



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of November 12, 2022

DATE: November 4, 2022

SUBJECT: Financial Results & Close-out for the Fiscal Year (FY) ending June 30, 2022

C. M. RECOMMENDATION:

1. Adopt the FY 2022 County government appropriation resolution shown on Attachment 1A.
2. Allocate remaining balances from FY 2022 to legally restricted and priority areas identified by the County Board as shown on Attachment 1B.
3. Amend the FY 2023 County Budget by approving the appropriations in Attachment 2.

ISSUES: How should remaining funds from FY 2022 be allocated?

SUMMARY: Financial information presented here reflects the completed work of the County's external auditors (Cherry Bekaert LLP). Consistent with prior years, the County's Annual Comprehensive Financial Report (ACFR) will not be available until the end of November.

This report for FY 2022 includes several new Governmental Accounting Standard Board (GASB) adjustments impacting how municipal governments report financial results. Details of the implementation of these GASB standards are discussed later in this report and in Attachment 3.

During FY 2022, more expense savings and revenue were generated than projected. This was primarily the result of a slowdown in departmental operations due to COVID coupled with retention and staff hiring challenges. In addition, Countywide health care costs were less than anticipated and Business, Professional and Occupational License (BPOL) tax, real estate tax, and recordation tax revenues were higher than anticipated.

After meeting legal restrictions and County Board policies regarding reserves and revenue-sharing with Arlington Public Schools and allocating funds for items already directed by the

County Manager:

MJS / MJC

County Attorney:

MNC

Staff: Richard Stephenson, DMF

County Board, the amount of funding available for allocation totals \$26.9 million, or 2.4% of the revised FY 2022 County General Fund budget, excluding Arlington Public Schools. This is an increase from last year. In FY 2021, available funds totaled \$20.4 million, or 2.2%. The County Manager recommends setting aside the full available unrestricted funding (\$26.9 million) for the FY 2024 budget deliberations.

Best practices in financial management and retention of the County's triple-AAA bond ratings require that the County end each year with a surplus (revenues in excess of projections and /or expenditures less than budget). The County's historically conservative budgeting practices, along with appropriately sized and flexible contingents (such as the Stabilization Reserve and the County Manager's Operating Contingent) have allowed us to accommodate unanticipated events – both more frequent ones such as winter storms and state / federal budget cuts as well as the recent pandemic – without having to go back to the County Board and community for mid-year service reductions and budget cuts.

In addition, the FY 2022 budget was formulated and proposed in February 2021, adopted by the County Board in April 2021, and executed from July 2021 through June 2022. Estimates made in the height of the pandemic and executed over many later months were necessarily subject to change. The variances and reasons are discussed below.

DISCUSSION: Financial information presented here was finalized at the end of October when the County's external auditors completed their field work. However, the County's Annual Comprehensive Financial Report will not be available until the end of November. Expenditures, revenues, and recommended actions are discussed on the following pages.

The County ended FY 2022 with a balanced budget. At the end of FY 2022, the County's General Fund balance is anticipated to be \$362.8 million, an increase of \$32.9 million from the end of FY 2021.

The General Fund's fund balance comes from three sources:

- 1) Amounts carried over from year-to-year for reserves and other County Board policy designations (e.g., Schools revenue sharing and AHIF) and subsequently reaffirmed by the County Board;
- 2) revenues in excess of projections; and
- 3) expenditures that are under budget.

Allocation of Fund Balance

The most significant portion of General Fund balance falls into the first category of funds carried over year-to-year: approximately \$329.7 million, or 91%, is for required reserves, restricted funding, allocations already approved by Board action, or for continuing projects that happen to

straddle fiscal years. An additional \$6.2 million is recommended to be allocated to projects already discussed by the Board. The balance of \$26.9 million is recommended to be set aside for the FY 2024 budget process.

Carryover for Reserves & Restricted Funding (\$329.7 million): Funding which remained from FY 2022 which will carry over to their restricted and assigned areas includes:

- Reserves: \$102.4 million
 - Operating Reserve to maintain the required minimum of 5.5% of General Fund operating budget per policy and needed to maintain the County's triple-AAA bond ratings: \$82.4 million.
 - Existing reserve balance: \$76.6 million
 - Additional funding required to meet the Board's adopted financial policy: \$5.8 million
 - Self-Insurance Reserve: \$5.0 million
 - Stabilization Reserve to maintain the required minimum of 1% of the General Fund operating budget: \$15.0 million
 - Existing reserve balance: \$13.9 million
 - Additional funding required to meet the Board's adopted financial policy: \$1.1 million
- Restricted & Non-Spendable Funding: \$29.6 million
 - Seized Asset funds: \$1.4 million
 - Restricted funds received from the Department of the Treasury Asset Forfeiture Program
 - Funding is received by the Commonwealth Attorney's office and Police department
 - Grants, Transit, & Restricted funds: \$2.9 million (see attachment 2D)
 - Fiduciary accounts: \$18.9 million
 - Funds held in trust by the County for specific purposes – restricted typically non-County funds
 - Examples include: Industrial Development Authority state economic development grant funds, Sheriff inmate canteen revenues, Friends of the Library donations, and the grant from Boeing to cover Long Bridge Aquatics operating expenses over a number of years.
 - Pay-As-You-Go capital from easement or property transfers and capital transfer reconciliation: \$1.0 million
 - Governmental Accounting Standard Board (GASB) Adjustments: \$5.4 million (net)
 - \$3,678,665 to a non-spendable account for GASB 87 & 96 for the recognition of leases and subscription-based technology.

- \$1,678,224 to restricted non-spendable items identified in the FY 2022 year-end audit process for prepaids.
 - \$25,284,273 to a restricted account offset by a non-spendable account for a net zero change to fund balance. This is a recognition of GASB 72 requirements for unrealized loss calculations as of June 30, 2022, which measures investments at fair value and discontinued their valuation at acquisition price, also known as mark-to-market adjustments.
- Schools: \$56.0 million – Schools’ carryover is a combination of School expenditure savings (\$29.2 million), School’s portion of tax revenue per the Principles of Revenue Sharing (\$29.6 million), offset by School’s contribution to the General Fund Operating Reserve (\$2.7 million).
- Affordable Housing Investment Fund (AHIF): \$98.9 million – A combination of previously allocated project funds (\$58.1 million) and unallocated funds for anticipated projects (\$40.8 million). Some examples of projects with allocated funding include Park Shirlington, Marbella 4% and 9% LIHTC, Ballston Station/CUMC, and Cadence. In addition to the \$98.9 million carried over in the General Fund, an additional \$4.8 million in federal HOME funds (in Fund 206) dedicated to AHIF will be carried over in the Community Development Fund.
- Prior County Board Appropriations and Allocations: \$42.8 million – The County Board has taken a number of actions as a part of the adopted FY 2023 budget or where the funds are already dedicated in use (e.g., short-term financing) or the project has been previously funded by the County Board is a multi-year effort (e.g., planning projects). These items include the following:
 - Debt service for a number of technology and equipment purchases approved as part of prior budgets and CIP (\$5.8 million). Examples of items funded with short-term financing include PC replacement, server and network replacement, and public safety technology.
 - Funding for items already appropriated as part of the FY 2023 Adopted Budget (\$33.6 million), such as FY 2023 compensation bonus to staff (\$10.6 million), FY 2023 inflation set-aside (\$3.0 million), land acquisition (\$4.3 million), PAYGO funding for capital projects (\$2.0 million), a County Manager contingent (\$2.0 million), housing grant funding (\$2.4 million), CEP Action fund (\$1.0 million), and economic incentive grants (\$0.9 million).
 - Incomplete & Multi-Year Projects (\$3.1 million): This allocation funds specific projects whose schedule covers multiple fiscal years – particularly community planning processes. In some cases, these projects have already encumbered funds or the funding has been spent since July 1. This allocation will ensure that these multi-year projects are completed. Examples include the Langston Boulevard

Study, Pentagon City PDSP, and the Integrated Forestry and Natural Resources Master Plan as well as funding for supplies that experienced supply chain delays, additional funding for the Crisis Intervention Center, and completion of training for a Fire recruit class. See Attachment 2D for additional details.

- Payments for projects that were substantially complete but require purchase order encumbrance for the completion of purchases after June 30 (\$0.3 million).

The County Manager also includes funding for items where the Board has already provided direction to move ahead with implementation:

- Providing a bonus to uniformed Sheriff staff (\$1.1 million) funded from the Courthouse Plaza ground lease renegotiation that is included in close-out's fund balance;
- Funding for the demolition of structures at the Carlin Springs site (\$3.0 million) funded from the Courthouse Plaza ground lease renegotiation that is included in close-out's fund balance;
- An increase to the Historic Preservation grant program (\$150,000) as discussed during the Historic Preservation Master Plan update; and
- Additional funds for the Eviction Prevention Program (\$2.0 million).

The balance of \$26.9 million is recommended to be set aside for the FY 2024 budget process.

Expenditures

General Fund FY 2022 expenditures, including transfers to other funds and \$560.0 million to Schools, totaled \$1,727.9 million. County Operating Department budgets totaled \$705.2 million for FY 2022, an amount which includes \$79.1 million in GASB required adjustments described in Attachment 3. Excluding these reporting adjustments, there was \$47.2 million which was not spent by operating departments. However, this includes unspent grant funding which must be carried over to the next fiscal year (\$12.3 million) and monies provided by the County Board for prior years' one-time projects which are still underway or legally restricted (\$1.8 million). Adjusting for grant funds and restricted/incomplete projects, the County departments ended the fiscal year with \$33.1 million in expenditure savings or approximately 4.7% of FY 2022 department operating budgets. For comparison, in FY 2021, the County ended the fiscal year with \$39.8 million in expenditure savings or approximately 6.2% of the FY 2021 department operating budgets after adjusting for grant funds and restricted/incomplete projects.

A portion of the expenditure savings were offset by non-tax revenue loss, primarily due to the continued economic impacts of the pandemic with various non-tax revenue streams being slow to recover. Various County Departments experienced a slower return to normal operations due to supply chain delays and difficulty in hiring staff. For example, the Department of Parks and Recreation had significant expenditure savings of \$6.4 million due primarily to staff vacancies,

the related impact this had on executing planned work (particularly in the Parks and Natural Resources Division), as well as delays experienced due to supply chain issues in the market. Libraries ended the year \$1.2 million under budget driven in part by staffing shortages that led to staff being reassigned to other locations and reduced hours at some locations.

The remaining balance of expenditure savings was primarily the result of department vacancies due to attrition and the difficulty in hiring a number of position types (e.g., police officers and healthcare workers). In addition, Countywide health care costs were less than anticipated, which generated a little over \$7 million in savings for FY 2022.

After accounting for GASB adjustments related to leases, three departments exceeded their budget appropriation:

- Clerk of Circuit Court (-\$151,578): the over-expenditure was due to an accounting adjustment in the way juror expenses are charged and because of unbudgeted leave payouts.
- Sheriff (-\$2,257,768): The over-expenditure was primarily due to overtime costs required in the detention facility for minimum staffing requirements and because of unbudgeted leave payouts.
- DPSCM (-\$842,508): The over-expenditure was primarily due to increased overtime spending in the 9-1-1 call center associated with training/supervision of new hires and because of unbudgeted leave payouts.

For pandemic response in FY 2022, the County received unbudgeted reimbursements from FEMA (\$13.1 million), as well as utilized federal grant funds through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, a part of the American Rescue Plan Act. The County was ultimately able to apply these grant funds to the budget through ARPA's revenue loss provision, which allows local governments to use the grant to provide most governmental services if they can demonstrate revenue losses due to the pandemic. The County leveraged the grant funds in order to provide essential services to those most in need, maintain core services for resident health and safety, and lay the foundation for economic recovery. Many of these pandemic-related expenses were captured within the County's Non-departmental accounts (\$25 million) separate from the operating department budgets including:

- Vaccine efforts;
- Testing and contact tracing;
- Housing support;
- Safe access to government;
- Technology to support telework; and
- Nursing home assistance.

Revenues

Actual General Fund revenues, excluding fund balance, were \$1.761 billion for FY 2022, compared with a final year-end revised budget of \$1.533 billion.

In early April 2022, the Board was presented with updated revenue projections for FY 2022 to account for the accelerating recovery of various revenue streams from the COVID-19 pandemic and changing macroeconomic environment. At that time, this included projected increases in all major tax revenues including real estate, personal property, and meals tax. By fiscal year end, final tax revenues were 1.7% higher than the revised projections. Real estate tax revenue was 0.5% higher than the third quarter projection, providing \$25.7 million of one-time revenue that was included in the FY 2023 budget. Personal property and BPOL taxes continued to exceed projections. Meals, hotel, recordation, and car rental taxes all experienced significant growth, seeing significant growth above projections and double digit increases in final tax revenue over budget. Sales tax revenues also came in higher than the third quarter estimate due to increased demand and inflation. A few other taxes experienced decreases including the cigarette tax, the communications tax, and utility taxes. The table on the following page shows budgeted tax revenue, third quarter projections, and FY 2022 actual tax revenue receipts for the major tax categories.

