Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2010

(July 1, 2009 - June 30, 2010)

DEPARTMENT OF MANAGEMENT AND FINANCE

Mark J. Schwartz, Director
Barbara A. Wiley, Comptroller

The FY 2010 Comprehensive Annual Financial Report is printed on paper consisting of 100% recycled content (post-consumer fiber).

ARLINGTON
VIRGINIA

Vision

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

ARLINGTON COUNTY BOARD

Mission

High Quality Service

Leadership Philosophy

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

Principles of Government Service

***Ethics/Stewardship * Diversity / Inclusion ***
***Commitment to Employees**
***Leadership * Teamwork * Empowerment / Accountability ***

ARLINGTON COUNTY, VIRGINIA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

TABLE OF CONTENTS

INTRODUCTION

		Page
	Letter of Transmittal	1
	Certificate of Achievement for Excellence in Financial Reporting	10
	Organization Chart	11
	Directory of Officials	12

FINANCIAL

	Independent Auditors' Report	17
	Management's Discussion and Analysis	20

Basic Financial Statements

Exhibit

1	Statement of Net Assets	31
2	Statement of Activities	32
3	Balance Sheet – Governmental Funds	34
3(A)	Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	35
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	36
4(A)	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	37
5	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	38
6	Statement of Net Assets – Proprietary Funds	40
7	Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	41
8	Statement of Cash Flows – Proprietary Funds	42
9	Statement of Fiduciary Net Assets	43
10	Statement of Changes in Fiduciary Net Assets	44
	Notes to the Financial Statements	45

Other Supplementary Information

X	Combining Balance Sheet- Non-Major Governmental Funds	95
Y	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96
	General Fund:	
A-1	Balance Sheet	98
A-2	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	99
	Special Revenue Funds:	
B-1	Combining Balance Sheet	101
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	102
B-3	Travel and Tourism Promotion Fund	103
B-4	Rosslyn Business Improvement District Fund	104
B-5	Crystal City Business Improvement District Fund	105
B-6	Community Development Grants Fund	106
B-7	Section 8 Housing Program	107
	Capital Projects Funds:	
C-1	Combining Balance Sheet	109
C-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	110
	Enterprise Funds:	
D-1	Combining Balance Sheet	112
D-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	114
D-3	Combining Statement of Cash Flows	115
	Internal Service Funds:	
E-1	Combining Balance Sheet	117
E-2	Combining Statement of Revenues, Expenses and Changes in Net Assets	118
E-3	Combining Statement of Cash Flows	119
	Fiduciary Funds:	
F-1	Combining Statements of Net Assets Trust Funds	121
F-2	Combining Statements of Changes in Net Assets Trust Funds	122
F-3	Statement of Changes in Plan Net Assets – Pension Trust Fund	123
F-4	Combining Statements of Net Assets Agency Funds	124
F-5	Combining Statements of Changes in Assets and Liabilities - Agency Funds	125
	Discretely Presented Component Unit - Schools:	
G-1	Combining Balance Sheet	128
G1(A)	Reconciliation of the Fund Balances of Component Unit – Schools to Net Assets of the Component Unit - Schools	129
G-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	130
G2(A)	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Component Unit - Schools	131
G-3	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual	132
G-4	OPEB Trust Fund – Schools, Balance Sheet	135
G-5	OPEB Trust Fund – Schools, Statement of Changes in Plan Net Assets	136
	SUPPLEMENTAL SCHEDULES	
S-1	Schedule of Treasurer's Accountability to the County - All Funds	139
S-2	Combined Schedule of Investments - All Funds	142
S-3	Combined Schedule of Long-Term Obligations	144
S-4	Schedule of Delinquent Property Taxes Receivable	153
S-5	Real Estate and Personal Property Tax Levies and Collections	154
S-6	Schedule of General Capital Assets - By Source	155

S-7 Schedule of Changes in General Capital Assets - By Function and Activity 156
S-8 Schedule of General Capital Assets - By Function and Activity 157
S-9 Detail Schedule of Revenues - Budget (GAAP Basis) and Actual - General and Special Revenue Funds 158
S-10 Detail Schedule of Expenditures - Budget (GAAP Basis) and Actual - General and Special Revenue Funds 160
S-11 Schedule of Capital Outlays and Capital Projects - Governmental Fund Types 162

STATISTICAL (Unaudited)

A Net Assets by Component – Last Four Fiscal Years 164
B Changes in Net Assets – Last Four Fiscal Years 165
C Fund Balances, Governmental Funds and Other Component Unit-Last Ten Fiscal Years 167
D Changes in Fund Balances of Governmental Funds - Last Four Fiscal Years 168
D-1 General Governmental Expenditures by Functions –Last Ten Fiscal Years 169
D-2 General Governmental Revenues by Source –Last Ten Fiscal Years 170
E General Governmental Tax Revenues by Source - Last Ten Fiscal Years 171
F Assessed and Actual Value of Taxable Property - Last Ten Fiscal Years 172
G Principal Taxpayers – Current and Nine Years Ago 173
H Property Tax Levies and Collections – Last Ten Fiscal Years 174
I Ratios of Outstanding Debt by Type - Last Ten Fiscal Years 175
I-1 Ratio of General Bonded Debt Outstanding – Last Ten Years 176
J-1 Pledged-Revenue Coverage Ballston Public Parking Garage-Last Ten Fiscal Years 177
J-2 Pledged-Revenue Coverage Utilities Bond Coverage-Last Ten Fiscal Years 178
K Demographic Statistics – Last Ten Fiscal Years 179
L Principal Employers-Current and Nine Years Ago 180
M Full-time Equivalent Government Employees by Function 181
N Operating Indicators by Function-Program –June 30, 2010 182
O Capital Assets Statistics by Function/Program – June 30, 2010 183
P Percentage of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures 184
Q Schedule of Insurance- Last Ten Fiscal Years 185
R Construction Activity, Bank Deposits and Real Property Value-Last Ten Fiscal Years 189
S Business and Professional License Tax Revenues – Fiscal Years 2001-2010 190
T Certificate of No Default- June 30, 2010 191
U Largest Users of the Water & Sewer Systems- For the twelve months ending June 30, 2010 192
V Description of the Wastewater & Water System & Wastewater & Water Rates- June 30, 2010 193
W Certificate of Consulting Engineer 196

FEDERALLY ASSISTED PROGRAMS

Independent Auditors' Reports 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 198
Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in accordance with OMB Circular A-133 200
Schedule of Expenditures of Federal Awards 203
Notes to Schedule of Expenditures of Federal Awards 209
Schedule of Findings and Questioned Costs 210
Schedule of Prior Year Findings and Questioned Costs 214

ARLINGTON
VIRGINIA

INTRODUCTION

ARLINGTON
VIRGINIA

DEPARTMENT OF
MANAGEMENT AND FINANCE

2100 Clarendon Blvd., Suite 501 Arlington, VA 22201
TEL 703.228.3415 FAX 703.228.3401 EMAIL dmf@arlingtonva.us

October 28, 2010

Chairman Fisette and Members of the County Board:

Section 15.2-2511 of the Code of Virginia requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (the "CAFR") of Arlington County, Virginia (the "County") for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in the report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Arlington County financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

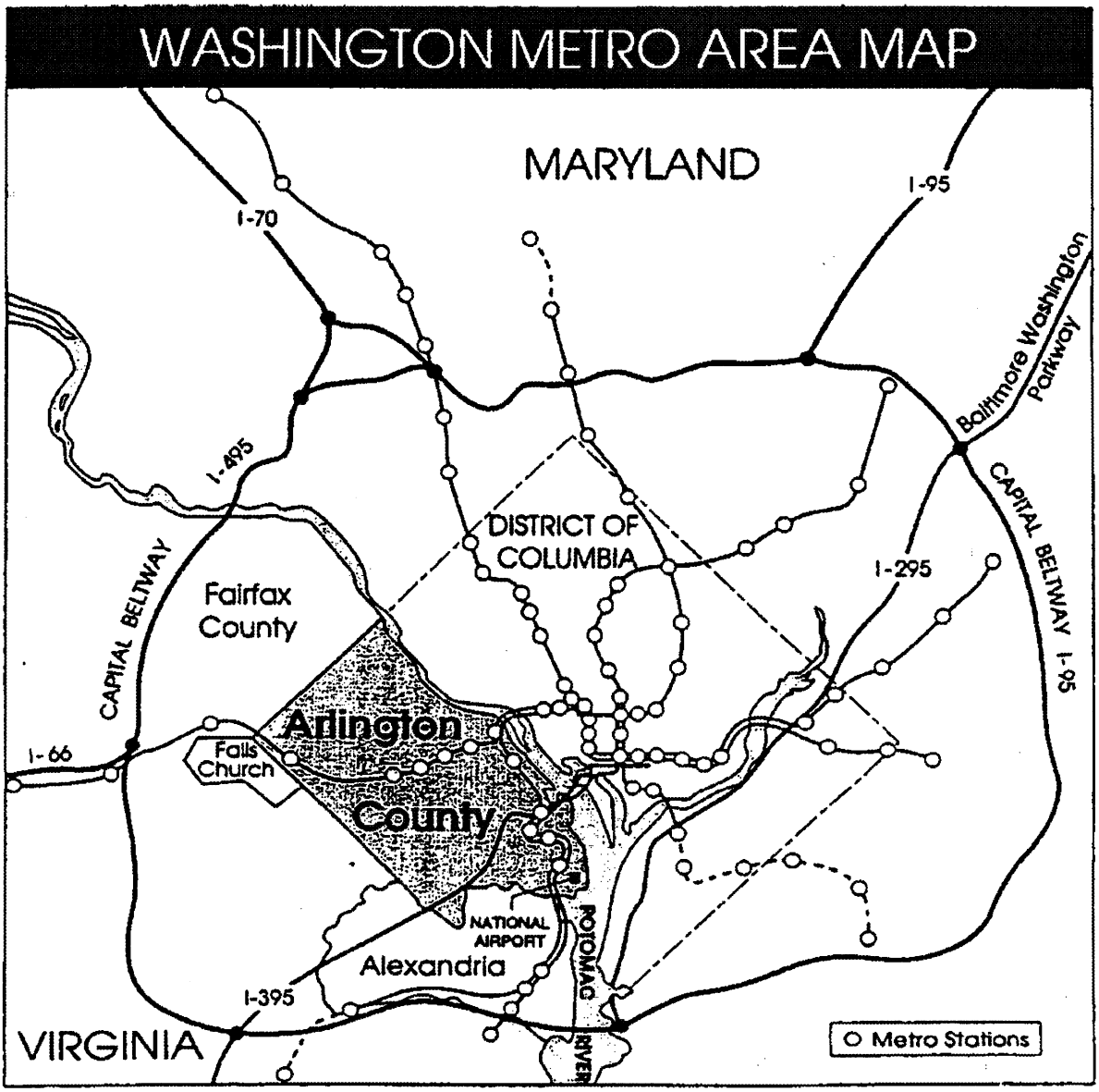
The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The reports are available in the last section of the CAFR under the heading Federally Assisted Programs.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter or transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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

The geographical area of the County is 25.7 square miles of which 4.6 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and thereby establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be


WASHINGTON METRO AREA MAP
MARYLAND
I-70
I-95
Baltimore Washington Parkway
I-495
CAPITAL BELTWAY
DISTRICT OF COLUMBIA
I-295
CAPITAL BELTWAY I-95
Fairfax County
Arlington County
Falls Church
I-66
NATIONAL AIRPORT
POTOMAC RIVER
Alexandria
I-395
VIRGINIA
Metro Stations

subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land in Arlington County is almost totally developed; there are no farms and few areas of vacant land. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metrorail subway corridors.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2010 was $54.0 billion. The County government's adopted budget for all funds for Fiscal Year 2010 totaled $1,192.2 million, which included $438.6 million for public primary and secondary education The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager's responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932.

Arlington County is also financially accountable for a legally separate school system (the "Schools") which is reported separately within the County financial statements. The five-member School Board is elected by the citizens. The School Board appoints the Superintendent of Schools as the chief administrative officer for the County's public school system. The School Board has no taxing authority or authority to issue debt and receives its spending authority from the County Board. Additional information on this legally separate entity can be found in Note 1.I.A in the notes to the financial statements.

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

Because of its unique unitary structure, the County provides a full range of local government services often associated with both cities and counties. These services include public safety (police and fire protection), judicial (courts, prosecuting offices and detention center), water and sewer, health, welfare and social services, public improvements, streets and highways, planning and zoning, community planning and development, libraries, parks and recreation, education and general administrative services. With respect to streets and highways, the County is one of only a few of the ninety-five counties in the Commonwealth of Virginia which are responsible for street and highway construction and maintenance; in the other counties, the Virginia Department of Transportation is the responsible entity. Also, the County is one of the few jurisdictions in Virginia that has fully melded the State health function into its County government organization.

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

Public hearings on the proposed budget and tax rates are held in March; the County Board also holds a series of work sessions during which preliminary funding decisions regarding proposed operating and capital programs are considered. Final County Board decisions are incorporated into the appropriation, tax, and budget resolutions for the fiscal year. These resolutions are generally approved by the County Board in April and a separate Adopted Budget document is issued subsequent to the Board approval. Under Virginia law, the County Board must adopt a School Board budget no later than May 1 of the current fiscal year.

The annual budget is prepared by fund, department, program and type of expense within departments/programs. Department directors may make transfers of appropriations within a department with Department of Management and Finance approval. Transfers of appropriations between departments, and transfers between funds require the approval of the County Manager and County Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit 5 as part of the basic financial statements for the governmental activities. For governmental funds, other than the general fund, with appropriated annual budgets, these comparisons are presented in the supplemental subsections of this report, in Exhibits B-3, B-4, B-5, B-6 and B-7. For the discrete component unit Schools, these comparisons are presented in Exhibit G-3.

Factors Affecting Financial Condition

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

Local Economy

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River, Arlington is a lively hub of commerce, culture, recreation and tourism, supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and rental development that serves to diversify its property tax base. The outlook for the Arlington economy is stable, in spite of a recession nationally and regionally. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to office demand, retail sales, and tourism all showing stable or improved levels over the past two years. Arlington's 2010 tax base is approximately divided between 43% commercial and 57% residential properties, enabling the County to maintain a competitive property tax rate in the Washington DC region. In 2010, the tax rate was $0.958 per $100 of assessed value. Assessed valuation of real property has decreased 7.2% this year, due to decreases in both residential assessments and commercial sectors. CY 2010 assessments represent the first year-over-year decrease in the tax base since 1995.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. High-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife with more than six million square feet of retail space, over 500 restaurants and live theaters make Arlington a premier place to live, work, play and stay. Arlington is the epitome of smart growth and new urbanism. Since 1960, some thirty-eight million (38M) square feet of office and commercial space has been built in the Rosslyn-Ballston or Jefferson Davis corridors, which also contain ninety percent (90%) of Arlington's over 10,000 hotel rooms. This excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In addition, more than 7,000 new residential units have been delivered in the past three years and over 1,000 remain under construction. No community in America has had a stronger commitment to transit-oriented development. In the 2nd quarter of 2010, the County's office vacancy rate was 8.6%. The residential unemployment is very low, averaging 4.4% for FY 2010, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In July 2010, the County's outstanding financial management, solid reserve levels, controlled expenditure growth and significant steps taken to reduce the County's total liability for post-retirement benefits were cited as reasons Standard and Poor's, Moody's, and Fitch's Investor Services reaffirmed the County's top AAA/Aaa/AAA ratings. The triple AAA/Aaa/AAA rating validates that Arlington's financial position is strong, with ample liquidity, sound general fund reserves, a competitive tax structure, and excellent financial planning. The continued growth of high wage jobs in the technology, research and financial services sectors, high per-capita retail sales and strong operating reserves serve to establish Arlington County, as of June 30, 2010, as only one of 35 counties in the United States with top bond ratings from all three major bond-rating agencies.

Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2001, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. The annual budget serves as Arlington's annual operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Five core themes are contained in the 2010 Management Plan that support the Board's vision:

Arlington Vision

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

— Arlington County Board

- Economic Sustainability
- Social Safety Net
- Capital Program
- Environmental Sustainability
- Employer of Choice

The budget adopted by the County Board for fiscal year 2011, despite a reduction in some services, protects our core values – maintaining fiscal prudence and sustainability while promoting a safe and diverse community that cares for those in need and rewards and preserve the workforce. The General Fund budget increase is the second smallest in the past 25 years, a 1.0% increase from FY 2010, with no new programs supported by local tax revenues. The approved budget includes a combination of program reductions and revenue increases as well as increased the level of operating reserves and set aside a stabilization fund to address the continuing economic uncertainties in the upcoming fiscal year. The approved budget includes $13.7 million in budget reductions on top of the $19.8 million in FY 2010 reductions. The FY 2011 adopted budget represents a sustainable balance between responsible taxation and fee policies, and strategic investment in the community for today and the future. By maintaining core services and enhancing the safety net, the adopted budget demonstrates that Arlington's economy remains strong, even as the country struggles towards economic recovery.

Taxes and Fees

The budget is the single most important policy document that a governing body enacts annually. Obviously, the budget has to be "balanced" fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The Board approved a CY 2010 real estate tax rate of $0.945 cents per hundred dollars of assessed value, an 8.0 cent increase over CY 2009. In addition, the stormwater tax rate was increased 0.3 cents, from $0.01 to $.013, for a combined tax rate of $0.958 cents. Arlington remains one of the best values for the dollar among local jurisdictions and Fairfax City is the only jurisdiction in Northern Virginia with a tax rate lower than Arlington.

A greater share of the tax burden is carried by the commercial sector, relative to homeowners, than any of its neighbors. This is the fiscal benefit of "smart growth." Because of the assessment method used for automobiles, it also has one of the lowest effective personal property tax rates. Consistent with past practice, the County Board approved increased fees for programs that are self-supporting, including solid waste collection and recycling, water and sewer services, permit and other fees associated with the Community Planning and Housing Development (CPHD) Development Fund. Fees were also raised for a variety of parks and recreation programs.

Protecting the Most Vulnerable

The FY 2011 adopted budget increased spending $1.4 million for safety net programs to help residents most severely hurt by the economy. The increase meets the demand for essentials such as food and housing assistance. Funds that had been used for homeowner grants were redirected to enhance rental assistance to those most in need. The FY 2011 budget also added $1 million in additional funds to the Affordable Housing Investment Fund.

Education

Like most local governments, Arlington's largest single expenditure is for schools. The public school system represents more than a third of total general fund spending, and accounts for almost half of local tax dollars. The transfer amount is based on the revenue sharing agreement for allocating County taxes between the County and the Schools. For FY 2011, the Schools will receive 49.1% of the local tax revenues included in the formula, which remains flat from FY 2009. The County's total funding transfer to the Schools increases 2.3% in FY 2011, fully funding an increase in School enrollment. The County is proud of the continuing accomplishments of its students and schools. Achievement has been rising for all student groups, while the achievement gap has narrowed While SAT participation rates remained essentially flat from 2009 to 2010, Arlington experienced marked increases in SAT test averages over the same time frame and continues to outpace state and national averages. In addition, Standard of Learning pass rates have increased, and more students are taking advanced classes. In June 2010, Newsweek's annual ranking of high schools places all four Arlington Public Schools high schools in the top one-half percent of high schools in the United States. Arlington's commitment to schools is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, less than 20% of School funding comes from sources other than local taxes. In Prince William County, for instance, more than half the cost of schools is paid by the state, while Arlington pays over 80 percent of the cost of educating our students.

Internal Control and Budgetary Accounting

The County's management team is responsible for designing, implementing and monitoring internal controls to protect the assets of the government from loss, theft or misuse and to ensure the financial statements are prepared in conformity with generally accepted accounting principals. Internal controls are intended to provide reasonable, but not absolute, assurance that

these objectives are met. The concept of reasonable assurance recognizes that the costs of controls should not exceed the benefits that are expected from the controls.

The annual fiscal year budget serves as the annual operating plan, and is one of the three major strategic documents in the County regarding planning, in conjunction with the Annual Management Plan and the County Comprehensive Plan. Annual appropriations are adopted for the General, Utilities, Special Revenue and Internal Service Funds. Appropriations are controlled at the department level. Management can transfer funds within a department's budget as long as the total departmental appropriation is not changed without approval from the County Board. The County Board must approve changes to adopted appropriation levels. These changes can be in the form of allocations from previously established contingent accounts, appropriations from new or additional revenues, especially grants from the state or federal government, and from reappropriations from a previous fiscal year.

A six-year capital improvement program is developed and approved separately from the operating budget. The School Board prepares a separate operations budget, supported to a large degree by transfers from the County General Fund.

In the FY 2010 budget, the County Board approved the establishment of a $10 million Budget Stabilization Fund, to be used if needed due to unanticipated economic deterioration, impacts from budget reductions and additional safety net requirements. The Budget Stabilization Fund was used in FY 2010 to cover State reductions for public safety, revenue shortfalls, and expenses associated with the voluntary separation program. In the FY 2011 budget, the County Board approved a mix of $2.3 million of one-time funding and $1.1 million in ongoing funding for a total of $3.3 million in the Budget Stabilization Fund. In addition, the County Board approved one-time funding to increase the Operating Reserve from 3.25% to 3.5% of the General Fund budget.

Capital Improvement Program

The County Manager biennially submits a six year Capital Improvement Program (CIP) to the County Board. The CIP addresses all known facility and infrastructure needs of the County, including the needs of the Arlington County Public Schools. The CIP includes a detailed description of each capital project, identifying every source of funding, including pay-as-you-go (PAYG), bond financing, and master lease financing. The source of funding is largely determined based on the useful life of the project. Bond-funded projects typically have a useful life at least as long as the period over which the bonds will be repaid (generally twenty years). Master lease-financed projects generally have useful lives of three to ten years and typically include furniture, equipment, rolling stock and technology purchases. PAYG funds provide greater flexibility and are appropriated annually from general fund revenues. Each project budget identifies the financial impact on the operating budget, if any. The County balances the use of debt financing sources against the ability to utilize PAYG funding for capital projects. While major capital facility projects will generally be funded through bonds, the County attempts to maintain an appropriate balance of PAYG vs. debt, particularly in light of the County's debt capacity and analysis of maintenance capital needs. As part of each biennial CIP process, the County conducts a comprehensive assessment of its maintenance capital needs. The CIP includes an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.

On June 15, 2010 the Arlington County Board adopted a Capital Improvement Program (CIP) for fiscal year 2011 to 2016, totaling $1.2 billion for the County and Arlington Public Schools. Highlights include:

- Continued planning and development for the Long Bridge aquatics and fitness center.
- Columbia Pike streetcar and redevelopment of the corridor.
- Street redevelopment and transit initiatives in Crystal City.
- Separate allocations for Park Land Acquisition & Open Space and Facilities Infrastructure & Land Acquisition. Strong commitment to Metro in the six-year plan, with $85.8 million in new funding (plus $35.8 million in previously authorized bond funding and existing state aid) budgeted for the agency's capital needs between FY 2011 and FY 2016.
- Full funding of the CIP adopted by the School Board, including Wakefield High School.
- Focus on maintaining existing infrastructure, facilities, and technology.

Debt Management

The County prudently uses debt instruments, including general obligation bonds, revenue bonds, industrial development authority (IDA) revenue bonds, and master lease financing in order to provide re-investment in public infrastructure and to

meet other public purposes, including inter-generational tax equity in capital investment. The County adheres to the following debt affordability criteria (excluding overlapping and self-supporting debt).

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

Cash Management Policies and Practices

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

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

The Pension Trust Fund is also authorized to make investments as deemed appropriate by its Board of Trustees and in compliance with the U.S. Department of Labor regulations. It is required by County ordinance to maintain at least twenty percent of its portfolio in fixed income investments.

Investments in the Pension Trust Fund consist of investment instruments, domestic and international stocks and bonds, U.S. Treasury notes and bonds, and real estate and real estate notes which are held in the County's name by the Fund's Trustee who serves as the Pension System's agent. Temporary investment funds on deposit with financial institutions were fully insured by the Federal Deposit Insurance Corporation up to $250,000 for each Retirement System participant. Investments are recorded at fair value based on quoted closing market prices except for real estate funds reported in the Pension Trust Fund. For alternative investments, which include real estate investments, where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for individual investments based upon the partnership's most recent available financial information. In accordance with its adopted investment policy, the Retirement System has invested in foreign currency forward contracts, which are valued at fair market value, as a risk management tool.

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

Risk Management and Reserves

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the General Fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The amount of settlement did not exceed the insurance coverage for each of the last three years.

In addition, the County has designated a General Fund balance self-insurance reserve of $5.0 million as of June 30, 2010. The County also maintains a General Fund operating reserve that totaled $35.1 million as of June 30, 2010. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, previously set at two percent of the General Fund budget, is now at least 3.75 percent with a goal of increasing to five percent of the General Fund budget.

Pension Benefits

The County participates in two separate pension systems. The Virginia Retirement System (VRS) covers most School Board employees and some County employees affiliated with State agencies. VRS is administered by the State, which bills the County for a portion of the employer's share of contributions. The Arlington County Employee's Supplemental Retirement System ("the System") covers all other County employees. The Arlington County Code requires the System to have an actuarial valuation at least biennially. For the year ended June 30, 2010, the County's annual pension cost of $42.9 million equaled 100% of the required contributions due.

Other Post-employment Benefits (OPEB)

In addition to the pension benefits described above, the County provides post-employment health care benefits to all permanent employees who meet the requirements under the County's or the State's pension plans. Eligibility is contingent upon the retiree being eligible for one of the County's current health plans at the time of retirement. The County Board considers and approves these benefits annually as part of the Adopted Budget process. As of June 30, 2010, 1,496, and 1,650 retirees were both eligible and received benefits from the health and life plans, respectively. Funding for these benefits is made on a pay-as-you-go basis.

In June 2004, the Government Accounting Standards Board (GASB) issued Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. The County, beginning in fiscal year 2008, accounted for and reported in its financial statements the cost of Other Post Employment Benefits (OPEB) – health insurance, life insurance and other non-pension benefits provided to its retirees. GASB 45 required that the cost of our OPEB commitments be accounted for and reported in the same manner as pensions.

In an actuarial analysis dated June 30, 2010, the County's actuary estimated an OPEB liability of $199.5 million (for the Fiscal Year ending June 30, 2010) with an Annual OPEB Cost (AOC) of $16.7 million and a net OPEB obligation of $0.3 million. The County Budget for FY 2011 fully funds the AOC.

In an actuarial analysis dated, June 30, 2010 the Schools' actuary estimated an OPEB liability of $98.7 million (for Fiscal Year ending June 30, 2010) with an AOC of $9.4 million and a net OPEB liability of $18.6 million. In addition the Schools have a $0.7 million health care reserve which will be contributed to the OPEB trust in FY 2011 if not needed for other purposes. The Schools' Budget for FY 2011 fully funds the AOC.

Both the County and Schools will receive annual actuarial updates and continue to monitor health care costs and consider additional plan design changes if necessary.

Annual Disclosure

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the County has agreed, for the benefit of the owners of County bonds, to provide to Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB) and to any appropriate state information depository ("SID"), if any is hereafter created, certain financial information (the "Annual Report") not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ending June 20, 1996. The financial information which the County has agreed to annually provide includes "Debt Statement", "Total General Obligation Debt Service", "Ten-Year Summary of General Fund Revenues and Expenditures", "General Fund Balance", "Principal Tax Revenues by Source", "Property Tax Levies and Collections", "Historical Assessed Valuation", "Local Sales Tax Revenue", "Business and Professional License Tax Revenues", "Description of County's Wastewater and Water Systems", "Debt Payable From or Secured By County's Wastewater and Water Systems", "Financial Information and Operating Data for the Utilities Enterprise Fund, as of the Preceding Fiscal Year, including Description of Revenues and Expenses, Largest Users, Summary of Rates and Fees, and a Historical Summary of Debt Service Coverage". These are included as Exhibit S-3 and Notes to the Financial Statements #9, Table I, Table I-1, Table J-1, Table D, Table D-1, Table D-2, Table C, Table E, Table H, Table F, Exhibits S-8, S-9, and G-2, Table S, Table V, Table J-2, Exhibit D-1, D-2, and D-3, and Table U. The Virginia Resources Authority requires certain additional financial information to be disclosed annually. The financial information which the County has agreed to provide annually includes "Certificate of No Default signed by the Finance Director", "Certificate of Consulting Engineer", "Evidence of Comprehensive General Liability Insurance". These are included in Tables Q, T and W.

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Arlington County, Virginia for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2011 budget. This award is the highest form of recognition in governmental budgeting.

The School Board's Adopted FY 2010 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the seventh year in a row as well the Association for School Business Officials International Meritorious Budget Award for the first time.

County Acknowledgements

The County continues to maintain a strong financial position through responsible and progressive management of financial operations, by thorough bond official statement disclosure practice, and sound accounting and financial reporting practices. We strongly support the efforts of the Auditor of Public Accounts of the Commonwealth of Virginia, the Governmental Accounting Standards Board, and the Government Finance Officers Association of the United States and Canada to improve accounting and financial reporting standards. The implementation of standards provides, in the County's opinion, a sound framework for a truly "comprehensive" annual financial report. The preparation of this Comprehensive Annual Financial Report was made possible by the efficient and dedicated services of the staff of the Department of Management and Finance. In addition, this report could not have been completed without the active participation of the Treasurer's Office, the Office of the Assistant Superintendent of Finance in the Arlington Public Schools, the County Attorney's Office, the Commissioner of Revenue's Office, and the staff of the County's Retirement Office.

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

Respectfully submitted,

Michelle G. Cowan, Director
Department of Management and Finance

Barbara A. Wiley, Comptroller
Department of Management and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arlington County Virginia

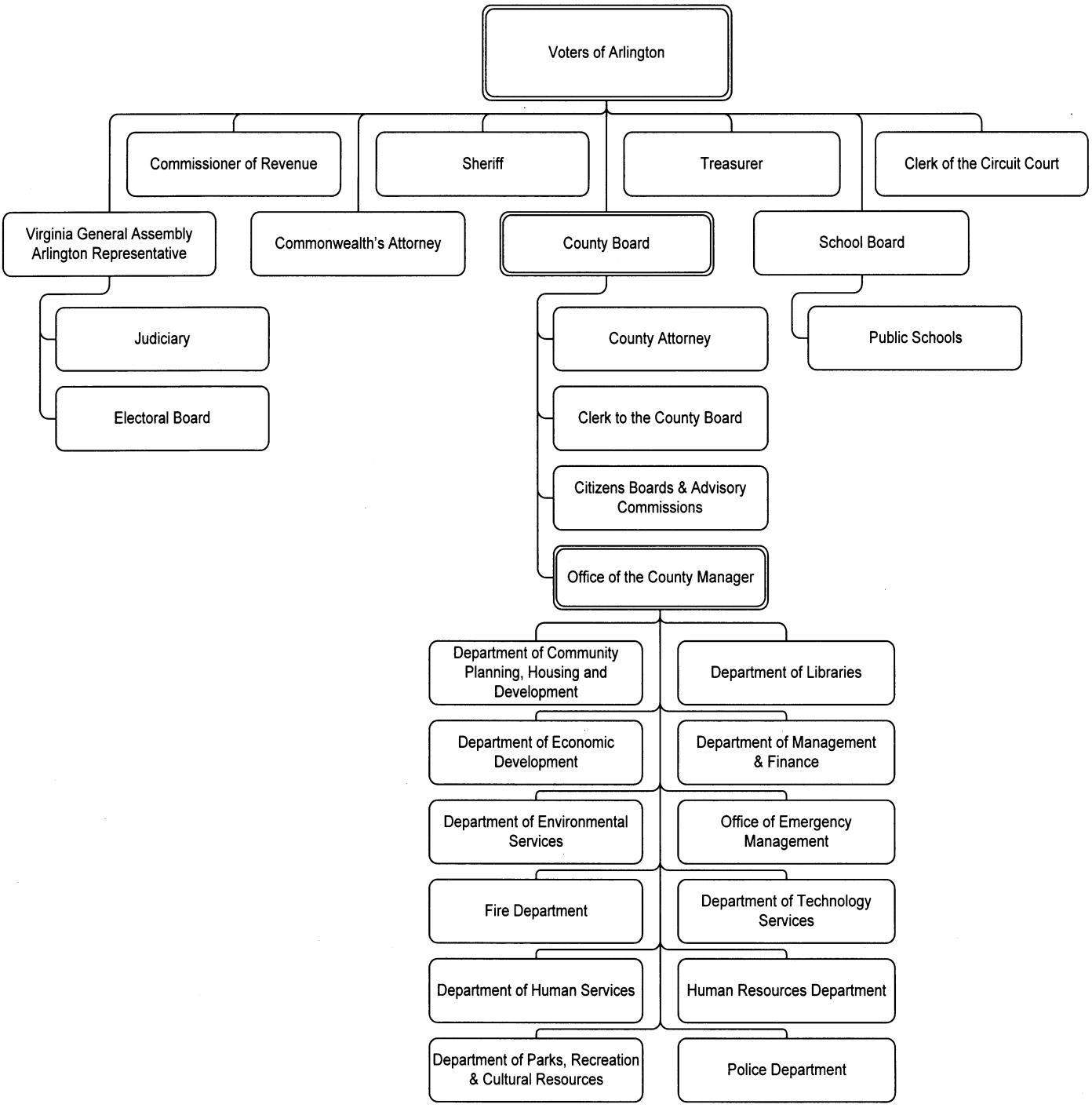
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

DIRECTORY OF OFFICIALS
June 30, 2010

COUNTY BOARD

Jay Fisette, Chairman

Christopher Zimmerman, Vice Chairman

J. Walter Tejada
Mary Hynes
Barbara A. Favola

COUNTY SCHOOL BOARD

Libby Garvey, Chairman

Abby Raphael, Vice Chairman

James Lander
Emma Violand-Sanchez
Sally M. Baird

FINANCE BOARD

Jay Fisette, Chairman

Francis X. O'Leary
Daniel Fiore
Richard E. Trodden

JUDICIAL

Circuit Court Judges:	William T. Newman Jr. James F. Almand Benjamin N.A. Kendrick Joanne F. Alper
General District Court Judges:	Richard J. McCue Karen A. Henenberg Dorothy H. Clarke Thomas J. Kelley, Jr.
Juvenile and Domestic Relations:	George D. Varoutsos Esther L. Wiggins Lyles

ARLINGTON COUNTY, VIRGINIA
DIRECTORY OF OFFICIALS (concluded)

COUNTY OFFICIALS

Elective

Attorney for the Commonwealth	Richard E. Trodden
Clerk of the Court	Paul Ferguson
Commissioner of the Revenue	Ingrid H. Morroy
Sheriff	Beth Arthur
Treasurer	Francis X. O'Leary

Administrative – General County

County Manager	Michael Brown
Deputy County Manager	Barbara M. Donnellan
Deputy County Manager	Marsha Allgeier
County Attorney	Stephen MacIsaac
Clerk to the County Board	Hope Halleck
Director of Community Planning, Housing and Development	Susan Bell
Director of Parks, Recreation and Community Resources	Dinesh Tiwari
Fire Chief	James H. Schwartz
Director of Department of Human Services	Susanne Eisner
Director of Department of Libraries	Diane Kresh
Director of Department of Management and Finance	Mark J. Schwartz
Director of Department of Human Resources	Marcy Foster
Chief of Police	M. Douglas Scott
Acting Director of Department of Environmental Services	Greg Emanuel
Director of Department of Technology Services	Jack Belcher
Director of Department of Economic Development	Terry Holzheimer
Registrar of Voters	Linda Lindberg
Director Office of Emergency Management	Jack Brown

Administrative - County School Board

Superintendent of Schools	Dr.Patrick Murphy
Clerk of the School Board	Melanie Elliott
Deputy Clerk of the School Board	Karen Allen
Assistant Superintendent, Personnel	Dr. Betty Hobbs
Assistant Superintendent, Finance & Management	Mary Beth Chambers
Assistant Superintendent, Information Services	Salah Khelfaoui
Assistant Superintendent, Instruction	Dr. Mark Johnston
Assistant Superintendent, Student Services	Dr. Alvin Crawley
Assistant Superintendent, Administrative Services	Marjorie Tuccillo
Assistant Superintendent, Schools & Community Relations	Linda Erdos
Assistant Superintendent Operations and Facilities	Clarence Stukes

FINANCIAL

Independent Auditor's Report

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

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

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

The Honorable Members of the County Board
Arlington County, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership discretely presented component unit. These financial statements were audited by other auditors whose report thereon dated March 31, 2010, has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2010 on our consideration of the County's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Member of HLB International

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, such as the introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplementary information on pages 93 through 162 has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Arlington, Virginia
October 28, 2010

Management's Discussion and Analysis

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

Management's Discussion and Analysis

As management of Arlington County, Virginia ("the County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County and its component units-Schools, and Gates Partnership for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The government-wide financial statements include not only the County itself (known as the primary government), but also its component units, a legally separate school system ("Schools") for which the County is financially accountable and Gates Partnership for which the County has the ability to impose will and fiscal dependency. Financial information for these component units is reported in separate columns from the financial information presented for the primary government itself.

The statement of net assets presents information on all of the primary government's and its component units' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of the County and Schools that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County and Schools include: public safety (police and fire protection), judicial (courts, prosecuting offices and detention center), health, welfare and social services, public improvements, streets and highways, community planning and development, libraries, parks and recreation, education and general administrative services. The business-type activities of the County include the water and sewer functions, the public parking garage operation, and planning and zoning.

The government-wide financial statements can found in Exhibits 1 and Exhibit 2, and Exhibits 6 through 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County and Schools, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County and Schools can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement

of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 18 individual governmental funds which are presented as 16 individual funds in the fund statements; the Schools maintain 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and general capital projects fund, which are considered to be major funds. Data from the 18 County governmental funds are combined into a single, aggregated presentation; data from the Schools 8 governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report. The County adopts an annual appropriated budget for its general fund and special revenue funds, including Schools. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found in Exhibit 3, Exhibit 3(A), Exhibit 4, Exhibit 4(A), Exhibit 5, Exhibit A-1 through Exhibit C-2, Exhibit G-1 through Exhibit G-3, Exhibit X and Exhibit Y of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations, its public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, the Community Planning Housing Development (CPHD) Development Fund and for the Trade Center, George Mason University, Enterprise Resource Planning and Emergency Communication Center Projects. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, for its printing operation, and for its jail industries function. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations and public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, the CPHD Development Fund and the Trade Center, George Mason University, Enterprise Resource Planning and Emergency Communications Projects. The water and sewer operations and public parking garage and Emergency Communication Center are considered to be major funds of the County. Conversely, the three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in Exhibits 6, 7, 8 and Exhibit D-1 through Exhibit E-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those are not available to support the County's own programs. The OPEB trust funds are used to account for the assets held in trust by the County and Schools for other post employment benefits. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibits 9 and 10, Exhibit F-1 through Exhibit F-4 and Exhibit G-4 and Exhibit G-5 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the section titled "NOTES TO THE FINANCIAL STATEMENTS" of this report.

Statement of Net Assets

The following table (Table A-1) reflects the condensed statement of net assets for FY2010 and FY2009:

Table A-1
Condensed Net Assets
June 30, 2010
With Comparative Totals for June 30, 2009
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Current and other assets	$720.1	$700.8	$147.5	$179.5	$867.5	$880.3	$83.4	$88.0	$7.2	$5.6	$958.1	$973.9
Capital assets	622.8	553.2	955.7	843.0	1,578.5	1,396.2	395.1	365.0	86.3	88.6	2,059.9	1,849.8
Total assets	1,342.8	1,254.0	1,103.2	1,022.5	2,446.0	2,276.5	478.5	453.0	93.4	94.2	3,018.0	2,823.7
Long-term debt outstanding	718.1	679.7	448.1	420.0	1,166.2	1,099.7	42.0	58.9	58.9	59.1	1,267.1	1,217.7
Other liabilities	152.1	160.0	43.5	48.1	195.5	208.1	78.2	52.1	7.2	10.7	281.0	270.9
Total liabilities	870.3	839.7	491.6	468.1	1,361.8	1,307.8	120.2	111.0	66.1	69.8	1,548.1	1,488.6
Net assets:												
Invested in capital assets net of related debt	225.9	184.9	531.4	445.1	757.3	630.0	386.6	356.7	27.9	30.0	1,171.8	1,016.7
Restricted	153.9	124.5	3.4	6.9	157.4	131.4	4.6	15.0	-	-	161.9	146.4
Unrestricted	92.8	104.9	76.8	102.4	169.6	207.3	(32.8)	(29.7)	(0.6)	(5.6)	136.2	172.0
Total net assets	$472.6	$414.3	$611.6	$554.4	$1,084.2	$968.7	$358.3	$342.0	$27.3	$24.4	$1,469.8	$1,335.1

Note: Totals may not add due to rounding.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the governmental activities, assets exceeded liabilities by $472.6 and in the case of the business-type activities, assets exceeded liabilities by $611.6 for a primary government total of $1,084.2 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by $358.3, and in the case of the Gates Partnership, assets exceeded liabilities by $27.3.

By far the largest portion of the primary government's, Schools', Gates Partnership's net assets (85.0%) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The primary government and Schools use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the primary government's, and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the primary government's and Schools' net assets, (11.0%) represents resources that are subject to external restrictions on how they may be used. Any remaining net assets are classified as "Unrestricted net assets".

In Virginia, state law provides that a school board is a separate legal entity and has long held that school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (fixed assets) to be funded by debt financing require the local government to issue the debt. To accommodate Governmental Accounting Standards Board (GASB) Statement number 34, a new state law was passed to allow the County and Schools to consider the debt-financed School assets owned by "tenancy in common" and would permit the County to display these assets in the County column. The County has chosen not to do so. Accordingly, in the government-wide financial statements, the "school debt" is reflected in the governmental activities column of the primary government, although the capital assets are reflected in the "Component-unit Schools" column. The final "Total" column, which displays the "Unrestricted capital assets" for the entire government, gives a more complete picture of debt-financed capital assets.

Statement of Changes in Net Assets

The following table (Table A-2) displays the changes in net assets for FY 2010 and FY 2009:

Table A-2
Changes in Net Assets
Year Ended June 30, 2010
With Comparative Totals for June 30, 2009
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenues												
Program revenue												
Charges for services	$58.2	$58.8	$121.5	$123.9	$179.6	$182.7	$17.0	$14.1	$9.8	$6.5	$206.4	$203.3
Operating grants and contributions	106.8	102.4	-	2.9	106.8	105.3	395.2	368.1	-	-	502.0	473.4
Capital grants and contributions	1.8	1.8	16.3	26.8	18.1	28.6	-	-	0.6	0.5	18.7	29.1
General revenue												
Property taxes	620.6	623.6	-	-	620.6	623.6	-	-	-	-	620.6	623.6
Other local taxes	187.9	187.9	-	-	187.9	187.9	16.3	16.2	-	-	204.2	204.1
Investment and interest earnings	10.1	11.5	1.2	3.4	11.4	14.9	0.3	1.1	0.1	0.1	11.8	16.1
Miscellaneous	21.0	18.5	-	-	21.0	18.5	-	-	0.2	0.1	21.2	18.6
Total revenues	1,006.4	1004.5	138.9	157.0	1,145.3	1,161.5	428.7	399.5	10.6	7.2	1,584.6	1,568.2
Expenditures												
General government	195.8	157.9	-	-	195.8	157.9	-	-	-	-	195.8	157.9
Public safety	110.2	101.2	-	-	110.2	101.2	-	-	-	-	110.2	101.2
Environmental services	76.3	74.1	-	-	76.3	74.1	-	-	-	-	76.3	74.1
Health and welfare	108.0	100.7	-	-	108.0	100.7	-	-	-	-	108.0	100.7
Libraries	11.9	12.8	-	-	11.9	12.8	-	-	-	-	11.9	12.8
Parks, culture and recreation	37.3	35.4	-	-	37.3	35.4	-	-	-	-	37.3	35.4
Planning and community development	46.8	67.6	-	-	46.8	67.6	-	-	-	-	46.8	67.6
Education	343.1	341.1	-	-	343.1	341.1	412.5	422.1	-	-	755.6	763.2
Debt service:												
Interest and other charges	18.5	18.4	-	-	18.5	18.4	-	-	-	-	18.5	18.4
Water and sewer	-	-	64.6	59.1	64.6	59.1	-	-	-	-	64.6	59.1
Parking garage	-	-	5.6	5.6	5.6	5.6	-	-	-	-	5.6	5.6
IDA Revenue Bonds	-	-	1.7	1.7	1.7	1.7	-	-	-	-	1.7	1.7
8th Level Ballston Public Parking Garage	-	-	0.1	-	0.1	-	-	-	-	-	0.1	-
Rental Properties	-	-	-	-	-	-	-	-	7.7	8.2	7.7	7.7
CPHD Development Fund	-	-	9.8	9.6	9.8	9.6	-	-	-	-	9.8	9.6
Total expenditures	948.1	909.2	81.8	76.0	1,029.9	985.2	412.5	422.1	7.7	8.2	1,449.9	1,415.5
Increase/(Decrease) in net assets	$58.3	$95.2	$57.2	$81.1	$115.5	$176.3	$16.3	($22.6)	$2.9	($1.0)	$134.8	$152.7

Note: Totals may not add due to rounding.

To summarize, the activities of the primary government and component units increased/(decreased) net assets as follows:

• Governmental activities	$58.3	43.3%
• Business type activities	$57.2	42.4%
• Component-unit Schools	$16.3	12.1%
• Component-unit Gates Partnership	$2.9	2.2%
TOTAL	$134.8	100.0%

Revenues. Revenues for the County's governmental activities were $1,006.4 for fiscal year 2010. General revenues from governmental activities increased $1.9, primarily due to a moderate increase in operating grants and contributions and miscellaneous offset by a decrease in property taxes and interest earnings.

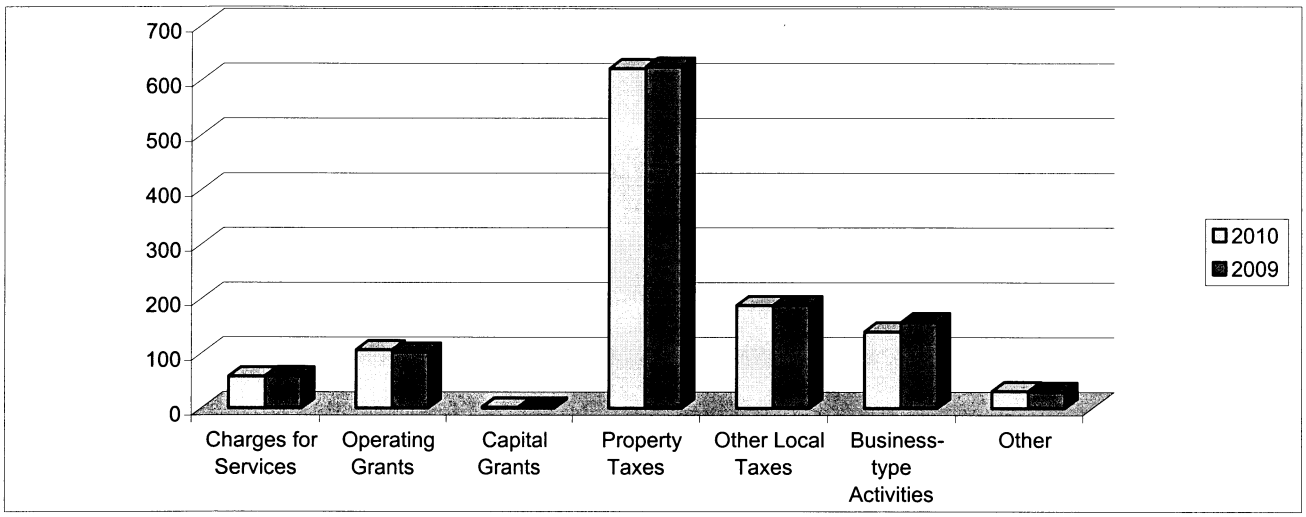
Taxes constitute the largest source of County revenues, amounting to $808.5 for fiscal year 2010, a decrease of $3.0 over fiscal year 2009. Real estate taxes ($527.6) increased $3.8 by the modest increase 2.7 cents in real estate rate but the average household bill will be offset by the decrease in real estate and personal property assessments. Personal property taxes ($93.0) decreased $6.8 primarily due to the assessed value of cars (especially SUVs) depreciated greatly from FY 2009 to FY 2010. Declining car values were a result of poor economic conditions, especially high gas prices and tightened credit markets.

The other local taxes revenue category, which includes taxes on business licenses, general sales tax, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other totaled $187.9 which represents no change from the previous year.

Program revenues are derived directly from the program itself and reduce the net cost of the function to the County. Total program revenues from governmental activities were $166.8. Operating Grants and Contributions represent the most significant of these revenues, totaling $106.8. Other program revenue categories were Charges for Services, totaling $58.2 and Capital Grants and Contributions, totaling $1.8. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of $138.9, primarily from charges for services, which totaled $121.5 The decrease in total revenue of $18.1 is mainly attributable to $2.4 in service fees, a reduction in Capital Grants Contributions of $0.5 and the elimination of a one time $2.9 operating contribution in the CPHD Development Fund in FY2009. The Utilities, Ballston Public Parking Garage, the 8th Level Ballston Public Parking Garage and the IDA Revenue Bonds experienced a decrease in interest income of $2.2 due to a decrease in interest earnings on bond proceeds.

