NEW ISSUE **RATINGS: Moody's: Aaa**
Book-Entry-Only **S&P: AAA**
Fitch: AAA

In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants by and the accuracy of certain representations and certifications of the County and other persons and entities described in "TAX MATTERS" herein, interest on the Bonds (1) is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (2) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that interest on the Bonds is excludable from gross income for purposes of income taxation by the Commonwealth of Virginia. Bond Counsel expresses no opinion regarding any other tax consequence related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein regarding certain tax considerations.

ARLINGTON COUNTY, VIRGINIA

$93,155,000
General Obligation Public Improvement Bonds,
Series 2024

Dated: Date of Delivery **Due: June 15, as shown herein**

Arlington County, Virginia (the "County" or "Arlington"), will issue the above-referenced bonds (the "Bonds"). The Bonds will be general obligations of the County for the payment of which the full faith and credit and unlimited taxing power of the County are pledged.

The Bonds are issued as fully registered bonds and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co., is registered owner of the Bonds, as the nominee for DTC, (1) references herein to the Bondholder or registered owner shall mean Cede & Co. and (2) principal and interest shall be payable to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases will be made in book-entry form only, in denominations of $5,000 or any integral multiple thereof and individual purchasers will not receive physical delivery of bond certificates. See **Appendix D – "Book-Entry Only System"** herein. The Bonds shall bear interest from their dated date, payable semi-annually on June 15 and December 15, beginning December 15, 2024.

The Bonds maturing on or after June 15, 2034, are subject to redemption prior to their respective maturities on or after June 15, 2033, at the option of the County, in whole or in part (in increments of $5,000) at any time, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed plus the unpaid interest accrued thereon to the date fixed for redemption. See **"DESCRIPTION OF THE BONDS – Optional Redemption."**

The Bonds are offered for delivery when, as and if issued, subject to approval of their validity by McGuireWoods LLP, Richmond, Virginia, Bond Counsel as described herein. Certain legal matters will be passed upon for the County by the County Attorney, MinhChau Corr, Esquire. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about June 27, 2024.

This cover page contains certain information for quick reference only. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Dated: June 18, 2024

ARLINGTON COUNTY, VIRGINIA

$93,155,000
General Obligation Public Improvement Bonds, Series 2024

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS
(Base CUSIP Number 041431)

Year (June 15)	Amount	Interest Rate	Price	Yield	CUSIP Suffix**
2025	$10,570,000	5.000%	101.698%	3.200%	XQ5
2026	6,935,000	5.000	103.693	3.050	XR3
2027	3,790,000	5.000	105.839	2.930	XS1
2028	2,840,000	5.000	107.814	2.900	XT9
2029	3,080,000	5.000	109.793	2.870	XU6
2030	2,950,000	5.000	111.893	2.820	XV4
2031	3,635,000	5.000	113.564	2.840	XW2
2032	4,245,000	5.000	115.379	2.830	XX0
2033	4,950,000	5.000	117.164	2.820	XY8
2034	4,555,000	5.000	117.078*	2.830*	XZ5
2035	4,515,000	5.000	116.905*	2.850*	YA9
2036	4,520,000	5.000	116.561*	2.890*	YB7
2037	4,525,000	5.000	115.791*	2.980*	YC5
2038	4,585,000	5.000	115.280*	3.040*	YD3
2039	4,590,000	5.000	114.689*	3.110*	YE1
2040	4,600,000	5.000	113.850*	3.210*	YF8
2041	4,605,000	4.000	102.732*	3.640*	YG6
2042	4,615,000	4.000	102.270*	3.700*	YH4
2043	4,520,000	4.000	101.811*	3.760*	YJ0
2044	4,530,000	4.000	101.430*	3.810*	YK7

* Price and Yield to first optional redemption date of June 15, 2033.

OPTIONAL REDEMPTION

Optional Redemption of the Bonds. The Bonds maturing on or before June 15, 2033, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 15, 2034, are subject to redemption prior to their respective maturities on or after June 15, 2033, at the option of the County, in whole or in part (in increments of $5,000) at any time, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed plus the unpaid interest accrued thereon to the date fixed for redemption.

** See the last paragraph on page (iii) regarding the use of CUSIP information in this Official Statement.

ARLINGTON COUNTY, VIRGINIA

COUNTY BOARD

Libby Garvey, Chair
Takis P. Karantonis, Vice Chair
Maureen Coffey
Susan Cunningham
Matt de Ferranti

CERTAIN COUNTY OFFICIALS

Mark Schwartz, *County Manager*
Michelle Cowan, *Deputy County Manager*
Shannon Flanagan-Watson, *Deputy County Manager*
Dr. Aaron Miller, *Deputy County Manager*
Maria Meredith, *Director, Department of Management and Finance*
MinhChau Corr, *County Attorney*
Carla de la Pava, *County Treasurer*

BOND COUNSEL

McGuireWoods LLP
Gateway Plaza, 800 East Canal Street
Richmond, Virginia 23219

FINANCIAL ADVISOR

PFM Financial Advisors LLC
4350 North Fairfax Drive, Suite 590
Arlington, Virginia 22203

FOR ADDITIONAL INFORMATION

www.arlingtonva.us
Department of Management and Finance (703) 228-3415
PFM Financial Advisors LLC (571) 527-5134
McGuireWoods LLP (804) 775-1000

The Bonds are being issued under exemptions from any registration requirements under the Securities Act of 1933, as amended, and any registration requirements under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in affairs of the County or in any other matters described herein since the date hereof or, as in the case of certain information incorporated herein by reference to certain publicly available documents, since the date of such documents.

The information set forth herein has been obtained from the County and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by any of such sources as to information provided by any other source. All quotations from, and summaries and explanations of, provisions of law and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions identify forward-looking statements. A number of factors affecting the County and its financial results could cause actual results to differ materially from those stated in the forward-looking statements.

In connection with this offering, the Winning Bidder (as defined in the Section "SALE OF THE BONDS AT COMPETITIVE BIDDING") may over-allot or effect transactions which stabilize or maintain the market price of the Bonds above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the County since the date hereof.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and which has the same meaning as "final official statement" in SEC rule 15c2-12.

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OFFICIAL STATEMENT

ARLINGTON COUNTY, VIRGINIA
$93,155,000
General Obligation Public Improvement Bonds,
Series 2024

SECTION ONE: INTRODUCTION

The following material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes.

The Issuer

Directly across the Potomac River from the nation's capital, Arlington County, Virginia (the "County" or "Arlington") is at the center of the Washington, D.C. metropolitan area. The County encompasses a land area of 25.8 square miles. The estimated residential population of the County is 240,900. The County is a full-service jurisdiction with no incorporated towns, cities, or other political subdivisions within its boundaries. There are no jurisdictions with overlapping debt or taxing powers. The County is authorized to issue general obligation bonds, generally subject to voter referendum.

The Bonds

The County's General Obligation Public Improvement Bonds, Series 2024 in the aggregate principal amount of $93,155,000 are referred to herein as the " Bonds."

The Bonds are dated the date of delivery and mature annually on June 15 in each of the years and in the principal amounts set forth on the inside cover of this Official Statement. Refer to **"DESCRIPTION OF THE BONDS"** in Section Two for a more complete description.

Security for the Bonds

The Bonds are general obligations of the County, to which the full faith and credit and unlimited taxing power of the County are pledged for the payment thereof. Refer to **"SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS"** in Section Two for a more complete description of the pledge.

Use of Proceeds

The proceeds of the Bonds are to be used to pay the cost of various public improvements for the County and the costs of issuing the Bonds. See **"AUTHORIZATION AND PURPOSE OF THE BONDS"** in Section Two.

Redemption

Optional Redemption of the Bonds. The Bonds maturing on or before June 15, 2033, are not subject to optional redemption prior to maturity. The Bonds maturing on or after June 15, 2034, are subject to redemption prior to their respective maturities on or after June 15, 2033, at the option of the County, in whole or in part (in increments of $5,000) at any time, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed plus the unpaid interest accrued thereon to the date fixed for redemption.

See **"DESCRIPTION OF THE BONDS – Optional Redemption"** in Section Two for a more detailed description of the redemption features of the Bonds.

Bond Counsel

McGuireWoods LLP serves as Bond Counsel to the County in connection with the issuance of the Bonds. The scope of engagement of Bond Counsel does not extend to assuming responsibility for the accuracy or adequacy of any statements made in this Official Statement other than matters expressly set forth in their opinion and they make no representation that they have independently verified the same.

Tax Matters

Under existing law, interest on the Bonds will be excludable from gross income for federal income tax purposes and will be exempt from income taxation by the Commonwealth of Virginia (the "Commonwealth"). See **"TAX MATTERS"** in Section Two for a more complete description of the significant elements of the federal and state income tax status of interest on the Bonds.

Book-Entry-Only

The Bonds will be issued in book-entry-only form and purchasers of the Bonds will not receive physical delivery of bond certificates. The Depository Trust Company ("DTC") will serve as securities depository for the Bonds. See **Appendix D – "Book-Entry-Only System."**

Financial Advisor

The County has retained PFM Financial Advisors LLC, Arlington, Virginia (the "Financial Advisor") in connection with the County's issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Financial Advisor is not engaged in the business of underwriting municipal securities.

Auditors

The County's general purpose financial statements for the fiscal year ended June 30, 2023 have been audited by the independent public accounting firm of CliftonLarsonAllen LLP and are included as Appendix B. These financial statements, along with the related notes to financial statements, are intended to provide a broad overview of the financial position and operating results of the County's government wide and various fund financial statements and account groups. The County's financial statements are available for inspection at the Arlington County Department of Management and Finance, #1 Courthouse Plaza, Suite 501, 2100 Clarendon Blvd., Arlington, Virginia 22201.

Ratings

The ratings shown on the front cover of this Official Statement have been received from Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings. An explanation of the significance of such ratings may be obtained from the rating agency furnishing the same. The County furnished the information contained in this Official Statement and certain publicly available materials and information about the County to these rating agencies.

Such ratings may be changed at any time, and no assurances can be given that they will not be revised downward or withdrawn entirely by any or all such rating agencies if, in the opinion of any or all, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the County. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Bonds.

Delivery

The Bonds are offered for delivery when, as, and if issued, subject to the approval of validity by Bond Counsel, and to certain other conditions referred to herein. It is expected that the Bonds will be available for delivery at the expense of the County through the facilities of DTC on or about June 27, 2024.

Continuing Disclosure

This offering is subject to the continuing disclosure requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 ("Rule 15c2-12"). For purposes of Rule 15c2-12, the County is an obligated person with respect to the Bonds. The County has agreed in its Continuing Disclosure Agreement (the "County Undertaking") in accordance with the provisions of Rule 15c2-12, promulgated by the Securities and Exchange Commission (the "SEC"), to provide certain annual financial information and notice of the events listed in Rule 15c2-12. Such undertaking requires the County to provide only limited information at specified times. The County has agreed to provide the annual financial information not later than March 31 after the end of each of its fiscal years beginning with the fiscal year ending June 30, 2024. The County may amend the County Undertaking, without the consent of the bondholders, provided that the County Undertaking as so modified complies with Rule 15c2-12 as it exists at the time of modification. The County shall within a reasonable time thereafter send to the Municipal Securities Rulemaking Board a description of such modification(s).

The County has procedures in place to promote compliance with its continuing disclosure undertakings, including undertakings related to events (15) and (16) from Rule 15c2-12.

In the course of reviewing its prior continuing disclosure undertakings, the County became aware that it failed to file (a) its annual financial information and operating data for the County's fiscal year 2020 and timely file notice of such late filing and (b) timely notice of the incurrence of a certain financial obligation. The County has since filed such annual financial information and operating data late, a notice of such late filing and a notice of the incurrence of such financial obligation.

See Appendix E – "Form of Continuing Disclosure Agreement" for a more detailed description of the County's continuing disclosure undertaking.

Additional Information

Any questions concerning the contents of this Official Statement should be directed to the following: Arlington County Department of Management and Finance (703) 228-3415; PFM Financial Advisors LLC (571) 527-5134 and McGuireWoods LLP (804) 775-1000.

While the County encourages interested parties to obtain copies of its official statements and periodic financial reports directly from the Municipal Securities Rulemaking Board, the County will provide relevant published information upon request. While the County currently does not charge for copies or mail delivery of financial information to current or prospective bondholders, the County expressly reserves the right to make any reasonable charge for provision of such information by mail as it shall determine. The County also will provide appropriate credit information to the nationally-recognized rating agencies that rate the County's securities to enable these organizations to review the outstanding rating. However, the ratings may be revised or withdrawn at any time and the County's provision of information to the rating agencies does not ensure the continued existence of any rating.

The execution and delivery of this Official Statement has been authorized by the County. Its purpose is to supply information to prospective buyers of the Bonds. Financial and other information contained in this Official Statement has been prepared by the County from its records, except where other sources are noted. The information is not intended to indicate future or continuing trends in the financial or economic position of the County.

None of the quotations from, and summaries and explanations of, laws contained in this Official Statement purport to be complete, and reference is made to said laws for full and complete statements of their provisions. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

ARLINGTON COUNTY, VIRGINIA

By: *<u>/s/ Mark Schwartz</u>*
County Manager

SECTION TWO: THE BONDS

The purpose of this Official Statement is to furnish information in connection with the sale by Arlington County, Virginia (the "County") of $93,155,000 General Obligation Public Improvement Bonds, Series 2024 (the "Bonds") dated the date of delivery.

The Bonds were offered for sale at competitive bidding on June 18, 2024. See **"SALE OF THE BONDS AT COMPETITIVE BIDDING"**.

The Bonds will be general obligations of the County, to the payment of which the full faith and credit and unlimited taxing power of the County are irrevocably pledged. Payment of the principal of and interest on the Bonds is not limited to a particular fund or revenue source. The security for the Bonds is more fully described under the caption **"SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS"** below.

DESCRIPTION OF THE BONDS

General

The Bonds will be dated the date of delivery, and will mature annually on June 15 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds is payable on December 15, 2024, and on each June 15 and December 15 thereafter until maturity.

The County appointed the Director of the Department of Management and Finance as Bond Registrar (the "Bond Registrar") and paying agent for the Bonds. The County may designate a successor Bond Registrar and/or paying agent, provided that written notice specifying the name and location of the principal office of any such successor shall be given to the registered owners of the Bonds. All interest payments will be made to the registered owners of the Bonds as such owners appear on the registration books kept by the Bond Registrar on June 1 and December 1, as applicable. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Bonds are issued as fully registered bonds in denominations of $5,000 and multiples thereof and will be held by DTC, or its nominee, as securities depository. See **Appendix D – "Book-Entry Only System"**. Purchases of beneficial ownership interests in the Bonds will be made only in book-entry form and purchasers will not receive physical delivery of bond certificates.

Optional Redemption

Optional Redemption of the Bonds. The Bonds maturing on or before June 15, 2033, are not subject to redemption before maturity. The Bonds maturing on or after June 15, 2034, are subject to optional redemption before maturity on or after June 15, 2033, at the direction of the County, in whole or part in installments of $5,000 at any time, upon payment of the principal amount to be redeemed together with the interest accrued thereon to the date fixed for redemption.

SECURITY FOR AND SOURCES OF PAYMENT OF THE BONDS

The Bonds are general obligations of the County for the payment of which the County's full faith and credit are irrevocably pledged. While the Bonds remain outstanding and unpaid, the County is authorized and required, unless other funds are lawfully available and appropriated for the timely payment of the Bonds, to levy and collect an annual ad valorem tax, unlimited as to rate or amount, upon all taxable property within the County sufficient to pay the principal of and interest on the Bonds as the same become due, which tax shall be in addition to all other taxes authorized to be levied in the County.

Payment Record

The County has never defaulted in the payment of either principal of or interest on any indebtedness.

AUTHORIZATION AND PURPOSE OF THE BONDS

The Bonds were authorized by a resolution adopted by the Arlington County Board (the "Board" or the "County Board") on May 18, 2024 (the "Resolution"), and by certain elections described below, pursuant to Article VII, Section 10(b) of the Constitution of Virginia, and the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act").

On November 8, 2016 the County held special elections (the "2016 Referenda") on the questions of issuing general obligation bonds of the County to finance various public improvements, as described below in the chart entitled "2016 Referenda," in an aggregate principal amount not to exceed $315,775,000, at which a majority of the qualified voters of the County voting in the elections approved the issuance of such bonds. The County has previously issued a portion of the bonds authorized pursuant to the 2016 Referenda in the amount of $313,775,000. The County Board has determined to issue a portion of the bonds authorized pursuant to the 2016 Referenda in the amount of $2,000,000 as shown in the chart entitled "2016 Referenda."

On November 6, 2018 the County held special elections (the "2018 Referenda") on the questions of issuing general obligation bonds of the County to finance various public improvements, as described below in the chart entitled "2018 Referenda," in an aggregate principal amount not to exceed $243,915,000, at which a majority of the qualified voters of the County voting in the elections approved the issuance of such bonds. The County has previously issued a portion of the bonds authorized pursuant to the 2018 Referenda in the amount of $238,915,000. The County Board is not issuing any bonds pursuant to the 2018 Referenda.

On November 3, 2020 the County held special elections (the "2020 Referenda") on the questions of issuing general obligation bonds of the County to finance various public improvements, as described below in the chart entitled "2020 Referenda," in an aggregate principal amount not to exceed $144,545,000, at which a majority of the qualified voters of the County voting in the elections approved the issuance of such bonds. The County has previously issued a portion of the bonds authorized pursuant to the 2020 Referenda in the amount of $103,485,000. The County Board has determined to issue a portion of the bonds authorized pursuant to the 2020 Referenda in the amount of $6,020,000 as shown in the chart entitled "2020 Referenda."

On November 2, 2021 the County held special elections (the "2021 Referenda") on the questions of issuing general obligation bonds of the County to finance various public improvements, as described below in the chart entitled "2021 Referenda," in an aggregate principal amount not to exceed $85,545,000, at which a majority of the qualified voters of the County voting in the elections approved the issuance of such bonds. The County has previously issued a portion of the bonds authorized pursuant to the 2021 Referenda in the amount of $71,540,000. The County Board has determined to issue a portion of the bonds authorized pursuant to the 2021 Referenda in the amount of $2,325,000 as shown in the chart entitled "2021 Referenda."

On November 8, 2022, the County held special elections (the "2022 Referenda") on the questions of issuing general obligation bonds of the County to finance various public improvements, as described below in the chart entitled "2022 Referenda," in an aggregate principal amount not to exceed $510,520,000, at which a majority of the qualified voters of the County voting in the elections approved the issuance of such bonds. The County has previously issued a portion of the bonds authorized pursuant to the 2022 Referenda in the amount of $85,855,000. The County Board has determined to issue a portion of the bonds authorized pursuant to the 2022 Referenda in the amount of $82,810,000 as shown in the chart entitled "2022 Referenda."

2016 Referenda

Purpose	2016 Referenda Authorization	Amount Previously Issued	Amount Being Issued as Bonds	Amount Remaining Unissued
Metro and Transportation	$58,785,000	$58,785,000	$ -	$ -
Local Parks and Recreation	19,310,000	19,310,000	-	-
Community Infrastructure	98,850,000	96,850,000	2,000,000	-
Public School Projects	138,830,000	138,830,000	-	-
Total	$315,775,000	$313,775,000	$2,000,000	$ -

2018 Referenda

Purpose	2018 Referenda Authorization	Amount Previously Issued	Amount Being Issued as Bonds	Amount Remaining Unissued
Metro and Transportation	$74,570,000	$74,570,000	$ -	$ -
Local Parks and Recreation	29,330,000	29,330,000	-	-
Community Infrastructure	37,015,000	32,015,000	-	5,000,000
Public School Projects	103,000,000	103,000,000	-	-
Total	$243,915,000	$238,915,000	$ -	$5,000,000

2020 Referenda

Purpose	2020 Referenda Authorization	Amount Previously Issued	Amount Being Issued as Bonds	Amount Remaining Unissued
Metro and Transportation	$29,940,000	$29,940,000	$ -	$ -
Local Parks and Recreation	3,630,000	3,630,000	-	-
Community Infrastructure	7,485,000	5,485,000	2,000,000	-
Public School Projects	52,650,000	51,230,000	1,420,000	-
Stormwater	50,840,000	13,200,000	2,600,000	35,040,000
Total	$144,545,000	$103,485,000	$6,020,000	$35,040,000

2021 Referenda

Purpose	2021 Referenda Authorization	Amount Previously Issued	Amount Being Issued as Bonds	Amount Remaining Unissued
Metro and Transportation	$38,700,000	$37,200,000	$1,500,000	$ -
Local Parks and Recreation	6,800,000	800,000	150,000	5,850,000
Community Infrastructure	17,035,000	10,530,000	675,000	5,830,000
Public School Projects	23,010,000	23,010,000	-	-
Total	$85,545,000	$71,540,000	$2,325,000	$11,680,000

2022 Referenda

Purpose	**2022 Referenda Authorization**	**Amount Previously Issued**	**Amount Being Issued as Bonds**	**Amount Remaining Unissued**
Metro and Transportation	$52,630,000	$22,110,000	$30,520,000	$ -
Local Parks and Recreation	22,460,000	2,405,000	4,480,000	15,575,000
Community Infrastructure	53,300,000	9,440,000	2,810,000	41,050,000
Public School Projects	165,010,000	51,900,000	30,000,000	83,110,000
Stormwater	39,760,000	-	-	39,760,000
Utilities	177,360,000	-	15,000,000	162,360,000
Total	$510,520,000	$85,855,000	$82,810,000	$341,855,000

Sources and Uses of Bond Proceeds

Par Amount Bonds	$93,155,000.00
Plus Original Issue Premium	8,920,161.70
Total Sources	$102,075,161.70
Deposit to Project Fund	$101,504,659.62
Costs of issuance [(1)]	570,502.08
Total Uses	$102,075,161.70

[(1)] Includes legal fees, printer fees, fees of the Financial Advisor, other costs of issuance and underwriter's discount.

BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed by or on behalf of any owner of a general obligation bond, or by any paying agent therefor, in default as to payment of principal, premium, if any, or interest, the governor shall immediately conduct a summary investigation. If it is established to the governor's satisfaction that payment of the bond or interest thereon is in default, the governor shall order the state comptroller to withhold all funds appropriated and payable by the Commonwealth to the political subdivision so in default and apply the amount so withheld to payment of the defaulted bonds and interest on them. The State Comptroller advises that to date no order to withhold funds pursuant to section 15.2-2659, or its predecessor statute has ever been issued. Although neither section 15.2-2659 nor its predecessor section 15.1-225 has been approved by a Virginia court, the attorney general of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to that section. In the fiscal year ended June 30, 2023, the Commonwealth provided approximately $219.7 million to the County of which approximately $85.8 million was deposited in the general fund.

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to Bondholders if the County defaults in the payment of principal of or interest thereon, nor do they contain any provision for the appointment of a trustee to enforce the interest of the Bondholders upon the occurrence of such default. Upon any default in the payment of principal or interest, a Bondholder could, among other things, seek from an appropriate court a writ of mandamus requiring the County Board to observe the covenants contained in the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Although Virginia law currently does not authorize such action, future legislation may enable the County to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code") if it is insolvent or unable to pay its debts. Bankruptcy proceedings by the County could have adverse effects on the Bondholders, including (1) delay in the enforcement of their remedies, (2) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings, and to the administrative expenses of bankruptcy proceedings, or (3) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent." The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the Bonds are subject to the approval of Bond Counsel, whose opinion with respect to the Bonds will be furnished at the expense of the County upon delivery of the Bonds. Bond Counsel has not verified the accuracy, completeness, or fairness of this Official Statement. Bond Counsel has not been engaged to investigate the financial resources of the County or its ability to provide for payment of the Bonds. The form of the proposed opinion of Bond Counsel for the Bonds is found in Appendix C to this Official Statement. Certain legal matters will be passed on for the County by the County Attorney, MinhChau Corr, Esquire.

TAX MATTERS

Opinion of Bond Counsel – Federal Income Tax Status of Interest

Bond Counsel's opinion regarding the federal income tax status of the interest on the Bonds will state that, under current law and assuming continuing compliance with the Covenants (as hereinafter defined), interest on the Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax under Section 55(b) of the Code. See the form of the bond counsel opinion in Appendix C hereto.

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the excludability of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the County or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS") or the courts. The County has covenanted, however, to comply with the requirements of the Code.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal tax liability of an owner of the Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Bonds should consult their own tax advisors with respect thereto.

Reliance and Assumptions; Effect of Certain Changes

In delivering its opinion regarding the federal income tax treatment of interest on the Bonds, Bond Counsel is relying upon certifications of representatives of the County, the underwriters of such Bonds, PFM Financial Advisors LLC, financial advisor to the County and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants by the County. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax certificates and agreements to be entered into by the County (collectively, the "Tax Documents") with respect to the Bonds contain covenants (the "Covenants") under which the County has agreed to comply with such requirements. Failure by the County to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure occurs, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Documents, including the Covenants, may be changed and certain actions may be taken or omitted subject to the terms and conditions set forth in such agreement. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, banks and other financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

Original Issue Discount

The Bonds purchased in the initial public offering with yields higher than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "original issue discount." Each such Bond is referred to below as an "OID Bond." The excess of (i) the stated amount payable at the maturity (excluding qualified stated interest) of any OID Bond over (ii) the issue price of the OID Bond as determined under Section 1273 of the Code (which may differ from the price shown on the inside front cover page of this Official Statement) constitutes the amount of original issue discount, which is treated in the same manner as interest on the Bonds for federal income tax purposes.

The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest. In the case of an original owner of an OID Bond, the amount of original issue discount that is treated as having accrued on such OID Bond is added to the owner's adjusted basis in determining, for federal income tax purposes, gain or loss upon the disposition of the OID Bond (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued original issue discount will be excludable from the gross income of the owner for federal income tax purposes.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial public offering may be determined according to rules that differ from those described above.

In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed in this section. Consequently, the owner of an OID Bond should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although such owner has not received cash attributable to such original issue discount in such year.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the original issue discount accrued upon sale or redemption of such OID Bonds (including OID Bonds not purchased in the initial public offering) and with respect to the state and local tax consequences of owning OID Bonds.

Bond Premium

The Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "bond premium." Each such Bond is referred to below as an "OIP Bond." The excess of (i) the owner's basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner's yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner's OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

Information Reporting and Backup Withholding

Prospective purchasers should be aware that the interest on the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an "exempt recipient" and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

Internal Revenue Service Audits

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Bonds, the IRS will, under its current procedures, treat the County as the taxpayer. As such, the beneficial owners of the Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Bonds.

Opinion of Bond Counsel-Virginia Income Tax Consequences

Bond Counsel will also opine that, under current law, interest on the Bonds is exempt from income taxation by the Commonwealth. Bond Counsel will express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth. Prospective purchasers of the Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Bonds in a particular state or local jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law Regulations

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations and other guidance to interpret and apply the provisions of the Code and state law. Proceedings affecting tax-exempt obligations may be filed in federal or state courts at any time. Such guidance and the outcome of such court proceedings could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Bonds or other tax-exempt obligations will not have an adverse effect on the Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LITIGATION

There are miscellaneous claims pending against the County, including some claims which are in litigation. In the opinion of the County Attorney, none of these claims will materially affect the County's financial position. The County Attorney is of the opinion that to the best of her knowledge there is no litigation pending against the County in either Virginia or federal courts which would in any way affect the validity of the Bonds or the right of the County to levy and collect ad valorem taxes, without limitation as to rate or amount, for payment of principal of and interest on the Bonds.

COMMITMENTS AND CONTINGENCIES

The County participates in a number of federal and state grants, entitlement, and shared revenue programs. The programs are subject to program compliance audits by the applicable federal or state agency or its representatives. Furthermore, the U.S. Office of Management and Budget, in Circular A-133, established audit requirements for an annual independent organization-wide audit for local governments receiving federal assistance. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the County expects such amount, if any, would be immaterial.

SALE AT COMPETITIVE BIDDING

The Bonds were awarded pursuant to electronic competitive bidding held via BiDCOMP/PARITY on Tuesday, June 18, 2024, to BofA Securities, Inc. (the "Winning Bidder") at a price to the County that results in an underwriters' discount of $240,502.08 from the initial public offering prices derived from the prices shown on the inside cover page. The Winning Bidder has supplied the information as to the yields with respect to the Bonds shown on the inside cover page. The Winning Bidder may offer to sell the Bonds to certain dealers and others at prices lower or yields higher than such initial public offering prices

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APPENDIX A

Arlington County, Virginia

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SECTION ONE: ECONOMIC AND DEMOGRAPHIC INFORMATION

Arlington County (the "County" or "Arlington") is located in the northern section of Virginia across the Potomac River from Washington, D.C., and encompasses a land area of 25.8 square miles. The area was originally ceded by Virginia to be included in the ten-mile square Federal District. In 1847, however, Congress allowed it to return to the jurisdiction of Virginia following a vote in favor of retrocession by its members.

There are no incorporated towns, cities or other political subdivisions within the County's boundaries as a result of a 1923 decision by the Supreme Court of Virginia that the County was a continuous, homogenous community and, as such, could not be subdivided for the establishment of a town. Annexation of any part of the County by neighboring jurisdictions is prevented by present law unless the entire County is annexed with the approval of County voters in a referendum.

Almost all of the land in the County has been developed. This development consists of single-family residential areas, as well as commercial, office, and multi-family residential structures. Historically, economic activity in the County has been closely associated with the governmental activities of the Washington, D.C. metropolitan area.

There are no jurisdictions with overlapping debt or taxing powers. The water and sewage systems are operated on a self-supporting basis by the County government.

OVERVIEW OF GOVERNMENTAL ORGANIZATION

The government of the County has been organized according to the County Manager plan of government since 1932. The County was the first county in the United States to adopt a manager form of government by popular vote. The Arlington County Board (the "County Board"), which establishes policies for the administration of the County, is the governing body of the County. The five members of the County Board are elected from the County at large for staggered four-year terms. No more than two members are elected at one time. The Chairperson of the County Board is elected annually by the members.

The County Board appoints a County Manager to serve as the chief executive and administrator of the County. The County Manager serves at the pleasure of the County Board, implements its policies, directs business and administrative procedures, and appoints department heads. The County Manager is aided by three Deputy County Managers, two Assistant County Managers and 12 departments including: Fire; Police; Public Safety Communications and Emergency Management; Environmental Services; Human Services; Community Planning, Housing and Development; Economic Development; Parks & Recreation; Management and Finance; Libraries; Human Resources and Technology Services. Additional information regarding each of the County's departments and services the County provides can be found at www.arlingtonva.us.

The County Board also appoints a County Attorney and a County Auditor. The County Attorney provides legal services to the County Board and County Board members, County agencies and departments, County employees, and advisory commissions appointed by the County Board. The County Auditor reports to the County Board with additional guidance from an Audit Committee comprised of two board members, four citizens, one of which is from the Fiscal Affairs Advisory Commission, the County Manager, and the Director of the Department of Management and Finance. The County Auditor conducts independent performance and operational audits of County departments, programs, and services. These audits focus on program efficiency, effectiveness, and transparency.

The operation of public schools in the County is the responsibility of an elected five-member School Board, the members of which serve staggered four-year terms in a sequence similar to that of County Board members. The local share of the cost of operating public schools in the County is met with an appropriation and transfer by the County Board from the County's General Fund as well as aid from the Commonwealth. Operations of the School Board, however, are independent of the County Board and the County administration as prescribed by Virginia law. The Superintendent of Schools is appointed by the School Board for a four-year term to administer the operations of the County's public schools. The elected School Board does not have debt issuance or taxing powers.

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

The executive offices of the County are located at 2100 Clarendon Boulevard, Suite 318, Arlington, Virginia 22201. The County's central telephone number is (703) 228-3000.

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT CERTAIN ELECTED OFFICIALS AND ADMINISTRATIVE/FINANCIAL STAFF MEMBERS

Elected Officials

Libby Garvey, Chair, was elected to the County Board in March 2012, after serving on the Arlington County School Board for 15 years, including five times as chair. She has twice served as Chair of the County Board. Ms. Garvey began her professional career as a teacher in the Peace Corps in the Central African Republic. She worked as a legislative aide to Congressman Lee Hamilton and as an associate director of the Mount Holyoke College Washington Internship Program. Virginia Governor Mark Warner appointed Ms. Garvey to serve on the P-16 Education Council, a position she continued under Governor Tim Kaine. Ms. Garvey also sits on several regional groups. She was appointed to the Northern Virginia Transportation Commission ("NVTC") in January 2017 and serves as a member of the NVTC Program Advisory Committee and the NVTC Legislative and Policy Committee. She also is a principal member of the Virginia Railways Express Operations Board. Additional regional commissions include the Northern Virginia Regional Commission ("NVRC"), and the Metropolitan Washington Council of Governments ("COG") where she has served as Chair on the Chesapeake Bay and Water Resources Committee and the Region Forward Committee. Additionally, she has served on the Emergency Preparedness Committee since 2003, and on COG's Food and Agricultural Regional Member Committee since its inception in 2021. In December 2022, Ms. Garvey was awarded the prestigious Elizabeth & David Scull Metropolitan Public Service Award from COG for her tireless work in public service and regional cooperation. She has also established the Kennan Garvey Memorial Fund for Phoenix Bikes in memory of her husband, and served on its board for 14 years. An Arlington resident since 1977, Ms. Garvey earned her Bachelor of Arts degree from Mount Holyoke College in Massachusetts.

Takis P. Karantonis, Vice-Chair, is an economist and urban planner with more than 25 years of urban and regional planning experience. He was elected to the County Board in a special election on July 7, 2020, and re-elected on November 2, 2021, to serve a four-year term. Mr. Karantonis is the elected Chair of the Metropolitan Washington Council of Governments ("MWCOG") Climate, Energy, and Environment Policy Committee. He is also the immediate past Chair of MWCOG's Metropolitan Washington Air Quality Committee and represents Arlington on the National Capital Regional Transportation Planning Board and MWCOG's Human Services Policy Committee and Region Forward Coalition. Mr. Karantonis also represents Arlington on the Planning Coordination Advisory Committee of the Northern Virginia Transportation Authority ("NVTA"). Born in Athens, Greece, Mr. Karantonis studied economics in Germany, graduating from Berlin's Freie Universitaet with a Master's Degree in urban and regional economics, with an emphasis on inequality in urban development. Mr. Karantonis is a Senior Technical Advisor for the Microloan Program at the Enterprise Development Group of the Ethiopian Community Development Center in Arlington. From 2009-2016 he served as Executive Director of the Columbia Pike Revitalization Organization ("CPRO"). During his tenure, Mr. Karantonis focused on implementing a place-making agenda throughout the Pike Corridor, engaging in policy and advocacy with an emphasis on transportation, land-use, housing, retail and economic development. His efforts resulted in the 2015 American Institute of Architects, Northern Virginia Chapter Award to CPRO for outstanding contributions to redevelopment and revitalization efforts on Columbia Pike. Mr. Karantonis is a graduate of Leadership Arlington (2010) and the University of Virginia Sorensen Institute for Political Leadership (2017).

Matt de Ferranti was elected to the County Board in November 2018 and served as Chair in 2021. Mr. de Ferranti represents Arlington and is Vice Chair of the NVTC. Mr. de Ferranti's career, first as a teacher in a low-income community in Houston and later as a lawyer, has been dedicated to helping people build better lives for themselves and their children. As an attorney, he worked on land use and economic development issues for local governments. He subsequently served as an advocate for economic and educational equity at Feeding America, Habitat for Humanity, Rebuilding Together, the Education Trust, and the National Indian Education Association. Mr. de Ferranti has served on the County's Housing Commission since 2013. In 2014, he was appointed to the Arlington Public Schools Budget Advisory Council, where he served as Chair in 2017-2018. Mr. de Ferranti also has served on the Joint Facilities Advisory Commission, which brings the County, Arlington Public Schools, and the community together to plan for our future. Mr. de Ferranti is a 2015 Leadership Arlington graduate, 2016 graduate of the Sorensen Institute for Political Leadership, and 2017 graduate of Arlington Neighborhood College.

Maureen Coffey, was elected to her first term in November 2023. Previously, she worked on the Early Childhood Policy team at the Center for American Progress and the Institute for Women's Policy Research. She has also participated in a research partnership with the American Public Human Services Association, worked with the Study of Early Education through Partnerships, and worked to reduce discrimination in home mortgage lending. In 2021, Ms. Coffey was appointed by Governor Ralph Northam to serve on Virginia's Family and Children's Trust, a group focused on the prevention and treatment of family violence, including child abuse and neglect, domestic violence, dating violence, sexual assault, and elder abuse and neglect. Locally, she has served as a board member of the Arlington County Civic Federation (CivFed) and has been an active member of the Clarendon-Courthouse Civic Association. Ms. Coffey earned her bachelor's degree in economics at Oberlin College and her Master of Public Policy from the University of Virginia. She is the daughter of a teacher and software engineer, and she enjoys biking the W&OD trail, playing field hockey, and kayaking.

Susan Cunningham, is the Chief Executive Officer of C2 Change Solutions, providing interim executive leadership to organizations navigating rapid change. She served as interim CEO of AHC (now Affordable Homes & Communities) and as interim Executive Director of Arlington Thrive. Ms. Cunningham held executive roles at the Department of the Treasury and McKinsey & Company. Ms. Cunningham was a founding member of the Arlington Joint Facilities Advisory Commission, chaired the Dorothy Hamm Middle School building committee, and co-chaired the Stratford Historic Site Historic Interpretation Committee. She co-chairs St. Mary's Episcopal Outreach, leads a teen Girl Scout troop, and welcomes refugee families. Ms. Cunningham has served as a board member for ChildTrends, the Fishing School, GreenHOME, the SEED Foundation, and See Forever Foundation/Maya Angelou School. Ms. Cunningham earned her Bachelor of Science and Master of Science in Mechanical Engineering at Yale University and was a Fulbright Scholar at the University of Malawi. She and her husband have two teenage daughters in Arlington Public Schools.

Carla de la Pava was elected Treasurer of the County on November 4, 2014 and is the first female and first Hispanic Treasurer in County history. Prior to being elected Treasurer, Ms. de la Pava served as Chief Deputy Treasurer for six years. During her tenure, the Treasurer's Office has received numerous accolades and awards, including the 2017 Treasurers' Association of Virginia President's Award, the 2011 Government Finance Officers Association Award for Excellence (eGovernment & Technology category) and the 2011 Public Technology Institute's Excellence in Technology Award. In 2016, Ms. de la Pava was awarded the Master Governmental Treasurer Certification by the University of Virginia's Weldon Cooper Center for Public Service. In addition, Ms. de la Pava served as President of the Treasurer's Association of Virginia for 2019-2021, and is also a member of the Government Finance Officers Association ("GFOA") and the Virginia Government Finance Officers' Association. She serves on the Board of Trustees for the VACo/VML Virginia Investment Pool. She has a degree in Economics from Wesleyan University and earned her MBA from Harvard Business School.

Appointed Officials

Mark J. Schwartz was appointed Arlington's twelfth County Manager in January 2016 after serving as Acting County Manager the previous six months. He was a Deputy County Manager from October 2010 through June 30, 2015. Mr. Schwartz previously served as Chief Financial Officer and Director of the Department of Management and Finance from October 2006 through October 2010. He joined the County in December 2005 as Deputy Chief Financial Officer after 12.5 years with the Executive Office of the President's Office of Management and Budget ("OMB"). While at OMB, Mr. Schwartz was branch chief of the Treasury Branch and worked closely with the District of Columbia on local government issues, the Treasury Department, and with financial market regulators. Mr. Schwartz holds a Bachelor of Arts degree majoring in Government from Harvard University and Juris Doctorate from the University of Pennsylvania Law School. He was a former chair of the County's Fiscal Affairs Advisory Commission, and is a former board member of the Crystal City Business Improvement District. Mr. Schwartz is a graduate of the Leadership Arlington Class of 2008.

Michelle Cowan was appointed Deputy County Manager July 1, 2015. Prior to this position, Ms. Cowan served as the County's Director of Management and Finance. Previously, she served as Assistant Director of Management and Finance from 2006 until October 2010. Since joining the County in 2006, she has served in varying roles in the Department of Management and Finance. Prior to joining the County, Ms. Cowan was the Director of Finance and Budget at the District of Columbia Water and Sewer Authority where she was responsible for the development of the Authority's first 10 year comprehensive financial plan and securing bond rating upgrades to the double-A category. Earlier in her career, Ms. Cowan specialized in municipal debt, including providing financial advisory services to local governments when she was with Government Finance Group and when she was a credit analyst at Standard & Poor's. Ms. Cowan has a Bachelor's of Arts degree in Public Administration from Eastern Michigan University, and has completed graduate work at Syracuse University.

Shannon Flanagan-Watson was appointed Deputy County Manager in May 2018. Prior to this position, she served as an Assistant County Manager with Arlington from 2005 to 2018, leading a variety of highly visible special projects and served as Business Ombudsman since 2013 working in partnership with the Arlington business community. Prior to joining the County, Ms. Flanagan-Watson served as the Director of Business Development for the International City/County Management Association ("ICMA"). Previously, she worked for the Metropolitan Washington Council of Governments working on policy and outreach programs in the Metropolitan Washington region. She is an active member of ICMA and holds several leadership positions currently as Chair of the Alliance for Innovation Board of Directors and as the Secretary-Treasurer for the National Association of County Administrators. She currently serves as an ex-officio Board member of the Arlington Sister City Association and she is a member of the Board of Directors of Ballston BID (Business Improvement District), Crystal City BID, and Rosslyn BID. She is also a member and past executive committee member of the Virginia Local Government Management Association. She is a former member of the adjunct faculty at the Virginia Tech Center for Public Administration and Policy, teaching in local government management. In January 2012, she earned the designation of an ICMA Credentialed Manager. Ms. Flanagan-Watson holds a master of public administration degree from the Maxwell School of Citizenship and Public Affairs at Syracuse University, and a B.A. in Communications from the University at Buffalo, the State University of New York. She is a graduate and lifetime member of Leadership Arlington and a member of its Board of Regents. She also volunteers her time with several organizations in the community and resides in Arlington with her family.

Dr. Aaron Miller was appointed Deputy County Manager in February 2023. Prior to serving as the Deputy County Manager for Public Safety and Information Technology, Dr. Miller held the position of Director of the Department of Public Safety Communications and Emergency Management. He was instrumental in leading the COVID-19 response and recovery efforts in Arlington County. As Deputy County Manager, he oversees police, fire, emergency management, and information technology. He serves as a member of the Department of Homeland Security's Cybersecurity & Infrastructure Security Agency's State, Local, Territorial and Tribal Government Coordinating Council (SLTTGCC), supporting the advancement of critical infrastructure issues at the SLTT level and working with the Federal government on national cyber and infrastructure security plans, policies, and programs. Earlier in his career, Dr. Miller served as the Director of Homeland Security and Emergency Preparedness for the City of New Orleans, Louisiana, where he led key reforms in public safety planning, response, and technology, including the design and implementation of the award-winning Real-Time Crime Center. Dr. Miller holds a Doctorate in Public Health from the Tulane University School of Public Health and Tropical Medicine and a Master of Public Health from Tulane University. His research and professional interests include emergency response delivery systems, crisis leadership and leadership development, and management of complex, novel incidents. Dr. Miller is married to Sarah Robertson Miller, a nonprofit executive. Together they are the proud parents of Josephine and Charlie.

Maria Meredith was appointed Director of the County's Department of Management and Finance ("DMF") in January 2019. Maria has been with the County in various leadership roles since 2004. She served as the Deputy Director of DMF from 2012 to January 2019, overseeing purchasing, accounting, accounts payable, internal audit and other related functions. She also served as the Acting Director of DMF from April 2016 to November 2016. Prior to joining the management and finance team, Maria was a Division Chief in the County's Department of Technology Services. She has also held leadership roles at MCI/WorldCom implementing and supporting financial and human resource systems. Maria has a Master of Science in Information Management from Marymount University and a Bachelor of Business Administration in Accounting from the College of William and Mary. She is also a member of the Leadership Arlington Class of 2009. She and her family have lived in Arlington since 1998.

MinhChau Corr is the County Attorney for the County. She is a graduate of the University of Florida and received her Juris Doctorate from the George Mason University School of Law. She has served as the County Attorney since November 2021. Previously, she served as the Deputy County Attorney since January 2018 and has served in the County Attorney's office since August 2007.

GOVERNMENTAL SERVICES AND FACILITIES

The County provides a comprehensive range of public services characteristic of its form of government under Virginia law and of its integral position within the Washington, D.C. metropolitan area. These services are designed to meet the changing needs of a largely urban county and to provide an environment within which the educational, physical, social and cultural needs of its citizens are met. The County provides general information about itself on its internet home page (http://www.arlingtonva.us).

ENVIRONMENTAL INITIATIVES

As the nation's first LEED Platinum certified community, the County is a nationally recognized leader in creating a sustainable and resilient urban environment. The County has a long-proven success in reducing greenhouse gas emissions, managing stormwater, fostering environmental stewardship, and promoting the County residents' health and well-being. Arlington's Initiative to Rethink Energy includes creating a carbon neutral Arlington by 2050, utilizing rethinking renewable energy, reducing emissions, electric vehicles, green renovations with a focus on residents, businesses, and County operations. In September 2019, the Arlington County Board adopted an update to the Community Energy Plan ("CEP") that sets the County on a path to becoming a carbon neutral community by 2050. As of January 2023, the County achieved its goal of 100% renewable electricity use at all County facilities, two years ahead of its original schedule.

In February 2023, the County appointed its first Climate Policy Officer to lead the newly created Office of Climate Coordination and Policy. This new office was created to amplify, coordinate and add capacity to the County's ongoing responses to the climate crisis.

Additionally, in March 2023, the County published its first Accelerate report that features Arlington's completed core work pertaining to energy, climate, and the environment. Due to the depth of projects, programs, and policies, each report will contain new stories to maintain transparency and highlight Arlington's key successes. More information on the County's CEP and Accelerate report can be found here: https://www.arlingtonva.us/Government/Programs/Sustainability-and-Environment/Energy

CYBERSECURITY

In response to increases in cybersecurity related events globally, the County has prioritized a program of investments in staff, services, training, and partnerships to reduce overall cyber risk. The County requires monthly cybersecurity training for all employees and participates in the annual National Cybersecurity Review. The County aligns its cybersecurity investments and operational programs with the NIST Cybersecurity Framework.

PUBLIC SCHOOLS

The Arlington County Public School system ("APS") is directed by an elected five-member School Board. The School Board employs approximately 3,197 teachers and 733 teacher assistants. Of the teachers, 78.6% have master's degrees, of this number 34.5% have a master's degree plus 30 credits and another 3.7% have doctorate degrees.

Arlington Public Schools educate one of the nation's most diverse and sophisticated student populations. Students consistently score well above state and national averages on standardized tests, including the SAT and ACT.

The County SAT average score in 2022-2023 was 1,222 out of 1,600. APS scores are 109 points higher than the average score for Virginia students and 194 points higher than the national SAT average for all public schools. Last year, 80.4% of graduates planned to seek higher education upon graduation. ACT composite scores are on a scale of 1 to 36 points. The APS average composite score was 27.8, compared to 24.6 for Virginia graduates and the national composite of 19.5. The graduation rate for the County's three comprehensive high schools is 94.3%.

Summarized below are selected items of information concerning number of facilities and types of programs offered by Arlington Public Schools, total annual actual school enrollments and pupil performance data.

Public Schools and Programs
2023-2024 School Year

Type of School or Program	Number
High Schools	4
Middle Schools	6
Secondary Program (6-12)	1
Elementary Schools	25
High School Continuation Program	1
Career-Technical (9-12)	2
Special Education Programs	2

Source: Arlington County Public Schools.

Public School Enrollments
Actual Pre K-12[1]

Fiscal Year	Pre K-12 Total	Percentage Change
2015	24,529	5.2%
2016	25,238	2.9
2017	26,152	3.6
2018	26,941	3.0
2019	27,436	1.8
2020	28,020	2.1
2021	26,895	(4.0)
2022	26,911	0.1
2023	27,455	2.0
2024	27,452	0.0

Source: Arlington County Public Schools.
(1) Pre-Kindergarten through Grade 12 enrollment is as of September 30 for the fiscal years shown above.

