
Business-type activities:					
Utilities	90,118,824	109,693,016	-	2,734,420	-
Ballston Public Parking Garage	7,817,622	4,233,111	-	-	-
8th level Ballston Public Parking Garage	171,869	263,433	-	-	-
CPHD Development Fund	15,221,250	17,905,941	-	-	-
Total business-type activities	113,329,565	132,095,501	-	2,734,420	-
Total primary government	1,402,125,435	221,644,697	130,008,830	2,734,420	(1,069,237,844)
Component unit:					
Schools	641,033,391	24,216,473	68,242,922	-	-
Gates Partnership	8,609,075	7,612,622	-	-	-
Total component units	649,642,466	31,829,095	68,242,922	-	-
General Revenues:					
Property Taxes:					
Real estate property taxes					808,086,871
Personal property taxes					117,994,659
Other Local Taxes:					
Business, professional occupancy license taxes					69,913,867
Sales tax					44,047,335
Meals tax					40,168,158
Transient tax					24,623,587
Utility tax					16,462,272
Recordation, car rental and other local taxes					35,028,677
Revenue from primary government					-
Investment and interest earnings					30,470,487
Miscellaneous					2,318,704
Total general revenues					1,189,114,617
Change in net position					119,876,773
Net position, beginning					917,045,620
Net position, ending					\$1,036,922,393

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:					
\$-	(\$201,602,776)	\$-	\$-	(\$201,602,776)	General government
-	(115,227,512)	-	-	(115,227,512)	Public safety
-	(61,765,455)	-	-	(61,765,455)	Environmental services
-	(102,372,862)	-	-	(102,372,862)	Health & welfare
-	(13,120,686)	-	-	(13,120,686)	Libraries
-	(45,010,525)	-	-	(45,010,525)	Parks, recreation & culture
-	(11,556,309)	-	-	(11,556,309)	Planning & community development
-	(495,754,509)	-	-	(495,754,509)	Education
-	(22,827,210)	-	-	(22,827,210)	Interest and other charges
-	(1,069,237,844)	-	-	(1,069,237,844)	Total governmental activities
Business-type activities:					
22,308,612	22,308,612	-	-	22,308,612	Utilities
(3,584,511)	(3,584,511)	-	-	(3,584,511)	Ballston Public Parking Garage
91,564	91,564	-	-	91,564	8th level Ballston Public Parking Garage
2,684,691	2,684,691	-	-	2,684,691	CPHD Development Fund
21,500,356	21,500,356	-	-	21,500,356	Total business-type activities
21,500,356	(1,047,737,488)	-	-	(1,047,737,488)	Total primary government
Component unit:					
-	-	(548,573,996)	-	(548,573,996)	Schools
-	-	-	(996,453)	(996,453)	Gates Partnership
-	-	(548,573,996)	(996,453)	(549,570,449)	Total component units
General Revenues:					
Property Taxes:					
-	808,086,871	-	-	808,086,871	Real estate property taxes
-	117,994,659	-	-	117,994,659	Personal property taxes
Other Local Taxes:					
-	69,913,867	-	-	69,913,867	Business, professional occupancy license taxes
-	44,047,335	28,417,611	-	72,464,946	Sales tax
-	40,168,158	-	-	40,168,158	Meals tax
-	24,623,587	-	-	24,623,587	Transient tax
-	16,462,272	-	-	16,462,272	Utility tax
-	35,028,677	-	-	35,028,677	Recordation, car rental and other local taxes
400,000	400,000	569,694,658	-	570,094,658	Revenue from primary government
2,283,585	32,754,072	2,561,957	49,334	35,365,363	Investment and interest earnings
-	2,318,704	-	63,221	2,381,925	Miscellaneous
2,683,585	1,191,798,202	600,674,226	112,555	1,792,584,983	Total general revenues
24,183,941	144,060,714	52,100,230	(883,898)	195,277,046	Change in net position
824,294,089	1,741,339,709	290,553,841	24,602,842	2,056,496,392	Net position, beginning
\$848,478,030	\$1,885,400,423	\$342,654,071	\$23,718,944	\$2,251,773,438	Net position, ending

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	General Capital Projects Fund	Transportation Capital Funds	All Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	\$350,019,379	\$119,091,604	\$172,132,333	\$211,623,862	\$852,867,178
Cash with fiscal agents	270,456	-	-	-	270,456
Receivables, net	454,122,650	9,378,895	2,599,430	48,868,444	514,969,419
Due from other funds	883,315	-	-	-	883,315
Receivables from other governments	7,580,479	4,316,166	1,899,151	849,069	14,644,865
Prepaid items and other assets	147,830	57,472	262,792	1,462,896	1,930,990
Totals assets	\$813,024,109	\$132,844,137	\$176,893,706	\$262,804,271	\$1,385,566,223
LIABILITIES					
Vouchers payable	\$19,449,789	\$4,877,274	\$4,955,364	\$16,886,119	\$46,168,546
Unearned revenues	192,718	8,638,865	65,408	-	8,896,991
Due to component unit	98,938,814	3,357,475	-	-	102,296,289
Temporary loan - General Fund	-	-	-	167,253	167,253
Accrued payroll liabilities	23,838,964	-	-	-	23,838,964
Contracts payable - retainage	-	266,745	242,870	1,238,195	1,747,810
Other liabilities	3,934,299	985,296	-	3,200	4,922,795
Total liabilities	146,354,584	18,125,655	5,263,642	18,294,767	188,038,648
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - community development	525,273	-	-	48,272,556	48,797,829
Deferred revenue	1,561,865	-	-	5,370,368	6,932,233
Unavailable revenue - taxes	431,568,650	-	-	4,171,985	435,740,635
Total deferred inflows of resources	433,655,788	-	-	57,814,909	491,470,697
FUND BALANCES					
<u>Non spendable:</u>					
Prepaid items	147,830	57,472	262,792	1,462,896	1,930,990
<u>Restricted for:</u>					
Seized assets	1,609,893	-	-	-	1,609,893
Grants	6,556	-	-	700,734	707,290
Capital projects	-	-	-	147,750,470	147,750,470
<u>Committed to:</u>					
Self-insurance reserve	5,000,000	-	-	-	5,000,000
Economic & revenue stabilization contingent	6,700,000	-	-	-	6,700,000
Operating reserve	74,593,507	-	-	-	74,593,507
Subsequent years' County budget	5,395,806	-	-	-	5,395,806
Subsequent years' capital projects	16,776,098	114,661,010	171,367,272	38,237,995	341,042,375
Incomplete projects	488,256	-	-	-	488,256
Affordable Housing Investment Fund - Allocated	33,369,718	-	-	-	33,369,718
Subsequent years' School budget	24,720,333	-	-	-	24,720,333
<u>Assigned to:</u>					
Subsequent years' County budget	3,742,270	-	-	-	3,742,270
Subsequent years' capital projects	15,968,901	-	-	-	15,968,901
Economic & revenue stabilization contingent	6,781,228	-	-	-	6,781,228
Mark to Market Investment Reserve	4,882,157	-	-	-	4,882,157
Incomplete projects	3,273,950	-	-	-	3,273,950
Affordable Housing Investment Fund - Unallocated	15,313,904	-	-	-	15,313,904
<u>Unassigned:</u>	<u>14,243,330</u>	<u>-</u>	<u>-</u>	<u>(1,457,500)</u>	<u>12,785,830</u>
Total fund balances	233,013,737	114,718,482	171,630,064	186,694,595	706,056,878
Total liabilities, deferred inflows of resources and fund balance	\$813,024,109	\$132,844,137	\$176,893,706	\$262,804,271	\$1,385,566,223

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, 2019

Total governmental fund balances		\$706,056,878
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)		1,319,281,448
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds. (Note 4)		415,357,313
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	(\$72,775,003)	
Bonds payable	(662,034,071)	
School bonds payable	(505,407,457)	
Capital lease obligations	(12,252,069)	
Line of credit	(8,585,749)	
Compensated absences	(33,986,867)	
Workers' compensation	(3,721,926)	
Premium on bonds issued	<u>(142,725,170)</u>	(1,441,488,312)
Deferred outflows of resources are not available to pay for current period expenditures and are not reported in the funds:		
Pension (Note 16.A)	63,500,000	
OPEB (Note 17.A and 17.B)	<u>18,550,818</u>	82,050,818
Deferred inflows of resources are not due and payable in the current period and are not reported in the funds:		
Advance refunding (Note 4)	(3,196,060)	
Pension (Note 16.A)	(46,600,000)	
OPEB (Note 17.A and 17.B)	<u>(36,089,929)</u>	(85,885,989)
Internal service funds' net position (Exhibit 6)		41,550,236
Net position of governmental activities		<u><u>\$1,036,922,392</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, 2019

	General Fund	General Capital Projects Fund	Transportation Capital Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes:					
Real estate property taxes	\$745,871,152	\$-	\$25,048,572	\$14,976,934	\$785,896,658
Personal property taxes	117,994,659	-	-	-	117,994,659
Other local taxes:					
Business, professional and occupancy license (BPOL) tax	69,913,867	-	-	-	69,913,867
Sales tax	44,047,335	-	-	-	44,047,335
Meals tax	40,168,158	-	-	-	40,168,158
Transient tax	24,623,587	-	-	-	24,623,587
Utility tax	16,462,272	-	-	-	16,462,272
Recordation, car rental and other local taxes	25,545,462	-	-	9,483,215	35,028,677
Fines and forfeitures	7,637,315	-	-	-	7,637,315
Licenses, permits and fees	12,150,581	-	-	-	12,150,581
Intergovernmental	94,083,718	2,766,199	9,625,960	23,532,953	130,008,830
Charges for services	62,380,067	3,531,840	2,336,389	1,513,004	69,761,300
Interest and rent	27,491,249	-	-	2,979,238	30,470,487
Miscellaneous revenues	9,723,408	2,418,965	12,771,840	641,854	25,556,067
Total revenues	<u>1,298,092,830</u>	<u>8,717,004</u>	<u>49,782,761</u>	<u>53,127,198</u>	<u>1,409,719,793</u>
EXPENDITURES:					
Current operating:					
General government	241,122,217	4,125,762	5,199,190	7,957,867	258,405,036
Public safety	144,391,077	2,398	-	-	144,393,475
Environmental services	93,770,027	-	-	-	93,770,027
Health and welfare	135,232,686	-	-	18,384,976	153,617,662
Libraries	14,444,988	-	-	-	14,444,988
Parks, recreation and culture	41,813,788	382,209	-	-	42,195,997
Planning and community development	19,317,092	447,814	-	14,331,557	34,096,463
Debt service					
Principal	44,859,170	-	-	-	44,859,170
Interest and other charges	22,827,210	-	-	-	22,827,210
Intergovernmental:					
Community development	-	-	-	23,244,376	23,244,376
Education - Schools	563,254,655	-	-	6,440,000	569,694,655
Capital outlay	<u>1,556,965</u>	<u>27,578,165</u>	<u>45,306,535</u>	<u>73,768,089</u>	<u>148,209,754</u>
Total expenditures	<u>1,322,589,875</u>	<u>32,536,348</u>	<u>50,505,725</u>	<u>144,126,865</u>	<u>1,549,758,813</u>
Excess expenditures over revenues	<u>(24,497,045)</u>	<u>(23,819,344)</u>	<u>(722,964)</u>	<u>(90,999,667)</u>	<u>(140,039,020)</u>
OTHER FINANCING SOURCES(USES):					
Transfers in	8,310,773	5,667,108	-	5,191,681	19,169,562
Transfers out	(6,651,126)	-	(2,430,721)	(7,978,366)	(17,060,213)
Issuance of capital leases	-	1,871,651	-	-	1,871,651
Issuance of line of credit	-	8,585,749	-	-	8,585,749
Bond premium	10,810,146	18,396,431	-	-	29,206,577
Issuance of general obligation debt	<u>63,130,000</u>	<u>-</u>	<u>-</u>	<u>106,350,000</u>	<u>169,480,000</u>
Total other financing sources and (uses), net	<u>75,599,793</u>	<u>34,520,939</u>	<u>(2,430,721)</u>	<u>103,563,315</u>	<u>211,253,326</u>
Net change in fund balances	51,102,748	10,701,595	(3,153,685)	12,563,648	71,214,306
Fund balances, beginning	<u>181,910,989</u>	<u>104,016,887</u>	<u>174,783,749</u>	<u>174,130,947</u>	<u>634,842,572</u>
Fund balances, ending	<u>\$233,013,737</u>	<u>\$114,718,482</u>	<u>\$171,630,064</u>	<u>\$186,694,595</u>	<u>\$706,056,878</u>

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, 2019

Net change in fund balances - total governmental funds \$71,214,306

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	\$148,209,754	
Less: Depreciation expense	<u>(56,432,475)</u>	91,777,279

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.

(3,373,429)

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 6/30/18	(393,167,100)	
Less: Unearned property tax revenue 6/30/19	<u>(415,357,313)</u>	22,190,213

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	90,734,654	
Less: Debt proceeds	(179,937,400)	
Less: Bond premiums	<u>(29,206,577)</u>	(118,409,323)

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	98,556	
Amortization of bond premiums	<u>7,612,137</u>	7,710,693

Compensated absences and workers' compensation. (Note 9) 787,550

OPEB expenses (Note 17.B)

Add: FY 2019 OPEB contributions deferred	595,670	
Less: OPEB expense	<u>6,506,280</u>	7,101,950

Pension expenses Note 16.A):

Add: FY 2019 pension contributions deferred	56,700,000	
Less: Pension expense	<u>(13,200,000)</u>	43,500,000

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	(1,520,758)	
Net operating (loss) internal service funds	<u>(1,101,709)</u>	<u>(2,622,467)</u>

Change in net position of governmental activities \$119,876,772

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	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	\$49,760,633	\$2,531,190	\$1,424,313	\$17,753,611	\$71,469,747	\$12,268,881
Cash with fiscal agents	25,221	-	-	-	25,221	-
Accounts receivables, net	19,603,569	-	-	-	19,603,569	43,930
Inventories	2,175,313	-	-	-	2,175,313	684,815
Prepaid expenses	2,715,604	-	-	-	2,715,604	-
Total current assets	<u>74,280,340</u>	<u>2,531,190</u>	<u>1,424,313</u>	<u>17,753,611</u>	<u>95,989,454</u>	<u>12,997,626</u>
Non-current assets:						
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	1,013,273,393	13,764,082	3,048,032	68,348	1,030,153,855	32,089,362
Intangible assets, net	350,150	-	-	-	350,150	-
Construction in progress	18,133,664	3,904,873	-	5,110,554	27,149,091	-
Total capital assets, net	<u>1,037,918,462</u>	<u>17,668,955</u>	<u>3,048,032</u>	<u>5,178,902</u>	<u>1,063,814,351</u>	<u>32,089,362</u>
Total non current assets	<u>1,037,918,462</u>	<u>17,668,955</u>	<u>3,048,032</u>	<u>5,178,902</u>	<u>1,063,814,351</u>	<u>32,089,362</u>
Total assets	<u>1,112,198,802</u>	<u>20,200,145</u>	<u>4,472,345</u>	<u>22,932,513</u>	<u>1,159,803,805</u>	<u>45,086,988</u>
LIABILITIES:						
Current liabilities:						
Vouchers payable	6,819,047	1,835,597	43,472	199,376	8,897,492	403,530
Contracts payable - retainage	611,874	-	-	-	611,874	-
Accrued liabilities	245,685	19,395,599	-	65,887	19,707,171	262,701
Due to other funds	-	-	-	-	-	716,062
Due within one year	<u>26,034,606</u>	<u>38,514,888</u>	<u>-</u>	<u>70,666</u>	<u>64,620,160</u>	<u>641,738</u>
Total current liabilities	<u>33,711,212</u>	<u>59,746,084</u>	<u>43,472</u>	<u>335,929</u>	<u>93,836,697</u>	<u>2,024,031</u>
Non-current liabilities:						
Due in more than one year	<u>214,741,052</u>	<u>-</u>	<u>-</u>	<u>635,995</u>	<u>215,377,047</u>	<u>1,512,721</u>
Total liabilities	<u>248,452,264</u>	<u>59,746,084</u>	<u>43,472</u>	<u>971,924</u>	<u>309,213,744</u>	<u>3,536,752</u>
DEFERRED INFLOWS OF RESOURCES:						
Deferred cost of refunding	<u>2,112,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,112,031</u>	<u>-</u>
NET POSITION:						
Net investment in capital assets	798,312,829	14,239,276	3,048,032	5,178,902	820,779,039	30,442,004
Unrestricted (deficit)	<u>63,321,678</u>	<u>(53,785,215)</u>	<u>1,380,841</u>	<u>16,781,687</u>	<u>27,698,991</u>	<u>11,108,232</u>
Total net position (deficit)	<u>\$861,634,507</u>	<u>(\$39,545,939)</u>	<u>\$4,428,873</u>	<u>\$21,960,589</u>	<u>\$848,478,030</u>	<u>\$41,550,236</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, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Internal Service Funds
OPERATING REVENUES:					
Water-sewer service charges	\$92,757,659	\$-	\$-	\$-	\$92,757,659
Water-service hook-up charges	6,158,068	-	-	-	6,158,068
Water-service connection charges	1,006,450	-	-	-	1,006,450
Sewage treatment service charges	5,442,794	-	-	-	5,442,794
Permits and fees	-	-	-	17,905,941	17,905,941
Other charges for services	4,328,045	-	-	-	4,328,045
Parking charges	-	4,233,111	263,433	-	4,496,544
Total operating revenues	109,693,016	4,233,111	263,433	17,905,941	132,095,501
OPERATING EXPENSES:					
Personnel services	17,115,032	-	-	8,519,345	25,634,377
Fringe benefits	6,355,274	-	-	3,231,601	9,586,875
Cost of store issuances	-	-	-	-	-
Contractual services	10,856,185	1,735,192	23,157	3,701,015	16,315,549
Purchases of water	8,278,063	-	-	-	8,278,063
Materials and supplies	11,536,751	181,136	29,770	172,606	11,920,263
Utilities	-	-	-	-	-
Operating equipment	-	-	-	-	-
Outside services	-	-	-	-	-
Depreciation and amortization	16,543,947	867,337	95,177	288,005	17,794,466
Deferred rent	-	1,279,992	-	-	1,279,992
Equipment (Construction Contracts)	4,099,865	-	-	(3,286,769)	813,096
Internal services	-	-	-	2,595,447	2,595,447
Miscellaneous	6,814,851	366,317	23,765	-	7,204,933
Total operating expenses	81,599,968	4,429,974	171,869	15,221,250	101,423,061
Operating income (loss)	28,093,048	(196,863)	91,564	2,684,691	30,672,440
NON-OPERATING REVENUES(EXPENSES):					
Interest income and other income	1,642,367	-	-	641,218	2,283,585
Interest expense and fiscal charges	(8,518,613)	(3,387,648)	-	-	(11,906,261)
Interest expense on capital leases	(243)	-	-	-	(243)
Gain on disposal of assets	-	-	-	-	-
Total non-operating revenues (expenses)	(6,876,489)	(3,387,648)	-	641,218	(9,622,919)
Net Income(loss) before contributions and transfers	21,216,559	(3,584,511)	91,564	3,325,909	21,049,521
CONTRIBUTIONS AND TRANSFERS:					
Contributions from developers and other sources	2,734,420	-	-	-	2,734,420
Transfers in	400,000	-	-	-	400,000
Transfers out	-	-	-	-	-
Total contributions and transfers	3,134,420	-	-	-	3,134,420
Change in net position	24,350,979	(3,584,511)	91,564	3,325,909	24,183,941
Net position (deficit) - beginning of year	837,283,528	(35,961,428)	4,337,309	18,634,680	824,294,089
Net position (deficit) - end of year	\$861,634,507	(\$39,545,939)	\$4,428,873	\$21,960,589	\$848,478,030

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, 2019

	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	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$109,146,449	\$4,233,111	\$263,433	\$17,905,941	\$131,548,934	\$-
Receipts from interfund charges for fleet management services	-	-	-	-	-	19,947,082
Receipts from interfund charges for print services	-	-	-	-	-	2,529,676
Cash paid to suppliers	(44,555,857)	(821,129)	(63,925)	(3,987,166)	(49,428,077)	(12,252,538)
Cash paid to employees	(23,453,463)	-	-	(11,721,936)	(35,175,399)	(6,901,032)
Net cash provided by operating activities	41,137,129	3,411,982	199,508	2,196,839	46,945,458	3,323,188
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	1,642,367	-	-	641,218	2,283,585	-
Net cash provided by investing activities	1,642,367	-	-	641,218	2,283,585	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer received (paid) to other funds	400,000	-	-	-	400,000	(2,751,686)
Repayment of prior year temp loan	-	-	-	-	-	(317,400)
Temporary loan from general fund	-	-	-	-	-	716,062
Contributions from developers and other sources	-	-	-	-	-	242,337
Net cash provided by non-capital financing activities	400,000	-	-	-	400,000	(2,110,687)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(7,671,614)	-	-	-	(7,671,614)	-
Payment of principal on capital leases	(16,962)	-	-	-	(16,962)	(1,029,784)
Payment of interest on capital leases	(243)	-	-	-	(243)	(47,185)
Payment of VRA loan	(15,140,287)	-	-	-	(15,140,287)	-
Interest and other loan expenses paid	(7,948,419)	-	-	-	(7,948,419)	-
Purchase of property	(23,649,789)	(4,119,387)	-	(3,286,769)	(31,055,945)	(8,360,485)
Proceeds from sale of equipment	-	-	-	-	-	1,658,396
Net cash used for capital and related financing activities	(54,427,315)	(4,119,387)	-	(3,286,769)	(61,833,471)	(7,779,058)
Net increase (decrease) in cash and cash equivalents	(11,247,819)	(707,405)	199,508	(448,712)	(12,204,428)	(6,566,557)
Cash and cash equivalents at beginning of year	61,008,452	3,238,595	1,224,805	18,202,323	83,674,175	18,835,438
Cash and cash equivalents at end of year	\$49,760,633	\$2,531,190	\$1,424,313	\$17,753,611	\$71,469,747	\$12,268,881
Reconciliation of operating income (loss) to net cash provided by operations:						
Operating Income (loss)	\$28,093,048	(\$196,863)	\$91,564	\$2,684,691	\$30,672,440	(\$1,101,709)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	16,543,947	867,337	95,177	288,005	17,794,466	5,830,712
Effect of changes in operating assets and liabilities:						
Accounts receivable	(554,651)	-	-	-	(554,651)	(37,595)
Inventories	(288,701)	-	-	-	(288,701)	64,111
Vouchers payable	(2,758,463)	1,461,516	12,767	(804,867)	(2,089,047)	(1,364,824)
Compensated absences	16,843	-	-	29,010	45,853	(67,507)
Contract retainage	344,761	-	-	-	344,761	-
Prepaid item	(267,740)	-	-	-	(267,740)	-
Accrued rent liability	-	1,279,992	-	-	1,279,992	-
Unearned revenue	8,085	-	-	-	8,085	-
Net cash provided by operations	\$41,137,129	\$3,411,982	\$199,508	\$2,196,839	\$46,945,458	\$3,323,188
Schedule of non-cash capital and related financing activities:						
Contributions from developers and other sources	\$2,734,420	\$-	\$-	\$-	\$2,734,420	\$-

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, 2019

	Pension and OPEB Trust Funds	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:			
Equity in pooled cash and investments	\$93,664,802	\$3,529,368	\$22,932,564
Contributions receivable:			
Employer	3,298,585	-	-
Employee	756,285	-	-
Accrued interest and other receivables	3,036,222	3,866,846	-
Capital assets, net	-	20,843,359	-
Receivable from other governments	-	-	178,250
Investments, at fair value:			
Foreign, Municipal and U.S. Government Obligations, including fixed Instruments in pooled funds	188,811,571	-	-
Corporate fixed income obligations	217,595,388	-	-
Domestic and foreign equities, including Equities in pooled funds	687,522,628	-	-
Other investments	191,346,095	-	-
Real estate funds	1,135,776	-	-
Pooled equity	738,646,587	-	-
Pooled fixed Income	437,875,097	-	-
Convertible	6,609,775	-	-
Total assets	<u>2,570,298,811</u>	<u>28,239,573</u>	<u>23,110,814</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>172,344</u>	<u>-</u>
LIABILITIES:			
Accounts payable and accrued liabilities	6,309,766	4,385,462	23,110,814
Bonds payable	<u>-</u>	<u>21,945,000</u>	<u>-</u>
Total liabilities	<u>6,309,766</u>	<u>26,330,462</u>	<u>\$23,110,814</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred rental income	<u>-</u>	<u>695,809</u>	
NET POSITION RESTRICTED FOR PLAN BENEFITS AND OTHER PURPOSES	<u>\$2,563,989,045</u>	<u>\$1,385,646</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, 2019

	Pension and OPEB Trust Funds	All Other Private Purpose Trust Funds
ADDITIONS:		
Contributions and revenues:		
Employer contributions	\$63,677,112	\$-
Employee contributions	13,008,727	-
Other contributions	71,219	-
Shared revenues	-	2,487,148
Private donations	-	116,220
	<u>76,757,058</u>	<u>2,603,368</u>
Total contributions		
	76,757,058	2,603,368
Investment earnings:		
Interest and other	43,394,814	84,366
Gross income from securities lending	264,567	-
Bank fees and expenses from securities lending	(66,239)	-
Net change in fair value of investments	128,829,537	-
	<u>172,422,679</u>	<u>84,366</u>
Total investment earnings		
	172,422,679	84,366
Less investment expenses	5,730,389	1,259,122
	<u>5,730,389</u>	<u>1,259,122</u>
Net investment earnings (loss)		
	166,692,290	(1,174,756)
	<u>166,692,290</u>	<u>(1,174,756)</u>
Total additions		
	243,449,348	1,428,612
	<u>243,449,348</u>	<u>1,428,612</u>
DEDUCTIONS:		
Administrative expenses	1,911,654	877,266
Retirees pension expense	110,819,887	-
	<u>112,731,541</u>	<u>877,266</u>
Total deductions		
	112,731,541	877,266
Change in net position		
	130,717,807	551,346
	<u>130,717,807</u>	<u>551,346</u>
Net position - beginning of the year		
	2,433,271,238	834,300
	<u>2,433,271,238</u>	<u>834,300</u>
Net position - end of the year		
	<u>\$2,563,989,045</u>	<u>\$1,385,646</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.

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ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019.

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 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 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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 Section 8 housing grants 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 provide funding for the Emergency Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), Arlington Mill, and Buckingham Park.

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.

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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

E. 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.

F. 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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

"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.

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.

G. 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."

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

H. 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.

I. 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 estimated fair market value at the 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.

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

J. Compensated Absences

County 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. 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.

K. 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, 2019, the County had no arbitrage rebate liability.

L. 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 an other financing source while discounts on debt issuances are reported as an other financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. 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 internally imposed by the government through formal action by the County Board and does not lapse 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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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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 2019, 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% of the FY 2020 general fund revenue budget. The economic stabilization reserve is currently set at \$6.7 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.

N. Comparative data/reclassifications and restatement

Comparative total data for the prior year has been presented in the accompanying combining other supplemental information section of the financial statements in order to provide an understanding of changes in the County's financial position and operations. However, comparative data has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2018 amounts have been reclassified to conform to the FY 2019 presentation for better transparency and reporting. These reclassifications did not affect the FY 2018 net position, fund balances or changes therein.

O. 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.

P. 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.

Q. 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.

NOTES TO FINANCIAL STATEMENTS

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R. 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.

S. 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 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.

T. Implementation of New GASB Pronouncements

The County implemented the following GASB pronouncements:

In November 2016, the GASB issued Statement No. 83 ("GASB 83"), *Certain Asset Retirement Obligations*. The objective of this statement is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations ("AROs"). The County adopted GASB 83 during the year ended June 30, 2019. The implementation of this standard had no impact on the County's fiscal year 2019 financial statements.

In March 2018, the GASB issued Statement No. 88 ("GASB 88"), *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements and to provide financial statement users with additional essential information about debt.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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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 FY 2019, such appropriation amendments totaled \$84,273,522 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 the County Manager can approve budget transfers within a department's appropriation. The level of budgetary control in the County is at the department level.

Expenditures exceeded the level of control in FY 2019 for the Sheriff's Office, County Attorney's Office (CAO) and the Commissioner of Revenue (COR). The Sheriff's Office over-expenditure was primarily due to overtime costs required in the detention facility for minimum staffing requirements. The CAO over-expenditure was the result of unbudgeted unused leave payouts for retiring personnel and COR was over due to overages in operating expenses.

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 \$39,545,939 at June 30, 2019. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net 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. Management of the County believes that the most recent rate increases and subsequent rate increases in future fiscal years coupled with the completion of adjacent development projects will result in the eventual achievement of a positive equity position.

The printing fund (an internal service fund), had a decrease in net position of (\$353,705) in FY 2019, resulting in an ending net deficit of (\$1,058,362). Management will evaluate measures to reduce the deficit in FY 2020.

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 and OPEB 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 \$79,248,522 and the bank balance was \$116,508,095. Of the bank balance, \$23,816,800 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.

ARLINGTON COUNTY, VIRGINIA

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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, 2019.

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, 2019, the County had the following investments and maturities:

	Investment Maturity (in years)				
	Fair Value	Overnight	Less than 1 year	1-3 years	3-5 years
Virginia State LGIP -					
Liquidity Pool	\$10,052,829	\$10,052,829	\$-	\$-	\$-
VIP Daily Liquidity Pool	136,836,013	136,826,013	-	-	-
SNAP	405,663,541	405,663,541	-	-	-
Corporate Notes	177,593,406	-	68,337,947	84,553,545	24,701,914
Government Agency Bonds	190,166,866	-	31,072,508	153,392,373	5,701,985
Municipal Obligations	30,096,167	-	4,025,042	25,049,005	1,022,120
Commercial Paper	82,696,110	-	82,696,110	-	-
VIP 1-3 Year Pool	25,267,399	-	-	25,267,399	-
Total	<u>\$1,058,372,331</u>	<u>\$552,542,383</u>	<u>\$186,131,607</u>	<u>\$288,262,322</u>	<u>\$31,426,019</u>

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.

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As of June 30, 2019, the County's fair value measurements were as follows:

	Fair Value	Level 1	Level 2
Virginia State LGIP - Liquidity Pool	\$10,052,829	\$10,052,829	\$-
VIP Daily Liquidity Pool	136,836,013	136,826,013	-
SNAP	405,663,541	405,663,541	-
Corporate Notes	177,593,406	177,593,406	-
Government Agency Bonds	190,166,866	190,166,866	-
Municipal Obligations	30,096,167	30,096,167	-
Commercial Paper	82,696,110	82,696,110	-
VIP 1-3 Year Pool	25,267,399	-	25,267,399
Total	<u>\$1,058,372,331</u>	<u>\$1,033,094,932</u>	<u>\$25,267,399</u>

As of June 30, 2019, the County has no investments in assets classified as Level 3. The investment in the VIP 1-3 Year Pool is priced bi-monthly, which is considered a significant other observable input and hence classified as Level 2.

First Virginia Community Bank is the trustee for Alexandria/Arlington Waste to Energy-Facility Monitoring Group Trust Fund. Investments in the amount of \$179,550, at fair value, were held by First Virginia Community Bank at June 30, 2019.

Bank of New York Mellon, 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 (Skating Facility Project). As of June 30, 2019, the balance of these funds totaled \$10,773,329.

SunTrust Bank is the trustee for the Ballston Public 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, 2019, the SunTrust Bank balance was \$349,895 for the Ballston Public Parking Garage and \$120,715 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, 2019, 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, 2019, the County had \$405,663,541 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.
- 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.

ARLINGTON COUNTY, VIRGINIA

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-
- 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, 2019, the County had \$10,052,829. 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, 2019, the County had \$136,836,013 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
- 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

ARLINGTON COUNTY, VIRGINIA

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- 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, 2019 (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	6.3%
International Equity	7.7%
Fixed Income	3.3%
Cash/Short Term	2.3%
Non-Traditional	10.2%

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.

ARLINGTON COUNTY, VIRGINIA

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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
- Purchase non-registered securities, such as private placements
- 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, 2019, the System had \$22,843 in open net forward currency contracts.

D. Cash and Cash Equivalents

At June 30, 2019, the System had cash and cash equivalents of \$93,664,802. Cash deposits in bank accounts totaled \$389,628. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$93,275,174 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.

ARLINGTON COUNTY, VIRGINIA

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The following table presents the fair value of investments by type at June 30, 2019:

System Investments

Investment Type	Investment Value in (\$000s)
Foreign, Municipal and U.S. Governments:	
Government and Government Agency Debt	\$55,424
Government State and Local Debt	2,127
Government Pooled Fund	78,515
Total Foreign, Municipal, and U.S. Governments	136,066
Corporate Fixed Income Obligations:	
Corporate Bonds	83,760
Residential Mortgaged Backed	68,230
Commercial Mortgaged Backed	10,839
Collateralized Mortgaged Obligations	21,013
Asset Backed Securities	33,753
Total Corporate Fixed Income Obligations	217,595
Domestic and Foreign Equities:	
Common Stock	578,348
REITs	9,242
Preferred Stock	1,977
Total Domestic and Foreign Equities	589,567
Private Equity:	
Private Equity	191,346
Real Estate Funds:	
Real Estate	1,136
Pooled Equity:	
Pooled Equity Funds	738,647
Pooled Fixed Income:	
Pooled Bonds Funds	437,875
Convertibles:	
Convertible Equity	1,037
Corporate Convertible Bonds	5,573
Total Convertibles	6,610
Total ⁽¹⁾	<u>\$2,318,842</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

ARLINGTON COUNTY, VIRGINIA

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interest rate changes. The System has interest rate exposure on \$280.7 million of directly owned fixed income securities and on \$516.4 million invested in three pooled US fixed income funds.