Chart A-3
Primary Government Sources of Revenue
For Fiscal Years 2010 and 2009
(in millions)



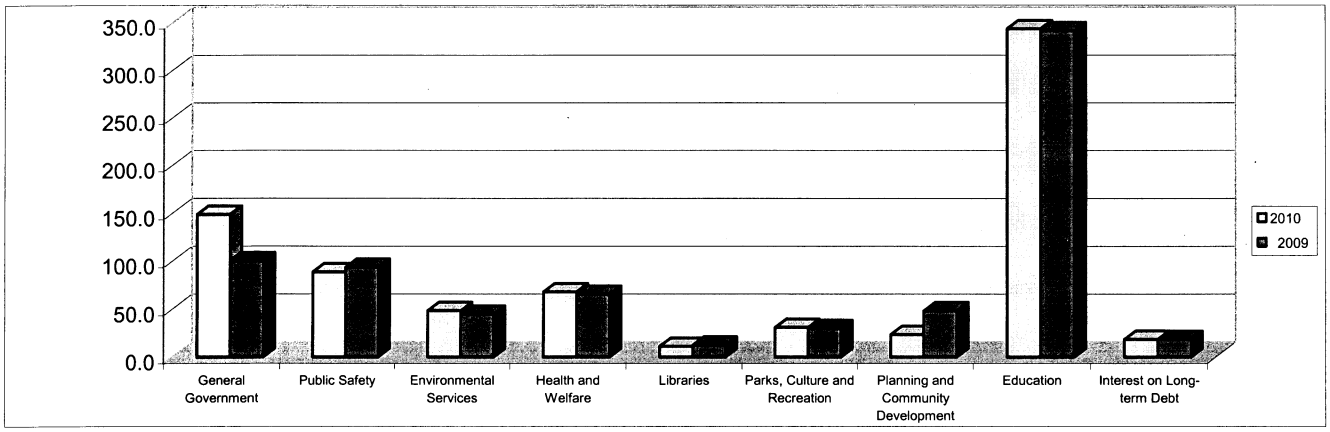
Expenses. Total cost of all the County's governmental activities for fiscal year 2010 was $948.1, representing an increase of $38.9 from fiscal year 2009. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled $343.1, an increase of $2.0 over fiscal year 2009. General government expenses represent the second largest expense, totaling $195.8 in fiscal year 2010. General government expenses increased $37.9 over fiscal year 2009 primarily from snow removal costs of more than $5.0 in FY 2010, increased spending on affordable housing investment funds, $1.8 increase in employee compensation and an additional of $6.9 contribution into the OPEB Trust.

Expenses for the County's business-type activities totaled $81.8 which provided water and sewer utility services, parking operations, planning and zoning services.

The Schools contributed an additional $4.7 into the Retiree Welfare Benefit Trust in FY2010.

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

Chart A-4
Net Cost of Governmental Activities
For Fiscal Years 2010 and 2009
(in millions of dollars)



Financial Analysis of the Government's Funds

As noted earlier, the County and Schools use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County's and Schools governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's and Schools financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of $291.5, an increase of $28.0 in comparison with the prior year. Approximately, 49% of this total amount ($142.8) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period ($32.6), 2) to build facilities from general obligation bond proceeds and PAYGO monies ($116.2).

The general fund is a major governmental fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was $136.9 while total fund balance reached $137.0. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. In FY2010, both unreserved fund balance and total fund balance represents 14.4% of total general fund expenditures.

The fund balance of the County's general fund decreased by $1.4 during the current fiscal year primarily due to a slowdown in the real estate market from the economic downturn.

The general capital projects fund is another major fund of the County. At the end of the current fiscal year, there was no unreserved fund balance of the general capital projects fund while total fund balance reached $43.6. As a measure of the general capital project fund's liquidity, it may be useful to compare total fund balance to total expenditures. Total fund balance represents 73.3% of total general capital project fund expenditures.

The fund balance of the County's general capital projects fund increased by $22.2 during the current fiscal year. In FY2010, the County spent less funds on capital outlay ($58.3 in FY10 compared to $66.5 in FY09).

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

Unrestricted net assets (deficits) of the Utilities Fund at the end of the year amounted to $92.9, the Ballston Public Parking Garage Fund amounted to ($15.6), the Trade Center Fund amounted to ($3.4), George Mason Fund amounted to ($0.6), the ERP Fund amounted to ($3.5), 8th Level of the Ballston Public Parking Garage amounted to $0.6, and the CPHD Development Fund amounted to $6.4. The total change in net assets of the Utilities Fund was $57.7, CPHD Development Fund was $2.4, the 8th Level of the Ballston Public Parking Garage Fund was $0.1, the Ballston Public Parking Garage Fund was ($1.6), the Emergency Communications Center Fund was ($0.1), the Trade Center Fund was ($0.4), George Mason ($0.1), and the ERP Fund was ($0.8) respectively. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was $92.8, consisting of a $20.1 increase in federal and state grants, other miscellaneous revenue and additional supplemental appropriations from prior year fund balance for variety of projects. Significant changes to appropriation levels include the following:

- $49.5 million in net increases allocated to Non-departmental for affordable housing from carryover of incomplete projects from prior years, loan repayments and funding from the Housing Reserve Fund; and master lease financing, contingency funding and employee compensation adjustments as a result of FY 2009 closeout.
- $5.9 in net increases from grants and seized assets funding to the Police Department, Office of Emergency Management, and Fire department for equipment purchases, training, targeted overtime, and emergency preparedness. This figure also includes an allocation for employee compensation as a result of FY 2009 closeout. The increases were partially offset by a decrease of $0.5 million in reductions due to the loss of grant funding.
- $4.0 million net in increases allocated to the Department of Environmental Services for carryover of incomplete projects from prior years, and additional funding relating to commuter services programs, energy efficiency and taxicab data analysis. This figure also includes an allocation for employee compensation as a result of FY 2009 closeout. The increases were partially offset by a decrease of $0.2 million in reductions due to state budget cuts.
- $0.4 million net in increases allocated to the Judicial Administration. This includes grant funding relating to domestic violence and gangs, an allocation for employee compensation as a result of FY 2009 closeout, and carryover of incomplete project for prior years for equipment and supplies. These increases are net of a reduction of $0.6 million due to state budget cuts.
- $1.1 million in increases allocated to Planning and Community Development from carryover of incomplete projects from prior years for planning and grant-related activities, additional Community Services Block Grant stimulus funding for homelessness prevention, and additional Base Realignment and Closure (BRAC) grant funding. This figure also includes an allocation for employee compensation as a result of FY 2009 closeout.
- $0.6 million in net increases allocated to the General Government from carryover of incomplete projects from prior years, and an allocation for employee compensation as a result of FY 2009 closeout. The increases were partially offset by a reduction of $0.2 million due to state budget cuts.
- $5.6 million net increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, transportation, and employment and health services. This figure also includes an allocation for employee compensation as a result of FY 2009 closeout. These increases are net of a $0.5 million reduction due to state budget cuts.
- $1.2 million in net increases allocated to the Department of Parks, Recreation, and Cultural Resources primarily in grant funding for the new cultural center. Grants were also received for meals for summer camp and senior center participants, park preservation, and arts activities. The funding increase also includes the allocation of employee compensation funding resulting from FY 2009 closeout. The increased amount is net of a $0.3 million reduction due to the transfer of swimming pool operations to the Arlington Public Schools.
- $24.5 million increase in transfers out to the Schools as a result of FY 2009 closeout.

The difference between the final budget and actuals was $101.2 which consisted of a $100.4 favorable expenditure variance partially offset by $0.8 favorable revenue variance. The favorable expenditure variance consisted of the following:

- $48.2 favorable in non departmental for the affordable housing investment fund, lease purchase and consultants.
- $0.9 favorable in Planning and Community Development primarily due to position vacancies.
- $1.0 favorable in Environmental Services due to expenditure reductions in contracts and consultants.

- $7.2 favorable in Department of Human Services primarily due to position vacancies, delays in spending grant funds (which will be carried over and expended in FY 2011), and under expenditures in contracts and consultants.
- $8.0 favorable in Public Safety primarily due to position vacancies, saving in consultants, supplies, equipment and under expenditures of seized assets and grant funding which will be carried forward and expended in the next fiscal year.
- $1.4 favorable in Judicial Administration primarily due to position variances, and under expenditures in contracts and court costs.
- $0.6 favorable in Libraries primarily due to position vacancies and under expenditures in contracts.
- $33.7 favorable in the schools transfer; unspent balances will be carried over to the next fiscal year for the schools.

Additional information on the County's statement of revenues, expenditures and changes in fund balance budget and actual can be found in Exhibit 5 in Basic Financial Statements of this report.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental, business type activities, and component units as of June 30, 2010 amounts to $2,059.9 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

Major capital asset acquisitions during the current fiscal year from the general capital projects fund included the following:

- $5.5 Parks and Recreation center improvements including athletic fields and courts, field and court lighting, picnic shelters, parking lot/ park entry roadway renovations.
- $11.6 Government facilities improvements including relocation of the Department of Human Services headquarter.
- $5.5 Facility maintenance renovation including American with Disabilities Act and continuing the property condition assessment process initiated in FY 2004.
- $8.1 Information Technology investments including Circuit Court audio and visual, Enterprise Record Management system, PC replacement, network and telephone systems and public safety mobile data computers.
- $1.0 Contributions capital funding to several regional organizations such as Northern Virginia Regional Park Authority, the Peumansend Creek Regional Jail Authority, Northern Virginia Community College and the Northern Virginia Criminal Justice Academy which provide beneficial services to Arlington residents and visitors.

Other capital assets were constructed using bond funds.

The following table (Table A-5) displays the capital assets:

Table A-5 Capital Assets
June 30, 2010
With Comparative Totals for June 30, 2009
(net of depreciation, in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Land	$149.8	$128.8	$6.1	$1.8	$155.9	$130.6	$4.7	$4.7	$13.0	$13.0	$173.6	$148.3
Buildings	159.4	160.1	34.1	32.1	193.5	192.2	375.5	344.0	72.4	74.9	641.4	611.1
Equipment	36.1	34.5	30.5	12.2	66.6	46.7	15.0	16.3	0.8	0.6	82.4	63.6
Infrastructure	140.9	131.5	-	-	140.9	131.5	-	-	-	-	140.9	131.5
Intangible assets	1.3	-	0.3		1.6	-	-	-	-	-	1.6	-
Plant -sewer system	-	-	255.1	257.1	255.1	257.1	-	-	-	-	255.1	257.1
Plant - water system	-	-	107.0	96.3	107.0	96.3	-	-	-	-	107.0	96.3
Construction in progress	109.4	75.5	522.6	443.5	631.9	443.5	-	-	-	-	631.9	443.5
Internal service funds	26.0	23.1	-	-	26.0	23.1	-	-	-	-	26.0	23.1
Total	$622.8	$553.5	$955.7	$843.0	$1,578.5	$1,396.5	$395.1	$364.9	$86.3	$88.4	2,059.9	1,849.8

Note: Totals may not add due to rounding

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

Long-term debt. At the end of the current fiscal year, the primary government and component units had total long-term liabilities outstanding of $1,273.7. Of this amount, $1,045.2 comprises bonds, notes payable and related accrued interest and capital leases backed by the full faith and credit of the government.

The remainder of the County's debt ($228.2) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) ($157.6), workers compensation reserves ($4.4) and accrued compensated absences ($66.5).

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

Table A-6
Long-term Debt Outstanding
June 30, 2010
With Comparative Totals for June 30, 2009
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
General obligation bonds**	$581.7	$589.4	$107.7	$115.9	$689.4	$705.3	$-	$-	$-	$-	$689.4	$705.3
Revenue bonds	-	-	12.3	12.8	12.3	12.8	-	-	-	-	12.3	12.8
IDA Revenue Note	35.7	36.0	-	-	35.7	36.0	-	-	-	-	35.7	36.0
IDA Revenue Bonds	41.3	-	44.1	49.7	85.4	49.7	-	-	-	-	85.4	49.7
Mortage payable	-	-	3.4	3.4	3.4	3.4	-	-	20.8	20.7	24.2	24.1
Note payable	-	-	256.5	216.2	256.5	216.2	-	-	8.0	8.0	264.5	224.2
Obligations under capital lease	24.0	20.6	0.3	-	24.3	20.6	8.5	8.2	-	-	32.8	28.8
Worker's compensation claims	4.4	2.6	-	-	4.4	2.6	-	-	-	-	4.4	2.6
Accrued compensated absences	31.0	30.9	2.1	2.0	33.1	32.9	33.4	31.7	-	-	66.5	64.6
Mortgage and bond interest payable	-	-	21.7	20.0	21.7	20.0	-	-	1.4	1.3	23.1	21.3
Bonds Payable	-	-	-	-	-	-	-	-	28.5	28.5	28.5	28.5
Development fee payable	-	-	-	-	-	-	-	-	6.7	9.8	6.7	9.8
Accrued entity fees	-	-	-	-	-	-	-	-	0.2	-	0.2	-
Total	$718.1	$679.4	$448.1	$420.0	$1,166.2	$1,099.5	$41.9	$39.9	$65.6	$68.3	$1,273.9	$1,207.7

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

The County's total debt increased by $65.4 during the current fiscal year. The key factors in this increase of $41.3 on IDA Revenue bonds, increase of $40.3 on VRA note payable and net decrease of $15.9 on general obligation bonds. The County maintains a "AAA" rating from Standard & Poor's and Fitch Investor Services and a "Aaa" rating from Moody's Investor Service for general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 4.3%, which is a reduction of 0.5% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 7.0% and the national average rate of 9.6%.
- The vacancy rate of the County's office buildings increased slightly from 8.5% to 8.6%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2010 fiscal year.

Requests for Information

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

Basic Financial Statements

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

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	Total Government
ASSETS:						
Equity in pooled cash and investments	$358,264,770	$123,115,815	$481,380,585	$22,065,983	$1,661,262	$505,107,830
Petty cash	2,678	-	2,678	800	-	3,478
Cash with fiscal agents	1,028,260	25,221	1,053,481	-	-	1,053,481
Receivables, net	327,915,319	20,305,395	348,220,714	7,543,397	40,697	355,804,808
Receivable from primary government	-	-	-	53,712,621	-	53,712,621
Receivable from other funds	8,428,831	-	8,428,831	-	-	8,428,831
Receivable from other governments	7,316,349	-	7,316,349	-	-	7,316,349
Inventory	-	961,690	961,690	68,008	-	1,029,698
Other assets	17,109,369	2,635,744	19,745,113	-	1,544,883	21,289,996
Reserves and escrow deposits	-	-	-	-	3,912,057	3,912,057
Other non current assets	-	422,812	422,812	-	-	422,812
Capital assets:						
Land	149,844,802	6,128,256	155,973,058	4,697,946	12,991,305	173,662,309
Intangible assets, net	1,253,003	284,648	1,537,651	-	-	1,537,651
Depreciable, net	362,316,284	426,654,463	788,970,747	390,438,854	73,287,332	1,252,696,933
Construction in progress	109,352,140	522,657,848	632,009,988	-	-	632,009,988
Total capital assets, net	622,766,229	955,725,215	1,578,491,444	395,136,800	86,278,637	2,059,906,881
Total assets	1,342,831,805	1,103,191,892	2,446,023,697	478,527,609	93,437,536	3,017,988,842
LIABILITIES:						
Accounts payable	20,020,636	22,686,383	42,707,019	14,753,450	47,544	57,508,013
Unearned revenue	41,966,489	-	41,966,489	648,794	-	42,615,283
Due to other funds	-	7,678,994	7,678,994	-	-	7,678,994
Due to component unit	53,712,621	-	53,712,621	-	-	53,712,621
Accrued liabilities	15,884,657	12,951,477	28,836,134	37,768,756	168,544	66,773,434
Other liabilities	20,304,394	157,745	20,462,139	6,445,472	234,760	27,142,371
Non-current liabilities:						
Development fee payable	-	-	-	-	6,729,146	6,729,146
OPEB liability	250,475	-	250,475	18,603,146	-	18,853,621
Due within one year	62,689,863	48,495,159	111,185,022	6,566,432	532,978	118,284,432
Due in more than one year	655,432,287	399,610,581	1,055,042,868	35,407,148	58,400,043	1,148,850,059
Total liabilities	870,261,422	491,580,339	1,361,841,761	120,193,198	66,113,015	1,548,147,974
NET ASSETS:						
Invested in capital assets, net of related debt	225,913,383	531,409,247	757,322,630	386,599,276	27,878,594	1,171,800,500
Restricted for:						
Capital projects	148,562,047	3,432,530	151,994,577	4,549,397	-	156,543,974
Other projects	5,286,376	-	5,286,376	-	-	5,286,376
Unrestricted	92,808,577	76,769,776	169,578,353	(32,814,262)	(554,073)	136,210,018
Total net assets	$472,570,383	$611,611,553	$1,084,181,936	$358,334,411	$27,324,521	$1,469,840,868

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for services (Includes Licenses, Permits & Fees)	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants & Contributions
Primary Government:				
Governmental Activities:				
General government	$195,846,347	$17,968,134	$27,222,954	$1,807,735
Public safety	110,207,376	8,581,235	12,787,969	-
Environmental services	76,327,661	20,973,628	7,235,311	-
Health & welfare	108,035,699	3,215,136	36,517,555	-
Libraries	11,946,021	615,092	187,321	-
Parks, recreation & culture	37,291,412	5,889,279	203,752	-
Planning & community development	46,833,700	945,687	22,615,776	-
Education	343,067,722	-	-	-
Interest and other charges	18,531,609	-	-	-
Total governmental activities	948,087,547	58,188,191	106,770,638	1,807,735
Business-type activities:				
Utilities	64,616,867	105,141,066	-	16,319,975
Ballston Public Parking Garage	5,577,545	3,946,239	-	-
IDA Revenue Bond Funds	1,701,967	-	-	-
8th Level Ballston Public Parking Gara	88,383	228,367	-	-
CPHD Development Fund	9,824,617	12,141,306	-	-
Total business-type activities	81,809,379	121,456,978	-	16,319,975
Total Primary government	1,029,896,926	179,645,169	106,770,638	18,127,710
Component unit:				
Schools	412,450,899	16,984,002	395,178,524	-
Gates Partnership	7,702,100	9,759,788	-	586,833
Total component units	420,152,999	26,743,790	395,178,524	586,833
General Revenues:				
Property Taxes:				
Real estate property taxes				
Personal property taxes				
Other Local taxes:				
Business, professional occupancy license taxes				
Sales tax				
Meals tax				
Transient tax				
Utiity tax				
Recordation, car rental and other local taxes				
Investment and interest earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets, beginning				
Net assets, ending				

Governmental Activities	Business-Type Activities	Total	Component Units: Schools	Component Units: Gates Partnership
($148,847,524)	$-	($148,847,524)	$-	$-
(88,838,172)	-	(88,838,172)	-	-
(48,118,722)	-	(48,118,722)	-	-
(68,303,008)	-	(68,303,008)	-	-
(11,143,608)	-	(11,143,608)	-	-
(31,198,381)	-	(31,198,381)	-	-
(23,272,237)	-	(23,272,237)	-	-
(343,067,722)	-	(343,067,722)	-	-
(18,531,609)	-	(18,531,609)	-	-
(781,320,983)	-	(781,320,983)	-	-
-	56,844,174	56,844,174	-	-
-	(1,631,306)	(1,631,306)	-	-
-	(1,701,967)	(1,701,967)	-	-
-	139,984	139,984	-	-
-	2,316,689	2,316,689		
-	55,967,574	55,967,574	-	-
(781,320,983)	55,967,574	(725,353,409)	-	-
-	-	-	(288,373)	-
-	-	-	-	2,644,521
-	-	-	(288,373)	2,644,521
527,562,107	-	527,562,107	-	-
93,046,854	-	93,046,854	-	-
58,611,239	-	58,611,239	-	-
35,954,703	-	35,954,703	16,332,840	-
29,048,450	-	29,048,450	-	-
20,809,560	-	20,809,560	-	-
12,490,239	-	12,490,239	-	-
30,959,364	-	30,959,364	-	-
10,149,713	1,215,213	11,364,926	253,612	37,760
21,000,027	-	21,000,027	-	242,312
839,632,256	1,215,213	840,847,469	16,586,452	280,072
58,311,273	57,182,787	115,494,060	16,298,079	2,924,593
414,259,110	554,428,766	968,687,876	342,036,333	24,399,928
$472,570,383	$611,611,553	1,084,181,936	$358,334,412	$27,324,521

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

EXHIBIT 3

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
Equity in pooled cash and investments	$185,678,992	$50,313,735	$113,644,251	$349,636,978
Petty cash	2,678	-	-	2,678
Cash with fiscal agents	269,284	758,976	-	1,028,260
Receivables, net	299,117,357	4,447,099	21,722,070	325,286,526
Due from other funds	8,658,220	-	-	8,658,220
Receivables from other governments	6,673,761	-	642,588	7,316,349
Other assets	15,106,424	-	1,223,394	16,329,818
Totals assets	$515,506,716	$55,519,810	$137,232,303	$708,258,829
LIABILITIES				
Accounts payable	$11,288,250	$6,507,093	$1,863,626	$19,658,969
Deferred revenue	295,267,615	3,784,277	8,203,115	307,255,007
Due to component unit	53,712,621	-	-	53,712,621
Accrued liabilities	15,884,657	-	-	15,884,657
Other liabilities	2,344,275	1,650,994	16,284,170	20,279,439
Total liabilities	378,497,418	11,942,364	26,350,911	416,790,693
FUND BALANCES				
Reserved for:				
Encumbrances	150,176	16,847,434	15,559,581	32,557,191
Other Purposes	-	26,730,012	89,425,020	116,155,032
Unreserved:				
Designated	131,859,122	-	-	131,859,122
Self Insurance	5,000,000	-	-	5,000,000
Special Revenue:				
Section 8 Housing	-	-	5,286,376	5,286,376
Travel & Tourism	-	-	331,390	331,390
Rosslyn Business Improvement District	-	-	166,646	166,646
Crystal City Business Improvement District	-	-	112,379	112,379
Total fund balances	137,009,298	43,577,446	110,881,392	291,468,136
Total liabilities and fund balance	$515,506,716	$55,519,810	$137,232,303	$708,258,829

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

EXHIBIT 3(A)

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances	$291,468,136
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	596,760,107
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	265,288,518
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(714,141,561)
OPEB liabilities are not due and payable in the current period and therefore are not reported in the funds	(250,475)
Internal service funds	33,445,658
Net assets of governmental activities	$472,570,383

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

EXHIBIT 4

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes:				
Real estate property taxes	$501,453,946	$-	$26,766,816	$528,220,762
Personal property taxes	93,046,854	-	-	93,046,854
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	58,611,239	-	-	58,611,239
Sales tax	35,954,703	-	-	35,954,703
Meals tax	29,048,450	-	-	29,048,450
Transient tax	20,809,560	-	-	20,809,560
Utility tax	12,490,239	-	-	12,490,239
Recordation, car rental and other local taxes	24,597,157	-	6,362,207	30,959,364
Fines and forfeitures	7,851,193	-	-	7,851,193
Licenses, permits and fees	7,362,947	-	-	7,362,947
Intergovernmental	86,798,612	3,409,374	18,370,387	108,578,373
Charges for services	42,650,595	323,456	-	42,974,051
Interest and rent	9,888,443	6,259	255,011	10,149,713
Miscellaneous revenues	17,561,888	8,388,276	-	25,950,164
Total revenues	948,125,826	12,127,365	51,754,421	1,012,007,612
EXPENDITURES:				
Current operating:				
General government	182,074,416	-	-	182,074,416
Public safety	109,550,701	-	-	109,550,701
Environmental services	72,315,850	-	-	72,315,850
Health and welfare	107,892,357	-	-	107,892,357
Libraries	11,630,740	-	-	11,630,740
Parks, recreation and culture	34,636,544	-	1,235,038	35,871,582
Planning and community development	12,504,947	-	23,747,276	36,252,223
Debt service				
Principal	33,813,374	-	-	33,813,374
Interest and other charges	18,531,609	-	-	18,531,609
Intergovernmental				
Community development	-	1,190,869	9,000,000	10,190,869
Education - Schools	343,067,722	-	-	343,067,722
Capital outlay	3,166,897	58,266,951	25,358,160	86,792,008
Total expenditures	929,185,157	59,457,820	59,340,474	1,047,983,451
Excess(deficiency) of revenues over expenditures	18,940,669	(47,330,455)	(7,586,053)	(35,975,839)
OTHER FINANCING SOURCES(USES):				
Transfers in	431,956	21,349,543	247,000	22,028,499
Transfers out	(21,831,853)	-	(301,956)	(22,133,809)
Capital leases	-	7,418,179	-	7,418,179
Proceeds from refunding of note	-	35,666,099	-	35,666,099
Payment on refunded note	-	(35,962,739)	-	(35,962,739)
Refunding bonds issued	-	-	55,067,382	55,067,382
Payments to refunded bond escrow agent	-	-	(56,747,745)	(56,747,745)
Deferred cost of refunding	-	-	1,680,363	1,680,363
Bond premium	1,048,679	97,246	-	1,145,925
Bond issuance costs	-	(358,995)	-	(358,995)
Issuance of revenue bonds	-	41,280,000	-	41,280,000
Issuance of general obligation debt	-	-	14,867,322	14,867,322
Total other financing sources and uses	(20,351,218)	69,489,333	14,812,366	63,950,481
Net change in fund balances	(1,410,549)	22,158,878	7,226,313	27,974,642
Fund balances, beginning	138,419,847	21,418,568	103,655,079	263,493,494
Fund balances, ending	$137,009,298	$43,577,446	$110,881,392	$291,468,136

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

EXHIBIT 4(A)

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds		$27,974,642
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Add: Capital acquisitions	86,792,008	
Less: Depreciation expense	(20,403,007)	66,389,001
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(658,655)
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Add: Debt repayment-debt principal	185,016,517	
Less: Proceeds from bonds and capital leases	(217,712,625)	
Bond premium to be amortized	(1,540,134)	
Amortization other charges and bond issue costs	(1,188,786)	(35,425,028)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and workers compensation		(1,929,068)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		52,632
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities:		
Additional revenue for internal service	484,541	
Net operating gain internal service funds	1,423,208	1,907,749
Change in net assets of governmental activities		$58,311,273

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

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			
	Original	Final	Actual	Variance Positive (Negative)
REVENUES:				
General Property taxes:				
Real estate	$494,089,553	$494,089,553	$501,453,946	$7,364,393
Personal	92,498,049	92,518,049	93,046,854	528,805
Other Local taxes	182,850,885	182,830,885	181,511,348	(1,319,537)
Licenses, permits and fees	8,390,055	8,505,055	7,362,947	(1,142,108)
Charges for services	42,304,339	41,726,916	42,650,595	923,679
Fines and forfeitures	9,389,600	9,515,000	7,851,193	(1,663,807)
Grants:				
State grants	64,292,481	68,682,666	64,159,718	(4,522,948)
Federal grants	18,207,424	26,967,363	22,638,894	(4,328,469)
Use of money and property	10,598,994	10,598,994	9,888,443	(710,551)
Miscellaneous revenue	3,498,739	10,498,122	17,561,888	7,063,766
Total revenues	926,120,119	945,932,603	948,125,826	2,193,223
EXPENDITURES:				
General Government Administration				
County Board	1,065,787	1,068,878	1,023,423	45,455
County Manager	4,696,404	4,716,506	4,687,840	28,666
Financial Management	5,311,828	5,420,321	5,275,667	144,654
Human Resources	7,248,751	7,292,076	6,590,459	701,617
Technology Services	14,002,464	14,180,022	14,231,618	(51,596)
County Attorney	2,411,718	2,801,911	3,956,636	(1,154,725)
Commissioner of Revenue	5,024,428	4,981,238	4,906,742	74,496
Treasurer	5,999,486	5,945,380	6,300,047	(354,667)
Electoral Board	763,796	758,242	815,089	(56,847)
Total General Government	46,524,662	47,164,574	47,787,521	(622,947)
Judicial Administration				
Circuit Court	3,186,329	3,072,539	3,035,935	36,604
District Court	348,213	274,499	197,398	77,101
Juvenile & Domestic Relations Court	5,356,229	5,601,013	5,191,914	409,099
Commonwealth Attorney	3,820,272	3,862,747	3,632,652	230,095
Sheriff & Jail	34,390,399	34,548,321	33,964,970	583,351
Magistrate's Office	-	96,123	69,708	26,415
Total Judicial Administration	47,101,442	47,455,242	46,092,577	1,362,665
Public Safety				
Police	57,257,934	60,525,093	54,894,210	5,630,883
Office of Emergency Management	8,181,752	9,752,491	8,152,557	1,599,934
Fire	46,871,624	47,901,054	47,137,986	763,068
Total Public Safety	112,311,310	118,178,638	110,184,753	7,993,885
Environmental Services	70,215,879	74,185,237	73,187,350	997,887
Health & Welfare	109,716,363	115,313,823	108,138,231	7,175,592
Libraries	12,254,204	12,289,549	11,708,778	580,771

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

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts			
	Original	Final	Actual	Variance Positive (Negative)
Planning & Community Development				
Economic Development	3,151,449	3,708,248	3,480,588	227,660
Community Planning, Housing & development	9,295,763	9,866,235	9,202,954	663,281
Total Planning & Community Development	12,447,212	13,574,483	12,683,542	890,941
Parks and Recreation	33,585,177	34,749,076	34,711,629	37,447
Education	352,377,887	376,891,309	343,067,722	33,823,587
Non-Departmental				
Non-Departmental	57,985,849	108,885,852	60,696,417	48,189,435
Debt Service				
Principal payment	32,779,374	33,023,374	33,813,374	(790,000)
Interest payment	20,518,602	18,814,602	17,053,764	1,760,838
Other costs	400,000	400,000	1,477,845	(1,077,845)
Regionals/Contributions	7,999,333	8,104,333	8,062,884	41,449
METRO	20,518,770	20,518,770	20,518,770	-
Total Non-Departmental	140,201,928	189,746,931	141,623,054	48,123,877
Total expenditures	936,736,064	1,029,548,862	929,185,157	100,363,705
Excess of revenues over expenditures	(10,615,945)	(83,616,259)	18,940,669	102,556,928
OTHER FINANCING SOURCES (USES):				
Transfers in	488,000	2,798,000	431,956	(2,366,044)
Transfers out	(10,025,019)	(21,831,853)	(21,831,853)	-
Premium from sale of bonds	-	-	1,048,679	1,048,679
Total other financing sources/(uses)	(9,537,019)	(19,033,853)	(20,351,218)	(1,317,365)
Net change in fund balance	(20,152,964)	(102,650,112)	(1,410,549)	101,239,563
Fund Balance - beginning of year	138,419,847	138,419,847	138,419,847	-
Fund Balance - end of year	$118,266,883	$35,769,735	$137,009,298	$101,239,563

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

EXHIBIT 6

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2010

	Business-type activities - Enterprise Funds							Governmental Activities
	Utilities	Ballston Public Parking Garage	Emergency Communications Center	Other Non-Major IDA Revenue Funds	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	Internal Service Funds
ASSETS:								
Current assets:								
Equity in pooled cash and investments	$101,736,969	$10,537,478	$3,325,094	$-	$570,950	$6,945,324	$123,115,815	$8,627,792
Cash with fiscal agents	25,221	-	-	-	-	-	25,221	-
Receivables, net	20,280,243	21,472	3,680	-	-	-	20,305,395	2,628,793
Inventory, at cost	961,690	-	-	-	-	-	961,690	779,551
Other current Assets	2,447,864	187,880	-	-	-	-	2,635,744	-
Total current assets	125,451,987	10,746,830	3,328,774	-	570,950	6,945,324	$147,043,865	12,036,136
Non-current assets:								
Other non current assets	34,419	50,318	181,535	156,540	-	-	422,812	-
Capital assets:								
Land	6,128,256	-	-	-	-	-	6,128,256	-
Depreciable, net	362,349,972	11,251,496	24,268,095	26,421,897	-	2,363,003	426,654,463	26,006,122
Intangible assets, net	-	-	-	-	-	284,648	284,648	-
Construction in progress	522,657,848	-	-	-	-	-	522,657,848	-
Total capital assets, net	891,136,076	11,251,496	24,268,095	26,421,897	-	2,647,651	955,725,215	26,006,122
Total non current assets	891,170,495	11,301,814	24,449,630	26,578,437	-	2,647,651	956,148,027	26,006,122
Total assets	1,016,622,482	22,048,644	27,778,404	26,578,437	570,950	9,592,975	1,103,191,892	38,042,258
LIABILITIES:								
Current liabilities:								
Accounts payable	22,292,494	294,823	77,779	-	8,416	12,871	22,686,383	361,667
Accrued liabilities	4,794,565	8,156,912	-	-	-	-	12,951,477	24,955
Arbitate rebate liability	157,745	-	-	-	-	-	157,745	-
Due to other funds	-	-	-	7,678,994	-	-	7,678,994	229,389
Due within one year	21,457,718	21,283,430	3,734,198	1,964,667	-	55,146	48,495,159	660,235
Total current liabilities	48,702,522	29,735,165	3,811,977	9,643,661	8,416	68,017	91,969,758	1,276,246
Non-current liabilities:								
Due in more than one year	348,306,975	12,369,186	19,504,359	18,933,743	-	496,318	399,610,581	3,320,354
Total liabilities	397,009,497	42,104,351	23,316,336	28,577,404	8,416	564,335	491,580,339	4,596,600
NET ASSETS:								
Invested in capital assets, net of related debt	526,686,754	(4,478,183)	1,029,538	5,523,487	-	2,647,651	531,409,247	22,555,801
Restricted for:								
Capital projects	-	-	3,432,530	-	-	-	3,432,530	-
Unrestricted	92,926,231	(15,577,524)	-	(7,522,454)	562,534	6,380,989	76,769,776	10,889,857
Total net assets	$619,612,985	($20,055,707)	$4,462,068	($1,998,967)	$562,534	$9,028,640	$611,611,553	$33,445,658

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

EXHIBIT 7

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type activities-Enterprise Funds							Governmental Activities
	Utilities	Ballston Public Parking Garage	Emergency Communications Center	Other Non-Major IDA Revenue Funds	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total Business-type Activities	Internal Service Funds
OPERATING REVENUES:								
Water-sewer service charges	$77,806,563	$-	$-	$-	$-	$-	$77,806,563	$-
Water-service hook-up charges	2,390,390	-	-	-	-	-	2,390,390	-
Water-service connection charges	896,090	-	-	-	-	-	896,090	-
Sewage treatment service charges	21,512,530	-	-	-	-	-	21,512,530	-
Permits and Fees	-	-	-	-	-	12,141,306	12,141,306	-
Other charges for services	2,535,493	-	-	-	-	-	2,535,493	19,861,540
Parking charges	-	3,946,239	-	-	228,367	-	4,174,606	-
Total Operating revenues	105,141,066	3,946,239	-	-	228,367	12,141,306	121,456,978	19,861,540
OPERATING EXPENSES:								
Personnel services	13,512,069	-	-	-	-	4,817,091	18,329,160	4,284,932
Fringe benefits	4,258,946	-	-	-	-	1,742,289	6,001,235	1,556,074
Cost of store issuances	-	-	-	-	-	-	-	5,141,140
Contractual services	8,780,847	2,533,284	-	-	62,983	1,148,282	12,525,396	-
Purchases of water	7,641,961	-	-	-	-	-	7,641,961	-
Materials and supplies	6,587,893	60,151	-	-	25,400	35,351	6,708,795	347,091
Utilities	-	-	-	-	-	-	-	261,843
Operating Equipment	-	-	-	-	-	-	-	11,161
Outside services	-	-	-	-	-	-	-	2,299,508
Depreciation and amortization	6,383,740	501,879	306,088	1,369,237	-	259,122	8,820,066	4,536,583
Deferred rent	-	654,996	-	-	-	-	654,996	-
Equipment (Construction Contracts)	-	-	-	-	-	57,285	57,285	-
Internal Services	-	-	-	-	-	1,637,722	1,637,722	-
Miscellaneous	5,178,512	262,426	-	-	-	-	5,440,938	-
Total Operating expenses	52,343,968	4,012,736	306,088	1,369,237	88,383	9,697,142	67,817,554	18,438,332
Operating income (loss)	52,797,098	(66,497)	(306,088)	(1,369,237)	139,984	2,444,164	53,639,424	1,423,208
NON-OPERATING REVENUES(EXPENSES)								
Interest income and other income	736,295	17,273	266,728	99,693	-	95,224	1,215,213	-
Interest expense and fiscal charges	(12,156,307)	(1,564,809)	(12,102)	(14,540)	-	-	(13,747,758)	-
Interest payment on capital lease	(11,592)	-	-	-	-	-	(11,592)	(115,033)
State grant	15,997,975	-	-	-	-	-	15,997,975	-
Gain on disposal of assets	-	-	-	-	-	-	-	261,789
Total non-operating revenues(expenses)	4,566,371	(1,547,536)	254,626	85,153	-	95,224	3,453,838	146,756
Net Income(loss) before contributions and transfers	57,363,469	(1,614,033)	(51,462)	(1,284,084)	139,984	2,539,388	57,093,262	1,569,964
Contributions from developers and other sources	322,000	-	-	-	-	-	322,000	-
Transfers in	-	-	-	-	-	-	-	467,785
Transfers out	(105,000)	-	-	-	-	(127,475)	(232,475)	(130,000)
Total contributions and net transfers	217,000	-	-	-	-	(127,475)	89,525	337,785
Change in net assets	57,580,469	(1,614,033)	(51,462)	(1,284,084)	139,984	2,411,913	57,182,787	1,907,749
Net assets - beginning of year	562,032,516	(18,441,674)	4,513,530	(714,883)	422,550	6,616,727	554,428,766	31,537,909
Net assets - end of year	$619,612,985	($20,055,707)	$4,462,068	($1,998,967)	$562,534	$9,028,640	$611,611,553	$33,445,658

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type activities - Enterprise Funds							
	Utilities	Ballston Public Parking Garage	Emergency Communications Center	Other Non-Major IDA Revenue Funds	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total Business-type Activities	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers	$105,844,030	$3,945,045	$-	$-	$228,367	$12,141,306	$122,158,748	($2,373,545)
Cash received from interfund charges	-	-	-	-	-	-	-	19,631,687
Cash paid to suppliers	(35,342,935)	(2,988,456)	-	-	(84,926)	(2,900,107)	(41,316,424)	(8,056,020)
Cash paid to employees	(17,769,063)	-	-	-	-	(6,520,786)	(24,289,849)	(5,808,805)
Net cash flows from operating activities	52,732,032	956,589	-	-	143,441	2,720,413	56,552,475	3,393,317
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest received	736,295	17,273	65,496	39	-	95,224	914,327	-
Net cash flows from investing activities	736,295	17,273	65,496	39	-	95,224	914,327	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfer out to other funds	(105,000)	-	-	-	-	($127,475)	(232,475)	(130,000)
Temporary loan from General Fund	-	-	-	1,877,580	-	-	1,877,580	229,389
State grant	15,997,974	-	-	-	-	-	15,997,974	-
Payment of temporary loan	25,881,478	-	-	-	-	-	25,881,478	(94,694)
Transfers in	-	-	-	-	-	-	-	467,785
Net cash flows from (used by) non-capital financing activities	41,774,452	-	-	1,877,580	-	(127,475)	43,524,557	472,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Principal payments - bonds	(7,987,869)	(500,000)	(3,350,000)	(1,870,000)	-	-	(13,707,869)	-
Payments to bonds redeemed	(11,951,456)	-	-	-	-	-	(11,951,456)	-
Proceeds of bond refunding	12,781,651	-	-	-	-	-	12,781,651	-
Deferred cost of refunding	(830,195)	-	-	-	-	-	(830,195)	-
Proceeds from capital lease	388,142	-	-	-	-	-	388,142	2,258,274
Payment of principal on capital lease	(54,730)	-	-	-	-	-	(54,730)	(928,720)
Payment of interest on capital lease	(11,592)	-	-	-	-	-	(11,592)	(115,033)
Proceeds of VRA loan payable	47,453,562	-	-	-	-	-	47,453,562	-
Payment of VRA loan	(7,147,818)	-	-	-	-	-	(7,147,818)	-
Interest and other loan expenses paid	(11,897,384)	(224,316)	-	-	-	-	(12,121,700)	-
Purchases of property	(120,573,759)	(80,766)	(235,594)	(7,619)	-	(332,321)	(121,230,059)	(8,553,103)
Removal clearing	-	-	-	-	-	-	-	(10,652)
Proceeds from sale of equipment	-	-	-	-	-	-	-	1,146,808
Net cash flows from (used by) capital and related financing activities	(99,831,448)	(805,082)	(3,585,594)	(1,877,619)	-	(332,321)	(106,432,064)	(6,202,426)
Net increase (decrease) in cash and cash equivalents	(4,588,669)	168,780	(3,520,098)	-	143,441	2,355,841	(5,440,705)	(2,336,629)
Cash and cash equivalents at beginning of year	106,325,638	10,368,698	6,845,192	-	427,509	4,589,483	128,556,520	10,964,421
Cash and cash equivalents at end of year	$101,736,969	$10,537,478	$3,325,094	$-	$570,950	$6,945,324	123,115,815	$8,627,792
Reconciliation of operating income to net cash flow from operations:								
Operating Income/(loss)	$52,797,098	($66,497)	($306,088)	($1,369,237)	$139,984	$2,444,164	$53,639,424	$1,423,208
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:								
Depreciation and amortization	6,383,740	501,879	306,088	1,369,237	-	259,122	8,820,066	4,536,583
(Increase) Decrease in accounts receivable	717,242	(1,194)	-	-	-	-	716,048	(2,603,397)
(Increase) Decrease in inventories	(61,830)	-	-	-	-	-	(61,830)	188,953
Increase (Decrease) in prepaid expenses	-	-	-	-	-	-	-	55,262
Increase (Decrease) in vouchers payable	2,709,647	(132,595)	-	-	3,457	38,595	2,619,104	(239,493)
Increase (Decrease) in compensated absences	1,952	-	-	-	-	(21,468)	(19,516)	32,201
Increase (Decrease) in contract retainage	(9,801,539)	-	-	-	-	-	(9,801,539)	-
Increase (Decrease) in deferred revenue	(14,278)	654,996	-	-	-	-	640,718	-
Net cash flows from operations	$52,732,032	$956,589	$-	$-	$143,441	$2,720,413	$56,552,475	$3,393,317
Noncash investing, capital, and financing activities:								
Contributions from developers and other sources	322,000	-	-	-	-	-	322,000	-

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

EXHIBIT 9

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:				
Equity in pooled cash and investments	$24,361,975	$23,522,663	$10,729,831	$17,010,043
Contributions receivable:				
Employer	1,311,774	-	-	-
Employee	327,412	-	-	-
Accrued interest and other receivables	8,831,620	-	595,783	-
Bond issuance costs	-	-	648,253	-
Capital assets, net	-	-	26,610,892	-
Receivable from other government	-	-	-	1,516,594
Investments, at fair value				
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	101,667,374	-	-	-
Corporate Fixed Income Obligations	218,776,516	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	379,582,262	-	-	-
Other investments	517,766,514	-	-	-
Real estate funds	20,880,865	-	-	-
Collateral on loaned securities	22,585,788	-	-	-
Total assets	1,296,092,100	23,522,663	38,584,759	18,526,637
LIABILITIES:				
Accounts payable and accrued liabilities	2,152,175	10,479	1,013,244	17,684,805
Deferred revenues	-	-	600,000	91,994
Bonds payable	-	-	30,120,000	-
Due to primary government	-	-	-	749,838
Obligations under security lending program	22,586,035	-	-	-
Total liabilities	24,738,210	10,479	31,733,244	18,526,637
NET ASSETS	$1,271,353,890	$23,512,184	$6,851,515	$-

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

EXHIBIT 10

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	$10,763,748	$6,868,438	$-
Employee contributions	42,908,044	-	-
Other contributions	47,599	-	-
Shared revenues	-	-	3,316,095
Private donations	-	-	55,479
Total contributions	53,719,391	6,868,438	3,371,574
Investment earnings:			
Interest and other	34,937,284	599,211	31,627
Gross income from securities lending	158,741	-	-
Bank fees and expenses from securities lending	(40,660)	-	-
Commissions recapture, gross	13,849	-	-
Gain on sale of securities	-	-	-
Net change in fair value of investments	114,909,379	1,097,177	-
Total investment earnings	149,978,593	1,696,388	31,627
Less investment expenses	3,768,291	-	378,926
Net investment earnings	146,210,302	1,696,388	(347,299)
Total additions	199,929,693	8,564,826	3,024,275
DEDUCTIONS:			
Administrative expenses	827,266	10,479	4,317,783
Retirees pension expense	73,732,612	-	-
Total deductions	74,559,878	10,479	4,317,783
Change in net assets	125,369,815	8,554,347	(1,293,508)
Net assets - Beginning of the year	1,145,984,075	14,957,837	8,145,023
Net assets - End of the year	$1,271,353,890	$23,512,184	$6,851,515

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

NOTE 1. Summary of Significant Accounting Policies

The accompanying financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

I. Accounting Policies

A. The Financial Reporting Entity

Arlington County, Virginia (the "County") is a jurisdiction of the Commonwealth of Virginia and is governed by a five-member County Board. As required by GAAP, these financial statements present the County (primary government) and its component units, the Arlington County Public Schools (the "Schools"), and the AHC Limited Partnership-10/AHC Limited Partnership-11 ("the Gates Partnership"), entities for which the primary government is considered to be financially accountable. As discretely presented component units, the Schools, and Gates Partnership are reported in separate columns in the combined financial statements, to emphasize that they are legally separate from the County.

Discretely Presented Component Units

Arlington County Public Schools (the "Schools") is a legally separate entity that provides educational services to citizens of the County. It is administered by a five-member School Board that is elected by the citizens. The Schools is fiscally dependent on the County since it is not legally authorized to raise taxes or issue debt. The Auditor of Public Accounts of the Commonwealth of Virginia ("APA") is responsible for all financial reporting by jurisdictions within the Commonwealth. APA has determined that the Schools must be displayed as a discretely presented component unit in all the comprehensive annual financial reports of primary governments in the Commonwealth, which have responsibility for school systems. The Schools does not issue separate component unit financial statements and has a June 30 year-end.

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

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments ("GASB 34") established that the basic financial statements and required supplementary information should consist of the following sections:

- *Management's Discussion and Analysis* (MD&A).
  - MD&A will introduce the basic financial statements and provide an analytical overview of the government's financial activities.
- *Basic financial statements.* The basic financial statements include:
  - *Government-wide* financial statements, consisting of a statement of net assets and a statement of activities.
  - *Fund financial statements* consisting of a series of statements that focus on information about the government's major governmental and enterprise funds, including its blended component units. Fund financial statements also should report information about the government's fiduciary funds and component units that are fiduciary in nature.
  - *Notes to the financial statements* consisting of notes that provide information that is essential to a user's understanding of the basic financial statements.
- *Required supplementary information* (RSI). In addition to MD&A, this Statement requires budgetary comparison schedules to be presented as RSI along with other types of data as required by previous GASB pronouncements.

The County has followed the guidance of the Government Finance Officers Association of the United States and Canada ("GFOA") and included the required budgetary comparison for the major governmental fund as Exhibit 5 in the Basic Financial Statements section. It has included the other data required by previous GASB statements in the Notes to the Financial Statements in the Basic Financial Statements. Therefore, the CAFR does not include a separate RSI section.

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

D. Funds

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

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

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

The ***Special Revenue Funds*** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. The Funds used for the Schools include the school operating, school cafeteria, school special grants, school debt service, school community activities, and school comprehensive services funds. County travel and tourism promotion, the Rosslyn and Crystal City business improvement districts, community development block grants, and Section 8 housing grants are also accounted for in these funds.

The ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). These activities include the General Capital Projects Fund that provides funding for Transportation Infrastructure, Capital Asset Preservation Program (CAPP), Information Technology CAPP, Parks & Recreation CAPP, Neighborhood Conservation (NC) Program, Neighborhood Traffic Calming (NTC) Programs, Stormwater Drainage Infrastructure, and Northern Virginia Transportation Authority (NVTA).

Proprietary Fund Types: Proprietary Funds are used to account for County operations which are similar to those often found in the private sector. The measurement focus of these Funds is the determination of net income through matching revenues earned with the expenses incurred to generate such revenues. The operations of such Funds are generally intended to be self-supporting. The following are the County's Proprietary Fund Types.

The ***Enterprise Funds*** account for the financing of services to the general public where the operating expenses involved are usually recovered in the form of charges to users of such activities. Enterprise Funds consist of the Utilities (water and sewer), the Ballston Public Parking Garage, the Emergency Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), the Eighth-Level Ballston Public Parking Garage Funds and the Community Planning Housing Development (CPHD) Development Fund. The Trade Center, the George Mason Center, the ERP, and the Emergency Communications Center and the CPHD

Development Fund are considered enterprise funds because the County has made a policy decision to establish charges to recover a portion of the cost of operating these funds.

The government reports the following major proprietary funds:

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

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

The ***Emergency Communications Center*** accounts for activities involved in constructing and equipping an emergency operation and emergency communications center.

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

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

Additionally, the government reports the following fund types:

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

Fiduciary Fund Types: The Fiduciary Funds account for the assets received and disbursed by the County government acting in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The County reports the following fiduciary fund types:

The ***Private-purpose Trust Funds*** are used to account for resources legally held in trust to provide for capital costs of repairs to the waste-to-energy plant and other solid waste purposes, resources used for the construction of IDA Skating facility on the eighth level of the Ballston Public Parking Garage, and funds set aside for various social service programs.

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

The ***Other Post-Employment Benefits (OPEB) – County Trust Fund*** accounts for the assets held in trust by the County and beneficiaries of its OPEB plan.

The ***Agency Funds*** account for assets held by the County as an agent for individuals, private organizations, other governmental units and/or funds. The assets include in Agency funds are for Special Welfare Programs in the Department of Human Services, Friends of Library donations, Parks and Recreations donations, Commission Funds reserved for Canteen and Inmates.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund, of the Ballston Public Parking Garage Fund, the Emergency Communications Center Fund, the Trade Center Fund, the George Mason Center Fund, the Enterprise Resource Planning (ERP) Fund, the Eighth-Level Ballston Public Parking Garage Fund, CPHD Development Fund of the government's internal service funds are charges to

customers for sales and services. The Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgets

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County Board also approves a separate six-year Capital Improvement Program. The Budget presentation displayed in Exhibit 5 is formatted differently than the governmental fund statements, but the overall ending balance is identical.

F. Equity in Pooled Cash and Investments

The Treasurer's Office pools substantially all cash and investments for County and School purposes (County funds) in pooled and separate cash and investment accounts. Separate accounts correspond with specific contractual and/or legal restrictions. Each Fund's equity share of the total pooled cash and investments is included on the accompanying balance sheet under the caption "Equity in Pooled Cash and Investments." The Treasurer conducts banking and investment activities as authorized by The Code of Virginia, Chapter 44 – Security for Public Deposits Act; Chapter 45 – Investment of Public Funds Act; Chapter 46 – Local Government Investment Pool Act; and Chapter 47 – Government Non-Arbitrage Investment Act. The Code of Virginia delineates additional authority and obligations of the Treasurer in 58.1-3123 through 3172.1. In addition, the County Treasurer has a formal, written investment policy which further governs the types of allowable investments and procedures for investing the county's operating funds. The Investment Policy was last updated on June 1, 2009. The Investment Policy received a Certification of Excellence from the Association of Public Treasurers of the United States and Canada in August 2007. The County established a Finance Board pursuant to Code of Virginia Sections 58.1-3151 et. seq.