FY 2022 Revised Budget to Actual Tax Revenues

	Budgeted Revenue (adopted in April 2021)	Revised Projection (April 2022)	Actual Revenue	\$ Change (April 2022 to Actual)	% Change (April 2022 to Actual)
Real Estate	\$804,233,860	\$826,434,212	\$830,318,888	\$3,884,676	0.5%
Personal Property	118,052,147	125,952,147	127,056,189	1,104,042	0.9%
BPOL	72,500,000	75,000,000	77,913,434	2,913,434	3.9%
Sales	43,800,000	46,000,000	47,967,779	1,967,779	4.3%
Transient	10,000,000	10,900,000	15,070,995	4,170,995	38.3%
Meals Tax	31,480,525	36,000,000	39,302,301	3,302,301	9.2%
Other Taxes	41,415,000	44,779,976	46,767,186	1,987,209	4.4%
Totals	\$1,121,481,532	\$1,165,066,335	\$1,184,396,773	\$19,330,437	1.7%

Non-tax revenue — including fees, fines, state and federal support, grants, and interest — was \$165.1 million higher than budget, primarily due to unbudgeted GASB adjustments (which were largely offset by adjustments on the expenditure side). Excluding the GASB adjustments, non-tax revenue was \$2.3 million higher than budget. Interest income (due to significant unrealized losses related to the low interest rate environment over the year) and charges for service revenue came in significantly lower than anticipated. However, the County received \$11 million of unbudgeted revenue from the renegotiation of the Courthouse Plaza ground lease. Federal revenue (which included the first \$23 million tranche from the American Rescue Plan Act) came in over budget, largely due to unbudgeted reimbursements from FEMA.

PUBLIC ENGAGEMENT: The County Board will consider the County Manager’s recommendations for adoption after a public hearing is held at the November County Board meeting.

Additionally, the public is invited to give feedback to staff’s recommendation by emailing: DMF@arlingtonva.us.

FISCAL IMPACT: When the County Board makes final allocation and appropriation decisions at the November 2022 board meeting on the FY 2022 Close-out package, the Board will ratify final appropriations for FY 2022 fulfilling all County obligations and use of one-time funds to meet critical priorities.

FY 2022 APPROPRIATION RESOLUTION

BE IT RESOLVED BY THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA, THAT THE FOLLOWING APPROPRIATIONS ARE HEREBY ADOPTED FOR THE FISCAL YEAR 2022 AND THAT ANY SURPLUS FOR GENERAL COUNTY PURPOSES REMAINING AT THE END OF THE FISCAL YEAR SHALL RETURN TO THE GENERAL FUND OF THE COUNTY.

GENERAL FUND:

COUNTY BOARD.....	1,677,209
COUNTY MANAGER.....	4,792,298
MANAGEMENT AND FINANCE.....	8,860,644
HUMAN RESOURCES.....	10,104,056
TECHNOLOGY SERVICES.....	43,426,363
COUNTY ATTORNEY.....	3,240,554
CIRCUIT COURT - JUDICIARY.....	1,322,947
CIRCUIT COURT.....	4,143,885
GENERAL DISTRICT COURT.....	348,993
JUVENILE AND DOMESTIC RELATIONS COURT.....	6,420,517
COMMONWEALTH'S ATTORNEY.....	5,336,884
OFFICE OF THE MAGISTRATE.....	28,220
OFFICE OF THE PUBLIC DEFENDER.....	309,326
SHERIFF.....	49,246,586
COMMISSIONER OF REVENUE.....	5,679,612
TREASURER.....	6,884,012
ELECTORAL BOARD.....	1,418,773
POLICE.....	73,127,540
EMERGENCY MANAGEMENT.....	15,310,185
FIRE.....	68,759,267
ENVIRONMENTAL SERVICES.....	107,392,616
HUMAN SERVICES.....	208,010,637
LIBRARIES.....	13,938,064
ECONOMIC DEVELOPMENT.....	9,602,373
COMMUNITY PLANNING, HOUSING & DEVELOPMENT.....	11,492,426
PARKS AND RECREATION.....	44,341,143
NON-DEPARTMENTAL.....	320,989,302
DEBT SERVICE.....	73,511,781
REGIONAL CONTRIBUTIONS.....	6,991,115
METRO.....	46,622,208
TOTAL GENERAL GOVERNMENT APPROPRIATION.....	\$1,153,329,538

OTHER OPERATING FUNDS:

BALLSTON QUARTER CDA.....	2,822,008
TRAVEL AND TOURISM PROMOTION FUND.....	1,549,957
BALLSTON BUSINESS IMPROVEMENT DISTRICT.....	1,435,800
ROSSLYN BUSINESS IMPROVEMENT DISTRICT.....	4,105,084
NATIONAL LANDING BUSINESS IMPROVEMENT DISTRICT...	4,321,507
HOUSING AND COMMUNITY DEVELOPMENT.....	2,010,872
HOUSING CHOICE VOUCHER FUND.....	23,753,874
COLUMBIA PIKE TIF.....	406,655
UTILITIES.....	101,561,029
DEVELOPMENT FUND.....	36,894,358
AUTOMOTIVE EQUIPMENT.....	13,413,032
PRINTING.....	3,213,789
BALLSTON GARAGE.....	14,487,002
BALLSTON GARAGE - 8TH LEVEL.....	80,987
WTE MONITORING GROUP (743).....	89,743
OPEB BENEFITS (751).....	75,271
IDA - BALLSTON SKATING FACILITY (791).....	273,581
IDA SIGNATURE (793).....	36,878
TOTAL OTHER OPERATING FUNDS.....	\$210,531,428

GENERAL CAPITAL PROJECTS FUND:

DEPARTMENT OF MANAGEMENT AND FINANCE.....	375,355
CABLE TV.....	1,613,764
TECHNOLOGY SERVICES.....	9,904,042
ELECTORAL BOARD.....	-
PUBLIC SAFETY.....	11,741,373
ENVIRONMENTAL SERVICES:	
Government Facilities.....	7,879,040
Facilities Maintenance.....	8,063,935
Transportation.....	41,923,154
Ballston Public Parking Garage.....	1,932,679
HUMAN SERVICES.....	821,929
ECONOMIC DEVELOPMENT / CULTURAL AFFAIRS.....	31,946
COLUMBIA PIKE REDEVELOPMENT.....	834,359
PARKS & RECREATION.....	15,470,376
COMMUNITY PLANNING, HSG & DEVELOPMENT.....	134,881
REGIONALS & NON-DEPARTMENTAL.....	34,320,281
TOTAL GENERAL CAPITAL PROJECTS FUND.....	\$135,047,113

NON-GENERAL CAPITAL & BOND FUNDS:

STREET AND HIGHWAY BOND.....	12,024,714
COMMUNITY CONSERVATION BOND.....	6,235,442
GOVERNMENT FACILITY BOND.....	60,742,990
UTILITIES CONSTRUCTION.....	44,587,712
STORMWATER MANAGEMENT FUND.....	10,188,373
STORMWATER MANAGEMENT BOND FUND.....	12,811,494
PARKS AND RECREATION BOND.....	21,514,747
TRANSPORTATION - HB2313 - LOCAL FUNDS (FUND 330).....	57,220,874
TRANSPORTATION CAPITAL FUND (FUND 331).....	295,235,117
TRANSIT FACILITIES BOND (METRO).....	20,691,320
TAX INCREMENT FUND (CC-PY-PENTAGON CITY).....	41,589,241
IDA BONDS.....	16,359,647
WATER DISTRIBUTION BOND.....	698,987
WASTE WATER TREATMENT BOND.....	4,745,618
TOTAL NON-GENERAL FUND CAPITAL.....	\$604,646,276

TOTAL CAPITAL FUNDS.....	\$739,693,389
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FY 2022 into FY 2023 Carryover Appropriations and Allocations

1. Allocate \$102,426,342 to County Reserves
 - a. \$82,437,674 to the General Fund Operating Reserve, including \$76,613,044 in existing reserves and \$5,824,630 in additional funding to maintain the County Board's policy of funding the General Fund Operating Reserve at a minimum of five and one-half percent of the General Fund budget in FY 2023, which is important to maintaining the County's triple Aaa bond ratings;
 - b. \$5,000,000 to the County's Self Insurance Reserve;
 - c. \$14,988,668 to the Stabilization Reserve, including \$13,929,644 in existing reserves and \$1,059,024 in additional funding to a minimum of one percent of budgeted General Fund expenditures in accordance with County Board adopted Fiscal Policies.
2. Allocate \$23,770,682 from the FY 2022 General Fund fund balance to legally restricted and non-spendable accounts.
 - a. \$25,284,273 to a restricted account offset to a non-spendable account for recognition of GASB 72 requirements for unrealized loss calculations as of June 30, 2022, which measures investments at fair value and discontinued their valuation at acquisition price, also known as mark-to-market adjustments.
 - b. Allocate \$18,863,792 to restricted accounts for funds required to be reported due to GASB requirement 84 which specifies specific criteria for identifying activities that should be reported as fiduciary activities. The adoption of GASB 84 caused some funds, historically called Trust and Agency accounts, to be included in fund balance.
 - c. Allocate \$3,678,666 to a non-spendable account for GASB 87 & 96 for the recognition of certain lease assets and liabilities for leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees and for subscription-based software.
 - d. Allocate \$1,228,224 to restricted non-spendable items identified in the FY 2022 year-end audit process.
3. Allocate and appropriate \$5,791,608 from the FY 2022 General Fund fund balance to legally restricted and required projects.
 - a. Allocate and appropriate \$4,841,044 as detailed in attachment 2D, including seized asset funds (\$1,441,997); and grant and fee revenue (\$2,804,777), and other sources of restricted funding (\$594,270).
 - b. Allocate and appropriate \$950,564 to Pay-As-You-Go capital (313) as a transfer to capital from the General Fund (101.91107) for revenue received from easement or property transfers and capital transfer reconciliation
4. Appropriate \$35,506,738 to the Schools, reflecting expenditure savings generated by the Schools (\$29,159,008) and slightly higher taxes received for FY 2022 (\$9,085,306), which is partially offset by school's contribution to the General Fund Operating Reserve (\$2,737,576), and allocate an additional \$20,484,857 to the Schools reflecting the amount

already appropriated by the County Board in April 2022 as part of the FY 2023 Adopted Budget, for a total allocation of \$55,991,595.

5. Allocate \$98,949,519 and appropriate \$89,766,828 to affordable housing programs reflecting the unexpended Affordable Housing Investment Funds (AHIF) in FY 2022 and the amount already appropriated by the County Board in April 2022 as part of the FY 2023 Adopted Budget.
6. Allocate \$48,973,473 and appropriate \$15,366,554 from the FY 2022 General Fund fund balance to items based on prior board actions and policies:
 - a. Allocate \$33,606,919 already appropriated by the County Board as part of the FY 2023 adopted budget. Funding includes one-time monies for FY 2023 compensation bonus to staff (\$10.6 million), land acquisition (\$4.3 million), inflationary adjustments (\$3.0 million), housing grant funding (\$2.3 million), environmental sustainability priorities (\$2.1 million), County Manager contingent (\$2.0 million), PAYG capital (\$2.0 million), already committed economic development grants (\$0.9 million), and a number of other miscellaneous projects (\$6.4 million).
 - b. Allocate and appropriate \$5,783,901 in debt service balances that have been committed as part of prior year CIPs but not yet spent, and appropriate to Non-Departmental (101.91103).
 - c. Allocate and appropriate \$4,285,923 for carryover for incomplete projects that span multiple fiscal years, such as the continuation of Board planning projects including the Langston Boulevard Study, Pentagon City PDSP, and the Integrated Forestry and Natural Resources Master Plan. In addition, several other miscellaneous allocations based on County Board decisions as detailed in attachment 2D.
 - d. Allocate and appropriate \$2,000,000 (101.91208) for the continuation of the eviction prevention program in FY 2023.
 - e. Allocate and appropriate \$2,950,353 to Pay-As-You-Go capital (313) as a transfer to capital from the General Fund (101.91107) for planned capital projects and FY 2024 capital planning.
 - f. Allocate and appropriate \$346,377 for carryover for projects that were substantially complete but require purchase order encumbrance for the completion of purchases after June 30, as detailed in attachment 2D.
7. Allocate \$26,903,838 for consideration through the FY 2024 budget process.

FY 2023 County Budget Appropriations

FY 2022 CLOSEOUT ADJUSTMENTS AFFECTING FY 2023 APPROPRIATION LEVELS

- A. **RECOMMENDATION**: Re-appropriate in FY 2023, County purchase orders, incomplete projects, carryover capital and operating projects, and revenues to be received from federal, state, and other sources as summarized in Attachments 2A, 2B, 2C, and 2D.

EXPLANATION: Attachments 2A, 2B, 2C and 2D also summarize and detail appropriations, expenditures, incomplete projects and other projects or programs recommended for funding in FY 2023. This action also identifies those appropriations of federal, state, and other revenues approved by the County Board in FY 2022 that had not been received or expended as of the close of FY 2022. Incomplete projects were, for the most part, funded in FY 2022 but unable to be completed by the close of the fiscal year.