The System's directly owned fixed income investments and maturities at June 30, 2019 are:

Investment Type:	<u>Investment Maturities</u>				
	<u>Fair Value</u> ((\$000s))	<u>Investment Maturities (years)</u>			
		Under 1	1-5	6-10	Over-10
Asset Backed Securities	\$33,753	\$-	\$1,432	\$2,701	\$29,620
Commercial Mortgage-Backed	10,839	-	190	-	10649
Corporate Bonds	83,760	6,017	21,765	31,153	24,825
Corporate Convertible Bonds	5,573	58	3,882	872	761
Government and Government Agencies	55,424	8,959	26,335	13,292	6,838
Residential Mortgage Backed	68,230	-	-	-	68,230
Government State and Local	2,127	-	-	-	2,127
Collateralized Mortgage Obligations	21,013	-	1085	2904	17,024
Total	<u>\$280,719</u>	<u>\$15,034</u>	<u>\$54,689</u>	<u>\$50,922</u>	<u>\$160,074</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, 2019 is shown below:

<u>Investment Durations</u>		
Investment Type (in \$ 000s)	Fair Value	Effective Duration (Yrs)
Asset Backed Securities	\$33,753	2.69
Commercial Mortgage-Backed	10,839	1.66
Corporate Bonds	83,760	6.08
Corporate Convertible Bonds	5,573	5.54
Government & Government Agencies	55,424	6.36
Residential Mortgage Backed	68,230	6.09
Collateralized Mortgage Obligations	21,013	2.20
Government State & Local	2,127	9.80
Total	<u>\$280,719</u>	<u>4.88</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 \$280.7 million at June 30, 2019 is shown in the following table:

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Fixed Income Credit Quality Distribution

Investment Type (in \$ 000s)	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Asset Backed Securities	\$ 8,662	\$ -	\$1,545	\$504	\$ -	\$ -	\$7,559	\$15,483
Commercial Mortgage-Backed	1,966	1,210	545	1,236	808	-	-	5,074
Corporate Bonds	-	5,846	11,275	31,429	18,896	11,395	3,900	1,019
Corporate Convertible Bonds	-	-	59	754	467	566	118	3,610
Government & Government Agencies	34,011	1,367	13,358	3,653	3,034	-	-	-
Residential Mortgage Backed	64,321	-	-	-	-	3,909	-	-
Collateralized Mortgage Obligations	1,154	-	-	-	-	-	11,918	7,941
Government State & Local Debt	-	-	-	-	-	802	-	1,325
Total	<u>\$110,114</u>	<u>\$8,423</u>	<u>\$26,782</u>	<u>\$37,576</u>	<u>\$23,205</u>	<u>\$16,672</u>	<u>\$23,495</u>	<u>\$34,452</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, 2019 was as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Foreign Currency Exposure In Dollars

<i>Currency (in \$ 000s)</i>	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$1,034	\$-	\$-	\$1,034
Brazilian Real	941	-	-	941
British Pound Sterling	7,067	376	4	7,447
Canadian Dollar	565	9,654	-	10,219
Danish Krone	672	-	-	672
Euro	33,116	-	19	33,135
HK offshore Chinese Yuan Renmini	2,472	-	-	2,472
Hong Kong Dollar	22,225	-	16	22,241
Indonesian Rupiah	7,868	-	29	7,897
Japanese Yen	6,175	-	44	6,219
Mexican Peso	973	3,234	-	4,207
New Zealand Dollar	-	3,034	-	3,034
Nigerian Naira	591	-	-	591
Philippines Peso	8,848	-	21	8,869
South Africa Rand	1,248	-	-	1,248
South Korean Won	1,377	-	-	1,377
Swedish Krona	1,787	-	-	1,787
Swiss Franc	5,665	-	1	5,666
Thailand Baht	1,163	-	-	1,163
Turkish Lira	1,099	-	5	1,104
Total	<u>\$104,886</u>	<u>\$16,298</u>	<u>\$139</u>	<u>\$121,323</u>

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 \$23.5 million at the beginning of the year to \$24.4 million at June 30, 2019. The following table details the net income from securities lending for the fiscal year ended June 30, 2019:

Gross Income from Securities Lending	\$264,567
Less: Bank Management Fees	<u>(66,239)</u>
Net Income from Securities Lending	<u>\$198,328</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

At June 30, 2019, the fair value of underlying securities lent was \$24,401,612 and the fair value of the non-cash collateral pledged was \$24,892,977. 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 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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Investments and Derivative Instruments Measured at Fair Value

	Fair Value Measurements			
	6/30/2019	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	\$55,424,127	\$-	\$53,651,803	\$1,772,324
Government State and Local Debt	2,127,041	-	2,127,041	-
Government Mortgage Backed	68,229,978		68,229,978	
Corporate Fixed Income Obligations				
Corporate Bonds	83,760,107	-	83,760,107	-
Corporate Mortgage Backed	10,839,207	-	10,839,207	-
Asset Backed Securities	33,753,249	-	33,753,249	-
Non-Government Backed C.M.O.s	21,012,848		21,012,848	
Pooled Fixed Income				
Pooled Bond Funds	122,506,457	122,506,457	-	-
Corporate Convertible Bonds	5,573,209	-	5,573,209	-
Total debt securities measured at fair value	403,226,223	122,506,457	278,947,442	1,772,324
Equity Securities				
Domestic and Foreign Equities				
Common stock	491,819,293	491,812,841	-	6,452
Preferred stock	1,977,014	1,977,014	-	-
Pooled Equity Funds	656,690,220	656,690,220	-	-
Convertibles Equity	1,036,566	694,406	342,160	-
Total equity securities measured at fair value	1,151,523,093	1,151,174,481	342,160	6,452
Total investments by fair value level	\$1,554,749,316	\$1,273,680,938	\$279,289,602	\$1,778,776
Investments measured at the NAV				
Debt Securities				
Pooled Bond Funds	\$393,883,603			
Total Debt Securities measured at the NAV	393,883,603			
Equity Securities				
Domestic and Foreign Equities				
Pooled Global Equity Fund	95,770,503			
Pooled International Equity Fund	81,956,367			
Total equity securities measured at the NAV	177,726,870			
Alternative investments				
Private Equity				
Private Equity	191,346,095			
	191,346,095			
Real Estate Funds				
Real Estate	1,135,776			
Total alternative investments measured at the NAV	192,481,871			
Total investments measured at fair value	\$764,092,344			
Total investments	\$2,318,841,660			

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Total Assets at Net Asset Value				
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Debt Securities				
Pooled Fixed Income	\$393,883,603	\$-	Daily	N/A
Total Debt Securities	<u>393,883,603</u>	<u>-</u>		
Equity Securities:				
Global Equities	95,770,503	-	Monthly	15-45 days
International Equity	81,956,367	-	Monthly	15-45 days
Total equity securities	<u>177,726,870</u>	<u>-</u>		
Alternative Investments:				
Private Equity	191,346,095	85,700,000	N/A	N/A
Real Estate	1,135,776	-	N/A	N/A
Total alternative investments	<u>192,481,871</u>	<u>85,700,000</u>		
Total investments measured at the NAV	<u>\$764,092,344</u>	<u>\$85,700,000</u>		

- **Unfunded Commitments.** At June 30th, the System had committed to fund certain alternative investment partnerships in the amount of 268.0 million. Funding of \$182.3 million has been provided leaving an unfunded commitment of \$85.7 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 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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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, 2019:

<u>County</u>			<u>Schools</u>		
Description	Percentage	Fair Value	Description	Percentage	Fair Value
Stocks	65%	\$97,955,817	Stocks	65%	\$42,583,880
Bonds	35%	52,745,440	Bonds	35%	22,929,782
Total:	100%	<u>\$150,701,257</u>	Total:	100%	<u>\$65,513,662</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 4. Receivables and Unearned Revenues

Receivables at June 30, 2019 are summarized below:

	Governmental Activities	Business-type Activities
Real estate taxes	\$420,961,302	\$-
Personal property taxes	3,585,052	-
Business license taxes	12,466,560	-
Meal tax	1,260,477	-
Accounts receivable	76,103,789	20,291,252
Interest	1,724,255	-
Total	516,101,435	20,291,252
Less: Allowance for uncollectible accounts	(1,088,086)	(687,683)
Net receivables	\$515,013,349	\$19,603,569

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 on or about April 1 of 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 \$415,357,313, 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 \$51 million at June 30, 2019 are not reflected in the accompanying Statement of Net Position 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, 2019, the components of unearned revenues reported were as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

<u>Governmental Activities</u>	<u>Unearned Revenues</u>
<u>General Fund</u>	
Household Credits	\$192,718
<u>Capital Project Fund</u>	
Master lease	4,220,352
Developer's contributions	<u>4,418,513</u>
	8,638,865
<u>Transportation Capital Fund</u>	
FTA deferred grant revenue	65,408
Total Unearned Revenues	<u>\$8,896,991</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	\$16,211,337	\$4,171,985	\$20,383,322	\$-	\$20,383,322
Grants	1,561,866	5,370,368	6,932,234	-	6,932,234
Pension	46,600,000	-	46,600,000	-	46,600,000
OPEB	36,089,929	-	36,089,929	-	36,089,929
Housing development loans	525,272	48,272,556	48,797,828	-	48,797,828
Refunding of debt	3,196,060	-	3,196,060	2,112,031	5,308,091
Total Deferred Inflows of Resources	<u>\$104,184,464</u>	<u>\$57,814,909</u>	<u>\$161,999,373</u>	<u>\$2,112,031</u>	<u>\$164,111,404</u>

Deferred inflows of resources in governmental funds include \$415,357,313 of October installment of real estate taxes.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 5. Capital Assets and Intangible Assets

Capital asset activity for the year ended June 30, 2019:

For Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$206,048,284	\$24,834,612	\$-	\$230,882,896
Construction in progress	281,731,039	117,701,829	227,741,775	171,691,093
Total capital assets, not being depreciated	487,779,323	142,536,441	227,741,775	402,573,989
Capital assets, being depreciated:				
Infrastructure	747,941,898	137,306,119	-	885,248,017
Buildings	380,672,043	70,997,274	-	451,669,317
Furniture, fixtures and equipment	327,413,431	30,399,986	8,042,902	349,770,515
Intangible assets	7,588,025	878,749	-	8,466,774
Total capital assets being depreciated	1,463,615,397	239,582,128	8,042,902	1,695,154,623
Less accumulated depreciation for:				
Infrastructure	357,105,311	23,184,627	-	380,289,938
Buildings	142,356,346	15,855,047	-	158,211,393
Furniture, fixtures and equipment	185,809,904	22,299,962	6,240,298	201,869,568
Intangible assets	5,063,352	923,551	-	5,986,903
Total accumulated depreciation	690,334,913	62,263,187	6,240,298	746,357,802
Total capital assets, being depreciated, net	773,280,484	177,318,941	1,802,604	948,796,821
Governmental activities, net	<u>\$1,261,059,807</u>	<u>\$319,855,382</u>	<u>\$229,544,379</u>	<u>\$1,351,370,810</u>

Governmental activities capital assets, net of accumulated depreciated at June 30, 2019, are comprised of the following:

Governmental funds	\$1,319,281,448
Internal service funds	32,089,362
Total	<u>\$1,351,370,810</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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	30,972,909	30,919,976	34,743,794	27,149,091
Total capital assets, not being depreciated	<u>37,134,164</u>	<u>30,919,976</u>	<u>34,743,794</u>	<u>33,310,346</u>
Capital assets, being depreciated:				
Sewer system	402,809,761	11,293,791	-	414,103,552
Water system	822,188,932	19,036,067	-	841,224,999
Building	25,856,238	6,210,438	-	32,066,676
Furniture, fixtures and equipment	7,308,390	135,970	15,984	7,428,376
Intangible assets	1,368,617	281,476	-	1,650,093
Total capital assets being depreciated	<u>1,259,531,938</u>	<u>36,957,742</u>	<u>15,984</u>	<u>1,296,473,696</u>
Less accumulated depreciation for:				
Sewer system	109,082,269	2,000,917	-	111,083,186
Water system	116,680,468	14,840,643	-	131,521,111
Building	15,541,112	791,083	-	16,332,195
Furniture, fixtures and equipment	5,182,915	566,325	15,984	5,733,256
Intangible assets	1,225,093	74,850	-	1,299,943
Total accumulated depreciation	<u>247,711,857</u>	<u>18,273,818</u>	<u>15,984</u>	<u>265,969,691</u>
Total capital assets, being depreciated, net	<u>1,011,820,081</u>	<u>18,683,924</u>	<u>-</u>	<u>1,030,504,005</u>
Business-type activities, net	<u>\$1,048,954,245</u>	<u>\$49,603,900</u>	<u>\$34,743,794</u>	<u>\$1,063,814,351</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Discretely presented component unit - Schools

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$4,697,946	\$-	\$-	\$4,697,946
Construction in progress	-	96,918,692	-	96,918,692
Total capital assets, not being depreciated	<u>4,697,946</u>	<u>96,918,692</u>	<u>-</u>	<u>101,616,638</u>
Capital assets, being depreciated:				
Buildings	879,478,774	19,013,438	-	898,492,212
Furniture, fixtures, and equipment	<u>119,360,542</u>	<u>9,640,730</u>	<u>-</u>	<u>129,001,272</u>
Total capital assets being depreciated	<u>998,839,316</u>	<u>28,654,168</u>	<u>-</u>	<u>1,027,493,484</u>
Less accumulated depreciation for:				
Buildings	251,386,683	21,986,969	-	273,373,652
Furniture, fixtures, and equipment	<u>74,900,377</u>	<u>6,827,504</u>	<u>-</u>	<u>81,727,881</u>
Total accumulated depreciation	<u>326,287,060</u>	<u>28,814,473</u>	<u>-</u>	<u>355,101,533</u>
Total capital assets, being depreciated, net	<u>672,552,256</u>	<u>(160,305)</u>	<u>-</u>	<u>672,391,951</u>
Schools capital assets, net	<u>\$677,250,202</u>	<u>(\$160,305)</u>	<u>\$-</u>	<u>\$774,008,589</u>

*Schools recognized CIP in the current year.

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

Function and Activity	Depreciation Expense
Primary Government:	
Governmental function:	
General government	\$14,436,751
Public safety	3,920,268
Public works, including depreciation expense of infrastructure assets	20,385,634
Health and welfare	210,371
Libraries	255,038
Parks, recreation and culture	15,532,109
Planning and community development	<u>1,692,304</u>
Total depreciation expense - governmental functions	56,432,475
Internal Services	<u>5,830,712</u>
Total depreciation expense - governmental activities	<u>\$62,263,187</u>
Business-type activities:	
Utilities	\$17,023,299
Ballston Public Parking Garage	867,337
8th level Ballston Public Parking Garage	95,177
CPHD Development Fund	<u>288,005</u>
Total depreciation expense - Business-type activities	<u>\$18,273,818</u>
Total depreciation expense - Component unit - Schools	<u>\$28,814,473</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, the current portion of these liabilities was \$8.07 million, which represents an estimate of health insurance claims that have been incurred but not reported of \$7.7 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.37 million. The non-current portion was \$3.35 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, 2017 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>
2017 – 2018				
Current	\$7,713,606	\$57,207,479	\$56,996,117	\$7,924,968
Long Term	\$4,255,999	\$4,132,369	\$3,985,450	\$4,402,918
2018 – 2019				
Current	\$7,924,968	\$62,162,206	\$62,017,810	\$8,069,364
Long Term	\$4,402,918	\$1,990,441	\$3,043,626	\$3,349,733

The County's policy for self-insurance reserve is \$5 million. The County has committed a self-insurance reserve in the General Fund of \$5,000,000 as of June 30, 2019.

The County maintains an operating reserve of 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 \$74,593,507 for FY 2019. 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, 2019

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$15,825,738
2021	19,628,222
2022	19,781,019
2023	19,786,214
2024	19,433,696
2025-2029	104,495,653
2030-2034	67,116,603
	<u>\$266,067,145</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, 2019, the lease liability \$19,395,599 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, 2019, the County received \$ 2,827,608 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 2019 were \$220,661.

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, 2019 are summarized below:

	<u>Primary Government</u>	<u>Schools</u>
Building	\$1,395,842	\$-
Equipment	72,852,868	17,681,547
Equipment CIP	644,935	-
Auto	2,802,688	-
Total assets, at cost	77,696,333	17,681,547
Accumulated depreciation	(34,550,866)	(11,080,584)
Total assets, net	<u>\$43,145,467</u>	<u>\$6,600,963</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

The annual future minimum lease payments as of June 30, 2019 are as follows:

General Government:

Year Ending June 30,	Technology Services	Environmental Services	Public Safety	Total General Government
2020	\$1,106,395	\$466,840	\$1,730,962	\$3,304,197
2021	817,889	466,840	1,730,962	3,015,691
2022	475,025	466,840	1,730,962	2,672,826
2023	15,076	466,840	1,403,591	1,885,507
2024	15,076	466,840	1,403,591	1,885,507
2025	-	-	362,081	362,081
Total Minimum Lease Payments	2,429,461	2,334,199	8,362,149	13,125,809
Less Imputed Interest	(100,142)	(237,095)	(536,503)	(873,740)
Present Value of Minimum Payments	<u>\$2,329,319</u>	<u>\$2,097,104</u>	<u>\$7,825,646</u>	<u>\$12,252,069</u>

Internal Service Funds:

Year Ending June 30,	Auto Equipment
2020	\$616,604
2021	616,604
2022	231,321
2023	231,321
Total Minimum Lease Payments	1,695,850
Less Imputed Interest	(48,492)
Present Value of Minimum Payments	<u>\$1,647,358</u>

Component Unit – Schools:

Year Ending June 30,	Schools
2020	\$1,837,950
Total Minimum Lease Payments	1,837,950
Less Imputed Interest	(23,845)
Present Value of Minimum Payments	<u>\$1,814,105</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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
GENERAL OBLIGATIONS BONDS

Fiscal	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL GO BONDS	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$41,598,184	\$23,378,131	\$37,971,715	\$21,614,226	\$7,490,101	\$3,154,691	\$87,060,000	\$48,147,048
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
2025-2029	165,665,000	59,331,925	159,295,000	53,415,562	29,370,000	3,806,276	354,330,000	116,553,763
2030-2034	131,630,000	27,100,922	115,615,000	23,073,334	7,040,000	442,918	254,285,000	50,617,174
2035-2039	65,450,000	6,095,013	52,340,000	4,815,425	150,000	2,813	117,940,000	10,913,250
	<u>\$555,729,071</u>	<u>\$193,206,216</u>	<u>\$505,407,457</u>	<u>\$173,804,740</u>	<u>\$74,498,472</u>	<u>\$16,606,294</u>	<u>\$1,135,635,000</u>	<u>\$383,617,250</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

ARLINGTON COUNTY, VIRGINIA
IDA BONDS

Fiscal Year	Principal	Interest	Total
2020	\$4,470,000	\$4,626,193	\$9,096,193
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
2025-2029	26,345,000	15,119,573	41,464,573
2030-2034	24,885,000	9,310,310	34,195,310
2035-2039	15,185,000	4,498,981	19,683,981
2040-2043	11,915,000	1,222,170	13,137,170
	<u>\$106,305,000</u>	<u>\$51,185,213</u>	<u>\$157,490,213</u>

ARLINGTON COUNTY, VIRGINIA
VRA BONDS

Fiscal Year	Principal	Interest	Total
2020	\$15,560,155	\$4,200,626	\$19,760,781
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
2025-2029	68,228,723	5,322,923	73,551,646
2030-2031	8,437,225	193,783	8,631,007
	<u>\$158,905,982</u>	<u>\$22,080,577</u>	<u>\$180,986,558</u>

B. Mortgage and Ground Lease Debt

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The short-term portion of mortgage and ground lease interest payable was \$35,085,209. As of June 30, 2019, all payments have been deferred.

C. 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, 2019 was \$42,161,660. These bonds mature in fiscal year 2026.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019 was \$40,137,497. 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 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, 2019 was \$30,615,387. 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, 2019, principal outstanding on these bonds was \$23,065,282. 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, 2019, the principal outstanding on these bonds was \$1,224,864 on Series 2008 bonds, \$11,068,600 on Series 2009 bonds and \$10,632,692 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.

D. IDA Revenue Bonds (Various County Projects)

On January 27, 2011, the IDA issued \$11,940,000 in Revenue Bonds for the benefit of Arlington County (the "2011 IDA Bonds"). The 2011 IDA Bonds are due in annual installments of \$250,000 to 620,000 through 2031, interest from 2% to 5% and were for the funding of the County's construction of Fire Station #3, park space at Buckingham Village I, and construction of Arlington Mill Community Center. 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, 2019, \$620,000 remains outstanding.

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, 2019, \$49,510,000 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, 2019, \$56,175,000 remains outstanding.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

E. 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 maybe subsequently approved by the County board. In FY19 the County drew \$8,585,749 for the county projects and \$5,139,346 for Schools projects from this line of credit.

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
- 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, 2019

F. Changes in Long-Term Liabilities

During the year ended June 30, 2019, 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
<u>General Government:</u>					
Compensated absences*	\$33,604,212	\$36,326,950	(\$35,944,295)	\$33,986,867	\$3,398,687
Workers' compensation	4,892,131	2,211,602	(3,381,807)	3,721,926	372,193
General obligation Bonds - County	287,968,488	106,350,000	(22,918,038)	371,400,450	25,402,725
General Obligation Refunding Bonds - County	202,404,754	-	(18,076,133)	184,328,621	16,195,459
General Obligation Bonds - Schools	291,951,514	63,130,000	(24,481,963)	330,599,551	24,747,275
General Obligation Refunding Bonds - Schools	190,635,158	-	(15,827,252)	174,807,906	13,224,440
IDA Revenue Bonds - 2011	1,245,000	-	(625,000)	620,000	620,000
IDA Revenue Bonds - 2013	52,520,000	-	(3,010,000)	49,510,000	3,020,000
IDA Revenue Bonds - 2017	57,165,000	-	(990,000)	56,175,000	830,000
Capital Leases	15,186,686	1,871,651	(4,806,268)	12,252,069	2,994,391
Line of credit	-	8,585,749	-	8,585,749	2,689,312
Bond Premiums - County	64,293,298	18,396,431	(4,075,828)	78,613,901	4,995,650
Bond Premiums - Schools	56,837,432	10,810,146	(3,536,309)	64,111,269	4,076,815
Net OPEB liability**	192,659,305	-	(24,784,302)	167,875,003	-
Totals General Government	\$1,451,362,978	\$247,682,529	(\$162,457,195)	\$1,536,588,312	\$102,566,947
<u>Internal service:</u>					
Compensated Absence*	\$574,610	\$621,457	(\$688,966)	\$507,101	\$50,710
Capital lease	2,677,142	-	(1,029,784)	1,647,358	591,028
Total Governmental Activities	\$1,454,614,730	\$248,303,986	(\$164,175,945)	\$1,538,742,771	\$103,208,685
<u>Component Unit - Schools:</u>					
Compensated absences*	\$38,953,324	\$18,135,063	(\$17,240,479)	\$39,847,908	\$3,984,790
Capital lease	4,495,914	-	(2,681,809)	1,814,105	1,814,105
Line of credit	-	5,139,346	-	5,139,346	1,713,115
Net Pension liability**	446,490,725	-	(8,969,981)	437,520,744	-
Net OPEB liability**	189,788,364	-	(1,427,138)	188,361,226	-
	\$679,728,327	\$23,274,409	(\$30,319,407)	\$672,683,329	\$7,512,010
<u>Business-Type Activities</u>					
Compensated absences-Utilities*	\$1,343,780	\$2,091,741	(\$2,074,898)	\$1,360,623	\$136,062
Compensated absences-CPHD	677,651	981,991	(952,981)	706,661	70,666
GO Bonds - Utilities	19,624,999	-	(2,375,000)	17,249,999	2,370,000
Refunding Bonds - Utilities	62,545,087	-	(5,296,614)	57,248,473	5,120,101
Mortgage Payable - Ballston	3,429,679	-	-	3,429,679	3,429,679
Mortgage and Interest Payable - Ballston	31,697,561	3,387,648	-	35,085,209	35,085,209
VRA Loan Payable	174,046,269	-	(15,140,287)	158,905,982	15,560,155
Bond and mortgage interest payable - Utilities	2,619,556	-	(86,249)	2,533,307	2,533,307
Capital Leases	16,962	(16,962)	-	-	-
Bond Premium - Utilities	3,793,394	-	(316,120)	3,477,274	314,981
Total business-type activities	\$299,794,938	\$6,444,418	(\$26,242,149)	\$279,997,207	\$64,620,160

* 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, 2019

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 \$481,819,120 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 \$481,819,120 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 \$481,819,120 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			
	Governmental Activities	Business-type Activities	Total	Schools	Gates Partnership	School's Debt Reclassification	Total Reporting Entity
NET POSITION:							
Net investment in capital assets	\$731,027,923	\$820,779,039	\$1,551,806,962	\$760,308,386	\$19,196,157	(\$481,819,120)	\$1,849,492,385
Restricted							
Capital projects	147,750,470	-	147,750,470	129,085,720	-	-	\$276,836,190
Seized assets	1,609,893	-	1,609,893	-	-	-	\$1,609,893
Grants	707,290	-	707,290	5,074,348	-	-	\$5,781,638
Unrestricted	155,826,816	27,698,991	183,525,807	(551,814,383)	4,522,787	481,819,120	\$118,053,331
Total net position	\$1,036,922,392	\$848,478,030	\$1,885,400,422	\$342,654,071	\$23,718,944	\$-	\$2,251,773,437

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, 2019 are reflected in current due to/from accounts of each fund/component unit, as summarized below:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Due to/ from other funds

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$883,315	\$-
Printing Fund	-	716,062
Section 8 Housing	-	167,253
	<u>\$883,315</u>	<u>\$883,315</u>

Due to/from primary government and component unit

	<u>Receivables Entity</u>	<u>Payables Entity</u>
General Fund	(\$1,153,681)	\$100,092,495
General Capital Fund		
General Capital Projects	-	3,357,475
School Funds:		
Operating		
Primary Government	70,019,834	(1,153,681)
Community Activities		
Primary Government	1,369,674	-
Pay-As-You-Go		
Primary Government	32,001,133	-
CSA		
Primary Government	59,329	-
	<u>\$102,296,289</u>	<u>\$102,296,289</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, 2019 are as follows:

Transfer	General Fund	Non-Major Capital Projects Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Total Transfers Out
General Fund	\$-	\$-	\$341,681	\$5,667,108	\$400,000	\$242,337	\$6,651,126
Special Revenue Funds	156,832	-	-	-	-	-	156,832
Transportation Project Fund	2,430,721	-	-	-	-	-	2,430,721
Non-major Capital Projects Funds	2,971,534	4,850,000	-	-	-	-	7,821,534
Internal Service Funds	2,751,686	-	-	-	-	-	2,751,686
Total Transfers In	<u>\$8,310,773</u>	<u>\$4,850,000</u>	<u>\$341,681</u>	<u>\$5,667,108</u>	<u>\$400,000</u>	<u>\$242,337</u>	<u>\$19,811,899</u>

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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 an economic and revenue stabilization contingent of \$6,700,000 as of June 30, 2019. Additionally, the County maintains a general fund operating reserve at five 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. 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

In October 2004, the County and other WMATA contributing jurisdictions signed to the Metro Matters Funding Agreement (MMFA) with WMATA for fiscal year 2006-2010 for \$3.3 billion. The MMFA described funding priorities for system renewal and enhancement projects for Metrorail and Metrobus, and presented a financial plan to implement more than \$3 billion in projects over the six-year period of the Agreement which ended in June 2010.

In July 2010, the Metro Matters Program was succeeded by the WMATA Capital Funding Agreement (the "Agreement"). This Agreement covered \$5.0 billion in capital funding needs throughout fiscal years 2011 – 2016 and served as a master agreement to support future capital needs presented in annually updated Capital Improvement Programs (CIP). The current FY 2016 – 2021 CIP is a 6-year forecast that lays out the specific projects to be funded, along with the sources of funds, in accordance with the Agreement. 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's contribution of \$105 million in funding over the six-year period of this Agreement is subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County is planning to use General Obligation Bonds and state grants to cover its share of the Capital Funding Agreement needs.

In addition, the County shares the operating costs for WMATA's combined bus and rail system. State aid and Northern Virginia Transportation Commission funds have been utilized to help finance these costs. During FY 2019, the County paid \$42.6 million from its general fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

ARLINGTON COUNTY, VIRGINIA

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B. Construction Commitments

As of June 30, 2019 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Project Funds	\$108,771,712
Utilities Funds	9,613,605
	<u>\$118,385,317</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 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

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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 \$162,211 and \$140,024 and the bank balance totaled \$179,550 and \$173,399 at June 30, 2019 and June 30, 2018 respectively. During FY 2019, the WTE-FMG had \$118,960 as revenues and project-related expenditures of \$102,141.

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 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.

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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 2019, \$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 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

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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 EVOC 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 EVOC 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 EVOC. In 2011, \$4M of the outstanding bonds was advance refunded.

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 (EVOC). In FY 2019, the County paid \$2,096,674 in combined capital and operating costs. Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

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.

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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.

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, 2019, System membership consisted of the following:

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Active Employees:				
Vested	1,615	547	8	2,170
Non-Vested	<u>1,035</u>	<u>316</u>	<u>-</u>	<u>1,351</u>
Total Active Employees	2,650	863	8	3,521
Vested Deferred	526	108	31	665
Retirees and Beneficiaries	2,362	863	888	4,113
Total Members	<u>5,538</u>	<u>1,834</u>	<u>927</u>	<u>8,299</u>

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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, 2019 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.

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,

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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, 2019, 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 \$56,677,112 and employee contributions were \$13,008,727 for FY2019.

Rate of Return

For the year ending June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.80%. 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 Four Fiscal Years

	<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	6.80%	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, 2018, 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, 2019 was determined by an actuarial valuation and measurement date as of June 30, 2018, 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 RP 2000 Combined and Disabled Mortality tables with scale AA.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018 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 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.

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Changes in the Net Pension Liability/(Asset)

	Increase (Decrease) (\$ in millions)		
	Total	Plan	Net Pension
	Pension	Fiduciary	Liability
	Liability	Net Position	(Asset)
	(a)	(b)	(a) - (b)
FY2019 Beginning balance - Measurement date of 6/30/2017	\$2,122.3	\$2,173.8	(\$51.5)
Changes for the year:			
Service cost	57.8	-	57.8
Interest	143.5	-	143.5
Differences between expected and actual experience	(13.7)	-	(13.7)
Change in benefits	3.1	-	3.1
Contributions - employer	-	54.9	(54.9)
Contributions - employee	-	12.9	(12.9)
Net investment income	-	167.3	(167.3)
Benefit payments, including refunds of employee contributions	(105.0)	(105.0)	0.0
Administrative expense	-	(0.8)	0.8
Net changes	\$85.7	\$129.3	(\$43.6)
FY2019 Ending Balance - Measurement date of 6/30/2018	\$2,208.0	\$2,303.1	(\$95.1)

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)		
	1% Decrease	Current	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's net pension liability/ (asset)	\$204.3	(\$95.1)	(\$341.0)

The System's Fiduciary Net Position as of June 30, 2019 and June 30, 2018 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, 2019, the County recognized pension expense of \$13.2 million calculated as of the measurement date of June 30, 2018. At June 30, 2019, 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 Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$-	\$35,700,000
Changes of assumptions	6,800,000	-
Net difference between projected and actual earning on the System's investments	-	10,900,000
Employer contributions subsequent to measurement date	<u>56,700,000</u>	<u>-</u>
Total	<u>\$63,500,000</u>	<u>\$46,600,000</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>
2020	\$5.7
2021	(10.4)
2022	(30.9)
2023	(4.2)
Thereafter	<u>-</u>
	<u>(\$39.8)</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 \$47,023,129 and \$47,818,000 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, Schools reported a liability of \$436,027,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Schools' proportion was 3.71% as compared to 3.62% at June 30, 2017.

For the year ended June 30, 2019, Schools recognized pension expense of \$34,860,000. 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, 2019, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$-	\$37,283,000
Net difference between projected and actual earnings on pension plan investments	-	9,247,000
Change in assumptions	5,204,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	22,097,000	-
Employer contributions subsequent to the measurement date	47,023,129	-
Total	<u>\$74,324,129</u>	<u>\$46,530,000</u>

The \$47,023,129 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, 2020. 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:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the Fiscal Years Ending June 30,

(\$ in thousands)

	Balances
2020	\$2,352
2021	(3,745)
2022	(14,962)
2023	(2,388)
2024	(486)
	<u><u>(\$19,229)</u></u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation:	2.5%
Salary increases, including Inflation:	3.5% – 5.95%
Investment rate of return:	7.0%, 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 GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

ARLINGTON COUNTY, VIRGINIA

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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

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 GAAP, less that system's fiduciary net position. As of June 30, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$46,679,555
Plan Fiduciary Net Position	34,919,563
Employers' Net Pension Liability	

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%

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 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:

ARLINGTON COUNTY, VIRGINIA

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, 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, 2018 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School division's proportionate share of their VRS Teacher Employee Retirement Plan Net Pension Liability	\$666,042,000	\$436,027,000	\$245,638,000

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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 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, 2019, System membership consisted of the following:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	98
Inactive Members:	
Vested inactive members	51
Non-vested inactive members	176
Inactive members active elsewhere in VRS	<u>91</u>
VRS Total inactive members	416
Active Members	<u>547</u>
Total Covered employees	<u><u>963</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.

The political subdivision's contractually required contribution rate for the year ended June 30, 2019 was 5.78% of covered employee compensation and 6.89% for the year ended June 30, 2018.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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 \$1,218,540 and \$1,251,977 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The political subdivisions net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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, 2017, 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, 2018.

Inflation:	2.5%
Salary increases, including Inflation:	3.5% – 5.35%
Investment rate of return:	7.0%, 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 GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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.

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.

ARLINGTON COUNTY, VIRGINIA

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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, 2017 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:

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%

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%

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:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2017	\$43,720,581	\$42,817,856	\$902,725
Changes for the year:			
Service cost	1,886,500	-	1,886,500
Interest	3,013,456	-	3,013,456
Differences between expected and actual experience	1,015,819	-	1,015,819
Change in assumptions	-	-	-
Contributions - employer	-	1,151,875	(1,151,875)
Contributions - employee	-	1,008,648	(1,008,648)
Net investment income	-	3,193,423	(3,193,423)
Benefit payments, including refunds	(1,342,405)	(1,342,405)	-
Administrative expenses	-	(26,286)	26,286
Other changes	-	(2,904)	2,904
Net changes	4,573,370	3,982,351	591,019
Balances at June 30, 2018	\$48,293,951	\$46,800,207	\$1,493,744

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's Net Pension Liability/(Asset)	\$8,326,000	\$1,493,744	(\$4,155,000)

For the year ended June 30, 2019, the political subdivision recognized pension expense of \$259,253. At June 30, 2019, 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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	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$1,218,540	\$-
Difference between expected and actual experience	823,000	529,000
Net difference between projected and actual earnings on plan investments	904,000	-
Change in assumptions	-	494,000
Net difference between projected and actual earnings on plan investments	-	1,328,000
Total	<u>\$2,945,540</u>	<u>\$2,351,000</u>

The amount \$1,218,540 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, 2020. 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,
(\$ in thousands)

	Balances
2020	(\$146)
2021	(264)
2022	(231)
2023	17
2024	-
Thereafter	-
	<u>(\$624)</u>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdg/publications/2018-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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2018 (valuation date), the following employees were covered by the benefit terms:

Total Active employees with coverage	3,023
Total Active employees without coverage	599
Total Retirees with coverage	1,667
Total Retirees without coverage	<u>268</u>
Total Members	<u>5,557</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 2019, the County contributed \$13,349,194 towards benefit payments and an additional \$7,000,000 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:

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, the annual money-weighted rate of return on the County's OPEB investments, net of investment expense was 10.37%. 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, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 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, 2019
Salary Increases	3.00% per year for general salary inflation as of June 30, 2019
Discount Rate	6.75% for accounting and funding disclosures as of June 30, 2019
Investment Rate of Return	6.75% as of June 30, 2019

Mortality rates for active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

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, 2014 pension actuarial valuation. In the previous valuation, the Retirement Board elected the investment return of 6.75% and the inflation and general wage inflation assumptions of 3.00% to reflect future expectations.

The Long-Term Expected Rate of Return on OPEB Plan investments is 6.75% as of June 30, 2019.

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 28, 2018 was 3.87% and the municipal bond rate at June 27, 2019 was 3.50%.