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

The Pension Trust Fund is also authorized to make investments as deemed appropriate by its Board of Trustees and in compliance with the U.S. Department of Labor regulations. It is required by County ordinance to maintain at least twenty percent of its portfolio in fixed income investments.

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

Investments are recorded at fair value based on quoted closing market prices except for real estate funds reported in the Pension Trust Fund. For alternative investments, which include real estate investments, where no readily ascertainable market value exists, management, management in consultation with the general partner and investment advisors, has determined the fair values for individual investments based upon the partnership's most recent available financial information. In accordance with its adopted investment policy, the Retirement System has invested in foreign currency forward contracts, which are valued at fair market value, as a risk management tool.

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

G. Receivables and Payables

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

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

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

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

H. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in first-out method for inventories in the Utilities and Schools Funds. Inventories acquired by the Utilities Fund and the Automotive Equipment Fund are accounted for using the consumption method. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply. Inventories in the School Cafeteria Fund are accounted for using the purchase method. Under this method, the cost is recorded as an expenditure at the time individual items are purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

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

Property, plant, and equipment assets of the primary government, as well as of the component unit Schools is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Water/sewer system	75
Parking garage	45
Infrastructure	40
Building/improvements	40
Furniture and fixtures	10
Other capital assets	3-20

Intangible assets, which include computer software purchased or internally generated, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Intangible assets for both primary government and component unit Schools are defined by the government as assets with an initial, individual cost of more than $50,000 (amount not rounded) and an estimated useful life in excess of one year. Subsequent additions, modifications or upgrades to computer software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Interest incurred during the development of intangible assets of business-type activities is included as part of the capitalized value of the assets developed. Capitalized computer software costs are amortized using the straight line method over a period of 5 years.

J. Compensated Absences

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

Accumulated vested unpaid compensated absences for the County and the Schools in both the government-wide and the Proprietary Funds are recorded as an expense and liability of General Fund, Travel and Tourism, Community Development Grant, the Section 8 Housing, Capital Project Funds, Stormwater Fund, Public Recreation Bond Fund, Internal Service Funds, Utilities Fund, CPHD Development Fund, and Schools as the benefits accrue to employees.

K. Arbitrage Rebate Liability

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2010, the County had an arbitrage rebate liability of $1,635,210.

L. Long-Term Obligations

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

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

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. Comparative data/reclassifications

Comparative total data for the prior year have been presented in the accompanying combining other supplemental information of the financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2009 amounts have been reclassified to conform to the FY 2010 presentation.

O. Cash and Cash Equivalents

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

P. Use of Estimates

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

Q. Implementation of New GASB Pronouncements

The County adopted in FY 2010 a new statement issued by the Governmental Accounting Standard Board ("GASB"): GASB Statement No. 51 ("GASB 51") *Accounting and Financial Reporting for Intangible Assets*. As stated in GASB 51, this Statement establishes standards for the accounting and financial reporting for intangible assets. GASB 51 requires intangible assets be classified as capital assets and should be recognized in the statement of net assets. GASB 51 also establishes guidance related to the amortization of intangible assets.

The requirements of GASB 51 became effective for fiscal periods after June 15, 2009. The financial reporting impact resulting from the implementation of GASB 51 in FY 2010 was the recognition of intangible assets of $1,537,651 in the statement of net assets (see Note 5). Since implementing GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the County has recognized intangible assets as capital assets.

In June 2008, the Government Accounting Standards Board issued Statement No. 53: *Accounting and Financial Reporting for Derivative Instruments* (GASB 53). The statement established standards for recognizing, measuring and disclosing information regarding derivative instruments entered into by state and local governments. A key tenet of GASB 53 is that derivative instruments be reported on the financial statements at fair value. The requirements of the new Statement became effective for fiscal periods after June 15, 2009. The County and the System adopted GASB 53 during the year ended June 30, 2010. The implementation of this new standard had no impact on the County's or the System's fiscal year 2010 financial statements.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $(714,141,561) difference as follows:

General obligation bonds - general government	$(306,859,109)
General obligation bonds - Schools	(259,576,015)
Compensated absences - general government	(30,477,800)
Worker's compensation - general government	(4,440,687)
Capital leases - general government	(20,556,593)
Bond issue costs and deferred amount on refunding, net	953,084
Current year Bond premium to be amortized – County	(8,691,590)
Current year Bond premium to be amortized – Schools	(7,546,752)
IDA – Metro and Buckingham Village 1	(41,280,000)
IDA – Buckingham Village 3 Note	(35,666,099)
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets of governmental activities	$(714,141,561)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and changes in *net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets." The details of this $(66,389,001) difference are as follows:

Capital acquisitions	$86,792,008
Depreciation expense	(20,403,007)
Net adjustment to increase *net changes in fund balances* - total governmental funds to arrive at changes in net assets of governmental activities	$66,389,001

Another element of the reconciliation states that "Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds". The details of this difference are as follows:

Deferred property tax revenue 6/30/09	$(265,947,173)
Deferred property tax revenue 6/30/10	(265,288,518)
Net adjustment to decrease net changes in fund balances – total governmental funds arrive at changes in net assets of governmental activities	$(658,655)

Another element of that reconciliation states that "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets". The details of this $(35,425,028) difference are as follows:

Debt issued or incurred:	
IDA – Metro and Buckingham Village 1	$(41,280,000)
Issuance of general obligation bonds – County	(14,867,322)
Issuance of general obligation bonds - Schools	(24,350,000)
Issuance of refunding bonds - County	(55,067,381)

Issuance of refunding bonds - Schools	(39,063,646)
Issuance of refunding IDA Buckingham Village 3 Note	(35,666,099)
Capital leases	(7,418,177)
Capital financing – General Government	(217,712,625)
Principal repayments:	
General obligation debt – County	28,593,370
General obligation debt – Schools	20,013,757
Payment to refunded bonds - County	56,747,745
Payment to refunded bonds - Schools	38,400,817
Payment to refunded note – IDA Buckingham Village 3 Note	35,962,739
Capital leases	5,298,089
Total principal repayments	185,016,517
Bond premium to be amortized	(1,540,134)
Other charges and bond issue costs	(1,188,786)
Net adjustment to increase *net changes in fund balances* - total governmental funds to arrive at *changes in net assets of governmental activities*	$(35,425,028)

Another element of that reconciliation states that "some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and worker's compensation". The detail of this $(1,929,068) difference are as follows:

Compensated absences	$(64,238)
Worker's compensation	(1,864,830)
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of government activities	$(1,929,068)

Another element of that reconciliation states that "OPEB expenses reported in the Statement of Activities do no require the use of current financial resources and therefore are not reported as expenditures in governmental funds".	$52,632

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities."

Additional revenues – internal service funds	$484,541
Net operating income – internal service funds	1,423,208
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	$1,907,749

NOTE 2. Legal Compliance

The County Manager's proposed budget for the following fiscal year is presented to the County Board in February. Public hearings on the proposed budget and tax rates are held in early spring and are followed by a series of work sessions of the County Board, during which preliminary funding decisions regarding proposed operating and capital programs are reached. Final County Board decisions are incorporated into the appropriation, tax, and budget resolutions for the fiscal year. These resolutions are generally

approved by the County Board in April and a separate Adopted Budget document is issued subsequent to the Board approval. Under Virginia law, the County Board must adopt the School Board budget no later than May 1 of the current fiscal year.

Supplemental appropriations may be approved by the County Board subsequent to the adoption of the original budget. In FY 2010 such appropriation amendments totaled $9,858,878 and are reflected in the amounts presented in the financial statements. In addition, the County Board can approve transfers of appropriations between County departments and the County Manager can approve budget transfers within a department's appropriation. The level of budgetary control in the County is at the department level. Expenditures exceeded the level of control in FY 2010 for Technology Services due to early separation and retirement expenses, County Attorney office due to outside legal services, Treasurer Office due to increased personnel costs, and Electoral Board due to warrantee renewal for voting machines and for June 8th election costs. Management will ensure the departments develop better budget estimates in future years.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has negative net assets of $(20,055,707) at June 30, 2010. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net operating income circumstances. The deficiency has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under its agreement with The Federated Department Stores Inc., the County was precluded from initially increasing some key parking rates. Management of the County believes that the most recent rate increases and subsequent rate increases in future fiscal years coupled with the completion of adjacent development projects will result in the eventual achievement of a positive equity position.

The Printing Fund (an Internal Service Fund), incurred a negative change in net assets of $76,813 in FY 2010, resulting in ending net deficit of $(154,424). Management will evaluate measures to reduce the deficit in FY 2011.

Jail Industries (an Internal Service Fund), incurred a negative change in net assets of $100,955 in FY10, resulting in ending net deficit $(116,101). Beginning in FY2011, the Jail Industries program will be transferred to the Sheriff's Office in the General Fund.

NOTE 3. Cash and Investments

I. County Cash and Investments

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

A. Custodial Credit Risk Deposits

At year end, the carrying amount of the County and School deposits was $249,641,577 and the bank balance was $256,892,467. Of the bank balance, $31,344,822 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

B. Custodial Credit Risk

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

C. Investment Policy

In accordance with the Code of Virginia. The Treasurer's investment policy permits investment in obligations of the Unites States or agencies thereof, obligations of State and municipal governments as well as agencies thereof, commercial paper, bankers' acceptances, repurchase agreements, corporate notes, mutual funds and the Virginia Local Government Investment

Pool (LGIP), a 2a-7 like pool). Depository accounts and certificates may also be used. Unexpended bond proceeds are invested in the Virginia State Non-Arbitrage Program (SNAP).

D. Credit Risk

The Code of Virginia authorizes the investment in various instruments as described above. The County will only invest in securities with a "prime quality" credit rating by at least one nationally recognized rating agency. Prime quality is defined by the Section 2.2-4502 of the Code of Virginia as having a rating of A or better by at least two of the following rating agencies: Moody's Investors Service, Standard & Poor's, Fitch Investors Services or Duff and Phelps.

Credit rating for individual securities held at June 30 are provided in the Investment Maturity table below.

E. Concentrations of Credit Risk

The County's policy does not set a limit on the amount that may be invested in any single Federal Agency issuer. Refer to percentages of portfolio categories on the Investment Portfolio table below.

F. Interest Rate Risk

As a means of limiting exposure to fair value losses resulting from increasing interest rates, the Treasurer's investment policy states that the maturities in the portfolio are to be reviewed frequently to mitigate the effects of market fluctuations. In no case, however, shall investments be purchased with maturities greater than five years. A Federal Home Loan Mortgage Corporation security with a par value of $6 million and a maturity date of December 30, 2015 held at June 30 exceeded the 5 year limitation by six months due to an oversight at time of purchase.

At June 30, 2010, the County had the following investments and maturities:

		Investment Maturity (in years)			
	Fair Value	Less than 1 year	1-3 years	3-5 years	Greater than 5 years
Corporate Bonds	$43,128,062	$6,826,525	$30,004,920	$6,296,617	$-
Commercial Paper	4,965,826	4,965,826	-	-	-
Government Agency Bonds	45,519,072	1,918,103	5,446,229	32,121,560	6,033,180
Municipal Obligations*	9,250,124	551,152	2,956,214	5,542,758	200,000
Total	$102,863,084	$14,261,606	$38,407,363	$43,960,935	$6,233,180

* Maturity date on Variable Rate Demand Note investments (total of $200,000) is 8/1/24, with a weekly put.

Investment not subject to Interest Rate Risks:

Virginia LGIP	$644,045
Virginia State Non-Arbitrage Program	155,613,407
Total	156,257,452
Total Investments	$259,120,536

Investment Portfolio
As of June 30, 2010

	S&P Rating	PAR	Interst Rate	Maturity Date	Market	% of Portfolio
Corporate Bonds						
Wal-Mart Stores	AA	$1,000,000	4.13%	07/01/2010	$1,000,000	
JP Morgan Chase	A+	1,000,000	4.50%	11/15/2010	1,013,320	
Toyota Motor Credit	AA+	1,750,000	4.35%	12/15/2010	1,774,815	
TIAA Global Markets	AAA	1,000,000	4.88%	01/12/2011	1,015,680	
General Electric-Variable	AA+	1,000,000	5.31%	02/01/2011	1,002,700	
Wal-Mart Stores	AA	1,000,000	4.13%	02/15/2011	1,020,010	
Lloyds TSB Bank PLC	A+	5,000,000	4.75%	07/15/2011	5,062,852	
Principal Life Global	A+	182,000	6.25%	02/15/2012	194,017	
General Electric Cap Corp	AA+	1,000,000	5.00%	04/10/2012	1,050,610	
Metlife Global FDG	AA-	1,430,000	2.88%	09/17/2012	1,463,977	
General Electric Cap Corp	AA+	1,000,000	5.25%	10/19/2012	1,068,890	
General Electric Cap Corp	AA+	2,500,000	5.25%	10/19/2012	2,672,225	
General Electric Cap Corp	AA+	3,000,000	5.25%	10/19/2012	3,206,670	
General Electric Cap Corp	AA+	2,500,000	5.25%	10/19/2012	2,672,225	
Bank of New York Mellon	AA-	1,000,000	4.95%	11/01/2012	1,082,890	
Principal Life Inc FDG	A+	250,000	5.30%	12/14/2012	269,275	
Wells Fargo & Co	AA	1,000,000	4.38%	01/31/2013	1,057,170	
General Electric Cap Corp	AA+	1,000,000	5.00%	02/01/2013	1,072,360	
General Electric Cap Corp	AA+	1,475,000	4.60%	03/15/2013	1,536,109	
Metlife Global FDG	AA-	1,000,000	5.13%	04/10/2013	1,081,570	
Berkshire Hathaway	AA+	1,000,000	4.60%	05/15/2013	1,085,680	
Berkshire Hathaway	AA+	5,000,000	4.60%	05/15/2013	5,428,400	
TIAA Global Markets	AAA	1,830,000	4.95%	07/15/2013	1,957,167	
New York Life Global Fdg	AAA	3,000,000	5.38%	09/15/2013	3,288,660	
Principal Life Global	A+	1,000,000	5.13%	10/15/2013	1,050,790	
		40,917,000			43,128,062	16.64%
Commercial Paper						
Korea Development Bank NY	A1	5,000,000	1.33%	12/20/2010	4,965,826	
		5,000,000			4,965,826	1.92%
Government Agency Bonds						
Federal Home Loan Mtg Corp	AAA	875,000	3.25%	02/25/2011	890,448	
Federal Home Loan Bank	AAA	1,000,000	3.38%	06/10/2011	1,027,655	
Federal Farm Credit Bank	AAA	1,000,000	3.88%	08/25/2011	1,039,065	
Federal Home Loan Mtg Corp	AAA	2,000,000	2.00%	11/05/2012	2,009,180	
Federal Home Loan Bank	AAA	1,000,000	4.30%	12/17/2012	1,017,345	
Federal National Mtg Assn	AAA	1,300,000	3.25%	04/09/2013	1,380,639	
Federal National Mtg Assn	AAA	5,000,000	2.00%	12/08/2014	5,016,425	
Federal National Mtg Assn	AAA	6,000,000	2.38%	12/15/2014	6,066,570	
Federal Home Loan Mtg Corp	AAA	6,000,000	1.50%	06/15/2015	6,018,540	
Federal National Mtg Assn	AAA	5,000,000	1.00%	06/23/2015	5,007,025	
Federal National Mtg Assn	AAA	5,000,000	2.13%	06/30/2015	5,015,650	
Federal Home Loan Bank	AAA	5,000,000	1.63%	06/30/2015	4,997,350	
Federal Home Loan Mtg Corp	AAA	6,000,000	2.25%	12/30/2015	6,033,180	
		45,175,000			45,519,072	17.57%

Municipal Obligations						
Phoenix AZ Civic Improv Corp	AA	250,000	5.46%	07/01/2010	250,000	
Erie Cty NY Med Ctr	AAA	300,000	4.37%	11/01/2010	301,152	
New York St Dorm Authority	AA-	1,000,000	5.16%	03/15/2012	1,059,160	
New York St Dorm Authority	AAA	385,000	4.96%	03/15/2012	406,564	
West New York, NJ	AAA	65,000	5.04%	04/15/2012	66,603	
Virginia Housing Authority	AA	225,000	3.93%	08/01/2012	232,875	
Maryland Stadium Authority	AA+	1,000,000	5.70%	09/15/2012	1,087,700	
Lexington & Richland Cty Sch	AA	100,000	3.35%	03/01/2013	103,312	
Milwaukee County WI Pension	AA	5,030,000	5.39%	12/01/2013	5,542,758	
Chesterfield VA IDA VRDN*	AA+	100,000	0.68%	08/01/2024	100,000	
Chesterfield VA IDA VRDN*	AA+	100,000	0.68%	08/01/2024	100,000	
		8,555,000			9,250,124	3.57%
*Variable Rate Demand Note						
Virginia State Non-Arbitrage Program (SNAP)	AAAm	155,613,407			155,613,407	60.05%
State Treasurer's Local Government Investment	AAAm	644,045			644,045	0.25%
Total Securities		$255,904,452			$259,120,536	100.00%

Note: Ratings are purchased by the instrument issuer from Moodys, S&P and/or Fitch. Ratings must comply with the investment policy prior to any instrument purchase. In the event of any subsequent rating changes, the new ratings are assessed for continued compliance with the investment policy.

US Bank, as trustee for holders of bonds for the Ballston Parking Garage, is authorized to invest in all investment instruments for the County. As of June 30, 2010, the Trustee Bank had $14,356,148 in a U.S. government money market fund consisting of securities approved for direct investment. SunTrust is the trustee for Arlington Solid Waste Authority. Alexandria/Arlington Waste Disposal Trust Funds are invested by the City of Alexandria in Local Government Investment Pool. Investments in the amount of $7,613,559 in state treasurer securities at fair value were held by LGIP at June 30, 2010.

U.S. Bank Trust National Association, as the trustee for the Industrial Development Authority (IDA) Lease Revenue Bonds, is granted and assigned a security interest in the investment instruments by the IDA Authority of Arlington County. As of June 30, 2010, the US Bank Trust National Association had $14,852,569 in the Trustee Bank.

Bank of New York Mellon Bank (BNYM), as the trustee for the Industrial Development Authority (IDA) of Arlington County, Virginia, is authorized to invest in all investments for the IDA Taxable Economic Development Revenue Bonds (Skating Facility Project). As of June 30, 2010, the Trustee Banks had $3,068,615 in a U.S. government money market fund. Of the Trustee Bank balance, $600,000 held by Wells Fargo IDA Bank will be transferred to BNYM Bank in July 2010, and $2,468,615 held by BNYM.

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP"). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities and towns. As of June 30, 2010, the County had $155,613,407 in the SNAP short term investment.

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

A. Legal Provisions

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

The System's written investment policy provides for investment in all major sectors of the capital markets in order to diversify and minimize total investment program risk. Such sectors include, but are not limited to:

- Common stock, preferred stock, convertible securities, warrants, and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity through an experienced fund-of-funds manager to maximize diversification by vintage year and investment type. The commitment to private equity totals $83 million, of which $50.9 million had been funded at June 30, 2010.
- Open and closed end commingled real estate funds and real estate investment trust securities. The System has a commitment to fund two real estate partnerships for $50 million, of which $48.6 million had been funded at June 30, 2010.
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. governments, companies, and supernational organizations in both developed and emerging markets. Limits on concentration, credit quality, and duration are governed by the investment manager contract with each manager.
- Foreign currency forwards. The Fund did not have a currency manager in place during 2010. Had it, the credit risk of these investments would result from credit worthiness of the counterparties to the contracts.

B. Investments Restrictions

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

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

No illiquid investment can be made that causes the allocation to illiquid investments to exceed 15% of System assets.

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

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

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

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

C. Cash and Cash Equivalent

At June 30, 2010, the System had cash and cash equivalents of $24,361,975. Cash deposits in bank accounts totaled $120,388. This amount was insured by the Federal Deposit Insurance Corporation up to $250,000 for each System participant. Cash totaling $24,241,587 are invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

D. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 2. Summary of Significant Accounting Policies, Investments. The following table presents the fair value of investments by type at June 30, 2010:

Investment Type	Fair Value (in $000s)
Mortgage Backed Government Pass-Through	$395
Mortgage Backed Government Pass-Through	413
Corporate Mortgage Obligations (CMOs)	745
Corporate Bonds	161,553
Corporate Asset Backed	8,919
Private Placements	47,064
Municipal Bonds	2,795
Yankee Bonds	6,442
Supernationals	7,290
Non-U.S. Developed Government/Sovereign	28,746
Non-U.S. Developed Corporate	25,528
Non-U.S. Emerging Government/Sovereign	12,923
Convertible Securities	88,639
U.S. Equity	136,853
Non-U.S. Equity	178,923
Alternative Investments	41,787
Real Estate	20,881
Pooled Equity Funds	248,654
Pooled U.S Fixed Income Funds	225,855
Pooled Money Market Funds	24,568
Cash	3,085
Total (1)	$1,272,058

(1) This total does not include contributions receivable, accrued expenses, and disbursement checking account cash.

Interest Rate Risk

Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on $391.5 million of directly owned fixed income securities and on $225.9 million invested in four pooled U.S. fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2010 are:

	Fair Value	Investment Maturities (years)			
Investment Type:	($000s)	Under 1	1-5	6-10	Over-10
U.S. Treasury	$-	$-	$-	$-	$-
U.S. Agency	-	-	-	-	-
Mortgage backed Govt Pass Through	395	-	-	-	395
Mortgage backed Govt Pass Through)	413	-	-	-	413
Corporate Mortgage Obligations (CMOs)	745	-	-	-	745
Corporate Bonds	161,553	1,081	53,012	30,790	76,670
Corporate Asset Backed	8,919	-	6,592	2,302	25
Private Placements	47,064	2,213	23,374	9,636	11,841
Municipal Bonds	2,795	-	-	-	2,795
Yankee Bonds	6,442	-	348	325	5,769
Supernationals	7,290	-	2,055	5,235	-
Non-U.S. Developed Govt/Sovereign	28,746	4,533	24,213	-	-
Non-U.S. Developed Corporate	25,528	1,331	19,697	2,972	1,528
Non-U.S. Emerging Govt/Sovereign	12,923	-	5,136	1,947	5,840
Convertible Securities	88,639	208	61,446	8,466	18,519
Total	$391,452	$9,366	$195,873	$61,673	$124,540

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rate. The effective duration of the System's directly held fixed income portfolio at June 30, 2010 is shown below:

Investment Type:	Fair Value (in 000's)	Effective Duration (years)
U.S. Treasury	$-	-
U.S. Agency	-	-
Mortgage Backed Gov't Pass Through	395	2.41
Mortgage Backed Gov't Pass Through	413	5.35
Corporate Mortgage Obligations (CMOs)	745	5.44
Corporate Bonds	161,553	6.55
Corporate Asset Backed	8,919	2.88
Private Placements	47,064	5.40
Municipal Bonds	2,795	7.54
Yankee Bonds	6,442	9.68
Supernationals	7,290	5.04
Non-U.S. Developed Gov't/Sovereign	28,746	1.61
Non-U.S. Developed Corporate	25,528	3.28
Non-U.S. Emerging Gov't /Sovereign	12,923	5.59
Convertible Securities	88,639	3.96
Total	$391,452	5.16

Custodial Credit Risk

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

Concentration of Credit Risk

Per the System's investment policy, only U.S. Government and U.S. Government Agency obligations may exceed 5% of Systems assets. As of June 30, 2010, the System does not have investments in any one organization that exceed 5%.

The System's credit quality distribution for the System's directly held fixed income investments of $391.5 million at June 30, 2010 is shown below:

Fixed Income Credit Quality Distribution

Investment Type (in $000s)	Credit Quality AAA	AA	A	BBB	BB	B	Below B	Unrated
US Government	$-	$-	$-	$-	$-	$-	$-	$-
US Government Agency	395	-	-	-	-	-	-	-
Mortgage Backed Corp Pass Through	-	-	413	-	-	-	-	-
Corp Collateralized Mort. Obligations (CMOs)	-	-	539	-	-	-	-	206
Corporate Bonds	-	641	15,527	62,016	30,184	28,791	10,245	14,149
Corporate Asset Backed	1,917	-	-	-	-	5,070	1,932	-
Private Placements	942	1,475	4,851	9,353	4,915	4,426	2,961	18,141
Municipal Bonds	-	-	-	2,795	-	-	-	-
International Obligations	33,981	5,802	8,272	14,946	4,466	1,869	-	11,593
Convertible Securities	-	390	7,288	5,627	7,171	14,241	4,265	49,657
Total	$37,235	$8,308	$36,890	$94,737	$46,736	$54,397	$19,403	$93,746

Note: Ratings based on S&P Quality Ratings with the exception of U.S. Government and Agency which have been assigned by the Bank of New York Mellon.

Foreign Currency Risk

Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2010 was as follows:

Currency (in $000s)	Equity	Fixed Invome & Convertible	Cash	Total
Australian Dollar	$9,053	$8,111	$117	$17,281
Brazilian Real	3,989	5,580	7	9,576
British Pound	14,844	8,305	39	23,188
Canadian Dollar	14,323	28,876	52	43,251
Danish Krone	3,445	-	-	3,445
Egyptian Pound	432	-	-	432
Euro	38,447	21,597	1,801	61,845
Hong Kong Dollar	10,801	1,504	169	12,474
Indonesian Rupiah	836	5,225	-	6,061
Japanese Yen	26,569	5,050	1	31,620
Mexican Peso	432	5,948	-	6,380
New Zealand Dollar	-	10,788	-	10,788
Norwegian Krone	973	1,018	-	1,991
Renminbi Yuan	-	327	-	327
Singapore Dollar	-	2,695	1	2,696
South Korean Won	7	-	-	7
Swedish Krona	6,977	-	-	6,977
Swiss Franc	14,751	2,099	12	16,862
UAE Dirham	-	468	-	468
Total	$145,879	$107,591	$2,199	$255,669

E. Derivatives

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2010, the System had no open forward currency contracts.

F. Securities Lending

Under authorization of the Board, the System engaged in a securities lending program through its custodian, BNYM, for securities held in separate accounts. In accordance with the contract, BNYM may lend any securities held in custody. Maturity matched collateral of cash, cash equivalents or irrevocable letters of credit are held at the minimum rate of 102% for domestic securities and 105% for international. The collateral is maintained by BNYM and all securities on loan are callable at any time. The System does not have the ability to pledge or sell the collateral.

All securities on loan are carried at fair value and the collateral received for securities on loan is listed in the financial statements as an asset of the System, offset by an accompanying security lending obligation.

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

The System is exposed to credit risk in the investment of the cash collateral by BNYM in a separately managed account. An investment policy provides guidelines for the investment of this cash in high quality debt securities. During fiscal 2009, this policy was modified to allow only investments in US Treasury securities and reverse repurchase agreements.

The program was reduced from $39 million at the beginning of the year to $23 million at June 30, 2010, reflecting the System's effort to reduce exposure to security lending related credit risk during the year.

Gross Income from Securities Lending	$158,741
Less Bank Management Fees	(40,660)
Net Income from Security Lending	$118,081

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2010:

Type of Securities Lent	Fair Value	Value of Cash Collateral
Corporate Fixed Income	$13,134,024	$13,476,213
U.S. Equity	4,680,672	4,822,268
Non-U.S Governments	2,995,069	3,153,300
Non-U.S. Equity & Fixed	663,578	1,134,254
Total	$21,473,343	$22,586,035

At June 30, 2010, the System had $55.3 million invested in a State Street Global Advisors (SSgA) Treasury Inflation Protection Securities pooled fund that engaged in security lending. Due to significant unrealized losses associated with the investment of the cash collateral received for loaned securities, in October of 2008, SSgA restricted all clients' redemptions. Under these restrictions, the System's maximum allowed withdrawal was 2% of the investment balance per month. The maximum withdrawals were taken in the fiscal year.

At June 30, 2010, 76.6% of the TIPS fund's securities were out on loan. There were no unrealized losses in the cash collateral pool owing to an infusion of cash by SSgA. Subsequent to the end of the fiscal year, in August of 2010, the redemption restrictions on this fund were lifted.

None of the System's other pooled fund investments have material realized or unrealized securities lending related losses.

G. Commission Recapture Program

The System participates in a commission recapture program with Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers with which the System has entered into an agreement. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2010, were $13,849.

NOTE 4. Receivables, net

Receivables at June 30, 2010 are summarized below.

	Governmental Activities	Business-type Activities
Real estate taxes	$273,490,301	$-
Personal property taxes	3,611,059	-
Business licenses tax	5,299,843	-
Meals tax	1,082,004	-
Accounts receivable	46,483,207	20,660,247
Interest	793,782	3,680
Total	330,760,196	20,663,927
Less: Allowance for uncollectible accounts	(2,844,877)	(358,532)
Net receivables	$327,915,319	$20,305,395

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

The County Board establishes the tax rates on or about April 1 of each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes receivable is the unbilled October 5 installment. This October due amount, totaling $265,288,518, has also been recorded as deferred revenue since these revenues are not considered to be available to finance current year expenditures.

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

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

NOTE 5. Capital Assets and Intangible Assets

Capital asset activity for the year ended June 30, 2010:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental and Internal Services activities:				
Capital assets, not being depreciated:				
Land	$128,763,550	$21,081,252	$-	$149,844,802
Construction in progress	75,518,665	61,543,947	27,710,472	109,352,140
Total capital assets, not being depreciated	204,282,215	82,625,199	27,710,472	259,196,942
Capital assets, being depreciated:				
Infrastructure	387,636,349	19,159,864	-	406,796,213
Buildings	226,387,469	4,994,091	-	231,381,560
Furniture, fixtures and equipment	107,348,510	15,023,421	4,140,978	118,230,953
Intangible	-	1,253,003	-	1,253,003
Total capital assets being depreciated	721,372,328	40,430,379	4,140,978	757,661,729
Less accumulated depreciation for:				
Infrastructure	256,108,413	9,820,757	-	265,929,170
Buildings	66,328,690	5,693,544	-	72,022,234
Furniture, fixtures and equipment	49,982,365	9,425,290	3,266,617	56,141,038
Total accumulated depreciation	372,419,468	24,939,591	3,266,617	394,092,442
Total capital assets, being depreciated, net	348,952,860	15,490,788	874,361	363,569,287
Governmental and Internal Service activities capital assets, net	$553,235,075	$98,115,987	$28,584,833	$622,766,229

Business-type activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$1,792,817	$4,335,439	$-	$6,128,256
Construction in progress	443,478,074	79,179,774	-	522,657,848
Total capital assets, not being depreciated	445,270,891	83,515,213	-	528,786,104
Capital assets, being depreciated:				
Sewer system	321,716,145	2,277,054	-	323,993,199
Water system	137,292,801	12,589,818	-	149,882,619
Building	43,787,125	3,113,676	-	46,900,801
Furniture and fixtures and equipment	15,585,976	19,739,884		35,325,860
Intangible	-	284,648	-	284,648
Total capital assets being depreciated	518,382,047	38,005,080	-	556,387,127

Less accumulated depreciation for:				
Sewer system	64,569,608	4,317,519	-	68,887,127
Water system	40,964,317	1,953,371	-	42,917,688
Building	11,721,690	1,046,872	-	12,768,562
Furniture and fixtures and equipment	3,377,633	1,497,006	-	4,874,639
Total accumulated depreciation	120,633,248	8,814,768	-	129,448,016
Total capital assets, being depreciated, net	397,748,799	29,190,312	-	426,939,111
Business-type activities capital assets, net	$843,019,690	$112,705,525	$-	$955,725,215

Discretely presented component units
Schools:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$4,697,946	$-	$-	$4,697,946
Capital assets, being depreciated:				
Buildings	453,258,345	42,834,295	-	496,092,640
Furniture, fixtures and equipment	53,309,135	2,580,504	-	55,889,639
Total capital assets being depreciated	506,567,480	45,414,799	-	551,982,279
Less accumulated depreciation for:				
Buildings	109,300,770	11,331,458	-	120,632,228
Furniture, fixtures and equipment	36,968,325	3,942,872	-	40,911,197
Total accumulated depreciation	146,269,095	15,274,330	-	161,543,425
Total capital assets, being depreciated, net	360,298,385	30,140,469	-	390,438,854
Schools capital assets, net	$364,996,331	$30,140,469	$-	$395,136,800

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

FUNCTION AND ACTIVITY	Depreciation Expense
Primary government:	
Government activities:	
General government	$13,623,402
Public safety	567,308
Public works, including depreciation of infrastructure assets	4,099,574
Health and welfare	55,327
Libraries	305,793
Parks, recreation and culture	1,390,567
Planning and community development	361,036
Total Depreciation Expense – Governmental Activities	20,403,007
Internal Service	4,536,583
Total Depreciation Expense- Governmental and Internal Service Activities	$24,939,590

Business-type activities:

Utilities	$6,383,740
Ballston Public Parking Garage	496,581
IDA Revenue Bond Funds	1,675,325
CPHD Development Fund	259,122
Total Depreciation Expense- Business-type Activities	$8,814,768
Component unit – Schools	$15,274,330
Total Depreciation Expense Component units	$15,274,330

NOTE 6. Risk Management

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the General Fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The amount of settlement did not exceed the insurance coverage for each of the last three years. At June 30, 2010 the current portion of these liabilities was $5.752 million which represent an estimate of health insurance claims that have been incurred but not reported of $5.308 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of $.444 million. The non-current portion was $3.997 million which represent an estimate of workers' compensation claims which are included in the long-term liabilities based on a history of such claims. These liabilities are the County's best estimate based on available information.

Changes in the reported liabilities since July 1, 2008 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2008 – 2009				
Current	$6,383,717	$40,717,094	$41,230,251	$5,870,560
Long Term	$2,358,170	$2,114,339	$2,154,238	$2,318,271
2009 – 2010				
Current	$5,870,560	$41,651,966	$41,770,223	$5,752,303
Long Term	$2,318,271	$4,712,223	$3,033,876	$3,996,618

In addition, the County has designated a General Fund balance self-insurance reserve of $5,000,000 as of June 30, 2010. The County maintains a General Fund operating reserve that totaled $35,050,026 as of June 30, 2010. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased to its current funding level which is greater than or equal to 3.75% of the General Fund budget.

NOTE 7. Operating Leases

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

Fiscal Year	Amount
2011	$11,971,769
2012	13,589,477
2013	14,163,191
2014	13,920,243
2015	14,333,887
2016-2024	79,655,375
	$147,633,942

In FY 2003, the County renewed and amended the operating lease agreement of the Court House Plaza to include the ninth floor premises. Total square feet of office space under the new 15 year agreement is 208,433. As part of the Court House Plaza lease agreement, the County receives 50% of the net cash flow generated by office and residential buildings located in the Court House area, subject to a minimum of $150,000 annually. During the fiscal year ended June 30, 2010, the County received $2,293,437 under these lease agreements. The County entered into a 75 year lease agreement with Arlington Hotel Associates LLC (LLC) on June 20, 2005 for the construction and operation of a hotel. The lease agreement required the LLC to make a one time lump-sum payment of $150,000 upon receipt of the first certificate of occupancy and to pay rent in the amount equal to 2% of annual gross revenues thereafter. The total payments received from the LLC during FY10 were $254,905. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. This liability amount of $8,156,912 is accrued in the Ballston Public Parking Garage Fund, as of June 30, 2010. In FY 2000, the County entered into a long term operating lease agreement for 145,777 square feet of office space and additional garage space to consolidate the operations of its Department of Human Services (DHS) at 3033 Wilson Boulevard. The lease for DHS at 3033 Wilson Blvd expired on August 31, 2010, and a new lease for DHS at Sequoia Plaza, 2100 Washington Blvd commenced on September 1, 2010.

NOTE 8. Capital Leases

The County has financed the acquisitions of capital assets, including eight Arlington Transit (ART) buses, equipment for Fairlington Community Center, energy performance upgrade for the Arlington County Justice Center, breathing apparatus for the Fire Department, Voice over Internet Protocal (VoIP) voice communication system, a rock crusher, computers, and equipment. Arlington Public Schools has financed the acquisition of computers. Capital leases at June 30, 2010 are summarized below:

	Primary Government	Schools
Building	$1,395,842	$-
Equipment	9,789,936	6,352,289
Equipment CIP	9,216,728	-
Auto	2,802,688	-
Total Asset, at cost	23,205,194	6,352,289
Accumulated depreciation	(2,195,457)	(721,440)
Total Asset, net	$21,009,737	$5,630,849

The annual future minimum lease payments as of June 30, 2010 are as follows:

General Government:

Year Ending June 30,	Technology Services	Environmental Services	Fire	Parks & Recreation	Libraries	Circuit Court	Sheriff	Total General Government
2011	$3,630,287	$1,016,888	$353,970	$233,759	$127,462	$15,104	$543,991	$5,921,461
2012	3,359,101	920,968	226,791	145,999	63,731	-	484,638	5,201,228
2013	2,152,724	838,771	226,791	102,344	-	-	356,161	3,676,791
2014	560,066	838,771	226,791	-	-	-	125,779	1,751,407
2015	108,520	838,771	226,791	-	-	-	125,779	1,299,861
2016	-	838,771	226,791	-	-	-	-	1,065,562
2017	-	838,771	226,791	-	-	-	-	1,065,562
2018	-	670,011	226,791	-	-	-	-	896,802
2019	-	484,045	113,396	-	-	-	-	597,441
2020	-	466,840	-	-	-	-	-	466,840
2021	-	466,840	-	-	-	-	-	466,840
2022	-	466,840	-	-	-	-	-	466,840
2023	-	466,840	-	-	-	-	-	466,840
2024	-	466,840	-	-	-	-	-	466,840
Total Minimum Lease payments	$9,810,698	$9,619,967	$2,054,903	$482,102	$191,193	$15,104	$1,636,348	$23,810,315
Less:								
Imputed Interest	(460,878)	(1,878,810)	(230,876)	(20,032)	(7,329)	(291)	(87,330)	(2,685,546)
Amount deferred	(510,224)	(7,189)	-	(16,606)	-	-	(34,157)	(568,176)
Present Value of Minimum Payments	$8,839,596	$7,733,968	$1,824,027	$445,464	$183,864	$14,813	$1,514,861	$20,556,593

Internal Service Fund:

Year Ending June 30,	Auto Equipment
2011	$728,824
2012	728,824
2013	728,824
2014	587,602
2015	446,378
2016	446,373
2017	186,820
Total Minimum Lease Payments	3,853,645
Less Imputed Interest	(403,324)
Present Value of Minimum Lease Payments	$3,450,321

Enterprise Fund:

Year Ending June 30,	Utilities
2011	$66,322
2012	66,322
2013	50,367
2014	34,412
2015	34,412
2016	34,411
2017	34,411
2018	34,411
2019	17,206
Total Minimum Lease Payments	372,274
Less Imputed Interest	(38,862)
Present Value of Minimum Lease Payments	$333,412

Component Unit – Schools:

Year Ending June 30,	Schools
2011	$3,468,158
2012	2,407,467
2013	1,474,650
2014	640,766
2015	640,766
2016	640,767
2017	320,383
Total Minimum Lease Payments	9,592,957
Less Imputed Interest	(687,667)
Less Amount Deferred	(367,666)
Present Value of Minimum Lease Payments	$8,537,624

NOTE 9. Long-Term Debt

A. General Obligation Bonds

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

ARLINGTON COUNTY, VIRGINIA
GENERAL OBLIGATIONS BONDS

FISCAL YEAR	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL G.O. BONDS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	$29,130,305	$13,795,187	$21,442,744	$11,287,848	$7,956,950	$4,783,364	$58,529,999	$29,866,399
2012	28,668,046	12,714,664	21,396,717	10,128,162	7,915,237	4,270,773	57,980,000	27,113,599
2013	25,896,533	11,035,118	19,799,623	9,438,413	7,508,845	3,930,675	53,205,001	24,404,206
2014	25,167,448	9,644,040	19,765,577	8,601,572	6,956,975	3,718,238	51,890,000	21,963,850
2015	23,499,777	8,952,899	18,171,772	7,663,764	5,953,452	3,083,631	47,625,001	19,700,294
2016	21,094,619	7,773,679	16,950,587	6,909,556	5,994,794	2,753,872	44,040,000	17,437,107
2017	21,106,444	6,757,749	16,819,302	6,181,233	6,049,254	2,469,833	43,975,000	15,408,815
2018	19,071,366	5,595,617	16,177,640	5,114,159	5,630,994	2,580,101	40,880,000	13,289,877
2019	17,788,127	4,796,172	15,552,737	4,591,934	5,654,137	2,132,402	38,995,001	11,520,508
2020	16,396,880	3,983,223	13,310,651	3,972,506	5,382,470	1,961,033	35,090,001	9,916,762
2021	15,642,665	3,277,177	12,695,563	3,396,494	5,411,772	1,731,036	33,750,000	8,404,707
2022	13,677,834	2,686,983	11,086,166	2,941,044	5,406,000	1,529,835	30,170,000	7,157,862
2023	12,594,065	2,090,227	10,026,936	2,465,384	5,469,000	1,306,101	28,090,001	5,861,712
2024	10,898,000	1,572,703	10,061,000	2,035,115	5,551,000	1,053,326	26,510,000	4,661,144
2025	9,223,000	1,091,898	9,904,000	1,559,558	5,638,000	804,851	24,765,000	3,456,307
2026	6,493,000	666,198	8,074,000	1,100,870	5,418,000	549,314	19,985,000	2,316,382
2027	6,493,000	386,561	8,250,000	767,749	5,497,000	321,428	20,240,000	1,475,738
2028	2,478,000	153,353	6,541,000	416,868	2,066,000	87,805	11,085,000	658,026
2029	770,000	46,200	2,335,000	126,100	-	-	3,105,000	172,300
2030	770,000	15,400	1,215,000	24,300	-	-	1,985,000	39,700
	$306,859,109	$97,035,048	$259,576,015	$88,722,629	$105,459,880	$39,067,618	$671,895,004	$224,825,295

FISCAL YEAR	Principal	IDA Interest	Total
2011	$6,530,000	$3,942,068	$10,472,068
2012	6,735,000	3,649,630	10,384,630
2013	6,950,000	3,351,468	10,301,468
2014	7,105,000	3,042,743	10,147,743
2015	7,495,000	2,714,568	10,209,568
2016	2,570,000	2,505,461	5,075,461
2017	2,600,000	2,416,318	5,016,318
2018	2,635,000	2,316,593	4,951,593
2019	2,675,000	2,200,518	4,875,518
2020	2,720,000	2,068,063	4,788,063
2021	2,765,000	1,931,645	4,696,645
2022	2,815,000	1,791,390	4,606,390
2023	2,865,000	1,647,075	4,512,075
2024	2,915,000	1,498,593	4,413,593
2025	2,970,000	1,348,143	4,318,143
2026	1,735,000	1,220,940	2,955,940
2027	1,805,000	1,114,740	2,919,740
2028	1,875,000	1,004,340	2,879,340
2029	1,950,000	889,590	2,839,590
2030	2,025,000	770,340	2,795,340
2031	2,110,000	644,180	2,754,180
2032	2,195,000	510,725	2,705,725
2033	2,285,000	371,845	2,656,845
2034	2,380,000	227,230	2,607,230
2035	2,475,000	76,725	2,551,725
	$83,180,000	$43,254,931	$126,434,931

B. Advance Refunding

On July 15 2009, the County issued $41,262,678 in Refunding Bonds (2009A, B, & C Refunding) with an average interest rate of 4.116 percent. The bonds were issued to advance refund $41,535,000 of outstanding 1998 Series, 2001 Series and 2005 Series ("Old Bonds") with an average rate of 4.929 percent. The proceeds of $44,533,599 were used to purchase U.S Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $272,322. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2029 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by $3,139,655 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $2,582,044.

On December 10, 2009, the County issued $65,650,000 in Refunding Bonds (2009D Refunding) with an average interest rate of 4.569 percent. The bonds were issued to advance refund $65,565,000 of outstanding 2001 Series, 2002 Series, 2003 Series, 2004 Series, 2005 Series, 2006 Series, 2007 Series and 2008 Series ("Old Bonds") with an average rate of 4.686 percent. The proceeds of $73,755,081 were used to purchase U.S Government securities which were deposited in an irrevocable escrow account to

provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $85,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2029 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by $3,091,758 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of $2,234,138.

Refunding Bonds

	Total Refunding Bonds	Percent of Allocations	Savings from Refunding	PV of Savings from Refunding
2009 A,B, & C Refunding				
General Government	$27,907,120	61.65%	$1,935,597	$1,591,830
Schools	11,455,110	31.69%	994,957	818,250
Total	39,362,230	93.34%	2,930,554	2,410,080
Utilities	1,900,448	6.66%	209,101	171,964
Grand total	$41,262,678	100.00%	$3,139,655	$2,582,044
2009D Refunding				
General Government	$27,160,261	47.37%	$1,464,566	$1,058,311
Schools	27,608,536	37.31%	1,153,535	833,557
Total	54,768,797	84.68%	2,618,102	1,891,868
Utilities	10,881,203	15.32%	473,657	342,270
Grand total	$65,650,000	100.00%	$3,091,759	$2,234,138

C. Revenue Bonds – Ballston Public Parking Garage

Revenue Bonds of $22,300,000 were issued by the County in 1984 to provide for the acquisition and construction of a public parking garage facility. The bonds were issued in the form of Variable Rate Revenue Bonds to mature on August 1, 2017, and are subject to redemption as a whole or in part, at any time, at the principal amount thereof, plus accrued interest at the County's discretion. The bonds are not general obligations of the County and are payable solely from gross revenues arising from the operations of the garage facilities, an irrevocable direct pay letter of credit in the initial principal amount of $25,648,055 and other funds which may be available to the project. As "credit support" for the project, the County has agreed to consider appropriating funds should a shortfall in revenues affect the payments to the bondholders. Debt service payments on the bonds are further secured by a deed of trust on the garage facilities and related assets. As of June 30, 2010, $12,300,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, at no time can exceed 15%, and averaged approximately 2.44% in FY 2010. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. On September 26, 2004, a Letter of Credit (LOC) was issued by Bank of America to support the garage activities. The LOC is valid for a term of five years, expiring in September 2009. On August 21, 2009, an Amended and Restated Letter of Credit and Reimbursement Agreement was signed, and the extended expiration date is September 22, 2011. Interest on drawings is payable at an interest rate publicly announced by the bank. When interest is due to the bondholders, the direct pay letter

of credit pays the bondholders by drawing down on the letter of credit and then immediately seeking reimbursement from garage revenues.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2010, the County drew from the letter of credit $31,241 to pay bondholders for the interest accrued on the revenue bonds. The letter of credit drawdowns were immediately repaid by the County from garage revenues held in trust at the time of the drawdowns. The fees associated with the letter of credit were $133,002 in FY 2010. Also in FY 2010, $500,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

D. Mortgage Debt

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of $3,929,679. An initial payment of $500,000 was made on October 22, 1986, with the remaining balance of $3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at $275,000 and $375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The long-term portion of this mortgage payable at June 30, 2010 was $569,186. The short term portion of mortgage interest payable was $17,922,937. At June 30, 2010, all payments have been deferred.

E. Virginia Resources Authority Note Payable

VRA Bonds were issued in June 2004 in the amount of $100,000,000. The proceeds from those bonds were received by the County prior to fiscal year 2010. The interest rate on these bonds is 3.10 percent. The principal outstanding on these bonds at June 30, 2010 was $84,597,297.

In June 2007, the County entered into a Financing Agreement with the Virginia Resources Authority (VRA). VRA agreed to issue $4,000,000 (Series 2007 A) and $76,000,000 (2007 Series B) in Wastewater System Revenue Bonds (VRA Bonds) and lend the proceeds to the County for improvements to the County's water pollution control plant and wastewater system. Interest was charged at a rate of 3.00 percent. The proceeds from those bonds were received by the County prior to fiscal year 2010. The principal outstanding on these bonds at June 30, 2010 was $3,767,898 on Series A bonds and $71,590,052 on Series bonds.

In October 2008, the County entered into a Financing Agreement with VRA. VRA agreed to issue $50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.55 percent. At June 30, 2010, VRA had provided a loan of VRA bond proceeds in the amount of $50,000,000, including in FY 2010 bond proceeds of $1,013,049. The principal outstanding on these bonds at June 30, 2010 was $50,000,000.

In June 2009, the County entered into a Financing Agreement with VRA. VRA agreed to issue $35,000,000 in Wastewater System Revenue Bonds, Series 2009 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.35 percent. At June 30, 2010, VRA had provided a loan of VRA bond proceeds in the amount of $35,000,000, including in FY 2010 bond proceeds of $34,937,416. On June 30, 2010, principal outstanding on these bonds was $35,000,000.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue $1,856,428, $16,795,849, and $16,347,723 in Wastewater System Revenue Bonds, Series 2008, 2009, and 2010 respectively, and lend the proceeds to the County to continue the improvements to the water pollution control plant. At June 2010, VRA had provided a loan of VRA bond proceeds in the amounts of $1,856,428, $9,456,677, and $189,992 respectively. These amounts are outstanding at June 30, 2010.

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

F. IDA Lease Revenue Bonds (Various County Government Projects)

On August 1, 2004, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and U.S. Bank Trust National Association, (the "Trustee"), made an agreement to finance the acquisition, construction, improvement, furnishing and equipping of various capital projects, including the Emergency Communication Center, the Trade Center Project, the George Mason Center Project, and the Enterprise Resource Planning Project. The Authority issued 20 year Lease Revenue Bonds in the amount of $60,540,000 to finance these projects. At June 30, 2010, $41,900,000 is outstanding under these lease revenue bonds.

