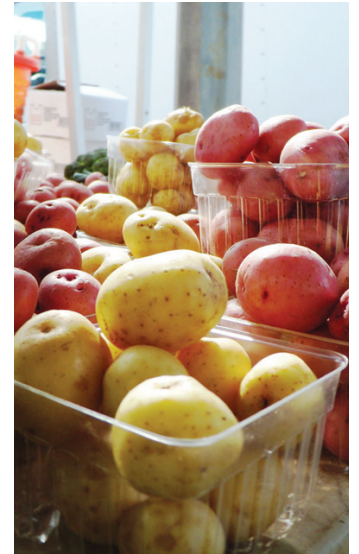




Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2014

(July 1, 2013 - June 30, 2014)



DEPARTMENT OF MANAGEMENT AND FINANCE

**Michelle G. Cowan, Director
Barbara A. Wiley, Comptroller**

The FY 2014 Comprehensive Annual Financial Report is printed on paper consisting of 100% recycled content (post-consumer fiber).



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, 2014

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INTRODUCTION



DEPARTMENT OF
MANAGEMENT AND FINANCE

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October 31, 2014

Chairman Jay 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, 2014.

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 CliftonLarsonAllen 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, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Arlington County financial statements for the fiscal year ended June 30, 2014, 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.

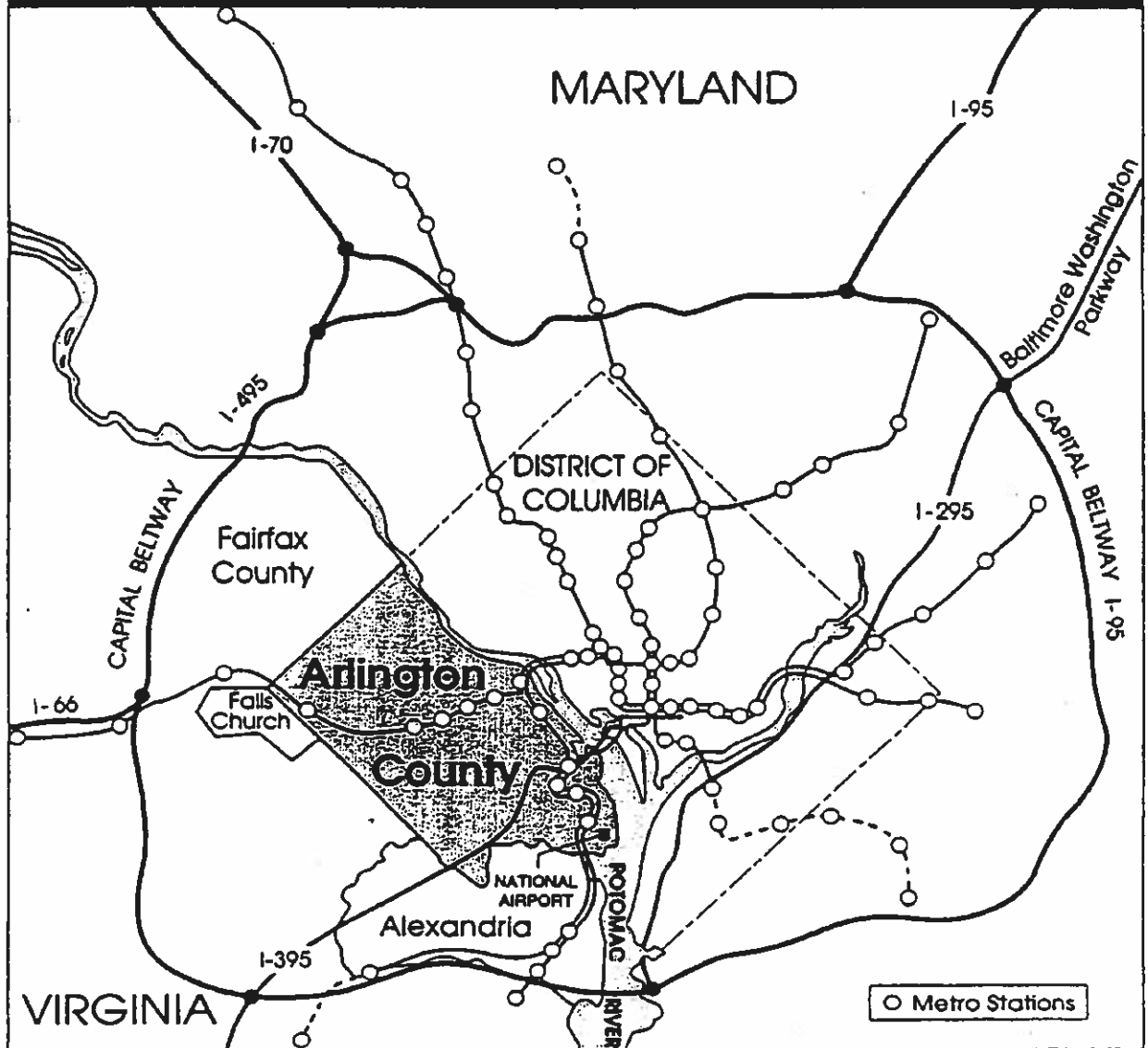
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington 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 subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land

WASHINGTON METRO AREA MAP



in Arlington County is almost totally developed. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metro 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, 2014 was \$66.4 billion. The County government's adopted budget for all funds for Fiscal Year 2014 totaled \$1,407.3 million, which included \$523.0 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, B-7 and B-8. 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

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 three years. Arlington's 2014 tax base is approximately divided between 49% commercial and 51% residential properties, enabling the County to maintain a competitive property tax rate in the Washington DC region. In CY 2014, the tax rate (the base rate plus the county wide sanitary district tax rate) decreased to \$0.996 per \$100 of assessed value. CY 2014 assessments showed solid performance with growth primarily fueled by strength in the residential market as well as new construction in commercial properties and strength in apartments. Assessed valuation of real property held their values, increased 5.8% from CY 2013 to CY 2014. CY 2014 commercial assessments (including multifamily rental buildings) increased 5.4% over CY 2013. Apartment buildings showed growth of 7.1% driven by increasing rents and some reductions in vacancies. Despite office vacancies and decreasing hotel revenues, commercial properties increased 4.4% primarily fueled by new construction – which made up 1.7% of the increase – as well as strength in general commercial properties and slightly higher office rents. The residential property assessment base increased 6.1% in the aggregate. Including new construction, single-family houses (including townhouses) increased 6.2%, while condominium assessment totals increased by 5.9% in CY 2014. The average value of a single-family property increased by 5.3%: from \$524,700 in CY 2013 to \$552,700 in CY 2014.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. Elegant high-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife 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 2,800 new residential units have been delivered in the past three years and nearly 2,500 remain under construction. In the 2nd quarter of 2014, the County's office vacancy rate was 20.4%. The residential unemployment rate is very low, averaging 3.5% for FY 2014, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In May 2014, the County's outstanding financial management, sizable and affluent tax base, controlled expenditure growth and moderate debt burden 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, 2014, as only one of 39 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. Eight core themes are contained in the 2014 Management Plan that support the Board's vision:

- Social Safety Net

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
- Fiscal Sustainability
- Environmental Sustainability
- Civic Engagement
- Capital Improvement Plan
- County-School Collaboration
- Fitness & Health

The budget adopted by the County Board for FY 2015 continues to provide high quality service by maintaining core County services and infrastructure, while limiting the growth of the County budget and the burden to taxpayers who have seen real estate values rise. The adopted budget balances the needs of our Schools, employees, social safety net programs, continuing service operations and Arlington County taxpayers. The county government's adopted budget for all funds for FY 2015 provides a 4.9% funding increase preserves key services; infrastructure maintenance; our social safety net; and adds significant funding for Schools, while giving some tax relief to homeowners. The adopted General Fund budget includes a 1.0 cent real estate tax decrease and the General Fund budget is 5.1% higher than the FY 2014 adopted budget. Despite the economic challenges, the General Fund budget of \$1.15 billion protects the community's key priorities. Arlington continues to economically surpass much of the region and the nation. Arlington's unemployment rate remains the lowest in the Commonwealth. The county's per capital income remains among the highest in the state. Home prices continue on a positive trajectory, which help balance the flat commercial real estate sector. While Arlington is in a better position than many communities in the nation, the Base Realignment and Closure (BRAC) process and the sluggish pace of the nation's economic recovery will continue to put pressure on the county budget for at least the next two years.

Taxes and Fees

Under state law, the County's budget must be balanced fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The Board approved a CY 2014 real estate tax rate of \$0.996 cents per hundred dollars of assessed value (including the sanitary district tax). Arlington continues to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value.

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. The FY 2015 budget includes no increases for personal property tax, business tangible property, business and professional occupational licenses, or commercial transportation tax rates.

Social Safety Net

Funding for the County's most vulnerable continues to be a priority for the community and the County Board. Funding continued for many programs that were funded in FY 2014 through a combination of one-time and ongoing funding. The county increased funding for the Arlington Free Clinic and Offender Aide and restoration, while adding one-time funding for a local unified hotline response system for domestic and sexual violence, Arlington Neighborhood Villages, BU-GATA, and Food for Others.

Affordable Housing

Building on the commitment made in FY 2013 and FY 2014, the FY2015 adopted budget increased spending \$0.50 million to a total of \$13.0 million. The County continues to make progress on the long-range housing study which will assess the gaps in existing housing programs, determine long-term goals and funding priorities, and identify funding strategies and new tools that can help the County achieve its goals.

Commitment to the Environment

The FY 2015 adopted budget reaffirmed the County's commitment to Arlington's natural environment, with funding for tree planting and increasing staffing for Stormwater programs. These positions are paid for with dedicated revenues available in the Stormwater Fund and are critical to meet Arlington's commitment to the Chesapeake Bay and local watershed health.

Commitment to Employees

The County recognizes that employees are being asked to do more with less. With the reductions that have been made to a number of programs, employees are being asked to continue providing the high quality and range of services the community expects. The County is in the midst of a four-year competitiveness review and will continue to adjust salaries based on our findings. The FY 2015 adopted budget includes funding for merit step increases and provides a 1% pay adjustment to those employees at the top of their grade – who haven't seen a pay increase in two years.

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. For FY 2015, the Schools will receive \$440.6 million, a 6.0% increase. The funding includes adding \$19.6 million to base fund and another \$8.4 million for school construction or other one-time expenses. The County also added funds for another school clinic aide and three new School Resources Officers. Under the FY 2015 Budget, Arlington's support for our students now exceeds \$19,000 per pupil – more than any other school district in the region. The County is proud of the continuing accomplishments of its students and schools with the many notable achievements by Arlington Public Schools (APS).

- Pass rates on state assessments remain at or above 90% for all students, while the achievement gap among groups continues to narrow.
- Approximately 75% of graduating seniors completed at least one AP or IB course.
- In 2014, 92% of all APS students graduated on time, and the dropout rate has been reduced by almost two-thirds since 2010.
- APS students have maintained strong performance on the SAT exam, with mean total scores ranging from 1623 to 1645 in the last four years, outpacing state and national averages.
- The 2014 Washington Post Challenge Index ranked all four APS high schools in the top two percent of high schools in the U.S. This is the seventh year in a row all APS high schools have made the list.
- APS is the recipient of the prestigious Medallion of Excellence Award present by the U.S. Senate Productivity and Quality Awards for Virginia and the District of Columbia, becoming the first school division in almost a decade to receive this award and one of only nine districts ever to earn this honor.
- Arlington's Superintendent was named the 2014 Superintendent of the Year by the Virginia Association of School Superintendents.

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 percent of APS school-funding comes from sources other than local taxes. In contrast, half the cost of Prince William County Public Schools, for example, 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 ten-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.

Capital Improvement Program

The County Manager biennially submits a ten year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, this CIP presented a ten year planning period instead of six years. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and utility projects, and analyzing operating budget impacts. The CIP addresses 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. 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 July 19, 2014 the Arlington County Board adopted a Capital Improvement Plan (CIP) for fiscal year 2015 to 2024, totaling \$3.2 billion for the County and Arlington Public Schools. Highlights include:

- Transportation commitment for Metro rail; ART bus; Columbia Pike Transit Stations; new entrances or elevators at Ballston-MU, Pentagon City, Courthouse and Crystal City Metro stations; Capital Bikeshare and BikeArlington, and Complete Streets projects at Army Navy Drive and East Falls Church
- Columbia Pike and Crystal City streetcar system.
- Replacement of Lubber Run Community Center, one of the County's oldest community centers.
- Initial planning processes for site evaluation for a fire station in northern Arlington.
- Expansion of ConnectArlington, a County-owned fiber communications network, to further economic development goals.
- Full funding of the CIP adopted by the School Board of \$534.1 million, including one new elementary school, additions and renovations at four elementary school, and additional seats at secondary schools.
- Continued emphasis on maintenance capital – facilities, parks, technology, with increased funding in the ten year period for street paving.

Financial and 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. In July 2014, the Board adopted revised financial and debt management policies to ensure maintenance of Arlington's triple-Aaa bond ratings. The updated policies confirm the County's operating reserve level of five percent of general government expenditures. The policies also confirm the County's debt affordability ratios, including a modified, more conservative variable rate debt policy. Finally, a new policy regarding tax increment financing areas was added.

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 ten-year projection.
2. The ratio of net tax-supported debt to full market value should not exceed three percent, within the ten-year projection.
3. The ratio of net tax-supported debt to income should not exceed six percent, within the ten-year projection.
4. Growth in debt service should be sustainable and consistent with the projected growth of revenues. Debt service growth over the six year projection should not exceed the average ten year historical revenue growth.
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.

Variable Rate Debt

1. Variable rate debt exposure should not exceed twenty percent of total outstanding debt.
2. Debt service on variable rate bonds will be budgeted at a conservative rate.
3. Before issuing variable rate bonds, the County will determine how potential spikes in the debt service will be funded.
4. Before issuing any variable rate bonds, the County will determine the impact of the bonds on the County's total debt capacity under various interest rate scenarios; evaluate the risk inherent in the County's capital structure, giving consideration to both the County's assets and its liabilities; and develop a method for budgeting for debt service.

Moral Obligation Debt or Support

On an infrequent basis, the County provides its "moral obligation" support for partners, including regional public safety agencies and affordable housing partners, among others. A moral obligation exists when the County Board has made a commitment to support the debt of another entity to prevent a potential default. The County's moral obligation will only be authorized after an evaluation of the risk to the County's balance sheet and stress testing of the financial assumptions underlying the proposed project

Other Post-employment Benefits (OPEB)

In addition to the pension benefits described in footnote 16, 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 July 1, 2013, 1,766, and 2,044 retirees were both eligible and received benefits from the health and life plans, respectively. Funding for these OPEB benefits were made through a combination of pay-as-you-go contribution from the County's general fund and additional pre-funding contribution into the OPEB Trust that is sufficient to fully fund the Annual OPEB cost annually.

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, 2014 the County's actuary estimated an OPEB liability of \$205.7 million (for the Fiscal Year ending June 30, 2014) with an Annual OPEB Cost (AOC) of \$19.9 million and net OPEB assets of \$0.4 million. The County Budget for FY 2015 fully funds the AOC.

In an actuarial analysis dated, June 30, 2014 the Schools' actuary estimated an OPEB liability of \$81.9 million (for Fiscal Year ending June 30, 2014) with an AOC of \$7.9 million and a net OPEB liability of \$14.6 million. The Schools' Budget for FY 2015 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-9, S-10, 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, 2013.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2014 budget. This award is the highest form of recognition in governmental budgeting.

The School Board's Adopted FY 2014 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the tenth year in a row as well the Association for School Business Officials International Meritorious Budget Award for the fourth 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



Government Finance Officers Association

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

Presented to

**Arlington County
Virginia**

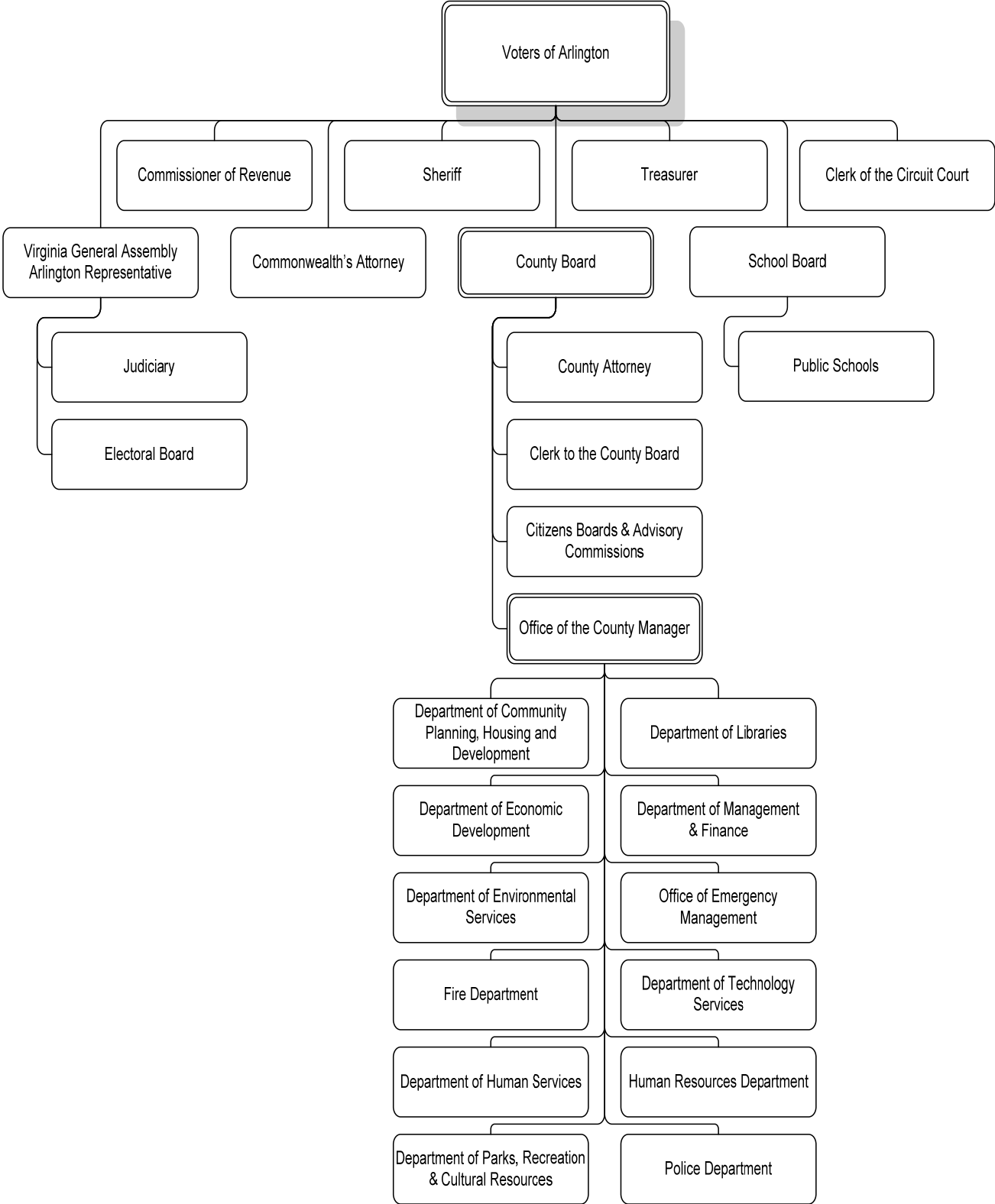
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013



Executive Director/CEO

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

DIRECTORY OF OFFICIALS

June 30, 2014

COUNTY BOARD

Jay Fisette, Chairman

Mary Hynes, Vice Chairman

J. Walter Tejada
Libby Garvey
John Vihstadt

COUNTY SCHOOL BOARD

Emma Violand-Sanchez, Chairman

Sally M. Baird, Vice Chairman

James Lander
Abby Raphael
Noah Simon

FINANCE BOARD

Jay Fisette, Chairman

Francis X. O'Leary (Retired July 2014)

Carla de la Pava
Theo Stamos
Larry Mayer

JUDICIAL

Circuit Court Judges:

William T. Newman Jr.
Daniel S. Fiore, II
Louise M. DiMatteo

General District Court Judges:

Thomas J. Kelley, Jr
R. Frances O'Brien
Richard J. McCue

Juvenile and Domestic Relations:

George D. Varoutsos
Esther G. Wiggins

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

COUNTY OFFICIALS

Elective

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

Theo Stamos
Paul Ferguson
Ingrid H. Morroy
Beth Arthur
Francis X. O'Leary
(Retired July 2014)
Carla de la Pava

Administrative – General County

County Manager
Deputy County Manager
County Attorney
Clerk to the County Board
Director of Community Planning, Housing and Development
Director of Parks and Recreation
Fire Chief
Director of Department of Human Services
Director of Department of Libraries
Director of Department of Management and Finance
Director of Department of Human Resources
Chief of Police
Director of Department of Environmental Services
Director of Department of Technology Services
Acting Director of Department of Economic Development
Registrar of Voters
Director Office of Emergency Management

Barbara M. Donnellan
Mark J. Schwartz
Stephen MacIsaac
Hope Halleck
Robert E. Brosnan
Jane Rudolph
James H. Schwartz
Susanne Eisner
Diane Kresh
Michelle G. Cowan
Marcy Foster
M. Douglas Scott
Greg Emanuel
Jack Belcher
Cynthia Richmond
Linda Lindberg
Jack Brown

Administrative - County School Board

Superintendent of Schools
Clerk of the School Board
Deputy Clerk of the School Board
Assistant Superintendent, Personnel
Assistant Superintendent, Finance & Management
Assistant Superintendent, Information Services
Assistant Superintendent, Instruction
Assistant Superintendent, Student Services
Assistant Superintendent, Administrative Services
Assistant Superintendent, Schools & Community Relations
Assistant Superintendent Operations and Facilities

Dr. Patrick Murphy
Melanie Elliott
Karen Allen
Dr. Betty Hobbs
Deirdra McLaughlin
Raj Adusumilli
Connie Skelton
Brenda Wilks
Cintia Johnson
Linda M. Erdos
John Chadwick



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:

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the County Board
Arlington County, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund information of Arlington County, Virginia (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership, which represents 11 percent, 4 percent, and 1 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gates Partnership, based solely on the report of the other auditors. 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 the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 19 - 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information, as noted in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards, as noted in the Federally Assisted Programs section of the table of contents, is presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is a required part of the basic financial statements.