- B. **RECOMMENDATION**: Increase the FY 2023 General Capital Projects Fund (313) appropriation by \$9,091,003 to reflect non-grant revenues received during FY 2022 but not previously appropriated.

EXPLANATION: During FY 2022, revenues of \$9,091,00 were received for one-time uses as well as various on-going projects where the County was eligible for reimbursement by developers and other public or private parties as listed below. The developer contributions are underground utilities (\$6,401,974) as well as dollars for the Courthouse Sector Plan (\$300k) and Crystal City Open Space (\$400k). Cable revenue supports the County's cable access equipment and transmissions (\$812k). The miscellaneous revenue is for the Marymount cost-share for the synthetic field #1 at Long Bridge (\$205k). Reimbursements and Fines includes restitution from the courts for fines. Rent and License Fees covers fees at the "Teardrop Parcel" and Met Park in Crystal City. The use of fund balance is a technical adjustment to budget, a project previously in the master lease program that was not appropriated.

Developer Contributions	\$7,859,064
Cable TV Receipts	812,479
Miscellaneous	205,000
Reimbursements & Fines	1,175
Rent & License Fees	53,753
Fund Balance	159,532
Total	<hr/> 9,091,003

- C. **RECOMMENDATION:** Decrease the FY 2022 County Utilities Construction Fund (519) appropriation by \$1,195,182 to reflect actual revenue received less than budgeted during FY 2022 (Attachment 2C).

EXPLANATION: During FY 2022, the County Utility Pay-As-You-Go Construction Fund (519) received \$1,195,182 (5%) less revenue than the budget of \$26,065,000. Included is revenue from infrastructure availability fees (IAFs), interest earnings and miscellaneous revenue, and Inter-Jurisdictional (IJ) partner revenue. Inter-jurisdictional partners pay a pro-rata share of capital maintenance and projects at the Water Pollution Control Plant, as well as their pro-rata share of sanitary sewer conveyance capital maintenance. The budget for this revenue is based upon a planned amount of capital projects being undertaken during the fiscal year. In FY 2022, revenue forecasted was below the actual executed amount.

The FY 2022 revenue related to Utility (PAYG) projects is broken out as follows:

Infrastructure Availability Fees	\$2,390,895
Interest & Miscellaneous Revenue	(1,222,973)
Inter-Jurisdictional Contribution-Plant Maintenance Capital	(2,363,104)
Total	<hr/> (\$1,195,182)

- D. **RECOMMENDATION:** Increase the FY 2023 Stormwater Management Fund (321) appropriation by \$943,107 to reflect actual revenue received more than budgeted during FY 2022 (Attachment 2C).

EXPLANATION: During FY 2022, the Stormwater Management Fund (321) received \$943,107 (6%) more revenue than the adopted budget of \$15,065,702, for total revenues of \$16,008,809. Revenue above budget is from the following sources: sanitary district tax (\$303,496), fees (\$512,964), fines (\$48,523), interest income on bond funds (39,349), and miscellaneous revenues (\$38,775). FY 2022 was the first year the Stormwater Fund issued bonds and received interest earnings on those funds.

- E. RECOMMENDATION:** Decrease the FY 2023 Crystal City, Potomac Yard and Pentagon City TIF (335) appropriation by \$168,693 (335.380600) to reflect lower than budgeted revenue received during FY 2022 in DES transportation (335.480001).

EXPLANATION: The decrease to the Crystal City TIF is due to lower than budgeted real estate revenue.

- F. RECOMMENDATION:** Appropriate \$2,155,109 from the City of Alexandria (321.350900) to the Department of Environmental Services (321.47221) for the Open Channel Dredging of the Four Mile Run East and West Levee Systems project.

EXPLANATION: Per the Memorandum of Understanding (MOU) executed March 25, 2021, between Arlington County and the City of Alexandria, the two jurisdictions will share in the cost of dredging Four Mile Run East and the West Levee Systems. This is an approved CIP project, and Alexandria's share per MOU is estimated at \$2,155,109. The total cost of the project is \$4,722,719 of which \$2,567,610 was already appropriated.

- G. RECOMMENDATION:** Appropriate \$491,000 for the Arlington Public Schools' portion of the Wakefield High School Stadium Synthetic Turf Replacement (313.80001).

EXPLANATION: The FY 2023 – 2032 Capital Improvement Plan includes the replacement of the Wakefield High School Stadium Synthetic Turf Field during FY 2023. The total cost of the project is \$982,000 and funding is to be split 50/50 between Arlington County and Arlington Public Schools in accordance with an existing cost-sharing agreement. The County portion has already been appropriated. This recommendation will appropriate the Arlington Public Schools Portion of \$491,000.

- H. RECOMMENDATION:** Increase the FY 2022 Transportation Capital Fund (330) appropriation by \$2,983,195 to reflect higher than budgeted non-grant revenue receipts during FY 2022.

EXPLANATION: Actual transportation non-grant revenue received is higher than budgeted in FY 2022 by \$2,983,195. There was an increase in the NVTa local share received (\$2,354,438) and non-grant revenues were received for bikesharing user fees and the sale of bikes (\$628,757).

- I. RECOMMENDATION:** Decrease the FY 2022 Transportation Capital Fund (331) appropriation by \$1,200,363 to reflect lower than budgeted non-grant revenue during FY 2022.

EXPLANATION: The decrease is due to lower than budgeted real estate revenue.

MISCELLANEOUS FY 2023 SUPPLEMENTAL BUDGET ADJUSTMENTS:

- J. RECOMMENDATION:** Appropriate \$1,221 to the Rosslyn Business Improvement District (204) from additional revenue received in FY 2022.

EXPLANATION: The Rosslyn Business Improvement District fund has earned interest eligible for drawdown from fund balance. The appropriated funds will be held in a contingent account within the BID fund to address unanticipated program or administrative expenses.

- K. RECOMMENDATION:** Technical adjustment to reduce the authorized FTE count in the Office of the Commonwealth's Attorney Office by 1.0 FTE.

EXPLANATION: A limited-term grant-funded data analyst position (1.0 FTE) funded by the US Department of Justice Smart Prosecution Grant was added at the July 2022 County Board meeting. However, upon further review with the grantor, it was determined that an existing position could fulfill the intended body of work funded by the grant. Therefore, it is no longer necessary to create a new data analyst position for this grant.

- L. RECOMMENDATION:** Allocate \$252,373 from Debt Service in the General Fund (101.91103) to the General Capital Fund (313) to fund the purchase of assets with a useful life of three years or more.

EXPLANATION: The County utilizes short-term financing for certain County assets that have a useful life of between three and ten years. The project expenditures occur in the General Capital Fund (313) while annual debt service is budgeted in the General Fund (101.91103). Currently, there is budget for debt service available in the general fund in excess of what is needed to finance the planned projects in the Adopted FY 2023 Capital Improvement Plan. Existing fund balance from the short-term finance debt service budget will be used to cash finance a portion of projects, saving the County interest costs.

- M. RECOMMENDATION:** Appropriate \$1,752,176 to PAYG (313) for the transfer in from the General Fund (101) for Land Acquisition.

EXPLANATION: This is a technical adjustment to the FY 2023 Adopted General Fund Operating Budget to transfer funding in the amount of \$1,752,176 to PAYG (313) for Land Acquisition. This is a request to appropriate expense and revenue budget in PAYG (313) for this transfer in.

- N. RECOMMENDATION:** Accept and appropriate \$45,294 Supreme Court of Virginia, Office of the Executive Secretary grant funds (101.364900) to the Arlington County Circuit Court Drug Treatment Court Program (\$12,246, 101.20102) and to the Department of Human Services (DHS) (\$33,048, 101.52341) and authorize an

additional 0.25 FTE grant funded part-time Behavioral Health Therapist position in DHS.

EXPLANATION: The Supreme Court of Virginia, Office of the Executive Secretary awarded Arlington County \$78,894 in one-time funds for the Arlington County Drug Treatment Court (ACDTC) Program, of which \$33,600 is already budgeted for in DHS' FY 2023 adopted budget. These funds will be used to assist with the costs associated with maintaining a fully operational drug treatment court program. This grant will be used to assist with funding for drug and alcohol testing, metro cards so that participants can attend appointments and community support meetings, the purchase of incentives to recognize and reward program compliance and sober coins/memorabilia (\$12,246). Additionally, this grant will provide funds (\$33,048) to increase the existing 0.25 FTE grant-funded Behavioral Health Therapist position to a 0.50 FTE in DHS. The Behavioral Health Therapist will serve ACDTC Program participants by providing intensive, individual outpatient counseling services.

- O. **RECOMMENDATION:** Accept and appropriate \$150,000 from the National Endowment for the Arts (NEA) (101.374913) to the Cultural Affairs Division (CAD) (101.71601) and authorize the County Manager or his designee; to execute associated grant agreements.

EXPLANATION: The Cultural Affairs Division of AED was awarded funding through the American Rescue Plan Act (ARPA) by the National Endowment for the Art (NEA). The purpose of the grant is to provide subgrants to regional artists and arts organizations that benefit the Arlington community through programs that take place in the community. The programs are expected to last throughout the period of performance for this grant, which ends on December 31, 2023.

- P. **RECOMMENDATION:** Convert an overstrength Security Program Coordinator to a 1.0 permanent full-time position (1.0 FTE) in the Facilities Management Bureau (FMB) within the Department of Environmental Services (DES) (101.43103) for the continuation of security management services.

EXPLANATION: This is a request to convert an overstrength Security Program Coordinator to a 1.0 permanent full-time position (1.0 FTE) to manage facility security. This additional FTE will enable FMB to continue providing security management services to the entire County and will be primarily responsible for managing the security system and physical security personnel for all buildings. The anticipated total cost of this position (\$95,000) will be funded from existing budget within the Department of Environmental Services (DES).

- Q. **RECOMMENDATION:** Accept and appropriate \$6,200 from the Virginia Department of Motor Vehicles (VDMV) (101.364400) to the Sheriff's Office (101.22101) and authorize the County Manager, or his designee, to execute associated grant agreements.

EXPLANATION: The Sheriff's Office has been awarded \$6,200 in Highway Safety Grant funding by the VDMV to support the implementation of highway safety projects. VDMV grant funds are made available for projects that have a goal to improve highway safety through a reduction of speed-related fatalities and serious speed related injuries. These funds will be used to cover overtime expenses associated selective speed enforcement in identified high crash areas within the County. The grant does require matching funding of \$3,100 for fuel and vehicle maintenance, which is included as part of the FY 2023 operating budget.

- R. **RECOMMENDATION:** De-appropriate \$48,648 from the U.S. Department of Justice (101.374900) for the Arlington County Police Department's Body-Worn Camera Program Grant (101.31202).

EXPLANATION: The initial grant award of \$200,000 was accepted at the February 12, 2022, County Board meeting but was later cancelled in full (a decrease of \$200,000) at the request of the Police Department due to continued decreased public safety staffing and a resultant lack in need for the expansion equipment and support funded by this award. This technical adjustment is needed to de-appropriate \$48,648 that was included in the FY 2023 Adopted budget to reflect the grant award cancellation.

- S. **RECOMMENDATION:** Increase the FY 2023 Department of Parks and Recreation (DPR) revenue (101.342104) and expense (101.87201) by \$1,100,000 to reflect higher than budgeted summer camp revenue receipts in DPR that were part of the FY 2023 Adopted Budget.

EXPLANATION: The actual Department of Parks and Recreation (DPR) summer camp expenditures and revenues received are higher than budgeted in FY 2023 by \$1,100,000. There was an increase in revenue and expense due to the higher than anticipated interest and greater volume of participation in the FY 2023 (June-August 2022) summer camp programs, services, and activities.

- T. **RECOMMENDATION:** Accept and appropriate \$56,480 from the Virginia Department of Social Services (VDSS) (101.374765) to the Department of Human Services (101.53401) for Adult Services Program.

EXPLANATION: The Virginia Department Social Services awarded additional state funding for home-based homemaker and companion services in FY 2023. The funds will be directed to providing home health and companionship services for personal care, light household cleaning, and activities of daily living. The funds will be fully expended in FY 2023 and requires a 20% match, which is already included in DHS' adopted budget

- U. **RECOMMENDATION:** Appropriate \$109,180 in one-time Expanding Public Health Workforce funding from the Virginia Department for Aging and Rehabilitative Services (DARS) (101.372533) to the Department of Human Services (101.53104) for the Area Agency on Aging.

EXPLANATION: The Virginia Department for Aging and Rehabilitative Services awarded additional federal funding for Expanding the Public Health Workforce in FY 2023. The funds will be directed to temporary staffing needs within the Agency on Aging for clients aged 60 plus in need of additional support services. Two temporary contractors will provide nursing care and wrap around case management. Any unspent funds will be carried over into FY 2024. The funds must be fully expended by September 30, 2024.

- V. **RECOMMENDATION:** Appropriate \$11,625 from the Virginia Department of Housing and Community Development (101.364900) to the Department of Human Services (101.51101) for the Virginia Homeless Solutions Program.