G. IDA Revenue Notes (Buckingham Village 3 Acquisition)

On March 23, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and Sun Trust Bank made an agreement to finance the acquisition of Buckingham Village 3. The County leased the property to a developer, a partnership of Telesis and National Housing Trust (NHT), which immediately began to manage the property and will undertake renovations of the property within 12-24 months. The Authority refinanced its note on May 27, 2010 with the issuance of its $9,666,099 Taxable Variable Rate Note, Series 2010A and $26,000,000 Taxable Fixed Rate Note, Series 2010B (the "Buckingham Village 3 Notes"). The County and the Authority entered into a Support Agreement under which the County, subject to annual appropriation, will make debt service payments on the Buckingham Village 3 Notes. Debt service payments have been budgeted in the County's affordable housing investment fund (AHIF).

H. IDA Revenue Bonds (Metro Matters Funding and Buckingham Village 1 Acquisition)

On August 13, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued $41,280,000 in Revenue Bonds for the benefit of Arlington County (the "2009 IDA Bonds"). The 2009 IDA Bonds were for the funding of the County's Metro Matters obligation and for the acquisition of property for a park and streets in Buckingham Village 1. $31,435,000 of the issuance was in the form of taxable Build America Bonds (BABs). Interest on these bonds is subject to a 35% rebate from the IRS. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2009 IDA Bonds. Debt service on $10,800,000 is expected to come from the NVTA Fund revenues which come from a 12.5 cent tax per $100 of assessed value on commercial real estate.

I. Changes in Long-Term Liabilities

During the year ended June 30, 2010, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations.

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
General Government:					
Compensated absences****	$30,413,562	$27,397,790	($27,333,552)	$30,477,800	$3,047,780
Workers compensation	2,575,857	5,235,803	(3,370,973)	4,440,687	444,069
GO Bonds-County	322,265,522	69,934,703	(85,341,116)	306,859,109	29,130,305
GO Bonds- Schools	254,576,941	63,413,646	(58,414,572)	259,576,015	21,442,744
IDA - Metro and Buckingham Village 1	-	41,280,000	-	41,280,000	1,145,000
IDA - Buckingham Village 3 Note	35,962,739	35,666,099	(35,962,739)	35,666,099	650,000
Capital leases	18,436,505	7,418,177	(5,298,089)	20,556,593	5,286,840
Deferred cost on refunding - Cty	(779,132)	1,680,361	4,498	905,727	79,521
Deferred cost on refunding - Sch	(1,362,738)	(662,829)	166,756	(1,858,811)	(199,897)
Bond premium to be amortized-Cty	8,253,005	939,373	(500,788)	8,691,590	547,759
Bond premium to be amortized-Sch	6,445,203	1,482,910	(381,361)	7,546,752	455,507
Total General Government	676,787,464	253,786,033	(216,431,936)	714,141,561	62,029,628
Internal service:					
Compensated Absence	498,068	475,323	(443,123)	530,268	53,027
Capital lease	2,120,767	2,258,274	(928,720)	3,450,321	607,208
Total Internal Service	2,618,835	2,733,597	(1,371,843)	3,980,589	660,235
Total Governmental Activities	679,406,299	256,519,630	(217,803,779)	718,122,150	62,689,863
Component Unit-Schools:					
Compensated absences	31,677,538	1,758,517	-	33,436,055	3,343,606
Capital lease	8,239,041	3,132,234	(2,833,751)	8,537,524	3,222,826
Total Component Unit-Schools	39,916,579	4,890,751	(2,833,751)	41,973,579	6,566,432
Business-Type Activities					
Compensated absences-Utilities	1,497,467	1,527,891	(1,525,940)	1,499,418	149,942
Compensated absences-CPHD	512,869	528,657	(490,062)	551,464	55,146
GO Bonds	112,617,553	12,781,651	(19,939,324)	105,459,880	7,956,950
Bond and mortgage interest payable - Utilities	3,466,301	3,815,953	(3,466,301)	3,815,953	3,815,953
Revenue Bonds	12,800,000	-	(500,000)	12,300,000	500,000
Bond/Interest Payable	16,582,444	1,340,493	-	17,922,937	17,922,937
Long-term Notes Payable	3,429,679	-	-	3,429,679	2,860,493
VRA Loan Payable	216,152,600	47,453,562	(7,147,818)	256,458,344	9,183,929
Capital Leases	-	388,142	(54,730)	333,412	56,562
Deferred Cost of refunding	998,282	(830,195)	(125,023)	43,064	166,533
Bond Premium - Utilities	2,282,471	-	(127,849)	2,154,622	127,849
Bond Premium - IDA Revenue	2,550,828	-	(313,865)	2,236,963	313,865
IDA Revenue Bond	47,120,000	-	(5,220,000)	41,900,000	5,385,000
IDA Revenue Bond Comp absences	-			-	
Total Business-type Activities	420,010,494	67,006,154	(38,910,912)	448,105,736	48,495,159
Grand Total	$1,139,333,372	$328,416,535	($259,548,442)	$1,208,201,465	$117,751,454

**** The General, School & Utility Funds have been used in prior years to liquidate compensated absences.

NOTE 10. Invested in Capital Assets, net of related debt – Component unit - Schools

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the "school debt" is reflected in Exhibit 1 "Statement of Net Assets" in the governmental activities column of the primary government. The net

effect of this on the entries to the Exhibit 1 governmental activities for "Non-current liabilities" and "Invested in capital assets, net of related debt" is $265,263,956 for the Primary Government and the Schools. The effect on the Statement of Activities includes $5,604,550 which represents the net of school bond proceeds less principal payments on school bonds. This election has no effect on the combined total of the overall government.

NOTE 11. Interfund Receivables and Payables

The County has numerous transactions among Funds and Component Units to finance operations, provide services, and construct assets. Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). The amounts of such transactions not received or paid at June 30, 2010 are reflected in current due to/from accounts of each Fund/Component Unit, as summarized below:

Due to/from other funds:

	Receivables	Payables
General Fund	$8,428,831	$-
IDA Funds	-	7,678,994
Urban Area Security Initiative	-	291,224
Drug Task Force	-	458,613
	$8,428,831	$8,428,831

Due to/from primary government and component units:

	Primary Government	Component Unit
General Fund	$(470,571)	$54,183,192
School Funds:		
Operating		
Primary Government	48,662,019	-
Community Activities		
Primary Government	1,046,075	-
Pay-As-You-Go		
Primary Government	4,475,098	-
CSA		
Primary Government	-	(470,571)
	$53,712,621	$53,712,621

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2010 are as follows:

Transfer	General Fund	Special Revenue Fund	Non-major Capital Projects Fund	Internal Service Fund	Total Transfers Out
General Fund	$-	$247,000	$21,349,543	$235,310	$21,831,853
Special Revenue Fund	53,083	-	-	-	53,083
Internal Service Fund	130,000	-	-	-	130,000
Non-major Capital Projects Fund	248,873	-	-	-	248,873
Utilities Fund	-	-	-	105,000	105,000
CPHD Development Fund	-	-	-	127,475	127,475
Total Transfers In	$431,956	$247,000	$21,349,543	$467,785	$22,496,284

NOTE 12. Reservations and Designations of Fund Balances

Certain portions of fund balances have been reserved or designated by the County Board for specific purposes and are therefore not available for general appropriation as summarized below. Future disbursements relating to these reserved and designated fund balances are accounted for as expenditures in the year in which incurred.

a. **General Fund** – Designated for Self-insurance - $5,000,000 designated by the County Board related to the County's self-insurance program for workers' compensation, general liability and automobile liability where purchased insurance coverage is insufficient to pay claims which may become due.

b. **General Fund** - Designated for Operating Reserve - $35,050,026 designated by the County Board in its "General Fund Operating Reserve" resolution to protect the County's financial position in the event of major "severe unforeseen financial problems" that could cause "severe financial hardship". The amount designated for these purposes was increased from $30,769,734 to $35,050,026 during FY 2010.

c. **General Fund** - Designated for FY 2011 Budget - $12,811,007 designated by the County Board at the time of the adoption of the FY 2011 budget to be one of the elements that financed the FY 2011 Adopted General Fund budget.

d. **General Fund** – Designated for Incomplete Projects, including seized assets - $50,779,229 designated by the County Board to fund in FY 2011 projects approved by the County Board in FY 2010 but not yet completed at the close of FY 2010.

e. **General Fund** - Designated for Schools - $33,218,860 designated by the County Board at the time of the re-appropriation to the FY 2010 budget to be one of the elements which is planned to finance part of the FY 2011 Adopted School Fund budgets.

f. **School Funds** - Construction funds - $4,549,397 reserved for project construction expenditures and encumbrances.

g. **Special Revenue Funds** - Section 8 Housing - $5,286,376 reserve equivalent to the net difference between earned Section 8 Housing administrative revenues and actual administrative expenditures since inception of the program. Travel & Tourism - $331,390 reserve equivalent to the net difference between earned revenues and actual expenditures since inception of the program. Rosslyn Business Improvement District - $166,646 and Crystal City Business Improvement District - $112,379 reserves equivalent to the net difference between earned tax revenue and expenditures since inception of the program.

h. **Capital Projects Funds** - Construction funds - $116,155,032 reserved for project construction expenditures and encumbrances. Of these funds, $66,427,376 is reserved in construction bond funds and represents bond proceeds and $49,727,656 is reserved for transportation and stormwater funds and represents tax revenue.

i. **Trust Fund** - Reserved for Trusts - $7,500,420 reserved to be held by the Alexandria/Arlington Waste Disposal Trust fund for future plant expenditures and cover any shortfalls should they occur.

j. **Trust Fund** - Net Assets Held in Trust for Pension Benefits - $1,271,353,890 reserved to fund the Arlington County Employee's Supplemental Retirement System.

k. **OPEB Trust Fund** – Net Asset Held in Trust for OPEB - $23,512,184 reserved to fund the post employment benefits other than pension benefits.

NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

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

In July 2010, the Metro Matters Program was succeeded by the WMATA Capital Funding Agreement (the "Agreement"). This Agreement covers $5.0 billion in capital funding needs throughout fiscal years 2011 – 2016. The FY 2011 – 2016 Capital Improvement Program (CIP) is a 6 year forecast, updated annually, that lays out the specific projects to be funded, along with the sources of funds, in accordance with the Agreement. The CIP may include any capital project or purchase eligible for capital funding and may include projects in such categories as: vehicles and vehicle parts, rail system infrastructure rehabilitation, maintenance facilities, systems and technology, tracks and structures, passenger facilities, maintenance equipment, other facilities, project management, safety and security projects, and preventative maintenance.

Arlington County's contribution of $80.7 million in funding over a six –year period of this Agreement, is subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County is planning to use General Obligation Bonds and state grants to cover its share of the Capital Funding Agreement needs.

In addition, the County shares the operating costs for WMATA's combined bus and rail system. State aid and Northern Virginia Transportation Commission funds have been utilized to help finance these costs. During FY 2010, the County paid $20,518,770 million from its General Fund to subsidize WMATA's bus and rail operating costs.

B. Construction Commitments

As of June 30, 2010 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Projects Funds	$32,407,015
Utilities Fund	46,610,753
	$79,017,768

These projects include the Transportation Infrastructure Maintenance Capital, Utility Water Distribution System Improvements, Sanitary Sewer System Improvements, Wastewater Treatment Plant Improvements, and Water & Sewer System Maintenance Capital Programs.

C. Waste-to-Energy Facility

Arlington Solid Waste Authority

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

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

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

In connection with this transaction, the Corporation entered into a Facility Agreement dated as of October 1, 1986, obligating it to construct the Facility and to provide waste disposal services to the City of Alexandria, Arlington County, and the Authorities for 20 years. Under the Facility Agreement, the County has a guaranteed annual tonnage of acceptable waste commitment to the Facility. The commitment is based on a percent of solid waste the County expects to collect. The Facility charges a fee on each ton based on defined costs, and the County has met its maximum requirement for annual tonnage each year.

In July 1998, the Authorities advance refunded $55,025,000 of the outstanding revenue bonds (Series 1998 A bonds) for the Facility to take advantage of lower interest rates. In November 1998, the Arlington Industrial Development Authority issued $48,550,000 in new retrofit revenue bonds (Series 1998 B bonds) to cover the cost of new pollution abatement equipment at the Facility required by federal law. The proceeds of the Series 1998 B bonds were lent to Authorities to construct the equipment. A promissory note was issued by the ASWA in the amount of $27,651,000 as part of this construction financing. The Series 1998 A bonds matured in January 2008, and the plant was sold to Covanta for $10.00 per bill of sale which was dated February 28, 2008.

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

Since Acceptance testing on each unit was completed in November 2000, the Operating Lease agreement between the ASWA and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the County records and are now considered a part of the plant. In FY 2010 they have been recorded in the same manner, as is the rest of the plant.

D. Alexandria/Arlington Waste Disposal Trust Fund

The Alexandria/Arlington Waste Disposal Trust Fund ("the Trust") is a private purpose trust fund of Arlington County, Virginia and, accordingly, the financial position and results of operations of the Trust are reflected in the comprehensive annual financial report of Arlington County, Virginia. The City of Alexandria, Virginia and Arlington County, Virginia each have a 50% ownership interest in the Trust; however, because Arlington County performs the administrative functions for the Trust, it is reflected in the Arlington County reporting entity. As part of the Conditional Sale and Security Agreement, the Corporation made a payment of $1,000,000 to the Trust, which was to be used as a reserve for future expenditures.

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste. Revenues of $944,560 were collected and project-related expenditures of $3,483,499 were incurred in FY 2010.

Expenditures such as capital costs of repairs, replacement/changes to the facility, and waste recycling programs/activities which benefit the two jurisdictions are eligible for reimbursement through the Trust. In FY 2010, the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility and for oversight of any remaining capital issues.

The Trust also has been used to subsidize the difference between the contractual tipping fee paid by haulers under special contracts and the standard tipping fee and to cover deficiencies arising in the "income-available-for-debt-service" calculations mandated by the Facility Agreement between the Corporation, the jurisdictions, and the Authorities. In June 2001, the City of Alexandria, with the concurrence of Arlington County took responsibility for the investment of Trust fund monies.

E. Arlington Regional Jail

On June 22, 1994, the County and the Treasury Board of the Commonwealth of Virginia signed a regional jail financing agreement. In this agreement, the Commonwealth agreed to provide, subject to appropriation by the General Assembly, reimbursement of certain debt service costs of the new Arlington Regional Jail, totaling $35,400,000 through the year 2013. In FY 2010 $1.8 million was received from the Commonwealth. The Arlington Regional Jail's assets and debt are recorded in the financial statements of the County.

F. Industrial Development Authority Ice Skating Facility

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

The Skating Facility contains approximately 95,000 square feet of constructed space and houses, among other amenities, two ice sheets suitable for National Hockey League use, one of which is convertible to host sports and events that do not require the ice surface; locker rooms and other training facilities for the Capitals; changing rooms for youth and adult hockey teams and figure skaters; a pro shop; rooms for public use; and corporate office space for the Capitals. The development also includes public parking (the "Parking Facilities").

As part of the agreement, the County agreed to construct an eighth level slab (the "Eighth Level Slab") on top of the Garage, to lease the Eighth Level Slab to the Industrial Development Authority of Arlington County, Virginia (the

"IDA"), and to acquire the rights necessary to assist the development and construction of the project on the Garage pursuant to a Skating Facility Agreement (the "Skating Facility Agreement"), among the County, FDS, and certain other parties. The County has also constructed public parking (the "Parking Facilities") on the Eighth Level Slab.

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

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

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

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

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make monthly payments of rent that are approximately equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2010, 2.4 million was received from the Capitals.

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

G. Industrial Development Authority Affordable Housing Project

AHC Limited Partnership-10 ("AHC-10") and AHC Limited Partnership-11 ("AHC-11") (collectively the "Gates Partnership")

Debt (Series 2006) was issued by the Industrial Authority of Arlington County, Virginia and the proceeds loaned to the Gates Partnership in order to acquire, rehabilitate, and equip a 464-unit multifamily apartment complex for rental to individuals and families of low-income known as the Gates of Ballston (the Project). The debt is projected to be repaid from the revenues generated by the Project. AHC-10 owns the Project, is the borrower on the debt, and leases the Project to AHC-11 under a master lease agreement; AHC-11 rents the Project units to subtenants, pays all operating expenses, and is responsible for making monthly lease payments to AHC-10. The Gates Partnership also has a mortgage note with the Virginia Housing Development Authority and a promissory note with the County. Subject to appropriation, the County will only be responsible for reimbursement of the debt service payments to the extent that the debt service reserve of the Gates Partnership is insufficient to make the required debt service payments.

H. Closure Care Costs – Department of Human Services (DHS) Laboratory

State and federal laws and regulations require the County to pay for the closure and processing/removal of any medical waste on site at the DHS laboratory when it stops accepting waste to be processed by the steam sterilizer at the laboratory. Although closure costs will be paid only near or after the date that the laboratory is closed, the County reports a portion of the closure costs as an operating expense in each period based on a formula provided by the Virginia Department of Environmental Quality. The County has chosen the use of the annual operating budget as the method for funding the closure cost. Because the County satisfies the requirements of section 9VAC20-70-210 of the Virginia General Assembly legislative Information System administrative code, the reported liability for the closure at June 30, 2010 is $1.

I. Litigation

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

NOTE 14. Joint Ventures

A. Northern Virginia Criminal Justice Academy

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

In addition, the County pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2010, the County paid $487,289 for capital and operating costs. Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

B. Peumansend Creek Regional Jail Authority

In 1992, the County entered into an agreement with the Counties of Caroline, Prince William and Loudoun, and the City of Alexandria to form an Authority to construct and operate a regional jail in Caroline County. The regional jail is used primarily to hold prisoners from each member jurisdiction. The Authority is composed of two representatives, the Chief Administrative Officer and the Sheriff, from each participating jurisdiction. The City of Richmond, which was not party to the original agreement, is now a part of the project.

The regional jail is currently designed with the capacity for 336 prisoners. The County is guaranteed a minimum of 60 beds. Current cost projections anticipate a total project cost of approximately $27 million with 50% of the eligible construction cost ($23.8 million) to be reimbursed by the Commonwealth. The Authority issued $10.22 million in revenue bonds and $12 million in grant anticipation notes in March 1997. The County has no equity in the jail and is not responsible for repayment of the bonds or notes. The County's portion of the project costs includes approximately $3.8 million over the 20-year period of debt (1997-2017). In FY 2010, the County paid $780,889 for capital and operating costs. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

NOTE 15. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, excluding School Board employees, permits them to defer a portion of their salary until

future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All amounts of compensation under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the plan participants and their beneficiaries. Participants' rights under the plan are in an amount equal to the fair market value of the deferred account for each participant. Investments in the plan are valued at market. All defined contribution plan assets are invested as directed by the individual employee and the plan is administered by ING.

NOTE 16. Employee Retirement Systems

The County maintains a single-employer, defined benefit pension plan, the Arlington County Employees' Retirement System ("System"), which covers substantially all employees of the County Board. The County also participates in the Virginia Retirement System ("VRS") that covers most School Board employees and some County employees associated with state agencies. The System was established under Chapters 46, 35, and 21 of the Arlington County Code.

The pension plan financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the system. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the County's balance sheet date. Securities without an established market are reported at estimated fair value.

Complete financial statements of the system may be obtained from the Arlington County Employee Retirement System, 2100 Clarendon Boulevard, Suite 511, Arlington, Virginia, 22201. Complete financial statements of the VRS may be obtained from the Virginia Retirement System, Attn: William Sullivan, P. O. Box 2500, Richmond, Virginia, 23218.

A. Arlington County Employees' Retirement System

Plan Description and Provisions

The System is a single employer public employee retirement pension plan. The System provides retirement benefits as well as disability benefits. Membership is required of all employees except certain employees hired prior to February 8, 1981, seasonal or temporary employees, employees hired at age 62 or older (52 for uniformed employees) and elected officials who do not elect to participate within 60 days of assuming office.

All benefits vest after 5 years of credited service. Accumulated employee contributions plus interest are usually refunded to the employee or designated beneficiary if an employee leaves County employment prior to vesting. Benefits are calculated as a percentage of average annual compensation, as defined by County code.

At July 1, 2009, the date of the most recent actuarial valuation, System membership consisted of the following:

	General	Uniformed	School	Total
Current Employees:				
Vested	1,677	586	92	2,355
Non-Vested	993	243	-	1,236
Total	2,670	829	92	3,591
Vested Deferred	116	15	98	229
Retirees and Beneficiaries	1,718	688	1,135	3,541

While the County has not expressed any intent to discontinue the System, it is free to do so at any time providing that benefits accrued to the date of termination are adequately funded.

Funding Policy

The System's funding policy provides for periodic County and employee contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Contribution rates are determined using the entry age actuarial cost method. The System also has used the level percentage of payroll method to amortize any over -funded / unfunded liability over an open period of 15 years rolling.

Contributions totaling $53,719,391 ($42,908,044 of Employer contributions, $10,763,748 of Employee contributions, and $47,599 other contributions) were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2009. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2010, the member contribution rates varied up to 6.62% of their salary depending on the chapter of the plan they were covered under.

Annual Pension Cost

Net pension obligation represents the difference between the annual pension costs and the actuarially required contributions. The County had no unfunded pension obligation at June 30, 2009. Three-year trend information is presented below.

Schedule of Employer Contributions

Year Ended June 30	Annual Pension Cost (ARC) (in millions)	Percentage Contributed
2008	30.0	100.0%
2009	37.1	100.0%
2010	42.9	100.0%

The Arlington County Code requires the System to have an actuarial valuation at least biannually. The annual required contribution for the current year was determined as part of the July 1, 2009 actuarial valuation.

Actuarial Assumptions

The information presented below are the significant actuarial assumptions.

Valuation date	07/01/09
Actuarial cost method	Entry Age Normal
Remaining amortization period	17.68 years
Amortization method	Level % Open
Asset valuation method	5 year, smoothed
Actuarial assumptions	
Assumed inflation rate	4.5%
Investment rate of return	8..0%
Projected salary increases	4.5%
Cost of living adjustments	
Chapter 21	1.5%
Chapter 46	100% CPI-U increase to a maximum of 3% plus ½ CPI-U increase for next 9% (max 7 ½% increase for 12% increase in CPI-U)

Three-Year Trend Information

Three-year historical trend information about the System is presented below as required supplementary information. This information is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

Schedule of Funding Progress ($ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/07	1,348.1	1,290.8	(57.3)	104.4%	242.2	(23.7)%
7/1/08	1,449.2	1,380.5	(68.7)	105.0%	224.1	(30.7)%
7/1/09	1,375.8	1,474.0	98.2	93.3%	220.8	44.5%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the system's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system. In addition, the actuarial valuation of assets is determined by smoothing the asset gain or loss over a period of time.

B. Virginia Retirement System (VRS)

Plan Description

Professional employees of Arlington County Public Schools participate in the VRS Statewide teacher cost-sharing pool. There are 146 school system participating employers in this pool. VRS is administered by the State, which bills the County for the employer's share of contributions. In accordance with the requirements established by State statue, the VRS provides retirement and disability benefits, annual cost-of-living adjustments, and deaths benefits to plan members and beneficiaries. The VRS issues a publicly available annual report that includes financial statements and required supplementary information for the VRS; this report can be obtained by writing the Virginia Retirement System, Attention: William Sullivan, P.O. Box 2500, Richmond, Virginia, 23218-2500.

Funding Policy

Retirement benefits are funded by employer contributions and by investment earnings. In accordance with State statute, the County is required to contribute at an actuarially determined rate. State statute may be amended only by the Commonwealth of Virginia General Assembly. In FY 2010, the contribution rate was 14.85%. The County's contributions to the VRS for the years ended June 30, 2010, 2009 and 2008 were $29.7 million, $34.4 million and $35.4 million respectively, which were equal to the required contributions for each year.

Schedule of Funding Progress ($ in millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded Actuarial Accrued Liabilities (UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
			Virginia Retirement System (VRS)			
2008	$52,548	$62,554	$10.006	84.0%	$14,559	68.7%
2007	47,815	58,116	10,301	82.3%	13,834	74.5%
2006	42,669	52,822	10,153	80.8%	13,002	78.1%
			State Police Officers' Retirement System (SPORS)			
2008	$645	$844	$199	76.6%	$103	193.2%
2007	595	806	211	73.8%	101	209.4%
2006	539	730	191	73.8%	94	203.2%
			Virginia Law Officers' Retirement System (VaLORS)			
2008	$873	$1,281	$408	68.2%	$368	110.8%
2007	766	1,166	400	65.7%	341	117.2%
2006	656	1,096	440	59.9%	321	137.0%
			Judicial Retirement System (JRS)			
2008	$374	$495	$121	75.6%	$61	199.9%
2007	340	442	102	76.9%	58	177.3%
2006	302	424	122	71.3%	54	225.9%

NOTE 17. Other Post-Employment Benefits (OPEB)

A. County OPEB

Plan Description

In addition to the pension benefits described in Note 16, the County administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. Eligibility is contingent upon the retiree participating in one of the County's current health plans at the time of retirement. The plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the County Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the County intends to fund the annual required contribution (ARC) in future years. For full career employees, the County currently contributes 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2010 the County contributed $9,594,488 and $296,011 towards health and life plans respectively. Plan members receiving benefits contributed $2,588,054 and $296,011 towards health and life plans respectively. The County contributed an additional $6,868,438 in pre-funding contributions towards health and life plans for retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the plan, and changes in the County's net OPEB obligations:

Annual required contribution	$16,698,955
Interest on net OPEB obligation	24,249
Adjustment to annual required contribution	(16,899)
Annual OPEB cost (expense)	16,706,305
Contributions made	16,758,937
Decrease in net OPEB obligation	(52,632)
Net OPEB obligation-beginning of year	303,107
Net OPEB obligation- end of year	$250,475

The County's annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the years ended June 30, 2010 and 2009 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	15,700,000	150%	303,107
6/30/2010	16,706,305	100.3%	250,475

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $214.4 million and the actuarial value of assets was $15.0 million, resulting in an unfunded actuarial accrued liability of $199.5 million. The covered payroll (annual payroll of active employees covered by the plan) was $221.9 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 89.9 percent.

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 revision as actual results are compared with past expectations and new estimates are made about the future.

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 to that point. The actuarial methods and assumptions used 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 June 30, 2010, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8 percent investment return, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.75 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2010 is thirty years.

Three year information about the plan is presented below as required supplementary information. This information is intended to help users assess whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress ($ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/08	$10.0	$281.0	$271.0	3.6%	$152.3	178%
1/1/09	$16.0	$226.0	$210.0	7.1%	$243.4	86%
1/1/10	$14.9	$214.4	$199.4	7.0%	$221.9	90%

B. Schools OPEB

Plan Description

In addition to the pension benefits described in Note 16, the Schools administer a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Schools' pension plans. Eligibility is contingent upon the retiree participating in one of the Schools' current health plans at the time of retirement. The plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the annual required contribution (ARC) in future years. For full career employees, the Schools currently contributes between 58% and 77%, based on coverage selected, towards the cost of medical premiums. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2010 the Schools' contributed $5,095,289 and an additional $4,735,656 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed $2,156,422 towards health plans.

Annual OPEB Cost and Net OPEB Obligation

The Schools' annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the plan, and changes in the School's net OPEB obligations:

Annual required contribution	$8,986,982
Interest on net OPEB obligation	1,518,935
Adjustment to annual required contribution	(1,058,512)
Annual OPEB cost (expense)	9,447,405
Contributions made	(9,830,945)
Decrease in net OPEB obligation	(383,540)
Net OPEB obligation-beginning of year	18,986,686
Net OPEB obligation- end of year	$18,603,146

The Schools' annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the fiscal years ended June 30, 2010 and 2009 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/10	$9,447,405	109.4%	$18,603,146
06/30/09	15,200,000	48.6%	18,986,686

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $98.7 million, of which $1.5 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was $234.1 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 41.5 percent. The Schools contributed an additional $4.7 into the Retiree Welfare Benefit Trust during FY 2010 and have a $.7 million health care reserve for future contributions.

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 revision as actual results are compared with past expectations and new estimates are made about the future.

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 to that point. The actuarial methods and assumptions used 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 2009/2010 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment return, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.75 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2010 is thirty years.

Three year information about the plan is presented below as required supplementary information. This information is intended to help users assess whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress ($ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/07	$0.0	$267.9	$267.9	0.0%	$221.8	121%
07/01/08	$0.0	$191.5	$191.5	2.7%	$230.1	81%
07/01/09	$1.5	$98.7	$97.2	6.4%	$234.1	36.5%

NOTE 18. Subsequent Events

A. General Obligation Public Improvement & Refunding Bonds, Series 2010 A, B and C

On August 11, 2010, the County issued $139.3 million in 20 year General Obligation Public Improvement & Refunding bonds. The Bonds were authorized by previous referenda in 2004, 2006 and 2008. New money proceeds of $73.4 million were used for various County projects, the construction of Yorktown High School and the design of Wakefield High School. $65.9 million was issued for the refunding of certain outstanding high interest debt.

The bonds sale yielded a true interest cost (TIC) of 2.72%, with the refunding portion of the bond sale generating net present value savings of $2.35 million, or 3.5% of the refunded bonds.

B. Washington Metropolitan Area Transit Authority

In July 2010, the Metro Matters Program was succeeded by the WMATA Capital Funding Agreement (the "Agreement"). This Agreement covers $5.0 billion in capital funding needs throughout fiscal years 2011 – 2016. The FY 2011 – 2016 Capital Improvement Program (CIP) is a 6 year forecast, updated annually, that lays out the specific projects to be funded, along with the sources of funds, in accordance with the Agreement. The CIP may include any capital project or purchase eligible for capital funding and may include projects in such categories as: vehicles and vehicle parts, rail system infrastructure rehabilitation, maintenance facilities, systems and technology, tracks and structures, passenger facilities, maintenance equipment, other facilities, project management, safety and security projects, and preventative maintenance.

Arlington County's contribution of $80.7 million in funding over a six –year period of this Agreement, is subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County is planning to use General Obligation Bonds and state grants to cover its share of the Capital Funding Agreement needs.

OTHER SUPPLEMENTARY INFORMATION

The supplemental schedules are presented to reflect finance-related legal and contractual compliance, details of data summarized in the preceding financial statements and other information deemed useful for financial statements users in the analysis of the County's financial activities.

Combined Financial Statements - Overview

The combined financial statements provide a summary level of reporting for the operating results and financial position of the County's various fund types and account groups.

These "general purpose financial statements" provide a broad financial overview for users requiring less detailed information than is presented in the individual statements for each separate fund and account group.

EXHIBIT X

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS									
ASSETS	Travel & Tourism Promotion	Rossyln Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Total Non-Major Governmental Funds
Equity in pooled cash and investments	$232,995	$1,554,486	$1,104,373	$293,795	$4,077,423	$2,637,191	$7,064,767	$73,596	$11,060,893	$30,608,320	$6,521,040	$1,153,260	$41,829,766	$5,432,346	$113,644,251
Receivables, net	-	-	-	21,467,908	-	-	-	-	78,743	-	-	-	175,419	-	21,722,070
Receivables from other governments	103,972	-	-	478,704	59,912	-	-	-	-	-	-	-	-	-	642,588
Prepaid	-	-	-	-	1,223,394	-	-	-	-	-	-	-	-	-	1,223,394
Total assets	$336,967	$1,554,486	$1,104,373	$22,240,407	$5,360,729	$2,637,191	$7,064,767	$73,596	$11,139,636	$30,608,320	$6,521,040	$1,153,260	$42,005,185	$5,432,346	$137,232,303
LIABILITIES AND FUND BALANCES															
LIABILITIES															
Accounts Payable	$5,577	$-	$-	$190,845	$38,475	$68,837	$866,368	$19,584	$155,382	$159,483	$325,714	$1,240	$32,121	$-	$1,863,626
Other liabilities	-	-	-	16,262,159	-	-	-	-	-	-	22,011	-	-	-	16,284,170
Deferred Revenue	-	1,387,840	991,994	5,787,403	35,878	-	-	-	-	-	-	-	-	-	8,203,115
Total liabilities	5,577	1,387,840	991,994	22,240,407	74,353	68,837	866,368	19,584	155,382	159,483	347,725	1,240	32,121	-	26,350,911
FUND BALANCES															
Reserved for encumbrances	-	-	-	-	-	2,341,073	1,898,562	4,691	767,546	3,666,438	4,366,382	52,773	2,462,116	-	15,559,581
Rereserved for construction	-	-	-	-	-	227,281	4,299,837	49,321	10,216,708	26,782,399	1,806,933	1,099,247	39,510,948	5,432,346	89,425,020
Unreserved-special revenue	331,390	166,646	112,379	-	5,286,376	-	-	-	-	-	-	-	-	-	5,896,791
Total fund balances	331,390	166,646	112,379	-	5,286,376	2,568,354	6,198,399	54,012	10,984,254	30,448,837	6,173,315	1,152,020	41,973,064	5,432,346	110,881,392
Total liabilities and fund balances	$336,967	$1,554,486	$1,104,373	$22,240,407	$5,360,729	$2,637,191	$7,064,767	$73,596	$11,139,636	$30,608,320	$6,521,040	$1,153,260	$42,005,185	$5,432,346	$137,232,303

EXHIBIT Y

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS									
REVENUES:	Travel & Tourism Promotion	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Total Non-Major Governmental Funds
Other local taxes	$1,053,862	$3,089,302	$2,219,043	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$6,362,207
Real estate taxes	-	-	-	-	-	-	-	-	6,396,357	-	-	-	20,370,459	-	26,766,816
Intergovernmental	-	-	-	2,079,927	16,221,112	7,575	-	-	61,773	-	-	-	-	-	18,370,387
Interest income	-	3,914	2,224	-	-	21,712	39,088	497	-	115,463	23,109	18,271	-	30,733	255,011
Total revenues	1,053,862	3,093,216	2,221,267	2,079,927	16,221,112	29,287	39,088	497	6,458,130	115,463	23,109	18,271	20,370,459	30,733	51,754,421
EXPENDITURES:															
Planning and community development	-	3,102,824	2,220,005	2,079,927	16,344,520	-	-	-	-	-	-	-	-	-	23,747,276
Travel and tourism	1,235,038	-	-	-	-	-	-	-	-	-	-	-	-	-	1,235,038
Intergovernmental:															
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	9,000,000	9,000,000
Capital outlay	-	-	-	-	105,900	3,958,399	6,697,352	121,041	2,661,620	5,323,373	1,820,585	2,425,930	2,243,960	-	25,358,160
Total expenditures	1,235,038	3,102,824	2,220,005	2,079,927	16,450,420	3,958,399	6,697,352	121,041	2,661,620	5,323,373	1,820,585	2,425,930	2,243,960	9,000,000	59,340,474
Revenues over (under) expenditures	(181,176)	(9,608)	1,262	-	(229,308)	(3,929,112)	(6,658,264)	(120,544)	3,796,510	(5,207,910)	(1,797,476)	(2,407,659)	18,126,499	(8,969,267)	(7,586,053)
OTHER FINANCING SOURCES(USES):															
Proceeds from sale of bonds	-	-	-	-	-	-	4,817,322	-	-	2,050,000	-	-	-	8,000,000	14,867,322
Payments to refunded bond escrow agent	-	-	-	-	-	(15,125,574)	(5,109,153)	(665,967)	-	(21,568,076)	(3,360,175)	(1,304,256)	-	(9,614,544)	(56,747,745)
Proceeds from sale of refunding bonds	-	-	-	-	-	14,642,063	4,964,573	653,173	-	20,932,406	3,262,302	1,276,118	-	9,336,747	55,067,382
Deferred cost of refunding	-	-	-	-	-	483,511	144,580	12,794	-	635,670	97,873	28,138	-	277,797	1,680,363
Transfers in	247,000	-	-	-	-	-	-	-	-	-	-	-	-	-	247,000
Transfers out	-	(30,893)	(22,190)	-	-	(21,712)	(39,088)	(497)	-	(115,463)	(23,109)	(18,271)	-	(30,733)	(301,956)
Total Other financing sources (uses)	247,000	(30,893)	(22,190)	-	-	(21,712)	4,778,234	(497)	-	1,934,537	(23,109)	(18,271)	-	7,969,267	14,812,366
Net change in fund balances	65,824	(40,501)	(20,928)	-	(229,308)	(3,950,824)	(1,880,030)	(121,041)	3,796,510	(3,273,373)	(1,820,585)	(2,425,930)	18,126,499	(1,000,000)	7,226,313
FUND BALANCE, beginning of year	265,566	207,147	133,307	-	5,515,684	6,519,178	8,078,429	175,053	7,187,744	33,722,210	7,993,900	3,577,950	23,846,565	6,432,346	103,655,079
FUND BALANCE, end of year	$331,390	$166,646	$112,379	$-	$5,286,376	$2,568,354	$6,198,399	$54,012	$10,984,254	$30,448,837	$6,173,315	$1,152,020	$41,973,064	$5,432,346	$110,881,392

General Fund

The General Fund is the primary operating fund of the County and is used to account for the majority of current operating expenditures of the general government. Financing is also provided for the operations of other funds, which include the County's public school system. Debt service expenditures for the payments of principal and interest on the County's general long-term debt (bond and other long-term debt not serviced by the Utilities Operating or School Debt Service Funds) are included in this fund.

The major sources of revenue include property taxes, other local taxes, licenses, permits, fees and other miscellaneous charges. Revenues and expenditures under a variety of State and Federal grant programs are also accounted for in this fund.

EXHIBIT A-1

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010	2009
ASSETS		
Equity in pooled cash and investments	$185,678,992	$186,803,572
Petty cash	2,678	5,722
Cash with fiscal agents	269,284	255,257
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	280,638,329	272,435,205
Accounts	17,685,246	17,037,513
Accrued interest	793,782	762,684
Due from other governments	6,673,761	4,473,934
Temporary Loan To Fund	8,658,220	396,309
Due from component unit	470,571	678,213
Other assets	15,106,424	15,505,940
Total Assets	$515,977,287	$498,354,349
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accrued payroll liabilities	$15,884,657	$15,081,562
Vouchers payable	11,288,250	10,785,406
Current maturities of interest payable	334,325	267,305
Other current liabilities	2,009,950	799,700
Deferred revenue	295,267,615	283,994,659
Due to component unit	54,183,192	49,005,870
Total Liabilities	378,967,989	359,934,502
FUND BALANCE:		
Reserved -		
For Encumbrances	150,176	270,619
Unreserved -		
Designated for operating reserve	35,050,026	30,769,734
Designated for FY 2011 budget	12,811,007	20,152,964
Designated for FY 2011 School budget	33,218,860	24,513,422
Designated for Self Insurance	5,000,000	5,000,000
Designated for incomplete projects and seized assets	9,688,320	8,140,089
Designated for FY2011 Capital (PAYGO)	13,942,559	7,933,725
Designated for Affordable Housing	21,221,635	28,900,899
Designated for FreshAIRE	663,804	894,730
Designated for Employee Fourlough Day Re-funding	1,012,911	-
Designated for FY2012 One-time Expenditures	1,250,000	-
Designated for FY2012 Compensations	3,000,000	-
Designated for OPEB	-	328,725
Designated for Economic & Compensation Contingent	-	11,514,940
Total Fund Balance	137,009,298	138,419,847
Total Liabilities and Fund Balance	$515,977,287	$498,354,349

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2009 ACTUALS
REVENUES:				
Taxes	$769,438,487	$776,012,148	$6,573,661	$769,702,469
Licenses and permits	8,505,055	7,362,947	(1,142,108)	7,768,974
From the Commonwealth of Virginia	68,682,666	64,159,718	(4,522,948)	66,596,799
From the federal government	26,967,363	22,638,894	(4,328,469)	21,501,026
Charges for services	41,726,916	42,650,595	923,679	41,010,681
Fines and forfeitures	9,515,000	7,851,193	(1,663,807)	8,720,950
Use of money and property	10,598,994	9,888,443	(710,551)	9,352,281
Miscellaneous revenues	9,269,249	17,272,388	8,003,139	14,456,144
Total Revenues	944,703,730	947,836,326	3,132,596	939,109,324
EXPENDITURES:				
Current:				
General government	47,164,574	47,787,521	(622,947)	45,649,594
Judicial administration	47,455,242	46,092,577	1,362,665	46,622,791
Public safety	118,178,638	110,184,753	7,993,885	106,701,887
Environmental services	74,185,237	73,187,350	997,887	67,845,515
Health and welfare	115,313,823	108,138,231	7,175,592	103,057,795
Parks and recreation	34,749,076	34,711,629	37,447	33,558,446
Libraries	12,289,549	11,708,778	580,771	12,946,359
Planning and community development	13,574,483	12,683,542	890,941	13,206,640
Non-departmental	108,885,852	60,696,417	48,189,435	37,354,073
Contributions to regional agencies	28,623,103	28,581,654	41,449	26,511,524
Debt service:				
Principal	33,023,374	33,813,374	(790,000)	33,046,404
Interest on serial bonds	18,814,602	17,053,764	1,760,838	18,249,367
Other costs	400,000	1,477,845	(1,077,845)	180,580
Total Expenditures	652,657,553	586,117,435	66,540,118	544,930,975
Revenues over Expenditures	292,046,177	361,718,891	69,672,714	394,178,349
OTHER FINANCING SOURCES(USES):				
Transfers in	2,977,162	721,456	(2,255,706)	3,022,727
Transfers from component unit	110,338	116,372	6,034	899,316
Transfers out	(21,831,853)	(21,831,853)	-	(38,182,242)
Transfers to component unit	(376,891,309)	(343,184,094)	33,707,215	(341,153,585)
Premium on sales of bonds	939,373	1,048,679	109,306	-
Proceeds from capital lease	-	-	-	1,959,382
Total Other Financing Sources(Uses)	(394,696,289)	(363,129,440)	31,566,849	(373,454,402)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(102,650,112)	(1,410,549)	101,239,563	20,723,947
FUND BALANCE, beginning of year	138,419,847	138,419,847	-	117,695,899
FUND BALANCE, end of year	$35,769,735	$137,009,298	$101,239,563	$138,419,847

ARLINGTON
VIRGINIA

Special Revenue Funds

Travel and Tourism Promotion – to account for the operations of various programs to promote tourism and business travel in the County.

Rosslyn Business Improvement District – to account for the operations of a service district in the downtown Rosslyn area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Crystal City Business Improvement District – to account for the operations of a service district in the downtown Crystal City area created to collect and disperse local tax revenue for supplemental services to those already provided by county government.

Community Development Grants – to account for the operations of various community development programs which are financed by block grant and other grant assistance by the U.S. Department of Housing and Urban Development.

Section 8 Housing Program – to account for the operations of various housing programs which are financed by grant assistance from the U.S. Department of Housing and Urban Development.

EXHIBIT B-1

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Travel & Tourism Promotion	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals June 30, 2010	Totals June 30, 2009
ASSETS							
Equity in pooled cash and investments	$232,995	$1,554,486	$1,104,373	$293,795	$4,077,423	$7,263,072	$7,930,320
Receivable from other government	103,972	-	-	478,704	59,912	642,588	500,921
Long-term receivables	-	-	-	21,467,908	-	21,467,908	22,661,284
Prepaid Expenses	-	-	-	-	1,223,394	1,223,394	1,130,423
Total Assets	$336,967	$1,554,486	$1,104,373	$22,240,407	$5,360,729	$30,596,962	$32,222,948
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers payable	$5,577	$-	$-	$190,845	$38,475	$234,897	$287,779
Deferred Revenues	-	1,387,840	991,994	5,787,403	35,878	8,203,115	8,302,791
Long-term liabilities	-	-	-	16,262,159	-	16,262,159	17,510,674
Total Liabilities	5,577	1,387,840	991,994	22,240,407	74,353	24,700,171	26,101,244
FUND BALANCES							
Unreserved- special revenue	331,390	166,646	112,379	-	5,286,376	5,896,791	6,121,704
Total Fund Balances	331,390	166,646	112,379	-	5,286,376	5,896,791	6,121,704
Total Liabilities and Fund Balances	$336,967	$1,554,486	$1,104,373	$22,240,407	$5,360,729	$30,596,962	$32,222,948

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

REVENUES:	Travel & Tourism Promotion	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals June 30, 2010	Totals June 30, 2009
Other local taxes	$1,053,862	$3,089,302	$2,219,043	$-	$-	$6,362,207	$6,293,749
From the federal government	-	-	-	2,079,927	16,221,112	18,301,039	14,516,453
Total revenues	1,053,862	3,089,302	2,219,043	2,079,927	16,221,112	24,663,246	20,810,202
EXPENDITURES:							
Current -							
Community development	-	3,102,824	2,220,005	2,079,927	-	7,402,756	6,752,230
Housing program	-	-	-	-	16,344,520	16,344,520	15,436,989
Capital Outlay	-	-	-	-	105,900	105,900	-
Travel and tourism	1,235,038	-	-	-	-	1,235,038	1,278,319
Total expenditures	1,235,038	3,102,824	2,220,005	2,079,927	16,450,420	25,088,214	23,467,538
Revenues over (under) expenditures	(181,176)	(13,522)	(962)	-	(229,308)	(424,968)	(2,657,336)
OTHER FINANCING SOURCES(USES):							
Interest	-	3,914	2,224	-	-	6,138	4,345
Transfers out	-	(30,893)	(22,190)	-	-	(53,083)	(52,249)
Transfers in	247,000	-	-	-	-	247,000	247,000
Total other financing sources(uses)	247,000	(26,979)	(19,966)	-	-	200,055	199,096
Revenues and other financing sources (uses) over expenditures	65,824	(40,501)	(20,928)	-	(229,308)	(224,913)	(2,458,240)
FUND BALANCES, beginning of year	265,566	207,147	133,307	-	5,515,684	6,121,704	8,579,944
FUND BALANCES, end of year	$331,390	$166,646	$112,379	$-	$5,286,376	$5,896,791	$6,121,704

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
TRAVEL AND TOURISM PROMOTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Other local taxes	$1,104,600	$1,053,862	($50,738)
Total revenue	1,104,600	1,053,862	(50,738)
EXPENDITURES:			
Travel and tourism promotion	1,482,138	1,235,038	247,100
Revenues over(under) expenditures	(377,538)	(181,176)	196,362
OTHER FINANCING SOURCES:			
Operating transfers in	247,000	247,000	-
Revenues and other financing sources (uses) over (under) expenditures	(130,538)	65,824	196,362
FUND BALANCE, beginning of year	265,566	265,566	-
FUND BALANCE, end of year	$135,028	$331,390	$196,362

EXHIBIT B-4

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
ROSSLYN BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Other local taxes	$3,100,000	$3,089,302	($10,698)
Total revenue	3,100,000	3,089,302	(10,698)
EXPENDITURES:			
Special real estate tax assessments	3,125,597	3,102,824	22,773
Revenues over(under) expenditures	(25,597)	(13,522)	12,075
OTHER FINANCING SOURCES(USES):			
Interest	10,708	3,914	(6,794)
Transfers out	(31,000)	(30,893)	107
Total other financing sources(uses)	(20,292)	(26,979)	(6,687)
Revenues and other financing sources(uses) over (under) expenditures	(45,889)	(40,501)	5,388
FUND BALANCE, beginning of year	207,147	207,147	-
FUND BALANCE, end of year	$161,258	$166,646	$5,388

EXHIBIT B-5

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
CRYSTAL CITY BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Other local taxes	$2,219,885	$2,219,043	($842)
Total revenue	2,219,885	2,219,043	(842)
EXPENDITURES:			
Special real estate tax assessments	2,237,543	2,220,005	17,538
Revenues over(under) expenditures	(17,658)	(962)	16,696
OTHER FINANCING SOURCES(USES):			
Interest	-	2,224	2,224
Transfers out	(22,199)	(22,190)	9
Total other financing sources(uses)	(22,199)	(19,966)	2,233
Revenues and other financing sources(uses) over (under) expenditures	(39,857)	(20,928)	18,929
FUND BALANCE, beginning of year	133,307	133,307	-
FUND BALANCE, end of year	$93,450	$112,379	$18,929

EXHIBIT B-6

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMMUNITY DEVELOPMENT GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
From the federal government	$3,848,854	$2,079,927	($1,768,927)
Total Revenues	3,848,854	2,079,927	(1,768,927)
EXPENDITURES:			
Community development	3,848,854	2,079,927	1,768,927
Revenues over (under) expenditures	-	-	-
FUND BALANCE, beginning of year	-	-	-
FUND BALANCE, end of year	$-	$-	$-

EXHIBIT B-7

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
SECTION 8 HOUSING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
From the federal government	$15,801,006	$16,221,112	$420,106
EXPENDITURES:			
Housing program	15,801,006	16,450,420	(649,414)
Revenues over (under) expenditures	-	(229,308)	(229,308)
FUND BALANCE, beginning of year	5,515,684	5,515,684	-
FUND BALANCE, end of year	$5,515,684	$5,286,376	($229,308)

Capital Projects Funds

The Capital Projects Funds are used to account for the purchase and/or construction of major capital facilities, including buildings, roads and other long-lived improvements, which are not financed by proprietary funds. Financing is provided primarily by bond issues, State and Federal grants, and General Fund transfers.

The capital projects for general government functions which are financed under the County's pay-as-you-go capital programs are accounted for in the General Capital Projects Funds. As required by law, separate funds are used to account for the capital project expenditures financed by the proceeds of general obligation bonds.