However, the depletion test as of the most recent actuarial valuation of July 1, 2018, 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%.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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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, 2018	\$312,078,004	\$130,191,699	\$181,886,305
Changes for the year:			
Service cost	6,542,420	-	6,542,420
Interest	21,063,700	-	21,063,700
Difference between expected and actual experience	(4,310,682)	-	(4,310,682)
Changes in assumptions	(16,439,988)	-	(16,439,988)
Contributions-employer	-	20,349,194	(20,349,194)
Net investment income	-	13,509,558	(13,509,558)
Benefit payments	(13,349,194)	(13,349,194)	-
Net changes:	(6,493,744)	20,509,558	(27,003,302)
Balances at June 30, 2019	\$305,584,260	\$150,701,257	\$154,883,003

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%
\$186,912,112	\$154,883,003	\$127,803,710

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 (7.00% decreasing by 0.20% annually to an ultimate rate of 4%) or 1- percentage-point higher (9.00% decreasing by 0.20% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

1% Decrease 7.00% decreasing to 4.00%	Healthcare Cost Trend Rates 8.00% decreasing to 5.00%	1% Increase 9.00% decreasing to 6.00%
\$141,455,701	\$154,883,003	\$169,768,458

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

For the year ended June 30, 2019, the County will recognize OPEB expense in the amount of \$12,821,500. At June 30, 2019, the County 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	\$-	\$13,929,425
Changes of assumptions	15,976,148	14,213,565
Net difference between projected and actual earnings on on OPEB plan investments	-	6,006,939
Total	<u>\$15,976,148</u>	<u>\$34,149,929</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,

	Balances
2020	(\$5,996,680)
2021	(5,996,679)
2022	(4,932,681)
2023	(3,080,073)
2024	(2,135,751)
Thereafter	<u>3,968,083</u>
	<u>(\$18,173,781)</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

OPEB Trust Financial Statements

OPEB TRUST
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Equity in pooled cash and investments	\$ -	\$40,271
Investments, at fair value		
Foreign, Municipal and U.S. Government		
Obligations, including Fixed		
Instruments in Pooled Funds	52,745,440	45,567,095
Domestic and Foreign Equities, including		
Equities in Pooled Funds	97,955,817	84,624,604
Total assets	<u>150,701,257</u>	<u>130,191,699</u>
LIABILITIES		
Accounts payable and		
accrued liabilities	<u>-</u>	<u>40,271</u>
Total liabilities	<u>-</u>	<u>40,271</u>
NET POSITION RESTRICTED FOR OPEB	<u>\$150,701,257</u>	<u>\$130,151,428</u>

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
ADDITIONS:		
Employer contributions	\$7,000,000	\$7,194,972
Other Contributions	45,567	40,271
Investment income:		
Interest and dividends	11,470,177	7,940,328
Net appreciation (depreciation) in fair value	2,039,381	(4,333)
Total Additions	<u>20,555,125</u>	<u>15,171,238</u>
DEDUCTIONS:		
Other consulting expenses	<u>45,567</u>	<u>40,271</u>
Total Deductions	<u>45,567</u>	<u>40,271</u>
Net Increase	20,509,558	15,130,967
Net Position Restricted for OPEB, beginning of year:	<u>130,191,699</u>	<u>115,060,732</u>
Net Position Restricted for OPEB, end of year:	<u><u>\$150,701,257</u></u>	<u><u>\$130,191,699</u></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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

JUNE 30, 2019

-
- 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 \$595,670 and \$441,414 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, the entity reported a liability of \$12,992,000 for its proportionate share of the net LODA OPEB liability. The net LODA OPEB liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the County's proportion was 4.14408% as compared to 4.09938% at June 30, 2017.

For the year ended June 30, 2019, the entity recognized LODA OPEB expense of \$996,000. 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, 2019, 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, 2019

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u>\$ 1,865,000</u>	<u>\$-</u>
Differences between expected and actual experience		
Net difference between projected and actual earnings on LODA OPEB plan investments	-	33,000
Change in assumptions	-	1,496,000
Change in proportionate share	114,000	411,000
Employer Contributions subsequent to the measurement date	<u>595,670</u>	<u>-</u>
Total	<u><u>\$2,574,670</u></u>	<u><u>\$1,940,000</u></u>

An amount of \$595,670 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, 2020. 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>
2020	(\$9,000)
2021	(9,000)
2022	(10,000)
2023	(5,000)
2024	-
Thereafter	<u>72,000</u>
	<u><u>\$39,000</u></u>

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation - 2.50 percent

Salary increases, including Inflation - Locality employees: 3.50 percent – 4.75 percent

Medical cost trend rates assumption: –

- Under age 65: 7.75 percent – 5.00 percent
- Ages 65 and older: 5.75 percent – 5.00 percent

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Investment rate of return 3.89 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 3.89%. However, since the difference was minimal, a more conservative 3.89% investment return assumption has been used. Since the LODA Program is funded on a current-disbursement basis, the assumed annual rate of return of 3.89% 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, 2017 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%

Changes to the LODA Program Associated with HB 1345 (2016) and HB 2243 (2017)

The following changes were made to the LODA Program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2017 actuarial valuation results which were rolled forward to the measurement date of June 30, 2018. There was no current actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. These changes will be factored into future actuarial valuations for the LODA Program.

- The discontinuance of spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries.
- The potential for VRS's periodic review of the disability status of a disabled employee.
- For those beneficiaries who become eligible for health care benefits as the result of a disability occurring after June 30, 2017, the suspension of health care benefits in years when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

-
- The extension of health care benefits for dependent children to age 26.
 - The expansion of the definition of presumption of death or disability to include infectious diseases

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, 2018, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

Total LODA OPEB liability	\$315,395
Plan Fiduciary Net position	\$1,889
Employers' Net OPEB liability	<u>\$315,506</u>

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability .60%

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 3.89% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% 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, 2018.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.89%. 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, 2018, 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 3.89%, 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 (2.89%) or one percentage point higher (4.89%) than the current rate:

1% Decrease 2.89%	Current Discount Rate 3.89%	1% Increase 4.89%
\$14,885,000	\$12,992,000	\$11,466,000

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 5.00%, 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 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

1% Decrease	Healthcare Cost Trend Rates	1% Increase
6.75% decreasing to 4.00%	7.75% decreasing to 5.00%	8.75% decreasing to 6.00%
\$11,069,000	\$12,992,000	\$15,387,000

LODA OPEB Plan Fiduciary Net Position

Detailed information about the LODA Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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, 2018 (valuation date), the following employees were covered by the benefit terms:

Total Active employees with coverage	3,424
Total Active employees without coverage	1,160
Total Retirees with coverage	<u>1,351</u>
Total Plan Members	<u>5,935</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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.

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 2019 the Schools' contributed \$7,810,271 and an additional \$2,600,000 in 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, 2019, the annual money-weighted rate of return on investments, net of investment expense for the Schools Trust was 10.37%. 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, 2019. 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, 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, 2019

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Salary Increases	3.00% per year for general salary inflation as of June 30, 2019
Discount Rate	6.75% for accounting and funding disclosures as of June 30, 2019
Investment Rate of Return	6.75% as of June 30 2019

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

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

The most recent actuarial experience study on which significant assumptions were based was completed in 2013.

The Long-Term expected rate of return was 6.75% as of June 30, 2019.

Discount rate

This Plan uses the Bond Buyer GO 20-Bond Municipal 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 28, 2018 was 3.87% and the municipal bond rate at June 27, 2019 was 3.50%. 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-Arlington Public Schools

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	\$175,457,216	\$56,981,852	\$118,475,364
Changes for the year:			
Service cost	4,335,321	-	4,335,321
Interest	11,876,704	-	11,876,704
Difference between expected and actual experience	(1,078,733)	-	(1,078,733)
Changes in assumptions	(2,188,349)	-	(2,188,349)
Contributions-employer	-	10,410,271	(10,410,271)
Net investment income	-	5,931,810	(5,931,810)
Benefit payments	(7,810,271)	(7,810,271)	-
Net changes:	5,134,672	8,531,810	(3,397,138)
Balances at June 30, 2019	\$180,591,888	\$65,513,662	\$115,078,226

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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%
\$141,082,863	\$115,078,226	\$93,748,755

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 (7.00% decreasing by 0.25% annually to an ultimate rate of 4%) or 1- percentage-point higher (9.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

1% Decrease 7.00% decreasing to 4.00%	Healthcare Cost Trend Rates 8.00% decreasing to 5.00%	1% Increase 9.00% decreasing to 6.00%
\$96,920,566	\$115,078,226	\$133,160,733

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

For the year ended June 30, 2019, the Schools will recognize OPEB expense in the amount of \$11,480.310. At June 30, 2019, 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	\$7,663,609	\$943,891
Changes of assumptions	14,584,074	11,683,810
Net difference between projected and actual earnings on OPEB plan investments	-	2,543,591
Total:	\$22,247,683	\$15,171,292

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,

2020	(\$885,440)
2021	(885,439)
2022	(469,740)
2023	(455,152)
2024	(38,045)
Thereafter	9,810,207
	<u>\$7,076,391</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

OPEB Trust Statements-Arlington Public Schools

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>
ASSETS		
Cash and Investments	\$65,513,662	\$54,381,852
Accounts Receivable	<u>-</u>	<u>2,600,000</u>
Total assets	<u>65,513,662</u>	<u>56,981,852</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION	<u><u>\$65,513,662</u></u>	<u><u>\$56,981,852</u></u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ADDITIONS:		
Employer contributions	\$2,600,000	\$2,600,000
Investment Income:		
Interest and dividends	4,192,284	3,510,742
Net appreciation (depreciation) in fair value	<u>1,739,526</u>	<u>(3,753)</u>
Total additions	<u>8,531,810</u>	<u>6,106,989</u>
Net Increase	<u>8,531,810</u>	<u>6,106,989</u>
Net Position Held in Trust for Plan Benefits, beginning of year	<u>56,981,852</u>	<u>50,874,863</u>
Net Position Held in Trust for Plan Benefits, end of year:		
Undesignated	<u>\$65,513,662</u>	<u>\$56,981,852</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, 2019

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	
Eligible Employees	
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.	
Eligible employees are enrolled automatically upon employment. They include:	
• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.	
Benefit Amounts	
The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:	
• <u>At Retirement</u> – 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. • <u>Disability Retirement</u> – 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: ○ \$4.00 per month, multiplied by twice the amount of service credit, or	

ARLINGTON COUNTY, VIRGINIA

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-
- | |
|---|
| ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. |
|---|

HIC Program Notes:

- | |
|--|
| <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 \$3,730,540 and \$3,704,004 for the years ended June 30, 2019 and June 30, 2018, 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, 2019, Schools' reported a liability of \$47,295,000 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, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Schools' proportion of the VRS Teacher Employee HIC Program was 3.72495% as compared to 3.63452% at June 30, 2017.

For the year ended June 30, 2019, Schools' recognized VRS Teacher Employee HIC Program OPEB expense of \$4,155,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018 a portion of the VRS Teacher Employee HIC program net OPEB expense was related to deferred amounts from changes in proportion.

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At June 30, 2019, Schools' reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC program OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$-	\$235,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	35,000
Change in assumptions	-	412,000
Change in proportionate share	1,820,000	-
Employer Contributions subsequent to the measurement date	3,730,540	-
Total	<u>\$5,550,540</u>	<u>\$682,000</u>

An amount of \$3,730,540 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, 2020. 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>
2020	\$176,000
2021	176,000
2022	176,000
2023	197,000
2024	190,000
Thereafter	<u>223,000</u>
	<u>\$1,138,000</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, 2017, 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, 2018.

Inflation - 2.5 percent

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

Investment rate of return - 7.0 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 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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, 2017 valuation were based on the results of an actuarial experience study for the four-year 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 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

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 GAAP, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB liability	\$1,381,313
Plan Fiduciary Net Position	<u>111,639</u>
Teacher Employee net HIC OPEB liability	<u>\$1,269,674</u>

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Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB liability 8.08%

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 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 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	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. 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, 2018, 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, 2018 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

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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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Teacher HIC Net OPEB Liability	\$52,825,000	\$47,295,000	\$42,592,000

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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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.

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:

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GLI PROGRAM PLAN PROVISIONS

Eligible Employees

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:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

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.

Benefit Amounts

The benefits payable under the GLI Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **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)

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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, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 \$1,627,548 and \$1,737,553 for the years ended June 30, 2019 and June 30, 2018, 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 \$24,253,000 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the net GLI OPEB 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 1.59696% as compared to 1.56648% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of \$364,000. 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, 2019, the employer 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	\$1,186,000	\$435,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	789,000
Change in assumptions	-	1,011,000
Change in proportionate share	943,000	-
Employer Contributions subsequent to the measurement date	1,627,548	-
Total	<u>\$3,756,548</u>	<u>\$2,235,000</u>

The amount of \$1,627,548 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, 2020. 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>
2020	(\$163,000)
2121	(163,000)
2122	(163,000)
2123	63,000
2024	207,000
Thereafter	<u>113,000</u>
	<u>(\$106,000)</u>

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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 - 7.0 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

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rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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, 2017 valuation were based on the results of an actuarial experience study for the four-year 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 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

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, 2017 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:

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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%

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employers' Net GLI OPEB liability	<u>\$1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB liability	51.22%

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 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 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:

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 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 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
\$31,696,000	\$24,253,000	\$18,211,000

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GLI Program's Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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.

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	
Eligible Employees	
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:	
• City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board	
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.	

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Benefit Amounts

The benefits payable under the GLI Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **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, 2019 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 \$119,981 and \$94,275 for the years ended June 30, 2019 and June 30, 2018, respectively.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$1,735,000 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2018 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, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, Schools' proportion was 0.11420% as compared to 0.10838% at June 30, 2017.

For the year ended June 30, 2019, Schools recognized GLI OPEB expense of \$41,000. 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, 2019, Schools' reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$85,000	\$32,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	56,000
Change in assumptions	-	72,000
Change in proportionate share	144,000	-
Employer Contributions subsequent to the measurement date	119,981	-
Total	<u>\$348,981</u>	<u>\$160,000</u>

An amount of \$119,981 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, 2020. 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:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the Fiscal Years Ending June 30,

	<u>Balances</u>
2020	\$3,000
2021	3,000
2022	3,000
2023	20,000
2024	25,000
Thereafter	<u>15,000</u>
	<u>\$69,000</u>

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation: 2.5 percent

Salary increases, including inflation – Locality – General employees: 3.5 percent – 5.35 percent

Investment rate of return of 7.0 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 GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.00% 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, 2016 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:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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%

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	<u>GLI OPEB Program</u>
Total GLI OPEB Liability	\$3,113,508
Plan Fiduciary Net Position	<u>1,594,773</u>
Employers' Net GLI OPEB Liability	<u>\$1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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 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 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:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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, 2018, 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, 2018 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

1% Decrease	Current Discount Rate	1% Increase
6.00%	7.00%	8.00%
\$2,267,000	\$1,735,000	\$1,302,000

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

GLI Program Fiduciary Net Position

Detailed information about the GLI program's Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.



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.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-A
Page 1 of 2

ARLINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
General Property taxes:				
Real estate	\$730,267,530	\$730,267,530	\$745,871,152	\$15,603,622
Personal	119,052,147	119,052,147	117,994,659	(1,057,488)
Other local taxes	218,502,000	218,502,000	220,760,681	2,258,681
Licenses, permits and fees	11,319,890	11,319,890	12,150,581	830,691
Charges for services	62,525,700	62,668,719	62,380,067	(288,652)
Fines and forfeitures	7,603,024	7,603,024	7,637,315	34,291
Grants:				
State grants	75,420,031	80,468,011	76,434,686	(4,033,325)
Federal grants	16,312,254	18,180,875	17,649,032	(531,843)
Use of money and property	10,850,189	10,850,189	27,491,249	16,641,060
Miscellaneous revenue	4,227,396	100,131	9,723,408	9,623,277
Total revenues	1,256,080,161	1,259,012,516	1,298,092,830	39,080,314
EXPENDITURES:				
General Government Administration:				
County Board	1,689,163	1,751,307	1,632,038	119,269
County Manager	5,667,384	5,667,384	5,335,137	332,247
Financial Management	8,365,811	8,365,811	8,004,496	361,315
Human Resources	9,856,749	9,856,749	9,324,435	532,314
Technology Services	21,900,955	22,071,954	22,028,662	43,292
County Attorney	3,028,851	3,028,851	3,044,995	(16,144)
Commissioner of Revenue	5,941,736	5,941,736	5,964,215	(22,479)
Treasurer	7,181,469	7,181,469	7,048,516	132,953
Electoral Board	1,341,064	1,341,064	1,144,229	196,835
Total General Government	64,973,182	65,206,325	63,526,723	1,679,602
Judicial Administration:				
Circuit Court & Circuit Court Judiciary	4,490,564	4,549,198	4,479,079	70,119
General District Court	382,810	382,810	352,711	30,099
Juvenile & Domestic Relations Court	7,416,923	7,461,406	7,030,385	431,021
Commonwealth Attorney	4,285,764	4,412,098	4,257,707	154,391
Sheriff & Jail	44,273,355	46,111,084	47,698,889	(1,587,805)
Office of the Public Defender	191,613	191,613	163,717	27,896
Magistrate's Office	41,432	41,432	25,929	15,503
Total Judicial Administration	61,082,461	63,149,641	64,008,417	(858,776)
Public Safety:				
Police	69,494,935	71,001,805	68,703,892	2,297,913
Public Safety Communications and Emergency Management	13,453,100	13,527,298	13,252,362	274,936
Fire	63,521,551	63,761,003	62,821,768	939,235
Total Public Safety	146,469,586	148,290,106	144,778,022	3,512,084
Environmental Services	98,966,532	101,095,620	94,053,743	7,041,877
Health & Welfare	138,910,440	144,004,249	135,256,946	8,747,303
Libraries	14,524,515	14,524,515	14,458,512	66,003

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-A
Page 2 of 2

ARLINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Planning & Community Development:				
Economic Development	8,747,157	9,110,399	8,788,089	322,310
Community Planning, Housing & Development	11,430,510	11,449,510	10,684,954	764,556
Total Planning & Community Development	20,177,667	20,559,909	19,473,043	1,086,866
Parks and Recreation	42,221,254	42,311,006	41,865,623	445,383
Education	500,830,023	510,094,014	489,314,509	20,779,505
Non-Departmental:				
Non-Departmental	66,242,673	123,945,860	64,270,266	59,675,594
Debt Service				
Principal payment	42,910,189	42,910,189	44,859,170	(1,948,981)
Interest payment	24,764,812	24,764,812	22,728,757	2,036,055
Other costs	125,000	125,000	98,453	26,547
Regionals/Contributions	6,595,042	6,752,564	7,356,516	(603,952)
METRO	40,600,000	40,600,000	42,601,029	(2,001,029)
Total Non-Departmental	181,237,716	239,098,425	181,914,191	57,184,234
Total expenditures	1,269,393,376	1,348,333,810	1,248,649,729	99,684,081
Excess (deficiency) of revenues over expenditures	(13,313,215)	(89,321,294)	49,443,101	138,764,395
OTHER FINANCING SOURCES (USES):				
Transfers in	290,741	2,721,813	8,310,773	5,588,960
Transfers out	(6,240,483)	(6,457,589)	(6,651,126)	(193,537)
Total other financing sources/(uses)	(5,949,742)	(3,735,776)	1,659,647	5,395,423
Net change in fund balance*	(19,262,957)	(93,057,070)	51,102,748	144,159,818
Fund Balance - beginning of year	181,910,989	181,910,989	181,910,989	-
Fund Balance - end of year	\$162,648,032	\$88,853,919	\$233,013,737	\$144,159,818

*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 Statement of Revenues, Expenditures, and Changes
in Fund Balance-Budget and Actual
For the Year Ended June 30, 2019

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)

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$57.8	\$56.5	\$53.8	\$54.8	\$52.1
Interest	143.5	139.1	143.6	135.6	131.6
Differences between expected and actual experience	(13.7)	(27.1)	(47.3)	(16.2)	(11.0)
Changes of assumptions	-	-	27.2	-	29.4
Change in benefits	3.1	-	-	-	-
Benefit payments including refunds of employee contributions	(105.0)	(99.7)	(95.3)	(90.8)	(86.3)
Net change in total pension liability	85.7	68.8	82.0	83.4	115.8
Total pension liability -- beginning	2,122.3	2,053.5	1,971.5	1,888.1	1,772.3
Total pension liability -- ending	<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>
Plan fiduciary net position					
Contributions - employer	\$54.9	\$51.8	\$54.5	\$58.2	\$53.7
Contributions - employee	12.9	12.7	12.3	12.2	11.9
Net investment income	167.3	246.3	(1.3)	37.3	304.2
Benefit payments including refunds of employee contributions	(105.0)	(99.7)	(95.3)	(90.8)	(86.3)
Administrative expense	(0.8)	(0.8)	(1.7)	(1.5)	(0.7)
Net change in plan fiduciary net position	129.3	210.3	(31.5)	15.4	282.8
Plan fiduciary net position - beginning	2,173.8	1,963.5	1,995.0	1,979.6	1,696.8
Plan fiduciary net position - ending	<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>
County's net pension liability (asset) - ending	<u>(\$95.1)</u>	<u>(\$51.5)</u>	<u>\$90.0</u>	<u>(\$23.5)</u>	<u>(\$91.5)</u>
Plan fiduciary net position as a percentage of the total pension liability	104.3%	102.4%	95.6%	101.2%	104.85%
Covered payroll	\$261.4	\$236.5	\$248.9	\$243.5	\$252.4
County's net position liability (asset) as a percentage of covered-payroll	-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 2019 is the fifth 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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$56.7	\$54.9	\$51.8	\$54.5	\$58.2	\$53.7	\$48.0	\$46.3	\$43.2	\$42.0
County contributions in relation to the actuarially determined contributions	56.7	54.9	51.8	54.5	58.2	53.7	48.0	46.3	43.2	42.0
Contribution deficiency/ (excess)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Covered Payroll	\$270.0	\$261.4	\$236.5	\$248.9	\$243.5	\$252.4	\$233.0	\$224.8	\$209.7	\$203.9
Contributions as a percentage of covered payroll	21.0%	21.0%	21.9%	21.9%	23.9%	22.6%	20.6%	20.7%	20.5%	19.9%

Exhibit 11-E

Notes to Schedule-Arlington County Retirement System Pension-Key Assumptions

Valuation date	June 30, 2016
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	3.75%
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.

School
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 2019*

	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability (Asset)	3.70772%	3.62326%	3.54755%	3.50960%	3.41217%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$436,027,000	\$445,588,000	\$497,158,000	\$441,730,000	\$412,350,000
Employer's Covered Payroll	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	148.81%	159.99%	168.51%	166.76%	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 2019 is the fifth 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-G

VRS Teachers Retirement Plan
Schedule of Employer Contributions
For the Years Ended 2015 through 2019 *

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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 2019 is the fifth year for this presentation, there are only five 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 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:

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

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 2019*

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$1,886,500	\$1,874,972	\$1,828,396	\$2,027,449	\$1,830,932
Interest	3,013,456	2,837,805	2,699,983	2,439,032	2,209,579
Differences between expected and actual experience	1,015,819	(4,454)	(1,444,760)	237,081	-
Changes in assumptions	-	(947,788)	-	-	-
Benefit payments, including refunds of employee contributions	(1,342,405)	(1,160,059)	(1,069,403)	(881,977)	(643,241)
Net change in total pension liability	4,573,370	2,600,476	2,014,216	3,821,585	3,397,270
Total pension liability - beginning	43,720,581	41,120,105	39,105,889	35,284,304	31,887,034
Total pension liability - ending (a)	<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	\$1,151,875	\$1,077,379	\$1,225,860	\$954,339	\$1,725,606
Contributions - employee	1,008,648	935,848	884,066	722,556	1,003,574
Net investment income	3,193,423	4,632,064	667,328	1,570,563	4,406,370
Benefit payments, including refunds of employee contributions	(1,342,405)	(1,160,059)	(1,069,403)	(881,977)	(643,241)
Administrative expense	(26,286)	(25,371)	(21,338)	(20,294)	(21,639)
Other	(2,904)	(4,184)	(273)	(332)	232
Net change in plan fiduciary net position	3,982,351	5,455,677	1,686,240	2,344,855	6,470,902
Plan fiduciary net position - beginning	42,817,856	37,362,179	35,675,939	33,331,084	26,860,182
Plan fiduciary net position - ending (b)	<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 - ending (a) - (b)	<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	96.91%	97.94%	90.86%	91.23%	94.46%
Covered payroll	\$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	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 fifth 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-J

VRS Political Subdivisions
Schedule of Employer Contributions
For the Years Ended 2015 through 2019 *

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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 2019 is the fifth year for this presentation, there are only five 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 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:

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%

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 and 2019

	2019	2018	2017
Total OPEB liability			
Service cost	\$6,542,420	\$7,045,072	\$6,789,601
Interest	21,063,700	20,569,239	19,577,252
Changes of assumptions	(16,439,988)	(855,957)	21,967,205
Differences between expected and actual experi	(4,310,682)	(4,316,370)	(7,417,570)
Benefit Payments	(13,349,194)	(15,838,142)	(12,672,328)
Net change in total OPEB liability	(6,493,744)	6,603,842	28,244,160
Total OPEB liability - beginning	312,078,004	305,474,162	277,230,002
Total OPEB liability - ending (a)	<u>\$305,584,260</u>	<u>\$312,078,004</u>	<u>\$305,474,162</u>
Plan fiduciary net position			
Contributions - employer	\$20,349,194	\$19,237,827	\$1,225,860
Net investment income	13,509,558	7,935,995	667,328
Benefit payments	(13,349,194)	(12,042,855)	(1,069,403)
Net change in plan fiduciary net position	20,509,558	15,130,967	823,785
Plan fiduciary net position - beginning	130,191,699	115,060,732	35,675,939
Plan fiduciary net position - ending (b)	<u>\$150,701,257</u>	<u>\$130,191,699</u>	<u>\$36,499,724</u>
Net OPEB Liability - ending	<u>\$154,883,003</u>	<u>\$181,886,305</u>	<u>\$268,974,438</u>
Plan fiduciary net position as a % of the total OPEB liability	49.3%	42.7%	37.7%
Covered-employee payroll	\$281,226,164	\$272,210,858	N/A
Net OPEB liability as % of covered-employee payroll	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.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-M

Schedule of Employer Contributions - County OPEB Plan
For the Years Ended 2010 through 2019

Date	Actuarially Determined Contribution (ADC)	Contributions in relation to ADC	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
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%
2010	16,698,955	16,758,937	(59,982)	221,950,000	7.55%

Exhibit 11-N

Notes to Schedules-County OPEB

Valuation Date: July 1, 2018

Actuarially determined contribution rates are calculated as of July 1, 2018, prior to the fiscal year in when they are reported, and have been projected to June 30, 2019 on a “no gain / no loss” basis.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal level % of salary

Amortization method/period Level % of salary, 25 years

Asset valuation method Fair value of assets

Inflation: 3.00% per year as of July 1, 2018

Medical trend rate: The medical trend rate assumption starts at 8.00% in 2019 and gradually declines to 5.0% by the year 2034.

Salary increases 3.00% salary scale as of July 1, 2018

Investment rate of return 6.75% per year as of July 1, 2019

Retirement age The average age at retirement is 62.

Mortality rates: The mortality rates for active and healthy retirees was calculated using the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. The mortality rates for disabled retirees and calculated using the PRH-2015 Disabled Mortality Table fully generational using scale MP-2015.

ARLINGTON COUNTY, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 11-O

County OPEB Plan
Schedule of Investment Returns
Last Three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	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, 2019 and 2018*

	2019	2018
Employer's Proportion of the Net LODA OPEB Liability	4.14%	4.10%
Employer's Proportionate Share of the Net LODA OPEB Liability	\$12,992,000	\$10,773,000
Covered-Employee Payroll	\$272,210,858	\$309,889,759
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered-Employee Payroll	4.77%	3.48%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	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 two 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, 2010 through 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a % of Covered- Employee Payroll
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 **
2010	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, 2018

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 2019, 2018, and 2017

Total OPEB Liability	2019	2018	2017
Service cost	\$4,335,321	\$4,514,868	\$3,724,642
Interest	11,876,704	11,989,545	10,156,192
Changes in assumptions	(2,188,349)	(13,025,339)	18,230,091
Difference between expected and actual experience	(1,078,733)	2,312,548	7,411,499
Benefit payments	(7,810,271)	(6,774,239)	(6,227,027)
Net change in total OPEB liability	5,134,672	(982,617)	33,295,397
Total OPEB liability - beginning	175,457,216	176,439,833	143,144,436
Total OPEB liability - ending (a)	<u>\$180,591,888</u>	<u>\$175,457,216</u>	<u>\$176,439,833</u>
Plan fiduciary net position			
Contributions-employer	\$10,410,271	\$9,374,239	\$8,827,027
Contributions-retired members	-	-	-
Net investment income	5,931,810	3,506,989	5,287,676
Benefit payments	(7,810,271)	(6,774,239)	(6,227,027)
Net change in plan fiduciary net position	8,531,810	6,106,989	7,887,676
Plan fiduciary net position - beginning	56,981,852	50,874,863	42,987,187
Plan fiduciary net position - ending (b)	<u>\$65,513,662</u>	<u>\$56,981,852</u>	<u>\$50,874,863</u>
Net OPEB Liability-ending (a) - (b)	<u>\$115,078,226</u>	<u>\$118,475,364</u>	<u>\$125,564,970</u>
 Plan Fiduciary net position as % of total OPEB liability	 36.3%	 32.5%	 28.8%
Covered-employee payroll	\$313,758,720	\$305,435,909	\$294,660,463
Net OPEB liability as % of covered-employee payroll	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

Schedule of Employer Contributions - Arlington County Public Schools
For the Years Ended June 30, 2009 through 2018

Date	Actuarially Determined Contribution (ADC)	Contributions in relation to ADC	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contribution as a Percentage of Covered- Employee Payroll
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%
2010	8,986,982	9,830,945	(843,963)	234,139,643	4.2%

Exhibit 11-U

Notes to Schedules-Arlington Public Schools

Valuation Date: June 30, 2019

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 27 years

Asset valuation method: Fair market value of assets

Inflation: 3.00% per year as of June 30, 2019

Medical trend rate: The medical trend rate assumption starts at 8.0% on July 1, 2018 and gradually declines to 5.0% by the year 2035

Salary increases: 3.00% salary scale as of June 30, 2019

Investment rate of return: 6.75% per year as of June 30, 2019

Retirement age: The average retirement age is 62

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 Three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return			
Net of Investment Expense	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

Schedule of Employer's Share of Net OPEB Liability
Arlington Public Schools-Teachers Plan
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2019 and 2018*

	2019	2018
Employer's Proportion of the Net HIC OPEB Liability	3.72%	3.63%
Employer's Proportionate Share of the Net HIC OPEB Liability	\$47,295,000	\$46,108,000
Covered Payroll	\$301,138,537	\$300,366,698
Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll	15.71%	15.35%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	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 two year's 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, 2010 through 2019

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	as a % of Covered Payroll
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 *
2010	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, 2019

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:

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

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, 2019 and June 30, 2018*

	2019	2018
Employer's Proportion of the Net GLI OPEB Liability	1.60%	1.57%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$24,253,000	\$23,574,000
Covered Payroll	\$334,144,790	\$288,942,885
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.26%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	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 two 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, 2010 through 2019

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	as a % of Covered Payroll
2019	\$1,627,548	\$1,627,548	\$-	\$313,410,292	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 *
2010	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, 2019
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 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:

Teachers

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

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, 2019 and 2018*

	2019	2018
Employer's Proportion of the Net GLI OPEB Liability	0.11420%	0.10838%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$1,735,000	\$1,631,000
Covered Payroll	\$18,129,748	\$18,508,403
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	9.57%	8.81%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

* The amounts in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule intended to show information for 10 years. Since 2018 is the first year for this presentation, there is only two year 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, 2010 through 2019

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	as a % of Covered Payroll
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 *
2010	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, 2019
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:

Non-Largest Ten Locality Employers - General Employees

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%



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, 2019

	SPECIAL REVENUE FUNDS									
	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	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond
ASSETS										
Equity in pooled cash and investments	\$410,060	\$21,900	\$977,177	\$2,049,029	\$1,433,261	\$3,545,710	\$-	\$16,395,963	\$16,014,095	\$52,938,495
Receivables, net	-	-	-	-	-	48,272,019	-	-	-	-
Receivables from other governments	-	-	-	-	-	703,692	17,470	-	-	-
Prepaid items	-	-	-	-	-	-	1,457,500	-	4,275	-
Total assets	\$410,060	\$21,900	\$977,177	\$2,049,029	\$1,433,261	\$52,521,421	\$1,474,970	\$16,395,963	\$16,018,370	\$52,938,495
LIABILITIES										
Vouchers payable	\$-	\$8,708	\$-	\$-	\$-	\$185,885	\$10,329	\$6,987,365	\$416,153	\$4,353,725
Contracts payable - retainage	-	-	-	-	-	-	-	-	-	770,491
Temporary loan - General Fund	-	-	-	-	-	-	167,253	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	3,200	-
Total liabilities	-	8,708	-	-	-	185,885	177,582	6,987,365	419,353	5,124,216
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue-community development	-	-	-	-	-	48,272,556	-	-	-	-
Unavailable revenue-special assessments	-	-	918,976	1,890,981	1,362,028	-	-	-	-	-
Unavailable revenue	-	10,000	-	-	-	4,062,980	1,297,388	-	-	-
Total deferred inflows of resources	-	10,000	918,976	1,890,981	1,362,028	52,335,536	1,297,388	-	-	-
FUND BALANCES										
Nonspendable - prepaid items	-	-	-	-	-	-	1,457,500	-	4,275	-
Restricted	410,060	3,192	58,201	158,048	71,233	-	-	9,408,598	15,594,742	47,814,279
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(1,457,500)	-	-	-
Total fund balances	410,060	3,192	58,201	158,048	71,233	-	-	9,408,598	15,599,017	47,814,279
Total liabilities, deferred inflows of resources and fund balances	\$410,060	\$21,900	\$977,177	\$2,049,029	\$1,433,261	\$52,521,421	\$1,474,970	\$16,395,963	\$16,018,370	\$52,938,495

CAPITAL PROJECTS FUNDS								Total Non-Major Governmental 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		ASSETS
\$16,773,332	\$52,196,727	\$4,625	\$44	\$22,238,209	\$23,570,583	\$520,779	\$2,533,873	\$211,623,862	Equity in pooled cash and investments
27,246	-	-	-	-	569,179	-	-	48,868,444	Receivables, net
-	-	-	-	-	127,907	-	-	849,069	Receivables from other governments
1,121	-	-	-	-	-	-	-	1,462,896	Prepaid
<u>\$16,801,699</u>	<u>\$52,196,727</u>	<u>\$4,625</u>	<u>\$44</u>	<u>\$22,238,209</u>	<u>\$24,267,669</u>	<u>\$520,779</u>	<u>\$2,533,873</u>	<u>\$262,804,271</u>	Total assets
LIABILITIES									
\$2,529,771	\$1,450,666	\$-	\$-	\$-	\$818,506	\$2,754	\$122,257	\$16,886,119	Vouchers payable
-	276,485	-	-	-	-	-	191,219	1,238,195	Contracts payable - retainage
-	-	-	-	-	-	-	-	167,253	Temporary loan - General Fund
-	-	-	-	-	-	-	-	3,200	Other liabilities
<u>2,529,771</u>	<u>1,727,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>818,506</u>	<u>2,754</u>	<u>313,476</u>	<u>18,294,767</u>	Total liabilities
DEFERRED INFLOWS OF RESOURCES									
-	-	-	-	-	-	-	-	48,272,556	Unavailable revenue-community development
-	-	-	-	-	-	-	-	4,171,985	Unavailable revenue-special assessments
-	-	-	-	-	-	-	-	5,370,368	Unavailable revenue
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,814,909</u>	Total deferred inflows of resources
FUND BALANCES									
1,121	-	-	-	-	-	-	-	1,462,896	Nonspendable - prepaid items
-	50,469,576	4,625	44	22,238,209	-	-	2,220,397	148,451,204	Restricted
14,270,807	-	-	-	-	23,449,163	518,025	-	38,237,995	Committed
-	-	-	-	-	-	-	-	(1,457,500)	Unassigned
<u>14,271,928</u>	<u>50,469,576</u>	<u>4,625</u>	<u>44</u>	<u>22,238,209</u>	<u>23,449,163</u>	<u>518,025</u>	<u>2,220,397</u>	<u>186,694,595</u>	Total fund balances
<u>\$16,801,699</u>	<u>\$52,196,727</u>	<u>\$4,625</u>	<u>\$44</u>	<u>\$22,238,209</u>	<u>\$24,267,669</u>	<u>\$520,779</u>	<u>\$2,533,873</u>	<u>\$262,804,271</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, 2019