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Graduates Pursuing Post-Secondary Education

Arlington County Programs	Percent of Graduates Pursuing Post-Secondary Education	Percent of Graduates Going On To Four-Year College	Percent of Graduates Going On To Two-Year College	Percent of Graduates Going On To Other[(1)]
2013-2014 School Year	93.0%	65.5%	24.9%	2.6%
2014-2015 School Year	91.8	65.8	22.5	3.5
2015-2016 School Year	91.4	64.6	24.7	2.1
2016-2017 School Year	90.4	67.0	21.7	1.7
2017-2018 School Year	89.4	68.7	19.2	1.5
2018-2019 School Year	90.1	67.3	20.4	2.4
2019-2020 School Year	88.0	67.3	18.4	2.3
2020-2021 School Year	81.1	66.4	12.3	2.5
2021-2022 School Year	82.2	67.8	12.6	1.8
2022-2023 School Year	82.7	72.2	11.9	1.6

Source: Arlington County Public Schools.
(1) Other programs include Business Schools, Trade/Technical Schools, and Apprentice Programs.

POPULATION CHARACTERISTICS

The 2020 Census counted the population at 238,643. As of January 2024, the population is estimated at 240,900. The County expects that its population will increase gradually to 285,200 by 2040 based on Arlington County Planning Division Forecast Round 10.0 estimates. The following table presents population figures for selected years through the year 2040.

Arlington County
Population and Rates of Change
Actual and Projected

Year	Population	Rate of Change
1950	135,449	-
1960	163,401	20.6%
1970	174,284	6.7
1980	152,599	(12.4)
1990	170,936	12.0
2000	189,453	10.8
2010	207,627	9.6
2020	238,643	14.9
2024	240,900	0.9
2025	245,800	3.6
2030	260,200	5.9
2035	272,900	4.9
2040	285,200	4.5

Sources: Years 1950 to 2020: U.S. Census Bureau; Years 2024-2040: Arlington County Planning Division.

Average household size and residential construction have been key determinants of the County's population trends over the past four decades. Declining average household size contributed to the reduction of the County's population by 12% in the 1970s despite new household formation and residential construction. Increased residential construction combined with rising average household sizes resulted in population gains in the 1990, 2000, 2010, and 2020 Census.

The County's population is one of the most highly educated in the nation. According to the U.S. Census Bureau's 2021 American Community Survey ("ACS") (5-year estimate), 95% of County residents age 25 and older were high school graduates and 77% had a bachelor's degree or higher. Furthermore, over 41% of the County's residents held a graduate or professional degree. The County has an existing pool of knowledge workers and is at the center of a region with high college attainment rates. In the Washington D.C. region, 55% of residents are college graduates, significantly higher than the national rate of 36%.

A strong regional economy, the rapid pace of residential construction and substantial increases in immigration contributed to the net addition of 19,650 households to the County between 2010 and 2024. New immigrants moving to the County to take advantage of economic opportunities and to join family members contributed significantly to the recent population growth. The table below shows the change between the 2010 Census and the current estimates.

Change in Population, Arlington County

Year	Population	Housing Units	Households	Household Population	Group Quarters
2010	207,627	105,404	98,050	204,735	2,892
2024	240,900	117,700	117,700	237,900	3,000
Change (2010-2024):					
Number	33,273	12,296	19,650	33,165	108
Percent	16.0%	11.7%	20.0%	16.2%	3.7%

Sources: U.S. Bureau of the Census, Census of Population and Housing, 2010. Estimates for 2024 were produced by CPHD, Research and Strategic Initiatives Group.

The age distribution of the population is shown in the table below. The median age in the County was 35.3 years according to the 2022 ACS. Young professionals comprise a growing share of Arlington's population, with over half of people moving to Arlington are between the ages of 18 and 44.

Change in Age Group Demographics, Arlington County

	Ages				
Year	0 – 19	20 – 44	45 – 64	65 – 84	85 +
2010	35,237	107,974	46,362	15,239	2,815
2024	44,990	115,830	53,390	23,700	3,020
Change (2010-2024):					
Number	9,753	7,856	7,028	8,461	205
Percent	27.7%	7.3%	15.2%	55.5%	7.3%

Sources: U.S. Bureau of the Census, Census of Population and Housing, 2010 and 2024 CPHD Research and Strategic Initiatives Group Estimate.

EMPLOYMENT

The County has a near balance of jobs and residents. In 2024, there are an estimated 92 jobs for every 100 residents. At-place employment (i.e., the total number of jobs in the County) was estimated to be 221,400 as of January 2024. According to figures from Arlington County Planning Division, the largest proportion of jobs in the County for 2024 is in professional and technical services (27%), followed by the government (20%), which includes federal, state and local government, and the military.

The following table provides a breakdown of employment by sector.

Covered Employment by Sector
As a Percentage of Total
January 2024

Professional and technical services	26.8%
Other services	20.1
Government	20.0
Hospitality and Food Services	5.9
Transportation and Warehousing	5.6
Retail trade	4.5
Finance Insurance	4.4
Real Estate and Rental / Leasing	4.2
All Other	3.7
Information	3.0
Construction	1.8
	100.0%

Source: Arlington County Planning Division January 2024 estimates.

Federal Government

In Arlington, the federal government employs approximately 25,173 people across agencies and departments, excluding military, as of September 2023 according to the Quarterly Census of Employment and Wages. Many of these agencies and departments are headquartered within the County, including the State Department, Federal Deposit and Insurance Corporation, Defense Advanced Research and Projects Agency, Office of Naval Research, Air Force Office of Scientific Research, Drug Enforcement Administration, U.S. Marshals Service, Department of State National Foreign Affairs Training Center, Army National Guard Readiness Center, and the Department of Defense.

Private Sector

To date in fiscal year (also abbreviated herein as "FY") 2024 Arlington Economic Development assisted approximately 17 businesses who either expanded, relocated to, or have been retained in Arlington. Representing nearly 800 jobs and approximately 300,000 square feet of office space, these firms include several headquarters and represent such industry sectors as Consumer Tech, Nonprofits and Associations, Software Med-Tech, Green Technology, and Defense/Aerospace. New and expansion companies in Arlington include, among others, CoStar Group, Air & Space Forces Association, Gotab, Inc., CRC Advisorts, Deepsig, Inc., Cavendish Nuclear, Green Powered Technology, Dispatchr Technologies, LLC, Seamless Transition, Phalanx AI, GenLogs Corporation, Morse Corp, and John Hopkins University.

In November 2018, Amazon.com, Inc, announced that it had chosen Arlington County to establish a major new headquarters. Amazon HQ2 located in National Landing, a newly branded neighborhood encompassing parts of Pentagon City and Crystal City in Arlington and Potomac Yard in the City of Alexandria. To date, Amazon has hired over 8,000 employees. The first phase of new construction of 2,100,100 square feet of office and 70,000 square feet of retail space opened in the the second quarter of 2023. The second phase has been approved, and proposes 3,200,000 square feet of office and 128,000 square feet of retail and other uses. The centerpiece structure of this phase is The Helix, a 350-foot double helix-shaped tower spiraling upward, interweaving manicured gardens and native plants and trees. In total, Amazon is expected to invest approximately $2.5 billion to establish a new headquarters in National Landing, which is anticipated to create more than 25,000 high paying jobs and occupy four million square feet of energy-efficient office space with the opportunity to expand to six million square feet over the next 11 years.

The below list of Arlington's principal private employers for 2024 provide an estimated 500 – 5,000 jobs in the County.

Principal Private Employers
1st Calendar Quarter 2024

Company	Nature of Business
Accenture	Business Services
Amazon	Electronic Shopping
Bloomberg Industry Group	Legal, Tax, and Business News
Booz Allen Hamilton	Business Services
Deloitte	Business Services
Gartner	Business Services
Guidehouse	Business Services
Lidl	Grocery Stores
Nestle	Packaged Goods
Virginia Hospital Center	Medical Services

Source: Arlington Economic Development.

As illustrated in the following table, Arlington has consistently experienced lower unemployment rates than both the Commonwealth of Virginia and the nation.

Unemployment Rate
Annual Average Rates

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Arlington County	3.2%	2.8%	2.6%	2.5%	2.0%	1.9%	4.4%	3.0%	2.1%	2.2%
Washington, D.C. MSA(1)	5.0	4.4	3.8	3.6	3.3	3.0	6.4	4.7	3.0	2.6
Commonwealth of Virginia	5.1	4.4	4.0	3.7	3.0	2.8	6.5	3.9	2.9	2.9
United States	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3	3.6	3.6

Source: U.S. Bureau of Labor Statistics (2023). Not seasonally adjusted.
(1) Includes 20 cities and counties in Maryland, Virginia, West Virginia and Washington, D.C.

INCOME

The County has one of the most highly educated populations in the nation and is at the center of a region with high educational attainment rates. The educational achievements of the County's population are reflected in the County's income statistics. In 2022, the median household income in the County was $137,387 and per capita personal income was $112,313 according to U.S. Census Bureau American Community Survey 2022 5-Year Estimates and the Bureau of Economic Analysis.

Selected income data from the U.S. Bureau of Economic Analysis for the County and other jurisdictions in the Washington, D.C. metropolitan area is as follows:

Per Capita Personal Income of Jurisdictions in the Washington, D.C. Metropolitan Area[1]

	2018	2019	2020	2021	2022
Arlington County (VA)	$94,318	$96,175	$97,751	$108,980	$112,313
City of Alexandria (VA)	84,463	87,841	91,012	103,831	105,239
Fairfax County (VA)	81,955	85,499	88,291	97,278	101,400
Montgomery County (MD)	83,790	84,779	85,373	91,042	93,395
Washington D.C. MSA[2]	70,255	72,199	75,141	81,121	83,010
Commonwealth of Virginia	56,133	58,368	61,474	66,838	68,985
United States	53,509	55,547	59,153	64,430	65,470

Source: U.S. Bureau of Economic Analysis.
(1) Per capita personal income was computed using Census Bureau midyear population estimates.
(2) Includes 20 cities and counties in Maryland, Virginia, West Virginia and Washington, D.C.

RETAIL ACTIVITY

Arlington's residents, workers and visitors represent a significant retail market to support the nearly 1,300 retail stores in Arlington. With approximately $3.5 billion in taxable sales in 2023, Arlington captured approximately 8.5% of regional expenditures. The County's major retail centers are listed below.

Major Retail Centers (Existing)

Retail Center	Gross Leasable Area (SF)
Fashion Centre at Pentagon City	1,037,258
The Crossing Clarendon	419,950
Pentagon Centre	337,717
Ballston Quarter	310,704
Westpost at National Landing	296,468
Village at Shirlington	201,803
Lee Harrison Shopping Center	126,106
Shops at 1750 Crystal Drive	42,938
Shops at 2100 Crystal Drive	43,241
TOTAL	2,816,185

Source: CoStar, Arlington Economic Development.

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The following is the taxable sales for retail facilities in Arlington over the past 10 years, as reported by the Virginia Department of Taxation.

Taxable Retail Sales

Calendar Year	Taxable Sales	Annual Change
2014	$3,131,372,890	(3.1)%
2015	3,179,231,835	1.5
2016	3,199,424,637	0.6
2017	3,258,772,638	1.9
2018	3,287,956,546	0.9
2019	3,365,537,960	2.3
2020	2,378,325,710	(29.3)
2021	2,634,809,974	10.8
2022	3,250,803,870	23.4
2023	3,482,871,628	7.1

Source: Virginia Department of Taxation. Weldon Cooper Center for Economic and Policy Studies.

CONSTRUCTION ACTIVITY

The following is the summary of the construction activity in Arlington over the past 10 years.

Number of Building Permits Issued and Value

Fiscal Year	Residential	Commercial	Miscellaneous[1]	Total Building Permits	Total Value
2014	188	83	15,338	15,609	$739,231,612
2015	188	156	16,202	16,546	656,956,023
2016	242	79	18,451	18,772	1,228,834,560
2017	209	134	17,051	17,394	1,199,299,061
2018	210	90	16,176	16,476	1,612,831,621
2019	180	71	14,096	14,347	1,907,830,029
2020	175	101	16,273	16,549	1,010,635,209
2021	219	70	14,798	15,087	1,893,910,913
2022	222	88	14,727	15,037	2,389,229,214
2023[2]	244	51	11,424	11,719	-

Source: Arlington County Department of Community Planning, Housing and Development, Inspection Services Division, from permit application data.

(1) The miscellaneous category includes alterations and repairs, conversions, (including construction of condominiums and cooperatives in existing buildings), parking lots, garages and accessory buildings, elevators, and other construction activity.

(2) Values for building permits in FY 2023 are unavailable as of the date of this Official Statement.

The table below summarizes the value of annual new construction by type.

Value of New Construction

Fiscal Year	Residential	Commercial	Miscellaneous[1]	Total Value
2014	$93,344,705	$179,141,259	$466,745,648	$739,231,612
2015	86,410,180	380,466,809	190,079,034	656,956,023
2016	146,050,201	456,210,899	626,573,460	1,228,834,560
2017	89,329,019	411,319,170	618,650,872	1,119,299,061
2018	86,974,365	867,372,358	658,484,898	1,612,831,621
2019	82,922,103	510,837,965	1,314,069,961	1,907,830,029
2020	103,291,660	398,426,554	508,916,995	1,010,635,209
2021	86,423,866	995,524,859	811,962,188	1,893,910,913
2022	97,352,089	1,063,476,589	1,228,400,536	2,389,229,214

Source: Arlington County Department of Community Planning, Housing and Development, Inspection Services Division, from permit application data.

(1) The miscellaneous category includes alterations and repairs, conversions, (including construction of condominiums and cooperatives in existing buildings), parking lots, garages and accessory buildings, elevators, and other construction activity.

Square Feet of New Office Space Construction[1]

Calendar Year	Office Space as of January 1	New Office Space Delivered During Year[2]	Office Space as of December 31[2]
2013	38,476,704	(726,344)	37,750,360
2014	37,750,360	558,755	38,309,115
2015	38,309,115	(115,659)	38,193,456
2016	38,193,456	(32,393)	37,961,063
2017	37,961,063	154,582	38,115,645
2018	38,115,645	733,351	38,848,996
2019	38,848,996	(5,600)	38,843,396
2020	38,843,396	201,300	39,044,696
2021	39,044,696	(19,797)	39,024,899
2022	39,024,899	(174,887)	38,850,012
2023	38,850,012	1,786,680	40,636,692

Source: Arlington County Department of Community Planning Housing and Development.

(1) Excludes office space developed on federal property.

(2) Includes new space delivered net of demolitions; includes owner occupied and lease space.

Office Vacancy Rate

According to CoStar, for the first quarter of 2024, Arlington's office vacancy rate was 22.8% a 1.4% increase from the previous year. Several factors contribute to the increased vacancy. Post pandemic, uncertainty around future space utilization has driven many companies to rethink need for office space given the increasing trend of remote work, and whether to place portions, or even the entirety, of their offices on the sublease market. The Federal government's leased office footprint continues to shrink, while private sector leasing activity remains well short of historical averages. Arlington County has taken a proactive approach to combatting historically high office vacancies and attracting new business ventures by modernizing zoning regulations to expand the types of industries allowable in office buildings and streamlining the process to amend zoning ordinances and introduce future policy recommendations to support building repositioning. This is in addition to re-invigorated and focused business attraction and retention efforts.

On April 26, 2022, the County Manager presented a strategy (the Commercial Market Resiliency Initiative, or CMRI) to the County Board for fostering a resilient commercial real estate market. This strategy is a targeted effort to support: 1) a robust commercial real estate market, particularly a continued focus on reducing the County's commercial vacancy rate; 2) a balanced fiscal outlook, where commercial real estate continues to contribute significantly to total County revenues; 3) a strong and growing business community by encouraging and advancing private sector innovation and entrepreneurship; 4) consumer choice that supports a strong and dynamic housing and tourism market; and 5) maintaining and building of great, sustainable places.

Over the past year, the County Board has approved several amendments to the zoning ordinance use tables that widen the types of uses that can occur in office buildings and provide enhanced placemaking elements to support a return to office strategy. Approved and prospective alternative uses include breweries and distilleries, urban colleges and universities, animal boarding facilities, urban farms, artisanal workshops, shared commercial kitchens, audio visual and production facilities, and flex/R&D uses. The CMRI is now entering into a second phase of work that will streamline regulatory process in support of commercial property owners' efforts to reposition, convert or redevelop obsolete office buildings.

Overall Office Vacancy Rate
Arlington County, Virginia

Year End	Vacancy Rate
2014	19.9%
2015	18.6
2016	18.3
2017	17.3
2018	17.7
2019	15.2
2020	17.1
2021	21.0
2022	21.6
2023	21.7

Source: CoStar.

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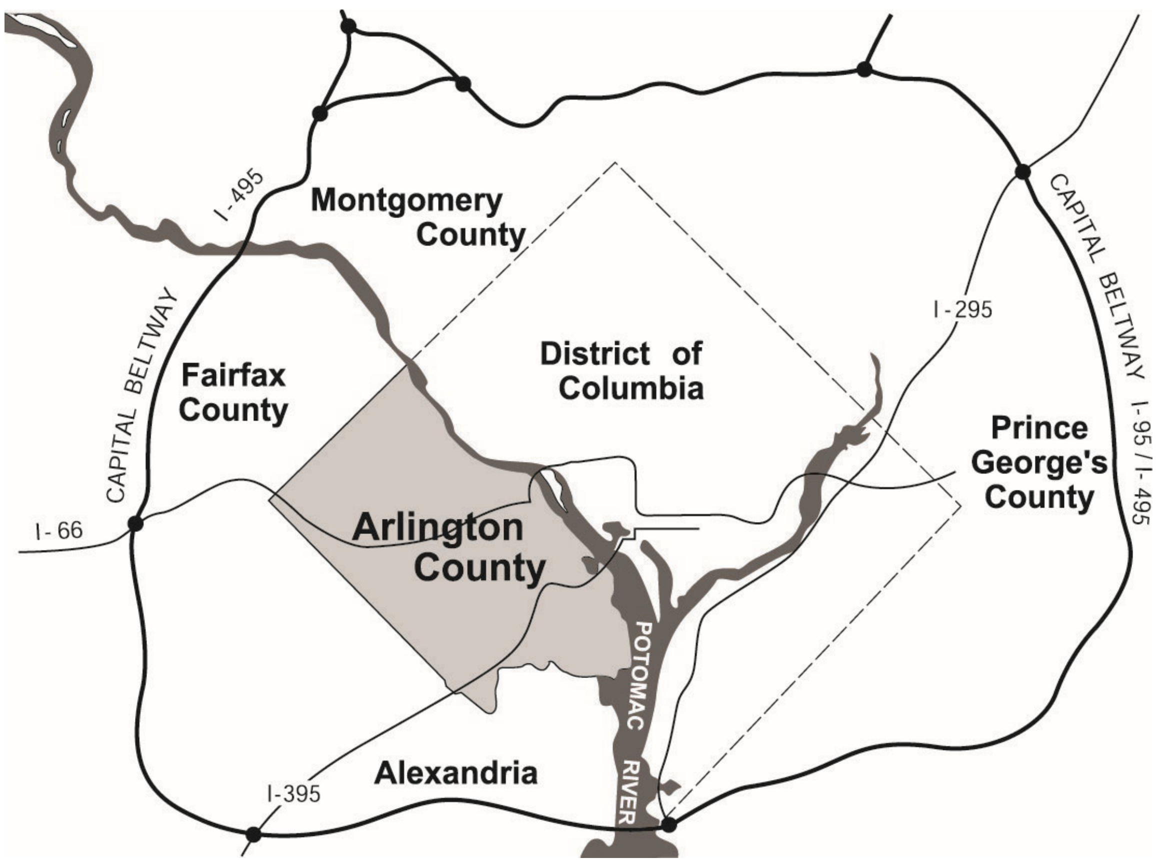
DEVELOPMENT TRENDS IN THE COUNTY

In the past decades, the County has experienced a transformation from a predominantly residential community supporting federal government offices in Washington, D.C., to an urban employment center with over 44 million square feet of rentable commercial office space, including 7.0 million square feet of federally-owned office space, and 7.2 million square feet of retail development. Since the 1960s, large sections of the County have been replanned and redeveloped from light industrial and commercial uses to high density, mixed-use developments. The new development was organized primarily into two redevelopment corridors, focused on separate Metrorail ("Metro") rapid transit system alignments. The east-west alignment is known as the Rosslyn-Ballston Corridor ("RB Corridor") and the north-south alignment is referred to as the Richmond Highway Corridor ("RH Corridor"). Two additional areas of development include the Columbia Pike Corridor, an east-west alignment beginning near Arlington Cemetery and Fort Myer in the east, and extending westward for more than three miles along Columbia Pike to Arlington's western border with Fairfax County and Langston Boulevard which begins in the Rosslyn submarket near the Key Bridge and extends along Langston Boulevard for nearly seven miles before terminating at the western border with Falls Church city. Shirlington, an area adjacent to I-395 near Arlington's southern border, has also seen significant growth and serves as the arts and entertainment capital of the County.

The County's investment in the Metrorail system, starting in 1976, and its master plan targeting development at seven of its eleven Metro stations achieved the desired effect. The ten-year period following the opening of the Metrorail system in 1979 ushered in a development boom that continues today, resulting in high density, mixed-use development that occurred in the immediate vicinity of the Metro stations, generally within a quarter-mile radius. The type of development activity located at each Metro station in the County is summarized below.



Rosslyn-Ballston Corridor

The Rosslyn – Ballston Corridor follows Washington Metropolitan Area Transit Authority's ("WMATA") Orange and Silver Lines through north Arlington beginning in the east at Rosslyn, traveling west along Wilson and Clarendon Boulevards to the Court House and Clarendon stations, and continuing along Fairfax Drive to the Virginia Square and Ballston Stations.

Rosslyn, the eastern anchor of the RB Corridor, is Washington's gateway to Arlington. Situated along the Potomac just across from Washington, D.C., it is served by WMATA's Orange, Blue, and Silver lines providing service to north and south Arlington and the surrounding jurisdictions. Overall, Rosslyn has 10.0 million square feet of office space, almost 9,500 housing units, approximately 1,104 hotel rooms, and 645,000 square feet of retail space.

Courthouse is the center for Arlington County Government, as well as a high-technology hub. It is a community where business, government, residential and retail come together to create one of Arlington's most sought after locations. The Courthouse submarket contains more than 3.8 million square feet of office, nearly 7,900 housing units, 720 hotel rooms, and more than 310,000 square feet of retail.

Arlington's original urban village, Clarendon has maintained throughout its evolution a true international atmosphere and a commitment to both tradition and diversity. The approval of the 2006 Clarendon Sector Plan has spurred new growth, and will ultimately add new commercial office space and condominium units to the neighborhood, as well as new restaurants and retail, all within easy walking distance of the Clarendon Metro station. Clarendon is also the center of Arlington's nightlife and dining scene. The Clarendon submarket contains 1.5 million office square feet, over 3,400 housing units, and nearly 700,000 square feet of retail.

Virginia Square, one Metro stop west of Clarendon in the RB Corridor, is home to the Arlington campus of George Mason University, Arlington Central Library and the Arlington Arts Center. It is expected that much of George Mason's growth over the next 10 years will take place at its Arlington graduate and law school campus. The Virginia Square submarket contains nearly 1.6 million square feet of office, 3,600 housing units and nearly 212,000 square feet of retail.

Ballston, the western anchor of the RB Corridor, is Arlington's hub of science and technology and contains the nation's greatest concentration of scientific research agencies. Ballston is also home to the Kettler Capitals Iceplex, headquarters of the Washington Capitals, and four major hotels are located in the area. The Ballston submarket contains more than 8.3 million square feet of office space, almost 9,400 housing units, 1,075 hotel rooms, and nearly 1.1 million square feet of retail space.

Richmond Highway Corridor

The Richmond Highway Corridor follows WMATA's Blue and Yellow Lines through south Arlington beginning in the north at the Pentagon station, continuing to Pentagon City, Crystal City, and finally serving Ronald Reagan Washington National Airport at Arlington's southern border.

Pentagon City is a shopping and dining destination that receives the attention of shoppers from around the region and the world. Pentagon City's wide variety of residential, office and commercial development includes 1.6 million square feet of office space in addition to the Pentagon, the world's largest office building. It's also a convenient place to live, just across the Potomac River from Washington, D.C. There are currently more than 3.3 million square feet of office, 7,600 residential units, 1.9 million square feet of retail and 366 luxury hotel rooms. Pentagon Row, located next to the Fashion Centre, includes 300,000 square feet of retail and 500 residential units.

Crystal City, Arlington's largest downtown, features more than 11.6 million square feet of office space, 10,000 housing units, and an abundance of restaurants, cafes, a theater, specialty stores, and bike trails. With its quick access to D.C. and proximity to Ronald Reagan Washington National Airport, the area attracts nonprofits, artists, tourists and residents. Already an award-winning, mixed-use development with views of the Washington monuments, Crystal City has 14 hotels with more than 5,100 rooms and over 205,000 square feet of meeting space, as much office space as many medium-sized cities, plus access to the heart of the U.S. defense industry, the Pentagon.

National Landing, a newly branded neighborhood encompassing parts of Pentagon City and Crystal City in Arlington and Potomac Yard in the City of Alexandria is the location of Amazon HQ2, see "**EMPLOYMENT - Private Sector**" herein.

Columbia Pike Corridor

Columbia Pike is a mix of the old and new that truly represents Arlington's diversity. Classic art deco buildings, small-scale, specialty retail and Arlington's greatest concentration of ethnic restaurants make "The Pike" a unique living and working experience. Columbia Pike feeds traffic to several large federal government agencies (most notably the Pentagon) and more than 40,000 commuters travel on it every day. Direct bus routes link Columbia Pike with the Ballston and Pentagon Metro stations. Millions of dollars in capital improvements are preserving the area's urban feel, and the Columbia Pike Form Based Code has enabled a comprehensive plan for growth that will provide incentives for new retail, residential and commercial development, while maintaining the character of Columbia Pike. This submarket contains more than 550,000 square feet of office space, 7,800 housing units, 490 hotel rooms, and 790,000 square feet of retail space.

Shirlington

With its established café culture, live theater and pedestrian promenade, Shirlington has become the arts and entertainment capital of Arlington. Anchoring the Village at Shirlington is a multi-million dollar theater-library complex, home to Arlington's Tony award winning Signature Theatre, and the state-of-the-art Shirlington Library. Added to the mix are new condominiums, restaurants and shops, all with easy access to Washington, D.C. and close in proximity to Interstate-395, the Pentagon and Ronald Reagan Washington National Airport. The Shirlington submarket contains nearly 800,000 square feet of office, approximately 1,000 housing units, 470 hotel rooms, and 290,000 square feet of retail space.

HOUSING

As of January 2024, there were 123,700 housing units located in the County, according to Planning Division estimates. According to the 2021 5-Year American Community Survey, owner-occupied units constituted approximately 37% of the total number of units with the remaining 63% consisting of rental properties. The average assessed value of a housing unit (detached, duplex, townhouse and condominium units) in 2024 was $800,600, an increase of 3.0% over the prior calendar year. The following chart presents information regarding the composition of the housing stock, by type of structure.

Housing Units by Type of Structure(1)(2)
As of January 2024

Single Family:		
Detached	27,570	22.3%
Attached	7,030	5.7%
Multi-family:	89,100	72.0%
Total	123,700	100%

Source: Estimated by Arlington County Planning Division.
(1) Includes vacant and occupied units.
(2) Figures may not add up due to rounding.

TRAVEL AND TOURISM

The COVID-19 pandemic hit the travel and tourism industry particularly hard forcing both temporary and permanent hotel closures throughout the County. Hotels have made a strong comeback despite the slow return of buiness travelers. Lodging statistics provided by the Smith Travel Research for March 2024 (year to date) show the County's lodging metrics with continuing improvement post pandemic. Occupancy was up 2.5% and Revenue per

Available Room (RevPAR) increased by $9 from the previous year. Hotel statistics are generally considered a reliable measure of overall visitor spending and activity.

The travel industry is one of Arlington's larger non-government employers, with over 14,000 local jobs in 2023 according to the Virginia Tourism Corporation. Arlington's hotel industry is the largest segment of this travel economy. As of May 2024, the County had a total of 9,556 hotel rooms in 38 properties. The hotel industry services domestic and international tourists, corporate, association and government travelers, and meetings/conventions. The proximity of Arlington's hotels to 11 Metrorail stations, Ronald Reagan Washington National Airport, and Interstates 395 and 66 gives the County's hospitality community a competitive advantage.

Arlington is home to many of the area's major tourist attractions. Visitor destinations include Arlington National Cemetery (the D.C. area's second-most visited attraction behind the Air and Space Museum), the Marine Corps Memorial (Iwo Jima), the Air Force Memorial, the Netherlands Carillon, the Pentagon, and the DEA Museum. The Pentagon Memorial, Arlington's newest memorial, was dedicated on September 11, 2008. Arlington's largest retail complex, the Pentagon City Fashion Centre is a significant attraction for visitors. The County's Visitor Center is nearby in Pentagon Row.

TRANSPORTATION

The County's central location enables it to be served by various major highways, freight and passenger rails, bus lines and air transportation facilities. These facilities, which have been constructed in cooperation with the Commonwealth of Virginia and the federal government, provide excellent transportation services for County residents, tourists, intra-jurisdictional travelers, as well as others who work or do business in the County.

Streets and Highways

Major highway facilities include Interstates 395 and 66, the George Washington Memorial Parkway, as well as major state routes such as U.S. Route 1 (Richmond Highway) and U.S. Route 50 (Arlington Boulevard). Since 1932, when the County decided not to become part of the State highway system for its local streets and highways (interstate and state-numbered highways remain within state control), the County has pursued an aggressive program of building and maintaining its streets and highways in order to meet, in a timely manner, the transportation needs of County residents, as well as that of the County commercial corridors. The program has been developed through the periodic preparation and adoption of a Master Transportation Plan and the biennially updated Capital Improvement Program.

Ronald Reagan Washington National Airport

Ronald Reagan Washington National Airport is one of the nation's busiest airports. Built in 1941, the airport's original Terminal, now called Terminal A, is on the National Register of Historic Places. In 1987, the Metropolitan Washington Airports Authority was formed to operate Washington National and Dulles International Airports which were built and owned by the federal government. In 1997, Terminal B/C, designed by Cesar Pelli, was opened with a new roadway and parking garages. The airport features more than 30 retail stores and 42 food and beverage establishments. Reagan National is directly linked to the region's Metrorail system.

In 2022, the airport served 25.5 million passengers, a 6% increase from the previous year. Eight major airlines serve the airport, providing nonstop service to 102 domestic and 6 international destinations.

Commuter Rail

Commuter rail service, provided by Virginia Railway Express ("VRE"), originates in Manassas and Fredericksburg, Virginia and ends in Washington, D.C. In Arlington, the VRE station at Crystal City historically provided over 820,000 passenger trips annually prior to the COVID-19 pandemic. Since then, ridership has fallen to approximately 150,000 in fiscal year 2023. The station serves both the Manassas and Fredericksburg lines.

Metro Transit System

The County joined other political subdivisions in the Washington, D.C. metropolitan area in an agreement to develop the Metro subway and surface rail transit systems to serve the metropolitan area. WMATA was created by an interstate compact in 1967 to plan, develop, build, finance, and operate a balanced regional transportation system in the national capital area. WMATA began building its rail system in 1969, acquired four regional bus systems in 1973, and began operating the first phase of Metrorail in 1976.

The current Metrorail system has 130 miles and 98 stations, of which 11 are located in Arlington (see map under "Development Trends in the County"). Construction of silver line phase 2 service to Ashburn was completed and service commenced in November 2022, expanding the Metrorail system by 11.5 miles with six new stations providing service to Dulles International Airport and Loudoun County.

The Metrorail system provided approximately 96 million passenger trips in Fiscal Year 2023 compared to 60 million in Fiscal Year 2022 and 175 million in FY 2019, the last fiscal year prior to COVID. The Metrobus system provided 103 million trips in Fiscal Year 2023, compared to 81 million trips in Fiscal Year 2022 and 125 million trips in FY 2019. Metrorail and Metrobus operate seven days a week serving a population of 4 million within a 1,500-square mile jurisdiction.

Northern Virginia Transportation Authority

NVTA was created by the General Assembly on July 1, 2002, to offer a common voice for Northern Virginia on transportation and other issues that confront the region. NVTA is made up of nine jurisdictions including: the counties of Arlington, Fairfax, Loudoun and Prince William; as well as the cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park. NVTA is responsible for updating Northern Virginia's long-range transportation plan, TransAction, and manages approximately $300 million annually in public funds for transportation projects designed to provide congestion relief throughout Northern Virginia.

NVTA's revenues, from July 1, 2013, through June 30, 2018, were from three taxes and fees established by the Virginia General Assembly in Chapter 766 of the Code of Virginia. These were (i) an additional retail sales and use tax of 0.70%, (ii) an additional grantor's recordation fee (referred to as a "regional congestion relief fee") of $0.15 for each $100 or fraction thereof, and (iii) a regional transient occupancy tax of 2%. Beginning July 1, 2018, NVTA's grantor's and transient occupancy tax revenues were redirected by the Commonwealth of Virginia and committed to a new WMATA capital fund to provide ongoing dedicated funding to the transit agency. Effective July 1, 2019, the Commonwealth of Virginia began providing allocations of certain vehicle license and registration fees to NVTA. Effective July 1, 2020, the General Assembly restored the grantor's tax to NVTA's regional funding mix.

Seventy percent of the revenues directed to NVTA (the "Regional Revenues") are retained by NVTA to fund regional transportation projects. As required by the NVTA Act, 30% of the sales taxes and certain vehicle license and registration fee allocations (the "Local Revenues") are distributed to the jurisdiction in which the taxes were collected to fund the NVTA operating fund and second to fund qualified transportation projects and purposes selected by member localities. In FY 2023, the County received approximately $11.9 million in Local Revenues.

SECTION TWO: COUNTY INDEBTEDNESS & CAPITAL IMPROVEMENT PROGRAM ISSUANCE AND AUTHORIZATION OF BONDED INDEBTEDNESS

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, a county in Virginia is authorized to issue general obligation bonds and bond anticipation notes secured by a pledge of its full faith and credit. For the payment of such bonds the governing body of the county is required to levy, if necessary, an annual ad valorem tax on all property in the county subject to local taxation. Although the issuance of bonds by Virginia counties is not subject to any limitation on amount, counties are generally prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum.

Payment of general government and school bonded indebtedness is provided for in the General Fund and the School Debt Service Fund of the County, respectively. With the exception of certain Wastewater and Water System Revenue Bonds as described herein in the table entitled "Debt Statement," Utilities Enterprise Fund bonds issued for water, sewer and wastewater treatment purposes are general obligation bonds of the County, payable from the Utilities Enterprise Fund of the County. If monies in the Utilities Enterprise Fund are not sufficient for such purpose, the County Board is obligated to make such payment from the General Fund or from any other available monies. Utilities Enterprise Fund net revenues available for debt service of $45.3 million in Fiscal Year 2023 were sufficient to cover debt service on Utilities Enterprise Fund bonds by a coverage ratio of 4.1 times.

After the issuance of the Bonds, the County will have general obligation bonds that are authorized but unissued in the amounts of $5,000,000 pursuant to the November 6, 2018 bond referenda, $35,040,000 pursuant to the November 3, 2020 bond referenda, $11,680,000 pursuant to the November 2, 2021 bond referenda and $341,855,000 pursuant to the November 8, 2022 bond referenda. The County intends to issue the remaining bonds authorized by the voters in 2018, 2020, 2021 and 2022 over the next few years.

Payment Record

The County has never defaulted in the payment of either principal of or interest on any indebtedness.

No Overlapping Debt

The County is autonomous from any city, town, or political subdivision of the Commonwealth of Virginia. There are no jurisdictions with overlapping debt or taxing powers.

Tax and Revenue Anticipation Note Borrowing

The County has not issued tax and revenue anticipation notes at any time for the past ten fiscal years. The County has no plans to borrow for cash flow purposes in fiscal year 2024 or 2025.

DEBT INFORMATION

Information on the County's indebtedness is presented in the following tables. Included is information on key debt ratios, rapidity of principal retirement, debt service to expenditure ratios and selected debt service schedules.

The following chart details the County issued general obligation and revenue bond debt. As of June 30, 2023, the County's net tax supported outstanding long-term debt was $1,312,750,000.

Debt Statement
As of June 30, 2023
Bonded Debt Outstanding: [7]

General obligation bonds[8]	$1,262,320,000
Wastewater system revenue bonds[1]	93,642,628
2013 IDA Bonds[4]	27,550,000
2017 IDA Bonds[5]	46,925,000
2020 IDA Bonds[6]	21,270,000
Self-supporting Skating Facility Bonds[2]	17,945,000
Gross Bonded Debt	**$1,451,707,628**
Less:	
Wastewater system revenue bonds[1]	$93,642,628
Self-supporting Skating Facility Bonds[2]	17,945,000
Self-supporting G.O. utility bonds[3]	45,315,000
Subtotal	$138,957,628
Net Tax Supported Debt	**$1,312,750,000**

Source: Arlington County Department of Management and Finance.

(1) These bonds (the "Wastewater Bonds") are secured by a pledge of the revenues of the County's water and wastewater system and are not general obligations of the County.

(2) Taxable Economic Development Revenue Bonds, Series 2005 of the Industrial Development Authority of Arlington County, Virginia (the "Authority"), which bonds were refunded on April 22, 2010 by the issuance of the Authority's Taxable Revenue Refunding Bonds, Series 2010 (the "2010 Skating Facility Bonds"), which bonds were refunded on October 29, 2020 by the issuance of the Authority's Taxable Revenue Refunding Bonds, Series 2020B (the "2020B Skating Facility Bonds"). Under this transaction, the Washington Capitals make monthly payments of rent that are approximately equal to debt service on the 2020B Skating Facility Bonds. The County has agreed under a Cooperation Agreement between the County and the Authority that, subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2020B Skating Facility Bonds.

(3) With the exception of the Wastewater Bonds, all outstanding utility bonds are general obligation bonds of the County. As a matter of practice, the County pays general obligation utility bonds from its Utilities Enterprise Fund, the revenues of which include water, sewer and advanced wastewater treatment system revenues. In the event that monies in the Utilities Enterprise Fund are not sufficient to pay debt service on the general obligation utility bonds, the County is obligated to pay such debt service from the General Fund or another available source.

(4) On June 3, 2013, the Authority issued $76,315,000 in revenue bonds for the benefit of the County (the "2013 IDA Bonds"). The 2013 IDA Bonds were issued to refund the outstanding principal amount of the Authority's Lease Revenue Bonds (Arlington County, Virginia Capital Projects), Series 2004, to finance the acquisition of land and property at 2020 14th Street North in Arlington, and to refinance the outstanding principal amount of the $9,016,099 Taxable Variable Rate Note, Series 2010A and $26,000,000 Taxable Fixed Rate Note, Series 2010B. On October 29, 2020, a portion of the 2013 IDA Bonds were refunded by the Authority's Revenue Refunding Bonds (County Projects), Series 2020B (Taxable). The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2013 IDA Bonds.

(5) On October 17, 2017, the Authority issued its $57,865,000 Revenue Bonds (County Projects), Series 2017 (the "2017 IDA Bonds") to, among other things, refund the outstanding principal amount of the Authority's Revenue Bonds (County Projects), Series 2009B (Taxable – Build America Bonds) (the "2009 IDA Bonds") and $6,820,000 of the Authority's Revenue Bonds (County Projects), Series 2011 (the "2011 IDA Bonds"). Neither the 2009 IDA Bonds nor the 2011 IDA Bonds remain outstanding.

(6) On October 29, 2020, the Authority issued its Revenue Bonds (County Projects), Series 2020A (Tax-Exempt) in the aggregate principal amount of $26,650,000 and Revenue Refunding Bonds (County Projects), Series 2020B (Taxable) in the aggregate principal amount of $30,940,000 (collectively, the "2020 IDA Bonds"). A portion of the proceeds of the 2020 IDA Bonds refunded $19,480,000 of the outstanding principal amount of the 2010 Skating Facility Bonds and $9,815,000 of the outstanding principal amount of the 2013 IDA Bonds.

(7) On October 31, 2023, the Authority issued its Revenue Bonds (County Projects), Series 2023A (Tax-Exempt) in the aggregate principal amount of $35,250,000 (the "2023 IDA Bonds"). The 2023 IDA Bonds are not included.

(8) Does not include the Series 2024 Bonds.

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Key Debt Ratios

Fiscal Year	Population	Estimated Market Value of Taxable Property Calendar Year Ended December 31[(1)]	Net Bonded Indebtedness At June 30[(2)]	Ratio of Net Bonded Indebtedness[(2)] Per Capita	Net Bonded Indebtedness as a percent of Market Value
2019	226,400	$80,852,761,690	$1,241,940,000	5,486	1.67%
2020	238,643	84,464,076,903	1,150,410,000	4,821	1.55
2021	240,200	86,351,255,848	1,372,221,500	5,713	1.84
2022	235,500	89,427,906,442	1,270,575,000	5,395	1.71
2023	237,300	93,115,545,701	1,358,065,000	5,723	1.83

Sources: Market value and net bonded indebtedness – Arlington County Department of Management and Finance. Population data – Arlington County Department of Community Planning, Housing and Development, Planning Division.

(1) Includes real property, personal property and public service corporation property.

(2) Excludes the Series 2024 Bonds, revenue bonds payable by a pledge of the water and wastewater system, Ballston Parking Garage revenue bonds payable from the Ballston Garage Enterprise Fund, the 2019 IDA Line of Credit and the 2021 IDA Line of Credit. Includes subject to appropriation financings including the 2013 IDA Bonds, the 2017 IDA Bonds, the 2020 IDA Bonds and the 2023 IDA Bonds. Excludes unamortized bond premium/discount.

Rapidity of Principal Retirement
All General Obligation Bonds as of June 30, 2023[(1)]

Maturing Within	Cumulative Amount Maturing	Percent of Total Debt Outstanding
10 Years	$880,730,000	69.8%
15 Years	1,155,130,000	91.5
20 Years	1,259,770,000	99.8

Source: Arlington County Department of Management and Finance.

(1) Excludes the Series 2024 Bonds, the 2020B Skating Facility Bonds, the 2019 IDA Line of Credit, the 2021 IDA Line of Credit, the 2013 IDA Bonds, the 2017 IDA Bonds, the 2020 IDA Bonds and the 2023 IDA Bonds.

Ratio of Annual Debt Service for General Obligation Debt
to Total General Governmental Expenditures
Last Five Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service[(1)]	Total Expenditures[(2)]	Ratio of Debt Service to Total Expenditures
2019	$85,168,385	$40,780,952	$125,949,337	$1,416,428,904	8.89%
2020	83,269,899	47,932,739	131,202,638	1,446,764,988	9.07
2021	78,420,929	42,860,689	121,281,618	1,469,839,581	8.25
2022	89,236,380	49,585,268	138,821,648	1,950,859,766	7.12
2023	88,060,000	45,548,643	133,608,643	1,720,582,344	7.77

Source: Arlington County, Virginia, FY 2023 Annual Comprehensive Financial Report – Table P.

(1) Does not include debt service on general obligation bonds payable from the Utilities Enterprise Fund, bonds payable by a pledge of the water and wastewater system, debt service on revenue bonds payable from the Ballston Garage Enterprise Fund and does not include the 2020B Skating Facilities Bonds, the 2019 IDA Line of Credit, the 2021 IDA Line of Credit, the 2023 IDA Bonds or the Series 2024 Bonds; and includes the 2013 IDA Bonds, the 2017 IDA Bonds and the 2020 IDA Bonds.

(2) Includes all categories of the County general governmental expenditures.

Total General Obligation Debt Service and Lease Payments
As of June 30, 2023(1)(2)(3)

Fiscal Year	Principal	Interest	Total Debt Service
2024	$110,135,000	$52,724,765	$162,859,765
2025	106,810,000	48,907,772	155,717,772
2026	103,910,000	45,139,197	149,049,197
2027	103,370,000	41,286,609	144,656,609
2028	96,715,000	37,264,824	133,979,824
2029	93,570,000	33,531,823	127,101,823
2030	93,560,000	29,792,587	123,352,587
2031	91,665,000	26,124,261	117,789,261
2032	87,295,000	22,729,217	110,024,217
2033	77,955,000	19,635,891	97,590,891
2034	67,420,000	16,801,639	84,221,639
2035	62,515,000	14,092,597	76,607,597
2036	58,710,000	11,652,678	70,362,678
2037	55,810,000	9,261,255	65,071,255
2038	46,415,000	6,943,717	53,358,717
2039	37,250,000	5,043,439	42,293,439
2040	28,020,000	3,370,365	31,390,365
2041	26,870,000	2,184,367	29,054,367
2042	13,560,000	1,227,844	14,787,844
2043	13,670,000	661,445	14,331,445
2044	810,000	127,500	937,500
2045	850,000	87,000	937,000
Total	$1,377,775,000	$428,635,289	$1,806,410,292

Source: Arlington County Department of Management and Finance.

(1) Figures may not sum due to rounding.

(2) Includes the County's general obligation bonds ($1,262,320,000), and the payments under the Financing Agreement for the 2013 IDA Bonds, the 2017 IDA Bonds, the 2020 IDA Bonds, the 2023 IDA Bonds, and payments of general obligation bonds from the Utilities Fund. This does not include the County's payments under the Series 2024 Bonds, operating leases, the 2015 Academy Bond (hereinafter defined) in the Section entitled "OPERATING AND CAPITAL LEASES – Long Term Agreements," the 2020B Skating Facility Bonds, the 2019 IDA Line of Credit, or the 2021 Line of Credit. See "- OTHER COUNTY OBLIGATIONS."

(3) Does not reflect anticipated subsidy payments by the United States Treasury with respect to the County's outstanding Qualified School Construction Bonds.

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General Obligation Debt Allocated by Actual Source of Repayment
As of June 30, 2023[1][2][4]

	Total General Obligation Debt Service			Self-Supporting General Obligation Debt Service[3]			Net Tax-Supported General Obligation Debt Service		
Fiscal Year	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
2024	$97,540,000	$48,540,540	$146,080,540	$8,295,000	$915,662	$9,210,662	$89,245,000	$47,624,878	$136,869,878
2025	96,225,000	45,170,512	141,395,512	8,505,000	773,860	9,278,860	87,720,000	44,396,652	132,116,652
2026	94,385,000	41,770,576	136,155,576	8,330,000	621,665	8,951,665	86,055,000	41,148,910	127,203,910
2027	94,930,000	38,241,319	133,171,319	6,345,000	470,961	6,815,961	88,585,000	37,770,358	126,355,358
2028	89,215,000	34,498,633	123,713,633	4,430,000	339,160	4,769,160	84,785,000	34,159,473	118,944,473
2029	85,950,000	31,025,709	116,975,709	2,305,000	246,025	2,551,025	83,645,000	30,779,685	114,424,685
2030	85,840,000	27,534,528	113,374,528	2,300,000	170,444	2,470,444	83,540,000	27,364,084	110,904,084
2031	83,845,000	24,102,033	107,947,033	2,280,000	94,669	2,374,669	81,565,000	24,007,364	105,572,364
2032	79,920,000	20,952,193	100,872,193	1,375,000	40,327	1,415,327	78,545,000	20,911,866	99,456,866
2033	72,880,000	18,063,234	90,943,234	755,000	15,635	770,635	72,125,000	18,047,600	90,172,600
2034	63,320,000	15,406,569	78,726,569	240,000	5,173	245,173	63,080,000	15,401,396	78,481,396
2035	58,255,000	12,882,180	71,137,180	155,000	1,475	156,475	58,100,000	12,880,705	70,980,705
2036	56,060,000	10,645,274	66,705,274				56,060,000	10,645,274	66,705,274
2037	53,105,000	8,375,875	61,480,875				53,105,000	8,375,875	61,480,875
2038	43,660,000	6,182,625	49,842,625				43,660,000	6,182,625	49,842,625
2039	34,435,000	4,408,750	38,843,750				34,435,000	4,408,750	38,843,750
2040	25,140,000	2,864,650	28,004,650				25,140,000	2,864,650	28,004,650
2041	23,925,000	1,810,300	25,735,300				23,925,000	1,810,300	25,735,300
2042	10,550,000	988,100	11,538,100				10,550,000	988,100	11,538,100
2043	10,590,000	558,800	11,148,800				10,590,000	558,800	11,148,800
2044	810,000	127,500	937,500				810,000	127,500	937,500
2045	850,000	87,000	937,000				850,000	87,000	937,000
2046	890,000	44,500	934,500				890,000	44,500	934,500
Total	$1,262,320,000	$394,281,401	$1,656,601,401	$45,315,000	$3,695,057	$49,010,057	$1,217,005,000	$390,586,344	$1,607,591,344

Source: Arlington County Department of Management and Finance

(1) Figures may not sum due to rounding.