EXHIBIT C-1

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Totals June 30, 2010	Totals June 30, 2009
ASSETS:												
Equity in pooled cash and investments	$50,313,735	$2,637,191	$7,064,767	$73,596	$11,060,893	$30,608,320	$6,521,040	$1,153,260	$41,829,766	$5,432,346	$156,694,914	$157,644,830
Cash with fiscal agents	758,976	-	-	-	-	-	-	-	-	-	758,976	1,096,864
Receivables	4,447,099	-	-	-	78,743	-	-	-	175,419	-	4,701,261	76,171
Total Assets	$55,519,810	$2,637,191	$7,064,767	$73,596	$11,139,636	$30,608,320	$6,521,040	$1,153,260	$42,005,185	$5,432,346	$162,155,151	$158,817,865
LIABILITIES AND FUND BALANCES												
LIABILITIES:												
Vouchers payable	$6,507,093	$68,837	$866,368	$19,584	$155,382	$159,483	$325,714	$1,240	$32,121	$-	$8,135,822	$5,474,775
Due to Utilities	-	-	-	-	-	-	-	-	-	-	-	25,881,478
Contracts payable-retainage	520,630	-	-	-	-	-	22,011	-	-	-	542,641	195,724
Deferred Revenue	3,784,277	-	-	-	-	-	-	-	-	-	3,784,277	7,147,515
Other liabilities	1,130,364	-	-	-	-	-	-	-	-	-	1,130,364	1,166,430
Total Liabilities	11,942,364	68,837	866,368	19,584	155,382	159,483	347,725	1,240	32,121	-	13,593,104	39,865,922
FUND BALANCES:												
Reserved for encumbrances	16,847,434	2,341,073	1,898,562	4,691	767,546	3,666,438	4,366,382	52,773	2,462,116	-	32,407,015	23,836,818
Restricted Fund Balance	26,730,012	227,281	4,299,837	49,321	10,216,708	26,782,399	1,806,933	1,099,247	39,510,948	5,432,346	116,155,032	95,115,125
Total Fund Balances	43,577,446	2,568,354	6,198,399	54,012	10,984,254	30,448,837	6,173,315	1,152,020	41,973,064	5,432,346	148,562,047	118,951,943
Total Liabilities and Fund Balances	$55,519,810	$2,637,191	$7,064,767	$73,596	$11,139,636	$30,608,320	$6,521,040	$1,153,260	$42,005,185	$5,432,346	$162,155,151	$158,817,865

EXHIBIT C-2

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Totals June 30, 2010	Totals June 30, 2009
REVENUES:												
From the Commonwealth of Virginia	$3,409,374	$7,575	$-	$-	$61,773	$-	$-	$-	$-	$-	$3,478,722	$1,467,216
From the federal government	-	-	-	-	-	-	-	-	-	-	-	110,705
Charges for services	323,456	-	-	-	-	-	-	-	-	-	323,456	1,267,414
Real estate taxes	-	-	-	-	6,396,357	-	-	-	20,370,459	-	26,766,816	26,256,863
Interest	6,259	21,712	39,088	497	-	115,463	23,109	18,271	-	30,733	255,132	2,149,358
Miscellaneous revenue	7,288,276	-	-	-	-	-	-	-	-	-	7,288,276	1,231,379
Total Revenues	11,027,365	29,287	39,088	497	6,458,130	115,463	23,109	18,271	20,370,459	30,733	38,112,402	32,482,935
Inter Governmental:												
Community development	1,190,869	-	-	-	-	-	-	-	-	9,000,000	10,190,869	32,985,081
Education - Schools	-	-	-	-	-		-	-	-	-	-	855,000
Capital outlay	58,266,951	3,958,399	6,697,352	121,041	2,661,620	5,323,373	1,820,585	2,425,930	2,243,960	-	83,519,211	104,821,053
Total Expenditures	59,457,820	3,958,399	6,697,352	121,041	2,661,620	5,323,373	1,820,585	2,425,930	2,243,960	9,000,000	93,710,080	138,661,134
Revenues Over/(Under) Expenditures	(48,430,455)	(3,929,112)	(6,658,264)	(120,544)	3,796,510	(5,207,910)	(1,797,476)	(2,407,659)	18,126,499	(8,969,267)	(55,597,678)	(106,178,199)
OTHER FINANCING SOURCES/(USES):												
Proceeds from lease purchase	7,418,179	-	-	-	-	-	-	-	-	-	7,418,179	11,565,401
Proceeds from sale of general obligation bonds	-	-	4,817,322	-	-	2,050,000	-	-	-	8,000,000	14,867,322	35,962,739
Proceeds from sale of revenue bonds	41,280,000	-	-	-	-	-	-	-	-	-	41,280,000	-
Bond Premium	97,246	-	-	-	-	-	-	-	-	-	97,246	-
Proceeds from refunding of note	35,666,099	-	-	-	-	-	-	-	-	-	35,666,099	-
Payment on refunded note	(35,962,739)	-	-	-	-	-	-	-	-	-	(35,962,739)	-
Proceeds from sale of refunding bonds	-	14,642,063	4,964,573	653,173	-	20,932,406	3,262,302	1,276,118	-	9,336,747	55,067,382	-
Payments to refunded bond escrow agent	-	(15,125,574)	(5,109,153)	(665,967)	-	(21,568,076)	(3,360,175)	(1,304,256)	-	(9,614,544)	(56,747,745)	-
Deferred cost of refunding	-	483,511	144,580	12,794	-	635,670	97,873	28,138	-	277,797	1,680,363	-
Bond issuance costs	(358,995)	-	-	-	-	-	-	-	-	-	(358,995)	-
Transfers in	22,449,543	-	-	-	-	-	-	-	-	-	22,449,543	19,647,070
Transfers out	-	(21,712)	(39,088)	(497)	-	(115,463)	(23,109)	(18,271)	-	(30,733)	(248,873)	(2,149,358)
Total Other Financing Sources/(Uses)	70,589,333	(21,712)	4,778,234	(497)	-	1,934,537	(23,109)	(18,271)	-	7,969,267	85,207,782	65,025,852
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	22,158,878	(3,950,824)	(1,880,030)	(121,041)	3,796,510	(3,273,373)	(1,820,585)	(2,425,930)	18,126,499	(1,000,000)	29,610,104	(41,152,347)
FUND BALANCE, beginning of year	21,418,568	6,519,178	8,078,429	175,053	7,187,744	33,722,210	7,993,900	3,577,950	23,846,565	6,432,346	118,951,943	160,104,290
FUND BALANCE, end of year	$43,577,446	$2,568,354	$6,198,399	$54,012	$10,984,254	$30,448,837	$6,173,315	$1,152,020	$41,973,064	$5,432,346	$148,562,047	$118,951,943

Enterprise Funds

Utilities Fund – to account for the operations, maintenance and construction of the County's water and sanitary sewer system and for the capital asset improvements in the Waste-To-Energy facility. Revenues of this fund consist principally of charges for services to County residents. Debt service on the general obligation bonds issued to finance the construction of plant facilities is also accounted for in this fund.

Ballston Public Parking Garage Fund – to account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

IDA Revenue Bond Funds – to account for financing activities for the Emergency Communication Center, the Trade Center Project, the George Mason Center Project, and the Enterprise Resource Planning Project.

Eighth Level Ballston Public Parking Garage Fund- to account for financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

CPHD Development Fund – to account for financing of the fee-supported units of the Inspection Services Division and Planning Division. Operating expenses involved are recovered in the form of charges to users of such services.

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

ASSETS

	MAJOR FUNDS		NON MAJOR FUNDS					MAJOR FUNDS		Totals	
			IDA REVENUE BOND FUNDS								
	Utilities	Ballston Public Parking Garage	Emergency Comm. Center	Trade Center	George Mason	ERP	Total Non Major IDA Revenue Bonds	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2010	June 30, 2009
CURRENT ASSETS:											
Equity in pooled cash and investments	$101,736,969	$10,537,478	$3,325,094	$-	$-	$-	$-	$570,950	$6,945,324	$123,115,815	$128,556,520
Cash with fiscal agents	25,221	-	-	-	-	-	-	-	-	25,221	25,221
Accounts receivable:											
Water-sewer charges	6,403,490	-	-	-	-	-	-	-	-	6,403,490	8,185,494
Estimated unbilled service charges	11,326,138	-	-	-	-	-	-	-	-	11,326,138	10,178,724
Due from other funds	-	-	-	-	-	-	-	-	-	-	25,881,478
Interest receivable	-	-	3,680	-	-	-	-	-	-	3,680	16,660
Other	2,550,615	21,472	-	-	-	-	-	-	-	2,572,087	2,653,545
Prepaid expenses	2,447,864	187,880	-	-	-	-	-	-	-	2,635,744	2,635,744
Inventories	961,690	-	-	-	-	-	-	-	-	961,690	899,860
Total current assets	125,451,987	10,746,830	3,328,774	-	-	-	-	570,950	6,945,324	147,043,865	179,033,246
CAPITAL ASSETS:											
Land	6,128,256	-	-	-	-	-	-	-	-	6,128,256	1,792,817
Sewer system	323,993,199	-	-	-	-	-	-	-	-	323,993,199	321,716,145
Water system	149,882,619	-	-	-	-	-	-	-	-	149,882,619	137,292,801
Equipment	1,668,603	93,224	22,441,909	-	-	8,500,000	8,500,000	-	2,622,125	35,325,861	15,585,976
Building	-	22,315,887	2,567,779	18,514,634	3,502,500	-	22,017,134	-	-	46,900,800	43,787,125
Intangible assets	-	-	-	-	-	-	-	-	284,648	284,648	-
Construction in progress	522,657,848	-	-	-	-	-	-	-	-	522,657,848	443,478,074
Less accumulated depreciation	(113,194,449)	(11,157,615)	(741,593)	(1,282,550)	(262,687)	(2,550,000)	(4,095,237)	-	(259,122)	(129,448,016)	(120,633,248)
Total capital assets (net of accumulated depreciation)	891,136,076	11,251,496	24,268,095	17,232,084	3,239,813	5,950,000	26,421,897	-	2,647,651	955,725,215	843,019,690
Deferred bond issuance costs	34,419	50,318	181,535	105,221	20,528	30,791	156,540	-	-	422,812	459,144
Total noncurrent assets	891,170,495	11,301,814	24,449,630	17,337,305	3,260,341	5,980,791	26,578,437	-	2,647,651	956,148,027	843,478,834
Total assets	$1,016,622,482	$22,048,644	$27,778,404	$17,337,305	$3,260,341	$5,980,791	$26,578,437	$570,950	$9,592,975	$1,103,191,892	$1,022,512,080

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

LIABILITIES AND EQUITY

	MAJOR FUNDS		NON MAJOR FUNDS							Totals	
		Ballston	IDA REVENUE BOND FUNDS								
	Utilities	Public Parking Garage	Emergency Comm. Center	Trade Center	George Mason	ERP	Total Non Major IDA Revenue Bonds	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2010	June 30, 2009
CURRENT LIABILITIES:											
Payable from current assets:											
General obligation bonds payable	$8,251,332	$-	$-	$-	$-	$-	$-	$-	$-	$8,251,332	$8,240,738
VRA loan payable	9,183,929	-	-	-	-	-	-	-	-	9,183,929	7,366,064
Interest payable	3,815,953	17,922,937	-	-	-	-	-	-	-	21,738,890	20,048,745
Vouchers payable	22,292,494	294,823	77,779	-	-	-	-	8,416	12,871	22,686,383	20,159,109
Contracts payable - retainage	4,422,824	-	-	-	-	-	-	-	-	4,422,824	14,224,362
Revenue bonds payable-current	-	500,000	3,734,198	930,765	177,744	856,158	1,964,667	-	-	6,198,865	6,033,864
Mortgage /notes payable	-	2,860,493	-	-	-	-	-	-	-	2,860,493	2,555,432
Other accrued liabilities	371,741	8,156,912	-	-	-	-	-	-	-	8,528,653	7,887,935
Compensated absences	149,942	-	-	-	-	-	-	-	55,146	205,088	149,747
Arbitrage rebate liability	157,745	-	-	-	-	-	-	-	-	157,745	-
Due to other funds	-	-	-	3,483,108	645,112	3,550,774	7,678,994	-	-	7,678,994	5,801,414
Total current liabilities	48,645,960	29,735,165	3,811,977	4,413,873	822,856	4,406,932	9,643,661	8,416	68,017	91,913,196	92,467,410
LONG-TERM LIABILITIES:											
Compensated absences	1,349,476	-	-	-	-	-	-	-	496,318	1,845,794	1,860,589
Revenue bonds payable	-	11,800,000	19,504,359	13,030,703	2,478,406	3,424,634	18,933,743	-	-	50,238,102	56,436,968
Capital Leases	333,412	-	-	-	-	-	-	-	-	333,412	-
VRA Loan payable	247,274,414	-	-	-	-	-	-	-	-	247,274,414	208,786,536
Mortgage payable	-	569,186	-	-	-	-	-	-	-	569,186	874,247
General obligation bonds payable	99,406,235	-	-	-	-	-	-	-	-	99,406,235	107,657,564
Total long-term liabilities	348,363,537	12,369,186	19,504,359	13,030,703	2,478,406	3,424,634	18,933,743	-	496,318	399,667,143	375,615,904
Total liabilities	397,009,497	42,104,351	23,316,336	17,444,576	3,301,262	7,831,566	28,577,404	8,416	564,335	491,580,339	468,083,314
NET ASSETS:											
Invested in capital assets, net of related de	526,686,754	(4,478,183)	1,029,538	3,270,616	583,663	1,669,208	5,523,487	-	2,647,651	531,409,247	445,068,277
Restricted net assets	-	-	3,432,530	-	-	-	-	-	-	3,432,530	6,945,927
Unrestricted (Deficit)	92,926,231	(15,577,524)	-	(3,377,887)	(624,584)	(3,519,983)	(7,522,454)	562,534	6,380,989	76,769,776	102,414,562
Total net assets	619,612,985	(20,055,707)	4,462,068	(107,271)	(40,921)	(1,850,775)	(1,998,967)	562,534	9,028,640	611,611,553	554,428,766
Total liabilities and net assets	$1,016,622,482	$22,048,644	$27,778,404	$17,337,305	$3,260,341	$5,980,791	$26,578,437	$570,950	$9,592,975	$1,103,191,892	$1,022,512,080

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	MAJOR FUNDS		NON MAJOR FUNDS					MAJOR FUNDS		Totals	
			IDA REVENUE BOND FUNDS								
	Utilities	Ballston Public Parking Garage	Emergency Comm. Center	Trade Center	George Mason	ERP	Total Non Major IDA Revenue Bond	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2010	June 30, 2009
OPERATING REVENUES:											
Water-sewer service charges	$77,806,563	$-	$-	$-	$-	$-	$-	$-	$-	$77,806,563	$72,457,575
Water-service hook-up charges	2,390,390	-	-	-	-	-	-	-	-	2,390,390	4,627,014
Water-service connection charges	896,090	-	-	-	-	-	-	-	-	896,090	872,595
Sewage treatment service charges	21,512,530	-	-	-	-	-	-	-	-	21,512,530	26,479,264
Permits and fees	-	-	-	-	-	-	-	-	12,141,306	12,141,306	13,254,777
Other	2,535,493	-	-	-	-	-	-	-	-	2,535,493	2,335,339
Parking charges	-	3,946,239	-	-	-	-	-	228,367	-	4,174,606	3,862,170
Total Operating Revenues	105,141,066	3,946,239	-	-	-	-	-	228,367	12,141,306	121,456,978	123,888,734
OPERATING EXPENSES:											
Personnel services	13,512,069	-	-	-	-	-	-	-	4,817,091	18,329,160	18,416,471
Fringe benefits	4,258,946	-	-	-	-	-	-	-	1,742,289	6,001,235	5,091,348
Contractual services	8,780,847	2,533,284	-	-	-	-	-	62,983	1,148,282	12,525,396	12,230,077
Purchases of water	7,641,961	-	-	-	-	-	-	-	-	7,641,961	7,023,498
Materials and supplies	6,587,893	60,151	-	-	-	-	-	25,400	35,351	6,708,795	5,902,236
Deferred rent	-	654,996	-	-	-	-	-	-	-	654,996	654,996
Depreciation and amortization	6,383,740	501,879	306,088	431,675	87,562	850,000	1,369,237	-	259,122	8,820,066	8,284,445
Equipment (Construction Contracts)	-	-	-	-	-	-	-	-	57,285	57,285	-
Internal Services	-	-	-	-	-	-	-	-	1,637,722	1,637,722	1,496,214
Miscellaneous	5,178,512	262,426	-	-	-	-	-	-	-	5,440,938	5,252,302
Total Operating Expenses	52,343,968	4,012,736	306,088	431,675	87,562	850,000	1,369,237	88,383	9,697,142	67,817,554	64,351,587
Operating Income	52,797,098	(66,497)	(306,088)	(431,675)	(87,562)	(850,000)	(1,369,237)	139,984	2,444,164	53,639,424	59,537,147
NON-OPERATING REVENUES(EXPENSES):											
Interest income and other income	736,295	17,273	266,728	40,791	7,744	51,158	99,693	-	95,224	1,215,213	3,447,340
Interest expense and fiscal charges	(12,156,307)	(1,564,809)	(12,102)	(7,014)	(1,368)	(6,158)	(14,540)	-	-	(13,747,758)	(11,629,849)
Interest payment on capital lease	(11,592)	-	-	-	-	-	-	-	-	(11,592)	-
Contributions from developers and other sources	322,000	-	-	-	-	-	-	-	-	322,000	1,382,580
Federal & State grant	15,997,975	-	-	-	-	-	-	-	-	15,997,975	25,463,204
Total Non-Operating Revenues(Expenses)	4,888,371	(1,547,536)	254,626	33,777	6,376	45,000	85,153	-	95,224	3,775,838	18,663,275
TRANSFERS IN(OUT):											
Transfers out	(105,000)	-	-	-	-	-	-	-	(127,475)	(232,475)	2,881,512
Change in net assets	57,580,469	(1,614,033)	(51,462)	(397,898)	(81,186)	(805,000)	(1,284,084)	139,984	2,411,913	57,182,787	81,081,934
Net assets, beginning of year	562,032,516	(18,441,674)	4,513,530	290,627	40,265	(1,045,775)	(714,883)	422,550	6,616,727	554,428,766	473,346,832
Net assets, end of year	$619,612,985	($20,055,707)	$4,462,068	($107,271)	($40,921)	($1,850,775)	($1,998,967)	$562,534	$9,028,640	$611,611,553	$554,428,766

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	MAJOR FUNDS			NON MAJOR FUNDS IDA REVENUE BOND FUNDS				MAJOR FUNDS		Totals	
	Utilities	Ballston Public Parking Garage	Emergency Comm. Center	Trade Center	George Mason	ERP	Total Non Major IDA Revenue Bonds	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2010	June 30 2009
CASH FLOWS FROM OPERATING ACTIVITIES:											
Cash received from customers	$105,844,030	$3,945,045	$-	$-	$-	$-	$-	$228,367	$12,141,306	$122,158,748	$136,751,441
Cash paid to suppliers	(35,342,935)	(2,988,456)	-	-	-	-	-	(84,926)	(2,900,107)	(41,316,424)	(28,788,003)
Cash paid to employees	(17,769,063)	-	-	-	-	-	-	-	(6,520,786)	(24,289,849)	(23,361,511)
Net cash flows from operating activities	52,732,032	956,589	-	-	-	-	-	143,441	2,720,413	56,552,475	84,601,927
CASH FLOWS FROM INVESTING ACTIVITIES:											
Interest received	736,295	17,273	65,496	39	-	-	39	-	95,224	914,327	3,157,296
Net cash flows from investing activities	736,295	17,273	65,496	39	-	-	39	-	95,224	914,327	3,157,296
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:											
State grant	15,997,974	-	-	-	-	-	-	-	-	15,997,974	25,463,204
Transer to other funds	(105,000)	-	-	-	-	-	-	-	($127,475)	(232,475)	-
Net cash flows from non-capital financing activities	15,892,974	-	-	-	-	-	-	-	(127,475)	15,765,499	25,463,204
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:											
Principal payments - bonds	(7,987,869)	(500,000)	(3,350,000)	(895,000)	(170,000)	(805,000)	(1,870,000)	-	-	(13,707,869)	(12,644,109)
Payments to bonds redeemed	(11,951,456)	-	-	-	-	-	-	-	-	(11,951,456)	-
Proceeds of bond refunding	12,781,651	-	-	-	-	-	-	-	-	12,781,651	-
Deferred cost of refunding	(830,195)	-	-	-	-	-	-	-	-	(830,195)	-
Principal payments - capital lease	(54,730)	-	-	-	-	-	-	-	-	(54,730)	-
Interest payments - capital lease	(11,592)	-	-	-	-	-	-	-	-	(11,592)	-
Proceeds of lease	388,142	-	-	-	-	-	-	-	-	388,142	-
Payment of VRA loan	(7,147,818)	-	-	-	-	-	-	-	-	(7,147,818)	(5,432,420)
Proceeds of VRA loan	47,453,562	-	-	-	-	-	-	-	-	47,453,562	75,510,477
Temporary loan	25,881,478	-	-	902,580	170,000	805,000	1,877,580	-	-	27,759,058	(21,070,297)
Interest and other loan expenses paid	(11,897,384)	(224,316)	-	-	-	-	-	-	-	(12,121,700)	(9,928,488)
Purchases of property	(120,573,759)	(80,766)	(235,594)	(7,619)	-	-	(7,619)	-	(332,321)	(121,230,059)	(155,262,679)
Net cash flows from capital and related financing activities	(73,949,970)	(805,082)	(3,585,594)	(39)	-	-	(39)	-	(332,321)	(78,673,006)	(128,827,516)
Net increase(decrease) in cash and cash equivalents	(4,588,669)	168,780	(3,520,098)	-	-	-	-	143,441	2,355,841	(5,440,705)	(15,605,089)
Cash and cash equivalents at beginning of year	106,325,638	10,368,698	6,845,192	-	-	-	-	427,509	4,589,483	128,556,520	144,161,609
Cash and cash equivalents at end of year	$101,736,969	$10,537,478	$3,325,094	$-	$-	$-	$-	$570,950	$6,945,324	$123,115,815	$128,556,520
Reconciliation of operating income to net cash flow from operations:											
Operating Income	$52,797,098	($66,497)	($306,088)	($431,675)	($87,562)	($850,000)	($1,369,237)	$139,984	$2,444,164	$53,639,424	$59,537,147
Adjustments to reconcile operating income to net cash provided by operating activities:											
Depreciation and amortization	6,383,740	501,879	306,088	431,675	87,562	850,000	1,369,237	-	259,122	8,820,066	8,284,445
Increase (Decrease) in OPEB liability	-	-	-	-	-	-	-	-	-	-	(376,593)
(Increase)Decrease in accounts receivable	717,242	(1,194)	-	-	-	-	-	-	-	716,048	12,933,018
(Increase)Decrease in inventories	(61,830)	-	-	-	-	-	-	-	-	(61,830)	(68,866)
Increase(Decrease) in vouchers payable	2,709,647	(132,595)	-	-	-	-	-	3,457	38,595	2,619,104	(11,039,175)
Increase(Decrease) in compensated absences	1,952	-	-	-	-	-	-	-	(21,468)	(19,516)	522,901
Increase(Decrease) in contract retainage	(9,801,539)	-	-	-	-	-	-	-		(9,801,539)	14,224,362
Increase(Decrease) in deferred revenue	(14,278)	654,996	-	-	-	-	-	-	-	640,718	584,688
Net cash flows from operations	$52,732,032	$956,589	$-	$-	$-	$-	$-	$143,441	$2,720,413	$56,552,475	$84,601,927
Noncash investing, capital, and financing activities:											
Contributions from developers and other sources	$322,000	-	-	-	-	-	-	-	-	$322,000	$1,382,580

Internal Service Funds

Automotive Equipment Fund – to account for the costs related to the operation and maintenance of automotive equipment used by County departments and agencies. The acquisition and replacement of automotive equipment is accounted for in this fund. Revenue is derived primarily from user charges to recover actual costs which include depreciation of equipment.

Printing Fund – to account for the costs of operating a central print shop which provides printing and duplicating services to County departments and agencies. Revenue is derived principally from user charges and specific services.

Jail Industries Fund – to account for the costs of providing various services to County departments and agencies by jail inmates, who in return develop useable job skills. Revenue is derived principally from user charges for specific services delivered.

EXHIBIT E-1

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Automotive Equipment	Printing	Jail Industries	Totals June 30, 2010	Totals June 30, 2009
ASSETS					
CURRENT ASSETS:					
Equity in pooled cash and investments	$8,627,792	$-	$-	$8,627,792	$10,964,421
Prepaid Expenses	-	-	-	-	55,262
Accounts receivable	2,628,793	-	-	2,628,793	25,395
Inventories	659,448	120,103	-	779,551	968,505
Total Current Assets	11,916,033	120,103	-	12,036,136	12,013,583
CAPITAL ASSETS:					
Equipment and other capital assets	51,981,340	-	-	51,981,340	47,569,216
Less-allowance for depreciation	(25,975,218)	-	-	(25,975,218)	(24,705,246)
Net Capital Assets	26,006,122	-	-	26,006,122	22,863,970
Total Assets	$37,922,155	$120,103	$-	$38,042,258	$34,877,553
LIABILITIES AND NET ASSETS:					
CURRENT LIABILITIES:					
Vouchers payable	296,148	61,019	4,500	361,667	527,605
Compensated absences	43,455	8,579	993	53,027	-
Current portion of capital lease	607,208	-	-	607,208	784,724
Due to other funds temp loan	-	127,720	101,669	229,389	94,694
Accounts payable	24,955	-	-	24,955	98,510
Total Current Liabilities	971,766	197,318	107,162	1,276,246	1,505,533
LONG-TERM LIABILITIES					
Compensated absences	391,093	77,209	8,939	477,241	498,067
Capital lease	2,843,113	-	-	2,843,113	1,336,044
Total Long-Term Liabilities	3,234,206	77,209	8,939	3,320,354	1,834,111
Total liabilities	4,205,972	274,527	116,101	4,596,600	3,339,644
NET ASSETS:					
Invested in capital assets, net of related debt	22,555,801	-	-	22,555,801	20,743,202
Unrestricted	11,160,382	(154,424)	(116,101)	10,889,857	10,794,707
Total net assets	33,716,183	(154,424)	(116,101)	33,445,658	31,537,909
Total Liabilities and Net Assets	$37,922,155	$120,103	$-	$38,042,258	$34,877,553

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Automotive Equipment	Printing	Jail Industries	Totals June 30, 2010	Totals June 30, 2009
OPERATING REVENUES:					
Charges for services	$17,985,939	$1,786,609	$88,992	$19,861,540	$20,561,316
OPERATING EXPENSES:					
Cost of store issuances	4,642,029	499,111	-	5,141,140	4,691,686
Personnel services	3,659,890	506,491	118,551	4,284,932	4,592,306
Fringe benefits	1,312,774	174,763	68,537	1,556,074	1,349,038
Material and supplies	177,910	169,181	-	347,091	315,591
Utilities	256,711	5,132	-	261,843	257,977
Operating equipment	11,161	-	-	11,161	26,208
Outside services	1,580,206	716,443	2,859	2,299,508	1,424,483
Depreciation	4,536,583	-	-	4,536,583	4,333,170
Total Operating Expenses	16,177,264	2,071,121	189,947	18,438,332	16,990,459
Operating Income (Loss)	1,808,675	(284,512)	(100,955)	1,423,208	3,570,857
NON-OPERATING REVENUES (EXPENSES):					
Interest payment on capital lease	(115,033)	-	-	(115,033)	(107,390)
Gain/(Loss)on disposal of assets	261,789	-	-	261,789	372,448
Total Non-operating Revenues (Expenses)	146,756	-	-	146,756	265,058
Income Before Transfers	1,955,431	(284,512)	(100,955)	1,569,964	3,835,915
TRANSFERS IN (OUT):					
Transfers in	260,086	207,699	-	467,785	345,155
Transfers out	(130,000)	-	-	(130,000)	(130,000)
Total Operating Transfers	130,086	207,699	-	337,785	215,155
Change in Net Assets	2,085,517	(76,813)	(100,955)	1,907,749	4,051,070
Net Assets, beginning of year	31,630,666	(77,611)	(15,146)	31,537,909	27,486,839
Net Assets, end of year	$33,716,183	($154,424)	($116,101)	$33,445,658	$31,537,909

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Automotive Equipment	Printing	Jail Industries	Totals June 30, 2010	Totals June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	($2,400,257)	$26,332	$380	($2,373,545)	$3,949,122
Cash received from interfund charges	17,780,852	1,761,843	88,992	19,631,687	20,317,017
Cash paid to suppliers	(6,694,904)	(1,358,257)	(2,859)	(8,056,020)	(6,658,830)
Cash paid to employees	(4,949,980)	(671,130)	(187,695)	(5,808,805)	(6,114,836)
Net cash provided (used) by operating activities	3,735,711	(241,212)	(101,182)	3,393,317	11,492,473
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Payment of temporary loan	-	(94,207)	(487)	(94,694)	-
Temporary loan from general fund	-	127,720	101,669	229,389	27,624
Operating transfers in	260,086	207,699	-	467,785	345,155
Operating transfers out	(130,000)	-	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	130,086	241,212	101,182	472,480	242,779
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital lease	2,258,274	-	-	2,258,274	-
Principal payment on capital lease	(928,720)	-	-	(928,720)	(925,078)
Payment of interest on capital lease	(115,033)	-	-	(115,033)	(107,390)
Purchases of equipment	(8,553,103)	-	-	(8,553,103)	(4,231,698)
Removal Clearing	(10,652)	-	-	(10,652)	(3,788)
Proceeds from sale of equipment	1,146,808	-	-	1,146,808	476,235
Net cash used by capital and related financing activities	(6,202,426)	-	-	(6,202,426)	(4,791,719)
Net increase (decrease) in cash and cash equivalents	(2,336,629)	-	-	(2,336,629)	6,943,533
Cash and cash equivalents at beginning of year	10,964,421	-	-	10,964,421	4,020,888
Cash and cash equivalents at end of period	$8,627,792	$-	$-	$8,627,792	$10,964,421
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	$1,808,675	($284,512)	($100,955)	$1,423,208	$3,570,857
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	4,536,583	-	-	4,536,583	4,333,170
Increase (Decrease) in OPEB liability	-	-	-	-	(124,394)
(Increase)Decrease in accounts receivable	(2,605,343)	1,566	380	(2,603,397)	3,704,825
(Increase)Decrease in inventories	160,288	28,665	-	188,953	(137,093)
Increase(Decrease) in vouchers payable	(242,438)	2,945	-	(239,493)	249,467
Increase(Decrease) in compensated absences	22,684	10,124	(607)	32,201	(49,099)
Increase(Decrease) in prepaid	55,262	-	-	55,262	(55,262)
Net cash provided (used) by operating activities	$3,735,711	($241,212)	($101,182)	$3,393,317	$11,492,471

ARLINGTON
VIRGINIA

Fiduciary Funds

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

Pension Trust Fund – to account for the operations of the Arlington Employee's Supplemental Retirement System.

Other Post-employment Benefits (OPEB) Fund – to account for the assets held in trust by the County for the employees / beneficiaries of its OPEB plan.

Private Purpose Trust Funds:

Alexandria/Arlington Waste Disposal Trust Fund – to account for the Waste Disposal Trust Fund set up by the County and the City of Alexandria to provide a reserve for future expenditures for waste disposal.

IDA- Ballston Skating Facility Fund – to account for the Ballston Skating Facility which is funded and owned by the Arlington Industrial Development Authority.

IDA – Affordable Housing Investment Fund (AHIF+) – to account for affordable housing projects financed by loans obtained by the Arlington Industrial Development Authority.

Other Private Purpose Trust Funds – to account for contributions from private donors and other miscellaneous sources which are restricted for various recreational and other community service programs.

Agency Funds:

Commonwealth of Virginia Fund – to account for the collection and remittance of State taxes and fees by the County as an agency for the Commonwealth of Virginia.

Urban Area Security Initiative Fund – to account for funding provided by the U.S. Department of Homeland Security to develop and implement plans for terrorism prevention, preparedness, response and/or recovery.

Drug Task Force Fund – to account for the support of anti-drug enforcement operations in the Baltimore-Washington Metropolitan area including Northern Virginia.

Other Agency Funds – to account for contributions from private donors and other miscellaneous sources which are restricted for various recreational and other community service programs.

EXHIBIT F-1

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
TRUST FUNDS
JUNE 30, 2010

			Private Purpose Trust			
	Pension Trust	OPEB Trust	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trust
ASSETS						
Equity in pooled cash and investments	$24,361,975	$23,522,663	$7,613,659	$3,068,615	$47,557	$10,729,831
Contributions Receivable:						
Employer	1,311,774	-	-	-	-	-
Employee	327,412	-	-	-	-	-
Accrued Interest and Other Receivables	8,831,620	-	595,754	29	-	595,783
Deferred Bond Issuance Costs	-	-	-	648,253	-	648,253
Capital Assets, net	-	-	-	26,610,892	-	26,610,892
Investments, at fair value						
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	101,667,374	-	-	-	-	-
Corporate Fixed Income Obligations	218,776,516	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	379,582,262	-	-	-	-	-
Other Investments	517,766,514	-	-	-	-	-
Real Estate Funds	20,880,865	-	-	-	-	-
Collateral on Loaned Securities (net of Allowance for Unrealized Loss $460,851)	22,585,788	-	-	-	-	-
Total assets	1,296,092,100	23,522,663	8,209,413	30,327,789	47,557	38,584,759
LIABILITIES						
Accounts payable and accrued liabilities	2,152,175	10,479	708,993	304,251	-	1,013,244
Deferred Revenue	-	-	-	600,000	-	600,000
Bonds Payable	-	-	-	30,120,000	-	30,120,000
Obligations under Security Lending Program	22,586,035	-	-	-	-	-
Total liabilities	24,738,210	10,479	708,993	31,024,251	-	31,733,244
NET ASSETS	$1,271,353,890	$23,512,184	$7,500,420	($696,462)	$47,557	$6,851,515

EXHIBIT F -2

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF CHANGES IN NET ASSETS
TRUST FUNDS
JUNE 30, 2010

	Private Purpose Trusts			
	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trusts
ADDITIONS				
Contributions and Revenues				
Shared revenues	$916,095	$2,400,000	$-	$3,316,095
Private donations- Others	-	-	55,479	55,479
Total contributions	916,095	2,400,000	55,479	3,371,574
Investment earnings:				
Interest and other	28,465	3,162	-	31,627
Loss on sale of securities	-	-	-	-
Net change in fair value of investments	-	-	-	-
Total investment earnings	28,465	3,162	-	31,627
Less investment expenses	-	378,926	-	378,926
Net investment earnings	28,465	(375,764)	-	(347,299)
Total additions	944,560	2,024,236	55,479	3,024,275
DEDUCTIONS				
Administrative expenses/ other	3,483,449	788,272	46,062	4,317,783
Total deductions	3,483,449	788,272	46,062	4,317,783
Change in net assets	(2,538,889)	1,235,964	9,417	(1,293,508)
Net assets- Beginning of the year	10,039,309	(1,932,426)	38,140	8,145,023
Net assets- Ending of the year	$7,500,420	($696,462)	$47,557	$6,851,515

EXHIBIT F-3

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Pension Trust	OPEB Trust	June 30, 2010	June 30, 2009
ADDITIONS:				
Member contributions	$42,908,044	$-	$42,908,044	$10,668,911
Employer contributions	10,763,748	6,868,438	17,632,186	52,189,085
Other contributions	47,599	-	47,599	27,184
Investment income:				
Interest and dividends	34,937,284	599,211	35,536,495	31,282,677
Net appreciation (depreciation) in fair value	114,909,379	1,097,177	116,006,556	(250,868,323)
Commission recapture	13,849	-	13,849	12,536
Gross income from securities lending	158,741	-	158,741	1,591,711
Bank fees and income/expenses from securities lending	(40,660)	-	(40,660)	(1,630,901)
Investment expense	(3,768,291)	-	(3,768,291)	(3,331,488)
Total Additions	199,929,693	8,564,826	208,494,519	(160,058,608)
DEDUCTIONS:				
Members' benefits	72,360,927	-	72,360,927	66,722,982
Refund of members' contributions	1,371,685	-	1,371,685	1,294,665
Administrative expenses	586,095	-	586,095	584,411
Other consulting expenses	241,171	10,479	251,650	247,195
Total Deductions	74,559,878	10,479	74,570,357	68,849,253
Net Increase/(Decrease)	125,369,815	8,554,347	133,924,162	(228,907,861)
Net Assets Held in Trust for Plan Benefits, beginning of year	1,145,984,075	14,957,837	1,160,941,912	1,389,849,773
Net Assets Held in Trust for Plan Benefits, end of year:				
Undesignated	$1,271,353,890	$23,512,184	$1,294,866,074	$1,160,941,912

EXHIBIT F-4

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
JUNE 30, 2010

	Commonwealth of Virginia	Urban Area Security Initiative	Drug Task Force Grant	Other Agency Funds	Total Agency Funds
ASSETS					
Equity in pooled cash and investments	$29,078	$-	$-	$16,980,965	$17,010,043
Receivable from other government	9,120	1,048,861	458,613	-	1,516,594
Total assets	38,198	1,048,861	458,613	16,980,965	18,526,637
LIABILITIES					
Accounts payable and accrued liabilities	38,198	665,642	-	16,980,965	17,684,805
Deferred Revenue	-	91,994	-	-	91,994
Due to primary government	-	291,225	458,613	-	749,838
Total liabilities	38,198	1,048,861	458,613	16,980,965	18,526,637
NET ASSETS	$-	$-	$-	$-	$-

EXHIBIT F-5

ARLINGTON COUNTY, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Commonwealth of Virginia				
ASSETS:				
Cash	$39,053	$-	$9,975	$29,078
Receivable from other government	-	9,120	-	9,120
Total Assets	$39,053	$9,120	$9,975	$38,198
LIABILITIES:				
Vouchers payable	$39,053	$-	$855	$38,198
Total Liabilities	$39,053	$-	$855	$38,198
Urban Area Security Initiative				
ASSETS:				
Cash & cash equivalents	$-	$5,734,018	$5,734,018	$-
Receivable from other government	341,276	1,048,861	341,276	1,048,861
Total Assets	$341,276	$6,782,879	$6,075,294	$1,048,861
LIABILITIES:				
Vouchers payable	$121,362	$665,642	$121,362	$665,642
Due to primary government	146,857	291,225	146,857	291,225
Deferred revenue	73,057	18,937	-	91,994
Total Liabilities	$341,276	$975,804	$268,219	$1,048,861
Drug Task Force Fund				
ASSETS:				
Cash & cash equivalents	$-	$1,836,884	$1,836,884	$-
Receivable from other government	164,648	458,613	164,648	458,613
Total Assets	$164,648	$2,295,497	$2,001,532	$458,613
LIABILITIES:				
Vouchers payable	$31,179	$-	$31,179	$-
Due to primary government	154,758	458,613	154,758	458,613
Deferred revenue	(21,289)	21,289	-	-
Total Liabilities	$164,648	$479,902	$185,937	$458,613
Other Agency Fund				
ASSETS:				
Cash & cash equivalents	$18,954,717	$41,970,843	$43,944,595	$16,980,965
Total Assets	$18,954,717	$41,970,843	$43,944,595	$16,980,965
LIABILITIES:				
Vouchers payable	$45,572	$95,963	$-	$141,535
Deferred revenue	18,909,145	-	2,069,715	16,839,430
Total Liabilities	$18,954,717	$95,963	$2,069,715	$16,980,965
Total All Agency Funds				
ASSETS:				
Cash	$18,993,770	$49,541,745	$51,525,472	$17,010,043
Receivable from other government	505,924	1,516,594	505,924	1,516,594
Total Assets	$19,499,694	$51,058,339	$52,031,396	$18,526,637
LIABILITIES:				
Due to primary government	$301,615	$749,838	$301,615	$749,838
Vouchers payable	237,166	761,605	153,396	845,375
Deferred revenue	18,960,913	40,226	2,069,715	16,931,424
Total Liabilities	$19,499,694	$1,551,669	$2,524,726	$18,526,637

ARLINGTON
VIRGINIA

Discretely Presented Component Unit – Schools

School Operating Fund – to account for the general operations of the County's public school system. Financing is provided primarily by transfers from the General Fund and from State and Federal grants to be used only for education programs.

School Cafeteria Fund – to account for the operations of the School food services programs for student meals. Revenue is provided by fees, State financing and other miscellaneous sources to be used for School food service operations.

School Community Activities Fund – to account for the operations of various community service programs, which include aquatic centers and day care facilities. Financing is provided primarily by General Fund transfers and fees collected for specific activities.

School Special Grant/ Debt Service Funds - to account for the operations of various special school programs, which are financed by limited term grants under State and Federal aid programs. Debt Service expenditures for the payment of principal and interest on school bonds are also accounted for in these funds.

School Capital Project Funds – to account for purchase and /or construction of major capital facilities for the schools. The capital projects which are financed under the County's Pay-As-You-go Capital Programs are accounted for in the School Capital Projects Pay-As-You-Go Fund. As required by law, a separate fund, the School Capital Projects Bond Fund, is used to account for the capital project expenditures financed by the proceeds of general obligation bonds.

School Comprehensive Services Act Fund – to account for expenditures for at-risk youth by the Department of Human Services- Foster Care, Juvenile and Domestic Relations District Court and the Schools. The State reimburses 55% of these expenditures.

Arlington County School Board Retiree Welfare Benefit Plan Trust – to account for the assets held in trust by the School Board for the employees / beneficiaries of its OPEB plan.

EXHIBIT G-1

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Governmental Funds								Totals	
	School Operating Fund	School Cafeteria Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you go Fund)	School Debt Service Fund	School Comprehensive Services Act	June 30, 2010	June 30, 2009
ASSETS										
Equity in pooled cash and investments	$2,563,317	$668,713	$-	$-	$18,833,953	$-	$-	$-	$22,065,983	$33,232,695
Petty cash	200	225	375	-	-	-	-	-	800	675
Accounts receivable	3,117,395	310,391	28,557	3,604,407	-	12,076	-	470,571	7,543,397	4,556,019
Due from other funds	1,027	-	-	53,143	-	-	-	-	54,170	601,867
Due from primary government	48,662,019	-	1,046,075	-	-	4,475,098	-	-	54,183,192	50,800,812
Inventories	39,951	28,057	-	-	-	-	-	-	68,008	99,222
Total Assets	$54,383,909	$1,007,386	$1,075,007	$3,657,550	$18,833,953	$4,487,174	$-	$470,571	$83,915,550	$89,291,290
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	$35,505,639	$349,353	$578,001	$1,335,270	$-	$493	$-	$-	$37,768,756	$37,290,703
Vouchers payable	6,310,715	382,061	221,800	309,019	6,674,763	855,093	-	-	14,753,451	8,892,372
Other liabilities	6,445,472	-	-	-	-	-	-	-	6,445,472	5,215,617
Deferred revenue	472,412	-	176,382	-	-	-	-	-	648,794	669,251
Due to other funds	53,143	-	-	1,027	-	-	-	-	54,170	601,867
Due to primary government	-	-	-	-	-	-	-	470,571	470,571	678,213
Total Liabilities	48,787,381	731,414	976,183	1,645,316	6,674,763	855,586	-	470,571	60,141,214	53,348,023
FUND EQUITY AND OTHER CREDITS										
Reserved for encumbrances	2,900,963	40,138	98,824	12,779	7,609,793	3,631,588	-	-	14,294,085	13,779,541
Reserved for construction	-	-	-	-	4,549,397	-	-	-	4,549,397	15,008,543
Unreserved	2,695,565	235,834	-	1,999,455	-	-	-	-	4,930,854	7,155,183
Total Fund Equity and Other Credits	5,596,528	275,972	98,824	2,012,234	12,159,190	3,631,588	-	-	23,774,336	35,943,267
Total Liabilities, Fund Equity and Other Credits	$54,383,909	$1,007,386	$1,075,007	$3,657,550	$18,833,953	$4,487,174	$-	$470,571	$83,915,550	$89,291,290

EXHIBIT G1(A)

ARLINGTON COUNTY, VIRGINIA
Reconciliation of the Fund Balances of Component Unit - Schools
to Net Assets of Component Unit - Schools
JUNE 30, 2010

Total-component unit-Schools fund balances	$23,774,336
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	395,136,800
OPEB liabilities are not due and payable in the current period and therefore are not reported in the funds	(18,603,146)
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds	(41,973,579)
Net assets of component unit-Schools	$358,334,411

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	Governmental Funds								Totals	
	School Operating Fund	School Cafeteria Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you-go) Fund	School Debt Service Fund	School Comprehensive Services Act	June 30, 2010	June 30, 2009
REVENUES:										
Sales tax	$16,332,840	$-	$-	$-	$-	$-	$-	$-	$16,332,840	$16,163,026
State/local government	26,752,328	78,545	-	2,342,275	-	216,701	-	1,837,746	31,227,595	34,938,806
Federal	2,390,393	3,365,779	-	10,790,791	-	-	-	-	16,546,963	12,758,169
Charges for services	3,692,516	2,925,775	6,905,647	3,360,064	-	100,000	-	-	16,984,002	14,104,461
Use of money and property	137,240	-	-	-	116,372	-	-	-	253,612	1,083,746
Total revenues	49,305,317	6,370,099	6,905,647	16,493,130	116,372	316,701	-	1,837,746	81,345,012	79,048,208
EXPENDITURES:										
Current -										
Community Activities	-	-	13,730,640	-	-	-	-	-	13,730,640	13,704,250
Education	339,874,078	6,101,586	-	16,086,649	-	-	-	3,802,578	365,864,891	370,854,547
Capital projects	-	-	-	-	36,044,130	12,257,362	-	-	48,301,492	42,388,371
Debt service -										
Principal	-	-	-	-	-	-	20,013,757	-	20,013,757	20,669,486
Interest	-	-	-	-	-	-	11,417,463	-	11,417,463	11,427,526
Total expenditures	339,874,078	6,101,586	13,730,640	16,086,649	36,044,130	12,257,362	31,431,220	3,802,578	459,328,243	459,044,180
Excess (deficiency) of revenues over expenditures	(290,568,761)	268,513	(6,824,993)	406,481	(35,927,758)	(11,940,661)	(31,431,220)	(1,964,832)	(377,983,231)	(379,995,972)
Other financing sources(uses):										
Transfers in	293,401,561	-	6,843,758	-	-	9,542,723	31,431,220	1,964,832	343,184,094	341,153,585
Transfers out	(4,735,656)	-	-	-	(116,372)	-	-	-	(4,852,028)	(2,402,940)
Proceeds of refunding bonds	-	-	-	-	39,063,646	-	-	-	39,063,646	-
Payments to refunded bond escrow agent		-	-	-	(38,400,817)	-	-	-	(38,400,817)	-
Deferred cost of refunding	-	-	-	-	(662,829)	-	-	-	(662,829)	-
School Construction Funding	-	-	-	-	-	-	-	-	-	-
Interfund transfers	(2,390,393)	-	-	-	-	2,390,393	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	24,350,000	-	-	-	24,350,000	-
Proceeds from leases	3,132,234	-	-	-	-	-	-	-	3,132,234	3,717,246
Total other financing sources(uses)	289,407,746	-	6,843,758	-	24,233,628	11,933,116	31,431,220	1,964,832	365,814,300	342,467,891
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(1,161,015)	268,513	18,765	406,481	(11,694,130)	(7,545)	-	-	(12,168,931)	(37,528,081)
FUND BALANCES, beginning of year	6,757,543	7,459	80,059	1,605,753	23,853,320	3,639,133	-	-	35,943,267	73,471,348
FUND BALANCES, end of year	$5,596,528	$275,972	$98,824	$2,012,234	$12,159,190	$3,631,588	$-	$-	$23,774,336	$35,943,267

EXHIBIT G2(A)

ARLINGTON COUNTY, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - COMPONENT UNIT-SCHOOLS
TO STATEMENT OF ACTIVITIES - COMPONENT UNIT SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - component unit-Schools		($12,168,931)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.		
Add: Capital acquisitions	45,414,799	
Less Depreciation expense	(15,274,330)	30,140,469
Lease proceeds provide current financial resources to the governmental funds, but capital leases increases long-term liabilities in the Statement of Net Assets. Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets.		
Add: Repayment of capital leases	2,833,752	
Less Proceeds from capital leases	(3,132,234)	(298,482)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		383,540
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and workers compensation		(1,758,517)
Change in net assets of component unit-Schools		$16,298,079

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2010

	School Operating Fund			School Cafeteria Fund			School Community Activities Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	$17,310,205	$16,332,840	($977,365)	$-	$-	$-	$-	$-	$-
Intergovernmental									
State	28,511,661	26,752,328	(1,759,333)	66,524	78,545	12,021	-	-	-
Federal	-	2,390,393	2,390,393	3,108,460	3,365,779	257,319	-	-	-
Charges for services	2,175,357	3,692,516	1,517,159	2,839,800	2,925,775	85,975	6,405,135	6,905,647	500,512
Use of money and property	-	137,240	137,240	-	-	-	-	-	-
Total revenues	47,997,223	49,305,317	1,308,094	6,014,784	6,370,099	355,315	6,405,135	6,905,647	500,512
EXPENDITURES:									
Education	370,435,621	339,874,078	30,561,543	6,707,051	6,101,586	605,465	-	-	-
Community Activities	-	-	-	-	-	-	14,318,465	13,730,640	587,825
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	370,435,621	339,874,078	30,561,543	6,707,051	6,101,586	605,465	14,318,465	13,730,640	587,825
Excess (deficiency) of revenues over expenditures	(322,438,398)	(290,568,761)	31,869,637	(692,267)	268,513	960,780	(7,913,330)	(6,824,993)	1,088,337
Other financing sources(uses):									
Transfers in	321,280,855	293,401,561	(27,879,294)	684,808	-	(684,808)	7,833,271	6,843,758	(989,513)
Transfers out	-	(4,735,656)	(4,735,656)	-	-	-	-	-	-
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-
Deferred cost of refunding	-	-	-	-	-	-	-	-	-
Interfund transfers	-	(2,390,393)	(2,390,393)	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	3,132,234	3,132,234	-	-	-	-	-	-
Total other financing sources(uses)	321,280,855	289,407,746	(31,873,109)	684,808	-	(684,808)	7,833,271	6,843,758	(989,513)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(1,157,543)	(1,161,015)	(3,472)	(7,459)	268,513	275,972	(80,059)	18,765	98,824
FUND BALANCES, beginning of year	6,757,543	6,757,543	-	7,459	7,459	-	80,059	80,059	-
FUND BALANCES, end of year	$5,600,000	$5,596,528	($3,472)	$-	$275,972	$275,972	$-	$98,824	$98,824