The combining and individual non-major fund financial statements and the budgetary comparison of the General Fund and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Arlington County, Virginia as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated October 28, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The 2013 comparative totals or summarized comparative totals included in the other supplemental schedules, such as the combining and individual nonmajor fund financial statements, general fund financial statements and budgetary comparison statements for the year ended June 30, 2014 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The other supplemental schedules containing comparative totals or summarized comparative totals have been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules containing comparative totals or summarized comparative totals is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

The introductory and statistical tables, as noted in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia
October 31, 2014



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, 2014. 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 positions 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 positions. Over time, increases or decreases in net positions 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 positions changed during the most recent fiscal year. All changes in net positions 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 be found in Exhibits 1 and Exhibit 2, and Exhibits 6 through 8 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 21 individual governmental funds and 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 other 19 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, and the Community Planning Housing Development (CPHD) Fund. 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, and printing operation. 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, public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, and the CPHD Development Fund. The water and sewer operations and public parking garage are considered to be major funds of the County. Conversely, the two 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-5 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 Positions

The following table (Table A-1) reflects the condensed statement of net positions for FY 2014 and FY 2013:

Table A-1
Condensed Net Positions
June 30, 2014
With Comparative Totals for June 30, 2013
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current and other assets	\$1,082.8	\$993.9	\$119.4	\$122.2	\$1,202.2	\$1,116.1	\$194.0	\$191.5	\$7.7	\$8.1	\$1,403.9	\$1,315.7
Capital assets	1,000.4	952.0	1,032.6	1,024.9	2,033.0	1,976.9	539.8	525.3	78.6	80.4	2,651.4	2,582.6
Total assets	2,083.2	1,945.9	1,152.0	1,147.1	3,235.2	3,093.0	733.8	716.8	86.3	88.5	4,055.3	3,898.3
Long-term debt outstanding	1,012.1	1,011.4	395.1	414.6	1,407.2	1,426.0	37.9	40.0	55.5	56.4	1,500.6	1,522.4
Other liabilities	167.4	182.3	22.5	22.5	189.9	204.8	91.2	89.8	3.7	5.0	284.8	299.6
Total liabilities	1,179.5	1,193.7	417.6	437.1	1,597.1	1,630.8	129.1	129.8	59.2	61.4	1,785.4	1,822.0
Deferred Inflows	19.1	-	-	-	19.1	-	-	-	-	-	19.1	-
Total liabilities and deferred inflows	1,198.6	1,193.7	417.6	437.1	1,616.2	1,630.8	129.1	129.8	59.2	61.4	1,804.5	1,822.0
Net Positions:												
Investment in capital assets	527.7	476.4	667.6	648.3	1,195.3	1,124.7	535.3	520.3	23.8	24.6	1,754.5	1,669.6
Restricted	303.1	267.3	-	-	303.1	267.3	69.4	66.7	-	-	372.6	334.0
Unrestricted	53.8	8.5	66.8	61.7	120.6	70.2	-	-	3.3	2.5	123.9	72.7
Total Net Positions	\$884.7	\$752.2	\$734.4	\$710.0	\$1,619.1	\$1,462.2	\$604.7	\$587.0	\$27.3	\$27.1	\$2,251.0	\$2,076.3

Note: Totals may not add due to rounding.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the governmental activities, assets exceeded liabilities by \$884.7 and in the case of the business-type activities, assets exceeded liabilities by \$734.4 for a primary government total of \$1,619.1 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$604.7, and in the case of the Gates Partnership, assets exceeded liabilities by \$27.2.

By far the largest portion of the primary government's, Schools', Gates Partnership's net positions (77.9%) 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 positions, (16.5%) represents resources that are subject to external restrictions on how they may be used. Any remaining net positions are classified as "Unrestricted net positions".

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 No. 34, a state law was passed in FY 2002 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. At the end of the current fiscal year, the primary government and component units are able to report positive balances in all three categories of net positions for the government as a whole.

Statement of Changes in Net Positions

The following table (Table A-2) displays the changes in net positions for FY 2014 and FY 2013:

Table A-2
Changes in Net Positions
Year Ended June 30, 2014
With Comparative Totals for June 30, 2013
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenues												
Program revenue												
Charges for services	\$78.8	\$71.2	\$125.0	\$127.0	\$203.8	\$198.2	\$21.0	\$23.9	\$7.4	\$7.4	\$232.4	\$229.5
Operating grants and contributions	134.8	120.8	-	-	134.8	120.8	465.7	507.0	-	-	600.5	627.8
Capital grants and contributions	-	-	3.8	6.3	3.8	6.3	-	-	-	-	3.8	6.3
General revenue						0.0						
Property taxes	794.7	755.6	-	-	794.7	755.6	-	-	-	-	794.7	755.6
Other local taxes	202.4	205.0	-	-	202.4	205.0	19.4	18.2	-	-	221.8	223.2
Investment and interest earnings	6.6	4.3	0.2	-	6.8	4.3	0.1	0.1	-	-	6.9	4.4
Miscellaneous	34.4	50.2	-	-	34.4	50.2	-	-	0.1	-	34.5	50.2
Total revenues	1,251.7	1207.1	129.0	133.3	1,380.7	1,340.5	506.2	549.2	7.5	7.4	1,894.6	1,897.20
Expenses												
General government	238.9	197.9	-	-	238.9	197.9	-	-	-	-	238.9	197.9
Public safety	126.2	121.0	-	-	126.2	121.0	-	-	-	-	126.2	121.0
Environmental services	89.8	84.4	-	-	89.8	84.4	-	-	-	-	89.8	84.4
Health and welfare	117.6	113.9	-	-	117.6	113.9	-	-	-	-	117.6	113.9
Libraries	12.8	12.5	-	-	12.8	12.5	-	-	-	-	12.8	12.5
Parks, culture and recreation	37.4	36.1	-	-	37.4	36.1	-	-	-	-	37.4	36.1
Planning and community development	61.7	60.4	-	-	61.7	60.4	-	-	-	-	61.7	60.4
Education	418.1	462.6	-	-	418.1	462.6	488.4	485.1	-	-	906.5	947.7
Debt service:												
Interest and other charges	16.8	28.1	-	-	16.8	28.1	-	-	-	-	16.8	28.1
Water and sewer	-	-	85.4	93.6	85.4	93.6	-	-	-	-	85.4	93.6
Parking garage	-	-	5.4	5.8	5.4	5.8	-	-	-	-	5.4	5.8
8th Level Ballston Public Parking Garage	-	-	0.1	-	0.1	0.1	-	-	-	-	0.1	0.1
Rental Properties	-	-	-	-	-	-	-	-	7.4	7.4	7.4	7.4
CPHD Development Fund	-	-	13.7	12.2	13.7	12.2	-	-	-	-	13.7	12.2
Total expenses	1,119.3	1,116.9	104.6	111.6	1,223.9	1,228.6	488.4	485.1	7.4	7.4	1,719.8	1,721.1
Increase/(Decrease) in Net Positions	\$132.4	\$90.2	\$24.4	\$21.7	\$156.9	\$111.9	\$17.8	\$64.1	\$0.1	\$0.0	\$174.8	\$176.3

Note: Totals may not add due to rounding.

To summarize, the activities of the primary government and component units increased net positions as follows:

Governmental activities	\$132.4	75.7%
Business type activities	\$24.4	14.0%
Component-unit Schools	\$17.8	10.2%
Component-unit Gates Partnership	\$0.1	0.1%
Total	\$174.8	100.0%

Revenues. Revenues for the County's governmental activities were \$1,251.7 for fiscal year 2014. General revenues from governmental activities increased \$44.6, primarily due to increases in property tax revenue and a moderate increase in charges for services and operating grants. These increases were partially offset by decrease in other local taxes and miscellaneous revenue.

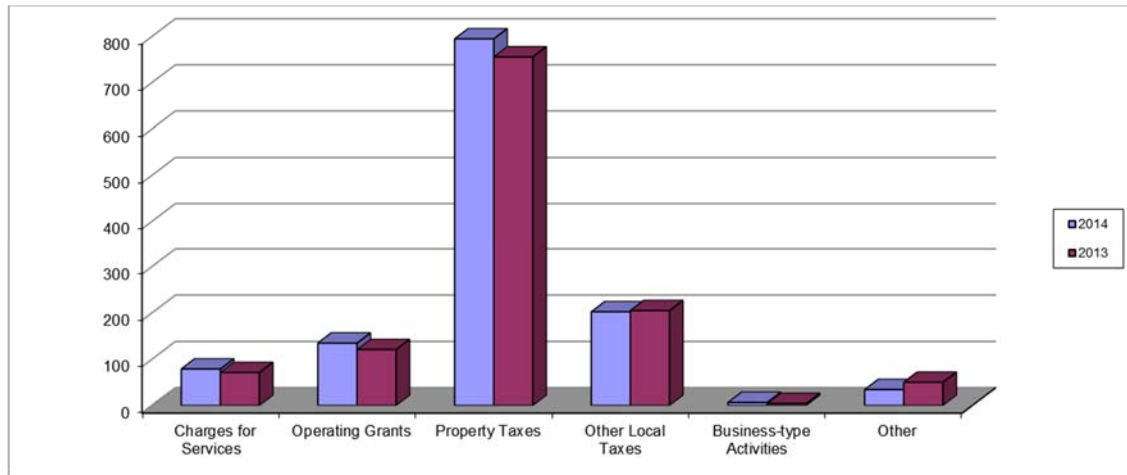
Taxes constitute the largest source of County revenues, amounting to \$997.10 for fiscal year 2014, an increase of \$36.5 over fiscal year 2013. Real estate taxes increased by \$35.43 to \$684.7 due to increased assessments and the CY 2013 tax rate increase of \$0.35 per \$100 of assessed property value, partially offset by the CY 2014 tax rate decrease of \$0.01 per \$100 of assessed property value. Personal property taxes increased \$3.8 to \$110.7 partially due to very modest increases in the average assessed value of cars and the number of cars registered within the County.

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 \$202.4 which represents \$2.5 decrease from the previous year. This decrease is primarily attributable to decreases in recordation, transient occupancy, car rental, and sales taxes, partially offset by slight increases in business license, meals, and utility taxes.

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 \$213.6. Operating Grants and Contributions represent the most significant of these revenues, totaling \$134.8. Other program revenue category was Charges for Services, totaling \$78.8. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$129.0, primarily from charges for services, which totaled \$125.0. The total revenue decreased by \$4.4 because of decrease of \$2.0 in Charges of Services and \$2.4 in Capital Grants Contributions.

Chart A-3
Primary Government Sources of Revenue
For Fiscal Years 2014 and 2013
(in millions)

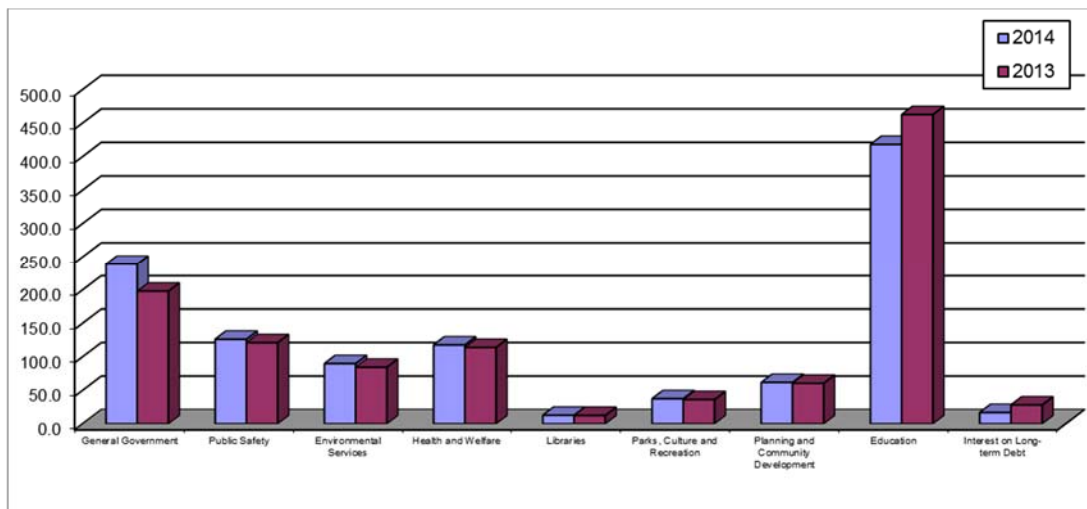


Expenses. Total cost of all the County's governmental activities for fiscal year 2014 was \$1,119.3, representing an increase of \$2.4 from fiscal year 2013. Education expense for fiscal year 2014 was \$418.1, a decrease of \$44.5 from previous fiscal year. However, as the following chart indicates, education continues to be the County's largest program. General government expenses represent the second largest expense, totaling \$238.9 in fiscal year 2014.

Expenses for the County's business-type activities totaled \$104.6 which provided water and sewer utility services, parking operations and planning and zoning services.

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

Chart A-4
Net Cost of Governmental Activities
For Fiscal Years 2014 and 2013
(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, unrestricted (committed and assigned) fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$536.2 an increase of \$69.3 in comparison with the prior year. Approximately, 93.55% of this total amount (\$501.6) constitutes unrestricted fund balance and is comprised of - \$446.1 is committed fund balance which can only be used for the specific purposes imposed by formal action of the County Board and \$55.5 is assigned fund balance which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed.

The general fund is a major governmental fund of the County. At the end of the current fiscal year, committed and assigned fund balance of the general fund was \$230.5 while total fund balance reached \$233.1. As a measure of the general fund's liquidity, it may be useful to compare both committed and assigned fund balances and total fund balance to total expenditures. In FY2014, both committed and assigned fund balance and total fund balance represents 21.52% and 21.75% of total general fund expenditures respectively.

The fund balance of the County's general fund increased by \$33.4 during the current fiscal year; driven by higher revenue than anticipated primarily due to taxes and department expenditure savings.

The general capital projects fund is another major fund of the County. At the end of the current fiscal year, total fund balance of the general capital projects fund was \$80.7. 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 242.72% of total general capital project fund expenditures.

The fund balance of the County's general capital projects fund increased by \$21.9 during the current fiscal year. This is due to combination of increase in revenue of \$6.5 (\$24.1 of revenues in FY14 compared to \$17.6 in FY13) as well as decrease in capital outlay of \$18.7 (\$37.2 of expenditures in FY14 vs \$56.1 in FY13).

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 positions (deficits) of the Utilities Fund at the end of the fiscal year amounted to \$69.6, the Ballston Public Parking Garage Fund amounted to (\$21.3), 8th Level of the Ballston Public Parking Garage amounted to \$.3, and the CPHD Development Fund amounted to \$18.2. The total change in net positions of the Utilities Fund was \$22.8, the Ballston Public Parking Garage Fund was (\$9), the 8th Level of the Ballston Public Parking Garage Fund was \$1.5, and CPHD Development Fund was \$.9. 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

At the end of fiscal year 2014, the difference in General Fund balance between the original (adopted) budget and the final budget was \$127.4 million, which was primarily due to the increased expenditure budget in the following:

- 73.1 million in increases allocated to Non-Departmental for affordable housing, budget stabilization contingency, master lease financing, and incomplete projects from FY 2013. This includes \$3.9 million allocated to Non-Departmental for planning projects, consultant contingent, public safety technology, funding for the new homeless services center and County office space, an agreement with Dominion Power for pole attachments, and Four Mile Run as a result of FY 2013 closeout. In addition, \$18.1 million increase in transfer to Pay as You Go funding for capital projects.
- \$4.5 million in increases from grants funding to the Police Department, Office of Emergency Management, and Fire department for equipment purchases, training, software, and emergency preparedness.
- \$3.0 million in increases allocated to the Department of Environmental Services for carryover of incomplete projects from prior years, and additional funding relating to commuter services program and Northern Virginia Transportation Commission funding for bus services (ART Route 43).

- \$1.3 million in increases allocated to the Judicial Administration. This includes grant funding relating to gangs and carryover of incomplete project from prior years for digital conversion, seized assets, and grant funding for Drug Court.
- \$0.5 million in increases allocated to Planning and Community Development from carryover of incomplete projects from prior years for planning and grant-related activities, technology support, housing needs survey funding, MIPAP, and neighborhood services.
- \$2.5 million in increases allocated to the General Government from carryover of incomplete projects from prior years, including Microsoft agreements, network security, funding for a healthcare consultant, and a barrier analysis.
- \$6.5 million in increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants and funding for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, transportation, homelessness prevention, housing assistance resources, and employment and health services.
- \$2.1 million in increases allocated to the Department of Parks and Recreation in grant and FY 2013 carryover funding for a variety of services, including program revenue and expense for various supplemental fee programs, program review, public space master plan, safety equipment, wetlands restoration, urban agriculture, mowing services for schools, and moving funds from trust and agency to the general fund.
- \$21.7 million increase in transfers out to the Schools, primarily as a result of FY 2013 closeout.

At the end of fiscal year 2014, the difference in General Fund balance between the final budget and actual was \$160.7 million which consisted of a \$117.8 million favorable expenditure variance and a \$40.4 million favorable revenue variance and \$2.5 million favorable other financing source activities. The favorable expenditure variance consisted of the following:

- The \$64.9 million favorable expenditure balance in Non-Departmental is primarily due to the affordable housing investment fund and under expenditures in lease purchase, consultants, contingent funds, and OPEB contributions.
- \$2.5 million favorable expenditure balance in General Government Administration primarily due to position vacancies, savings in consultants, recruitment and safety.
- \$3.0 million favorable in Parks and Recreation primarily due to vacancy savings and contractual services.
- \$1.1 million favorable in Planning and Community Development primarily due to position vacancies and under expenditures in contracted services.
- \$1.7 million favorable in Environmental Services primarily due to position vacancies, overtime savings, and expenditure reductions in contracted services and regional programs and Freshaire programs.
- \$10.3 million favorable in Department of Human Services primarily due to under expenditures in various program areas and staff vacancies. This also includes \$3.0 million in delays in spending grant funds (which will be carried over and expended in FY 2015).
- \$3.5 million favorable in Public Safety primarily due to position vacancies and under expenditures in contracted services and operating supplies.
- \$0.2 million favorable in Judicial Administration primarily due to position vacancies, unexpended grants, seized asset funding and other incomplete projects which will be carried forward and expended in the next fiscal years.
- \$30.1 million favorable in the schools transfer; unspent balances will be carried over to the next fiscal year for the schools.
- \$2.4 million in premium related to the sale of bonds.