	SPECIAL REVENUE FUNDS									
	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	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund
REVENUES:										
Other local taxes	\$410,060	\$1,231,590	\$1,657,308	\$3,635,429	\$2,548,828	\$-	\$-	\$-	\$-	\$-
Real estate taxes	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	4,960,543	18,384,976	-	-	-
Interest earnings	-	-	1,031	1,842	4,831	-	-	241,013	247,723	1,229,302
Charges for services	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-
Total revenues	410,060	1,231,590	1,658,339	3,637,271	2,553,659	4,960,543	18,384,976	241,013	247,723	1,229,302
EXPENDITURES:										
Current:										
General government	-	-	-	-	-	-	-	-	42,779	-
Planning and community development	65,420	1,478,290	1,581,613	3,632,070	2,469,530	5,055,524	-	3,982	-	-
Health and welfare	-	-	-	-	-	-	18,384,976	-	-	-
Intergovernmental:										
Community development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	15,325,972	3,062,845	27,369,715
Total expenditures	65,420	1,478,290	1,581,613	3,632,070	2,469,530	5,055,524	18,384,976	15,329,954	3,105,624	27,369,715
Revenues over (under) expenditures	344,640	(246,700)	76,726	5,201	84,129	(94,981)	-	(15,088,941)	(2,857,901)	(26,140,413)
OTHER FINANCING SOURCES(USES):										
Proceeds from sale of bonds	-	-	-	-	-	-	-	13,215,000	3,700,000	33,485,000
Transfers in (out)	-	246,700	(33,146)	(72,709)	(50,977)	94,981	-	(241,013)	4,602,277	(12,519,302)
Total other financing sources (uses)	-	246,700	(33,146)	(72,709)	(50,977)	94,981	-	12,973,987	8,302,277	20,965,698
Net change in fund balances	344,640	-	43,580	(67,508)	33,152	-	-	(2,114,954)	5,444,376	(5,174,715)
FUND BALANCE, beginning of year	65,420	3,192	14,621	225,556	38,081	-	-	11,523,552	10,154,641	52,988,994
FUND BALANCE, end of year	\$410,060	\$3,192	\$58,201	\$158,048	\$71,233	\$-	\$-	\$9,408,598	\$15,599,017	\$47,814,279

CAPITAL PROJECTS FUNDS									REVENUES:
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	
\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$9,483,215	Other local taxes
9,747,498	-	-	-	-	5,040,366	189,070	-	14,976,934	Real estate taxes
-	-	-	-	-	187,434	-	-	23,532,953	Intergovernmental
-	864,750	-	-	213,228	-	-	175,518	2,979,238	Interest income
1,013,004	-	-	-	-	-	-	-	1,013,004	Charges for services
-	-	-	-	-	1,141,854	-	-	1,141,854	Miscellaneous revenue
10,760,502	864,750	-	-	213,228	6,369,654	189,070	175,518	53,127,198	Total revenues
									EXPENDITURES:
7,684,236	-	-	-	-	230,852	-	-	7,957,867	Current:
-	-	-	-	-	-	45,128	-	14,331,557	General government
-	-	-	-	-	-	-	-	18,384,976	Planning and community development
-	-	-	-	23,244,376	-	-	-	23,244,376	Health and welfare
3,966,540	15,506,936	-	-	-	4,247,922	-	4,288,159	73,768,089	Intergovernmental:
11,650,776	15,506,936	-	-	23,244,376	4,478,774	45,128	4,288,159	137,686,865	Community development
(890,274)	(14,642,186)	-	-	(23,031,148)	1,890,880	143,942	(4,112,641)	(84,559,667)	Capital outlay
									OTHER FINANCING SOURCES(USES):
-	28,550,000	-	-	27,400,000	-	-	-	106,350,000	Proceeds from sale of bonds
-	(864,750)	-	-	(213,228)	-	-	(175,518)	(9,226,685)	Transfers in (out)
-	27,685,250	-	-	27,186,772	-	-	(175,518)	97,123,315	Total Other financing sources (uses)
(890,274)	13,043,064	-	-	4,155,624	1,890,880	143,942	(4,288,159)	12,563,648	Net change in fund balances
15,162,202	37,426,512	4,625	44	18,082,585	21,558,283	374,083	6,508,556	174,130,947	FUND BALANCE, beginning of year
\$14,271,928	\$50,469,576	\$4,625	\$44	\$22,238,209	\$23,449,163	\$518,025	\$2,220,397	\$186,694,595	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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019	2018
ASSETS		
Equity in pooled cash and investments	\$350,019,379	\$293,928,423
Petty cash	-	1,150
Cash with fiscal agents	270,456	270,456
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	437,185,306	410,330,150
Accounts receivable - other	14,687,817	13,301,989
Accounts receivable - development loan	525,273	623,153
Accrued interest	1,724,254	1,584,731
Due from other governments	7,580,479	6,048,055
Temporary loan to other funds	883,315	1,002,398
Due from component unit	1,153,681	1,153,681
Prepaid items and other assets	147,830	61,626
Total assets	<u>\$814,177,790</u>	<u>\$728,305,812</u>
LIABILITIES		
Accrued payroll liabilities	\$23,838,964	\$23,128,677
Vouchers payable	19,449,789	8,940,526
Current maturities of interest payable	267,304	267,304
Other current liabilities	3,666,995	13,413,667
Unearned revenue	192,718	134,085
Due to component unit	100,092,495	93,168,181
Total liabilities	<u>147,508,265</u>	<u>139,052,440</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	1,561,865	2,839,291
Unavailable revenue - community development	525,273	623,153
Unavailable revenue - taxes	431,568,650	403,879,939
Total deferred inflows of resources	<u>433,655,788</u>	<u>407,342,383</u>
FUND BALANCES:		
Non spendable:		
Prepaid items	147,830	61,626
Restricted:		
Grants	6,556	144,268
Seized assets	1,609,893	1,325,556
Committed:		
Self insurance reserve	5,000,000	5,000,000
Economic & revenue stabilization contingent	6,700,000	4,000,000
Operating reserve	74,593,507	63,791,653
Subsequent years' County budget	5,395,806	4,407,475
Subsequent years' capital projects	16,776,098	195,358
Incomplete projects	488,256	-
Affordable Housing Investment Fund - Allocated	33,369,718	46,121,170
Subsequent years' School's budget	24,720,333	9,989,113
Assigned:		
Subsequent years' County budget	3,742,270	2,115,131
Subsequent years' capital projects	15,968,901	8,900,209
Economic & revenue stabilization contingent	6,781,228	-
Operating reserve	-	6,379,165
Mark to Market Investment Reserve	4,882,157	-
Incomplete projects	3,273,950	5,258,062
Affordable Housing Investment Fund - Unallocated	15,313,904	7,898,390
Unassigned	<u>14,243,330</u>	<u>16,323,813</u>
Total fund balance	<u>233,013,737</u>	<u>181,910,989</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$814,177,790</u>	<u>\$728,305,812</u>

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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2018 ACTUALS
REVENUES:				
Taxes	\$1,067,821,677	\$1,084,626,492	\$16,804,815	\$1,044,718,339
Licenses and permits	11,319,890	12,150,581	830,691	10,500,494
From the Commonwealth of Virginia	80,468,011	76,434,686	(4,033,325)	76,286,881
From the federal government	18,180,875	17,649,032	(531,843)	16,649,770
Charges for services	62,668,719	62,380,067	(288,652)	59,262,598
Fines and forfeitures	7,603,024	7,637,315	34,291	7,295,337
Use of money and property	10,850,189	27,491,249	16,641,060	8,645,196
Miscellaneous revenues	2,918,313	13,440,616	10,522,303	21,818,000
Total revenues	<u>1,261,830,698</u>	<u>1,301,810,038</u>	<u>39,979,340</u>	<u>1,245,176,615</u>
EXPENDITURES:				
Current:				
General government	65,206,325	63,526,723	1,679,602	62,532,365
Judicial administration	63,149,641	64,008,417	(858,776)	61,510,534
Public safety	148,290,106	144,778,022	3,512,084	137,855,697
Environmental services	101,095,620	94,053,743	7,041,877	94,573,460
Health and welfare	144,004,249	135,256,946	8,747,303	136,105,243
Parks and recreation	42,311,006	41,865,623	445,383	40,416,046
Libraries	14,524,515	14,458,512	66,003	14,465,893
Planning and community development	20,559,909	19,473,043	1,086,866	19,382,397
Non-departmental	123,945,860	64,270,266	59,675,594	65,329,008
Contributions to regional agencies	47,352,565	49,957,545	(2,604,980)	43,259,459
Debt service:				
Principal	41,882,906	44,859,170	(2,976,264)	43,682,412
Interest on serial bonds	25,792,094	22,728,757	3,063,337	18,636,523
Other costs	125,000	98,453	26,547	6,045
Total expenditures	<u>838,239,796</u>	<u>759,335,220</u>	<u>78,904,576</u>	<u>737,755,082</u>
Revenues over expenditures	<u>423,590,902</u>	<u>542,474,818</u>	<u>118,883,916</u>	<u>507,421,533</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,218,813	8,541,613	3,322,800	3,254,650
Transfers from component unit	-	2,403,864	2,403,864	2,505,208
Transfers out	(11,772,771)	(10,599,174)	1,173,597	(20,145,276)
Transfers to component unit	<u>(510,094,014)</u>	<u>(491,718,373)</u>	<u>18,375,641</u>	<u>(497,555,314)</u>
Total other financing sources (uses)	<u>(516,647,972)</u>	<u>(491,372,070)</u>	<u>25,275,902</u>	<u>(511,940,732)</u>
Revenues over (under) expenditures and other sources (uses)	<u>(93,057,070)</u>	<u>51,102,748</u>	<u>144,159,818</u>	<u>(4,519,199)</u>
FUND BALANCE, beginning of year	<u>181,910,989</u>	<u>181,910,989</u>	<u>-</u>	<u>186,430,188</u>
FUND BALANCE, end of year	<u>\$88,853,919</u>	<u>\$233,013,737</u>	<u>\$144,159,818</u>	<u>\$181,910,989</u>

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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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	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, 2019	June 30, 2018
ASSETS									
Equity in pooled cash and investments	\$410,060	\$21,900	\$977,177	\$2,049,029	\$1,433,261	\$3,545,710	\$-	\$8,437,137	\$7,120,503
Receivable from other governments	-	-	-	-	-	703,692	17,470	721,162	292,194
Receivables-community development	-	-	-	-	-	48,272,019	-	48,272,019	50,369,240
Prepaid items	-	-	-	-	-	-	1,457,500	1,457,500	1,438,170
Total assets	<u>\$410,060</u>	<u>\$21,900</u>	<u>\$977,177</u>	<u>\$2,049,029</u>	<u>\$1,433,261</u>	<u>\$52,521,421</u>	<u>\$1,474,970</u>	<u>\$58,887,818</u>	<u>\$59,220,107</u>
LIABILITIES									
Vouchers payable	\$-	\$8,708	\$-	\$-	\$-	\$185,885	\$10,329	\$204,922	\$615,175
Temporary loan - General Fund	-	-	-	-	-	-	167,253	167,253	684,998
Total liabilities	<u>-</u>	<u>8,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,885</u>	<u>177,582</u>	<u>372,175</u>	<u>1,300,173</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues-community development	-	-	-	-	-	48,272,556	-	48,272,556	50,369,856
Unavailable revenues-special assessments	-	-	918,976	1,890,981	1,362,028	-	-	4,171,985	3,974,433
Unavailable revenues	-	10,000	-	-	-	4,062,980	1,297,388	5,370,368	3,228,776
Total deferred inflows of resources	<u>-</u>	<u>10,000</u>	<u>918,976</u>	<u>1,890,981</u>	<u>1,362,028</u>	<u>52,335,536</u>	<u>1,297,388</u>	<u>57,814,909</u>	<u>57,573,065</u>
FUND BALANCES									
Nonspendable-prepaid items	-	-	-	-	-	-	1,457,500	1,457,500	1,438,170
Restricted	410,060	3,192	58,201	158,048	71,233	-	-	700,734	346,869
Unassigned	-	-	-	-	-	-	(1,457,500)	(1,457,500)	(1,438,170)
Total fund balances	<u>410,060</u>	<u>3,192</u>	<u>58,201</u>	<u>158,048</u>	<u>71,233</u>	<u>-</u>	<u>-</u>	<u>700,734</u>	<u>346,869</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$410,060</u>	<u>\$21,900</u>	<u>\$977,177</u>	<u>\$2,049,029</u>	<u>\$1,433,261</u>	<u>\$52,521,421</u>	<u>\$1,474,970</u>	<u>\$58,887,818</u>	<u>\$59,220,107</u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	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, 2019	June 30, 2018
REVENUES:									
Other local taxes	\$410,060	\$1,231,590	\$1,657,308	\$3,635,429	\$2,548,828	\$-	\$-	\$9,483,215	\$9,015,693
From the federal government	-	-	-	-	-	4,960,543	18,384,976	23,345,519	20,368,600
Interest earnings	-	-	1,031	1,842	4,831	-	-	7,704	5,774
Total revenues	410,060	1,231,590	1,658,339	3,637,271	2,553,659	4,960,543	18,384,976	32,836,438	29,390,067
EXPENDITURES:									
Current -									
Planning and community development	65,420	1,478,290	1,581,613	3,632,070	2,469,530	5,055,524	-	14,282,447	11,245,358
Health and welfare	-	-	-	-	-	-	18,384,976	18,384,976	19,031,657
Total expenditures	65,420	1,478,290	1,581,613	3,632,070	2,469,530	5,055,524	18,384,976	32,667,423	30,277,015
Revenues over (under) expenditures	344,640	(246,700)	76,726	5,201	84,129	(94,981)	-	169,015	(886,948)
OTHER FINANCING SOURCES (USES):									
Transfers out	-	-	(33,146)	(72,709)	(50,977)	-	-	(156,832)	(76,990)
Transfers in	-	246,700	-	-	-	94,981	-	341,681	820,970
Total other financing sources(uses)	-	246,700	(33,146)	(72,709)	(50,977)	94,981	-	184,849	743,980
Revenues and other financing sources (uses) over (under) expenditures	344,640	-	43,580	(67,508)	33,152	-	-	353,864	(142,968)
FUND BALANCES, beginning of year	65,420	3,192	14,621	225,556	38,081	-	-	346,870	489,837
FUND BALANCES, end of year	\$410,060	\$3,192	\$58,201	\$158,048	\$71,233	\$-	\$-	\$700,734	\$346,869

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$537,700</u>	<u>\$410,060</u>	<u>(\$127,640)</u>
Total revenues	<u>537,700</u>	<u>410,060</u>	<u>(127,640)</u>
EXPENDITURES:			
Planning and community development	<u>603,120</u>	<u>65,420</u>	<u>537,700</u>
Revenues over expenditures	<u>(65,420)</u>	<u>344,640</u>	<u>410,060</u>
Revenues and other financing sources over (under) expenditures *	(65,420)	344,640	410,060
FUND BALANCE, beginning of year	<u>65,420</u>	<u>65,420</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$410,060</u></u>	<u><u>\$410,060</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$1,300,000</u>	<u>\$1,231,590</u>	<u>(\$68,410)</u>
Total revenues	<u>1,300,000</u>	<u>1,231,590</u>	<u>(68,410)</u>
EXPENDITURES:			
Planning and community development	<u>1,549,891</u>	<u>1,478,290</u>	<u>71,601</u>
Revenues over (under) expenditures	<u>(249,891)</u>	<u>(246,700)</u>	<u>3,191</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>3,191</u>
Revenues and other financing sources over (under) expenditures	<u>(3,191)</u>	<u>-</u>	<u>3,191</u>
FUND BALANCE, beginning of year	<u>3,192</u>	<u>3,192</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$1</u></u>	<u><u>\$3,192</u></u>	<u><u>\$3,191</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$1,681,199	\$1,657,308	(\$23,891)
Interest earnings	<u>-</u>	<u>1,031</u>	<u>1,031</u>
Total revenues	<u>1,681,199</u>	<u>1,658,339</u>	<u>(22,860)</u>
EXPENDITURES:			
Planning and community development	<u>1,652,651</u>	<u>1,581,613</u>	<u>71,038</u>
Revenues over expenditures	<u>28,548</u>	<u>76,726</u>	<u>48,178</u>
OTHER FINANCING (USES):			
Transfers Out	<u>(28,548)</u>	<u>(33,146)</u>	<u>(4,598)</u>
Total other financing uses	<u>(28,548)</u>	<u>(33,146)</u>	<u>(4,598)</u>
Revenues and other financing uses (over) expenditures	<u>-</u>	<u>43,580</u>	<u>43,580</u>
FUND BALANCE, beginning of year	<u>14,621</u>	<u>14,621</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$14,621</u></u>	<u><u>\$58,201</u></u>	<u><u>\$43,580</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$3,772,348	\$3,635,429	(\$136,919)
Interest earnings	<u>2,802</u>	<u>1,842</u>	<u>(960)</u>
Total revenues	<u>3,775,150</u>	<u>3,637,271</u>	<u>(137,879)</u>
EXPENDITURES:			
Planning and community development	<u>3,699,703</u>	<u>3,632,070</u>	<u>67,633</u>
Revenues over expenditures	<u>75,447</u>	<u>5,201</u>	<u>(70,246)</u>
OTHER FINANCING (USES):			
Transfers Out	<u>(75,447)</u>	<u>(72,709)</u>	<u>2,738</u>
Total other financing (uses)	<u>(75,447)</u>	<u>(72,709)</u>	<u>2,738</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>-</u>	<u>(67,508)</u>	<u>(67,508)</u>
FUND BALANCE, beginning of year	<u>225,556</u>	<u>225,556</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$225,556</u></u>	<u><u>\$158,048</u></u>	<u><u>(\$67,508)</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$2,585,894	\$2,548,828	(\$37,066)
Interest earnings	<u>-</u>	<u>4,831</u>	<u>4,831</u>
Total revenues	<u>2,585,894</u>	<u>2,553,659</u>	<u>(32,235)</u>
EXPENDITURES:			
Planning and community development	<u>2,534,176</u>	<u>2,469,530</u>	<u>64,646</u>
Revenues over expenditures	<u>51,718</u>	<u>84,129</u>	<u>32,411</u>
OTHER FINANCING (USES):			
Transfers Out	<u>(51,718)</u>	<u>(50,977)</u>	<u>741</u>
Total other financing uses	<u>(51,718)</u>	<u>(50,977)</u>	<u>741</u>
Revenues and other financing uses over expenditures	<u>-</u>	<u>33,152</u>	<u>33,152</u>
FUND BALANCE, beginning of year	<u>38,081</u>	<u>38,081</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$38,081</u></u>	<u><u>\$71,233</u></u>	<u><u>\$33,152</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$8,836,267</u>	<u>\$4,960,543</u>	<u>(\$3,875,724)</u>
Total revenues	<u>8,836,267</u>	<u>4,960,543</u>	<u>(3,875,724)</u>
EXPENDITURES:			
Planning and community development	<u>8,836,267</u>	<u>5,055,524</u>	<u>3,780,743</u>
Revenues (under) expenditures	<u>-</u>	<u>(94,981)</u>	<u>(94,981)</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>-</u>	<u>94,981</u>	<u>94,981</u>
Total other financing sources	<u>-</u>	<u>94,981</u>	<u>94,981</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>\$-</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$20,030,543</u>	<u>\$18,384,976</u>	<u>(\$1,645,567)</u>
EXPENDITURES:			
Health and welfare	<u>19,807,687</u>	<u>18,384,976</u>	<u>1,422,711</u>
Revenues over expenditures	<u>222,856</u>	<u>-</u>	<u>(222,856)</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$222,856</u></u>	<u><u>\$-</u></u>	<u><u>(\$222,856)</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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	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	\$119,091,604	\$16,395,963	\$16,014,095	\$52,938,495	\$16,773,332	\$52,196,727	\$4,625	\$44
Receivables	9,378,895	-	-	-	27,246	-	-	-
Receivables from other governments	4,316,166	-	-	-	-	-	-	-
Prepaid expenses	57,472	-	4,275	-	1,121	-	-	-
Total assets	\$132,844,137	\$16,395,963	\$16,018,370	\$52,938,495	\$16,801,699	\$52,196,727	\$4,625	\$44
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Vouchers payable	\$4,877,274	\$6,987,365	\$416,153	\$4,353,725	\$2,529,771	\$1,450,666	\$-	\$-
Due to component unit	3,357,475	-	-	-	-	-	-	-
Contracts payable-retainage	266,745	-	-	770,491	-	276,485	-	-
Unearned revenue	8,638,865	-	-	-	-	-	-	-
Other liabilities	985,296	-	3,200	-	-	-	-	-
Total liabilities	18,125,655	6,987,365	419,353	5,124,216	2,529,771	1,727,151	-	-
FUND BALANCES:								
<u>Non-spendable</u>								
Prepaid	57,472	-	4,275	-	1,121	-	-	-
<u>Restricted</u>								
Capital projects	-	9,408,598	15,594,742	47,814,279	-	50,469,576	4,625	44
<u>Committed to</u>								
Capital projects	114,661,010	-	-	-	14,270,807	-	-	-
Total fund balances	114,718,482	9,408,598	15,599,017	47,814,279	14,271,928	50,469,576	4,625	44
Total liabilities and fund balances	\$132,844,137	\$16,395,963	\$16,018,370	\$52,938,495	\$16,801,699	\$52,196,727	\$4,625	\$44

Transportation Capital Fund	Transit Facility Bond Fund	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund	Totals		
					June 30, 2019	June 30, 2018	
ASSETS:							
\$172,132,333	\$22,238,209	\$23,570,583	\$520,779	\$2,533,873	\$494,410,662	\$465,236,332	Equity in pooled cash and investments
2,599,430	-	569,179	-	-	12,574,750	2,700,968	Receivables
1,899,151	-	127,907	-	-	6,343,224	12,976,462	Receivables from other governments
262,792	-	-	-	-	325,660	204,275	Prepaid expenses
<u>\$176,893,706</u>	<u>\$22,238,209</u>	<u>\$24,267,669</u>	<u>\$520,779</u>	<u>\$2,533,873</u>	<u>\$513,654,296</u>	<u>\$481,118,037</u>	Total assets
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
\$4,955,364	\$-	\$818,506	\$2,754	\$122,257	\$26,513,835	\$13,287,307	Vouchers payable
-	-	-	-	-	\$3,357,475	3,357,475	Due to component unit
242,870	-	-	-	191,219	1,747,810	1,614,637	Contracts payable-retainage
65,408	-	-	-	-	8,704,273	9,493,704	Unearned revenue
-	-	-	-	-	988,496	780,201	Other liabilities
<u>5,263,642</u>	<u>-</u>	<u>818,506</u>	<u>2,754</u>	<u>313,476</u>	<u>41,311,889</u>	<u>28,533,324</u>	Total liabilities
FUND BALANCES:							
262,792	-	-	-	-	325,660	204,275	<u>Non-spendable</u> Prepaid
-	22,238,209	-	-	2,220,397	147,750,470	136,685,234	<u>Restricted:</u> Capital projects
<u>171,367,272</u>	<u>-</u>	<u>23,449,163</u>	<u>518,025</u>	<u>-</u>	<u>324,266,277</u>	<u>315,695,204</u>	<u>Committed to:</u> Capital projects
<u>171,630,064</u>	<u>22,238,209</u>	<u>23,449,163</u>	<u>518,025</u>	<u>2,220,397</u>	<u>472,342,407</u>	<u>452,584,713</u>	Total fund balances
<u>\$176,893,706</u>	<u>\$22,238,209</u>	<u>\$24,267,669</u>	<u>\$520,779</u>	<u>\$2,533,873</u>	<u>\$513,654,296</u>	<u>\$481,118,037</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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	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	\$310,275	\$-	\$-	\$-	\$-	\$-	\$-	\$-
From the federal government	2,455,924	-	-	-	-	-	-	-
Charges for services	3,531,840	-	-	-	1,013,004	-	-	-
Real estate taxes	-	-	-	-	9,747,498	-	-	-
Interest	-	241,013	247,723	1,229,302	-	864,750	-	-
Deferred cost of refunding	-	-	-	-	-	-	-	-
Miscellaneous revenue	2,418,965	-	-	-	-	-	-	-
Total revenues	8,717,004	241,013	247,723	1,229,302	10,760,502	864,750	-	-
EXPENDITURES:								
Inter Governmental:								
Community development	-	-	-	-	-	-	-	-
Current operating:								
General Government	4,125,762	3,982	42,779	-	7,684,236	-	-	-
Planning and Community Development	447,814	-	-	-	-	-	-	-
Parks, Recreation and Cultural Development	382,209	-	-	-	-	-	-	-
Public Safety	2,398	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	27,578,165	15,325,972	3,062,845	27,369,715	3,966,540	15,506,936	-	-
Total expenditures	32,536,348	15,329,954	3,105,624	27,369,715	11,650,776	15,506,936	-	-
Revenues over/(under) expenditures	(23,819,344)	(15,088,941)	(2,857,901)	(26,140,413)	(890,274)	(14,642,186)	-	-
OTHER FINANCING SOURCES/(USES):								
Proceeds from lease purchase	1,871,651	-	-	-	-	-	-	-
Proceeds from line of credit	8,585,749	-	-	-	-	-	-	-
Proceeds for bond premium	18,396,431	-	-	-	-	-	-	-
Proceeds from sale of bonds	-	13,215,000	3,700,000	33,485,000	-	28,550,000	-	-
Proceeds from sale of refunding bonds	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-
Transfers in	5,667,108	-	4,850,000	-	-	-	-	-
Transfers out	-	(241,013)	(247,723)	(6,079,302)	-	(864,750)	-	-
Transfers to component unit	-	-	-	(6,440,000)	-	-	-	-
Total other financing sources/(uses), net	34,520,939	12,973,987	8,302,277	20,965,698	-	27,685,250	-	-
Revenues and other financing sources/(uses) over/(under) expenditures	10,701,595	(2,114,954)	5,444,376	(5,174,715)	(890,274)	13,043,064	-	-
FUND BALANCE, beginning of year	104,016,887	11,523,552	10,154,641	52,988,994	15,162,202	37,426,512	4,625	44
FUND BALANCE, end of year	\$114,718,482	\$9,408,598	\$15,599,017	\$47,814,279	\$14,271,928	\$50,469,576	\$4,625	\$44

Transportation Capital Fund	Transit Facility Bond Fund	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund	Totals		
					June 30, 2019	June 30, 2018	
\$8,926,167	\$-	\$31	\$-	\$-	\$9,236,473	\$10,528,473	REVENUES:
699,793	-	187,403	-	-	3,343,120	4,813,691	From the Commonwealth of Virginia
2,336,389	-	500,000	-	-	7,381,233	5,888,032	From the federal government
25,048,572	-	5,040,366	189,070	-	40,025,506	39,360,229	Charges for services
-	213,228	-	-	175,518	2,971,534	1,746,517	Real estate taxes
-	-	-	-	-	-	3,635,000	Interest
12,771,840	-	641,854	-	-	15,832,659	16,028,499	Deferred cost of refunding
							Miscellaneous revenue
49,782,761	213,228	6,369,654	189,070	175,518	78,790,525	82,000,441	Total Revenues
-	23,244,376	-	-	-	23,244,376	48,000,000	EXPENDITURES:
5,199,190	-	230,852	-	-	17,286,801	16,973,354	Inter Governmental:
-	-	-	45,128	-	492,942	389,426	Community development
-	-	-	-	-	382,209	203,651	Current operating:
-	-	-	-	-	2,398	6,824	General Government
-	-	-	-	-	-	8,821,886	Planning and Community Development
45,306,535	-	4,247,922	-	4,288,159	146,652,789	135,822,321	Parks, Recreation and Cultural Development
							Public Safety
50,505,725	23,244,376	4,478,774	45,128	4,288,159	188,061,515	210,222,300	Debt Service
(722,964)	(23,031,148)	1,890,880	143,942	(4,112,641)	(109,270,990)	(128,221,859)	Principal
							Interest
							Capital outlay
							Total expenditures
							Revenues over/ (under) expenditures
-	-	-	-	-	1,871,651	3,759,718	OTHER FINANCING SOURCES/(USES):
-	-	-	-	-	8,585,749	-	Proceeds from lease purchase
-	-	-	-	-	18,396,431	16,997,421	Proceeds from line of credit
-	27,400,000	-	-	-	106,350,000	92,870,000	Proceeds for bond premium
-	-	-	-	-	-	26,150,000	Proceeds from sale of bonds
-	-	-	-	-	-	(29,785,000)	Proceeds from sale of refunding bonds
-	-	-	-	-	10,517,108	14,619,903	Payments to refunded bond escrow agent
(2,430,721)	(213,228)	-	-	(175,518)	(10,252,255)	(2,849,257)	Transfers in
-	-	-	-	-	(6,440,000)	(3,357,475)	Transfers out
(2,430,721)	27,186,772	-	-	(175,518)	129,028,684	118,405,310	Transfers to component unit
							Total other financing sources/(uses), net
(3,153,685)	4,155,624	1,890,880	143,942	(4,288,159)	19,757,694	(9,816,549)	Revenues and other financing sources/(uses) over/(under) expenditures
174,783,749	18,082,585	21,558,283	374,083	6,508,556	452,584,713	462,401,262	FUND BALANCE, beginning of year
\$171,630,064	\$22,238,209	\$23,449,163	\$518,025	\$2,220,397	\$472,342,407	\$452,584,713	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, 2019

	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	\$2,593,000	\$310,275	(\$2,282,725)	\$-	\$-	\$-	\$-	\$-	\$-
From the federal government	220,000	2,455,924	2,235,924	-	-	-	-	-	-
Charges for services	-	3,531,840	3,531,840	-	-	-	-	-	-
Real estate taxes	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	241,013	241,013	-	\$247,723	247,723
Miscellaneous revenue	-	2,418,965	2,418,965	-	-	-	-	-	-
Total revenues	2,813,000	8,717,004	5,904,004	-	241,013	241,013	-	247,723	247,723
Inter governmental:									
Community development	-	-	-	-	-	-	-	-	-
Current operating:									
General government	-	4,125,762	4,125,762	-	3,982	3,982	-	42,779	42,779
Planning and community development	1,283,384	447,814	(1,283,384)	-	-	-	-	-	-
Parks, recreation and cultural development	-	382,209	-	-	-	-	-	-	-
Public safety	-	2,398	-	-	-	-	-	-	-
Capital outlay	111,241,486	27,578,165	(83,663,321)	24,528,552	15,325,972	(9,202,580)	16,854,641	3,062,845	(13,791,796)
Total expenditures	112,524,870	32,536,348	(79,988,522)	24,528,552	15,329,954	(9,198,598)	16,854,641	3,105,624	(13,749,017)
Revenues over/(under) expenditures	(109,711,870)	(23,819,344)	85,892,526	(24,528,552)	(15,088,941)	9,439,611	(16,854,641)	(2,857,901)	13,996,740
OTHER FINANCING SOURCES/(USES):									
Proceeds from lease purchase	-	1,871,651	1,871,651	-	-	-	-	-	-
Proceeds from line of credit	-	8,585,749	8,585,749	-	-	-	-	-	-
Proceeds for bond premium	-	18,396,431	18,396,431	-	-	-	-	-	-
Proceeds from sale of go bonds	-	-	-	13,005,000	13,215,000	210,000	6,700,000	3,700,000	(3,000,000)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Transfers in	5,694,983	5,667,108	(27,875)	-	-	-	-	4,850,000	4,850,000
Transfers out	-	-	-	-	(241,013)	(241,013)	-	(247,723)	(247,723)
Transfers to component unit	-	-	-	-	-	-	-	-	-
Total other financing sources/(uses), net	5,694,983	34,520,939	28,825,956	13,005,000	12,973,987	(31,013)	6,700,000	8,302,277	1,602,277
Revenues and other financing sources (uses) over/(under) expenditures	(104,016,887)	10,701,595	114,718,482	(11,523,552)	(2,114,954)	9,408,598	(10,154,641)	5,444,376	15,599,017
FUND BALANCE, beginning of year	104,016,887	104,016,887	-	11,523,552	11,523,552	-	10,154,641	10,154,641	-
FUND BALANCE, end of year	\$-	\$114,718,482	\$114,718,482	\$-	\$9,408,598	\$9,408,598	\$-	\$15,599,017	\$15,599,017

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, 2019

	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	-	-	-	992,500	1,013,004	20,504	-	-	-
Real estate taxes	-	-	-	9,688,160	9,747,498	59,338	-	-	-
Interest income	-	1,229,302	1,229,302	-	-	-	-	864,750	864,750
Miscellaneous revenue	-	-	-	-	-	-	-	-	-
Total revenues	-	1,229,302	1,229,302	10,680,660	10,760,502	79,842	-	864,750	864,750
Inter governmental:									
Community development	-	-	-	-	-	-	-	-	-
Current operating:									
General government	-	-	-	10,612,760	7,684,236	(2,928,524)	-	-	-
Planning and community development	-	-	-	-	-	-	-	-	-
Parks, recreation and cultural development	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Capital outlay	101,588,994	27,369,715	(74,219,279)	15,230,102	3,966,540	(11,263,562)	66,976,512	15,506,936	(51,469,576)
Total expenditures	101,588,994	27,369,715	(74,219,279)	25,842,862	11,650,776	(14,192,086)	66,976,512	15,506,936	(51,469,576)
Revenues over/(under) expenditures	(101,588,994)	(26,140,413)	75,448,581	(15,162,202)	(890,274)	14,271,928	(66,976,512)	(14,642,186)	52,334,326
OTHER FINANCING SOURCES/(USES):									
Proceeds from lease purchase	-	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-	-	-	-	-
Proceeds for bond premium	-	-	-	-	-	-	-	-	-
Proceeds from sale of go bonds	48,600,000	33,485,000	(15,115,000)	-	-	-	29,550,000	28,550,000	(1,000,000)
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(6,079,302)	(6,079,302)	-	-	-	-	(864,750)	(864,750)
Transfers to component unit	-	(6,440,000)	(6,440,000)	-	-	-	-	-	-
Total other financing sources/(uses), net	48,600,000	20,965,698	(27,634,302)	-	-	-	29,550,000	27,685,250	(1,864,750)
Revenues and other financing sources									
(Uses) Over/(Under) Expenditures	(52,988,994)	(5,174,715)	47,814,279	(15,162,202)	(890,274)	14,271,928	(37,426,512)	13,043,064	50,469,576
FUND BALANCE, beginning of year	52,988,994	52,988,994	-	15,162,202	15,162,202	-	37,426,512	37,426,512	-
FUND BALANCE, end of year	\$-	\$47,814,279	\$47,814,279	\$-	\$14,271,928	\$14,271,928	\$-	\$50,469,576	\$50,469,576