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2010

	School Special Grants Fund			School Debt Service Fund			School Capital Projects Bond Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	$-	$-	$-	$-	$-	$-	$-	$-	$-
Intergovernmental									
State	3,737,447	2,342,275	(1,395,172)	-	-	-	-	-	-
Federal	16,213,025	10,790,791	(5,422,234)	-	-	-	-	-	-
Charges for services	3,892,520	3,360,064	(532,456)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	116,372	116,372
Total revenues	23,842,992	16,493,130	(7,349,862)	-	-	-	-	116,372	116,372
EXPENDITURES:									
Education	23,842,992	16,086,649	7,756,343	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	48,203,320	36,044,130	12,159,190
Debt service:									
Principal retirement	-	-	-	21,231,257	20,013,757	1,217,500	-	-	-
Interest and fiscal charges	-	-	-	12,861,810	11,417,463	1,444,347	-	-	-
Total expenditures	23,842,992	16,086,649	7,756,343	34,093,067	31,431,220	2,661,847	48,203,320	36,044,130	12,159,190
Excess (deficiency) of revenues over expenditures	-	406,481	406,481	(34,093,067)	(31,431,220)	2,661,847	(48,203,320)	(35,927,758)	12,275,562
Other financing sources(uses):									
Transfers in	-	-	-	34,093,067	31,431,220	(2,661,847)	-	-	-
Transfers out	-	-	-	-	-	-	-	(116,372)	(116,372)
Proceeds of refunding bonds	-	-	-	-	-	-	39,063,646	39,063,646	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	(38,400,817)	(38,400,817)	-
Deferred cost of refunding	-	-	-	-	-	-	(662,829)	(662,829)	-
Proceeds of sale of bonds	-	-	-	-	-	-	24,350,000	24,350,000	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	-	-	-	34,093,067	31,431,220	(2,661,847)	24,350,000	24,233,628	(116,372)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	-	406,481	406,481	-	-	-	(23,853,320)	(11,694,130)	12,159,190
FUND BALANCES, beginning of year	1,605,753	1,605,753	-	-	-	-	23,853,320	23,853,320	-
FUND BALANCES, end of year	$1,605,753	$2,012,234	$406,481	$-	$-	$-	$-	$12,159,190	$12,159,190

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2010

	School Capital Projects (Pay-as-you-go) Fund			School Comprehensive Services Act			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:									
Sales tax	$-	$-	$-	$-	$-	$-	$17,310,205	$16,332,840	($977,365)
Intergovernmental									
State	174,402	216,701	42,299	1,842,500	1,837,746	(4,754)	34,332,534	31,227,595	(3,104,939)
Federal	2,390,393	-	(2,390,393)	-	-	-	21,711,878	16,546,963	(5,164,915)
Charges for services	-	100,000	100,000	-	-	-	15,312,812	16,984,002	1,671,190
Use of money and property	-	-	-	-	-	-	-	253,612	253,612
Total revenues	2,564,795	316,701	(2,248,094)	1,842,500	1,837,746	(4,754)	88,667,429	81,345,012	(7,322,417)
EXPENDITURES:									
Education	-	-	-	3,650,000	3,802,578	(152,578)	404,635,664	365,864,891	38,770,773
Community Activities	-	-	-	-	-	-	14,318,465	13,730,640	587,825
Capital projects	17,395,736	12,257,362	5,138,374	-	-	-	65,599,056	48,301,492	17,297,564
Debt service:									
Principal retirement	-	-	-	-	-	-	21,231,257	20,013,757	1,217,500
Interest and fiscal charges	-	-	-	-	-	-	12,861,810	11,417,463	1,444,347
Total expenditures	17,395,736	12,257,362	5,138,374	3,650,000	3,802,578	(152,578)	518,646,252	459,328,243	59,318,009
Excess (deficiency) of revenues over expenditures	(14,830,941)	(11,940,661)	2,890,280	(1,807,500)	(1,964,832)	(157,332)	(429,978,823)	(377,983,231)	51,995,592
Other financing sources(uses):									
Transfers in	11,191,808	9,542,723	(1,649,085)	1,807,500	1,964,832	157,332	376,891,309	343,184,094	(33,707,215)
Transfers out	-	-	-	-	-	-	-	(4,852,028)	(4,852,028)
Proceeds of refunding bonds	-	-	-	-	-	-	39,063,646	39,063,646	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	(38,400,817)	(38,400,817)	-
Deferred cost of refunding	-	-	-	-	-	-	(662,829)	(662,829)	-
Interfund transfers	-	2,390,393	2,390,393	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	24,350,000	24,350,000	-
Proceeds from capital lease	-	-	-	-	-	-	-	3,132,234	3,132,234
Total other financing sources(uses)	11,191,808	11,933,116	741,308	1,807,500	1,964,832	157,332	401,241,309	365,814,300	(35,427,009)
Excess (deficiency) of Revenues and other sources over expenditures and other use:	(3,639,133)	(7,545)	3,631,588	-	-	-	(28,737,514)	(12,168,931)	16,568,583
FUND BALANCES, beginning of year	3,639,133	3,639,133	-	-	-	-	35,943,267	35,943,267	-
FUND BALANCES, end of year	$-	$3,631,588	$3,631,588	$-	$-	$-	$7,205,753	$23,774,336	$16,568,583

EXHIBIT G-4

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
BALANCE SHEET
JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

ASSETS	2010	2009
Cash and Investments	$6,281,898	$1,531,784
Total Assets	6,281,898	1,531,784
LIABILITIES	-	-
NET ASSETS	$6,281,898	$1,531,784

EXHIBIT G-5

ARLINGTON COUNTY, VIRGINIA
OPEB TRUST FUND - SCHOOLS
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010
(WITH COMPARATIVE TOTALS FOR 2009)

	2010	2009
ADDITIONS:		
Employer contributions	$4,735,656	$1,503,624
Investment Income:		
Interest and dividends	120,833	14,911
Net Appreciation (depreciation) in fair value	(106,375)	13,249
Total Additions	4,750,114	1,531,784
DEDUCTIONS:	-	-
Net Increase	4,750,114	1,531,784
Net Assets Held in Trust for Plan Benefits, beginning of year	1,531,784	-
Net Assets Held in Trust for Plan Benefits, end of year:		
Undesignated	$6,281,898	$1,531,784

Supplemental Schedules

The supplemental schedules are presented to reflect finance-related legal and contractual compliance, details of data summarized in the preceding financial statements and other information deemed useful for financial statement users in the analysis of the County's financial activities.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY TO THE COUNTY- ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Component Units	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	Schools	Total (Memorandum Only)
BALANCE, beginning of year	$186,803,572	$7,930,320	$157,644,830	$135,138,090	$10,964,421	$35,411,063	$33,232,695	$567,124,991
Receipts (net):								
Taxes	776,012,148	6,362,207	26,766,816	-	-	-	16,332,840	825,474,011
Licenses and permits	7,362,947	-	-	-	-	-	-	7,362,947
Fines and forfeitures	7,851,193	-	-	-	-	-	-	7,851,193
Revenue from use of money and property	9,888,443	6,138	255,132	1,215,213	-	-	253,612	11,618,538
Charges for services	42,650,595	-	323,456	121,456,978	19,861,540	944,560	16,984,002	202,221,131
Miscellaneous	17,272,388	-	7,288,276	322,000	-	42,181,727	-	67,064,391
Intergovernmental	86,798,612	18,301,039	3,478,722	15,997,975	-	4,467,280	47,774,558	176,818,186
Proceeds from indebtedness	-	-	(34,462,244)	60,623,355	-	-	-	26,161,111
Proceeds from sale of assets	-	-	-	-	1,136,156	-	3,132,234	4,268,390
Total Receipts	947,836,326	24,669,384	3,650,158	199,615,521	20,997,696	47,593,567	84,477,246	1,328,839,898
Total Receipts and Balance	1,134,639,898	32,599,704	161,294,988	334,753,611	31,962,117	83,004,630	117,709,941	1,895,964,889
Disbursements (net):								
Warrants(checks)issued	532,437,804	25,530,549	26,800,744	149,080,575	22,628,357	55,264,756	402,544,804	1,214,287,589
Retirement of indebtedness	33,813,374	-	-	32,861,873	928,720	-	20,013,757	87,617,724
Interest and other debt costs	18,531,609	-	-	12,121,700	115,033	-	11,417,463	42,185,805
Total Disbursements	584,782,787	25,530,549	26,800,744	194,064,148	23,672,110	55,264,756	433,976,024	1,344,091,118
Interfund Transfers:								
Transfers in	837,828	247,000	22,449,543	-	467,785	-	343,184,094	367,186,250
Transfers out	(365,015,947)	(53,083)	(248,873)	-	(130,000)	-	(4,852,028)	(370,299,931)
BALANCE, end of year	$185,678,992	$7,263,072	$156,694,914	$140,689,463	$8,627,792	$27,739,874	$22,065,983	$548,760,090

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
ADJUSTED CASH IN BANKS
JUNE 30, 2010

Assets held by the Treasurer	
Cash on hand	$15,000
Cash in banks:	
Checking	
BB&T	19,912
John Marshall	21,015
Wachovia	148,452,052
SunTrust	12,289
Citibank	301,865
Bank of America	55,728
United Bank	16,250
Virginia Commerce Bank	252,221
Total Checking Account	149,131,332
Savings :	
Wachovia Bank	4,929
Virginia Commerce Bank	25,429,319
Total Savings Account	25,434,248
Certificates of Deposit :	
Bank of Georgetown	31,462,952
John Marshall	8,011,240
United Bank	10,062,771
Cardinal Bank	5,031,905
Total Certificates of Deposit	54,568,868
Held with Trustee :	
Corporate Notes	43,128,062
Commercial Paper	4,965,826
Federal Agency Bonds/ Notes	45,519,072
Municipal Investments	9,250,124
Total Held with Trustee	102,863,084
State Treasurer's Local Government Investment Pool	644,045
BB&T Money Market	5,288
Chain Bridge Money Market	5,259,901
John Marshall Money Market	15,241,940
State Non Arbitrage Investment Program (SNAP)	155,613,407
Total Cash and Investments held by the Treasurer	508,777,113
Cash and Investments with Trustees :	
US Bank, Ballston Garage Accounts	14,356,148
SunTrust, (Ballston Parking Garage)	91,985
SunTrust Solid Waste	7,613,660
Wells Fargo IDA-Ballston Skating Operation	600,000
Mellon- IDA Ballston Skating Facility	2,468,615
U.S. Bank-IDA Lease Revenue Bonds (County)	14,852,569
Total Cash and Investments with Trustee	39,982,977
Total Cash & Investment Balances, June 30, 2010	$548,760,090

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
CASH IN BANKS
JUNE 30, 2010

Assets Held by the Treasurer	
Cash on Hand	$15,000
Cash in Banks:	
Checking	
BB & T	21,249
John Marshall	15,180
Wachovia Bank	155,732,672
SunTrust	12,439
Citibank	301,865
Bank of America	55,728
United Bank	16,250
Virginia Commerce Bank	226,838
Total Checking Account	156,382,221
Savings:	
Wachovia Bank	4,929
Virginia Commerce Bank	25,429,320
Total Savings Account	25,434,249
Certificates of Deposit:	
Bank of Georgtown	31,462,951
John Marshall	8,011,240
United Bank	10,062,771
Cardinal Bank	5,031,905
Total Certificates of Deposit	54,568,867
Held with Trustee:	
Corporate Notes	43,128,063
Commercial Paper	4,965,826
Federal Agency Bonds/ Notes	45,519,072
Municipal Investments	9,250,124
Total Held with Trustee	102,863,085
State Treasurer's Local Government Investment Pool	644,045
BB&T Money Market	5,288
Chain Bridge Money Market	5,259,901
John Marshall Money Market	15,241,940
State Non Arbitrage Investment Program (SNAP)	155,613,407
Total Cash and Investments held by the Treasurer	516,028,003
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	14,356,148
SunTrust, (Ballston Parking Garage)	91,985
SunTrust Solid Waste	7,613,660
Wells Fargo - IDA Ballston Skating Facility	600,000
Mellon- IDA Ballston Skating Facility	2,468,615
U.S. Bank - IDA Lease Revenue Bonds (County)	14,848,520
Total Cash and Investments with Trustee	39,978,928
Total Cash & Investment Balances, June 30, 2010	$556,006,931

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
JUNE 30, 2010

	Interest Rate	Maturity Date	Market Value
Certificates of Deposit			
United Bank	1.73%	09/16/2010	6,000,000
United Bank	1.98%	12/16/2010	4,062,771
Bank of Georgetown	1.59%	07/09/2010	10,298,125
Bank of Georgetown	1.74%	09/16/2010	5,068,830
Bank of Georgetown	1.98%	12/16/2010	6,094,079
Bank of Georgetown	1.00%	12/21/2010	10,001,918
John Marshall Bank	1.60%	10/21/2010	5,000,000
John Marshall Bank	1.50%	12/16/2010	3,011,240
Cardinal Bank	1.50%	11/02/2010	5,031,905
Total Certificates of Deposits			**54,568,868**
Corporate Bonds			
Wal-Mart Stores	4.13%	07/01/2010	1,000,000
JP Morgan Chase	4.50%	11/15/2010	1,013,320
Toyota Motor Credit	4.35%	12/15/2010	1,774,815
TIAA Global Markets	4.88%	01/12/2011	1,015,680
General Electric-Variable	5.31%	02/01/2011	1,002,700
Wal-Mart Stores	4.13%	02/15/2011	1,020,010
Lloyds TSB Bank PLC	4.75%	07/15/2011	5,062,852
Principal Life Global	6.25%	02/15/2012	194,017
General Electric Cap Corp	5.00%	04/10/2012	1,050,610
Metlife Global FDG	2.88%	09/17/2012	1,463,977
General Electric Cap Corp	5.25%	10/19/2012	1,068,890
General Electric Cap Corp	5.25%	10/19/2012	2,672,225
General Electric Cap Corp	5.25%	10/19/2012	3,206,670
General Electric Cap Corp	5.25%	10/19/2012	2,672,225
Bank of New York Mellon	4.95%	11/01/2012	1,082,890
Principal Life Inc FDG	5.30%	12/14/2012	269,275
Wells Fargo & Co	4.38%	01/31/2013	1,057,170
General Electric Cap Corp	5.00%	02/01/2013	1,072,360
General Electric Cap Corp	4.60%	03/15/2013	1,536,109
Metlife Global FDG	5.13%	04/10/2013	1,081,570
Berkshire Hathaway	4.60%	05/15/2013	1,085,680
Berkshire Hathaway	4.60%	05/15/2013	5,428,400
TIAA Global Markets	4.95%	07/15/2013	1,957,167
New York Life Global Fdg	5.38%	09/15/2013	3,288,660
Principal Life Global	5.13%	10/15/2013	1,050,790
Total Corporate Bonds			**43,128,062**
Commercial Paper			
Korea Development Bank NY	1.33%	12/20/2010	4,965,826
Total Commercial Paper			**4,965,826**
Municipal Obligations			
Phoenix AZ Civic Improv Corp	5.46%	07/01/2010	250,000
Erie Cty NY Med Ctr	4.37%	11/01/2010	301,152
New York St Dorm Authority	5.16%	03/15/2012	1,059,160
New York St Dorm Authority	4.96%	03/15/2012	406,564
West New York, NJ	5.04%	04/15/2012	66,603

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
JUNE 30, 2010

	Interest Rate	Maturity Date	Market Value
Virginia Housing Authority	3.93%	08/01/2012	232,875
Maryland Stadium Authority	5.70%	09/15/2012	1,087,700
Lexington & Richland Cty Sch	3.35%	03/01/2013	103,312
Milwaukee County WI Pension	5.39%	12/01/2013	5,542,758
Chesterfield VA IDA Variable	0.68%	08/01/2024	100,000
Chesterfield VA IDA Variable	0.68%	08/01/2024	100,000
Total Municipal Obiligations			**9,250,124**
Government Agency Bonds			
Federal Home Loan Mtg Corp	3.25%	02/25/2011	890,448
Federal Home Loan Bank	3.38%	06/10/2011	1,027,655
Federal Farm Credit Bank	3.88%	08/25/2011	1,039,065
Federal Home Loan Mtg Corp	2.00%	11/05/2012	2,009,180
Federal Home Loan Bank	4.30%	12/17/2012	1,017,345
Federal National Mtg Assn	3.25%	04/09/2013	1,380,639
Federal National Mtg Assn	2.00%	12/08/2014	5,016,425
Federal National Mtg Assn	2.38%	12/15/2014	6,066,570
Federal Home Loan Mtg Corp	1.50%	06/15/2015	6,018,540
Federal National Mtg Assn	1.00%	06/23/2015	5,007,025
Federal National Mtg Assn	2.13%	06/30/2015	5,015,650
Federal Home Loan Bank	1.63%	06/30/2015	4,997,350
Federal Home Loan Mtg Corp	2.25%	12/30/2015	6,033,180
Total Government Agency Bonds			**45,519,072**
Money Market Funds			
BB&T Money Market	0.28%		5,288
Chain Bridge Bank	1.39%		5,259,901
John Marshall Bank	1.75%		15,241,940
Total Money Market Funds			**20,507,129**
Virginia State Non-Arbitrage Program (SNAP)			155,613,407
State Treasurer's Local Government Investment Pool			644,045
TOTAL SECURITIES			**334,196,533**

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
General Obligation Debt:						
Serviced by General Fund:						
G.O. Refunding ($42,075,000)		11/15/93				
Police & Jail	$17,449,353		5.00	$3,214,400	3,214,400	06/30/11
Local & Regional Parks	1,299,365		6.00	3,201,020	3,201,020	06/30/12
Community Conservation	467,340					
Streets & Highways	3,754,697			**$6,415,420**		
Fire Station	814,316					
Central Library	4,361,839					
	$28,146,910					
G.O. Public Improvement ($90,325,000)		06/18/01				
Street & Highway	$8,222,000		4.70	$2,556,929	2,556,929	02/01/11
Central Library	1,001,000					
Community Conservation	5,558,000			**$2,556,929**		
Community Conservation-DPW	5,265,000					
Local & Regional Parks	16,294,000					
Metro Rail	11,476,000					
Fire Station	400,000					
	$48,216,000					
G.O. Public Improvement ($39,545,000)		06/11/02				
Central Library	$5,800,000		4.10	$1,025,189	1,025,189	02/01/11
Local & Regional Parks	5,330,000		4.25	1,025,189	1,025,189	02/01/12
Metro Rail	5,983,500					
Fire Station	1,800,000			**$2,050,378**		
Higher Education/University	719,000					
	$19,632,500					
G.O. Public Improvement ($75,000,000)		05/14/03				
Local & Regional Parks	$17,768,000		5.00	$5,265,000	1,755,000	01/15/11-13
Street, Highway	7,182,000		5.00	1,116,818	1,116,818	01/15/14
Higher Education/University	281,000		5.00	1,111,672	1,111,672	01/15/15
Central Library	880,388		5.00	-	-	01/15/16-18
Fire Station	1,000,000		4.20	5,265,000	1,755,000	01/15/19-21
Metrorail	15,210		4.30	1,750,000	1,750,000	01/15/22
Community Conservation	6,355,000		4.375	1,750,000	1,750,000	01/15/23
General Capital Projects	118,402					
	$33,600,000			**$16,258,490**		
G.O. Public Improvement Refunding ($65,775,000)		05/14/03				
Street & Highway	$3,223,616		5.00	$1,368,086	1,368,086	01/15/11
Community Conservation	1,746,416		5.00	1,363,073	1,363,073	01/15/12
Higher Education	562,909		5.00	1,357,105	1,357,105	01/15/13
Parks & Recreation	3,648,420					
Libraries	522,701			**$4,088,264**		
Jail	4,573,199					
Metrorail	3,204,385					
	$17,481,646					
G.O. Public Improvement ($60,070,000)		05/15/04				
Fire Station	$2,760,000		5.00	$6,700,000	1,675,000	05/15/11-14
Higher Education	3,000,000			1,675,000	1,675,000	05/15/24
Community Conservation	3,010,000					
Parks and Recreation	12,267,000			**$8,375,000**		
Metrorail	11,033,000					
	$32,070,000					
G.O. Public Improvement Refunding ($81,005,000)		5/15/04				
Street & Highway	$14,619,000		5.00	$4,213,774	4,213,774	11/1/10
Neighborhood Conservation	9,027,730		5.00	4,211,734	4,211,734	11/1/11
Libraries	1,056,200		5.00	4,210,567	4,210,567	11/1/12
Fire Station	282,150		5.00	4,209,126	4,209,126	11/1/13
Higher Education	113,500		5.00	5,278,940	5,278,940	11/1/14
Parks and Recreation	15,694,000		3.80	5,242,418	5,242,418	11/1/15
Metrorail	3,696,802		3.90	5,175,718	5,175,718	11/1/16
	$44,489,382		4.00	1,834,330	1,834,330	11/1/17
			4.10	1,797,827	1,797,827	11/1/18
				$36,174,434		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
G.O. Public Improvement ($94,525,000)		05/19/05				
Parks and Recreation	$29,810,850		5.00	$2,735,000	2,735,000	5/15/11
Neighborhood Conservation	13,030,962		5.00	10,920,000	2,730,000	5/15/12-15
Higher Education	1,000,000		4.00	10,920,000	2,730,000	5/15/22-25
Fire Station	2,935,000					
Metrorail	5,518,188			**$24,575,000**		
	$52,295,000					
G.O. Public Improvement ($61,335,000)		3/21/06				
Street & Highway	$9,251,218		4.00	$6,870,000	2,290,000	8/1/2010-12
Parks and Recreation	13,600,000		5.00	11,450,000	2,290,000	8/1/13-17
Neighborhood Conservation	5,690,578		4.00	2,290,000	2,290,000	08/01/19
Fire Station	6,690,455		5.00	4,580,000	2,290,000	8/1/20-21
Metrorail	8,602,749		4.20	6,855,000	2,285,000	8/1/22-24
	$43,835,000		4.25	4,570,000	2,285,000	8/1/25-26
				$36,615,000		
G.O. Public Improvement Refunding ($89,970,000)		3/21/06				
Street & Highway	$6,167,233		4.00	$866,269	866,269	08/01/11
Neighborhood Conservation	4,964,155		4.00	855,900	855,900	08/01/12
Parks and Recreation	17,209,390		5.00	855,385	855,385	08/01/13
Libraries	1,920,866		5.00	3,419,214	3,419,214	08/01/14
Higher Education	2,028,391		5.00	5,112,625	5,112,625	08/01/15
Fire Station	2,638,292		5.00	5,119,615	5,119,615	08/01/16
Metrorail	12,758,305		5.00	6,193,893	6,193,893	08/01/17
	$47,686,632		5.00	4,280,264	4,280,264	08/01/18
			4.00	8,152,377	8,152,377	08/01/19
			5.00	7,397,050	7,397,050	08/01/20
			5.00	2,699,834	2,699,834	08/01/21
			4.20	1,621,065	1,621,065	08/01/22
				$46,573,491		
G.O. Public Improvement ($117,360,000)		6/6/07				
Street & Highway	$12,530,000		5.00	$3,470,000	1,735,000	3/15/11-12
Neighborhood Conservation	4,000,000		5.00	1,730,000	1,730,000	03/15/13
Government Facility Bond	2,200,000		4.00	1,730,000	1,730,000	03/15/14
Parks and Recreation	14,500,000		5.00	3,460,000	1,730,000	3/15/15-16
	$33,230,000		4.00	1,730,000	1,730,000	03/15/17
			4.00	3,460,000	1,730,000	3/15/19-20
			4.375	1,730,000	1,730,000	03/15/21
			4.125	1,730,000	1,730,000	03/15/22
			4.50	1,730,000	1,730,000	03/15/23
			4.25	6,920,000	1,730,000	3/15/24-27
				$27,690,000		
G.O. Public Improvement ($32,701,000)		6/18/08				
Street & Highway	$9,000,572		5.00	$3,408,000	1,704,000	01/15/11-12
Neighborhood Conservation	2,019,854		3.25	1,704,000	1,704,000	01/15/13
Parks and Recreation	6,700,000		5.00	6,816,000	1,704,000	01/15/14-17
Library	6,000,000		4.00	1,703,000	1,703,000	01/15/18
Metro	8,980,574		4.00	1,703,000	1,703,000	01/15/22
	$32,701,000		5.00	5,109,000	1,703,000	01/15/23-25
			4.125	1,703,000	1,703,000	01/15/26
			4.25	3,406,000	1,703,000	01/15/27-28
				$25,552,000		
G.O. Public Improvement of $39,217,322		8/15/09				
Neighborhood Conservation	$4,817,322		1.00	$308,483	308,483	08/15/10
Parks and Recreation	2,050,000		2.00	618,839	618,839	08/15/11
Metro	8,000,000		2.25	775,000	775,000	08/15/12
	$14,867,322		3.00	775,000	775,000	08/15/13
			2.25	775,000	775,000	08/15/14
			5.00	775,000	775,000	08/15/15
			4.00	775,000	775,000	08/15/16
			5.00	775,000	775,000	08/15/17
			3.00	775,000	775,000	08/15/18
			4.00	775,000	775,000	08/15/19
			3.125	775,000	775,000	08/15/20
			5.00	2,325,000	775,000	08/15/21-23
			3.625	775,000	775,000	08/15/24
			5.00	2,325,000	775,000	08/15/25-27
			4.00	770,000	770,000	08/15/28
			4.00	770,000	770,000	08/15/29
				$14,867,322		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
G.O. Public Improvement Refunding Bonds of	$41,262,678	8/15/09				
Street & Highway	$9,122,919		1.00	$4,492,258	4,492,258	08/15/10
Neighborhood Conservation	2,195,414		2.00	3,050,133	3,050,133	08/15/11
Parks and Recreation	10,465,543		2.25	5,865,496	5,865,496	08/15/12
Fire	1,575,576		3.00	4,525,801	4,525,801	08/15/13
Library	145,744		2.25	1,597,871	1,597,871	08/15/14
Metro	4,401,924		4.00	2,797,477	2,797,477	08/15/16
	$27,907,120		5.00	2,794,665	2,794,665	08/15/17
			3.00	2,783,419	2,783,419	08/15/18
				$27,907,120		
G.O. Public Improvement Refunding Bonds of	$65,650,000	8/1/09				
Street & Highway	$5,519,144		2.00	$57,186	57,186	08/01/10
Neighborhood Conservation	2,769,159		2.00	2,442,789	2,442,789	08/01/11
Government Facility Bond	653,173		2.00	948,465	948,465	08/01/12
Parks and Recreation	10,466,863		3.00	3,556,317	3,556,317	08/01/13
Fire	1,686,726		4.00	2,863,081	2,863,081	08/01/14
Library	1,130,373		4.00	4,240,576	4,240,576	08/01/15
Metro	4,934,823		5.00	1,514,633	1,514,633	08/01/16
	$27,160,261		5.00	3,480,479	3,480,479	08/01/17
			5.00	4,666,617	4,666,617	08/01/18
			5.00	1,694,502	1,694,502	08/01/19
			5.00	1,695,616	1,695,616	08/01/20
				$27,160,261		
SUBTOTAL:				**$306,859,109**		
FY 2003 Deferred cost/premium of bond refunding (net)				**$147,396**		
FY 2004 Bond premium to be amortized				**1,548,635**		
FY 2005 Deferred cost/premium of bond refunding (net)				**82,267**		
FY 2005 Bond premium to be amortized				**3,162,837**		
FY 2006 Deferred cost/premium of bond refunding (net)				**(1,004,298)**		
FY 2006 Bond premium to be amortized				**1,315,475**		
FY 2007 Bond premium to be amortized				**382,916**		
FY 2008 Bond premium to be amortized				**1,342,355**		
FY 2010 Bond premium to be amortized				**939,373**		
FY2010 Deferred cost/premium of bond refunding (net)				**1,680,361**		
Total GO Bonds Serviced by General Fund:				**$316,456,426**		
IDA Revenue Bonds ($60,540,000)		08/01/04				
Trade Center Bond	$17,825,000		3.5/5.0	$5,385,000	5,385,000	8/1/10
George Mason Center Bond	3,375,000		3.75/5.0	5,570,000	5,570,000	8/1/11
Emergency Communication Center Bond	31,290,000		4.0/5.0	5,760,000	5,760,000	8/1/12
Enterprise Resource Planning Bond	8,050,000		5.00	5,890,000	5,890,000	8/1/13
	$60,540,000		5.00	6,255,000	6,255,000	8/1/14
			4.00	1,305,000	1,305,000	8/1/15
			5.00	9,135,000	1,305,000	8/1/16-22
			5.00	1,300,000	1,300,000	8/1/23
			4.625	1,300,000	1,300,000	8/1/24
				$41,900,000		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
IDA Revenue Bond ($41,280,000)		12/15/09				
Metro Matters	$26,000,000		2.00	$1,145,000	1,145,000	12/15/10
Buckingham Village I	15,280,000		2.00	1,165,000	1,165,000	12/15/11
	$41,280,000		2.00	1,190,000	1,190,000	12/15/12
			2.00	1,215,000	1,215,000	12/15/13
			2.00	1,240,000	1,240,000	12/15/14
			2.50	1,265,000	1,265,000	12/15/15
			2.75	1,295,000	1,295,000	12/15/16
			4.70	1,330,000	1,330,000	12/15/17
			4.90	1,370,000	1,370,000	12/15/18
			5.00	1,415,000	1,415,000	12/15/19
			5.10	1,460,000	1,460,000	12/15/20
			5.20	1,510,000	1,510,000	12/15/21
			5.30	1,560,000	1,560,000	12/15/22
			5.40	1,615,000	1,615,000	12/15/23
			6.00	1,670,000	1,670,000	12/15/24
			6.00	1,735,000	1,735,000	12/15/25
			6.00	1,805,000	1,805,000	12/15/26
			6.00	1,875,000	1,875,000	12/15/27
			6.00	1,950,000	1,950,000	12/15/28
			6.00	2,025,000	2,025,000	12/15/29
			6.20	2,110,000	2,110,000	12/15/30
			6.20	2,195,000	2,195,000	12/15/31
			6.20	2,285,000	2,285,000	12/15/32
			6.20	2,380,000	2,380,000	12/15/33
			6.20	2,475,000	2,475,000	12/15/34
				$41,280,000		
SUBTOTAL:				**$83,180,000**		
IDA Revenue Bonds Buckingham ($35,962,739)				**$35,666,099**		
FY2005 IDA Revenue Bonds amortized				**2,236,963**		
Total IDA Revenue Bonds Serviced by General Fund				**121,083,062**		
Compensated Absences				**30,477,800**		
Estimated Liability for Workers' Comp Claims & Other Judgments				**4,440,687**		
Serviced by General Fund-Capital Leases				**20,556,593**		
Total General Obligation Debt Serviced by General Fund:				**493,014,568**		
Due in one year				**(46,030,138)**		
Total Long Term Liabilities -General Fund				**$446,984,430**		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
Serviced by School Operating Fund:						
School share of Refunding $42,075,000		11/15/93				
School Improvements	$10,573,454		6.00	$1,207,497	1,207,497	06/30/11
			6.00	1,202,470	1,202,470	06/30/12
				$2,409,967		
School share of $90,325,000		06/18/01				
School Improvements	$39,605,000		4.70	$2,100,281	2,100,281	02/01/11
				$2,100,281		
School share of $39,545,000		06/11/02				
School Improvements	$19,912,500		4.00	$2,079,622	1,039,811	02/01/11-12
				$2,079,622		
School share of $75,000,000		05/01/03				
School Improvements	$41,400,000		5.00	$4,965,000	1,655,000	01/15/11-13
			4.00	1,053,182	1,053,182	01/15/14
			4.00	1,048,328	1,048,328	01/15/15
			4.00	1,655,000	1,655,000	01/15/19
			4.125	1,655,000	1,655,000	01/15/20
			4.20	1,655,000	1,655,000	01/15/21
			4.30	1,655,000	1,655,000	01/15/22
			4.375	1,655,000	1,655,000	01/15/23
			4.5	8,275,000	1,655,000	01/15/24-28
				$23,616,510		
School share of Refunding $65,775.00		05/01/03				
School Improvements	$28,877,529		5.00	$2,854,466	2,854,466	01/15/11
			5.00	2,845,483	2,845,483	01/15/12
			5.00	2,834,914	2,834,914	01/15/13
				$8,534,863		
School share of $60,070,000		05/12/04				
School Improvements	$28,000,000		5.00	$4,480,000	1,120,000	05/15/11-14
			4.75	1,120,000	1,120,000	05/15/24
				3,360,000	1,120,000	5/15/27-29
				$8,960,000		
School share of $81.005,000 refunding bonds		08/19/04				
School Improvements	$33,598,820		5.00	$3,045,227	3,045,227	11/01/10
			5.00	3,047,385	3,047,385	11/01/11
			5.00	3,048,842	3,048,842	11/01/12
			5.00	3,050,562	3,050,562	11/01/13
			5.00	4,082,829	4,082,829	11/01/14
			3.80	4,056,045	4,056,045	11/01/15
			3.90	4,006,108	4,006,108	11/01/16
			4.00	1,984,040	1,984,040	11/01/17
			4.10	1,944,557	1,944,557	11/01/18
				$28,265,595		
School share of $94,525,000		06/01/05				
School Improvements	$36,230,000		5.00	$9,050,000	1,810,000	5/15/11-15
			5.00	7,260,000	1,815,000	5/15/22-25
				$16,310,000		
School share of $61,335,000		3/21/06				
School Improvements	$17,500,000		4.00	$2,625,000	875,000	8/1/10-12
			5.00	4,375,000	875,000	8/1/13-17
			4.00	875,000	875,000	08/01/19
			5.00	1,750,000	875,000	8/1/20-21
			4.20	2,625,000	875,000	8/1/22-24
			4.25	1,750,000	875,000	8/1/25-26
				$14,000,000		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
School share of $89,970,000 Refunding Bond		3/21/06				
School Improvements	$39,169,607		4.00	$710,073	710,073	08/01/11
			4.00	700,415	700,415	08/01/12
			5.00	698,935	698,935	08/01/13
			5.00	2,798,007	2,798,007	08/01/14
			5.00	4,002,280	4,002,280	08/01/15
			5.00	4,007,190	4,007,190	08/01/16
			5.00	5,040,244	5,040,244	08/01/17
			5.00	3,426,382	3,426,382	08/01/18
			4.00	6,190,254	6,190,254	08/01/19
			5.00	5,575,647	5,575,647	08/01/20
			5.00	2,140,166	2,140,166	08/01/21
			4.20	1,083,936	1,083,936	08/01/22
			4.20	960,000	960,000	08/01/24
			4.25	945,000	945,000	08/01/25
				$38,278,529		
G.O. Public Improvement ($117,360,000)		6/6/07				
School Improvements	$16,630,000		5.00	$1,670,000	835,000	3/15/11-12
			5.00	835,000	835,000	03/15/13
			4.00	835,000	835,000	03/15/14
			5.00	1,660,000	830,000	3/15/15-16
			4.00	830,000	830,000	03/15/17
			4.00	1,660,000	830,000	3/15/19-20
			4.375	830,000	830,000	03/15/21
			4.125	830,000	830,000	03/15/22
			4.50	830,000	830,000	03/15/23
			4.25	3,320,000	830,000	3/15/24-27
				$13,300,000		
G.O. Public Improvement ($51,076,000)		6/18/08				
School Improvements	$51,076,000		5.00	$2,552,000	2,552,000	01/15/11
			5.00	2,554,000	2,554,000	01/15/12
			3.25	2,555,000	2,555,000	01/15/13
			5.00	2,556,000	2,556,000	01/15/14
			5.00	2,552,000	2,552,000	01/15/15
			5.00	5,110,000	2,555,000	01/15/2016-17
			4.00	2,554,000	2,554,000	01/15/18
			4.00	2,556,000	2,556,000	01/15/22
			5.00	2,553,000	2,553,000	01/15/23
			5.00	2,551,000	2,551,000	01/15/24
			5.00	2,554,000	2,554,000	01/15/25
			4.125	2,554,000	2,554,000	01/15/26
			4.25	2,555,000	2,555,000	01/15/27
			4.25	2,551,000	2,551,000	01/15/28
				$38,307,000		
G.O. Public Improvement of $39,217,322		8/15/09				
School Improvements	$24,350,000		1.00	$1,220,000	1,220,000	08/15/10
			2.00	1,220,000	1,220,000	08/15/11
			2.25	1,220,000	1,220,000	08/15/12
			3.00	1,220,000	1,220,000	08/15/13
			2.25	1,220,000	1,220,000	08/15/14
			5.00	1,220,000	1,220,000	08/15/15
			4.00	1,220,000	1,220,000	08/15/16
			5.00	1,220,000	1,220,000	08/15/17
			3.00	1,220,000	1,220,000	08/15/18
			4.00	1,220,000	1,220,000	08/15/19
			3.125	1,215,000	1,215,000	08/15/20
			5.00	3,645,000	1,215,000	08/15/21-23
			3.625	1,215,000	1,215,000	08/15/24
			5.00	3,645,000	1,215,000	08/15/25-27
			4.00	1,215,000	1,215,000	08/15/28
			4.00	1,215,000	1,215,000	08/15/29
				$24,350,000		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
G.O. Public Improvement Refunding Bonds of	$41,262,678	8/15/09				
School Improvements	$11,455,110		1.00	$1,071,036	1,071,036	08/15/10
			2.00	326,396	326,396	08/15/11
			2.25	2,179,482	2,179,482	08/15/12
			3.00	2,132,753	2,132,753	08/15/13
			2.25	192,415	192,415	08/15/14
			4.00	1,854,737	1,854,737	08/15/16
			5.00	1,852,873	1,852,873	08/15/17
			3.00	1,845,418	1,845,418	08/15/18
				$11,455,110		
G.O. Public Improvement Refunding Bonds of	$65,650,000	8/1/09				
School Improvements	$27,608,536		2.00	$57,426	57,426	08/01/10
			2.00	2,156,097	2,156,097	08/01/11
			2.00	965,970	965,970	08/01/12
			3.00	4,414,145	4,414,145	08/01/13
			4.00	2,763,193	2,763,193	08/01/14
			4.00	3,412,263	3,412,263	08/01/15
			5.00	1,471,266	1,471,266	08/01/16
			5.00	2,651,482	2,651,482	08/01/17
			5.00	4,631,381	4,631,381	08/01/18
			5.00	2,540,397	2,540,397	08/01/19
			5.00	2,544,918	2,544,918	08/01/20
				$27,608,538		
SUB TOTAL				**$259,576,015**		
FY 2003 deferred cost/premium of bond refunding				**($179,327)**		
FY 2004 bond premium to be amortized				**1,016,660**		
FY 2005 deferred cost/premium of bond refunding				**(893,606)**		
FY 2005 bond premium to be amortized				**2,195,375**		
FY 2006 deferred cost/premium of bond refunding				**(123,049)**		
FY 2006 bond premium to be amortized				**466,131**		
FY 2007 bond premium to be amortized				**218,613**		
FY 2008 bond premium to be amortized				**2,167,063**		
FY 2010 bond premium to be amortized				**1,482,910**		
FY2010 Deferred cost/premium of bond refunding				**(662,829)**		
Total Serial Bonds Serviced by General Fund:				**265,263,956**		
Compensated Absences Serviced by School Operating Fund:				**33,436,055**		
Capital Leases Serviced by Schools				**8,537,524**		
Total General Obligation Debt Serviced by General and School Operating Fund:				**307,237,535**		
Due in one year				**(28,264,786)**		
Total Long Term Liabilities - Schools				**278,972,749**		
Total General Obligation Debt Serviced by General Fund and School Operating Fund:				**$725,957,179**		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
Serviced by Utilities Fund:						
Sewer share of Refunding $42,075,000		11/15/93				
Sewage	$3,354,635		6.00	$383,103	383,103	06/30/11
			6.00	381,509	381,509	06/30/12
				$764,612		
Water share of $99,815,000		06/18/01				
Water share	$2,504,000		4.70	$132,790	132,790	02/01/11
				$132,790		
Water/Sewer share of Refunding $65,775,000		05/01/03				
Water/Sewer share	$19,415,825		5.00	$1,857,448	1,857,448	01/15/11
			5.00	1,846,444	1,846,444	01/15/12
			5.00	1,832,982	1,832,982	01/15/13
				$5,536,874		
Water/sewer share of $81.005,000 refunding bonds		08/19/04				
Water/sewer share	$2,916,798		5.00	$285,999	285,999	11/01/10
			5.00	285,881	285,881	11/01/11
			5.00	285,591	285,591	11/01/12
			5.00	285,312	285,312	11/01/13
			5.00	298,232	298,232	11/01/14
			3.80	296,537	296,537	11/01/15
			3.90	293,174	293,174	11/01/16
			4.00	201,630	201,630	11/01/17
			4.10	197,617	197,617	11/01/18
				$2,429,973		
Water share of $94,525,000		06/01/05				
Public Improvement bonds	$6,000,000		5.00	$1,575,000	315,000	5/15/11-15
			5.00	1,240,000	310,000	5/15/22-25
				$2,815,000		
Water/Swer/Plant share of $89,970,000		03/21/2006				
Refunding bonds			4.00	$148,658	148,658	08/01/11
Water share	$1,211,244		4.00	143,685	143,685	08/01/12
Sewer share	487,761		5.00	140,679	140,679	08/01/13
Advanced Water Treatment	1,414,755		5.00	377,779	377,779	08/01/14
	$3,113,760		5.00	435,096	435,096	08/01/15
			5.00	433,194	433,194	08/01/16
			5.00	450,863	450,863	08/01/17
			5.00	118,354	118,354	08/01/18
			4.00	437,369	437,369	08/01/19
			5.00	397,303	397,303	08/01/20
				$3,082,980		
Water/Swer/Plant share of $117,360,000		06/06/2007				
Refunding bonds						
Water share	$9,000,000		5.00	$10,545,000	3,515,000	03/15/11-13
Sewer share	10,000,000		4.00	3,515,000	3,515,000	03/15/14
Advanced Water Treatment	48,500,000		5.00	7,030,000	3,515,000	3/15/15-16
	$67,500,000		4.00	3,515,000	3,515,000	03/15/17
			4.00	7,030,000	3,515,000	3/15/19-20
			4.375	3,515,000	3,515,000	03/15/21
			4.125	3,515,000	3,515,000	03/15/22
			4.50	3,515,000	3,515,000	03/15/23
			4.25	14,060,000	3,515,000	3/15/24-27
				$56,240,000		
G.O. Public Improvement ($27,408,000)		6/18/08				
Advanced Water Treatment	$27,408,000		5.00	$949,000	949,000	01/15/11
			5.00	997,000	997,000	01/15/12
			3.25	1,046,000	1,046,000	01/15/13
			5.00	1,080,000	1,080,000	01/15/14
			5.00	1,134,000	1,134,000	01/15/15
			5.00	1,191,000	1,191,000	01/15/16
			5.00	1,251,000	1,251,000	01/15/17
			4.00	1,313,000	1,313,000	01/15/18
			4.00	1,581,000	1,581,000	01/15/22
			5.00	1,644,000	1,644,000	01/15/23
			5.00	1,726,000	1,726,000	01/15/24
			5.00	1,813,000	1,813,000	01/15/25
			4.125	1,903,000	1,903,000	01/15/26
			4.25	1,982,000	1,982,000	01/15/27
			4.25	2,066,000	2,066,000	01/15/28
				$21,676,000		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2010

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold) Interest Rate- %	Principal	Payments: (Relates to total amount authorized and sold) Annual Amount	Maturity Date
G.O. Public Improvement Refunding Bonds of	$41,262,678	8/15/09				
Water Share	$1,327,147		1.00	$498,222	498,222	08/15/10
Advanced Water Treatment	573,301		2.00	49,632	49,632	08/15/11
	$1,900,448		2.25	175,022	175,022	08/15/12
			3.00	171,446	171,446	08/15/13
			2.25	39,714	39,714	08/15/14
			4.00	322,786	322,786	08/15/16
			5.00	322,461	322,461	08/15/17
			3.00	321,165	321,164	08/15/18
				$1,900,448		
G.O. Public Improvement Refunding Bonds of	$65,650,000	8/1/09				
Water share	$1,765,156		1.00	$20,388	20,388	08/01/10
Sewer share	953,196		2.00	376,113	376,113	08/01/11
Advanced Water Treatment	8,162,851		2.25	195,565	195,565	08/01/12
	$10,881,203		3.00	1,449,538	1,449,538	08/01/13
			2.25	273,727	273,727	08/01/14
			5.00	557,161	557,161	08/01/15
			4.00	234,101	234,101	08/01/16
			5.00	3,343,039	3,343,039	08/01/17
			3.00	1,502,001	1,502,001	08/01/18
			4.00	1,430,101	1,430,101	08/01/19
			3.125	1,499,469	1,499,469	08/01/20
				$10,881,203		
SUBTOTAL:				**$105,459,880**		
FY2003 deferred cost/premium of bond refunding				**$273,708**		
FY 2005 deferred amount on refunding				**(75,798)**		
FY2005 bond premium to be amortized				**388,205**		
FY2006 deferred cost/premium of bond refunding				**675,349**		
FY2007 bond premium to be amortized				**777,117**		
FY2008 bond premium to be amortized				**989,300**		
FY2010 deferred cost/premium of bond refunding				**(830,195)**		
Compensated Absences -Utilities				**1,499,418**		
Serviced by Utilities Fund-Capital Leases				**333,412**		
Bond and mortgage interest payable - Utilities Fund				**3,815,953**		
VRA Loans payable				**256,458,344**		
Total Long Term Obligations Serviced by Utilities Fund:				**369,764,693**		
Compensated Absences - Internal Service funds				**530,268**		
Compensated Absences - CPHD Development Fund				**551,464**		
Serviced by Auto Equipment Fund-Capital Leases				**3,450,321**		
SUBTOTAL:				**374,296,746**		
Revenue Bonds-Serviced by Ballston Public Garage Fund				**12,300,000**		
Bond and mortgage interest payable				**17,922,937**		
Mortgage Payable-Ballston Public Garage Fund				**3,429,679**		
Total Business-type Activities Obligations:				**407,949,362**		
Due in one year				**(43,456,529)**		
Total Business-type Activities Long Term Obligations:				**$364,492,833**		
TOTAL LONG TERM OBLIGATIONS:				**$1,090,450,012**		

EXHIBIT S-4

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
JUNE 30, 2010

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2010	$167,585	$1,217,869	$1,385,454
2009	102,880	818,116	920,996
2008	59,147	555,993	615,140
2007	32,732	433,283	466,015
2006	30,792	627,167	657,959
2005	21,409	-	21,409
2004	19,106	-	19,106
2003	11,416	-	11,416
2002	2,694	-	2,694
2001	1,975	-	1,975
2000	1,384	-	1,384
1999	1,333	-	1,333
1998	1,221	-	1,221
1997	523	-	523
1996	516	-	516
1995	499	-	499
TOTAL	$455,212	$3,652,428	$4,107,640

NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2010 are presented on the basis of the County's fiscal years during which such taxes became due.

The delinquent real estate taxes for the fiscal year consist of all taxes which were levied for the prior calendar year, and for the fifteen years preceding, which remain uncollected as of the close of the fiscal year.

The delinquent personal property taxes for the fiscal year consist of all taxes which were levied for the prior calendar year, and for the four years preceding, which remain uncollected as of the close of the fiscal year.

The amounts of delinquent taxes include the original levy and subsequent adjustment for penalties. The penalty balances for real and personal property taxes totaled $36,515 and $731,120, respectively.

EXHIBIT S-5

ARLINGTON COUNTY, VIRGINIA
REAL ESTATE AND PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Current Tax Levy	Current Taxes Not Collected	Current Taxes Collected	Percent of Levy Collected	Collection of Prior Year'sTaxes In Current Year	Total Taxes Collected	Total Collections As % of Current Levy	Write-Offs and Adjustments	Deferred Taxes	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as % of Total Levy
2001	309,676,367	2,962,538	306,713,829	99.04%	2,756,158	309,469,987	99.93%	568,475	798,198	5,002,218	1.62%
2002	335,968,016	3,624,563	332,343,453	98.92%	3,151,222	335,494,675	99.86%	1,149,446	839,328	5,409,628	1.61%
2003	373,883,498	3,443,379	370,440,119	99.08%	3,193,196	373,633,315	99.93%	1,712,034	688,928	5,569,351	1.49%
2004	406,389,307	3,305,311	403,083,996	99.19%	3,172,229	406,256,225	99.97%	1,194,439	750,170	5,664,046	1.39%
2005	435,567,836	2,953,943	432,613,894	99.32%	3,139,508	435,753,402	100.04%	1,003,191	874,009	5,413,308	1.24%
2006	479,686,828	3,152,135	476,534,693	99.34%	3,077,161	479,611,854	99.98%	1,176,489	882,123	5,472,146	1.14%
2007	528,570,144	2,707,065	525,863,079	99.49%	3,264,676	529,127,755	100.11%	1,045,194	1,069,831	4,861,433	0.92%
2008	577,353,341	2,881,468	574,471,873	99.50%	3,285,410	577,757,283	100.07%	829,482	1,259,192	4,645,017	0.80%
2009	620,724,099	3,508,418	617,215,681	99.43%	3,555,509	620,771,190	100.01%	885,868	1,476,023	4,445,528	0.72%
2010	631,759,467	2,753,079	629,006,388	99.56%	2,965,008	631,971,396	100.03%	1,074,788	1,450,150	4,107,640	0.65%

NOTES:

"Total Current Tax Levy" reflects current and delinquent taxes assessed in the current period less changes in the amount of deferred Real Estate taxes, plus penalties assessed for the current and prior years.
"Current Taxes Not Collected" consists of delinquent taxes plus first installment real estate taxes receivable.
"Current Taxes Collected" reflects the amount of a fiscal year's tax levy collected during each fiscal year.
"Total Taxes Collected" reflects "Current Taxes Collected" plus collection of prior year's taxes and penalties in the current year plus reimbursements from the Commonwealth for the Personal Property Tax Relief Act.
Delinquent personal property taxes are collectible for 5 years, delinquent real estate taxes for 20 years.