(2) Excludes payments on the Series 2024 Bonds, the 2013 IDA Bonds, the 2017 IDA Bonds, the 2020 IDA Bonds the 2023 IDA Bonds, the 2020B Skating Facility Bonds, the 2019 IDA Line of Credit, and the 2021 Line of Credit.

(3) With the exception of the Wastewater Bonds, all outstanding utilities bonds are general obligation bonds of the County. As a matter of practice, the County pays such utilities bonds from its Utilities Enterprise fund, the revenues of which include water, sewer, and advanced wastewater treatment system revenues. In the event that monies in the Utilities Enterprise Fund are not sufficient to pay debt service on utilities bonds, the County is obligated to pay such debt service from the General Fund or other available sources.

(4) Does not reflect anticipated subsidy payments by the United States Treasury with respect to the County's outstanding Qualified School Construction Bonds.

DIRECT PAY SUBSIDY BONDS

In 2010, Virginia Public School Authority ("VPSA") issued its School Tax Credit Bonds (Direct Pay Qualified School Construction Bonds), Series 2010-1 (the "VPSA Bonds") as Qualified School Construction Bonds and used a portion of the sale proceeds of the VPSA Bonds to purchase the County's General Obligation School Bond, Series 2010 (the "Series 2010 Bond") in the original principal amount of $3,390,000 as part of VPSA's Qualified School Construction Bond pooled financing program. The VPSA Bonds are secured by and payable from the payments of the principal of and interest on and premium, if any, on all of the local bonds issued by the localities participating in the pooled financing program, including the Series 2010 Bond. Interest on the VPSA Bonds is subject to a direct pay subsidy (payable directly to VPSA) from the United States Treasury equal to 100% of the semi-annual interest payments made by VPSA on the VPSA Bonds (the "Subsidy Payments"). Pursuant to and subject to the conditions set forth in the proceeds agreement related to the VPSA Bonds, VPSA transfers to each locality participating in the pooled financing program, including the County, such locality's allocable portion of the Subsidy Payments received by VPSA with respect to the VPSA Bonds. As a result of the implementation of the provisions of the Budget Control Act of 2011, the 100% subsidy is reduced in accordance with the act. For October 1, 2022, through September 30, 2023, the subsidy has been reduced by 5.7%, and the same level of reduction is anticipated during the Federal Fiscal Year 2024 (through September 30, 2024). Neither VPSA nor the County has pledged the Subsidy Payments to the holders of the VPSA Bonds and the County has not pledged its allocable portion of the Subsidy Payments to VPSA with respect to the payment of the Series 2010 Bond. The County's semi-annual interest payments to VPSA and related semi-annual interest payments to the holders of the VPSA Bonds will not be reduced as a result of any reduction in the Subsidy Payments received by the County.

The County's budget has sufficient funds to pay debt service on these bonds notwithstanding the reduction of the Subsidy Payments.

OTHER COUNTY OBLIGATIONS

On May 5, 2005, the Authority issued its $35,700,000 of variable rate Taxable Economic Development Revenue Bonds (Skating Facility Project), Series 2005 (the "2005 Skating Facility Bonds"). The 2005 Skating Facility Bonds financed, together with funding provided by the County and the Washington Capitals Hockey Club (the "Capitals"), the development and construction of an eighth level on an existing County-owned parking garage containing an ice skating facility and related corporate office space, public parking and other amenities. On April 22, 2010, the Authority issued its $30,120,000 Taxable Revenue Refunding Bonds, Series 2010 (the "2010 Skating Facility Bonds") to refinance the 2005 Skating Facility Bonds. On October 29, 2020, a portion of the 2020 IDA Bonds refunded the remaining $19,480,000 of the outstanding principal amount of the 2010 Skating Facility Bonds. The Capitals are obligated to make rental payments to the County approximating debt service on the portion of the 2020 IDA Bonds that refunded the 2010 Skating Facility Bonds. Under a Cooperation Agreement dated May 1, 2005, between the County and the Authority, the County has pledged to pay the Authority, subject to the appropriation of funds by the County Board for such purpose, the amount necessary to pay debt service on the portion of the 2020 IDA Bonds that refunded the 2010 Skating Facility Bonds and related fees. Such payments are not a general obligation of the County. As of June 30, 2023, $17,945,000 of the outstanding principal amount of the 2020 IDA bonds that refunded the 2010 Skating Facility Bonds remains outstanding.

On June 3, 2013, the Authority issued its $76,315,000 Revenue Bonds (County Projects), Series 2013 (the "2013 IDA Bonds") to finance a portion of the costs of acquiring the land and property located at 2020 14th Street North in Arlington, to refund the outstanding principal amount of the Authority's Lease Revenue Bonds (Arlington County, Virginia Capital Projects), Series 2004, originally issued for the benefit of the County, and to refinance the outstanding principal amount of the Authority's $9,016,099 Taxable Variable Rate Note, Series 2010A and its $26,000,000 Taxable Fixed Rate Note, Series 2010B issued to finance Buckingham Village 3. The County has agreed to make payments to the Authority, subject to annual appropriation by the County Board, of amounts sufficient to pay principal of and interest on the 2013 IDA Bonds, as the same become due. The 2013 IDA Bonds are not general obligations of the County. As of June 30, 2023, $27,550,000 of the original $76,315,000 of the 2013 IDA Bonds was outstanding. A portion of the 2020 IDA Bonds refunded $9,815,000 of the outstanding principal amount of the 2013 IDA Bonds.

On October 17, 2017, the Authority issued its $57,865,000 Revenue Bonds (County Projects), Series 2017 (the "2017 IDA Bonds") to finance a portion of the costs of acquiring the land and property located at 1425 – 1439 North Quincy Street in Arlington, for acquisition, design, and construction of real property and improvements located at 2920 S. Glebe Road, to refund the outstanding principal amount of the Authority's Series 2009B Revenue Bonds (Arlington County, Virginia Capital Projects), and to advance refund $6,820,000 of the Authority's Series 2011 Revenue Bonds (Arlington County, Virginia Capital Projects). The 2017 IDA Bonds were issued on parity with the 2013 IDA Bonds. The County has agreed to make payments to the Authority, subject to annual appropriation by the County Board, of amounts sufficient to pay principal of and interest on the 2017 IDA Bonds, as the same become due. The 2017 IDA Bonds are not general obligations of the County. As of June 30, 2023, $46,925,000 of the original $57,865,000 of the 2017 IDA Bonds was outstanding.

In June 2019, the Authority closed on its $30,000,000 Revenue Notes (the "2019 IDA Line of Credit") to finance equipment and other short-term capital needs of the County under a revolving credit agreement with a scheduled termination date of June 3, 2024. The County has agreed under the 2019 IDA Line of Credit documents, to make payments to the Authority, subject to annual appropriation by the County Board, of amounts sufficient to pay principal of and interest on the 2019 IDA Line of Credit, as the same become due. The 2019 IDA Line of Credit is not a general obligation of the County. As of June 30, 2023, new draws on the 2019 IDA Line of Credit in the amount of $30,000,000 were outstanding. As of October 31, 2023, the outstanding balance of draws on the 2019 IDA Line of Credit was fully repaid with the proceeds of the 2023B IDA Bonds. There is currently no balance on the 2019 IDA Line of Credit, which is expected to expire on June 30, 2024.

On October 29, 2020, the Authority issued its Revenue Bonds (County Projects), Series 2020A (Tax-Exempt) in the aggregate principal amount of $26,650,000 and Revenue Refunding Bonds (County Projects), Series 2020B (Taxable) in the aggregate principal amount of) in the aggregate principal amount of $30,940,000 (collectively, the "2020 IDA Bonds") on parity with the 2013 IDA Bonds and the 2017 IDA Bonds to permanently finance certain the projects financed with the 2019 IDA Line of Credit, fund certain project costs and refund for savings $19,480,000 of the outstanding principal amount of the 2010 Skating Facility Bonds and $9,815,000 of the outstanding principal amount of the 2013 IDA Bonds. As of June 30, 2023, $40,980,000 of the original $57,590,000 of the 2020 IDA Bonds was outstanding.

On December 22, 2021, the Authority closed on its $150,000,000 Revenue Notes (the "2021 IDA Line of Credit") to finance a short-term loan to the developer acquiring the Barcroft Apartment complex under a revolving credit agreement with a scheduled termination date of December 22, 2026. The County has agreed under the 2021 IDA Line of Credit documents, to make payments to the Authority, subject to annual appropriation by the County Board, of amounts sufficient to pay principal of and interest on the 2021 IDA Line of Credit, as the same become due. The 2021 IDA Line of Credit is not a general obligation of the County. As of June 30, 2023, draws on the 2021 IDA Line of Credit in the amount of $150,000,000 were outstanding. To date during FY 2024, the County has paid $15,000,000 of principal on the 2021 IDA Line of Credit reducing the balance to $135,000,000. The FY 2025 Adopted Budget authorizes an additional $15,000,000 to be repaid prior to June 30, 2024.

On October 31, 2023, the Authority issued its $35,250,000 Revenue Bonds (County Projects), Series 2023B (Tax-Exempt) (the "2023 IDA Bonds") on parity with the 2013 IDA Bonds, the 2017 IDA Bonds and the 2020 IDA Bonds to permanently finance certain the projects financed with the 2019 IDA Line of Credit and fund certain project costs. The County has agreed to make payments to the Authority, subject to annual appropriation by the County Board, of amounts sufficient to pay principal of and interest on the 2023 IDA Bonds, as the same become due. The 2023 IDA Bonds are not general obligations of the County.

COUNTY CREDIT SUPPORT OF HOUSING PROJECTS

From time to time, the County provides financial assistance to various housing projects within the County. The type of financial assistance varies. The following describes certain projects for which the County has provided credit support.

Gates of Ballston

In June 2005, the Authority issued $29 million in tax-exempt housing revenue bonds to provide permanent financing to AHC, an affordable housing developer, for the acquisition and renovation of the Gates of Ballston housing complex, a 464-unit affordable housing complex in the Ballston area. In a support agreement among the County, the Developer and the Authority, the County, subject to annual appropriation, will (i) make debt service payments on the Authority bonds to the extent that net revenues of the project are insufficient to pay debt service and (ii) replenish any shortfall in the Debt Service Reserve Fund. The project was successfully completed and is currently fully occupied. To date, the County has not made any debt service payments on behalf of the project. The County's obligation under the Support Agreement is limited to an aggregated amount of $23,000,000 and terminated in June 2023.

Buckingham Village

In March 2009, the County completed its $34.5 million acquisition of Buckingham Village 3, a 140 unit affordable housing development in the Ballston area. The acquisition was financed through a variable rate, taxable revenue note issued by the Authority. The financing has been refinanced several times most recently by the 2013 IDA Bonds and 2020 IDA Bonds. The County and the Authority entered into a Support Agreement under which the County, subject to annual appropriation, will make debt service payments on the 2013 IDA Bonds and 2020 IDA Bonds. Debt service payments allocable to Buckingham Village 3 have been budgeted in the County's Affordable Housing Investment Fund.

OPERATING AND CAPITAL LEASES

Operating Leases

The County is a party to a number of building and equipment lease agreements, most of which involve purchase options.

The building lease commitments are subject to various adjustments during the term of the lease. The County's lease agreements are contingent on the County Board appropriating funds for each year's payments. The following is a summary of the County's future commitments, due in fiscal years ending June 30, under operating leases. Almost all of the operating lease amounts listed below are for the County's 15 year rental of approximately 200,000 square feet for administrative offices in the Courthouse Plaza mixed-use development. The Courthouse Plaza development represents a major cooperative effort between the County and the private sector in order to develop the 581,000 square feet of office space, 396 rental residential apartments and 176 hotel rooms on County-owned land adjacent to the Courthouse Metrorail station. In this arrangement, the County has leased most of the land for a 75-year period to the developer. The County has then leased office space for its own use and receives as land rental payments, a share of the profits of the project, as well as a share of any future recapitalization.

Year Ending June 30	Amount
2024	$24,611,038
2025	23,571,031
2026	23235316
2027	23,128,485
2028-2032	100,628,707
2033-2037	14,898,291
Total	$237,085,180

Source: Arlington County, Virginia, 2023 Annual Comprehensive Financial Report.

The County (as lessee) has entered into a lease agreement for approximately 4.41 acres of land used for construction and operation of the Ballston public parking garage facility (the County purchased the facility separately and leases the land under the lease agreement). The term of the lease, dated August 1, 1984, continues for a 45-year period. Annual lease payments become due, under certain cash flow conditions, on September 29 of each year during the 45-year period, which began on October 22, 1986.

As of June 30, 2023, the lease liability of $24,515,567 has been accrued in the Ballston Public Parking garage fund. The base annual rental amounts are summarized below.

Years	Amount
1-5	$129,996
6-10	255,000
11-15	279,996
16-20	405,000
21-25	654,996
26-27	904,992
28-45	1,279,992

Source: Arlington County, Virginia – Department of Management and Finance.

Capital Leases

As of the date of this Official Statement, the County has no future commitments under capital leases.

Long Term Agreements

Waste-to-Energy: The County currently has a long-term service contract through December 31, 2038 with the City of Alexandria and Covanta Alexandria/Arlington, Inc. Pursuant to this contract the County is charged a fixed rate of $43.16/ton as adjusted by offsets from use of an area landfill. Beginning in October 1, 2025, the fee charged for disposal will be zero dollars per ton. Currently, the jurisdictions of Arlington and Alexandria have agreed to dispose between 50,000 and 70,000 tons per year (adjusted annually) at the waste-to-energy facility located in the City of Alexandria, Virginia. The obligations of the County under this service contract are subject to annual appropriations and the County has not incurred any debt in connection with the facility.

The construction of the waste-to-energy facility was originally financed with revenue bonds issued by the Alexandria Industrial Development Authority in 1984. The Arlington Solid Waste Authority, together with the Alexandria Sanitation Authority (the "Authorities") and the private company, refinanced these bonds in July 1998 to achieve debt service savings. Upon the maturity of the bond in January 2008, the ownership of the plant passed to the private company. The Authorities issued new bonds in November 1998 to finance the retrofit of the facility to meet Clear Air Act requirements. This retrofit was completed by November 9, 2000 in advance of the EPA deadline of December 19, 2000. The retrofit assets continue to be owned by the Authorities.

On December 31, 2012, the County and the City of Alexandria entered into a new Inter-local agreement and established the Waste To Energy Facility Monitoring Group Trust ("WTE-FMG") and terminated the Alexandria/Arlington Waste Disposal Trust Fund. WTE-FMG oversees the operation of the waste-to-energy facility and it has been used to pay consulting fees to the engineering firm for operations and maintenance audits of the facility, professional association fees and other payments related to the facility. WTE-FMG derives its revenue mainly from contributions by both jurisdictions and interest on invested funds. The funds are invested by the County in First Virginia Community Bank, the carrying value of the funds totaled $259,263 and $269,556 and the bank balance totaled 259,263 and $268,622 at June 30, 2023 and June 30, 2022, respectively. During FY 2023, the WTE-FMG had $118,857 as revenues and project-related expenditures of 113,251.

To date, the waste-to-energy plant is operating properly, and all scheduled preventative maintenance is being performed timely.

Northern Virginia Criminal Justice Academy: In 2006, the County Board approved a resolution which committed the County to enter into an Agreement with the Northern Virginia Criminal Justice Academy (the "Academy"). The principal members of the Academy, the Counties of Arlington, Loudoun and Prince William and the City of Alexandria (the "Principal Members"), agreed to facilitate the financing of the acquisition and construction of an Emergency Vehicle Operating Center ("EVOC") on property to be owned by the Academy; refinance existing debt issued by the Industrial Development Authority of Loudoun County, Virginia (the "Loudoun IDA"). The financing of the EVOC and the refinancing of the previously existing debt was accomplished by the issuance of lease revenue bonds (the "2006 Academy Bonds") by the Loudoun IDA in the original principal amount of $18,650,000.

In the Fall of 2015, the Academy issued its own bond (the "2015 Academy Bond") to refinance the 2006 Academy Bonds. The 2015 Academy Bond is payable solely from the revenues derived by the Academy from its member jurisdictions and Prince William County. As of June 30, 2023, no such bonds remain outstanding.

Metrorail: The County and the seven other WMATA contributing jurisdictions are parties to the WMATA Compact and the WMATA Capital Funding Agreement (the "WMATA Capital Funding Agreement" and together with the WMATA Compact, the "WMATA Agreements"). The WMATA Compact sets forth, among other things, the County's obligation to pay its share of WMATA's annual operating costs. The WMATA Capital Funding Agreement establishes the County's obligation to pay its share of WMATA's capital costs during the term of the capital program and currently covers FY 2024 – FY 2029. The County's obligation to pay its share of WMATA's operating and capital costs is subject to appropriation.

Under each WMATA Agreement, WMATA establishes an annual budget, which sets forth each WMATA contributing jurisdiction's share of WMATA's annual operating and capital costs. A jurisdiction's share of WMATA's annual operating and capital costs is determined by several allocation formulas within the WMATA Agreements, which are dependent on many factors, including the type of expense (operating/capital), transportation mode (bus/rail) usage statistics and negotiations of the participating jurisdictions, so the allocations can change from year to year. Under the allocation formulas applicable to FY 2024, the County pays approximately 6.8% of WMATA's net annual operating costs (the County's share has ranged between 6.3-6.8% over the last five fiscal years), and the County pays approximately 8.2% of WMATA's annual capital costs (the County's share has ranged between 8.2-8.9% over the last five fiscal years). See http://www.wmata.com for more information on funding allocations.

The County typically pays its share of WMATA's annual operating costs from state transit aid and gas tax revenues on hand at the NVTC, and from the County's General Fund. From FY 2020 through FY 2024, the County's share of WMATA's annual operating costs has been approximately $78 million (FY 2020), $70 million (FY 2021), $77 million (FY 2022), $80 million (FY 2023) and $85 million (FY 2024). In those prior fiscal years, the County has paid the following amounts from the General Fund towards its share of the annual operating costs with the balance being typically paid from the funds described above: $45 million (FY 2020), $48 million (FY 2021), $44 million (FY 2022), $47 million (FY 2023) and $47 million (FY 2024). In addition, should WMATA face an unexpected operating expense shortfall in any fiscal year, the County may be required to fund its share of the shortfall, which will be based on the then applicable allocation formulas.

The County typically uses bonds, state grants and regional gas tax revenues to cover its share of the WMATA capital funding needs. From FY 2020 through FY 2024 the County's share of WMATA's annual capital costs has been approximately $23 million (FY 2020), $23 million (FY 2021), $23 million (FY 2022), $24 million (FY 2023) and $24 million (FY 2024). In those prior fiscal years, the County has paid the following amounts from General Obligation bonds towards its share of the annual capital costs with the balance being typically paid from the funds described above: $14 million (FY 2020), $13 million (FY 2021), $14 million (FY 2022), $13 million (FY 2023) and $14 million (FY 2024). In addition, should WMATA face an unexpected capital expense shortfall in any fiscal year, the County may be required to fund its share of the shortfall, which will be based on the then applicable allocation formulas.

Beginning in FY 2019, a new regional dedicated capital funding source was agreed to by the state of Maryland, the District of Columbia, and the Commonwealth of Virginia which provides $500 million of dedicated funding (the "WMATA Dedicated Funding"). The Commonwealth of Virginia, through the Virginia Department of Rail and Public Transportation, entered into individual agreements with the Virginia WMATA contributing jurisdictions for each jurisdiction's proportionate share of WMATA Dedicated Funding. For FY 2020 through

FY 2024 the County's share of WMATA Dedicated Funding has been approximately $8.2 million (FY 2020), $7.4 million (FY 2021), $7.4 million (FY 2022), $7.5 million (FY 2023), and $7.5 million (FY 2024).

In its fiscal year 2024 budget, WMATA reported that it expects to need approximately $14.4 billion in capital funding over the next six years to maintain its system in a state of good repair.

Ballston Public Parking Garage: The County is party to an agreement, dated August 1, 1984, for the purchase of the Ballston public parking garage facility at a total purchase price of $3,929,879. The effective date of this purchase was October 22, 1986, when the first mortgage installment of $500,000 was paid. Payment for the purchase of the facility is scheduled over a 45-year period, at an interest rate of 8%, payable solely from revenues derived from garage operations.

Inter-jurisdictional Wastewater Treatment: The County provides wastewater treatment services for areas of Fairfax County and the cities of Alexandria and Falls Church. Under provisions of these inter-jurisdictional agreements, a portion of the capital costs of the Arlington County Wastewater Treatment Plant will be paid by these jurisdictions. In addition, Fairfax County, by contract with the District of Columbia, provides wastewater treatment services for Arlington. Arlington paid Fairfax County a total of approximately $0.7 million in FY 2023 for its prorated share of capital expenditures at District of Columbia Blue Plains wastewater treatment facility.

Regional Commuter Rail: In August 1988, the County approved a NVTC regional commuter rail Master Agreement. Revisions to the agreement were approved in 1989 and 2007. Under this agreement, the County initially agreed to contribute $100,000 per year subsequently to be adjusted by 5% per year for inflation to the regional commuter rail effort. In FY 2011, the subsequent adjustments were changed to reflect a pro-rata share of the annual increase/decrease in total operating subsidy. In FY 2023, the County contributed $161,500 for operations. As a contributing jurisdiction in the Master Agreement, neither the County nor the City of Alexandria, have any obligation related to NVTC commuter rail debt or financial liability related to tort claims arising from commuter rail operations. Commuter rail service began in June 1993.

Washington Aqueduct: The County, the District of Columbia Water & Sewer Authority, and Fairfax Water purchase potable water on a wholesale basis from the U.S. Army Corps of Engineers' Washington Aqueduct facilities. Arlington purchases approximately 16.3% of the water sold by the Aqueduct and pays for its pro rata share of capital costs. Annual capital costs are funded out of pay-as-you go funding ("PAYG"). As of June 30, 2023, the County's FY 2023 payments for other capital projects at the Aqueduct totaled $6.5 million.

BALLSTON QUARTER COMMUNITY DEVELOPMENT AUTHORITY

In July 2016, the County Board approved the Ballston Quarter Community Development Authority (CDA), the first CDA to be created in Arlington. This was one element of a public-private partnership with the private owners of the then-outdated Ballston Common Mall which led to the redevelopment of the property into Ballston Quarter, a mixed-use urban retail center in the heart of the Ballston neighborhood. The CDA enabled the use of a special assessment financing mechanism within the Virginia Code to fund certain public infrastructure costs associated with the Ballston Quarter public-private redevelopment.

The Ballston Quarter CDA issued its $44,160,000 Revenue Bonds, Series 2016A (the "Series 2016A Bonds") and $15,710,000 Revenue Bonds, Taxable Series 2016B (the "Series 2016B Bonds" and together with the Series 2016A Bonds, the "Series 2016 Bonds") on December 1, 2016. The Series 2016 Bonds funded $43.4 million of public infrastructure improvements, as well as debt service reserve funds, capitalized interest, and costs of issuance in connection with the Series 2016 Bonds. The CDA's Series 2016A Bonds are secured by a senior lien pledge of 65% of the incremental real property, sales and use, and meals tax revenues generated in the tax increment financing (TIF) district.

The Ballston Quarter CDA issued its $15,191,000 Revenue Bonds, Series 2024A-1 (Current Interest Bonds) (the "Series 2024A-1 Bonds") and $24,805,404.78 Revenue Bonds, Series 2024A-2 (Convertible Capital Appreciation Bonds) (the "Series 2024A-2 Bonds" and together with the Series 2024A-1 Bonds, the "Series 2024 Bonds") on

February 28, 2024. The Series 2024 Bonds refunded a portion of the principal of the Series 2016A Bonds totaling $38,195,000.

The TIF district includes multiple parcels of development including various retail and restaurants located in Ballston Quarter, over 400 units of multi-family development in the Origin, and an 185,000 square foot commercial office building currently owned by Brookfield Asset Management. The TIF district also includes a Macy's Department store site which was approved for redevelopment by the County into over 500 units of multi-family development by the Insight Property Group. As of January 1, 2024, total assessed value of parcels in the TIF district was approximately $419 million.

The Series 2016B Bonds are secured by a subordinate lien pledge of 65% of the incremental real property, sales and use, and meals tax revenues generated in the tax increment financing (TIF) district and a special assessment on certain real property within the TIF district. Due to delays in construction into Calendar Year ("CY") 2019 and the impact of the COVID-19 pandemic (which commenced in March 2020), stabilization of the redeveloped property has been delayed, and pledged TIF revenues have underperformed original projections.

ADOPTED FY 2023-2032 CAPITAL IMPROVEMENT PLAN

The County's Capital Improvement Plan ("CIP") for Fiscal Year 2023 through 2032 was adopted on July 19, 2022 and totals $4.4 billion in capital funding over the ten years. The CIP includes typical capital projects such as maintanenace capital, parks, transportation, metro, community conservation, government facilities, information technology, public schools, stormwater, utilities, and regional partnerships. The County traditionally prepares its CIP on a biennial basis that covers a ten-year planning period. For more information about the County's FY 2023 through 2032 CIP, please visit https://budget.arlingtonva.us/cip/.

The tables on the following pages summarize expenditures by program category and sources of funding as presented in the Adopted FY 2023-2032 CIP:

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Adopted FY 2023 – FY 2032 Capital Improvement Program
Summary of Project Expenditures by Category and Sources of Financing
(in thousands of dollars)

Program Category	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Total
Local Parks & Recreation	$19,745	$31,568	$32,196	$14,887	$53,419	$19,226	$12,683	$18,656	$24,796	$43,402	$270,578
Transportation Initiatives [(1)] [(3)]	195,985	312,286	283,794	219,664	161,586	116,779	126,975	119,894	121,194	96,922	1,755,079
Metro	31,100	32,000	33,000	34,000	35,000	36,000	37,100	38,200	39,400	40,600	356,400
Community Conserv/Economic Develop.	7,774	7,625	10,525	9,525	7,525	7,525	8,525	8,525	9,525	9,525	86,599
Public / Government Facilities	39,033	33,710	46,823	18,725	20,945	26,290	48,350	18,765	19,140	22,115	293,896
Information Technology & Public Safety	29,760	30,540	25,471	15,488	19,005	7,890	16,177	19,283	18,026	10,792	192,432
Regional Partnerships	5,754	1,059	1,066	1,078	1,091	1,105	1,126	1,148	1,170	1,193	15,790
Water & Sewer Infrastructure	53,550	70,470	93,670	93,690	79,050	78,860	29,010	60,650	29,045	29,400	617,395
Stormwater Management [(2)]	28,795	39,750	32,320	48,385	44,855	30,205	21,055	30,885	29,515	25,570	331,335
Total County Capital	411,496	559,008	558,865	455,442	422,476	323,880	301,001	316,006	291,811	279,519	3,919,504
Schools Capital [(5)]	181,040	73,750	45,320	24,430	25,000	25,000	25,000	25,000	25,000	25,000	474,540
Total Capital Improvement Plan	$592,536	$632,758	$604,185	$479,872	$447,476	$348,880	$326,001	$341,006	$316,811	$304,519	$4,394,044

[(1)] Transportation Capital Fund is supported by a commercial real estate tax of $0.125 per $100 of assessed value and 30% of certain tax and other revenues collected at the NVTA. The Transportation Capital Fund is supplemented by County PAYG as well as state and federal revenues.
[(2)] Stormwater Management Fund is funded from the Sanitary District Tax, Watershed Management Fund, State Grants and project cost sharing with US Army Corps of Engineers. The sanitary district tax was increased from $0.01 to $0.013 per $100 of assessed value by the County Board on April 24, 2010. In CY 2021, the Sanitary District tax rate was increased to $0.017 per $100.
[(3)] Local and Regional funding for transportation projects from the NVTA was initially approved by the General Assembly in 2013.
[(4)] Other previously approved funds: Any funds other than GO Bonds that were approved as part of prior CIPs that are to be spent during the FY 2023 – FY 2032 CIP.
[(5)] Schools CIP reflects the School Board's adopted capital projects and related cash flows.

Adopted FY 2023 – FY 2032 Capital Improvement Program
Summary of Project Expenditures by Category and Sources of Financing – *Continued*
(in thousands of dollars)

Capital Funding Sources	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32	Total
Pay-As-You-Go (PAYG)	$8,405	$22,172	$24,710	$16,545	$16,476	$17,037	$19,636	$16,957	$20,113	$17,100	$179,151
Short Term Financing	14,630	15,001	16,655	14,307	18,791	7,310	12,998	18,805	13,498	10,868	142,863
General Fund GO Bond Issue	49,970	75,920	110,298	68,295	88,435	78,740	100,305	72,405	84,400	104,560	833,328
Schools GO Bond Issue [5]	51,900	73,750	45,320	24,430	25,000	25,000	25,000	25,000	25,000	25,000	345,400
Utilities PAYG	16,725	14,810	18,300	16,030	16,705	17,830	17,820	16,520	17,320	17,275	169,335
Utility GO Bond Issue	8,750	28,165	55,075	56,435	44,015	47,030	-	32,700	-	-	272,170
Sanitary District Tax [2]	3,835	3,835	3,835	3,835	3,830	4,545	4,035	4,120	4,220	4,220	40,310
Stormwater GO Bond Funding	-	12,835	28,485	44,550	41,025	25,660	17,020	26,765	25,295	21,350	242,985
Federal Funding	1,665	6,739	50,594	19,040	14,418	16,877	12,578	-	-	-	121,911
State Funding	12,815	39,684	35,885	34,196	36,396	25,956	35,099	28,759	37,134	21,671	307,595
Developer Contributions and Partnerships	6,935	12,791	8,574	11,577	33,444	11,470	14,013	18,557	10,860	11,255	139,476
14,417 27,473 42,037 63,858 43,851 32,024 30,450 34,927 36,314 38,756 364,107 Transportation Capital Fund (TCF) - C&I [1]	7,154	14,483	13,462	13,931	17,113	13,048	19,242	15,617	19,611	16,774	150,435
TCF - HB2313 Local [3]	-	11,378	42,187	49,565	18,209	7,655	6,103	6,697	7,292	7,391	156,477
HB2313 Regional [3]	1,230	5,678	11,847	11,459	15,498	11,571	6,637	15,911	9,584	4,652	94,067
Tax Increment Financing	4,416	16,810	17,926	13,898	13,276	7,097	5,065	2,824	6,170	3,647	91,129
Other Funding	202,847	381,524	525,190	461,951	446,482	348,850	326,001	336,564	316,811	304,519	3,650,739
8,405 22,172 24,710 16,545 16,476 17,037 19,636 16,957 20,113 17,100 179,151 **Subtotal New Funding**	14,630	15,001	16,655	14,307	18,791	7,310	12,998	18,805	13,498	10,868	142,863
Previously Approved Funding											
Authorized but Unissued Bonds	43,680	28,580	4,000	3,000	-	-	-	-	-	-	79,260
Issued but Unspent Bonds	107,301	4,367	2,363	904	-	-	-	-	-	-	114,935
Other Previously Approved Funds [4]	238,708	218,287	77,074	14,017	994	30	-	-	-	-	549,110
Subtotal Previously Approved Funding	389,689	251,234	83,437	17,921	994	30	-	-	-	-	743,305
Total Funding	$592,536	$632,758	$608,627	$479,872	$447,476	$348,880	$326,001	$336,564	$316,811	$304,519	$4,394,044

[1] Transportation Capital Fund is supported by a commercial real estate tax of $0.125 per $100 of assessed value and 30% of certain tax and other revenues collected at the NVTA. The Transportation Capital Fund is supplemented by County PAYG as well as state and federal revenues.
[2] Stormwater Management Fund is funded from the Sanitary District Tax, Watershed Management Fund, State Grants and project cost sharing with US Army Corps of Engineers.
[3] Local and Regional funding for transportation projects from the NVTA was initially approved by the General Assembly in 2013.
[4] Other previously approved funds: Any funds other than GO Bonds that were approved as part of prior CIPs that are to be spent during the FY 2023 – FY 2032 CIP.
[5] Schools CIP reflects the School Board's adopted capital projects and related cash flows.

PROPOSED FY 2025-2034 CAPITAL IMPROVEMENT PLAN

The County Manager's Proposed CIP for Fiscal Year 2025 through 2034 was presented to the County Board on May 28, 2024 and totals $4.5 billion in capital funding, excluding Arlington Public Schools, over ten years from 2025 through 2034. The Proposed CIP for Fiscal Year 2025 through 2034 has not yet been adopted by the County Board. The CIP includes typical capital projects such as maintanenace capital, parks, transportation, metro, community conservation, government facilities, information technology, public schools, stormwater, utilities, and regional partnerships. The County traditionally prepares its CIP on a biennial basis that covers a ten-year planning period. For more information about the County's Proposed FY 2025 through 2034 CIP, please visit https://www.arlingtonva.us/Government/Programs/Budget-Finance/CIP/.

Capital Facilities Policies

The County's comprehensive planning process is comprised of nine major plan elements. The comprehensive planning process includes the ten-year CIP which is reviewed and updated biennally. The CIP identifies the capital needs of the community and indicates how these capital needs will be funded over the next ten years. The ten-year CIP brings together for implementation the nine major County comprehensive plans. These nine plans include: the General Land Use Plan, the Master Transportation Plan, the Storm Water Master Plan, the Water Distribution System Master Plan, the Sanitary Sewer System Plan, the Recycling Program Implementation Plan and Map, the Chesapeake Bay Preservation Ordinance and Plan, the Public Spaces Master Plan, and the Historic Preservation Master Plan. Each of the nine plans is periodically updated based upon changing community and infrastructure needs. In addition, the County school system updates its long-term capital improvement plan for school facilities in the same timeframe as the County's CIP process.

In the development of the Capital Improvement Program, the County establishes its long-range plan for either PAYG or bond financing of its entire Capital Improvement Program. In determining the level of capital projects to finance and the method of financing, the County considers its financial capability to undertake these projects. The financial capability analysis includes a review of debt capacity factors and the impact of the costs of the proposed Capital Improvement Program on the debt capacity factors. As of June 30, 2023, the ratio of net tax supported debt to the County's assessment base, excluding self-supported general obligation debt in the Utilities Fund, was 1.41%.

FINANCIAL AND DEBT MANAGEMENT POLICIES

Specific County policies and practices have been established in key fiscal areas ranging from the approval of annual budgets and tax rates to the establishment of long range fiscal goals and objectives. In April 2008, the County Board adopted a new set of comprehensive financial policies that affirmed existing policies and included new and expanded policies where appropriate. The polices are reviewed annually and were recently updated in April 2024 with adoption of the FY 2025 budget. These policies are summarized below.

Reserves

General Fund Operating Reserve: The County Board's financial policies maintian that the Operating Reserve will be no less than 5.5% of the County's General Fund budget. The policy provides that the 5.5% target could be met by reserve-equivalents, including discretionary funds which have been designated by the County for a non-essential purpose. Appropriations from the Operating Reserve may only be made by a vote of the County Board to meet a critical, unpredictable financial need. Any draw on the operating reserve will be replenished within the subsequent three fiscal years.

Self-Insurance Reserve: In addition to the General Fund Operating Reserve, the County maintains a self-insurance reserve equivalent to approximately one to two months' claim payments based on a five-year rolling average. As part of the Adopted FY 2025 Budget, the County increased this reserve from $5,000,000 to $6,045,000 based on a review of claims data. Any draw on the reserve will be replenished within the subsequent two fiscal years. This reserve complements the County's purchased insurance coverage. The major self-insurance programs of the County include: workers' compensation, employees' health insurance, the self-insured retention portion of general, automobile, and public officials' liability and associated claims and expenses are funded in the General Fund. The

County's purchased insurance coverage includes: primary property on real and personal property, automobile physical damage (excluding collision), excess general liability (over $1 million), primary and excess easement liability, group accident liability, Constitutional Officers general, business property, and automobile liability, garage keepers primary liability for Trades Center operations, Ballston Garage excess liability and garage keepers legal liability, volunteer's liability, Employees' Supplemental Retirement System fiduciary liability, primary and excess public officials and employee liability and medical malpractice.

Other Reserves: In FY 2014, the County Board made a one-time appropriation for a new Economic Stabilization Contingent Account in the amount of $3,000,000. This contingent account was maintained at this level through FY 2017. As part of the revised financial policies in the adopted FY 2018 budget, it was expanded in scope and renamed the Budget, Economic, and Revenue Stabilization Contingent. Funding of this account was also increased to $4,000,000, to be evaluated annually. In the adopted FY 2020 budget, the contingent account amount was raised to $6,700,000. In the adopted FY 2021 budget, the contingent account was renamed the Stabilization Reserve Account and the minimum amount in the resereve was raised to 1% of the General Fund budget or $13.5 million. In the adopted FY 2025 budget, an additional $5.8 million was added to the reserve. As part of the County Manager's Proposed FY 2025 through FY 2034 CIP, he has recommended that the County Board consider raising the policy threshold for the Stabilization Reserve to 1.3% of the General Fund Budget. Since FY 1991, the County has annually appropriated a contingent account labeled the "Affordable Housing Investment Fund" for affordable housing initiatives, which totaled $15.4 million in the FY 2020 budget, $15.4 million in the FY 2021 budget, $16.2 million in the FY 2022 budget and $18.7 million in the FY 2023 budget. See **"OPERATING BUDGET INFORMATION"** below for more detail.

Debt Management

The County maintains debt affordability limits for its tax supported debt. Tax supported debt includes general obligation bonds that are not self-supporting and subject to appropriation financings. The County's four debt capacity targets are as follows:

(1) The ratio of tax supported debt service to General Expenditures should not exceed 10%.

(2) The ratio of outstanding tax supported debt plus all subject to appropriation debt to market valuation of taxable property should not exceed 3%.

(3) The ratio of tax supported debt to income should not exceed 6%.

(4) Growth in debt service should be able to be sustained with the projected growth of revenues. Debt service growth should not exceed the average ten year historical revenue growth.

The County is in compliance with these limitations. The County Board's policies also provide guidance on debt term and amortization, specifically stating that the term should not exceed the useful life of projects and allowing for use of level debt service or other amortization structures if appropriate.

The County's variable rate debt policy, limits the amount of unhedged variable rate debt to 20%, and excludes any hedging mechanism in the calculation of outstanding variable rate debt in the County's debt portfolio. The County's debt and financial policies also limit the notional amount of derivatives to 20% of the County's outstanding debt portfolio; usage of highly rated counterparties; and extensive stress testing before entering into a derivative contract. To date, the County has not entered into any swap agreements.

Other Policies

The County Board's financial policies provide guidance in several other areas. In the area of retirement funding and other post-employment benefits, County Board policy states that the County will use an actuarially accepted method of funding its other post-employment and retirement benefits to maintain a fully-funded position. The County's contribution to other post-employment benefit and retirement costs will be adjusted annually as necessary to maintain full funding. If the County reaches its actuarial-required contribution (defined as County and employee contributions that when expressed as a percent of annual covered payroll are sufficient to accumulate assets to pay benefits when due), the County may reduce its contribution provided that the amount reduced from the annual actuarial requirement will only be used for one-time, non-recurring expenses in order to provide the ability to increase contributions as may be required by future market conditions. For any moral obligation support provided to partners, an evaluation of the risk to the County's balance sheet and stress testing of the financial assumptions underlying the proposed project will be performed.

The Board also maintains individual financial policies for certain dedicated special revenue and enterprise funds, which include the Transportation Investment Fund, Stormwater Management and Utilities Fund. As part of the revisions adopted with the FY 2021 Capital Improvement Plan, additional financial policies were created for the Stormwater Management fund. The policies provide that each fund will be self-supporting and not require General Fund support; set reserve targets specific to each fund; provide guidance on debt issuance and leveraging, including debt service coverage; and require multi-year financial planning that integrates capital and operating needs.

A policy for Tax Increment Funds ("TIF") requires that the intended use of funds be specified at the time of TIF creation, limits the combined assessed value of all TIF areas to 25% of the then current County assessments, restricts available TIF revenues to 40% of total TIF revenues, sets guidelines on leveraging of TIF funds, requires an annual reserve of 10% of annual budgeted revenues, and maintains a 2.0 times minimum coverage ratio. For any leveraging of TIF funds by a private developer, additional policies will be established by the County.

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SECTION THREE: FINANCIAL INFORMATION

BASIS OF ACCOUNTING AND ACCOUNTING STRUCTURE

The County's accounting and financial reporting are accomplished with respect to Generally Accepted Accounting Principles ("GAAP") and in compliance with Governmental Accounting Standard Board ("GASB"). Furthermore, independent auditors audit the financial statements annually. The County's financial statements include the following sections:

- Management's discussion and analysis ("MD&A").
  - The MD&A introduces the basic financial statements and provides an analytical overview of the government's financial activities.

- Basic financial statements. The basic financial statements include:
  - Government-wide financial statements, consisting of a statement of net assets and a statement of activities.
  - Fund financial statements consisting of a series of statements that focus on information about the government's major governmental and enterprise funds, including its blended component units. Fund financial statements also report information about the government's fiduciary funds and components units that are fiduciary in nature.
  - Notes to the financial statements provide information that is essential to a user's understanding of the basic financial statements.

- Required supplementary information ("RSI"). In addition to MD&A, budgetary comparison schedules are presented as RSI along with other types of data as required by GASB pronouncements.

The governmental-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, licenses and interest associated with the current fiscal period are all considered subject to accrual and recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period, is considered subject to accrual. All other revenue items not specifically identified earlier, are considered measurable and available when cash is received by the government.

CERTIFICATES OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Reports for FY 1986 through 2023. For FY 1986 through 2024, the County received GFOA's Award for Distinguished Budget Presentation.

FUND ACCOUNTING

The accounts of the County are organized on the basis of funds, each of which constitutes a separate entity for accounting purposes.

General Fund

The General Fund is the primary operating fund of the County and receives most of the revenue derived by the County from local sources, including general real estate and personal property taxes, other local taxes, licenses, permits and privilege fees. Other sources of revenue to the General Fund include monies from the Commonwealth representing the County's share of Commonwealth-derived non-school revenue and reimbursement of County expenses shared by the Commonwealth. In addition, revenue is received by the General Fund from the federal government to pay a portion of the costs of County programs.

Major General Fund expenditures include the costs of general County government services (including administration, police, fire, community planning, housing, economic development, parks, recreation, public works, environmental services, human services, public transit and courts), payments for debt service (excluding the portion of County general obligation bonds which is payable from the Enterprise Fund and the School Debt Service Fund) and transfers to other funds, including the local share to the School Fund.

General Fund Revenues and Expenditures

The financial data shown below provides a summary of revenues and expenditures of the County's General Fund for the last five fiscal years ended June 30.

Summaries for FY 2019 through FY 2023 are compiled from the Annual Comprehensive Financial Reports that have been audited by the independent auditor for the County. These summaries should be read in conjunction with their related financial statements and notes. See Appendix B. Certain restatements have been made in order to conform to current departmental functions.

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Five-Year Summary of General Fund Revenues and Expenditures for the Fiscal Year Ended June 30

	2019	2020	2021	2022	2023
REVENUES:					
Taxes	$1,084,626,492	$1,111,569,078	$1,120,021,010	$1,184,396,767	$1,254,658,601
Licenses and permits	12,150,581	14,136,969	13,002,084	14,678,868	10,162,288
From the Commonwealth of Virginia	76,434,686	77,489,102	80,446,925	83,711,767	85,807,699
From the federal government	17,649,032	32,982,735	53,110,553	55,105,568	55,128,922
Charges for services	62,380,067	55,568,399	46,139,224	54,163,697	59,030,346
Fines and forfeitures	7,637,315	6,781,552	5,484,417	5,765,432	5,161,999
Use of money and property	27,491,249	19,676,879	7,059,228	26,067,463	33,022,703
Miscellaneous revenues	11,498,802	7,607,277	33,729,139	182,737,636	24,500,009
Total Revenues	**$1,299,868,224**	**$1,325,811,991**	**$1,358,992,580**	**$1,606,627,198**	**$1,527,472,567**
EXPENDITURES:					
Current:					
General government	$63,526,723	$67,794,473	$68,582,839	$86,083,521	$76,722,282
Judicial administration	64,008,417	63,540,391	62,876,061	67,157,359	68,709,247
Public safety	144,778,022	149,210,523	149,796,459	157,196,992	168,555,938
Environmental services	94,053,743	96,197,295	101,837,787	107,392,616	112,573,286
Health and welfare	135,256,946	140,082,502	143,077,533	208,010,638	170,966,283
Parks and recreation	41,865,623	40,749,903	35,489,121	44,340,809	52,485,423
Libraries	14,458,512	14,333,511	12,861,819	13,938,064	16,213,146
Planning and community development	19,473,043	19,335,014	19,717,583	21,094,799	21,904,524
Non-departmental	64,270,266	52,773,126	85,329,314	320,835,968	99,243,776
Contributions to regional agencies	49,957,545	54,935,314	54,209,379	53,563,050	53,907,492
Debt service:					
Principal	44,859,170	45,298,185	41,827,178	50,321,380	49,725,000
Interest on serial bonds	22,728,757	26,723,993	24,624,754	28,928,670	26,984,082
Other costs	98,453	24,950	29,480	58,011	29,969
Total Expenditures	**$759,335,220**	**$770,999,180**	**$800,259,307**	**$1,158,921,877**	**$918,020,448**
Revenues over Expenditures	**$542,474,818**	**$554,812,811**	**$558,733,273**	**$447,705,321**	**$609,452,119**
OTHER FINANCING SOURCES(USES):					
Transfers in	$8,541,613	$5,286,075	$8,331,458	$3,836,863	$7,861,286
Transfers from component unit	2,403,864	1,736,821	132,138	196,402	2,207,346
Transfers out	(10,599,174)	(32,699,061)	(11,889,016)	(11,205,550)	(15,543,070)
Transfers to component unit	(491,718,373)	(520,148,028)	(500,696,675)	(558,674,283)	(605,246,292)
Premium on sales of bonds	-	-	-	-	-
Proceeds from line of credit	-	-	-	150,000,000	-
Proceeds from sale of land		4,862,630	8,095,928	1,062,156	1,798,508
Total Other Financing Sources(Uses)	**$(489,430,256)**	**$(540,961,563)**	**$(496,026,167)**	**$(414,784,412)**	**$(608,922,222)**
Revenues Over (Under) Expenditures and Other Sources(Uses):	51,102,748	13,851,248	62,707,106	32,920,909	529,897
FUND BALANCE, beginning of year	**$181,910,989**	**$233,013,737**	**$267,179,402**	**$329,886,148**	**$362,807,057**
FUND BALANCE, end of year[1]	**$233,013,737**	**$246,864,985**	**$329,886,148**	**$362,807,057**	**$363,336,953**

Source: FY 2019 through FY 2023 Annual Comprehensive Financial Reports - Exhibit A-2.

(1) Beginning Fund balance restated in FY 2021 due to GASB-84

At the end of FY 2023, the General Fund revenues and transfers in were greater than expenditures and transfers out, net of bond premium, by $0.5 million or approximately 0.04% of General Fund revenues, leaving a General Fund balance at June 30, 2023, of approximately $363 million. The following table presents a comparison of the County's General Fund balance for FY 2019 through FY 2023.

General Fund Balance
Fiscal Years 2019 to 2023
Ended June 30

General Fund Balance:	2019	2020	2021	2022	2023
Restricted / Nonspendable	$1,764,279	$2,102,321	$22,109,153	$26,215,167	$30,051,419
Committed to Self Insurance Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,415,547
Committed/Assigned to Future Year's Budgets	9,138,076	31,932,599	79,235,300	93,580,072	72,233,109
Committed/Assigned to Operating Reserve	81,374,735	73,999,445	76,613,044	76,613,044	85,339,704
Committed/Assigned to Capital Projects	32,744,999	15,138,549	19,839,563	15,107,118	31,139,491
Other Committed	65,278,307	91,320,090	58,822,454	81,247,402	48,284,112
Other Assigned	23,470,011	27,371,982	51,723,024	38,515,415	69,363,692
Unassigned	14,243,330	-	16,543,609	26,528,839	21,509,879
Total General Fund Balance	$233,013,737	246,864,985	329,886,148	362,807,057	363,336,953
General Fund Expenditures and Other Financing Uses:	$1,261,652,767	$1,323,846,269	$1,312,844,998	$1,728,801,710	$1,538,809,810
Balance as a Percent of Expenditures and Other Financing Uses:	18.47%	18.65%	25.13%	20.99%	23.61%

Source: FY 2019 through FY 2023 Annual Comprehensive Financial Reports, Exhibits A-1 and A-2.