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, 2014 amounts to \$2,651.7 (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 capital projects funds included the following:

- \$16.2 million for Parks and Recreation center improvements including Arlington Mill Community Center, playgrounds, land acquisition, and field and court upgrades.
- \$11.3 million for Government facilities construction including the Homeless Services Center, Arlington Mill Community Center, DHS Consolidation at Sequoia, Fire Training Academy, and maintenance capital improvements at the Detention Facility, Central Library and the Equipment Bureau.

- \$4.8 million for Neighborhood Conservation projects to include improvements to streetlights, sidewalks, and parks, and construction of neighborhood beautification projects,
- \$7.5 million for Information Technology investments including PC replacement, public safety mobile data computers and infrastructure, police in-car cameras, network refreshment, remote access hardware, and network security.
- \$1.2 million for Capital funding contributions to several regional organizations such as Northern Virginia Community College and the Northern Virginia Criminal Justice Academy which provide beneficial services to Arlington residents and visitors.
- \$2.6 million for shared facilities and infrastructure with Arlington Public Schools
- \$10.3 million for locality's share of the regional Metro projects.
- \$12.2 million for the Rosslyn Metro Station Improvements, Potomac Yard Transitway, Art Bus procurement, Streetcar planning and engineering and other transit projects
- \$3.1 million for traffic and pedestrian signal upgrades
- \$0.2 million for street light installation and LED conversion
- \$2.1 million for bicycle and pedestrian safety improvements
- \$5.8 million for paving
- \$0.4 million for bridge maintenance
- \$9.1 million for safety and capacity improvements to arterial streets such as Pentagon City Multi-Modal improvements and along Columbia Pike corridor

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

Table A-5 Capital Assets
June 30, 2014
With Comparative Totals for June 30, 2013
 (net of depreciation, in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Land	\$164.5	\$160.9	\$6.2	\$6.2	\$170.7	\$167.1	\$4.7	\$4.7	\$13.3	\$13.3	\$188.7	\$185.1
Buildings	234.2	225.1	12.6	9.7	246.8	234.8	507.4	494.2	65.3	67.0	819.5	796.0
Equipment	102.8	93.6	2.5	2.5	105.3	96.1	27.8	26.4	-	-	133.1	122.5
Infrastructure	238.8	204.7	-	-	238.8	204.7	-	-	-	-	238.8	204.7
Intangible assets	2.3	1.4	0.4	0.6	2.7	2.0	-	-	-	-	2.7	2.0
Plant - sewer system	-	-	253.1	247.9	253.1	247.9	-	-	-	-	253.1	247.9
Plant - water system	-	-	631.9	634.3	631.9	634.3	-	-	-	-	631.9	634.3
Construction in progress	220.5	232.1	125.9	123.6	346.4	355.7	-	-	-	-	346.4	355.7
Internal service funds	37.4	34.2	-	-	37.4	34.2	-	-	-	-	37.4	34.2
Total	\$1,000.5	\$952.0	\$1,032.6	\$1,024.8	\$2,033.1	\$1,976.8	\$539.9	\$525.2	\$78.7	\$80.4	\$2,651.7	\$2,582.5

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 \$1,501.7. Of this amount, \$1,280.4 comprises general obligation 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 (\$221.3) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) (\$148.7), workers compensation reserves (\$3.4) and accrued compensated absences (\$69.2).

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

Table A-6
Arlington County Outstanding Debt
June 30, 2014
With Comparative Totals for June 30, 2013
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
General obligation bonds**	\$838.3	\$832.1	\$119.2	\$126.5	\$957.5	\$958.6	\$-	\$-	\$-	\$-	\$957.5	\$958.6
Revenue bonds	-	-	8.9	9.4	8.9	9.4	-	-	-	-	8.9	9.4
IDA Revenue Bonds	116.5	125.3	-	-	116.5	125.3	-	-	-	-	116.5	125.3
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	19.9	20.1	23.3	23.5
Note payable	-	-	233.3	246.2	233.3	246.2	-	-	8.6	8.1	241.9	254.3
Obligations under capital lease	20.0	17.3	0.1	0.2	20.1	17.5	4.5	5.0	-	-	24.6	22.5
Worker's compensation claims	3.4	3.8	-	-	3.4	3.8	-	-	-	-	3.4	3.8
Accrued compensated absences	33.9	33.0	1.9	2.0	35.8	35.0	33.4	34.9	-	-	69.2	69.9
Mortgage and bond interest payable	-	-	28.5	26.9	28.5	26.9	-	-	-	-	28.5	26.9
Bonds Payable	-	-	-	-	-	-	-	-	27.1	28.2	27.1	28.2
Development fee payable	-	-	-	-	-	-	-	-	0.8	-	0.8	-
Total	\$1,012.1	\$1,011.5	\$395.3	\$414.6	\$1,407.4	\$1,426.1	\$37.9	\$39.9	\$56.4	\$56.4	\$1,501.7	\$1,522.4

Note: Totals may not add due to rounding

** General fund is responsible for bond-financed school capital assets

The County's total debt decreased by \$20.1 during the current fiscal year. The key factors that contributed to this change include decreases of \$8.3 on IDA revenue bonds, and \$12.9 on VRA note payable. 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 3.6%, which is a decrease of 0.4% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 5.9% and the national average rate of 6.3%.
- The vacancy rate of the County's office buildings increased from 17.1% to 20.4%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2015 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 POSITION
JUNE 30, 2014

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	Total Government
ASSETS:						
Equity in pooled cash and investments	\$655,004,159	\$96,573,799	\$751,577,958	\$103,797,411	\$1,944,016	\$857,319,385
Petty cash	1,950	-	1,950	815	-	2,765
Cash with fiscal agents	272,176	25,221	297,397	-	-	297,397
Receivables, net	404,796,936	18,818,703	423,615,639	4,442,209	58,697	428,116,545
Receivable from primary government	-	-	-	85,647,645	-	85,647,645
Receivable from other governments	5,570,514	-	5,570,514	-	-	5,570,514
Inventory	-	1,365,393	1,365,393	166,293	-	1,531,686
Other assets	17,115,392	2,635,744	19,751,136	-	1,601,204	21,352,340
Reserves and escrow deposits	-	-	-	-	4,140,104	4,140,104
OPEB	352,496	-	352,496	-	-	352,496
Capital assets:						
Land	164,478,229	6,161,255	170,639,484	4,697,946	13,369,961	188,707,391
Intangible assets, net	2,374,857	394,983	2,769,840	-	-	2,769,840
Depreciable, net	613,127,891	900,072,159	1,513,200,050	535,180,630	65,285,878	2,113,666,558
Construction in progress	220,497,892	125,999,949	346,497,841	-	-	346,497,841
Total capital assets, net	1,000,478,869	1,032,628,346	2,033,107,215	539,878,576	78,655,839	2,651,641,630
Total assets	2,083,592,492	1,152,047,206	3,235,639,698	733,932,949	86,399,860	4,055,972,507
LIABILITIES:						
Accounts payable	20,496,936	10,619,808	31,116,744	9,703,554	340,784	41,161,082
Unearned revenue	22,558,111	-	22,558,111	681,792	-	23,239,903
Due to component unit	85,647,645	-	85,647,645	-	-	85,647,645
Accrued liabilities	21,890,610	11,933,079	33,823,689	55,735,206	1,118,921	90,677,816
Other liabilities	17,187,561	-	17,187,561	10,483,254	1,347,660	29,018,475
Non-current liabilities:						
Development fee payable	-	-	-	-	883,713	883,713
OPEB liability	-	-	-	14,626,895	-	14,626,895
Due within one year	85,118,474	53,886,421	139,004,895	5,421,763	691,278	145,117,936
Due in more than one year	926,941,941	341,175,279	1,268,117,220	32,541,142	54,843,971	1,355,502,333
Total liabilities	1,179,841,278	417,614,587	1,597,455,865	129,193,606	59,226,327	1,785,875,798
Deferred Inflows	19,072,342	-	19,072,342	-	-	19,072,342
Total liability and deferred inflows	1,198,913,620	417,614,587	1,616,528,207	129,193,606	59,226,327	1,804,948,140
NET POSITION:						
Net investment in capital assets	527,691,722	667,676,811	1,195,368,533	535,315,558	23,811,868	1,754,495,959
Restricted for:						
Capital projects	300,867,564	-	300,867,564	57,977,311	-	358,844,875
Other projects	2,290,690	-	2,290,690	11,446,474	-	13,737,164
Unrestricted	53,828,896	66,755,808	120,584,704	-	3,361,665	123,946,369
Total net position	\$884,678,872	\$734,432,619	\$1,619,111,491	\$604,739,343	\$27,173,533	\$2,251,024,367

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, 2014

Functions/Programs	Program Revenues				Governmental Activities	Business-Type Activities	Total	Component Units	
	Expenses	Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions				Schools	Gates Partnership
Primary Government:									
Governmental Activities:									
General government	\$238,920,444	\$20,009,810	\$29,899,556	\$-	(\$189,011,078)	\$-	(\$189,011,078)	\$-	\$-
Public safety	126,239,238	11,590,616	11,570,161	-	(103,078,461)	-	(103,078,461)	-	-
Environmental services	89,774,303	26,811,532	9,809,437	-	(53,153,334)	-	(53,153,334)	-	-
Health & welfare	117,588,487	3,167,690	33,885,692	-	(80,535,105)	-	(80,535,105)	-	-
Libraries	12,784,342	533,958	176,293	-	(12,074,091)	-	(12,074,091)	-	-
Parks, recreation & culture	37,416,330	9,154,266	89,343	-	(28,172,721)	-	(28,172,721)	-	-
Planning & community development	61,703,864	7,591,659	49,426,107	-	(4,686,098)	-	(4,686,098)	-	-
Education	418,066,409	-	-	-	(418,066,409)	-	(418,066,409)	-	-
Interest and other charges	16,786,171	-	-	-	(16,786,171)	-	(16,786,171)	-	-
Total governmental activities	1,119,279,588	78,859,531	134,856,589	-	(905,563,468)	-	(905,563,468)	-	-
Business-type activities:									
Utilities	85,448,387	105,668,151	-	2,421,745	-	22,641,509	22,641,509	-	-
Ballston Public Parking Garage	5,315,660	4,411,414	-	-	-	(904,246)	(904,246)	-	-
8th Level Ballston Public Parking Garage	157,097	328,547	-	1,367,321	-	1,538,771	1,538,771	-	-
CPHD Development Fund	13,762,118	14,621,512	-	-	-	859,394	859,394	-	-
Total business-type activities	104,683,262	125,029,624	-	3,789,066	-	24,135,428	24,135,428	-	-
Total Primary government	1,223,962,850	203,889,155	134,856,589	3,789,066	(905,563,468)	24,135,428	(881,428,040)	-	-
Component unit:									
Schools	488,403,844	21,075,957	465,682,654	-	-	-	-	(1,645,233)	-
Gates Partnership	7,468,573	7,489,067	-	-	-	-	-	-	20,494
Total component units	495,872,417	28,565,024	465,682,654	-	-	-	-	(1,645,233)	20,494
General Revenues:									
Property Taxes:									
Real estate property taxes					683,987,883	-	683,987,883	-	-
Personal property taxes					110,688,939	-	110,688,939	-	-
Other Local taxes:									
Business, professional occupancy license taxes					62,752,491	-	62,752,491	-	-
Sales tax					39,046,328	-	39,046,328	19,368,052	-
Meals tax					34,951,030	-	34,951,030	-	-
Transient tax					20,784,241	-	20,784,241	-	-
Utility tax					12,095,016	-	12,095,016	-	-
Recordation, car rental and other local taxes					32,745,168	-	32,745,168	-	-
Investment and interest earnings					6,578,889	272,989	6,851,878	72,867	24,810
Miscellaneous					34,381,768	-	34,381,768	-	75,121
Total general revenues					1,038,011,753	272,989	1,038,284,742	19,440,919	99,931
Change in net position					132,448,285	24,408,417	156,856,702	17,795,686	120,425
Net position, beginning					752,230,587	710,024,202	1,462,254,789	586,943,657	27,053,108
Net position, ending					\$884,678,872	\$734,432,619	\$1,619,111,491	\$604,739,343	\$27,173,533

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

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in pooled cash and investments	\$319,574,683	\$91,294,484	\$231,692,206	\$642,561,373
Petty cash	1,950	-	-	1,950
Cash with fiscal agents	272,176	-	-	272,176
Receivables, net	377,657,651	2,143,969	22,655,671	402,457,291
Due from other funds	182,600	-	-	182,600
Receivables from other governments	5,070,454	-	500,060	5,570,514
Other assets	15,197,337	-	1,292,866	16,490,203
Totals assets	<u>\$717,956,851</u>	<u>\$93,438,453</u>	<u>\$256,140,803</u>	<u>\$1,067,536,107</u>
LIABILITIES				
Accounts payable	7,403,093	4,055,051	7,556,682	19,014,826
Unearned revenue	15,309,223	7,248,888	-	22,558,111
Due to component unit	85,647,645	-	-	85,647,645
Accrued liabilities	21,890,610	-	-	21,890,610
Other liabilities	1,724,943	1,433,892	12,173,265	15,332,100
Total liabilities	<u>131,975,514</u>	<u>12,737,831</u>	<u>19,729,947</u>	<u>164,443,292</u>
Deferred Inflows	352,927,400	-	13,953,224	366,880,624
Total Liabilities and Deferred Inflows	<u>484,902,914</u>	<u>12,737,831</u>	<u>33,683,171</u>	<u>531,323,916</u>
FUND BALANCES				
<u>Non spendable:</u>				
Prepaid	-	-	1,292,866	1,292,866
<u>Restricted for:</u>				
Seized assets	2,522,979	-	-	2,522,979
Debt service	-	-	29,790,565	29,790,565
Grants	-	-	1,002,099	1,002,099
<u>Committed to:</u>				
Self insurance reserve	5,000,000	-	-	5,000,000
Subsequent years' County budget	4,860,024	-	-	4,860,024
Capital projects	14,831,642	80,700,622	190,372,102	285,904,366
Operating reserve	54,575,340	-	-	54,575,340
Economic & revenue stabilization contingent	3,000,000	-	-	3,000,000
Incomplete projects	412,220	-	-	412,220
Affordable Housing Investment Fund	45,631,924	-	-	45,631,924
Subsequent years' School budget	46,735,944	-	-	46,735,944
<u>Assigned to:</u>				
Subsequent years' County budgets	15,593,759	-	-	15,593,759
Subsequent years' County capital projects	11,782,428	-	-	11,782,428
Operating reserves	2,810,020	-	-	2,810,020
Fresh AIRE program	1,480,249	-	-	1,480,249
Incomplete projects	3,772,275	-	-	3,772,275
Affordable Housing Investment Fund	20,045,133	-	-	20,045,133
Total fund balances	<u>233,053,937</u>	<u>80,700,622</u>	<u>222,457,632</u>	<u>536,212,191</u>
Total liabilities and fund balance	<u>\$717,956,851</u>	<u>\$93,438,453</u>	<u>\$256,140,803</u>	<u>\$1,067,536,107</u>

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

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
 NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2014

Total governmental fund balances	\$536,212,191
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	963,117,037
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds	347,808,282
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds	(1,005,865,063)
OPEB liabilities are not due and payable in the current period and are not reported in the funds	352,496
Internal service funds	43,053,929
	\$884,678,872
Net position of governmental activities	\$884,678,872

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

ARLINGTON COUNTY, VIRGINIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes:				
Real estate property taxes	\$631,515,416	\$-	\$37,040,760	\$668,556,176
Personal property taxes	110,688,939	-	-	110,688,939
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	62,752,491	-	-	62,752,491
Sales tax	39,046,328	-	-	39,046,328
Meals tax	34,951,030	-	-	34,951,030
Transient tax	20,784,241	-	-	20,784,241
Utility tax	12,095,016	-	-	12,095,016
Recordation, car rental and other local taxes	25,205,143	-	7,540,025	32,745,168
Fines and forfeitures	8,113,863	-	-	8,113,863
Licenses, permits and fees	12,396,844	-	-	12,396,844
Intergovernmental	85,999,950	13,311,154	31,577,537	130,888,641
Charges for services	53,136,621	4,393,070	819,133	58,348,824
Interest and rent	6,414,252	-	164,638	6,578,890
Miscellaneous revenues	28,844,099	2,473,616	3,050	31,320,765
Total revenues	1,131,944,233	20,177,840	77,145,143	1,229,267,216
EXPENDITURES:				
Current operating:				
General government	218,071,915	645,155	6,426,089	225,143,159
Public safety	123,600,685	109,220	-	123,709,905
Environmental services	80,154,573	-	-	80,154,573
Health and welfare	117,309,171	-	-	117,309,171
Libraries	12,486,165	-	-	12,486,165
Parks, recreation and culture	34,194,780	2,515	-	34,197,295
Planning and community development	21,199,554	124,008	27,666,755	48,990,317
Principal	38,279,170	-	321,460	38,600,630
Interest and other charges	17,606,604	-	351,957	17,958,561
Cost of refunding bonds	-	-	(1,172,390)	(1,172,390)
Intergovernmental				
Community development	-	1,214,210	10,290,000	11,504,210
Education - Schools	407,323,010	-	36,460,000	443,783,010
Capital outlay	1,257,715	31,153,074	44,700,760	77,111,549
Total expenditures	1,071,483,342	33,248,182	125,044,631	1,229,776,155
Excess(deficiency) of revenues over expenditures	60,460,891	(13,070,342)	(47,899,488)	(508,939)
OTHER FINANCING SOURCES(USES):				
Transfers in	368,089	29,553,643	-	29,921,732
Transfers out	(29,816,042)	-	(238,089)	(30,054,131)
Issuance of capital leases	-	5,459,005	-	5,459,005
Issuance of refunding bonds	-	-	37,690,000	37,690,000
Payments to refunded bond escrow agent	-	-	(38,862,390)	(38,862,390)
Bond premium	2,442,072	-	-	2,442,072
Issuance of general obligation debt	-	-	63,210,000	63,210,000
Total other financing sources and (uses)	(27,005,881)	35,012,648	61,799,521	69,806,288
Net change in fund balances	33,455,010	21,942,306	13,900,033	69,297,349
Fund balances, beginning	199,598,927	58,758,316	208,557,599	466,914,842
Fund balances, ending	\$233,053,937	\$80,700,622	\$222,457,632	\$536,212,191

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

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds		\$69,297,349
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	77,111,546	
Less: Depreciation expense	<u>(31,846,532)</u>	45,265,014
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		15,431,707
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Add: Debt repayment-debt principal	111,483,865	
Less: Proceeds from bonds and capital leases	(106,359,004)	
Bond premium to be amortized	(2,301,246)	
Amortization and other charges	<u>(1,349,574)</u>	1,474,041
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation		(586,062)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		1,056,772
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 expense for internal service	446,810	
Net operating gain internal service funds	<u>62,654</u>	509,464
Change in net position of governmental activities		<u><u>\$132,448,285</u></u>