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, 2019

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$13,993,224	\$8,926,167	(\$5,067,057)
From the federal government	-	-	-	-	-	-	-	699,793	-
Charges for services	-	-	-	-	-	-	-	2,336,389	2,336,389
Real estate taxes	-	-	-	-	-	-	25,176,953	25,048,572	(128,381)
Interest income	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	61,875,476	12,771,840	(49,103,636)
Total revenues	-	-	-	-	-	-	101,045,653	49,782,761	(51,262,892)
Inter governmental:									
Community development	-	-	-	-	-	-	-	-	-
Current operating:									
General government	-	-	-	-	-	-	5,766,254	5,199,190	(567,064)
Planning and community development	-	-	-	-	-	-	-	-	-
Parks, recreation and cultural development	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	270,063,148	45,306,535	(224,756,613)
Total expenditures	-	-	-	-	-	-	275,829,402	50,505,725	(225,323,677)
Revenues over/(under) expenditures	-	-	-	-	-	-	(174,783,749)	(722,964)	174,060,785
OTHER FINANCING SOURCES/(USES):									
Proceeds from lease purchase	-	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-	-	-	-	-
Proceeds for bond premium	-	-	-	-	-	-	-	-	-
Proceeds from sale of go bonds	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(2,430,721)	(2,430,721)
Transfers to component unit	-	-	-	-	-	-	-	-	-
Total other financing sources/(uses), net	-	-	-	-	-	-	-	(2,430,721)	(2,430,721)
Revenues and other financing sources									
(Uses) Over/(Under) Expenditures	-	-	-	-	-	-	(174,783,749)	(3,153,685)	171,630,064
FUND BALANCE, beginning of year	4,625	4,625	-	44	44	-	174,783,749	174,783,749	-
FUND BALANCE, end of year	\$4,625	\$4,625	\$-	\$44	\$44	\$-	\$-	\$171,630,064	\$171,630,064

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, 2019

	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	\$-	\$-	\$-	\$492,000	\$31	(\$491,969)	\$-	\$-	\$-
From the federal government	-	-	-	-	187,403	187,403	-	-	-
Charges for services	-	-	-	-	500,000	500,000	-	-	-
Real estate taxes	-	-	-	4,718,020	5,040,366	322,346	150,730	189,070	38,340
Interest income	-	213,228	213,228	-	-	189,070	-	-	-
Miscellaneous revenue	-	-	-	-	641,854	641,854	-	-	-
Total revenues	-	213,228	213,228	5,210,020	6,369,654	1,159,634	150,730	189,070	38,340
Inter governmental:									
Community development	-	23,244,376	23,244,376	-	-	-	-	-	-
Current operating:									
General government	-	-	-	221,000	230,852	9,852	-	-	-
Planning and community development	-	-	-	-	-	-	524,813	45,128	(479,685)
Parks, recreation and cultural development	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Capital outlay	45,400,000	-	(45,400,000)	26,547,303	4,247,922	(22,299,381)	-	-	-
Total expenditures	45,400,000	23,244,376	(22,155,624)	26,768,303	4,478,774	(22,289,529)	524,813	45,128	(479,685)
Revenues over/(under) expenditures	(45,400,000)	(23,031,148)	22,368,852	(21,558,283)	1,890,880	23,449,163	(374,083)	143,942	518,025
OTHER FINANCING SOURCES/(USES):									
Proceeds from lease purchase	-	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	-	-	-	-	-	-	-	-
Proceeds for bond premium	-	-	-	-	-	-	-	-	-
Proceeds from sale of go bonds	45,400,000	27,400,000	(18,000,000)	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(213,228)	(213,228)	-	-	-	-	-	-
Transfers to component unit	-	-	-	-	-	-	-	-	-
Total other financing sources/(uses), net	45,400,000	27,186,772	(18,213,228)	-	-	-	-	-	-
Revenues and other financing sources									
(Uses) Over/(Under) Expenditures	-	4,155,624	4,155,624	(21,558,283)	1,890,880	23,449,163	(374,083)	143,942	518,025
FUND BALANCE, beginning of year	18,082,585	18,082,585	-	21,558,283	21,558,283	-	374,083	374,083	-
FUND BALANCE, end of year	\$18,082,585	\$22,238,209	\$4,155,624	\$-	\$23,449,163	\$23,449,163	\$-	\$518,025	\$518,025

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, 2019

	IDA Bond Fund		
	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
From the commonwealth of Virginia	\$-	\$-	\$-
From the federal government	-	-	-
Charges for services	-	-	-
Real estate taxes	-	-	-
Interest income	-	175,518	175,518
Miscellaneous revenue	-	-	-
Total revenues	-	175,518	175,518
Inter governmental:			
Community development	-	-	-
Current operating:			
General government	-	-	-
Planning and community development	-	-	-
Parks, recreation and cultural development	-	-	-
Public safety	-	-	-
Capital outlay	13,272,771	4,288,159	(8,984,612)
Total expenditures	13,272,771	4,288,159	(8,984,612)
Revenues over/(under) expenditures	(13,272,771)	(4,112,641)	9,160,130
OTHER FINANCING SOURCES/(USES):			
Proceeds from lease purchase	-	-	-
Proceeds from line of credit	-	-	-
Proceeds for bond premium	-	-	-
Proceeds from sale of go bonds	6,764,215	-	(6,764,215)
Payments to refunded bond escrow agent	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Transfers to component unit	-	(175,518)	(175,518)
Total other financing sources/(uses), net	6,764,215	(175,518)	(6,939,733)
Revenues and other financing sources			
(Uses) Over/(Under) Expenditures	(6,508,556)	(4,288,159)	2,220,397
FUND BALANCE, beginning of year	6,508,556	6,508,556	-
FUND BALANCE, end of year	\$-	\$2,220,397	\$2,220,397



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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2019	June 30, 2018
ASSETS						
CURRENT ASSETS:						
Equity in pooled cash and investments	\$49,760,633	\$2,531,190	\$1,424,313	\$17,753,611	\$71,469,747	\$83,674,175
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	969,132	-	-	-	969,132	1,358,842
Estimated unbilled service charges	15,103,259	-	-	-	15,103,259	13,876,596
Other	3,531,178	-	-	-	3,531,178	3,813,480
Prepaid expenses	2,715,604	-	-	-	2,715,604	2,447,864
Inventories	2,175,313	-	-	-	2,175,313	1,886,612
 Total current assets	 74,280,340	 2,531,190	 1,424,313	 17,753,611	 95,989,454	 107,082,790
 CAPITAL ASSETS:						
Land	6,161,255	-	-	-	6,161,255	6,161,255
Sewer system	414,103,552	-	-	-	414,103,552	402,809,761
Water system	841,224,999	-	-	-	841,224,999	822,188,932
Equipment	2,795,265	1,652,860	73,900	2,906,351	7,428,376	7,308,390
Building	-	28,555,205	3,511,471	-	32,066,676	25,856,238
Intangible assets	533,124	-	-	1,116,969	1,650,093	1,368,617
Construction in progress	18,133,664	3,904,873	-	5,110,554	27,149,091	30,972,909
Less accumulated depreciation-intangible assets	(182,974)	-	-	(1,116,969)	(1,299,943)	(1,225,093)
Less accumulated depreciation	(244,850,423)	(16,443,983)	(537,339)	(2,838,003)	(264,669,748)	(246,486,763)
 Total capital assets (net of accumulated depreciation)	 1,037,918,462	 17,668,955	 3,048,032	 5,178,902	 1,063,814,351	 1,048,954,245
 Total assets	 \$1,112,198,802	 \$20,200,145	 \$4,472,345	 \$22,932,513	 \$1,159,803,805	 \$1,156,037,035

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2019	June 30, 2018
LIABILITIES						
CURRENT LIABILITIES:						
Payable from current assets:						
General obligation bonds payable	\$7,805,082	\$-	\$-	\$-	\$7,805,082	\$7,987,734
VRA loan payable	15,560,155	-	-	-	15,560,155	15,140,287
Interest payable	2,533,307	35,085,209	-	-	37,618,516	34,317,117
Vouchers payable	6,819,047	1,835,597	43,472	199,376	8,897,492	10,921,098
Contracts payable - retainage	611,874	-	-	-	611,874	267,113
Mortgage /notes payable	-	3,429,679	-	-	3,429,679	3,429,679
Capital leases	-	-	-	-	-	16,962
Other accrued liabilities	245,685	19,395,599	-	65,887	19,707,171	18,484,535
Compensated absences	136,062	-	-	70,666	206,728	202,143
Total current liabilities	33,711,212	59,746,084	43,472	335,929	93,836,697	90,766,668
LONG-TERM LIABILITIES:						
Compensated absences	1,224,561	-	-	635,995	1,860,556	1,819,288
VRA loan payable	143,345,827	-	-	-	143,345,827	158,905,982
General obligation bonds payable	70,170,664	-	-	-	70,170,664	77,975,745
Total long-term liabilities	214,741,052	-	-	635,995	215,377,047	238,701,016
Total liabilities	248,452,264	59,746,084	43,472	971,924	309,213,744	329,467,683
DEFERRED INFLOWS OF RESOURCES	2,112,031	-	-	-	2,112,031	2,275,263
NET POSITION						
Net investment in capital assets	798,312,829	14,239,276	3,048,032	5,178,902	820,779,039	782,955,480
Unrestricted (deficit)	63,321,678	(53,785,215)	1,380,841	16,781,687	27,698,991	41,338,608
Total net position (deficit)	861,634,507	(39,545,939)	4,428,873	21,960,589	848,478,030	824,294,089
Total liabilities, deferred inflows of resources and net position	\$1,112,198,802	\$20,200,145	\$4,472,345	\$22,932,513	\$1,159,803,805	\$1,156,037,035

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2019	June 30, 2018
OPERATING REVENUES:						
Water-sewer service charges	\$92,757,659	\$-	\$-	\$-	\$92,757,659	\$94,465,528
Water-service hook-up charges	6,158,068	-	-	-	6,158,068	8,710,176
Water-service connection charges	1,006,450	-	-	-	1,006,450	1,197,405
Sewage treatment service charges	5,442,794	-	-	-	5,442,794	4,131,892
Permits and fees	-	-	-	17,905,941	17,905,941	18,838,358
Other	4,328,045	-	-	-	4,328,045	3,826,596
Parking charges	-	4,233,111	263,433	-	4,496,544	3,597,416
Total operating revenues	109,693,016	4,233,111	263,433	17,905,941	132,095,501	134,767,372
OPERATING EXPENSES:						
Personnel services	17,115,032	-	-	8,519,345	25,634,377	25,138,122
Fringe benefits	6,355,274	-	-	3,231,601	9,586,875	9,375,690
Contractual services	10,856,185	1,735,192	23,157	3,701,015	16,315,549	17,110,119
Purchases of water	8,278,063	-	-	-	8,278,063	6,977,489
Materials and supplies	11,536,751	181,136	29,770	172,606	11,920,263	11,918,445
Deferred rent	-	1,279,992	-	-	1,279,992	2,879,992
Depreciation and amortization	16,543,947	867,337	95,177	288,005	17,794,466	17,172,216
Equipment (construction contracts)	4,099,865	-	-	(\$3,286,769)	813,096	4,107,131
Internal services	-	-	-	2,595,447	2,595,447	2,413,535
Miscellaneous	6,814,851	366,317	23,765	-	7,204,933	6,502,542
Total operating expenses	81,599,968	4,429,974	171,869	15,221,250	101,423,061	103,595,282
Operating income (loss)	28,093,048	(196,863)	91,564	2,684,691	30,672,440	31,172,090
NON-OPERATING REVENUES(EXPENSES):						
Interest income and other income	1,642,367	-	-	641,218	2,283,585	543,957
Interest expense and fiscal charges	(8,518,613)	(3,387,648)	-	-	(11,906,261)	(10,696,570)
Interest expense on capital leases	(243)	-	-	-	(243)	(1,203)
Total non-operating revenues (expenses)	(6,876,489)	(3,387,648)	-	641,218	(9,622,919)	(10,153,816)
Net Income before contributions and net transfers	21,216,559	(3,584,511)	91,564	3,325,909	21,049,521	21,018,274
CONTRIBUTIONS AND TRANSFERS						
Contributions from developers and other source	2,734,420	-	-	-	2,734,420	1,068,855
TRANSFERS						
Transfers in	400,000	-	-	-	400,000	884,701
Change in net position	24,350,979	(3,584,511)	91,564	3,325,909	24,183,941	22,971,830
Net position (deficit), beginning of year	837,283,528	(35,961,428)	4,337,309	18,634,680	824,294,089	801,322,259
Net position (deficit), end of year	\$861,634,507	(\$39,545,939)	\$4,428,873	\$21,960,589	\$848,478,030	\$824,294,089

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2019	June 30 2018
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$109,146,449	\$4,233,111	\$263,433	\$17,905,941	\$131,548,934	\$134,954,737
Cash paid to suppliers	(44,555,857)	(821,129)	(63,925)	(3,987,166)	(49,428,077)	(48,003,288)
Cash paid to employees	(23,453,463)	-	-	(11,721,936)	(35,175,399)	(34,451,302)
Net cash provided by operating activities	41,137,129	3,411,982	199,508	2,196,839	46,945,458	52,500,147
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	1,642,367	-	-	641,218	2,283,585	543,958
Net cash provided by investing activities	1,642,367	-	-	641,218	2,283,585	543,958
Transfer received other funds	400,000	-	-	-	400,000	884,701
Net cash provided by non-capital financing activities	400,000	-	-	-	400,000	884,701
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(7,671,614)	-	-	-	(7,671,614)	(12,303,648)
Principal payment - capital leases	(16,962)	-	-	-	(16,962)	(33,208)
Interest payment - capital leases	(243)	-	-	-	(243)	(1,203)
Payment of VRA loan	(15,140,287)	-	-	-	(15,140,287)	(17,268,371)
Interest and other loan expenses	(7,948,419)	-	-	-	(7,948,419)	(9,185,890)
Purchase of property	(23,649,789)	(4,119,387)	-	(3,286,769)	(31,055,945)	(24,382,829)
Net cash (used for) capital and related financing activities	(54,427,315)	(4,119,387)	-	(3,286,769)	(61,833,471)	(63,175,149)
Net increase(decrease) in cash and cash equivalents	(11,247,819)	(707,405)	199,508	(448,712)	(12,204,428)	(9,246,343)
Cash and cash equivalents at beginning of year	61,008,452	3,238,595	1,224,805	18,202,323	83,674,175	92,920,518
Cash and cash equivalents at end of year	\$49,760,633	\$2,531,190	\$1,424,313	\$17,753,611	\$71,469,747	\$83,674,175
Reconciliation of operating income (loss) to net cash provided by (used for) operations:						
Operating Income (loss)	\$28,093,048	(\$196,863)	\$91,564	\$2,684,691	\$30,672,440	\$31,172,090
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization expense	16,543,947	867,337	95,177	288,005	17,794,466	17,172,216
Effect of changes in operating assets and liabilities:						
Accounts receivable	(554,651)	-	-	-	(554,651)	194,949
Inventories	(288,701)	-	-	-	(288,701)	(125,238)
Vouchers payable	(2,758,463)	1,461,516	12,767	(804,867)	(2,089,047)	1,077,769
Compensated absences	16,843	-	-	29,010	45,853	62,510
Contract retainage	344,761	-	-	-	344,761	73,444
Prepaid expenses	(267,740)	-	-	-	(267,740)	-
Accrued rent liability	-	1,279,992	-	-	1,279,992	2,879,992
Unearned revenue	8,085	-	-	-	8,085	(7,585)
Net cash provided by (used for) by operating activities	\$41,137,129	\$3,411,982	\$199,508	\$2,196,839	\$46,945,458	\$52,500,147
Schedule of non-cash capital and related financing activities:						
Contributions from developers and other sources	\$2,734,420	\$-	\$-	\$-	\$2,734,420	\$1,068,855

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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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

			Totals	
	Automotive Equipment	Printing	June 30, 2019	June 30, 2018
ASSETS				
CURRENT ASSETS:				
Equity in pooled cash and investments	\$12,268,881	\$-	\$12,268,881	\$18,835,438
Accounts receivable	13,019	30,911	43,930	6,336
Inventories	670,012	14,803	684,815	748,926
Total current assets	12,951,912	45,714	12,997,626	19,590,700
CAPITAL ASSETS:				
Equipment and other capital assets	83,704,551	35,633	83,740,184	81,578,335
Less-accumulated depreciation	(51,633,169)	(17,653)	(51,650,822)	(51,396,126)
Net capital assets	32,071,382	17,980	32,089,362	30,182,209
Total assets	\$45,023,294	\$63,694	\$45,086,988	\$49,772,909
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES:				
Vouchers payable	\$378,693	\$24,837	\$403,530	\$1,779,989
Compensated absences	38,864	11,846	50,710	57,461
Obligations under capital lease	591,028	-	591,028	1,029,784
Due to other funds	-	716,062	716,062	317,400
Accounts payable	-	262,701	262,701	251,065
Total current liabilities	1,008,585	1,015,446	2,024,031	3,435,699
LONG-TERM LIABILITIES:				
Compensated absences	349,781	106,610	456,391	517,149
Obligations under capital lease	1,056,330	-	1,056,330	1,647,358
Total long-term liabilities	1,406,111	106,610	1,512,721	2,164,507
Total liabilities	2,414,696	1,122,056	3,536,752	5,600,206
NET POSITION:				
Net investment in capital assets	30,424,024	17,980	30,442,004	27,505,067
Unrestricted (deficit)	12,184,574	(1,076,342)	11,108,232	16,667,636
Total net position (deficit)	42,608,598	(1,058,362)	41,550,236	44,172,703
Total liabilities and net position	\$45,023,294	\$63,694	\$45,086,988	\$49,772,909

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

			Totals	
	Automotive Equipment	Printing	June 30, 2019	June 30, 2018
OPERATING REVENUES:				
Charges for services	\$19,953,766	\$2,560,587	\$22,514,353	\$23,230,393
OPERATING EXPENSES:				
Cost of store issuances	4,528,742	799,752	5,328,494	5,101,582
Personnel services	4,293,076	491,096	4,784,172	4,783,909
Fringe benefits	1,811,806	237,547	2,049,353	2,077,109
Material and supplies	2,622,363	40,201	2,662,564	2,726,001
Utilities	166,512	37,519	204,031	241,233
Operating equipment	6,169	4,396	10,565	44,019
Outside services	1,203,616	1,542,555	2,746,171	3,033,179
Depreciation	5,827,149	3,563	5,830,712	5,990,702
Total operating expenses	20,459,433	3,156,629	23,616,062	23,997,734
Operating (loss)	(505,667)	(596,042)	(1,101,709)	(767,341)
NON-OPERATING REVENUES (EXPENSES):				
Interest payment on capital lease	(47,185)	-	(47,185)	(71,867)
Gain on disposal of assets	1,035,776	-	1,035,776	238,187
Total non-operating revenues (expenses)	988,591	-	988,591	166,320
Income (loss) before transfers	482,924	(596,042)	(113,118)	(601,021)
CONTRIBUTIONS AND NET TRANSFERS				
Transfers in	-	242,337	242,337	479,100
Transfers out	(2,751,686)	-	(2,751,686)	(130,000)
Total operating transfers	(2,751,686)	242,337	(2,509,349)	349,100
Change in net position	(2,268,762)	(353,705)	(2,622,467)	(251,921)
Net position, beginning of year	44,877,360	(704,657)	44,172,703	44,424,624
Net position, end of year	\$42,608,598	(\$1,058,362)	\$41,550,236	\$44,172,703

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

			Totals	
	Automotive Equipment	Printing	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges for fleet management services	\$19,947,082	\$-	\$19,947,082	\$20,569,521
Receipts from interfund charges for print services	-	2,529,676	2,529,676	2,662,456
Payments to suppliers and providers	(9,823,295)	(2,429,243)	(12,252,538)	(10,774,513)
Payments to employees for salaries and benefits	(6,159,600)	(741,432)	(6,901,032)	(6,852,465)
Net cash provided by (used in) operating activities	3,964,187	(640,999)	3,323,188	5,604,999
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Temporary loan from general fund	-	716,062	716,062	317,400
Repayment of prior year temp loan	-	(317,400)	(317,400)	-
Operating transfers in	-	242,337	242,337	479,100
Operating transfers out	(2,751,686)	-	(2,751,686)	(130,000)
Net cash provided by non-capital financing activities	(2,751,686)	640,999	(2,110,687)	666,500
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payment on capital lease	(1,029,784)	-	(1,029,784)	(1,005,105)
Payment of interest on capital lease	(47,185)	-	(47,185)	(71,867)
Purchases of equipment	(8,360,485)	-	(8,360,485)	(6,421,816)
Proceeds from sale of equipment	1,658,396	-	1,658,396	446,163
Net cash used in capital and related financing activities	(7,779,058)	-	(7,779,058)	(7,052,625)
Net increase (decrease) in cash and cash equivalents	(6,566,557)	-	(6,566,557)	(781,126)
Cash and cash equivalents at beginning of year	18,835,438	-	18,835,438	19,616,564
Cash and cash equivalents at end of period	\$12,268,881	\$-	\$12,268,881	\$18,835,438
Reconciliation of operating (loss) to net cash provided by (used in) operating activities				
Operating (loss)	(\$505,667)	(\$596,042)	(\$1,101,709)	(\$767,341)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,827,149	3,563	5,830,712	5,990,702
Effect of changes in operating assets and liabilities:				
Accounts receivable	(6,684)	(30,911)	(37,595)	1,584
Inventories	54,200	9,911	64,111	22,098
Vouchers payables	(1,350,093)	(14,731)	(1,364,824)	349,403
Compensated absences	(54,718)	(12,789)	(67,507)	8,553
Net cash provided by (used in) operating activities	\$3,964,187	(\$640,999)	\$3,323,188	\$5,604,999

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, 2019

	Private Purpose Trust							
	Pension Trust	OPEB Trust	Total Pension and OPEB Trusts	Alexadria/Arlington Waste to Energy Facility Monitoring Group	IDA - Ballston Skating Facility	IDA Signature Loan	Other Private Purpose Trusts	Total Private Purpose Trusts
ASSETS								
Equity in pooled cash and investments	\$93,664,802	\$-	\$93,664,802	\$162,211	\$3,330,130	\$-	\$37,027	\$3,529,368
Contributions receivable:								
Employer	3,298,585	-	3,298,585	-	-	-	-	-
Employee	756,285	-	756,285	-	-	-	-	-
Accrued interest and other receivables	3,036,222	-	3,036,222	-	-	3,866,846	-	3,866,846
Capital assets, net	-	-	-	-	20,843,359	-	-	20,843,359
Investments, at fair value:								
Foreign, municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	136,066,131	52,745,440	188,811,571	-	-	-	-	-
Corporate fixed income obligations	217,595,388	-	217,595,388	-	-	-	-	-
Domestic and foreign equities, including equities in pooled funds	589,566,811	97,955,817	687,522,628	-	-	-	-	-
Other investments	191,346,095	-	191,346,095	-	-	-	-	-
Real estate funds	1,135,776	-	1,135,776	-	-	-	-	-
Pooled equity	738,646,587	-	738,646,587	-	-	-	-	-
Pooled fixed income	437,875,097	-	437,875,097	-	-	-	-	-
Convertibles	6,609,775	-	6,609,775	-	-	-	-	-
Total assets	2,419,597,554	150,701,257	2,570,298,811	162,211	24,173,489	3,866,846	37,027	28,239,573
DEFERRED OUTFLOWS OF RESOURCES								
Loss on refunding bonds, net	-	-	-	-	172,344	-	-	172,344
LIABILITIES								
Accounts payable and accrued liabilities	6,309,766	-	6,309,766	13,640	504,976	3,866,846	-	4,385,462
Bonds payable	-	-	-	-	21,945,000	-	-	21,945,000
Total liabilities	6,309,766	-	6,309,766	13,640	22,449,976	3,866,846	-	26,330,462
DEFERRED INFLOWS OF RESOURCES								
Deferred rental income	-	-	-	-	695,809	-	-	695,809
NET POSITION RESTRICTED FOR PLAN BENEFITS AND OTHER PURPOSES	\$2,413,287,788	\$150,701,257	\$2,563,989,045	\$148,571	\$1,200,048	\$-	\$37,027	\$1,385,646

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trusts				
	Alexadria/Arlington Waste to Energy Facility Monitoring Group	IDA - Ballston Skating Facility	IDA Signature Loan	Other Private Purpose Trusts	Total Private Purpose Trusts
ADDITIONS					
Contributions and revenues					
Shared revenues	\$118,000	\$2,369,148	\$-	\$-	\$2,487,148
Private donations-others	-	-	-	116,220	116,220
Total contributions	118,000	2,369,148	-	116,220	2,603,368
Investment earnings:					
Interest and other	960	43,432	39,974	-	84,366
Total investment earnings	960	43,432	39,974	-	84,366
Less investment expenses	-	1,219,148	39,974	-	1,259,122
Net investment earnings/(loss)	960	(1,175,716)	-	-	(1,174,756)
Total additions	118,960	1,193,432	-	116,220	1,428,612
DEDUCTIONS					
Administrative expenses/other	102,141	661,101	-	114,024	877,266
Total deductions	102,141	661,101	-	114,024	877,266
Change in net position	16,819	532,331	-	2,196	551,346
Net position - beginning of the year	131,752	667,717	-	34,831	834,300
Net position - ending of the year	\$148,571	\$1,200,048	\$-	\$37,027	\$1,385,646

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	Pension Trust	OPEB Trust	June 30, 2019	June 30, 2018
ADDITIONS:				
Employer contributions	\$56,677,112	\$7,000,000	\$63,677,112	\$62,104,612
Members' contributions	13,008,727	-	13,008,727	12,734,626
Other contributions	25,652	45,567	71,219	250,973
Investment income:				
Interest and dividends	31,924,637	11,470,177	43,394,814	37,752,689
Net appreciation in fair value	126,790,156	2,039,381	128,829,537	143,293,892
Gross income from securities lending	264,567	-	264,567	311,958
Bank fees and income/expenses from securities lending	(66,239)	-	(66,239)	(75,744)
Investment expense	(5,730,389)	-	(5,730,389)	(5,027,387)
Total Additions	222,894,223	20,555,125	243,449,348	251,345,619
DEDUCTIONS:				
Members' benefits	109,604,861	-	109,604,861	104,327,193
Refund of members' contributions	1,215,026	-	1,215,026	719,055
Administrative expenses	849,945	-	849,945	817,243
Other consulting expenses	1,016,142	45,567	1,061,709	1,090,790
Total Deductions	112,685,974	45,567	112,731,541	106,954,281
Net Increase	110,208,249	20,509,558	130,717,807	144,391,338
Net Position Held in Trust for Plan Benefits, beginning of year	2,303,079,539	130,191,699	2,433,271,238	2,288,879,900
Net Position Held in Trust for Plan Benefits, end of year:	<u>\$2,413,287,788</u>	<u>\$150,701,257</u>	<u>\$2,563,989,045</u>	<u>\$2,433,271,238</u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2019

	Commonwealth of Virginia	Urban Area Security Initiative	Other Agency Funds	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Equity in pooled cash and investments	\$69,130	\$258,518	\$22,604,916	\$22,932,564
Receivable from other governments	<u>-</u>	<u>-</u>	<u>178,250</u>	<u>178,250</u>
Total assets	<u>69,130</u>	<u>258,518</u>	<u>22,783,166</u>	<u>23,110,814</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>69,130</u>	<u>258,518</u>	<u>22,783,166</u>	<u>23,110,814</u>
Total liabilities	<u>69,130</u>	<u>258,518</u>	<u>22,783,166</u>	<u>23,110,814</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, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Commonwealth of Virginia</u>				
ASSETS:				
Equity in pooled cash and investments	\$87,985	\$-	\$18,855	\$69,130
Receivable from other governments	-	-	-	-
Total assets	<u>\$87,985</u>	<u>\$-</u>	<u>\$18,855</u>	<u>\$69,130</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$87,985	\$1,765	\$20,620	\$69,130
Total liabilities	<u>\$87,985</u>	<u>\$1,765</u>	<u>\$20,620</u>	<u>\$69,130</u>
<u>Urban Area Security Initiative</u>				
ASSETS:				
Equity in pooled cash and investments	\$282,005	\$-	\$23,487	\$258,518
Total assets	<u>\$282,005</u>	<u>\$-</u>	<u>\$23,487</u>	<u>\$258,518</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$282,005	\$-	\$23,487	\$258,518
Total liabilities	<u>\$282,005</u>	<u>\$-</u>	<u>\$23,487</u>	<u>\$258,518</u>
<u>Other Agency Fund</u>				
ASSETS:				
Equity in pooled cash and investments	\$24,767,811	\$7,461,744	\$9,624,639	\$22,604,916
Receivable from other governments	51,147	178,250	51,147	178,250
Total assets	<u>\$24,818,958</u>	<u>\$7,639,994</u>	<u>\$9,675,786</u>	<u>\$22,783,166</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$24,818,958	\$-	\$2,035,792	\$22,783,166
Total liabilities	<u>\$24,818,958</u>	<u>\$-</u>	<u>\$2,035,792</u>	<u>\$22,783,166</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Equity in pooled cash and investments	\$25,137,801	\$7,461,744	\$9,666,981	\$22,932,564
Receivable from other governments	51,147	178,250	51,147	178,250
Total assets	<u>\$25,188,948</u>	<u>\$7,639,994</u>	<u>\$9,718,128</u>	<u>\$23,110,814</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$25,188,948	\$1,765	\$2,079,899	\$23,110,814
Total liabilities	<u>\$25,188,948</u>	<u>\$1,765</u>	<u>\$2,079,899</u>	<u>\$23,110,814</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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	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, 2019	June 30, 2018
ASSETS										
Equity in pooled cash and investments	\$28,929,525	\$5,701,760	\$-	(\$998,749)	\$103,908,239	\$37,310,972	\$-	\$-	\$174,851,747	\$227,788,342
Petty cash	-	690	375	-	-	-	-	-	1,065	690
Accounts receivable	9,305,890	395,565	4,665	7,652,091	-	-	-	-	17,358,211	8,222,368
Due from other funds	-	-	-	-	-	-	-	-	-	65,034
Due from primary government	70,019,834	-	1,369,674	-	-	32,001,133	-	59,329	103,449,970	96,525,656
Inventories and other assets	123,702	65,361	-	-	-	-	-	-	189,063	320,116
Total assets	\$108,378,951	\$6,163,376	\$1,374,714	\$6,653,342	\$103,908,239	\$69,312,105	\$-	\$59,329	\$295,850,056	\$332,922,206
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$55,948,137	\$363,885	\$848,332	\$1,162,818	\$-	\$90	\$-	\$-	\$58,323,262	\$55,989,369
Vouchers payable	3,010,768	295,204	235,097	416,176	9,482,495	9,917,345	-	59,329	23,416,414	10,666,377
Contracts payable - retainage	-	-	-	-	6,746,752	-	-	-	6,746,752	3,167,975
Other liabilities	6,196,900	-	-	-	-	-	-	-	6,196,900	8,227,148
Deferred revenue	698,205	-	30,383	-	-	-	-	-	728,588	209,615
Due to other funds	-	-	-	-	-	-	-	-	-	65,034
Due to primary government	1,153,681	-	-	-	-	-	-	-	1,153,681	1,153,681
Total liabilities	67,007,691	659,089	1,113,812	1,578,994	16,229,247	9,917,435	-	59,329	96,565,597	79,479,199
FUND BALANCES										
<u>Non spendable:</u>										
Inventory	-	65,361	-	-	-	-	-	-	65,361	47,853
<u>Restricted for:</u>										
Capital projects	-	-	-	-	73,989,446	55,096,274	-	-	129,085,720	157,543,728
Grants	-	-	-	5,074,348	-	-	-	-	5,074,348	4,338,159
<u>Committed to:</u>										
Incomplete projects	9,084,260	18,631	260,902	-	13,689,546	4,298,396	-	-	27,351,735	41,625,717
Next years' School budget	15,149,258	-	-	-	-	-	-	-	15,149,258	25,319,573
<u>Assigned to:</u>										
Operating reserve	-	5,420,295	-	-	-	-	-	-	5,420,295	4,216,675
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000
Subsequent years' debt service	684,474	-	-	-	-	-	-	-	684,474	643,621
Health insurance reserve	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000
Future year budget reserve	10,941,029	-	-	-	-	-	-	-	10,941,029	9,495,442
VRS reserve	2,512,239	-	-	-	-	-	-	-	2,512,239	2,512,239
Compensation reserve	-	-	-	-	-	-	-	-	-	4,700,000
Total fund balances	41,371,260	5,504,287	260,902	5,074,348	87,678,992	59,394,670	-	-	199,284,459	253,443,007
Total liabilities and fund balance	\$108,378,951	\$6,163,376	\$1,374,714	\$6,653,342	\$103,908,239	\$69,312,105	\$-	\$59,329	\$295,850,056	\$332,922,206

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE FUND BALANCES OF COMPONENT UNIT - SCHOOLS TO
 NET POSITION OF COMPONENT UNIT - SCHOOLS
 JUNE 30, 2019

Total-component unit-Schools' fund balances	\$199,284,459
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	774,008,589
Net OPEB liabilities are not due and payable in the current period and are not reported in the funds	(188,361,226)
Deferred outflows of resources from pensions are not available to pay for current period expenditures and are not reported in the funds	77,269,575
Deferred outflows of resources from OPEB are not available to pay for current period expenditures and are not reported in the funds	31,903,752
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(437,520,744)
Deferred inflows of resources from pension are not due and payable in the current period and are not reported in the funds	(48,880,683)
Deferred inflows of resources from OPEB are not due and payable in the current period and are not reported in the funds	(18,248,292)
Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	<u>(46,801,359)</u>
Net position of component unit - Schools	<u><u>\$342,654,071</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, 2019
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	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, 2019	June 30, 2018
REVENUES:										
Sales tax	\$28,417,611	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$28,417,611	\$26,332,866
State/local government	42,366,817	119,523	-	3,693,143	-	-	-	1,458,278	47,637,761	45,263,986
Federal	973,071	5,759,159	-	13,872,931	-	-	-	-	20,605,161	16,406,620
Charges for services	3,965,921	5,193,433	12,750,112	2,307,007	-	-	-	-	24,216,473	22,228,128
Use of money and property	-	158,093	-	-	2,403,864	-	-	-	2,561,957	1,409,689
Total revenues	75,723,420	11,230,208	12,750,112	19,873,081	2,403,864	-	-	1,458,278	123,438,963	111,641,289
EXPENDITURES:										
Current:										
Community Activities	-	-	17,737,366	-	-	-	-	-	17,737,366	17,552,491
Education	515,652,379	10,132,794	-	19,136,892	-	-	-	3,405,420	548,327,485	530,772,539
Capital projects	-	-	-	-	99,584,153	25,673,043	-	-	125,257,196	78,659,939
Debt service:										
Principal	-	-	-	-	-	-	40,309,215	-	40,309,215	34,747,054
Interest	-	-	-	-	-	148,058	18,052,195	-	18,200,253	15,564,822
Total expenditures	515,652,379	10,132,794	17,737,366	19,136,892	99,584,153	25,821,101	58,361,410	3,405,420	749,831,515	677,296,845
Excess (deficiency) of revenues over (under) expenditures	(439,928,959)	1,097,414	(4,987,254)	736,189	(97,180,289)	(25,821,101)	(58,361,410)	(1,947,142)	(626,392,552)	(565,655,556)
Other financing sources(uses):										
Transfers in	436,949,407	-	5,137,867	-	-	428,929	53,695,031	1,947,142	498,158,376	500,912,789
Transfers out	(2,600,000)	-	-	-	(2,403,864)	-	-	-	(5,003,864)	(3,951,527)
Interfund transfers	(10,997,826)	-	-	-	-	6,331,447	4,666,379	-	-	-
Bond proceeds	-	-	-	-	63,130,000	10,810,146	-	-	73,940,146	107,842,463
Proceeds from line of credit	5,139,346	-	-	-	-	-	-	-	5,139,346	-
Total other financing sources(uses)	428,490,927	-	5,137,867	-	\$60,726,136	17,570,522	58,361,410	1,947,142	572,234,004	604,803,725
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses	(11,438,032)	1,097,414	150,613	736,189	(36,454,153)	(8,250,579)	-	-	(54,158,548)	39,148,169
FUND BALANCES, beginning of year	52,809,292	4,406,873	110,289	4,338,159	124,133,145	67,645,249	-	-	253,443,007	214,294,838
FUND BALANCES, end 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