OPERATING BUDGET INFORMATION

Fiscal Year 2024 Operating Budget

The County's FY 2024 Adopted Budget was adopted on April 22, 2023, by the County Board. The FY 2024 Adopted Budget of $1.55 billion leaves the base real estate tax rate at $1.013 per $100 of assessed property value, and the sanitary district tax rate remained $0.017 per $100 of assessed property value to support stormwater improvements.

The FY 2024 Adopted Budget begins to look beyond the COVID-19 pandemic with a focus on employee compensation, the environment, housing, and public safety, amont other priorities. Investments in employee compensation showed the County's commitment to the workforce and a focus on recruiting and retaining high quality staff through increased compensation, benefit enhancements, and strategic retention and signing bonuses. This budget also demonstrated the County's whole of govenemnt approach to the climate emergency by establishing the Office of Climate Coordination and Policy together with over $4 million in other programs combating climate change. The FY 2024 Adopted Budget reaffirms the County's continued emphasis on housing support, eviction prevention, and increasing affordable housing supply and dedicated additional funding to meet the growing demand for direct housing assistance.

More information on the County's FY 2024 Adopted Budget can be found at https://www.arlingtonva.us/Government/Programs/Budget-Finance/FY-2024-Adopted-Budget.

Fiscal Year 2025 Operating Budget

The County's FY 2025 Adopted Budget was adopted on April 20, 2024, by the County Board. The FY 2025 Adopted Budget of $1.65 billion increases the base real estate tax rate by 2 cents to $1.033 per $100 of assessed property value, partially offset by the elimination of the sanitary district tax rate of $0.017 per $100 of assessed property value to support stormwater improvements. The stormwater program will instead move to a stormwater utility fee structure.

The FY 2025 Adopted Budget funds priority needs that face the community, including affordable housing, eviction prevention, investments in the environment, and support for teens and youth, such as programs for teen mental health and substance use prevention. The budget also reflects Arlington's ongoing challenges with increased office market vacancies and stresses on the social services network. There are significant one-time investments in the County's economic stabilization reserve, and support for Arlington Economic Development's small business program, food security grants, and the Department of Human Services' Mobile Outreach Support Team.

More information on the County's FY 2025 Adopted Budget can be found at https://www.arlingtonva.us/Government/Programs/Budget-Finance/FY-2025-Budget-Information.

GENERAL FUND EXPENDITURES

Costs of General County Government

General County government services are paid for out of the General Fund. These costs include environmental services, public safety, courts, human services, planning and community development, parks and recreation, libraries, governmental administration, support of regional agencies for services such as mass transit, as well as General Fund debt service. In FY 2023, these expenditures represented approximately 56% of total disbursements from the General Fund.

Transfers to Other Operating Funds

The County makes transfers from the General Fund to the Printing Fund to support operations and activities, and to the Automotive Equipment Fund when additional vehicle purchases are authorized. These expenditures totaled less than 0.1% of General Fund disbursements in FY 2023.

The County began setting funds aside in FY 2007 to meet its obligations for Other Post-Employment Benefits ("OPEB"), specifically retiree health care. In FY 2009, a separate trust fund was established. Transfers to the OPEB Trust Fund in FY 2023 totaled $17,573,495, or approximately 1.0% of total General Fund disbursements. See "**COUNTY GOVERNMENT EMPLOYMENT – Other Post-Employment Employee Benefits (OPEB)**" in Section Three.

The County transfers monies from the General Fund to the School funds to pay the County's share of the costs of operating public schools in the County. This expenditure totaled $712.0 million, or approximately 44% of total disbursements from the General Fund in FY 2023. The principal sources of other revenues credited directly to the School funds are derived from the Commonwealth and the federal government and locally from fees imposed on students.

The County transfers from the General Fund to the County General Capital Projects Fund amounts sufficient to fund various capital projects. Transfers to the County General Capital Projects Fund totaled $14.5 million, or approximately 0.9% of the total General Fund disbursements in FY 2023.

GENERAL FUND REVENUES

The following table shows the County's principal tax revenues by source for each of the last five fiscal years.

Principal Tax Revenues by Source[1]

Fiscal Year	Real Property Taxes	Personal Property Taxes	General Sales Tax	Business License Taxes	Transient Taxes	Other Taxes[2]	Total
2019	$745,871,152	$117,994,659	$44,047,335	$69,913,867	$24,623,587	$82,175,892	$1,084,626,492
2020	784,070,294	120,480,341	43,718,554	71,999,176	16,553,258	74,747,455	1,111,571,078
2021	811,117,306	121,056,721	38,944,668	75,582,278	5,668,798	67,651,239	1,120,023,031
2022	830,318,888	127,071,165	47,967,779	77,913,433	15,070,995	86,054,507	1,184,398,789
2023	862,594,538	141,574,708	53,332,446	83,191,768	22,697,994	91,267,147	1,254,658,601

Source: FY 2023 Annual Comprehensive Financial Report.
(1) Reflects budgetary presentation of tax sources, including late fees and penalties.
(2) Includes commercial utility tax, meals tax, communications tax, recordation tax and other taxes.

Real Estate and Personal Property Taxes

An annual ad valorem tax is levied by the County on the assessed value of real and tangible personal property located within the County. Commonwealth property assessment law requires real property assessments throughout the State to be made at a ratio of 100% of fair market value. Real property is assessed as of January 1 of the calendar year and the taxes are due on June 15 and October 5. Beginning April 18, 2015, the penalty for late payment on real property taxes is 5% of the tax due or $5, whichever is greater, and if any tax installment remains unpaid in whole or in part 30 days after the payment date, the unpaid amount incurs an additional penalty of 5% or $5, whichever is greater, but in no event may the penalty exceed the amount of the tax due. Personal property taxes are due on October 5 of the calendar year in which the tax is levied. The penalty for late payment is 10% of the tax due or $10, whichever is greater, but not to exceed the amount of the tax. An additional 15% penalty is added to the outstanding tax due on personal property and business tangible taxes 60 days after the due date. The delinquent interest rate is 10% for all other taxes. In cases of real estate on which delinquent taxes are not paid after the second year, the County may sell the property at public auction to pay the amounts due. There is no limit at the present time on the property tax rates which may be established by the County. In FY 2023, real estate property taxes (including penalties and interest for late payment of current year's taxes) represented $862,594,538 or 57% of total General Fund Receipts.

In June 2004, the General Assembly adopted its budget (SB 5005) which fundamentally changed the Personal Property Tax Relief Act enacted in 1998. Beginning in calendar year 2006, Arlington is no longer reimbursed for 70% of vehicle taxes for automobiles assessed below $20,000. Rather, the Commonwealth reimburses the County a fixed amount ($31.3 million) annually as a fixed block grant for vehicle tax reductions.

The Commonwealth requires localities to distribute the fixed block grant to qualifying vehicle value below $20,000. The Commonwealth allows localities wide discretion in determining how the money should be spread among the qualifying vehicle value range. Owners of cars that the Virginia Department of Motor Vehicles has designated as "clean special fuel" vehicles—a designation that includes most hybrid vehicles— and vehicles equipped to transport disabled persons may qualify for additional tax relief. The FY 2024 and FY 2025 budgets provide that owners of qualifying vehicles will receive 100% tax relief on vehicles less than $3,000 and 28% tax relief on the portion of vehicle value between $3,000 and $20,000. By state law, no tax relief can be provided on any portion of a vehicle's value in excess of $20,000. Further, due to historically high vehicle assessments for CY 2022, the Commissioner of Revenue proposed and the County Board approved a lowered assessment ratio of 88% for CY 2022. The assessment ratio reverted to 100% for the FY 2024 adopted budget and remains as such.

The following table sets forth information concerning the County's real estate and personal property tax collection rate for the last five fiscal years.

Real and Personal Property
Tax Levies and Collections[(1)(2)(3)]

Fiscal Year	Total Adjusted Tax Levy	Collected in Fiscal Year of Levy	Percent of Levy Collected	Collected in Subsequent Years	Total Taxes Collected to Date	Total Collections As % of Levy
2019	$932,716,562	$929,826,270	99.69%	$2,671,772	$932,498,042	99.98%
2020	973,867,187	968,914,354	99.49	4,732,554	973,646,908	99.98
2021	997,792,580	994,296,343	99.65	3,235,547	997,531,890	99.97
2022	1,020,339,220	1,017,699,592	99.74	2,353,330	1,020,052,992	99.97
2023	1,067,108,899	1,065,332,612	99.83	-	1,065,322,612	99.83

Source: FY 2023 Annual Comprehensive Financial Report, Table H.
(1) "Total Adjusted Tax Levy" reflects taxes assessed in the current period less changes in the amount of deferred Real Estate taxes, plus penalties assessed for the current and prior years.
(2) "Collected in Fiscal Year of Levy" reflects the amount of a fiscal year's tax levy collected during the same fiscal year.
(3) "Total Collections to Date" reflects "Collected in Fiscal Year of Levy" plus collection of taxes and penalties in subsequent years.

Under Virginia law, when real property taxes are assessed, an automatic lien attaches to the property. Liens on unpaid real property taxes represent a small portion of the annual real estate tax levy. The County may sell real estate on which taxes are not paid. If taxes are delinquent for more than two years the property may be sold through the bill in equity process (Virginia Code sections 58.1-3965 et seq.). Finally, any property against which a judgment has been rendered may be sold by court order (Virginia Code section 8.01-462).

The following table sets forth the 10 largest taxpayers of ad valorem real property taxes, the assessed value of property owned by each taxpayer and the taxpayer's percentage of the total assessed value of real property in the County.

Ten Largest Real Estate Taxpayers
June 30, 2023

	Taxpayer	Type of Business	Assessed Value	% of Total
1.	JBG Smith Properties	Office buildings, apartments, hotel, land	$5,055,285,000	5.66%
2.	Albrittain Interests	Apartments, general commercial	1,635,618,000	1.83
3.	Shirley Park Leasing	Office buildings, land	1,410,948,600	1.58
4.	Tishman Speyer	Apartment	1,366,806,800	1.53
5.	Arland Towers Company	Office buildings, land	1,373,452,800	1.53
6.	Paradigm Managed Properties	Apartments, general commercial	1,318,878,600	1.47
7.	Beacon Capital	Office buildings, land	925,187,300	1.03
8.	Caruthers	Retail, Office Apartment	720,162,800	0.80
9.	Street Retail Inc.	Office buildings, hotel, land	618,976,600	0.60
10.	Fashion Center Associates.	Mixed use retail	599,934,000	0.60
	Total Taxable Real Property:		$15,025,250,500	16.63%

Source: FY 2023 Annual Comprehensive Financial Report, Table G.

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Value of Taxable Property

The following table sets forth the assessed value of all taxable property in the County for the last five fiscal years. Tax exempt properties owned by the federal government, the Commonwealth, churches and schools, are not included in the table.

Historical Assessed Valuation

Fiscal Year	Real Property [1]	Personal Property [2]	Public Service Corporations [3]	Total
2019	$77,590,138,200	$2,319,811,269	$942,812,221	$80,852,761,690
2020	81,139,153,900	2,374,133,461	950,789,542	84,464,076,903
2021	83,049,154,800	2,345,618,833	956,482,215	86,351,255,848
2022	85,975,360,100	2,454,853,888	997,692,454	89,427,906,442
2023	89,197,941,100	2,868,289,317	1,049,315,284	93,115,545,701

Source: FY 2023 Annual Comprehensive Financial Report, Table F.
(1) Actual real property values at 100% of fair market value as of January 1 of each calendar year.
(2) Actual personal property values as of January 1 of the fiscal year.
(3) Includes real and personal property.

The County's tax rates and relative residential and commercial tax burdens are among the most competitive in the Washington, D.C. metropolitan area. As presented in the FY 2025 Adopted Budget, the County's base real estate tax rate, which increased in FY 2025 to $1.033 per $100 of assessed valuation, remains one of the lowest in Northern Virginia. The following table sets forth the tax rates on all taxable property in the County for the last five fiscal years.

Historical Property Tax Rates
(Per $100 of Assessed Valuation)

			Public Service Corporations		
Fiscal Year[1]	Real Property (Base/without Storm Water)[2]	Personal Property	Real Property	Vehicles	Other
2019	$1.013/$1.013	$5.00	$1.013/$1.013	$5.00	$0.945
2020	1.013/1.013	5.00	1.013/1.013	5.00	0.945
2021	1.013/1.013	5.00	1.013/1.013	5.00	0.945
2022	1.013/1.013	5.00	1.013/1.013	5.00	0.945
2023	1.013/1.013	5.00	1.013/1.013	5.00	0.945

Source: FY 2023 Annual Comprehensive Financial Report.
(1) The tax rate shown in each fiscal year represents the rate applicable to those taxes which became due during the fiscal year. Real property tax rates apply to amounts due in June of the current calendar year and in October of the prior calendar year. The personal property tax rate in any fiscal year represents the rate applicable to amounts that became due in September of the prior calendar year.
(2) Effective as of July 1, 2024, the County eliminated the incremental real property tax for stormwater purposes.

Local Sales Tax

A 1% County retail sales tax is added to the 5.0% Commonwealth sales tax. The County sales tax is collected with the Commonwealth sales tax. The tax monies for the local portion are remitted to the County by the Commonwealth during the month following receipt. The receipts were $53,332,446 or 3.5% of the General Fund revenues for FY 2023. The table below shows revenue from the local sales tax for the past five fiscal years.

Local Sales Tax Revenues

Fiscal Year	Revenues	Percent Change
2019	$44,047,335	4.86%
2020	43,718,554	(0.75)
2021	38,944,668	(10.9)
2022	47,967,779	23.2
2023	53,332,446	11.2

Source: FY 2023 Annual Comprehensive Financial Report, Table E.

Business, Professional and Occupational License Taxes

Business, Professional and Occupational License ("BPOL") taxes are levied for the privilege of conducting business and engaging in certain professions, trades and occupations in the County. Both flat license fees and rates established as a percent of gross receipts are imposed. The calendar year is the tax year. Beginning calendar year 2001, the license tax due date changed from January 31 to March 1. Certain categories of businesses and all businesses whose tax bills fall within certain dollar parameters may defer up to one-half of their tax payment until June 15th of the same year. Persons liable for the payment of the license tax make application for the license to the Commissioner of the Revenue, and in cases where the tax is based on gross receipts, the applicant must furnish to the Commissioner of the Revenue a sworn statement of the amount of gross receipts from the previous year.

Since FY 1996, the County's business license professional rate tax has been $0.35 per $100 of gross receipts. Businesses with gross receipts of $10,000 or under are required to file, but pay no tax, and those with gross receipts of $10,001 to $50,000 pay a flat fee of $30. However, beginning in April 2009, businesses with gross receipts of less than $10,000 not having significant business tangible assets are exempt from the filing requirement.

Business, Professional and Occupational License Tax Revenues

Fiscal Year	Revenues	Percent Change
2019	$69,913,867	11.00%
2020	71,999,176	2.98
2021	75,582,278	4.98
2022	77,913,433	3.08
2023	83,191,768	6.78

Source: FY 2023 Annual Comprehensive Financial Report, Exhibit 4.

Utility Tax

In July 1989, Arlington instituted a utility tax on all commercial users of electricity and on natural gas users. In addition, federal, state and local government properties, as well as property exempt from real estate taxation, are exempt from the utilities tax. In FY 2023, utility tax revenues were $16,569,439 or approximately 1.1% of total General Fund revenues. Beginning in July 2005, Arlington increased the tax rate on electricity and natural gas approximately 30%. Beginning in FY 2008, Arlington began to assess a utility tax on residential users in addition to commercial users. Revenue from this new tax is used to support environmental initiatives within the County.

Utility Tax Revenue

Fiscal Year	Revenues	Percent Change
2019	$16,462,272	36.64%
2020	17,034,351	3.48
2021	16,177,645	(5.03)
2022	16,770,948	3.67
2023	16,569,439	(1.20)

Source: FY 2023 Annual Comprehensive Financial Report, Exhibit 4.

Transient Tax

For FY 2023, the transient tax generated approximately 1.5% of General Fund revenues.

Transient Tax Revenues

Fiscal Year	Revenues	Percent Change
2019	$25,855,177	(2.79)%
2020	16,553,258	(36.00)
2021	5,668,798	(65.80)
2022	15,070,995	165.90
2023	22,697,994	50.60

Source: FY 2023 Annual Comprehensive Financial Report.
(1) Excludes revenue generated from the 0.25% tax increment dedicated for travel and tourism.

Other Taxes

Revenues received from various other local taxes include a 4% meals tax, a 30 cents per pack cigarette tax, a 4% car rental tax, a recordation tax, and other taxes. For FY 2023, other local taxes represented approximately 4.9% of total General Fund revenues.

Other Local Taxes

Fiscal Year	Revenues	Percent Change
2019	$65,713,620	(0.54)%
2020	57,713,104	(12.20)
2021	51,473,594	(10.80)
2022	69,283,559	36.60
2023	74,697,708	7.81

Source: FY 2023 Annual Comprehensive Financial Report.
(1) Excludes real estate tax, personal property tax, BPOL tax, local sales tax, transient tax and commercial and residential utility tax.

Revenue from the Commonwealth

The County is reimbursed by the Commonwealth of Virginia for a portion of certain shared office and employee expenses involving the Circuit Court Clerk, the Commonwealth's Attorney, Treasurer, Commissioner of the Revenue, Sheriff, Law Enforcement Aid and various health programs. In addition, the Commonwealth provides the County with revenue from the collection of sales and gasoline taxes to be used for the maintenance of secondary roads in the County. Revenue received from the Commonwealth for FY 2023 was $85.8 million, representing approximately 5.6% of total General Fund receipts.

Revenue from the Federal Government

Grants by the federal government under the Job Training Partnership Act and social services programs comprise the bulk of the General Fund revenue received from the federal government. In addition, since FY 1989, Arlington has served as the regional administrator of a large federal drug enforcement grant. Starting in FY 1986, Community Development Block Grant funds provided through the U.S. Department of Housing and Urban Development ("HUD") for the provision of low and moderate income housing and for improving the conditions of low income neighborhoods and areas of sub-standard housing have been accounted for in a special revenue fund due to changes in federal accounting requirements. Beginning in FY 1994, Section 8 funding provided by HUD for housing is also maintained in a special revenue fund. Revenue received by the General Fund from the federal government during FY 2023 was $55.1 million, representing approximately 3.6% of total General Fund receipts.

Charges for Services, Fines and Forfeitures and Miscellaneous Revenues

Charges for services include all revenues derived from service or user charges imposed by the County. Fines and forfeitures include moving traffic violation, parking violations, and a variety of court costs. Miscellaneous revenues include income from the investment of idle funds and a variety of small revenue producing sources.

BUDGETARY PROCEDURES

The County's annual budget is based on a fiscal year of July 1 to the following June 30. Under Virginia law, the County Board must adopt an appropriation resolution for the subsequent fiscal year no later than June 30. The appropriation resolution is based on a balanced budget of all fiscal year operating expenditures to be financed from current fiscal year revenues and balances available from prior years.

The County Manager's proposed budget for the following fiscal year is presented to the County Board in February of each year. The proposed budget includes recommended funding levels for all County programs, including a transfer to the Arlington Public Schools for School operations. Estimated revenues are detailed in the proposed budget, along with any recommended new taxes or changes in tax rates or service charges that may be proposed by the County Manager. The proposed budget of the School Board is received by the County Board prior to budget adoption, and under Virginia law the County Board must adopt the school budget no later than May 1. A separate ten-year CIP is also prepared every other year. Due to the COVID-19 pandemic, a one-year CIP was adopted for FY 2021, followed by a three-year CIP adopted for FY 2022 – FY 2024. A full ten-year CIP was adopted for FY 2023-FY 2032 on July 19, 2022.

Public hearings on the proposed budget and tax rates are typically held in late March or April. The County Board also holds a series of work sessions, during which preliminary funding decisions regarding proposed operating and capital programs are discussed. Final County Board decisions on proposed expenditure and revenue levels are incorporated into the appropriation resolution for the subsequent fiscal year. This appropriation resolution is approved by the County Board in April, based on a balanced budget of revenues and expenditures.

During the fiscal year, detailed reviews of both expenditures and revenues are conducted by the Department of Management and Finance. Adjustments in appropriations or expenditure rates, if necessary, are implemented at these times so that total General Fund expenditures and revenues will remain in balance throughout the fiscal year.

INVESTMENT POLICIES AND PRACTICES

The County, as an instrumentality of the Commonwealth of Virginia, is limited to investments permitted by Sections 2.2-4400 et seq., 2.2-4500 et seq., 2.2-4600 et seq. and 2.2-4700 et seq. of the Code of Virginia. In addition, the County Treasurer has a formal, written investment policy which further governs the types of allowable investments and procedures for investing the County's operating funds. The County Treasurer's investment practices are generally described in Note (1.F (Equity in Pooled Cash and Investments) in the Notes to the County's financial statements, included in Appendix A (FY 2022 ACFR). The County's investment policy was last updated in July 2023.

The County Treasurer is responsible for the investment of County's operating and bond funds. The Treasurer invests the County's funds using internal management with custodial agents taking possession of the investments. In January of 1987, the County Treasurer established a written investment policy that provides policy guidance on the placement of investments by the Treasurer; the most recent revision of the policy was put into place in July 2023. The County has also established a Finance Board pursuant to Sections 58.1-3151 et seq. of the Code of Virginia. The Finance Board includes the Treasurer, a citizen appointed by the Chief Judge of the County Circuit Court, the Commonwealth's Attorney and the County Board Chairperson and it meets at regular intervals (at least quarterly).

The Treasurer's investment policy sets forth a number of investment parameters such as investment objectives, asset allocations, and maximum maturities. The stated investment objectives, in priority order, are: preservation of principal, liquidity and yield. Pursuant to this policy, the Treasurer does not invest County operating funds and bond proceeds in "derivative" securities, securities lending, or reverse repurchase agreements. The Treasurer's general intent is to place and manage all bonds proceeds with and through the State Non-Arbitrage Program. Some additional investment guidelines set forth in the investment policy include:

The portfolio is managed on a hold to maturity basis, with a 60-month maximum maturity on any single instrument.

Investments are purchased through a competitive process and all non-depository instruments are settled on a delivery versus payment basis through a third-party custodian. All instruments are held in the name of the County.

The investment policy specifies maximum percentages of nonfederal treasury instruments to ensure diversification:

- Investments of $10 million or more must be procured via competitive bid from at least two dealers or financial institutions;
- No more than 35% of the portfolio may be invested in prime quality commercial paper;
- No more than 5% the portfolio may be invested in commercial paper of a single entity;
- No more than 50% of the portfolio may be invested in high quality corporate notes; and
- Performance is measured relative to the average of the three-month Treasury Bill auctions.

Copies of the County's investment policy will be made available upon request from the individuals listed in the first paragraph of Section One: "Additional Information."

The previously described investment policy related to the investment of operational and bond funds *does not apply* to the investment of the County's pension trust funds which are the responsibility of the Board of Trustees of the Arlington County Employees' Retirement System. The pension trust funds are invested by professional fund management firms using a formal asset allocation plan which seeks to diversify investments, maximize long-term returns, while reducing portfolio risk.

The pension trust fund is invested in (see Note 3 of the County's financial statements attached as Appendix A) equity securities, government securities and agency obligations, real estate, as well as corporate notes and bonds including mortgage-backed securities. These include both domestic and foreign investments, as well as securities lending and currency hedging. The pension trust fund investments and their performance are monitored not only by the Board of Trustees, but also by a professional investment consulting firm. Copies of the Financial Statements and Supplemental Schedules including the related Independent Auditor's Report for the Arlington County Employees' Retirement System and a copy of the Retirement System Annual Comprehensive Financial Report are available from the individuals listed in the first paragraph of Section One: "Additional Information."

COUNTY GOVERNMENT EMPLOYMENT

Employee Retirement Plans

The County maintains a single-employer, defined benefit pension plan, the Arlington County Employee's Retirement System ("System"), which covers substantially all employees of the County Board. The County also participates in the Virginia Retirement System ("VRS") that covers most School Board employees and a small number of County employees associated with state agencies.

In an actuarial analysis dated June 30, 2023, the County's actuary estimated the System's liability of $2,801 million and a net position of $2,976 million, resulting in a funded ratio of 106.3%. In FY 2023, the County's contribution to the System was $65.8 million.

Professional employees of Arlington County Public Schools participate in the VRS statewide teacher cost-sharing pool. There are 142 school boards participating in this pool. VRS is administered by the Commonwealth, which bills the County for the employer's share of contributions. In accordance with state law, the County is required to contribute at an actuarially determined rate. In FY 2023, the County's contribution to VRS was $57.2 million.

Other Post-Employment Employee Benefits

The County and Schools have taken significant steps to address their OPEB liabilities. Both entities have established OPEB Trusts through the System. The County's Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023, details the most recent actual actuarial information on OPEB, including annual OPEB costs, net OPEB obligation, funding status and progress, and actuarial methods and assumptions.

As of June 30, 2023, the County's actuary estimated an OPEB liability of $256.7 million and net assets of $228.0 million, resulting in a funded ratio of 89%. The County's recommended contribution was $8.3 million in FY 2023 and the County contributed $17.6 million or 210%. Additionally, the Schools' actuary estimated an OPEB liability as of June 30, 2023 of $126.3 million and net assets of $94.7 million, resulting in a funded ratio of 75.0%. The School's recommended contribution was $12.1 million in FY 2023 and the actual contribution was $11.5 million or 95%. The County and Schools adopted FY 2024 and FY 2025 budgets including funding to fully fund the annual recommended contributions. The County and the Schools continue to monitor health care costs and consider additional plan design changes if necessary.

Employee Relations

Over 9,508 positions are budgeted by the County and the Arlington County School Board in permanent and temporary classes. The County has approximately 4,258 full-time equivalent positions and the School Board has the remaining 5,250 positions in the FY 2024 adopted budget. Many County employees are members of employee associations. The Virginia General Assembly approved legislation in May 2021 allowing public employees of counties, cities, and towns in Virginia to engage in collective bargaining upon adopting and authorizing an ordinance or resolution. In July 2021, the Arlington County Board adopted an ordinance to allow collective bargaining by five bargaining units. These include police; fire and emergency medical services; service, labor, and trades; office and technical; and professional employees. Certain employee classifications are excluded from collective bargaining such as finance, human resources, Sheriff's office, and others. Currently, three unions have been recognized, Police, Fire, and Service, Labor and Trades. Collective Bargaining Agreements are in place with both Fire and Police through FY 2026 and with the Service, Labor and Trade units through FY 2027. The County has added additional staff and consulting resources to support the negotiations, including a Chief Labor Relations Officer and additional staff in legal and human resources. Funding for any agreement or arbitration award is subject to County Board appropriation.

Public employees of Virginia or of any county, city, or town in Virginia do not have a legal right to strike. Any such employee who engages in any organized strike or willfully refuses to perform his/her duties shall, according to Virginia law, be deemed to have terminated his/her employment. Re-employment of any such employee requires court approval.

PUBLISHED FINANCIAL INFORMATION

The County issues and distributes the Annual Comprehensive Financial Report on its financial operations for each fiscal year. The report covers the fiscal year ending the prior June 30.

The County's financial statements for FY 2023 have been audited by the independent public accounting firm of CliftonLarsonAllen LLP. The County's FY 2023 financial statements and the accountants' reports thereon, are available on the County's website at https://budget.arlingtonva.us/accounting.

Sections of the Annual Comprehensive Financial Report of Arlington County for FY 2023, which correspond to general purpose financial statements, are presented herein as Appendix B. These financial statements, along with the related Notes to Financial Statements, are intended to provide a broad overview of the financial position and operating results of the County's various funds and account groups. In addition to the Annual Comprehensive Financial Report, the County also annually publishes a comprehensive Operating Budget document and biennally publishes the ten-year Capital Improvement Program document. These documents are available on the County's website: https://budget.arlingtonva.us/.

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APPENDIX B

General Purpose Financial Statements
for Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the County Board
Arlington, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Gates Partnership, which represents 4.5%, 2.9%, and 2.9%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gates Partnership, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns (*the "Specifications*")* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section and Specifications of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Gates Partnership were not audited in accordance with Government Auditing Standards or the Specifications.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 7 to the financial statements, effective July 1, 2022, Arlington County Public Schools, a component unit of Arlington County, adopted Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* or the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Other Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying Other Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Members of the County Board
Arlington, Virginia

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2023

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Management's Discussion and Analysis

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Arlington County, Virginia ("the County"), we offer readers of the County's annual financial statements this overview and analysis of the financial activities of the County and its component units (i.e., Arlington Public Schools ("Schools") and Gates Partnership) for the fiscal year ended June 30, 2023.

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

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

Financial Highlights

Government Wide

- The total reporting entity has a positive net position of $2,687.7 million at June 30, 2023 (Table A-1). The net position includes increases of $79.3 million in governmental activities, and $195.7 impact to School's component unit, due to the implementation of GASB 96 for the Schools.
- For FY 2023, taxes and other revenues of the County's governmental activities amounted to $1,698.2 million. Expenses amounted to $1,618.9 million. (Table A-2)
- For FY 2023, revenues of the County's business-type activities were $142.3 million, and expenses were $124.6 million.
- GASB Statement No. 96, (GASB 96) *SBITA,* issued by Governmental Accounting Standards Board (GASB) covers specific contracts or obligations for subscription-based information technology arrangements (SBITA) and prescribes similar treatment as GASB 87 to SBITAs. Implementation requirement is by June 30, 2023; however, Arlington County implemented this standard early in conjunction with GASB 87 due to complex embedded lease contracts. Schools implemented GASB 96 in FY 2023.

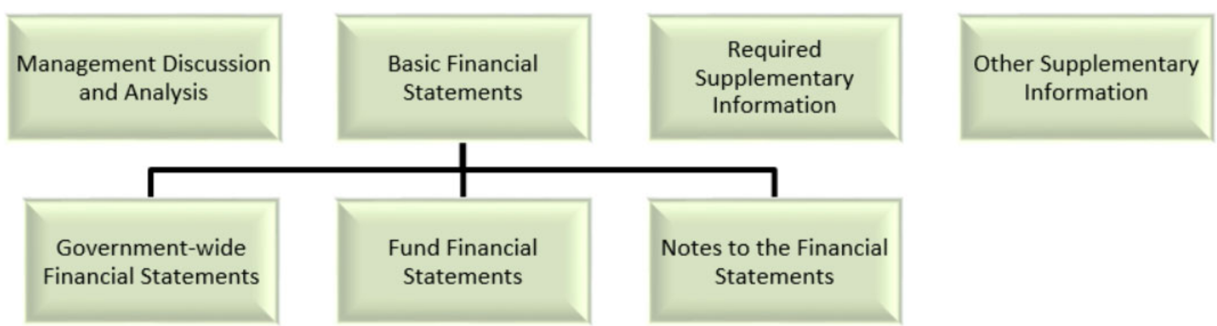
Fund Level

- As of June 30, 2023, the County's governmental funds reported combined fund balances of $806.9 million, a decrease of $12.0 million from FY 2022. (Exh. 3) The $26.7 million increase the Non-Major Governmental Fund is generally due to a bond issuance and restricted monies set aside for capital projects. There are offsetting decreases in the Transportation Capital fund and General Capital Projects fund in the amounts of $12.0 million and $3.2 million, respectively. The General Fund represents a $0.5 million increase from FY 2022. The resulting ending combined governmental fund balance of $806.9 million displays on Exh. 3 & Exh. 4.
- The County's general fund reported a fund balance of $363.3 million, an increase of $0.5 million from June 30, 2022. With fluctuations within line items detail, overall, the fund balance remained relatively constant.
- FY 2023 again saw a significant increase in interest rates which resulted in higher interest earnings on investments and bank balances. Investments are made in accordance with Virginia's Investment of Public Funds Act. On June 30, 2023, the County compliance with GASB 72 requires a comparison of the investment interest rate with the current interest rates to determine the mark-to-market valuation. Although not sold and therefore, not realized, the disclosure is an unrealized net loss of $26.2 million in the general fund balance. (Exh. 3.)
- Debt service (principal and interest) payments in FY 2023 totaled $78.0 million, a decrease from $80.6 million in FY 2022. Debt service covers capital projects for County government activities and component units, namely Schools. (Exh. 4.)

Other Financial Highlights

- County actions over the last five years have positioned Arlington to confront the pandemic and recession from a position of relative strength. Those actions include but are not limited to diversification of local employment base, economic development successes including Amazon's HQ2, and bolstered reserves.
- Reserves, fiscal constraint, federal and state COVID-19 related funding and active financial management have allowed a nimble response to the impacts of COVID-19.
- The County received its second tranche, $23.0 million, of federal ARPA funds in May 2022 and deferred those funds for fiscal year 2023. The County received its first tranche of federal ARPA funds, $23.0 million, in May 2021 and it was spent in fiscal year 2022. ARPA funds are restricted by federal revenue loss formula and eligible costs. COVID-19 related direct and indirect funding straddling multiple fiscal years exceeds $225 million.
- The County issued General Obligation (GO) bonds in FY 2023 in comparison to not issuing bonds in FY 2022. The County delayed bond issuance in FY 2020 and FY 2022 in a strategic effort to spend down capital funds first prior to the issuance of additional debt for bonded projects. The FY 2023 bond issuance of $208.3 million benefited the County by $99.3 million and the Schools by $109.0 million.
- In July 2021, the Arlington County Board adopted an ordinance to allow collective bargaining by five bargaining units. These include police; fire and emergency medical services; service, labor, and trades; office and technical; and professional employees. Certain employee classifications are excluded from collective bargaining such as finance, human resources, Sheriff's office, and others. Currently, three unions have been recognized, Police, Fire, and Service, Labor and Trades. Currently, Collective Bargaining Agreements are in place with both Fire and Police through FY 2026. An MOU with the Service, Labor and Trade units is in place through FY 2024. Tentative agreements governing wages and working conditions have been reached with the Service, Labor, and Trades unit for FY 2025 through FY 2027. The County has added additional staff and consulting resources to support the negotiations, including a Chief Labor Relations Officer and additional staff in legal and human resources. Funding for any agreement or arbitration award is subject to County Board appropriation.

Components of the Financial Section



Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like government-wide financial statements, provide both long-term and short-term financial information. The County uses enterprise funds to account for its utilities (water and sewer operations), its public parking garage operations, including the Eight-Level Ballston Public Parking Garage, and the Community Planning and Housing Development (CPHD) Fund.

Internal service funds are created as an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for the operation and maintenance of its fleet of vehicles and printing operation. Because both of these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

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

Financial Analysis of the County as a Whole

Net Position

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2023, net position for the total reporting entity was $2,687.7 million. The following table (Table A-1) reflects the condensed Statement of Net Position for FY 2023 and FY 2022:

Table A-1
Condensed Statement of Net Position
June 30, 2023
With Comparative Totals for June 30, 2022
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Current and other assets	$1,893.0	$2,515.3	$71.2	$105.9	$1,964.2	$2,621.2	$382.6	$333.2	$1.7	$7.4	$2,348.4	$2,961.8
Capital assets	1,896.5	1,670.6	1,110.6	1,081.1	3,007.1	2,751.7	981.2	874.9	62.1	63.8	4,050.4	3,690.4
Total assets	3,789.5	4,185.9	1,181.8	1,187.0	4,971.3	5,372.9	1,363.8	1,208.1	63.8	71.2	6,398.9	6,652.2
Deferred outflows of resources	232.0	136.2	-	-	232.0	136.2	130.9	148.6	-	-	362.9	284.8
Long-term debt outstanding	1,913.8	1,702.5	216.1	240.7	2,129.9	1,943.2	561.3	563.9	50.1	49.3	2,741.3	2,556.4
Other liabilities	230.6	357.2	32.6	31.1	263.2	388.4	94.0	83.2	1.8	1.9	359.0	473.5
Total liabilities	2,144.4	2,059.7	248.7	271.8	2,393.1	2,331.6	655.3	647.1	51.9	51.2	3,100.3	3,029.9
Deferred inflows of resources	795.4	1,260.1	1.1	1.0	796.5	1,261.1	185.0	250.9	-	-	981.5	1,512.0
Net Position:												
Investment in capital assets	709.6	514.3	921.7	910.2	1,631.3	1,424.5	907.0	920.4	11.9	14.3	2,059.6	2,359.2
Restricted for:												
Capital projects	118.5	81.2	-	-	118.5	81.2	158.8	84.0	-	-	277.3	165.2
Seized assets	5.6	2.0	-	-	5.6	2.0	-	-	-	-	5.6	2.0
Grants/Donations	20.5	20.6	-	-	20.5	20.6	7.1	4.2	-	-	27.6	24.8
Pension Asset	141.2	647.0	-	-	141.2	647.0	-	-	-	-	141.2	647.0
Unrestricted	86.2	(262.8)	10.3	4.0	96.5	(258.8)	(418.4)	(549.9)	7.7	5.7	176.4	(803.0)
Total Net Position	$1,081.6	$1,002.3	$932.0	$914.2	$2,013.6	$1,916.5	$654.5	$458.7	$19.6	$20.0	$2,687.7	$2,395.2

Note: GASB 96 SBITA School-only implementation as County early implemented prior year. Totals may not add due to rounding.

For governmental activities, assets and deferred outflows of resources (outflows that are expected to benefit future periods) exceeded liabilities and deferred inflows of resources (inflows that are for future periods) by $1,081.6 million. The implementation of GASB 96 increased net school assets and liabilities by $14.4 million.

For business-type activities, assets exceeded liabilities and deferred inflows of resources by $932.0 million. For primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total of $2,013.6 million at the close of the most recent fiscal year. In the case of the Schools, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $654.5 million, and in the case of the Gates Partnership, assets exceeded liabilities by $19.6 million. The implementation of GASB 96 increased the School's net assets by $14.4 million and total liabilities by $14.4 million.

By far the largest portion of the primary government and component units' net position reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment, infrastructure, capitalized projects), less any related debt used to acquire those assets. This represents 76.6% of the total reporting entity's net position. The primary government and Schools use these capital assets to provide a variety of services to its citizens. Consequently, these assets are long-term in nature and not available for future spending. Although the primary government and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other liquid sources of funds, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position of the primary government and Schools represents resources that are subject to external restrictions on how they may be used. The restricted net position was 16.8 % of the net position of the total reporting entity as of June 30, 2023. In Virginia, state law provides that a school board is a separate legal entity and has long held that school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. To accommodate changes in GAAP, a state law was passed in FY 2002 to allow the County and Schools to consider the debt-financed Schools' assets owned by "tenancy in common" and would permit the County to display these assets in the County column. The County has chosen not to do so. However, in accordance with GAAP, Schools' debt shown in the government-wide financial statements has been excluded in the calculation of net investment in capital assets within the governmental activities' column of the primary government and has been included in the calculation for the total reporting entity column. The total reporting entity column, which displays the unrestricted capital assets for the entire government, therefore, gives a more complete picture of debt-financed capital assets for the County. Additional information is provided in Note 10.

Changes in Net Position

The activities of the primary government and component units as of June 30, 2023, increased net position from FY 2022 as follows:

Total Reporting Entity			**Increase/Decrease in Net Position**	
	2023	2022	($ In millions	Percentage
Governmental	$1,081.6	$1,002.3	$79.3	7.9%
Business-type	932.0	914.2	17.8	1.9%
Component unit - Schools	654.5	458.7	195.7	42.7%
Component unit - Gates Partnership	19.6	20.0	(0.4)	-2.0%
Change in Net Position	**$2,687.6**	**$2,395.2**	**$292.4**	

The FY 2023 Net Position of Governmental increased by $79.3 million over FY 2022 and Business-Type increased the Net Position by $17.8 million. The FY 2023 Net Position of the Component unit – Schools increased by $195.7 million over FY 2022.

The Net Position of Governmental increased significantly due to a new bond issuance for County and School capital projects, $99.4 million and $109.0 million respectively. Schools implementation of GASB 96 subscriptions added Right to Use lease assets in the amount of $14.4 million. Steady management of expenditures over the course of the fiscal year and the increase of the real estate tax due to the increase value of real estate properties, as contributed to the increase. Other local taxes such as restaurant meals tax, car rental tax, hotel tax and business tax increased in comparison to prior year as the steady recovery of the local economy after COVID-19 continued.

The Net Position of Business-Type increased by $17.8 million over previous year. The increase is primarily due to a $26.2 million increase in Utilities funds. A water and sewer rate increase on July 1, 2022, and a water and sewer rate restructure implemented on January 1, 2023, contributed to the increase.

The Net Position of Component unit – Schools increased by $195.7 million over previous year. The increase is largely due to the bond issuance of $109.0 million and the $14.4 million addition of Right to Use subscription lease assets resulting from the implementation of GASB 96.

The following table (Table A-2) displays the changes in net position for FY 2023 and FY 2022:

Table A-2
Statement of Changes in Net Position
Year Ended June 30, 2023
With Comparative Totals for June 30, 2022
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenues												
Program revenues												
Charges for services	$81.2	$81.3	$139.1	$139.2	$220.3	$220.5	25.3	18.7	$8.2	$8.1	$253.8	$247.3
Operating grants and contributions	194.5	176.0	-	-	194.5	176.0	95.4	113.7	-	-	289.9	289.7
Capital grants and contributions	-	-	1.8	0.2	1.8	0.2	-	-	-	-	1.8	0.2
General revenues												
Property taxes	1,049.0	1,000.4	-	-	1,049.0	1,000.4	-	-	-	-	1,049.0	1,000.4
Other local taxes	265.8	241.4	-	-	265.8	241.4	41.7	40.5	-	-	307.5	281.9
Revenue from general fund	-	-	-	-	-	-	603.0	566.0	-	-	603.0	565.9
Investment and interest earnings	37.3	26.8	1.0	(1.7)	38.3	25.1	2.2	0.2	-	-	40.5	25.2
Miscellaneous	70.5	537.3	0.4	-	70.9	537.3	118.9	59.6	0.1	(0.6)	189.9	596.3
Total revenues	1,698.2	2,063.1	142.3	137.7	1,840.6	2,200.8	886.4	798.7	8.3	7.5	2,735.4	3,007.1
Expenses												
General government	335.6	606.4	-	-	335.6	606.4	-	-	-	-	335.6	606.4
Public safety	169.2	172.3	-	-	169.2	172.3	-	-	-	-	169.2	172.3
Environmental services	136.5	140.4	-	-	136.5	140.4	-	-	-	-	136.5	140.4
Health and welfare	186.2	247.4	-	-	186.2	247.4	-	-	-	-	186.2	247.4
Libraries	15.8	15.1	-	-	15.8	15.1	-	-	-	-	15.8	15.1
Parks, culture and recreation	61.3	56.9	-	-	61.3	56.9	-	-	-	-	61.3	56.9
Planning and community development	61.4	64.6	-	-	61.4	64.6	-	-	-	-	61.4	64.6
Education	625.1	558.5	-	-	625.1	558.5	690.7	730.5	-	-	1,315.8	1,289.0
Debt service:												
Interest and other charges	27.9	29.9	-	-	27.9	29.9	-	-	-	-	27.9	29.9
Water and sewer	-	-	95.7	89.0	95.7	89.0	-	-	-	-	95.7	89.0
CPHD Development Fund	-	-	21.4	19.6	21.4	19.6	-	-	-	-	21.4	19.6
Parking garage	-	-	7.3	7.1	7.3	7.1	-	-	-	-	7.3	7.1
8th Level Ballston Public Parking Garage	-	-	0.2	0.2	0.2	0.2	-	-	-	-	0.2	0.2
Rental Properties	-	-	-	-	-	-	-	-	8.6	10.4	8.6	10.4
Total expenses	1,618.9	1,891.6	124.6	115.9	1,743.6	2,007.5	690.7	730.5	8.6	10.4	2,442.9	2,748.3
Increase/(Decrease) in Net Positions	79.3	171.5	17.8	21.9	97.1	193.4	195.7	68.2	(0.3)	(2.9)	292.5	258.8
Restated Net Position-Beginning	1,002.3	830.8	914.2	892.3	1,916.5	1,723.1	458.7	390.5	20.0	22.9	2,395.2	2,136.5
Net Position-Ending	$1,081.6	$1,002.3	$932.0	$914.2	$2,013.6	$1,916.5	$654.4	$458.7	$19.7	$20.0	2,687.7	$2,395.2

Note: Totals may not add due to rounding.

Revenues

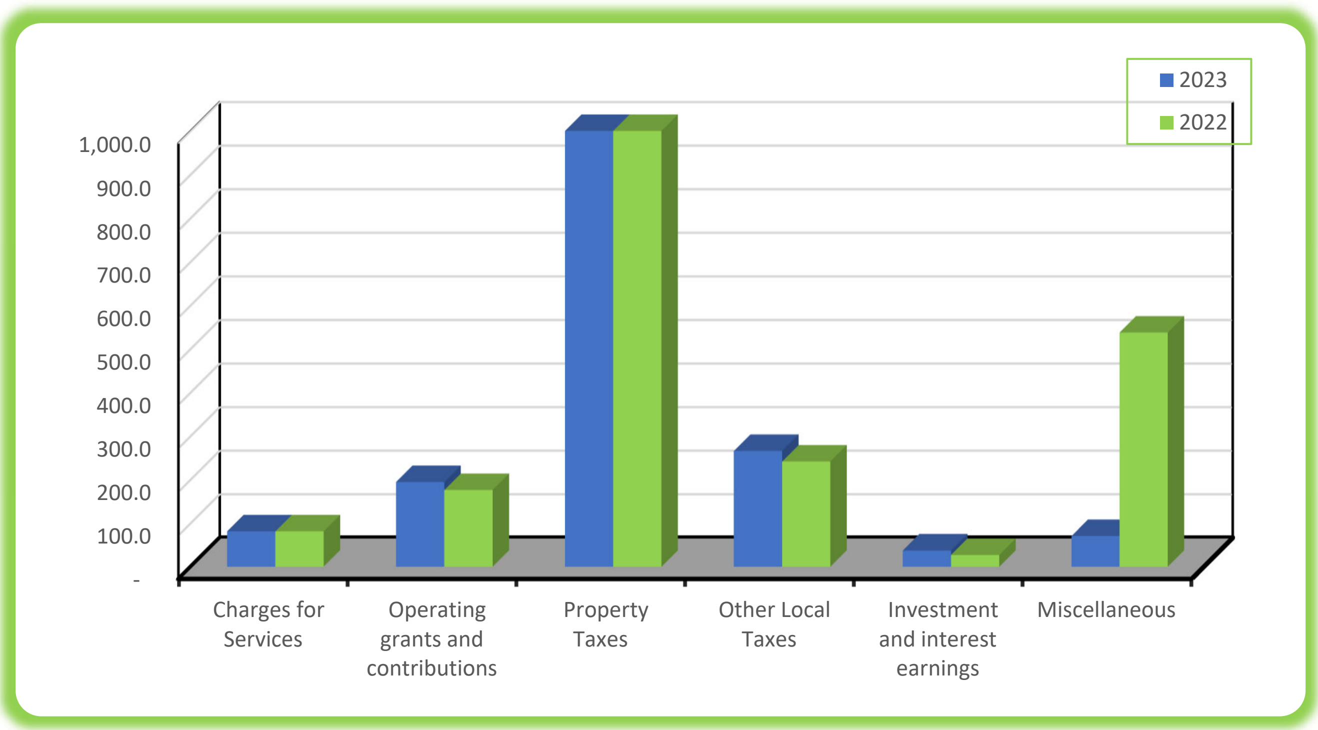
Overall, revenues for the County's primary government activities were $1,840.6 million for fiscal year 2023 representing a decrease of $360.2 million from the prior year. The comparative decrease is heavily impacted by the GASB Right to Use lease and subscription implementation in FY 2022, which increased Miscellaneous Revenue on a one-time basis. FY 2023 returns revenue back to ordinary levels. Taxes constitute the largest source of primary government revenues, amounting to $1,314.8 million for FY 2023, an increase of $73.0 million over FY 2022. Real Estate taxes increased by $34.0 million to $907.4 million due to increased assessments in the County for CY 2023. Personal property taxes increased by $14.5 million to $141.6 million (Exh 2). Other local tax revenue, including business tangible and business license tax, taxes on general sales, hotel rooms, meals, and car rentals, among other things, increased by $24.4 million to $265.8 million for FY 2023. FY 2023 shows a strong rebound in the local retail sector and a steadily improving hospitality sector. Meals tax, sales tax and business license tax have recovered and surpassed the pre-Covid, FY 2019 totals. In comparison to FY 2022, FY 2023 increases include meals tax of $7.2 million, car rental tax increases of $1.5 million and hotel tax increase of $7.6 million.