EXPLANATION: The Virginia Department of Housing and Community Development for the Virginia Homeless Solutions Program awarded Arlington an FY 2023 grant in the amount of \$46,539. The final award is \$11,625 above the amount budgeted in the FY 2023 adopted budget. The Virginia Homeless Solutions Program provides financial assistance and services to help individuals and families at risk of homelessness maintain permanent housing. Services may include rental assistance, utility deposit assistance, and case management services, with grant funds also covering data entry and administrative tasks.

- W. **RECOMMENDATION:** Accept and appropriate additional \$367,711 Workforce Innovation and Opportunity Act (WIOA) Program grant funds (101.371425) from the Virginia Community College System (VCCS) to the Department of Human Services (101.51131) for the Arlington and Alexandria American Job Centers.

EXPLANATION: WIOA, via the VCCS awarded Arlington a grant in the amount of \$1,156,000 for the Program Year 2022 (Fiscal Year 2023). The final award is \$367,711 above the amount budgeted in the FY 2023 adopted budget. WIOA funding is for Arlington and Alexandria American Job Centers. Grants are awarded every year for a two-year period and unspent funds carryover to the following fiscal year. Funding is designated for programs' activities including staff, client training, supportive services, and administration.

- X. **RECOMMENDATION:** Accept and appropriate an additional \$182,508 from the Virginia Department of Behavioral Health and Developmental Services (DBHDS) in one-time grant funds (101.364900) to the Department of Human Services (101.51108) for the Permanent Supportive Housing Program.

EXPLANATION: The Virginia Department of Behavioral Health and Developmental Services (DBHDS) awarded Arlington \$182,508 in additional program funding. These funds will assist in the continued support of individuals with disabilities who are eligible for Permanent Supportive Housing (PSH). It will also continue to provide focused case management services, clinical mental health, and rental subsidy administration to individuals with serious mental illness in the PSH program.

- Y. **RECOMMENDATION:** De-appropriate \$75,824 from the Virginia Department of Behavioral Health and Developmental Services (208.372704) for the Department of Human Services' State Rental Assistance Program (SRAP) (208.51181).

EXPLANATION: The initial grant award of \$350,000 was appropriated in FY 2023 at the June 18, 2022, County Board meeting but was later revised to \$274,176 (a decrease of \$75,824). This correction will align the budget with the grantor's final allocation amount.

- Z. **RECOMMENDATION:** Appropriate \$75,000 from National Association of County & City Health Officials (NACCHO) (101.350900) to the Department of Human Services (101.55720) for a Medical Reserve Corps (MRC) COVID-19 Respond, Innovate, Sustain, and Equip (RISE) award.

EXPLANATION: The Public Health Division was awarded MRC RISE grant of \$75,000 for FY 2022. The RISE Grant will be used to support MRC COVID-19 response capabilities. The period of performance for this grant ends December 31, 2022, with the option to extend for an additional six months.

- AA. **RECOMMENDATION:** Accept and appropriate \$228,649 from the Virginia Department of Health (VDH) (101.374900) to the Department of Human Services (101.55110) to improve COVID-19 mitigation and prevention in Virginia.

EXPLANATION: The VDH has allocated \$228,649 in Public Health Workforce grant funding to improve COVID-19 mitigation and prevention. The period of performance for this grant ends June 30, 2023.

- BB. **RECOMMENDATION:** Appropriate \$416,206 from the Virginia Department of Health (VDH) (101.374909) to the Department of Human Services (101.55370) to fund strategies that ensure greater equity and access to COVID-19 vaccines by those disproportionately affected by COVID-19.

EXPLANATION: VDH has allocated additional \$416,206 to the COVID-19 vaccine grant. The funds will be used to support COVID-19 vaccination education, outreach, and /or administration in the community. The period of performance for this grant ends June 30, 2024.

- CC. **RECOMENDATION:** Authorize the creation of a 0.50 FTE in the Department of Human Services (101.53206) for the Developmental Disability Services Vocational and Habilitation Program.

EXPLANATION: The additional 0.50 FTE will be added to an existing Management Specialist (0.50 FTE) to create a full 1.0 FTE and is funded by reallocating existing non-personnel funding in the Aging and Disability Services Division (\$45,000). The full 1.0 FTE will be dedicated to supporting special initiatives in vocational, habilitation, and transportation programs for individuals with developmental and intellectual disabilities.

DD. RECOMMENDATION: Authorize a permanent 0.50 Behavioral Healthcare Therapist (Licensed) FTE in the Department of Human Services' Behavioral Healthcare Division (101.52331) for substance use disorder services.

EXPLANATION: The Department of Human Services' Behavioral Healthcare Division provides substance use disorder services to Arlington County residents. This position will be added to an existing vacant 0.5 Behavioral Healthcare Therapist. An additional 0.50 FTE Behavioral Healthcare Therapist will allow the Department greater capacity to provide ongoing substance use disorder services, given increased community demand. The position will be funded by reallocating \$52,798 in existing contract services (101.437405.52331) and operating equipment (101.483010.52301).

EE. RECOMMENDATION: Authorize a 1.0 FTE two-year limited-term grant-funded Behavioral Health Therapist (Licensed) in the Department of Human Services' Behavioral Healthcare Division for substance use disorder services.

EXPLANATION: The Department of Human Services' Behavioral Healthcare Division provides mental health and substance use disorder services to Arlington County residents. An additional 1.0 Behavioral Healthcare Therapist will allow the Department to continue to provide rapid access intake services, and greater capacity to provide ongoing substance use disorder services, given increased community demand. The position will be grant funded by reallocating \$128,346 of existing non-personnel grant budget in the Client Services Entry Bureau (101.52321) and the Outpatient Services Bureau (101.52331).

FF. RECOMMENDATION: Authorize a 1.0 FTE in the Department of Human Services.

EXPLANATION: This action will reallocate a 1.0 Physician FTE (\$305,368) from the Public Health Division to the Director's Office and authorize the reclassification of the funding to a 1.0 Communications Specialist II (\$108,349) and a 1.0 Contract Specialist (\$115,015) and allocate the remaining \$82,004 to contracted services. Due to declining caseloads in the Public Health Division's Maternity Clinic, a 1.0 Physician can be reallocated to the Director's Office and reclassified to meet critical staffing needs in the areas of procurement and communications and increase contracted services funding in the Director's Office for several high priority programs such as clinician training, volunteer services, and community engagement. Reporting to the DHS Procurement Coordinator, the Contract Specialist will assist in editing procurement documents and conducting contract compliance activities. Under the guidance of a DHS Assistant Director, the Communications Specialist II will ensure community members have clear, accessible, and timely information about DHS programs and services.

GG. RECOMMENDATION: Authorize the creation of a permanent 1.0 Safety & Security Coordinator FTE in the Director's Office of the Department of Human Services (101.54104).

EXPLANATION: The Safety & Security Coordinator will support the Facilities and Operations Bureau Director to manage the safety and security protocols, procedures, training and reporting for the facilities, staff, and clients of the Department of Human Services (DHS) including the Crisis Intervention Center and act as the DHS subject matter expert on all issues related to safety and security. The position's budget is prorated for a partial year (\$78,434) due to the timing of hiring in the fiscal year and is appropriated to DHS as summarized in Attachment 2D.

- HH. RECOMMENDATION:** Transfer \$300,000 from the Department of Environmental Service's (DES) Concrete Program within the General Fund (101.44105) to PAYG (313.43528) to fund the new Sidewalks, Curb, Gutter Proactive Zone Maintenance Capital Improvement Plan (CIP) program.

EXPLANATION: As part of the FY 2023 Adopted CIP, the County Board approved funding the new Sidewalks, Curb, Gutter Proactive Zone Management Program. This \$300,000, which will be transferred from the General Fund to PAYG, was identified as an ongoing funding source for the program. The Program's focus for the first year in FY 2023 will focus on a tripping hazard blitz to address issues identified in the recently completed sidewalk survey.

- II. RECOMMENDATION:** De-allocate \$2,634,844 from the Affordable Housing Investment Fund (AHIF) allocated funds accounts (101.456300.91102) to the AHIF unallocated funds account (101.495130.91102) to recognize funds no longer needed for several projects.

EXPLANATION: In FY 2022, several projects with AHIF allocations realized savings on project spending including: Arna Valley, Berkeley II and Housing Service Grants. Funds will be de-allocated and made available for future AHIF projects.

- JJ. RECOMMENDATION:** Appropriate an additional \$646,342 in Community Development Block Grant (CDBG) program income (206.72405), \$983,103 in HOME Investment Partnerships Program (HOME) program income (206.72407), and \$4,175 in Community Services Block Grant (CSBG) entitlement funding (206.72409) to align with balances shown in the U.S. Department of Housing and Urban Development's (HUD's) Integrated Disbursement and Information Systems (IDIS) and the State's system.

EXPLANATION: During a routine reconciliation of County and Federal/State records, it was determined that HUD's IDIS system and the State's system were reflecting a larger available balance than the County's financial system. This will align the balance of available Federal CDBG and HOME program income funds in the County's financial system with the balances available from the U.S. Treasury as well as the State CSBG Entitlement Funding with the State's system.

- KK. RECOMMENDATION:** De-allocate \$10,108 (206.456300.72405) in FY 2023 Community Development Block Grant funds (CDBG) (206.495130.72405), \$98,727 (206.456300.72407) in FY 2023 HOME Investment Partnership funds (HOME)

(206.495130.72407), and \$24,900 (206.456300.72409) in FY 2023 state Temporary Assistance for Needy Families funds (CSBG-TANF) (206.495130.72409).

EXPLANATION: This is a request to de-allocate the grant amounts noted above; these de-allocations will not change the final FY 2023 funding amounts for these programs. The Housing division was notified of final grant amounts for CDBG, HOME and CSBG-TANF funds following the adoption of the FY 2023 budget. At the July 16 County Board meeting, these additional grant amounts were appropriated and allocated. At this time, projects for these funds have not yet been identified and funds should be de-allocated. When Housing staff identifies projects for these grant amounts, allocations will be requested.

- LL. RECOMMENDATION:** Appropriate \$125,000 from the Virginia Department of Environmental Quality (321.364900) to the Department of Environmental Services Stormwater Management Program's Stream and Water Quality Program (321.47224) for the Ballston Pond Retrofit project.

EXPLANATION: Through the Stormwater Local Assistance Fund (SLAF), the Virginia Department of Environmental Quality awarded Arlington County \$125,000 in one-time funds for the Ballston Pond Retrofit project. These funds are awarded to projects related to reducing water quality pollutant loads. These funds will be used to cover construction costs for the Ballston Pond retrofit project. The grant does require matching funding of 50% which is included in the FY 2023 CIP.

- MM. RECOMMENDATION:** Accept and appropriate \$294,742 from the Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) (101.374900) to the Fire Department (101.34401) and authorize the County Manager, or his designee, to execute associated grant agreements.

EXPLANATION: The Fire Department (FIR) was awarded \$324,216 through the Assistance to Firefighters Grant (AFG) by the Department of Homeland Security Federal Emergency Management Agency (FEMA) to send 12 additional students through paramedic school. The grant will cover overtime, backfill, tuition, books, and additional materials needed. This grant will allow the Fire Department to quickly increase the number of paramedics in the Department, enhancing the quality-of-care citizens receive without increasing the Department's overtime and training budgets. The grant does require a 10% match (\$29,474) which will be covered under the Department's regular operating budget. The period of performance for this grant ends August 1, 2023.

- NN. RECOMMENDATION:** Decrease the FY 2023 Stormwater Management Bond Fund (322) appropriation by \$500,000 and increase the FY 2023 Stormwater Management Fund (321) appropriation by \$500,000 for the transfer of the FY 2022 Virginia Department of Environmental Quality grant that was appropriated to Stormwater Management Bond Fund (322) for the Ballston Pond Retrofit project.

EXPLANATION: In FY 2022, \$500,000 is appropriated to the Stormwater Management Bond Fund (322) for the grant that was awarded to Virginia Department of Environmental Quality to fund the Ballston Pond Retrofit project. These funds need to be transferred to the Stormwater Management Fund (321). The grant is awarded to projects related to reducing water quality pollutant loads. These funds will be used to cover construction costs for the Ballston Pond retrofit project. The grant does require matching funding of 50% which is included in the FY 2023 CIP.

- OO. RECOMMENDATION:** Appropriate \$700,000 in interest revenue (101.331100) to Non-Departmental (101.91102) to reflect an accounting adjustment to book bank fees as an expense instead of a reduction in investment interest revenue.

EXPLANATION: In FY 2022, an adjustment brought bank fees into accounting compliance. Previously these fees were netted against investment interest earnings and will now be posted separately. Investment earnings are posted as revenue and bank fees are posted as expenditures, thereby equally increasing the associated revenue and expenditure budgets.

- PP. RECOMMENDATION:** Allocate and appropriate the remaining \$6,701,013 of American Rescue Plan Act (ARPA) funds (101.374900) to Non-Departmental (101.91108) for continued use in response to the COVID-19 pandemic.

