AlexRenew

1800 Limerick Street
Alexandria, VA 22314
alexrenew.com

Tuesday, November 12, 2024 – 5:30 p.m.

Finance and Audit Committee Meeting Agenda

In-person: AlexRenew Environmental Center (1800 Limerick St)
Ed Semonian Boardroom, Room 600

Virtual: Microsoft Virtual Events Powered by Teams

Public comments will be received at the meeting. If you wish to speak during public comment, please contact Lorna Huff, Board Executive Assistant, at (703) 721-3500 ext. 2260 or lorna.huff@alexrenew.com in advance. Submission of written statements is encouraged and may be emailed to the Board Executive Assistant. If you need an interpreter, translator, materials in alternate formats or other accommodations to access this service, activity or program, contact the Board Executive Assistant at least three business days prior to the meeting.

A recording of the meeting will be posted on alexrenew.com after the meeting.

No.	Time	Item	Presenter	Action
1.	6:00 p.m.	Call to Order	Chair	
2.	6:02 p.m.	Approval of Agenda	Chair	Motion
3.	6:05 p.m.	Public Comment Period	Chair	
4.	6:10 p.m.	Consent Agenda a. Minutes from March 18, 2024 meeting (Tab 1)	Chair	Motion
5.	6:35 p.m.	New Business a. Presentation of FY2024 Annual Comprehensive Financial Report and Audit (Tabs 2, 3, and 4) b. Presentation on FY2026 Budget Preview (Tab 5)	Mr. Carl	Motion
6.	7:50 p.m.	Adjourn	Chair	

Times shown are approximate start times and serve as guidelines.

AlexRenew Board of Directors
Minutes of the Finance and Audit Committee
Monday, March 18, 2024

On Monday, March 18, 2024, the AlexRenew Board of Directors held a Finance and Audit Committee meeting at 1800 Limerick Street, and broadcast via Microsoft Teams, with the following present:

Members:	Mr. Mark Jinks, Finance and Audit Chair Ms. Adriana Caldarelli, Finance and Audit Member Mr. John Hill, Chair Ex. Officio Mr. James Beall, Board Vice Chair Ms. Rebecca Hammer, Board Member
Staff:	Mr. Justin Carl, CEO/GM Ms. Amanda Waters, General Counsel and Deputy GM via Microsoft Teams Ms. Caitlin Feehan, Chief Administrative Officer Ms. Felicia Glapion, Chief Engineering Officer Mr. Lake Akinkugbe, Director of Finance Ms. Lorna Huff, Executive Assistant to the Board
Consultants:	Mr. Thierry Boveri, Raftelis via Microsoft Teams Ms. Diana Ling, Raftelis via Microsoft Teams

1. Call to Order

   The Chair called the meeting to order at 5:30 p.m.

2. Approval of the Agenda

   There being no changes to the Agenda, the Chair requested a motion to approve the agenda. Ms. Caldarelli moved and Mr. Jinks seconded. The Committee unanimously approved the agenda.

3. Public Comment Period

   There being no members of the public in attendance and wishing to speak, the Chair closed the public comment period.

4. Consent Agenda

   The Committee reviewed the Consent Agenda which contained the Minutes of the Monday, February 12, 2024, Finance and Audit Committee meeting. There being no changes to the Consent Agenda, the Chair moved approval of the Consent Agenda. Ms. Caldarelli seconded. The Consent Agenda was approved unanimously.

5. Unfinished Business

   None

6. New Business

   a. Review Fiscal Year 2025 Operating and Capital Budget and Rates, Rules and Regulations

Ms. Feehan, Ms. Glapion, and Mr. Akinkugbe reported on the FY2025 Preliminary Draft Operating and Capital Budget, AlexRenew's FY2023 Audit Recommendations, the 10-Year Capital Improvement Program (CIP), and next steps.

Ms. Feehan highlighted the updates to the budget format with the goal of a document that is more comprehensive and easier to read.

Mr. Akinkugbe reviewed the status of auditor recommendations from the FY2023 Audit indicating that all were adopted and implemented by staff. Mr. Jinks asked about the new customer service vendor and their performance regarding accuracy, timeliness, and reporting. Mr. Akinkugbe reported that the vendor has been responsive and timely with good quality reporting.

Mr. Akinkugbe provided an overview of the preliminary draft FY2025 budget. Mr. Jinks requested a chart or table to illustrate how the FY2023 operating revenue was allocated. Mr. Akinkugbe then presented a history of AlexRenew rates. Mr. Jinks requested the math that goes behind usage assumptions. Mr. Akinkugbe then discussed recommended modifications to the Winter Quarter Average that would become effective July 1, 2024.

Ms. Glapion reviewed the capital expenditures in AlexRenew's capital budget and the Improvement, Renewal, and Replacement (IRR) projects.

Ms. Feehan reviewed the funding for the projects in the CIP including cash, Fairfax County Capital and IRR contributions and debt/grant funding.

Next steps include Board approval of the final budget at the June meeting. Mr. Carl requested that members provide feedback on the new budget document. Mr. Hill reported that the budget was easier to read with the additional white space and commended the presentation. Ms. Caldarelli concurred with the Chair and agreed that staff should tie the operating expenses to the revenue increase to explain why rate increases are necessary. Mr. Jinks moved the FY2025 Operating and Capital Budget to the full Board for consideration. Ms. Caldarelli seconded, the Committee unanimously approved.

There being no additional business, the Committee Chair made a motion to adjourn. Ms. Caldarelli seconded. The Board unanimously approved. The meeting adjourned at 6:42 p.m.

APPROVED

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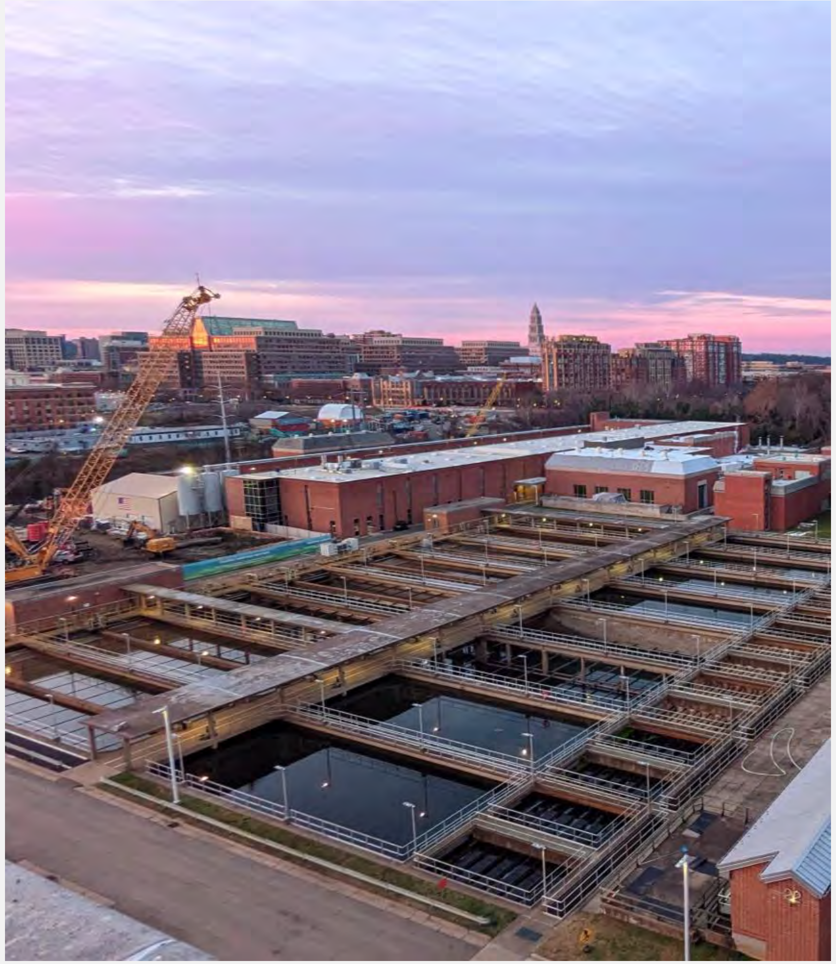
Finance and Audit Committee Chair

AlexRenew

FISCAL YEAR 2024 AUDIT SUMMARY

FINANCE AND AUDIT COMMITTEE MEETING | NOVEMBER 12, 2024

OUTLINE



01 **Fiscal Year 2024 Annual Comprehensive Financial Report**

Description of the Annual Comprehensive Financial Report and Fiscal Year 2024 financial summary

02 **Fiscal Year Audit**

Fiscal Year 2024 Audit results

03 **Next Steps**

Overview of next steps for Fiscal Year 2024 Annual Comprehensive Financial Report and Audit

ALEXRENEW

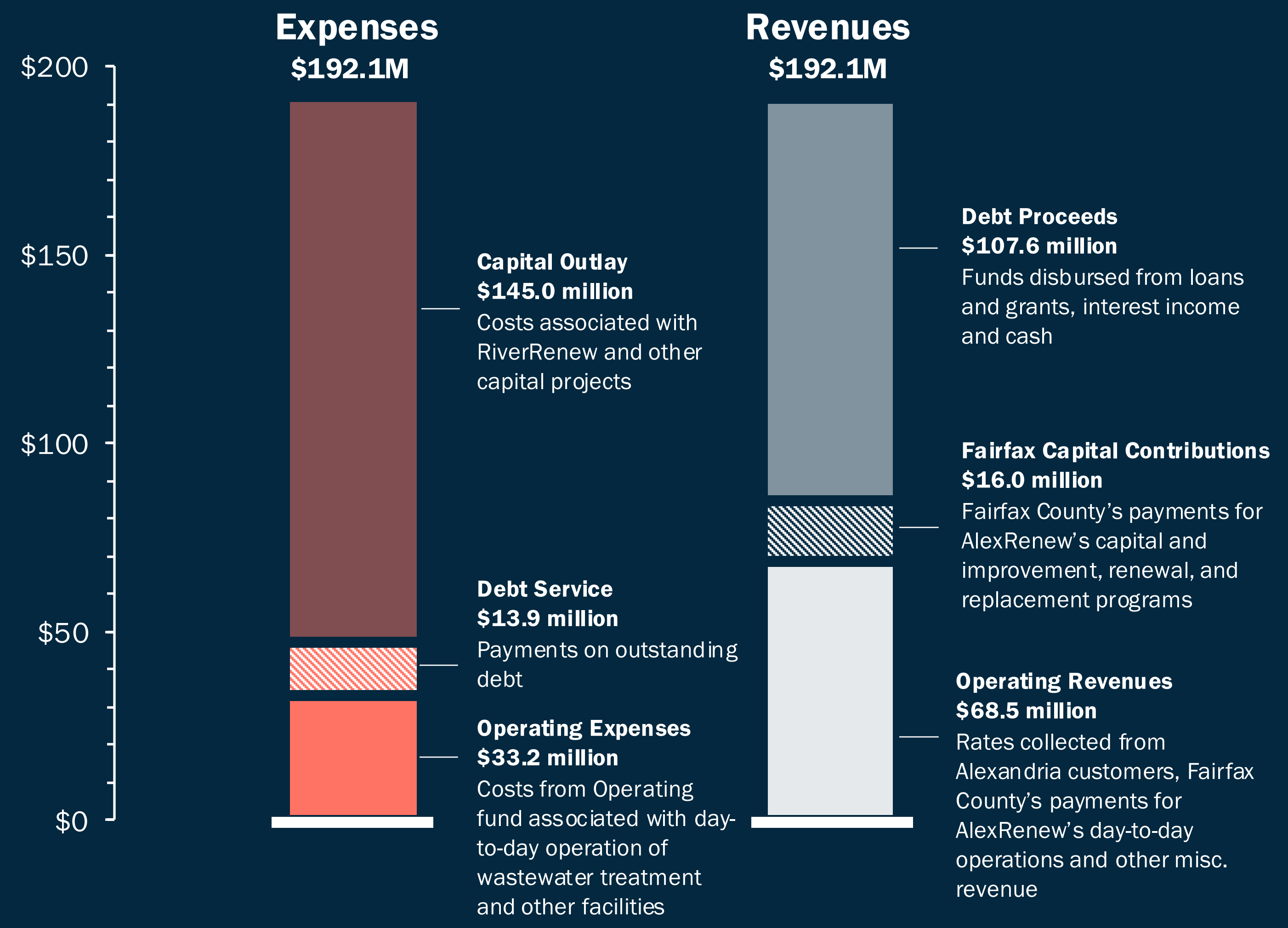
2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

The Annual Comprehensive Financial Report (ACFR) is a collection of AlexRenew's financial statements that is completed each fiscal year in accordance with AlexRenew's Financial Policy.

The ACFR is organized into three sections:

- Introductory
- Financial
- Statistical

The ACFR is required to be audited by an independent auditor.



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SUMMARY OF FISCAL YEAR 2024 EXPENSES AND REVENUES

Summary of AlexRenew's actual expenses and revenues for Fiscal Year 2024.

ALEXRENEW

FISCAL YEAR 2024 CONSOLIDATED FINANCIAL RESULTS

The consolidated financial results present actual revenues and expenses compared to budgeted amounts. The results also illustrate the flow of funds in accordance with AlexRenew's financial requirements.

Operating	$ Actual	$ Budget	$ Variance	% Variance
Net Wastewater Revenue	56.3	53.7	2.7	5.0%
Fairfax Operating Charge	12.1	12.8	(0.7)	-5.6%
Misc Revenue	0.0	-	0.0	0.0%
Interest Income	0.1	0.0	0.1	570.9%
Total Operating Revenue	**68.5**	**66.5**	**2.1**	**3.1%**
Operating Expense	33.2	33.0	(0.2)	-0.6%
Transfer to Debt Service & Capital	**35.3**	**33.5**	**1.9**	**5.6%**

Debt Service	$ Actual	$ Budget	$ Variance	% Variance
Transfer From Operating	13.5	16.4	(2.9)	-17.7%
Interest Income	0.4	0.1	0.3	381.1%
Total Debt Service Revenue	**13.9**	**16.4**	**(2.6)**	**-15.5%**
Principal	8.6	10.6	2.1	19.4%
Interest	5.3	5.8	0.5	8.6%
Total Debt Service Expense	**13.9**	**16.4**	**2.6**	**15.5%**

Capital	$ Actual	$ Budget	$ Variance	% Variance
Transfer From Operating	21.9	17.1	4.8	27.9%
Fairfax Capital Contributions	16.0	36.4	(20.4)	-56.0%
Interest Income	1.6	0.0	1.5	10276.8%
Parity Debt Proceeds	116.6	153.7	(37.1)	-24.1%
Cash Used	0	6.2	(6.2)	-100.0%
Cash Transferred to Reserves	11.0	0	11.0	100.0%
Total Capital Revenue	**145.0**	**213.3**	**(68.4)**	**-32.0%**
Total Capital Expense	**145.0**	**213.3**	**68.4**	**32.0%**

ALEXRENEW

FISCAL YEAR 2024 FINANCIAL COMPLIANCE SUMMARY

DEBT SERVICE COVERAGE

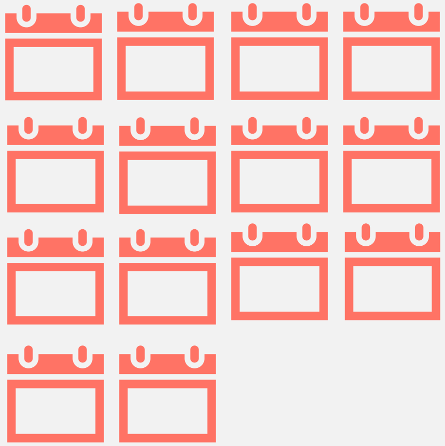
	FY2024 Budget	FY2024 Actual
Net Revenue	$33.5M	$35.3M
Annual Debt Service	$16.4M	$13.9M
Debt Service Coverage Net Revenue divided by Annual Debt Service	**2.0 times**	**2.5 times**

Debt service coverage indicates AlexRenew's ability to meet its debt obligations. AlexRenew's Financial Policy requires a debt service coverage of 1.5 times.

DAYS CASH ON HAND

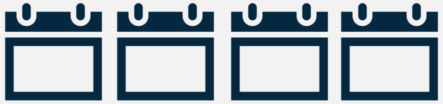
427 DAYS

Cash on hand



120 DAYS

Cash on hand required



Days cash on hand indicates AlexRenew's liquidity to manage risk and financial stability for long-range planning.

800.464.1976
YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activity of Alexandria Renew Enterprises (AlexRenew), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprises' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activity of Alexandria Renew Enterprises, as of June 30, 2024 and 2023, and the respective changes in its financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alexandria Renew Enterprises 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.

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 Alexandria Renew Enterprises' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

ALEXRENEW

FISCAL YEAR 2024 AUDIT

AlexRenew's financial policy requires the ACFR to be audited by an independent auditor annually. The audit must follow Generally Accepted Auditing Standards (GAAS). The audit includes a comprehensive examination of AlexRenew's financial statements to ensure accuracy, compliance, and transparency.

Fiscal Year 2024 Audit outcomes:

- **Clean/Unmodified Opinion for the Single Audit Report and Financial Audit**
- Two recommendations for consideration:
  - Reconcile identified past years' accounts receivable on the general ledger
  - Perform a more regular reconciliation of the Schedule of Expenditures of Financial Awards (SEFA)

Audit Team

yhb CPAs & Consultants

AlexRenew

MSL CPAs & ADVISORS

NEXT STEPS

- **November 19:**
  - Finance and Audit Committee presentation of ACFR and Audit to Board of Directors
  - Staff to present draft Annual Report to Board of Directors

AlexRenew

Fiscal Years Ended June 30, 2024 & 2023 | Alexandria, VA
DRAFT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

AlexRenew

ALEXRENEW

ALEXANDRIA, VA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2024 and 2023

Prepared by the Finance Department

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ALEXRENEW
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024 and 2023

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Introduction

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AlexRenew
1800 Limerick Street
Alexandria, VA 22314
alexrenew.com

AlexRenew Transmittal Letter

November 12, 2024

To the AlexRenew Board of Directors, our customers, and interested parties:

The Annual Comprehensive Financial Report (ACFR) for AlexRenew for the fiscal year ended June 30, 2024, is submitted herein. This report has been prepared in accordance with generally accepted accounting principles (GAAP) as recommended by the Governmental Accounting Standards Board (GASB) and audited by a firm of independent certified public accountants.

This report presents the financial position of AlexRenew; demonstrates compliance with applicable finance-related legal and contractual provisions; and reflects the principle of full disclosure, allowing readers to gain maximum understanding of AlexRenew's financial position. The accuracy of the data represented, as well as the completeness and fairness of the presentation, including all disclosures, is the responsibility of AlexRenew. To the best of our knowledge and belief, this report is accurate in all material respects and presents fairly the financial position and results of operations of AlexRenew.

Yount, Hyde & Barbour, P.C., an independent registered public accounting firm has audited AlexRenew's financial statements for the year ended June 30, 2024. The independent auditor's report is presented in the financial section of the ACFR.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a general overview and analysis of the accompanying financial statements. This letter of transmittal is prepared to complement the MD&A and should be read in conjunction with it.

PROFILE OF ALEXRENEW

The City of Alexandria, Virginia Sanitation Authority, doing business as (d/b/a) AlexRenew, is a wastewater treatment authority serving over 300,000 people in Alexandria, VA and parts of Fairfax County. AlexRenew was established in 1952 as an independent political subdivision of the Commonwealth of Virginia under the Virginia Water and Waste Authorities Act.

Each year, AlexRenew processes and cleans approximately 13 billion gallons of wastewater received from area homes, schools, and businesses. AlexRenew's team of over 100 wastewater professionals is dedicated to providing essential wastewater services for Alexandria — protecting its citizens, delivering healthier waterways, and building a lasting legacy of environmental stewardship in the region.

AlexRenew owns approximately $1.4 billion in total assets, including five pumping stations, two service chambers, four intercepting sewers, four combined sewer outfalls, and a Water Resource Recovery Facility (WRRF) located adjacent to Alexandria's Old Town historic district.

AlexRenew is governed by a five-member citizen Board of Directors that appoints the General Manager and Chief Executive Officer, who is responsible for the daily management of the organization.

LOCAL ECONOMY

As an inner suburb to Washington, DC, Alexandria continues to see steady population indicators, strong demand for housing, and a number of ongoing major development and redevelopment projects. The City's unemployment rate is 2.7% as of July 2024.

The largest sectors of employment by total wages in Alexandria continue to be professional, scientific, and technical services, as well as public administration. The U.S. Patent and Trademark Office, National Science Foundation, and a number of non-profits and associations maintain headquarters in Alexandria. The historic Old Town district is home to many small businesses and a vibrant waterfront. Construction on the first building for the Virgina Tech Innovation Campus is nearly complete. The Innovation District Pumping Station, which will be used to serve the campus, was conveyed to AlexRenew for ownership and operation in September 2023.

Alexandria real estate values increased for a fourteenth consecutive year with the overall value of Alexandria's taxable property increasing 0.33% from 2022 to 2023. Year-over-year, average residential values increased 3.0% while commercial property values increased 4.0%. The increase in the overall tax base was attributable to both appreciation of existing properties as well as new development. In 2024, 50% of single-family homes had value increases. Approximately 74% of condominiums increased in value while multifamily properties saw a 2.3% decrease in value on average. The hospitality industry is making a recovery, as hotels increased in value by 4.3% on average. Other commercial property types experiencing value increases included shopping centers.

MAJOR INITIATIVES

Construction continued in FY2024 on RiverRenew, AlexRenew's multi-year program, which began in 2018 to prevent millions of gallons of sewage mixed with rainwater (combined sewage) from polluting the Potomac River and its tributaries each year. In March 2024, legislation to extend the statutory deadline by one year to July 1, 2026 was signed into law in Virginia. AlexRenew has invested over $440 million in RiverRenew, which has employed more than 200 Virginia firms, and is over 65 percent complete. In March 2024, AlexRenew completed the 2.2-mile-long, 12-foot-wide tunnel using a state-of-the-art tunnel boring machine. The tunnel connects the existing combined sewer outfalls to AlexRenew's wastewater treatment plant. Crews continue to progress work on a six (6) foot-wide sewer interceptor; 12-story-deep, 65-foot-wide pumping station; and massive shafts that when complete will function as a system to capture combined sewer overflows.

RiverRenew is funded by a combination of grants, low-interest loans, and contributions from AlexRenew and Fairfax County. During FY2024, AlexRenew drew $101.1 million from these loans and grants to reimburse for construction expenses incurred on RiverRenew.

In June 2024, AlexRenew issued its first green bonds in the amount of $50 million. Funding from the bonds will support three projects in AlexRenew's capital portfolio; including upgrades to its biosolids treatment systems, wastewater screening and pumping facilities, and its filtration processes.

LONG-TERM FINANCIAL PLANNING

For more than a decade, AlexRenew has employed rate modeling to analyze, evaluate, and implement an annual and long-term fee structure to support the financial obligations of the organization. The rate model incorporates historical financial results along with the projected needs of the organization based on the annual operating budget, expected contributions from Fairfax County, and the annual update to the ten-year Capital Improvement Program (CIP) budgeted projections. The CIP is a key element in planning for and managing for future regulatory compliance through large-scale capital investment. AlexRenew's long-term financial planning process ensures adherence to AlexRenew's indenture and financial policies, while appropriately considering future needs of the Alexandria community in setting rates and managing fiscal position.

INTERNAL CONTROL STRUCTURE AND BUDGETARY CONTROLS

The AlexRenew Board approves an annual operating and capital budget each June for the fiscal year period July 1 of the current year through June 30 of the following year. AlexRenew's annual operating and capital budget is a modified accrual basis document with revenues established based upon available resources. AlexRenew bills customers monthly for wastewater treatment based on water consumption at rates approved by the Board. Additionally, it receives monthly contributions from Fairfax County for operating and capital costs based on the service agreement between the County and AlexRenew.

AlexRenew's management establishes and maintains an internal accounting control structure that ensures the utility's assets are safeguarded against loss, theft, or misuse, and maintains accurate and reliable financial records for the preparation of financial statements and representations made by AlexRenew. AlexRenew's internal accounting control structure provides reasonable, but not absolute, assurance that objectives are met. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits derived from the controls. The evaluation of costs and benefits rests with AlexRenew.

FINANCIAL DISCUSSION: Financial Condition and Overview

AlexRenew's financial condition remained strong at year-end. AlexRenew achieved all legal requirements, as prescribed by the master trust indenture and service agreements and exceeded its policy targets while maintaining strong liquidity and a responsible unrestricted net position. AlexRenew's Board-adopted financial policies include requirements to maintain debt service coverage of 1.50x on senior parity debt and at least 120 days of the current year's budgeted amount for operating and maintenance expenses in reserves. At fiscal year-end, debt service coverage was in excess of 2.1x and 427 cash on hand sufficient to meet policy targets and maintain liquidity as construction spending for RiverRenew continues.

AlexRenew maintained appropriate fiscal and business discipline as it implemented the FY2024 operating and maintenance budget, resulting in a moderate operating budget excess and the strengthening of the organization's overall financial position. Capital spend increased year-over-year to almost $19 million, as construction continued on active capital projects including RiverRenew. In addition to RiverRenew, capital projects funded in FY2024 included design and procurement for upgrades to AlexRenew's preliminary, primary, and solids processes and ongoing upgrades to information systems and infrastructure to improve the organization's cybersecurity.

AlexRenew has two primary sources of revenue – wastewater treatment charges assessed to City customers and contributions from Fairfax County based on service agreements. AlexRenew's Board approved and implemented its third two-year rate increase at the beginning of FY2023 to primarily support spending associated with RiverRenew and additional operating costs and capital expenses. AlexRenew continues to maintain a $60 million line of credit with a commercial bank to provide interim financing for RiverRenew construction as needed.