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, 2019

Net change in fund balances - component unit-Schools (\$54,158,548)

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	\$125,572,860	
Less Depreciation expense	<u>(28,814,473)</u>	96,758,387

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	2,681,809	
Less: Proceeds from capital leases	<u>(5,139,346)</u>	(2,457,537)

OPEB expenses

Add: FY 2018 OPEB contributions deferred	5,478,069	
Less: OPEB expense	<u>(5,772,871)</u>	(294,802)

Pension expenses

Add: FY 2018 pension contributions deferred	48,241,669	
Less: Pension expense	<u>(35,094,355)</u>	13,147,314

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

(894,584)

Change in net position of component unit-Schools	<u><u>\$52,100,230</u></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, 2019

	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	\$28,088,599	\$28,417,611	\$329,012	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	42,281,602	42,366,817	85,215	188,000	119,523	(68,477)	-	-	-
Federal	600,000	973,071	373,071	5,309,931	5,759,159	449,228	-	-	-
Charges for services	4,016,800	3,965,921	(50,879)	4,255,000	5,193,433	938,433	12,936,196	12,750,112	(186,084)
Use of money and property	-	-	-	-	158,093	-	-	-	-
Total revenues	<u>74,987,001</u>	<u>75,723,420</u>	<u>736,419</u>	<u>9,752,931</u>	<u>11,230,208</u>	<u>1,319,184</u>	<u>12,936,196</u>	<u>12,750,112</u>	<u>(186,084)</u>
EXPENDITURES:									
Education	544,084,251	515,652,379	28,431,872	9,895,276	10,132,794	(237,518)	-	-	-
Community Activities	-	-	-	-	-	-	19,170,911	17,737,366	1,433,545
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>544,084,251</u>	<u>515,652,379</u>	<u>28,431,872</u>	<u>9,895,276</u>	<u>10,132,794</u>	<u>(237,518)</u>	<u>19,170,911</u>	<u>17,737,366</u>	<u>1,433,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(469,097,250)</u>	<u>(439,928,959)</u>	<u>29,168,291</u>	<u>(142,345)</u>	<u>1,097,414</u>	<u>1,081,666</u>	<u>(6,234,715)</u>	<u>(4,987,254)</u>	<u>1,247,461</u>
Other financing sources(uses):									
Transfers in	447,412,726	436,949,407	(10,463,319)	-	-	-	6,124,426	5,137,867	(986,559)
Transfers out	-	(2,600,000)	(2,600,000)	-	-	-	-	-	-
Interfund transfers	(10,997,826)	(10,997,826)	-	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from line of credit	-	5,139,346	5,139,346	-	-	-	-	-	-
Total other financing sources(uses)	<u>436,414,900</u>	<u>428,490,927</u>	<u>(7,923,973)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,124,426</u>	<u>5,137,867</u>	<u>(986,559)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses	<u>(32,682,350)</u>	<u>(11,438,032)</u>	<u>21,244,318</u>	<u>(142,345)</u>	<u>1,097,414</u>	<u>1,081,666</u>	<u>(110,289)</u>	<u>150,613</u>	<u>260,902</u>
FUND BALANCES, beginning of year	<u>52,809,292</u>	<u>52,809,292</u>	<u>-</u>	<u>4,406,873</u>	<u>4,406,873</u>	<u>-</u>	<u>110,289</u>	<u>110,289</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$20,126,942</u>	<u>\$41,371,260</u>	<u>\$21,244,318</u>	<u>\$4,264,528</u>	<u>\$5,504,287</u>	<u>\$1,081,666</u>	<u>\$-</u>	<u>\$260,902</u>	<u>\$260,902</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, 2019

	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	3,239,699	3,693,143	453,444	-	-	-	-	-	-
Federal	15,142,182	13,872,931	(1,269,251)	-	-	-	-	-	-
Charges for services	2,254,526	2,307,007	52,481	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	2,403,864	2,403,864
Total revenues	<u>20,636,407</u>	<u>19,873,081</u>	<u>(763,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,403,864</u>	<u>2,403,864</u>
EXPENDITURES:									
Education	24,974,566	19,136,892	5,837,674	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	187,263,145	99,584,153	87,678,992
Debt service:									
Principal	-	-	-	38,604,217	40,309,215	(1,704,998)	-	-	-
Interest and fiscal charges	-	-	-	19,950,170	18,052,195	1,897,975	-	-	-
Total expenditures	<u>24,974,566</u>	<u>19,136,892</u>	<u>5,837,674</u>	<u>58,554,387</u>	<u>58,361,410</u>	<u>192,977</u>	<u>187,263,145</u>	<u>99,584,153</u>	<u>87,678,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,338,159)</u>	<u>736,189</u>	<u>5,074,348</u>	<u>(58,554,387)</u>	<u>(58,361,410)</u>	<u>192,977</u>	<u>(187,263,145)</u>	<u>(97,180,289)</u>	<u>90,082,856</u>
Other financing sources(uses):									
Transfers in	-	-	-	53,888,008	53,695,031	(192,977)	-	-	-
Transfers out	-	-	-	-	-	-	-	(\$2,403,864)	(2,403,864)
Interfund transfers	-	-	-	4,666,379	4,666,379	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	63,130,000	63,130,000	-
Proceeds from line of credit	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,554,387</u>	<u>58,361,410</u>	<u>(192,977)</u>	<u>63,130,000</u>	<u>60,726,136</u>	<u>(2,403,864)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing uses	<u>(4,338,159)</u>	<u>736,189</u>	<u>5,074,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,133,145)</u>	<u>(36,454,153)</u>	<u>87,678,992</u>
FUND BALANCES, beginning of year	<u>4,338,159</u>	<u>4,338,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,133,145</u>	<u>124,133,145</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<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>

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, 2019

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$28,088,599	\$28,417,611	\$329,012
Intergovernmental									
State	-	-	-	1,985,075	1,458,278	(526,797)	47,694,376	47,637,761	(56,615)
Federal	-	-	-	-	-	-	21,052,113	20,605,161	(446,952)
Charges for services	-	-	-	-	-	-	23,462,522	24,216,473	753,951
Use of money and property	-	-	-	-	-	-	-	2,561,957	2,561,957
Total revenues	-	-	-	1,985,075	1,458,278	(526,797)	120,297,610	123,438,963	3,141,353
EXPENDITURES:									
Education	-	-	-	4,225,000	3,405,420	819,580	583,179,093	548,327,485	34,851,608
Community Activities	-	-	-	-	-	-	19,170,911	17,737,366	1,433,545
Capital projects	85,066,774	25,673,043	59,393,731	-	-	-	272,329,919	125,257,196	147,072,723
Debt service:									
Principal	-	-	-	-	-	-	38,604,217	40,309,215	(1,704,998)
Interest and fiscal charges	-	\$148,058	(148,058)	-	-	-	19,950,170	18,200,253	1,749,917
Total expenditures	85,066,774	25,821,101	59,245,673	4,225,000	3,405,420	819,580	933,234,310	749,831,515	183,402,795
Excess (deficiency) of revenues over (under) expenditures	(85,066,774)	(25,821,101)	59,245,673	(2,239,925)	(1,947,142)	292,783	(812,936,700)	(626,392,552)	186,544,148
Other financing sources(uses):									
Transfers in	428,929	428,929	-	2,239,925	1,947,142	(292,783)	510,094,014	498,158,376	(11,935,638)
Transfers out	-	-	-	-	-	-	-	(5,003,864)	(5,003,864)
Interfund transfers	6,331,447	6,331,447	-	-	-	-	-	-	-
Proceeds of sale of bonds	10,661,149	10,810,146	(148,997)	-	-	-	\$73,791,149	73,940,146	-
Proceeds from line of credit	-	-	-	-	-	-	-	5,139,346	5,139,346
Total other financing sources(uses)	17,421,525	17,570,522	(148,997)	2,239,925	1,947,142	(292,783)	583,885,163	572,234,004	(11,800,156)
Excess (deficiency) of revenues and other sources over (under) expenditures and other financing use:	(67,645,249)	(8,250,579)	59,394,670	-	-	-	(229,051,537)	(54,158,548)	174,743,992
FUND BALANCES, beginning of year	67,645,249	67,645,249	-	-	-	-	253,443,007	253,443,007	-
FUND BALANCES, end of year	\$-	\$59,394,670	\$59,394,670	\$-	\$-	\$-	\$24,391,470	\$199,284,459	\$174,743,992

EXHIBIT G-4

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 STATEMENT OF PLAN NET POSITION
 JUNE 30, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$65,513,662	\$54,381,852
Accounts Receivable	<u>-</u>	<u>2,600,000</u>
Total assets	<u>65,513,662</u>	<u>56,981,852</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION	<u><u>\$65,513,662</u></u>	<u><u>\$56,981,852</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, 2019
 (WITH COMPARATIVE TOTALS FOR 2018)

	<u>2019</u>	<u>2018</u>
ADDITIONS:		
Employer contributions	\$2,600,000	\$2,600,000
Investment Income:		
Interest and dividends	4,192,284	3,510,742
Net appreciation (depreciation) in fair value	<u>1,739,526</u>	<u>(3,753)</u>
Total additions	<u>8,531,810</u>	<u>6,106,989</u>
Net Increase	8,531,810	6,106,989
Net Position Held in Trust for Plan Benefits, beginning of year	<u>56,981,852</u>	<u>50,874,863</u>
Net Position Held in Trust for Plan Benefits, end of year:		
Undesignated	<u><u>\$65,513,662</u></u>	<u><u>\$56,981,852</u></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, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
ASSETS				
Equity in pooled cash and investments	<u>\$2,880,695</u>	<u>\$5,880,386</u>	<u>\$5,508,975</u>	<u>\$3,252,106</u>
Total assets	<u><u>\$2,880,695</u></u>	<u><u>\$5,880,386</u></u>	<u><u>\$5,508,975</u></u>	<u><u>\$3,252,106</u></u>
LIABILITIES				
Due to student groups	<u>\$2,880,695</u>	<u>\$371,411</u>	<u>\$-</u>	<u>\$3,252,106</u>
Total liabilities	<u><u>\$2,880,695</u></u>	<u><u>\$371,411</u></u>	<u><u>\$-</u></u>	<u><u>\$3,252,106</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, 2019

	Governmental Funds			Proprietary Funds		Fiduciary Funds	Component Unit	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	Schools	Total (Memorandum Only)
BALANCES, beginning of year	\$293,928,423	\$7,120,503	\$465,236,332	\$83,674,175	\$18,835,439	\$27,448,840	\$227,788,342	\$1,124,032,054
Receipts (net):								
Taxes	1,084,626,492	9,483,215	40,025,506	-	-	-	28,417,611	1,162,552,824
Licenses and permits	12,150,581	-	-	-	-	-	-	12,150,581
Fines and forfeitures	7,637,315	-	-	-	-	-	-	7,637,315
Revenue from use of money and property	27,491,249	7,704	2,971,534	2,283,585	-	-	2,561,957	35,316,029
Charges for services	62,380,067	-	7,381,233	132,095,501	22,514,353	99,598	24,216,473	248,687,225
Miscellaneous	13,440,616	-	15,832,659	2,734,420	-	8,149,305	-	40,157,000
Intergovernmental	94,083,718	23,345,519	12,579,593	-	-	10,464,715	68,242,922	208,716,467
Proceeds from indebtedness	-	-	108,221,651	-	-	-	-	108,221,651
Proceeds from sale of assets	-	-	-	-	1,658,396	-	5,139,346	6,797,742
Total Receipts	1,301,810,038	32,836,438	187,012,176	137,113,506	24,172,749	18,713,618	128,578,309	1,830,236,834
Total Receipts and Balance	1,595,738,461	39,956,941	652,248,508	220,787,681	43,008,188	46,162,458	356,366,651	2,954,268,888
Disbursements (net):								
Warrants(checks)issued	686,660,632	31,704,653	151,662,698	118,940,408	27,152,988	23,603,007	616,159,948	1,655,884,334
Retirement of indebtedness	44,859,170	-	-	22,828,863	1,029,784	-	40,309,215	109,027,032
Interest and other debt costs	22,827,210	-	-	7,948,662	47,185	-	18,200,253	49,023,310
Total Disbursements	754,347,012	31,704,653	151,662,698	149,717,934	28,229,957	23,603,007	674,669,416	1,813,934,677
Interfund Transfers:								
Transfers in	10,945,477	341,681	10,517,108	400,000	242,337	3,902,481	498,158,376	524,507,460
Transfers out	(502,317,547)	(156,832)	(16,692,255)	-	(2,751,686)	-	(5,003,864)	(526,922,184)
BALANCES, end 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

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CASH AND INVESTMENTS
ADJUSTED CASH IN BANKS (BOOK BALANCE)
JUNE 30, 2019

Assets held by the Treasurer	
Cash on hand	<u>\$15,000</u>
Cash in banks:	
Checking	
Wells Fargo	(5,627,880)
SunTrust	535,835
Citibank	5,795
Bank of America	16,019
First Va. Community Bank	179,550
John Marshall	49,260
United Bank	18,272
Burke and Herbert Bank	228,603
Total Checking Account	<u>(4,594,546)</u>
Savings :	
Wells Fargo	7,945,693
Bank of America	1,384,950
Total Savings Account	<u>9,330,643</u>
Certificates of Deposit :	
EagleBank	1,038,595
Total Certificates of Deposit	<u>1,038,595</u>
Money Markets :	
John Marshall Money Market - ICS	16,285,019
John Marshall Money Market	2,003
First Virginia Community Bank Money Market	6,838,594
United Bank Money Market - ICS	5,229,854
Wells Fargo Money Market	18,540,136
JP Morgan Chase Money Market	10,000,000
Sandy Spring Money Market	5,804,893
Total Money Markets	<u>62,700,499</u>
Total Cash in Banks	<u>68,475,191</u>
Investments:	
Held with Trustee :	
Corporate Notes	177,593,406
Commercial Paper	82,696,110
Federal Agency Bonds/ Notes	190,166,866
Municipal Investments	30,096,167
Total Held with Trustee	<u>480,552,549</u>
State Treasurer's Local Government Investment Pool	10,052,829
Virginia Investment Pool	25,267,399
Virginia Investment Pool Daily Liquidity	136,836,013
State Non Arbitrage Investment Program (SNAP)	405,663,541
Total Investments	<u>1,058,372,331</u>
Total Cash and Investments held by the Treasurer	<u>1,126,862,522</u>
Assets held with Trustees	
Mellon- IDA Ballston Skating Facility	3,430,130
Mellon- IDA Lease Revenue Bonds	7,343,199
Total Assets held with Trustees	<u>10,773,329</u>
Total Cash & Investment Balances, June 30, 2019	<u><u>\$1,137,635,851</u></u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CASH AND INVESTMENTS
CASH IN BANKS
JUNE 30, 2019

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
Wells Fargo	1,075,105
SunTrust	535,835
Citibank	5,795
Bank of America	16,019
First Va. Community Bank	179,550
John Marshall	49,260
United Bank	16,267
Burke and Herbert Bank	228,603
Total Checking Account	<u>2,106,434</u>
Savings:	
Wells Fargo	7,945,693
Bank of America	1,384,950
Total Savings Account	<u>9,330,644</u>
Certificates of Deposit:	
Eagle Bank	1,038,595
Total Certificates of Deposit	<u>1,038,595</u>
Money Markets:	
John Marshall Money Market - ICS	16,285,019
John Marshall Money Market	2,003
First Virginia Community Bank Money Market	6,838,594
United Bank Money Market - ICS	5,229,854
Wells Fargo Money Market	49,098,730
Sandy Spring Money Market	5,804,893
JP Morgan Chase Money Market	10,000,000
Total Money Markets	<u>93,259,093</u>
Held with trustee:	
Cash - Wells Trust	
Total Cash in Banks	<u>105,734,766</u>
Investments:	
Held with Trustee :	
Corporate Notes	177,593,406
Commercial Paper	82,696,110
Federal Agency Bonds/ Notes	190,166,866
Municipal Investments	30,096,167
Total Held with Trustee	<u>480,552,549</u>
State Treasurer's Local Government Investment Pool	10,052,829
Virginia Investment Pool	25,267,399
Virginia Investment Pool Daily Liquidity	136,836,013
State Non Arbitrage Investment Program (SNAP)	405,663,541
Total Investments	<u>1,058,372,331</u>
Total Cash and Investments held by the Treasurer	<u>1,164,122,097</u>
Assets held with Trustees	
Mellon- IDA Ballston Skating Facility	3,430,130
Mellon- IDA Lease Revenue Bonds	7,343,199
Total Assets held with Trustees	<u>10,773,329</u>
Total Cash & Investment Balances, June 30, 2019	<u>\$1,174,895,426</u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2019

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Certificate of Deposit			
EAGLE BANK	2.45%	07/01/19	\$1,038,595
Total Certificates of Deposits			1,038,595
Corporate Notes			
TOYOTA MOTOR CREDIT CORP	2.13%	07/18/19	749,925
TOYOTA MOTOR CREDIT CORP	2.13%	07/18/19	618,938
TOYOTA MOTOR CREDIT CORP	2.68%	07/25/19	2,275,364
TOYOTA MOTOR CREDIT CORP	2.68%	07/25/19	500,080
ROYAL BANK OF CANADA	3.06%	07/29/19	1,250,588
APPLE INC	1.10%	08/02/19	1,008,990
APPLE INC	1.10%	08/02/19	1,973,025
APPLE INC	2.71%	08/02/19	700,063
UBS AG STAMFORD CT	3.17%	08/14/19	1,501,320
TOYOTA MOTOR CREDIT CORP	1.55%	10/18/19	2,494,775
PROCTER & GAMBLE CO	2.85%	11/01/19	500,445
TORONTO DOMINION BANK	2.25%	11/05/19	4,998,400
APPLE INC	1.80%	11/13/19	2,496,525
IBRD SUPRANATIONAL	0.00%	11/14/19	9,920,700
WESTPAC BANKING CORP	4.88%	11/19/19	5,049,500
WESTPAC BANKING CORP	4.88%	11/19/19	3,188,254
JOHNSON & JOHNSON	1.88%	12/05/19	1,999,040
APPLE INC	1.55%	02/07/20	3,323,118
APPLE INC	1.90%	02/07/20	859,183
APPLE INC	1.90%	02/07/20	2,863,944
MICROSOFT CORP	1.85%	02/12/20	199,608
ROYAL BANK OF CANADA	2.73%	02/28/20	5,000,400
WESTPAC BANKING CORP	2.90%	03/06/20	3,008,250
COMMONWEALTH BK AUSTR NY	2.30%	03/12/20	1,799,550
COMMONWEALTH BK AUSTR NY	2.30%	03/12/20	999,750
MET LIFE GLOB FUNDING	2.00%	04/14/20	2,068,001
TOYOTA MOTOR CREDIT CORP	1.95%	04/17/20	1,996,160
APPLE INC	2.00%	05/06/20	4,994,050
USAA CAPITAL CORP	2.45%	08/01/20	1,980,807
SVENSKA HANDELSBANKEN	2.40%	10/01/20	2,022,464
ROYAL BANK OF CANADA	2.15%	10/26/20	2,000,100
ROYAL BANK OF CANADA	2.35%	10/30/20	3,507,140
ROYAL BANK OF CANADA	2.35%	10/30/20	4,408,976
BAYLOR SCOTT & WHITE	2.12%	11/15/20	4,092,368
BAYLOR SCOTT & WHITE	2.12%	11/15/20	497,855
AUST & NZ BANKING GRP NY	2.70%	11/16/20	2,212,760
MASSMUTUAL GLOBAL FUNDING	2.45%	11/23/20	1,656,056
WESTPAC BANKING CORP	2.60%	11/23/20	2,009,420
WESTPAC BANKING CORP	2.60%	11/23/20	1,741,163
TORONTO DOMINION BANK	2.50%	12/14/20	2,514,375
TORONTO DOMINION BANK	2.50%	12/14/20	2,011,500

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2019

	Interest Rate	Maturity Date	Market Value
COMMONWEALTH BK AUSTR NY	2.55%	03/15/21	5,022,400
COMMONWEALTH BK AUSTR NY	2.55%	03/15/21	1,079,816
TORONTO DOMINION BANK	1.80%	07/13/21	2,541,286
TORONTO DOMINION BANK	1.80%	07/13/21	4,963,450
SVENSKA HANDELSBANKEN	1.88%	09/07/21	2,679,075
BANK OF MONTREAL	1.65%	09/21/21	4,945,800
BAYLOR SCOTT & WHITE	1.95%	11/15/21	4,196,960
TORONTO DOMINION BANK	1.75%	11/28/21	4,939,100
APPLE INC	2.15%	02/09/22	2,509,825
APPLE INC	2.70%	05/13/22	2,543,125
APPLE INC	2.70%	05/13/22	2,543,125
NATIONAL AUSTRALIA BANK NY	2.50%	05/22/22	3,017,850
NATIONAL AUSTRALIA BANK NY	2.50%	05/22/22	2,011,900
NATIONAL AUSTRALIA BANK NY	2.50%	05/22/22	1,005,950
TOYOTA MOTOR CREDIT CORP	2.13%	06/29/22	9,898,900
TOYOTA MOTOR CREDIT CORP	2.15%	09/08/22	4,539,214
TOYOTA MOTOR CREDIT CORP	2.13%	11/29/22	10,319,800
TORONTO DOMINION BANK	2.50%	01/26/23	4,816,500
TORONTO DOMINION BANK	2.60%	02/15/23	5,026,400
Total Corporate Notes			177,593,406
Government Agency Bonds			
FEDERAL HOME LOAN BANK	1.60%	08/01/19	2,998,350
FEDERAL FARM CREDIT BANK	2.60%	08/09/19	5,001,350
FEDERAL NATIONAL MTG ASSN	0.00%	10/09/19	6,210,875
FEDERAL NATIONAL MTG ASSN	0.00%	10/09/19	2,484,350
FEDERAL HOME LOAN BANK	1.37%	10/24/19	733,618
FEDERAL FARM CREDIT BANK	4.60%	01/29/20	1,522,680
FEDERAL FARM CREDIT BANK	1.59%	03/23/20	4,620,010
FEDERAL HOME LOAN MTG CORP	2.50%	06/04/20	7,501,275
FEDERAL HOME LOAN BANK	1.38%	10/06/20	1,485,930
FEDERAL HOME LOAN BANK	2.50%	10/09/20	7,502,625
FEDERAL HOME LOAN MTG CORP	2.00%	10/29/20	7,496,475
FEDERAL HOME LOAN MTG CORP	2.40%	12/10/20	1,668,200
FEDERAL HOME LOAN BANK	2.55%	01/11/21	10,004,100
FEDERAL HOME LOAN BANK	2.55%	01/11/21	5,002,050
FEDERAL FARM CREDIT BANK	1.44%	01/19/21	4,970,100
FEDERAL HOME LOAN BANK	1.50%	02/26/21	1,119,496
FEDERAL HOME LOAN BANK	1.50%	02/26/21	999,550
FEDERAL HOME LOAN MTG CORP	1.50%	02/26/21	1,098,724
FEDERAL HOME LOAN BANK	2.60%	04/16/21	7,504,350
FEDERAL HOME LOAN MTG CORP	1.50%	04/28/21	2,178,016
FEDERAL HOME LOAN MTG CORP	1.75%	04/28/21	2,437,366
FEDERAL FARM CREDIT BANK	2.40%	05/14/21	705,077
FEDERAL HOME LOAN BANK	1.50%	05/25/21	3,671,435
FEDERAL HOME LOAN BANK	1.50%	05/25/21	5,137,244

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2019

	Interest Rate	Maturity Date	Market Value
FEDERAL HOME LOAN BANK	2.60%	05/28/21	15,006,150
FEDERAL HOME LOAN MTG CORP	1.63%	06/07/21	5,983,560
FEDERAL HOME LOAN MTG CORP	2.40%	06/24/21	10,000,800
FEDERAL FARM CREDIT BANK	1.50%	06/30/21	1,500,000
FEDERAL HOME LOAN MTG CORP	1.50%	06/30/21	4,491,000
FEDERAL FARM CREDIT BANK	1.50%	07/06/21	5,952,420
FEDERAL HOME LOAN MTG CORP	1.25%	07/27/21	1,496,325
FEDERAL NATIONAL MTG ASSN	1.25%	07/27/21	6,483,911
FEDERAL FARM CREDIT BANK	2.47%	08/23/21	8,081,374
FEDERAL HOME LOAN BANK	1.25%	11/23/21	8,458,265
FEDERAL FARM CREDIT BANK	2.37%	12/17/21	11,974,680
FEDERAL FARM CREDIT BANK	2.37%	12/17/21	7,983,120
FEDERAL FARM CREDIT BANK	1.95%	03/14/22	1,000,010
FEDERAL FARM CREDIT BANK	1.95%	03/14/22	2,000,020
FEDERAL HOME LOAN BANK	2.00%	10/27/22	5,001,300
FEDERAL NATIONAL MTG ASSN	2.20%	10/27/22	250,033
FEDERAL HOME LOAN MTG CORP	2.67%	05/22/23	450,652

Total Government Agency Bonds	190,166,866

Municipal Obligations

FL ST DEPT OF ENVRNMTL PROT PRES REV BAB	5.46%	07/01/19	1,000,000
PENNSYLVANIA ST BAB	4.05%	07/15/19	1,000,730
BURLINGTON VT TXBL REF SER D	1.70%	11/01/19	394,408
NORFOLK VA	4.00%	11/01/19	50,458
MONMOUTH CNTY NJ	3.00%	11/14/19	750,390
VIRGINIA ST CLG BLDG AUTH	4.50%	02/01/20	505,950
VIRGINIA ST BUILD AMER BOND	3.05%	06/01/20	323,107
FLORIDA ST HURRICANE	3.00%	07/01/20	2,516,250
FLORIDA ST HURRICANE	3.00%	07/01/20	2,481,023
FLORIDA ST HURRICANE	3.00%	07/01/20	3,537,848
UPPER OCCOQUAN VA SEWAGE AUTH	4.25%	07/01/20	168,496
UPPER OCCOQUAN VA SEWAGE AUTH	4.25%	07/01/20	510,595
VIRGINIA ST PORT AUTH CMWLTH	2.15%	07/01/20	498,940
PORTSMOUTH VA SER C	5.92%	07/15/20	1,001,360
FLORIDA ST BAB	5.59%	08/01/20	2,256,233
PORTSMOUTH VA	2.00%	08/01/20	1,749,335
NORFOLK VA BUILD AMERICAN BOND	4.85%	03/01/21	261,460
VIRGINIA CMWLTH REV BOND	4.35%	05/15/21	1,038,970
UPPER OCCOQUAN VA SEWAGE AUTH	2.05%	07/01/21	499,985
SPOTSYLVANIA CNTY VA	5.30%	07/15/21	1,002,770
VIRGINIA ST PUBLIC BLDG AUTH	4.20%	08/01/21	521,510
VIRGINIA ST PUBLIC BLDG AUTH	4.20%	08/01/21	990,869
VIRGINIA ST PUBLIC BLDG AUTH	5.30%	08/01/21	515,448
MARYLAND ST CMNTY DEV	2.47%	09/01/21	730,024
FAIRFAX CNTY VA ECON DEV AUTHFAC	2.90%	10/01/21	509,230
CONNECTICUT ST TXBL-SER B	2.40%	10/15/21	1,000,860

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2019

	Interest Rate	Maturity Date	Market Value
CONNECTICUT ST TXBL-SER B	2.40%	10/15/21	3,257,799
HAMPTON ROADS VA	2.98%	07/01/22	511,755
ANDERSON CNTY SCH DIST BAB	5.15%	03/01/23	510,365
Total Municipal Obligations			30,096,167
Commercial Paper			
BAYERISCHE LANDESBK		07/08/19	9,995,400
ONTARIO PROVINCE		08/06/19	9,976,500
INOVA HEALTH SYSTEMS		08/13/19	9,971,900
BAYERISCHE LANDESBK		08/15/19	9,970,600
BANCO SANTANDER		08/22/19	9,966,300
MUFG BANK LTD/NY		08/29/19	9,961,800
BANCO SANTANDER SA/NY		09/13/19	7,962,640
MUFG BANK LTD		09/19/19	9,949,600
BAYERISCHE LANDESBK GIRO		11/05/19	1,984,840
KOREA DEVELOPMENT BK		03/09/20	2,956,530
TOTAL COMMERCIAL PAPER			82,696,110
Money Market Funds			
FIRST VIRGINIA COMMUNITY BANK	2.33%		6,838,594
J.P. MORGAN CHASE	2.50%		10,000,000
JOHN MARSHALL BANK ICS	2.47%		16,285,019
JOHN MARSHALL BANK	1.70%		2,003
SANDY SPRING BANK	2.08%		5,804,893
UNITED BANK ICS	2.38%		5,229,854
WELLS FARGO	2.24%		18,540,136
Total Money Market Funds			62,700,499
Virginia State Non-Arbitrage Program (SNAP)			405,663,541
Virginia Investment Pool (VIP)			25,267,399
STATE TREASURER'S LOCAL GOVERNMENT INVESTMENT POOL (LGIP)			10,052,829
Virginia Investment Pool Daily Liquidity			136,836,013
TOTAL SECURITIES			\$1,122,111,425

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

		Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)		
	Amount Authorized and Sold	Date of Bonds	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	5.00		1,694,502	1,694,502	08/01/19
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>\$3,390,117</u>		
G.O. Public improvement (\$73,415,000)		7/27/10				
Street & Highway	\$7,150,000					
Neighborhood conservation	6,900,000	2.125		1,270,000	1,270,000	08/15/19
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>\$15,215,000</u>		
G.O. Public improvement refunding (65,870,000)		7/27/10				
Street & Highway	\$5,661,131					
Neighborhood conservation	2,906,731	4.00		2,405,957	2,405,957	08/15/19
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>\$18,128,504</u>		
G.O. Public improvement (\$127,000,000)		6/28/11				
Street & Highway	\$10,669,428					
Neighborhood conservation	6,400,000	5.00		3,685,000	3,685,000	08/15/19
Government facility bond	4,675,000					
Parks and recreation	39,005,572					
Metro	10,000,000					
	<u>\$70,750,000</u>			<u>\$3,685,000</u>		
G.O. Public improvement refunding (\$106,445,000)		2/22/12				
Street & Highway	\$6,073,372	4.00/3.00		5,760,000	5,760,000	08/01/19
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>\$39,575,000</u>		
G.O. Public improvement (\$108,140,000)		6/20/12				
Street & Highway	\$6,150,000	5.00		3,915,450	1,957,725	08/15/19-20
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>\$3,915,450</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

G.O. Public improvement (\$93,975,000)		5/9/13				
Street & Highway	\$11,190,000	5.00	7,455,000	2,485,000	08/01/19-21	
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>\$12,415,000</u>		
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	1.339	6,335,000	6,335,000	08/01/19	
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>\$21,885,000</u>		
G.O. Public improvement (\$64,910,000)		5/28/14				
Street & Highway	\$7,405,000	5.000	4,185,000	1,395,000	02/15/20-22	
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>\$18,105,000</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	16,205,000	2,315,000	08/15/19-25	
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>\$37,020,000</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>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

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ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

FY 2012 Bond premium to be amortized	4,198,383.04
FY 2013 Bond premium to be amortized	7,558,311.38
FY 2014 Bond premium to be amortized	1,831,554.15
FY 2015 Bond premium to be amortized	2,732,660.60
FY 2016 Bond premium to be amortized	4,133,554.85
FY 2017 Bond premium to be amortized	15,917,748.83
FY 2018 Bond premium to be amortized	16,208,225.11
FY 2019 Bond premium to be amortized	18,396,431.19
Total GO Bonds serviced by general fund:	<u>\$634,342,972</u>

IDA Revenue bond (\$11,940,000)	1/27/11				
FS #3, Arlington Mill and Buckingham Park	<u>\$11,940,000</u>	4.00	620,000	620,000	2/15/20
			<u>\$620,000</u>		

IDA Revenue bond (\$76,315,000)	5/9/13				
Refunding 2004 IDA	\$23,930,000				
\$2.020	20,250,000				
Buckingham Village 3	<u>32,135,000</u>	5.00/1.74	3,020,000	3,020,000	12/15/19
	<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>\$49,510,000</u>		

2017 IDA Revenue and refunding bonds (\$57,865,000)					
Refunding 2009B IDA	\$20,035,000				
2011 IDA	6,115,000	5.00	830,000	830,000	02/15/20
Buckingham Village 3	<u>31,715,000</u>	5.00	2,760,000	2,760,000	02/15/21
	<u>\$57,865,000</u>	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>\$56,175,000</u>		

Total IDA revenue bonds serviced by general fund	<u>\$106,305,000</u>
Compensated absences	<u>\$33,986,867</u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

Estimated liability for workers' compensation claims	3,721,926
Serviced by general fund-capital leases	12,252,069
Line of Credits	8,585,749
Net OPEB liability	<u>167,875,003</u>

Total general obligation debt serviced by general fund:	\$967,069,586
Due in one year	<u>(60,518,417)</u>
Total long term liabilities -general fund	<u><u>\$906,551,169</u></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		2,540,397	2,540,397	08/01/19
	5.00		2,544,916	2,544,916	08/01/20
			<u>\$5,085,313</u>		
Schools- QSCB (\$3,380,000)	7/6/10				
School Improvements		<u>\$3,380,000</u>	5.31	1,600,000	200,000 06/01/20-27
				<u>\$1,600,000</u>	
G.O. Public improvement (\$73,415,000)	7/27/10				
School Improvements		<u>\$30,703,000</u>			
	2.125		1,535,000	1,535,000	08/15/19
	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>\$18,420,000</u>		
G.O. Public improvement refunding (\$65,870,000)	7/27/10				
School Improvements		<u>\$25,408,254</u>			
	4.00		2,734,043	2,734,043	08/15/19
	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>\$16,902,594</u>		
G.O. Public improvement (\$127,000,000)	6/28/11				
School Improvements		<u>\$44,450,000</u>			
	5.00		2,225,000	2,225,000	08/15/19
			<u>\$2,225,000</u>		
G.O. Public improvement refunding (\$106,445,000)	2/22/12				
School Improvements		<u>\$39,255,000</u>			
	4.00/3.00		3,065,000	3,065,000	08/01/19
	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>\$39,255,000</u>		
G.O. Public improvement (\$108,140,000)	6/20/12				
School Improvements		<u>\$65,145,000</u>			
	5.00		6,514,550	3,257,275	08/15/19-20
			<u>\$6,514,550</u>		
G.O. Public improvement (\$93,975,000)	5/9/13				
School Improvements		<u>\$38,380,000</u>			
	5.00		5,760,000	1,920,000	08/01/19-21
	4.00		1,920,000	1,920,000	08/01/31
	4.00		1,915,000	1,915,000	08/01/32
			<u>\$9,595,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

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>			
			1.339	4,885,000	4,885,000 08/01/19
			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>\$14,725,000</u>	
G.O. Public improvement (\$64,910,000)	5/28/14				
School Improvements		<u>\$36,460,000</u>	5.000	5,475,000	1,825,000 02/15/2020-22
			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>\$23,695,000</u>	
G.O. Public improvement refunding (\$40,455,000)	5/28/14				
School Improvements		<u>\$19,725,000</u>	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
				<u>\$19,725,000</u>	
G.O. Public improvement (\$77,440,000)	6/17/15				
School Improvements		<u>\$30,000,000</u>	4.000	10,500,000	1,500,000 08/15/19-25
			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
				<u>\$24,000,000</u>	
G.O. Public improvement (\$55,200,000)	5/4/16				
School Improvements		<u>\$32,550,000</u>	3.000	1,630,000	1,630,000 08/15/19
			5.000	11,410,000	1,630,000 08/15/20-26
			5.000	14,625,000	1,625,000 08/15/27-35
				<u>\$27,665,000</u>	
G.O. Public improvement refunding (\$161,530,000)	5/4/16				
School Improvements		<u>\$72,220,000</u>			
			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
				<u>\$67,525,000</u>	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