EXPLANATION: This technical adjustment appropriates the balance of ARPA funding to allow for its use in COVID response.

- QQ. RECOMMENDATION:** Reallocate the FY 2022 and FY 2023 use of Arlington County's federal American Rescue Plan Act (ARPA) funding (\$46.0 million) from the projects approved by the Board in November 2021 and at adoption of the FY 2022 and FY 2023 budgets to the revenue loss expenditure category.

EXPLANATION: In response to the ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program Final Rule and other Treasury Department clarifications, this recommendation proposes to reroute the SLRF grant through the allowable revenue loss expenditure category. There will be no change to the original spend plan; projects will carry forward and continue to be funded through the savings created by the ARPA funds. This reallocation enables straight-forward reporting to Treasury, greater flexibility in implementation approach, and increased longevity of funds use if desired. It also mitigates risk for non-compliance with grant and Federal Uniform Guidance (UG) guidelines and future audit findings

- RR. RECOMMENDATION:** Transfer and appropriate \$30,000 from the Sheriff Department's inmate canteen commission funds (199.22301) to the general fund (101.91104) and authorize an FY 2023 payment to the Offender Aide and Restoration (OAR) non-profit organization for the facilitation of the employee skills, training, and mentoring program provided to inmates in the Arlington County Detention Facility.

EXPLANATION: OAR, a non-profit organization, provides community-based correction and rehabilitation services to adult offenders and ex-offenders as well as community service placement and supervision for juveniles and adults. This request is to authorize the payment of services in FY 2023 for the employee skills training and mentoring program. The funding for this program is provided from inmate canteen commission funds requiring the transfer into the general fund.

- SS. RECOMMENDATION:** Appropriate \$500,186 from the Virginia Department of Transportation (331.363203) to the Department of Environmental Services (331.43513) for the Improvements Outside Major Corridors program.

EXPLANATION: Per the agreement received from VDOT, executed April 9, 2019, the maximum reimbursable by VDOT to the County is \$1,823,213 (including \$573,213 approved in FY 2015 and \$1,250,000 approved in FY 2017). However, when Transportation Capital grants were appropriated in mass in October of 2016, the amount appropriated for this grant was only \$1,323,027, or \$500,186 short of the maximum reimbursable amount.

- TT. RECOMMENDATION:** Appropriate \$26,565 from the Virginia Department of Transportation (331.363203) to the Department of Environmental Services (331.43514) for the Traffic Signal program.

EXPLANATION: Per the revised agreement received from VDOT executed November 3, 2021, these additional funds were approved on an existing grant. The grant provides funding for traffic signal upgrades for intersections near the East Falls Church metro.

- UU. RECOMMENDATION:** Accept and appropriate \$135,427 from the Virginia Department of Behavioral Health and Developmental Services (DBHDS) (101.364501) to the Department of Human Services (101.52341) to increase access to services for Behavioral Health Docket participants. Authorize the creation of a 1.0 grant-funded Behavioral Health Specialist.

EXPLANATION: The Virginia Department of Behavioral Health and Developmental Services awarded the Department of Human Services an additional \$135,427 for the Arlington Behavioral Health Docket Diversion program. The grant expansion provides funding for a Behavioral Health Specialist (1.0 FTE, \$121,863) and operation expenses (\$13,564) including travel, telecommunication equipment, and client supports (e.g., emergency housing, incentives, etc.). The remaining \$6,818 is designated for indirect costs associated with the administration of the grant.

- VV. RECOMMENDATION:** Accept and appropriate \$4,673 from the Virginia Department of Behavioral Health and Developmental Services (DBHDS) (101.374515) to the Department of Human Services (101.52341).

EXPLANATION: The Virginia Department of Behavioral Health and Developmental Services awarded the Department of Human services \$4,673 in one-time Projects for Assistance in Transition from Homelessness (PATH) funding to cover costs for program staff training and travel as well as outreach services, including costs for outreach provisions for intended program beneficiaries.

WW. RECOMMENDATION: Authorize the County Manager or his designee to accept and appropriate \$177,333 in ongoing grant funds from the Virginia Department of Behavioral Health and Developmental Services (DBHDS) (101.364501) to the Department of Human Services (101.52301). Authorize the creation of 1.0 FTE grant funded Human Resources OD/Specialist.

EXPLANATION: This position support will manage recruitment, employee relations, and other HR processes for DHS.

XX. RECOMMENDATION: Authorize the County Manager or his designee to accept and appropriate \$98,475 in DBHDS STEP-VA Ancillary Services Grant and Substance Use Disorder Grant funds (101.364501) to create a 1.0 grant-funded Management Specialist in the Department of Human Services (101.54102).

EXPLANATION: This position will develop and produce reports supporting operational benchmarks, quality assurance efforts, and Performance Management Plans for Community Services Board programs and services.

YY. RECOMMENDATION: Reclassify a temporary 1.0 grant-funded Behavioral Health Specialist to permanent status.

EXPLANATION: In FY 2021, the Virginia Department of Behavioral Health and Developmental Services (DBHDS) awarded the Department of Human Services (DHS) a two-year \$146,000 grant to increase access to services for Behavioral Health Docket participants that included the creation of a two-year limited term Human Services Specialist. In FY 2023, DBHDS updated the status of the grant award from two years to ongoing. To continue the expanded service access, DHS is requesting the temporary position be made permanent.

ZZ. RECOMMENDATION: Accept and appropriate \$58,750 from the Virginia Department of Behavioral Health and Developmental Services (101.374200) to the Department of Human Services (101.52301).

EXPLANATION: The Virginia Department of Behavioral Health and Developmental Services (DBHDS) awarded the Department of Human Services \$58,750 in one-time Mental Health (\$21,250) and Substance Use Disorder (\$37,500) Block Grant Local Workforce Initiatives to increase staff retention in Mental Health and Substance Use Disorder Program areas with hiring incentives, bonuses, and professional development efforts. DHS will collaborate with the Department of Human Resources to develop and implement the incentive and bonus program.

AAA. RECOMMENDATION: Accept and appropriate \$147,692 Virginia Quality Birth-5 funds (101.374707) to the Department of Human Services (101.56101).

EXPLANATION: The Virginia Quality Birth-5 Program is the state's quality measurement and improvement system for publicly funded birth to five classrooms. This grant funding will support coordination in early childhood classrooms by building relationships, increasing access, strengthening quality, and engaging families. All funds must be spent by June 30, 2023.

BBB. RECOMMENDATION: Appropriate \$550,000 from the City of Falls Church (313.340500) to the Department of Environmental Services (313.480001) for capital improvements to Fire Station #6.

EXPLANATION: Per the agreement with the City of Falls Church, the City will contribute to the replacement of the fire station bay doors at Fire Station #6. This project will begin in FY 2023 and is anticipated to be completed in FY 2024. This \$550k is a little more than half of the total payment to be received from Falls Church for the project and is necessary in order to begin the bay door replacement project.

CCC. RECOMMENDATION: Appropriate \$18,900 in fee revenue (101.344904) to the Department of Human Services (101.54101) for the Batterer's Intervention Program.

EXPLANATION: This is a request to appropriate funds from the City of Alexandria for access to the Arlington Abuser Intervention Program (Project PEACE-DHS) for referred Alexandria City residents. The funds were previously accepted at the County Board's September 2022 meeting.

DDD. RECOMMENDATION: Appropriate \$110,000 from the Virginia Department of Transportation (331.363203) to the Department of Environmental Services (331.43511) for the Walk Arlington program.

EXPLANATION: Per the revised agreement received from VDOT, executed August 2022, these additional funds were approved on an existing grant. The grant provides funding to add an ADA-compliant sidewalk and retaining wall to the intersection of 18th Street North and Glebe Road.

FY 2022 GENERAL FUND SUMMARY - EXPENDITURES, ENCUMBRANCES & REVISED APPROPRIATION

GENERAL FUND OPERATING (101)	REVISED APPROPRIATION	EXPENDITURES	EXPENDITURES (OVER)/UNDER	FINAL APPROPRIATION
			REVISED APPROPRIATION	
County Board	1,742,955	1,677,209	65,746	1,677,209
County Manager	5,444,391	4,792,298	652,093	4,792,298
Management and Finance	9,143,233	8,860,644	282,589	8,860,644
Human Resources	10,421,205	10,104,056	317,149	10,104,056
Technology Services	26,917,208	43,426,363	(16,509,155)	43,426,363
County Attorney	3,698,999	3,240,554	458,445	3,240,554
Circuit Court - Judiciary	1,338,311	1,322,947	15,364	1,322,947
Circuit Court	3,992,307	4,143,885	(151,578)	4,143,885
General District Court	411,740	348,993	62,747	348,993
Juvenile & Domestic Relations Court	7,560,514	6,420,517	1,139,997	6,420,517
Commonwealth Attorney	5,879,390	5,336,884	542,506	5,336,884
Office of the Magistrate	29,986	28,220	1,766	28,220
Office of the Public Defender	336,310	309,326	26,984	309,326
Sheriff	46,880,768	49,246,586	(2,365,818)	49,246,586
Commissioner of Revenue	6,007,104	5,679,612	327,492	5,679,612
Treasurer	7,543,369	6,884,012	659,357	6,884,012
Electoral Board	1,919,844	1,418,773	501,071	1,418,773
Police	77,245,005	73,127,540	4,117,465	73,127,540
Office of Emergency Management	13,940,438	15,310,185	(1,369,747)	15,310,185
Fire	68,691,832	68,759,267	(67,435)	68,759,267
Environmental Services	112,787,099	107,392,616	5,394,483	107,392,616
Human Services	174,580,231	208,010,637	(33,430,406)	208,010,637
Libraries	15,083,993	13,938,064	1,145,929	13,938,064
Economic Development	9,625,852	9,602,373	23,479	9,602,373
Community Planning, Housing & Development	11,707,038	11,492,426	214,612	11,492,426
Parks and Recreation	50,449,165	44,341,143	6,108,022	44,341,143
Subtotal, Operating Departments	673,378,287	705,215,132	(31,836,845)	705,215,132
Non-Departmental	323,336,526	320,989,302	2,347,224	320,989,302
Debt Service	73,564,710	73,511,781	52,929	73,511,781
Regionals	7,086,379	6,991,115	95,264	6,991,115
Metro	46,622,208	46,622,208	-	46,622,208
Total General Government	1,123,988,110	1,153,329,538	(29,341,428)	1,153,329,538
GENERAL FUND TRANSFERS:				
Donations (199)	3,251,028	3,394,243	(143,215)	3,394,243
Travel and Tourism Promotion Fund (202)	597,884	396,816	201,068	396,816
Housing and Community Development Fund (206)	-	-	-	-
General Capital Projects (313)	10,478,484	10,478,484	-	10,478,484
Utilities Fund (519)	-	-	-	-
Auto Fund (609)	33,000	-	33,000	-
Printing (611)	254,979	254,979	-	254,979
Other Post Employment Benefits (751)	-	75,271	(75,271)	75,271
Schools Operating (880)	589,152,842	490,598,126	98,554,716	490,598,126
Schools Community Activities (882)	-	4,800,513	(4,800,513)	4,800,513
Schools Construction (886)	-	3,732,044	(3,732,044)	3,732,044
Schools Debt Service Fund (888)	-	58,325,805	(58,325,805)	58,325,805
Schools Comprehensive Services Act Fund (889)	-	2,537,345	(2,537,345)	2,537,345
Total Interfund Transfers	603,768,217	574,593,626	29,174,591	574,593,626
Total General Fund Exp and Interfund Transfers	1,727,756,327	1,727,923,164	(166,837)	1,727,923,164

ATTACHMENT 2A

FY 2022 OTHER OPERATING FUNDS - EXPENDITURES/TRANSFERS, ENCUMBRANCES & REVISED APPROPRIATION

	REVISED APPROPRIATION	EXPENDITURES/ TRANSFERS	FINAL APPROPRIATION
BALLSTON QUARTER CDA (201)	3,324,124	2,822,008	2,822,008
TRAVEL AND TOURISM PROMOTION FUND (202)	1,747,884	1,549,957	1,549,957
BALLSTON BUSINESS IMPROVEMENT DISTRICT (203)	1,471,612	1,435,800	1,435,800
ROSSLYN BUSINESS IMPROVEMENT DISTRICT (204)	4,210,099	4,105,084	4,105,084
NATIONAL LANDING BUSINESS IMPROVEMENT DIST. (205)	4,570,394	4,321,507	4,321,507
HOUSING AND COMMUNITY DEVELOPMENT FUND (206)	8,407,104	2,010,872	2,010,872
HOUSING CHOICE VOUCHER (208)	24,147,156	23,753,874	23,753,874
COLUMBIA PIKE TIF (336)	2,681,436	406,655	406,655
UTILITIES OPERATING FUND (503)	106,296,875	101,561,029	101,561,029
BALLSTON GARAGE (540)	3,147,233	14,487,002	14,487,002
BALLSTON GARAGE - 8th LEVEL (548)	90,112	80,987	80,987
CPHD DEVELOPMENT FUND (570)	23,941,561	36,894,358	36,894,358
AUTOMOTIVE EQUIPMENT FUND (609)	25,912,131	13,413,032	13,413,032
PRINTING (611)	2,109,979	3,213,789	3,213,789
WTE MONITORING GROUP (743)	-	89,743	89,743
OPEB BENEFITS (751)	-	75,271	75,271
IDA - BALLSTON SKATING FACILITY (791)	-	273,581	273,581
IDA SIGNATURE (793)	-	36,878	36,878
TOTAL OTHER FUNDS	212,057,700	210,531,428	210,531,428

ATTACHMENT 2B

Other County Funds Summary

The table on the prior page indicates the budget and actual expenditures in FY 2022 for each of the non-General Fund, non-capital other operating funds. The majority of these funds are legally or policy-restricted in use, or expenditures are limited to the amount of revenues received without any General Fund tax support unless otherwise authorized. Several of these funds support activities and projects that cross fiscal years and have balances that are carried over to fund these multi-year efforts.