Looking forward, AlexRenew will continue to emphasize best practices and fiscal discipline to ensure its financial resiliency and sustain its fiscal strength as it navigates the next few years of major construction.

FINANCIAL DISCUSSION: Investment Policy

AlexRenew manages the investment of its cash and other financial instruments in strict accordance with the Code of Virginia, other applicable laws and regulations, and the Board-adopted investment policy. AlexRenew focuses on maintaining capital preservation and liquidity while achieving a market return on financial resources.

FINANCIAL DISCUSSION: Capital Assets

AlexRenew's capital assets are currently valued at $1.2 billion. This is reflective of a significant capital program in recent years that will continue as the RiverRenew program is implemented, which includes a meaningful capital investment. In building and managing the long-term capital improvement plan, AlexRenew will be particularly conscious of the implications for its customers and its overall financial stability.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to AlexRenew for its Annual Comprehensive Financial Report (ACFR) for the fiscal period ended June 30, 2023. This was the seventeenth year that AlexRenew has received this prestigious award. The GFOA awards a Certificate of Achievement to financial reports that clearly convey the financial position and results of operations of the governmental entity. The report must be easy to read, thorough, and efficiently organized, in addition to satisfying GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program requirements and standards.

The independent auditors have rendered their unmodified opinion on AlexRenew's financial statements for the fiscal year ended June 30, 2024. The independent auditors' report is presented as the first component of the financial section of this report. Management's Discussion and Analysis (MD&A) follows the independent auditors' report and provides a general overview and analysis of the accompanying financial statements.

Thank you to the AlexRenew staff, in particular, its finance team, and the professionals at MSL, P.A., an independent accounting and consulting firm that contributed to preparation of this report, whose hard work and dedication has made possible the preparation of this ACFR. Thank you to the AlexRenew Board of Directors as well, for their vision, leadership, and passion for the mission, and the important work done by every employee at AlexRenew.

Regards,

Justin Carl, PE

AlexRenew General
Manager and CEO

Caitlin Feehan, PE

AlexRenew Chief
Administrative Officer

Lake Akinkugbe

AlexRenew Director
of Finance

ALEXRENEW

DIRECTORY OF PRINCIPAL OFFICIALS

June 30, 2024

BOARD OF DIRECTORS

John Hill - Chair
James Beall - Vice Chair
Adriana Caldarelli - Secretary/Treasurer
Rebecca Hammer
Mark Jinks

Shahram Mohsenin, Fairfax County Representative

CHIEF EXECUTIVE OFFICER (CEO)

Justin Carl, P.E.

CHIEF ADMINISTRATIVE OFFICER (CAO)

Caitlin Feehan

DIRECTOR OF FINANCE

Lake Akinkugbe

INDEPENDENT AUDITORS

Yount, Hyde & Barbour, P.C.

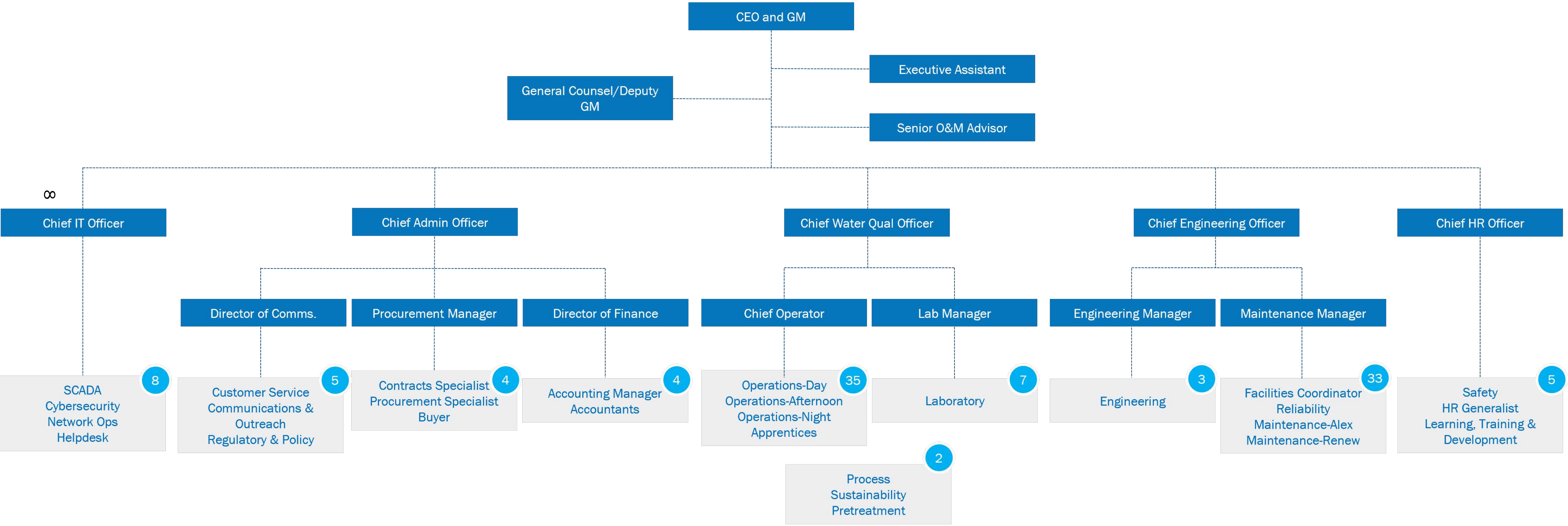
ALEXRENEW

BOARD OF DIRECTORS

June 30, 2024

Pictured from top left to right: Chair John Hill, Vice Chair James Beall
Bottom row from left to right: Secretary/Treasurer Adriana Caldarelli, Mr. Mark Jinks, and Ms. Rebecca Hammer

AlexRenew Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alexandria Renew Enterprises
Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

Financial Section

MANAGEMENT'S DISCUSSION AND ANALYSIS

AlexRenew presents the following review of its financial activities for the fiscal years ended June 30, 2024 (FY24) and 2023 (FY23). Readers of these financial statements are encouraged to consider this information together with the accompanying financial statement notes to obtain a comprehensive view of the Authority's financial position and operating results for FY24.

AlexRenew's overall financial condition, as well as operating and capital plans to meet water quality requirements remained strong and stable during FY24. AlexRenew met or performed better than the standards established by its financial policies, maintaining a debt service coverage ratio of 2.1 and unrestricted cash of 427 days of operating expenses.

Throughout FY24, revenues from billed water consumption and resulting flows to AlexRenew's wastewater treatment plant exceeded the original budgetary estimate by approximately 5.0% or $2.7 million. This includes a $1.5 million customer billing adjustments that dates back to 2013, which was recorded as a nonoperating expense in the statements of revenues, expenses and change in net position. Flows from Fairfax County to AlexRenew's wastewater treatment plant were lower than originally budgeted, resulting in a decrease of $0.8 million or 6.2% in actual operating revenues from Fairfax County. This decrease was offset by earned interest income which exceeded budgetary estimates by about $1.9 million. Operating expenses were almost flat to budget. Lower capital execution and spending resulted in $2.6 million less in debt service expenses. The net positive budget variances resulted in no use of cash reserves for capital expenses and the addition of $11.0 million to cash reserves, which will be used toward future capital spending.

AlexRenew received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, which is the highest form of recognition for excellence in state and local government financial reporting. This is the 17th time AlexRenew has received this award.

Summary of Organization and Business

The City of Alexandria, Virginia, Sanitation Authority does business as AlexRenew. Throughout this document, the term "Authority" will be used in reference to the AlexRenew.

The Authority is a public body organized and created under the Virginia Water and Waste Authorities Act of the Code of Virginia of 1950, as amended. The Authority was created by the City Council of the City of Alexandria (City Council) in 1952 to construct, operate and maintain a sewage disposal system to provide wastewater treatment services to the public.

Five citizen members appointed by City Council to four-year staggered terms govern the Authority as its Board of Directors (Board).

In 1953, the Authority and neighboring Fairfax County (County) executed a service agreement by which the Authority would build a sewage treatment plant in which the County would purchase a reserved treatment capacity (Service Agreement). The Service Agreement further provides that the County will share in the cost of capital improvements to the sewage treatment system based on its reserved capacity and will also share in annual operating and maintenance expenses in proportion to the County's actual use as measured by the volume of sewage it contributes to the sewage treatment system. The Service Agreement was last amended and restated in October 1998. The major provisions relating to the County's reserved capacity (60%), payment of capital and upgrade costs, and calculation of its share of the payment of operating costs remained unchanged, though the County and the Authority have negotiated more recent agreements pertaining to the cost share of certain capital projects such as the RiverRenew program.

Summary of Organization and Business (Continued)

The Authority receives no financial support from the City of Alexandria (City) and has no taxing power. The revenues of the Authority are derived from wastewater treatment charges based on metered water consumption and meter size for Alexandria users, and payments from the County for its proportional share of operating expenses, replacement and renewal expense, and capital costs.

Audit Assurance

The unmodified (clean) opinion of our independent external auditors, Yount, Hyde & Barbour, P.C., is included in this report.

The financial section presents Management's Discussion and Analysis of the Authority's financial condition and activities for FY24. This financial section information should be read in conjunction with the financial statements.

Financial Highlights

The following are key financial highlights for FY24:

- The Authority treated 13.6 billion gallons of wastewater during FY24, a 4.0% increase compared to the prior FY23. At an average of 35 million gallons per day (MGD) in FY24, the 54 MGD design capacity at the facility remains sufficient.

- The County contributed 5.6 billion gallons of wastewater flow to the Authority in FY24, which accounted for approximately 41.0% of the wastewater treated at the Authority's facilities. This is slightly higher than the 40.7% in the prior FY23 and is within the County's allocation per the Service Agreement.

- The Authority's number of accounts in FY24 is at 26,885, slightly higher than prior FY23 at 26,710.

- Billed water consumption and flows to the facility remained strong and revenues exceeded the original budgetary estimate by approximately 8%.

- Wastewater treatment fee revenues are derived from two primary charges: a base charge and a volumetric charge. The base charge is a fixed rate that varies by customer served and the volumetric charge is a usage charge based on metered water sales. The volumetric charge approved by the Board for FY24 was $9.76 per 1,000 gallons of water and represents a 5.4% increase as compared with the prior FY23. The base charge approved by the Board for FY24 was $13.85 per month for residential customers and varies based on meter size for commercial customers, again representing a 5.4% increase as compared to the prior FY23.

- Wastewater treatment charge revenues of $57.8 million were 5.5% higher in FY24 compared to the prior FY23. This increase is the result of the rate increase described in the paragraph above and strong usage and billed flows.

- Total operating expenses for FY24, excluding depreciation and amortization, increased 5.7% compared to FY23.

- The FY24 operating budget included continued workforce investments and enhancements to employee benefits as AlexRenew continues to work to retain top talent in a competitive labor market.

- Senior debt service coverage, on an accrual basis, was 2.1x for FY24. This exceeded the 1.1x required by the Authority's Master Indenture of Trust (Indenture) and 1.5x established by the Board's Financial Policies. The Authority continue to fund it capital projects in FY24 primarily with the Water Infrastructure Finance and Innovation Act (WIFIA) loan program and a grant through American Rescue Plan Act (ARPA).

Financial Highlights (Continued)

- The Authority issued $50 million in green bonds in June 2024 to fund three of its capital projects in FY2025 and beyond. These projects are will upgrade the Authority's biosolids treatment systems, wastewater screening and pumping facilities, and its filtration processes.

- Total assets and deferred outflows of resources for FY24 were $1,355.2 million. Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (Net Position) in the amount of $921.5 million for FY24. Of the total Net Position, $57.8 million were unrestricted and available to support operations for FY24. The increase in total assets is a result of the multiple improvement, replacement and construction projects ongoing for plant infrastructure and equipment.

- Capital assets net of depreciation and amortization increased $119.4 million in FY24. The increase is primarily due to increased capital expenditures associated with the RiverRenew program and other ongoing capital projects.

- Payments from the County of $12.1 million in FY24 represented the County's share of operating costs based upon their proportional contribution to total plant flow. County payments were $11.1 million in the prior FY23. This payment increase is the result of an increase in the percentage of flow contributed by the County and in the total jointly shared operating expense in FY24.

Required Financial Statements

The Authority's financial statements are prepared using generally accepted accounting principles for governmental units operated as a proprietary fund. As a result, the financial statements of the Authority report financial information using the flow of economic resources measurement focus, which is similar to those used by private sector companies. These statements offer current and long-term financial information about its activities.

The statement of net position includes all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and provides summary information about the nature and amounts of investments in resources (assets) and obligations to Authority creditors (liabilities). The assets and liabilities are presented in a classified format, which lists current and other balances.

The statement of revenue, expenses, and changes in net position measures whether the Authority has successfully recovered its operating and non-operating costs through its wastewater treatment rates and other fees. The Authority's rates are determined via a rate modeling process that incorporates an array of factors focused on the cost of capture, conveyance, treatment, and discharge of wastewater. The rate model is updated and evaluated annually, or as circumstances warrant, to ensure the Authority recovers its full cost of service.

The statement of cash flows provides information about the Authority's cash receipts and cash payments during the fiscal year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities, and the total change in cash during the reporting period.

In 2014, the Authority established an Other Post-Employment Benefits (OPEB) Trust Fund to fund its OPEB. It was established within the Virginia Pooled OPEB Trust Fund (Trust Fund), sponsored by the Virginia Municipal League and the Virginia Association of Counties. The Trust Fund is an investment permitted for participating municipal employers to accumulate assets to pay future OPEB benefits to retirees and their beneficiaries. The financial statements include the Statements of Fiduciary Net Position and the statements of changes in fiduciary net position for FY24 and FY23.

The Notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The Notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies subsequent events, if any.

Financial Analysis:

The following comparative condensed financial statements and other selected information provide key financial data and indicators for management, evaluation and comparison.

The following table reflects the Authority's net position at June 30, 2024, June 30, 2023 and June 30, 2022:

Condensed Statements of Net Position
(in Millions of Dollars)

	2024	2023	$ Change	% Change	2022
Current unrestricted assets	$ 107.19	$ 77.04	$ 30.15	39.14 %	$ 71.28
Current restricted assets	69.03	15.22	53.81	353.55 %	23.68
Other non-current assets	0.63	0.48	0.15	31.25 %	0.43
Capital assets, net	1,175.73	1,056.38	119.35	11.30 %	949.68
Total Assets	1,352.58	1,149.12	203.46	17.71 %	1,045.07
Deferred Outflows	2.60	2.06	0.54	26.21 %	2.81
Current liabilities	56.17	58.12	(1.95)	(3.36) %	46.58
Long-term liabilities	375.75	256.94	118.81	46.24 %	180.32
Total Liabilities	431.92	315.06	116.86	37.09 %	226.90
Deferred Inflows	1.71	2.58	(0.87)	(33.72) %	7.24
Net Investment in capital assets	809.49	757.96	51.53	6.80 %	748.22
Restricted	54.26	5.70	48.56	851.93 %	15.49
Unrestricted	57.80	69.88	(12.08)	(17.29) %	50.03
Total Net Position	$ 921.55	$ 833.54	$ 88.01	10.56 %	$ 813.74

Financial Analysis (Continued)

The following table reflects the Authority's comparative revenues, expenses, and changes in net position for the fiscal year ending June 30, 2024, June 30, 2023 and June 30, 2022:

Condensed Statements of Revenues, Expenses and Changes in Net Position
(in Millions of Dollars)

	2024	2023	$ Change	% Change	2022
Revenues					
Program revenues:					
Wastewater Treatment Fees & Miscellaneous	$ 57.84	$ 54.86	2.98	5.40 %	$ 50.73
Fairfax County Wastewater Fees	12.08	11.06	1.02	9.20 %	10.92
General revenues:					
Federal grants	0.02	0.06	(0.04)	(66.70) %	0.28
Investment Income (loss)	2.04	0.76	1.28	168.40 %	(0.72)
Total Revenues	71.98	66.74	5.24	7.90 %	61.21
Program expenses					
Depreciation and Amortization expenses	22.97	21.44	1.53	7.10 %	20.57
Other Operating Expenses	35.51	33.56	1.95	5.80 %	27.62
Non-operating Expenses	7.45	4.65	2.80	60.20 %	4.96
Total Expenses	65.93	59.65	6.28	10.50 %	53.15
Changes in Net Position before Capital Contributions	6.05	7.09	(1.04)	(14.70) %	8.06
Capital Contributions	81.96	12.71	69.25	544.80 %	34.30
Changes in Net Position	88.01	19.80	68.21	344.50 %	42.36
Net Position:					
Beginning	833.54	813.74	19.80	2.43 %	771.38
Ending	$ 921.55	$ 833.54	$ 88.01	10.56 %	$ 813.74

Financial Analysis (Continued)

The following table summarizes other selected information of the Authority at June 30, 2024, 2023 and 2022.

Other Selected Information

	2024	2023	Difference	% Change	2022
Selected data:					
Employees at year end	122	115	7	6 %	104
Alexandria accounts	26,885	26,710	175	1 %	26,767
Wastewater treated (millions of gallons)	13,617	13,094	523	4 %	13,090
Portion contributed by Fairfax County (millions of gallons)	5,577	5,326	251	5 %	6,204
Percentage contributed by Fairfax County	40.96% %	40.68 %	(40.27) %	(98.99) %	47.39 %
Rates, Residential Customers:					
Charge per 1000 gallons of water consumption	$ 9.76	$ 9.26	$ 0.50	5.4 %	$ 8.69
Base Charge	13.85	13.14	0.71	5.4 %	12.34
Average residential customer bill (based on 4,000 gallon per month water usage):					
Per year	$ 634.68	$ 602.16	$ 32.52	5.4 %	$ 565.20
Per quarter	158.67	150.54	8.13	5.4 %	141.30
Per month	52.89	50.18	2.71	5.4 %	47.10
Rates, Commercial Customers:					
Charge per 1000 gallons of water consumption	$ 9.76	$ 9.26	$ 0.50	5.4 %	$ 8.69
Base Charge					
Water Meter Size					
5/8"	$ 41.55	$ 39.42	2.13	5.4 %	$ 37.02
3/4"	41.55	39.42	2.13	5.4 %	37.02
1"	103.87	98.55	5.32	5.4 %	92.55
1-1/2"	207.74	197.10	10.64	5.4 %	185.10
2"	332.39	315.36	17.03	5.4 %	296.16
3"	623.23	591.30	31.93	5.4 %	555.30
4"	1,038.72	985.50	53.22	5.4 %	925.50
6"	2,077.43	1,971.00	106.43	5.4 %	1,851.00
8"	3,323.89	3,153.60	170.29	5.4 %	2,961.60

General Trends and Significant Events

The Authority's service area within the City can be referred to as mature. The City is over 250 years old and for the most part is built-out. While there is some undeveloped land and a number of areas under redevelopment, these activities are expected to have a limited impact on the Authority's flows and wastewater treatment charge revenue over the intermediate term. This is particularly true given the trend for water conservation and sustainability efforts within the community.

The Authority has continued to progress in implementing the RiverRenew program to remediate the combined sewer system that serves the oldest parts of the City (See Note 12). Work progressed throughout FY24 and included the completion of the 2.2-mile-long, 12-foot-wide tunnel.

The number of City accounts increased by 175 accounts in FY24 when compared to FY23. In the prior fiscal year, the number of accounts decreased by 57. The current number of accounts has been very stable, even though the City's population increased 10% over this same timeframe. This is likely driven by the significant number of Alexandrians who reside in single-metered multi-family housing units.

Financial Condition

The Authority's financial condition remained strong at fiscal year-end with adequate liquid assets and a reasonable level of unrestricted net position. The current financial condition, as well as operating and capital plans to meet future water quality requirements, are well balanced and under control.

Total assets and deferred outflows of resources grew $204.0 million or 17.7% during FY24. Net Position increased by $88.0 million in FY24, with a substantial portion of the change resulting in an increase in capital assets and restricted net position.

Results of Operations

Revenues: The Authority's revenues from operations fall into two main categories: 1) wastewater treatment charges (including base charge and volumetric charge) to customers in the City, which are based on metered water consumption and 2) County operating expense charges for wastewater treatment for its share of operating expenses based upon metered flow to the plant. Operating revenues increased by $4.0 million or 6.1% over last year, the net impact of the rate increase of approximately 5.4% that took effect July 1, 2023 for City customers and the slight increase year-over-year in the Fairfax operating contribution.

Capital contributions: Total capital contributions were $82.0 million in FY24, a $69.3 million increase over the prior FY23. The majority of the increase is due grant proceeds of $62.7 million from ARPA.

The County pays 60% of the cost of joint capital improvements to the water resource recovery facility based upon the Service Agreement with the Authority. The RiverRenew program is subject to a separately negotiated cost share agreement between the County and the Authority, based on the unique service characteristics of the facilities being constructed.

The County's capital contributions are recorded as non-operating revenues in the statements of revenues, expenses and changes in net position. The County's capital contributions increased by approximately $3.3 million year-over-year, primarily because AlexRenew's capital spending was more heavily concentrated in the RiverRenew program, which carries lower cost share percentages than other capital projects.

Results of Operations (Continued)

Expenses:

FY24-FY23 comparison: Total operating expenses for FY24, excluding depreciation and amortization, increased by $1.93 million or 5.7% relative to FY23. Core areas associated with operating the water resource recovery facility increased year-over-year including chemicals, utilities, operations maintenance, sludge disposal, and repairs and replacements expenses.

FY23-FY22 comparison: Total operating expenses for FY23, excluding depreciation and amortization, increased by $5.94 million or 21.5% relative to FY22. Core areas associated with operating the water resource recovery facility increased year-over-year including chemicals, utilities, operations maintenance, sludge disposal, and repairs and replacements expenses.

Capital Assets

The Authority maintains investments in a broad range of capital assets including land, buildings, sanitary sewer intercepting lines and force mains, pumping stations, a water resource recovery facility, four combined sewer outfalls, machinery and equipment, computers and vehicles. The Authority also owns capacity rights at the Arlington County Water Pollution Control Facility (Arlington). Pursuant to a Service Agreement between the City of Alexandria, the Authority and Arlington County, the Authority pays approximately 8% of the cost of capital improvements at the Arlington facility based on its 3 MGD reserved capacity. Additional information on the Authority's capital assets can be found in Notes 1 and 4 of the Notes to financial statements.

The Authority maintains its equipment annually on a prioritized basis through a committed improvements, renewals and replacements fund. The County and the Authority invest a percentage of total facility assets into this fund under the Service Agreement, to support adequate reinvestment and continuing compliance with environmental regulations.

The Authority finances its capital assets through rates and charges, the County capital contributions, interim financing instruments, long term debt and, when available, capital grants.

Debt Administration:

The Authority had $382.9 million in long-term debt outstanding at June 30, 2024, including $13.8 million considered short-term. Principal payments totaled $8.5 million during FY24. During FY21, the Authority issued the Series 2021 Clean Water Revolving Loan Fund (CWRLF) Bonds in an amount of up to $185 million and the Series 2021 Water Infrastructure Finance and Innovation Act (WIFIA) Bonds in an amount of up to $321 million to provide capital funding for RiverRenew. The Authority has completely drawn down the $185 million from the Series 2021 CWRLF Bonds and started drawdowns on the WIFIA Bonds in FY23. No new debt facilities were issued during FY23. The Authority issued $50 million in green bonds in June 2024 to fund three of its capital projects in FY2025 and beyond. These projects are the solids upgrades, preliminary and primary system upgrades and tertiary upgrades.

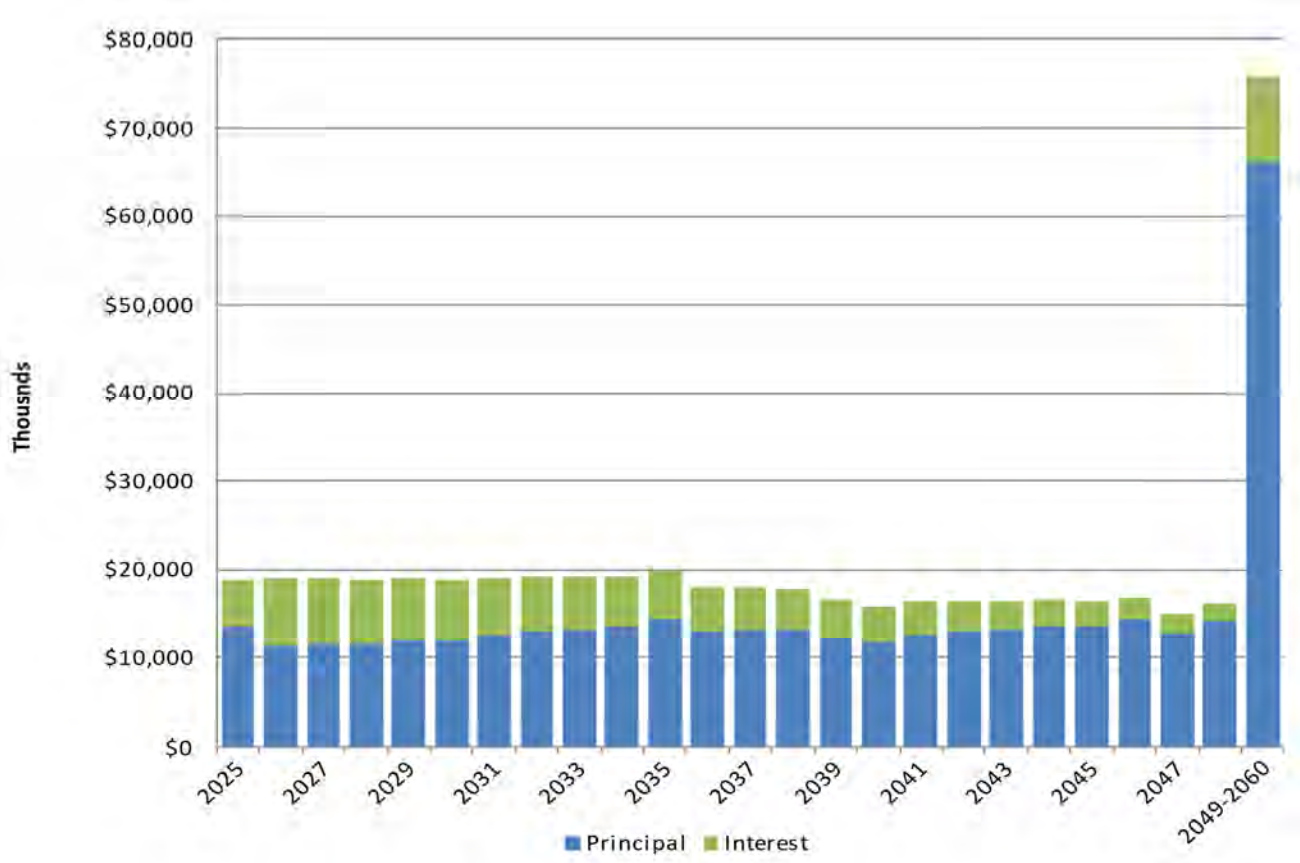
Annual debt service payments increased 31% in FY24 as compared to FY23 primarily due to interest payments on the Series 2021 Bonds and the WIFIA Bonds. The Authority also had $60 million available as of fiscal year end to provide interim funding for RiverRenew construction (See Note 5).