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, 2014

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
General Property taxes:				
Real estate	\$603,955,907	\$603,033,449	\$631,515,416	\$28,481,967
Personal	106,500,000	106,500,000	110,688,939	4,188,939
Other Local taxes	195,695,000	195,695,000	194,834,249	(860,751)
Licenses, permits and fees	10,411,637	10,411,637	12,396,844	1,985,207
Charges for services	51,159,610	52,386,128	53,136,621	750,493
Fines and forfeitures	9,605,548	9,605,548	8,113,863	(1,491,685)
Grants:				
State grants	64,888,782	69,777,014	67,984,661	(1,792,353)
Federal grants	14,506,102	18,844,633	18,015,289	(829,344)
Use of money and property	5,811,510	5,866,760	6,414,252	547,492
Miscellaneous revenue	28,972,707	19,394,204	28,844,099	9,449,895
Total revenues	1,091,506,803	1,091,514,373	1,131,944,233	40,429,860
EXPENDITURES:				
General Government Administration				
County Board	1,050,933	1,149,412	1,078,257	71,155
County Manager	5,132,881	5,160,483	5,191,702	(31,219)
Financial Management	6,792,326	6,792,326	6,018,001	774,325
Human Resources	8,380,437	8,742,437	7,908,723	833,714
Technology Services	16,998,579	18,879,880	18,319,387	560,493
County Attorney	2,536,808	2,570,719	2,653,243	(82,524)
Commissioner of Revenue	5,255,843	5,266,409	4,994,779	271,630
Treasurer	6,201,472	6,215,675	6,423,281	(207,606)
Electoral Board	1,214,817	1,314,349	1,020,051	294,298
Total General Government	53,564,096	56,091,690	53,607,424	2,484,266
Judicial Administration				
Circuit Court & Circuit Court Judiciary	3,430,307	3,843,762	3,450,728	393,034
District Court	371,760	373,176	364,869	8,307
Juvenile & Domestic Relations Court	5,964,623	6,105,051	5,731,030	374,021
Commonwealth Attorney	4,037,100	4,174,814	3,981,380	193,434
Sheriff & Jail	37,207,931	37,784,494	38,526,817	(742,323)
Magistrate's Office	43,746	43,746	41,363	2,383
Total Judicial Administration	51,055,467	52,325,043	52,096,187	228,856
Public Safety				
Police	61,647,300	64,789,260	60,965,129	3,824,131
Office of Emergency Management	10,505,165	11,254,353	10,966,169	288,184
Fire	50,993,422	51,663,185	52,274,199	(611,014)
Total Public Safety	123,145,887	127,706,798	124,205,497	3,501,301
Environmental Services	79,219,719	82,274,902	80,533,785	1,741,117
Health & Welfare	121,180,468	127,728,332	117,358,298	10,370,034
Libraries	12,526,566	12,744,549	12,493,400	251,149

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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development				
Economic Development	10,097,867	11,144,190	10,829,236	314,954
Community Planning, Housing & development	10,733,322	11,194,329	10,377,073	817,256
Total Planning & Community Development	20,831,189	22,338,519	21,206,309	1,132,210
Parks and Recreation	35,161,920	37,268,040	34,273,106	2,994,934
Education	415,703,129	437,407,759	407,323,010	30,084,749
Non-Departmental				
Non-Departmental	63,576,731	136,547,562	76,452,328	60,095,234
Debt Service				
Principal payment	37,005,960	37,005,960	38,279,170	(1,273,210)
Interest payment	23,394,040	23,394,040	17,598,928	5,795,112
Other costs	200,000	200,000	7,676	192,324
Regionals/Contributions	7,860,712	7,990,495	7,854,224	136,271
METRO	28,194,000	28,194,000	28,194,000	-
Total Non-Departmental	160,231,443	233,332,057	168,386,326	64,945,731
Total expenditures	1,072,619,884	1,189,217,689	1,071,483,342	117,734,347
Excess of revenues over expenditures	18,886,919	(97,703,316)	60,460,891	158,164,207
OTHER FINANCING SOURCES (USES):				
Transfers in	207,018	207,018	368,089	161,071
Transfers out	(18,886,919)	(29,749,496)	(29,816,042)	(66,546)
Premium from sale of bonds	-	-	2,442,072	2,442,072
Total other financing sources/(uses)	(18,679,901)	(29,542,478)	(27,005,881)	2,536,597
Net change in fund balance	207,018	(127,245,794)	33,455,010	160,700,804
Fund Balance - beginning of year	199,598,927	199,598,927	199,598,927	-
Fund Balance - end of year	\$199,805,945	\$72,353,133	\$233,053,937	\$160,700,804

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014

	Business-type activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	
ASSETS:						
Current assets:						
Equity in pooled cash and investments	\$62,453,741	\$14,468,987	\$290,000	\$19,361,071	\$96,573,799	\$12,442,786
Cash with fiscal agents	25,221	-	-	-	25,221	-
Receivables, net	18,817,533	1,170	-	-	18,818,703	2,157,045
Inventory, at cost	1,365,393	-	-	-	1,365,393	625,189
Other current Assets	2,447,864	187,880	-	-	2,635,744	-
Total current assets	<u>85,109,752</u>	<u>14,658,037</u>	<u>290,000</u>	<u>19,361,071</u>	<u>119,418,860</u>	<u>\$15,225,020</u>
Non-current assets:						
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	885,767,407	9,332,943	3,438,315	1,533,494	900,072,159	37,361,832
Intangible assets, net	31,889	-	-	363,094	394,983	-
Construction in progress	125,971,069	28,880	-	-	125,999,949	-
Total capital assets, net	<u>1,017,931,620</u>	<u>9,361,823</u>	<u>3,438,315</u>	<u>1,896,588</u>	<u>1,032,628,346</u>	<u>37,361,832</u>
Total non current assets	<u>1,017,931,620</u>	<u>9,361,823</u>	<u>3,438,315</u>	<u>1,896,588</u>	<u>1,032,628,346</u>	<u>37,361,832</u>
Total assets	<u>1,103,041,372</u>	<u>24,019,860</u>	<u>3,728,315</u>	<u>21,257,659</u>	<u>1,152,047,206</u>	<u>52,586,852</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	9,771,387	372,971	-	475,450	10,619,808	1,482,110
Accrued liabilities	417,492	11,395,640	-	119,947	11,933,079	1,855,461
Due within one year	25,677,562	28,150,641	-	58,218	53,886,421	1,195,955
Total current liabilities	<u>35,866,441</u>	<u>39,919,252</u>	<u>-</u>	<u>653,615</u>	<u>76,439,308</u>	<u>4,533,526</u>
Non-current liabilities:						
Due in more than one year	<u>332,251,316</u>	<u>8,400,000</u>	<u>-</u>	<u>523,963</u>	<u>341,175,279</u>	<u>4,999,397</u>
Total liabilities	<u>368,117,757</u>	<u>48,319,252</u>	<u>-</u>	<u>1,177,578</u>	<u>417,614,587</u>	<u>9,532,923</u>
NET POSITION:						
Net investment in capital assets	665,309,764	(2,967,856)	3,438,315	1,896,588	667,676,811	31,693,675
Unrestricted	<u>69,613,851</u>	<u>(21,331,536)</u>	<u>290,000</u>	<u>18,183,493</u>	<u>66,755,808</u>	<u>11,360,254</u>
Total net position (deficit)	<u>\$734,923,615</u>	<u>(\$24,299,392)</u>	<u>\$3,728,315</u>	<u>\$20,080,081</u>	<u>\$734,432,619</u>	<u>\$43,053,929</u>

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-type activities-Enterprise Funds				Governmental Activities	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total Business-type Activities	Internal Service Funds
OPERATING REVENUES:						
Water-sewer service charges	\$88,880,766	\$-	\$-	\$-	\$88,880,766	\$-
Water-service hook-up charges	5,499,780	-	-	-	5,499,780	-
Water-service connection charges	1,412,500	-	-	-	1,412,500	-
Sewage treatment service charges	6,553,790	-	-	-	6,553,790	-
Permits and Fees	-	-	-	14,621,512	14,621,512	-
Other charges for services	3,321,315	-	-	-	3,321,315	23,761,795
Parking charges	-	4,411,414	328,547	-	4,739,961	-
Total Operating revenues	105,668,151	4,411,414	328,547	14,621,512	125,029,624	23,761,795
OPERATING EXPENSES:						
Personnel services	13,841,929	-	5,229	5,918,129	19,765,287	4,175,915
Fringe benefits	4,987,709	-	-	2,300,119	7,287,828	1,781,333
Cost of store issuances	-	-	-	-	-	5,681,026
Contractual services	12,842,119	2,187,273	45,902	2,607,889	17,683,183	-
Purchases of water	8,032,924	-	-	-	8,032,924	-
Materials and supplies	9,028,776	298,650	32,810	364,255	9,724,491	328,887
Utilities	-	-	-	-	-	202,281
Operating Equipment	-	-	-	-	-	12,899
Outside services	-	-	-	-	-	5,349,813
Depreciation	13,845,860	516,007	73,156	519,323	14,954,346	6,166,989
Amortization	-	34,427	-	-	34,427	-
Deferred rent	-	773,747	-	-	773,747	-
Equipment (Construction Contracts)	4,438,816	-	-	294,031	4,732,847	-
Internal Services	-	-	-	1,758,372	1,758,372	-
Miscellaneous	5,571,587	-	-	-	5,571,587	-
Total Operating expenses	72,589,720	3,810,104	157,097	13,762,118	90,319,039	23,699,143
Operating income	33,078,431.00	601,310	171,450	859,394	34,710,585.00	62,652
NON-OPERATING REVENUES(EXPENSES)						
Interest income and other income	192,461	7,482	-	73,046	272,989	-
Interest expense and fiscal charges	(12,955,913)	(1,505,556)	-	-	(14,461,469)	-
Interest payment on capital lease	(4,781)	-	-	-	(4,781)	(128,654)
Gain on disposal of assets	-	-	-	-	-	509,611
Total non-operating revenues(expenses)	(12,768,233)	(1,498,074)	-	73,046	(14,193,261)	380,957
Net Income(loss) before contributions and transfers	20,310,198	(896,764)	171,450	932,440	20,517,324.00	443,609
CONTRIBUTIONS AND NET TRANSFERS						
Contributions from developers and other sources	2,421,745	-	1,367,321	-	3,789,066	-
Transfers in	102,027	-	-	-	102,027	195,853
Transfers out	-	-	-	-	-	(130,000)
Total contributions and net transfers	2,523,772	-	1,367,321	-	3,891,093	65,853
Change in net position	22,833,970	(896,764)	1,538,771	932,440	24,408,417	509,462
Net position - beginning of year	712,089,645	(23,402,628)	2,189,544	19,147,641	710,024,202	42,544,467
Net position - end of year	\$734,923,615	(\$24,299,392)	\$3,728,315	\$20,080,081	\$734,432,619	\$43,053,929

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, 2014

	Business-type activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$102,623,153	\$4,412,374	(\$497,820)	\$14,621,512	\$121,159,219	\$23,428,752
Cash paid to suppliers	(40,178,635)	(2,522,557)	75,705	(4,835,963)	(47,461,450)	(9,678,920)
Cash paid to employees	(18,964,980)	-	-	(8,233,522)	(27,198,502)	(5,988,883)
Net cash flows from operating activities	43,479,538	1,889,817	(422,115)	1,552,027	46,499,267	7,760,949
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	192,461	7,482	-	73,046	272,989	-
Net cash flows from investing activities	192,461	7,482	-	73,046	272,989	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer out to other funds	-	-	-	-	-	(130,000)
Contributions from developers and other sources	-	-	1,367,321	-	1,367,321	195,853
Net cash flows from (used by) non-capital financing activities	-	-	1,367,321	-	1,367,321	65,853
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(8,741,975)	(500,000)	-	-	(9,241,975)	-
Proceeds from sale of general obligation bonds	1,700,000	-	-	-	1,700,000	-
Payments to bonds redeemed	(2,857,610)	-	-	-	(2,857,610)	-
Proceeds of bond refunding	2,765,000	-	-	-	2,765,000	-
Cost of refunding bonds	92,610	-	-	-	92,610	-
Bond premiums	151,932	-	-	-	151,932	-
Payment of principal on capital lease	(29,631)	-	-	-	(29,631)	(919,315)
Payment of interest on capital lease	(4,781)	-	-	-	(4,781)	(128,654)
Payment of VRA loan	(12,910,836)	-	-	-	(12,910,836)	-
Interest and other loan expenses paid	(12,863,094)	(129,401)	-	-	(12,992,495)	-
Purchases of property	(18,376,289)	-	(2,318,656)	-	(20,694,945)	(9,714,935)
Net cash flows from (used by) capital and related financing activities	(51,074,674)	(629,401)	(2,318,656)	-	(54,022,731)	(7,404,269)
Net increase (decrease) in cash and cash equivalents	(7,402,675)	1,267,898	(1,373,450)	1,625,073	(5,883,154)	422,533
Cash and cash equivalents at beginning of year	69,856,416	13,201,089	1,663,450	17,735,998	102,456,953	12,020,253
Cash and cash equivalents at end of year	\$62,453,741	\$14,468,987	\$290,000	\$19,361,071	\$96,573,799	\$12,442,786
Reconciliation of operating income to net cash flow from operations:						
Operating Income	\$33,078,431	\$601,310	\$171,450	\$859,394	\$34,710,585	\$62,652
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	13,845,860	550,434	73,156	519,323	14,988,773	6,166,989
(Increase) Decrease in accounts receivable	(3,054,099)	960	-	-	(3,053,139)	(333,043)
(Increase) Decrease in inventories	(60,526)	-	-	-	(60,526)	22,552
Increase (Decrease) in vouchers payable	1,057,189	(36,634)	(626,968)	188,584	582,171	1,873,434
Increase (Decrease) in compensated absences	(135,342)	-	(39,753)	(15,274)	(190,369)	(31,635)
Increase (Decrease) in contract retainage	(1,261,075)	-	-	-	(1,261,075)	-
Increase (Decrease) in accrued rent liability	-	773,747	-	-	773,747	-
Increase (Decrease) in deferred revenue	9,100	-	-	-	9,100	-
Net cash flows from operations	\$43,479,538	\$1,889,817	(\$422,115)	\$1,552,027	\$46,499,267	\$7,760,949
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$2,421,745	-	-	-	\$2,421,745	-

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:				
Equity in pooled cash and investments	\$48,957,591	\$75,210,017	\$2,165,335	\$15,416,375
Contributions receivable:				
Employer	2,309,178	-	-	-
Employee	491,263	-	-	-
Accrued interest and other receivables	968,676	-	581,231	-
Capital assets, net	-	-	24,047,544	-
Receivable from other government	-	-	-	443,709
Investments, at fair value				
Foreign, Municipal and U.S. Government				
Obligations, including Fixed				
Instruments in Pooled Funds	48,126,230	-	-	-
Corporate Fixed Income Obligations	156,725,323	-	-	-
Domestic and Foreign Equities, including				
Equities in Pooled Funds	498,009,244	-	-	-
Other investments	46,210,495	-	-	-
Real estate funds	15,909,978	-	-	-
Pooled Equity	680,009,227	-	-	-
Pooled Fixed Income	282,336,657	-	-	-
Convertible	201,508,930	-	-	-
Collateral on Loaned Securities (net of				
Allowance for Unrealized Gain \$0.00)	22,360,164	-	-	-
Total assets	<u>2,003,922,956</u>	<u>75,210,017</u>	<u>26,794,110</u>	<u>15,860,084</u>
Deferred Outflows				
Loss on refunding bonds, net	-	-	248,664	-
Total assets and deferred outflows	<u>2,003,922,956</u>	<u>75,210,017</u>	<u>27,042,774</u>	<u>15,860,084</u>
LIABILITIES:				
Accounts payable and				
accrued liabilities	1,993,555	-	591,296	15,860,084
Bonds payable	-	-	27,275,000	-
Obligations under security lending program	<u>20,580,828</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>22,574,383</u>	<u>-</u>	<u>27,866,296</u>	<u>15,860,084</u>
NET POSITION (DEFICIT)	<u>\$1,981,348,573</u>	<u>\$75,210,017</u>	<u>(\$823,522)</u>	<u>\$-</u>

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	\$53,718,087	\$7,024,633	\$-
Employee contributions	11,665,908	-	-
Other contributions	204,465	66,546	-
Shared revenues	-	-	2,552,637
Private donations	-	-	59,268
Total contributions	65,588,460	7,091,179	2,611,905
Investment earnings:			
Interest and other	42,021,035	4,127,906	459
Gross income from securities lending	190,665	-	-
Bank fees and expenses from securities lending	(48,568)	-	-
Commissions recapture, gross	942	-	-
Net change in fair value of investments	270,414,540	5,908,921	-
Total investment earnings	312,578,614	10,036,827	459
Less investment expenses	5,929,040	-	1,412,492
Net investment earnings	306,649,574	10,036,827	(1,412,033)
Total additions	372,238,034	17,128,006	1,199,872
DEDUCTIONS:			
Administrative expenses	1,405,980	20,352	1,014,752
Contributions to developers and other sources	-	-	100,000
Retirees pension expense	86,312,742	-	-
Total deductions	87,718,722	20,352	1,114,752
Change in net position	284,519,312	17,107,654	85,120
Net position - Beginning of the year	1,696,829,261	58,102,363	(908,642)
Net position - End of the year	\$1,981,348,573	\$75,210,017	(\$823,522)

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 position 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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, Ballston, 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). Major capital projects include Transportation Infrastructure, Capital Asset Preservation Program (CAPP), Information Technology CAPP, Parks & Recreation CAPP, Neighborhood Conservation (NC) Program, Neighborhood Traffic Calming (NTC) Programs and Stormwater Drainage Infrastructure. Transportation Capital Funds provide funding for County's Transportation Capital Improvement Program and Metro Matters capital program. Crystal City Tax Increment Financing will provide funding for Crystal City Sector Plan and infrastructure. The IDA Bond Funds provide funding for the Emergency Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), Arlington Mill, and Buckingham Park.

Proprietary Fund Types: Proprietary Funds are used to account for County operations which are similar to those often found in the private sector. The measurement focus of these Funds is the determination of net income through matching revenues earned with the expenses incurred to generate such revenues. The operations of such Funds are generally intended to be self-supporting. 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 Eighth-Level Ballston Public Parking Garage Funds, and the Community Planning Housing Development (CPHD) Development Fund.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 *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 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 costs to oversee the operation of the waste-to-energy plant and other related expenses, resources used for the construction of the 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 included in Agency funds are for Special Welfare Programs in the Department of Human Services, Friends of Library donations, Parks and Recreation donations, and Commission Funds reserved for Canteen and Inmates.

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 Eighth-Level Ballston Public Parking Garage Fund, CPHD Development Fund and 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 Manager biennially submits a ten year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, this CIP presented a ten year planning period instead of six years presented previously. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

utility projects, and analyzing operating budget impacts. 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 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. Under authorization of the Retirement Board, the Pension Trust Fund engages in a securities lending program through its custodian. In accordance with its adopted investment policy, the Retirement System is authorized to invest 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."

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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.

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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, 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, 2014, the County had no arbitrage rebate liability.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as 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 accordance with Government Accounting Standards Board statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints, such as inventory and prepaid expenses.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors (such as through debt covenants), grantors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action by the County Board and does not lapse at year-end. Committed amounts cannot be used for any other purpose unless the County Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Manager. The County Board will review the recommendations at the November Board meeting. If approved by a resolution of the County board, the assigned funds

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become committed. Amendments must follow guidance described in Note 1.I.E. By State law, funds cannot be spent unless appropriated by the County Board.

Unassigned – includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds. The Unassigned Fund Balance can only be appropriated by a resolution of the County Board.

The County considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available. When utilizing unrestricted balances, committed balances are applied first, followed by assigned than unassigned balances.

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 2013 amounts have been reclassified to conform to the FY 2014 presentation. These reclassifications did not affect the FY 2013 net position, fund balances or changes therein.

O. Cash and Cash Equivalents

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

P. Use of Estimates

The preparation of financial statements in conformity with 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. Deferred Outflows

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of the resources (expenditure) until a future period.

R. Deferred Inflows

A deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met.

S. Implementation of New GASB Pronouncements

In March 2012, the Governmental Accounting Standard Board ("GASB") issued GASB Statement No. 65 ("GASB 65") Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of the new Statement became effective for fiscal periods after December 15, 2012. The County adopted GASB 65 during the year ended June 30, 2014.