Program revenues are derived directly from the programs run by various departments and reduce the net cost for various functions. Total program revenues for primary government were $416.6 million. Operating grants and contributions represent 46.7 % of program revenues, totaling $194.5 million. Charges for services totaled $220.3 million.

Component unit activities generated combined revenues of $894.8 million, aside from general fund revenue, primarily from grants totaling $95.4 million. Total Reporting Entity revenues decreased from FY 2023 by $271.7 million mainly because of the Schools' bond proceeds of $109.0 million and the County's Right to Use lease assets implemented in FY 2022 of $160.6 million.

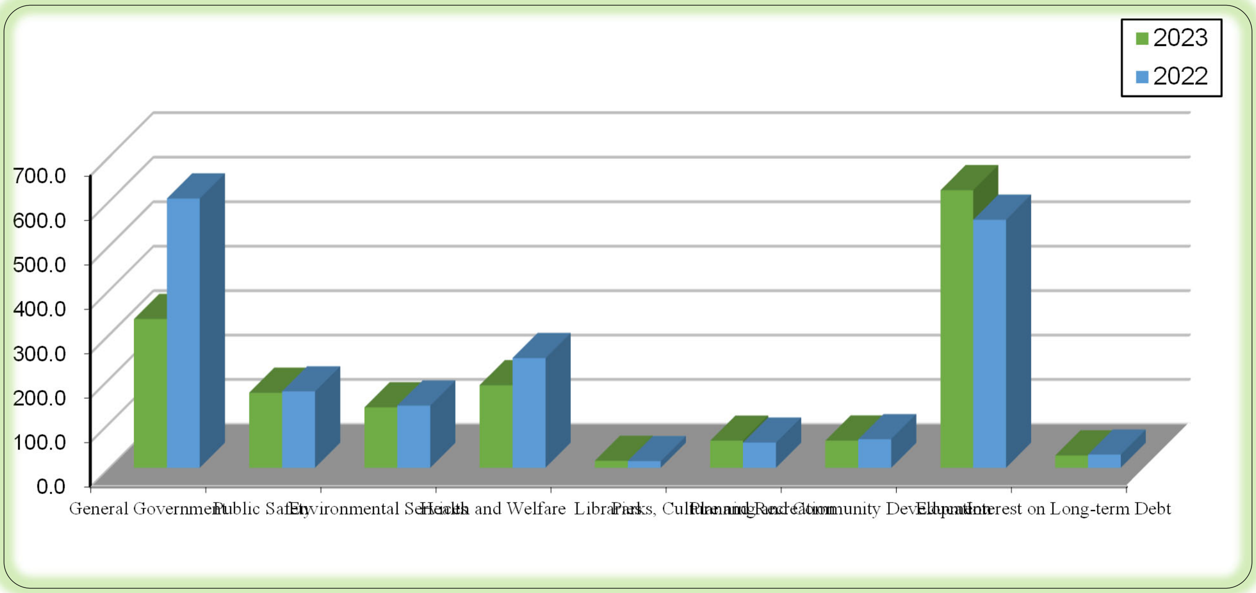
Chart A-3 displays the sources of revenue within governmental activities with a comparison between fiscal year 2023 and fiscal year 2022. The greatest source of the decrease in FY 2023 is in the miscellaneous revenue category where FY 2022 totals include $160.6 million of revenue from the implementation year for GASB 87 and early implementation of GASB 96.

Chart A-3
Sources of Revenue from Governmental Activities
For Fiscal Years 2023 and 2022
(in millions)



Expenses. Total expenses of the County's governmental activities for FY 2023 were $1,618.9 million, representing a decrease of $272.7 million from FY 2022. This decrease was due in large part to the $238.7 million implementation of GASB 87 and GASB 96 Right to Use leases and subscriptions in FY 2022. The County's transfers to Arlington Public Schools for FY 2023 were $625.1 million, an increase of $66.6 million from the previous fiscal year due to the County delaying a bond issuance in FY 2022 and issuing bonds in FY 2023. As the chart A-4 indicates, education continues to make up the highest percentage of the County's total expenditures.

Chart A-4
Net Expense of Governmental Activities
For Fiscal Years 2023 and 2022
(in millions of dollars)



Financial Analysis of Governmental Funds

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

Governmental Funds. The focus of the County's and Schools' governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's and Schools' financing requirements. For example, unrestricted (committed and assigned) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of FY 2023, the County's governmental funds reported combined fund balances of $806.9 million, an increase of $12.0 million in comparison with the prior year. (Exh. 3)

Non-spendable and restricted fund balance equates to 19.5% or $157.7 million of the total governmental funds' balance and is comprised primarily of capital projects and grants that cannot be used for other purposes. FY 2023 saw a significant increase in interest rates which will result in higher interest earnings on investments and bank balances. Investments are made in accordance with Virginia's Investment of Public Funds Act. On June 30, 2023, the County's compliance with GASB 72 requires a comparison of the investment interest rate with the current interest rates to determine the mark-to-market valuation. Although not sold and therefore, not realized, the disclosure is an unrealized net loss of $26.2 million in the general fund. Although this loss is not representative of a cash loss, the County has recognized the unrealized loss in the general fund balance.

Committed fund balance constitutes 64.5% or $520.4 million of the total governmental fund balance. This constitutes committed funds, which can only be used for specific purposes already imposed by a formal action of the County Board. $203.3 million or 39.1% of the total committed fund balance is from the general fund. Included within the committed designation is an amount of $34.7 million set aside for School's subsequent year budget. The assigned fund balance of $108.5 million or 13.5% of total governmental fund balance is intended for specific purposes designated and proposed by the County Manager and is set aside for appropriation by the County Board as a part of the County's year-end close out process. $68.7 million, or about 60.4% of the assigned fund balance is for the Affordable Housing Investment Fund. The remaining fund balance of $20.3 million or 2.5% of total governmental fund balance is unassigned.

The general fund is one of the major governmental funds of the County. At the end of FY 2023, the general fund's fund balance was $363.3 million or 45.0% of the total governmental funds' fund balance. $106.3 million of the committed fund balance represents reserves set aside in accordance with the County Board's policy for unexpected critical and unpredictable financial needs. These reserves include a General Fund Operating Reserve of $85.3 million, which is set at 5.5% of general fund revenue, a Stabilization Reserve adopted at 1% of the general fund of $15.5 million, and a Self-insurance Reserve of $5.4 million. Total reserves represent 52.3% of the total general fund's committed fund balance and equate to 29.2% of the general fund's total fund balance.

At the end of FY 2023, committed and assigned fund balance for the general fund was $311.8 million or 85.8% of the total general fund balance. $101.5 million or 27.9% of the general fund's fund balance represents the County's commitment, both committed and assigned, to provide affordable housing that ultimately benefits low-income households.

As a measure of the general fund's liquidity, it is useful to compare both committed and assigned fund balances and total fund balance to total expenditures. In FY 2023, committed and assigned fund balance equated to 19.1% of general fund expenditures. The total general fund's fund balance represents 22.3% of total general fund expenditures.

As of June 30, 2023, the general fund's fund balance increased from prior year by 0.2% to $363.3 million. The $0.5 million increase in the general fund balance was driven primarily by real estate tax revenue increasing due to the rise in real estate values and a continuation of COVID-19 related federal grant monies, and offset by GASB 72 mark-to-market unrealized loss of $26.2 million.

In addition to general fund core reserves, the County has reserves in other funds which are available to allow the

	($ in millions)
General fund core reserves:	
Operating reserve [1]	$85.3
Stabilization reserve [1]	15.5
Self-insurance reserve [1]	5.4
Other committed	97.0
Other assigned	108.6
General fund unassigned	21.5
Total general fund core reserves [2]	**333.3**
Automotive equipment fund:	15.7
Enterprise Fund CPHD Development fund:	2.0
General Capital Projects funds:	102.1
Total reserves available	**$453.1**

County to respond to unforeseen events or for deeper impact.

[1] *Includes Operational and Stabilization True–up assigned to meet targeted reserve funding requirements as per Financial policies*
[2] *November 2023 Board action to determine assignment within General fund unassigned reserves.*

The Component Unit, Arlington Public Schools, maintains its own fund balances under its operating fund which are distinct, and in addition to, the above reserves. The current operating fund balance under Schools is $70.9 million. Additionally, the fund balance total above include $34.7 million for subsequent years' school budget.

Special Revenue and Capital Project Funds. Total special revenue funds' and capital projects funds' fund balance were $443.5 million (Exh. 3) and represents 55.0% of the total governmental funds' fund balance. The transportation capital fund is a major fund of the County and contributes 22.4% of the total governmental fund balance. At the end of the current fiscal year, total fund balance of the transportation capital fund was $180.7 million, and the general capital projects fund was $102.1 million. All non-major special revenue and capital projects funds combined were $160.8 million (Exh. 3).

As a measure of the capital project funds' liquidity, it may be useful to compare total fund balance to total expenditures. Total capital projects funds' fund balance represents 183.2% of total capital project funds' FY 2023 expenditures (C schedules).

The fund balance of the County's general capital projects fund decreased by $3.2 million during the current fiscal year as planned spend-down of fund balance and bond issuance.

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

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

Unrestricted net position of the Utilities Fund at the end of the fiscal year amounted to $53.7 million, the Ballston Public Parking Garage Funds amounted to a deficit of ($66.6 million) and the CPHD Development Fund amounted to $2.0 million. The total change in net position for the Utilities Fund included a surplus of $26.2 million, the Ballston Public Parking Garage Funds had a deficit of ($4.3 million), and CPHD Development Fund had a deficit of $4.1 million. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities and Exhibit 5 - Exhibit 7 and Exhibit D-1 through D-2.

General Fund Budgetary Highlights

General Fund *($ in millions)*	**Original Budget**	**Final Budget**	**Actual**
Revenue	$1,435.9	$1,664.8	$1,527.4
Transfers In	$0.3	$4.3	$7.9
Sale of Land	$-	$-	$1.8
Expenditures	$1,487.5	$1,651.1	$1,521.1
Transfers Out	$10.3	$18.0	$15.5
Net Change in Fund Balance	**($63.0)**	**$0**	**$0.5**

- Actual revenues show a final unfavorable budget variance of 8.3% or $137.4 million. This is entirely due to the budgeted use of prior year fund balance and is largely offset by the over performance against budget across all other revenue categories. While the use of fund balance was budgeted, actual new revenues were sufficient to cover actual expenditures and so no fund balance was ultimately used.
- Total taxes had a favorable budget variance, $45.7 million. The real estate tax rate remained constant while real estate value increases contributed to the overall increase in taxes. In a positive sign for the County, most local tax revenue streams have now recovered to meet or even exceed pre-Covid levels.

- Actual expenditures of $1,521.1 million are less than final budget of $1,651.1 million with a favorable variance of $130.0 million or 7.9%. Major contributing factors to this favorable variance include County-wide savings on personnel budgets and allocated housing funds, in addition to not needing to tap into various budgetary contingencies.

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

Capital Asset and Long-Term Debt

Capital Assets

The County's investment in capital assets for its governmental activities, business-type activities and component units as of June 30, 2023, amounted to $4,064.9 million (net of depreciation). The net book value of capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

During fiscal year 2023, major capital asset acquisitions placed into service and their corresponding cost included the following:

- Irving Street adult group home improvements $4.8M
- Fire Department Portable Radios $3.6M
- Mobile Data Computers for Police department cars $2.9M
- Kelly Day schedule modification resulted in Fire Station improvements $1.6M
- Carlin Spring old building demolition phase I $1.6M

Net capital assets increased by $158.7 million for the total reporting entity driven by an increase of $93.5 million for the primary government and an increase of $52.3 million for Schools. The majority of the total reporting entity spending was for the building and improvements for schools, County infrastructure improvements and capital projects in progress within the County.

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

Table A-5 Net Capital Assets
June 30, 2023
With Comparative Totals for June 30, 2022
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Land	$262.8	$260.0	$6.2	$6.2	$269.0	$266.2	$4.7	$4.7	$13.0	$13.0	$286.7	$283.9
Buildings	448.3	453.7	16.5	17.4	464.8	471.1	841.4	786.4	63.8	50.8	1,370.0	1,308.3
Equipment	114.3	107.3	2.2	2.2	116.5	109.5	67.1	62.0	-	-	183.6	171.5
Infrastructure	709.3	645.0	-	-	709.3	645.0	-	-	-	-	709.3	645.0
Intangible assets	3.5	4.4	1.7	3.0	5.2	7.4	-	-	-	-	5.2	7.4
Plant -sewer system	-	-	334.5	322.6	334.5	322.6	-	-	-	-	334.5	322.6
Plant - water system	-	-	694.1	697.8	694.1	697.8	-	-	-	-	694.1	697.8
Construction in progress	199.9	166.2	34.5	32.0	234.4	198.2	6.7	21.8	-	-	241.1	220.0
Internal service funds	36.2	33.8	-	-	36.2	33.8	-	-	-	-	36.2	33.8
Right to use Assets	122.1	138.7	20.9	23.3	143.0	162.0	61.3	54.0	-	-	204.3	216.0
Total	$1,896.4	$1,809.1	$1,110.6	$1,104.5	$3,007.0	$2,913.5	$981.2	$928.9	$76.8	$63.8	$4,064.9	$3,906.2

Note: Totals may not add due to rounding

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

Long-term debt

In 2023, for the 23rd consecutive year, Arlington continues to maintain a Aaa/AAA/AAA bond rating, the highest credit ratings attainable by jurisdictions.

The ratings validate that Arlington's financial position is strong, reflecting conservative budgeting and close monitoring of expenditures, a sizable and diversifying tax base with institutional presence, and strong and balanced historical financial results. As of June 30, 2023, Arlington is one of 48 counties in the United States with top bond ratings from all three-major bond-rating agencies.

At the end of the current fiscal year, the total reporting entity had total long-term liabilities outstanding of $2,738.3 million, the majority of which is $1,457.4 million in general obligation bonds, combined net OPEB liability of $143.0 million, and $334.6 million in net pension liability for schools. The category of Leases is a result of GASB 87 and GASB 96 for Leases and Subscription Right to Use for County and School which added $210.0 million of debt. The remaining $593.3 million comprises notes payable and related accrued interest, line of credit and staff obligations.

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

Table A-6
Arlington County Long-term Liability
June 30, 2023
With Comparative Totals for June 30, 2022
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total Reporting Entity	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
General obligation bonds*	$1,409.9	$1,294.4	$47.5	$55.4	$1,457.4	$1,349.8	$-	$-	$-	$-	$1,457.4	$1,349.8
IDA Revenue Bonds	115.4	127.8	-	-	115.4	127.8	-	-	-	-	115.4	127.8
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	50.1	49.3	53.5	52.7
Note payable	-	-	93.6	110.7	93.6	110.7	-	-	1.8	1.8	95.4	112.5
Credit line for capital	22.0	10.5	-	-	22.0	10.5	-	-	-	-	22.0	10.5
Workers' compensation claims	4.3	3.6	-	-	4.3	3.6	-	-	-	-	4.3	3.6
Accrued compensated absences	39.8	44.1	3.1	3.3	42.9	47.3	52.5	47.8	-	-	95.4	95.2
Mortgage interest payable	-	-	46.8	44.3	46.8	44.3	-	-	-	-	46.8	44.3
Bonds Payable	-	-	-	-	-	-	-	-	-	0.1	-	0.1
Line of credit	150.0	150.0	-	-	150.0	150.0	10.5	6.2			160.5	156.2
Leases	125.2	137.4	21.5	23.6	146.7	161.0	63.3	55.1	-	-	210.0	216.1
Net pension liability	-	-	-	-	-	-	334.6	276.8	-	-	334.6	276.8
Net OPEB liability	47.0	68.5	-	-	47.0	68.5	96.0	178.0	-	-	143.0	246.5
Total	$1,913.6	$1,836.3	$215.9	$240.7	$2,129.5	$2,077.0	$556.9	$563.9	$51.9	$51.2	$2,738.3	$2,692.1

Note: Totals may not add due to rounding
** General fund is responsible for bond-financed school capital assets*

The County's total debt increased by $46.2 million during the current fiscal year. The key factors that contributed to this change are the FY 2022 postponement of the general obligation bond issuance to FY 2023. This contributed an increase of $107.6 million in outstanding general obligation bonds, a decrease in IDA Revenue bonds of $12.4 million and a decrease of $4.3 million in a line of credit secured by the County. Two major impacts due to changing actuarial assumptions include the $103.5 million decrease in OPEB liability and the increased net pension liability for Schools of $57.8 million. Lease liability overall netted a decrease of $6.1 million, which included a decrease in Primary Government of $14.3 million and an $8.2 million increase for Schools (attributable to GASB 96 implementation).

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

Economic Factors

Arlington's unemployment rate remains one of the lowest in the Commonwealth. The unemployment rate for the County as of June 30, 2023, is 2.1% per the Bureau of Labor Statistics, which is the same from a year ago. This compares favorably to Virginia's average unemployment rate of 2.7% and the national average rate of 3.6%. The County's per capita income remains among the highest in the State.

The vacancy rate of the County's office buildings increased from 19.6% in CY 2021 to 22.1% in CY 2022. In Calendar Year (CY) 2023, the County expects modest revenue growth from real estate taxes, driven by a 3.6 percent increase in Arlington's property values. The average value of existing residential properties, including condominiums, townhouses, and detached homes, increased from $762,700 in CY 2022 to $798,500 in CY 2023, an increase of 4.7 percent. New construction represented 0.1 percentage points of the residential growth. The detached home and townhome tax base increased by 5.5 percent while the condominium tax base increased by 1.6 percent. Commercial property assessments increased by 2.6 percent over the previous year due to new construction, largely in apartments and offices, which contributed 1.6 percentage points to the change in commercial property values. Base assessments for office were down 0.3 percent over last year and base assessments for apartments were slightly up, increasing 0.7 percent. Hotel and general commercial property values both increased over last year, 7.5 percent and 4.0 percent, respectively.

Prior to the COVID-19 pandemic, tourism broke records with Arlington visitors spending $3.6 billion in 2019 -- a 4.4% increase over 2018 -- generating nearly $98 million in local tax receipts and supporting over 27,000 local jobs. However, since March 2020, the impact on the health, safety, and economic activity of the County has specifically affected local taxes benefiting from tourism and hospitality. Arlington is seeing steady recovery of the tourism industry. The hotel occupancy rose from 30% in CY 2020 to 65% in CY 2023 in comparison to pre-pandemic rates of 75% in CY 2019. Some local charges for services and fees including parking fees, parks and recreation program charges for service, transportation fees, and fines are steadily recovering as have many tax and fee revenues.

Requests for Information

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

Basic Financial Statements

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

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

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ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Schools	Gates Partnership	Total Reporting Entity
ASSETS:						
Cash and investments	$943,021,389	$44,974,643	$987,996,032	$260,359,585	$1,507,566	$1,249,863,183
Petty cash	541	-	541	5,015	-	5,556
Cash with fiscal agents	270,456	25,221	295,677	-	-	295,677
Receivables, net	532,971,107	19,344,980	552,316,087	17,111,666	200,234	569,627,987
Lease receivable	231,985,777	410,492	232,396,269	135,091	-	232,531,360
Receivable from primary government	-	-	-	104,860,518	-	104,860,518
Receivable from other governments	29,929,030	-	29,929,030	-	-	29,929,030
Inventory	-	3,780,657	3,780,657	162,607	-	3,943,264
Other assets	13,643,665	2,625,699	16,269,364	-	1,206	16,270,570
Net pension asset	141,200,000	-	141,200,000	-	-	141,200,000
Capital assets:						
Right to use assets, net	122,111,446	20,895,960	143,007,406	61,297,721	-	204,305,127
Land	262,802,488	6,161,255	268,963,743	4,697,946	13,544,751	287,206,440
Intangible assets, net	3,490,030	1,730,744	5,220,774	-	-	5,220,774
Depreciable assets, net	1,308,109,234	1,047,318,693	2,355,427,927	908,538,013	48,543,597	3,312,509,537
Construction in progress	199,936,922	34,520,880	234,457,802	6,677,411	-	241,135,213
Total capital assets, net	1,896,450,120	1,110,627,532	3,007,077,652	981,211,091	62,088,348	4,050,377,091
Total assets	3,789,472,085	1,181,789,224	4,971,261,310	1,363,845,573	63,797,354	6,398,904,237
DEFERRED OUTFLOWS OF RESOURCES:						
Deferred outflows related to refunding loss	15,691,157	-	15,691,157	-	-	15,691,157
Deferred outflows related to pensions	190,400,000	-	190,400,000	97,282,249	-	287,682,249
Deferred outflows related to OPEB	25,918,669	-	25,918,669	33,615,592	-	59,534,261
Total deferred outflows of resources	232,009,826	-	232,009,826	130,897,841	-	362,907,667
LIABILITIES:						
Accounts payable	54,226,374	7,329,756	61,556,130	9,887,987	90,373	71,534,490
Unearned revenues	27,579,249	-	27,579,249	5,608,617	-	33,187,866
Due to other funds	-	-	-	135,091	-	135,091
Due to component unit	104,860,518	-	104,860,518	-	-	104,860,518
Accrued liabilities	30,150,374	24,811,389	54,961,763	68,834,236	1,079,746	124,875,745
Contracts payable - retainage	4,738,950	518,278	5,257,228	454,629	-	5,711,857
Other liabilities	9,109,575	-	9,109,575	9,125,302	604,666	18,839,543
Non-current liabilities:						
Due within one year	290,301,652	76,521,390	366,823,043	15,743,675	-	382,566,718
Due within one year - leases	11,716,847	1,768,012	13,484,859	9,471,082	-	22,955,941
Due within one year - SBITAs	2,871,498	670,911	3,542,409	-	-	3,542,409
Due in more than one year	1,498,194,480	117,990,630	1,616,185,110	482,242,096	50,110,937	2,148,538,143
Due in more than one year - leases	105,924,673	16,943,562	122,868,235	53,812,284	-	176,680,519
Due in more than one year - SBITAs	4,758,124	2,187,151	6,945,275	-	-	6,945,275
Total liabilities	2,144,432,314	248,741,080	2,393,173,395	655,314,999	51,885,722	3,100,374,115
DEFERRED INFLOWS OF RESOURCES:						
Deferred revenue - taxes	477,345,855	-	477,345,855	-	-	477,345,855
Deferred gain on refunding	-	664,439	664,439	-	-	664,439
Deferred inflows related to pensions	22,200,000	-	22,200,000	89,925,662	-	112,125,662
Deferred inflows related to OPEB	72,737,312	-	72,737,312	95,051,422	-	167,788,734
Deferred inflows leases	223,130,935	406,518	223,537,453	-	-	223,537,453
Total deferred inflows of resources	795,414,102	1,070,957	796,485,059	184,977,084	-	981,462,143
NET POSITION:						
Net investment in capital assets	709,575,585	921,700,887	1,631,276,472	906,981,144	11,911,632	2,059,653,813 **
Restricted for:						
Capital projects	118,480,144	-	118,480,144	158,761,617	-	277,241,761
Seized assets	5,639,486	-	5,639,486	-	-	5,639,486
Grants/Donations	20,498,933	-	20,498,933	7,054,887	-	27,553,820
Pension Asset	141,200,000	-	141,200,000	-	-	141,200,000
Unrestricted	86,241,347	10,276,301	96,517,648	(418,346,317)	7,715,276	176,402,042 **
Net position	$1,081,635,495	$931,977,188	$2,013,612,683	$654,451,331	$19,626,908	$2,687,690,923 **

** In accordance with GAAP (GASB 34), Net Investment in Capital Assets must be presented net of related debt, in order to reflect the true position of the Primary Government and Component Units. Therefore, the Net Investment in Capital Assets of the Governmental Activities does not include the Component Unit - School's debt issued by the Primary Government ($477,655,572) in its calculation. This debt is reflected in the Total Reporting Entity column, since the debt is owned by the County. However, capital assets obtained with the debt are included in the Net Investment in Capital Assets for Schools.The sum of the columns between the Primary Government and Component Units does not equal the Total Reporting Entity column by a difference of $477,655,572 because the debt related to the Schools is reduced from Net Investment in Capital Assets of the Total Reporting Entity. The Unrestricted Net Position of the Total Reporting Entity therefore reflects the impact of the debt for Schools. The Total Reporting Entity column matches the assets with the debt and reports the net amounts on the Net Investment in Capital Assets. Additional information on the reclassification is provided in Note 10.

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expenses) Revenues
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants & Contributions**	**Governmental Activities**
Primary Government:					
Governmental Activities:					
General government	$335,611,397	$15,457,409	$70,787,063	$-	($249,366,925)
Public safety	169,224,017	11,715,747	13,173,338	-	(144,334,932)
Environmental services	136,470,782	26,736,627	11,482,317	-	(98,251,838)
Health & welfare	186,233,762	4,742,452	45,043,860	-	(136,447,450)
Libraries	15,758,514	49,698	266,949	-	(15,441,867)
Parks, recreation & culture	61,247,423	12,853,813	74,962	-	(48,318,648)
Planning & community development	61,425,396	9,596,594	53,675,525	-	1,846,723
Education	625,170,122	-	-	-	(625,170,122)
Interest and other charges	27,954,441	-	-	-	(27,954,441)
Total governmental activities	1,619,095,854	81,152,340	194,504,014	-	(1,343,439,500)
Business-type activities:					
Utilities	95,722,431	118,754,833	-	1,842,039	-
Ballston Public Parking Garage	7,290,320	2,876,324	-	-	-
8th level Ballston Public Parking Garage	181,641	247,428	-	-	-
CPHD Development Fund	21,477,785	17,255,517	-	-	-
Total business-type activities	124,672,177	139,134,102	-	1,842,039	-
Total primary government	$1,743,768,032	$220,286,442	$194,504,014	$1,842,039	(1,343,439,500)
Component unit:					
Schools	$690,694,027	$25,252,773	$95,366,906	$-	-
Gates Partnership	8,685,149	8,205,927	-	-	-
Total component units	$699,379,176	$33,458,700	$ 95,366,906	$-	-

General Revenues:	
Property Taxes:	
Real estate property taxes	907,420,318
Personal property taxes	141,574,708
Other Local Taxes:	
Business, professional occupancy license taxes	83,191,768
Sales tax	53,332,446
Meals tax	46,534,736
Transient tax	22,697,994
Utility tax	16,569,439
Recordation, car rental and other local taxes	43,483,529
Revenue from primary government	-
Investment and interest earnings	37,319,829
Miscellaneous	70,592,749
Total general revenues	1,422,717,516
Change in net position	79,278,015
Net position, beginning	1,002,357,480
Net position, ending	$1,081,635,495

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

and Changes in Net Position		Component Units		Total Reporting Entity	
Business-type Activities	Total	Schools	Gates Partnership		Functions/Programs
					Primary Government:
					Governmental Activities:
$-	($249,366,925)	$-	$-	($249,366,925)	General government
-	(144,334,932)	-	-	(144,334,932)	Public safety
-	(98,251,838)	-	-	(98,251,838)	Environmental services
-	(136,447,450)	-	-	(136,447,450)	Health & welfare
-	(15,441,867)	-	-	(15,441,867)	Libraries
-	(48,318,648)	-	-	(48,318,648)	Parks, recreation & culture
-	1,846,723	-	-	1,846,723	Planning & community development
-	(625,170,122)	-	-	(625,170,122)	Education
-	(27,954,441)	-	-	(27,954,441)	Interest and other charges
-	(1,343,439,500)	-	-	(1,343,439,500)	Total governmental activities
					Business-type activities:
24,874,440	24,874,440	-	-	24,874,440	Utilities
(4,413,996)	(4,413,996)	-	-	(4,413,996)	Ballston Public Parking Garage
65,787	65,787	-	-	65,787	8th level Ballston Public Parking Garage
(4,222,268)	(4,222,268)	-	-	(4,222,268)	CPHD Development Fund
16,303,963	16,303,963	-	-	16,303,963	Total business-type activities
16,303,963	(1,327,135,538)	-	-	(1,327,135,538)	**Total primary government**
					Component unit:
-	-	(570,074,348)	-	(570,074,348)	Schools
-	-	-	(479,222)	(479,222)	Gates Partnership
-	-	(570,074,348)	(479,222)	(570,553,570)	Total component units
					General Revenues:
					Property Taxes:
-	907,420,318	-	-	907,420,318	Real estate property taxes
-	141,574,708	-	-	141,574,708	Personal property taxes
					Other Local Taxes:
-	83,191,768	-	-	83,191,768	Business, professional occupancy license taxes
-	53,332,446	41,676,832	-	95,009,278	Sales tax
-	46,534,736	-	-	46,534,736	Meals tax
-	22,697,994	-	-	22,697,994	Transient tax
-	16,569,439	-	-	16,569,439	Utility tax
-	43,483,529	-	-	43,483,529	Recordation, car rental and other local taxes
-	-	603,038,994	-	603,038,994	Revenue from primary government
1,050,627	38,370,456	2,207,346	317	40,578,119	Investment and interest earnings
406,733	70,999,482	118,911,604	129,124	71,128,606	Miscellaneous
1,457,360	1,424,174,875	765,834,776	129,441	2,190,139,092	Total general revenues
17,761,322	97,039,337	195,760,427	(349,781)	292,449,983	Change in net position
914,215,866	1,916,573,346	458,690,905	19,976,689	2,395,240,940	Net position, beginning
931,977,188	2,013,612,683	$654,451,331	$19,626,908	$2,687,690,923	Net position, ending

EXHIBIT 3

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	General Fund	General Capital Projects Fund	Transportation Capital Funds	Non-Major Governmental Funds	Total Governmental Funds
Equity in pooled cash and investments	$478,067,218	$108,293,746	$170,501,054	$171,340,745	$928,202,763
Petty cash	541	-	-	-	541
Cash with fiscal agents	270,456	-	-	-	270,456
Receivables, net	511,859,647	2,814,784	10,849,281	6,647,425	532,171,137
Due from other funds	3,433,959	-	-	-	3,433,959
Receivables from other governments	14,085,086	1,346,730	14,183,375	313,839	29,929,030
Lease Receivable	211,577,256	-	1,863,285	18,545,236	231,985,777
Prepaid items and other assets	2,134,413	145,086	2,279,010	8,054,407	12,612,916
Totals assets	1,221,428,576	112,600,346	199,676,005	204,901,652	1,738,606,579
LIABILITIES					
Vouchers payable	21,958,199	7,509,828	14,173,234	10,114,756	53,756,017
Unearned revenues	17,307,720	-	-	11,382,637	28,690,357
Due to component unit	104,860,518	-	-	-	104,860,518
Accrued payroll liabilities	30,150,374	-	-	-	30,150,374
Contracts payable - retainage	-	226,611	3,001,604	1,510,735	4,738,950
Other liabilities	2,967,757	2,804,828	-	3,300,636	9,073,221
Total liabilities	177,244,568	10,541,267	17,174,838	26,308,764	231,269,437
DEFERRED INFLOWS OF RESOURCES					
Leases	203,501,200	-	1,829,199	17,800,536	223,130,935
Deferred revenue - taxes	477,345,855	-	-	-	477,345,855
Total deferred inflows of resources	680,847,055	-	1,829,199	17,800,536	700,476,790
FUND BALANCES					
Non spendable:					
Prepaid items	1,336,872	145,086	215,486	6,275,945	7,973,389
Leases	4,514,249	-	12,209	550,219	5,076,677
Restricted for:					
Seized assets	5,639,486	-	-	-	5,639,486
Grant funded programs	18,560,812	-	-	1,938,121	20,498,933
Capital projects	-	-	-	118,480,144	118,480,144
Committed to:					
Self-insurance reserve	5,415,547	-	-	-	5,415,547
Stabilization contingent	15,516,310	-	-	-	15,516,310
Operating reserve	85,339,704	-	-	-	85,339,704
Subsequent years' county budget	22,935,895	-	-	-	22,935,895
Subsequent years' capital projects	6,257,461	101,913,993	180,444,273	34,795,543	323,411,270
Committed for projects	342,813	-	-	-	342,813
Affordable housing investment fund - allocated	32,767,802	-	-	-	32,767,802
Subsequent years' school budget	34,675,381	-	-	-	34,675,381
Assigned to:					
Subsequent years' county budget	14,621,833	-	-	-	14,621,833
Subsequent years' capital projects	19,760,793	-	-	-	19,760,793
Stabilization reserve	629,453	-	-	-	629,453
Assigned to projects	4,778,424	-	-	-	4,778,424
Affordable housing investment fund - unallocated	68,734,239	-	-	-	68,734,239
Unassigned:	21,509,879	-	-	(1,247,620)	20,262,259
Total fund balances	363,336,953	102,059,079	180,671,968	160,792,352	806,860,352
Total liabilities, deferred inflows of resources and fund balance	$1,221,428,576	$112,600,346	$199,676,005	$204,901,652	$1,738,606,579

FY 2023 General fund balance includes $26.2 million in mark-to-market unrealized loss.

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

EXHIBIT 3(A)

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total governmental fund balances		$806,860,352
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds. (Note 5)		1,738,150,516
Right to use lease assets used in governmental activities are not financial resources and not reported in the funds. (Note 7)		122,111,446
Assets which are not available as financial resources		
Pension asset not financial resources for expenditures		141,200,000
Group Settlement recognized over time in installments		1,111,108
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds: (Note 9)		
Other long-term obligations	(47,830,719)	
Bonds payable	(790,650,000)	
School bonds payable	(541,810,000)	
Credit line for capital	(22,044,776)	
Line of credit	(150,000,000)	
Right to use assets	(125,271,141)	
Compensated absences	(39,403,369)	
Workers' compensation	(4,759,507)	
Premium on bonds issued	(192,864,849)	(1,914,634,361)
Deferred outflows of resouces are not available to pay for current period expenditures and are not reported in the funds:		
Pension (Note 16.A)	190,400,000	
OPEB (Note 17.A and 17.B)	25,918,669	216,318,669
Deferred inflows of resources are not due and payable in the current period and are not reported in the funds:		
Pension (Note 16.A)	(22,200,000)	
OPEB (Note 17.A and 17.B)	(72,737,312)	(94,937,312)
Internal service funds' net position (Exhibit 6)		48,449,947
Net position of governmental activities		$1,081,635,495

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

EXHIBIT 4

ARLINGTON COUNTY, VIRGINIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	General Capital Projects Fund	Transportation Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes:					
Real estate property taxes	$862,594,538	$-	$24,162,819	$20,662,961	$907,420,318
Personal property taxes	141,574,708	-	-	-	141,574,708
Other local taxes:					
Business, professional and occupancy license tax	83,191,768	-	-	-	83,191,768
Sales tax	53,332,446	-	-	-	53,332,446
Meals tax	46,534,736	-	-	-	46,534,736
Transient tax	22,697,994	-	-	-	22,697,994
Utility tax	16,569,439	-	-	-	16,569,439
Recordation, car rental and other local taxes	28,162,972	-	-	15,320,557	43,483,529
Fines and forfeitures	5,161,999	-	-	-	5,161,999
Licenses, permits and fees	10,162,288	-	-	-	10,162,288
Intergovernmental	140,936,621	3,378,316	24,233,029	25,362,298	193,910,264
Charges for services	59,030,346	1,737,822	626,213	4,433,672	65,828,053
Interest and rent	33,022,703	-	4,322	4,292,804	37,319,829
Miscellaneous revenues	20,703,711	11,750,653	32,286,495	5,318,906	70,059,766
Total revenues	1,523,676,269	16,866,791	81,312,878	75,391,198	1,697,247,137
EXPENDITURES:					
Current operating:					
General government	298,425,347	8,226,825	16,583,959	11,796,332	335,032,463
Public safety	168,213,249	3,456,058	-	-	171,669,307
Environmental services	112,122,456	-	-	-	112,122,456
Health and welfare	170,947,758	-	-	22,455,481	193,403,239
Libraries	16,213,146	-	-	-	16,213,146
Parks, recreation and culture	52,280,466	259,727	-	176,497	52,716,690
Planning and community development	21,904,524	588,637	-	17,364,269	39,857,430
Debt service:					
Principal	49,725,000	-	-	290,000	50,015,000
Interest and other charges	27,014,051	-	-	940,390	27,954,441
Intergovernmental:					
Community development	-	-	-	20,700,000	20,700,000
Education - Schools	711,994,534	-	-	-	711,994,534
Capital outlay	1,174,451	43,316,431	73,471,796	60,955,214	178,917,892
Total expenditures	1,630,014,982	55,847,678	90,055,755	134,678,183	1,910,596,598
Excess/(deficiency) revenues over/(under) expenditures	(106,338,713)	(38,980,887)	(8,742,877)	(59,286,985)	(213,349,462)
OTHER FINANCING SOURCES(USES):					
Transfers in	7,861,286	14,503,093	-	246,700	22,611,079
Transfers out	(15,543,070)	-	(3,937,462)	(3,764,149)	(23,244,681)
Credit line for capital	-	11,124,718	-	-	11,124,718
Sale of land and buildings	1,798,508	-	-	-	1,798,508
Bond premium	11,065,588	9,891,865	-	-	20,957,453
Right to use assets	3,796,298	237,888	634,367	1,095	4,669,647
Issuance of general obligation debt	97,890,000	-	-	89,485,000	187,375,000
Total other financing sources and (uses), net	106,868,610	35,757,564	(3,303,095)	85,968,646	225,291,724
Net change in fund balances	529,897	(3,223,323)	(12,045,972)	26,681,661	11,942,263
Fund balances, beginning	362,807,057	105,282,402	192,717,940	134,110,691	794,918,089
Fund balances, ending	$363,336,953	$102,059,079	$180,671,968	$160,792,352	$806,860,352

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

EXHIBIT 4(A)

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		$11,942,263
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. (Note 5)		
Add: Capital acquisitions and cost adjustments	$175,342,962	
Less: Depreciation expense	(60,417,366)	114,925,596
Right to use lease assets used in governmental activities are not financial resources and not reported in funds, net of amortization		
Add: Right to use assets	166,419,440	
Less: Amortization	(44,307,994)	122,111,446
Lease amortization difference		(5,112,484)
In the Statement of Activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the net book value (i.e., depreciated cost) of the capital asset dispostions.		(18,271,442)
Debt proceeds provide current financial resources to the governmental funds, but issuing debt, increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. (Note 9)		
Add: Debt repayment - principal	109,135,099	
Deferred cost of refunding	15,691,157	
Less: Debt proceeds	(230,162,665)	(126,293,862)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		
Amortization of deferred losses on bond refundings	874,623	
Amortization of bond premiums	12,717,714	13,592,337
Compensated absences and workers' compensation. (Note 9)		4,052,348
Group Settlement recognized over time in installments		1,111,108
OPEB expenses (Note 17.B):		
Add: FY 2023 OPEB contributions deferred	636,157	
Less: OPEB expense	(28,749,404)	(28,113,247)
Pension expenses Note 16.A):		
Add: FY 2023 pension contributions deferred	65,700,000	
Less: Pension expense	(49,800,000)	(15,900,000)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities (Exhibit 5):		
Additional income for internal service funds	105,550	
Net operating income/(loss) internal service funds	2,986,253	3,091,803
Change in net position of governmental activities		$79,278,015

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-type Activities - Enterprise Funds					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	Governmental Activities Internal Service Funds
ASSETS:						
Current assets:						
Equity in pooled cash and investments	$38,066,918	$1,476,742	$1,839,052	$3,591,931	$44,974,643	$14,818,626
Cash with fiscal agents	25,221	-	-	-	25,221	-
Accounts receivables, net	19,232,006	112,974	-	-	19,344,980	799,970
Lease receivable	410,492	-	-	-	410,492	-
Inventories	3,780,657	-	-	-	3,780,657	1,030,749
Prepaid expenses	2,625,699	-	-	-	2,625,699	-
Total current assets	64,140,993	1,589,716	1,839,052	3,591,931	71,161,692	16,649,345
Non-current assets:						
Right to use assets, net	220,108	9,960,137	-	10,715,715	20,895,960	95,938
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	1,030,362,185	14,289,183	2,667,325	-	1,047,318,693	36,188,158
Intangible assets, net	1,730,744	-	-	-	1,730,744	-
Construction in progress	14,115,213	-	-	20,405,667	34,520,880	-
Total capital assets, net	1,052,369,397	14,289,183	2,667,325	20,405,667	1,089,731,572	36,188,158
Total non current assets	1,052,589,505	24,249,320	2,667,325	31,121,382	1,110,627,532	36,284,096
Total assets	1,116,730,498	25,839,036	4,506,377	34,713,313	1,181,789,224	52,933,441
LIABILITIES:						
Current liabilities:						
Vouchers payable	6,832,961	261,112	12,068	223,615	7,329,756	470,357
Contracts payable - retainage	518,278	-	-	-	518,278	-
Accrued liabilities	295,822	24,515,567	-	-	24,811,389	36,354
Due to other funds	-	-	-	-	-	3,433,959
Due within one year - leases	53,488	1,108,871	-	1,276,564	2,438,923	79,406
Due within one year	27,723,095	48,665,473	-	132,822	76,521,390	44,509
Total current liabilities	35,423,644	74,551,023	12,068	1,633,001	111,619,736	4,064,585
Non-current liabilities:						
Due in more than one year - leases	184,648	9,039,661	-	9,906,404	19,130,713	18,324
Due in more than one year	116,795,229	-	-	1,195,401	117,990,630	400,585
Total non-current liabilities	116,979,877	9,039,661	-	11,101,805	137,121,343	418,909
Total liabilities	152,403,521	83,590,684	12,068	12,734,806	248,741,079	4,483,494
DEFERRED INFLOWS OF RESOURCES:						
Right to use assets	406,518	-	-	-	406,518	-
Deferred cost of refunding	664,439	-	-	-	664,439	-
Total deferred inflows of resources	1,070,957	-	-	-	1,070,957	-
NET POSITION:						
Net investment in capital assets	909,587,155	10,671,109	2,667,325	19,938,414	942,864,003	36,284,096
Unrestricted (deficit)	53,668,865	(68,422,757)	1,826,984	2,040,093	(10,886,815)	12,165,851
Total net position (deficit)	$963,256,020	($57,751,648)	$4,494,309	$21,978,508	$931,977,189	$48,449,947

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

EXHIBIT 6

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities-Enterprise Funds					Governmental Activities
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total Business-type Activities	Internal Service Funds
OPERATING REVENUES:						
Water-sewer service charges	$100,660,886	$-	$-	$-	$100,660,886	$-
Water-service hook-up charges	6,051,830	-	-	-	6,051,830	-
Water-service connection charges	1,716,595	-	-	-	1,716,595	-
Sewage treatment service charges	5,694,437	-	-	-	5,694,437	-
Permits and fees	-	-	-	17,255,517	17,255,517	-
Other charges for services	4,631,085	-	-	-	4,631,085	26,315,586
Parking charges	-	2,876,324	247,428	-	3,123,752	-
Total operating revenues	118,754,833	2,876,324	247,428	17,255,517	139,134,102	26,315,586
OPERATING EXPENSES:						
Personnel services	20,605,038	-	-	11,777,949	32,382,987	4,790,115
Fringe benefits	7,276,827	-	-	4,177,610	11,454,437	1,874,539
Cost of store issuances	-	-	-	-	-	5,545,136
Contractual services	12,509,157	720,333	49,202	3,254,075	16,532,767	-
Purchases of water	6,750,758	-	-	-	6,750,758	-
Materials and supplies	10,806,529	160,164	13,599	65,772	11,046,064	963,275
Utilities	-	-	-	-	-	168,934
Operating equipment	-	-	-	-	-	1,199,062
Outside services	-	-	-	-	-	1,824,921
Depreciation and amortization	18,896,319	2,073,823	95,177	1,431,289	22,496,608	6,963,351
Rent	-	1,279,992	-	-	1,279,992	-
Equipment (Construction Contracts)	7,578,281	-	-	(3,527,372)	4,050,909	-
Internal services	-	-	-	4,076,776	4,076,776	-
Miscellaneous	7,977,106	364,763	23,663	-	8,365,532	-
Total operating expenses	92,400,015	4,599,075	181,641	21,256,099	118,436,830	23,329,333
Operating income (loss)	26,354,817	(1,722,751)	65,787	(4,000,582)	20,697,271	2,986,253
NON-OPERATING REVENUES(EXPENSES):						
Interest income and other income	921,123	-	-	129,504	1,050,627	-
Interest expense and fiscal charges	(3,322,416)	(2,691,245)	-	(221,686)	(6,235,347)	-
Interest expense on credit line for capital	-	-	-	-	-	(168,625)
Gain on disposal of assets	-	-	-	-	-	141,517
Total non-operating revenues (expenses)	(2,401,293)	(2,691,245)	-	(92,182)	(5,184,720)	(27,108)
Net Income(loss) before contributions and net transfers	23,953,524	(4,413,996)	65,787	(4,092,764)	15,512,551	2,959,145
CONTRIBUTIONS AND TRANSFERS:						
Contributions from developers and other sources	1,842,039	-	-	-	1,842,039	-
Transfers in	406,733	-	-	-	406,733	262,658
Transfers out	-	-	-	-	-	(130,000)
Total contributions and transfers	2,248,772	-	-	-	2,248,772	132,658
Change in net position	26,202,296	(4,413,996)	65,787	(4,092,764)	17,761,323	3,091,803
Net position (deficit) - beginning of year	937,053,724	(53,337,652)	4,428,522	26,071,272	914,215,866	45,358,144
Net position (deficit) - end of year	$963,256,020	($57,751,648)	$4,494,309	$21,978,508	$931,977,189	$48,449,947

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

EXHIBIT 7

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	$116,959,368	$2,763,350	$247,428	$17,255,517	$137,225,663	$-
Receipts from interfund charges for fleet managment services	-	-	-	-	-	23,649,930
Receipts from interfund charges for print services	-	-	-	-	-	1,879,002
Cash paid to suppliers	(45,139,472)	(2,798,301)	(96,166)	(4,077,632)	(52,111,571)	(10,209,830)
Cash paid to employees	(28,071,474)	-	-	(15,983,234)	(44,054,708)	(6,765,290)
Net cash provided by operating activities	43,748,422	(34,951)	151,262	(2,805,349)	41,059,384	8,553,812
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	921,123	-	-	129,504	1,050,627	-
Net cash used for investing activities	921,123	-	-	129,504	1,050,627	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer (net) to other funds	406,733	-	-	-	406,733	132,658
Repayment of prior year temp loan	-	-	-	-	-	(2,375,538)
Temporary loan from general fund	-	-	-	-	-	3,433,959
Net cash provided by non-capital financing activities	406,733	-	-	-	406,733	1,191,079
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(7,450,000)	-	-	-	(7,450,000)	-
Payment of principal on credit line for capital	-	-	-	-	-	(228,860)
Payment of interest on credit line for capital	-	-	-	-	-	(168,625)
Payment of VRA loan	(17,023,231)	-	-	-	(17,023,231)	-
Interest and other loan expenses paid	(3,542,375)	-	-	(221,686)	(3,764,061)	-
Purchase of property	(23,534,256)	-	-	(3,527,372)	(27,061,628)	(10,258,662)
Right to use assets	(46,453)	-	-	(1,220,527)	(1,266,980)	(557,400)
Proceeds from sale of equipment	-	-	-	-	-	1,591,244
Net cash used for capital and related financing activities	(51,596,315)	-	-	(4,969,585)	(56,565,900)	(9,622,303)
Net increase (decrease) in cash and cash equivalents	(6,520,037)	(34,951)	151,262	(7,645,430)	(14,049,157)	122,588
Cash and cash equivalents at beginning of year	44,586,956	1,511,693	1,687,790	11,237,360	59,023,799	14,696,038
Cash and cash equivalents at end of year	$ 38,066,918	$ 1,476,742	$ 1,839,052	$ 3,591,930	$ 44,974,642	$ 14,818,626
Reconciliation of operating income (loss) to net cash provided by operations:						
Operating Income (loss)	26,354,817	(1,722,751)	65,787	(4,000,582)	20,697,271	2,986,253
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation and amortization expense	18,896,319	2,073,823	95,177	1,431,289	22,496,608	6,963,351
Effect of changes in operating assets and liabilities:						
Accounts receivable	(1,728,206)	(112,974)	-	-	(1,841,180)	(786,654)
Inventories	(748,706)	-	-	-	(748,706)	(235,978)
Vouchers payable	962,240	(465,161)	(9,702)	(208,380)	278,997	(272,526)
Compensated absences	(189,609)	-	-	(27,675)	(217,284)	(100,634)
Contract retainage	319,348	-	-	-	319,348	-
Prepaid item	(50,522)	-	-	-	(50,522)	-
Accrued rent liability	-	192,112	-	-	192,112	-
Unearned revenue	(67,259)	-	-	-	(67,259)	-
Net cash provided by operations	$43,748,422	($34,951)	$151,262	($2,805,349)	$41,059,385	$8,553,812
Schedule of non-cash capital and related financing activities:						
Contributions from developers and other sources	$1,842,039	$-	$-	$-	$1,842,039	$-

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

EXHIBIT 8

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Pension and OPEB Trust Funds	Private Purpose Trust Fund	Custodial Funds	Component Unit Schools OPEB Trust
ASSETS:				
Equity in pooled cash and investments	$111,326,276	$259,263	$222,299	$-
Contributions receivable:				
Employer	2,860,584	-	-	-
Employee	896,428	-	-	-
Accrued interest and other receivables	4,750	-	-	-
Investments, at fair value:				
Foreign, Municipal and U.S. Government Instruments in pooled funds	189,458,742	-	-	33,151,971
Corporate fixed income obligations	70,353,368	-	-	-
Domestic and foreign equities, including Equities in pooled funds	966,396,932	-	-	61,567,945
Other investments	272,091,967	-	-	-
Real estate funds	21,889,733	-	-	-
Pooled equity	823,020,399	-	-	-
Pooled fixed Income	748,492,164	-	-	-
Total assets	3,206,791,343	259,263	222,299	94,719,916
LIABILITIES:				
Accounts payable and accrued liabilities	2,669,130	13,613	222,299	-
Total liabilities	2,669,130	13,613	$222,299	-
Net Position Restricted for Pension	2,976,126,050	-	-	-
Net Position Restricted for OPEB	227,996,163	-	-	94,719,916
NET POSITION RESTRICTED FOR PLAN BENEFITS AND OTHER PURPOSES	$3,204,122,213	$245,650	$-	$94,719,916

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

EXHIBIT 9

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Pension and OPEB Trust Funds	Private Purpose Trust Fund	Custodial Funds	Component Unit Schools OPEB Trust
ADDITIONS:				
Contributions and revenues:				
Employer contributions	$71,748,329	$-	$-	$2,600,000
Employee contributions	16,019,748	-	-	
Other contributions	70,619	-	-	
Shared revenues	-	118,000	-	
Tax collections for other governments	-	-	13,531,554	
Collections for other organizations	-	-	104,385	
Total contributions	87,838,696	118,000	13,635,939	2,600,000
Investment earnings:				
Interest and other	54,779,795	857	-	6,758,499
Gross income from securities lending	200,882	-	-	-
Bank fees and expenses from securities lending	(50,217)	-	-	-
Net change in fair value of investments	190,604,284	-	-	1,648,765
Total investment earnings (loss)	245,534,744	857	-	8,407,263
Less investment expenses	9,921,070	-	-	-
Net investment earnings (loss)	235,613,674	857	-	8,407,263
Total additions	323,452,370	118,857	13,635,939	11,007,263
DEDUCTIONS:				
Administrative expenses	2,345,176	113,251	-	-
Tax payments to other governments	-	-	13,531,554	-
Payments to other organizations	-	-	104,385	-
Retirees pension expense	132,639,464	-	-	-
Total deductions	134,984,640	113,251	13,635,939	-
Change in net position	188,467,730	5,606	-	$11,007,263
Net position restricted for plan benefits - begin year	3,015,654,483	240,044	-	$83,712,652
Net position restricted for plan benefits - year end	$3,204,122,213	$245,650	$-	$94,719,916

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

ARLINGTON
VIRGINIA

Notes to the Financial Statements

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

NOTE 1. Summary of Significant Accounting Policies

Arlington County, Virginia prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the primary standard-setting body for governmental accounting and financial reporting. The GASB updates its codification of existing governmental accounting and financial reporting standards periodically. The codification, along with subsequent GASB pronouncements (statements and interpretations) constitute GAAP for governmental units. The accounting and reporting framework and significant accounting principles and practices utilized by the County are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2023.