Results of Operations (Continued)

The Authority's financial strength, ability to pay current debt service (principal and interest), and future borrowing capacity is demonstrated, in part, by its senior debt service coverage which is currently a strong 2.1x. The Indenture requires the Authority to establish, fix, charge and collect rates, fees and other charges for operating and maintenance so that in each fiscal year net revenues are not less than 1.1x total debt service for the fiscal year. The Board's financial policies require the Authority to maintain a minimum debt service coverage of 1.5x total debt service for the fiscal year.

The graph below presents principal and interest payments for the Authority's outstanding revenue bonds as of June 30, 2024. This graph includes the debt service associated with draws the Authority had made on the Series 2021 CWRLF Bonds and WIFA Bonds as of the end of FY24 and does not include draws associated with the Line of Credit (See Note 5) or draws the Authority may make in the future under the CWRLF or WIFIA Bonds. The Authority's current revenue bonds mature in 2060 and future debt issued to fund the RiverRenew program or other capital projects is expected to be repaid largely after the decline in existing debt service that occurs after FY25 as shown below.

Annual Debt Service Requirements



Results of Operations (Continued)

The following table calculates the performance relative to the Rate Covenant for FY24, FY23 and FY22.
(in millions)

	2024	2023	% Change	2022
Unrestricted Operating Revenue	$ 69.92	$ 65.92	6.07 %	$ 61.65
Total Operating Expenses				
(Less Depreciation and Replacements)	35.51	33.56	5.81 %	27.62
Net Revenue	$ 34.41	$ 32.36	6.33 %	$ 34.03
Annual Debt Service	$ 16.13	$ 12.31	31.06 %	$ 13.98
Revenue Covenant[1]	2.13	2.63	(18.86) %	2.43

[1] ≥ 1.10x per Indenture and 1.50x per Board Policy

Additional information on the Authority's debt can be found in Note 6 to the Financial Statements.

The Authority bills customers monthly for wastewater treatment based on the class of customer served and the corresponding amount of water consumption metered at the customer's premise at rates approved by its Board.

The Authority's budget includes sources/revenues for new debt issues that for accounting purposes are not shown as revenues but are included on the statement of net position to comply with GAAP. Likewise, capital project spending and debt service principal payments are treated as capital outlays (expenditures) for budget purposes but are included as assets and liabilities in the statement of net position for GAAP compliance purposes. The Authority's budget expense classifications are in several cases different than the financial statement presentation as is the case for personnel services and general and administrative expenses.

Results of Operations (Continued)

Capital spending is budgeted according to whether the project benefits the City only or is shared with Fairfax County. RiverRenew expenses are broken out from the other general capital projects due to the negotiated cost share percentages unique to that program. Certain expenditures for construction have been estimated net of contractual retainage not paid by contract terms until projects are complete. During FY24, the Authority made draws from the Series 2021 Bonds and the WIFIA Bonds, to fund its share of construction costs (net of County share) on capital projects.

Final Comments

FY24 marked another year of strong financial performance by the Authority. Revenues were bolstered by a strong local economy, an increase in percentage of Fairfax County flows, and the rate increases adopted over the past several years to fund RiverRenew construction. The Authority has continued to identify efficient funding sources, including state and federal grants, to help offset these costs, and used significant grant funding in FY24 towards construction expenses, allowing for debt to be used more slowly and sparingly as construction continues. The Authority was in compliance with all of its financial policies and targets and affirmed its ability to meet its capital spending requirements while maintaining strong liquidity and financial flexibility. Operating expenditures increased by 5.7%, year-over-year primarily due to inflation and supply chain challenges. Debt service coverage was a strong 2.1x indicating that revenue growth is keeping pace with debt service expense, even as issuance of debt increases while the Authority implements RiverRenew and other needed initiatives to meet its mission.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, customers, and other interested parties with a general overview of the Authority's financial position and to demonstrate the Authority's accountability for the funds it receives. If you have any questions about this report or need additional financial information, please contact AlexRenew, 1800 Limerick St. Alexandria, Virginia 22314, call 703-721-3500, or visit us on the web at www.alexrenew.com.

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ALEXRENEW
STATEMENTS OF NET POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents (Note 2):		
Unrestricted	$ 68,458,135	$ 44,362,343
Restricted	57,301,827	5,805,047
Accounts receivable, net (Note 3)	6,680,426	6,240,615
Due from other governments (Note 3)	20,626,818	3,456,230
Prepaid expenses	649,156	1,219,693
Inventory	303,255	319,180
Investments (Note 2):		
Unrestricted	10,469,679	21,450,219
Restricted	11,726,109	9,406,574
Total current assets	176,215,405	92,259,901
Non-current assets		
Other post employment benefits (Note 8)	630,910	470,825
Capital assets, net of depreciation and amortization (Note 4)	1,175,732,399	1,056,382,243
Total non-current assets	1,176,363,309	1,056,853,068
DEFERRED OUTFLOWS OF RESOURCES		
Pension related deferred outflows (Note 7)	1,845,409	1,222,941
Other post employment benefits related deferred outflows (Note 8)	26,166	59,114
Deferred charge on refunding	732,528	780,563
Total deferred outflows of resources	2,604,103	2,062,618
Total assets and deferred outflows of resources	$ 1,355,182,817	$ 1,151,175,587
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses (Note 3)	$ 25,702,856	$ 16,617,908
Due to City of Alexandria	887,124	763,915
Accrued paid time off	931,724	771,242
Line of credit (Note 5)	75,000	21,874,852
Current maturities of long-term debt (Note 6)	13,812,360	8,583,453
Payable from restricted assets		
Accounts payable and accrued expenses (Note 3)	13,117,601	6,240,627
Accrued interest payable	1,641,601	3,270,182
Total current liabilities	56,168,266	58,122,179
Long-term liabilities		
Accrued paid time off, less current portion	310,574	257,081
Net pension liability (Note 7)	6,280,413	4,530,655
Long-term debt (Note 6)	369,157,827	252,151,691
Total long-term liabilities	375,748,814	256,939,427
Total liabilities	431,917,080	315,061,606
DEFERRED INFLOWS OF RESOURCES		
Pension related deferred inflows (Note 7)	916,395	1,670,498
Other post employment benefits related deferred inflows (Note 8)	797,402	904,718
Total deferred inflows of resources	1,713,797	2,575,216
Total liabilities and deferred inflows of resources	$ 433,630,877	$ 317,636,822
NET POSITION		
Net investment in capital assets	809,487,998	757,956,972
Restricted:		
Operating	2,618,972	507,516
Parity debt service	4,954,221	1,236,280
Improvement, renewal & replacement	3,989,574	3,957,016
Capital projects	42,705,966	-
Unrestricted	57,795,209	69,880,981
Total net position	921,551,940	833,538,765
Total liabilities, deferred inflows of resources, and net position	$ 1,355,182,817	$ 1,151,175,587

ALEXRENEW
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Wastewater treatment fees	$ 57,840,256	$ 54,844,244
Fairfax County wastewater fees	12,079,279	11,062,569
Miscellaneous	7,567	24,014
Total operating revenues	69,927,102	65,930,827
OPERATING EXPENSES		
Personnel services	15,746,110	14,210,244
Utilities	4,285,323	3,942,929
Chemicals	3,821,102	2,785,388
Operations maintenance	984,466	1,655,108
Arlington sewage disposal	1,610,517	2,429,481
Sludge disposal	1,427,313	1,144,760
Depreciation and amortization (Note 4)	22,973,393	21,441,879
Repairs and replacements, sewage disposal systems	1,582,540	770,830
General, administrative, customer service, and other	6,045,797	6,636,799
Total operating expenses	58,476,561	55,017,418
Operating income	11,450,541	10,913,409
NONOPERATING REVENUES (EXPENSES)		
Investment income (loss)	2,039,936	757,913
Other grants	25,967	60,515
Customer refunds	(1,491,213)	-
Interest on debt	(5,857,608)	(4,647,932)
Loss on disposed capital assets	(114,841)	-
Total non-operating revenues (expenses)	(5,397,759)	(3,829,504)
Change in net position before capital contributions	6,052,782	7,083,905
CAPITAL CONTRIBUTIONS	81,960,393	12,712,874
Change in net position	88,013,175	19,796,779
NET POSITION, BEGINNING	833,538,765	813,741,986
NET POSITION, ENDING	$ 921,551,940	$ 833,538,765

The Notes to Financial Statements are
an integral part of these statements.

ALEXRENEW
STATEMENTS OF CASH FLOWS
For The Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 57,519,154	$ 54,632,869
Cash received from Fairfax County for operations	12,163,884	11,827,697
Cash received from other sources	7,567	24,014
Payments to suppliers for goods and services	(20,821,613)	(17,869,436)
Payments to employees for services	(15,339,654)	(14,548,847)
Net cash provided by operations	33,529,338	34,066,297
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition/construction of capital assets	(126,365,910)	(127,572,140)
Capital contributions from Fairfax County	15,190,362	9,346,235
Proceeds from grants	49,540,805	60,515
Net proceeds from debt issuance	130,930,181	81,729,016
Proceeds from line of credit	-	8,000,000
Payments on line of credit	(21,799,852)	-
Principal payments on debt	(8,558,120)	(9,275,934)
Interest paid on borrowing	(7,575,172)	(3,030,164)
Net cash provided by (used in) capital and related financing activities	31,362,294	(40,742,472)
CASH FLOWS FROM INVESTING ACTIVITES		
Proceeds from sales and maturities of investments	8,661,004	2,985,403
Purchase of investments	-	(6,332,705)
Interest received on investments	2,039,936	662,306
Net cash provided by (used in) investing activities	10,700,940	(2,684,996)
Net increase (decrease) in cash and cash equivalents	75,592,572	(9,361,171)
CASH AND CASH EQUIVALENTS		
Beginning	50,167,390	59,528,561
Ending	$ 125,759,962	$ 50,167,390
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents - unrestricted	$ 68,458,135	$ 44,362,343
Cash and cash equivalents - restricted	57,301,827	5,805,047
Total cash and cash equivalents	$ 125,759,962	$ 50,167,390

The Notes to Financial Statements are
an integral part of these statements.

(Continued)

ALEXRENEW
STATEMENTS OF CASH FLOWS (continued)
For The Years Ended June 30, 2024 and 2023

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 11,450,541	$ 10,913,409
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	22,973,393	21,441,879
Pension expense, net of of employer contributions	373,187	(254,962)
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(439,811)	(118,180)
Due from other governments	84,605	765,128
Prepaid expenses	570,537	(494,838)
Inventory	15,925	(1,641)
(Decrease) increase in:		
Accounts payable and accrued expenses	(1,601,770)	2,110,760
Due to City of Alexandria	123,209	(105,820)
Accrued paid time off	213,975	36,734
Other post employment benefits	(234,453)	(226,172)
Net cash provided by operating activities	$ 33,529,338	$ 34,066,297
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset purchases included in accounts payable at year end	$ 34,342,629	$ 18,270,150
Grants included in due from other governments at year end	$ 19,691,269	$ 3,256,624

ALEXRENEW

STATEMENTS OF FIDUCIARY NET POSITION

Other Post-Employment Benefit Trust Fund

June 30, 2024 and 2023

	2024	2023
ASSETS		
Assets held in trust, at fair value		
Investment in pooled funds	$ 1,213,679	$ 1,110,103
NET POSITION		
Net position restricted for OPEB	$ 1,213,679	$ 1,110,103

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

Other Post-Employment Benefit Trust Fund

For The Fiscal Years Ended June 30, 2024 and 2023

	2024	2023
ADDITIONS		
Contributions from employer	$ 51,723	$ 55,538
Investment Earnings:		
Net increase (decrease) in fair value of investments	105,142	78,706
Less investment costs	(1,566)	(1,595)
Net investment earnings	103,576	77,111
Total additions	155,299	132,649
DEDUCTIONS		
Benefits paid to participants	51,723	55,538
Total deductions	51,723	55,538
Change in net position	103,576	77,111
Total net position - beginning	1,110,103	1,032,992
Total net position - ending	$ 1,213,679	$ 1,110,103

The Notes to Financial Statements are an integral part of these Statements.

Note 1. Description of Entity and Summary of Significant Accounting Policies

Description of Entity

On May 15, 2012, the Board amended its bylaws to adopt the name of "Alexandria Renew Enterprises" as the official trade name of the Alexandria Sanitation Authority (Authority).

The Authority is a special governmental unit created by the Alexandria City Council (City Council) in 1952 for the purpose of constructing, operating, and maintaining a wastewater treatment system for the City. The Authority is chartered by the State Corporation Commission and is an independent public body. The Authority is governed by a five-member Board who serve staggered terms and are appointed by the City Council.

Although the Board is appointed by the City Council, the Authority is not a part of the City's reporting entity and is not considered a component unit under Governmental Accounting Standards Board (GASB) Statement No. 61.

No component units are included in the Authority's financial statements.

The following is a summary of the Authority's significant accounting policies:

Basis of Presentation and Accounting

The Authority's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America as applicable to the enterprise fund of governmental units.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets plus deferred outflows, net of total liabilities plus deferred inflows) is segregated into net investment in capital assets, restricted, and unrestricted components.

The Authority also has a fiduciary fund for assets held by the Authority in a trustee capacity for its employees. The Authority's Other Post-Employment Benefit (OPEB) trust fund accounts for the receipt and disbursement of assets held in trust for the Authority's OPEB plan.

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues primarily consist of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities. Contributions from Fairfax County (County) under the Service Agreement discussed in Note 4 are recorded as capital contributions.

In accordance with the Service Agreement with the County, the Authority recognizes as revenue the County's proportionate share of current operating expenses.

Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Authority considers all highly liquid investments with maturities of three months or less from date of purchase to be cash equivalents.

Inventory

Inventory, consisting of items held for consumption, are valued at cost using the first-in, first-out method.

Financial Policy

The Board revised its financial policy to increase its restricted cash reserves. The Bond Master Trust Indenture requires the Authority keep 60 days of operating expenses in reserve and the Authority has appropriately restricted these amounts. The Authority's internal policy requires its restricted cash reserves to be maintained at 120 days of operating expenses at year-end; however, only the amount required by the Indenture is shown as restricted in the financial statements.

Investments

Investments are stated at fair value, except for investments in the Local Government Investment Pool (LGIP) and State Non-Arbitrage Program (SNAP), which are external 2a7-like investment pools stated at share price. All fair market valuations are based on quoted market prices.

In accordance with the *Code of Virginia* and other applicable laws, including regulations, the Authority's investment policy (Policy) permits investments in U.S. Treasury Securities, U.S. agency securities, municipal obligations, prime quality commercial paper, banker's acceptances with domestic banks, corporate notes, negotiable certificates of deposit of domestic banks, money market funds registered under the Federal Investment Act of 1940, repurchase agreements collateralized by U.S. Treasury and Federal Agency obligations, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP).

Pursuant to Sec. 2.1-234.7 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board of the Commonwealth at their regularly scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of $1 per share).

Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

Investments (Continued)

The Policy limits investment maturities to a maximum of five years for any investment, unless the Board approves an exception in writing. The investment policy establishes the maximum percentage of the portfolio permitted in each of the following instruments:

U.S. Treasury Obligations	100%, no limitation
Federal Agency Obligations	100%, 35% issuer limit
Municipal Obligations	10%, 3% issuer limit
Commercial Paper	25%, 3% issuer limit
Bankers' Acceptance	25%, 3% issuer limit
Corporate Notes	10%, 3% issuer limit
Negotiable Certificates of Deposit	10%, 50% issuer limit
Money Market Mutual Funds	100%, 50% issuer limit
Repurchase Agreements	35%, 35% issuer limit
LGIP	100%, no limitation

Accounts Receivable

Operating revenues are generally recognized on the basis of cycle billings rendered monthly. Unbilled revenues for services delivered during the last month of the fiscal year are accrued based on meter readings for June consumption. Receivables are recorded as current assets, net of an allowance for doubtful accounts of $575,439 and $680,000 at June 30, 2024 and 2023, respectively. The allowance is based upon historical collections.

Capital Assets

Purchased or constructed property, plant and equipment with a cost greater than $5,000 and an estimated useful life of 3 years or more is capitalized and recorded at historical cost. Interest related to costs and major improvements, renewals, and replacements is capitalized as a cost of the project. Depreciation is computed on the straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and related infrastructure	67 years
Buildings and improvements	10-30 years
Furniture and equipment	3-15 years
Vehicles	5 years
Computers	3 years

Capital assets also include intangible assets, such as purchased capacity rights for the Arlington sewer treatment plant upgrade and expansion, and I.T. subscription assets. Capacity rights assets are amortized over 40 years and I.T. subscription assets are amortized based on terms stated in the agreement.

Accrued Paid Time-Off Benefit

The Authority's paid time-off benefit (PTO) policy permits employees to accumulate a limited amount of earned but unused PTO benefits, which will be paid to employees upon separation from service. The accrued PTO benefit is included in the statement of net position as a liability.

(Continued)

Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

Allocation of Expenses

For purposes of the statement of revenues, expenses, and changes in net position, payroll taxes and fringe benefits were allocated to operations and administration based on direct salaries.

Net Position

Net position is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position represents the remaining net position not included in the previous two categories.

When both restricted and unrestricted net position are available for use, it is the Authority's policy to use restricted net position first, then unrestricted as needed.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurement

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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.

Pensions

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 Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

Note 1. Description of Entity and Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

Deferred Outflows

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has four items that qualify for reporting in this category. The first item consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year. The second item is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five-year period. The third item is the deferred loss on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The fourth item is for the changes in assumptions related to OPEB. The difference will be recognized in OPEB expense over a closed four-year period.

Deferred Inflows

In addition to liabilities, the statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two types of items that qualify for reporting under this category. This first item represents differences between expected and actual experience in the pension plan. These differences will be recognized in pension expense over a closed five-year period. The second item is the differences between expected and actual experience and the net difference between projected and actual earnings related to OPEB. This difference will be recognized in OPEB expense over a closed four-year period.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year financial reporting and to facilitate comparison of financial data.

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the Act) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of all excess deposits. Accordingly, all deposits are considered fully collateralized.

Note 2. Deposits and Investments (Continued)

Investments

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's LGIP, a 2a-7 like pool, and the Commonwealth of Virginia SNAP, a pooled investment fund. Both the LGIP and SNAP are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the Authority's position in the pools is the same as the value of the pool shares, which are reported at amortized cost.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. As of June 30, 2024 and 2023, the Authority's investments in federal agency bonds and notes, U.S. Treasury bonds and notes, Supra-National agency notes, and corporate bonds and notes were valued using a matrix pricing model, Level 2 inputs.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. At June 30, 2024 and 2023, none of the Authority's investments are exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Authority's portfolio management approach is active, allowing for periodic restructuring of the investment portfolio to take advantage of current and anticipated interest rate moves. The Authority minimizes its exposure to interest rate risk by having an average investment period of 2.5 years and a limit of less than 5 years.

The Authority's investments as of June 30, 2024 consisted of the following:

Investment Type	Fair Value	S&P Credit Rating	Weighted Average Maturity *
Federal agency bonds and notes	$ 2,788,609	AA+	0.49
U.S. Treasury bonds and notes	17,514,550	AA+	1.25
Supra-National agency notes	938,530	AAA	2.10
SNAP	50,410,887	AAAm	N/A
LGIP	137,998	AAAm	N/A
Total investments	$ 71,790,574		

**Average maturity in years*

Note 2. Deposits and Investments (Continued)

Interest Rate Risk (Continued)

The Authority's investments as of June 30, 2023 consisted of the following:

Investment Type		Fair Value	S&P Credit Rating	Weighted Average Maturity
Federal agency bonds and notes	$	4,368,025	AA+	0.89
U.S. Treasury bonds and notes		13,789,788	AA+	2.67
Supra-National agency notes		1,811,865	AAA	1.19
Corporate bonds and notes		295,510	AAA	0.60
LGIP		130,658	AAAm	N/A
Total investments	$	20,395,846		

Reconciliation of deposits and investments at June 30, 2024:

Amounts per disclosures:			Amounts per Statement of Net Position:		
Cash and cash equivalents	$	73,223,213	Cash and cash equivalents	$	125,759,962
Long-term certificates of deposit		2,941,963	Investments		22,195,788
Total deposits		76,165,176	Total	$	147,955,750
Total investments		71,790,574			
Total	$	147,955,750			

Restricted Assets

Certain resources of the Authority are classified as restricted assets on the statement of net position. These funds are maintained in separate accounts and their use is limited by applicable bond covenants and agreements.

Note 3. Accounts Receivable, Due to/from Other Governments, and Payables

Receivables, due to/from other governments and payables were composed of the following:

	2024	2023
Accounts receivable:		
Billed customer services	$ 3,421,310	$ 3,834,801
Unbilled customer services	3,712,400	3,050,862
Other	122,155	34,952
Less: Allowance for uncollectible	(575,439)	(680,000)
Total accounts receivable	$ 6,680,426	$ 6,240,615
Due from other governments:		
Grants	$ 19,691,269	$ 3,256,624
County of Fairfax, Virginia	935,549	199,606
Total due from other governments	$ 20,626,818	$ 3,456,230
Accounts payable and accrued expenses:		
Accounts payable – vendors	$ 23,106,935	$ 16,495,553
Retainage payable	13,631,818	5,905,803
*Customer refunds	1,491,213	-
Other	101,320	22,070
Accrued expenses – payroll, payroll taxes, and other	489,171	435,109
Total accounts payable and accrued expenses	$ 38,820,457	$ 22,858,535

*Subsequent to year end, the authority identified that seven of its customers have been over charged $1,491,213 dating back to 2013. This amount is recorded as a non-operating expense in the statement of revenues, expenses and changes in net position.

Note 4. Capital Assets

Changes in capital assets for FY24 were as follows:

	6/30/2023	Additions	Reductions	6/30/2024
Capital assets, not being depreciated:				
Land and improvements	$ 40,172,404	$ -	$ -	$ 40,172,404
Construction in progress	401,777,517	123,037,866	-	524,815,383
Total capital assets, not being depreciated	441,949,921	123,037,866	-	564,987,787
Capital assets, being depreciated				
Plant and infrastructure	837,291,990	2,324,235	-	839,616,225
Plant equipment and office equipment	44,777,932	17,076,289	(131,247)	61,722,974
Total capital assets, being depreciated	882,069,922	19,400,524	(131,247)	901,339,199
Less accumulated depreciation for:				
Plant and infrastructure	(269,500,898)	(16,898,174)	-	(286,399,072)
Plant equipment and office equipment	(26,993,029)	(4,715,596)	16,406	(31,692,219)
Total accumulated depreciation	(296,493,927)	(21,613,770)	16,406	(318,091,291)
Total capital assets, being depreciated, net	585,575,995	(2,213,246)	(114,841)	583,247,908
Capital assets, being amortized				
Capacity rights	41,515,762	-	-	41,515,762
I.T. Subscriptions	1,563,629	-	-	1,563,629
Total capital assets, being amortized	43,079,391	-	-	43,079,391
Less accumulated amortization for:				
Capacity rights	(13,936,400)	(1,046,897)	-	(14,983,297)
I.T. Subscriptions	(286,664)	(312,726)	-	(599,390)
Total accumulated amortization	(14,223,064)	(1,359,623)	-	(15,582,687)
Total capital assets, being amortized, net	28,856,327	(1,359,623)	-	27,496,704
Total capital assets, net	$ 1,056,382,243	$ 119,464,997	$ (114,841)	$ 1,175,732,399

I.T. Subscriptions

The Authority implemented GASB Statement Number 96 in fiscal year ending June 30, 2023. This resulted in the Authority recording a I.T. subscription capital asset related to an enterprise license agreement for cloud storage, hosting and virtualization service. The authority paid the full amount during the fiscal year, therefore there is not corresponding I.T. subscription liability.