Most other County funds were within budget, with the following exceptions:

Ballston Garage – The new GASB 87 lease standards required our financial statements to show an expense of \$12.3 million for Ballston Garage fund for Levels 1-7 in FY 2022. Actual expenses reflected a reduction of operating costs post-pandemic (\$1.0 million), and deferral of a payment to the County for debt service on the Ballston Quarter CDA bonds. Revenues were lower due to lower parking utilization.

CPHD Development Fund – FY 2022 expenditures were (\$12,952,797) more than budgeted. This was due to the unbudgeted GASB 87 entry (\$13,571,504), which requires all leases with lease terms exceeding one year to be recognized as both a right-of-use asset and a lease liability on the balance sheet.

Printing Fund – FY 2022 expenditures in the Printing Fund were (\$1,103,810) more than budgeted due to the unbudgeted GASB 87 entry (\$1,122,929), which requires all leases with lease terms exceeding one year to be recognized as both a right-of-use asset and a lease liability on the balance sheet.

WTE Monitoring Group Fund, OPEB Benefits Fund, IDA – Ballston Skating Facility Fund, and IDA Signature Fund – FY 2022 expenses were incurred in these funds but not budgeted. WTE and OPEB are both trusts with expenses covered by the trusts. Both the Ballston Skating Facility Fund and the IDA Signature Fund are trust accounts with expenses fully funded by third parties per their loan agreements with the IDA.

All other funds came in under budget. The following highlights significant underexpenditures.

Ballston Quarter CDA – FY 2022 expenses were \$0.5 million less than budgeted due to the timing delay in transfer of FY 2022 Ballston Quarter TIF revenues, which are remitted to the Ballston Quarter CDA to pay debt service. These funds will be transferred in FY 2023. FY 2022 revenues were \$1.0 million over budget due to the collection of unbudgeted special assessment revenues.

Travel and Tourism Promotion Fund expenses were \$197,927 less than budget due to unspent grant funds.

Housing and Community Development Fund – FY 2022 expenditures were \$6.4 million less than budgeted due to unspent entitlement funds, program income funds, and HOME-ARP funds (\$2.6M). The remaining funds will be carried over into FY 2023.

Housing Choice Voucher – FY 2022 expenditures were \$0.4 million less than budgeted due to unspent grant income and fund balance reserves for rental assistance and administrative funding. These funds, which are provided by the U.S. Department of Housing and Urban Development, will be carried forward into future years and applied to the current year's housing subsidy and operational needs. Rental assistance and administrative funding reserves are maintained to ensure the long-term financial health of the program by providing staff the means to address unforeseen changes in the County's rental market or associated operational needs.

Columbia Pike TIF – FY 2022 expenses were \$2.3 million under budget. Columbia Pike TIF funds are set-aside for eligible affordable housing projects in the district. Because expenses are incurred as projects occur, carryover is larger in years when there are fewer projects. Unspent funds are carried over into the subsequent fiscal year.

Utilities Fund – FY 2022 expenditures in the Utilities Fund were \$4.7 million less than budgeted. Savings were primarily in the following areas:

- \$2.7 million at the Water Pollution Control Plant primarily from personnel vacancies (\$1.0 million), lower spending on maintenance supplies (\$0.4 million), and hauling/disposal of biosolids (\$0.2 million);
- \$1.3 million in purchased water; and
- \$1.1 million in debt service payments.

Utilities Fund revenues were \$5.3 million (5%) lower than budgeted. This shortfall was primarily due to lower water consumption, Inter-Jurisdictional (IJ) Partner revenues, and interest income. While water consumption was 1.5% higher than FY 2021 levels, it still remained below budgeted levels due to overall falling household consumption and lingering effects of COVID-19. The IJ Partners pay a pro-rata share of operating expenses for wastewater treatment based on their flow to the Plant. Both Plant expenses and flows at the Plant varied from budgeted levels resulting in a shortfall. Finally, interest income fell below budgeted levels based on economic conditions.

Ballston Garage – The Ballston Garage fund for the 8th Level ended FY 2022 with expenditures nine thousand less than budgeted and revenues three thousand more than budgeted. The lower expenditures were due to the reduction of operating costs post-pandemic, while revenues were higher due to higher than anticipated parking utilization on the eighth level for the skating facility.

Automotive Equipment Fund – FY 2022 expenditures in the Automotive Equipment Fund were \$12.5 million less than budgeted. This was primarily due to delays for replacement vehicles that were ordered in FY 2022 but were not received and paid for until FY 2023.

CAPITAL FUNDS
APPROPRIATIONS, EXPENDITURES AND CARRYOVER FOR FISCAL YEAR ENDING JUNE 30, 2022

GENERAL CAPITAL PROGRAM (FUND 313)	REVISED APPROPRIATION ⁽¹⁾	INTERFUND ADJUSTMENTS ⁽²⁾	FINAL APPROPRIATIONS	TOTAL EXPENDITURES	GASB ADJUSTMENTS ⁽³⁾	TOTAL CARRYOVER
Department of Management & Finance (10302, 10311, 10321)	636,545	-	636,545	261,190	-	375,355
CABLE TV & Telecommunications (13002)	2,597,382	-	2,597,382	983,618	-	1,613,764
DTS (13003, 13301, 13302, 13303)	20,520,727	(4,262,555)	16,258,172	6,354,130	-	9,904,042
Electoral Board & Commonwealth Attorney (14401, 20701)	51,627	(51,627)	-	-	-	-
PUBLIC SAFETY (22201, 22301, 31221, 32030, 34301, 34401)	16,133,415	(1,321,437)	14,811,978	3,070,605	-	11,741,373
DES - Ballston Public Parking Garage (41172, 41182)	1,932,679	-	1,932,679	-	-	1,932,679
DES - Transportation Non-Grant (43511 - 43528)	35,451,338	3,232,718	38,684,056	10,629,478	-	28,054,578
DES - Transportation Grant (43511 - 43528)	17,295,283	(319,405)	16,975,878	3,107,302	-	13,868,576
DES - Government Facilities (43563)	18,323,835	-	18,323,835	10,444,795	-	7,879,040
DES - Facilities Maintenance (43564)	9,413,319	-	9,413,319	1,349,384	-	8,063,935
DHS - Residential Services and Information Services Non-Grant (54105)	958,954	-	958,954	436,879	-	522,075
DHS - Residential Services and Information Services Grant (53208)	455,091	-	455,091	155,237	-	299,854
AED - Public Art (71602)	31,999	-	31,999	53	-	31,946
CPHD - Columbia Pike (72106)	834,359	-	834,359	-	-	834,359
CPHD - Neighborhood Conservation (72301, 72302)	683,357	-	683,357	548,476	-	134,881
DPR (80001 - 82002)	19,398,775	-	19,398,775	3,928,399	-	15,470,376
Regionals / Non-Department (91102-7, 91208)	47,623,894	(6,197,337)	41,426,557	7,106,276	-	34,320,281
TOTAL GENERAL CAPITAL PROGRAM	192,342,579	(8,919,643)	183,422,936	48,375,823	-	135,047,113

COUNTY BOND, IDA AND UTILITY FUND CAPITAL PROJECTS (FUND 314-340, 519-530)	REVISED APPROPRIATION	INTERFUND ADJUSTMENTS	FINAL APPROPRIATIONS	TOTAL EXPENDITURES	GASB ADJUSTMENTS	TOTAL CARRYOVER
STREET AND HIGHWAY (FUND 314)	28,180,907	27,488	28,208,395	16,183,681	-	12,024,714
COMMUNITY CONSERVATION (FUND 316)	10,062,729	17,576	10,080,305	3,844,863	-	6,235,442
GOVERNMENT FACILITY (FUND 317)						
DTS (13002 & 13003)	3,411,624	-	3,411,624	120,225	-	3,291,399
DPSCM (32030)	45,488	-	45,488	-	-	45,488
DES - Government Facilities (43563)	49,090,410	-	49,090,410	7,461,040	-	41,629,370
DES - Government Facilities (43564)	18,324,878	-	18,324,878	2,707,253	-	15,617,625
Interfund Transfer		159,108.00				
FUND 317 Total	70,872,400	159,108	71,031,508	10,288,518	-	60,742,990
STORMWATER MANAGEMENT FUND (FUND 321) (47220 - 47224)	29,145,646	935,333	30,080,979	19,892,606	-	10,188,373
STORMWATER MANAGEMENT BOND FUND (FUND 322) (47220 - 47224)	26,254,171	(8,850,000)	17,404,171	4,592,677	-	12,811,494
PARKS AND RECREATION (FUND 324)	39,983,513	80,355	40,063,868	18,549,121	-	21,514,747
TRANSPORTATION Non-Grant - HB2313 - LOCAL FUNDS (FUND 330)	45,509,932	-	45,509,932	8,792,010	(21,877)	36,696,045
TRANSPORTATION Grant - HB2313 - LOCAL FUNDS (FUND 330)	24,912,854	(361,965)	24,550,889	4,026,060	-	20,524,829
TRANSPORTATION CAPITAL FUND Non-Grant - C&I (FUND 331)	174,336,741	(168)	174,336,573	20,403,301	-	153,933,272
TRANSPORTATION CAPITAL FUND Grant - C&I (FUND 331)	151,562,813	(242,244)	151,320,569	10,018,724	-	141,301,845
METRO (FUND 333)	42,588,502	-	42,588,502	21,897,182	-	20,691,320
CRYSTAL CITY/POTOMAC YARD/PENTAGON CITY TIF Non-Grant (FUND 335)	27,772,232	-	27,772,232	4,424,095	-	23,348,137
CRYSTAL CITY/POTOMAC YARD/PENTAGON CITY TIF Grant (FUND 335)	19,654,295	-	19,654,295	1,413,191	-	18,241,104
IDA BONDS (FUND 340)	16,340,665	18,982	16,359,647	-	-	16,359,647
UTILITIES - CONSTRUCTION (FUND 519)	67,748,431	-	67,748,431	23,160,719	-	44,587,712
WATER DISTRIBUTION (FUND 525)	824,911	-	824,911	125,924	-	698,987
WASTE TREATMENT PLANT (FUND 530)	5,147,226	-	5,147,226	401,608	-	4,745,618
TOTAL COUNTY BOND, IDA & UTILITIES CAPITAL	780,897,968	(8,215,535)	772,682,433	168,014,280	(21,877)	604,646,276

EXPLANATORY COMMENTS:

- (1) Revised appropriation is current year budget (Paygo) + carryover from previous fiscal year+supplemental appropriations (such as bond sale, interest earned, etc) during the year
- (2) Interfund Adjustments are funding changes within a fund. No changes can be made between funds without supplemental County Board action. Debt service expenses in bond funds are added back in this column.
- (3) Any net increases due to GASB rules 86 or 97 are reduced from the actual expenditures.
- (4) The adjustments in the transportation funds include reconciliation between local and grant funds as well as de-appropriation of expired grants or grants for completed projects.

Capital Program Area Funds Summary

The tables on the prior pages indicate the budget, expenditures, and balances as of the end of Fiscal Year 2022 for each of the capital funds.

Public and Government Facilities Capital Program Area

Work completed in the Facilities Capital Program Area in FY 2022 includes the Arlington County Detention Facility Kitchen heating, ventilation, and air conditioning system (HVAC), Fire Station #9 Bay Door replacement, Justice Center Boiler replacement, Parks and Recreation Water Heater and Boiler replacement and Police Locker Room expansion.

Sources of funding for Facilities capital projects include Government Facility Bond and Pay-As-You-Go (PAYG) funding. Combined balances from these funding sources that are carried into FY 2023 total \$72.9 million. The carryover funds will be used to complete construction of Fire Station #8, Kelly Day Fire Station Renovations and Court Square West and Equipment Bureau Roof replacement, which will be solar ready. Funding will also be used to replace the existing pneumatic control devices with digital for the variable air volume (VAV's) equipment at the Detention Facility, 1212 Irving Group Home rebuild and Central Library elevator upgrades, restrooms refreshes, and improvements to the heating and cooling systems to regulate the humidity within the auditorium and Center for Local History along with other various ongoing maintenance capital projects.