A. The Financial Reporting Entity

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

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

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

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

B. Blended Component Units

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

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

Ballston Business Improvement District was created by the County Board in December 2010 to provide funds for a range of services, events and activities that enhance the public use and enjoyment of the Ballston area. This district is reported as a separate special revenue fund of the County. The County is the governing authority and provides financial and administrative oversight of its operations. Separate financial statements are not prepared for the Ballston Business Improvement District.

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

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

C. Discretely Presented Component Units

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

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

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

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

D. Fiduciary Component Units

Arlington County Employee Retirement System (ACERS) is Pension Trust Fund of the County Financial reporting entity and is included in the Annual Financial Report as a Fiduciary component unit. The County primary government provides this pension plan, which is administered through a trust that meets the criteria of paragraph 3 of GASB Statement 67 and it is considered a legally separate entity. Because the County has assumed responsibility to make contributions to the plan and appoints a voting majority of the governing board, the financial burden criteria has been met in determining qualification as a component unit.

The Arlington County Retiree Welfare Benefit Trust-is a single employer defined benefit healthcare plan that provides postemployment healthcare benefits and is included in the Annual Financial Report as a Fiduciary component unit. The County primary government provides this OPEB plans which is administered through a trust and meets the criteria of GAAP (paragraph 3 of GASB Statement 74) and is considered a legally separate entity. Because the County has assumed responsibility to make contributions to the plan and appoints a voting majority of the governing board, the financial burden criteria has been met in determining qualification as a component unit.

The Arlington Public Schools Retiree Welfare Benefit Trust-is a single employer defined benefit healthcare plan that provides postemployment healthcare benefits and is included in the Annual Financial Report as a Fiduciary component unit. The Schools provides this OPEB plans which is administered through a trust and meets the criteria of GAAP (paragraph 3 of GASB Statement 74) and is considered a legally separate entity. Because Schools has assumed responsibility to make contributions to the plan and appoints a voting majority of the governing board, the financial burden criteria has been met in determining qualification as a component unit.

E. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

GAAP set forth minimum criteria for the determination of major funds. To meet this criteria, the total assets plus deferred outflows, liabilities plus deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund must equal at least ten percent of the corresponding total for all funds in that category or type and at least five percent of the corresponding total for all governmental and enterprise funds combined. The County has elected to present additional funds as major for greater transparency. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The non-major funds in each category are combined in a column on the fund financial statements and detailed in the section other supplementary information. The Budgetary comparison schedule for the General Fund is presented under required supplementary information following the notes to the financial statements.

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

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

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

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

Governmental Fund Types:

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

The County and the Schools use the following governmental funds:

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

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

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

Proprietary Fund Types:

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

The County uses the following proprietary fund types:

The **Enterprise Funds** account for the financing of services to the general public where the operating expenses involved are usually recovered in the form of charges to users of such activities. The County uses the following enterprise funds:

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

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

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

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

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

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

Fiduciary Fund Types:

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

The County uses the following fiduciary fund types:

The Private-Purpose Trust Fund is used to account for resources legally held in trust to provide for costs to oversee the operation of the waste-to-energy plant and related expenses.

The **Pension Trust Fund** accounts for the activities of the Arlington County Employees' Retirement System (the "System"), which accumulates resources for pension benefit payments to qualified employees and the **Other Postemployment Benefits (OPEB) Trust Fund** accounts for the assets held in trusts by the County and Schools for beneficiaries of the OPEB plans.

The **Custodial Funds** account for assets held by the County in a custodial capacity for individuals, private organizations, and other governmental units. The assets included in custodial funds are held by the County on behalf of Friends of Library, Virginia State Police, Commonwealth of Virginia, and various individuals.

Budgets

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the general, enterprise, internal service, capital projects, and special revenue funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County Manager biennially submits a ten-year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2023, the CIP plan presented a ten-year period instead of six years presented previously. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and utility projects, and analyzing operating budget impacts. The Budgetary Comparison Schedule is presented in the Required Supplementary Information section (RSI) following the notes to the financial statements.

F. Pooled Cash and Investments

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

The Treasurer's investment policy sets forth a number of investment parameters such as investment objectives, asset allocations and maximum maturities. The stated investment objectives, in priority order, are: preservation of principal, liquidity and yield. Pursuant to this policy, the Treasurer does not invest County operating funds and bond proceeds in "derivative" securities,

securities lending, or invest in mortgage backed securities guaranteed by the Government National Mortgage Association (GNMA). Further, the Treasurer does not invest in reverse repurchase agreements. The Treasurer's general intent is to place and manage all bond proceeds with and through the State Non-Arbitrage Program (SNAP).

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

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

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

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

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

G. Receivables and Payables

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

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

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

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

H. Inventories and Prepaid Items

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

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

I. Capital Assets

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

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

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

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

Right to use assets were added in FY 2022 for the County in compliance with Government Accounting Standards Board (GASB) Statement 87 and Government Accounting Standards Board (GASB) Statement 96. Schools implemented GASB 96 in FY 23 and GASB 87 in FY 22. Assets were amortized over the term length of the lease or the life of the asset, whichever is shorter. The capitalization threshold for right to use assets is $81,000 for FY23 and will be adjusted annually. Additional disclosure under Note 7.

J. Compensated Absences

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

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

K. Arbitrage Rebate Liability

The U.S. Treasury has issued regulations on calculating the rebate due to the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2023, the County had no arbitrage rebate liability.

L. Long-Term Obligations

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

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

M. Fund Balance

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

Non-spendable Fund Balance – Amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints, such as inventory and prepaid items. In addition, the year-end lease receivable balance in excess of the related deferred inflow of resources is not a spendable resource and is included in this category.

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

Committed Fund Balance – The County's highest level of decision making authority is the County Board. Fund balance amounts that are constrained for specific purposes that are imposed by Governing Body formal action through voted Resolution by Governing Body and not lapsing at year-end. Committed amounts cannot be used for any other purpose unless the County Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The

County's committed fund balance includes items such as self-insurance, operating, and economic and revenue stabilization reserves, and subsequent years' budgets for County and Schools and Affordable Housing Investment Fund. The self-insurance reserve is generally a minimum reserve equivalent to one or two month's claim payments based on a five-year rolling average. For FY 2023, this reserve is currently set at $5.4 million. In accordance with the County's Financial and Debt Management policies, the operating reserve is currently set at 5.5% of the FY 2023 general fund revenue budget. The Stabilization Reserve and proposed Stabilization Reserve replenishment sum to $15.5 million.

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

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

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

N. Cash and Cash Equivalents

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

O. Use of Estimates

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

P. Deferred Outflows of Resources

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

Q. Deferred Inflows of Resources

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

R. Pensions and Other Postemployment Benefits

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

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

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

S. Implementation of New GASB Pronouncements

The County implemented the following GASB pronouncements:

In May 2020, GASB issued Statement No. 96 ("GASB 96"), *Subscription Based Information Technology Arrangements* which covers specific contracts or obligations for subscription based technology arrangements (SBITA) and prescribes the same treatment as GASB 87 to SBITAs. Implementation is required by June 30, 2023. The County implemented in conjunction with GASB 87 in FY22 due to complex embedded lease contracts; however, Schools implemented for the year ending June 30, 2023.

T. Change in Accounting Principle

The Schools had a change in Accounting principal in FY23 due to the implementation of GASB 96.

U. Subsequent Events

None

NOTE 2. Legal Compliance

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

Supplemental appropriations may be approved by the County Board subsequent to the adoption of the original budget. In FY2023, such appropriation amendments totaled $170,239,674 and are reflected in the amounts presented in the financial statements. In addition, the County Board can approve transfers of appropriations between County departments and funds and Department of Management and Finance can approve budget transfers within a department's appropriation. The level of budgetary control in the County is at the department level for the general fund.

In August 1984, Arlington County, Virginia, (the "County") entered into various agreements to acquire an existing parking garage, to lease the adjacent land, and to construct a new garage. The Ballston Public Parking Garage Fund (the "Fund") was established to account for the acquisition, construction, and operations of the parking garage. The Fund is an Enterprise Fund of the County. The Ballston Public Parking Garage (the "BPPG") commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering certain liabilities (e.g., mortgage payable), the garage has a deficiency in net position of $57,751,648 at June 30, 2023. The deferred rent and mortgage payable are liabilities, but are to be paid only when certain net operating income circumstances are met. The deficit has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under the agreement with the May Company (Center Mark Properties, Inc. and successors), the County was initially precluded from increasing some key parking rates.

The printing fund (an internal service fund) had a decrease in net position of ($557,107) in FY2023, resulting in an ending net deficit of ($3,390,898).

NOTE 3. Cash and Investments

I. County Cash and Investments

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

A. Custodial Credit Risk Deposits

At year end, the carrying amount of the County and School bank deposits, including money market accounts was $22,300,782 and the bank balance was $52,655,942. Of the bank balance, $23,772,027 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

B. Custodial Credit Risk Investment Securities

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

C. Investment Policy

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

D. Credit Risk

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

E. Concentrations of Credit Risk

The County's policy defines limits on the percentage of the portfolio that may be invested in various investments. The portfolio is in compliance with each of the stated limits as of June 30, 2023.

F. Interest Rate Risk and Fair Value Hierarchy

As a means of limiting exposure to fair value losses resulting from increasing interest rates, the Treasurer's investment policy states that the maturities in the portfolio are to be reviewed frequently to mitigate the effects of market fluctuations. In no case, however, shall investments be purchased with maturities greater than five years. At June 30, 2023, the County had the following investments and maturities:

		Investment Maturity		
	Fair Value	Less than 1 year	1-3 years	3-5 years
Corporate Notes	$ 136,289,524	$ 53,513,551	$ 81,439,668	$ 1,336,305
Government Agency Notes	344,826,052	125,980,671	199,271,446	19,573,935
Municipal Obligations	32,184,579	16,686,030	14,791,789	706,760
US Treasury Note	28,837,242	19,687,042	9,150,200	-
Negotiable CD	5,000,500	5,000,500	-	-
TOTAL	$ 547,137,897	$ 220,867,794	$ 304,653,103	$ 21,617,000

Investment measured at Net Asset Value (NAV)	
Virginia State LGIP - Liquidity Pool	$ 100,604,198
VIP Daily Liquidity Pool	236,235,512
Virginia State SNAP	330,718,445
	$ 667,558,155

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

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

As of June 30, 2023, the County's fair value measurements were as follows:

	Fair Value	Level 1	Level 2	Level 3
Corporate Notes	$ 136,289,524	$ 136,289,524	-	-
Government Agency Notes	344,826,052	344,826,052	-	-
Municipal Obligations	32,184,579	32,184,579	-	-
US Treasury Note	28,837,242	28,837,242	-	-
Negotiable CD	5,000,500	5,000,500	-	-
TOTAL	$ 547,137,897	$ 547,137,897	$ -	$ -

Investment measured at Net Asset Value (NAV)	
Virginia State LGIP - Liquidity Pool	$ 100,604,198
VIP Daily Liquidity Pool	236,235,512
Virginia State SNAP	330,718,445
	$ 667,558,155

As of June 30, 2023, the County has no investments in assets classified as Level 2 and 3.

Bank of New York Mellon Bank (BNYM), the trustee for the Industrial Development Authority (IDA) of Arlington County, Virginia, is authorized to invest all bond proceeds for the IDA Taxable Economic Development Revenue Bonds (Skating Facility Project). As of June 30, 2023, the balance of these funds totaled $13,913,487, with a fair value measurement of Level 1 and an overnight investment maturity.

First Virginia Community Bank is the trustee for Alexandria/Arlington Waste to Energy-Monitoring Group Trust Fund. Investments in the amount of $188,463 at fair value, were held by First Virginia Community Bank at June 30, 2023.

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

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia SNAP which is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities and towns. As of June 30, 2023, the County has $330,718,445 in the SNAP short-term investment. SNAP is administered by the Virginia Treasury Board which is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at $1.00 per share, as determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

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

The County is a participant in the LGIP, which is administered by the Virginia Treasury Board. As of June 30, 2023, the County has $100,604,198 in the LGIP short-term investment. The Virginia Treasury Board is committed to managing certain risk limiting provisions to maintain a stable (NAV) at $1.00 per share, as determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

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

The County is a participant in the VIP Stable NAV Liquidity Pool (Daily Liquidity Pool), administrated by VACo/VML VIP. As of June 30, 2023, the County had $236,235,512 in the Stable NAV Liquidity Pool short-term investment. The VACo/VML VIP is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at $1.00 per share, as determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

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

II. Arlington County Employees' Retirement System's (the "System") Cash and Investments

A. Legal Provisions and Investment Policy

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

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

Such sectors include, but are not limited to:

- Convertible securities
- Cash, money market funds and other short term investment funds
- Public and private investments of U.S. and non-U.S. companies
- Open and closed end alternative investment funds
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. Governments, companies and super national organizations, in other developed and emerging markets.

Since the Fund focused on risk capacity and drawdown ability there is no target allocation approach, the following table shows the Fund's ten-year average and fiscal year-end allocation:

Asset Class	Current Allocation	10 Year Average Allocation
Domestic Equity	37%	35%
International Equity	17%	16%
Fixed Income	32%	33%
Cash/Short Term	4%	4%
Non-Traditional	10%	12%
	100%	100%

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

B. Expected Rate of Return

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

Best estimates of geometric real rates of return for each major asset class included in the pension plan's expected asset allocation as of June 30, 2023 (see the discussion of the system investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	6.4%
International Equity	7.7%
Fixed Income	4.8%
Cash/Short Term	3.7%
Non-Traditional	10.2%

C. Investment Restrictions

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

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

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

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

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

Investment managers are prohibited from:

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

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

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

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2023, the System had $133 in open net forward currency contracts.

D. Cash and Cash Equivalents

At June 30, 2023, the System had cash and cash equivalents of $111,326. Cash deposits in bank accounts totaled $364,559. This amount was insured by the Federal Deposit Insurance Corporation up to $250,000 for each System participant. Cash totaling $110,961,717 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

E. Investments and Risk

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

The following table presents the fair value of investments by type at June 30, 2023:

System Investments

Investment Type	Investment Value in ($000s)
Foreign, Municipal and U.S. Governments:	
Government and Government Agency Debt	$24,888
Government Pooled Fund	84,772
Total Foreign, Municipal, and U.S. Governments	109,660
Corporate Fixed Income Obligations:	
Residential Mortgaged Backed	71,844
Commercial Mortgaged Backed	14,606
Collateralized Mortgaged Obligations	30,276
Asset Backed Securities	25,472
Total Corporate Fixed Income Obligations	142,198
Domestic and Foreign Equities:	
Common Stock	816,270
Preferred Stock	1,929
Total Domestic and Foreign Equities	818,199
Private Equity:	
Private Equity	272,092
Real Estate Funds:	
Real Estate	21,890
Pooled Equity:	
Pooled Equity Funds	823,020
Pooled Fixed Income:	
Pooled Bonds Funds	676,649
Total (1)	$2,863,708

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

Interest Rate Risk: Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on $167.1 million of directly owned fixed income securities and on $761.4 million invested in three pooled US fixed income funds.

Investment Maturities

Investment Type:	Fair Value ($000s)	Under 1	Investment Maturities (years) 1-5	6-10	Over-10
Asset Backed Securities	$25,472	$-	$2,203	$3,123	$20,146
Commercial Mortgage-Backed	14,606	-	-	-	14,606
Government and Government Agencies	27,914	-	-	4,167	23,747
Residential Mortgage Backed	71,844	-	-	10,955	60,889
Collateralized Mortgage Obligations	27,249	422	2946	-	23,881
Total	$167,085	$422	$5,149	$18,245	$143,269

The System's directly owned fixed income investments and maturities at June 30, 2023 are:

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration, which reflects the average percentage change in portfolio value due to a 1% change in interest rates. The effective duration for the System's directly held fixed income portfolio at June 30, 2023 is shown below:

Investment Durations

Investment Type *(in $ 000s)*	Fair Value	Effective Duration (Yrs)
Asset Backed Securities	$25,472	0.50
Commercial Mortgage-Backed	14,606	0.20
Government & Government Agencies	27,914	2.50
Residential Mortgage Backed	71,844	3.80
Collateralized Mortgage Obligations	27,249	0.70
Total	$167,085	7.70

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

Credit Risk: The System's credit quality distribution for the System's directly held fixed income investments of $167.1 million at June 30, 2023 is shown in the following table:

Fixed Income Credit Quality Distribution

Investment Type	Credit Quality							
(in $ 000s)	AAA	AA	A	BBB	BB	B	Below B	Unrated
Asset Backed Securities	$4,405	$-	$1,795	$2,368	$-	$-	$12,857	$4,047
Commercial Mortgage-Backed	4,412	1,631	1,006	1,048	411	164	-	5,934
Government & Government Agencies	27,914	-	-	-	-	-	-	-
Residential Mortgage Backed	71,844	-	-	-	-	-	-	-
Collateralized Mortgage Obligations	-	-	193	1,672	331	-	9,196	15,857
Total	$108,575	$1,631	$2,994	$5,088	$742	$164	$22,053	$25,838

Note: Ratings based on S&P Quality Ratings.

Foreign Currency Risk: Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2023 was as follows:

Foreign Currency Exposure In Dollars

Currency (in $ 000s)	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	$1,336	$-	$-	$1,336
British Pound Sterling	4,121	-	2	4,123
Canadian Dollar	776	-	-	776
Chinese Yuan Renminbi	-	-	1,053	1,053
Danish Krone	4,381	-	-	4,381
Euro	40,959	-	6	40,965
HK offshore Chinese Yuan Renmini	5,512	-	-	5,512
Hong Kong Dollar	15,427	-	-	15,427
Indonesian Rupiah	4,518	-	0	4,518
Japanese Yen	6,024	-	23	6,047
Nigerian Naira	60	-	171	231
Norwegian Krone	-	-	1	1
Philippines Peso	6,375	-	11	6,386
South Africa Rand	911	-	-	911
Swedish Krona	790	-	-	790
Swiss Franc	713	-	-	713
Total	$91,903	$-	$1,267	$93,170

F. Securities Lending

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

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

The fair value of securities on loan increased $15.1 million at the beginning of the year to $33.9 million at June 30, 2023. The following table details the net income from securities lending for the fiscal year ended June 30, 2023:

Gross Income from Securities Lending	$200,882
Less: Bank Management Fees	(50,217)
Net Income from Securities Lending	$150,665

At June 30, 2023, the fair value of underlying securities lent was $33,852,810 and the fair value of the non-cash collateral pledged was $34,455,320. None of the System's pooled fund investments have material realized or unrealized securities lending related losses.

G. Fair Value of Investments

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

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

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

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

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

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

Investments and Derivative Instruments Measured at Fair Value

		Fair Value Measurements		
	6/30/2023	Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Signifcant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities:				
Foreign, Municipal and U.S. Governments:				
Government and Government Agency Debt	$24,888,063	$-	$24,888,063	$-
Residential Mortgag Backed	71,843,623	-	71,843,623	-
Corporate Fixed Income Obligations:				
Commericial Mortgage Backed	17,631,784	-	17,631,784	-
Asset Backed	25,471,953	-	25,471,953	-
Non-Government Backed C.M.O.s	27,249,631	-	27,249,631	-
Pooled Fixed Income				
Pooled Bond Funds	56,599,189	56,599,189	-	-
Total debt securities measured at fair value	223,684,243	56,599,189	167,085,054	-
Equity Securities:				
Domestic and Foreign Equities:				
Common stock	626,864,315	626,864,315	-	-
Preferred stock	1,929,397	1,929,397	-	-
Pooled Equity Funds	575,524,990	575,524,990	-	-
Total equity securities measured at fair value	1,204,318,702	1,204,318,702	-	-
Total investments by fair value level	1,428,002,945	$1,260,917,891	$167,085,054	$-
Investments measured at the NAV				
Debt Securities				
Pooled Bond Funds	704,821,374			
Total Debt Securities measured at the NAV	704,821,374			
Equity Securities				
Domestic and Foreign Equities				
Pooled Global Equity Fund	344,150,576			
Pooled International Equity Fund	92,750,545			
Total equity securities measured at the NAV	436,901,121			
Alternative investments				
Private Equity				
Private Equity	272,091,967			
	272,091,967			
Real Estate Funds				
Real Estate	21,889,733			
Total alternative investments measured at the NAV	293,981,700			
Total investments measured at fair value	1,435,704,195			
Total investments	$2,863,707,140			

Total Assets at Net Asset Value

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Debt Securities				
Pooled Fixed Income	$704,821,374	$-	Daily	N/A
Total Debt Securities	704,821,374	-		
Equity Securities:				
Domestic and Foreign Equities	344,150,576	-	Monthly	15-45 days
International Pooled Equity	92,750,545	-	Monthly	15-45 days
Total equity securities	436,901,121	-		
Alternative Investments:				
Private Equity	272,091,967	182	N/A	N/A
Real Estate	21,889,733	34	N/A	N/A
Total alternative investments	293,981,700	216		
Total investments measured at the NAV	$1,435,704,195	$216		

- Unfunded Commitments. At June 30th, the System had committed to fund certain alternative investment partnerships in the amount of 565.5 million. Funding of $349.5 million has been provided leaving an unfunded commitment of $216 million.

- Equity. Pooled Equity includes funds that invest in both U.S. and non-U.S. securities.
- Alternative Investments. Real estate includes two funds, structured as limited partnerships, which invest primarily in land in the United States. Private Equity includes ten funds, structured as limited partnerships, which employ multiple investment strategies including buy-out, venture capital and fund-of- funds. These investments can never be redeemed with the funds. Instead, the nature of the investments of these types is that distributions are received through the liquidation of the underlying assets of the funds. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.

- Fixed Income. Pooled fixed income includes one fund that maintains a portfolio constructed to match or track the components of the Barclays Capital U.S. Aggregate Index as well as a TIPS fund.

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

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

The Retirement Board is also subject to the policies and procedures as adopted by the Retirement Board including a Governance Policy and an Ethics Policy that references each Trustee's obligations to comply with the *Code of Virginia* - State and Local Government Conflict of Interests Act (§2.2-3100 thru §2.2-3131). In the event of a conflict between the OPEB Trusts' documents and this policy, the trusts' documents shall prevail.

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

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

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

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

Asset Class Matrix	Range
Equities	60%- 70%
Fixed Income	30%- 40%

The following are approved investment options for the OPEB Trusts:

Vanguard Wellington Fund Admiral Shares (VWENX)

Vanguard Federal Money Market Fund (VMFXX)

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

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

The OPEB Trusts' investments are recorded at fair value based on the methodology described above. The following table presents fair value of investments by type at June 30, 2023:

County

Description	Percentage	Fair Value
Stocks	65%	$148,197,507
Bonds	35%	79,798,657
Total:	100%	$227,996,164

Schools

Description	Percentage	Fair Value
Stocks	65%	$61,567,945
Bonds	35%	33,151,971
Total:	100%	$94,719,916

NOTE 4. Receivables, Unearned Revenues and Deferred Inflows of Resources

Receivables at June 30, 2023 are summarized below:

	Governmental Activities	Business-type Activities
Real Estate	$ 481,262,080	$ -
Peronal property taxes	3,856,596	
Business License taxes	2,796,863	
Meal taxes	799,175	
Accounts receivables	43,489,563	20,187,563
Interest	1,816,358	
Total	$ 534,020,635	$ 20,187,563
Less allowance for doubtful accounts	(1,049,529)	(842,582)
Net receivables	$ 532,971,107	$ 19,344,980
Lease Receivable	$ 231,985,777	$ 410,492

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

The County Board establishes the tax rates in April each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes deferred revenue is the unbilled October 5 installment. This October due amount, totaling $477,345,855, has also been recorded as deferred inflows of resources in the General fund since these revenues are not considered to be available to finance current year expenditures.

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

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

The Affordable Housing Investment Fund (AHIF) is the County's main financing program for affordable housing development. The County provided residual receipt loans that benefit low and moderate-income households through subordinate deeds of trust to make the financing of affordable multifamily projects feasible. AHIF is a revolving loan fund that provides low interest loans for new construction, acquisition and rehabilitation of affordable housing. Outstanding principal balances for the AHIF loans are not reflected in the accompanying Statement of Net Position since payments are due only if the properties have sufficient cash flow. When loans are closed and proceeds disbursed to the non-profit developers, the loan amount is immediately expensed on the County's financial statements. When loan repayments or interest are received, the County recognizes such payments as revenue. Outstanding balances may be reinvested during future capital transactions including refinancing, recapitalizing or redeveloping the property.

Unearned revenues represent amounts for which asset recognition criteria were met, but for which revenue recognition criteria were not met. Deferred inflows of resources represents amounts for which asset recognition criteria were met, but which were not available to finance expenditures of the current period. At June 30, 2023, the components of unearned revenues reported were as follows:

Unearned Revenuue and Deferred Inflow of Resources

	General Fund	Special Revenue Funds	Total Governmental Activities
Taxes	$ 6,123,218	$ 5,660,668	$ 11,783,886
Grants	9,113,519	5,721,969	14,835,489
Housing development loans	380,182		380,182
Household Credits	579,692		579,692
Total Unearned Revenue	$ 16,196,611	$ 11,382,638	$ 27,579,249

Deferred Inflows of Resources	General Fund	Transportation Captial Projects	Total Governmental Activities	Business - Type Activities	Total Primary Government
Real Estate Taxes	$ 477,345,855	$ -	$ 477,345,855	$ -	$ 477,345,855
Lease	203,501,200	19,629,735	223,130,934	406,518	223,537,452
Pension	22,200,000	-	22,200,000	-	22,200,000
OPEB	72,737,312	-	72,737,312	-	72,737,312
Refunding of debt	-	-	-	664,439	664,439
Total Deferred Inflows of resources	$ 775,784,367	$ 19,629,735	$ 795,414,101	$ 1,070,957	$ 796,485,059

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

Capital asset activity for the year ended June 30, 2023:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental and Internal Service activities:				
Capital assets, not being depreciated:				
Land	$260,094,636	$2,707,852	$-	$262,802,488
Construction in progress	166,246,442	50,993,792	17,303,312	199,936,922
Total capital assets, not being depreciated	426,341,078	53,701,644	17,303,312	462,739,410
Capital assets, being depreciated:				
Infrastructure	1,094,349,482	89,655,970	-	1,184,005,452
Buildings	661,573,086	11,017,119	-	672,590,205
Furniture, fixtures and equipment	405,181,371	35,607,464	6,619,104	434,169,731
Intangible	13,487,221	309,909	-	13,797,130
Total capital assets being depreciated	2,174,591,160	136,590,462	6,619,104	2,304,562,518
Less accumulated depreciation for:				
Infrastructure	449,303,036	25,451,732	-	474,754,768
Buildings	207,896,649	16,401,679	-	224,298,328
Furniture, fixtures and equipment	264,040,192	23,764,115	4,201,249	283,603,058
Intangible	9,096,989	1,210,111	-	10,307,100
Total accumulated depreciation	930,336,866	66,827,637	4,201,249	992,963,254
Total capital assets, being depreciated, net	1,244,254,294	69,762,825	2,417,855	1,311,599,264
Governmental and Internal Service activities	1,670,595,372	$123,464,469	19,721,167	1,774,338,674

Right to use asset

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings	$138,785,221	$583,368	$66,399	$139,302,190
Equipment	2,100,519	81,131	-	2,181,650
Subscription	20,859,048	4,076,552	-	24,935,600
Total right to use assets	161,744,788	4,741,051	66,399	166,419,440
Less accumulated amortization for:				
Buildings	13,388,314	13,372,854	8,372	26,752,796
Equipment	736,555	680,108	-	1,416,663
Subscription	8,933,696	7,204,838	-	16,138,534
Total accumulated amortization	$23,058,565	$21,257,800	$8,372	$44,307,993
Total right to use assets, net	$138,686,223	-$16,516,749	$58,027	$122,111,446
Total of Primary government activities	$1,809,281,595	$106,947,720	$19,779,195	$1,896,450,120

Governmental activities capital assets, net of accumulated depreciation, at June 30, 2023, are comprised of the following:

Governmental funds	$1,860,166,024
Internal service funds	36,284,096
Total	$1,896,450,120

Business-by Fund

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$6,161,255	$-	$-	$6,161,255
Construction in progress	31,997,546	26,332,164	23,808,830	34,520,880
Total capital assets, not being depreciated	38,158,801	26,332,164	23,808,830	40,682,135
Capital assets, being depreciated:				
Sewer system	439,733,979	13,811,516	-	453,545,495
Water system	875,340,520	12,155,371	-	887,495,891
Building	36,244,072	-	-	36,244,072
Furniture, Equipments	8,887,621	410,888	-	9,298,509
Intangible	7,492,864	-	-	7,492,864
Total capital assets being depreciated	1,367,699,056	26,377,775	-	1,394,076,831
Less accumulated depreciation for:				
Sewer system	117,085,938	2,000,917	-	119,086,855
Water system	177,540,564	15,842,641	-	193,383,205
Building	18,871,072	844,113	-	19,715,185
Furniture, fixtures and equipment	6,681,927	398,101	-	7,080,028
Intangible	4,536,937	1,225,182	-	5,762,119
Total accumulated depreciation	324,716,438	20,310,954	-	345,027,392
Total capital assets, being depreciated, net	1,042,982,618	6,066,821	-	1,049,049,439
Business-type activities capital assets, net	$1,081,141,419	$32,398,985	$23,808,830	$1,089,731,574

Right to use asset

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings	$22,062,920	$-	$-	$22,062,920
Equipment	19,554	6,024	-	25,578
Subscription	3,812,282	260,544	-	4,072,826
Total right to use assets	25,894,756	266,568	-	26,161,324
Less accumulated amortization for:				
Buildings	1,963,069	1,963,069	-	3,926,138
Equipment	1,396	3,824	-	5,220
Subscription	636,774	697,233	-	1,334,007
Total accumulated amortization	2,601,239	2,664,126	-	5,265,365
Total right to use assets, net	$23,293,517	-$2,397,558	-	$20,895,959
Total of Business-type activities	$1,104,434,936	$30,001,427	$23,808,830	$1,110,627,533

Discretely presented component units Schools:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	$4,697,946	$-	$-	$4,697,946
Construction in progress	21,750,433	40,835,864	55,908,886	6,677,411
Total capital assets, not being depreciated	26,448,379	40,835,864	55,908,886	11,375,357
Capital assets, being depreciated:				
Buildings	1,133,704,602	81,657,978	-	1,215,362,580
Furniture, fixtures, and equipment	168,292,324	14,834,509	-	183,126,833
Total capital assets being depreciated	1,301,996,926	96,492,487	-	1,398,489,413
Less accumulated depreciation for:				
Buildings	347,295,664	26,623,874	-	373,919,538
Furniture, Equipments	106,245,303	9,786,559	-	116,031,862
Total accumulated depreciation	453,540,967	36,410,433	-	489,951,400
Total capital assets, being depreciated, net	848,455,959	60,082,054	-	908,538,013
Schools activities capital assets, net	$874,904,338	$100,917,918	$55,908,886	$919,913,370

Right to use asset

	Beginning Balance	Increases	Decreases	Ending Balance
Buildings	$59,447,893	$2,692,927	$-	$62,140,820
Equipment	227,002	-	-	227,002
Subscription	-	14,376,906	-	14,376,906
Total right to use assets	59,674,895	17,069,833	-	76,744,728
Less accumulated amortization for:				
Buildings	5,566,181	$5,973,219	-	11,539,400
Equipment	97,286	97,287	-	194,573
Subscription	-	3,984,928	-	3,984,928
Total accumulated amortization	5,663,467	10,055,434	-	15,718,901
Total right to use assets, net	$54,011,428	$7,014,399	-	$61,025,827
Total of Schools activities	$928,915,766	$107,932,317	$55,908,886	$980,939,197

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

Function and Activity	Depreciation Expense
Primary government:	
Government activities:	
General Government	$13,732,951
Public Safety	4,294,775
Public works, including depreciation of infrastructure assets	28,750,469
Health and welfare	423,905
Libraries	181,929
Parks, recreation and culture	10,600,492
Planning and community development	2,432,845
Total Depreciation Expense - Government Activities	60,417,366
Internal Services	6,410,271
Total Depreciation Expense - Governmental & Internal Services	$66,827,637
Total Lease Amortization Expense - Governmental & Internal Services	$21,257,800
Business-type activities:	
*Utilities	$18,896,319
Ballston Public Parking Garage	902,042
8th level Ballston Public Parking Garage	95,177
CPHD Development Fund	3,561
Total Depreciation Expense - Business-type Activities	$19,897,099
Total Lease Amortization Expense - Business-type Activities	$2,664,126
Total Depreciation Expense Component Unit- Schools	$36,410,433
Total Lease Amortization Expense Component Unit- Schools	$10,055,434

*Includes $413,856 amortization for bonds.

NOTE 6. Risk Management

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the general fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Settled claims resulting from these risks have not exceeded the commercial reinsurance coverage for the past three years. At June 30, 2023, the current portion of these liabilities was $9.30 million, which represents an estimate of health insurance claims that have been incurred but not reported of $8.87 million and are included in the accrued payroll liabilities and the current portion of workers' compensation of $.43 million. The non-current portion was $3.88 million, which represents an estimate of workers' compensation claims included in the long-term liabilities based on a history of such claims. These liabilities are the County's best estimate based on available information.

Changes in the reported liabilities for the last two fiscal years resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2020 – 2022				
Current	$8,374,980	$60,180,503	$60,881,071	$7,674,412
Long-term	$3,055,319	$3,397,985	$3,170,798	$3,282,506
2022 – 2023				
Current	$7,674,412	$64,794,221	$63,162,869	$9,305,764
Long-term	$3,282,506	$4,351,728	$3,751,263	$3,882,972

The County's policy for self-insurance reserve is to maintain approximately one to two months' claim payments based on a five-year rolling average. Any draw on the self-insurance reserve requires County Board approval and will be replenished within the subsequent two (2) fiscal years. The County has committed a self-insurance reserve in the General Fund of $5,000,000 as of June 30, 2023.

The County maintains an operating reserve of 5.5% of the General Fund revenue operating budget for the following fiscal year. The County has committed an operating reserve in the General Fund of $85,339,704 for FY 2023. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily to cover working capital needs and unexpected contingencies. In addition, the County maintains a Stabilization Reserve to address unexpected, temporary events, such as major weather events or a local/regional emergency requiring immediate incurrence of cost in response; revenue declines; and local or regional economic stress. For FY23, the the County has committed a Stabilization Reserve of $15.516,310.

NOTE 7. Leases and Subscription Based Information Technology Arrangements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Arlington County adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

GASB Statement No. 96, (GASB 96) issued by GASB covers specific contracts or obligations for subscription-based information technology arrangements (SBITA) and prescribes the same treatment as GASB 87 to SBITAs. Implementation requirement by June 30, 2023; however, Arlington County early implemented in conjunction with GASB 87 due to complex embedded lease contracts. School implemented GASB 96 in the FY23.

Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2023, Arlington County made variable non GASB 87&96 Common Area Maintenance(CAM) payments as required by lease agreements totaling $10,340.026.

Lease present value threshold for reporting purposes is $81,000 in FY23 with annual increase adjustments in conjunction with County's policy.

A. Lessee

A summary of lease terms and interest rates is as follows:

Primary Government:

Annual installments totaling $5,007,619 plus interest at rates ranging from 1.912671% to 3.25%, due date ranging from November 2023 to January 2034.

Schools:

Annual installments totaling $17,341,726 plus interest at rates ranging from 1.912671% to 3.25%, due date ranging from August 2023 to May 2037.

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Primary Government	Schools	Total
Equipment	$ 2,207,228	$ 227,002.30	$2,434,230.68
Buildings	161,365,110	62,412,714	223,777,824
Subscription	29,008,425	14,376,906	43,385,331
Less: accumulated amor	(49,573,359)	(15,718,901)	(65,292,260)
	$ 143,007,405	$ 61,297,721	$ 204,305,126

*Additional information for Right-to-use assets under Note 5

Total future minimum lease payments under lease agreements are as follows:

	Primary Government		Schools		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 17,028,174	$ 2,659,729	$ 9,471,082	$1,225,843	$ 26,499,256	$ 3,885,572
2025	16,420,080	2,328,738	8,695,089	1,002,726	25,115,169	3,331,464
2026	16,680,353	1,998,838	8,012,097	805,804	24,692,450	2,804,642
2027	16,718,286	1,666,435	6,321,562	628,215	23,039,848	2,294,650
2028	15,507,591	1,355,678	5,484,637	539,275	20,992,228	1,894,953
2029-2033	61,110,108	2,763,553	25,024,344	1,105,756	86,134,452	3,869,309
2034 and thereafter	3,376,187	8,958	274,555	17,401	3,650,742	26,359
Total minimum lease payments	$146,840,779	$12,781,929	$63,283,366	$5,325,020	$210,124,145	$18,106,949

*Future allocation between Government activities and Business type activiries varies annually based on usage

In 1987, Arlington County entered into a lease-leaseback arrangement. Under the arrangement, Arlington County leased land for an office building to a private party. The lease receivable and deferred inflow under this arrangement were $64,715,290. The entity leased back a portion of the building to the County, as the lessee, the initial lease liability and related lease asset are $83,977,927. As a result, a net lease liability(receivable) and related lease asset(deferred inflow) of $19,262,637 were recorded in the Statement of Net Position.

B. Lessor

Arlington County, acting as lessor, leases under long-term, non-cancelable lease agreements. The leases expire at various dates through 2105 and provide for renewal options ranging from twelve months to fifty-seven years. During the year ended June 30, 2023, the entity recognized $11,914,553 and $4,345,999 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under lease agreements are as follows:

	Primary Government		
	Principal	Interest	Total
Lease receivable due in:			
2024	$ 4,395,619	$ 4,421,200	$ 8,816,819
2025	5,463,613	4,316,462	9,780,075
2026	5,281,623	4,204,400	9,486,023
2027	4,314,068	4,107,174	8,421,242
2028	4,143,189	4,018,370	8,161,559
2029-2033	18,150,958	18,959,679	37,110,637
2034 and thereafter	190,647,198	102,727,568	293,374,766
Total minumum lease payments	$ 232,396,268	$ 142,754,853	$ 375,151,121

NOTE 9. Long-Term Debt

A. General Obligation Bonds

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

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

ARLINGTON COUNTY, VIRGINIA
GENERAL OBLIGATIONS BONDS

Fiscal	GENERAL FUND		SCHOOL RELATED		UTILITY FUND		TOTAL GO BONDS	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 45,415,000	$ 26,805,439	$ 43,830,000	$ 20,819,439	$ 8,295,000	$ 915,662	$ 97,540,000	$ 48,540,540
2025	46,810,000	25,155,548	40,910,000	19,241,104	8,505,000	773,860	96,225,000	45,170,512
2026	47,505,000	23,316,392	38,550,000	17,832,518	8,330,000	621,665	94,385,000	41,770,576
2027	47,580,000	21,354,205	41,005,000	16,416,152	6,345,000	470,961	94,930,000	38,241,319
2028	44,965,000	19,396,679	39,820,000	14,762,794	4,430,000	339,160	89,215,000	34,498,633
2029-2033	216,835,000	69,884,773	182,585,000	51,225,825	9,015,000	567,099	408,435,000	121,677,698
2034-2038	159,820,000	32,204,729	114,185,000	21,281,146	395,000	6,648	274,400,000	53,492,523
2039-2043	63,715,000	6,416,750	40,925,000	4,213,850	-	-	104,640,000	10,630,600
2044-2048	2,550,000	259,000	-	-	-	-	2,550,000	259,000
	$ 675,195,000	$ 224,793,516	$ 541,810,000	$ 165,792,829	$ 45,315,000	$ 3,695,057	$ 1,262,320,000	$ 394,281,401

ARLINGTON COUNTY, VIRGINIA
IDA BONDS

Fiscal Year	Principal	Interest	Total
2024	$ 10,830,000	$ 3,927,554	$ 14,757,554
2025	8,440,000	3,495,125	11,935,125
2026	7,360,000	3,146,342	10,506,342
2027	6,250,000	2,847,413	9,097,413
2028	5,280,000	2,596,854	7,876,854
2029-2033	26,385,000	9,810,742	36,195,742
2034-2038	16,470,000	5,259,362	21,729,362
2039-2043	14,730,000	1,856,859	16,586,859
2044-2048	-	-	-
	$ 95,745,000	$ 32,940,251	$ 128,685,251

ARLINGTON COUNTY, VIRGINIA
VRA BONDS

Fiscal Year	Principal	Interest	Total
2024	$ 17,366,021	$ 2,025,475	$ 19,391,496
2025	17,716,730	1,674,766	19,391,496
2026	18,075,555	1,315,941	19,391,496
2027	12,049,444	964,742	19,391,496
2028	12,361,018	653,167	13,014,185
2029-2031	16,073,860	558,861	16,632,721
	$ 93,642,628	$ 7,192,952	$ 100,835,580

B. Virginia Resources Authority ("VRA") Loan Payable

VRA Bonds were issued in June 2004 in the amount of $100,000,000. The proceeds from those bonds were received by the County prior to fiscal year 2012. The interest rate on these bonds is 1.00 percent. The principal outstanding on these bonds at June 30, 2023 was $18,801,536. These bonds mature in fiscal year 2026.

In June 2007, the County entered into a Financing Agreement with VRA. VRA agreed to issue $4,000,000 (Series 2007 A) and $76,000,000 (2007 Series B) in Wastewater System Revenue Bonds (VRA Bonds) and lend the proceeds to the County for improvements to the County's water pollution control plant and wastewater system. The proceeds from those bonds were received by the County prior to fiscal year 2012. The balance of the Series 2007 A bonds was paid off in June 2018. Interest is charged at a rate of 2.52 percent on the Series B bonds, and the principal outstanding on these bonds at June 30, 2023 was $23,409,618. These bonds mature in fiscal year 2028.

In October 2008, the County entered into a Financing Agreement with VRA, which agreed to issue $50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 2.72 percent. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2023 was $19,963,326. These bonds mature in fiscal year 2030.

In June 2009, the County entered into a Financing Agreement with VRA. VRA agreed to issue $35,000,000 in Wastewater System Revenue Bonds, Series 2009 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 2.65 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2023, principal outstanding on these bonds was $15,821,095. These bonds mature in fiscal year 2031.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue $1,856,428 (Series 2008), $16,795,849 (Series 2009), and $16,347,723 (Series 2010) Wastewater System Revenue Bonds and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 2.72 percent, 2.65 percent, and 2.05 percent, respectively. At June 30, 2023, the principal outstanding on these bonds was $841,232 on Series 2008 bonds, $7,592,249 on Series 2009 bonds and $7,213,572 on Series 2010 bonds. These bonds mature in fiscal year 2031.

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

C. IDA Revenue Bonds (Various County Projects)

On May 9, 2013, the IDA issued $76,315,000 in Revenue Bonds for the benefit of Arlington County (the "2013 IDA Bonds"). The 2013 IDA Bonds are due in annual installments of $1,205,000 to $3,005,000 through 2042, interest from 4% to 5% and were for the funding of the County's acquisition and improvements to land and property located at 2020 14th Street North, advance refunding of the 2004 IDA Lease Revenue Bonds and refunding of IDA Revenue Notes. The County has agreed under a Cooperation Agreement between the County and the IDA that subject to appropriation by the County Board, the County will deliver to the IDA sufficient funds to make payments with respect to the 2011 IDA Bonds. As of June 30, 2023, $27,550,000 remains outstanding.

On October 27, 2017, the IDA issued $31,715,000 in Revenue Bonds and $26,150,000 in Refunding Bonds for the benefit of Arlington County (the "2017 IDA Bonds"). The 2017 IDA Bonds are due in annual installments of $990,000 to 1,335,000 through 2043, interest of 5% and were for the funding of the acquisition of the Buckingham and Head Start properties. The County has agreed under a Cooperation Agreement between the County and the IDA that subject to appropriation by the County Board, the County will deliver to the IDA sufficient funds to make payments with respect to the 2017 IDA Bonds. As of June 30, 2023, $46,925,000 remains outstanding.

On October 29, 2020, the IDA issued $26,650,000 in Revenue Bonds and $11,230,000 in Refunding Bonds for the benefit of Arlington County (the "2020 IDA Bonds"). The 2020 IDA Bonds are due in annual installments of $100,000 to 10,190,000 through 2033, interest from 0.39% to 5% and were for the payment of the line of credit and acquisition of equipments. The County has agreed under a Cooperation Agreement between the County and the IDA that subject to appropriation by the County Board, the County will deliver to the IDA sufficient funds to make payments with respect to the 2020 IDA Bonds. As of June 30, 2023, $21,270,000 remains outstanding.