Several account balances were reclassified as of and for the year ended June 30, 2013, as previously reported. These reclassifications, which did not require a restatement of net position or fund balance, were required for comparability to the financial statements as of and for the year ended June 30, 2013. Although comparative statements for 2013 are not

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presented here, these reclassifications must be considered when comparing the financial statements of this report with those of prior reports.

Statement No. 68, *Accounting and Financial Reporting for Pensions* - The objective of this Statement is to improve accounting and financial reporting by state and local government employers for the pension in which they are involved. This Statement will become effective for the reporting period ending June 30, 2015. The County is currently evaluating the effect of the implementation of this Statement

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 position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. 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 \$(1,005,865,063) difference are as follows:

General obligation bonds - general government	(\$210,005,034)
Refunding bonds - general government	(189,982,668)
General obligation bonds - Schools	(214,657,732)
Refunding bonds - Schools	(164,809,055)
Compensated absences - general government	(33,406,745)
Worker’s compensation - general government	(3,363,121)
Capital leases - general government	(14,315,564)
Deferred amount on refunding, net	863,997
Bond premium to be amortized – County	(31,167,146)
Bond premium to be amortized – Schools	(28,521,995)
IDA – Metro and Buckingham Village 1	(36,565,000)
IDA Revenue Bonds - 2011	(10,565,000)
IDA Revenue Bonds - 2013	(69,370,000)
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets of governmental activities	<u><u>(\$1,005,865,063)</u></u>

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 position 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 \$(45,265,014) difference are as follows:

Capital acquisitions	\$77,111,546
Depreciation expense	<u>(31,846,532)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$45,265,014</u></u>

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:

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Unearned property tax revenue 6/30/13	(\$332,376,575)
Unearned property tax revenue 6/30/14	(347,808,282)
Net adjustment to increase net changes in fund balances – total governmental funds arrive at changes in net position of governmental activities	<u>\$15,431,707</u>

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 position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position”. The details of this \$1,474,041 difference are as follows:

Debt issued or incurred:

Issuance of general obligation bonds – County	(\$26,750,000)
Issuance of general obligation bonds - Schools	(36,460,000)
Issuance of refunding bonds - County	(17,965,000)
Issuance of refunding bonds - Schools	(19,725,000)
Capital leases	<u>(5,459,004)</u>
Capital financing – General Government	<u>(106,359,004)</u>

Principal repayments:

General obligation debt – County	30,540,630
General obligation debt – Schools	28,977,395
Payment to refunded bonds - County	18,533,770
Payment to refunded bonds - Schools	20,328,620
Payment to IDA – Metro and Buckingham Village 1	1,215,000
Payment to IDA Revenue Bonds - 2011	625,000
Payment to IDA Revenue Bonds - 2013	6,945,000
Capital leases	<u>4,318,450</u>
Total principal repayments	<u>111,483,865</u>
Bond premium to be amortized	(2,301,246)
Other charges	<u>(1,349,574)</u>
Net adjustment to increase <i>net changes in fund balances</i> - total governmental funds to arrive at <i>changes in net position of governmental activities</i>	<u>\$1,474,041</u>

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 \$(586,062) difference is as follows:

Compensated absences	(\$970,783)
Worker’s compensation	<u>384,721</u>
<i>Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of government activities</i>	<u><u>(\$586,062)</u></u>

Another element of that reconciliation states that “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”	<u>\$1,056,772</u>
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ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 expenses – internal service funds	\$446,810
Net operating income – internal service funds	62,654
<i>Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u><u>\$509,464</u></u>

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 2014 such appropriation amendments totaled \$127,460,382 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 2014 for the County Manager's Office due to leave payouts for employees, for Sheriff's Department due to overtime costs, Treasurer's Office due to increased mailing and printing costs and not achieving vacancy savings, Fire primarily due to overtime and callback costs, and for County Attorney due to increased legal costs and expenses related to lawsuits and other transactions the County was involved in during FY 2014.

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 position of \$24,019,860 at June 30, 2014. 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 decrease in net position of (\$45,475) in FY 2014, resulting in ending net deficit of (\$247,667). Management will evaluate measures to reduce the deficit in FY2015.

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 \$167,938,558 and the bank balance was \$175,102,984. Of the bank balance, \$8,050,127 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").

ARLINGTON COUNTY, VIRGINIA

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B. Custodial Credit Risk

Custodial risk is the risk that in the event of a failure by a counter party, the County will not be able to recover the value of its investments or collateral securities 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 United 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, Virginia Investment Program (VIP) 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 (Virginia SNAP).

D. Credit Risk

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

E. Concentrations of Credit Risk

The County's policy defines limits on the amounts that may be invested in various investments. The portfolio is in compliance with each of the stated limits as of June 30, 2014.

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.

At June 30, 2014, the County had the following investments and maturities:

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	Investment Maturity (in years)				
	Fair Value	Less than 1 year	1-3 years	3-5 years	Greater than 5 years
Corporate Notes	\$99,707,569	\$11,609,170	\$-	\$88,098,399	\$-
Commercial Paper	169,621,415	169,621,415	-	-	-
Government Agency Bonds	91,890,157	-	2,225,940	89,664,217	-
Municipal Obligations*	28,568,300	1,272,643	2,398,091	24,797,565	100,000
Total	\$389,787,441	\$182,503,228	\$4,624,031	\$202,560,181	\$100,000

* Maturity date on Variable Rate Demand Note investments (total of \$100,000) is 8/1/24, with a weekly put.

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$219,120
Virginia VIP	40,063,602
Virginia State Non-Arbitrage Program	252,006,370
Total	292,289,092
Total Investments	\$682,076,533

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, 2014, the Trustee Bank had \$17,676,815 in a U.S. government money market fund consisting of securities approved for direct investment. First Virginia Community Bank is the Trustee for Alexandria/Arlington Waste to Energy- Monitoring Group Trust Fund. Investments in the amount of \$55,173 at fair value were held by First Virginia Community Bank at June 30, 2014.

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, 2014, the US Bank Trust National Association had \$806,012; the Bank of New York. Mellon Bank (BNYM) had \$1,276,372 in the Trustee Banks.

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, 2014, the Trustee Banks had \$2,184,327 in the Bank of New York Mellon Bank (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, 2014, the County had \$252,006,370 in the SNAP short term investment.

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

A. Legal Provisions and Investment Policy

The System is authorized by the Code of Virginia §51.1-803 to invest funds of the System in conformance with the prudent person rule. Arlington County Code §21-23, §35-21, and §46-22 require that assets of the System be invested with care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Arlington

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County Code §21-24, §35-22, and §46-23 require that investments be diversified to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

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

- Convertible securities
- Cash, money market funds and other short term investment funds
- Common stocks, preferred stocks, warrants and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity via a fund-of-funds and direct approach to maximize diversification by vintage year and investment type.
- Open and closed end pooled real estate funds and real estate investment trust securities
- 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 each investment manager's contract.

Since the Fund does not utilize a target allocation approach, the following table shows the Fund's ten year average allocation:

<u>Asset Class</u>	<u>10 Year Average Allocation</u>
Domestic Equity	46.4%
International Equity	18.4%
Fixed Income	28.0%
Cash/Shor Term	2.2%
Non-Traditional	5.0%
Total	<u>100%</u>

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

B. Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage which is based on the nature and mix of current and expected pension plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's expected asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	5.7%
International Equity	5.7%
Fixed Income	2.0%
Cash/Shor Term	0.0%
Non-Traditional	8.7%

NOTES TO FINANCIAL STATEMENTS

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C. Investment Restrictions

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

Fixed income investments must be at least 20% of the Fund's assets at market value. The Fund must be rebalanced if the market weight of fixed income investments falls below 20%, unless the 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 new commitment to illiquid investments can be made which causes the allocation to illiquid investments, including existing market value and commitments, to exceed 15% of the System's market value.

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

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

Investment managers are prohibited from:

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

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

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

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2014, the System had \$26,413 in open net forward currency contracts.

ARLINGTON COUNTY, VIRGINIA

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D. Cash and Cash Equivalents

At June 30, 2014, the System had cash and cash equivalents of \$48,957,591. Cash deposits in bank accounts totaled \$424,614. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$48,532,979 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

E. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 4. Summary of Significant Accounting Policies, Investments, of Arlington County Employees' Retirement System Comprehensive Annual Financial Report. The following table presents the fair value of investments by type at June 30, 2014:

Investment Type	Fair Value (in \$000s)
Common Stock	\$490,798
Convertible Equity	13,565
Preferred Stock	1,938
Government and Government Agency Debt	45,647
Government State and Local Debt	2,937
Corporate Bonds	145,397
Corporate Convertible Bonds	188,705
Commercial Mortgaged Backed Securities	1,575
Collateralized Mortgage Obligations	559
Asset Backed Securities	5,885
Bank Loans	5,589
Pooled Equity Funds	680,753
Pooled Bond Funds	282,622
Cash and Short Term	48,112
REITs	4,855
Private Equity	46,210
Real Estate	15,939
Other	(3,115)
Total ⁽¹⁾	<u>\$1,977,971</u>

(1) Investment related accruals are reflected in the respective asset category; further, data on the Statement of Fiduciary Net position (Exhibit 9) includes disbursement account cash and operating accruals not reflected in the data above.

Interest Rate Risk

Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$396.3 million of directly owned fixed income securities and on \$282.6 million invested in three pooled US fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2014 are:

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Investment Type:	<u>Fair Value</u>	<u>Investment Maturities (years)</u>			
	<u>(\$000s)</u>	<u>Under 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over-10</u>
Asset backed Securities	\$5,885	\$-	\$1,226	\$501	\$4,158
Bank Loans	5,589	-	1,316	4,273	-
Commercial Mortgage-Backed	1,575	-	-	-	1,575
Corporate Bonds	145,397	-	28,664	48,316	68,417
Corporate Convertible Bonds	188,705	4,693	100,852	53,836	29,324
Government & Government Agencies	45,647	6,236	29,668	4,616	5,127
Government State & Local Debt	2,937	-	-	-	2,937
Collateralized Mortgage Obligations	559	-	-	-	559
Total	<u>\$396,294</u>	<u>\$10,929</u>	<u>\$161,726</u>	<u>\$111,542</u>	<u>\$112,097</u>

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rates. The effective duration for the System's directly held fixed income portfolio at June 30, 2014 is shown below:

<u>Investment Type</u> <i>(in \$ 000s)</i>	<u>Fair Value</u>	<u>Effective</u> <u>Duration (Yrs)</u>
Mortgage Backed Govt Pass Through	\$-	-
Asset backed Securities	5,885	3.01
Bank Loans	5,589	-
Commercial Mortgage-Backed	1,575	3.05
Corporate Loans	145,397	4.72
Corporate Convertible Bonds	188,705	4.55
Government & Government Agencies	45,647	2.61
Government State & Local Debt	2,937	4.77
Collateralized Mortgage Obligations	559	1.21
Total	<u>\$396,294</u>	<u>4.39</u>

Custodial Credit Risk

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

Credit Risk

Per the System's investment policy, only U.S. Government and U.S. Government Agency obligations may exceed 5% of System assets. As of June 30, 2014, 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 \$396.3 million at June 30, 2014 is shown below:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Investment Type (in \$ 000s)	Fixed Income Credit Quality Distribution							
	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Mortgage Backed Govt Pass Through	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Asset backed Securities	115	759	1,843	2,466	-	-	-	702
Bank Loans	-	-	-	-	-	2,468	1,198	1,922
Commercial Mortgage-Backed	218	1,235	-	122	-	-	-	-
Corporate Bonds	-	6,494	14,014	44,360	49,080	16,600	9,834	5,016
Corporate Convertible Bonds	-	-	9,951	8,579	23,172	20,022	702	126,279
Government & Government Agencies	33,649	-	6,766	5,232	-	-	-	-
Government State & Local Debt	-	-	-	-	-	2,937	-	-
Collateralized Mortgage Obligations	-	559	-	-	-	-	-	-
Total	\$33,982	\$9,047	\$32,574	\$60,759	\$72,252	\$42,027	\$11,734	\$133,919

Note: Ratings based on S&P Quality Ratings with the exception of Mortgage Backed Government Pass Through which has 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, 2014 was as follows:

<i>Currency (in \$ 000s)</i>	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$4,415	\$6,098	\$-	\$10,513
Brazilian Real	1,735	1,428	-	3,163
British Pound	12,917	5,757	11	18,685
Canadian Dollar	1,483	18,828	26	20,337
Danish Krone	3,403	-	-	3,403
Euro	15,454	34,450	459	50,363
Hong Kong Dollar	15,423	4,762	36	20,221
Indonesian Rupiah	3,219	-	-	3,219
Japanese Yen	1,176	10,490	46	11,712
Malaysian Ringgit	842	-	-	842
Mexican Peso	654	5,833	31	6,518
New Zealand Dollar	-	8,565	-	8,565
Nigerian Naira	819	-	-	819
Philippines Peso	3,630	-	-	3,630
Singapore Dollar	1,634	1,441	9	3,084
South African Rand	1,199	-	-	1,199
South Korean Won	229	1,001	-	1,230
Swedish Krona	4,835	755	3	5,593
Swiss Franc	3,649	905	2	4,556
Thailand Baht	799	-	-	799
Turkish Lira	1,969	-	-	1,969
Total	\$79,484	\$100,313	\$623	\$180,420

F. Securities Lending

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

on a daily basis. The collateral is maintained by Northern Trust and all securities on loan are callable at any time. The System does not have the ability to pledge or sell the collateral.

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

The program increased from \$264 thousand at the beginning of the year to \$20.7 million at June 30, 2014. This was the result of a planned change in custodial banks after the prior fiscal year-end.

The following table details the net income from securities lending for the fiscal year ended June 30, 2014:

Gross Income from Securities Lending	\$190,665
Less: Bank Management Fees	(48,568)
Net Income from Securities Lending	<u>\$142,097</u>

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2014:

Type of Securities Lent (in \$ 000s)	Fair Value	Value of Collateral
US Corporate Fixed Income	\$12,166,902	\$12,399,447
US Equities	3,993,337	4,069,650
Global Corporate Fixed Income	4,492,500	5,914,769
Total	<u>\$20,652,739</u>	<u>\$22,383,866</u>

None of the System's 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 the Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers by investment managers who participate in the program. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2014 were \$942.

NOTE 4. Receivables and Unearned Revenues

Receivables at June 30, 2014 are summarized below:

	Governmental Activities	Business-type Activities
Real estate taxes	\$350,705,993	\$-
Personal property taxes	4,543,513	-
Business license taxes	3,441,253	-
Meal tax	1,404,874	-
Accounts receivable	45,792,751	19,265,863
Interest	621,032	-
Total	<u>406,509,416</u>	<u>19,265,863</u>
Less: Allowance for uncollectible accounts	<u>(1,712,480)</u>	<u>(447,160)</u>
Net receivables	<u>\$404,796,936</u>	<u>\$18,818,703</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 \$347,808,282, has also been recorded as unearned 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.

Governmental funds report unearned revenues in connection with receivable for revenues not considered available to liquidate liabilities of the current period. Special revenues funds and Capital project fund also report unearned revenues recognition in connection with resources that have been received, but not yet earned. At June 30, 2014, the revenues components of unearned revenues reported were as follows:

<u>Governmental Funds</u>	<u>Unearned Revenue</u>		
<u>General Fund</u>			
Housing development loans	\$15,097,400		
Household Credits	162,412		
Rental Income	49,411		
<u>Capital Project Fund</u>			
Master lease	2,441,957		
Developer's contributions	4,806,931		
	<u>\$22,558,111</u>		
<u>Deferred Outflows/Inflows</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Taxes	\$3,329,488	\$3,957,513	\$7,287,001
Grants	1,789,630	1,540,086	3,329,716
Housing development loans	-	8,455,625	8,455,625
	<u>\$5,119,118</u>	<u>\$13,953,224</u>	<u>\$19,072,342</u>

*Deferred outflows/inflows in Government funds include \$347,808,282 October installment of Real Estate taxes.

NOTE 5. Capital Assets and Intangible Assets

Capital asset activity for the year ended June 30, 2014:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental and Internal Service activities:				
Capital assets, not being depreciated:				
Land	\$160,998,177	\$3,480,052	\$-	\$164,478,229
Construction in progress	232,067,880	67,155,317	78,725,304	220,497,893
Total capital assets, not being depreciated	393,066,057	70,635,369	78,725,304	384,976,122
Capital assets, being depreciated:				
Infrastructure	495,503,178	44,231,635	-	539,734,813
Buildings	321,239,039	18,165,654	-	339,404,693
Furniture, fixtures and equipment	221,525,087	31,150,131	3,370,872	249,304,346
Intangible	2,577,117	1,565,417	-	4,142,534
Total capital assets being depreciated	1,040,844,421	95,112,837	3,370,872	1,132,586,386
Less accumulated depreciation for:				
Infrastructure	290,811,552	10,090,602	-	300,902,154
Buildings	96,093,894	9,115,457	-	105,209,351
Furniture, fixtures and equipment	93,812,282	18,217,816	2,825,641	109,204,457
Intangible	1,178,031	589,646	-	1,767,677
Total accumulated depreciation	481,895,759	38,013,521	2,825,641	517,083,639
Total capital assets, being depreciated, net	558,948,662	57,099,316	545,231	615,502,747
Governmental and Internal Service activities capital assets, net	\$952,014,719	\$127,734,685	\$79,270,535	\$1,000,478,869

Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$6,161,255	\$-	\$-	\$6,161,255
Construction in progress	123,631,989	20,386,296	18,018,336	125,999,949
Total capital assets, not being depreciated	129,793,244	20,386,296	18,018,336	132,161,204
Capital assets, being depreciated:				
Sewer system	347,236,362	6,986,638	-	354,223,000
Water system	683,394,204	9,941,973	-	693,336,177
Building	22,315,887	3,511,471	-	25,827,358
Furniture, Equipments	5,320,788	308,648	-	5,629,436
Intangible	1,149,969	-	-	1,149,969
Total capital assets being depreciated	1,059,417,210	20,748,730	-	1,080,165,940
Less accumulated depreciation for:				
Sewer system	99,344,350	1,787,584	-	101,131,934
Water system	49,061,880	12,348,951	-	61,410,831
Building	12,632,211	569,064	-	13,201,275
Furniture, fixtures and equipment	2,779,873	419,899	-	3,199,772
Intangible	531,259	223,727	-	754,986
Total accumulated depreciation	164,349,573	15,349,225	-	179,698,798
Total capital assets, being depreciated, net	895,067,637	5,399,505	-	900,467,142
Business-type activities capital assets, net	\$1,024,860,881	\$25,785,801	\$18,018,336	\$1,032,628,346

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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	654,977,367	29,515,273	-	684,492,640
Furniture, fixtures, and equipment	77,245,237	5,383,215	-	82,628,452
Total capital assets being depreciated	732,222,604	34,898,488	-	767,121,092
Less accumulated depreciation for:				
Buildings	160,742,852	16,374,434	-	177,117,286
Furniture, Equipments	50,885,781	3,937,395	-	54,823,176
Total accumulated depreciation	211,628,633	20,311,829	-	231,940,462
Total capital assets, being depreciated, net	520,593,971	14,586,659	-	535,180,630
Schools activities capital assets, net	\$525,291,917	\$14,586,659	\$-	\$539,878,576

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

Function and Activity	Depreciation Expense
Primary government:	
Government activities:	
General Government	\$13,964,333
Public Safety	2,632,110
Public works, including depreciation of infrastructure assets	10,067,279
Health and welfare	376,776
Libraries	308,550
Parks, recreation and culture	3,247,446
Planning and community development	1,250,038
Total Depreciation Expense - Government Activities	31,846,532
Internal Services	6,166,989
Total Depreciation Expense - Governmental & Internal Services	\$38,013,521
Business-type activities:	
Utilities	\$14,240,740
Ballston Public Parking Garage	516,007
8th level Ballston Public Parking Garage	73,155
CPHD Development Fund	519,323
Total Depreciation Expense - Business-type Activities	\$15,349,225
Component unit	
Schools	\$20,311,829
Total Depreciation Expense - Component units	\$20,311,829

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014 the current portion of these liabilities was \$6.96 million which represent an estimate of health insurance claims that have been incurred but not reported of \$6.63 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.33 million. The non-current portion was \$3.03 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, 2012 resulted from the following:

	<u>Beginning of Fiscal</u> <u>Year Liability</u>	<u>Current Year Claims</u> <u>and Changes in</u> <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal</u> <u>Year-End</u>
2012 – 2013				
Current	\$6,327,851	\$50,031,946	\$49,772,216	\$6,587,851
Long Term	\$3,665,634	\$2,365,801	\$2,658,377	\$3,373,058
2013 – 2014				
Current	\$6,587,851	\$54,847,327	\$52,473,377	\$6,961,531
Long Term	\$3,373,058	\$2,104,563	\$2,450,812	\$3,026,809

In addition, the County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2014. The County maintains a General Fund operating reserve that totaled \$54,575,340 as of June 30, 2014. 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, set at two percent of the General Fund budget for a number of years, is now at least five percent.