Local Parks and Recreation Capital Program Area

Parks and Recreation Capital Program Area projects completed in FY 2022 include the renovations at Jennie Dean Park, Zitkala-Sa Park, Rosslyn Highlands Park, and the replacement of the synthetic community field at Virginia Highlands. Additionally, the upper field at Thomas Jefferson Community Center was placed back into service in June 2022 following the conversion from grass to synthetic turf. The Trail and Bridge Modernization Program continued to address milling and repaving needs with work completed on the Bluemont Junction Trail, Lucky Run Trail and segments of the Four Mile Run Trail and Arlington Boulevard Trail, as well as the construction of a pedestrian bridge in Glencarlyn Park.

Sources of funding for Park's capital projects include Parks General Obligation Bonds, PAYG, Short-Term Financing, developer or partnership funding, and Crystal City TIF. Combined balances from these funding sources, excluding CC TIF, that are carried into FY 2023 total approximately \$38.2 million. Carryover balances are set aside for Parks Land Acquisition and Public Space Program, Diamond and Rectangular Field Funds, Trail and Bridge Modernization Program, and Parks Capital Maintenance and Master Plan projects in various stages of design or construction.

Arlington Neighborhoods Program and Economic Development Capital Program Areas
In FY 2022, Arlington Neighborhoods Program Area capital projects completed include one streetlight and three street improvement projects at a total cost of \$2.9 million. The John Robinson Jr. Town Square project is completed and open to the public. The Arlington Neighborhoods Program active projects portfolio consists of 20 projects, most of which will be either in construction or preparing for construction in FY 2023. Eleven of the current projects are expected to be completed by the end of FY 2023.

Information Technology and Equipment Capital Program Area

This category includes enterprise-wide information technology, public safety and other department specific equipment and technologies. Specific projects that have had significant FY 2022 expenditures include Electronic Summons System (\$546k), Computer-Aided-Dispatch System (\$585k), Programmable Logic Controller (PLC) Project (\$293k), Fire Command Vehicle Technology Upgrades (\$270k), Fire Records Management System (\$141k), Westnet Fire Alerting System (\$897k), Electronic Health Records System (\$281k), Computer replacement (\$3.4 million), Network and Server refreshment (\$1.6 million), Conference Room Audio Visual Upgrades (\$628k), Telephone System Study (\$197k), Oracle System Upgrade (\$177k), County Website Stabilization Project (\$134k) and the county-wide Connect Arlington telecommunications project (\$105k). Sources of funding include cable television revenue, short-term financing, PAYG funding, and Government Facility bonds. Combined balances to be carried into FY 2023 total \$26.6 million.

Joint County and Schools' Funds

A joint contingent funded from both the County and Schools' PAYG sources is collaboratively used for shared projects arising from the additions and renovations of various schools as the County meets the needs of enrollment growth. These funds pay for site-specific needs in transportation infrastructure, utility undergrounding, traffic circulation, pedestrian and bike safety, recreation, and other areas. In FY 2022, \$2.75 million went towards improvements at Cardinal Elementary School. Future funding will be needed to complete projects at The Heights (\$2.31 million) and continue to collaboratively address community improvements.

Stormwater Management Fund

FY 2022 expenditures in the Stormwater Fund were \$2.8 million less than budgeted. Savings were primarily in the following areas: capital project execution (\$1.8 million), personnel vacancies (\$0.6 million), lower spending on contractual & maintenance (\$0.8 million). These were partially offset by increased spending on debt service payments (\$0.3 million) and indirect/overhead charges (\$0.1 million). Stormwater Management Fund revenues were \$0.9 million (6%) higher than budgeted. This was primarily due to higher than planned fee revenues (\$0.6 million) and higher Sanitary District Tax revenue due to increased assessments (\$0.3 million).

Stormwater Management Capital Program Area

The Stormwater Management Fund ended FY 2022 with a balance of \$12.4 million to be appropriated into FY 2023. At year end, \$2.2 million was encumbered for capital projects. The balances that are being carried into FY 2023 will be set aside to fund the required 90-day operating reserve for the Stormwater Management Fund and is also a funding source for the Stormwater portion of the County's Capital Improvement Plan (CIP). In the FY 2023-FY 2032 CIP, there is planned use of \$7.2 million in fund balance for maintenance capital, infrastructure capacity improvements, and stream and water quality projects. These FY 2023 projects include Four Mile Run dredging, outfall repairs, culvert rehabilitation, flooding mitigation projects, planning studies, and stream restoration and maintenance projects. Remaining balances will be utilized in accordance with the CIP funding plan. The County's adopted FY 2023 – FY 2032 CIP and the 2014 Stormwater Master Plan help to inform the overall program.

Utilities Capital Program Area

Sources of funding for Utilities capital projects include Water, Sewer, and Wastewater bond funds, and the Utilities Construction Fund. Combined balanced from these funding sources that are carried into FY 2023 total \$48.9 million.

In FY 2022, major accomplishments were the substantial completion of the Gravity One Transmission Main (B1-Phase 2) project (\$2.1m) and construction of an emergency backup water connection with Fairfax Water (\$1.7 million). At the Plant, accomplishments included substantial completion of the retaining wall at the Eads Street warehouse (\$1.1 million), various maintenance capital projects at the Plant (\$0.6 million), technology, security, and scoping of the asset management system upgrades (\$1.0 million). As a result of the Plant's Solids Master Plan adopted by the County Board in July 2018, the first phase of upgrading the solids handling processes began in FY 2019 and continued in FY 2021 (\$0.4 million) and planning and scoping continued for phases two and three (\$1.7 million). Additionally, many segments of water mains were replaced or rehabilitated (\$3.2 million), work continued on cleaning and relining water mains (\$1.5 million), and sewer main rehabilitation to reduce infiltration and inflow (I&I) (\$1.9 million) and other sewer main rehabilitation (\$0.9 million).

The balances that are being carried into FY 2023 will be used on water main replacements (\$5.8 million), large diameter sewer rehabilitations (\$3.7 million), sewer force main rehabilitation (\$2.2 million), sewer expansion projects (\$0.6 million), gravity transmission water mains (\$2.0 million), water technology projects (\$1.4 million), water tank rehabilitation (\$0.8 million), water reliability and redundancy (\$3.0 million), Ft. Myer Heights water main (\$1.1 million), and the Spout Run sewer main rehabilitation (\$6.2 million). The Re-Gen suite of projects, which are upgrades to the solids handling processes, continues (\$9.4 million). Other projects at the Plant include maintenance capital (\$1.0 million), technology upgrades and the asset management system replacement project (\$3.6 million), odor control (\$2.0 million), secondary clarifiers (\$1.0 million), and primary clarifiers (\$1.0 million). Capital projects at the Washington Aqueduct (\$4.0 million) will also be funded in FY 2023 from capital balances.

Transportation Capital

In FY 2022, major accomplishments included completion of a number of projects:

- Columbia Pike multimodal improvements from South Frederick Street to South Jefferson Street
- Langston Boulevard and North Glebe Road intersection improvement
- 23rd Street South Eads Street to Crystal Drive realignment (Phase 1)
- Pershing Drive and Washington Boulevard intersection improvement (Phase 2 of North Pershing Drive Complete Streets project)
- Columbia Pike Four Mile Run Bridge, sidewalk widening and improvement
- Neighborhood Complete Streets project at 13th Street South from Walter Reed Drive to South Glebe Road
- 18th Street North and Glebe Road ADA compliant sidewalk
- Signals rebuild at George Mason Drive and North Pershing Drive, Washington Boulevard and North Highland Street, Williamsburg Boulevard and North Glebe Road, and Washington Boulevard and North Pershing Drive
- Signals cabinet upgrades at 8 locations
- Streetlight improvements at Washington Boulevard and Route 50
- 10 midsize safety improvement projects and various tactical safety improvement projects throughout the County
- Various bus stop improvements throughout the County

Local funding sources for Transportation Capital projects include the Commercial & Industrial Tax (TCF-C&I), TCF-NVTA Local funds, Metro & Transportation Bond funds, Crystal City/Potomac Yard/Pentagon City Tax Increment Funds (TIF), PAYG, and developer contributions. Combined balance from these funding sources that are carried into FY 2023 total \$254 million and will be primarily used for the following categories:

- The Columbia Pike Multimodal Program balance of about \$99.4 million will fund completion of design and construction of various segments including South Wakefield Street to South Oakland Street, South Joyce Street to South Orme Street, and South Garfield to South Quinn Street. Construction is underway on the South Wakefield to South Oakland segment.
- Transit program's balance of \$31.3 million will continue the funding of major projects such as Ballston-MU Metro Station West Entrance (\$4.5 million), ART Fleet Replacement (\$4.4 million), Columbia Pike Transit Stations (\$3.8 million), Court House Elevator (\$3.1 million), ART O&M Facility (\$3.0 million), Ballston Multimodal (\$2.1 million), Pentagon City Metro Station Second Elevator (\$2.0 million), Crystal City Metro East Entrance (\$1.4 million), ART Fleet Expansion (\$1.3 million), and Off-Vehicle Fare Collection (\$1.3m million).
- The Transportation Engineering and Operations program balance of \$22.3 million will be); used for signals projects (\$12.0 million) on various intersections and streets including Glebe Rd. and Arlington Ridge, Glebe Rd. and Chesterbrook, S. Carlin Springs Rd. (3rd and 6th), East Falls Church Streets, Williamsburg Blvd and Westmoreland St, Wilson and Patrick Henry, and Arlington Boulevard and Montague (pedestrian signal and facilities); \$2.9 million for Intelligent Transportation System improvements; \$2.7 million for the improvement of the streetlighting program for various locations in Arlington County; \$2.2 million on

- the Streets Safety Improvement program; \$1.8 million for ongoing traffic asset and data management programs, including crash analysis, and traffic counts needed to complete other work throughout the County (including Vision Zero); and \$0.4 million for Parking.
- Crystal City Street's balance of \$24.3 million is programmed to fund various projects including improvements along 12th Street and along Eads Street, 18th Street South from South Eads Street to South Fern Street, 15th Street South/Clark-Bell Realignment, 23rd Street South from Richmond Highway to Crystal Drive, safety and accessibility improvements along Crystal Drive, and Crystal City to DCA Multimodal Connection.
 - Rosslyn-Ballston Arterial Street Improvement's balance of \$12.3 million will be used for multimodal improvements along Wilson Boulevard; Washington Boulevard & 13th Street Improvements; Courthouse Street improvements, and for improvements to the intersection of North Fairfax Drive and North Kirkwood Street.
 - Other Complete Streets balance of \$18.9 million will be utilized for Neighborhood Complete Street projects (\$2.0 million), Army Navy Drive (\$0.9 million), the Boundary Channel Drive Interchange (\$0.5 million), and \$15.5 million for various improvements outside major corridors such as Phase 2 of the South Walter Reed Drive Complete Street Improvements (6th Street South to Columbia Pike), East Falls Church street improvements, Military Road/ Nelly Custis Drive intersection, and South Arlington Ridge road and South Lynn Street.
 - The WalkArlington and BikeArlington program balances total \$6.2 million. This funding will be used to complete the North Lexington Street and 8th Road sidewalk, trail safety improvements at Bluemont Junction and the Potomac Yard Four Mile Run Trail; enhance Arlington Boulevard Trail between Courthouse and Rosslyn; study the Arlington Boulevard Trail between North Jackson Street and North George Mason Drive, inclusive of the Glebe Road crossing; and complete various small-scale safety improvements at intersections around the County including along the Rosslyn-Ballston corridor.
 - Bridge funds of \$17.9 million will be used to progress the renovation work on the West Glebe Road bridge, the Arlington Ridge / Mount Vernon bridge, and the Shirlington Road Bridge, as well as for maintenance capital work on bridges throughout Arlington County.
 - \$2.6 million will be used for Crystal City parks and open spaces projects.
 - The capital reserve carryover is \$4.2 million.

Funding for Transportation Capital projects also includes federal, state, and regional sources from which the program seeks reimbursement. These include FY 2021 carryover balances as well as various new federal, state, and regional funds that were appropriated during FY 2022 as they were approved and accepted by the County Board. Combined federal, state, and regional funding sources that are carried into FY 2023 total \$193 million and will be used for the following categories.

- \$132.6 million of available federal, state, and regional funding will continue to advance major Transit projects, including the ART O&M Facility, Transitway Extension to Pentagon City, Ballston-MU Metrorail Station West Entrance,

Columbia Pike Transit Stations, Crystal City Metro East Entrance, Pentagon City Second Elevator, and East Falls Church Bus Bay Expansion. It will also be used to purchase buses for ART Fleet Replacement.

- Regional funding of \$9.0 million available for the Columbia Pike Streets Program will fund improvements within Columbia Pike Multimodal Program from South Joyce Street to South Orme Street.
- Federal, state, and regional funding of \$18.8 million will fund various Transportation Engineering and Operations projects including ITS corridor enhancements to Washington Blvd., Lee Highway, and Glebe Rd, as well as signal upgrades in East Falls Church streets, and implementation of demand-based parking. As part of the ITS projects, several intersections will be upgraded including Chain Bridge Rd. and Glebe Rd.
- Crystal City, Pentagon City, Potomac Yard Streets available federal and regional funding of \$15.8 million will fund the Crystal City to DCA Multimodal Connection, South Clark Street Extension, 23rd Street South Realignment at Richmond Highway, and 12th Street South Complete Street.
- Complete Streets federal, state, and regional funds of \$16.5 million will fund the Army Navy Drive project, Boundary Channel Drive Interchange project, Shirlington Road bridge project, Potomac Yard Four Mile Run Trail, and various improvements outside major corridors.