Source: Arlington County Treasurer's Office

EXHIBIT S-6

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
JUNE 30, 2010

Primary Government

General Capital Assets:

Land	$149,844,802
Infrastructure	406,796,209
Buildings	231,381,560
Furniture, fixtures and equipment	66,249,617
Construction in Progress	109,352,140
Intangibles	1,253,003
Total General Capital Assets	$964,877,331

Investment in General Capital Assets by Source:

General obligation bonds/ leases	$783,508,189
Federal grants	22,445,150
State literary loans	1,680,040
Donated assets	5,850,055
General fund revenues	151,393,897
Total Investment in General Capital Assets	$964,877,331

Internal Services Fund

Auto Equipment Fund	$51,981,340
Total Internal Services Fund	$51,981,340

Investment in Internal Services Fund by Source:

General Fund revenues	$51,981,340

Component Unit: School Board

School Capital Assets:

Land	$4,697,946
Buildings	496,092,640
Furniture, fixtures and equipment	55,889,639
Total school capital assets	$556,680,225

Investment in School Capital Assets by Source:

General obligation bonds	$403,106,701
Federal grants	8,435,124
State literary loans	484,498
General fund revenues	144,653,902
Total investment in school capital assets	$556,680,225

EXHIBIT S-7

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2010

Primary Government

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2010 Beginning Balance	Additions	Deletions	FY 2010 Ending Balance
Primary Government:	$-	$-	$-	$-
General Government	242,594,956	63,677,809	-	306,272,765
Public Safety	41,451,894	1,941,626	-	43,393,520
Environmental Services	427,714,375	6,620,019	-	434,334,394
Health and Public Welfare	31,659,348	105,900	-	31,765,248
Libraries	15,736,224	2,425,930	-	18,162,154
Parks and Recreation	92,788,100	5,323,370	-	98,111,470
Planning and Community Development	26,140,427	6,697,353	-	32,837,780
Total primary government	878,085,324	86,792,007	-	964,877,331
Internal Services Fund				
Auto Equipment Fund	47,569,216	8,553,102	(4,140,978)	51,981,340
Total Internal Services Fund	47,569,216	8,553,102	(4,140,978)	51,981,340
Component Unit - Schools	511,265,426	45,414,799	-	556,680,225
Total Capital Assets	$1,436,919,966	$140,759,908	($4,140,978)	$1,573,538,896

EXHIBIT S-8

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2010

Primary Government

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles
General Government:						
Control-						
Legislative	$92,430	$-	$-	$-	$92,430	$-
Executive	387,942	-	-	-	387,942	-
Judicial	2,107,374	-	-	-	2,040,148	67,226
Total Control	2,587,746	-	-	-	2,520,520	67,226
Staff Agencies-						
Elections	218,235	-	-	-	218,235	-
Management and Finance	377,655	-	-	-	377,655	-
Office of Support Services	125,103,445	11,911,958	-	112,123,457	1,068,030	-
Real Estate Assessment	82,519	-	-	-	82,519	-
Civil Service	1,271	-	-	-	1,271	-
Human Resources	347,256	-	-	-	263,988	83,268
Office of County Attorney	61,491	-	-	-	61,491	-
Commissioner of the Revenue	76,718	-	-	-	76,718	-
Treasurer	1,350,098	-	-	-	1,318,012	32,086
Department of Technology Services	17,200,391	-	-	-	17,111,991	88,400
General government buildings	135,952,812	18,176,823	87,025,157	26,347,878	4,402,954	-
Other	22,913,128	-	22,869,521	-	43,607	-
Total Staff Agencies	303,685,019	30,088,781	109,894,678	138,471,335	25,026,471	203,754
Total General Government	306,272,765	30,088,781	109,894,678	138,471,335	27,546,991	270,980
Public Safety:						-
Police protection	23,703,421	-	-	9,087,613	14,615,808	-
Fire protection	18,234,142	5,499,263	5,807,994	4,788,519	2,138,366	-
Emergency communication	1,455,957	-	-	-	1,455,957	-
Total Public Safety	43,393,520	5,499,263	5,807,994	13,876,132	18,210,131	-
Community Services:						
Environmental Services	434,334,394	17,449,096	399,532,709	10,333,959	5,722,490	1,296,140
Health and Public Welfare	31,765,248	272,110	-	28,558,901	2,934,237	-
Libraries	18,162,154	135,048	2,952,356	11,283,691	3,791,059	-
Recreation	98,111,470	55,905,181	13,616,651	21,755,375	6,774,150	60,113
Community Development	32,837,780	2,661	25,538,887	7,102,167	194,065	-
Total Community Service	615,211,046	73,764,096	441,640,603	79,034,093	19,416,001	1,356,253
Total General Capital Assets	964,877,331	109,352,140	557,343,275	231,381,560	65,173,123	1,627,233
Internal Services Fund:						
Auto Equipment Fund	51,981,340	-	-	-	51,981,340	-
Total Internal Services Fund	51,981,340	-	-	-	51,981,340	-
Component Unit: School Board						
Schools	556,680,225	4,697,946	-	496,092,640	55,889,639	-
GRAND TOTALS	$1,573,538,896	$114,050,086	$557,343,275	$727,474,200	$173,044,102	$1,627,233

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	2010			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2009 ACTUALS
GENERAL FUND				
General property taxes:				
Real estate	$494,089,553	$501,453,946	$7,364,393	$488,261,828
Personal	92,518,049	93,046,854	528,805	99,844,289
Total general property taxes	586,607,602	594,500,800	7,893,198	588,106,117
Other local taxes:				
Business, professional and occupatonal license (BPOL) tax	58,277,761	58,611,239	333,478	57,272,629
Sales tax	36,450,000	35,954,703	(495,297)	38,392,636
Meals tax	30,498,124	29,048,450	(1,449,674)	28,872,881
Transient tax	22,200,000	20,809,560	(1,390,440)	21,183,496
Utility tax	11,600,000	12,490,239	890,239	12,643,308
Recordation, car rental and other local taxes	23,805,000	24,597,157	792,157	23,231,402
Total other local taxes	182,830,885	181,511,348	(1,319,537)	181,596,352
Total taxes	769,438,487	776,012,148	6,573,661	769,702,469
License, permits and fees	8,505,055	7,362,947	(1,142,108)	7,768,974
Fines and forfeitures	9,515,000	7,851,193	(1,663,807)	8,720,950
Charges for services	41,726,916	42,650,595	923,679	41,010,681
Grants:				
State grants	68,682,666	64,159,718	(4,522,948)	66,596,799
Federal grants	26,967,363	22,638,894	(4,328,469)	21,501,026
Total grants	95,650,029	86,798,612	(8,851,417)	88,097,825
Use of money and property	10,598,994	9,888,443	(710,551)	9,352,281
Miscellaneous revenue	10,208,622	18,321,067	8,112,445	16,415,526
GRAND TOTALS FOR GENERAL FUND	$945,643,103	$948,885,005	$3,241,902	$941,068,706
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	$30,000	$30,893	$893	$30,110
Crystal City Business Improvement District	21,737	22,190	453	22,139
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	21,712	21,712	266,053
Neighborhood Conservation Bond Fund	-	39,088	39,088	238,149
Public Recreation Bond Fund	-	115,960	115,960	699,717
Fire Facilities Bond Fund	-	23,109	23,109	193,041
Library Bond Fund	-	18,271	18,271	124,085
Transit Facilities Bond Fund	-	30,733	30,733	184,382
Transportation Investment Fund	2,505,925	-	(2,505,925)	443,932
School Capital Improvement Bond Fund	-	116,372	116,372	899,316
School Operating Fund	110,338	-	(110,338)	-
Trust & Agency Fund	289,500	289,500	-	691,119
Total transfers	$3,087,500	$837,828	($2,249,672)	$3,922,043
GRAND TOTALS	$948,730,603	$949,722,833	$992,230	$944,990,749

SPECIAL REVENUE FUNDS:

Travel & Tourism Fund	$1,104,600	$1,053,862	($50,738)	$1,058,118
Special Assessment District	3,110,708	3,093,216	(17,492)	3,021,715
Crystal City BID	2,219,885	2,221,267	1,382	2,218,261
Community Development Block Grant Fund	3,848,854	2,079,927	(1,768,927)	1,674,363
Section 8 Housing	15,801,006	16,221,112	420,106	12,842,090
Total Special Revenue Funds	$26,085,053	$24,669,384	($1,415,669)	$20,814,547

BREAKDOWN OF REVENUE BY FUNCTION:

	Charges for services Includes licenses & fees	Operating grants/Contributions State	Operating grants/Contributions Federal	Capital Grants Contributions
General government	$17,968,134	$25,388,278	$1,834,676	$1,807,735
Public safety	8,581,235	9,640,887	3,147,082	-
Environmental services	20,973,628	7,235,311	-	-
Health & welfare	3,215,136	19,733,128	16,784,427	-
Libraries	615,092	187,321	-	-
Economic development	-	66,728	280,428	-
Planning & community development	622,231	-	488,859	-
Parks & recreation	5,889,279	100,330	103,422	-
Total General Fund	$57,864,735	$62,351,983	$22,638,894	$1,807,735

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	2010			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2009 ACTUALS
General Government Administration:				
County Board	$1,068,878	$1,023,423	$45,455	$1,039,362
County Manager	4,716,506	4,687,840	28,666	3,933,144
Financial Management	5,420,321	5,275,667	144,654	5,706,101
Human Resources	7,292,076	6,590,459	701,617	6,912,938
Technology Services	14,180,022	14,231,618	(51,596)	13,951,021
County Attorney	2,801,911	3,956,636	(1,154,725)	2,219,831
Commissioner of Revenue	4,981,238	4,906,742	74,496	4,800,538
Treasurer	5,945,380	6,300,047	(354,667)	5,925,435
Electoral Board	758,242	815,089	(56,847)	1,161,224
Total General Government	47,164,574	47,787,521	(622,947)	45,649,594
Judicial Administration:				
Circuit Court	3,072,539	3,035,935	36,604	3,186,689
District Court	274,499	197,398	77,101	205,179
Juvenile & Domestic Relations Court	5,601,013	5,191,914	409,099	5,212,180
Commonwealth Attorney	3,862,747	3,632,652	230,095	3,695,513
Sheriff & Jail	34,548,321	33,964,970	583,351	34,227,741
Magistrate's Office	96,123	69,708	26,415	95,489
Total Judicial Administration	47,455,242	46,092,577	1,362,665	46,622,791
Public Safety:				
Police	60,525,093	54,894,210	5,630,883	53,342,584
Office of Emergency Management	9,752,491	8,152,557	1,599,934	8,349,020
Fire	47,901,054	47,137,986	763,068	45,010,283
Total Public Safety	118,178,638	110,184,753	7,993,885	106,701,887
Department of Environmental Services:				
DES-Environmental Services	74,185,237	73,187,350	997,887	67,845,515
Health & Welfare:				
Human Services	115,313,823	108,138,231	7,175,592	103,057,795
Libraries:	12,289,549	11,708,778	580,771	12,946,359
Planning & Community Development:				
Economic Development	3,708,248	3,480,588	227,660	3,481,543
Community Planning Housing & Development	9,866,235	9,202,954	663,281	9,725,097
Total Planning & Community Development	13,574,483	12,683,542	890,941	13,206,640
Parks & Recreation:	34,749,076	34,711,629	37,447	33,558,446

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	2010			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2009 ACTUALS
Non-Departmental:				
Non-Departmental	108,885,852	60,696,417	48,189,435	37,354,073
Debt Service				
Principal payment	33,023,374	33,813,374	(790,000)	33,046,404
Interest payment	18,814,602	17,053,764	1,760,838	18,249,367
Other costs	400,000	1,477,845	(1,077,845)	180,580
Regionals/Contributions	8,104,333	8,062,884	41,449	8,117,301
METRO	20,518,770	20,518,770	-	18,394,223
Total Non-Departmental	189,746,931	141,623,054	48,123,877	115,341,948
Total Expenditures before transfers-out	652,657,553	586,117,435	66,540,118	544,930,975
Transfers -Out				
Travel & Tourism	247,000	247,000	-	247,000
Auto Equipment Fund	27,611	27,611	-	87,456
Printing Fund	207,699	207,699	-	207,699
General Capital Projects Fund	21,349,543	21,349,543	-	19,647,070
CPHD Development Fund	-	-	-	2,881,512
OPEB Trust Projects Fund	-	-	-	15,111,505
Schools				
General Operating	321,280,855	293,401,561	27,879,294	293,870,223
Community Activities/Cable TV	7,833,271	6,843,758	989,513	7,728,929
Cafeteria	9,835,666	-	9,835,666	187,029
Pay-As-You-Go	2,040,950	9,542,723	(7,501,773)	5,375,590
Debt Service	34,093,067	31,431,220	2,661,847	32,097,012
Comprehensive Services Act	1,807,500	1,964,832	(157,332)	1,894,802
Total Transfers-Out	398,723,162	365,015,947	33,707,215	379,335,827
GRAND TOTALS EXPENDITURES	$1,051,380,715	$951,133,382	$100,247,333	$924,266,802
SPECIAL REVENUE FUNDS:				
Travel & Tourism Promotion	$1,482,138	$1,235,038	$247,100	$1,278,320
Rosslyn Business Improvement District	3,125,597	3,102,824	22,773	2,939,891
Crystal City Business Improvement District	2,237,543	2,220,005	17,538	2,137,976
Community Development Block Grant	3,848,854	2,079,927	1,768,927	1,674,363
Section 8 Housing	15,801,006	16,450,420	(649,414)	15,436,989
Total Special Revenue Funds	$26,495,138	$25,088,214	$1,406,924	$23,467,539
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	$1,077,875,853	$976,221,596	$101,654,257	$947,734,341

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010

FUND AND FUNCTION		AMOUNT
GENERAL FUND:		
Capital Outlays:		
General Government	$1,083,754	
Public Safety	634,052	
Public Works	871,500	
Health & Public Welfare	245,874	
Libraries	78,038	
Parks & Recreation	75,085	
Planning & Community development	178,594	
Section 8	105,900	
Total General Fund		3,272,797
CAPITAL PROJECTS FUNDS:		
General Capital Projects Fund:		
Public Works:		
Transportation Projects	893,204	
Government Facilities	47,497,785	
Cultural & Recreation - Community Affairs:		
Government Facilities	775,826	
Parks	5,492,334	
Public Safety	1,693,333	
Contributions to Regional Agencies	1,914,469	
Total General Capital Projects Funds	58,266,951	
Street & Highway Bond Fund:		
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	3,958,399	
Neighborhood Conservation Bond Fund:		
Neighborhood Capital Projects	6,697,352	
Government Facility Bond	121,041	
Stormwater Fund	2,661,620	
Public Recreation Bond Fund:		
Public Recreation	5,323,373	
Total Public Recreations Bond Fund	5,323,373	
Fire Station Bond Fund:		
Fire Station Facilities	1,820,585	
Library Bond Fund:		
Public Library Facilities	2,425,930	
NVTA		
NOVA Transportation Authority	2,243,960	
TOTAL CAPITAL PROJECTS FUNDS		83,519,211
GRAND TOTAL		86,792,008

ARLINGTON
VIRGINIA

STATISTICAL
(Unaudited)

This part of the Arlington County Comprehensive Annual Financial Report ("CAFR") presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time (Table A, Table B, Table C, Table D, Table E and Table F.).

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax (Table G, and Table H).

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future (Table I , Table J1 and Table J2).

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place (Table K and Table L).

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's CAFR relates to the services the County provides and the activities it performs (Table M, Table N, and Table O).

Other

These schedules contain information needed for NRMSIRs and other disclosures. (Tables P-W).

ARLINGTON COUNTY, VIRGINIA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year				
	2006	Restated 2007	2008	2009	2010
Governmental Activities					
Invested in capital assets, net of related debt	$62,305,816	$95,993,859	$97,725,017	$184,914,106	$225,913,383
Restricted for:					
Capital projects	143,283,542	142,422,852	160,104,290	118,951,943	148,562,047
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376
Unrestricted	27,283,211	58,999,714	60,938,963	104,877,377	92,808,577
Total governmental activities net assets	$235,855,324	$306,610,956	$326,878,853	$414,259,110	$472,570,383
Business-Type Activities					
Invested in capital assets, net of related debt	$285,517,682	$274,619,788	$354,626,738	$445,068,277	$531,409,247
Restricted for:					
Capital projects	22,473,812	10,222,745	12,307,036	6,945,927	3,432,530
Other projects	-	-	-	-	-
Unrestricted	46,211,348	117,190,291	106,413,059	102,414,562	76,769,776
Total business-type activities net assets	$354,202,842	$402,032,824	$473,346,833	$554,428,766	$611,611,553
Primary government					
Invested in capital assets, net of related debt	$347,823,498	$370,613,647	$452,905,637	$370,322,979	$757,322,630
Restricted for:					
Capital projects	165,757,354	152,645,597	172,411,326	125,897,870	151,994,577
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376
Unrestricted	73,494,559	175,739,518	159,492,990	466,951,343	169,578,353
Total primary government activities net assets	$590,058,166	$708,193,293	$792,920,536	$968,687,876	$1,084,181,936
School Component Unit					
Invested in capital assets, net of related debt	$280,567,468	$313,005,332	$332,700,082	$356,757,290	$386,599,276
Restricted for:					
Capital projects	5,968,595	21,143,761	53,652,410	15,008,543	4,549,397
Other projects	-	-	-	-	-
Unrestricted	30,823,237	(6,369,784)	(21,749,122)	(29,729,500)	(32,814,262)
Total schools component unit activities net assets	$317,359,300	$327,779,309	$364,603,370	$342,036,333	$358,334,411
Other Component Units					
Invested in capital assets, net of related debt	($5,634,995)	$20,624,884	$29,344,880	$29,978,738	$27,878,594
Restricted for:					
Capital projects	-	-	-	-	-
Other projects	-	-	-	-	-
Unrestricted	32,025,503	8,123,376	(4,918,215)	(5,578,810)	(554,073)
Total other component units activities net assets	$26,390,508	$28,748,260	$24,426,665	$24,399,928	$27,324,521

Notes:
(1) GASB Statement No. 44 requires presentation of full accrual financial information, including the presentation of net assets. This statement was implemented in fiscal year 2006; therefore, there are only five years of data presented in this table.

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year				
Expenses		Restated			
Primary government:	2006	2007	2008	2009	2010
Governmental activities:					
General government	$144,413,158	$170,050,920	$183,532,881	$157,913,828	$195,846,347
Public safety	94,152,505	105,294,735	114,536,445	101,207,180	110,207,376
Environmental services	66,712,584	69,902,804	73,697,836	74,059,602	76,327,661
Health & welfare	104,638,605	100,775,893	109,949,551	100,667,830	108,035,699
Libraries	13,002,989	13,167,711	14,426,350	12,828,135	11,946,021
Parks, recreation & culture	34,366,540	35,953,363	38,592,964	35,355,942	37,291,412
Planning & community development	35,865,238	40,556,577	46,279,307	67,595,397	46,833,700
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609
Total governmental activities expenses	821,993,184	892,762,603	990,367,352	909,167,130	948,087,547
Business-type activities:					
Utilities	47,321,964	51,515,377	57,904,261	59,052,176	64,616,867
Ballston Public Parking Garage	5,732,832	5,937,745	9,517,231	5,626,403	5,577,545
IDA Revenue Bond Fund	-	34,170	1,519,061	1,695,732	1,701,967
8th Level Ballston Public Parking Garage	-	28,927	35,947	52,808	88,383
	-	-	-	9,554,317	9,824,617
Total business-type activities expenses	53,054,796	57,516,219	68,976,500	75,981,436	81,809,379
Total primary government expenses	$875,047,980	$950,278,822	$1,059,343,852	$985,148,566	$1,029,896,926
Component units:					
Schools	$352,921,809	$388,148,161	$412,953,520	$422,055,027	$412,450,899
Other	2,446,253	6,199,663	7,777,236	8,189,092	7,702,100
Total component units activities expenses	$355,368,062	$394,347,824	$420,730,756	$430,244,119	$420,152,999
Program Revenues					
Primary government:					
Governmental activities:					
Charges for services					
General government	$21,333,168	$20,079,042	$18,106,488	$20,158,108	$17,968,134
Environmental services	14,997,675	16,550,927	19,684,727	20,133,391	20,973,628
Public safety	9,281,843	7,676,160	5,049,238	6,365,373	8,581,235
Other activities	16,851,289	17,950,390	21,509,731	12,111,147	10,665,194
Operating grants and contributions	110,686,562	118,055,710	105,661,179	102,379,382	106,770,638
Capital grants and contributions	1,809,521	1,810,516	1,811,566	1,812,817	1,807,735
Total governmental activities program revenues	174,960,058	182,122,745	171,822,929	162,960,218	166,766,564
Business-type activities:					
Charges for services					
Water-sewer service charges	52,362,162	56,850,491	67,434,401	72,457,575	77,806,563
Water-service hook-up charges	6,468,463	3,345,476	4,810,598	4,627,014	2,390,390
Other activities	9,800,525	20,369,401	33,946,120	46,804,145	41,260,025
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,190,249	21,162,994	28,033,520	26,845,784	16,319,975
Total business-type activities program revenues	69,821,399	101,728,362	134,224,639	150,734,518	137,776,953
Total primary government program revenues	$244,781,457	$283,851,107	$306,047,568	$313,694,736	$304,543,517
Component units:					
Charges for services	$15,122,958	$16,849,867	$20,328,889	$20,561,183	$26,743,790
Operating grants and contributions	332,115,611	365,255,205	417,046,873	368,136,757	395,178,524
Capital grants and contributions	-	-	1,428,953	500,000	586,833
Total component units program revenues	$347,238,569	$382,105,072	$438,804,715	$389,197,940	$422,509,147

ARLINGTON COUNTY, VIRGINIA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS (1)
(Accrual Basis of Accounting)

	Fiscal Year				
		Restated			
Net (Expense) Revenue	**2006**	**2007**	**2008**	**2009**	**2010**
Primary government:					
Governmental activities	($647,033,126)	($710,639,858)	($818,544,423)	($746,206,912)	($781,320,983)
Business-type activities	16,766,603	44,212,143	65,248,139	74,753,082	55,967,574
Total primary government net expense	($630,266,523)	($666,427,715)	($753,296,284)	($671,453,830)	($725,353,409)
Component units:					
Component unit activities	($8,129,493)	($12,242,752)	$17,798,673	($41,046,179)	$2,356,148
Total component units net expense	($8,129,493)	($12,242,752)	$17,798,673	($41,046,179)	$2,356,148
General Revenues and Changes in Net Assets					
Governmental activities:					
Property taxes:					
Real estate property taxes	$412,474,942	$441,047,242	$509,933,075	$523,725,497	$527,562,107
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854
Other local taxes:					
Business, professional occupancy license taxes	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316
Investment and interest earnings	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713
Miscellaneous	27,701,527	33,453,869	23,985,005	18,480,331	21,000,027
Total governmental activities	695,329,274	761,638,145	830,953,288	841,446,202	839,632,256
Business-type activities:					
Investment and interest earnings	4,581,344	3,617,839	6,065,870	3,447,340	1,215,213
Total business-type activities	4,581,344	3,617,839	6,065,870	3,447,340	1,215,213
Total primary government	$699,910,618	$765,255,984	$837,019,158	$844,893,542	$840,847,469
Component units activities:					
Other local taxes					
Other local taxes	$16,479,189	$18,242,576	$16,906,350	$16,163,026	$16,332,840
Investment and interest earnings	2,250,409	3,063,000	681,544	1,319,336	533,684
Total primary government	$18,729,598	$21,305,576	$17,587,894	$17,482,362	$16,866,524
Changes in Net Assets					
Primary government:					
Governmental activities	$48,296,148	$50,998,287	$12,408,864	$95,239,289	$58,311,273
Business-type activities	21,347,947	47,829,982	71,314,009	78,200,422	57,182,787
Total primary government net expense	$69,644,095	$98,828,269	$83,722,873	$173,439,711	$115,494,060
Component units:					
Component units activities	$10,600,105	$9,062,823	$35,386,567	($23,563,817)	$19,222,672
Total component units net expense	$10,600,105	$9,062,823	$35,386,567	($23,563,817)	$19,222,672

Notes:
(1) GASB Statement No. 44 requires presentation of full accrual financial information, including the presentation of changes in net assets. This statement was implemented in fiscal year 2006; therefore, there are only five years of data presented in this table.

TABLE C

ARLINGTON COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS AND OTHER COMPONENT UNIT
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund Balance:										
Reserved for										
Encumbrances	$4,649,576	$4,237,700	$3,517,687	$4,037,272	$4,293,596	$4,087,643	$4,570,757	$2,517,374	$270,619	$150,176
Four Mile Run	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-	-
Unreserved										
Designated for Self Insurance	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	5,000,000	5,000,000
Designated for Operating Reserve	12,500,000	12,600,000	13,400,000	14,400,000	15,200,000	16,600,000	17,800,000	28,262,153	30,769,734	35,050,026
Designated for Subsequent Years Budget	37,190,442	37,113,244	29,590,931	26,701,595	29,109,808	34,575,639	36,691,920	29,928,475	44,666,386	46,029,867
Designated for Incomplete Projects	7,705,538	5,750,871	8,692,680	13,036,688	16,466,535	41,251,262	52,428,554	49,107,897	57,713,108	50,779,229
Designated for Retirement	-	-	-	-	-	-	-	3,880,000	-	-
Total General Fund Balance	66,045,556	63,701,815	59,201,298	62,175,555	69,069,939	100,514,544	115,491,231	117,695,899	138,419,847	137,009,298
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	12.21%	10.39%	8.88%	9.14%	9.41%	12.88%	13.49%	12.93%	14.98%	14.40%
All Other Governmental Funds										
Special revenue funds										
Reserved	-	-	-	-	-	-	-	53,706	-	-
Unreserved	-	-	-	-	-	3,516,894	9,919,740	8,526,238	6,121,704	5,896,791 (1)
Capital Project funds										
Reserved	-	-	-	-	-	32,427,146	32,282,131	26,259,487	23,836,818	32,407,015 (1)
Unreserved	-	-	-	-	-	110,856,397	110,140,721	133,844,803	95,115,125	116,155,032 (1)
Total all other governmental funds	-	-	-	-	-	146,800,437	152,342,592	168,684,234	125,073,647	154,458,838 (1)
Component unit - Schools:										
Reserved						58,709,912	35,019,015	65,672,036	28,788,084	18,843,482 (1)
Unreserved						4,916,017	6,589,059	7,799,312	7,155,183	4,930,854 (1)
Total component unit - Schools						63,625,929	41,608,074	73,471,348	35,943,267	23,774,336 (1)

(1) Required by Implementation of GASB44 in Fiscal Year 2006.

ARLINGTON COUNTY, VIRGINIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS (1)
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2006	2007	2008	2009	2010
REVENUES:					
General property taxes:					
Real Estate property taxes	$391,213,244	$425,982,688	$473,501,869	$514,518,691	$528,220,762
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854
Other Local taxes:					
BPOL	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316
Fines and forfeitures	8,900,948	8,338,582	8,049,910	8,720,950	7,851,193
Licenses, permits and fees	14,692,442	13,687,394	17,022,701	7,768,974	7,362,947
Intergovernmental	112,496,082	119,866,226	107,472,746	104,192,200	108,578,373
Charges for services	38,870,586	40,230,543	39,277,573	42,278,095	42,974,051
Interest and rent	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713
Miscellaneous revenues	10,891,786	15,414,677	6,938,710	16,378,642	25,950,164
Total revenues	832,217,893	910,657,144	949,298,717	993,097,926	1,012,007,612
EXPENDITURES:					
Current operating:					
General government	130,380,468	155,765,913	162,318,710	155,243,762	182,074,416
Public safety	88,875,217	100,650,601	105,760,328	102,791,792	109,550,701
Public works					
Environmental services	55,122,531	58,491,391	62,420,185	64,803,607	72,315,850
Health and welfare	98,926,206	96,536,913	101,695,722	102,804,509	107,892,357
Libraries	12,034,671	12,339,879	13,062,000	12,855,344	11,630,740
Parks, recreation and culture	32,012,711	33,512,601	35,000,210	34,801,755	35,871,582
Planning and community development	33,914,712	38,835,189	42,796,892	35,308,979	36,252,223
Debt service					
Principal	26,480,421	27,595,301	28,950,071	33,046,404	33,813,374
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609
Deferred cost of refunding	1,409,185	-	-	-	-
Community development				32,985,081	10,190,869
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722
Capital outlay	72,029,442	61,004,743	60,137,617	113,133,467	86,792,008
Total expenditures	880,027,129	941,793,131	1,021,493,753	1,047,313,916	1,047,983,451
Excess(deficiency) of revenues over expenditures	(47,809,236)	(31,135,987)	(72,195,036)	(54,215,990)	(35,975,839)
OTHER FINANCING SOURCES(USES):					
Transfers in	15,423,635	21,171,707	29,370,998	22,225,678	22,028,499
Transfers out	(15,812,365)	(20,941,333)	(29,663,941)	(40,383,849)	(22,133,809)
Capital leases	5,776,901	975,020	5,704,728	13,524,783	7,418,179
Proceeds from refunding of note	-	-	-	-	35,666,099
Payment on refunded note	-	-	-	-	(35,962,739)
Refunding bonds issued	86,856,240	-	-	-	55,067,382
Payments to refunded bond escrow agent	(85,447,055)	-	-	-	(56,747,745)
Deferred cost of refunding	-	-	-	-	1,680,363
Premium from sale of bonds	1,644,345	650,489	1,491,507	-	1,145,925
Bond issuance costs	-	-	-	-	(358,995)
Issuance of revenue bonds	-	-	-	-	41,280,000
Issuance of debt	61,335,000	49,860,000	83,777,000	35,962,739	14,867,322
Total other financing sources and uses	69,776,701	51,715,883	90,680,292	31,329,351	63,950,481
Net change in fund balances	$21,967,465	$20,579,896	$18,485,256	($22,886,639)	$27,974,642
Debt service as a percentage of noncapital expenditures	5.5%	5.2%	4.9%	5.5%	5.4%

Notes:
(1) GASB Statement No. 44 requires presentation of modified accrual financial information, including the changes in fund balances of governmental funds. This statement was implemented in fiscal year 2006; therefore, there are only five years of data presented in this table.

TABLE D -1

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works/ Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non-Depart-mental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
2001	65,602,564	58,605,311	28,956,294	66,893,055	64,609,246	225,705,274	24,125,346	46,015,005	9,331,780	5,031,548	594,875,423
2002	77,764,679	64,110,185	32,244,012	78,421,925	70,343,780	239,520,885	26,888,560	49,181,927	9,669,124	5,514,061	653,659,138
2003	78,823,839	70,738,944	35,263,026	85,636,626	75,834,775	260,566,240	38,196,161	52,520,484	10,010,200	5,996,099	713,586,394
2004	79,761,708	76,414,954	38,991,550	88,197,009	82,167,460	280,654,517	25,299,164	56,920,473	11,050,500	6,342,024	745,799,359
2005	73,554,551	82,055,248	51,312,988	91,439,050	84,606,670	295,791,800	35,591,400	60,459,248	11,800,000	6,795,865	793,406,820
2006	82,177,157	88,875,217	55,122,531	98,926,206	89,452,484	313,487,397	27,998,534	71,349,683	13,000,000	7,204,777	847,593,986
2007	86,449,237	100,650,601	58,491,391	96,536,913	97,241,733	346,674,412	46,959,849	72,664,483	14,700,000	7,656,827	928,025,446
2008	91,871,133	105,760,328	62,420,185	101,695,722	84,965,631	356,461,219	45,179,813	76,238,801	17,400,000	7,867,764	949,860,596
2009	92,272,385	106,701,887	67,845,515	103,057,795	96,883,233	370,854,547	37,354,073	83,573,363	18,394,223	8,117,301	985,054,322
2010	93,880,098	110,184,753	73,187,350	108,138,231	97,922,803	365,864,891	60,696,417	83,776,203	20,518,770	8,062,884	1,022,232,400

NOTES:

(1) Includes expenditures of the General and Special Revenue Funds of the County and School Board.

(2) Includes the specific functions of Libraries, Parks and Recreation, Planning and Development, Community Grants, Housing Grants, and Travel & Tourism Promotion and School Community Activities.

(3) Includes all debt service for the General and Special Revenue Funds of the County and School Board.

TABLE D-2

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits (2)	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
2001	401,300,500	52,458,599	118,445,842	31,390,069	8,687,912	14,358,977	626,641,899
2002	427,671,852	57,199,326	131,178,526	33,374,694	9,199,674	18,782,613	677,406,685
2003	465,032,899	54,319,921	136,280,607	36,163,036	8,882,272	21,083,036	721,761,771
2004	505,225,405	56,334,983	139,452,624	38,314,445	9,357,346	12,186,207	760,871,010
2005	590,957,911	12,504,677	141,477,699	47,937,824	8,427,464	18,844,857	820,150,432
2006	651,052,481	14,692,442	148,945,331	50,482,470	8,900,948	22,087,157	896,160,829
2007	714,434,824	13,687,394	158,249,103	50,359,269	8,338,582	18,455,600	963,524,772
2008	756,859,824	17,022,701	131,541,624	53,645,287	8,049,910	19,554,790	986,674,136
2009	792,159,244	7,768,974	150,311,253	55,115,142	8,720,950	24,892,171	1,038,967,734
2010	798,707,195	7,362,947	152,874,209	59,634,597	7,851,193	28,463,122	1,054,893,263

NOTES:

(1) Includes revenues of the General, Special Revenue Funds, and School Board.
(2) Business, Professional and Occupational License (BPOL) Reclassed from Licenses and Permits to Taxes FY 2007 and thereafter.

TABLE E

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year	General Property (1)	Local Sales	Local Cigarette	Transient (2)	Bank Stock	Recordation	Car Rental	Commercial Utility	Short Term		Estate Taxes	Total
									Meals	Rental		
2001	308,487,574	29,398,278	662,578	15,954,344	1,165,841	1,781,317	5,102,470	7,249,558	17,995,106	65,278	69,243	387,931,587
2002	338,979,390	26,993,321	554,424	13,328,856	1,196,542	2,298,390	4,268,185	7,159,253	19,102,649	48,064	68,101	413,997,175
2003	371,634,386	27,752,102	642,660	14,615,818	1,049,928	3,781,826	4,285,596	7,609,033	20,045,524	56,520	69,917	451,543,310
2004	405,226,269	34,058,784	691,269	15,745,665	1,269,547	3,619,361	4,687,693	7,632,495	21,928,701	38,885	68,152	494,966,821
2005	432,318,650	35,455,512	1,925,743	18,109,804	1,480,360	7,089,601	4,486,018	7,802,051	23,844,071	67,755	75,672	532,655,238
2006	472,800,506	33,115,455	2,971,784	19,486,597	1,714,466	7,809,210	5,416,995	9,944,398	25,734,571	69,128	69,773	579,132,883
2007	526,727,265	34,448,601	2,697,319	20,850,841	1,670,817	9,086,824	4,764,836	9,741,922	28,788,942	77,341	73,655	638,928,363
2008	554,127,644	35,299,283	2,621,265	22,124,454	1,477,629	6,941,848	5,279,450	10,024,166	28,453,021	76,643	74,414	666,499,817
2009	588,145,875	38,392,636	2,812,428	22,238,054	1,934,989	4,402,916	5,065,320	10,058,084	28,855,113	65,491	64,614	702,035,520
2010	594,540,616	35,954,703	2,916,152	21,863,421	2,847,946	5,048,400	5,180,239	10,931,030	29,182,443	55,975	67,519	708,588,444

NOTES:

(1) Includes Sidewalk Assessments
(2) Includes transient occupancy tax in Travel and Tourism Fund.

TABLE F

ARLINGTON COUNTY, VIRGINIA
ASSESSED AND ACTUAL
VALUE OF TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

	Real Property		Personal Property		Public Property		Total			
Fiscal Year	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Real Property Tax Rate	Personal Property Tax Rate
2001	23,509,214,100	23,509,214,100	1,701,074,975	1,701,074,975	865,677,147	865,677,147	26,075,966,222	26,075,966,222	.998/1.023	4.40
2002	27,188,419,400	27,188,419,400	1,825,845,935	1,825,845,935	849,211,626	849,211,626	29,863,476,961	29,863,476,961	1.023/1.023	4.40
2003	31,680,369,900	31,680,369,900	1,848,433,415	1,848,433,415	908,256,294	908,256,294	34,437,059,609	34,437,059,609	1.023/.993	4.40
2004	35,563,288,500	35,563,288,500	1,732,447,799	1,732,447,799	766,769,599	766,769,589	38,062,505,898	38,062,505,888	.993/.978	4.40
2005	42,275,421,900	42,275,421,900	1,759,391,742	1,759,391,742	682,583,199	682,583,199	44,717,396,841	44,717,396,841	.978/.958	4.40
2006	50,632,673,900	50,632,673,900	1,833,540,112	1,833,540,112	724,577,345	724,577,345	53,190,791,357	53,190,791,357	.958/.878	4.40
2007	54,292,837,200	54,292,837,200	1,926,492,868	1,926,492,868	939,132,732	939,132,732	57,158,462,800	57,158,462,800	.878/.818	5.00
2008	57,469,500,000	57,469,500,000	1,931,899,776	1,931,899,776	884,773,303	884,773,303	60,286,173,079	60,286,173,079	.878/.818	5.00
2009	57,781,547,100	57,781,547,100	2,014,144,083	2,014,144,083	718,898,384	718,898,384	60,514,589,567	60,514,589,567	.838/.865	5.00
2010	53,985,515,000	53,985,515,000	1,916,920,257	1,916,920,257	716,299,020	716,299,020	56,618,734,277	56,618,734,277	.838/.865	5.00

NOTE:

(1) The amounts shown for assessed and estimated actual value of taxable property represent valuations for County tax years which end December 31st. Property in the County assessed each year at actual value. Therefore, the assessed values are equal to the actual value. Rates are per $100 of assessed valuation.

TABLE G

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL TAXPAYERS (1)
CURRENT YEAR AND NINE YEARS AGO

2010				2001			
Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	2000 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, aparts, hotel, land	4,799,524,300	1	8.89%	Charles E. Smith Interests Office buildings, aparts, hotel, land	2,726,238,600	1	11.63%
Albrittain Interests Apartments, general commercial	894,570,900	2	1.66%	Arland Towers Company Office buildings, land	511,140,600	2	2.18%
Arland Towers Company Office buildings, land	832,790,700	3	1.54%	Fashion Centre Associates Mixed use retail, hotel	430,417,700	3	1.84%
Paradigm Managed Properties Apartments , general commercial	796,056,400	4	1.47%	Crystal Holdings Office buildings	383,510,600	4	1.64%
JBG Companies Office building, land, aprts, retail,res	544,115,100	5	1.01%	Albrittain Interests Apartments, general commercial	341,686,600	5	1.46%
Fashion Centre Associates Mixed use retail, hotel	522,978,100	6	0.97%	Cafritz Interests Apartments, warehouses, land	311,737,200	6	1.33%
Beacon Capital partners Office buildings, land	472,439,700	7	0.88%	Paradigm Management Apartments	218,822,900	7	0.93%
Shirley Park Leasing LP(7) Office building, Apartments	396,909,500	8	0.74%	JBG/Trizechahn land	208,000,400	8	0.89%
Kingdon Gould/Airport Plaza assoc Office buildings, hotel, land	316,737,900	9	0.59%	Caruthers Interests Retail, office building, aprts, hotel	181,350,700	9	0.77%
Caruthers Interests Retail, office building, aprts, hotel	275,730,100	10	0.51%	Kingdon Gould/Airport Plaza assoc Office buildings, hotel, land	158,508,400	10	0.68%
Total	$9,851,852,700		18.26%		$5,471,413,700		23.35%

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

TABLE H

ARLINGTON COUNTY, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Real Estate and Personal Property Tax Combined

		Collected in Fiscal Year of Levy			Total Collections to date	
	Total Tax Levy (1)	Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of levy
2001	309,676,367	306,713,829	99.04%	1,872,029	308,585,858	99.65%
2002	335,968,016	332,343,453	98.92%	2,601,005	334,944,458	99.70%
2003	373,883,499	370,440,120	99.08%	2,636,145	373,076,265	99.78%
2004	406,389,306	403,083,995	99.19%	2,712,880	405,796,875	99.85%
2005	435,567,836	432,613,894	99.32%	2,467,283	435,081,176	99.89%
2006	479,686,828	476,534,693	99.34%	2,494,176	479,028,869	99.86%
2007	528,570,144	525,863,079	99.49%	2,241,050	528,104,129	99.91%
2008	577,353,341	574,471,873	99.50%	2,266,328	576,738,201	99.89%
2009	620,724,099	617,215,681	99.43%	2,587,422	619,803,103	99.85%
2010	631,759,467	629,006,388	99.56%	-	629,006,388	99.56%

Real Estate Taxes

		Collected in Fiscal Year of Levy			Total Collections to Date	
	Total Tax Levy (1)	Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of Levy
2001	233,513,389	232,835,559	99.71%	675,855	233,511,414	100.00%
2002	255,823,145	254,907,895	99.64%	912,557	255,820,452	100.00%
2003	291,285,225	290,087,385	99.59%	1,186,424	291,273,809	100.00%
2004	327,391,167	325,972,250	99.57%	1,399,811	327,372,061	99.99%
2005	357,486,603	356,091,522	99.61%	1,373,673	357,465,195	99.99%
2006	397,011,521	395,632,942	99.65%	1,347,787	396,980,729	99.99%
2007	432,984,893	431,396,444	99.63%	1,555,717	432,952,161	99.99%
2008	481,446,678	479,931,389	99.69%	1,456,142	481,387,531	99.99%
2009	522,727,374	521,181,642	99.70%	1,442,852	522,624,494	99.98%
2010	535,539,119	534,003,889	99.71%	-	534,003,889	99.71%

Personal Property Taxes

		Collected in Fiscal Year of Levy			Total Collections to date	
	Total Tax Levy (1)	Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of Levy
2001	76,162,978	73,878,270	97.00%	1,196,174	75,074,444	98.57%
2002	80,144,871	77,435,558	96.62%	1,688,448	79,124,006	98.73%
2003	82,598,274	80,352,735	97.28%	1,449,721	81,802,456	99.04%
2004	78,998,139	77,111,745	97.61%	1,313,069	78,424,814	99.27%
2005	78,081,233	76,522,371	98.00%	1,093,610	77,615,982	99.40%
2006	82,675,307	80,901,751	97.85%	1,146,389	82,048,140	99.24%
2007	95,585,251	94,466,635	98.83%	685,333	95,151,968	99.55%
2008	95,906,663	94,540,484	98.58%	810,186	95,350,670	99.42%
2009	97,996,725	96,034,039	98.00%	1,144,570	97,178,609	99.17%
2010	96,220,348	95,002,499	98.73%	-	95,002,499	98.73%

NOTES:

(1) Total Tax Levy" reflects current and delinquent taxes assessed in the current period less the amount of deferred Real Estate taxes, plus penalties assessed for the current and prior years.

Source: Arlington County Treasurer's Office

TABLE I

ARLINGTON COUNTY, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities					Business- type Activities								
Fiscal Year	General Obligation Bonds (2)	IDA Revenue Bonds (3)	IDA Note s Payable (3)	Notes Payable	Capital Leases	IDA Lease Revenue Bonds (2)	Utilities General Obligation Bonds (4)	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases	Total Primary Government	Pct. Of personal Income (1)	Debt Per Capita (1)
2001	425,075,792	-	-	-	13,500,410	-	46,281,713	16,800,000	3,429,679	-	-	505,087,594	4.94%	2,659
2002	435,059,318	-	-	-	10,277,659	-	42,684,438	16,300,000	3,429,679	-	1,969,392	509,720,486	4.77%	2,631
2003	477,824,628	-	-	9,400,000	7,070,060	-	38,135,379	15,800,000	3,429,679	-	489,324	552,149,070	4.97%	2,804
2004	501,752,258	-	-	8,200,000	5,507,995	-	34,392,756	15,300,000	9,629,679	8,749,767	489,324	584,021,779	5.08%	2,939
2005	554,185,294	-	-	-	7,261,658	60,540,000	37,379,715	14,800,000	3,429,679	24,933,850	3,218,066	705,748,262	6.03%	3,560
2006	576,904,155	-	-	-	9,547,302	58,085,000	33,460,851	14,300,000	3,429,679	32,298,455	4,890,754	732,916,196	6.04%	3,660
2007	585,786,533	-	-	-	6,760,154	55,215,000	97,473,471	13,800,000	3,429,679	61,164,960	4,000,715	827,630,512	6.36%	4,041
2008	625,498,345	-	-	-	8,636,047	52,180,000	119,701,657	13,300,000	3,429,679	146,074,542	3,045,844	971,866,114	6.92%	4,672
2009	576,842,463	-	35,962,739	-	18,436,505	47,120,000	112,617,553	12,800,000	3,429,679	216,152,600	2,120,767	1,025,482,306	6.91%	4,900
2010	566,435,124	41,280,000	35,666,099	-	20,556,593	41,900,000	105,459,880	12,300,000	3,429,679	256,458,344	3,450,321	1,086,936,040	7.14%	5,122

NOTES:

(1) Population and personal Income estimates are from Arlington County Planning Division estimates Table K.
(2) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.
(3) These amounts are IDA Revenue notes and bonds issued as subject to appropriation obligations of the County.
(4) Business type amounts are self supporting debt obligations that are repaid by user fees or tenant income, not by General Fund Revenues.

TABLE I-1

ARLINGTON COUNTY, VIRGINIA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt			Total Primary Government	Pct. Of Actual Taxable Value of Real Property	Debt Per Capita
			General Obligation Bonds Debt (3)	IDA Revenue Bonds (4)	IDA Notes Payable (4)			
2001	189,983	26,075,966,222	425,075,792	-	-	425,075,792	1.63%	2,237
2002	193,754	29,863,476,961	435,059,318	-	-	435,059,318	1.46%	2,245
2003	196,925	34,437,059,609	477,824,628	-	-	477,824,628	1.39%	2,426
2004	198,739	38,062,505,888	501,752,258	-	-	501,752,258	1.32%	2,525
2005	198,267	44,717,396,841	554,185,294	-	-	554,185,294	1.24%	2,795
2006	200,226	53,190,791,357	576,904,155	-	-	576,904,155	1.08%	2,881
2007	204,800	56,369,131,443	585,786,533	-	-	585,786,533	1.04%	2,860
2008	208,000	60,286,173,079	625,498,345	-	-	625,498,345	1.04%	3,007
2009	209,300	60,514,589,567	576,842,463	-	35,962,739	612,805,202	1.01%	2,928
2010	212,200	56,718,577,467	566,435,124	41,280,000	35,666,099	643,381,223	1.13%	3,032

NOTES:

(1) Population estimates are from Arlington County Planning Division estimates.
(2) The assessed value figures are based on County tax years which end December 31st.
(3) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. Amounts do not include revenue bonds.
(4) These amounts are IDA Revenue notes and bonds issued as subject to appropriation obligations of the County.

TABLE J-1

ARLINGTON COUNTY, VIRGINIA
PLEDGED -REVENUE COVERAGE
BALLSTON PUBLIC PARKING GARAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2) (3)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2001	4,732,975	3,583,026	1,149,949	500,000	829,929	1,329,929	0.865
2002	4,407,342	2,186,610	2,220,732	500,000	514,255	1,014,255	2.190
2003	4,140,918	2,176,060	1,964,858	500,000	343,091	843,091	2.331
2004	4,080,739	2,543,137	1,537,602	500,000	290,122	790,122	1.946
2005	3,926,304	3,583,873	342,431	500,000	410,044	910,044	0.376
2006	4,070,368	3,618,455	451,913	500,000	518,955	1,018,955	0.444
2007	4,368,809	3,659,703	709,106	500,000	618,158	1,118,158	0.634
2008	4,318,862	7,268,910	(2,950,048)	500,000	521,719	1,021,719	(2.887)
2009	3,770,271	3,551,444	218,827	500,000	294,264	794,264	0.276
2010	3,962,318	3,248,431	713,887	500,000	224,316	724,316	0.986

NOTES:

(1) Includes operating and non-operating revenues
(2) Includes operating expenses, excluding depreciation.
(3) 2008 direct operating expenses include major structural repairs.

TABLE J-2

ARLINGTON COUNTY, VIRGINIA
PLEDGED -REVENUE COVERAGE
UTILITIES BOND COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement			
				Principal	Interest	Total	Coverage
2001	47,233,296	30,192,015	17,041,281	3,797,788	2,588,040	6,385,828	2.67
2002	45,972,198	25,693,545	16,076,065	3,597,275	2,101,071	5,698,346	2.82
2003	45,309,573	32,842,773	7,905,318	3,636,691	2,095,078	5,731,769	1.38
2004	49,679,885	35,094,277	9,481,925	3,742,624	1,482,369	5,224,993	1.81
2005	59,114,705	41,817,417	17,297,289	3,130,952	2,033,402	5,164,354	3.35
2006	65,044,344	39,453,764	25,590,580	3,074,680	2,585,276	5,659,956	4.52
2007	76,874,765	41,373,056	35,501,709	3,487,382	2,670,385	6,157,767	5.77
2008	102,270,725	42,983,162	59,287,563	5,179,814	6,142,614	11,322,428	5.24
2009	106,771,787	42,908,573	63,863,214	7,084,109	9,634,224	16,718,333	3.82
2010	105,141,066	45,960,228	59,180,838	7,987,869	11,897,384	19,885,253	2.98

NOTES:

(1) The bonds issued to finance construction of the County's water and sewer system are recorded as a liability of the County's Utilities Fund (Exhibit D-1). The debt service on these bonds is financed by the operation of the Utilities Fund while these bonds are also classified as a general obligation of the County.

(2) Excludes depreciation.

TABLE K

ARLINGTON COUNTY, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2001	189,983	10,226,785	53,830	18,882	2.1%
2002	193,754	10,685,146	55,148	19,097	2.7%
2003	196,925	11,106,570	56,400	19,140	2.3%
2004	198,739	11,497,250	57,851	19,120	2.6%
2005	198,267	11,699,736	59,010	18,744	2.5%
2006	200,226	12,132,694	60,595	18,411	2.3%
2007	204,800	13,004,800	63,500	18,451	2.3%
2008	208,000	14,040,000	67,500	18,684	2.6%
2009	209,300	14,841,044	70,908	19,534	4.7%
2010	212,200	15,217,499	71,713	20,233	4.3%

NOTES:

(1) Population figures for 1996-1999 are estimates from the U.S. Census Bureau. The 2000 population figure is from the 2000 census. The 2010 population figure is a revised (by Arlington County) Census figure. The 2001-2010 population figures are estimates from the Arlington County Planning Division.

(2) Source - U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data. (hhtp://www.bea.doc.gov/bea/regional/reis) . Figures for 2001-2005 are estimates from the Arlington County Planning Division.

(3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only. Enrollment for years 2000- 2010 is June 30 of that year; for years 1997-1999, data is September 30 of that year.

(4) Source - Virginia Employment Commission-- Figures for 1996-2006 are annual averages. The 2007 - 2008 figures are for June. Due to revised VEC methodology, figures are not comparable to figures from previous years (http://www.velma.vec.state.va.us).