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:

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$17,207,814
2016	17,656,722
2017	18,159,633
2018	18,578,844
2019	11,302,913
2020-2024	30,514,589
	<u>\$113,420,515</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014, the County received \$2,363,351 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 FY 2014 were \$205,601. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. As of June 30, 2014, the lease liability \$11,395,640 has been accrued in the Ballston Public Parking Garage Fund.

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 Protocol (VoIP) voice communication system, a rock crusher, computers, and equipment. Arlington Public Schools has financed the acquisition of computers. Assets acquired and capital leases at June 30, 2014 are summarized below:

	Primary Government	Schools
Building	\$1,395,842	\$-
Equipment	34,780,920	11,396,678
Equipment CIP	267,703	-
Auto	2,802,688	-
Total Assets, at cost	39,247,153	11,396,678
Accumulated depreciation	(10,967,500)	(3,857,240)
Total Assets, net	<u>\$28,279,653</u>	<u>\$7,539,438</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The annual future minimum lease payments as of June 30, 2014 are as follows:

General Government:

<u>Year Ending June 30,</u>	<u>Technology Services</u>	<u>Environmental Services</u>	<u>Fire</u>	<u>Sheriff</u>	<u>Total General Government</u>
2015	2,431,386	952,992	447,915	1,314,720	5,147,013
2016	1,566,083	952,992	447,915	690,665	3,657,655
2017	1,343,102	952,992	447,914	450,218	3,194,226
2018	1,111,720	727,122	337,353	236,048	2,412,243
2019	697,087	484,045	113,396	92,143	1,386,671
2020	-	466,840	-	-	466,840
2021	-	466,840	-	-	466,840
2022	-	466,840	-	-	466,840
2023	-	466,839	-	-	466,839
2024	-	466,839	-	-	466,839
Total Minimum Lease payments	<u>\$7,149,378</u>	<u>\$6,404,341</u>	<u>\$1,794,493</u>	<u>\$2,783,794</u>	<u>\$18,132,006</u>
Less Imputed Interest	(248,633)	(938,539)	(117,482)	(69,831)	(1,374,485)
Amount deferred	<u>(1,705,390)</u>	<u>-</u>	<u>-</u>	<u>(736,567)</u>	<u>(2,441,957)</u>
Present Value of Minimum Payments	<u><u>\$5,195,355</u></u>	<u><u>\$5,465,802</u></u>	<u><u>\$1,677,011</u></u>	<u><u>\$1,977,396</u></u>	<u><u>\$14,315,564</u></u>

Internal Service Fund:

<u>Year Ending June 30,</u>	<u>Auto Equipment</u>
2015	\$1,292,029
2016	1,292,024
2017	1,068,839
2018	845,651
2019	845,650
2020	385,282
2021	385,282
Total Minimum Lease Payments	<u>6,114,757</u>
Less: Imputed Interest	<u>(446,600)</u>
Present Value of Minimum Payments	<u><u>\$5,668,157</u></u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Enterprise Fund:

<u>Year Ending June 30,</u>	<u>Utilities</u>
2015	\$34,411
2016	34,411
2017	34,411
2018	34,412
2019	17,206
Total Minimum Lease Payments	154,851
Less Imputed Interest	<u>(10,550)</u>
Present Value of Minimum Payments	<u>\$144,301</u>

Component Unit – Schools:

<u>Year Ending June 30,</u>	<u>Schools</u>
2015	2,175,661
2016	1,699,129
2017	843,163
Total Minimum Lease Payments	4,717,953
Less Imputed Interest	<u>(154,936)</u>
Present Value of Minimum Payments	<u>\$4,563,017</u>

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**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2014****ARLINGTON COUNTY, VIRGINIA**

Fiscal Year	GENERAL FUND		GENERAL OBLIGATION (GO) BONDS				IDA BONDS				
	Principal	Interest	SCHOOL FUND		UTILITY FUND		TOTAL GO BOND		Principal	Interest	Total
2015	\$32,263,105	\$14,936,830	\$30,008,443	\$14,516,715	\$8,163,451	\$4,706,109	\$70,434,999	\$34,159,654	\$9,645,000	\$4,617,487	\$14,262,487
2016	35,058,151	14,126,885	28,673,592	14,193,474	8,273,257	4,354,005	72,005,000	32,674,364	4,930,000	4,387,806	9,317,806
2017	34,267,575	12,708,882	28,383,637	13,087,976	8,188,789	3,909,997	70,840,001	29,706,855	4,945,000	4,287,479	9,232,479
2018	30,701,928	11,161,251	27,664,907	11,647,237	7,878,165	3,884,882	66,245,000	26,693,370	4,960,000	4,169,275	9,129,275
2019	29,044,590	10,016,750	26,937,632	10,720,064	7,842,778	3,294,269	63,825,000	24,031,083	5,005,000	4,018,259	9,023,259
2020	26,988,185	8,955,180	24,186,714	9,818,509	7,340,101	2,957,454	58,515,000	21,731,143	5,055,000	3,838,130	8,893,130
2021	26,626,034	7,933,239	23,763,751	8,852,781	7,615,216	2,674,303	58,005,001	19,460,323	5,110,000	3,648,546	8,758,546
2022	24,150,208	6,939,322	21,734,246	7,944,994	7,210,546	2,286,824	53,095,000	17,171,140	5,170,000	3,448,715	8,618,715
2023	22,874,501	5,923,698	20,505,499	7,021,098	7,500,000	1,971,697	50,880,000	14,916,493	5,235,000	3,239,199	8,474,199
2024	21,224,350	4,939,448	20,352,441	6,100,769	7,603,208	1,617,409	49,179,999	12,657,626	5,295,000	3,022,555	8,317,555
2025	19,465,000	4,082,672	20,300,000	5,208,572	7,960,000	1,266,679	47,725,000	10,557,923	5,370,000	2,797,157	8,167,157
2026	16,675,000	3,358,498	18,055,000	4,384,654	7,980,000	924,724	42,710,000	8,667,876	4,310,000	2,585,787	6,895,787
2027	16,397,725	2,719,461	20,622,275	3,558,481	6,135,000	638,601	43,155,000	6,916,543	4,410,000	2,387,120	6,797,120
2028	13,642,725	2,124,880	15,562,275	2,592,967	4,285,000	432,883	33,490,000	5,150,730	4,510,000	2,178,525	6,688,525
2029	11,552,725	1,623,813	11,967,275	1,993,330	2,220,000	302,951	25,740,000	3,920,094	4,620,000	1,963,675	6,583,675
2030	11,547,725	1,209,705	11,967,275	1,512,870	2,220,000	219,020	25,735,000	2,941,595	4,730,000	1,735,950	6,465,950
2031	10,777,725	802,387	10,752,275	1,043,058	2,220,000	134,450	23,750,000	1,979,895	4,860,000	1,494,195	6,354,195
2032	9,512,725	413,871	9,217,275	615,196	1,260,000	63,292	19,990,000	1,092,359	4,370,000	1,243,338	5,613,338
2033	5,827,725	92,113	6,992,275	256,232	650,000	19,600	13,470,000	367,945	4,505,000	1,016,251	5,521,251
2034	1,390,000		1,820,000	68,250	85,000	3,188	3,295,000	71,438	3,585,000	802,896	4,387,896
2035									3,730,000	602,391	4,332,391
2036									1,310,000	472,904	1,782,904
2037									1,365,000	417,880	1,782,880
2038									1,420,000	360,592	1,780,592
2039									1,480,000	300,939	1,780,939
2040									1,545,000	238,715	1,783,715
2041									1,610,000	173,817	1,783,817
2042									1,675,000	106,244	1,781,244
2043									1,745,000	35,892	1,780,892
	\$399,987,702	\$114,068,885	\$379,466,787	\$125,137,227	\$112,630,511	\$35,662,337	\$892,085,000	\$274,868,449	\$116,500,000	\$59,591,719	\$176,091,719

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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B. Advance Refunding

On June 11, 2014 the County issued \$40,455,000 in Refunding Bonds (2013B) with an average interest rate of 5.0 percent. The bonds were issued to advance refund \$41,720,000 of outstanding 2011 Series, 2012 Series, and 2013 Series ("Old Bonds") with an average rate of 5.0 percent. The net proceeds, of \$50,137,270, including the premium of \$9,922,106 were used to purchase U.S Government securities which were deposited with an agent 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 Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,265,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2034 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$2,570,150 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$2,254,701.

Refunding Bonds

	Total Refunding Bonds	Percent of Allocations	Savings from Refunding	PV of Savings from Refunding
2014B Refunding				
General Government	\$17,965,000	44.41%	\$1,141,336	\$1,001,253
Schools	19,725,000	48.76%	1,253,151	1,099,344
Total	37,690,000	93.17%	2,394,487	2,100,598
Utilities	2,765,000	6.83%	175,663	154,103
Grand total	<u>\$40,455,000</u>	<u>100.00%</u>	<u>\$2,570,150</u>	<u>\$2,254,701</u>

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, 2014, \$8,900,000 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%. The weekly interest averaged approximately 0.0642% in FY 2014. 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. The direct pay letter of credit is substantially collateralized by the assignment of the land lease and other agreements. On September 22, 2011, a three-year Letter of Credit (LOC) was issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014. On September 22, 2011, a three-year Letter of Credit (LOC) was issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014. On August 5, 2014, subsequent to the end of FY 2013, the LOC was signed to extend the expiration date to August 6, 2017.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2014, the County drew from the letter of credit \$5,481 to pay bondholders for the interest accrued on the revenue bonds. The letter of credit drawdowns were

ARLINGTON COUNTY, VIRGINIA

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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 \$95,453 in FY 2014. Also in FY 2014, \$500,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

D. Mortgage and Ground Lease Debt

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The short-term portion of mortgage and ground lease interest payable was \$24,220,962. As of June 30, 2014, 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 2012. The interest rate on these bonds is 3.10 percent. The principal outstanding on these bonds at June 30, 2014 was \$67,177,770.

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 2012. The principal outstanding on these bonds at June 30, 2014 was \$3,095,800 on Series A bonds and \$58,791,372 on Series B 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. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2014 was \$42,336,456.

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. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2014, principal outstanding on these bonds was \$30,975,312.

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 2014, VRA had provided a loan of VRA bond proceeds in the amounts of \$1,856,428, \$16,795,849, and \$16,347,723 respectively. The principal outstanding on these bonds at June 30, 2014 was \$ 1,646,823 on Series 2008 bonds, \$14,864,476 on Series 2009 bonds and \$14,394,926 on Series 2010 bonds.

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

ARLINGTON COUNTY, VIRGINIA

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issued 20 year Lease Revenue Bonds in the amount of \$60,540,000 to finance these projects. These lease revenue bonds were refunded by the Lease Revenue Bonds issued on May 9, 2013.

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). These notes were refunded by the Lease Revenue Bonds issued on May 9, 2013.

H. IDA Revenue Bonds (Various County Projects)

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 Transportation Investment Fund revenues which come from a 12.5 cent tax per \$100 of assessed value on commercial real estate. The principal outstanding on these notes at June 30, 2014 was \$36,565,000.

On January 27, 2011, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$11,940,000 in Revenue Bonds for the benefit of Arlington County (the "2011 IDA Bonds"). The 2011 IDA Bonds were for the funding of the County's construction of Fire Station #3, park space at Buckingham Village I, and construction of Arlington Mill Community Center. The County has agreed under a Cooperation Agreement between the County and the 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 2011 IDA Bonds. As of June 30, 2014, \$10,565,000 remains outstanding.

On May 9, 2013, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$76,315,000 in Revenue Bonds for the benefit of Arlington County (the "2013 IDA Bonds"). The 2013 IDA Bonds were for the funding of the County's acquisition and improvements to land and property located at 2020 14th Street North, advance refunding of the 2004 IDA Lease Revenue Bonds and refunding of IDA Revenue Notes. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2013 IDA Bonds. As of June 30, 2014, \$69,370,000 remains outstanding.

I. Changes in Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
General Government:					
Compensated absences*	\$32,435,962	\$30,252,517	(\$29,281,734)	\$33,406,745	\$3,340,675
Workers compensation	3,747,842	2,338,403	(2,723,124)	3,363,121	336,312
GO Bonds - County	213,795,664	26,750,000	(30,540,630)	210,005,034	19,767,081
Refunding Bonds - County	190,551,438	17,965,000	(18,533,770)	189,982,668	12,496,025
GO Bonds - Schools	207,175,127	36,460,000	(28,977,395)	214,657,732	14,987,000
Refunding Bonds - Schools	165,412,675	19,725,000	(20,328,620)	164,809,055	15,021,444
IDA - Metro and Buckingham Village 1	37,780,000	-	(1,215,000)	36,565,000	1,240,000
IDA Revenue Bonds - 2011	11,190,000	-	(625,000)	10,565,000	625,000
IDA Revenue Bonds - 2013	76,315,000	-	(6,945,000)	69,370,000	7,780,000
Capital leases	13,175,010	5,459,004	(4,318,450)	14,315,564	4,760,784
Bond premiums - County	30,591,345	2,442,072	(1,866,271)	31,167,146	1,988,374
Bond premiums - Schools	26,796,550	3,260,794	(1,535,349)	28,521,995	1,698,389
Deferred cost on refunding bonds - County **	(1,233,147)	568,769	63,520	(600,858)	(35,081)
Deferred cost on refunding bonds - Schools **	(980,424)	603,620	113,665	(263,139)	(83,484)
Totals General Government	1,006,753,042	145,825,179	(146,713,158)	1,005,865,063	\$83,922,519
Internal service:					
Compensated Absence	558,829	531,108	(562,743)	527,194	52,719
Capital lease	4,087,260	2,500,213	(919,315)	5,668,158	1,143,236
Total Governmental Activities	1,011,399,131	148,856,500	(148,195,216)	1,012,060,415	85,118,474
Component Unit-Schools:					
Compensated absences	34,974,869	-	(1,574,982)	33,399,887	3,339,989
Capital lease	5,008,839	1,199,435	(1,645,256)	4,563,018	2,081,774
	39,983,708	1,199,435	(3,220,238)	37,962,905	5,421,763
Business-Type Activities					
Compensated absences-Utilities	1,436,340	1,658,594	(1,793,936)	1,300,998	130,100
Compensated absences-CPHD	597,455	700,662	(715,936)	582,181	58,218
GO Bonds - Utilities	54,959,209	1,700,000	(8,741,975)	47,917,234	6,804,000
Refunding Bonds - Utilities	64,805,887	2,765,000	(2,857,610)	64,713,277	1,359,451
Revenue Bonds - Ballston	9,400,000	-	(500,000)	8,900,000	500,000
Mortgage Payable - Ballston	3,429,679	-	-	3,429,679	3,429,679
Mortgage and Interest Payable - Ballston	22,844,807	1,630,151	-	24,474,958	24,474,958
VRA Loan Payable	246,193,772	-	(12,910,837)	233,282,935	13,347,499
Bond and mortgage interest payable - Utilities	4,036,465	4,006,023	(4,036,465)	4,006,023	4,006,023
Capital Leases	173,932	-	(29,631)	144,301	30,487
Bond Premium - Utilities	4,977,984	151,932	(299,163)	4,830,753	306,759
Deferred Cost of Refunding	1,736,464	92,610	(95,717)	1,733,357	100,347
Total business-type activities	\$414,591,994	\$12,704,972	(\$31,981,270)	\$395,315,696	\$54,547,521

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

** The par value of the refunding bonds in series 2013B and 2013C were higher than the par value of the refunded bonds causing a negative balance of deferred cost on refunding bonds at June 30, 2013. The additional par was deposited to fulfill the escrow requirements for advance refunding of the old debt.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 10. Net Investments in Capital Assets – Component unit - Schools

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the "school debt" is reflected in Exhibit 1 "Statement of Net Position" 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 "Net investment in capital assets" is \$407,725,643 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$9,321,715 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, 2014 are reflected in current due to/from accounts of each Fund/Component Unit, as summarized below:

Due to/ from other funds

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$182,600	\$-
Urban Area Security Initiative	-	182,600
	<u>\$182,600</u>	<u>\$182,600</u>

Due to/from primary government and component unit

	<u>Receivables Entity</u>	<u>Payables Entity</u>
General Fund	(\$294,029)	\$85,941,674
School Funds:		
Operating		
Primary Government	68,311,417	-
Community Activities		
Primary Government	1,010,746	-
Pay-As-You-Go		
Primary Government	16,619,511	-
CSA		
Other School Funds	-	(294,029)
	<u>\$85,647,645</u>	<u>\$85,647,645</u>

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2014 are as follows:

ARLINGTON COUNTY, VIRGINIA

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	<u>Transfer</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Total Transfers Out</u>
General Fund		\$-	\$29,553,643	\$195,853	\$29,749,496
Capital Projects Fund		-	-	-	-
Special Revenue Fund		75,400	-	-	75,400
Non-major Capital Projects Fund		162,689	-	-	162,689
Internal Service Fund		130,000	-	-	130,000
Total Transfers In		<u>\$368,089</u>	<u>\$29,553,643</u>	<u>\$195,853</u>	<u>\$30,117,585</u>

NOTE 12. Fund Balance

Certain portions of fund balances have been reserved or committed 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.

The non-spendable fund balance is comprised of the following amounts reported in non-spendable form such as prepaid:

\$1,288,591 Section 8 Housing
4,275 Neighbour Conservation Bond Fund

The County committed the following General Fund balance types by a resolution of the County Board:

\$5,000,000 Self-insurance reserve
4,860,024 Subsequent year's budget – County
14,831,642 Capital projects
54,575,340 Operating reserve
3,000,000 Economic Stabilization Reserve
412,220 Incomplete Projects
45,631,924 Affordable Housing Investment Fund
46,735,944 Subsequent year's budget – Schools

The County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2014. The County maintains a General Fund operating reserve that totaled \$54,575,340 as of June 30, 2014. 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, will be maintained at no less than three percent of the General Fund budget, with a goal of increasing the reserve to five percent.

The County uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the County would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. Fund balance must be appropriated by the County Board prior to spending.

The purpose of each special revenue fund and revenue source is listed below:

<u>Special Revenue Fund</u>	<u>Revenue Source</u>
Ballston Business Improvement District	Real Estate Taxes
Rosslyn Business Improvement District	Real Estate Taxes
Crystal City Business Improvement District	Real Estate Taxes
Community Development Grants	Federal Grants
Section 8 Housing Program	Federal Grants

ARLINGTON COUNTY, VIRGINIA

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NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

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

In July 2010, the Metro Matters Program was succeeded by the WMATA Capital Funding Agreement (the "Agreement"). This Agreement covered \$5.0 billion in capital funding needs throughout fiscal years 2011 – 2016 and served as a master agreement to support future capital needs presented in annually updated Capital Improvement Programs (CIP's). The current FY 2013 – 2018 Capital Improvement Program (CIP) is a 6 year forecast that lays out the specific projects to be funded, along with the sources of funds, in accordance with the Agreement. The CIP may include any capital project or purchase eligible for capital funding and may include projects in such categories as: vehicles and vehicle parts, rail system infrastructure rehabilitation, maintenance facilities, systems and technology, tracks and structures, passenger facilities, maintenance equipment, other facilities, project management, safety and security projects, and preventative maintenance.

Arlington County's contribution of \$840.7 million in funding over the six-year period of this Agreement is subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County is planning to use General Obligation Bonds and state grants to cover its share of the Capital Funding Agreement needs.