Several grants are being de-obligated. The de-appropriation relates to grants that have expired or reflect remaining balances on completed projects. Some of the major projects for which grants are being de-appropriated include Transit Signal Priority (to be replaced by a new grant), Off-Vehicle Fare Collection, and Complete Street projects.

FY 2022 CARRYOVER FUNDING ALLOCATIONS

FUND / DEPARTMENT / PROJECT	<u>EXPENDITURES</u>	<u>REVENUES</u>	<u>NET CARRY</u>
General Fund:			
Arlington Economic Development			
GRANT: Chen Frame Foundation	6,412	6,412	-
GRANT: National Endowment for the Arts IMPACT Arts Residency Project	83,632	83,632	-
subtotal	90,044	90,044	-
Commonwealth Attorney's Office			
GRANT: VOCA	191,866	191,866	-
GRANT: ARPA VSGP	145,570	145,570	-
Seized Assets Carryover	16,532	-	16,532
subtotal	353,968	337,436	16,532
County Board Office			
Digitize VHS and Microfilm Records	85,888	-	85,888
subtotal	85,888	-	85,888
County Manager's Office			
PO Encumbrance	6,200	-	6,200
subtotal	6,200	-	6,200
Circuit Court Judiciary			
GRANT: Arlington Bar Foundation Grant	213	-	213
subtotal	213	-	213
Clerk of the Circuit Court			
GRANT: Library of VA Grant	22,474	22,474	-
subtotal	22,474	22,474	-
Department of Environmental Services			
GRANT: NVTC I-66 TDM Outreach Phase 3 100%	240,726	240,726	-
Commuter Store Grants and Fees	1,711,734	-	1,711,734
GRANT: Shared Mobility Devices	381,416	-	381,416
GRANT: ACCS TDM	303,408	-	303,408
Return to Transit Marketing Program	276,604	276,604	-
Vehicle Supply Delays	26,613	-	26,613
subtotal	2,940,501	517,330	2,423,171
Department of Human Services			
GRANT: BHD Diversion First Project	395,876	395,876	-
GRANT: BHD Regional Recovery	8,415	8,415	-
GRANT: BHD Mental Health Forensic Discharge Planning	273,781	273,781	-
GRANT: BHD Not Guilty by Reason of Insanity	4,410	4,410	-
GRANT: BHD Forensic Discharge Planning	17,522	17,522	-
GRANT: BHD STEP-VA Veterans	129,920	129,920	-
GRANT: BHD STEP-VA Outpatient	255,331	255,331	-
GRANT: BHD STEP-VA Same Day Access	472,336	472,336	-
GRANT: BHD VA State Pharmacy	561,788	561,788	-
GRANT: BHD Permanent Supportive Housing	51,274	51,274	-
GRANT: BHD Jail Diversion	28,707	28,707	-
GRANT: BHD Medication Assisted Treatment	33,519	33,519	-
GRANT: BHD First Episode Psychosis	424,690	424,690	-
GRANT: BHD Emergency COVID-19 Grant	5,449	5,449	-
GRANT: BHD Department of Justice Grant	799,571	799,571	-
GRANT: BHD Virginia Recovery Initiative Systems Transformation Project	65,323	65,323	-
GRANT: BHD State Opioid Grant - Treatment	23,551	23,551	-
GRANT: CFSD State Opioid Grant	46,902	46,902	-

FUND / DEPARTMENT / PROJECT	EXPENDITURES	REVENUES	NET CARRY
GRANT: CFSD Kinship Navigator	24,218	24,218	-
GRANT: CFSD Virginia Tobacco Settlement Funds	121,173	121,173	-
GRANT: CFSD Substance Abuse Prevention	181,158	181,158	-
GRANT: CFSD STEP-VA Family Support	130,516	130,516	-
GRANT: CFSD Gambling Prevention	45,000	45,000	-
GRANT: CFSD Same Day Access	88,916	88,916	-
GRANT: CFSD Non-Mandated Mental Health	239,088	239,088	-
GRANT: DO Kresge Foundation	245,101	245,101	-
GRANT: EID COVID Homelessness Emergency Response Program (CHERP)	162,464	162,464	-
GRANT: EID Continuum of Care (CoC) Project Planning	63,147	63,147	-
GRANT: EID Virginia Department of Behavioral Health and Developmental Services (DBHDS) Grant	937,162	937,162	-
GRANT: EID 100 Homes Campaign (Marbella)	33,951	33,951	-
GRANT: EID Workforce Innovation and Opportunity Act (WIOA)	476,703	476,703	-
GRANT: EID Hampton Roads Workforce Council (WIOA-NDWG)	104,924	104,924	-
GRANT: PHD CDC COVID-19 Vaccination Effort	686,464	686,464	-
GRANT: PHD PIE Part C ARPA	109,186	109,186	-
GRANT: PHD Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	438,309	438,309	-
GRANT: ADSD Fall Prevention	1,500	1,500	-
GRANT: ADSD Vaccine Access	13,419	13,419	-
GRANT: ADSD Supplemental Nutrition	56,158	56,158	-
GRANT: ADSD American Rescue Plan	539,935	539,935	-
Transitional Housing Contract	166,120	-	166,120
Crisis Intervention Center	528,100	-	528,100
GRANT: DHS Grant Re-Balancing	12,119	-	12,119
subtotal	9,003,196	8,296,857	706,339
Department of Community Planning, Housing & Development			
Tenant Outreach/Mediation and Inspection Services	170,000	-	170,000
BUGATA grant - July Action	50,000	-	50,000
Increase to Historic Preservation Grant Program	150,000	-	150,000
subtotal	370,000	-	370,000
Department of Parks & Recreation			
Vehicle Supply Delays	62,323	-	62,323
	62,323	-	62,323
Fire Department			
GRANT: FEMA Assistance to Firefighters Grant (AFG)	255,546	255,546	-
GRANT: Virginia Fire Programs Aid to Localities Grant	222,537	-	222,537
Completion of Second Recruit Class Training	708,000	-	708,000
PO Encumbrance	307,324	-	307,324
Supply Chain Delays - Fire Equipment	162,890	-	162,890
subtotal	1,656,297	255,546	1,400,751
Department of Management & Finance			
Internal Audit: Dependent Eligibility Audit	55,000	-	55,000
subtotal	55,000	-	55,000
Police Department			
GRANT: VA DMV 2022	25,977	25,977	-
GRANT: US DOJ LEMH	121,850	121,850	-
GRANT: US DOJ FY21 JAG	304	304	-
GRANT: US DOJ FY20 JAG	21,389	21,389	-
Seized Assets Carryover	1,425,465	-	1,425,465
Supply Chain Delays - Police Equipment	532,768	-	532,768
			-
subtotal	2,127,753	169,520	1,958,233
Sheriff's Office			

FUND / DEPARTMENT / PROJECT	<u>EXPENDITURES</u>	<u>REVENUES</u>	<u>NET CARRY</u>
GRANT: DMV-Selective Enforcement -Speed	1,849	1,849	-
GRANT: SCAAP Carryover	290,995	290,995	-
PO Encumbrance	32,853	-	32,853
Supply Chain Delays - Sheriff Equipment	109,075	-	109,075
Retention Bonuses	1,060,000	-	1,060,000
subtotal	1,494,772	292,844	1,201,928
Non-Departmental			
Master Lease Commitments	5,783,901	-	5,783,901
Restricted Lease Repayment Set-Aside	450,000	-	450,000
E-Summons - Fine Revenue to PAYG	(72,274)	-	(72,274)
Field Fund Reconciliation - Revenue to PAYG	(43,242)	-	(43,242)
Plastic Bag Tax	94,270	-	94,270
Pentagon City PDSP	80,168	-	80,168
Langston Blvd. Study	114,127	-	114,127
Broadband Study	115,201	-	115,201
Forestry and Natural Resources Management Plan (FNRP)	114,726	-	114,726
TischlerBise - Affordable Housing Ordinance	6,400	-	6,400
TischlerBise - Fiscal Impact	38,524	-	38,524
Amazon Grant to Support Racial Equity	100,000	-	100,000
Annie E. Casey Restorative Justice Grant	73,350	-	73,350
subtotal	6,855,151	-	6,855,151
GENERAL FUND TOTAL	25,123,780	9,982,051	15,141,729
HOUSING CHOICE VOUCHER FUND TOTAL	2,913,104	2,913,104	-
Automotive Equipment Fund:			
Vehicle replacement: Schools	1,643,029	1,643,029	-
Vehicle replacement: County	7,509,184	7,509,184	-
AUTOMOTIVE EQUIPMENT FUND TOTAL	9,152,213	9,152,213	-
TRAVEL & TOURISM FUND	260,593	260,593	-
COLUMBIA PIKE TIF	2,925,441	2,925,441	-
BALLSTON QUARTER TIF	1,487,200	1,487,200	-
TOTAL OTHER FUNDS:	16,738,551	16,738,551	-
GRAND TOTAL ALL FUNDS:	41,862,331	26,720,602	15,141,729

Implementation of GASB Standards

As mentioned previously, fund balance as well as restricted funding, and FY 2022 revenue and expenditures have been impacted by the implementation of several new Governmental Accounting Standard Board (GASB) standards. This report for FY 2022 includes several new Governmental Accounting Standard Board (GASB) adjustments impacting how municipal governments report financial results. The inclusion of these standards impacts the presentation of fund balance, restricted funding, and FY 2022 revenue and expenditures:

- Fund balance reflects unrealized gains and losses in line with GASB 72 (Measure and Application) and the allocation of cash to cover any unlikely losses associated with the unrealized loss experienced in FY 2022;
- Fund balance includes balances of \$18.9 million for restricted fiduciary funds (GASB 84) that were not previously shown as a part of the closeout report; and
- FY 2022 revenues and expenditures are both higher than cash received and spent due to the implementation of GASB 87 and 96 standards for the recognition of leases and subscription-based technology. Because FY 2022 was the first year of implementing these standards, expenses and revenues have been booked reflecting the full lease value. Because this was not anticipated for budget appropriations, many funds and departments reflect actuals in excess of cash revenue and expenditures making it more difficult to compare actual revenue and expenditures across fiscal years and to compare the appropriated budgets to the cash revenue and expenditures. In some cases, this may make it appear that a department has overspent its operating budget.

Details of the standards and their impact are explained below.

New Governmental Accounting Standard Board (GASB) Changes for FY 2022

GASB 72 Implementation – “Measurement and Application” was first implemented in FY 2016. The Standard requires governments to measure investments at fair value and discontinued their valuation at acquisition price. Between FY 2016 and FY 2021, in a market where interest rates declined to near zero, the remeasurement of fixed interest-bearing securities resulted in recognition of unrealized gain for the County. In FY 2022, however, interest rates saw a rapid and dramatic increase. Consequently, it is estimated that a mark-to-market adjustment on the County’s fixed-income investment portfolio in FY 2022 resulted in a June 30, 2022, unrealized loss of approximately \$25 million. The County’s position is that the loss, like the erstwhile gain, is a non-cash item. Given the County’s policy of holding investments until maturity, the loss is not expected to be realized. However, the County raised this matter with Cherry Bekaert, the County’s external auditors. The auditors appear to support the position that appropriate treatment would require that the unrealized loss be covered through an equal offset of cash in fund balance. Therefore, the recommendations of this report incorporate allocating cash in an amount equal to the unrealized loss in FY 2022 (\$25 million) to cover any possible losses although they are unlikely to occur.

GASB 84 Implementation – The County and Schools both adopted GASB 84 in FY 2021, which establishes specific criteria for identifying activities that should be reported as fiduciary activities. The adoption of GASB 84 caused some funds, historically called Trust and Agency accounts, that were not previously included and reported in the Close-out report fund balance to now be included. For FY 2022, \$18.9 million is included in the total fund balance but is categorized as restricted, not available for general use.

GASB 87 & 96 Implementation - In June 2017, the Government Accounting Standards Board (GASB) issued Statement No. 87, Leases. GASB 87 is effective for the Arlington County Annual Comprehensive Financial Report (ACFR) for the period ending June 30, 2022. This standard increases the usefulness of governmental financial statements by requiring recognition of certain lease assets and liabilities for all leases, including those that previously were classified as operating leases and recognized as income by lessors and expenditures by lessees. GASB 87 replaces the previous lease accounting methodology and establishes a single model for lease accounting based on the foundational principle that leases are a financing of the right to use an underlying asset.

The County is also a lessor of assets and under the GASB 96 standard, which applies to subscription-based software; the County has recorded a lease receivable asset and an equal deferred inflow of resources associated with this receivable balance. The County recognized a receivable asset of \$253.9 million.