Note 4. Capital Assets (Continued)

Changes in capital assets for FY23 were as follows:

	6/30/2022	Additions	Reductions	6/30/2023
Capital assets, not being depreciated:				
Land and improvements	$ 40,172,404	$ -	$ -	$ 40,172,404
Construction in progress	287,343,853	114,433,664	-	401,777,517
Total capital assets, not being depreciated	327,516,257	114,433,664	-	441,949,921
Capital assets, being depreciated				
Plant and infrastructure	833,961,604	3,330,386	-	837,291,990
Plant equipment and office equipment	35,966,310	8,811,622	-	44,777,932
Total capital assets, being depreciated	869,927,914	12,142,008	-	882,069,922
Less accumulated depreciation for:				
Plant and infrastructure	(252,884,251)	(16,616,647)	-	(269,500,898)
Plant equipment and office equipment	(23,498,706)	(3,494,323)	-	(26,993,029)
Total accumulated depreciation	(276,382,957)	(20,110,970)	-	(296,493,927)
Total capital assets, being depreciated, net	593,544,957	(7,968,962)	-	585,575,995
Capital assets, being amortized				
Capacity rights	41,515,762	-	-	41,515,762
I.T. Subscriptions	-	1,563,629	-	1,563,629
Total capital assets, being amortized	41,515,762	1,563,629	-	43,079,391
Less accumulated amortization for:				
Capacity rights	(12,892,155)	(1,044,245)	-	(13,936,400)
I.T. Subscriptions	-	(286,664)	-	(286,664)
Total accumulated amortization	(12,892,155)	(1,330,909)	-	(14,223,064)
Total capital assets, being amortized, net	28,623,607	232,720	-	28,856,327
Total capital assets, net	$ 949,684,821	$ 106,697,422	$ -	$ 1,056,382,243

County of Arlington, Virginia Purchased Capacity Rights

The Authority has entered into a service agreement with the County of Arlington, Virginia (Arlington), in which the Authority purchases capacity rights to use Arlington's wastewater treatment plant. These costs are capitalized as an intangible asset. Arlington holds title to the plant.

Note 4. Capital Assets (Continued)

County of Fairfax, Virginia Capacity Rights

Under the terms of the Service Agreement with the County, the County reimburses the Authority for its share of capital costs related to joint-use facilities, which varies up to 60%. In exchange for these capital contributions as presented on the statement of revenues, expenses, and changes in net position, the Authority is required to recognize and preserve an equivalent share of the capacity rights of the related facilities for the County's use. Currently, the County has a capacity entitlement of 32.4 MGD, which varies up to 60% of the facility's total capacity of 54 MGD. The County is required to share in operation and maintenance costs related to the joint-use facilities.

Note 5. Line of Credit

On February 25, 2020, the Authority entered into a new revolving credit agreement with Bank of America to provide the Authority with a $30 million line of credit, which is used as interim financing for capital projects. The line is secured by a pledge of the Authority's net revenues. The Authority's obligation to repay advances under the line constitutes subordinated debt, pursuant to the Authority's Master Trust Indenture. Under the initial agreement, the variable interest rate on the line of credit was equal to the SIFMA Index plus 58 basis points. On June 29, 2022, the credit agreement was amended and restated to change the variable interest rate to either: 1) 80% of the one-month Term SOFR (no minimum) plus 42 basis points or in the event of a taxable draw, 2) 100% of the one-month Term SOFR plus 53 basis points. The agreement also requires the Authority to pay an unused fee of 0.15% per annum for any day on which less than 50% of the authorized $30 million is outstanding. The rate was 4.68% and 4.66% at June 30, 2024 and 2023, respectively. The initial term of the line of credit was one year, with an expiration date of June 30, 2021. The Authority extended the line of credit to June 30, 2022 and then again to June 30, 2026, with the same terms but for the revised interest rate methodologies and fees described above. The line of credit was increased to $60 million in fiscal year 2023. As of June 30, 2024 and 2023, respectively, the Authority has drawn $75,000 and $21,874,852. As of June 30, 2024 and 2023, respectively, the unused portion of the line credit was $59,925,000 and $38,125,148.

	6/30/2023	Additions	Reductions	6/30/2024
Line of Credit	$ 21,874,852	$ -	$ (21,799,852)	$ 75,000

	6/30/2022	Additions	Reductions	6/30/2023
Line of Credit	$ 13,874,852	$ 8,000,000	$ -	$ 21,874,852

Note 6. Long-Term Debt

On March 15, 1999, the Authority executed a new Master Indenture of Trust for the purpose of issuing sewer revenue bonds from time-to-time. These bonds will provide funds to pay the cost, or any part of the cost, of the Sewage Disposal System additions or improvements or to refund indebtedness and obligations previously incurred for such purposes. The Authority has issued and sold sewer revenue bonds to the Virginia Clean Water Revolving Loan Fund and the Virginia Pooled Financing Program, acting by and through the Virginia Resources Authority (VRA). The Master Indenture of Trust constitutes a contract among the Authority, the Trustee and VRA governing bond issuance.

Sewer bonds and loans consist of the following:

	2024	2023
Sewer revenue bond, Series 2004, $22,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $712,206, including principal and interest beginning March 2006 at 3.10% due through September 2024.	$ 708,663	$ 2,115,429
Sewer revenue bond, Series 2006A, $3,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $100,824, including principal and interest beginning in March 2006 at 3.10% due through September 2024.	100,323	299,473
Sewer revenue bond, Series 2006B, $12,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $375,079 at 3.10% due through March 2027.	2,211,612	2,934,230
Sewer revenue bond, Series 2009, $15,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $502,939, including principal and interest, beginning March 2011 at 3.55% due through September 2030.	4,967,168	5,820,491
Sewer revenue bond, Series 2011, $8,115,767; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $260,604, including principal and interest, beginning March 2014 at 2.35% due through September 2033.	4,388,482	4,811,821

Note 6. Long-Term Debt (Continued)

	2024	2023
Sewer revenue bond, Series 2014A, $12,500,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $389,136, including principal and interest, beginning March 2016 at 2.10% due through September 2035.	$ 7,885,220	$ 8,518,978
Sewer revenue bond, Series 2014B, $2,500,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $73,712, including principal and interest, beginning March 2016 at 2.10% due through September 2035.	1,514,940	1,643,031
Sewer revenue bond, Series 2014C, $19,515,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $399,833 to $3,203,294, including principal and interest, beginning April 2015 at 3.63%, due through April 2039.	18,130,000	18,420,000
Sewer revenue bond, Series 2017A, $23,000,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $395,774 to $1,468,613, including principal and interest, beginning October 2017 at 3.60%, due through October 2045.	21,820,000	22,425,000
Sewer revenue bond, Series 2019, up to $10,400,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $79,399 to $1,121,530, including principal and interest, beginning March 2022 at 1.10%, due through March 2040. Balance represents draws to date less principal payments.	6,120,605	4,781,504
Virginia water facilities revolving fund loan Series 2021, up to $185,650,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $4,568,195, including principal and interest, beginning March 2023 at 1.35%, due through March 2048. Balance represents draws to date less principal payments.	182,453,925	173,935,671

Note 6. Long-Term Debt (Continued)

	2024	2023
Water Infrastructure Finance and Innovation (WIFIA), up to $320,992,641; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of interest to begin on 10/1/2025 at 1.88% and principal on October 1, 2026, due through October 1, 2059. Balance represents draws to date.	$ 79,883,011	$ 12,602,321
Sewer revenue bond, Series 2024 (Green Bonds), $45,680,000; secured equally and ratably with other bond issues by pledge of revenues of the Authority; semi-annual installments of $1,470,813, including principal and interest, beginning July 2025 at 5.00%, due through July 2054.	45,680,000	-
Plus unamortized premiums and discounts, net	7,106,238	2,427,195
	$ 382,970,187	$ 260,735,144

The annual requirements to amortize bond principal and related interest are as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 13,514,807	$ 5,415,292	$ 18,930,099
2026	11,294,262	7,735,783	19,030,045
2027	11,547,310	7,516,424	19,063,734
2028	11,653,408	7,283,332	18,936,740
2029	11,994,257	7,044,164	19,038,421
2030-2034	64,523,385	31,223,102	95,746,487
2035-2039	66,167,870	24,030,744	90,198,614
2040-2044	63,966,252	17,864,180	81,830,432
2045-2049	60,820,576	11,193,835	72,014,411
2050-2054	31,629,177	5,821,703	37,450,880
2055-2059	23,392,029	1,665,754	25,057,783
2060	5,360,616	64,573	5,425,189
Total	$ 375,863,949	$ 126,858,886	$ 502,722,835

Note 6. Long-Term Debt (Continued)

The change in debt for the years ended June 30, 2024and 2023 are as follows:

	6/30/2023	Additions	Reductions	6/30/2024	Due Within One Year
Sewer revenue bonds	$ 258,307,949	$126,114,120	$ (8,558,120)	$375,863,949	$ 13,514,807
Plus deferred amounts:					
Net premium	2,427,195	4,816,061	(137,018)	7,106,238	297,553
Total	$ 260,735,144	$130,930,181	$ (8,695,138)	$382,970,187	$ 13,812,360

	6/30/2022	Additions	Reductions	6/30/2023	Due Within One Year
Sewer revenue bonds	$ 185,854,867	$81,729,016	$ (9,275,934)	$258,307,949	$ 8,446,435
Plus deferred amounts:					
Net premium	2,564,213	-	(137,018)	2,427,195	137,018
Total	$ 188,419,080	$81,729,016	$ (9,412,952)	$260,735,144	$ 8,583,453

During FY2024 and FY2023, the Authority was in compliance with the covenants associated with the outstanding bond indentures.

Note 7. Defined Benefit Pension Plan

Plan Description

The VRS Authority Retirement Plan is a multi-employer, agent plan. All full-time, salaried, permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the VRS 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 – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan is as follows:

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 – Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

- **Hybrid Opt-In Election –** Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.
- **Retirement Contributions –** Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.
- **Service Credit –** Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- **Vesting –** Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of the employer's contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.
- **Calculating the Benefit –** The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.
- **Average Final Compensation –** A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier –** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 1 (Continued)

- **Normal Retirement Age –** Age 65.
- **Earliest Unreduced Retirement Eligibility –** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.
- **Earliest Reduced Retirement Eligibility –** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.
- **Cost-of-Living Adjustment (COLA) in Retirement –** The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%.
    - **Eligibility –** For members who retire with an unreduced benefit or with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.
    - **Exceptions to COLA Effective Dates –** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
        - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
        - The member retires on disability.
        - The member retires directly from short-term or long-term disability.
        - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
        - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.
- **Disability Coverage –** For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

- **Purchase of Prior Service –** Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Plan 2 – Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

- **Hybrid Opt-In Election –** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.
- **Retirement Contributions –** Same as Plan 1.
- **Service Credit –** Same as Plan 1.
- **Vesting –** Same as Plan 1.
- **Calculating the Benefit –** See definition under Plan 1.
- **Average Final Compensation –** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- **Service Retirement Multiplier –** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.
- **Normal Retirement Age –** Normal Social Security retirement age.
- **Earliest Unreduced Retirement Eligibility –** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.
- **Earliest Reduced Retirement Eligibility –** Age 60 with at least five years (60 months) of service credit.
- **COLA in Retirement –** The COLA matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%.
    - **Eligibility –** Same as Plan 1.
    - **Exceptions to COLA Effective Dates –** Same as Plan 1.
- **Purchase of Prior Service –** Same as Plan 1.
- **Disability Coverage –** Same as Plan 1 except that the retirement multiplier is 1.65%.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan – The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

- **Eligible Members –** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes Political Subdivision employees; members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.
- **Non-Eligible Members –** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include Political Subdivision employees who are covered by enhanced benefits for hazardous duty employees. Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable), or ORP.
- **Retirement Contributions –** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan.
- Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
- **Service Credit –**
  - **Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It may also count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
  - **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Vesting –**
  - **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.
  - **Defined Contribution Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
- **Calculating the Benefit –**
  - **Defined Benefit Component:** See definition under Plan 1.
  - **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
- **Average Final Compensation –** Same as Plan 2 for the defined benefit component of the plan.
- **Service Retirement Multiplier –** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
- **Normal Retirement Age –**
  - **Defined Benefit Component:** Same as Plan 2.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **Earliest Unreduced Retirement Eligibility –**
  - **Defined Benefit Component:** Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving, subject to restrictions.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Hybrid Retirement Plan (Continued)

- **Earliest Reduced Retirement Eligibility –**
  - **Defined Benefit Component:** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.
  - **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
- **COLA in Retirement –**
  - **Defined Benefit Component:** Same as Plan 2.
  - **Defined Contribution Component:** Not applicable.
  - **Eligibility:** Same as Plan 1 and 2.
  - **Exceptions to COLA Effective Dates:** Same as Plan 1 and 2.
- **Disability Coverage –** Employees of Political Subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
- **Purchase of Prior Service –**
  - **Defined Benefit Component –** Same as Plan 1, with the following exceptions:
    - Hybrid Retirement Plan members are ineligible for ported service.
  - **Defined Contribution Component –** Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	108
Inactive members:	
Vested inactive members	20
Non-vested inactive members	77
Inactive members active elsewhere in VRS	15
Total inactive members	112
Active members	102
Total covered employees	322

Note 7. Defined Benefit Pension Plan (Continued)

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 5.00% of their compensation toward their retirement.

The Authority's contractually required contribution rate for the years ended June 30, 2024 and 2023 was 8.19% of covered employee compensation, respectively. This rate was based on actuarially determined rates from actuarial valuations as of June 30, 2022 and 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 the Authority were $824,198 and $823,808 for the years ended June 30, 2024 and 2023, respectively.

Net Pension Liability

The Authority's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
General Employees - Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates: General Employees – Update to PUB2010 sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.

The actuarial assumptions used in the June 30, 2022 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 changed on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as, a result of the experience study, are as follows:

General Employees - Others (Non-10 Largest): Updated mortality tables. Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; change final retirement age. Adjusted withdrawal rates to better fit experience.

Note 7. Defined Benefit Pension Plan (Continued)

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 %	6.14 %	2.09 %
Fixed Income	15.00 %	2.56 %	0.38 %
Credit Strategies	14.00 %	5.60 %	0.78 %
Real Assets	14.00 %	5.02 %	0.70 %
Private Equity	16.00 %	9.17 %	1.47 %
MAPS – Multi-Asset Public Strategies	4.00 %	4.50 %	0.18 %
PIP – Private Investment Partnership	2.00 %	7.18 %	0.14 %
Cash	1.00 %	1.20 %	0.01 %
Total	100.00 %		5.75 %
		Inflation	2.50 %
		* Expected arithmetic nominal return	8.25 %

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14 including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation.

Note 7. Defined Benefit Pension Plan (Continued)

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, 2024, 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, 2022, 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 as of June 30, 2024

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2023	$ 55,896,298	$ 51,365,643	$ 4,530,655
Changes for the year:			
Service cost	608,854	-	608,854
Interest	3,687,628	-	3,687,628
Differences between expected and actual experience	1,757,748	-	1,757,748
Contributions – employer	-	685,493	(685,493)
Contributions – employee	-	429,032	(429,032)
Net investment income	-	3,222,310	(3,222,310)
Benefit payments, including refunds of employee contributions	(3,747,247)	(3,747,247)	-
Administrative expenses	-	(33,648)	33,648
Other changes	-	1,285	(1,285)
Net changes	2,306,983	557,225	1,749,758
Balances at June 30, 2024	$ 58,203,281	$ 51,922,868	$ 6,280,413

Note 7. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability as of June 30, 2023

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	$ 55,113,648	$ 54,106,714	$ 1,006,934
Changes for the year:			
Service cost	504,939	-	504,939
Interest	3,635,978	-	3,635,978
Differences between expected and actual experience	146,236	-	146,236
Contributions – employer	-	440,335	(440,335)
Contributions – employee	-	363,555	(363,555)
Net investment income	-	(7,277)	7,277
Benefit payments, including refunds of employee contributions	(3,504,503)	(3,504,503)	-
Administrative expenses	-	(34,388)	34,388
Other changes	-	1,207	(1,207)
Net changes	782,650	(2,741,071)	3,523,721
Balances at June 30, 2023	$ 55,896,298	$ 51,365,643	$ 4,530,655

Sensitivity of the Discount Rate

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Authority's net pension Liability (Asset) at 6/30/2024	$ 12,875,662	$ 6,280,413	$ 872,608
Authority's net pension Liability (Asset) at 6/30/2023	$ 10,817,529	$ 4,530,655	$ (706,010)

Note 7. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2024, the Authority recognized pension expense of $1,180,141. At June 30, 2024, the Authority 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	$ 900,140	$ -
Net difference between projected and actual earnings on pension plan investments	-	916,395
Employer contributions subsequent to the measurement date	945,269	-
Total	$ 1,845,409	$ 916,395

For the year ended June 30, 2023, the Authority recognized pension expense of $482,741. At June 30, 2023, the Authority 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	$ 115,038	$ -
Change in assumptions	284,095	-
Net difference between projected and actual earnings on pension plan investments	-	1,670,498
Employer contributions subsequent to the measurement date	823,808	-
Total	$ 1,222,941	$ 1,670,498

Note 7. Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The $945,269 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Addition/ (Reduction) to Pension Expense
2025	$ 244,602
2026	$ (1,036,268)
2027	$ 744,427
2028	$ 30,984

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

At June 30, 2024 and 2023, approximately $111,000 and $97,000 was payable to the System for the legally required contributions related to the June 2024 and 2023 payroll, respectively.

Note 8. Other Post-Employment Benefits

The Authority provides limited post-retirement benefits, such as health, dental and vision insurance to retirees who have five or more years of service with the Authority through an agent multiple-employer defined benefit plan. The Authority pays 25% of medical insurance costs of retirees with five or more years of service. The remaining amounts of insurance premiums are paid by the retiree. Prior to fiscal 2014, the Authority also provided a post-retirement life insurance benefit to retirees. The Authority has discontinued its post-retirement life insurance coverage for retirees.

The plan does not issue separate financial statements.

As of January 1, 2024, the following employees were covered by the benefit terms:

Inactive members and dependent spouses currently receiving benefits	19
Active members	115
	134

Note 8. Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the entry age normal actuarial cost method was used. The valuation results are based on a discount rate of 6.5%, an annual payroll growth rate of 3.0%, and an annual healthcare cost trend rate of 5.4% initially, decreasing annually to a rate of 3.5%. An inflation rate of 2.5% is used in the assumptions. The unfunded liability is amortized over a closed period of 22 years at a level percentage of pay.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made for the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Net OPEB Liability/(Asset)

The components of the net OPEB liability at June 30, 2024 were as follows.

Total OPEB Liability	$ 582,769
Plan fiduciary net position	(1,213,679)
Net OPEB asset	$ (630,910)
Plan fiduciary net position as a Percentage of the total OPEB Asset	208.26%

The components of the net OPEB liability at June 30, 2023 were as follows.

Total OPEB Liability	$ 639,278
Plan fiduciary net position	(1,110,103)
Net OPEB asset	$ (470,825)
Plan fiduciary net position as a Percentage of the total OPEB Asset	173.65%

Note 8. Other Post-Employment Benefits (Continued)

Changes in Net OPEB Liability/(Asset) at June 30, 2024

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) – (b)
Balances at June 30, 2023	$ 639,278	$ 1,110,103	$ (470,825)
Changes for the year:			
Service cost	37,600	-	37,600
Interest	42,342	-	42,342
Effect of economic/demographic gains or losses	(63,457)	-	(63,457)
Effect of assumptions changes or inputs	(21,271)	-	(21,271)
Benefit payments	(51,723)	(51,723)	-
Employer contributions	-	51,723	(51,723)
Net investment income	-	105,142	(105,142)
Administrative expenses	-	(1,566)	1,566
Balances as of June 30, 2024	$ 582,769	$ 1,213,679	$ (630,910)

Changes in Net OPEB Liability/(Asset) at June 30, 2023

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) – (b)
Balances at June 30, 2022	$ 605,956	$ 1,032,992	$ (427,036)
Changes for the year:			
Service cost	27,970	-	27,970
Interest	39,428	-	39,428
Effect of economic/demographic gains or losses	-	-	-
Effect of assumptions changes or inputs	21,462	-	21,462
Benefit payments	(55,538)	(55,538)	-
Employer contributions	-	55,538	(55,538)
Net investment income	-	78,706	(78,706)
Administrative expenses	-	(1,595)	1,595
Balances as of June 30, 2023	$ 639,278	$ 1,110,103	$ (470,825)

(Continued)

Note 8. Other Post-Employment Benefits (Continued)

Sensitivity of the Net OPEB Liability (Asset)

The following presents the Net OPEB Liability of the Authority, calculated using the discount rate of 6.50%, as well as what the Authority's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate.

	1.00% Decrease (5.50%)	Current Discount Rate (6.50%)	1.00% Increase (7.50%)
June 30, 2024	$ (589,430)	$ (630,910)	$ (667,434)
June 30, 2023	$ (423,817)	$ (470,825)	$ (512,523)

The following presents the Net OPEB Liability of the Authority, calculated using the current healthcare cost trend rates, as well as what the Authority's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rate.

	1.00% Decrease	Current Trend	1.00% Increase
June 30, 2024	$ (679,376)	$ (630,910)	$ (573,736)
June 30, 2023	$ (530,964)	$ (470,825)	$ (400,216)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024 and 2023, the Authority recognized OPEB Expense of ($182,730) and ($170,634), respectively. As of June 30, 2024, the Authority reported Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 554,607
Changes in assumptions	26,166	239,710
Net difference between projected and actual earnings	-	3,085
Total	$ 26,166	$ 797,402

Note 8. Other Post-Employment Benefits (Continued)

As of June 30, 2023, the Authority reported Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 636,305
Changes in assumptions	35,993	268,413
Net difference between projected and actual earnings	23,121	-
Total	$ 59,114	$ 904,718

Amounts currently reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Year Ending June 30	Addition/ (Reduction) to OPEB Expense
2025	$ (199,749)
2026	$ (120,393)
2027	$ (144,514)
2028	$ (108,931)
2029	$ (80,145)
Thereafter	$ (117,504)

OPEB Trust

During 2014, the Authority established a trust fund to fund the cost of OPEB. The trust fund was established by the Authority with the Virginia Pooled OPEB Trust Fund (Trust), sponsored by the Virginia Municipal League and the Virginia Association of Counties, and overseen by a Board of Trustees. The Trust is established as an investment vehicle for participating employers to accumulate assets to fund OPEB Plan assets for purposes of GASB Statement No. 75 that are segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with terms of the plan.

Note 8. Other Post-Employment Benefits (Continued)

Trust Fund Investments

Investment decisions for the fund's assets are made by the Board of Trustees. The Board of Trustees established investment objectives, risk tolerance, and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
US Core Fixed Income	20%	2.21%
US Large Caps	21%	5.38%
US Small Caps	10%	6.94%
Foreign Developed Equity	13%	6.92%
Emerging Markets Equity	5%	9.59%
Private Real Estate Property	15%	5.14%
Private Equity	10%	10.46%
Hedge FOF Strategic	6%	2.69%
Long-Term Expected Rate of Return		6.50%

Concentrations – There are no investments in any one organization that represents 5% or more of the OPEB Trust's fiduciary net position.

Rate of Return – For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.48% and 7.63, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Additional investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 8 East Canal Street, Richmond, Virginia 23219.

Note 9. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in the past three years.

Note 10. Commitments and Contingencies

From time to time, the Authority is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Authority.

Note 11. New Accounting Standards

The GASB has issued the following Statements which are not yet effective.

GASB Statement No. 101, *Compensated Absences*, This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The statement will become effective for the fiscal year ending June 30, 2025.

(Continued)

Note 11. New Accounting Standards (Continued)

GASB 102 – Certain Risk Disclosures, This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. This standard will be effective for fiscal year ending June 30, 2025

GASB 103 – Financial Reporting Model Improvements, This standard will be effective for fiscal year end June 30, 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as RSI. This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. This standard will be effective for fiscal year ending June 30, 2026.

Management has not yet evaluated the effects, if any, of adopting these standards.

Note 12. RiverRenew Program

Construction continued in FY24 on RiverRenew, AlexRenew's multi-year construction program to address combined sewer pollution from four outfalls in the parts of Alexandria. The program began in 2018 and is under a legislative mandate to be completed. In FY2024 the deadline from the legislative mandate was extended to July 1, 2026. The RiverRenew team met a major milestone during FY2024 including the completion of the Waterfront Tunnel in March 2024.

Funding for RiverRenew comes from a combination of grants, low-interest loans, and contributions from AlexRenew and Fairfax County. AlexRenew is utilizing grants to offset a portion of the debt assumed through the Virginia Clean Water Revolving Loan Fund (VCWRLF) and Water Infrastructure Finance and Innovation Act (WIFIA) loan programs. The debt is being repaid through annual rate increases, including those implemented in previous fiscal years and anticipated for the upcoming fiscal years.

Note 13. Subsequent Event

On August 7, 2024, the Authority issued the Series 2024B Sewer Revenue Refunding Bond with a principal amount of $15,740,000. The proceeds will be used to refund the Series 2014C Bonds. The bonds were issued with an interest rate of 5.125%. The final bond of the series matures on October 1, 2038.