In addition, the County shares the operating costs for WMATA's combined bus and rail system. State aid and Northern Virginia Transportation Commission funds have been utilized to help finance these costs. During FY 2014, the County paid \$28.2 million from its General Fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

B. Construction Commitments

As of June 30, 2014 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Project Funds	\$51,091,802
Utilities Funds	18,682,141
	<u>\$69,773,943</u>

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

ARLINGTON COUNTY, VIRGINIA

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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.

D. Alexandria/Arlington Waste To Energy Facility Monitoring Group Trust Fund "WTE-FMG"

On December 31, 2012 Arlington County and the City of Alexandria entered into a new Inter-local agreement and established the Waste To Energy Facility Monitoring Group Trust "WTE-FMG" and terminated the Alexandria/Arlington Waste Disposal Trust fund. The new trust oversees the operation of the facility and it has been used to pay consulting fees to the engineering firm for operations and maintenance audits of the facility, professional association fees and other payments related to the WTE facility. The Trust drives its revenue mainly from contributions by both jurisdictions and interest on invested funds. The funds are invested by Arlington County in First Virginia Community Bank, the carrying value of the funds and the bank balance totaled \$55,173 at June 30, 2014. During FY 2014 the Fund had \$170,604 as revenues and project-related expenditures of \$258,177.

E. Industrial Development Authority Ice Skating Facility

The County is committed to encouraging continuing economic development, including the area around Ballston, inducing the relocation to the County of private businesses to strengthen the business climate, and to making sports and recreation facilities available to the citizens of the County. To further these ends, on December 14, 2004, the County

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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 payments of rent that are equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2014, \$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.

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F. 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.

G. 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, 2014 is \$1.

H. 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 2014, the County paid \$532,160 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 Cities of Alexandria and Richmond 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.

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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 2014, the County paid \$625,615 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 Voya.

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

The Arlington County Employees' Retirement System (the System) is a pension trust fund of the Arlington County, Virginia (the County) financial reporting entity and is included in the County's comprehensive annual financial report. The accompanying financial statements present information on the operations of the System in conformity with generally accepted accounting principles.

The System is a single employer public employee defined benefit pension plan covering substantially all employees of the County.

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Plan Administration

On November 16, 2004, amendments to Arlington County Chapters 21, 35 and 46 were made to transfer the System's administrative responsibilities to the County Manager while leaving investment responsibility with the Board of Trustees (the Retirement Board).

The Retirement Board consists of seven voting and three substitute trustees as follows:

- Three appointed by the County Board
- One appointed by the County Manager
- One trustee and one substitute trustee elected by general employees
- One trustee and one substitute trustee elected by police officers, firefighters, and deputy sheriffs (uniform)
- One trustee and one substitute trustee elected by retired employees

If no eligible person is nominated for an elected position, the County Manager appoints an eligible person to serve as trustee.

In December 2007, the Arlington County Code was modified to require that the trustees elected by active employees be active employees and that the trustees elected by retired employees currently be receiving retirement benefits from the System.

The trustees annually elect a President, Vice-President and Secretary from among their members, and appoint a Treasurer and Assistant Treasurer, who may or may not be a member of the Retirement Board.

The trustees annually approve a Retirement Board Investment Office administrative budget. Administrative expenses are funded from System assets.

Plan Membership

At June 30, 2014, System membership consisted of the following:

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Active Employees:				
Vested	1,768	654	34	2,456
Non-vested	907	192	-	1,099
Total Active Employees	2,675	846	34	3,555
 Vested Deferred	376	53	70	499
 Retirees and Beneficiaries	1,995	748	1,031	3,774

Benefits Provided

The System provides retirement benefits as well as survivor and disability benefits. The table on the following page describes the benefits and how they are calculated.

All plan members are eligible for disability benefits after two years of service and qualify for Social Security disability retirement. Disability retirement benefits are determined in the same manner as retirement benefits with no reduction for early retirement.

All normal retirement benefits vest after five years of credited service. If an employee leaves covered employment before five years of credited service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A summary of member contribution rates, normal service retirement and average final compensation for the employees covered under the various Chapters of the Arlington County Code for the period ending June 30, 2014 is provided on the following page.

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Benefit terms provide for annual cost of living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are 100% of the CPI-U increase up to a maximum of 3% plus one half of the CPI-U increase for the next 9%. This equates to a maximum of 7.5% increase for a 12% increase in the CPI-U.

The System also provides a DROP (Deferred Retirement Option Plan) for employees eligible for retirement. Retirement benefits are paid into an employee directed 401a program for DROP participants.

Member Contributions and Retirement Benefits

	<u>Participants Covered Under Chapter</u>		
	<u>21</u>	<u>35</u>	<u>46</u>
Covers Employees Hired:	Before 2/8/81	Before 2/8/81	2/8/81 or After
Contribution Rates:			
<i>General Employees</i>	4%	N/A	4%
<i>School Board Employees</i> <i>(Covered by VRS)</i>	0%	0%	0%
<i>Uniformed Employees:</i>			
- Management	5.62%	N/A	5% through 1/3/09,
- Non-Management	6.62%	N/A	5% through 1/3/09,
Normal Retirement Age:			
<i>General County Employees</i>	60	N/A	62
<i>School Board Employees</i>	60	62	62
<i>Uniformed Employees</i>	50	N/A	52
<i>"Rule of 80" Applies</i>	Yes	No	Yes
Retirement Benefit:			
Percentage of Average Final Salary (AFS) times years of creditable service subject to a 30 year maximum. AFS is generally the average of the three highest compensation years, including overtime. For Chapter 46 employees retiring on or after 1/4/09, the New AFS definition excludes overtime and most premium pays.	2.5% for each of the first 20 years plus 2% for each of the next 10 years	2.125% reduced by the VRS benefits under Formula A	Retiring on/prior to 1/3/09 General: 1.5% Uniform: 2.0% until Social Security Eligible then 1.5%, 1.7% & 2.0% for each 10 year increment Retiring on/after 1/4/09 General: 1.7% New AFS OR 1.5% Prior AFS through 1/3/09 plus 1.7% New AFS thereafter Uniform: 2.5% through 1/3/09 plus 2.7% thereafter on New AFS OR 2.0% Prior AFS through 1/3/09 plus 2.7% New AFS thereafter until Social Security Eligible then 1.5%, 1.7% & 2.0% for each 10 year increment prior to 1/3/09
Employee contribution refund upon leaving County	Contributions plus interest	N/A	Contributions plus interest

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Contributions

Chapters 21, 35 and 46 of the Arlington County Code establish the Plan and provide the basis for determining the contribution rates. The County Board may amend the Plan at any time.

Based on an annual actuarial valuation prepared by an actuary selected by the Retirement Board of Trustees, a contribution rate is recommended to the County Board for adoption. The actuarially determined rate results in contributions to the Plan which, along with member contributions, are anticipated to be sufficient to fund the value of benefits expected to be earned by plan members during the year, plus an amount to amortize any unfunded actuarial liability.

For the year ended June 30, 2014, the active member contribution rate was 4% of pay for general employees and 7.5% of pay for uniformed employees. The County's blended contribution rate was 22.6% of annual covered payroll.

Rate of Return

For the year ending June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.1%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liability

The components of the net pension liability of the County at June 30, 2014, were as follows:

(\$ in million)

Total Pension Liability	\$1,888.1
Plan Fiduciary Net Position	<u>1,979.60</u>
Total Active Employees	(\$91.5)

Plan Fiduciary Net as a percentage of the total Pension Liability	104.9%
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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions:

Investment rate of return	7.25%
Assumed inflation rate	3.75%
Projected salary increases	3.75%

Mortality rates were based on the RP 2000 Employee Mortality projected with scale AA to 2010.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made at rates determined by the Retirement Board, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed rate of return on pension plan investments

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was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was decreased from 7.5% as of June 30, 2014.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.25%, as well as what the Plan's net position liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	(\$in million)		
	1% Decrease	Current Discount	1% Increase
	6.25%	Rate	8.25%
		7.25%	
Plan's net pension liability	\$166.6	(\$91.5)	(\$303.8)

B. Virginia Retirement System (VRS)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and, Hybrid. Each plan has a different eligibility and benefit structure. The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Annual Pension Cost

For the fiscal year ended June 30, 2014, the Arlington Public Schools annual pension cost of \$46,807,786 for VRS was equal to the required and actual contributions. For the years ended June 30, 2014, 2013 and 2012 the Arlington Public Schools (non-professional employees) annual pension costs for VRS were as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/2012	\$29,288,946	100.00%	\$-
06/30/2013	\$36,448,642	100.00%	-
06/30/2014	\$46,807,786	100.00%	-

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for local general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%.

The actuarial value of the Arlington County Public Schools assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a

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five-year period. Arlington County Public Schools unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 80.09% funded. The actuarial accrued liability for benefits was \$31,887,034, and the actuarial value of assets was \$25,538,159, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,348,875. The covered payroll (annual payroll of active employees covered by the plan) was \$17,327,513, and the ratio of the UAAL to the covered payroll was 36.64%.

The schedule of funding progress, presented as required supplemental information (RSI), presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Schedule of Funding Progress for Arlington Public Schools (non-professional employees)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
06/30/2013	\$25,538,159	\$31,887,034	\$6,348,875	80.09%	\$17,327,513	36.64%
06/30/2012	\$22,749,839	\$29,917,100	\$7,167,261	76.04%	\$16,493,823	43.45%
06/30/2011	\$21,127,628	\$27,648,268	\$6,520,640	76.42%	\$15,192,068	42.92%

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. 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 between 16% and 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2014 the County contributed \$13,391,613 and \$525,800 towards health and life plans respectively. Plan members receiving benefits contributed \$3,251,660 and \$345,335 towards health and life plans respectively. The County contributed an additional \$7,024,633 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, 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:

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Annual required contribution	\$19,871,609
Interest on net OPEB obligation	52,821
Adjustment to annual required contribution	<u>(39,156)</u>
Annual OPEB cost (expense)	19,885,274
Contributions made	<u>20,942,046</u>
Increase in net OPEB obligation	(1,056,772)
Net OPEB obligation-beginning of year	<u>704,276</u>
Net OPEB asset- end of year	<u><u>(\$352,496)</u></u>

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, 2014, 2013 and 2012 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
06/30/2012	\$18,344,193	103.7%	\$559,151
06/30/2013	\$20,024,328	99.3%	\$704,276
06/30/2014	\$19,885,274	105.3%	(\$352,496)

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$263.9 million and the actuarial value of assets was \$58.1 million, resulting in an unfunded actuarial accrued liability of \$205.7 million.

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, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included salary increases of 4.0 percent for general salary inflation as well as additional increases for merit and seniority:

<u>Service</u>	<u>General</u>	<u>Uniform</u>
0	4.15%	6.50%
5	3.65%	5.12%
10	2.75%	4.07%
15	2.45%	3.18%
20+	2.00%	2.80%

The annual healthcare cost trend rate is 8.0 percent, grading to 5.0 percent by 2025. The annual dental trend rates have been updated from an initial trend of 6.87% grading down to 5.5% over 13 years to a constant 5.0%. Retiree contributions are assumed to increase with health care trend rates.

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, 2014 is thirty years.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 Accrued Liability (UAAL) (b-a)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/2011	\$35.07	\$241.57	\$206.50	14.5%	\$247.63	83.5%
07/01/2012	\$43.45	\$268.29	\$224.84	16.2%	\$257.54	87.3%
07/01/2013	\$58.15	\$263.87	\$205.72	22.0%	N/A	N/A

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. 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 10% 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 2014 the Schools' contributed \$4,567,259 and an additional \$3,343,470 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$1,305,474 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, 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	\$7,631,362
Interest on net OPEB obligation	1,098,442
Adjustment to annual required contribution	(838,068)
Annual OPEB cost (expense)	7,891,736
Contributions made	(7,910,729)
Decrease in net OPEB obligation	(18,993)
Net OPEB asset-beginning of year	14,645,888
Net OPEB asset- end of year	<u>\$14,626,895</u>

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, 2014, 2013 and 2012 were as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/ (Asset)</u>
06/30/2012	\$9,641,691	106.8%	\$15,559,178
06/30/2013	\$8,439,680	110.8%	\$14,645,888
06/30/2014	\$7,891,736	100.2%	\$14,626,895

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$107.8 million, of which \$26.6 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$204.3 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 39.8 percent. The Schools contributed an additional \$3.3 million into the Retiree Welfare Benefit Trust during FY 2014.

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 2013/2014 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 7.5 percent investment return, salary increases of 3.75 percent, and an annual healthcare cost trend rate of 8.50 percent initially, grading to 5.0 percent over fifteen 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, 2014 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)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
07/01/2011	\$14.50	\$118.30	\$103.80	12.30%	\$255.70	40.60%
07/01/2012	\$20.00	\$104.25	\$84.27	19.20%	\$267.19	31.50%
07/01/2013	\$26.59	\$107.78	\$81.19	24.70%	\$204.26	39.80%

NOTE 18. Subsequent Events

A. Ballston Public Parking Garage

On September 22, 2011, a three-year Letter of Credit (LOC) was issued by PNC Bank, N.A. This letter of credit expired on September 6, 2014. On August 5, 2014, subsequent to the end of FY 2014, the LOC was signed to extend the expiration date to August 6, 2017.



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.

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

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS										Total Non-Major Governmental Funds
	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	IDA Bond Fund	
ASSETS																	
Equity in pooled cash and investments	\$141,051	\$828,930	\$2,042,072	\$1,344,553	\$1,319,996	\$779,118	\$16,911,022	\$11,149,879	\$19,887,746	\$20,232,875	\$27,569,401	\$4,625	\$44	\$122,154,299	\$6,835,107	\$491,488	\$231,692,206
Receivables, net	-	-	-	-	20,322,069	-	-	-	-	99,920	-	-	-	2,233,230	-	452	22,655,671
Receivables from other governments	-	-	-	-	460,780	39,280	-	-	-	-	-	-	-	-	-	-	\$500,060
Prepaid	-	-	-	-	-	1,288,591	-	4,275	-	-	-	-	-	-	-	-	1,292,866
Total assets	<u>\$141,051</u>	<u>\$828,930</u>	<u>\$2,042,072</u>	<u>\$1,344,553</u>	<u>\$22,102,845</u>	<u>\$2,106,989</u>	<u>\$16,911,022</u>	<u>\$11,154,154</u>	<u>\$19,887,746</u>	<u>\$20,332,795</u>	<u>\$27,569,401</u>	<u>\$4,625</u>	<u>\$44</u>	<u>\$124,387,529</u>	<u>\$6,835,107</u>	<u>\$491,940</u>	<u>\$256,140,803</u>
LIABILITIES AND DEFERRED INFLOWS																	
LIABILITIES																	
Accounts Payable	\$141,051	\$-	\$-	\$-	\$240,690	\$74,341	\$1,790,314	\$442,823	\$959,093	\$258,630	\$517,637	\$-	\$-	\$2,888,315	\$6,413	\$237,375	\$7,556,682
Other liabilities	-	-	-	-	11,866,444	-	-	3,200	11,604	-	82,799	-	-	90,337	-	118,881	12,173,265
Total liabilities	141,051	-	-	-	12,107,134	74,341	1,790,314	446,023	970,697	258,630	600,436	-	-	2,978,652	6,413	356,256	19,729,947
Deferred Inflows	-	782,401	1,863,116	1,311,996	9,995,711	-	-	-	-	-	-	-	-	-	-	-	13,953,224
Total Liabilities and Deferred Inflows	<u>141,051</u>	<u>782,401</u>	<u>1,863,116</u>	<u>1,311,996</u>	<u>22,102,845</u>	<u>74,341</u>	<u>1,790,314</u>	<u>446,023</u>	<u>970,697</u>	<u>258,630</u>	<u>600,436</u>	<u>-</u>	<u>-</u>	<u>2,978,652</u>	<u>6,413</u>	<u>356,256</u>	<u>33,683,171</u>
FUND BALANCES																	
Nonspendable	-	-	-	-	-	1,288,591	-	4,275	-	-	-	-	-	-	-	-	1,292,866
Restricted	-	46,529	178,956	32,557	-	744,057	-	-	-	-	-	-	-	29,790,565	-	-	30,792,664
Committed	-	-	-	-	-	-	15,120,708	10,703,856	18,917,049	20,074,165	26,968,965	4,625	44	91,618,312	6,828,694	135,684	190,372,102
Total fund balances	<u>-</u>	<u>46,529</u>	<u>178,956</u>	<u>32,557</u>	<u>-</u>	<u>2,032,648</u>	<u>15,120,708</u>	<u>10,708,131</u>	<u>18,917,049</u>	<u>20,074,165</u>	<u>26,968,965</u>	<u>4,625</u>	<u>44</u>	<u>121,408,877</u>	<u>6,828,694</u>	<u>135,684</u>	<u>222,457,632</u>
Total liabilities and fund balances	<u>\$141,051</u>	<u>\$828,930</u>	<u>\$2,042,072</u>	<u>\$1,344,553</u>	<u>\$22,102,845</u>	<u>\$2,106,989</u>	<u>\$16,911,022</u>	<u>\$11,154,154</u>	<u>\$19,887,746</u>	<u>\$20,332,795</u>	<u>\$27,569,401</u>	<u>\$4,625</u>	<u>\$44</u>	<u>\$124,387,529</u>	<u>\$6,835,107</u>	<u>\$491,940</u>	<u>\$256,140,803</u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES:	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS											Total Non-Major Governmental Funds
	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	IDA Bond Fund		
Other local taxes	\$1,494,123	\$3,523,214	\$2,522,688	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$27,599	\$-	\$7,567,624	
Real estate taxes	-	-	-	-	-	-	-	-	8,331,275	-	-	-	25,734,105	2,975,380	-	37,040,760	
Intergovernmental	-	-	-	2,794,376	17,139,411	-	-	-	157,606	-	-	-	12,277,678	-	-	32,369,071	
Interest income	611	864	474	-	-	28,956	15,938	25,363	-	49,875	6	40	26,160	-	16,351	164,638	
Miscellaneous revenue	-	-	-	-	-	-	-	-	3,050	-	-	-	-	-	-	3,050	
Total revenues	1,494,734	3,524,078	2,523,162	2,794,376	17,139,411	28,956	15,938	25,363	8,491,931	49,875	6	40	38,037,943	3,002,979	16,351	77,145,143	
EXPENDITURES:																	
Planning and community development	1,485,415	3,472,886	2,501,090	2,794,376	17,412,988	-	-	-	-	-	-	-	-	-	-	27,666,755	
Intergovernmental:																	
Community development	-	-	-	-	-	-	-	-	5,327,535	-	-	-	11,072,842	315,712	-	16,716,089	
Debt Service																	
Principal	-	-	-	-	-	-	-	-	-	-	-	-	321,460	-	-	321,460	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	351,957	-	-	351,957	
Capital outlay	-	-	-	-	-	7,367,722	4,559,603	3,121,927	540,295	8,823,667	-	3,398	16,285,904	102,414	3,895,830	44,700,760	
Total expenditures	1,485,415	3,472,886	2,501,090	2,794,376	17,412,988	7,367,722	4,559,603	3,121,927	5,867,830	8,823,667	-	3,398	28,032,163	418,126	3,895,830	89,757,021	
Revenues over (under) expenditures	9,319	51,192	22,072	-	(273,577)	(7,338,766)	(4,543,665)	(3,096,564)	2,624,101	(8,773,792)	6	(3,358)	10,005,780	2,584,853	(3,879,479)	(12,611,878)	
OTHER FINANCING SOURCES(USES):																	
Proceeds from sale of bonds	-	-	-	-	-	7,405,000	5,000,000	5,705,000	-	3,640,000	-	-	5,000,000	-	-	26,750,000	
Payments to refunded bond escrow agent	-	-	-	-	-	(3,278,517)	(1,685,527)	(2,400,120)	-	(7,658,093)	-	-	3,403,750	-	-	(11,618,507)	
Proceeds from sale of refunding bonds	-	-	-	-	-	3,177,905	1,633,800	2,326,465	-	7,423,080	-	-	(3,511,513)	-	-	11,049,737	
Deferred cost of refunding	-	-	-	-	-	100,612	51,727	73,655	-	235,013	-	-	107,763	-	-	568,770	
Transfers out	(14,941)	(35,232)	(25,227)	-	-	(28,956)	(15,938)	(25,363)	-	(49,875)	(6)	(40)	(26,160)	-	(16,351)	(238,089)	
Total Other financing sources (uses)	(14,941)	(35,232)	(25,227)	-	-	7,376,044	4,984,062	5,679,637	-	3,590,125	(6)	(40)	4,973,840	-	(16,351)	26,511,911	
Net change in fund balances	(5,622)	15,960	(3,155)	-	(273,577)	37,278	440,397	2,583,073	2,624,101	(5,183,667)	-	(3,398)	14,979,620	2,584,853	(3,895,830)	13,900,033	
FUND BALANCE, beginning of year	52,151	162,996	35,712	-	2,306,225	15,083,430	10,267,734	16,333,976	17,450,064	32,152,632	4,625	3,442	106,429,257	4,243,841	4,031,514	208,557,599	
FUND BALANCE, end of year	\$46,529	\$178,956	\$32,557	\$-	\$2,032,648	\$15,120,708	\$10,708,131	\$18,917,049	\$20,074,165	\$26,968,965	\$4,625	\$44	\$121,408,877	\$6,828,694	\$135,684	\$222,457,632	