D. Line of Credit

On June 1, 2019 a credit agreement was signed between IDA and the PNC bank national association. Based on this agreement PNC bank national association agreed to provide a revolving line of credit in aggregate principal amount up to $30,000,000. The loan is to be used as an interim financing for the costs of planning, developing, acquiring, constructing, improving, renovating and equipping facilities described in the County's adopted capital improvement program or similar projects which may be subsequently approved by the County Board. At June 30, 2023, the County's available-to-draw balance for the credit line for capital was $205,280.

The annual future minimum credit line for capital payments as of June 30, 2023 are as follows:

Year Ending June 30,	Primary Government	School	Total
2024	6,593,841	4,189,010	10,782,851
2025	4,565,959	4,189,010	8,754,969
2026	3,125,644	2,113,932	5,239,576
2027	2,984,598	-	2,984,598
2028	2,797,024	-	2,797,024
2029-2031	1,978,710	-	1,978,710
Total Minimum credit line for capital Payments	$ 22,045,776	$10,491,952	$ 32,537,728

On December 1, 2021 a credit agreement was signed between IDA and the PNC bank national association. Based on this agreement PNC bank national association agreed to provide a revolving line of credit in aggregate principal amount up to $150,000,000. The loan is to be used as an interim financing for the costs of planning, developing, acquiring, constructing, improving, renovating and equipping facilities described in the County's adopted capital improvement program or similar projects which may be subsequently approved by the County board. This fundings purpose is for an affordable housing project.

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

- Failure to pay or cause to be paid any scheduled principal of or interest on any advance when due for any reason; or
- Failure to observe or perform any the material term, condition, covenant or agreement set forth in the agreement; or
- Any representation, warranty or statement made on behalf of IDA or the County which shall prove to have been misleading or incorrect when made; or
- Any provision of the agreement shall for any reason cease to be valid and binding on IDA or the County or in full force and effect; or
- The County commences a voluntary case relating to bankruptcy, insolvency, reorganization or relief of debtors, adjustment, winding-up, liquidation; or
- A case shall be commenced without the application or consent of the County, in any court of competent jurisdiction, seeking the liquidation or readjustment of debts, the appointment of a trustee, receiver, custodian, or liquidator; or
- A final judgment for an amount not otherwise covered by insurance, in excess of $50,000,000 is rendered against the County and if the IDA or the County has not demonstrated an ability to pay such judgment in a timely manner.

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

E. Changes in Long-Term Liabilities

During the year ended June 30, 2023, the following changes occurred in liabilities reported in the County and Schools long-term obligations:

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
General Government:					
Compensated absences*	$43,577,173	$40,799,712	($44,973,516)	$39,403,369	$3,940,337
Workers' compensation	3,647,229	4,835,254	(4,168,070)	4,314,413	431,441
General obligation bonds - County	430,930,000	89,485,000	(19,695,000)	500,720,000	23,090,000
Genral obligation refunding bonds - County	196,940,000	-	(22,465,000)	174,475,000	22,325,000
General obligation bonds - Schools	280,080,001	97,890,000	(17,970,000)	360,000,001	22,655,000
Genral obligation refunding bonds - Schools	201,884,999	-	(20,075,000)	181,809,999	21,175,000
IDA revenue bonds - 2020	27,590,000	-	(6,320,000)	21,270,000	4,870,000
IDA revenue bonds - 2013	30,605,000	-	(3,055,000)	27,550,000	3,060,000
IDA revenue bonds - 2017	49,780,000	-	(2,855,000)	46,925,000	2,900,000
IDA skating facility bond***	19,710,000	-	-	19,710,000	-
Credit line for capital	10,309,884	15,488,417	(3,753,525)	22,044,776	22,044,776
Leases****	136,717,643	4,734,951	(16,279,182)	125,173,412	14,508,939
Line of credit	150,000,000	-	-	150,000,000	150,000,000
Bond premiums - County	112,050,734	9,891,865	(7,589,583)	114,353,016	8,084,177
Bond premiums - Schools	72,574,376	11,065,588	(5,128,131)	78,511,833	5,681,412
Net OPEB liability	68,535,024	-	(21,571,393)	46,963,631	-
Totals General Government	$1,834,932,063	$274,190,787	($195,898,400)	$1,913,224,450	$304,766,082
Internal Service:					
Compensated absence*	$545,728	$614,251	($714,885)	$445,094	$44,509
Credit line for capital	228,860	-	(228,860)	-	-
Leases****	654,034	1,095	(557,400)	97,729	79,406
Total Governmental Activities	$1,836,360,685	$274,806,133	($197,399,545)	$1,913,767,273	$304,889,997
Component Unit - Schools:					
Compensated absences*	$47,795,153	$26,885,323	($22,163,242)	$52,517,234	5,251,723
Credit line for capital	6,225,235	6,341,795	(2,075,078)	10,491,952	10,491,952
Leases****	55,072,714	17,341,726	(9,131,074)	63,283,366	9,471,082
Net pension liability	276,808,989	57,791,578	-	334,600,567	-
Net OPEB liability	177,984,199	-	(82,031,771)	95,952,428	-
Total Schools Activities	$563,886,290	$108,360,422	($115,401,165)	$556,845,547	$25,214,757
Business-type Activities					
Compensated absences - Utilities*	$1,963,221	$2,718,943	($2,908,553)	$1,773,611	$177,361
Compensated absences - CPHD	1,355,897	1,148,957	(1,176,631)	1,328,223	132,822
GO bonds - Utilities	899,999	-	(150,000)	749,999	150,000
Refunding bonds - Utilities	51,865,001	-	(7,300,000)	44,565,001	8,145,000
Mortgage payable - Ballston	3,429,679	-	-	3,429,679	3,429,679
Mortgage interest payable - Ballston	42,544,549	2,691,245	-	45,235,794	45,235,794
VRA loan payable	110,665,859	-	(17,023,231)	93,642,628	17,366,021
Leases****	23,657,929	266,568	(2,354,861)	21,569,636	2,438,924
Bond and mortgage interest payable - Utilities	1,792,251	1,569,733	(1,792,251)	1,569,733	1,569,733
Bond premium - Utilities	2,532,331	-	(314,981)	2,217,350	314,981
Total Business-type Activities	$240,706,716	$8,395,446	($33,020,508)	$216,081,654	$78,960,315

*The General, School & Utility Funds have been used in prior years to liquidate compensated absences.
*** Rollforward includes GASB 84 IDA.
**** Leases include GASB 87 Leases and GASB 96 SBITAs.

F. Defeased Debt

The County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds.

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

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. The County is liable for this debt and reports this debt as a liability, which represents a total of $477,655,572 net of deferred cost of refunding for Schools, whereas Schools reports the capital assets and unspent bond proceeds. In accordance with GAAP, investment in capital assets must be presented net of related debt, in order to reflect the true position of the primary government and component units. Therefore, the net investment in capital assets of governmental activities does not include the component unit - School's debt issued by the primary government for a total of $477,655,572 in its calculation. This debt is reflected in the total reporting entity column, since the debt is owned by the County. The sum of the columns between the primary government and component units does not equal the total reporting entity column by a difference of $477,655,572 because the debt related to Schools is reduced from net investment in capital assets of the total reporting entity. The unrestricted net position balance of the total reporting entity therefore reflects the impact of the reclassification for Schools as shown in the table below. The total reporting entity column provides a true picture and matches the County's assets with the debt and reports the net amounts on the net investment in capital assets.

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Schools	Gates Partnership	Total Reporting Entity
NET POSITION:						
Net investment in capital assets	709,575,585	921,700,887	1,631,276,472	906,981,144	11,911,632	2,059,100,367
Restricted for:						
Capital projects	118,480,144	-	118,480,144	158,761,617	-	277,241,761
Seized assets	5,639,486	-	5,639,486	-	-	5,639,486
Grants/Donations	20,498,933	-	20,498,933	7,054,887	-	27,553,820
Pension Asset	141,200,000	-	141,200,000	-	-	141,200,000
Unrestricted	86,241,347	10,276,301	96,517,648	(418,346,317)	7,715,276	176,955,489
Net position	$1,081,635,495	$931,977,188	$2,013,612,683	$654,451,331	$19,626,908	$2,687,690,923

NOTE 11. Inter-fund Receivables, Payables and Transfers

The County has numerous transactions among funds and component units to finance operations, provide services, and construct assets. Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans). The amounts of such transactions not received or paid at June 30, 2023 are reflected in current due to/from accounts of each fund/component unit, as summarized below:

Due to/ from other funds

	Receivables	Payables
General Fund	$ 3,433,959	$ -
Print Fund	-	3,433,959
	$ 3,433,959	$ 3,433,959

Due to/from primary government and component unit

	Receivable Entity	Payable Entity
General Fund	$ -	$ 104,860,518
School Funds:		
School - Operating	79,983,974	
School - Community Activities	1,387,966	
School - Pay-as-you-go	23,425,939	
School - Comp Services Act	62,639	
	$ 104,860,518	$ 104,860,518

The primary purpose of inter-fund transfers is to provide funding for operations and capital projects. Inter-fund transfers for the year ended June 30, 2023 are as follows:

Transfer	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Total Transfers Out
General Fund		$ 246,700	$ 14,503,093	$ 406,733	$ 262,658	$ 15,419,184
Special Revenue Funds	$ 201,984					201,984
Transportation Project Fund	3,937,462					3,937,462
Non-major Capital Projects Funds	3,591,840					3,591,840
Internal Service Funds	130,000					130,000
Total Transfers In	$ 7,861,286	$ 246,700	$ 14,503,093	$ 406,733	$ 262,658	$ 23,280,470

The transfer detail table is from the General fund perspective only. Transfers out to the OPEB Trust fund of $70,619 and between Internal Service Funds of $53,267 are not included in the General fund perspective. The detail reported in addition to the trust and internal service transfers, results in total transfer $15,543,070.

NOTE 12. Fund Balance

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

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

Special Revenue Funds	Revenue Source
Ballston Business Improvement District	Real Estate Taxes
Rosslyn Business Improvement District	Real Estate Taxes

National Landing Business Improvement District	Real Estate Taxes
Community Development Grants	Federal Grants
Section 8 Housing Program	Federal Grants
Travel & Tourism Promotion	Transient Taxes
Ballston Quarter Community Dev. IDA	Real Estate Taxes

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

The County has committed a general fund balance self-insurance reserve of $5,415,547 and a stabilization reserve equal to 1% of the General Fund Budget as of June 30, 2023. . The reserves include a Stabilization reserve of $15.5 million and operating reserve of $85.3 million as of June 30, 2023. The County financial and debt management policy addresses maintaining a stabilization reserve in the advent of unexpected, ordinarily one-time, temporary events, such as major weather events or a local/regional emergency requiring immediate incurrence of cost in response; revenue declines; new/unfunded state, regional or federal programs; unexpected capital expenditures; and local or regional economic stress. The stabilization arrangement meets the criteria for committed fund balance. Use of Stabilization monies requires approval by the County Board. The minimum amount of the contingent will be 1% of the General Fund Budget and will be revisited annually as part of the budget process. Any draw on the stabilization reserve will be replenished within the subsequent two (2) fiscal years.

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

NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

Arlington County has been a member of the WMATA compact since its founding in 1967, providing both capital and operating funding for the transit system as a contributing jurisdiction. Since 2010, the County's level of capital contributions have been set as part of the WMATA Capital Funding Agreement (the "Agreement"). Allocated contributions in the current adopted FY 2023 to FY 2028 Agreement for FY 2023 total $284 million for all jurisdictions, 2.7 percent more than FY2022. The six-year program assumes annual 3 percent increases and a total of $1.8 billion.

The CIP may include any capital project or purchase eligible for capital funding and may include projects in such categories as: vehicles and vehicle parts, rail system infrastructure rehabilitation, maintenance facilities, systems and technology, tracks and structures, passenger facilities, maintenance equipment, other facilities, project management, safety and security projects, and preventative maintenance.

Arlington County contributes approximately 8.4% of the local jurisdictional funding in the WMATA CIP. In FY 2023, the County's contribution was $23.7 million. Arlington County's contributions are subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County uses a mix of General Obligation Bonds, state transit grants, and gas tax revenues to cover its share of the Capital Funding Agreement needs.

In addition, the County shares the operating costs for WMATA's combined bus, rail, and paratransit systems. The general fund is the County's primary funding source, with additional funding coming from State transit aid and gas tax collections held in trust at the Northern Virginia Transportation Commission. During FY 2023, the County paid $46.6 million from its General Fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

B. Construction Commitments

As of June 30, 2023, contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Project Funds	$199,936,922
Utilities Funds	34,520,880
	$234,457,802

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

C. Waste-to-Energy Facility

Arlington Solid Waste Authority

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

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

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

In connection with this transaction, the Corporation entered into a Facility Agreement dated as of October 1, 1986, obligating it to construct the Facility and to provide waste disposal services to the City of Alexandria, Arlington County, and the Authorities for 20 years. Under the Facility Agreement, the County has a guaranteed annual tonnage of acceptable waste commitment to the Facility. The commitment is based on a percent of solid waste the County expects to collect. The Facility charges a fee on each ton based on defined costs, and the County has met its maximum requirement for annual tonnage each year.

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

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

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

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

On December 31, 2012, Arlington County and the City of Alexandria entered into a new Inter-local agreement and established the Waste To Energy Facility Monitoring Group Trust "WTE-FMG" and terminated the Alexandria/Arlington Waste Disposal Trust fund. The new trust oversees the operation of the facility and it has been used to pay consulting fees to the engineering firm for operations and maintenance audits of the facility, professional association fees and other payments related to the WTE facility. The Trust derives its revenue mainly from contributions by both jurisdictions and interest on invested funds. The funds are invested by Arlington County in First Virginia Community Bank, the carrying value of the funds totaled \$259,263 and \$269,556 and the bank balance totaled \$259,263 and \$268,622 at June 30, 2023 and June 30, 2022 respectively. During FY 2023, the WTE-FMG had \$118,857 as revenues and project-related expenditures of \$113,251.

E. Industrial Development Authority Ice Skating Facility

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

The Skating Facility contains approximately 95,000 square feet of constructed space and houses, among other amenities, two ice sheets suitable for National Hockey League use, one of which is convertible to host sports and events that do not require the ice surface; locker rooms and other training facilities for the Capitals; changing rooms for youth and adult hockey teams and figure skaters; a pro shop; rooms for public use; and corporate office space for the Capitals. The development also includes public parking (the "Parking Facilities").

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

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

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

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

On October 29, 2020 the IDA issued $19,710,000 Series 2020B IDA Taxable Revenue Refunding Bonds ("Refunding Bonds") with an average interest rate of 1.50% to refund $19,480,000 of outstanding Bonds and pay $298,818.47 of interest and fees. The net proceeds of $19,557,214.47 (after payment of $152,785.53 in underwriting fees, insurance, and other issuance costs) plus an additional $221,604 of proceeds transferred from the Series 2010 IDA revenue refunding bond debt service reserve fund and project fund used as payment on the Bonds. As of June 30, 2022, $19,710,000 was outstanding under these Taxable Revenue Refunding bonds.

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

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make payments of rent that are equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2023, $2.3 million was received from the Capitals.

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

F. Industrial Development IDA Affordable Housing Project

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

G. Ballston Public Parking Garage

In August 1984, Arlington County, Virginia, (the "County") entered into various agreements to acquire an existing parking garage, to lease the adjacent land, and to construct a new garage. The Ballston Public Parking Garage Fund (the "Fund") was established to account for the acquisition, construction, and operations of the parking garage. The Fund is an Enterprise Fund of the County. The Ballston Public Parking Garage (the "BPPG") commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering certain liabilities (e.g., mortgage payable), the garage has a deficiency in net position of $57,751,648 at June 30, 2023. The deferred rent and mortgage payable are liabilities, but are to be paid only when certain net operating income circumstances are met. The deficit has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under the agreement with the May Company (Center Mark Properties, Inc. and successors), the County was initially precluded from increasing some key parking rates. Management of the County believes subsequent rate increases in future fiscal years, coupled with the completion of adjacent development projects, will result in the eventual achievement of profitable operations.

H. Collective Bargaining

In July 2021, the Arlington County Board adopted an ordinance to allow collective bargaining by five bargaining units. These include police; fire and emergency medical services; service, labor, and trades; office and technical; and professional employees. Certain employee classifications are excluded from collective bargaining such as finance, human resources, Sheriff's office, and others. Currently, three unions have been recognized, Police, Fire, and Service, Labor and Trades. Currently, Collective Bargaining Agreements are in place with both Fire and Police through FY 2026. An MOU with the Service, Labor and Trade units is in place through FY 2024. Negotiations are ongoing with the Services, Labor and Trade unit beyond FY 2024. The County has added additional staff and consulting resources to support the negotiations, including a Chief Labor Relations Officer and additional staff in legal and human resources. Funding for any agreement or arbitration award is subject to County Board appropriation.

I. Litigation

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

NOTE 14. Joint Ventures

Northern Virginia Criminal Justice Academy

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

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

The Academy Bonds are payable solely from the revenues derived by the Loudoun IDA from a lease between the Authority and the Principal members. The Loudoun IDA leases the EVOC to the Principal Members who have agreed to make rental payment, subject to annual appropriates sufficient to pay the principal and interest on the Academy Bonds, maintain certain reserve requirements and apply other costs, if any associated with the EVOC. As of June 30 2023, no bonds remain outstanding.

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

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

NOTE 15. Deferred Compensation Plan

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

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

NOTE 16. Employee Retirement Systems

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

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

A. Arlington County Employees' Retirement System (ACERS)

Plan Description

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

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

Plan Administration

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

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

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

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

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

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

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

Plan Membership

At June 30, 2023, System membership consisted of the following:

	General	Uniformed	School	Total
Active Employees:				
Vested	1,656	513	2	2,171
Non-Vested	1,165	307	-	1,472
Total Active Employees	2,821	820	2	3,643
Vested Deferred	636	140	19	795
Retirees and Beneficiaries	2,566	974	737	4,277
Total Members	6,023	1,934	758	8,715

Benefits Provided

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

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

All normal retirement benefits vest after five years of credited service. If an employee leaves covered employment before five years of credited service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A summary of member contribution rates, normal service retirement and average final compensation for the employees covered under various chapters of the County Code except for the period ending June 30, 2023 is provided in the next section below.

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

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

Member Contributions and Retirement Benefits

	Participants Covered Under Arlington County Code Chapter		
	21	**35**	**46**
Covers Employees Hired:	Before 2/8/81	Before 2/8/81	2/8/81 or After
Contribution Rates:			
General Employees	4.00%	NA	4.00%
School Board Employees (Covered by VRS)	0%	0%	0%
Uniformed Employees:			
- Management	5.62%	N/A	5.00% through 1/3/09, 7.5% thereafter
- Non-Management	6.62%	N/A	5.00% through 1/3/09, 7.50% thereafter
Normal Retirement Age:			
General County Employees	60	N/A	62
School Board Employees	60	62	62
Uniformed Employees	50	N/A	52
"Rule of 80" Applies	Yes	No	Yes
Retirement Benefit:			
Percentage of Average Final Salary (AFS) times years of creditable service subject to a 30-year maximum. AFS is generally the average of the three highest compensation years, including overtime. For Chapter 46 employees retiring on or after 1/4/09, the New AFS definition excludes overtime and most premium pays.	2.50% for each of the first 20 years plus 2.00% for each of the next 10 years	2.13% reduced by the VRS benefits under Formula A	Retiring on/prior to 1/3/09 General: 1.50% Uniform: 2.00% until Social Security Eligible then 1.50%, 1.70% & 2.00% for each 10 year increment Retiring on/after 1/4/09 General: 1.70% New AFS or 1.50% Prior AFS through 1/3/09 plus 1.70% New AFS thereafter Uniform: 2.50% through 1/3/09 plus 2.70% thereafter on New AFS or 2.00% Prior AFS through 1/3/09 plus 2.70% New AFS thereafter until Social Security Eligible then 1.50%, 1.70% & 2.00% for each 10-year increment prior to 1/3/09
Employee contribution refund upon leaving County	Contributions plus interest	N/A	Contributions plus interest

Contributions

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

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

As of the measurement date for the year ended June 30, 2023, the active member contribution rate was 4.00% of pay for general employees and 7.50% of pay for uniformed employees. The County's blended contribution rate was 21.1% of annual covered payroll. Employer contributions were $65,748,328 and employee contributions were $16,019,748 for FY2023.

Rate of Return

For the year ending June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Schedule of Investment Returns
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return Net of Investment Expense	7.80%	-10.10%	28.30%	6.60%	6.80%	7.80%	12.70%	0.01%

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

Net Pension Liability (Asset)

The County's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2023 was determined by an actuarial valuation and measurement date as of June 30, 2022, using the following actuarial assumptions:

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made at rates determined by the Retirement Board, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Asset

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

	Increase (Decrease) ($ in millions)		
	Total Pension Liablity (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a) - (b)
FY2023 Beginning balance - Measurement date of June 30, 2021	$2,540.9	$3,187.9	($647.0)
Changes for the year:			
Service cost	62.6	-	62.6
Interest	171.6	-	171.6
Differences between expected and actual experience	24.1	-	24.1
Contributions - employer	-	61.2	(61.2)
Contributions - employee	-	14.8	(14.8)
Net investment income	-	(321.3)	321.3
Benefit payments, including refunds of employee contributions	(126.5)	(126.5)	0.0
Administrative expense	-	(2.2)	2.2
Net changes	$131.8	($374.0)	$505.8
FY2023 Ending Balance - Measurement date of June 30, 2022	$2,672.7	$2,813.9	($141.2)

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

	($ in millions)		
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County's net pension asset	$239.5	($141.2)	($450.7)

The System’s Fiduciary Net Position as of June 30, 2022 and June 30, 2022 Measurement Date

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

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

For the year ended June 30, 2023, the County recognized pension expense of $15.9 million calculated as of the measurement date of June 30, 2022. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$18,100,000	$22,200,000
Changes of assumptions	-	-
Net difference between projected and actual earning on the System's investments	106,600,000	-
Employer contributions subsequent to measurement date	65,700,000	-
Total	$190,400,000	$22,200,000

The amount of $65,700,000 was reported as deferred outflows of resources related to the ACERS resulting from the employer's contributions subsequent to the measurement date; therefore, will be recognized as a reduction of the Net ACERS liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the ACERS will be recognized in the Retirement expense in future reporting periods as follows:

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

	Balances
2024	($8.5)
2025	(0.9)
2026	5.2
2027	106.7
Thereafter	-
	$102.5

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

B. Virginia Retirement System (VRS) Teacher Retirement Plan

Plan Description

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

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required contribution rate for the year ended June 30, 2023 (measurement date June 30, 2022) was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $57,165,238 and $51,688,310 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution on approximately $442.4 million to the VRS Teacher Employee plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, Schools reported a liability of $332,993,411 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 31, 2021 and rolled forward to the measurement date of June 30, 2022. Schools' proportion of the net pension liability was based on Schools actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, Schools' proportion was 3.50% as compared to 3.60% at June 30, 2021.

For the year ended June 30, 2023, Schools recognized pension expense of $15,087,731. Since there was a change in proportionate share between measurement dates, a portion of the expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2023, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows Resources
Difference between expected and actual experience	$ -	$ 22,961,212
Net difference between projected and actual earnings on pension plan investments	-	43,415,367
Change in assumptions	31,394,571	-
Change in proportion and difference between employer contributions and proportionate share of contributions	1,113,447	16,938,389
Employer contributions subsequent to the measurement date	57,165,238	-
Total	$ 89,673,256	$ 83,314,968

The $57,165,238 reported as deferred outflows of resources related to pensions resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (NPL) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

For the Fiscal Years Ending June 30,

	Balances
2024	($15,148,203)
2025	(19,914,500)
2026	(33,123,581)
2027	17,379,334
2028	-
Thereafter	-
	($50,806,950)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree rates projected generationally; males set forward one year; 105% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant rates projected generationally.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to Pub-2010 Public Sector Mortality Tables. For future mortality improvements, replace load with Modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit Experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability (NPL)

The NPL is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$54,732,329
Plan Fiduciary Net Position	45,211,731
Employers' Net Pension Liability	$9,520,598
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

School division's porportional	1% Decrease	Current Discount Rate	1% Increase
share of the VRS Teacher Employee	5.75%	6.75%	7.75%
Retirement plan net pension liability	$594,751,723	$332,993,411	$119,864,583

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

C. Virginia Retirement System Political Subdivision Plan

Plan Description

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

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

Employees Covered by Benefit Terms

As of the June 30, 2023 (based on the June 30, 2021 actuarial valuation), System membership consisted of the following:

	Number
Retirees and Beneficiaries	159
Inactive Members:	
Vested inactive members	56
Non-vested inactive members	223
Inactive members active elsewhere in VRS	94
VRS Total inactive members	373
Active Members	633
Total Covered employees	1,165

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2023 was 5.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Arlington County Public Schools were $1,518,902 and $1,341,028 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The political subdivisions net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward two years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward three years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back three years; 90% of rates for females set back three years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward two years.

Mortality Improvement:
Rates projected generationally with modified MP-2020 Improvement Scale that is 74% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 Public Sector Mortality tables, For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset clsses. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
(measurement date)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at June 30, 2021	$64,243,649	$66,920,915	($2,677,266)
Changes for the year:			
Service cost	2,028,716	-	2,028,716
Interest	4,399,147	-	4,399,147
Differences between expected and actual experneice	176,758	-	176,758
Change in assumptions	-		-
Contributions - employer	-	1,310,113	(1,310,113)
Contributions - employee	-	1,152,176	(1,152,176)
Net investment income	-	(102,498)	102,498
Benefit payments, including refunds	(2,199,634)	(2,199,634)	-
Administrative expenses	-	(41,030)	41,030
Other changes	-	1,438	(1,438)
Net changes	4,404,987	120,565	4,284,422
Balances at June 30, 2022	$68,648,636	$67,041,480	$1,607,156

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's Net Pension Liability/(Asset)	$11,459,786	$1,607,156	($6,320,783)

For the year ended June 30, 2023, the political subdivision recognized pension expense of $1,203,551. At June 30, 2023, the political subdivision reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outlfows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	$1,518,902	$-
Difference between expected and actual experience	610,871	78,835
Net difference between projected and actual earnings on plan investments	-	1,820,317
Change in assumptions	767,678	-
Total	$2,897,451	$1,899,152

The amount $1,518,902 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the Fiscal Years Ending June 30

	Balances
2024	($73,113)
2025	(161,167)
2026	(1,211,759)
2027	925,436
2028	-
Thereafter	-
Total	($520,603)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/pdg/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA. 23218-2500.

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

NOTE 17. Other Postemployment Benefits (OPEB)

A. County OPEB

Plan Description

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

Plan Administration

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

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

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

Plan Membership

At July 1, 2022 (valuation date), the following employees were covered by the benefit terms:

Total Active employees with coverage	3,084
Total Active employees without coverage	591
Total Retirees with coverage	1,772
Total Retirees without coverage	336
Total Members	5,783

Benefits Provided

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

Contributions

The contribution requirements of plan members are established and may be amended by the County Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the County intends to fund the actuarially determined contributions in future years. For full career employees, the County currently contributes between 16% and 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2023, the County contributed $11,573,495 towards benefit payments and an additional $6,000,000 in pre-funding contributions towards health and life plans for retirees.

Investment Policy

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

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

Concentrations

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

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on the County's OPEB investments, net of investment expense was 7.8%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year as of June 30, 2023
Salary Increases	3.00% per year for general salary inflation as of June 30, 2023
Discount Rate	6.75% for accounting and funding disclosures as of June 30, 2023
Investment Rate of Return	6.75% as of June 30, 2023

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

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

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

The Long-Term Expected Rate of Return on OPEB Plan investments is 6.75% as of June 30, 2023.

Discount Rate

This Plan uses the Bond Buyer GO 20-Bond Municipal Bond Index to satisfy the requirements under GAAP. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 29, 2022 was 3.54% and the municipal bond rate at June 29, 2023 was 3.65%.

However, the depletion test as of the most recent actuarial valuation of July 1, 2022, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate for this report, as required by GAAP, is the long-term expected rate of return, 6.75%.

Changes in Net OPEB Liability-County

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	$250,177,024	$201,769,121	$48,407,903
Changes for the year:			
Service cost	6,209,048	-	6,209,048
Interest	16,921,832	-	16,921,832
Changes of benefits	-	-	-
Difference between expected and actual experience	(10,942,518)	-	(10,942,518)
Changes in assumptions	5,891,422	-	5,891,422
Contributions-employer	-	17,573,495	(17,573,495)
Net investment income	-	20,227,043	(20,227,043)
Benefit payments	(11,573,495)	(11,573,495)	-
Net changes:	6,506,289	26,227,043	(19,720,754)
Balances at June 30, 2023	$256,683,313	$227,996,164	$28,687,149

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

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

1% Decrease	Current Discount Rate	1% Increase
5.75%	6.75%	7.75%
$54,923,898	$28,687,149	$6,280,659

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

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (6.40% decreasing annually to an ultimate rate of 2.78%) or 1- percentage-point higher (8.40% decreasing annually to an ultimate rate of 4.78%) than the current healthcare cost trend rates:

1% Decrease 6.40% decreasing to 2.78%	Current Healthcare Cost Trend Rates 7.40% decreasing to 3.78%	1% Increase 8.40% decreasing to 4.78%
$11,137,443	$28,687,149	$46,686,869

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

For the year ended June 30, 2023, the County will recognize OPEB expense in the amount of ($13,183,205). At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$-	$28,497,257
Changes of assumptions	13,942,467	36,058,777
Net difference between projected and actual earnings on OPEB plan investments	3,100,299	-
Total	$17,042,766	$64,556,034

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

For the Fiscal Years Ending June 30

	Balances
2024	($21,750,348)
2025	(18,985,434)
2026	(6,778,654)
2027	1,168
2028	-
Thereafter	-
	($47,513,268)

OPEB Trust Financial Statements

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
OPEB TRUST
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022

	2023	2022
ASSETS		
Equity in pooled cash and investments	$ -	$ -
Investments, at fair value		
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	79,798,656	70,619,191
Domestic and Foreign Equities, including Equities in Pooled Funds	148,197,507	131,149,928
Total assets	227,996,163	201,769,119
LIABILITIES		
Accounts payable and accrued liabilities	-	-
Total liabilities	-	-
NET POSITION RESTRICTED FOR OPEB	$227,996,163	$201,769,119

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
OPEB TRUST
FOR THE YEAR ENDED JUNE 30, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2022)

	June 30, 2023	June 30, 2022
ADDITIONS:		
Employer contributions	$6,000,000	$6,500,000
Other Contributions	70,619	75,271
Investment income:		
Interest and dividends	16,289,728	18,693,658
Net appreciation (depreciation) in fair value	3,937,315	(38,485,858)
Total Additions	26,297,662	(13,216,929)
DEDUCTIONS:		
Other consulting expenses	70,619	75,271
Total Deductions	70,619	75,271
Net Increase/(Decrease)	26,227,043	(13,292,200)
Net Position Restricted for OPEB, beginning of year:	201,769,120	215,061,320
Net Position Restricted for OPEB, end of year:	$227,996,163	$201,769,120

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

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

General Information about the LODA Program

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

Plan Description

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

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

LODA PLAN PROVISIONS

Eligible Employees

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

Benefit Amounts

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

- **Death** – The death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

  - $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.

  - $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.

  - An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

- **Health Insurance** – The LODA program provides health insurance benefits.

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

Contributions

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the program for the year ended June 30, 2023 was $681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the program from the entity were $660,284 and $636,157 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

At June 30, 2023, the entity reported a liability of $18,276,482 for its proportionate share of the net LODA OPEB liability. The net LODA OPEB liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the net LODA OPEB liability was determined by an actuarial valuation as of that June 31, 2021 and rolled forward to June 30, 2022. The entity's proportion of the net LODA OPEB liability was based on the County's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as- you-go employer contributions for all participating employers. At June 30, 2022, the County's proportion was 4.82923% as compared to 4.56406% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of $2,648,275. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,404,130	$ 3,415,836
Net difference between projected and actual earnings on LODA OPEB plan investments	-	78,159
Chage in assumptions	5,096,803	4,507,831
Change in proportionate share	1,738,813	179,452
Employer Contributions subsequent to the measurement date	636,157	-
Total	$8,875,903	$8,181,278

An amount of $636,157 reported as deferred outflows of resources related to the LODA OPEB Program resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the net LODA OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB plan will be recognized as an expense in future reporting periods as follows:

For the Fiscal Years Ending June 30

	Balances
2024	$190,359
2025	192,028
2026	193,804
2027	293,834
2028	208,537
Thereafter	(1,020,094)
	$58,468

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation - 2.50 percent
Salary increases, including Inflation - Locality employees: N/A
Medical cost trend rates assumption: –

- Under age 65: 7.00 percent – 4.75 percent

- Ages 65 and older: 5.25 percent – 4.75 percent

Investment rate of return 3.69 percent, net of OPEB plan investment expenses, including inflation*

* Since the LODA Program is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

Mortality rates – Largest Ten Locality Employers With Public Safety Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females, set forward two years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males; 105% of rates for females, set forward three years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back three years; 90% of rates for females, set back three years.

Beneficiaries and Surviors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward two years.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 Public Sector Mortality tables, For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Net LODA OPEB Liability

The net OPEB liability (NOL) for the LODA Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the LODA Program is as follows (amounts expressed in thousands):

Total LODA OPEB liability	$385,669
Plan Fiduciary Net position	$7,214
Employers' Net OPEB liability	$378,455

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability 1.87%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

1% Decrease 2.69%	Current Discount Rate 3.69%	1% Increase 4.69%
$20,862,434	$18,276,482	$16,160,874

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

Because the LODA Program contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

1% Decrease 6.00% decreasing to 3.75%	Current Healthcare Cost Trend Rates 7.00% decreasing to 4.75%	1% Increase 8.00% decreasing to 5.75%
$15,401,912	$18,276,482	$21,884,514

LODA OPEB Plan Fiduciary Net Position

Detailed information about the LODA Program's Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

C. Schools OPEB

Plan Description

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

Plan Administration

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

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

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

Plan Membership

At June 30, 2023 (valuation date), the following employees were covered by the benefit terms:

Total Active employees with coverage	3,672
Total Active employees without coverage	1,582
Total Retirees with coverage	1,063
Total Plan Members	6,317

Benefits Provided

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

Contributions

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the Actuarily Determined Contribution in future years. For full career employees, the Schools currently contributes between 10% and 77% towards the cost of medical premiums based on coverage selected. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2023 the Schools' contributed $11,469,649 toward benefit payments and made a pre-funding contribution of $2,600,000 towards health plans for retirees.

Investment Policy

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

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

Concentrations

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

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense for the Schools Trust was 7.8%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Schools' net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00% per year as of June 30, 2023
Salary Increases	3.00% per year for general salary inflation as of June 30, 2023
Discount Rate	6.75% for accounting and funding disclosures as of June 30, 2023
Investment Rate of Return	6.75% as of June 30 2023

Mortality rates for active members and healthy retirees and beneficiaries were based on the 100% of the Pub-2010 Teachers Employee mortality table for males (115% for females) projected with generational mortality improvements from 2010 using Scale MP-2018.

Mortality rates for disabled members were based on 100% of the Pub-2010 Non-Safety Disabled Retiree Mortality Table for males (115% for females) projected with generational mortality improvements from 2010 using Scale MP-2018.

The Long-Term expected rate of return was 6.75% as of June 30, 2023.

Discount rate

This Plan uses the Bond Buyer GO 20-Bond Municipal Index to satisfy the requirements under paragraph 48 of GASB No. 74. As this index is issued weekly, the value closest to but not after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond rate at June 30, 2022 was 3.54% and the municipal bond rate at June 29, 2023 was 3.65%. However, the depletion test as of the most recent actuarial valuation of July 1, 2023, reflecting known contributions after that date as well as the current funding policy, showed that the projected assets are expected to cover future benefit payments for current participants and as such the single rate used as the discount rate for this report, as required by GASB No. 74, is the long-term expected rate of return, 6.75%.

Changes in Net OPEB Liability-Arlington Public Schools

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	$195,092,140	$83,712,652	$111,379,488
Changes for the year:			
Service cost	4,524,587	-	4,524,587
Interest	13,179,666	-	13,179,666
Change of benefit terms	-	-	-
Difference between expected and actual experience	(21,398,976)	-	(21,398,976)
Changes in assumptions	(56,205,673)	-	(56,205,673)
Contributions-employer	-	11,469,649	(11,469,649)
Net investment income	-	8,407,264	(8,407,264)
Benefit payments	(8,869,649)	(8,869,649)	-
Net changes:	(68,770,045)	11,007,264	(79,777,309)
Balances at June 30, 2023	$126,322,095	$94,719,916	$31,602,179

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

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

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
$49,301,869	$31,602,179	$17,059,724

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

The following presents the net OPEB liability of the Schools, as well as what the Schools' net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (6.0% decreasing an ultimate rate of 2.68%) or 1-percentage-point higher (8.00% decreasing to an ultimate rate of 4.68%) than the current healthcare cost trend rates:

1% Decrease 6.00% decreasing to 2.68%	Current Healthcare Cost Trend Rates 7.00% decreasing to 3.68%	1% Increase 8.00% decreasing to 4.68%
$16,970,263	$31,602,179	$46,825,622

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

For the year ended June 30, 2023, the Schools will recognize OPEB expense in the amount of $498,274. At June 30, 2023, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$10,350,115	$19,128,627
Changes of assumptions	10,861,526	67,128,469
Net difference between projected and actual earnings on OPEB plan investments	1,224,288	-
Total:	$22,435,929	$86,257,096

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

For the fiscal years ending June 30,

2024	($11,138,269)
2025	(11,384,517)
2026	(7,375,973)
2027	(9,808,341)
2028	(9,819,331)
Thereafter	(14,294,736)
	($63,821,167)

OPEB Trust Statements-Arlington Public Schools

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	JUNE 30, 2023	JUNE 30, 2022
ASSETS		
Cash and Investments	$94,719,916	$83,712,652
Accounts Receivable	-	-
Total assets	94,719,916	83,712,652
LIABILITIES	-	-
NET POSITION RESTRICTED FOR OPEB	$94,719,916	$83,712,652

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
ADDITIONS:		
Employer contributions	$ 2,600,000	$ 2,600,000
Investment Income:		
Interest and dividends	6,758,499	7,761,250
Net appreciation (depreciation) in fair value	1,648,765	(15,937,957)
Total additions	11,007,264	(5,576,707)
Net Increase/(Decrease)	11,007,264	(5,576,707)
Net Position Held in Trust for Plan Benefits, beginning of year	83,712,652	89,289,359
Net Position Held in Trust for Plan Benefits, end of year:		
Restricted	$94,719,916	$83,712,652

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

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

Summary of Significant Accounting Policies

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

General Information about the Teacher Employee Health Insurance Credit Program

Plan Description

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

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

TEACHER EMPLOYEE HIC PROGRAM PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees: • <u>**At Retirement**</u> – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.

- **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  - $4.00 per month, multiplied by twice the amount of service credit, or
  - $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes:

- The monthly HIC benefit cannot exceed the individual premium amount.
- Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 20, 2022. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $4,404,361 and $3,957,685 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budgent amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, Schools' reported a liability of $43,853,899 for its proportionate share of the VRS Teacher Employee HIC Program net OPEB liability. The net VRS Teacher Employee HIC Program OPEB liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the net VRS Teacher Employee HIC Program OPEB liability was determined by an actuarial valuation as of June 30 2021 and rolled forward to the measurement date of June 30, 2022. Schools' proportion of the net VRS Teacher Employee HIC Program OPEB liability was based on Schools' actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, Schools' proportion of the VRS Teacher Employee HIC Program was 3.51099% as compared to 3.61437% at June 30, 2021.

For the year ended June 30, 2023, Schools' recognized VRS Teacher Employee HIC Program OPEB expense of $3,404,544. Since there was a change in proportionate share between June 30, 2021 and June 30, 2022 a portion of the VRS Teacher Employee HIC program net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, Schools' reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC program OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$-	$1,787,554
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	44,017
Chage in assumptions	1,281,196	111,988
Change in proportionate share	627,328	2,092,225
Employer Contributions subsequent to the measurement date	4,404,361	-
Total	$6,312,885	$4,035,784

An amount of $4,404,361 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net Teacher Employee HIC OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized as expenses in future reporting periods as follows:

For the Fiscal Years Ending June 30

	Balances
2024	($234,013)
2025	(268,445)
2026	(416,097)
2027	(356,754)
2028	(459,312)
Thereafter	(392,639)
	($2,127,260)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation - 2.5 percent

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

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

Mortality rates – Teachers

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward one year; 105% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Retiree Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid, changed changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position.

As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB liability	$1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee net HIC OPEB liability	$1,249,046

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB liability 15.08%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	** Expected arithmetic nominal return		7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including 2.5% inflation.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Teacher HIC Net OPEB Liability	$49,423,847	$43,853,899	$39,132,394

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

E. Arlington Public Schools Health Insurance Credit ("HIC") Program OPEB-Non-Professional Employees

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

General Information About the Political Subdivision Health Insurance Credit Program

Plan Description

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

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement:* For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. • *Disability Retirement:* For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, membership consistend of the following:

	Number
Retirees and Beneficiaries	61
Inactive vested members	4
Active employees	633
Total	698

Contributions

The contribution requirement for active employees is governed by § 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The VRS Schools Non-professional Employee HIC Program contractually required employer contribution rate for the year ended June 30, 2023, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Schools Non-professional Employee Program to the Political Subdivision Health Insurance Credit Program were $84,631 and $60,987 for the years ended June 30, 2023, and June 30, 2022,respectively.

Net HIC OPEB Liability

The Schools Non-professional Employee net Health Insurance Credit OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation: 2.5%
Salary Increases including inflation-

Locality-General employees	3.5%-5.35%
Locality-Hazardous duty employees	3.5%-4.75%

Investment rate of return: 6.75% net of plan investment expense, including inflation

Non 10 Largest Locality Employers – General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward two years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward three years.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back three years; 90% of rates for females set back three years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward two years.

Mortality Improvement:
Rates projected generationally with modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified MortalityImprovement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public S	6.00%	3.73%	0.22%
PIP-Private Investment Part	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	** Expected arithmetic nominal return		7.83%

*The above allocation provides a one year return of 7.83%. However, one year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in HIC Non-Professional Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	$696,501	$65,211	$631,290
Changes for the year:			
Service cost	17,116	-	17,116
Interest	47,336	-	47,336
Change in assumptions	14,549	-	14,549
Difference between actual and expected experience	75,943	-	75,943
Contributions - employer	-	60,987	(60,987)
Net investment income	-	(776)	776
Benefit payments, including refunds	(24,687)	(24,687)	-
Administrative expenses	-	(182)	182
Other changes	-	154	(154)
Net changes	130,257	35,496	94,761
Balances at June 30, 2022	$826,758	$100,707	$726,051

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Non-Professional HIC Net OPEB Liability	$825,269	$726,051	$642,410

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Non-Professional HIC Program OPEB

For the year ended June 30, 2023, the Non-Professional Plan recoginized HIC Program OPEB expense of $74,724. At June 30, 2023, the Non-Professional plan reported deferred outflows of resources and deferred inflows of resources related to the HIC Credit Program from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$64,040	$-
Net difference between projected and actual earnings on HIC OPEB plan investments	1,949	-
Chage in assumptions	18,876	-
Employer Contributions subsequent to the measurement date	84,631	-
Total	$169,496	$-

An amount of $84,631 reported as deferred outflows of resources relating from the HIC OPEB Non-Professional Plan contributions subsequent to the measurement date will be recognized as a reduction of the HIC OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the HIC OPEB expense in future reporting periods as follows:

For the Fiscal Years Ending June 30

	Balances
2024	$15,870
2025	15,870
2026	15,871
2027	16,930
2028	14,930
Thereafter	5,394
	$84,865

Non-Professional Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Summary of Significant Accounting Policies

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

General Information about the GLI Program

Plan Description

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

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

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

GLI PROGRAM PLAN PROVISIONS
Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the GLI Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Safety belt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the GLI Program from the entity were $1,993,200 and $1,741,898 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, Schools' reported a liability of $18,333,692 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022 the participating employer's proportion was 1.52261% as compared to 1.56208% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of $616,117. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$1,451,798	$735,504
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,145,586
Chage in assumptions	683,818	1,785,775
Change in proportionate share	172,730	788,139
Employer Contributions subsequent to the measurement date	1,993,200	-
Total	$4,301,546	$4,455,004

The amount of $1,993,200 was reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date; therefore, will be recognized as a reduction of the Net GLI

OPEB liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

For the Fiscal Year Ending June 30

	Balances
2024	($354,126)
2025	(446,810)
2026	(1,105,791)
2027	(11,522)
2028	(228,409)
Thereafter	-
	($2,146,658)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation- 2.5 percent
Salary increases, including inflation –

Teachers	3.5 percent – 5.95 percent
Locality – General employees	3.5 percent – 5.35 percent

Investment rate of return - 6.75 Percent, net of investment expenses, including inflation

Mortality rates – Teachers

Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward one year; 105% of rates for females.

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Retiree Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid, changed changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position.

As of June 30, 2022, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	$3,672,085
Plan Fiduciary Net Position	2,467,989
Employers' Net GLI OPEB liability	$1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB liability	67.21%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and RSI.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	** Expected arithmetic nominal return		7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.
**On October 10,2019. the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including inflation of 2.5%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of Schools' Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
$26,677,669	$18,333,692	$11,590,618

GLI Program's Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

G. Arlington County Schools GLI-Non-Professional OPEB Plan

Summary of Significant Accounting Policies

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

General Information about the GLI Program

Plan Description

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

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

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

GLI PROGRAM PLAN PROVISIONS
Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

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

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under the GLI Program have several components.

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

- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.

- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:

  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the GLI Program from Arlington Public Schools were $155,664 and $139,932 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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

At June 30, 2023, Schools reported a liability of $1,393,633 for its proportionate share of the net GLI OPEB liability. The net GLI OPEB liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. Schools' proportion of the net GLI OPEB liability was based on Schools' actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, Schools' proportion was 0.11931% as compared to 0.11970% at June 30, 2021.

For the year ended June 30, 2023, Schools recognized GLI OPEB expense of $99,134. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, Schools' reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$113,761	$57,633
Net difference between projected and actual earnings on GLI OPEB program investments	-	89,767
Change in assumptions	53,583	139,931
Change in proportionate share	72,728	16,207
Employer Contributions subsequent to the measurement date	155,664	-
Total	$395,736	$303,538

An amount of $155,664 reported as deferred outflows of resources related to the GLI OPEB Program resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Program will be recognized in the GLI OPEB expense in future reporting periods as follows:

For the Fiscal Years ending June 30th:

	Balances
2024	$10,211
2025	(4,839)
2026	(65,619)
2027	8,417
2028	(11,636)
Thereafter	-
	($63,466)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation: 2.5 percent
Salary increases, including inflation – Locality – General employees: 3.5 percent – 5.35 percent
Investment rate of return of 6.75 percent, net of investment expenses including inflation

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the changes to the discount rate which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; Set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service decrement through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

	GLI OPEB Program
Total GLI OPEB Liability	$3,672,085
Plan Fiduciary Net Position	2,467,989
Employers' Net GLI OPEB Liability	$1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and RSI.

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS-Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP-Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	** Expected arithmetic nominal return		7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

** One October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing median return of 7.11% including inflation of 2.5%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of Schools' Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
$2,090,432	$1,436,607	$908,228

GLI Program Fiduciary Net Position

Detailed information about the GLI program's Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18. Pension and OPEB Aggregated Components

A. Primary Government OPEB and Pension

The table below presents the aggregate amounts for OPEB and Pension expenses of the Primary government for the period ending June 30, 2023.

Arlington County Government
OPEB and Pension Components-Primary Government
For the Period Ending June 30, 2023

	County OPEB	LODA OPEB	Total Primary Government OPEB	County Pension	Total OPEB & Pension
Net OPEB/Pension Liability	$28,687,149	$18,276,482	$46,963,631	$-	$46,963,631
Net OPEB/Pension Asset	-	-	-	141,200,000	64,100,000
Deferred Inflows	64,556,034	8,181,278	72,737,312	22,200,000	141,801,989
Deferred Outflows	17,042,766	8,239,746	25,282,512	124,700,000	80,897,824
Deferred Outflows-Contributions*	-	636,157	636,157	65,700,000	60,328,364
OPEB/Pension Expense	(13,183,205)	2,648,275	(10,534,930)	15,900,000	51,465,672

*The County Pension and LODA OPEB Plan have measurement dates of the previous fiscal year end. Therefore, current year contributions which were made subsequent to the measurement date are reported as deferred outflows of resouces and will be recognized as a reduction in the respective Pension and LODA OPEB liabilities in the following fiscal year.