G.O. Public improvement (\$185,095,000)	5/31/17				
School Improvements	<u>\$75,200,000</u>				
	5.000	11,280,000	3,760,000	08/15/19-21	
	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	
			<u>\$67,680,000</u>		
G.O. Public improvement (\$153,555,000)	6/20/2018				
School Improvements	<u>\$92,400,000</u>				
	5.000	3,425,000	3,425,000	08/15/19	
	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	
			<u>\$86,075,000</u>		
G.O. Public improvement (\$169,480,000)	6/19/2019				
School Improvements	<u>\$92,400,000</u>				
	5.000	3,470,000	3,470,000	06/15/20	
	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	
			<u>\$63,130,000</u>		
SUB TOTAL			<u>\$505,407,457</u>		
FY 2004 Bond Premium to be amortized		363,095.00			
FY 2005 Bond Premium to be amortized		878,153.00			
FY 2006 Bond Premium to be amortized		203,934.00			
FY 2007 Bond Premium to be amortized		102,882.00			
FY 2008 Bond Premium to be amortized		1,083,528.00			
FY 2010 Bond Premium to be amortized		815,595.88			
FY 2011 Bond Premium to be amortized		2,602,733.40			
FY 2012 Bond Premium to be amortized		7,107,551.81			
FY 2013 Bond Premium to be amortized		4,426,980.77			
FY 2014 Bond Premium to be amortized		2,445,596.05			
FY 2015 Bond Premium to be amortized		1,785,192.00			
FY 2016 Bond Premium to be amortized		6,127,850.22			
FY 2017 Bond Premium to be amortized		10,687,690.79			
FY 2018 Bond Premium to be amortized		14,670,340.11			
FY 2019 Bond Premium to be amortized		10,810,145.82			
Total serial bonds serviced by school operating fund:		<u>\$569,518,726</u>			
Compensated absences		\$39,847,908			
Capital leases serviced by schools		1,814,105			
Line of credits		5,139,346			
Net pension liability schools		437,520,744			
Net OPEB liability schools		188,361,226			
Total general obligation debt serviced by school operating fund:		1,242,202,055			
Due in one year		(49,560,540)			
Total long term liabilities - schools		<u>\$1,192,641,514</u>			
Total general obligation debt serviced by general fund and school operating fund:		<u>\$2,099,192,684</u>			

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

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>	4.00	1,430,101	1,430,101	08/01/19	
	<u>\$10,881,204</u>	3.125	1,499,469	1,499,469	08/01/20	
				<u>\$2,929,570</u>		
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>	2.125	955,000	955,000	08/15/19	
		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>\$11,460,000</u>		
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>		
G.O. Public improvement (\$127,000,000)	6/28/11					
Advanced Water Treatment	<u>\$11,800,000</u>					
		5.00	615,000	615,000	08/15/19	
				<u>\$615,000</u>		
G.O. Public improvement refunding (\$106,445,000)	2/22/12					
Water share	\$2,696,098	4.00/3.00	3,440,000	3,440,000	08/01/19	
Sewer share	2,944,245	4.00/3.00	4,700,000	4,700,000	08/01/21	
Advanced Water Treatment	<u>21,974,657</u>	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>\$27,615,000</u>		
G.O. Public improvement (\$108,140,000)	6/20/12					
Advanced Water Treatment	<u>\$7,400,000</u>	5.00	770,000	385,000	08/15/2019-20	
				<u>\$770,000</u>		
G.O. Public improvement (\$93,975,000)	5/9/13					
Water share	<u>\$3,600,000</u>	5.00	540,000	180,000	08/01/19-21	
		4.00	360,000	180,000	08/01/31-32	
				<u>\$900,000</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	<u>6,887,224</u>	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					
Sewer share	1,641,858					
Advanced Water Treatment	<u>1,165,666</u>	1.339	250,000	250,000	08/01/19	
	<u>\$3,505,000</u>	1.659	210,000	210,000	08/01/20	
		2.225	15,000	15,000	08/01/23	
		2.320	615,000	615,000	08/01/24	
		2.470	600,000	600,000	08/01/25	
		2.620	450,000	450,000	08/01/26	
				<u>\$2,140,000</u>		
G.O. Public improvement (\$64,910,000)	5/28/14					
Water share	<u>\$1,700,000</u>	5.000	255,000	85,000	02/15/2020-22	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2019

		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>\$1,105,000</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
	<u>\$2,765,000</u>	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	1,050,000	150,000	08/15/19-25
		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>\$2,400,000</u>		
G.O. Public improvement refunding (\$161,530,000)	5/4/16				
Water share	\$1,987,360	3.000	600,000	600,000	08/15/20
Sewer share	31,547	5.000	640,000	640,000	08/15/21
Advanced Water Treatment	<u>8,401,093</u>	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>\$74,498,472</u>		
FY 2005 Bond premium to be amortized			145,432		
FY 2007 Bond premium to be amortized			365,709		
FY 2008 Bond premium to be amortized			494,649		
FY 2011 Bond premium to be amortized			932,770		
FY 2012 Bond premium to be amortized			831,124		
FY 2013 Bond premium to be amortized			415,122		
FY 2014 Bond premium to be amortized			113,949		
FY 2015 Bond premium to be amortized			178,519		
			<u>\$77,975,746</u>		
Total serial bonds serviced by utilities fund:			\$77,975,746		
Compensated absences - utilities fund			1,360,623		
Bond and VRA interest payable - utilities fund			2,533,307		
VRA loans payable			<u>158,905,982</u>		
Total long term obligations serviced by utilities fund:			\$240,775,658		
Compensated absences - Internal service funds			507,101		
Compensated absences - CPHD Development fund			706,661		
Capital leases serviced by auto equipment fund			<u>1,647,358</u>		
Subtotal:			\$243,636,778		
Bond and mortgage interest payable			35,085,209		
Mortgage payable-ballston public garage fund			<u>3,429,679</u>		
Total business-type activities obligations:			282,151,666		
Due in one year			<u>(65,261,898)</u>		
Total business-type activities long term obligations:			<u>\$216,889,768</u>		
Total long term obligations:			<u>\$2,316,082,452</u>		

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
JUNE 30, 2019

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2019	\$48,039	\$490,711	\$538,750
2018	34,798	359,569	394,367
2017	167	219,865	220,032
2016	5,228	237,168	242,396
2015	5,557	249,640	255,197
2014	948	-	948
2013	-	-	-
2012	-	-	-
2011	-	-	-
2010	-	-	-
2009	-	-	-
2008	881	-	881
2007	-	-	-
2006	-	-	-
2005	-	-	-
2004	-	-	-
2003	-	-	-
2002	-	-	-
2001	-	-	-
2000	-	-	-
1990-1999 *	147	-	147
			-
TOTAL	<u>\$95,764</u>	<u>\$1,556,953</u>	<u>\$1,652,718</u>

NOTES:

Figures are rounded to the nearest dollar.

The amounts of delinquent real and personal property taxes receivable at June 30, 2019 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 real estate tax for fiscal years 1990-1999 were deferred pursuant to Arlington County's Real Estate Tax Relief Program. Such deferred taxes are due upon sale of the property or within one year of the death of the last owner who qualified for relief.

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 \$7,257 and \$350,621 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
2010	\$631,481,234	\$2,753,079	\$628,728,155	99.56%	\$2,965,008	\$631,693,163	100.03%	\$1,074,788	\$1,450,150	\$4,107,640	0.65%
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%

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, 2019

	Governmental Funds <u>Total Cost</u>
Governmental funds capital assets:	
Land	\$230,882,896
Infrastructure	885,248,017
Buildings	451,669,317
Furniture, fixtures and equipment	266,030,331
Construction in Progress	171,691,093
Intangibles	<u>8,466,774</u>
Total governmental funds capital assets	<u><u>\$2,013,988,428</u></u>
Investments in governmental funds' capital assets by source:	
General fund	\$246,291,668
Special revenue funds	135,506
Capital projects funds	1,760,031,159
State literary loans	1,680,040
Donated assets	<u>5,850,055</u>
Total investment in general capital assets	<u><u>\$2,013,988,428</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, 2019

FUNCTION AND ACTIVITY:	General Capital Assets			
	6/30/2018 Beginning Balance	Additions	Deletions	6/30/2019 Ending Balance
Governmental funds:				
General Government	\$340,532,230	\$6,897,819	\$-	\$347,430,049
Public Safety	119,876,490	2,118,736	29,266	121,965,960
Environmental Services	1,043,027,591	112,642,372	3,848,847	1,151,821,116
Health and Public Welfare	34,456,402	244,246	-	34,700,648
Libraries	30,500,606	88,525	-	30,589,131
Parks and Recreation	235,353,594	22,999,260	1,172	258,351,682
Planning and Community Development	66,069,472	3,218,796	158,426	69,129,842
Total governmental funds	<u>1,869,816,385</u>	<u>148,209,754</u>	<u>4,037,711</u>	<u>2,013,988,428</u>
Internal Services Fund				
Auto Equipment Fund	81,578,335	8,360,484	6,198,635	83,740,184
Total Internal Services Fund	<u>81,578,335</u>	<u>8,360,484</u>	<u>6,198,635</u>	<u>83,740,184</u>
Component Unit: Schools	<u>1,003,537,262</u>	<u>125,572,860</u>	<u>-</u>	<u>1,129,110,122</u>
Total general capital assets	<u>\$2,954,931,982</u>	<u>\$282,143,098</u>	<u>\$10,236,346</u>	<u>\$3,226,838,734</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2019

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	7,327,958	-	-	-	5,046,498	899,576	1,381,884
Total Control	9,051,218	-	-	-	\$6,769,758	899,576	1,381,884
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	66,026,395	-	15,667,138	991,860	46,691,334	1,470,902	1,205,161
General government	267,127,519	140,919,088	88,148,773	26,328,154	10,730,114	1,001,390	-
Total Staff Agencies	338,378,831	140,919,088	103,815,911	27,564,898	62,166,305	2,707,468	1,205,161
Total General Government	347,430,049	140,919,088	103,815,911	27,564,898	68,936,063	3,607,044	2,587,045
Public Safety:							
Police	22,535,937	-	958,127	9,837,613	11,026,489	671,523	42,185
Fire	81,801,467	5,499,264	32,569,290	7,125,394	36,478,398	-	129,121
Public Safety Communications and Emergency Management	17,628,556	-	-	-	16,346,769	794,936	486,851
Total Public Safety	121,965,960	5,499,264	33,527,417	16,963,007	63,851,656	1,466,459	658,157
Community Services:							
Environmental Services	1,151,821,116	61,109,953	589,750,623	257,376,858	97,131,090	2,390,563	144,062,029
Health and Public Welfare	34,700,648	-	-	14,127,700	19,487,526	636,104	449,318
Libraries	30,589,131	-	11,857,686	18,349,791	306,654	-	75,000
Recreation	258,351,682	21,151,286	101,736,942	102,048,285	15,541,152	-	17,874,017
Community Development	69,129,842	2,203,305	44,559,438	15,238,778	776,190	366,604	5,985,527
Total Community Service	1,544,592,419	84,464,544	747,904,689	407,141,412	133,242,612	3,393,271	168,445,891
Total General Capital Assets	<u>\$2,013,988,428</u>	<u>\$230,882,896</u>	<u>\$885,248,017</u>	<u>\$451,669,317</u>	<u>\$266,030,331</u>	<u>\$8,466,774</u>	<u>\$171,691,093</u>
Internal Services Fund:							
Auto Equipment Fund	\$83,740,184	\$-	\$-	\$-	\$83,740,184	\$-	\$-
Total Internal Services Fund	<u>\$83,740,184</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$83,740,184</u>	<u>\$-</u>	<u>\$-</u>
Component Unit: Schools	<u>\$1,129,110,122</u>	<u>\$4,697,946</u>	<u>\$-</u>	<u>\$898,492,212</u>	<u>\$129,001,272</u>	<u>\$-</u>	<u>\$96,918,692</u>
Total General Capital Assets	<u>\$3,226,838,734</u>	<u>\$235,580,842</u>	<u>\$885,248,017</u>	<u>\$1,350,161,529</u>	<u>\$478,771,787</u>	<u>\$8,466,774</u>	<u>\$268,609,785</u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Budget	Actual	Variance - Positive (Negative)	Actuals
GENERAL FUND				
General property taxes:				
Real estate	\$730,267,530	\$745,871,152	\$15,603,622	\$720,711,801
Personal	119,052,147	117,994,659	(1,057,488)	115,869,128
Total general property taxes	849,319,677	863,865,811	14,546,134	836,580,929
Other local taxes:				
Business, professional and occupational license (BPOL) tax	65,620,000	69,913,867	4,293,867	62,986,320
Sales tax	43,260,000	44,047,335	787,335	42,007,601
Meals tax	41,500,000	40,168,158	(1,331,842)	39,469,397
Transient tax	26,000,000	24,623,587	(1,376,413)	25,026,707
Utility tax	15,452,000	16,462,272	1,010,272	12,048,319
Recordation, car rental and other local taxes	26,670,000	25,545,462	(1,124,538)	26,599,066
Total other local taxes	218,502,000	220,760,681	2,258,681	208,137,410
Total taxes	1,067,821,677	1,084,626,492	16,804,815	1,044,718,339
License, permits and fees	11,319,890	12,150,581	830,691	10,500,494
Fines and forfeitures	7,603,024	7,637,315	34,291	7,295,337
Charges for services	62,668,719	62,380,067	(288,652)	59,262,598
Grants:				
State grants	80,468,011	76,434,686	(4,033,325)	76,286,881
Federal grants	18,180,875	17,649,032	(531,843)	16,649,770
Total grants	98,648,886	94,083,718	(4,565,168)	92,936,651
Use of money and property	10,850,189	27,491,249	16,641,060	8,645,196
Miscellaneous revenue	2,918,313	13,440,616	10,522,303	21,818,000
GRAND TOTALS FOR GENERAL FUND	\$1,261,830,698	\$1,301,810,038	\$39,979,340	\$1,245,176,615
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$75,399	\$72,709	(\$2,690)	\$36,657
Crystal City Business Improvement District	51,718	50,977	(741)	25,972
Automotive Equipment Fund	130,000	2,751,686	2,621,686	130,000
General Capital Projects	-	-	-	-
Street & Highway Bond Fund	-	241,013	241,013	139,022
Neighborhood Conservation Bond Fund	-	247,723	247,723	191,823
Government Facility Bond	-	1,229,302	1,229,302	646,005
Ballston Business Improvement District	33,624	33,146	(478)	14,361
Public Recreation Bond Fund	-	864,750	864,750	590,123
TCF – NVTA 30%	1,069,351	1,069,000	(351)	1,067,019
TCF C&I Tax	1,361,721	1,361,721	-	35,721
Transit Facilities Bond Fund	-	213,228	213,228	72,340
IDA Bond Funds	-	175,518	175,518	107,204
IDA Skating Facility	2,400,000	-	(2,400,000)	-
School Capital Improvement Bond Fund	-	2,403,864	2,403,864	1,351,527
School Operating	-	-	-	1,153,681
Trust & Agency Fund	97,000	230,840	133,840	198,403
Total transfers	\$5,218,813	\$10,945,477	\$5,726,664	\$5,759,858
GRAND TOTALS	\$1,267,049,511	\$1,312,755,515	\$45,706,004	\$1,250,936,473

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019			
	Budget	Actual	Variance - Positive (Negative)	2018 Actuals
SPECIAL REVENUE FUNDS:				
Ballston BID	\$1,681,199	\$1,658,339	(\$22,860)	\$1,437,528
Ballston Quarter CDA	\$537,700	410,060	(127,640)	65,420
Travel & Tourism Fund	1,300,000	1,231,590	(68,410)	1,251,241
Rosslyn BID	3,775,150	3,637,271	(137,879)	3,668,537
Crystal City BID	2,585,894	2,553,659	(32,235)	2,598,741
Community Development Block Grant Fund	8,836,267	4,960,543	(3,875,724)	1,336,943
Section 8 Housing	20,030,543	18,384,976	(1,645,567)	19,031,657
Total Special Revenue Funds	\$38,746,753	\$32,836,438	(\$5,910,315)	\$29,390,067
BREAKDOWN OF REVENUE BY FUNCTION:				
	Charges for services includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General government	\$20,310,840	\$33,137,854	\$217,540	\$-
Public safety	11,327,279	10,400,527	1,538,978	-
Environmental services	33,895,719	12,117,677	-	-
Health & welfare	4,627,381	20,550,532	15,830,523	-
Libraries	412,502	184,510	-	-
Economic development	161,316	4,500	25,000	-
Planning & community development	1,660,951	-	-	-
Parks & recreation	9,771,975	39,086	36,991	-
Total General Fund	\$82,167,963	\$76,434,686	\$17,649,032	\$-

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Budget	Actual	Variance - Positive (Negative)	Actuals
General Government Administration:				
County Board	\$1,751,307	\$1,632,038	\$119,269	\$1,737,286
County Manager	5,667,384	5,335,137	332,247	5,282,244
Management and Finance	8,365,811	8,004,496	361,315	7,724,907
Human Resources	9,856,749	9,324,435	532,314	9,185,349
Technology Services	22,071,954	22,028,662	43,292	21,686,651
County Attorney	3,028,851	3,044,995	(16,144)	2,989,682
Commissioner of Revenue	5,941,736	5,964,215	(22,479)	5,902,471
Treasurer	7,181,469	7,048,516	132,953	6,914,439
Electoral Board	1,341,064	1,144,229	196,835	1,109,336
Total General Government	65,206,325	63,526,723	1,679,602	62,532,365
Judicial Administration:				
Circuit Court Judiciary	1,233,276	1,183,285	49,991	1,168,331
Circuit Court Clerk	3,315,922	3,295,794	20,128	3,176,537
District Court	382,810	352,711	30,099	360,684
Juvenile & Domestic Relations Court	7,461,406	7,030,385	431,021	6,530,317
Commonwealth Attorney	4,412,098	4,257,707	154,391	4,166,828
Sheriff & Jail	46,111,084	47,698,889	(1,587,805)	45,919,040
Magistrate's Office	41,432	25,929	15,503	38,918
Office of the Public Defender	191,613	163,717	27,896	149,879
Total Judicial Administration	63,149,641	64,008,417	(858,776)	61,510,534
Public Safety:				
Police	71,001,805	68,703,892	2,297,913	66,526,840
Public Safety Communications and Emergency Management	13,527,298	13,252,362	274,936	12,454,771
Fire	63,761,003	62,821,768	939,235	58,874,086
Total Public Safety	148,290,106	144,778,022	3,512,084	137,855,697
Department of Environmental Services:				
DES-Environmental Services	101,095,620	94,053,743	7,041,877	94,573,460
Health & Welfare:				
Human Services	144,004,249	135,256,946	8,747,303	136,105,243
Libraries:				
	14,524,515	14,458,512	66,003	14,465,893
Planning & Community Development:				
Economic Development	9,110,399	8,788,089	322,310	8,401,169
Community Planning, Housing & Development	11,449,510	10,684,954	764,556	10,981,228
Total Planning & Community Development	20,559,909	19,473,043	1,086,866	19,382,397
Parks & Recreation:				
	42,311,006	41,865,623	445,383	40,416,046
Non-Departmental:				
Non-Departmental	123,945,860	64,270,266	59,675,594	65,329,008
Debt Service				
Principal payment	41,882,906	44,859,170	(2,976,264)	43,682,412
Interest payment	25,792,094	22,728,757	3,063,337	18,636,523
Other costs	125,000	98,453	26,547	6,045
Regionals/Contributions	6,752,565	7,356,516	(603,951)	7,019,804
METRO	40,600,000	42,601,029	(2,001,029)	36,239,655
Total Non-Departmental	239,098,425	181,914,191	57,184,234	170,913,447
Total expenditures before transfers-out	838,239,796	759,335,220	78,904,576	737,755,082

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

	2019			2018
	Budget	Actual	Variance - Positive (Negative)	Actuals
Transfers-Out				
Travel & Tourism	246,700	246,700	-	246,700
Community Development Block Grant	94,981	94,981	-	574,270
Auto Equipment Fund	-	-	-	229,500
Printing Fund	249,600	242,337	7,263	249,600
General Capital Projects Fund	5,667,108	5,667,108	-	14,619,903
Utilities - Construction (Pay as U Go)	199,200	400,000	(200,800)	600,000
OPEB Trust Fund	-	45,567	(45,567)	40,271
Schools				
General Operating	510,094,014	436,949,406	73,144,608	429,755,753
Community Activities/Cable TV	-	5,137,866	(5,137,866)	5,422,625
Pay-As-You-Go	-	(6,011,072)	6,011,072	11,589,645
Debt Service	-	53,695,031	(53,695,031)	49,011,876
Comprehensive Services Act	-	1,947,142	(1,947,142)	1,775,415
Trust & Agency	5,315,182	3,902,481	1,412,701	3,585,032
Total transfers-out	521,866,785	502,317,547	19,549,238	517,700,590
GRAND TOTALS EXPENDITURES	<u>\$1,360,106,581</u>	<u>\$1,261,652,767</u>	<u>\$98,453,814</u>	<u>\$1,255,455,672</u>
SPECIAL REVENUE FUNDS:				
Ballston Quarter CDA	\$603,120	\$65,420	\$537,700	\$-
Travel & Tourism Promotion	1,549,891	1,478,290	71,601	1,672,999
Ballston Business Improvement District	1,652,651	1,581,613	71,038	1,485,456
Rosslyn Business Improvement District	3,699,703	3,632,070	67,633	3,587,568
Crystal City Business Improvement District	2,534,176	2,469,530	64,646	2,588,122
Community Development Block Grant	8,836,267	5,055,524	3,780,743	1,911,213
Section 8 Housing	19,807,687	18,384,976	1,422,711	19,031,657
Total Special Revenue Funds	<u>\$38,683,495</u>	<u>\$32,667,424</u>	<u>\$6,016,071</u>	<u>\$30,277,015</u>
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	<u>\$1,398,790,076</u>	<u>\$1,294,320,191</u>	<u>\$104,469,885</u>	<u>\$1,285,732,687</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	\$640,734
Public Safety	386,945
Public Works	283,716
Health & Public Welfare	24,260
Libraries	13,524
Parks & Recreation	51,835
Planning & Community development	-
Total General Fund	\$1,556,965
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	5,989,092
Government Facilities	11,684,066
Cultural & Recreation - Community Affairs:	
Government Facilities	1,731,791
Parks	8,173,216
Total General Capital Projects Funds	27,578,165
NVTA	45,306,535
NOVA Transportation Authority	
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	15,325,972
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	3,062,845
Government Facility Bond	27,369,715
Stormwater Fund	3,966,540
Public Recreation Bond Fund:	
Public Recreation	15,506,936
TIF Tax Increment Finance Fund:	
Crystal City	4,247,922
TOTAL ALL OTHER GOVERNMENTAL FUNDS	73,768,089
GRAND TOTAL	\$148,209,754

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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, Table J1, and Table J2.)

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)

	2010	2011	2012	2013	Restated 2014	2015	Restated 2016	Restated 2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$249,738,653	\$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
Restricted	153,848,423	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
Unrestricted	68,983,307	(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
Total governmental activities net position	\$472,570,383	\$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
Business-Type Activities										
Net investment in capital assets	\$526,943,363	\$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
Restricted	3,432,530	-	-	-	-	-	-	-	-	-
Unrestricted	81,235,660	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
Total business-type activities net position	\$611,611,553	\$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
Primary government										
Net investment in capital assets	\$776,682,016	\$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
Restricted	157,280,953	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
Unrestricted	150,218,967	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
Total primary government activities net position	\$1,084,181,936	\$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
School Component Unit										
Net investment in capital assets	\$386,599,276	\$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
Restricted	4,549,397	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
Unrestricted	(32,814,262)	-	-	16,013,663	14,011,637	(406,303,553)	(463,796,368)	(563,004,285)	(540,914,359)	(551,814,383)
Total schools component unit activities net position	\$358,334,411	\$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
Other Component Units										
Net investment in capital assets	\$27,878,594	\$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
Unrestricted	(554,073)	(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
Total other component units activities net position	\$27,324,521	\$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
Total reporting entity										
Net investment in capital assets	\$938,055,120	\$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
Restricted	161,830,350	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
Unrestricted	369,955,398	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
Total reporting entity net position	\$1,469,840,868	\$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

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Expenses	2010	2011	2012	2013	Restated 2014	2015	Restated 2016	Restated 2017	2018	2019
Primary government:										
Governmental activities:										
General government	\$195,846,347	\$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
Public safety	110,207,376	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
Environmental services	76,327,661	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
Health & welfare	108,035,699	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
Libraries	11,946,021	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
Parks, recreation & culture	37,291,412	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
Planning & community development	46,833,700	42,986,854	54,626,473	60,359,027	63,669,222	58,062,841	54,600,221	63,855,173	79,827,438	56,714,421
Education	343,067,722	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
Interest and other charges	18,531,609	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
Total governmental activities expenses	948,087,547	1,009,595,950	1,057,219,530	1,116,836,685	1,141,079,588	1,145,308,461	1,334,349,327	1,292,279,515	1,309,837,057	1,288,795,870
Business-type activities:										
Utilities	64,616,867	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
Ballston Public Parking Garage	5,577,545	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
IDA Revenue Bond Fund	1,701,967	-	-	-	-	-	-	-	-	-
8th Level Ballston Public Parking Garage	88,383	132,027	50,496	53,085	157,097	174,141	193,955	172,755	168,660	171,869
CPHD Development Fund	9,824,617	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
Total business-type activities expenses	81,809,379	83,928,426	93,761,404	111,541,816	104,683,282	107,395,393	106,529,798	107,674,180	114,293,055	113,329,565
Total primary government expenses	\$1,029,896,926	\$1,093,524,376	\$1,150,980,934	\$1,228,378,501	\$1,245,762,870	\$1,252,703,854	\$1,440,879,125	\$1,399,953,695	\$1,424,130,112	\$1,402,125,435
Component units:										
Schools	412,450,899	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
Other	7,702,100	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
Total component units activities expenses	\$420,152,999	\$414,907,657	\$438,625,200	\$492,437,356	\$937,779,663	\$494,766,165	\$611,298,384	653,874,221	\$616,648,898	\$649,642,466
Program Revenues										
Primary government:										
Governmental activities:										
Charges for services:										
General government	\$17,968,134	\$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
Environmental services	20,973,628	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
Public safety	8,581,235	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
Other activities	10,665,194	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
Operating grants and contributions	106,770,638	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
Capital grants and contributions	1,807,735	1,822,203	1,818,130	-	-	-	-	-	-	-
Total governmental activities program revenues	166,766,564	184,734,123	214,623,922	191,980,671	213,716,120	218,839,043	210,000,983	205,066,586	211,593,876	219,558,026
Business-type activities:										
Charges for services:										
Water-sewer service charges	77,806,563	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
Water-service hook-up charges	2,390,390	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
Other activities	41,260,025	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
Capital grants and contributions	16,319,975	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
Total business-type activities program revenues	137,776,953	124,690,215	130,406,670	133,357,967	128,818,690	129,806,792	126,912,097	130,362,556	135,836,227	134,829,921
Total primary government program revenues	\$304,543,517	\$309,424,338	\$345,030,592	\$325,338,638	\$342,534,810	\$348,645,835	\$336,913,080	\$335,429,142	\$347,430,103	\$354,387,947
Component units:										
Charges for services	\$26,743,790	\$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
Operating grants and contributions	395,178,524	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
Capital grants and contributions	586,833	-	-	-	-	-	-	-	-	-
Total component units program revenues	\$422,509,147	\$498,739,061	\$483,460,298	\$538,358,289	\$494,247,678	\$533,977,476	\$89,185,882	\$99,189,225	\$91,457,001	\$100,072,017

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	Restated 2016	Restated 2017	2018	2019
Net (Expense) Revenue										
Primary government:										
Governmental activities	(\$781,320,983)	(\$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)
Business-type activities	55,967,574	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
Total primary government net expense	(\$725,353,409)	(\$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)
Component units:										
Component unit activities	\$2,356,148	\$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)
Total component units net expense	\$2,356,148	\$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)
General Revenues and Changes in Net Position										
Governmental activities:										
Property taxes:										
Real estate property taxes	\$527,562,107	\$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
Personal property taxes	93,046,854	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
Other local taxes:										
Business, professional occupancy license taxes	58,611,239	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
Other local taxes	129,262,316	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
Investment and interest earnings	10,149,713	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
Miscellaneous	21,000,027	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
Total governmental activities	\$839,632,256	\$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
Business-type activities:										
Investment and interest earnings	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013	\$621,879	\$420,674	\$543,957	\$2,283,585
Revenue from General Fund	-	-	-	-	-	-	-	-	884,701	400,000
Total business-type activities	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013	\$621,879	\$420,674	\$1,428,658	\$2,683,585
Total primary government	\$840,847,469	\$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
Component units activities:										
Other local taxes										
Other local taxes	\$16,332,840	\$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
Revenue from the general fund/miscellaneous	533,684	312,440	212,204	137,253	172,798	204,103	468,749,277	519,085,091	605,583,573	572,369,170
Total primary government	\$16,866,524	\$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
Changes in Net Position										
Primary government:										
Governmental activities	\$58,311,273	\$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
Business-type activities	57,182,787	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
Total primary government net expense	\$115,494,060	\$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
Component units:										
Component units activities	\$19,222,672	\$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
Total component units net expense	\$19,222,672	\$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

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable:										
Prepaid	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$35,036	\$61,626	\$147,830
Restricted for:										
Seized assets	\$3,032,049	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
Grants	45,206	-	-	-	-	-	-	255,110	144,268	6,556
Committed to:										
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
Economic & revenue stabilization contingent	-	-	-	3,000,000	3,000,000	8,599,377	3,000,000	4,000,000	4,000,000	6,700,000
Operating reserve	32,377,943	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
Subsequent years' County budget	17,061,007	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
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	150,176	230,734	171,861	130,223	412,220	281,390	562,321	664,991	-	488,256
Affordable Housing Investment Fund-Allocated	17,656,893	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
Subsequent years' School's budget	33,218,860	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
Assigned to:										
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
Subsequent years' capital projects	13,942,559	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
Economic & revenue stabilization contingent	-	-	3,000,000	5,000,000	-	-	-	-	-	6,781,228
Operating reserve	2,672,083	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
Employee furlough day restoration	1,012,911	-	-	-	-	-	-	-	-	-
Fresh AIRE program	663,804	354,877	1,244,577	1,224,867	1,480,249	1,029,381	652,621	156,301	-	-
Incomplete projects	6,610,975	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
Affordable Housing Investment Fund-Unallocated	3,564,742	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
Unassigned:	-	-	-	-	-	-	-	-	16,323,813	14,243,330
Total General Fund Balance	<u>\$137,009,208</u>	<u>\$160,754,645</u>	<u>\$191,459,163</u>	<u>\$199,598,927</u>	<u>\$233,053,937</u>	<u>\$200,260,076</u>	<u>\$191,243,859</u>	<u>\$186,430,188</u>	<u>\$181,910,989</u>	<u>\$233,013,737</u>
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	14.40%	16.62%	19.02%	18.44%	21.16%	17.07%	16.15%	15.26%	14.49%	18.47%
Other Governmental Funds										
Special Revenue funds										
Nonspendable:										
Prepaid	\$1,223,394	\$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
Restricted for:										
Grants	4,673,397	4,318,223	2,755,933	1,257,426	1,002,099	178,471	261,829	489,837	203,901	700,734
Unassigned:	-	-	-	-	-	(1,265,793)	(1,382,728)	(1,351,822)	(1,438,170)	(1,457,500)
Capital Project funds										
Nonspendable:										
Prepaid	-	-	-	4,275	4,275	4,275	4,275	4,275	204,275	325,660
Restricted for:										
Grants	1,423,044	1,380,184	-	-	-	-	-	-	-	-
Debt Service	5,735,926	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
Committed to:										
Capital Projects	155,615,078	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
Unassigned:	-	-	-	-	-	(90,872)	(90,872)	(90,872)	-	-
Total Other Governmental Fund Balance	<u>\$168,670,839</u>	<u>\$225,288,981</u>	<u>\$258,634,763</u>	<u>\$267,315,915</u>	<u>\$303,158,254</u>	<u>\$361,135,251</u>	<u>\$358,609,635</u>	<u>\$462,891,099</u>	<u>\$452,788,614</u>	<u>\$473,043,141</u>
Component unit - Schools										
Nonspendable:										
Inventory	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$47,853	\$47,853	\$65,361
Restricted for:										
Capital projects	4,549,397	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
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
Committed to:										
Incomplete projects	14,294,085	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
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
Assigned to:										
Operating reserve	4,235,289	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
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
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	684,474
OPEB reserve	695,565	-	-	-	-	-	-	-	-	-
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
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
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
Compensation reserve	-	-	-	-	-	2,000,000	5,200,000	4,650,000	4,700,000	-
Total Component Unit - Schools	<u>\$23,774,336</u>	<u>\$105,377,776</u>	<u>\$105,951,719</u>	<u>\$116,281,336</u>	<u>\$117,450,567</u>	<u>\$136,613,279</u>	<u>\$160,194,689</u>	<u>\$214,294,838</u>	<u>\$253,443,007</u>	<u>\$199,284,459</u>

TABLE D

ARLINGTON COUNTY, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES:										
General property taxes:										
Real estate property taxes	\$528,220,762	\$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
Personal property taxes	93,046,854	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
Other Local taxes:										
BPOL	58,611,239	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
Other local taxes	129,262,316	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
Fines and forfeitures	7,851,193	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
Licenses, permits and fees	7,362,947	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
Intergovernmental	108,578,373	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
Charges for services	42,974,051	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
Interest and rent	10,149,713	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
Miscellaneous revenues	25,950,164	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
Total revenues	1,012,007,612	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
EXPENDITURES:										
Current operating:										
General government	182,074,416	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
Public safety	109,550,701	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
Environmental services	72,315,850	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
Health and welfare	107,892,357	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
Libraries	11,630,740	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
Parks, recreation and culture	35,871,582	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
Planning and community development	36,252,223	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
Debt service										
Principal	33,813,374	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
Interest and other charges	18,531,609	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
Bond issuance costs	358,995	273,649	-	8,415,823	(1,172,390)	-	(55,934)	-	-	-
Community development	10,190,869	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
Education	343,067,722	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
Capital outlay	86,792,008	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
Total expenditures	1,048,342,446	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
Deficiency of revenues under expenditures	(36,334,834)	(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)
OTHER FINANCING SOURCES(USES):										
Transfers in	22,028,499	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
Transfers out	(22,133,809)	(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)
Capital leases	7,418,179	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
Proceeds from refunding of note	35,666,099	-	-	-	-	-	-	-	-	-
Payment on refunded note	(35,962,739)	-	-	-	-	-	-	-	-	-
Refunding bonds issued	55,067,382	53,533,168	41,885,000	127,097,545	37,690,000	-	151,110,000	-	-	-
Payments to refunded bond escrow agent	(56,747,745)	(54,922,067)	(44,350,490)	(118,681,722)	(38,862,390)	-	(151,165,934)	-	(29,785,000)	-
Deferred cost of refunding	1,680,363	1,388,899	2,465,490	-	-	-	-	-	3,635,000.00	-
Premium from sale of bonds	1,145,925	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
Issuance of revenue bonds	41,280,000	11,940,000	-	-	-	-	-	-	-	-
Issuance of debt	14,867,322	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	64,309,476	117,721,034	108,690,712	134,963,935	69,806,288	86,332,621	72,477,043	223,574,987	220,520,502	211,253,326
Net change in fund balances	\$27,974,642	\$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
Debt service as a percentage of noncapital expenditures	5.4%	5.6%	5.0%	4.9%	4.9%	4.7%	4.7%	4.5%	4.9%	4.8%

TABLE D-1

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- Depart- mental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
2010	\$93,880,098	\$110,184,753	\$73,187,350	\$108,138,231	\$97,922,803	\$365,864,891	\$60,696,417	\$83,776,203	\$20,518,770	\$8,062,884	\$1,022,232,400
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

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.