REQUIRED SUPPLEMENTARY INFORMATION

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

	Plan Year Ended June 30,				
Total Pension Liability	2023	2022	2021	2020	2019*
Service cost	$ 608,854	$ 504,939	$ 617,494	$ 615,974	$ 604,713
Interest on total pension liability	3,687,628	3,635,978	3,399,852	3,412,612	3,395,405
Difference between expected and actual experience	1,757,748	146,236	289,659	(990,689)	(471,796)
Change in assumptions	-	-	2,178,055	-	1,368,221
Benefit payments, including refunds of employee contributions	(3,747,247)	(3,504,503)	(3,479,188)	(2,974,673)	(2,715,552)
Net change in total pension liability	2,306,983	782,650	3,005,872	63,224	2,180,991
Total pension liability - beginning	55,896,298	55,113,648	52,107,776	52,044,552	49,863,561
Total pension liability - ending	58,203,281	55,896,298	55,113,648	52,107,776	52,044,552
Plan Fiduciary Net Position					
Contributions - employer	685,493	440,335	440,276	554,765	518,600
Contributions - employee	429,032	363,555	391,153	432,353	361,031
Net investment income (loss)	3,222,310	(7,277)	11,968,102	871,091	2,926,176
Benefit payments, including refunds of employee contributions	(3,747,247)	(3,504,503)	(3,479,188)	(2,974,673)	(2,715,552)
Administrative expenses	(33,648)	(34,388)	(31,556)	(30,738)	(30,275)
Other	1,285	1,207	1,110	(1,011)	(1,835)
Net change in plan fiduciary net position	557,225	(2,741,071)	9,289,897	(1,148,213)	1,058,145
Plan fiduciary net position - beginning	51,365,643	54,106,714	44,816,817	45,965,030	44,906,885
Plan fiduciary net position - ending	51,922,868	51,365,643	54,106,714	44,816,817	45,965,030
Net pension liability - ending	$ 6,280,413	$ 4,530,655	$ 1,006,934	$ 7,290,959	$ 6,079,522
Plan fiduciary net position as a percentage of total pension liability	89%	92%	98%	86%	88%
Covered payroll	$ 10,063,463	$ 8,426,734	$ 8,691,744	$ 8,641,869	$ 8,504,134
Net pension liability as a percentage of covered payroll	62%	54%	12%	84%	71%

Total Pension Liability	2018	2017	2016	2015	2014
Service cost	$ 592,542	$ 643,808	$ 682,527	$ 771,341	$ 757,878
Interest on total pension liability	3,340,976	3,299,804	3,236,592	3,206,163	3,092,779
Difference between expected and actual experience	(414,228)	(207,089)	(598,619)	(1,127,638)	-
Change in assumptions	-	(485,329)	-	-	-
Benefit payments, including refunds of employee contributions	(2,767,926)	(2,558,116)	(2,276,811)	(2,553,525)	(1,908,245)
Net change in total pension liability	751,364	693,078	1,043,689	296,341	1,942,412
Total pension liability - beginning	49,112,197	48,419,119	47,375,430	47,079,089	45,136,677
Total pension liability - ending	49,863,561	49,112,197	48,419,119	47,375,430	47,079,089
Plan Fiduciary Net Position					
Contributions - employer	711,111	697,581	893,151	915,790	852,928
Contributions - employee	460,389	428,499	397,795	413,212	583,295
Net investment income (loss)	3,175,320	4,804,505	681,557	1,789,373	5,462,840
Benefit payments, including refunds of employee contributions	(2,767,926)	(2,558,116)	(2,276,811)	(2,553,525)	(1,908,245)
Administrative expenses	(28,184)	(28,599)	(25,420)	(25,361)	(29,559)
Other	(2,787)	(4,237)	(294)	(375)	288
Net change in plan fiduciary net position	1,547,923	3,339,633	(330,022)	539,114	4,961,547
Plan fiduciary net position - beginning	43,358,962	40,019,329	40,349,351	39,810,237	34,848,690
Plan fiduciary net position - ending	44,906,885	43,358,962	40,019,329	40,349,351	39,810,237
Net pension liability - ending	$ 4,956,676	$ 5,753,235	$ 8,399,790	$ 7,026,079	$ 7,268,852
Plan fiduciary net position as a percentage of total pension liability	90%	88%	83%	85%	85%
Covered payroll	$ 9,260,472	$ 8,185,472	$ 7,802,611	$ 7,746,889	$ 8,434,533
Net pension liability as a percentage of covered payroll	54%	70%	108%	91%	86%

*The Authority changed their fiscal year end in 2019, therefore only 9 months of contributions are included.

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - e.g., plan year 2014 was presented in the entity's fiscal year 2015 financial report.

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Entity Year Ended	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2024	$ 824,198	$ 824,198	-	$ 11,553,183	7.13%
6/30/2023	872,808	872,808	-	10,063,463	8.67%
6/30/2022	542,682	542,682	-	8,426,734	6.44%
6/30/2021	515,855	515,855	-	8,691,744	5.93%
6/30/2020	629,286	629,286	-	8,641,869	7.28%
6/30/2019*	429,141	429,141	-	5,956,482	7.20%
9/30/2018	723,851	723,851	-	8,455,472	8.56%
9/30/2017	740,517	740,517	-	8,273,941	8.95%
9/30/2016	844,141	844,141	-	8,216,533	10.27%
9/30/2015	858,355	956,177	(97,822)	7,746,889	12.34%

*The Authority changed their fiscal year end in 2019, therefore only 9 months of contributions are included.

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OBEB LIABILITY AND RELATED RATIOS

Total OPEB Liability	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Service cost	$ 37,600	$ 27,970	$ 41,500	$ 34,988	$ 41,295
Interest on total OPEB liability	42,342	39,428	80,274	76,907	88,689
Effect of Economic/Demographic Gains or Losses	(63,457)	-	(489,333)	-	(238,874)
Effect of Assumptions Changes or Inputs	(21,271)	21,462	(191,150)	-	(226,833)
Benefit payments	(51,723)	(55,538)	(56,733)	(76,165)	(79,996)
Net change in total OPEB liability	(56,509)	33,322	(615,442)	35,730	(415,719)
Total OPEB liability - beginning	639,278	605,956	1,221,398	1,185,668	1,601,387
Total OPEB liability - ending	582,769	639,278	605,956	1,221,398	1,185,668
Plan Fiduciary Net Position					
Contributions - employer	51,723	55,538	56,733	76,165	79,996
Net investment income (loss)	105,142	78,706	(105,094)	263,714	26,068
Benefit payments, including refunds of employee contributions	(51,723)	(55,538)	(56,733)	(76,165)	(79,996)
Administrative expenses	(1,566)	(1,595)	(1,724)	(1,494)	(1,448)
Net change in plan fiduciary net position	103,576	77,111	(106,818)	262,220	24,620
Plan fiduciary net position - beginning	1,110,103	1,032,992	1,139,810	877,590	852,970
Plan fiduciary net position - ending	1,213,679	1,110,103	1,032,992	1,139,810	877,590
Net OPEB liability (asset) - ending	$ (630,910)	$ (470,825)	$ (427,036)	$ 81,588	$ 308,078
Plan fiduciary net position as a percentage of total OPEB liability	208%	174%	170%	93%	74%
Covered payroll	$ 11,691,697	$ 10,101,141	$ 8,671,723	$ 9,799,917	$ 9,157,997
Net OPEB liability (asset) as a percentage of covered payroll	-5%	-5%	-5%	1%	3%

Total OPEB Liability	6/30/2019	9/30/2018	9/30/2017
Service cost	$ 29,417	$ 36,657	$ 53,055
Interest on total OPEB liability	78,720	102,653	129,354
Effect of Economic/Demographic Gains or Losses	-	(455,903)	-
Effect of Assumptions Changes or Inputs	51,628	-	-
Benefit payments	(81,481)	(90,513)	(92,542)
Net change in total OPEB liability	78,284	(407,106)	89,867
Total OPEB liability - beginning	1,523,103	1,930,209	1,840,342
Total OPEB liability - ending	1,601,387	1,523,103	1,930,209
Plan Fiduciary Net Position			
Contributions - employer	81,481	90,513	156,091
Net investment income (loss)	8,884	74,315	80,776
Benefit payments, including refunds of employee contributions	(81,481)	(90,513)	(123,090)
Administrative expenses	(1,541)	(2,279)	(2,059)
Net change in plan fiduciary net position	7,343	72,036	111,718
Plan fiduciary net position - beginning	845,627	773,591	661,873
Plan fiduciary net position - ending	852,970	845,627	773,591
Net OPEB liability (asset) - ending	$ 748,417	$ 677,476	$ 1,156,618
Plan fiduciary net position as a percentage of total OPEB liability	53%	56%	40%
Covered payroll	$ 6,524,150	$ 9,055,713	$ 8,480,330
Net OPEB liability (asset) as a percentage of covered payroll	11%	7%	14%

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB TRUST

Annual money-weighted rate of return, net of investment expense:

6/30/2024	9.48%
6/30/2023	7.63%
6/30/2022	-9.23%
6/30/2021	30.08%
6/30/2020	3.06%
6/30/2019	1.40%
9/30/2018	9.62%
9/30/2017	12.37%

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

ALEXRENEW

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS

Entity Year Ended	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2024	$ -	$ 51,723	(51,723)	$ 11,691,697	0.44%
6/30/2023	-	55,538	(55,538)	10,101,141	0.55%
6/30/2022	53,996	56,733	(2,737)	8,671,723	0.65%
6/30/2021	52,424	76,165	(23,741)	9,799,917	0.78%
6/30/2020	87,452	79,996	7,456	9,157,997	0.87%
6/30/2019	61,997	81,481	(19,484)	6,524,150	1.25%
9/30/2018	80,163	90,513	(10,350)	9,055,713	1.00%
9/30/2017	125,355	125,542	(187)	8,480,330	1.48%
9/30/2016	121,704	122,528	(824)	8,480,330	1.44%

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

Note 1. Changes of Benefit Terms

There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Note 2. Changes of Assumptions (Pension)

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:

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

Mortality Rates	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
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

Note 3. Changes of Assumptions (OPEB)

The following changes in actuarial assumptions were made effective January 1, 2024:

- The healthcare trend assumptions were updated
- The withdrawal, retirement, and mortality assumptions were changed to be consistent with those used in the June 30, 2021 actuarial valuation of the Virginia Retirement System

- Age-related claims costs assumptions were updated
- The healthcare trend assumptions were updated
- The retiree election assumption was decreased from 60% to 40%

Statistical Section

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Financial Trends

Financial trend information is intended to assist users in understanding how the Authority's net position has changed over time. The tables below disclose comparative financial data.

TABLE 1

Condensed Schedules of Net Position
Last Ten Fiscal Years

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Assets										
Current Assets	$ 176,215,405	$ 92,259,901	$ 94,961,993	$ 80,308,872	$ 86,706,586	$ 75,272,570	$ 77,481,606	$ 71,992,329	$ 58,517,536	$ 74,456,170
Non-current Assets	1,176,363,309	1,056,853,068	950,111,857	859,431,502	803,159,845	759,842,445	753,725,875	747,728,427	751,420,427	716,656,368
Deferred Outflows	2,604,103	2,062,618	2,812,957	3,083,994	2,478,029	1,623,327	1,924,167	3,009,750	2,193,183	2,332,861
Total Assets and Deferred Outflows	$ 1,355,182,817	$ 1,151,175,587	$ 1,047,886,807	$ 942,824,368	$ 892,344,460	$ 836,738,342	$ 833,131,648	$ 822,730,506	$ 812,131,146	$ 793,445,399
Liabilities										
Current Liabilities	$ 56,168,266	$ 58,122,179	$ 46,584,796	$ 59,757,917	$ 40,073,665	$ 20,797,672	$ 19,854,654	$ 18,400,831	$ 34,860,034	$ 41,395,712
Long-term Liabilities	375,748,814	256,939,427	180,321,438	110,228,829	98,965,456	106,654,528	112,799,800	127,027,777	111,329,090	121,578,497
Deferred Inflows	1,713,797	2,575,216	7,238,587	1,462,499	1,509,645	1,209,421	1,828,634	881,910	1,862,505	2,432,782
Total Liabilities and Deferred Inflows	$ 433,630,877	$ 317,636,822	$ 234,144,821	$ 171,449,245	$ 140,548,766	$ 128,661,621	$ 134,483,088	$ 146,310,518	$ 148,051,629	$ 165,406,991
Net Position										
Net Investment in Capital Assets	$ 809,487,998	$ 757,956,972	$ 748,219,486	$ 720,251,070	$ 696,448,748	$ 649,676,473	$ 638,348,836	$ 622,454,674	$ 630,741,541	$ 586,995,330
Restricted Net Position	54,268,733	5,700,812	15,485,546	27,458,588	25,615,612	26,355,198	21,357,370	29,705,073	13,652,933	11,629,933
Unrestricted Net Position	57,795,209	69,880,981	50,036,954	23,665,465	29,731,334	32,045,050	38,942,354	24,260,241	19,685,043	29,413,145
Total Net Position	$ 921,551,940	$ 833,538,765	$ 813,741,986	$ 771,375,123	$ 751,795,694	$ 708,076,721	$ 698,648,560	$ 676,419,988	$ 664,079,517	$ 628,038,408
Total Liabilities, Deferred Inflows and Net Position	$ 1,355,182,817	$ 1,151,175,587	$ 1,047,886,807	$ 942,824,368	$ 892,344,460	$ 836,738,342	$ 833,131,648	$ 822,730,506	$ 812,131,146	$ 793,445,399

Source: Alexandria Renew Enterprises

Notes: statement No. 68 was adopted in fiscal year 2015.

Financial Trends, continued

TABLE 2

Condensed Schedules of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019(2)	9/30/2018	9/30/2017(1)	9/30/2016	9/30/2015
Operating Revenues										
Waste Water Treatment Service Charges	$ 69,919,535	$ 65,906,813	$ 61,607,739	$ 56,476,273	$ 54,508,401	$ 36,227,274	$ 49,974,184	$ 48,971,156	$ 47,139,072	$ 47,773,073
Other	7,567	24,014	42,397	35,838	39,459	23,423	16,630	127,186	81,727	26,008
Total Operating Revenues	$ 69,927,102	$ 65,930,827	$ 61,650,136	$ 56,512,111	$ 54,547,860	$ 36,250,697	$ 49,990,814	$ 49,098,342	$ 47,220,799	$ 47,799,081
Non-operating Revenues										
Investment Income (loss)	$ 2,039,936	$ 757,913	$ (723,051)	$ 131,110	$ 1,327,691	$ 1,235,709	$ 300,954	$ 296,581	$ 453,508	$ 483,340
Federal grants	25,967	60,515	280,617	329,269	-	-	-	-	-	-
Capital Contribution	81,960,393	12,712,874	34,300,630	21,196,644	39,576,761	7,848,140	18,636,519	9,119,146	26,671,809	38,870,682
Total Non-operating Revenues	$ 84,026,296	$ 13,531,302	$ 33,858,196	$ 21,657,023	$ 40,904,452	$ 9,083,849	$ 18,937,473	$ 9,415,727	$ 27,125,317	$ 39,354,022
Total Revenues	$ 153,953,398	$ 79,462,129	$ 95,508,332	$ 78,169,134	$ 95,452,312	$ 45,334,546	$ 68,928,287	$ 58,514,069	$ 74,346,116	$ 87,153,103
Operating Expenses										
Personnel Services	$ 15,746,110	$ 14,210,244	$ 12,022,176	$ 12,808,339	$ 12,934,864	$ 7,584,511	$ 10,599,487	$ 11,607,302	$ 10,885,117	$ 11,915,152
Utilities	4,285,323	3,942,929	3,092,003	3,658,871	3,452,848	2,682,315	3,415,322	2,775,506	2,621,156	2,937,466
General and Administration	6,045,797	6,639,220	5,141,279	4,683,009	4,668,318	2,767,358	3,954,272	4,416,947	4,803,327	5,023,878
Other	9,425,938	8,783,146	7,348,159	5,691,117	5,820,485	4,184,151	5,489,505	3,868,705	4,459,109	5,245,885
Total Operating Expenses	$ 35,503,168	$ 33,575,539	$ 27,603,617	$ 26,841,336	$ 26,876,515	$ 17,218,335	$ 23,458,586	$ 22,668,460	$ 22,768,709	$ 25,122,381
Non-operating Expenses										
Depreciation/Amortization	$ 22,973,393	$ 21,441,879	$ 20,571,731	$ 20,660,590	$ 19,981,614	$ 14,909,317	$ 19,468,132	$ 18,608,157	$ 11,737,374	$ 10,238,996
Interest/Other Expenses	7,463,662	4,647,932	4,966,121	11,087,779	4,875,210	3,778,733	4,566,892	4,896,981	3,798,924	3,896,859
Total Non-operating Expenses	$ 30,437,055	$ 26,089,811	$ 25,537,852	$ 31,748,369	$ 24,856,824	$ 18,688,050	$ 24,035,024	$ 23,505,138	$ 15,536,298	$ 14,135,855
Total Expenses	$ 65,940,223	$ 59,665,350	$ 53,141,469	$ 58,589,705	$ 51,733,339	$ 35,906,385	$ 47,493,610	$ 46,173,598	$ 38,305,007	$ 39,258,236
Change in Net Position	$ 88,013,175	$ 19,796,779	$ 42,366,863	$ 19,579,429	$ 43,718,973	$ 9,428,161	$ 21,434,677	$ 12,340,471	$ 36,041,109	$ 47,894,867
Total Net Position, Beginning of Year	$ 833,538,765	$ 813,741,986	$ 771,375,123	$ 751,795,694	$ 708,076,721	$ 698,648,560	$ 677,213,883	$ 664,079,517	$ 628,038,408	$ 580,143,541
Total Net Position, End of Year	$ 921,551,940	$ 833,538,765	$ 813,741,986	$ 771,375,123	$ 751,795,694	$ 708,076,721	$ 698,648,560	$ 676,419,988	$ 664,079,517	$ 628,038,408

Source: Alexandria Renew Enterprises

Notes: (1) These totals are as previously reported. Prior period adjustments were required in 2017 which modified these amounts.
(2) The Authority changed their fiscal year end in 2019, therefore, only 9 months of revenues and expenses are included.

Revenue Capacity Information

Revenue capacity information is provided to assist users in understanding the factors affecting the Authority's ability to generate sources of revenue. The Authority strives to cover operating and capital costs with user fees. User fees are set by the Board and are based upon the recommendation of a third-party rates analysis designed to recover the Authority's cost of service and capital cost. Rates modeling and analysis is conducted at least annually, and more frequently as required, to set new rates and charges or affirm the efficacious nature of existing rates. Rate modeling and analysis was completed in 2015 to establish new base charges effective on October 1, 2016 and October 1, 2017. These rates were in place through FP19, at which point AlexRenew began implementing gradual, annual rate adjustments, based on Board planning and guidance and on updated rates modeling that included the RiverRenew program and other projected capital needs at the facility. Rate adjustments were adopted by the Board to become effective July 1, 2019, July 1, 2020, July 1, 2021, July 1, 2022, July 1, 2023 and July 1, 2024. User fees are comprised of two components including a wastewater treatment charge and a fixed base charge.

The wastewater treatment charge is assessed to all customers based upon metered per gallon water usage, except that residential customers are assessed based upon a winter quarter average usage (per 1,000 gallons units). A residential customer, therefore, is billed at the greater of its winter quarter per gallon average usage or 4,000 gallons per month. Commercial customers are billed based on the actual amount of per gallon water usage. The base charge was assessed for the first time beginning on October 1, 2010, and is assessed as a fixed fee per month according to water meter size. The following table represents comparative user rate charges.

TABLE 3 **Historical User Charges (in dollars)**

Fiscal Year	Wastewater Treatment Usage Charge*
2024	$ 9.76
2023	9.26
2022	8.69
2021	8.13
2020	7.63
2019	6.77
2018	6.77
2017	6.77
2016	6.77
2015	6.64

	FY 2024 Monthly	FY 2023 Monthly
Base Charge		
Residential Customers	$ 13.85	$ 13.14

	Water Meter Size	FY2024	FY2023
Commercial Customers	5/8”	$ 41.55	$ 39.42
	3/4“	41.55	39.42
	1”	103.87	98.55
	1-1/2”	207.74	197.10
	2”	332.39	315.36
	3”	623.23	591.30
	4”	1,038.72	985.50
	6”	2,077.43	1,970.00
	8”	3,323.89	3,153.60

* Based on 1,000 gallons of consumption

Source: Alexandria Renew Enterprises

TABLE 4

Ten Principal Customers by Year
Shown as Percentage of Revenue

Name	Type	2024	2023	2022	2021	2020	2019	2018	2017	2016
4921 SEMINARY RD (VA) OWNER LLC	Apartments	1.35%	1.31%	1.45%	--	--	--	--	--	--
LYNBROOK APARTMENTS MARK CTR LLC	Apartments	0.69%	0.67%	--	--	--	--	--	--	--
SOUTHERN TOWERS	Apartments	--	--	--	1.26%	1.19%	1.38%	1.02%	1.06%	0.92%
BROOKDALE APTS MARK CTR	Apartments	--	--	0.92%	0.80%	0.94%	1.09%	--	--	--
FOXCHASE	Apartments	0.53%	0.52%	0.60%	0.54%	0.57%	0.64%	--	--	--
STONERIDGE APTS MARK CTR	Apartments	0.50%	0.51%	0.55%	0.49%	0.53%	0.60%	--	--	--
PARKFAIRFAX	Apartments	0.48%	0.53%	0.50%	0.48%	0.48%	0.51%	--	--	--
ARHA	Public	0.45%	0.46%	0.47%	0.44%	0.39%	0.44%	--	--	--
140 S VAN DORN ST	Apartments	0.42%	0.49%	0.48%	0.43%	0.46%	0.53%	--	--	--
WATERGATE AT LANDMARK	Condos	0.48%	0.36%	0.42%	0.41%	0.49%	0.47%	0.38%	0.44%	0.49%
UDR NEWPORT VILLAGE LLC	Condos	--	0.40%	--	0.34%	--	--	--	--	--
FPACP4 BLVE 2801 LLC	Apartments	--	--	0.37%	--	--	--	--	--	--
ERP	Apartments	0.33%	0.32%	0.40%	0.37%	0.37%	--	--	--	--
City of Alexandria	Apartments	0.39%	--	--	--	--	--	--	--	--
	MG Usage	$ 765,662	730,371	806,333	792,082	740,307	684,798	396,772	394,269	397,833
	Other Customer Usage	12,851,783	12,363,624	12,284,368	13,474,228	12,221,683	10,796,005	12,452,798	11,374,736	11,936,490
	Total Usage	13,617,445	13,093,995	13,090,701	14,266,310	12,961,990	11,480,803	12,849,570	11,769,005	12,334,323

Source: Alexandria Renew Enterprises

Debt Capacity Information

Debt capacity information is intended to assist users in understanding the Authority's debt burden and the ability to issue new debt. The ultimate guarantors of the Authority's debt are its customers.

TABLE 5

ALEXANDRIA RENEW ENTERPRISES

Outstanding Debt Per Customer
June 30, 2024

Fiscal Year	Outstanding Debt	# of Customers	Outstanding Debt per Customer
2024	$ 382,970,187	26,885	$ 14,245
2023	260,735,144	26,710	9,762
2022	188,419,080	26,767	7,039
2021	143,800,792	26,589	5,408
2020	111,372,579	26,671	4,176
2019	111,138,673	26,594	4,179
2018	116,385,765	26,681	4,362
2017	126,330,515	26,611	4,747
2016	121,783,683	26,440	4,606
2015	130,813,869	26,333	4,968

Source: Alexandria Renew Enterprises

TABLE 6

Pledged Revenue Coverage*

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Pledged revenue	$ 69,927,102	$ 65,930,827	$ 61,650,136	$ 56,512,111	$ 54,547,860
Operating expenses	(35,503,168)	(33,575,539)	(27,603,617)	(26,841,336)	(26,876,515)
Net revenues	34,423,934	32,355,288	34,046,519	29,670,775	27,671,345
Principal and Interest Requirements	16,133,292	12,306,098	13,976,806	14,049,147	14,015,828
Debt coverage	2.13	2.63	2.44	2.11	1.97
	6/30/2019	**9/30/2018**	**9/30/2017**	**9/30/2016**	**9/30/2015**
Pledged revenue	$ 36,250,697	$ 49,990,814	$ 49,098,342	$ 47,220,799	$ 47,799,081
Operating expenses	(17,218,335)	(23,458,587)	(22,570,403)	(22,697,959)	(25,104,967)
Net revenues	19,032,362	26,532,227	26,527,939	24,522,840	22,694,114
Principal and Interest Requirements	7,996,654	13,913,446	13,437,632	13,122,172	12,062,715
Debt coverage	2.38	1.91	1.97	1.87	1.88

*AlexRenew's Master Indenture of Trust requires 1.1x coverage and its board adopted Financial Policy requires 1.5x coverage
Source: Alexandria Renew Enterprises

Demographic and Economic Information

Demographic and economic information is intended to assist users in understanding the socio-economic environment in which the Authority operates.