B. Component Unit Schools OPEB and Pension

The table below presents aggregate amounts for OPEB and Pension expense for the Component Unit Schools.

Arlington County Public Schools
OPEB and Pension Components
For the Period Ending June 30, 2023

APS OPEB Plans	APS OPEB	APS Teachers HIC OPEB	APS Teachers GLI OPEB	APS Non-Prof HIC OPEB	APS Non-Prof GLI OPEB	Total OPEB
Net OPEB Liability	$31,602,179	$43,853,899	$18,333,692	$726,051	$1,436,607	$95,952,428
Deferred Inflows	86,257,096	4,035,784	4,455,004	-	303,538	95,051,422
Deferred Outflows	22,435,929	1,908,524	2,308,346	84,865	240,072	26,977,736
Deferred Outflows-Contributions*	-	4,404,361	1,993,200	84,631	155,664	6,637,856
OPEB/Pension Expense	498,274	3,404,544	616,117	74,724	88,810	4,682,469

APS Pension Plans	APS Teachers Pension	APS Political Sub-Division Pension	Total APS Pension
Net Pension Liability	$332,993,411	$1,607,156	$334,600,567
Deferred Inflows	83,314,968	6,610,694	89,925,662
Deferred Outflows	32,508,018	6,090,091	38,598,109
Deferred Outflows-Contributions*	57,165,238	1,518,902	58,684,140
Total Deferred Outflows	89,673,256	7,608,993	97,282,249
OPEB/Pension Expense	15,087,731	1,203,551	16,291,282

*The APS Teachers OPEB, Non-Professional OPEB, and all APS Pension Plans have a measurement date of the previous fiscal year end. Therefore, current year contributions which were made subsequent to the measurement date are reported as deferred outflows of resources, and will be recognized as a reduction in the respective APS OPEB or Pension liability in the following fiscal year.

Required Supplementary Information

The exhibits included are required to supplement the basic financial statements. This information is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context.

ARLINGTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance Positive (Negative)
REVENUES:				
General Property taxes:				
Real estate	$852,164,325	$852,164,325	$862,594,538	$10,430,213
Personal	132,652,147	132,652,147	141,574,708	8,922,561
Other local taxes	224,135,000	224,135,000	250,489,355	26,354,355
Licenses, permits and fees	7,344,004	7,344,004	10,162,288	2,818,284
Charges for services	65,551,375	66,946,879	59,030,346	(7,916,533)
Fines and forfeitures	7,092,144	7,092,144	5,161,999	(1,930,145)
Grants:				
State grants	86,295,460	92,385,904	85,807,699	(6,578,205)
Federal grants	34,883,714	49,536,949	55,128,922	5,591,973
Use of money and property	13,932,984	14,632,984	33,022,703	18,389,719
Miscellaneous revenue	11,832,408	217,926,661	24,429,390	(193,497,271)
Total revenues	1,435,883,561	1,664,816,997	1,527,401,948	(137,415,049)
EXPENDITURES:				
General Government Administration:				
County Board	2,031,124	2,144,058	1,815,270	328,788
County Manager	6,054,700	6,125,761	6,136,346	(10,585)
Financial Management	10,061,086	10,232,470	9,987,309	245,161
Human Resources	11,156,462	11,277,958	11,123,799	154,159
Technology Services	29,193,673	29,366,454	28,953,272	413,182
County Attorney	4,072,083	4,101,635	3,741,376	360,259
Commissioner of Revenue	6,049,004	6,151,275	6,055,127	96,148
Treasurer	7,672,981	7,790,660	7,161,546	629,114
Electoral Board	1,989,586	2,010,345	1,748,237	262,108
Total General Government	78,280,699	79,200,616	76,722,282	2,478,334
Judicial Administration:				
Circuit Court & Circuit Court Judiciary	5,664,924	5,799,122	5,341,891	457,231
General District Court	423,627	427,471	351,768	75,703
Juvenile & Domestic Relations Court	7,705,708	7,818,638	6,925,453	893,185
Commonwealth Attorney	5,862,840	6,661,293	5,554,753	1,106,540
Sheriff & Jail	47,167,664	49,574,999	50,103,188	(528,189)
Office of the Public Defender	386,120	386,120	403,540	(17,420)
Magistrate's Office	29,986	29,986	28,654	1,332
Total Judicial Administration	67,240,869	70,697,629	68,709,247	1,988,382
Public Safety:				
Police	76,915,884	80,563,409	76,798,341	3,765,068
Pubic Safety Communications and Emergency Management	14,591,151	14,769,074	14,409,426	359,648
Fire	71,934,553	75,371,176	77,348,171	(1,976,995)
Total Public Safety	163,441,588	170,703,659	168,555,938	2,147,721
Environmental Services	114,788,989	118,537,227	112,573,286	5,963,941
Health & Welfare	172,625,843	187,445,865	170,966,283	16,479,582
Libraries	16,542,254	16,827,229	16,213,146	614,083

Exhibit 11-A
Page 2 of 2

ARLINGTON COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance Positive (Negative)
Planning & Community Development:				
Economic Development	10,117,503	10,440,360	9,685,556	754,804
Community Planning, Housing & Development	12,350,859	12,918,870	12,218,968	699,902
Total Planning & Community Development	22,468,362	23,359,230	21,904,524	1,454,706
Parks and Recreation	53,154,373	55,028,416	52,485,423	2,542,993
Education	584,382,149	619,888,887	603,038,946	16,849,941
Non-Departmental:				
Non-Departmental	83,413,659	178,078,755	99,243,776	78,834,979
Debt Service				
Principal payment	44,416,345	44,416,345	49,725,000	(5,308,655)
Interest payment	32,569,562	32,569,562	26,984,082	5,585,480
Other costs	125,000	125,000	29,969	95,031
Regionals/Contributions	7,392,026	7,586,026	7,285,284	300,742
METRO	46,622,208	46,622,208	46,622,208	-
Total Non-Departmental	214,538,800	309,397,896	229,890,319	79,507,577
Total expenditures	1,487,463,926	1,651,086,654	1,521,059,394	130,027,260
Excess (deficiency) of revenues over expenditures	(51,580,365)	13,730,343	6,342,554	(7,387,789)
OTHER FINANCING SOURCES (USES):				
Transfers in	337,008	4,274,470	7,861,286	3,586,816
Transfers out	(10,302,176)	(18,019,813)	(15,472,451)	2,547,362
Sale of Land	-	15,000	1,798,508	1,783,508
Issuance of debt	-		-	-
Total other financing sources/(uses)	(9,965,168)	(13,730,343)	(5,812,657)	7,917,686
Net change in fund balance*	(61,545,533)	-	529,897	529,897
Fund Balance - beginning of year	362,807,057	362,807,057	362,807,057	-
Fund Balance - end of year	$301,261,524	$362,807,057	$363,336,953	$529,897

Exhibit 11-B

Arlington County Government
Notes to Schedule of Revenues, Expenditures, and Changes
in Fund Balance-Budget and Actual
For the Year Ended June 30, 2023

The following procedures are used by the County in establishing the annual budgetary data reflected in the budgetary comparison schedule.

1) Prior to March 1, the County Manager is charged with presenting a proposed operating budget for the fiscal year commencing the following July. A multi-year capital improvement program is developed and approved separately from the operating budget and the School Board prepares a separate operations budget, supported to a large degree by transfers from the County's general fund. The County Board conducts budget work sessions with the departments and advisory commissions and holds public hearings prior to the final adoption of the budget by May 15th.

2) Annual appropriations are adopted for the general, enterprise, special revenue, capital projects, and internal service funds. Appropriations are controlled at the department level in the general fund.

3) Departments are charged with making sure that approved budget levels reflect any supplemental appropriations approved by the County Board. In addition, DMF is authorized to transfer budgeted amounts within any department if the total departmental appropriation is not changed. Any revisions that alter estimated revenues or total expenditures for any department or fund must be approved by the County Board. Appropriations lapse at June 30 unless the County Board approves carrying them forward to the next fiscal year.

4) The budgets of the general government fund types, which include the general fund, special revenue funds, and general capital projects fund, are prepared on a modified-accrual basis of accounting.

Exhibit 11-C

Arlington County Retirement System

Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios

For the Years Ended June 30, 2015 through 2023*

($ in millions)

	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability								
Service cost	$62.6	$60.8	$59.8	$59.3	$57.8	$56.5	$53.8	$54.8
Interest	171.6	166.3	161.4	149.5	143.5	139.1	143.6	135.6
Differences between expected and actual experience	24.1	(29.4)	(30.1)	(31.1)	(13.7)	(27.1)	(47.3)	(16.2)
Changes of assumptions	-	-	-	112.6	-	-	27.2	-
Benefit payments including refunds of employee contributions	(126.5)	(119.9)	(115.5)	(110.8)	(105.0)	(99.7)	(95.3)	(90.8)
Net change in total pension liability	131.8	77.8	75.6	179.5	85.7	68.8	82.0	83.4
Total pension liability -- beginning	2,540.9	2,463.1	2,387.5	2,208.0	2,122.3	2,053.5	1,971.5	1,888.1
Total pension liability -- ending	$2,672.7	$2,540.9	$2,463.1	$2,387.5	$2,208.0	$2,122.3	$2,053.5	$1,971.5
Plan fiduciary net position								
Contributions - employer	$61.2	$59.7	$59.9	$56.7	$54.9	$51.8	$54.5	$58.2
Contributions - employee	14.8	14.8	14.7	13.0	12.9	12.7	12.3	12.2
Net investment income	(321.3)	708.1	156.8	152.1	167.3	246.3	(1.3)	37.3
Benefit payments including refunds of employee contributions	(126.5)	(119.9)	(115.5)	(110.8)	(105.0)	(99.7)	(95.3)	(90.8)
Administrative expense	(2.2)	(2.0)	(2.0)	(0.8)	(0.8)	(0.8)	(1.7)	(1.5)
Net change in plan fiduciary net position	(374.0)	660.7	113.9	110.2	129.3	210.3	(31.5)	15.4
Plan fiduciary net position - beginning	3,187.9	2,527.2	2,413.3	2,303.1	2,173.8	1,963.5	1,995.0	1,979.6
Plan fiduciary net position - ending	$2,813.9	$3,187.9	$2,527.2	$2,413.3	$2,303.1	$2,173.8	$1,963.5	$1,995.0
County's net pension liability (asset) - ending	($141.2)	($647.0)	($64.1)	($25.8)	($95.1)	($51.5)	$90.0	($23.5)
Plan fiduciary net position as a percentage of the total pension liability	105.3%	125.5%	102.6%	101.1%	104.3%	102.4%	95.6%	101.2%
Covered payroll	$297.1	$285.6	$285.2	$270.0	$261.4	$236.5	$248.9	$243.5
County's net position liability (asset) as a percentage of covered-payroll	-47.5%	-226.5%	-22.5%	-9.6%	-36.4%	-21.8%	36.2%	-9.7%

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2023 is the nineth year for this presentation, there are only nine years of information available. Additional years will be displayed as they become available.

Exhibit 11-D

Arlington County Retirement System

Schedule of Employer Contributions-County
Last 10 Fiscal Years
($ in millions)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$65.8	$61.2	$59.7	$59.9	$56.7	$54.9	$51.8	$54.5	$58.2	$53.7
County contributions in relation to the actuarially determined contributions	65.8	61.2	59.9	59.9	56.7	54.9	51.8	54.5	58.2	53.7
Contribution deficiency/ (excess)	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
Covered Payroll	$316.3	$297.1	$285.6	$285.2	$270.0	$261.4	$236.5	$248.9	$243.5	$252.4
Contributions as a percentage of covered payroll	20.8%	20.6%	20.9%	21.0%	21.0%	21.0%	21.9%	21.9%	23.9%	22.6%

Exhibit 11-E

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

Valuation date	June 30, 2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the System year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Asset valuation method	Five year, smoothed
Amortization method	Level percent open
Discount rate	6.75%
Amortization growth rate	3.00%
Inflation	3.00%
Salary increases	3.00% plus merit/seniority component which vary by year of service and are compunded annually
Mortality	General and Uniformed RP-2000 Combined Mortality with generational mortality improvements using Scale AA for active employees and non-disabled inactive members; for Uniformed members, 50% of deaths assumed to be service-connected. RP-2000 Disabled Mortality projected with generational mortality improvements using Scale AA for disabled lives. School RP-2000 Employee Mortality with White Collar adjustment with generational improvements using Scale BB for active and non-disabled inactive members; no deaths assumed to be servive-connected. RP-2000 Disabled Mortality projected with generational mortality improvements using Scale AA for disabled lives.

Exhibit 11-F

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Years Ended June 30, 2015 through 2023*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Net Pension Liability	3.49762%	3.60019%	3.66778%	3.68727%	3.70772%	3.62326%	3.54755%	3.50960%	3.41217%
Employer's Proportionate Share of the Net Pension Liability	$332,993,411	$279,486,255	$533,758,312	$485,265,685	$436,027,000	$445,588,000	$497,158,000	$441,730,000	$412,350,000
Employer's Covered Payroll	331,046,582	322,573,631	322,899,378	299,004,021	293,004,021	278,505,978	295,036,838	264,893,277	-
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	100.59%	86.64%	165.30%	162.29%	148.81%	159.99%	168.51%	166.76%	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years of information available. Additional years will be displayed as they become available.

Exhibit 11-G

VRS Teachers Retirement Plan
Schedule of Employer Contributions
For the Years Ended 2015 through 2023 *

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$57,165,238	$57,165,238	$-	$369,111,113	15.49%
2022	51,688,310	51,688,310	-	331,046,582	15.61%
2021	50,731,932	50,731,932	-	322,573,631	15.73%
2020	48,195,875	48,195,875	-	322,899,378	14.93%
2019	47,023,129	47,023,129	-	299,004,021	15.73%
2018	47,818,256	47,818,256	-	293,004,021	16.32%
2017	40,828,976	41,192,000	(363,024)	278,505,978	14.66%
2016	41,482,179	41,585,081	(102,902)	295,036,838	14.06%
2015	38,409,525	37,194,010	1,215,515	264,893,277	14.04%

*This schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years of information available. Additional years will be displayed as they become available.

Exhibit 11-H

Notes to Schedule-VRS Teachers Retirement Plan

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study of the System for the four- year period ending June 30, 2020, except for the change in discount rate, which was based on VRS Board action effective July 1, 2019. Changes in the assumptions based on the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit 11-I

Arlington Public Schools VRS Political Subdivision
Schedule of Changes in Net Pension Liability and Related Ratios
For the Years ended June 30, 2015 through 2023*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	$2,028,716	$2,149,359	$2,087,903	$1,944,608	$1,886,500	$1,874,972	$1,828,396	$2,027,449	$1,830,932
Interest	4,399,147	3,840,216	3,604,880	3,327,475	3,013,456	2,837,805	2,699,983	2,439,032	2,209,579
Differences between expected and actual	176,758	948,813	(288,136)	514,042	1,015,819	(4,454)	(1,444,760)	237,081	-
Changes in assumptions	-	1,461,151	-	1,712,931	-	(947,788)	-	-	-
Benefit payments, incl refunds of contributions	(2,199,634)	(2,095,971)	(1,740,387)	(1,517,186)	(1,342,405)	(1,160,059)	(1,069,403)	(881,977)	(643,241)
Net change in total pension liability	4,404,987	6,303,568	3,664,260	5,981,870	4,573,370	2,600,476	2,014,216	3,821,585	3,397,270
Total pension liability - beginning	64,243,649	57,940,081	54,275,821	48,293,951	43,720,581	41,120,105	39,105,889	35,284,304	31,887,034
Total pension liability - ending	$68,648,636	$64,243,649	$57,940,081	$54,275,821	$48,293,951	$43,720,581	$41,120,105	$39,105,889	$35,284,304
Plan fiduciary net position									
Contributions - employer	$1,310,113	$1,261,144	$1,233,076	$1,207,932	$1,151,875	$1,077,379	$1,225,860	$954,339	$1,725,606
Contributions - employee	1,152,176	1,116,321	1,107,945	1,064,709	1,008,648	935,848	884,066	722,556	1,003,574
Net investment income	(102,498)	14,421,795	975,506	3,185,444	3,193,423	4,632,064	667,328	1,570,563	4,406,370
Benefit payments, incl refunds of contributions	(2,199,634)	(2,095,971)	(1,740,387)	(1,517,186)	(1,342,405)	(1,160,059)	(1,069,403)	(881,977)	(643,241)
Administrative expense	(41,030)	(34,612)	(31,921)	(29,714)	(26,286)	(25,371)	(21,338)	(20,294)	(21,639)
Other	1,438	(171)	(1,178)	(2,024)	(2,904)	(4,184)	(273)	(332)	232
Net change in plan fiduciary net position	120,565	14,668,506	1,543,041	3,909,161	3,982,351	5,455,677	1,686,240	2,344,855	6,470,902
Plan fiduciary net position - beginning	66,920,915	52,252,409	50,709,368	46,800,207	42,817,856	37,362,179	35,675,939	33,331,084	26,860,182
Plan fiduciary net position - ending	$67,041,480	$66,920,915	$52,252,409	$50,709,368	$46,800,207	$42,817,856	$37,362,179	$35,675,939	$33,331,084
Political subdivision's net pension liability	$1,607,156	($2,677,266)	$5,687,672	$3,566,453	$1,493,744	$902,725	$3,757,926	$3,429,950	$1,953,220
Plan fiduciary net position as a percentage of the total pension liability	97.66%	104.17%	90.18%	93.43%	96.91%	97.94%	90.86%	91.23%	94.46%
Covered payroll	$25,418,572	$25,913,299	$24,495,341	$21,082,014	$18,170,928	$18,633,172	$17,912,069	$18,922,234	$17,327,513
Political subdivision's net pension liability as a percentage of covered payroll	6.32%	-10.33%	23.22%	16.92%	8.22%	4.84%	20.98%	18.13%	11.27%

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years of information available. Additional years will be displayed as they become available.

Exhibit 11-J

VRS Political Subdivisions
Schedule of Employer Contributions
For the Years Ended 2015 through 2023 *

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2023	$1,518,902	$1,518,902	$-	$28,826,709	5.27%
2022	1,341,028	1,341,028	-	25,913,299	5.18%
2021	1,291,914	1,291,914	-	24,662,305	5.24%
2020	1,255,049	1,255,049	-	24,495,341	5.12%
2019	1,218,540	1,218,540	-	21,082,014	5.78%
2018	1,251,977	1,251,977	-	18,170,928	6.89%
2017	1,082,587	1,077,379	5,208	18,633,172	5.81%
2016	1,234,142	1,199,863	34,279	17,912,069	6.89%
2015	1,302,210	1,709,102	(406,892)	18,922,234	9.12%

* This schedule is intended to show information for 10 years. Since 2022 is the eighth year for this presentation, there are only eight years of information available. Additional years will be displayed as they become available.

Exhibit 11-K

Notes to Schedule-VRS Political Subdivisions

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the most recent experience study of the System for the four-year period ending June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions based on the experience study and VRS Board action are as follows:

Non 10 Largest – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change

Exhibit 11-L

Schedule of Changes in Net OPEB Liability and Related Ratios-County OPEB Plan
For the Years Ended June 30, 2017 through 2023*

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	$6,209,048	$6,012,315	$6,488,331	$7,186,201	$6,542,420	$7,045,072	$6,789,601
Interest	16,921,832	20,066,052	20,988,451	20,654,160	21,063,700	20,569,239	19,577,252
Changes of benefit terms	-	-	-	(9,579,643)	-	-	-
Changes of assumptions	5,891,422	(15,708,120)	(14,017,999)	7,679,137	(16,439,988)	(855,957)	21,967,205
Difference between expected and actual experience	(10,942,518)	(46,185,968)	(15,102,579)	(7,043,612)	(4,310,682)	(4,316,370)	(7,417,570)
Benefit Payments	(11,573,495)	(10,370,247)	(12,682,715)	(13,791,000)	(13,349,194)	(15,838,142)	(12,672,328)
Net change in total OPEB liability	6,506,289	(46,185,968)	(14,326,511)	5,105,243	(6,493,744)	6,603,842	28,244,160
Total OPEB liability - beginning	250,177,024	296,362,992	310,689,503	305,584,260	312,078,004	305,474,162	277,230,002
Total OPEB liability - ending (a)	$256,683,313	$250,177,024	$296,362,992	$310,689,503	$305,584,260	$312,078,004	$305,474,162
Plan fiduciary net position							
Contributions - employer	$17,573,495	$16,870,247	$20,182,715	$20,291,000	$20,349,194	$19,237,827	$19,522,328
Net investment income	20,227,043	(19,792,200)	43,019,873	7,340,191	13,509,558	7,935,995	11,825,989
Benefit payments	(11,573,495)	(10,370,247)	(12,682,715)	(13,791,000)	(13,349,194)	(12,042,855)	(12,672,328)
Net change in plan fiduciary net position	26,227,043	(13,292,200)	50,519,873	13,840,191	20,509,558	15,130,967	18,675,989
Plan fiduciary net position - beginning	201,769,121	215,061,321	164,541,448	150,701,257	130,191,699	115,060,732	96,384,743
Plan fiduciary net position - ending (b)	$227,996,164	$201,769,121	$215,061,321	$164,541,448	$150,701,257	$130,191,699	$115,060,732
Net OPEB Liability - ending	$28,687,149	$48,407,903	$81,301,671	$146,148,055	$154,883,003	$181,886,305	$190,413,430
Plan fiduciary net position as a % of the total OPEB liability	88.8%	80.7%	72.6%	53.0%	49.3%	42.7%	37.7%
**Covered-employee payroll	$251,054,635	$300,453,925	$295,476,884	$284,480,517	$281,226,164	$272,210,858	N/A
Net OPEB liability as % of covered-employee payroll	11.43%	16.11%	27.52%	51.37%	55.07%	66.82%	N/A

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Contributions to the OPEB Plan are not based on a measure of pay but are a function of benefits covered, family status, and demographics. Therefore, the relevant measure is "covered-employee payroll", or the payroll of employees provided with OPEB through the OPEB plan.

Exhibit 11-M

Schedule of Employer Contributions
Arlington County OPEB Plan
For the Years Ended June 30, 2013 through 2023

Date	Actuarially Determined Contribution (ADC)	Contributions in relation to ADC	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2023	$8,337,218	$17,573,495	($9,236,277)	$251,054,635	7.00%
2022	14,834,010	16,870,247	(2,036,237)	300,453,925	5.61%
2021	16,880,221	20,182,715	(3,302,494)	295,476,884	6.83%
2020	18,450,712	20,291,000	(1,840,288)	284,480,517	7.13%
2019	18,525,231	20,349,194	(1,823,963)	281,226,164	7.24%
2018	19,316,113	19,237,827	78,286	272,210,858	7.07%
2017	17,836,375	19,522,328	(1,685,953)	-	-
2016	18,448,969	19,706,851	(1,257,882)	-	-
2015	18,935,237	19,480,852	(545,615)	-	-
2014	19,871,609	20,942,046	(1,070,437)	-	-

Exhibit 11-N

Notes to Schedules-County OPEB

Valuation Date: June 30, 2022
Actuarially determined contribution rates are calculated as of June 30, 2022, prior to the fiscal year in when they are reported, and have been rolled forward to June 30, 2023.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary
Amortization method/period	Level % of salary, 21 years
Asset valuation method	Set equal to the market value of assets
Inflation:	3.00% annual increase
Medical trend rate:	The medical trend rate assumption starts at 7.00% in 2023 and gradually declines to 3.94% by the year 2041.
Salary increases	3.00% per year net of exiting employees and new hires
Investment rate of return	6.75% per year as of June 30, 2023
Mortality rates:	The mortality rates for active and healthy retirees were calculated at 100% of the Pub-2010 General Employee/Retiree mortality table for males (110% for females) projected with generational mortality improvements from 2010 using Scale MP-2018. The mortality rates for disabled retirees were calculated at 100% of the Pub-2010 Non-Safety Disabled retiree mortality table for males (110% for females).

Exhibit 11-O

County OPEB Plan
Schedule of Investment Returns
Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Annual Money-Weighted Rate of Return Net of Investment Expense	7.89%	-10.10%	26.17%	4.86%	10.37%	6.89%	12.25%

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

Exhibit 11-P

Schedule of Employer's Share of Net OPEB Liability
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2018 through 2023*

	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net LODA OPEB Liability	4,83%	4.56%	4.52%	4.44%	4.14%	4.10%
Share of the Net LODA OPEB Liability	$18,276,482	$20,127,121	$18,944,488	$15,923,862	$12,992,000	$10,773,000
Covered-Employee Payroll	$303,409,917	$305,574,785	$284,480,517	$286,986,839	$272,210,858	$309,889,759
Employer's Proportionate Share of the Net LODA OPEB Liability as a % of Covered-Employee Payroll	6.02%	6.59%	6.66%	5.55%	4.77%	3.48%
as a % of Total LODA Liability	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

* The amounts presented have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

**The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

Exhibit 11-Q

Schedule of Employer Contributions
Line of Duty Act Program (LODA)
For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a % of Covered-Employee Payroll
2023	$636,157	$636,157	$-	$323,806,938	0.20%
2022	660,284	660,284	-	303,409,917	0.22%
2021	628,364	628,364	-	305,574,785	0.21%
2020	614,726	614,726	-	284,480,517	0.22%
2019	595,670	595,670	-	286,986,839	0.21%
2018	441,414	441,414	-	272,210,858	0.16%
2017	442,123	442,123	-	309,889,759	0.14%
2016	418,315	418,315	-	300,085,853	0.14%
2015	409,235	409,235	-	292,004,396	0.14%
2014	435,192	435,192	-	271,739,851	0.16%

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Exhibit 11-R

Notes to Required Supplementary Information
Line of Duty Act Program (LODA)
For the Year Ended June 30, 2023

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study for the period July 1, 2016 through June 30, 2020. Changes to the assumptions based on the study are as follows:

Employees In The Non- Largest Ten Locality Employers With Public Safety Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and based on service only to better fit fit experience and be consistent with Locals Top 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Exhibit 11-S

Schedule of Changes in Net OPEB Liability and Related Ratios-Arlington Public Schools
For the Years Ended June 30, 2017 through 2023

Total OPEB Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$4,524,587	$4,386,787	$4,642,415	$4,444,683	$4,335,321	$4,514,868	$3,724,642
Interest	13,179,666	12,626,967	13,016,390	12,227,083	11,876,704	11,989,545	10,156,192
Changes in benefit terms	-	-	-	(1,354,960)	-	-	-
Changes in assumptions	(56,205,673)	(6,013,896)	(14,977,786)	2,277,620	(2,188,349)	(13,025,339)	18,230,091
Diff between expected and actual experience	(21,398,976)	5,838,729	527,435	2,220,971	(1,078,733)	2,312,548	7,411,499
Benefit payments	(8,869,649)	(8,709,473)	(8,734,220)	(7,918,493)	(7,810,271)	(6,774,239)	(6,227,027)
Net change in total OPEB liability	(68,770,045)	8,129,114	(5,525,766)	11,896,904	5,134,672	(982,617)	33,295,397
Total OPEB liability - beginning	195,092,140	186,963,026	192,488,792	180,591,888	175,457,216	176,439,833	143,144,436
Total OPEB liability - ending (a)	$126,322,095	$195,092,140	$186,963,026	$192,488,792	$180,591,888	$175,457,216	$176,439,833
Plan fiduciary net position							
Contributions-employer	$11,469,649	$11,309,473	$11,334,220	$7,918,493	$10,410,271	$9,374,239	$8,827,027
Net investment income	8,407,264	-8,176,707	17,984,729	3,190,968	5,931,810	3,506,989	5,287,676
Benefit payments	(8,869,649)	(8,709,473)	(8,734,220)	(7,918,493)	(7,810,271)	(6,774,239)	(6,227,027)
Net change in plan fiduciary net position	11,007,264	-5,576,707	20,584,729	3,190,968	8,531,810	6,106,989	7,887,676
Plan fiduciary net position - beginning	83,712,652	89,289,359	68,704,630	65,513,662	56,981,852	50,874,863	42,987,187
Plan fiduciary net position - ending (b)	$94,719,916	$83,712,652	$89,289,359	$68,704,630	$65,513,662	$56,981,852	$50,874,863
Net OPEB Liability-ending (a) - (b)	$31,602,179	$111,379,488	$97,673,667	$123,784,162	$115,078,226	$118,475,364	$125,564,970
Plan Fiduciary net position as % of lotal OPEB liability	75.0%	42.9%	47.8%	35.7%	36.3%	32.5%	28.8%
Covered-employee payroll	$381,852,629	$287,223,413	$323,771,732	$331,556,331	$313,758,720	$305,435,909	$294,660,463
Net OPEB liability as % of covered-employee payroll	8,28%	38.8%	30.2%	37.3%	36.7%	38.8%	42.6%

This schedule is intended to show information for 10 years. Addiional years will be added as they become available.

Exhibit 11-T

Schedule of Employer Contributions - Arlington Public Schools OPEB
For the Years Ended June 30, 2014 through 2023

Date	Actuarially Determined Contribution (ADC)	Contributions in relation to ADC	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution as a Percentage of Covered-Employee Payroll
2022	$12,080,016	$11,469,649	$610,367	$381,852,629	3.0%
2022	10,880,564	11,309,473	(428,909)	287,223,413	3.9%
2021	12,623,808	11,334,220	1,289,588	323,771,732	3.5%
2020	11,713,825	7,918,493	3,795,332	331,556,331	2.4%
2019	11,651,099	10,410,271	1,240,828	313,758,720	3.3%
2018	11,712,327	9,374,239	2,338,088	305,435,909	3.1%
2017	9,448,250	8,827,027	621,223	294,660,463	3.0%
2016	9,072,082	8,033,056	1,039,026	275,631,084	2.9%
2015	7,516,603	8,000,708	(484,105)	211,917,981	3.8%
2014	7,631,362	7,910,729	(279,367)	204,258,295	3.9%

Exhibit 11-U

Notes to Schedules-Arlington Public Schools

Valuation Date:	June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal level % of salary
Amortization method	Level % of salary
Amortization period	Remaining amortization period is 23 years
Asset valuation method	Fair market value of assets
Inflation:	3.00% per year as of June 30, 2023
Medical trend rate:	Medical trends assumptions for this valuation were developed using the Society of Actuaries (SOA) Long-run Medical Cost trend model version 2021_b.
Salary increases	3.00% salary scale as of June 30, 2023
Investment rate of return	6.75% per year as of June 30, 2023
Mortality rates	Active members, Healthy Retirees and Beneficiaries, or Disabled Retirees-100% of the respective Pub-2010 Teachers employee, retiree, or disabled retiree mortality table for males (115% for females) projected with generational mortality improvements from 2010 using Scale MP-2018

Exhibit 11-V

Arlington Public Schools OPEB Plan
Schedule of Investment Returns
Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return Net of Investment Expense	7.80%	-10.10%	26.17%	4.86%	10.37%	6.89%

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

Exhibit 11-W

Schedule of Employer's Share of Net OPEB Liability
Arlington Public Schools-Teachers Plan
Health Insurance Credit Program (HIC)
For the Years Ended June 30, 2018 through 2023*

	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Net HIC OPEB Liability	3.51%	3.61%	3.68%	3.71%	3.72%	3.63%
Employer's Proportionate Share of the Net HIC OPEB Liability	$43,853,899	$46,392,938	$48,047,430	$48,569,733	$47,295,000	$46,108,000
Covered Payroll	$327,081,398	$319,756,685	$320,477,047	$310,878,333	$301,138,537	$300,366,698
Employer;s Porportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll	13.41%	14.51%	14.99%	15.62%	15.71%	15.35%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

*The amounts in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

Exhibit 11-X

Schedule of Employer Contributions
Arlington Public Schools-Teachers Plan
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	$4,404,361	$4,404,361	$-	$363,996,767	1.21%
2022	3,957,685	3,957,685	-	327,081,398	1.21%
2021	3,869,056	3,869,056	-	319,756,685	1.21%
2020	3,845,725	3,845,725	-	320,477,047	1.20%
2019	3,730,540	3,730,540	-	310,878,333	1.20%
2018	3,704,004	3,704,004	-	301,138,537	1.23%
2017	3,183,887	3,183,887	-	300,366,698	1.06%
2016	2,867,346	2,867,346	-	270,504,340	1.06%
2015	2,819,847	2,819,847	-	266,023,302	1.06%
2014	2,757,249	2,757,249	-	250,659,000	1.10%

Exhibit 11-Y

Notes to Schedules
Arlington Public Schools HIC-Teachers Plan
For the Year Ended June 30, 2023

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study of the System for the period from July 1, 2016, through June 30, 2020, except the change to the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the assumptions as a result of the experience study and board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; Changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit 11-Z

VRS Political Subdivisions
Schedule of Changes in HIC Net OPEB Liability and Related Ratios
For the Year ended June 30, 2022*

	2023	2022	2021
Total HIC OPEB liability			
Service cost	$17,116	$20,893	$-
Interest	47,336	42,117	-
Benefit changes	-	-	623,954
Differences between expected and actual	75,943	-	-
Changes in assumptions	14,549	9,537	-
Benefit payments	(24,687)	-	-
Net change in total OPEB liability	130,257	72,547	623,954
Total OPEB liability - beginning	696,501	623,954	-
Total OPEB liability - ending	$826,758	$696,501	$623,954
Plan fiduciary net position			
Contributions - employer	$60,987	$58,222	$-
Net investment income	(776)	7,245	-
Benefit payments, incl refunds of contributions	(24,687)	-	-
Administrative expense	(182)	(256)	-
Other	154	-	-
Net change in plan fiduciary net position	35,496	65,211	-
Plan fiduciary net position - beginning	65,211	-	-
Plan fiduciary net position - ending	$100,707	$65,211	$-
Political subdivision's net OPEB liability	$726,051	$631,290	$623,954
Plan fiduciary net position as a percentage of the total OPEB liability	12.18%	9.36%	0.00%
Covered payroll	$25,913,289	$24,662,305	N/A
Political subdivision's net OPEB liability as a percentage of covered payroll	2.80%	2.56%	N/A

* During the 2020 Virginia General Assembly Session, House Bill 1513 was enacted. This bill required the additi of Health Insurance Credit benefits for Non-Teacher employees effective July 1, 2021. Arlington Schools Politica Subdivision was therefore required to implement this plan effective for fiscal year 2022 reporting. Additional yea will be reported as they become available.

Exhibit 11-AA

Schedule of Employer Contributions
Arlington Public Schools-Political Subdivision
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2021 through 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered-Employee Payroll (4)	Contributions as a % of Covered-Employee Payroll (5)
2023	$84,631	$84,631	-	28,826,709	0.29%
2022	60,987	60,987	-	25,913,289	0.24%
2021	58,222	$58,222	-	24,662,305	0.24%

* During the 2020 Virginia General Assembly Session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for Non-Teacher employees effective July 1, 2021. Arlington Schools Political Subdivision was therefore required to implement this plan effective for fiscal year 2022 reporting. Additional years will be reported as they become available.

Exhibit 11-AB

Notes to Schedules
Arlington Public Schools HIC-Political Subdivision Plan
For the Year Ended June 30, 2023

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an experience study of the System for the period from July 1, 2016, through June 30, 2020, except the change to the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the assumptions as a result of the experience study and board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	PUB2010 public sector mortality tables. For future use modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; Changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit 11-AC

Schedule of Employer's Share of Net OPEB Liability
Arlington Public Schools-Teachers Plan
Group Life Insurance Program
For the Years Ended June 30, 2018 through 2023*

	2023	2022	2021	2020	2019	2018
OPEB Liability	1.52%	1.56%	1.58%	1.60%	1.60%	1.57%
Employer's Porportionate Share of the Net GLI OPEB Liability	$18,333,692	$18,186,850	$26,339,577	$26,016,243	$24,253,000	$23,574,000
Covered Payroll	$331,046,582	$322,573,631	$322,163,165	$312,990,048	$334,144,790	$288,942,885
Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.54%	5.64%	8.18%	8.31%	7.26%	8.16%
Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

* The amounts presented in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show inofmraiton for 10 years. Since 2018 is the first year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

Exhibit 11-AD

Schedule of Employer Contributions
Arlington Public Schools-Teachers Plan
General Life Insurance (GLI) Program
For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	$1,993,200	$1,993,200	$-	$369,111,113	0.54%
2022	1,787,652	1,787,652	-	331,046,582	0.54%
2021	1,741,898	1,741,898	-	322,573,631	0.54%
2020	1,675,248	1,675,248	-	322,163,165	0.52%
2019	1,627,548	1,627,548	-	312,990,048	0.52%
2018	1,737,553	1,737,553	-	334,144,790	0.52%
2017	1,655,136	1,502,503	152,633	288,942,885	0.52%
2016	1,573,752	1,314,583	259,169	252,804,423	0.52%
2015	1,386,596	1,386,596	-	266,653,025	0.52%
2014	1,304,982	1,304,982	-	250,957,983	0.52%

Exhibit 11-AE

Notes to Schedules
For the Year Ended June 30, 2023
Arlington Public Schools-Teachers GLI Program

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the most recent experience study of the System for the four-year period ending June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions resulting from the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables.
Retirement Rates	Adjusted to better fit experience for Plan 1; set separate rates for Plan 2/Hybrid; changed final retirement from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit 11-AF

Schedule of Employer's Share of Net OPEB Liability
Arlington Public Schools-Non-Professional Employees
Group Life Insurance Program
For the Years Ended June 30, 2018 through 2023*

	2023	**2022**	**2021**	**2020**	**2019**	**2018**
Liability	0.11931%	0.11970%	0.12086%	0.11772%	0.11420%	0.10838%
Employer's Proportionate Share of the Net GLI OPEB Liability	$1,436,607	$1,393,633	$2,016,956	$1,915,618	$1,735,000	$1,631,000
Covered Payroll	$25,913,299	$24,662,305	$24,419,844	$23,073,185	$18,129,748	$18,508,403
GLI OPEB Liability as a Percentage of its Covered Payroll	5.54%	5.65%	8.26%	8.30%	9.57%	8.81%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

* The amounts in this schedule have a measurement date of the previous fiscal year end. Furthermore, this schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, there are only six years of information available. Additional years will be displayed as they become available.

Exhibit 11-AG

Schedule of Employer Contributions
Arlington Public Schools-Non-Professional Employees
Group Life Insurance (GLI) Program
For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	$155,664	$155,664	$-	$28,826,709	0.54%
2022	139,932	139,932	-	25,913,299	0.54%
2021	133,171	133,171	-	24,662,305	0.54%
2020	126,983	126,983	-	24,419,844	0.52%
2019	119,981	119,981	-	23,073,185	0.52%
2018	94,275	94,275	-	18,129,748	0.52%
2017	96,244	103,950	(7,706)	18,508,403	0.56%
2016	105,446	89,114	16,332	20,277,983	0.44%
2015	113,430	113,430	-	21,813,445	0.52%
2014	114,226	114,226	-	21,966,555	0.52%

Exhibit 11-AH

Notes to Schedules
For the Year Ended June 30, 2023
Arlington Public Schools-Non-Professional Employees GLI Program

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2021 based on the most recent experience study of the System for the four-year period ending June 30, 2020, except for the discount rate which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions due to the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables.
Retirement Rates	Adjusted to better fit experience for Plan 1; set separate rates for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year through nine years of service.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

APPENDIX C

Form of Opinion of Bond Counsel

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APPENDIX C

FORM OF OPINION OF BOND COUNSEL

Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Bonds. It is preliminary and subject to change prior to the delivery of the Bonds.

[Letterhead of McGuireWoods LLP]

June 27, 2024

County Board
Arlington County, Virginia
One Courthouse Plaza
2100 Clarendon Boulevard
Arlington, Virginia 22201

$93,155,000
Arlington County, Virginia
General Obligation Public Improvement Bonds
Series 2024

Ladies and Gentlemen:

We have served as bond counsel to Arlington County, Virginia (the "County"), in connection with its issuance and sale of the County's $93,155,000 General Obligation Public Improvement Bonds, Series 2024 (the "Bonds"), dated the date of their delivery.

In connection with this opinion letter, we have examined (i) the Constitution of Virginia (the "Constitution"), (ii) the applicable laws of (A) the Commonwealth of Virginia (the "Commonwealth"), including without limitation the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia of 1950, as amended and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the "Code") and (iii) copies of proceedings and other documents relating to the issuance and sale of the Bonds by the County as we have deemed necessary to render this opinion letter.

As to questions of fact material to our opinions, we have relied upon and are assuming the accuracy of certifications and representations of the County, County officers and other public officials and certain other third parties contained in certificates and other documents delivered at closing, including, without limitation, certifications as to the use of proceeds of the Bonds, without undertaking to verify them by independent investigation.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this financing have been duly authorized, executed and delivered by all parties to them other than the County, and we have further assumed the due organization, existence and powers of all parties other than the County.

Based on the foregoing, in our opinion, under current law:

1. The Bonds have been duly authorized and issued in accordance with the Constitution and laws of the Commonwealth and constitute valid and binding general obligations of the County.

2. The County Board has the power, and is authorized and required by law, to levy and collect annually, at the same time and in the same manner as other taxes of the County are assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the County are not lawfully available and appropriated for such purpose.

3. Interest on the Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. We express no opinion regarding any other federal tax consequences with respect to the Bonds.

In delivering this opinion letter, we are assuming continuing compliance with the Covenants (as defined below) by the County, so that interest on the Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Code. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Code. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax certificate and related documents for the Bonds (the "Tax Certificates") delivered at closing by the County contain covenants (the "Covenants") under which the County has agreed to comply with the requirements. A failure to comply with the Covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includible in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificates, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. We express no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

4. Interest on the Bonds is excludable from gross income of the owners thereof for purposes of income taxation by the Commonwealth. We express no opinion regarding (i) other tax consequences arising with respect to the Bonds under the laws of the Commonwealth or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth.

This opinion letter is subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, laws relating to preferences, fraudulent transfers and equitable subordination), reorganization, moratorium and other similar laws affecting creditors' rights generally. This opinion letter is subject to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing.

Our services as bond counsel to the County have been limited to rendering the foregoing opinions based on our review of such legal proceedings and other documents as we deem necessary to opine on the validity of the Bonds and the tax status of the interest on the Bonds. The foregoing opinions are in no respect an opinion as to the business or financial resources of the County or the ability of the County to provide for the payment of the Bonds or the accuracy or completeness of any information that anyone may have relied upon in making the decision to purchase the Bonds. This opinion letter is given as of the date hereof, and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX D

Book-Entry Only System

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The Depository Trust Company will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults' and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar for the Bonds and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal of and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Bonds are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

The County has no responsibility or obligation to the Direct Participants, the Indirect Participants or the Beneficial Owners with respect to: (a) the accuracy of any records maintained by DTC, any Direct Participant or any Indirect Participant: (b) the payment by DTC, any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect to the principal of and interest on the Bonds; (c) the delivery or timeliness of delivery by any Direct Participant or any Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bonds to be given to owners of the Bonds; (d) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (e) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owners of the Bonds.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to Bondholders shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only Bondholders of Bonds for all purposes under the Bonds.

The County may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders

APPENDIX E

Form of Continuing Disclosure Agreement

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APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by Arlington County, Virginia (the "County"), in connection with the issuance by the County of $93,155,000 General Obligation Public Improvement Bonds, Series 2024 (the "Bonds") pursuant to a resolution adopted by the County Board on May 18, 2024 (the "Resolution"). Pursuant to the Resolution, the County Manager approved the offering and sale of the Bonds to the public pursuant to an Official Statement relating to the Bonds, dated June 18, 2024 (the "Final Official Statement"). The County hereby represents, covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County for the benefit of the Holders (as defined below) and in order to assist the Underwriters (as defined below) in complying with the Rule (as defined below).

Section 2. Definitions. The following capitalized terms shall have the following meanings.

"Annual Financial Information" with respect to any Fiscal Year of the County means the following:

(i) the annual financial statements of the County, which (A) are prepared annually in accordance with generally accepted accounting principles in effect from time to time consistently applied (provided that nothing in this clause (A) will prohibit the County after the date of the Final Official Statement from changing such principles so as to comply with generally accepted accounting principles as then in effect or to comply with a change in applicable Virginia law); and (B) are audited by an independent certified public accountant or firm of such accountants; and

(ii) financial information and operating data with respect to the County of the type and scope that updates the information and data contained in Appendix A to the Final Official Statement under the captions noted below, as follows:

- County Indebtedness and Capital Improvement Program
  - Debt Information (but only the tables entitled "Debt Statement" and "Total General Obligation Debt Service and Lease Payments")
- Financial Information
  - Fund Accounting – General Fund Revenues and Expenditures (but only the table entitled "Five-Year Summary of General Fund Revenues and Expenditures" and "General Fund Balance")
  - General Fund Revenues – (but only the tables entitled "Principal Tax Revenues by Source," "Real and Personal Property Tax Levies and Collections," "Historical Assessed Valuation," "Local Sales Tax Revenues," and "Business, Professional and Occupational License Tax Revenues")

"Dissemination Agent" shall mean the County, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System, described in Securities Exchange Act of 1934 Release No. 59062 and maintained by the MSRB for purposes of the Rule.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation does not include municipal securities as to which a final official statement has been otherwise provided to the MSRB under the Rule.

"Fiscal Year" shall mean the twelve-month period, at the end of which the financial position of the County and results of its operations for such period are determined. Currently, the County's Fiscal Year begins July 1 and continues through June 30 of the next year.

"Holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

"Make Public" or "Made Public" has the meaning set forth in Section 4 of this Disclosure Agreement.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means Rule 15c2-12 under the Securities Exchange Act of 1934, as in effect from time to time.

"SEC" means the U.S. Securities and Exchange Commission.

"Underwriters" means BofA Securities, Inc.

Section 3. Obligations of the County.

(a) The County shall, in accordance with the Rule, Make Public or cause to be Made Public by the Dissemination Agent (if different from the County), the Annual Financial Information not later than March 31 after the end of each Fiscal Year beginning with the Fiscal Year ending June 30, 2024.

(b) The County shall Make Public or cause to be Made Public by the Dissemination Agent (if different from the County), in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events that may from time to time occur with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect Holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Provided that nothing in this subsection (b) shall require the County to maintain any debt service reserve, credit enhancement or credit or liquidity providers with respect to the Bonds or to pledge any property as security for repayment of the Bonds.

(c) The County shall Make Public in a timely manner the failure of the County on or before the date required by this Disclosure Agreement to provide Annual Financial Information in the manner required by this Disclosure Agreement.

(d) The County shall notify the MSRB of any change in its Fiscal Year not later than the date on which it first provides any information to the MSRB in the then current Fiscal Year.

(e) Any information required to be included in the Annual Financial Information may be included by specific reference to other documents previously provided to the MSRB, or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from EMMA.

Section 4. Information Made Public. Information shall be deemed to have been "Made Public" for purposes of this Disclosure Agreement if transmitted to the MSRB in an electronic format as prescribed by the MSRB, directly or through an intermediary, for publication on EMMA.

Section 5. Identifying Information. Any information provided to the MSRB pursuant to this Agreement shall be provided with such identifying information as may be required by the MSRB.

Section 6. Termination of Reporting Obligation. The obligations of the County under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or payment in full of the Bonds.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, without the consent of the Holders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The County shall demonstrate that the modification complies with the Rule as it then exists by obtaining an opinion of nationally-recognized bond counsel as to the compliance of the modification. The County shall within a reasonable time thereafter send to the MSRB a description of the modification.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of occurrence of an event listed in Section 3(b), in addition to that which is required by this Disclosure Agreement. If the County chooses to provide any additional information in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Financial Information or notice Made Public hereunder.

Section 10. Default. Any Holder, whether acting jointly or severally, may take such action as may be permitted by law, including seeking mandate or specific performance by court order, to secure compliance with the obligations of the County under this Disclosure Agreement. In addition, any Holder, whether acting jointly or severally, may take such action as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the County hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution or the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any Holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Underwriters, and Holders from time to time of the County's Bonds, and shall create no rights in any other person or entity.

Date: June 27, 2024 **ARLINGTON COUNTY, VIRGINIA**

By: ______________________________
County Manager