TABLE D-2

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
2010	\$798,707,195	\$7,362,947	\$152,874,209	\$59,634,597	\$7,851,193	\$28,463,122	\$1,054,893,263
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

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
2010	\$594,540,616	\$35,954,703	\$2,916,152	\$21,863,421	\$2,847,946	\$5,048,400	\$5,180,239	\$10,931,030	\$29,182,443	\$55,975	\$67,519	\$708,588,444
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

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		
2010	\$53,985,515,000	\$53,985,515,000	\$1,916,920,257	\$1,916,920,257	\$716,299,020	\$716,299,020	\$56,618,734,277	\$56,618,734,277	.875/.958	5.00%
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%

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

2019				2010			
Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, apartartments, hotel, land	\$3,288,878,600	1	4.23%	Vornado Realty Trust Office buildings, apartartments, hotel, land	\$4,799,524,300	1	8.89%
Albrittain Interests Apartments, general commercial	1,385,823,600	2	1.78%	Albrittain interests Apartment, general commercial	894,570,900	2	1.66%
JBG Companies Office buildings, aparts, hotel, land	1,303,447,500	3	1.67%	Arland Towers Co Office building, land	832,790,700	3	1.54%
Paradigm Managed Properties Apartments, general commercial	1,252,659,600	4	1.61%	Paradigm Managed Properties Apartments, general commercial	796,056,400	4	1.47%
Arland Towers Company Office Building, land	1,240,528,900	5	1.59%	JBG Companies Office building, land, apts, retail, res	544,115,100	5	1.01%
Fashion Centre Associates Mixed use retail	843,395,900	6	1.08%	Fashion Centre Assoc Mixed use retail, hotel	522,978,100	6	0.97%
Shirley Park Leasing Office buildings, land	833,627,700	7	1.07%	Beacon Capital Partners Office buildings, land	472,439,700	7	0.88%
Beacon Office buildings, land	778,191,200	8	1.00%	Shirley Park Leasing LP(7) Office building, Apartments	396,909,500	8	0.74%
Caruthers Retail, Office Apartment	708,624,000	9	0.91%	Kingdon Gould/Airport Plaza Assoc Office buildings, hotel, land	316,737,900	9	0.59%
Street Retail Inc Office buildings, hotel, land	663,668,100	10	0.85%	Caruthers Interests Retail, Office Apartments, hotel	275,730,100	10	0.51%
Total	<u>\$12,298,845,100</u>		<u>15.79%</u>		<u>\$9,851,852,700</u>		<u>18.26%</u>

NOTES:

(1) Source - County Department of Management & Finance - Real Estate Assessments

TABLE H

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
2010	\$632,119,649	\$628,272,902	99.39%	\$3,469,505	\$631,742,407	99.94%
2011	655,023,122	650,965,303	99.38%	3,807,128	654,772,431	99.96%
2012	696,342,796	697,633,240	100.19%	(1,556,033)	696,077,208	99.96%
2013	753,002,390	748,656,079	99.42%	4,119,105	752,775,184	99.97%
2014	788,217,459	784,483,188	99.53%	3,733,323	788,216,511	100.00%
2015	812,909,645	809,269,205	99.55%	3,385,244	812,654,448	99.97%
2016	838,493,346	835,542,405	99.65%	2,708,545	838,250,950	99.97%
2017	870,481,684	867,494,501	99.66%	2,767,151	870,261,652	99.97%
2018	900,874,413	898,402,475	99.73%	2,077,571	900,480,046	99.96%
2019	932,328,308	929,826,270	99.73%	-	929,826,270	99.73%

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
2010	\$535,673,858	\$533,974,360	99.68%	\$1,699,498	\$535,673,858	100.00%
2011	556,655,907	554,896,565	99.68%	1,759,342	556,655,907	100.00%
2012	596,245,346	599,088,319	100.48%	(2,842,974)	596,245,346	100.00%
2013	644,486,627	642,101,576	99.63%	2,385,051	644,486,627	100.00%
2014	676,543,552	674,587,922	99.71%	1,954,682	676,542,604	100.00%
2015	701,722,590	699,630,645	99.70%	2,086,387	701,717,032	100.00%
2016	724,866,380	723,726,055	99.84%	1,135,097	724,861,152	100.00%
2017	753,074,155	751,657,270	99.81%	1,416,718	753,073,988	100.00%
2018	779,898,163	779,012,815	99.89%	850,550	779,863,365	100.00%
2019	809,028,573	807,017,246	99.75%	-	807,017,246	99.75%

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
2010	\$96,445,791	\$94,298,542	97.77%	\$1,770,007	\$96,068,549	99.61%
2011	98,367,215	96,068,738	97.66%	2,047,786	98,116,524	99.75%
2012	100,097,451	98,544,921	98.45%	1,286,941	99,831,862	99.73%
2013	108,515,763	106,554,504	98.19%	1,734,054	108,288,558	99.79%
2014	111,673,907	109,895,266	98.41%	1,778,640	111,673,907	100.00%
2015	111,187,056	109,638,560	98.61%	1,298,856	110,937,416	99.78%
2016	113,626,966	111,816,350	98.41%	1,573,447	113,389,797	99.79%
2017	117,407,529	115,837,231	98.66%	1,350,432	117,187,664	99.81%
2018	120,976,250	119,389,660	98.69%	1,227,021	120,616,681	99.70%
2019	123,299,735	122,809,024	99.60%	-	122,809,024	99.60%

* 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			
2010	\$566,435,124	\$16,238,342	\$41,280,000	\$41,900,000	\$35,666,099	\$24,006,914	\$105,459,880	\$2,154,622	\$12,300,000	\$3,429,679	\$256,458,344	\$333,412	\$1,105,662,416	7.14%	5,122
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	-	-	17,863,828	74,498,472	3,477,274	-	3,429,679	158,905,982	16,962	1,568,358,895	7.02%	6,282

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)			
2010	212,200	\$56,618,734,277	\$566,435,124	\$105,459,880	\$41,280,000	\$41,900,000	\$35,666,099	\$790,741,103	1.40%	3,726
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

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			
				Principal	Interest	Total	Coverage
2010	\$105,141,066	\$45,960,228	\$59,180,838	\$7,987,869	\$11,897,384	\$19,885,253	2.98
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

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.

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)
2010	212,200	\$15,217,499	\$71,713	20,233	4.3%
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%

NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.
The 2010 & 2014-2019 population figures are estimates from the Arlington County Planning Division.
- (2) Source - 2014 -2019 estimates from the Arlington County Planning Division. 2010-2013 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 2014-2019 U.S. Bureau of Labor Statistics, Figures 2010-2013 Virginia Employment Commission

TABLE L

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL EMPLOYERS*
CURRENT YEAR AND NINE YEARS AGO

2019**				2010			
Employers	Employees	Rank	Percentage of Total County	Employers	Employees	Rank	Percentage of Total County
			Employment				Employment
Deloitte	9,400	1	4.14%	Deloitte	3,500	1	1.61%
Accenture	5,000	2	2.20%	Virginia Hospital Center	2,280	2	1.05%
Virginia Hospital Center	3,300	3	1.45%	Lockheed Martin Corp	1,481	3	0.68%
Booz Allen Hamilton	1,800	4	0.79%	Marriott International Inc.	1,440	4	0.66%
Gartner	1,700	5	0.75%	Booz Allen Hamilton	1,370	5	0.63%
Bloomberg BNA	1,100	6	0.48%	SRA International, Inc.	1,347	6	0.62%
LIDL	1,000	7	0.44%	CACI	1,338	7	0.61%
PAE Government Services	990	8	0.44%	US Airways	1,309	8	0.60%
CSC Governmental Solutions	700	9	0.31%	SAIC	1,281	9	0.59%
Marymount University	600	10	0.26%	Corporate Executive Board	950	10	0.44%
Marriott International Inc.	600	10	0.26%	Bureau of National Affairs (BNA)	900	11	0.41%
NRECA	530	11	0.23%	BAE Systems	780	12	0.36%
CNA Corp	520	12	0.23%	Marymount University	780	13	0.36%
Evolent Health	520	12	0.23%	Verizon	690	14	0.32%
PBS	510	13	0.22%	The Boeing Company	670	15	0.31%
The Nature Conservancy	480	14	0.21%	Towers Watson (Watson Wyatt)	570	16	0.26%
Boeing	470	15	0.21%	Nordstrom	534	17	0.25%
Whole Foods Market Group	450	16	0.20%	NRECA	530	18	0.24%
AECOM	450	16	0.20%	Starwood Hotels	525	19	0.24%
Rand Corporation	450	16	0.20%	Interstate Hotels & Resorts	493	20	0.23%
Total	<u>30,570</u>		<u>13.47%</u>		<u>22,768</u>		<u>10.45%</u>
Total At-Place Employment	227,000				217,876		

Source: Arlington County Planning Division; Arlington Economic Development

* Represents Principal Private Employers

** 1st Quarter Estimates

TABLE M

ARLINGTON COUNTY, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
County Board	7.8	7.8	8.0	8.0	7.8	8.3	9.3	10.0	10.0	10.0
County Manager	37.9	36.9	36.9	37.1	35.9	35.9	37.4	33.4	36.0	33.0
Management and Finance	50.0	54.0	55.0	55.0	55.5	56.5	57.5	57.5	58.5	58.5
Technology Services	70.0	71.0	72.0	74.0	73.0	72.0	78.0	78.0	77.0	74.0
Human Resources	53.5	50.0	51.0	52.0	52.0	52.0	52.0	53.0	53.0	53.0
County Attorney	14.0	14.0	14.0	14.0	14.0	14.0	15.0	15.0	16.0	16.0
Circuit Court	33.8	32.3	32.3	32.3	32.3	33.8	36.8	36.8	37.3	37.3
General District Court	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.0
Juvenile and Domestic Relations Court	56.3	55.8	55.8	55.8	55.8	55.8	55.8	55.8	57.8	59.8
Commonwealth's Attorney	35.5	34.0	35.0	35.0	35.0	35.0	36.0	34.0	35.0	35.0
Sheriff	268.4	266.0	267.0	271.0	271.0	272.0	279.0	286.0	293.0	293.0
Commissioner of Revenue	54.0	53.0	53.0	52.0	52.0	52.0	52.0	52.0	53.0	53.0
Treasurer	61.8	60.8	60.8	59.8	61.8	61.8	62.4	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	8.4
Office of Emergency Management	72.5	71.5	71.5	79.5	76.5	74.5	74.5	74.5	76.5	74.5
Police	475.0	465.0	466.0	466.0	466.0	470.0	472.0	478.0	478.0	477.0
Fire	317.3	316.0	317.0	320.0	321.0	321.0	319.0	332.0	332.0	340.0
Public Works/Environmental Services	688.7	694.7	700.2	721.2	730.2	765.0	774.5	783.5	793.5	799.0
Human Services	703.3	694.7	699.7	685.8	680.5	681.5	705.9	717.9	725.6	710.2
Libraries	142.4	125.1	127.6	135.6	133.9	133.9	133.9	133.9	134.9	133.9
Economic Development	28.8	28.8	28.8	61.6	61.6	63.6	56.7	60.0	63.2	59.9
Community Planning, Housing & Development	179.0	176.0	177.0	197.1	198.6	198.6	184.5	188.5	194.5	194.0
Parks, Recreation & Cultural Resources	378.2	355.8	360.3	345.9	365.9	371.2	370.9	379.0	379.1	368.1
Total County Positions	3,737.8	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
Total School Positions	3,770.3	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
TOTAL POSITIONS	7,508.1	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

Sources: Arlington County FY2019 Adopted Budget and Arlington County School Board's Adopted Budget FY 2019.

TABLE N

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
LAST TEN FISCAL YEARS

Form of Government Date of Adoption January 1, 1932	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	961	974	974	974	974	974	974	974	1,051	1,059
Number of Street Lights	16,580	16,723	17,267	17,796	18,708	19,642	18,349	18,493	18,500	18,625
<u>Fire Protection:</u>										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
<u>Education:</u>										
Attendance Centers	37	37	37	37	37	38	39	39	39	39
Number of Classrooms (1)	1,720	1,720	1,720	1,740	1,760	1,780	1,851	1,913	1,797	1,781
Number of Teachers	2,096	2,105	2,241	2,295	2,406	2,501	2,628	2,736	2,828	2,980
Number of Students	20,233	21,168	21,853	22,763	23,612	24,664	25,463	26,405	26,983	27,521
<u>County Water System:</u>										
Number of consumer service locations	37,228	37,574	37,151	37,189	37,343	37,464	37,658	37,577	37,487	37,479
Average daily consumption (gallons)	23,217,000	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
Miles of water mains	525	525	525	525	525	525	525	525	525	529
<u>County Sewer System:</u>										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	466
Average gallons per day treated	26,470,000	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
System capacity under construction (gallons per day)	10,000,000	10,000,000	10,000,000	-	-	-	-	-	-	-
<u>Building Permits:</u>										
Construction Permits	2,543	2,939	3,074	3,019	3,035	3,250	3,702	3,376	3,082	3,325
Plumbing, Electrical & Mechanical Permits	6,531	7,834	7,907	8,264	8,338	8,873	10,288	9,477	9,083	9,558
Fire Permits	804	982	1,052	953	997	1,064	1,214	1,192	942	1,170
Elevator Permits	116	72	77	99	95	115	106	110	89	98
<u>Recreation and Culture:</u>										
Number of Parks and Playgrounds (2)	212	212	219	236	236	210	213	214	220	220
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Number of Items (e-materials) (3)	643,950	662,757	632,517	653,092	633,127	675,924	687,584	690,700	40,274	56,109
Number of Community Centers	14	14	14	14	14	14	14	13	13	13
Number of Nature Centers	2	2	2	2	2	2	2	2	2	2
Number of Historical Districts	31	31	32	34	34	36	38	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:	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Control-										
Legislative	\$92,430	\$114,522	\$114,522	\$114,522	\$114,522	\$694,222	\$694,222	\$1,190,662	\$1,190,662	\$1,190,662
Executive	387,942	480,663	480,663	480,663	492,215	497,308	532,598	532,598	532,598	532,598
Judicial	2,107,374	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
Total Control	2,587,746	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
Staff Agencies-										
Elections	218,235	270,396	270,396	270,396	1,129,595	1,129,595	1,129,595	1,129,595	1,129,595	1,129,595
Management and Finance	377,655	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
Human Resources	347,256	410,350	414,403	414,403	414,403	414,403	414,403	414,403	414,403	414,403
Office of County Attorney	61,491	876,188	923,699	953,687	966,128	1,092,069	1,092,069	1,092,069	1,092,069	1,092,069
Commissioner of the Revenue	76,718	595,054	595,054	595,054	595,054	595,054	607,454	607,454	607,454	629,149
Treasurer	1,350,098	65,114	65,114	65,114	65,114	65,114	283,967	349,169	349,169	349,169
Department of Technology Service	17,200,391	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
General government buildings	135,952,812	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
Total Staff Agencies	155,584,656	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
Total General Government	158,172,402	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
Public Safety:										
Police	23,703,421	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
Fire	18,234,142	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
Emergency management	1,455,957	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
Total Public Safety	43,393,520	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
Environmental Services	434,334,394	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
Health and Public Welfare	31,765,248	33,069,717	33,105,155	33,322,630	33,767,799	33,916,913	33,990,233	34,260,585	34,456,402	34,700,648
Libraries	18,162,154	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
Recreation	98,111,470	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
Community Development	32,837,780	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
Total General Capital Assets	\$964,877,331	\$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
Internal Services Fund										
Auto Equipment Fund	\$51,981,340	\$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
Total Internal Services Fund	\$51,981,340	\$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
Component Unit: School Board										
Schools	\$556,680,225	\$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
GRAND TOTAL	\$1,573,538,896	\$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

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
2010	\$53,827,131	\$29,949,072	\$83,776,203	\$1,022,232,400	8.20%
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%

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, 2018 - JUNE 30, 2019					
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-006-19	07/01/18	07/01/19	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. \$1,140,370,736 TIV subject program limits of \$ 500million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged	\$525,292.00 Includes TRIA
<u>Crime Policy</u> VaCorp 2	VA-AR-006-19	07/01/18	07/01/19	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-006-19	07/01/18	07/01/19	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.</u> <u>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-006-19	07/01/18	07/01/19	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	\$349,940.00

ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2018 - JUNE 30, 2019					
Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Constitutional Officers Business Auto Package Policy</u> VACorp 6	VA-AR-006-19	07/01/18	07/01/19	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	FLP0022336-11	07/01/18	07/01/19	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 \$ 25,000 DED. Each claim	\$232,777.00
<u>Group Accident Coverage</u> National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. VaCorp VaCorp 8	SRG 0009105405 SRG 0009105406 SRG 0009105403 VA-AR-006-19 VA-AR-006-19	07/01/18 07/01/18 07/01/18 07/01/18 07/01/18	07/01/19 07/01/19 07/01/19 07/01/19 07/01/19	Coverage coordinated with pers. Coverage AD&D for volunteers AD&D for Campers AD& D for Recreational Sports AD&D for Community Service Program AD&D for Auxiliary Police	\$10,500.00 \$10,000.00 \$13,000.00 \$1,000.00 \$1,000.00
TOTAL PREMIUM					\$35,500.00
<u>Excess Liability Ballston Garage</u> First Mercury Starstone Travelers 9	IL-EX-0000055624-04 03076C186ALI ZUP-10T21909	07/01/18 07/01/18 07/01/18	07/01/19 07/01/19 07/01/19	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage.	\$20,250.00 \$29,875.00 \$29,875.00

ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2018 - JUNE 30, 2019					
Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Constitutional Officers' Liability Plan</u>					
<u>Risk Coverage</u> Commonwealth of Virginia (SIR)				Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the duties of the Public Entity	
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 Treasurer 10	Virginia Risk	Continuous		Limits: \$1 million per loss	
<u>Fire and Rescue Auto Physical Damage</u> VaCorp 11	VA-AR-006-19	07/01/18	07/01/19	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD \$ 1,000 Ded. Per unit	\$64,422.00 Incl. TRIA
<u>Police Command Vehicle</u> Hartford Fire Insurance Company 12	VA-AR-006-19	07/01/18	07/01/19	Inland Marine policy covering portable Police equipment and Command Vehicle	Incl Incl. TRIA
<u>Portable Equipment-Fire Command Vehicle</u> VFIS American Alternative Insurance 13	VA-AR-006-19	07/01/18	07/01/19	Inland Marine policy covering ACFD equipment & Command Veh.	Premium not incl. in total
<u>Blanket Volunteer Liability</u> VaCorp 14	VA-AR-006-19	07/01/18	07/01/19	Covers Liability of Volunteers	Incl under GL
<u>Cyber Liability</u> VaCorp 15	VA-AR-006-19	07/01/18	07/01/19	\$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 16	VA-AR-006-19	10/01/18	07/01/19	\$5,000,000 Deductible	\$64,399.00
TOTAL					\$1,436,450.00

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
2010	172	\$45,497,100	50	\$165,948,125	12,454	\$363,788,580	\$30,395,184,100	\$23,590,330,900	\$7,079,999,000
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

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
2010	\$58,611,239	2.34%
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%



2100 Clarendon Blvd., 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, 2019

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, 2019, 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.

Maria Meredith

Maria Meredith
Director
Department of Management & Finance

10-18-19

Date

TABLE U

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM
For the twelve months ending June 30, 2019

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	11,964	Ronal Reagan Washington National Airport Aviation	12,414
Gates Hudson - 1600 S. Eads Street Residential	4,308	Pentagon Military	10,431
VNO Ashley House LLC- 1600 S. Joyce Street Retail	3,081	Joint Base Myer-Henderson Hall Military	11,016
Pentagon City Mall Associates-1100 S. Hayes St Retail	2,822	Gates Hudson - 1600 S. Eads Street Residential	4,308
Avalon Ballston Square - 850 N. Randolph Street Apartments	2,336	Pentagon City Mall Associates - 1100 S. Hayes St. Retail	2,822
Dittmar Company - 5550 S. Columbia Pike Apartments	2,279	Avalon Ballston Square - 850 N. Randolph Street Apartments	2,336
RP Washington Buchanan-320 S. 23rd Street Residential	2,158	Dittmar Company - 5550 S. Columbia Pike Apartments	2,279
Carlton Condominiums-4600 S. Four Mile Run Residential	2,145	RP Washington Buchanan-320 S. 23rd Street Residential	2,158
Arlington County Sheriff-1435 N. Courthouse Rd Government	2,133	Carlton Condominiums-4600 S. Four Mile Run Residential	2,145
VNO James House LLC-1111 S. Army Navy Dr. Apartments	2,126	Arlington County Sheriff-1435 N. Courthouse Rd Government	2,133

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, 2019

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 25.6 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, Utilities Service Office 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 21.30 MGD to approximately 37,500 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, Utilities Service Office at (703)228-3601.

Wastewater & Water Rates

Retail rates for fiscal years 2015 through 2020 are shown in the following table. The typical residential customer pays \$69.00 per month, assuming annual consumption of 60,000 gallons. 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 was been converted to match up with the fiscal year start of July 1.

**FY 2015 – FY 2020 Wastewater & Water Rates
Per 1,000 Gallons of Metered Water Usage**

Fiscal Year	Water	Wastewater	Total	Percent Change
2015	\$4.10	\$8.94	\$13.04	3%
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%

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, 2019, general obligation debt outstanding attributable to the Utilities Fund totaled \$74,498,472. As of June 30, 2019, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$158,905,982. 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
2020	7,490,101	3,154,691	10,644,792	15,560,155	4,200,626	19,760,781	23,050,256	7,355,317	30,405,573
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
	74,498,472	16,606,294	91,104,766	158,905,982	22,080,575	180,986,557	233,404,454	38,686,869	272,091,323

Historical debt service coverage can be found in Table J-2 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 24, 2019

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, 2020, 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 24, 2019

By:

Dennis W. Dobbs

Professional Engineer, 0402037947
Representative of Ross Technical Services, Inc.

cc: Krista Bourgon Abele, Utilities Fund Manager, Department of Environmental Services
Wilbur Brown, Technical Services Manager (Acting), 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 the County, as of and for the year ended June 30, 2019, 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 14, 2019. 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) to determine the 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 determination of financial statement amounts. 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 14, 2019

**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, 2019. 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 for the year ended June 30, 2019. 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, 2019.

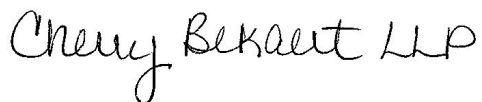
Report on Internal Control over Compliance

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Tyson's Corner, Virginia
November 14, 2019

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	2019 Federal Expenditures	Passed-Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through the Commonwealth of Virginia:					
Department of Education:					
National School Breakfast Program	10.553	Child Nutrition Cluster (1)		\$ 1,143,170	\$ -
National School Lunch Program	10.555	Child Nutrition Cluster (1)		3,840,722	-
Child and Adult Care Food Program	10.558		19CSA.C123-1	12,853	-
Department of Agriculture and Consumer Services:					
Special Supplemental Nutrition Program for Women, Infant, and Children	10.557		201717W500341, 191VA707W1003	697,003	-
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP)	10.561	SNAP Cluster	201919S251941	2,862,875	-
Total Passed Through the Commonwealth of Virginia:				\$ 8,556,623	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 8,556,623	\$ -
<i>(1) Total Child Nutrition Cluster (CFDA #10.553, #10.555)</i>				\$ 4,983,892	\$ -
U.S. DEPARTMENT OF COMMERCE					
Direct Awards:					
Chesapeake Bay Studies	11.457			\$ 42,761	\$ -
Total Direct Awards				\$ 42,761	\$ -
TOTAL U.S. DEPARTMENT OF COMMERCE				\$ 42,761	\$ -
U.S. DEPARTMENT OF DEFENSE					
Direct Awards:					
Junior Reserve Officer Training	12.000		VA070821	\$ 80,503	\$ -
Language Grant Program	12.900		H98230-18-1-0180	71,588	-
Total Direct Awards				\$ 152,091	\$ -
TOTAL U.S. DEPARTMENT OF DEFENSE				\$ 152,091	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Direct Awards:					
Community Development Block Grants (CDBG) - Entitlement Grants	14.218	CDBG - Entitlement Grants Cluster	B14UC510002, B15UC510002, B16UC510002, B17UC510002, B18UC510002	\$ 4,691,765	\$ 542,362
Home Investment Partnerships Program	14.239		M16UC510500, M18UC510500	115,510	24,635
Housing Opportunities for Persons with AIDS	14.241		19C313	94,848	-
Continuum of Care Program	14.267		VA0344L3G001700	74,000	-
Section 8 Housing Choice Vouchers	14.871	Housing Voucher Cluster		18,290,128	-
Total Direct Awards				\$ 23,266,251	\$ 566,997
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN				\$ 23,266,251	\$ 566,997

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	2019 Federal Expenditures	Passed-Through to Subrecipients
U.S. DEPARTMENT OF JUSTICE					
Direct Awards:					
High Intensity Drug Trafficking Area Program	16.000		G18WB0004A	\$ 270,058	\$ -
Metropolitan Area Fraud Task Force	16.002			2,344	-
Electronic Crimes Task Force	16.003			19,890	-
Justice Systems Response to Families	16.021		2017-FJ-AX-0016	191,819	32,689
State and Local Anti-Terrorism Training	16.614			2,351	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		2015-DJ-BX-0889, 2016-DJ-BX-0355, 2017-DJ-BX-0704, 2018-DJ-BX-0092	90,952	-
Equitable Sharing Program	16.922			362,123	-
Total Direct Awards				\$ 939,537	\$ 32,689
Passed Through the Commonwealth of Virginia:					
Department of Criminal Justice Services:					
Crime Victim Assistance	16.575		19-U3031VW17	\$ 141,315	\$ -
Total Passed Through the Commonwealth of Virginia				\$ 141,315	\$ -
TOTAL U.S. DEPARTMENT OF JUSTICE				\$ 1,080,852	\$ 32,689

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	DOLJ131A22067	\$ 115,162	\$ 61,234
Workforce Innovation and Opportunity Act (WIOA) Adult Program	17.258	WIOA Cluster (6)	AA-30941-17-55-A-51, AA-32183-18-55-A-51	331,758	122,324
WIOA Youth Activities	17.259	WIOA Cluster (6)	AA-30941-17-55-A-51, AA-32183-18-55-A-51	133,352	43,394
WIOA Dislocated Worker Formula Grants	17.278	WIOA Cluster (6)	AA-30941-17-55-A-51, AA-32183-18-55-A-51	126,089	40,274
Total Passed Through the Commonwealth of Virginia				\$ 706,361	\$ 267,226
TOTAL U.S. DEPARTMENT OF LABOR				\$ 706,361	\$ 267,226

(2) Total WIOA Cluster (CFDA #17.258, #17.259, #17.278)

\$ 591,199 \$ 205,992

U.S. DEPARTMENT OF TRANSPORTATION

Direct Award:

Federal Transit - Capital Investment Grants	20.500	Federal Transit Cluster (8)	VA-04-0021-01, VA-04-0028-01	\$ 436,757	\$ -
Federal Transit - Formula Grants	20.507	Federal Transit Cluster (8)	VA-95-X062, VA-95-X113	41,198	-
Total Direct Awards				\$ 477,955	\$ -

Passed Through the Commonwealth of Virginia: Department of Rail and Public Transportation:

Highway Planning and Construction	20.205	Highway Planning and Construction Cluster (7)	47018-01, 114124	\$ 4,330,270	\$ -
Department of Transportation:					
Highway Planning and Construction	20.205	Highway Planning and Construction Cluster (7)	106473, 106496, 95636/T8596, 101689, 99179, 106144, 100634, 103595, 70317, 107662,	1,175,799	-

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	2019 Federal Expenditures	Passed-Through to Subrecipients
Department of Motor Vehicle Administration:					
State and Community Highway Safety	20.600	Highway Safety Cluster	FSC-2018-58154-8154, FPS-2018-58157-8157, FOP-2018-58158-8158, FSC-2019-59020-9020, FOP-2019-59017-9017, FPS-2019-59021-9021	41,053	-
Alcohol Open Container Requirements	20.607		154AL-2018-58153-8153, 154AL-2019-59014-9014	30,450	-
Total Passed Through the Commonwealth of Virginia				\$ 5,577,572	\$ -
Passed Through the Washington Metro Area Transit Authority:					
Federal Transit - Capital Investment Grants	20.500	Federal Transit Cluster (8)	DC-03-0039	\$ 401,222	\$ -
Total Passed Through the Washington Metro Area Transit Authority:				\$ 401,222	\$ -
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				\$ 6,456,749	\$ -
<i>(3) Total Highway Planning and Construction Cluster (CFDA #20.205)</i>				\$ 5,506,069	\$ -
<i>(4) Total Federal Transit Cluster (CFDA #20.500, #20.507)</i>				\$ 879,177	\$ -
U.S. DEPARTMENT OF THE TREASURY					
Direct Awards:					
Equitable Sharing	21.016			\$ 16,756	\$ -
Total Direct Awards				\$ 16,756	\$ -
TOTAL U.S. DEPARTMENT OF THE TREASURY				\$ 16,756	\$ -
U.S. DEPARTMENT OF EDUCATION					
Passed Through the Commonwealth of Virginia:					
Department of Behavioral Health and Developmental Services:					
Early Intervention Funds (PIE-PART-C)	84.181		H181A180017	\$ 368,158	\$ -
Department of Education:					
Title I Grants to Local Educational Agencies	84.010		S010A180046	2,434,413	-
Special Education Grants to States	84.027	Special Education Cluster (IDEA) (10)	H027A170107/H027A180, H027A170107	9,054,606	-
Career and Technical Education - Basic Grants to States	84.048		V048A170046	314,651	-
Special Education Preschool Grants	84.173	Special Education Cluster (IDEA) (10)	H173A170112	124,179	-
Education for Homeless Children and Youth	84.196		STATE180000	28,643	-
Twenty-First Century Community Learning Centers	84.287		S287C170047	39,592	-
English Language Acquisition State Grants	84.365		S365A160046, S365A170046	604,582	-
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		S367A180044	454,377	-
Student Support and Academic Enrichment Program	84.424		S424A180048	82,733	-
Total Passed Through the Commonwealth of Virginia				\$ 13,505,934	\$ -
Passed Through the County of Fairfax, Virginia:					
Fairfax County Public Schools:					
Adult Education - Basic Grants to States	84.002		AEFLA-42801-029-1819, AEFLA-42801-029-1819-Rea, IELCE-61380-007-1819, IELCE-61380-007-1819-Rea	\$ 378,533	\$ -
Total Passed Through the County of Fairfax, Virginia				\$ 378,533	\$ -
TOTAL U.S. DEPARTMENT OF EDUCATION				\$ 13,884,467	\$ -
<i>(5) Total Special Education Cluster (IDEA) (CFDA #84.027, #84.173)</i>				\$ 9,178,785	\$ -

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	2019 Federal Expenditures	Passed-Through to Subrecipients
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			\$ 1,713	\$ -
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.046			2,364	-
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Care	93.044	Aging Cluster (12)		297,015	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Aging Cluster (12)		57,756	-
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048			3,441	-
National Family Caregiver Support, Title III, Part E	93.052			49,744	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779			16,261	-
Department of Social Services:					
Promoting Safe Stable Families	93.556			125,986	-
Temporary Assistance for Needy Families (TANF)	93.558	TANF Cluster	CVS-18-210-03	1,104,605	84,466
Refugee Program-Indo-Chinese Refugee Relief (765/752-04)	93.566			16,694	-
Low-Income Home Energy Assistance	93.568			151,057	-
Community Service Block Grant	93.569	Community Service Block Grant Cluster (11)	CVS-18-210-03, CVS-17-001-03	163,783	157,983
Child Care Mandatory and Matching Funds of the Child Care Development Fund (CCDF)	93.596	CCDF Cluster		193,141	-
Chafee Education and Training Vouchers Program	93.599			26,019	-
Adoption and Legal Guardianship Incentive Payments	93.603			3,000	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645			994	-
Foster Care Title IV-E	93.658			1,367,838	-
Adoption Assistance	93.659			857,884	-
Social Services Block Grant	93.667			927,988	-
Chafee Foster Care Independence Program	93.674			17,272	-
Children's Health Insurance Program	93.767			66,644	-
Medical Assistance Program	93.778	Medicaid Cluster		4,159,634	-
Department of Health Services:					
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074		TP17-1701SUPP	102,219	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		U52PS004675	43,000	-
Family Planning Services	93.217		1FPHPA006376-01-00	121,103	-
Immunization Cooperative Agreement	93.268		6NH23IP000763-06-01	61,120	-
Maternal and Child Health Services Block Grant to the States	93.994		B04MC31523	106,032	-
Department of Behavioral Health and Developmental Services:					
Projects for Assistance in Transition from Homelessness	93.150			67,357	-
Block Grants for Community Mental Health Services	93.958			602,780	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959			586,314	-
Health Administration Traineeships Program	93.962			175,229	-
SUD-Federal OPT-R-Treatment and Recovery	93.788			55,216	-
American Psychiatric Association	93.243		GRANT12591156	1,321	-
Total Passed Through the Commonwealth of Virginia				\$ 11,532,524	\$ 242,449
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 11,532,524	\$ 242,449

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Cluster Name	Pass-Through Entity Identifying Number	2019 Federal Expenditures	Passed-Through to Subrecipients
(6) Total Aging Cluster (CFDA #93.044, #93.045)				\$ 354,771	\$ -
U.S. DEPARTMENT OF HOMELAND SECURITY					
Direct Awards:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			\$ 133,655	\$ -
Preparing for Emerging Threats and Hazards	97.133		EMW-2016-GR-00231	586,628	-
Total Direct Awards				\$ 720,283	\$ -
Passed Through the Commonwealth of Virginia:					
Department of Emergency Management:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			\$ 1,251	\$ -
Emergency Management Performance Grants	97.042		EMP-2018-EP-00007, EMP-2017-EP-00006	45,141	-
Department of Fire Programs:					
Homeland Security Grant Program	97.067		EMW-2017-SS-00053	121,301	-
Total Passed Through the Commonwealth of Virginia				\$ 167,693	\$ -
Passed Through the Government of the District of Columbia:					
Homeland Security and Emergency Management Agency:					
Homeland Security Grant Program	97.067		17UASI879-01, 17UASI879-02, 17UASI879-03, 17UASI879-04, 18UASI879-01, 17UASIS27	\$ 511,868	\$ -
Total Passed Through the Government of the District of Columbia				\$ 511,868	\$ -
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				\$ 1,399,844	\$ -
TOTAL FEDERAL ASSISTED PROGRAMS				\$ 67,095,279	\$ 1,109,364

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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 \$489,786 for the fiscal year ended June 30, 2019, which is included in the total expenditures in the SEFA under this program.

**Arlington County, Virginia
Schedule of Findings and Questioned Costs
June 30, 2019**

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: **None reported**
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: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program and Cluster</u>
10.553, 10.555	Child Nutrition Cluster
14.218	Community Development Block Grant (CDBG) Entitlement Grants Cluster
20.205	Highway Planning and Construction Cluster

10. Dollar threshold used to distinguish between type A and type B programs: **\$2,012,858**
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:

None reported

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.”

— Arlington County Board



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