TABLE 7

Demographic Statistics
June 30, 2024

Population

Calendar Year	Population	Calendar Year	Population
2011	140,100	2018	159,571
2012	140,800	2019	160,530
2013	142,000	2020	165,748
2014	144,000	2021	160,146
2015	147,650	2022	160,505
2016	150,500	2023	159,428
2017	156,100	2024	159,467

Source: Alexandria Department of Planning and Zonning, "General Population Characteristics"

TABLE 8

Population Indicators
June 30, 2024

Fiscal Year	Personal Income ($1000)	Per Capita Income
2024	16,367,274	$ 110,294
2023	16,811,683	100,017
2022	16,407,945	93,835
2021	16,429,218	91,990
2020	14,127,927	88,008
2019	13,455,505	87,319
2018	12,935,231	84,079
2017	12,692,748	82,683
2016	12,556,000	81,734
2015	12,183,000	79,480

The BEA has revised these numbers.
Source: Federal Reserve Economic Data (FRED)

Demographic and Economic Information, continued

TABLE 9

City of Alexandria Principal Employers
Current Year (as of June 30, 2024 and Nine Years Ago)

Current Year	Employees[1]	Percentage of Total City Employment[2]	Nine Years Ago	Employees[1]	Percentage of Total City Employment[2]
LARGEST PUBLIC EMPLOYERS			**LARGEST PUBLIC EMPLOYERS**		
U.S. Department of Homeland Defense	1,000 & over	3.82%	U.S Department of Defense	1,000 & over	8.38%
United States Patent and Trademark Office	1,000 & over	3.36%	U.S. Patent and Trademark Office	1,000 & over	7.10%
City of Alexandria	1,000 & over	0.78%	City of Alexandria	1,000 & over	2.30%
Alexandria City Public Schools	1,000 & over	0.70%	Alexandria Public Schools	1,000 & over	1.90%
National Science Foundation	1,000 & over	0.64%	WMATA	500-999	1.30%
WMATA	1,000 & over	0.46%	Northern Virginia Community College	500-999	0.70%
USDA Food and Nutrition Service	500-999	0.24%	U.S. Postal Service	500-999	0.60%
		10.00%			22.28%
LARGEST PRIVATE EMPLOYERS			**LARGEST PRIVATE EMPLOYERS**		
INOVA Health System	1,000 & over	3.93%	INOVA Alexandria Hospital	1,000 & over	1.80%
Institute for Defense Analysis	500 - 999	1.50%	American Building Maintenance Com	1,000 & over	1.20%
Woodbine Health Center	250-499	0.98%	Institute of Defense Analysis	500-999	0.80%
Society for Human Resource Management	250 - 499	0.97%	United Postal Service (UPS)	500-999	0.70%
Oblon	250 - 499	0.89%	Center for Naveal Analysis	500-999	0.60%
Kearney & Company	250 - 499	0.88%	Military Professional Resources	500-999	0.50%
Systems Planning & Analysis	250 - 499	0.87%	Grant Thornton LLP	500-999	0.50%
		10.02%			6.10%

Source: Virginia Employment Commission
(1) Employment ranges are given to ensure confidentiality.
(2) Percentages are based on the midpoint of employment range.

TABLE 10

City of Alexandria Unemployment Rate
Last Ten Years

2024	2.7%
2023	2.1%
2022	2.4%
2021	3.8%
2020	8.3%
2019	1.9%
2018	2.1%
2017	2.9%
2016	2.9%
2015	3.5%

Source: U.S.Bureau of Labor Statistics.

Operating Information

Operating information is intended to provide information about the Authority's operations.

TABLE 11

Number of FTEs Employees by Activity
Fiscal Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Process								
Chief, Deputy GM, Chief Oper, Process Analyst, O&M Specialist	3	2	4	6	5	6	2	6
Administrative/Executive Assistant	1	0	1	1	1	1	1	1
Interceptors/Pump Stations/Chem Feed	7	5	6	8	8	8	8	9
Operating Shift D	0	0	0	0	0	5	5	6
Operating Shift B/BluRenew	11	8	4	6	6	4	5	6
Maintenance Manager, Supervisor & Facilities	4	4	2	2	2	2	2	1
Thickening/Dewater/Prepast/Digestion	6	5	6	8	8	8	8	9
BRB's/Blowers/UV	6	5	6	6	5	6	6	6
Operating Shift C/BioRenew	11	9	7	6	6	5	5	5
Operating Shift A/Erenew	12	11	7	6	6	5	6	6
Reliability, Analyst, Planners/Schedulers	3	3	3	2	3	3	3	3
Apprentices	5	11	13	12	15	10	3	10
Engineering								
Chirf/Director/ Manager Engr Planning	2	2	1	1	1	1	1	1
Engineering	4	5	3	4	6	7	2	5
Program Manager	0	0	0	0	0	0	0	1
Strategy & Policy								
Director	0	1	1	0	1	1	0	0
Quality Assurance	1	1	1	1	1	1	1	1
Laboratory	7	7	6	5	5	5	4	4
Sustainability/Regulatory	2	2	2	1	2	1	1	0
Administrative Assistant	0	1	1	0	0	0	0	0
Finance								
Chief Financial Officer	0	0	1	1	0	0	1	1
Controller/Director Finance/Acctg Manager	2	2	1	1	2	2	2	1
Senior Accountant/Staff Accountant/Acctg Clerk	3	3	3	3	3	3	2	3
Administrative/Executive Assistant	1	1	1	1	1	1	1	1
Purchasing Manager, Buyer, Contracts, InvControl	4	3	3	2	3	3	2	2
Customer Service	1	1	1	1	1	1	1	1
Human Resources								
Human Resources	5	5	3	2	2	2	1	2
Safety & Security	1	1	1	1	1	0	1	0
Information Systems								
Information Systems, SCADA	9	8	8	6	3	4	3	3
Administration								
Administration	4	3	2	4	3	2	2	2
Communications & RiverRenew	7	6	6	2	4	5	4	4
	122	115	104	99	104	102	83	100

Operating Information

TABLE 12

Number of Customers and Consumption

Fiscal Year	Customer Accounts	MG Treated	Fairfax MG Treated
6/30/2024	26,885	13,614	5,577
6/30/2023	26,710	13,094	5,326
6/30/2022	26,767	13,090	6,204
6/30/2021	26,589	14,266	6,535
6/30/2020	26,671	12,962	6,008
6/30/2019	26,594	11,481	5,820
9/30/2018	26,681	12,850	6,671
9/30/2017	26,611	11,769	5,941
9/30/2016	26,440	12,334	5,960
9/30/2015	26,333	12,035	6,112

Source: Alexandria Renew Enterprises

Note: The amount of wastewater treated includes flow generated by the City customers and portions of the County which is outside of the City. The amount of wastewater that flows outside the County is metered and included in Table 12 above.

TABLE 13

ALEXRENEW

Wastewater Treatment Capacity and Infrastructure Assets Owned
For the Fiscal Year Ending June 30, 2024

Wastewater treatment capacity:		
	Design Capacity	54 MGD (million gallons per day)
Asset:		Capacity:
Four Mile Run Pump Station	Pump Station	Firm pumping capacity 9.4 MGD
Slater's Lane Pump Station	Pump Station	Firm pumping capacity .75 MGD
Potomac Yard Pump Station	Pump Station	Firm pumping capacity 9.5 MGD
Mark Center	Pump Station	Firm pumping capacity 1.6 MGD
Innovation District Pump Station	Pump Station	Firm pumping capacity 1.1 MGD
Bush Hill Service Chamber	Lift Station	Firm pumping capacity .18 MGD
Jefferson at Carlyle Mills Service Chamber	Lift Station	Firm pumping capacity .525 MGD
Holmes Run Trunk Sewer	Gravity Sewer	Design Capacity varies from 71.5 MGD at Hooff's Run to 18.9 MGD at the City Limits
Commonwealth Interceptor	Gravity Sewer & Force Main	Design Capacity varies from 97.0 MGD at the WRRF to 13 MGD at the Potomac Yards Pump Station force main discharge.
Potomac Yard Trunk Sewer	Gravity Sewer	Design Capacity varies from 17 MGD at the WRRF to 13 MGD at the Potomac Yards Pump Station force main discharge
Potomac Interceptor	Gravity Sewer	Design Capacity varies from 18.7 MGD at the WRRF to 11.0 MGD at Pendleton St.

Alexandria City owns the collection system; AlexRenew owns the intercepting sewer system, the pump stations and the treatment facility.

Source: AlexRenew

AlexRenew

1800 Limerick Street | Alexandria, VA 22314
alexrenew.com

AlexRenew

Report of Audit Results
to the Audit Committee

Fiscal Year Ended June 30, 2024

800.464.1976
YHBcpa.com

November 12, 2024

Audit and Finance Committee
Alexandria Renew Enterprises
Alexandria, Virginia

We are pleased to present this report related to our audit of the financial statements of Alexandria Renew Enterprises (the Authority) as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Audit and Finance Committee, Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to be of service to Alexandria Renew Enterprises.

YOUNT, HYDE & BARBOUR, P.C.

Required Communications

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated June 24, 2024 and the addendums dated October 2, 2024 and October 31, 2024. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated June 24, 2024, regarding the planned scope and timing of our audit and identified significant risks.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The following is a description of new significant accounting policies that the Authority adopted during the year: • GASB Statement No. 100, Summary of Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62, aims to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable relevant, consistent, and comparable information for making decisions of assessing accountability. **Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant Unusual Transactions** We did not identify any significant unusual transactions.

Area	Comments
Accounting Policies and Practices (continued)	**Management's Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Authority's June 30, 2024 financial statements.

Significant Accounting Estimates	
Fair value of investments	
Accounting policy	Management values investments at market value based on quoted market prices.
Management's estimation process	Management uses information provided by investment brokers to determine fair value estimates.
Basis for our conclusion on the reasonableness of the estimate	Estimate considered reasonable as fair value estimate agreed to investment statements at year end as well as our verification of select investments on a sample basis.
Allowance for doubtful accounts	
Accounting policy	Management estimates the amount of uncollectable receivables and establishes an allowance for them.
Management's estimation process	Management analyzes the outstanding receivables at year end by aging category and write offs posted during the year to determine the proper allowance.
Basis for our conclusion on the reasonableness of the estimate	Estimate considered reasonable based on understanding of process and analysis of receivable balances and current year bad debt.

Area	Comments	
Accounting Policies and Practices (continued)	**Pension and OPEB assets and liabilities**	
	Accounting policy	Management develops an estimated amount of future expenses associated with the pension and other post-employment benefit plans offered to employees.
	Management's estimation process	Management uses information provided by actuaries to develop the estimate.
	Basis for our conclusion on the reasonableness of the estimate	YHB obtained the actuarial reports and performed tests to determine that results of actuary analysis was properly reflected in the estimate. YHB also reviewed actuarial qualifications and assumptions to determine that the basis for the reports appeared reasonable.
	Depreciation expense and useful lives of capital assets	
	Accounting policy	Management assigns useful lives for all capitalized assets and depreciates them over the respective life using the straight-line method.
	Management's estimation process	Management determines useful lives based on the expected length of time which the asset will be in service.
	Basis for our conclusion on the reasonableness of the estimate	Estimate considered reasonable based on recalculation of depreciation expense on a sample basis and understanding of the calculation methods.
	Unbilled accounts receivable	
	Accounting policy	Management develops an estimate for the amount of accounts receivable for services that have been rendered but not yet billed as of year-end.
	Management's estimation process	Management determines the amount of unbilled revenue through an analysis of days since last billing for each account and the amount anticipated to be billed during the upcoming billing cycle.
	Basis for our conclusion on the reasonableness of the estimate	YHB obtained management's calculation and performed procedures to ensure amounts appeared accurate and reasonable when compared to billing practices and underlying data.

Area	Comments

Accounting Policies and Practices (continued)

Useful life of subscription-based IT arrangements	
Accounting policy	Management assigns useful lives for all subscription-based IT arrangements and amortizes them over the respective life using the straight-line method.
Management's estimation process	Management obtains the useful life directly through the terms of the agreement.
Basis for our conclusion on the reasonableness of the estimate	YHB obtained the agreements for the subscriptions and agreed the useful lives to the terms of the agreements.

Audit Adjustments

Adjustments recorded during the audit process, other than those that are clearly trivial, are shown as an attachment.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure from the Auditor's Standard Report

The financial statements of the Authority include required supplementary information (RSI) and Other Information. In light of this, we plan to include an other matters paragraph in the auditor's report. Below is a draft of the paragraph to be included in the auditor's report:

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Area	Comments
Departure from the Auditor's Standard Report (continued)	***Other Information*** *Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's 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.*
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters. We are aware the Authority contracted Moore Stephens Lovelace, an independent accounting and consulting services firm to assist with the preparation of the Annual Comprehensive Financial Report for the year ended June 30, 2024.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Difficult or Contentious Matters That Required Consultation	We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Area	Comments

Shared Responsibilities: AICPA Independence

The American Institute of Certified Public Accountants (AICPA) regularly emphasizes that auditor independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with AICPA independence rules. For YHB to fulfill its professional responsibility to maintain and monitor independence, management, and YHB each play an important role.

Our Responsibilities

- AICPA rules require independence both of mind and in appearance when providing audit and other attestation services. YHB is to ensure that the AICPA's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.
- Maintain a system of quality control over compliance with independence rules and firm policies.

The Authority's Responsibilities

- Timely inform YHB, before the effective date of transactions or other business changes, of the following:
    - New affiliates, directors, or officers.
    - New beneficial owners of the Authority's equity securities that have significant influence.
    - Change in corporate structure impacting affiliates such as add-on acquisitions or exits.
- Provide necessary affiliate information such as new or updated investment structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with YHB.
- Not entering into relationships resulting close family members of YHB, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Authority.

Other Matters

With respect to the supplementary information and required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the required supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Internal Control Matters

We have not identified any material weaknesses in internal control over financial reporting during our audit of the financial statements.

Area	Comments
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Authority, including the representation letter provided to us by management, is attached.

Number	Date	Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
		Net Income (Loss) Before Adjustments				(45,816,135.47)	
1	6/30/2024	REV-SUNTRUST REV	01-0010-00000 GF01		-406,492.29		
1	6/30/2024	REV-SUNTRUST REV	01-0010-00000 GF01	34,746.11			
1	6/30/2024	REV- FUND-DUE TO/I	01-0099-00000 GF01	371,746.18			
1	6/30/2024	ALX- FUND-DUE TO/I	10-0099-00000 GF01		-371,746.18		
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01	180,029.77			
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01	10,481.85			
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01	650.08			
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01	72,218.94			
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01	142,182.62			
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01	929.03			
1	6/30/2024	ALX-A/R * ESC (REC	10-0126-00000 GF01		-34,746.11		
1	6/30/2024	ALX-REFUND TO FAI	10-0165-00000 GF01	788,594.00			
1	6/30/2024	ALX-REFUND TO FAI	10-0165-00000 GF01		-156,457.00		
1	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01		-2,420.25		
1	6/30/2024	ALX-DEFERRED INFI	10-2360-00000 GF01	754,103.00			
1	6/30/2024	ALX-DEFERRED INFI	10-2360-00000 GF01		-754,103.00		
1	6/30/2024	ALX-DEFERRED INFI	10-2360-00000 GF01	754,103.00			
1	6/30/2024	ALX-DEFERRED INFI	10-2362-00000 GF01	107,316.00			
1	6/30/2024	ALX-DEFERRED OUT	10-2363-00000 GF01		-32,948.00		
1	6/30/2024	ALX-DEFERRED OUT	10-2365-00000 GF01	622,468.35			
1	6/30/2024	ALX-DEFERRED OUT	10-2365-00000 GF01		-622,468.35		
1	6/30/2024	ALX-DEFERRED OUT	10-2365-00000 GF01	622,468.35			
1	6/30/2024	ALX-DEFERRED OUT	10-2365-00000 GF01				
1	6/30/2024	ALX-ACCRUED NET I	10-2366-00000 GF01		-1,749,758.00		
1	6/30/2024	ALX-ACCRUED NET I	10-2366-00000 GF01	1,749,758.00			
1	6/30/2024	ALX-ACCRUED NET I	10-2366-00000 GF01		-1,749,758.00		
1	6/30/2024	ALX-OPEB-GEN	10-2635-00000 GF01	160,085.00			
1	6/30/2024	ALX-OPEB-GEN	10-2635-00000 GF01				
1	6/30/2024	ALX-FAIRFAX O & M	10-5051-00000 GF01		-788,594.00		
1	6/30/2024	ALX-FAIRFAX O & M	10-5051-00000 GF01	156,457.00			
1	6/30/2024	ALX-VIRGINIA RETIR	10-6020-11000 GF01	373,186.65			
1	6/30/2024	ALX-VIRGINIA RETIR	10-6020-11000 GF01		-373,186.65		
1	6/30/2024	ALX-VIRGINIA RETIR	10-6020-11000 GF01	373,186.65			
1	6/30/2024	ALX-OPEB * LIABILIT	10-6074-13000 GF01		-234,453.00		
1	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	230.04			
1	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	981.76			
1	6/30/2024	ALX-HVAC CONTROI	10-6977-16099 GF01	630.71			
1	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01	577.74			
1	6/30/2024	IRR-DUE TO/FROM SI	30-2630-00000 GF01	12,412,556.60			
1	6/30/2024	IRR-PROJECT MANA(	30-4010-16000 GF01		-18,632.80		
1	6/30/2024	IRR-PLANNING-PROC	30-4110-16000 GF01		-27,974.17		
1	6/30/2024	IRR-BUILDINGS-ENG	30-4140-12100 GF01		-5,122.13		
1	6/30/2024	IRR-BUILDINGS-BUIL	30-4140-16100 GF01		-385,099.93		
1	6/30/2024	IRR-BUILDINGS-FURI	30-4140-16101 GF01		-739.87		
1	6/30/2024	IRR-BUILDINGS-FURI	30-4140-17101 GF01		-7,610.12		
1	6/30/2024	IRR-Campus Drainage S	30-4163-20150 GF01		-7,335.03		
1	6/30/2024	IRR-JOINT-TERTIARY	30-4321-00008 GF01		-243,167.53		
1	6/30/2024	IRR-JOINT-SOLIDS	30-4321-10000 GF01		-3,401,075.12		
1	6/30/2024	IRR- JOINT-CAMPUS	30-4321-25101 GF01		-726,240.38		
1	6/30/2024	IRR- JOINT CAMPUS	30-4321-25201 GF01		-982,113.05		
1	6/30/2024	IRR-JOINT-CAMPUS V	30-4321-25301 GF01		-2,107,757.34		
1	6/30/2024	IRR-JOINT-ODOR COI	30-4321-25303 GF01		-230,532.50		
1	6/30/2024	IRR- JOINT-PRELIMIN	30-4321-25304 GF01		-470,263.75		
1	6/30/2024	IRR- JOINT-SECONDA	30-4321-25305 GF01		-259,594.45		
1	6/30/2024	IRR- -JOINT-SAFETY-	30-4321-25306 GF01		-129,203.44		
1	6/30/2024	IRR- JOINT-CAMPUS	30-4321-25501 GF01		-2,556.55		
1	6/30/2024	IRR- JOINT-COMPLIA	30-4321-35301 GF01		-45,140.73		
1	6/30/2024	IRR- JOINT-ITIMPROV	30-4321-55401 GF01		-73,072.92		
1	6/30/2024	IRR-JOINT-IT IMPROV	30-4321-55601 GF01		-184,098.22		
1	6/30/2024	IRR- ALEX-CAMPUS	30-4322-25101 GF01		-13,444.33		
1	6/30/2024	IRR- ALEX-CAMPUS	30-4322-25301 GF01		-17,561.56		
1	6/30/2024	IRR- ALEX-COLLECT	30-4322-25302 GF01		-147,853.35		
1	6/30/2024	IRR--ALEX-CAMPUS	30-4322-25401 GF01		-6,441.41		
1	6/30/2024	IRR- ALEX CAMPUS V	30-4322-25501 GF01		-11,583.99		
1	6/30/2024	IRR-SECURITY UPGR	30-4481-20130 GF01		-18,570.93		
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12015 GF01		-34,508.86		
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12023 GF01		-1,636.94		
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12030 GF01	2,412.73			
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12037 GF01	6,067.05			
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12057 GF01		-28,958.00		

Number	Date	Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12071 GF01		-148,510.34		
1	6/30/2024	IRR-PLANT EQUIP-EN	30-4550-12095 GF01		-471.00		
1	6/30/2024	IRR-PLANT EQUIP-LA	30-4550-12096 GF01		-5,100.00		
1	6/30/2024	IRR-PLANT EQUIP-CA	30-4550-16000 GF01		-348,139.71		
1	6/30/2024	IRR-PLANT EQUIP-RA	30-4550-16011 GF01		-27,638.55		
1	6/30/2024	IRR-PLANT EQUIP-FII	30-4550-16012 GF01		-12,807.00		
1	6/30/2024	IRR-PLANT EQUIP-PR	30-4550-16015 GF01		-95,812.14		
1	6/30/2024	IRR-PLANT EQUIP-PR	30-4550-16018 GF01		-11,650.00		
1	6/30/2024	IRR-PLANT EQUIP-PR	30-4550-16020 GF01		-40,019.27		
1	6/30/2024	IRR-PLANT EQUIP-BI	30-4550-16021 GF01		-402,612.70		
1	6/30/2024	IRR-PLANT EQUIP-SE	30-4550-16023 GF01		-55,991.07		
1	6/30/2024	IRR-PLANT EQUIP-RA	30-4550-16025 GF01	10,544.61			
1	6/30/2024	IRR-PLANT EQUIP-M.	30-4550-16027 GF01		-6,472.21		
1	6/30/2024	IRR-PLANT EQUIP-IN	30-4550-16030 GF01		-7,120.00		
1	6/30/2024	IRR-PLANT EQUIP-TE	30-4550-16031 GF01		-1,942.05		
1	6/30/2024	IRR-PLANT EQUIP-FII	30-4550-16035 GF01		-1,467.00		
1	6/30/2024	IRR-PLANT EQUIP-FII	30-4550-16036 GF01		-11,438.29		
1	6/30/2024	IRR-PLANT EQUIP-UV	30-4550-16037 GF01		-20,320.11		
1	6/30/2024	IRR-PLANT EQUIP-RE	30-4550-16039 GF01		-5,686.23		
1	6/30/2024	IRR-PLANT EQUIP-PL	30-4550-16048 GF01		-164.44		
1	6/30/2024	IRR-PLANT EQUIP-PL	30-4550-16055 GF01		-10,346.16		
1	6/30/2024	IRR-PLANT EQUIP-GF	30-4550-16062 GF01		-587,944.22		
1	6/30/2024	IRR-PLANT EQUIP-SL	30-4550-16063 GF01		-2,158.24		
1	6/30/2024	IRR-PLANT EQUIP-MI	30-4550-16064 GF01		-30,431.41		
1	6/30/2024	IRR-PLANT EQUIP-DI	30-4550-16072 GF01		-259,833.33		
1	6/30/2024	IRR-PLANT EQUIP-DI	30-4550-16073 GF01		-8,137.14		
1	6/30/2024	IRR-PLANT EQUIP-ST	30-4550-16074 GF01		-88,121.88		
1	6/30/2024	IRR-PLANT EQUIP-CE	30-4550-16080 GF01		-32,245.75		
1	6/30/2024	IRR-PLANT EQUIP-BI	30-4550-16085 GF01		-15,873.42		
1	6/30/2024	IRR-PLANT EQUIP-M.	30-4550-16095 GF01		-70,992.32		
1	6/30/2024	IRR-BUILDING SYSTE	30-4870-12099 GF01		-29,959.56		
1	6/30/2024	IRR-BUILDING SYSTE	30-4870-16099 GF01		-97,224.54		
1	6/30/2024	IRR-INFO SYSTEMS 8	30-4900-12087 GF01		-187,815.81		
1	6/30/2024	IRR-INFO SYSTEMS 8	30-4900-12089 GF01		-193,549.91		
1	6/30/2024	IRR-INFO SYSTEMS 8	30-4900-12097 GF01		-16,336.23		
1	6/30/2024	IRR-VEHICLES/MOVE	30-5100-16094 GF01		-9,359.56		
1	6/30/2024	GFD- FUND-DUE TO/I	40-0099-00000 GF01	800,218.63			
1	6/30/2024	GFD-Market Value Con	40-0267-00000 GF01	379,823.46			
1	6/30/2024	GFD-TRFR TO/FROM	40-2326-00000 GF01	53,656,560.93			
1	6/30/2024	GFD-WIFIA LOAN	40-2359-00000 GF01		-800,218.63		
1	6/30/2024	GFD-Temporary-Holme	40-4110-25219 GF01		-52,030.41		
1	6/30/2024	GFD-CONSTRUCTION	40-4510-77220 GF01		-444,623.15		
1	6/30/2024	GFD-CONSTRUCTION	40-4610-77220 GF01		-51,263,846.47		
1	6/30/2024	GFD-Construction-Coll	40-4610-77465 GF01	20,805.15			
1	6/30/2024	GFD-COLLECTION SY	40-4670-12002 GF01	160,963.09			
1	6/30/2024	GFD-Capital Funding F	40-4710-77020 GF01		-1,450.00		
1	6/30/2024	GFD-INVESTMENT IN	40-5005-00000 GF01		-379,823.46		
1	6/30/2024	GFD-COMMONWEAL	40-6164-00001 GF01		-351,985.92		
1	6/30/2024	GFD-INNOVATION DI	40-6164-00003 GF01		-37,356.02		
1	6/30/2024	GFD-BILLING AND CU	40-6164-10100 GF01		-1,108,054.83		
1	6/30/2024	GFD-EC 5th Floor Buil	40-6164-25104 GF01		-168,542.01		
1	6/30/2024	GFD-FOUR MILE RUN	40-6164-25302 GF01		-365,905.81		
1	6/30/2024	GFD-PRELIMINARY I	40-7005-77220 GF01		-12,784.55		
1	6/30/2024	GFD-Capital Funding C	40-7016-77220 GF01		-31,750.00		
1	6/30/2024	SDS-CLEARING-GEN	50-0000-00000 GF01	144,515,571.70			
1	6/30/2024	SDS-CLEARING-GEN	50-0000-00000 GF01		-144,515,571.65		
1	6/30/2024	SDS- FUND*DUE TO/I	50-0099-00000 GF01		-0.05		
1	6/30/2024	SDS-BUILDING-GEN	50-0414-00000 GF01	1,257,090.87			
1	6/30/2024	SDS-PLANT EQUIP-GI	50-0455-00000 GF01	12,413,280.68			
1	6/30/2024	SDS-PLANT EQUIP-GI	50-0455-00000 GF01		-131,247.37		
1	6/30/2024	SDS-INFORMATION S	50-0490-00000 GF01	3,541,987.75			
1	6/30/2024	SDS-SOFTWARE COS	50-0491-00000 GF01	2,374,483.91			
1	6/30/2024	SDS-VEHICLES-GEN	50-0510-00000 GF01	23,500.10			
1	6/30/2024	SDS-INFRASTRUCTU	50-0531-00000 GF01	1,067,143.88			
1	6/30/2024	SDS-ACCUM DEPR.*-	50-0588-00000 GF01		-79,520.44		
1	6/30/2024	SDS-ACCUM DEPR.*E	50-0589-00000 GF01		-3,170,234.28		
1	6/30/2024	SDS-ACCUM DEPR.*F	50-0590-00000 GF01		-13,727,940.19		
1	6/30/2024	SDS-ACCUM DEPR.*F	50-0591-00000 GF01		-3,445,400.51		
1	6/30/2024	SDS-ACCUM DEPR.*F	50-0591-00000 GF01	16,405.93			
1	6/30/2024	SDS-ACCUM DEPR. *	50-0592-00000 GF01		-1,046,896.65		
1	6/30/2024	SDS-ACCUM DEPREC	50-0593-00000 GF01		-1,479,449.78		
1	6/30/2024	SDS-ACCUM DEPR*V	50-0594-00000 GF01		-23,950.96		