TABLE L

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

	2010				2000		
Employers	Employees	Rank	Percentage of Total County Employment	Employers (1)	Employees	Rank	Percentage of Total County Employment
Deloitte	3,500	1	1.61%	Verizon	2,929	1	1.85%
Virginia Hospital Center	2,280	2	1.05%	US Airways	2,663	2	1.69%
Lockheed Martin Corp	1,481	3	0.68%	MCI/Worldcom	2,130	3	1.35%
Marriott International, Inc.	1,440	4	0.66%	Arlington Hospital	2,084	4	1.32%
Booz Allen Hamilton	1,370	5	0.63%	Price Waterhouse	1,926	5	1.22%
SRA International, Inc.	1,347	6	0.62%	Gannet/USA Today	1,800	6	1.14%
CACI	1,338	7	0.61%	Marriott Corp	1,700	7	1.08%
US Airways	1,309	8	0.60%	Qwest	1,188	8	0.75%
SAIC	1,281	9	0.59%	Hecht Company	1,159	9	0.73%
Corporate Executive Board	950	10	0.44%	SAIC	1,116	10	0.71%
Bureau of National Affairs, Inc.	900	11	0.41%	C.E. Smith Companies	1,045	11	0.66%
BAE Systems	780	12	0.36%	Nordstorm	650	12	0.41%
Marymount University	780	13	0.36%	Hyatt	614	13	0.39%
Verizon	690	14	0.32%	ANSER	585	14	0.37%
The Boeing Company	670	15	0.31%	Marymount University	272	15	0.17%
Towers Watson (Watson Wyatt)	570	16	0.26%	Nature Conservancy	550	16	0.35%
Nordstrom	534	17	0.25%	NRECA	518	17	0.33%
NRECA	530	18	0.24%	Northern VA Comm Hospital	504	18	0.32%
Starwood Hotels	525	19	0.24%	Ritz Carlton	409	19	0.26%
Intersate Hotels & Resorts	493	20	0.23%	E*Trade Bank	400	20	0.25%
Total	22,768		10.45%		24,242		15.35%

(1) Represents Principal Private Employers.
Source: Arlington Economic Development or calculated from space occupancy ratio

TABLE M

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

	Full-Time Equivalent Employees as of June 30									
Department	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County Board	6.0	6.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0	7.8
County Manager	20.2	26.2	32.8	32.8	32.0	32.0	35.0	35.0	34.5	37.9
Management and Finance	54.0	55.0	54.0	54.0	54.0	55.0	55.0	55.0	57.0	50.0
Office of Support Services	78.0	79.5	80.5	80.5	-	-	-	-	-	-
Technology Services	62.70	61.70	61.70	61.70	61.70	65.70	65.70	67.75	67.75	70.00
Human Resources	50.50	45.00	44.00	44.00	47.00	49.50	49.50	50.50	51.50	53.50
Civil Service Commission	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	-	-
County Attorney	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	14.0	14.0
Circuit Court	33.8	33.8	33.8	33.8	33.8	33.8	33.8	34.4	35.8	33.8
General District Court	5.5	5.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Juvenile and Domestic Relations Court	56.0	56.0	56.0	56.0	56.5	56.5	57.5	57.5	57.5	56.3
Commonwealth's Attorney	36.0	37.0	38.0	39.0	39.0	40.0	40.0	40.0	39.0	35.5
Sheriff	271.3	272.3	273.3	273.3	276.3	276.3	277.8	277.8	277.8	268.4
Commissioner of Revenue	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	54.0
Treasurer	67.2	63.2	63.2	63.2	63.2	63.2	63.2	63.2	63.2	61.8
Electoral Board	7.4	7.4	7.4	7.4	7.4	8.4	8.4	8.4	8.4	8.4
Office of Emergency Management	51.5	51.5	51.5	51.5	55.5	59.5	66.5	66.5	72.5	72.5
Police	468.7	471.0	472.0	472.0	472.0	473.0	475.0	476.0	476.0	475.0
Fire	272.0	279.0	305.0	305.0	305.7	304.7	314.7	314.7	321.3	317.3
Public Works/Environmental Services	577.8	588.3	589.7	596.3	673.3	670.2	670.2	676.7	699.7	688.7
Human Services	678.8	693.2	702.3	729.7	715.1	717.5	718.5	703.5	712.2	703.3
Libraries	154.8	155.3	155.8	155.8	155.8	157.3	157.3	157.8	157.8	142.4
Economic Development	34.4	35.8	36.8	29.8	30.8	30.8	32.8	32.8	31.8	28.8
Community Planning, Housing & Development	128.0	130.1	132.1	142.6	145.4	146.5	156.5	156.5	181.1	179.0
Parks, Recreation & Cultural Resources	370.3	374.1	400.2	408.6	413.0	412.4	412.4	411.3	400.5	378.2
Total County Positions	3,552.3	3,594.3	3,665.0	3,711.9	3,714.4	3,729.2	3,766.7	3,762.1	3,824.8	3,737.8
Total School Positions	3,285.9	3,372.2	3,447.0	3,556.7	3,620.7	3,577.1	3,588.3	3,613.7	3,676.6	3,770.3
TOTAL POSITIONS	6,838.2	6,966.5	7,112.0	7,268.6	7,335.1	7,306.3	7,355.0	7,375.8	7,501.4	7,508.1

Sources: Arlington County Adopted Budget and Arlington County Public Schools.

TABLE N

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
JUNE 30, 2010

Form of Government Date of Adoption January 1, 1932	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	365	365	480	480	480	1,158	1,158	2,478	2,479	2,479
Number of Street Lights	14,373	14,875	14,975	15,185	15,306	14,753	14,873	14,620	14,657	16,580
Fire Protection:										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
Education:										
Attendance Centers	35	35	34	34	34	34	34	34	35	37
Number of Classrooms	1,510	1,587	1,719	1,719	1,720	1,720	1,720	1,720	1,720	1,720
Number of Teachers	1,737	1,739	1,970	1,965	1,981	1,946	1,980	1,962	2,046	2,096
Number of Students	18,808	19,018	18,929	18,786	18,400	18,411	18,451	18,684	19,420	20,233
County Water System:										
Number of consumer service locations	36,200	36,486	36,486	36,531	36,567	36,603	36,758	36,828	36,877	37,228
Average daily consumption (gallons)	23,164,000	25,600,000	25,600,000	29,900,000	26,600,000	26,900,000	24,800,000	24,066,000	23,498,000	23,217,000
Miles of water mains	475	475	475	525	525	525	525	525	525	525
County Sewer System:										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	470
Average gallons per day treated	28,400,000	29,300,000	29,300,000	31,600,000	26,800,000	25,600,000	24,900,000	24,700,000	24,620,000	26,470,000
System capacity under construction (gallons per day)	30,000,000	35,000,000	35,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Building Permits:										
Construction Permits	2,950	2,950	2,950	3,891	4,114	3,948	3,629	3,289	2,473	2,543
Plumbing, Electrical & Mechanical Permits	5,691	5,691	5,961	7,454	7,807	7,806	6,967	7,132	7,232	6,531
Fire Permits	-	-	-	943	1,096	1,058	1,022	974	842	804
Elevator Permits	-	-	-	64	96	88	127	103	75	116
Recreation and Culture:										
Number of Parks and Playgrounds	113	113	114	115	128	212	212	212	212	212
Number of Libraries	8	8	8	8	7	7	8	8	8	8
Number of Items (Print and Audiovisual)	578,104	538,431	531,239	545,776	554,953	579,729	579,729	629,808	635,284	643,950
Number of Community Centers	14	14	14	14	14	14	14	14	14	14
Number of Nature Centers	3	3	3	3	2	2	2	2	2	2
Numer of Historical Districts	-	-	-	-	2	29	29	30	30	31

TABLE O

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
JUNE 30, 2010

Primary Government

FUNCTION AND ACTIVITY:	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government:										
Control-										
Legislative	$12,424	$51,208	$51,208	$51,208	$51,208	$51,208	$62,401	$58,579	$81,144	$92,430
Executive	214,926	214,926	214,926	214,926	214,926	214,926	261,906	245,864	340,573	387,942
Judicial	664,781	674,766	765,560	818,794	1,130,274	1,130,274	1,377,339	1,292,973	1,791,038	2,107,374
Total Control	892,131	940,900	1,031,694	1,084,928	1,396,408	1,396,408	1,701,646	1,597,416	2,212,755	2,587,746
Staff Agencies-										
Elections	120,906	120,906	120,906	120,906	120,906	120,906	147,335	138,310	191,588	218,235
Management and Finance	209,227	209,227	209,227	209,227	209,227	209,227	254,962	239,344	331,542	377,655
Office of Support Services	110,219,386	96,686,410	96,729,148	97,061,258	92,027,986	92,718,888	98,968,484	104,868,910	102,997,164	125,103,445
Real Estate Assessment	45,717	45,717	45,717	45,717	45,717	45,717	55,710	52,298	72,443	82,519
Civil Service	704	704	704	704	704	704	858	805	1,116	1,271
Personnel Department	146,253	146,253	146,253	146,253	146,253	146,253	178,222	167,306	231,753	347,256
Office of County Attorney	7,354	7,354	7,354	7,354	34,067	34,067	41,514	38,971	53,983	61,491
Commissioner of the Revenue	42,503	42,503	42,503	42,503	42,503	42,503	51,794	48,621	67,350	76,718
Treasurer	663,419	696,245	696,245	696,245	696,245	730,199	889,812	835,309	1,157,077	1,350,098
Department of Technology Services	3,615,443	6,239,840	6,917,635	8,900,145	10,279,481	14,598,718	17,789,831	16,700,152	23,133,198	17,200,391
General government buildings	15,845,252	15,845,252	15,845,252	15,845,252	15,845,252	29,586,427	33,694,735	43,796,601	33,686,400	135,952,812
Other	2,842,639	2,842,639	2,842,639	2,842,639	2,842,639	2,842,639	2,847,920	3,352,898	2,888,324	22,913,128
Total Staff Agencies	133,758,803	122,883,050	123,603,583	125,918,203	122,290,980	141,076,248	154,921,177	170,239,525	164,811,938	303,685,019
Total General Government	134,650,934	123,823,950	124,635,277	127,003,131	123,687,388	142,472,656	156,622,823	171,836,941	167,024,693	306,272,765
Public Safety:										
Police protection	11,330,958	11,435,419	11,600,147	13,829,120	15,625,622	16,082,026	18,439,574	24,163,161	21,722,625	23,703,421
Fire protection	4,345,359	4,362,259	4,391,430	6,451,228	6,451,228	5,809,121	6,375,013	6,594,563	6,977,207	18,234,142
Emergency communication	37,578	37,578	37,578	37,578	37,578	806,623	982,942	922,734	1,278,179	1,455,957
Total Public Safety	15,713,895	15,835,256	16,029,155	20,317,926	22,114,428	22,697,770	25,797,529	31,680,458	29,978,011	43,393,520
Environmental Services	34,136,759	359,282,399	363,113,394	371,868,088	381,468,410	392,682,485	407,523,922	414,461,104	497,345,576	434,334,394
Health and Public Welfare	4,110,315	4,235,025	6,863,371	6,994,335	29,242,352	29,392,413	29,891,822	31,394,364	33,758,494	31,765,248
Libraries	3,273,700	3,253,922	3,261,137	3,294,533	9,731,968	9,781,888	10,585,807	12,159,862	11,184,328	18,162,154
Recreation	44,804,195	47,116,339	52,371,187	57,509,179	65,139,947	80,924,974	83,531,614	88,774,344	86,420,777	98,111,470
Community Development	12,472,846	12,236,195	12,236,195	13,189,426	13,584,695	14,359,122	15,431,139	14,644,784	52,373,433	32,837,780
Total General Capital Assets	$249,162,644	$565,783,086	$578,509,716	$600,176,618	$644,969,188	$692,311,308	$729,384,655	$764,951,857	$878,085,322	964,877,331
Internal Services Fund										
Auto Equipment Fund	$-	$-	$-	$38,667,885	$39,350,707	$42,409,799	$45,153,446	$45,696,573	$47,569,216	$51,981,340
Printing Fund	-	-	-	276,061	276,061	276,061	276,061	-	-	-
Total Internal Services Fund	$-	$-	$-	$38,943,946	$39,626,768	$42,685,860	$45,429,507	$45,696,573	$47,569,216	$51,981,340
Component Unit: School Board										
Schools	$278,471,738	$301,558,781	$317,082,914	$350,632,439	$375,199,698	$401,017,012	$448,837,358	$470,609,847	$511,265,426	$556,680,225
GRAND TOTALS	$527,634,382	$867,341,867	$895,592,630	$989,753,003	$1,059,795,654	$1,136,014,180	$1,223,651,520	$1,281,258,277	$1,436,919,964	$1,573,538,896

TABLE P

ARLINGTON COUNTY, VIRGINIA
PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Expenditures (2)	Percentage of Debt Service to Total General Expenditures
2001	26,820,862	19,194,143	46,015,005	594,875,423	7.74%
2002	29,561,475	19,620,452	49,181,927	653,659,138	7.52%
2003	32,622,059	19,898,425	52,520,484	713,586,394	7.36%
2004	36,142,375	20,778,098	56,920,473	745,799,359	7.63%
2005	37,354,049	23,105,199	60,459,248	793,406,820	7.62%
2006	42,802,784	28,546,899	71,349,683	847,593,986	8.42%
2007	43,847,619	28,816,864	72,664,483	963,524,772	7.54%
2008	47,100,186	29,138,615	76,238,801	949,860,596	8.03%
2009	53,715,890	29,857,473	83,573,363	985,054,322	8.48%
2010	53,827,131	29,949,072	83,776,203	1,022,232,400	8.20%

NOTES:

(1) Excludes debt service on general obligation bonds payable from the Enterprises Fund and all paying agent charges.
(2) Includes all categories of expenditures as presented in Table I

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2009-July 1, 2010

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Property Travelers Indemnity Co. **1**	KTKCMB6249N99309	01/07/09	01/07/10	All Risk Package Policy coverage on real and personal property, valuable papers and records, Inland Marine equipment, extra expense and business interruptions, Theatrical Equipment Floater, Fine Arts, Property Floater, EDP, Voting Machines and off premises power failures & boiler & machinery. $50,000 deductible. TIV $636million subject program limits of $ 500million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged	**$372,490** Includes TRIA
Crime Policy Zurich American Ins. Co. **2**	FID904302901	01/07/09	01/07/10	Public Employee Dishonesty , Forgery or Alteration, Theft, Disappearance and Destruction and computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers included as employees Limit: $1 million, Deductible: $25,000	**$13,031** Excludes TRIA
Fine Arts Policy Ace Fire Underwriters Ins. Co. **3**	IMCI2014578A	01/07/09	01/07/10	Museum Collection and Temporary Loans Policy-- Limits of $ 1,000,000 on AC premises $ 250,000 any other location $ 1,000 Deductible/ $ 2,500 per outdoor sculptuer Legal Liability -- $ 250,000 any one loss	**$2,538** excl. TRIA
Performing Arts Package Business Policy Lexington Insurance Co. **4**	9VAIP0000544711301	01/07/09	01/07/10	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl.$ 1/2 million GL $ 850,000 Property	Package Policy **$5,883.00**
General Liability, Public Officials Liab. **Law Enforcement Liab** **Auto Liability** Covers Arlington County employees and Officials conducting County business **5**	County Board Resolution	Continuous	Continuous	Self Insured for Liability Exposures. AL, POL, LEL, GL - Primary $1,000,000	

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2009-July 1, 2010

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Umbrella Excess Liability Policy VACo/Munich Re **6**	XYB300839E	01/07/09	01/07/10	Excess Public Entity Liability Policy Excess of $ 1,000,000 self-insured retention $ 10 million limits excess of SIR	**$317,500**
Constitutional Officers Business Auto Twin City Fire Insurance Company **7**	42UENDE2638	01/07/09	01/07/10	Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. $1,000,000 each occurance for Liability, $1,000 for medical payments.	**$39,481**
Constitutional Officers Commercial Package Policy Twin City Fire Insurance Company **8**	42UUNBE8483	01/07/09	01/07/10	$ 1/3 million--General Liability Business Property of Const. Officers	**$12,224**
HIDTA Task Force Commercial Package Policy Twin City Fire Insurance Company **9**	42UUNBF6895	01/07/09	01/07/10	Liability coverage--$ 1million/2million Business Personal Property--Ded. $500	**$1,228.00** (includes TRIA)
Medical Prof.Liability Arch Speciality Insurance **10**	FLP002233602	01/07/09	01/07/10	Professional Liability Insurance Employed and Contracted Physicians Clinic Staff and EMS Limits: $ 2/6 million $ 100,000 DED. Each claim	**$212,033**
Group Accident Coverage				Coverage coordinated with pers. Coverage	
National Union Fire Ins.	SRG 0009105405	01/07/09	01/07/10	AD&D for volunteers	**$8,033.00**
National Union Fire Ins.	SRG 0009105406	01/07/09	01/07/10	AD&D for Campers	**$10,838.00**
National Union Fire Ins.	SRG 0009105403	01/07/09	01/07/10	AD& D for Recreational Sports	**$6,375**
National Union Fire Ins.	SRG 0009105404	01/07/09	01/07/10	AD&D for Community Service Program	**$553**
Ocean Consulting Group	PTP N048300052	01/07/09	01/07/10	AD&D for Auxiliary Police	**$700**
11				TOTAL PREMIUM	**$26,499.00**

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2009-July 1, 2010

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Tenant User Liability Insurance Policy Praetorian Ins **12**	P0030GL00088100	01/07/08	01/07/09	Provides Liability Insurance coverage for individuals and Groups using Arlington facilities & property General liability $1,000,000 per occurrence .	**$5,150.00**
County Board Surety Bond **13**	M. Hines B. Favola J. Fisstte C. Zimmerman W. Tejada	Continuous until Cancelled		Bond limit $ 2,500 Three Year premium	**$500** TOTAL
VDOT Permit Bond Travelers **14**	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit $ 100,000	**$150**
EXCESS LIABILITY **BALLSTON GARAGE** Arch Ins ST. PAUL **15**	 UFP0034489-00 QI03800776	 01/07/09 01/07/09	 01/07/10 01/07/10	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage. Exp. Date to be extended to 7/01/06	 **$54,545** **$29,000**
Fiduciary Liability Policy Employee's Suppl. Retirement Sys 2 National Union/Alton Agency **16**	PLS 2672194			Fiduciary Liab. To $ 10million ERISA Fidelity bond D&O, Trustees liab. To $ 3million These p[olicies handled by the Retirement Board Risk Management is not involved in the purchase of these policies	**Premium not incl. in total**

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2009-July 1, 2010

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Constitutional Officers' Liability Plan Risk Coverage Commonwealth of Virginia (SIR)				Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the duties of the Public Entity	
Clerk of Court	Virginia Risk	Continuous		Limits: $1 million per loss, $1 million aggregate	
Sheriff	Virginia Risk	Continuous		Limits: $1 million per loss, $1 million aggregate	
Commissioner of Revenue	Virginia Risk	Continuous		Limits: $1 million per loss, $1 million aggregate	
Commonwealth's Attorney	Virginia Risk	Continuous		Limits: $1 million per loss, $1 million aggregate	
Registrar of Voters	Virginia Risk	Continuous		Limits: $1 million per loss, $1 million aggregate	
Arlington County Treasurer	Virginia Risk	Continuous		Limits: $1 million per loss, $1 million aggregate	
17					

Welch Graham & Ogden Agency

Fire and Rescue Auto Physical Damage VFIS/ American Alternative Insurance	VFISCM1054007-02	01/07/09	01/07/10	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD $ 1,000 Ded. Per unit	**$58,536** Incl. TRIA
18					
Portable Equipment Policy Hartford	TR2056525-02	01/07/09	01/07/10	Inland Marine policy covering portable Police equipment and Command Vehicle	**$7,222** Incl. TRIA
19					
Portable Equipment-Fire Command Vehicle					**$8,980.00**
VFIS American Alternative Insurance	TR-2056525-02	01/07/09	01/07/10	Inland Marine policy covering ACFD equipment	
20					
TOTALS					**$1,166,990**

TABLE R

ARLINGTON COUNTY, VIRGINIA
CONSTRUCTION ACTIVITY, BANK DEPOSITS
AND REAL PROPERTY VALUE
LAST TEN FISCAL YEARS

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Bank Deposits (2) (thousands)	Real Property Value (3)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation		Residential	Commercial	Non-Taxable
2001	309	46,686,600	47	197,959,044	10,343	451,924,246	N/A	11,517,298,400	11,991,915,700	3,222,980,000
2002	195	28,942,000	74	216,085,000	11,102	314,256,000	N/A	14,036,270,900	13,152,148,500	3,595,700,600
2003	206	45,190,520	63	245,828,500	10,813	342,302,448	N/A	16,904,168,300	14,776,201,600	4,177,897,400
2004	251	62,734,000	33	269,927,000	12,069	552,693,906	N/A	19,819,949,800	15,743,338,700	4,611,780,600
2005	245	65,578,000	58	471,549,000	12,810	410,999,470	N/A	24,807,985,800	17,467,436,100	5,254,797,800
2006	309	116,622,000	28	170,648,000	12,570	731,419,504	N/A	30,490,616,900	20,142,057,000	6,446,120,900
2007	154	42,199,000	54	279,540,000	11,537	787,764,529	N/A	31,217,514,500	23,075,322,700	7,211,250,200
2008	132	32,778,000	76	295,231,000	11,331	646,663,518	N/A	31,511,540,600	25,957,959,400	7,208,720,200
2009	160	43,325,775	84	409,257,463	11,526	372,491,217	N/A	31,176,590,200	26,604,956,900	7,489,437,300
2010	172	45,497,100	50	165,948,125	12,454	363,788,580	N/A	30,395,184,100	23,590,330,900	7,079,999,000

NOTES:

(1) Department of Community Planning, Housing and Development, Planning Division-- Inspection Services
(2) Source -- Colgate-Darden School of Business, University of Virginia
(3) Estimated actual value. Excludes public service corporations.

TABLE S

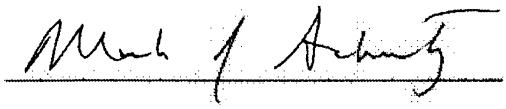
ARLINGTON COUNTY, VIRGINIA
BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
FISCAL YEARS 2001 - 2010

Fiscal Year	Revenues	Percent Change
2001	41,749,809	1.78%
2002	45,661,097	9.37%
2003	43,206,157	-5.38%
2004	45,090,463	4.37%
2005	45,699,044	1.35%
2006	52,568,059	15.23%
2007	50,898,687	-3.28%
2008	57,266,956	11.12%
2009	57,272,629	0.01%
2010	58,611,239	2.34%

Table T

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2010

Pursuant to Section 10.3 of the Financing Agreements between Virginia Resources Authority and Arlington County, I hereby certify that, during the fiscal year ended June 30, 2010, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which would constitute and Event of Default as defined in Section 11.1 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02, and Loan Number C-515378-02B, Loan Number C-515396-01, Loan Number C-515413-01, Loan Number C515396-02, Loan Number C-515413-02, and Loan Number C-515413-02B.



Mark Schwartz
Director, Department of Management and Finance
October 1, 2010

TABLE U

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM (1)
For the twelve months ending June 30, 2010

WATER Customer / Type of Business	Monthly Average Consumption In Thousands of Gallons	SEWER Customer / Type of Business	Monthly Average Consumption In Thousands of Gallons
Ft. Myer Military	9,634	Pentagon Military	12,961
Arlington County Water Pollution Control Plant Sewage treatment plant	7,725	Reagan National Airport Aviation	9,685
Marriott Crystal City Hotel	2,982	Ft. Myer Military	9,634
Carlton Condominiums Residential	2,874	Arlington County Water Pollution Control Pl Sewage treatment plant	7,725
Pentagon City Mall Retail	2,821	Marriott Crystal City Hotel	2,982
Archstone Communities - 1600 S. Eads Residential	2,630	Carlton Condominiums Residential	2,874
Vornado - 1400 S. Joyce Street Apartments	2,597	Pentagon City Mall Retail	2,821
Vornado - 1600 S. Joyce Street Apartments	2,574	Archstone Communities - 1600 S. Eads Residential	2,630
Archstone Communities - 320 S. 23rd St. Residential	2,491	Vornado - 1400 S. Joyce Street Apartments	2,597
5th Crystal Park - 10601 S. Crystal Dr. Park	2,398	Vornado - 1600 S. Joyce Street Apartments	2,574

NOTE:
(1) Source - County Department of Environmental Services - Utilities Services Office

TABLE V

ARLINGTON COUNTY, VIRGINIA
DESCRIPTION OF THE WASTEWATER & WATER SYSTEM
& WASTEWATER & WATER RATES
June 30, 2010

Wastewater System

Description of System

The County began its pollution abatement program in 1933 with the approval of a bond referendum for a county-wide sewage system to include 100 miles of sanitary sewers and a water pollution control plant (the "Plant") providing primary treatment. The Plant was placed in service in 1937. In response to continued growth, the Plant has been repeatedly expanded, with upgrades providing for advanced treatment, new preliminary treatment, a new dewatering building, and a new equalization tank to minimize fluctuation of flow to the Plant.

The County's system presently consists of 465 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 30 million gallons per day (MGD). Current flows average 26.1 MGD.

Plant Upgrade & Expansion

In April 2001, County staff and an external engineering team were assembled to update the 1988 Master Plan to address wet weather external bypasses, new and foreseen regulations, aging infrastructure and capacity requirements with respect to the Wastewater System. The result of this effort is the Master Plan Update 2001 ("MP01"). The MP01 provides for the goal of minimization of wet weather external bypasses, increased redundancy, expansion of capacity to handle flows to approximately 2020 + and a positive environmental impact for Four Mile Run, the Potomac River, and the Chesapeake Bay. The MP01 features a two phase design process and three construction contracts as well as program management and engineering services. Major facilities included in the MP01 include two new aeration tanks, two new equalization tanks, a new biofilter facility, and three new secondary clarifiers.

The total cost of all phases of the MP01 is estimated to be $568 million. County ratepayer's share is estimated to be 82 percent; Inter-Jurisdictional Partners' share is 18 percent. Financing to date for the County's share has been provided by several sources. There have been eight Wastewater System & Water System Revenue bonds totaling $300 million issued to the Virginia Water Facilities Revolving Loan Fund Program (the "VWFRF") which is administered by the Virginia Resources Authority ("VRA"). General Obligation bonds of the County were issued in Spring 2007 for $48.5 million, and in 2008 for $27.4 million. Grant funds from the Water Quality Improvement Fund under the Department of Environmental Quality Chesapeake Bay Program for approximately $96 million were authorized in February 2007. The County anticipates that the balance of MP01 will be funded by additional general obligation bonds.

Major Customers

The County's wastewater system serves residents and businesses in the County. A list of the top ten retail wastewater customers is included in Table T of the Statistical Section. On a wholesale basis, the County's wastewater system serves Alexandria Sanitation Authority; the City of Alexandria, Virginia; the City of Falls Church, Virginia; and Fairfax County, Virginia (together, the "Inter-Jurisdictional Partners" or "IJ Partners"). Arlington has contractual agreements for wastewater conveyance and treatment with the IJ Partners that set forth the terms of these relationships, including the calculation of both operating and capital charges. A summary of each IJ Partner contract is included in the table below; additional information on the contracts can be requested from the County's Department of Environmental Services, Utilities Service Office at (703)228-3601.

IJ Partner	Share of Plant Capacity	Agreement Expiration Date
Fairfax County	3.0 MGD Peak flow capacity reservation of 6.6 MGD	30-Jun-04 Fairfax provided written notification that contract will be honored until new agreement is negotiated
City of Alexandria & Alexandria Sanitation Authority (ASA)	3.0 MGD Maximum daily flow capacity reservation of 7.5 MGD	30-Jun-87 Agreement provides that it is binding until Arlington system is not in existence and as long as either party is not in default. ASA provided written notification that contract will be honored until new agreement is negotiated
City of Falls Church	0.8 MGD Peak flow capacity of 2.0 MGD	9-Sep-12

Water Distribution System

Description of System

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production at Dalecarlia, which also serves the District of Columbia, the City of Falls Church, the Pentagon, and Reagan National Airport, is 90 MGD. Average daily production for the entire Washington Aqueduct system is 155 MGD.

The County's water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 23.2 MGD to approximately 37,000 service accounts. The system serves residents and businesses in the County but does not provide water to the Pentagon or Reagan National Airport except under emergency situations, during construction, or other unusual circumstances.

Washington Aqueduct Agreement

The County entered into an agreement dated as of July 17, 1997 (the "Water Sales Agreement") with the United States of America acting through the Secretary of the Army providing for the sale and furnishing of water to the County from the Washington Aqueduct. The County has pledged the revenues derived from the ownership and operation of its water system to secure its pro rata share of Aqueduct operating costs, including operations and maintenance, the cost of any water purchases for resale, and debt service on certain loans made by the Secretary of the Treasury to the District of Columbia and the Secretary of the Army and debt service on certain bonds previously issued by the District of Columbia., all of which were incurred to finance improvements to the Secretary of the Army's water system. Additional information on the Water Sales Agreement can be requested from the County's Department of Environmental Services, Utilities Service Office at (703)228-3601.

Wastewater & Water Rates

Retail rates for fiscal years 2006 through 2011 are shown in the following table. The typical residential customer pays $68.50 per month, assuming annual consumption of 70,000 gallons. Historically, rate increases have been effective on May 1 prior to the start of the fiscal year.

FY 2006 – FY 2011 Wastewater & Water Rates
Per 1,000 Gallons of Metered Water Usage

Fiscal Year	Water	Wastewater	Total	Percent Change
2006	$3.02	$4.11	$7.13	15%
2007	$3.21	$4.79	$8.00	12%
2008	$3.34	$5.86	$9.20	15%
2009	$3.35	$7.19	$10.54	15%
2010	$3.42	$7.78	$11.20	6%
2011	$3.50	$8.24	$11.74	5%

The County also charges a variety of other water and wastewater fees to its retail customers, including infrastructure availability fees, connection fees, pretreatment fees, late charges, and new account fees, among others.

Outstanding Debt

As of June 30, 2010, general obligation debt outstanding attributable to the Utilities Fund totaled $105,459,880. As of June 30, 2010, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled $256,458,343. The following table shows future debt service on these obligations.

Fiscal Year Ended June 30	TOTAL EXISTING GO DEBT SERVICE Principal	Interest	Total	VRA BONDS Principal	Interest	Total	TOTAL Principal	Interest	Total
2011	7,956,950	4,783,364	12,740,314	9,183,929	8,428,661	17,612,590	17,140,879	13,212,025	30,352,904
2012	7,915,237	4,270,773	12,186,010	11,198,407	7,840,890	19,039,297	19,113,644	12,111,663	31,225,307
2013	7,508,845	3,930,675	11,439,520	11,557,975	7,481,321	19,039,296	19,066,820	11,411,996	30,478,816
2014	6,956,975	3,718,238	10,675,213	11,929,136	7,110,161	19,039,297	18,886,111	10,828,399	29,714,510
2015	5,953,452	3,083,631	9,037,083	12,312,263	6,727,034	19,039,297	18,265,715	9,810,665	28,076,380
2016	5,994,794	2,753,872	8,748,666	12,707,744	6,331,552	19,039,296	18,702,538	9,085,424	27,787,962
2017	6,049,254	2,469,833	8,519,087	13,115,981	5,923,316	19,039,297	19,165,235	8,393,149	27,558,384
2018	5,630,994	2,580,101	8,211,095	13,537,384	5,501,912	19,039,296	19,168,378	8,082,013	27,250,391
2019	5,654,137	2,132,402	7,786,539	13,972,382	5,066,914	19,039,296	19,626,519	7,199,316	26,825,835
2020	5,382,470	1,961,033	7,343,503	14,421,415	4,617,882	19,039,297	19,803,885	6,578,915	26,382,800
2021	5,411,772	1,731,036	7,142,808	14,884,936	4,154,361	19,039,297	20,296,708	5,885,397	26,182,105
2022	5,406,000	1,529,835	6,935,835	15,363,416	3,675,880	19,039,296	20,769,416	5,205,715	25,975,131
2023	5,469,000	1,306,101	6,775,101	15,857,340	3,181,957	19,039,297	21,326,340	4,488,058	25,814,398
2024	5,551,000	1,053,326	6,604,326	16,367,208	2,672,089	19,039,297	21,918,208	3,725,415	25,643,623
2025	5,638,000	804,851	6,442,851	16,893,536	2,145,760	19,039,296	22,531,536	2,950,611	25,482,147
2026	5,418,000	549,314	5,967,314	17,436,860	1,602,437	19,039,297	22,854,860	2,151,751	25,006,611
2027	5,497,000	321,428	5,818,428	11,198,847	1,093,854	12,292,701	16,695,847	1,415,282	18,111,129
2028	2,066,000	87,805	2,153,805	11,565,432	727,269	12,292,701	13,631,432	815,074	14,446,506
2029	-	-	-	6,454,478	389,483	6,843,961	6,454,478	389,483	6,843,961
2030	-	-	-	4,892,171	164,289	5,056,460	4,892,171	164,289	5,056,460
2031	-	-	-	1,607,502	26,978	1,634,480	1,607,502	26,978	1,634,480
	105,459,880	39,067,618	144,527,498	256,458,342	84,864,000	341,322,342	361,918,222	123,931,618	485,849,840

Historical debt service coverage can be found in Table J-2 of the Statistical Section, and additional information on debt attributable to the Utilities Fund can be found in Exhibit S-3, the Combined Schedule of Long-Term Obligations.

Other Financial & Legal Information

Additional financial information on the Utilities Fund can be found in Exhibits D-1, D-2, and D-3 and the accompanying Notes to the Financial Statements, including a statement regarding significant litigation, if any. Information on insurance coverage can be found in Table P of the Statistical Section. Required certificates from the County and its independent engineer can be found in Tables S and V of the Statistical Section. Information on management of the County and the Department of Environmental Services and the Department of Management and Finance can be found in the Introductory Section.

PM-AC-00713

October 14, 2010

Mr. Larry Slattery
Arlington County Water Pollution Control Bureau
3402 South Glebe Road
Arlington, VA 22202

Dear Mr. Slattery,

Pursuant to Section 5.2 of the Financing Agreement dated as of June 28, 2005 (the "Financing Agreement") between the Virginia Resources Authority as administrator of the Virginia Revolving Loan Fund, and Arlington County ("the County"), the undersigned states the following based on my inquiry of the person or persons who manage the system and whose directly responsible for gathering the information:

1. I am a representative of the Consulting Engineer to the County for the project financed through the Virginia Resources Authority.

2. For the fiscal year ended on June 30, 2010, the County satisfied the Rate Covenant.

3. For the fiscal year that will end on June 30, 2011, the projected net revenues will satisfy the Rate Covenant.

Dated: October 14, 2010

By: _____
Professional Engineer VA #09020 19737
Representative of Earth Tech/AECOM

cc: Elizabeth Craig, Management & Budget Specialist, ACWPCB
Document Control

3406 S. Glebe Road ■ Arlington ■ Virginia ■ 22202
Telephone: (703) 838-9720 ■ Facsimile: (703) 838-9721
EARTH TECH | AECOM

FEDERALLY ASSISTED PROGRAMS

In June 1996, the U.S. Office of Management and Budget revised OMB Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations." The underlying concept of this circular is to establish uniform audit requirements for state, local government, and non-profit organizations that receive federal awards.

Contained in this section are the following independent Auditor's Reports on:

- Schedule of Expenditures of Federal Awards;
- Compliance and on Internal Control over Financial Reporting; and
- Compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133

Clifton Gunderson LLP
Certified Public Accountants & Consultants

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*

The Honorable Members of the County Board
Arlington County, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 28, 2010. We conducted our audit in accordance with 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 and *Specifications of Audits of Counties and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. We did not audit the financial statements of the Gates Partnership, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon, dated March 31, 2010, has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Member of HLB International

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. We did not identify any significant deficiencies in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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*.

We noted certain matters that we reported to management of the County in a separate letter dated October 28, 2010.

This report is intended solely for the information and use of the County, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Gunderson LLP

Baltimore, Maryland
October 28, 2010

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

The Honorable Members of the County Board
Arlington County, Virginia

Compliance

We have audited the compliance of the Arlington County, Virginia (the County) with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with the suspension and debarment requirement for subrecipients, which are required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 2010-02.

Member of HLB International

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01 and 2010-02. A significant deficiency in internal control over compliance is a deficiency, or 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2010, and have issued our report thereon dated October 28, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

Clifton Gunderson LLP

Baltimore, Maryland
October 28, 2010

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OR FEDERAL PROGRAM	Federal Catalogue Number	Expenditures
Department of Health and Human Services		
Pass Through Payments:		
Department of Social Services:		
Refugee Programs - Indo-Chinese Refugee Relief (765/452-04)	93.566	$ 71,663
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	856,569
(Medical Assistance)	93.778	1,247,293
(Child Care Purchased Services)	93.596	608,934
(View Purchased Services)	93.558	1,618,283
Child Care Development Block Grant (102-586)	93.575	1,179,234
FAMIS Outreach Grant	93.767	88,779
ILP Education & Training Vouchers	93.599	30,460
Family Preservation	93.556	30,596
Independent Living	93.674	41,181
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	1,276,873
Foster Care-ARRA	93.658	53,003
Adoption	93.659	386,164
Adoption-ARRA	93.659	37,204
Adoption Incentive	93.603	1,317
Child Care -ARRA	93.713	423,294
Admin Title IV-B1	93.645	5,766
Fuel Assistance Program(765/452-06)	93.568	58,004
Total Department of Social Services		8,014,617
Department of Health Services:		
Immunization Grant	93.268	64,005
TB Outreach Grant	93.116	15,418
Total Department of Health Services		79,423
Department of Mental Health and Mental Retardation		
Alcohol and Drug Abuse and Mental Health Services		
Block Grant(790/445-01/455-02)		
Homeless-Mental Path	93.150	62,574
Mental Health - Seriously mentally Ill	93.958	40,895
MH FMBG Geriatric Project	93.958	500,000
SA Treatment FBG	93.959	437,640
SA SARPOS FBG	93.959	94,197
SAMHSA Grant - SA Intercept	93.982	95,021
Early Intervention Funds (PIE-PART C)	84.181	586,349
Total Mental Health Mental Retardation and Substance Abuse		1,816,676
Department for the Aging		
Older Americans Act		
Title III-B-Area Plan	93.044	142,396
Title III-C-Nutrition	93.045	101,514
Title III-D-Disease Prevention	93.046	2,000
Title III-E- National Family Caregiver Support	93.052	54,062
Title VII-Elder Abuse Prevention	93.041	1,965
Senior Medicare Patrol Project	93.048	6,000
ARRA funding - Home-delivered meals	93.045	12,461
Door Through Door	93.045	62,671
Health Insurance Counseling & Assistance	93.779	45,527
		428,597
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		**$ 10,339,313**

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants		
Twenty-first Entitlement(B95UC51002)	14.218	$ 550
Twenty-second Entitlement(B96UC51002)	14218	343
Twenty-third Entitlement(B97UC51002)	14.218	641
Twenty-seventh Entitlement(B01UC51002)	14.218	2,327
Thirty-first Entitlement(B05UC51002)	14.218	21,000
Thirty-second Entitlement(B06UC51002)	14.218	243,382
Thirty-third Entitlement(B07UC51002)	14.218	793
Thirty-fourth Entitlement(B08UC51002)	14218	153,996
Thirty-fifth Entitlement(B09UC51002)	14218	1,503,096
HOME administration	14.239	24,386
CDBG - ARRA funds	14.218	129,509
Total Community Development Grants		2,080,023
Emergency Shelter Grants - ARRA- HPRP	14.257	428,363
HOME funds		
FY 2006 HOME funds	14.239	22,450
FY 2007 HOME funds	14.239	605,549
FY 2008 HOME funds	14.239	627,999
Total Emergency Shelter & Home Fund		1,684,361
Community Services Block Grant Program		
FY2008	93.569	961
FY2009	93.569	192,680
FY2009 TANF	93.569	63,462
Total Community Services Grants		257,103
Community Services Block Grant ARRA funds	93.710	179,989
Section 8 Housing Assistance-		
Moderate Rehab(VAO28MROO1-OO5)	14.856	210,388
Voucher Program(VAO28VO015-023)	14.871	14,314,168
Total Section 8 Housing Assistance		14,524,557
HUD-Permanent Supportive Housing Grant	14.235	102,963
HUD-Adopt-a-Family Grant	14.235	298,126
HUD-Shelter Plus Care (Milestone I and II)	14.240	196,118
HUD-HOPWA	14.241	68,591
Total HUD Grant		665,798
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		**$ 19,391,830**

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education		
Elementary and Secondary Education Act- Title I (197/171/01)	84.010	$ 2,872,303
Public Law 94-142 Handicapped Program (197/171-02)	84.027	3,126,909
Learning and Library Resources- Title V (Elementary & Secondary Education Act) (197/171/01)	84.298	3,477
Pre-School Incentive	84.173	99,731
Title III, Part A (NCLB) Emergency Immigration (197/171-06)	84.365	622,974
Title IV Drug-Free Schools (NCLB) (197/171-05)	84.186	34,147
Vocational Education Act - Carl D Perkins PL-101-392	84.048	286,350
Education for Homeless Children & Youth (Stuart B McKinney	84.196	26,833
ESL/Civics Grant	84.002	222,068
Title II, Part A Class Size Reduction (NCLB)	83.367	-
Title II, Part A Add-on (NCLB)	84.367	491,316
Title II, Part D Ed Tech (NCLB)	84.318	33,174
Even Start	84.213	149,494
ARRA Education Technology Grant	84.386	1,974
ARRA Title I - Grants to States	84.389	744,386
Special Education Grants to States (ARRA)	84.391	1,403,019
Special Education - Preschool Grants (ARRA)	84.392	42,542
ARRA State Fiscal Stabilization Fund - Education State Grant:	84.394	2,390,393
Title I Part A School Improvement 1003g	84.377	297,557
Total State Pass Through Payments		12,848,647
Total Department of Education		**$ 12,848,647**

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

	Federal Catalogue Number	Expenditures
DEPARTMENT OF LABOR		
Pass Through Payments:		
Department of Social Services		
Work Investment Act		
WIA-Admin. Fund	17.258	$ 80,128
WIA-ARRA-Admin. Fund	17.258	32,174
WIA-Adult	17.258	123,517
WIA-ARRA-Adult	17.258	86,975
WIA-Youth	17.259	130,305
WIA-ARRA-Youth	17.259	66,492
WIA-Dislocated	17.260	212,436
WIA-ARRA-Dislocated	17.260	189,498
WIA-Incentive Grant	17.260	10,000
National Emergency Grant	17.260	671,686
Total Department of Social Services		1,603,212
Total Department of Labor		**$ 1,603,212**

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Pass Through Payments:		
Department of Education-		
National School Lunch Program (197/457-02)	10.555	$ 2,540,303
National School Breakfast Program	10.553	637,903
Parent/Teen Infant	10.555	26,144
Sub total		3,204,350
Department of Justice		
Juvenile Accountability Block Grant	16.523	48,111
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	187,573
WIC Grant	10.577	693,295
FSET-Transportation	10.561	11,439
Administrative Matching Grants for Food Stamps	10.561	2,111,101
Sub total		3,003,408
Department for the Aging		
Older Americans Act Title III USDA (163/457-02)	10.570	42,131
Total Pass Through Payments		6,249,888
Total Department of Agriculture		**$ 6,297,999**
DEPARTMENT OF JUSTICE		
Direct Federal Payments:		
Seized Assets	16.000	373,965
Metropolitan Area Task Force (MATF)	16.000	63,638
High Intensity Drug Trafficking Area (HIDTA)	16.000	2,078,036
High Intensity Drug Residential Treatment	16.000	263,088
Grants to Encourage Arrest Policies (GEAP)	16.000	423,720
Regional Gang Task Force	16.000	69,436
Congressional Mandated Grant (Moran Grant)	16.580	14,187
Recovery Justice Assistance Grant-ARRA	16.738	206,623
2009 Justice Assistance Grant	16.738	12,968
2008 Justice Assistance Grant	16.738	23,010
2007 Justice Assistance Grant	16.738	206
Total Direct Federal		3,528,877
Total Department of Justice		**$ 3,528,877**

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

	Federal Catalogue Number	Expenditures
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	$ 61,419
Gear up Program	84.334	155
Adventure of the American Mind	84.244	-
Arlington Gang Initiative Grant	16.544	140,239
Sub-total Direct Federal Payments		201,813
EECBG - Solar on County Buildings (DES)	81.128	4,026
Metro Station Improvements (DES)	20.205	2,804,873
Sub-total Direct Federal Payments		2,808,899
Total Direct Federal Payments		3,010,712
Pass Through Payments:		
Department Environmental Services		
Congestion Mitigation Air Quality	66.001	2,960,000
Fire Department Programs		
Urban Area Security Initiative (USAI)	97.067	5,389,931
Sub-Total State Pass Through Payments		8,349,931
Office of Emergency Management		
Disaster Voucher Program (previously KDHAP)	97.088	2,283
Total State Pass Through Payments		8,352,214
Total Other Federal Assistance		$ 11,362,926
TOTAL FEDERALLY ASSISTED PROGRAMS		**$ 65,372,805**

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010

NOTE 1. BASIS OF PRESENTION

The schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting in all material respects and includes all expenditures of federal awards administered by the County. Several programs are funded jointly by the Commonwealth of Virginia and the County in accordance with matching requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the Commonwealth of Virginia and the County.

All costs charged to Federal Awards are determined based on the applicable Federal grants and OMB Circular A-87. Costs Principles Applicable to Grants and Contracts with State and Local Governments. The County's Federal grants are also managed in accordance with the requirements of OBM Circular A-102, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments.

NOTE 2. FEDERAL COGNIZANT AGENCY

The Federal cognizant agency for the County is the U.S. Department of Health and Human Services.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes	____	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	X	Yes	____	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Child Nutrition Cluster	10.553, 10.555
Community Development Block Grant	14.218
Edward Byrne	16.738
Work Force Investment Workforce	17.258,259,260
TANF	93.558
Highway Planning and Construction	20.205
Title I	84.010
Special Education Cluster	84.027, 173
State Stabilization	84.394
Air Pollution Control Program	66.001
Child Care Cluster	93.575; 93.596; 93.713
Adoption Services	93.659
Homeland Security Grant Program	97.067

Dollar threshold used to distinguish between type A and type B programs $ 1,960,906

Auditee qualified as low-risk auditee?	X	Yes	____	No

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2010

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

Finding No 2010-01: Supervisory review of case files was not evident

Finding Type: Internal control over compliance finding

Federal Program: Child Care Cluster, CFDA 93.575, 93,596, 93.713
Adoption, CFDA 93,569

Condition: The County's procedures for supervisory review of child care and adoption case files were not consistently performed.

Criteria: The Internal Control Integrated Framework (COSO Report), requires review of eligibility documents, evidenced by authorized signatures (manual or electronic), to ensure the accuracy of the information used to determine eligibility.

Cause: During fiscal year 2010, the County experienced a high turn-over of staff which resulted in the inconsistent application of the established procedures.

Effect: The County may not be compliant with federal program requirements.

Context: 8 out of 40 child care case files and 31 out of 40 Adoption case files did not have evidence of supervisory review of participant's eligibility determination.

Questioned Costs: None noted. All case files selected for testing were in compliance with the federal program requirements.

Recommendation: We recommend that the County consistently follow established procedures to ensure compliance with grantor requirements.

Management's Response: Procedures will be created to ensure supervisory or designee signature on the service application to ensure appropriate case review and accuracy of the information used to determine eligibility.

Finding No 2010-02: **The County's suspension and debarment verification procedures were not performed for subrecipients.**

Finding Type: Compliance and internal control over compliance finding

Federal Program: Community Development Block Grant (CDBG), CFDA 14.218

Condition: Suspension and debarment verification was not performed for subrecipients participating in the CDBG program

Criteria: Under non-procurement suspension and debarment rules in effect prior to November 26, 2003, covered transactions included procurement contracts for goods or services equal to or in excess of $100,000 (the "small purchase" or "simplified acquisition threshold"). As of November 26, 2003 "covered transactions" include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria. §__.220 of the government-wide non-procurement debarment and suspension common rule contains those additional limited circumstances. All non-procurement transactions (i.e., sub-awards to subrecipients), irrespective of award amount, are considered covered transactions. This was the case prior to November 26, 2003, and was not changed by the revised rules.

The COSO Report, requires review of eligibility documents, evidenced by authorized signatures (manual or electronic), to ensure the accuracy of the information used to determine eligibility.

Cause: The County was not aware that the suspension and debarment requirement was applicable to subrecipients.

Effect: The County is not in compliance with the federal suspension and debarment requirements.

Context: For 2 out of 2 subrecipient's tested, the suspension and debarment status was not verified.

Questioned Costs: None noted. None of the sub recipients were suspended or debarred.

Recommendation: We recommend that the County's amend their current suspension and debarment verification procedures to include subrecipients.

Management's Response:

We currently do not verify that subrecipients providing non-procured services above $25,000 such as housing counseling or youth services are de-barred or suspended. This step can be added to our procedure for determining eligibility for CDBG and HOME funding each year prior to funding an activity.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2010

Finding No 2009-01: Arlington County Public Schools (APS) provided Title I services to ineligible school students. The Schools did not have adequate controls in place to detect errors in student status.

Finding Type: Internal control over compliance and compliance finding

Federal Program: Title I, CFDA 84.010

Condition: Based on testing of twenty-five students, APS identified five students who exited the program in school year 2008 as receiving services in school year 2009. As such, these students never actually received services in 2009.

Current Status: Resolved

Finding No 2009-02: The County procedures for determining participant eligibility were not consistently performed. The County was not in compliance with the eligibility compliance requirement.

Finding Type: Internal control over compliance and compliance finding

Federal Program: Adoption Services, CFDA 93.659

Condition: One out of 25 children tested was determined ineligible for the adoption subsidy.

Current Status: Resolved

Finding No 2009-03: The County's procedures for supervisory review of child care service applications were not consistently performed.

Finding Type: Internal control over compliance finding

Federal Program: Child Care Cluster, CFDA 93.575, 93,596, and 93.713

Condition: 24 out of 25 cases selected did not contain evidence of supervisory review of the service application, as required by the County's procedures.

Current Status: Not resolved, repeated as item 2010-01