Number	Date	Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
1	6/30/2024	SDS-CONSTRUCT IN	50-0595-00000 GF01	123,838,084.46			
1	6/30/2024	SDS-TRANSFERS FRC	50-2336-00000 GF01		-78,446,454.12		
1	6/30/2024	SDS-TRANSFERS FRC	50-2348-00000 GF01		-53,656,560.93		
1	6/30/2024	SDS-TRANSFERS FRC	50-2357-00000 GF01		-12,412,556.60		
1	6/30/2024	SDS-GAIN/LOSS ON P	50-5006-00000 GF01	115,917.24			
1	6/30/2024	SDS-DEPRECIATION	50-6025-00000 GF01	79,520.44			
1	6/30/2024	SDS-DEPRECIATION	50-6026-00000 GF01	3,170,234.28			
1	6/30/2024	SDS-DEPRECIATION	50-6027-00000 GF01	17,173,340.70			
1	6/30/2024	SDS-DEPRECIATION	50-6027-00000 GF01		-1,075.80		
1	6/30/2024	SDS-DEPRECIATION	50-6028-00000 GF01	1,479,449.78			
1	6/30/2024	SDS-DEPRECIATION	50-6029-00000 GF01	23,950.96			
1	6/30/2024	SDS-AMORTIZATION	50-6049-00000 GF01	1,046,896.65			
1	6/30/2024	CFD- FUND-DUE TO/I	60-0099-00000 GF01		-800,218.63		
1	6/30/2024	CFD- FUND-DUE TO/I	60-0099-00000 GF01	0.05			
1	6/30/2024	CFD-TRANSFER TO/F	60-2326-00000 GF01	78,446,454.12			
1	6/30/2024	CFD-PROJECT MANA	60-4010-77220 GF01		-2,209,027.33		
1	6/30/2024	CFD-Resiliency Initiativ	60-4110-00002 GF01		-88,031.74		
1	6/30/2024	CFD-PLANNING- Boil	60-4110-00003 GF01		-158,343.00		
1	6/30/2024	CFD-ASSET MANAGE	60-4110-00007 GF01		-507,202.05		
1	6/30/2024	CFD-PLANNING- Preli	60-4110-25213 GF01		-1,075,790.15		
1	6/30/2024	CFD-PLANNING- Recl	60-4110-25214 GF01		-423,013.96		
1	6/30/2024	CFD-PLANNING-Holm	60-4110-25220 GF01		-10,214.30		
1	6/30/2024	CFD-WRRF HVAC Sys	60-4110-25221 GF01		-22,786.12		
1	6/30/2024	CFD-PLANNING- Cent	60-4110-25304 GF01		-193,265.54		
1	6/30/2024	CFD-JOINT-IT IMPRO	60-4110-55409 GF01		-118,165.51		
1	6/30/2024	CFD-JOINT-IT IMPRO	60-4110-55609 GF01		-1,082,330.86		
1	6/30/2024	CFD-PLANNING-Tertia	60-4110-77001 GF01		-149,447.94		
1	6/30/2024	CFD-PLANNING-RR T	60-4110-77220 GF01		-798,361.40		
1	6/30/2024	CFD-PLANNING-Solid	60-4110-77228 GF01		-1,644,494.71		
1	6/30/2024	CFD-PRELIMINARY E	60-4210-77220 GF01		-470.29		
1	6/30/2024	CFD-PRELIM ENGINE	60-4210-77466 GF01		-3,486.26		
1	6/30/2024	CFD-FINAL DESIGN-F	60-4360-77220 GF01		-71,263.49		
1	6/30/2024	CFD-DESIGN BUILD S	60-4390-77220 GF01		-2,688,471.22		
1	6/30/2024	CFD-Construction Perm	60-4510-77217 GF01		-17,345.70		
1	6/30/2024	CFD - Primary Settling	60-4550-16015 GF01		-802,878.12		
1	6/30/2024	CFD-CONSTRUCTION	60-4610-77020 GF01		-83,109.20		
1	6/30/2024	CFD-Construction-Cat	60-4610-77217 GF01		-587,427.97		
1	6/30/2024	CFD-Construction-Cat	60-4610-77218 GF01		-12,785,147.56		
1	6/30/2024	CFD-Construction-Cat	60-4610-77219 GF01		-13,022,847.77		
1	6/30/2024	CFD-CONSTRUCTION	60-4610-77220 GF01	800,218.63			
1	6/30/2024	CFD-CONSTRUCTION	60-4610-77220 GF01		-35,008,912.14		
1	6/30/2024	CFD-CONSTRUCTION	60-4610-77222 GF01		-6,826.95		
1	6/30/2024	CFD-CONSTRUCTION	60-4610-77225 GF01		-51,988.14		
1	6/30/2024	CFD-CONSTRUCTION	60-4610-77464 GF01		-1,230,709.46		
1	6/30/2024	CFD-PRELIMINARY D	60-7005-77230 GF01		-448,734.38		
1	6/30/2024	CFD-CONSTRUCTION	60-7011-77035 GF01		-2,508,387.50		
1	6/30/2024	CFD-CONSTRUCTION	60-7011-77036 GF01		-66,844.08		
1	6/30/2024	CFD-SERVICES DURI	60-7012-77160 GF01		-581,129.33		
		PBC Entry - to adjust preliminary trial balance to final.					
				466,110,615.21	-466,110,615.21	75,681,789.91	121,497,925.38
2	6/30/2024	ALX-REFUND TO FAI	10-0165-00000 GF01		-632,137.00		
2	6/30/2024	ALX-FAIRFAX O & M	10-5051-00000 GF01	632,137.00			
		To update Fairfax allocation.					
				632,137.00	-632,137.00	75,049,652.91	(632,137.00)
3	6/30/2024	GFD-ACCOUNTS REC	40-0100-00000 GF01	15,539,170.00			
3	6/30/2024	GFD-GRANT-GEN	40-5082-00000 GF01		-15,539,170.00		
		To accrue ARPA requisitions submitted after year end.					
				15,539,170.00	-15,539,170.00	90,588,822.91	15,539,170.00
4	6/30/2024	PFD-WIFIA Interest-GE	20-6073-00000 GF01	800,219.00			
4	6/30/2024	SDS-CONSTRUCT IN	50-0595-00000 GF01		-800,219.00		
		To reclassify capitalized interest to expense.					
				800,219.00	-800,219.00	89,788,603.91	(800,219.00)

Number	Date	Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
5	6/30/2024	ALX-ACCRUED EXP-	10-2025-00000 GF01		-1,491,213.00		
5	6/30/2024	Customer Refunds	10-7000-00000 GF01	1,491,213.00			
		To accrue customer overpayments identified after year end.					
				1,491,213.00	-1,491,213.00	88,297,390.91	(1,491,213.00)
6	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01		-3,523.24		
6	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01	1,726.39			
6	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01		-1,658.76		
6	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01	7,120.94			
6	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01		-4,263.41		
6	6/30/2024	ALX-AP RECEIVED N	10-2023-00000 GF01		-162,855.71		
6	6/30/2024	ALX-AP RECEIVED N	10-2023-00000 GF01		-37,468.81		
6	6/30/2024	ALX-HEALTH BENEF	10-6030-13000 GF01	150,249.35			
6	6/30/2024	ALX-OTHER BENEFI	10-6050-13000 GF01	3,742.92			
6	6/30/2024	ALX-UNIFORMS-HUM	10-6059-13000 GF01	2,290.56			
6	6/30/2024	ALX-OPEB * PAY AS	10-6075-13000 GF01		-1,640.83		
6	6/30/2024	ALX-OPEB * PAY AS	10-6075-13000 GF01	4,168.71			
6	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	73.31			
6	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	255.87			
6	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	41.20			
6	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	217.48			
6	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	182.78			
6	6/30/2024	ALX-PROFESSIONAL	10-6329-17000 GF01	2,551.00			
6	6/30/2024	ALX-ENGINEERING A	10-6370-12000 GF01	33,019.34			
6	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	4,431.72			
6	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	1,343.97			
6	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	618.53			
6	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	1,103.57			
6	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	1,440.57			
6	6/30/2024	ALX-GENERAL FUEL	10-6869-16003 GF01	558.12			
6	6/30/2024	ALX-VEHICLE MAINT	10-6907-16000 GF01	245.24			
6	6/30/2024	ALX-HVAC CONTROL	10-6977-16099 GF01	591.46			
6	6/30/2024	ALX-HVAC CONTROL	10-6977-16099 GF01	46.40			
6	6/30/2024	ALX-HVAC CONTROL	10-6977-16099 GF01	959.72			
6	6/30/2024	ALX-HVAC CONTROL	10-6977-16099 GF01	267.73			
6	6/30/2024	ALX-HVAC CONTROL	10-6977-16099 GF01	295.96			
6	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01	2,471.75			
6	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01		-2,277.52		
6	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01	39.31			
6	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01		-8,709.72		
6	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01	2,344.10			
6	6/30/2024	IRR-AP RECEIVED NO	30-2023-00000 GF01		-72,577.76		
6	6/30/2024	IRR-BUILDINGS-BUIL	30-4140-16100 GF01	2,007.00			
6	6/30/2024	IRR-JOINT-SOLIDS	30-4321-10000 GF01	36,943.83			
6	6/30/2024	IRR- JOINT-CAMPUS	30-4321-25101 GF01	16,765.40			
6	6/30/2024	IRR- ALEX CAMPUS	30-4322-25501 GF01	900.00			
6	6/30/2024	IRR-BUILDING SYSTE	30-4870-16099 GF01	2,618.00			
6	6/30/2024	IRR-INFO SYSTEMS &	30-4900-12087 GF01	13,343.53			
6	6/30/2024	GFD-ACCOUNTS REC	40-0100-00000 GF01		-49,996.37		
6	6/30/2024	GFD-GRANT-GEN	40-5082-00000 GF01	49,996.37			
6	6/30/2024	CFD-AP Rec'd not Inv'd	60-2023-00000 GF01		-59,859.84		
6	6/30/2024	CFD-PLANNING- Recl	60-4110-25214 GF01	28,895.97			
6	6/30/2024	CFD-PLANNING- Cent	60-4110-25304 GF01	18,120.11			
6	6/30/2024	CFD-CONSTRUCTION	60-4610-77020 GF01	1,962.30			
6	6/30/2024	CFD-PRELIMINARY D	60-7005-77230 GF01	10,881.46			
		To post changes from 2nd trial balance received on 10/1/2024.					
				404,831.97	-404,831.97	87,914,034.34	(383,356.57)

Number	Date	Name	Account No	Debit	Credit	Net Income (Loss)	Amount Chg
7	6/30/2024	ALX-INVENTORY * F	10-0301-00000 GF01		-2,208.81		
7	6/30/2024	ALX-AP RECEIVED N	10-2023-00000 GF01	15,680.92			
7	6/30/2024	ALX-ACCRUED EXP-	10-2025-00000 GF01		-0.44		
7	6/30/2024	ALX-COMMUNICATI	10-6160-18000 GF01		-10,296.00		
7	6/30/2024	ALX-MISCELLANEOU	10-6190-16600 GF01	311.37			
7	6/30/2024	ALX-LAB CHEMICAL	10-6226-14000 GF01		-70.21		
7	6/30/2024	ALX-NATURAL GAS-	10-6710-17000 GF01		-2,689.71		
7	6/30/2024	ALX-GENERAL SAFE	10-6830-13000 GF01	912.68			
7	6/30/2024	ALX-CONSUMMABLI	10-6890-16500 GF01		-845.82		
7	6/30/2024	ALX-INV GRAINGER	10-6890-16700 GF01		-1,305.84		
7	6/30/2024	ALX-UTILITY LOCAT	10-6895-16000 GF01		-2,625.00		
7	6/30/2024	ALX-HVAC CONTROI	10-6977-16099 GF01	1,254.68			
7	6/30/2024	ALX-General Repair-PI	10-6999-16000 GF01	1,881.74			
7	6/30/2024	Customer Refunds	10-7000-00000 GF01	0.44			
7	6/30/2024	IRR-AP RECEIVED N(	30-2023-00000 GF01	13,860.00			
7	6/30/2024	IRR-JOINT-IT IMPROV	30-4321-55601 GF01		-13,860.00		
		To post changes from 3rd trial balance received on 10/21/2024.					
				33,901.83	-33,901.83	87,941,366.01	27,331.67
8	6/30/2024	ALX-REFUND TO FAI	10-0165-00000 GF01	71,852.00			
8	6/30/2024	ALX-FAIRFAX O & M	10-5051-00000 GF01		-71,852.00		
		To update Fairfax allocation.					
				71,852.00	-71,852.00	88,013,218.01	71,852.00
				485,083,940.01	**-485,083,940.01**	**88,013,218.01**	**133,829,353.48**

800.464.1976
YHBcpa.com

To Management and the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

In planning and performing our audit of the financial statements of Alexandria Renew Enterprises (the Authority) as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

Accounts Receivable Aging Reconciliation

As part of the audit, we obtained a listing of all receivable balances at the customer level. The total amount of receivables according to the listing provided exceeded the receivable balance per the Authority's trial balance. Management has determined that these amounts are related to various reconciling items from several prior years. We recommend management review the accounts receivable aging to determine how to properly address these reconciling items and bring the customer listing into alignment with the general ledger balances.

Schedule of Expenditures of Federal Awards (SEFA)

After the audit began, there were several adjustments made to the programs and amounts included on the schedule of expenditures of federal awards. These changes resulted from inquiries made during the audit process. Three additional federal award programs were added to the schedule which totaled approximately $67 million in additional federal expenditures reported on the SEFA. We recommend management accurately track all federal awards throughout the year to ensure that the schedule is up to date and accurate.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Authority and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving Alexandria Renew Enterprises and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Winchester, Virginia
DATE, 2024

November __, 2024

Yount, Hyde & Barbour, P.C.
P.O. Box 2560
Winchester, VA 22604

This representation letter is provided in connection with your audit of the basic financial statements Alexandria Renew Enterprises as of and for the years ended June 30, 2024 and 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of November __, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 24, 2024, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.

4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All funds that meet the quantitative criteria in GASB Statement No. 34; Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, and No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

7. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

8. The entity is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

9. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

10. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

12. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.

13. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.

14. Provisions for uncollectible receivables have been properly identified and recorded.

15. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.

16. The government has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.

17. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

18. We have no direct or indirect legal or moral obligation for any debt of the organization, public or private, that is not disclosed in the financial statements.

19. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.

20. We believe the implementation of the GASB Statements listed below is appropriate:
    a. GASB Statement No. 100, *Accounting Changes and Error Corrections*

21. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.

22. We have no knowledge of any uncorrected misstatements in the financial statements.

23. We have requested an unsecured electronic copy of the auditor's report and agree that the auditor's report will not be modified in any manner.

Information Provided

24. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;

    b. Additional information that you have requested from us for the purpose of the audit;

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

25. All transactions have been recorded in the accounting records and are reflected in the financial statements.

26. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

27. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

28. We have no knowledge of allegations of fraud or suspected fraud affecting the entity's financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the financial statements.

29. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, or others.

30. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

31. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

32. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

33. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize and report financial data.

34. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

35. It is our responsibility to inform you of all current and potential affiliates of the District as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the District may create threats to independence. We have:

    a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.

    b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the District's financial statements as a whole, (ii) the level of influence the District has over an entity's financial reporting process or (iii) the level of control or influence the District or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the District and YHB to identify and eliminate potential impermissible services and relationships between YHB or its associated entities and those potential affiliates, prior to the effective dates.

c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the District or any of our affiliates has engaged YHB or any of its associated entities to perform.

36. We agree with the findings of the specialists in evaluating net pension and other post-employment benefit plans (the Plans) and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

37. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.

38. We believe that the information obtained from the audited financial statements of and other participant information provided by the Virginia Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.

39. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

40. With respect to supplementary information presented in relation to the financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

41. With respect to Required Supplementary Information (Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Employer Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Investment Returns – OPEB Trust, Schedule of OPEB Contributions) presented as required by Government Accounting Standards Board to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

42. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

43. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.

44. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

45. Is responsible 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.

46. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.

47. Has a process to track the status of audit findings and recommendations.

48. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

49. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse that the auditor reports.

50. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

51. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

52. Management is responsible for understanding and complying with the federal statues, regulations, and terms and conditions of federal awards related to each of its federal programs.

53. Management is responsible for the design and implementation and maintenance, and has designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

54. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes has been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

55. Management will make the audited financial statements readily available to the intended users of the schedule no later than the issuance date by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.

56. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

57. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

58. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

59. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

60. Management believes that the auditee has complied with the direct and material compliance requirements.

61. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

62. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.

63. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

64. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

65. Management is responsible for taking corrective action on audit findings of the compliance audit.

66. There have been no prior audit findings or communications by federal awarding agencies and pass-through entities.

67. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

68. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.

69. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.

70. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

71. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

72. Management has charged costs to federal awards in accordance with applicable cost principles.

73. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by Uniform Guidance.

74. The reporting package does not contain protected personally identifiable information.

75. Management has accurately completed the appropriate sections of the data collection form.

76. Management has disclosed all contracts or other agreements with service organizations.

77. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

ALEXANDRIA RENEW ENTERPRISES

____
Justin Carl
Chief Executive Officer

____
Lake Akinkugbe
Chief Financial Officer

800.464.1976
YHBcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN ACORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activity of Alexandria Renew Enterprises as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprises' basic financial statements, and have issued our report thereon dated DATE, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexandria Renew Enterprises' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexandria Renew Enterprises' internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria Renew Enterprises' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria Renew Enterprises' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winchester, Virginia
DATE, 2024

ALEXANDRIA RENEW ENTERPRISES

Alexandria, Virginia

ALLOCATION OF CURRENT EXPENSES

FOR THE YEAR ENDED
JUNE 30, 2024

ALLOCATION OF CURRENT EXPENSES FOR OPERATIONS AND MAINTENANCE OF THE SEWAGE TREATMENT DISPOSAL SYSTEM BETWEEN ALEXANDRIA RENEW ENTERPRISES AND THE BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA

800.464.1976
YHBcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

Report on the Audit of the Schedule

Opinion

We have audited the accompanying allocation of current expenses for operations and maintenance of the sewage treatment disposal system (the "schedule") between Alexandria Renew Enterprises and the Board of Supervisors of Fairfax County, Virginia (the "County") for the year ended June 30, 2024 and the related notes to the schedule, in accordance with the agreement between Alexandria Renew Enterprises and the County dated October 1, 1998.

In our opinion, the schedule referred to above presents fairly, in all material respects, the allocation of current expenses for operations and maintenance of the sewage treatment disposal system between Alexandria Renew Enterprises and the Board of Supervisors of Fairfax County, Virginia for the year ended June 30, 2024, in accordance with the agreement between Alexandria Renew Enterprises and the County dated October 1, 1998 and in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Alexandria Renew Enterprises 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 opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the schedule in accordance with the agreement between Alexandria Renew Enterprises and the County dated October 1, 1998, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that are free from material misstatement, whether due to fraud or error.

In preparing the schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alexandria Renew Enterprises' ability to continue as a going concern for 12 months beyond the schedule date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 and *Government Auditing Standards* 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 Schedule.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, 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 schedule.
- 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 Alexandria Renew Enterprises' 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 schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alexandria Renew Enterprises' 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.

Report on Audited Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of Alexandria Renew Enterprises as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements. Our report thereon dated DATE, 2024, expressed an unmodified opinion on those financial statements.

This report is intended solely for the information and use of the Board and management of Alexandria Renew Enterprises and the County and is not intended to be and should not be used by anyone other than these specified parties.

Winchester, Virginia
DATE, 2024

ALEXANDRIA RENEW ENTERPRISES

Allocation of 2023 - 2024 Current Expenses for Operations and Maintenance of the Sewage Treatment Disposal System
Between Alexandria Renew Enterprises and the Board of Supervisors of Fairfax County, Virginia

For the Year Ended June 30, 2024

Item		Total Current Expense	Less: Portion applicable to facilities used solely by Alexandria — Administration	Pumping Stations	Current Joint Expense
Personnel services:					
Administration		$ 3,695,383	$ 619,836	$ 8,494	$ 3,067,053
Operation and maintenance		7,960,204	150,682	78,689	7,730,833
	Total Personnel Services	11,655,588	770,519	87,184	10,797,886
Contractual services:					
Employee retirement		1,581,090	104,521	11,827	1,464,742
Employee welfare		3,031,916	200,432	22,679	2,808,805
Property and liability insurance		663,752	- -	25,223	638,530
Utility service		4,413,179	- -	98,074	4,315,105
Equipment					
-Operations and maintenance		1,237,089	306,577	24,715	905,797
Process chemicals		3,821,102	- -	- -	3,821,102
Professional services		2,057,671	266,338	- -	1,791,333
Customer billing		1,242,242	1,242,242	- -	- -
Sewage disposal service					
-Arlington County		1,003,378	1,003,378	- -	- -
Residuals disposal		1,427,313	- -	- -	1,427,313
General expenses		1,588,955	64,600	- -	1,524,355
	Total contractual services	22,067,687	3,188,088	182,517	18,697,082
	Total current expenses	$ 33,723,275	$ 3,958,606	$ 269,701	$ 29,494,968

Computation of Share of 2023 - 2024 Current Expenses for Operations and Maintenance of the Sewage Disposal System
Used Jointly by Alexandria Renew Enterprises and Fairfax County to be Assumed by Fairfax County

Total Current Expenses		$ 33,723,275
Portion Applicable to Joint Use		$ 29,494,968
Total Sewage Flow Received at Treatment Plant	13,617,445 MG	
Portion Contributed by Fairfax County	5,576,847 MG	
Percentage of Total Flow Contributed by Fairfax County	40.95%	
Fairfax County's Share of Costs		$ 12,079,279
LESS: Payments Received from Fairfax County		12,163,884
PLUS: Due to Fairfax County Which Reduced December 2023 Payment Received		632,137
Total Gross Receipts from Fairfax County		$ 12,796,021
Fairfax County's Share of Costs		$ 12,079,279
LESS: Total Gross Receipts from Fairfax County		12,796,021
Total balance due to Fairfax County from Alexandria Renew Enterprises		$ (716,742)

See Accompanying Notes to Schedule.

ALEXANDRIA RENEW ENTERPRISES

Notes to Schedule of Allocation

June 30, 2024

Note 1. Basis of Presentation

The accompanying Allocation of 2023 - 2024 Current Expenses for Operations and Maintenance of the Sewage Treatment Disposal System between Alexandria Renew Enterprises and the Board of Supervisors of Fairfax County, Virginia, is presented in accordance with the agreement between Alexandria Renew Enterprises and the County dated October 1, 1998, on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America, except for the changes in pension plan actuarial adjustments.

Note 2. Estimates

Management uses estimates and assumptions in preparing the Schedule. Actual results could differ from those estimates. Management also applies judgment in allocating certain expenses among various line items, and in estimating the expenses attributable only to Alexandria Renew Enterprises.

ALEXANDRIA RENEW ENTERPRISES

Alexandria, Virginia

SINGLE AUDIT REPORTING PACKAGE

June 30, 2024

C O N T E N T S

800.464.1976
YHBcpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activity of Alexandria Renew Enterprises as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprises' basic financial statements, and have issued our report thereon dated DATE, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexandria Renew Enterprises' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexandria Renew Enterprises' internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria Renew Enterprises' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria Renew Enterprises' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Winchester, Virginia
DATE, 2024

800.464.1976
YHBcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Alexandria Renew Enterprises
Alexandria Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alexandria Renew Enterprises' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Alexandria Renew Enterprises' major federal programs for the year ended June 30, 2024. Alexandria Renew Enterprises' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alexandria Renew Enterprises complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit Compliance section of our report.

We are required to be independent of Alexandria Renew Enterprises and to meet our ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Alexandria Sanitation Enterprises' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, and rules and provisions of contracts or grant agreements applicable to Alexandria Renew Enterprises' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alexandria Renew Enterprises' compliance based on our audit. 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*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Alexandria Renew Enterprises' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Alexandria Renew Enterprises' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Alexandria Renew Enterprises' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Alexandria Renew Enterprises' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and fiduciary activity of Alexandria Renew Enterprises as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprise's basic financial statements. We issued our report thereon dated DATE, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Winchester, Virginia
DATE, 2024

ALEXANDRIA RENEW ENTERPRISES

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	**Federal Assistance Listing Number**	**Pass-Through Entity Identifying Number(s)**	**Passed Through to Subrecipients**	**Federal Expenditures**
U.S. Department of Environmental Protection Agency: Water Infrastructure Finance and Innovation Act (WIFIA) Loan (WIFIA Project No. N19103VA)	66.958	n/a	n/a	$ 50,639,337
Passed through Virginia Department of Environmental Quality				
U.S. Department of Treasury: COVID-19: American Rescue Plan Act, State and Local Fiscal Recovery	21.027	CSO-01	n/a	65,949,482
Passed through Virginia Resources Authority				
U.S. Department of Environmental Protection Agency: Capitalization Grant for Clean Water State Revolving Funds	66.458	CS-51001-19	n/a	1,439,101
Passed through Virginia Department of Social Services				
U.S. Department of Health and Human Services: COVID-19: Low Income Household Water Assistance Program	93.499	n/a	n/a	20,967
Total Expenditures of Federal Awards				$ 118,048,887

The accompanying notes are an integral part of this schedule.

ALEXANDRIA RENEW ENTERPRISES

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Alexandria Renew Enterprises under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Alexandria Renew Enterprises, it is not intended to and does not present the financial position, changes in net position or cash flows of Alexandria Renew Enterprises.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Outstanding Federal Award Loans

The Authority had the following outstanding loan balances for the WIFIA and Virginia Water Facilities Revolving fund loan listed in the Schedule of Expenditures of Federal Awards as of June 30, 2024.

Federal Assistance Listing Number	Grant Number	Loan Number	Balance Outstanding
66.958	n/a	N19103VA	$ 79,082,792
66.458	CS-510001-19	C-515652E-01	$ 6,120,605

Note 4. Indirect Cost Rate

Alexandria Renew Enterprises does not have a negotiated indirect cost rate. Entities that do not have a negotiated rate can elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Alexandria Renew Enterprises is not using the 10 percent de minimis indirect cost rate. The contract awards specify the maximum amount of indirect costs that are allowed to be reimbursed under each program.

Note 4. Relationship to Financial Statements

Federal expenditures are reported within the Authority's basic financial statements as follows:

Capital contributions	$ 65,949,482
Other grants	20,967
Proceeds from Water Infrastructure Finance and Innovation Act bond	50,639,337
Proceeds from Clean Water State Revolving Fund bond	1,439,101
	$ 118,048,887
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$ 118,048,887

ALEXANDRIA RENEW ENTERPRISES

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

I. Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified.
Internal control over financial reporting:	
• Material weakness(es) identified?	No.
• Significant deficiency(ies) identified?	No.
Noncompliance material to financial statements noted?	No.

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No.
• Significant deficiency(ies) identified?	None Reported.
Type of auditor's report issued on compliance for major programs:	Unmodified.
Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No.

Identification of major programs:

21.027	American Rescue Plan Act Wastewater Grant No. CSO-01

Dollar threshold used to distinguish between type A and type B programs	$3,000,000
Did the auditee qualify as low-risk auditee?	Yes.

II. Section II - Financial Statement Findings	None.
III. Section III - Federal Award Findings and Questioned Costs	None.
IV. Summary Schedule of Prior Audit Findings	None.

800.464.1976
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

We have audited the financial statements of the business-type activities and fiduciary activity of Alexandria Renew Enterprises (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated DATE, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Authority failed to comply with the terms, covenants, provisions or conditions of Section 9.10 of the Master Indenture of Trust between City of Alexandria, Virginia, Sanitation Authority and Crestar Bank, dated March 15, 1999, as amended by a First Supplemental Indenture of Trust between City of Alexandria, Virginia, Sanitation Authority and Crestar Bank, dated September 1, 1999. Further, in making the examination necessary for our audit, we have obtained no knowledge of the occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an Event of Default. However, our audit was not directed primarily toward obtaining knowledge of noncompliance as described in such agreement. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the above-referenced terms as described in the agreement.

This report is intended solely for the information and use of directors and management of the Authority, and U.S. Bank, as successor trustee to SunTrust Bank (and SunTrust Bank as successor to Crestar Bank), as bond trustee, and is not intended to be, and should not be, used by anyone other than these specified parties.

Winchester, Virginia
DATE, 2024

800.464.1976
YHBcpa.com

Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia

Management and the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

Independent Accountant's Report

We have examined management of Alexandria Renew Enterprises' assertion that the census data reported to the Virginia Retirement System by Alexandria Renew Enterprises during the year ended June 30, 2024, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in §51.1-136 of the Code of Virginia. Alexandria Renew Enterprises' management is responsible for its assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of Alexandria Renew Enterprises and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that the census data reported to the Virginia Retirement System by Alexandria Renew Enterprises during the year ended June 30, 2024, were complete and accurate based on the criteria set forth by the Virginia Retirement System and the Board of Trustees' plan provisions as mandated in §51.1-136 of the Code of Virginia, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Auditor of Public Accounts of the Commonwealth of Virginia and Alexandria Renew Enterprises and is not intended to be and should not be used by anyone other than these specified parties.

YOUNT, HYDE & BARBOUR, P.C.

Winchester, Virginia
DATE, 2024

Appendix A

We identified one control environment during this review for which Alexandria Renew Enterprises was responsible.

The following table reflects the population size and sample size for each procedure performed over the control environment for which Alexandria Renew Enterprises was responsible:

Required Audit Procedure	Population Size	Sample Size	Risks and Other Considerations Used to Determine Sample Size
Review of Census Data Elements	140	35	AICPA Audit Sampling Audit Guide dated December 1, 2019, Chapter 3, *Nonstatistical and Statistical Audit Sampling in Tests of Controls*, Table 3-4, *Limited Effect of Population Size on Sample Size*, using parameters of 10% Risk of Overreliance, 10% Tolerable Rate of Deviation, and 1% expected population deviation rate.
Review of Eligibility of Newly Enrolled Members Reported to the VRS	17	4	AICPA Audit Sampling Audit Guide dated December 1, 2019, Chapter 3, *Nonstatistical and Statistical Audit Sampling in Tests of Controls*, Table 3-5, *Testing Operating Effectiveness of Small Populations*.
Review of Monthly *my*VRS Navigator Contribution Confirmation Reconciliations	12	4	Same as above
Review of *my*VRS Navigator System Access	3	3	Same as above

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alexandria Renew Enterprises
Alexandria, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activity of Alexandria Renew Enterprises (AlexRenew), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Alexandria Renew Enterprises' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activity of Alexandria Renew Enterprises, as of June 30, 2024 and 2023, and the respective changes in its financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alexandria Renew Enterprises 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.

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 Alexandria Renew Enterprises' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 and *Government Auditing Standards* 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*, 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 Alexandria Renew Enterprises' 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 Alexandria Renew Enterprises' 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 Analysis 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's 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 DATE, 2024 on our consideration of Alexandria Renew Enterprises' 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 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 Authority'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 Alexandria Renew Enterprises' internal control over financial reporting and compliance.

Winchester, Virginia
DATE, 2024

AlexRenew

FISCAL YEAR 2026 BUDGET PREVIEW

FINANCE AND AUDIT COMMITTEE MEETING | NOVEMBER 12, 2024

OUTLINE

01 AlexRenew's Annual Budget Cycle

Overview of the annual budget development process

02 Fiscal Year 2026 Budget Schedule

Anticipated schedule for the Fiscal Year 2026 Budget and Rate Recommendation

03 Fiscal Year 2026 Budget Preview

Anticipated drivers and initiatives for the Fiscal Year 2026 Budget

ALEXRENEW

ANNUAL BUDGET CYCLE

Budget Goals
Set budget goals and targets for upcoming fiscal year.

Preliminary Budget Forecast
Prepare forecast of revenues and expenditures, including budget priorities and capital improvement plan needs.

Rate Model
Exercise rate model to validate current rates and, if needed, propose adjustments.

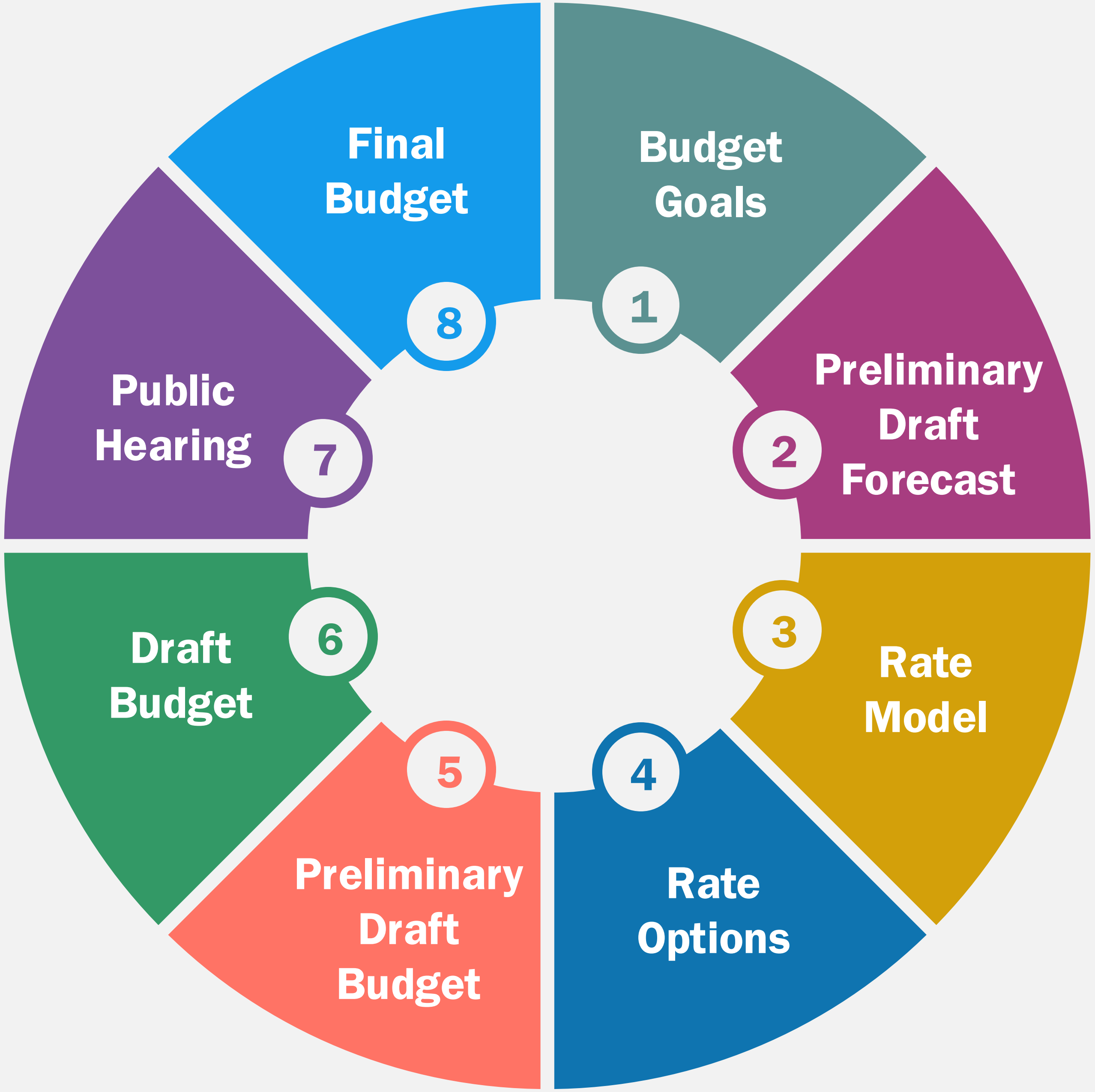
Rate Options
Present rate options to Board for feedback.

Preliminary Draft Budget
Present Preliminary Draft Budget to Board for feedback.

Draft Budget
Board adopts draft budget and approves resolution for public hearing.

Public Hearing
Hold public hearing to present draft budget to stakeholders.

Final Budget
Board approves and implements budget.



ALEXRENEW

FISCAL YEAR 2026 BUDGET SCHEDULE

November 12, 2024
Finance and Audit (F&A) Committee Meeting

Presentation on FY2026 Budget Preview

March 11, 2025
F&A Committee Meeting

Presentation on Preliminary Draft Budget and Rate Recommendation

March 18, 2025
Board Meeting

F&A presents Preliminary Draft Budget and Rate Recommendation for consideration

April 15, 2024
Board Meeting

Adopt Draft Budget and Rate Recommendation for Public Hearing

May 17, 2024
Public Hearing

Present Draft Budget and Rate Recommendation for Public Comment

June 17, 2025
Board Meeting

Approve Budget and Rate Recommendation

ALEXRENEW

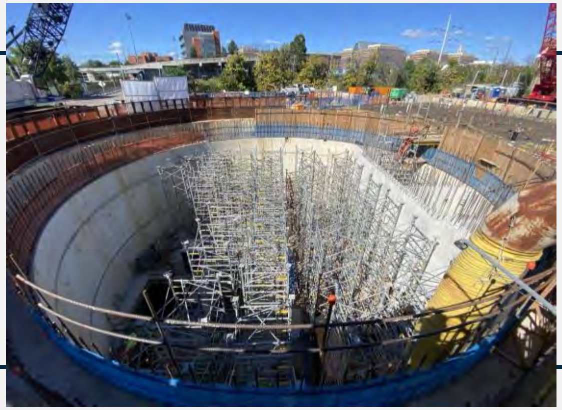
FISCAL YEAR 2026 BUDGET PREVIEW

	OPERATING	DEBT SERVICE	CAPITAL
EXPENSES	⁄ Addition of Process Engineer, Asset Manager, Process Analyst, Technical Trainer, and two Service Workers ⁄ Maintain a total salary budget (performance-based merit and awards) of 5 percent	⁄ Approximately $20 million in total debt service payments for VRA, CWLRF, WIFIA, and 2024 Green Bonds	⁄ Projected $100 million investment in RiverRenew as the Tunnel Project enters its 5th year of construction ⁄ $50 million of anticipated spending to support the Solids Upgrade Program, Preliminary and Primary Systems Upgrade, and Tertiary System Upgrade
REVENUES	⁄ Rate increase (between 5-6 percent) to support ongoing RiverRenew investments	⁄ Approximately $300,000 of projected interest income	⁄ Estimated $30 million Fairfax County capital contributions to support the Solids Upgrade Program, Preliminary and Primary Systems Upgrade, and Tertiary Systems Upgrade ⁄ $1 million of projected interest income

Note: *Quantitative projections are preliminary estimates and subject to change as the Fiscal Year 2026 Budget and Rate Recommendation is developed*

ALEXRENEW

MAJOR FISCAL YEAR 2026 CAPITAL INVESTMENTS



Solids Upgrade Program

- Finalize design and start construction of short-term upgrades
- Continue design of medium-term upgrades (drying facility)

Preliminary and Primary Systems Upgrade

- Finalize design and start construction on primary weir observation house, primary settling tanks, and sludge pumps

Tertiary Systems Upgrade Project

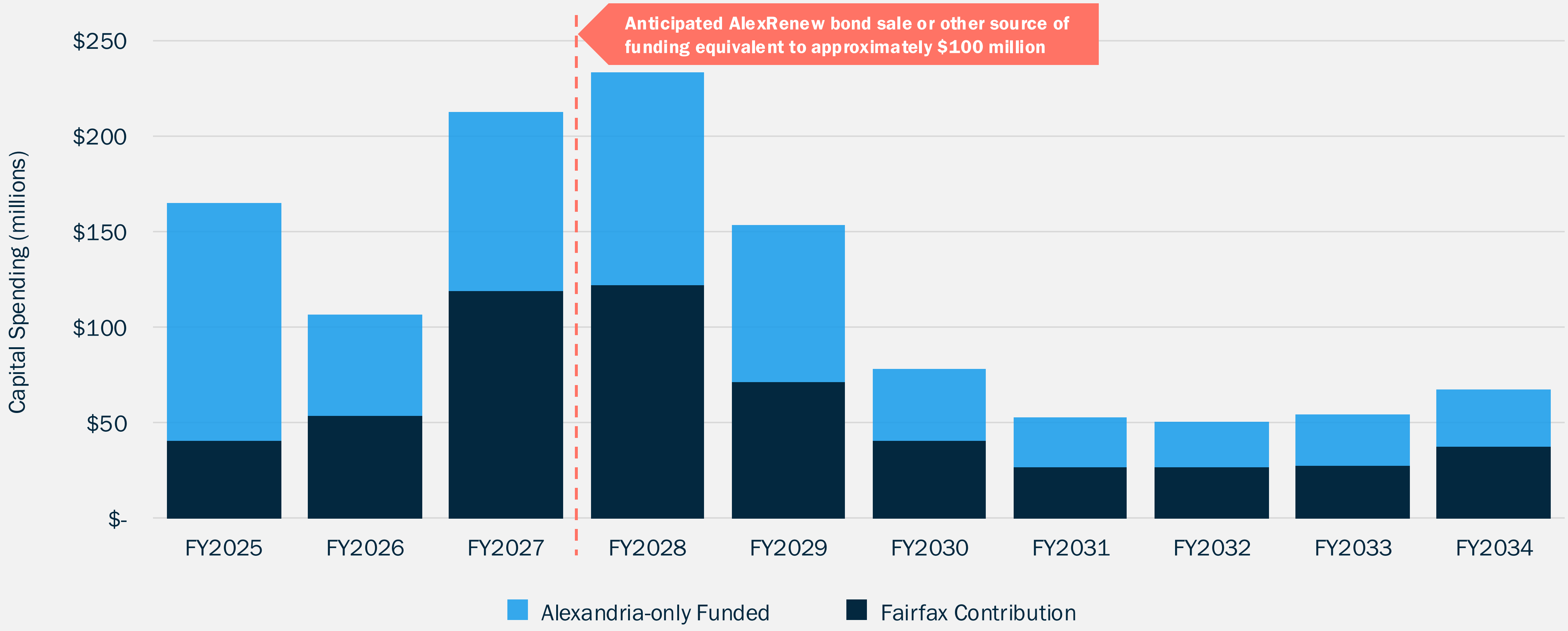
- Procure design-builder
- Execute contract and begin planning and design

RiverRenew Tunnel Project

- Complete pumping stations
- Finalize construction at outfall sites
- Conduct operational demonstration

ALEXRENEW

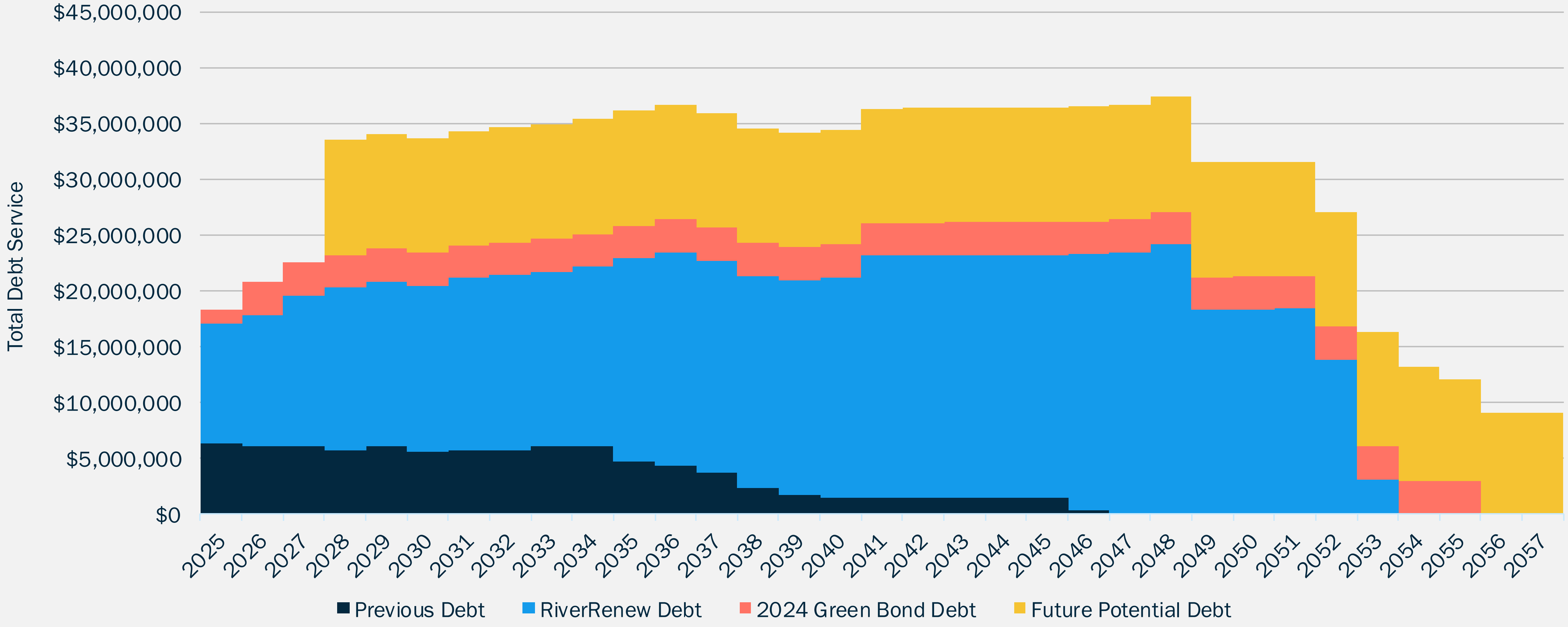
PROJECTED 10-YEAR CAPITAL IMPROVEMENT PROGRAM EXPENSES



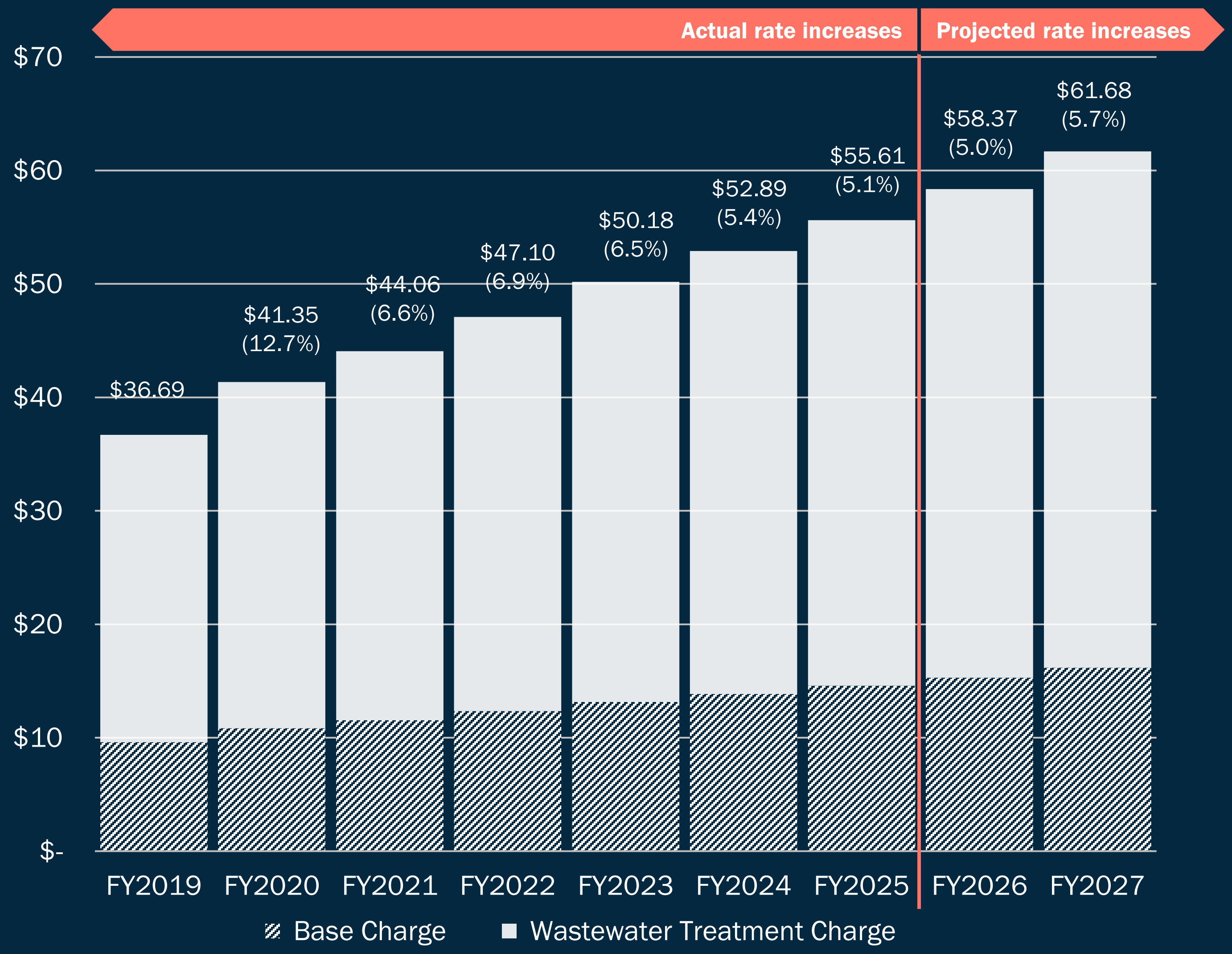
Notes: *(1) Projected expenses include the Improvement, Renewal, and Replacement (IRR) Program costs*
(2) Projection includes updated spending for the Solids Upgrade Program and the Preliminary and Primary System Upgrade Project

ALEXRENEW

PROJECTED ANNUAL DEBT SERVICE



Notes: *(1) Future Potential Debt is projected and subject to change based on the actual cost of ongoing capital projects*
(2) Debt Service does not reflect debt from future yet-to-be-determined capital projects



Notes: (1) Data represents the average monthly bill based on 4,000 gallons of use
(2) Data excludes City of Alexandria sanitary sewer charge
(3) FY2026-27 rates are projections only and not finalized

ALEXRENEW RATE ADJUSTMENTS TO SUPPORT RIVERRENEW

- Rate setting follows the Board's *Resolution on Rate Adjustment Principles*
- Since Fiscal Year 2020, two-year rate adjustments have been adopted to primarily fund RiverRenew
- In the Fiscal Year 2026 Budget, AlexRenew will propose the second to last two-year rate increase to support the implementation of RiverRenew

AlexRenew