General Fund

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

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

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	2014	2013
ASSETS		
Equity in pooled cash and investments	\$319,574,683	\$277,937,767
Petty cash	1,950	1,950
Cash with fiscal agents	272,176	271,394
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	358,383,154	343,994,518
Accounts	18,653,465	16,700,936
Accrued interest	621,032	1,007,071
Due from other governments	5,070,454	4,940,186
Temporary loan to fund	182,600	33,616
Due from component unit	294,029	422,225
Other assets	15,197,337	15,197,041
Total Assets	\$718,250,880	\$660,506,704
LIABILITIES AND DEFERRED INFLOWS		
LIABILITIES:		
Accrued payroll liabilities	\$21,890,610	\$19,473,509
Vouchers payable	7,403,093	5,903,813
Current maturities of interest payable	267,305	267,306
Other current liabilities	1,457,638	2,256,489
Unearned revenue	15,309,223	15,366,962
Due to component unit	85,941,674	75,969,684
Total Liabilities	132,269,543	119,237,763
Deferred Inflows	352,927,400	341,670,014
Total Liabilities and Deferred Inflows	485,196,943	460,907,777
FUND BALANCE:		
<u>Restricted for:</u>		
Seized assets	2,522,979	2,272,448
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Subsequent years' County budget	4,860,024	5,208,794
Capital projects	14,831,642	8,403,862
Operating reserve	54,575,340	52,605,487
Economic & revenue stabilization contingent	3,000,000	3,000,000
Incomplete projects	412,220	130,223
Affordable Housing Investment Fund	45,631,924	21,838,549
Subsequent years' School's budget	46,735,944	26,269,900
<u>Assigned to:</u>		
Subsequent years' County budgets	15,593,759	19,649,922
Subsequent years' County capital projects	11,782,428	12,162,577
Economic stabilization reserve	-	5,000,000
Operating reserve	2,810,020	1,969,853
Fresh AIRE program	1,480,249	1,224,867
Incomplete projects	3,772,275	5,215,352
Affordable Housing Investment Fund	20,045,133	29,647,093
Total Fund Balance	233,053,937	199,598,927
Total Liabilities, Deferred Inflows and Fund Balance	\$718,250,880	\$660,506,704

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, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	2014			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2013 ACTUALS
REVENUES:				
Taxes	\$905,228,449	\$937,038,604	\$31,810,155	\$901,222,811
Licenses and permits	10,411,637	12,396,844	1,985,207	10,502,137
From the Commonwealth of Virginia	69,777,014	67,984,661	(1,792,353)	64,473,930
From the federal government	18,844,633	18,015,289	(829,344)	15,595,756
Charges for services	52,386,128	53,136,621	750,493	51,656,429
Fines and forfeitures	9,605,548	8,113,863	(1,491,685)	8,468,253
Use of money and property	5,866,760	6,414,252	547,492	3,998,537
Miscellaneous revenues	19,028,152	28,445,244	9,417,092	21,518,373
Total Revenues	1,091,148,321	1,131,545,378	40,397,057	1,077,436,226
EXPENDITURES:				
Current:				
General government	56,091,690	53,607,424	2,484,266	51,971,892
Judicial administration	52,325,043	52,096,187	228,856	50,057,156
Public safety	127,706,798	124,205,497	3,501,301	119,744,336
Environmental services	82,274,902	80,533,785	1,741,117	77,419,666
Health and welfare	127,728,332	117,358,298	10,370,034	113,479,716
Parks and recreation	37,268,040	34,273,106	2,994,934	32,468,756
Libraries	12,744,549	12,493,400	251,149	12,395,463
Planning and community development	22,338,519	21,206,309	1,132,210	19,726,276
Non-departmental	136,547,562	76,452,328	60,095,234	43,851,605
Contributions to regional agencies	36,184,495	36,048,224	136,271	33,827,183
Debt service:				
Principal	37,005,960	38,279,170	(1,273,210)	35,526,687
Interest on serial bonds	23,394,040	17,598,928	5,795,112	18,676,454
Other costs	200,000	7,676	192,324	5,551
Total Expenditures	751,809,930	664,160,332	87,649,598	609,150,741
Revenues over Expenditures	339,338,391	467,385,046	128,046,655	468,285,485
OTHER FINANCING SOURCES(USES):				
Transfers in	2,973,070	766,944	(2,206,126)	1,319,254
Transfers from component unit	-	72,867	72,867	140,846
Transfers out	(29,749,496)	(29,816,042)	-	(31,441,368)
Transfers to component unit	(437,407,759)	(407,395,877)	30,011,882	(441,758,486)
Premium on sales of bonds	-	2,442,072	2,442,072	11,594,033
Total Other Financing Sources(Uses)	(464,184,185)	(433,930,036)	30,320,695	(460,145,721)
Revenues Over (Under) Expenditures and Other Sources(Uses)	-	33,455,010	158,367,350	8,139,764
FUND BALANCE, beginning of year	(180,725,663)	199,598,927	380,324,590	191,459,163
FUND BALANCE, end of year	(\$180,725,663)	\$233,053,937	\$538,691,940	\$199,598,927



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.

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

							Totals	
	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	June 30, 2014	June 30, 2013
ASSETS								
Equity in pooled cash and investments	\$141,051	\$828,930	\$2,042,072	\$1,344,553	\$1,319,996	\$779,118	\$6,455,720	\$7,396,014
Receivable from other government	-	-	-	-	460,780	39,280	500,060	417,282
Long-term receivables	-	-	-	-	20,322,069	-	20,322,069	21,293,160
Prepaid expenses	-	-	-	-	-	1,288,591	1,288,591	1,299,658
Total Assets	<u>\$141,051</u>	<u>\$828,930</u>	<u>\$2,042,072</u>	<u>\$1,344,553</u>	<u>\$22,102,845</u>	<u>\$2,106,989</u>	<u>\$28,566,440</u>	<u>\$30,406,114</u>
LIABILITIES AND DEFERRED INFLOWS								
LIABILITIES								
Vouchers payable	\$141,051	\$-	\$-	\$-	\$240,690	\$74,341	\$456,082	\$563,196
Long-term liabilities	-	-	-	-	11,866,444	-	11,866,444	12,201,717
Total Liabilities	141,051	-	-	-	12,107,134	74,341	12,322,526	12,764,913
Deferred Inflows	-	782,401	1,863,116	1,311,996	9,995,711	-	13,953,224	15,084,117
Total Liabilities and Deferred Inflows	<u>141,051</u>	<u>782,401</u>	<u>1,863,116</u>	<u>1,311,996</u>	<u>22,102,845</u>	<u>74,341</u>	<u>26,275,750</u>	<u>27,849,030</u>
FUND BALANCES								
- Nonspendable	-	-	-	-	-	1,288,591	1,288,591	1,299,658
- Restricted	-	46,529	178,956	32,557	-	744,057	1,002,099	1,257,426
Total Fund Balances	<u>-</u>	<u>46,529</u>	<u>178,956</u>	<u>32,557</u>	<u>-</u>	<u>2,032,648</u>	<u>2,290,690</u>	<u>2,557,084</u>
Total Liabilities and Fund Balances	<u>\$141,051</u>	<u>\$828,930</u>	<u>\$2,042,072</u>	<u>\$1,344,553</u>	<u>\$22,102,845</u>	<u>\$2,106,989</u>	<u>\$28,566,440</u>	<u>\$30,406,114</u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

						Totals	
	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	June 30, 2014	June 30, 2013
REVENUES:							
Other local taxes	\$1,494,123	\$3,523,214	\$2,522,688	\$-	\$-	\$7,540,025	\$7,526,120
From the federal government	-	-	-	2,794,376	17,139,411	19,933,787	20,940,137
Total revenues	1,494,123	3,523,214	2,522,688	2,794,376	17,139,411	27,473,812	28,466,257
EXPENDITURES:							
Current -							
Community development	1,485,415	3,472,886	2,501,090	2,794,376	-	10,253,767	11,393,882
Housing program	-	-	-	-	17,412,988	17,412,988	17,733,833
Travel and tourism	-	-	-	-	-	-	251,711
Total expenditures	1,485,415	3,472,886	2,501,090	2,794,376	17,412,988	27,666,755	29,379,426
Revenues over (under) expenditures	8,708	50,328	21,598	-	(273,577)	(192,943)	(913,169)
OTHER FINANCING SOURCES(USES):							
Interest	611	864	474	-	-	1,949	2,810
Transfers out	(14,941)	(35,232)	(25,227)	-	-	(75,400)	(574,958)
Total other financing sources(uses)	(14,330)	(34,368)	(24,753)	-	-	(73,451)	(572,148)
Revenues and other financing sources (uses) over expenditures	(5,622)	15,960	(3,155)	-	(273,577)	(266,394)	(1,485,317)
FUND BALANCES, beginning of year	52,151	162,996	35,712	-	2,306,225	2,557,084	4,042,401
FUND BALANCES, end of year	\$46,529	\$178,956	\$32,557	\$-	\$2,032,648	\$2,290,690	\$2,557,084

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
BALLSTON BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Other local taxes	\$1,524,736	\$1,494,123	(\$30,613)
Total revenue	1,524,736	1,494,123	(30,613)
EXPENDITURES:			
Special real estate tax assessments	1,509,489	1,485,415	24,074
Revenues over(under) expenditures	15,247	8,708	(6,539)
OTHER FINANCING SOURCES(USES):			
Interest	-	611	611
Transfers out	(15,247)	(14,941)	306
Total other financing sources(uses)	(15,247)	(14,330)	917
Revenues and other financing sources(uses) over (under) expenditures	-	(5,622)	(5,622)
FUND BALANCE, beginning of year	52,151	52,151	-
FUND BALANCE, end of year	\$52,151	\$46,529	(\$5,622)

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$3,630,847</u>	<u>\$3,523,214</u>	<u>(\$107,633)</u>
Total revenue	<u>3,630,847</u>	<u>3,523,214</u>	<u>(107,633)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>3,574,556</u>	<u>3,472,886</u>	<u>101,670</u>
Revenues over(under) expenditures	<u>56,291</u>	<u>50,328</u>	<u>(5,963)</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	864	864
Transfers out	<u>(36,308)</u>	<u>(35,232)</u>	<u>1,076</u>
Total other financing sources(uses)	<u>(36,308)</u>	<u>(34,368)</u>	<u>1,940</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>19,983</u>	<u>15,960</u>	<u>(4,023)</u>
FUND BALANCE, beginning of year	<u>162,996</u>	<u>162,996</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$182,979</u>	<u>\$178,956</u>	<u>(\$4,023)</u>

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$2,591,803</u>	<u>\$2,522,688</u>	<u>(\$69,115)</u>
Total revenue	<u>2,591,803</u>	<u>2,522,688</u>	<u>(69,115)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>2,565,885</u>	<u>2,501,090</u>	<u>64,795</u>
Revenues over(under) expenditures	<u>25,918</u>	<u>21,598</u>	<u>(4,320)</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	474	474
Transfers out	<u>(25,918)</u>	<u>(25,227)</u>	<u>691</u>
Total other financing sources(uses)	<u>(25,918)</u>	<u>(24,753)</u>	<u>1,165</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>(3,155)</u>	<u>(3,155)</u>
FUND BALANCE, beginning of year	<u>35,712</u>	<u>35,712</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$35,712</u></u>	<u><u>\$32,557</u></u>	<u><u>(\$3,155)</u></u>

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$4,268,085</u>	<u>\$2,794,376</u>	<u>(\$1,473,709)</u>
Total Revenues	<u>4,268,085</u>	<u>2,794,376</u>	<u>(1,473,709)</u>
EXPENDITURES:			
Community development	<u>4,268,085</u>	<u>2,794,376</u>	<u>1,473,709</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
SECTION 8 HOUSING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$18,469,071</u>	<u>\$17,139,411</u>	<u>(\$1,329,660)</u>
EXPENDITURES:			
Housing program	<u>18,240,094</u>	<u>17,412,988</u>	<u>827,106</u>
Revenues over (under) expenditures	<u>228,977</u>	<u>(273,577)</u>	<u>(502,554)</u>
FUND BALANCE, beginning of year	<u>2,306,225</u>	<u>2,306,225</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$2,535,202</u></u>	<u><u>\$2,032,648</u></u>	<u><u>(\$502,554)</u></u>



Capital Projects Funds

The Capital Projects Funds are used to account for the purchase and/or construction of major capital facilities, including buildings, roads and other long-lived improvements, which are not financed by proprietary funds. Financing is provided primarily by 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, IDA revenue bonds and revenues from real estate assessments.

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	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	Transportation Capital Funds	Crystal City TIF	IDA Bond Fund	Totals	
												June 30, 2014	June 30, 2013
ASSETS:													
Equity in pooled cash and investments	\$91,294,484	\$16,911,022	\$11,149,879	\$19,887,746	\$20,232,875	\$27,569,401	\$4,625	\$44	\$122,154,299	\$6,835,107	\$491,488	\$316,530,970	\$283,864,504
Receivables	2,143,969	-	-	-	99,920	-	-	-	2,233,230	-	452	4,477,571	5,052,500
Prepaid expenses	-	-	4,275	-	-	-	-	-	-	-	-	4,275	4,275
Total Assets	\$93,438,453	\$16,911,022	\$11,154,154	\$19,887,746	\$20,332,795	\$27,569,401	\$4,625	\$44	\$124,387,529	\$6,835,107	\$491,940	\$321,012,816	\$288,921,279
LIABILITIES AND FUND BALANCES													
LIABILITIES:													
Vouchers payable	\$4,055,051	\$1,790,314	\$442,823	\$959,093	\$258,630	\$517,637	\$-	\$-	\$2,888,315	\$6,413	\$237,375	\$11,155,651	\$13,618,130
Contracts payable-retainage	580,419	-	-	11,604	-	82,799	-	-	90,337	-	118,881	884,040	2,325,103
Unearned revenue	7,248,888	-	-	-	-	-	-	-	-	-	-	7,248,888	7,399,801
Other liabilities	853,473	-	3,200	-	-	-	-	-	-	-	-	856,673	819,414
Total Liabilities	12,737,831	1,790,314	446,023	970,697	258,630	600,436	-	-	2,978,652	6,413	356,256	20,145,252	24,162,448
FUND BALANCES:													
<u>Non-spendable</u>													
Prepaid	-	-	4,275	-	-	-	-	-	-	-	-	4,275	4,275
<u>Restricted:</u>													
Debt service	-	-	-	-	-	-	-	-	29,790,565	-	-	29,790,565	35,790,356
<u>Committed to:</u>													
Capital projects	80,700,622	15,120,708	10,703,856	18,917,049	20,074,165	26,968,965	4,625	44	91,618,312	6,828,694	135,684	271,072,724	228,964,200
Total Fund Balances	80,700,622	15,120,708	10,708,131	18,917,049	20,074,165	26,968,965	4,625	44	121,408,877	6,828,694	135,684	300,867,564	264,758,831
Total Liabilities and Fund Balances	\$93,438,453	\$16,911,022	\$11,154,154	\$19,887,746	\$20,332,795	\$27,569,401	\$4,625	\$44	\$124,387,529	\$6,835,107	\$491,940	\$321,012,816	\$288,921,279

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	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	Transportation Capital Funds	Crystal City TIF	IDA Bond Fund	Totals	
												June 30, 2014	June 30, 2013
REVENUES:													
From the Commonwealth of Virginia	\$17,279,102	\$-	\$-	\$-	\$89,606	\$-	\$-	\$-	\$11,466,545	\$27,599	\$-	\$28,862,852	\$19,754,712
From the federal government	-	-	-	-	60,000	-	-	-	-	-	-	60,000	-
Charges for services	4,393,070	-	-	-	8,000	-	-	-	811,133	-	-	5,212,203	589,317
Real estate taxes	-	-	-	-	8,331,275	-	-	-	25,734,105	2,975,380	-	37,040,760	35,890,299
Interest	-	28,956	15,938	25,363	-	49,875	6	40	26,160	-	16,351	162,689	285,997
Miscellaneous revenue	2,473,616	-	-	-	3,050	-	-	-	-	-	-	2,476,666	1,342,805
Total Revenues	24,145,788	28,956	15,938	25,363	8,491,931	49,875	6	40	38,037,943	3,002,979	16,351	73,815,170	57,863,130
EXPENDITURES:													
Inter Governmental:													
Community development	1,214,210	-	-	-	-	-	-	-	10,290,000	-	-	11,504,210	10,052,960
Current operating:													
General Government	645,155	-	-	-	5,327,535	-	-	-	782,842	315,712	-	7,071,244	5,102,268
Planning and Community Development	124,008	-	-	-	-	-	-	-	-	-	-	124,008	8,891
Parks, recreation and Cultural Development	2,515	-	-	-	-	-	-	-	-	-	-	2,515	9,452
Public Safety	109,220	-	-	-	-	-	-	-	-	-	-	109,220	511,790
Debt service:													
Principal	-	-	-	-	-	-	-	-	321,460	-	-	321,460	995,054
Interest	-	-	-	-	-	-	-	-	351,957	-	-	351,957	353,646
Capital outlay	31,153,074	7,367,722	4,559,603	3,121,927	540,295	8,823,667	-	3,398	16,285,904	102,414	3,895,830	75,853,834	142,007,161
Total Expenditures	33,248,182	7,367,722	4,559,603	3,121,927	5,867,830	8,823,667	-	3,398	28,032,163	418,126	3,895,830	95,338,448	159,041,222
Revenues Over/(Under) Expenditures	(9,102,394)	(7,338,766)	(4,543,665)	(3,096,564)	2,624,101	(8,773,792)	6	(3,358)	10,005,780	2,584,853	(3,879,479)	(21,523,278)	(101,178,092)
OTHER FINANCING SOURCES/(USES):													
Proceeds from lease purchase	5,459,005	-	-	-	-	-	-	-	-	-	-	5,459,005	4,473,803
Proceeds from sale of general obligation bonds	-	7,405,000	5,000,000	5,705,000	-	3,640,000	-	-	5,000,000	-	-	26,750,000	72,245,000
Proceeds from sale of refunding bonds	-	3,177,905	1,633,800	2,326,465	-	7,423,080	-	-	3,403,750	-	-	17,965,000	82,002,545
Payments to refunded bond escrow agent	-	(3,278,517)	(1,685,527)	(2,400,120)	-	(7,658,093)	-	-	(3,511,513)	-	-	(18,533,770)	(77,247,178)
Cost of refunding bonds	-	100,612	51,727	73,655	-	235,013	-	-	107,763	-	-	568,770	(4,755,367)
Transfers in	29,553,643	-	-	-	-	-	-	-	-	-	-	29,553,643	36,136,616
Transfers out	(3,967,948)	(28,956)	(15,938)	(25,363)	-	(49,875)	(6)	(40)	(26,160)	-	(16,351)	(4,130,637)	(1,510,857)
Total Other Financing Sources/(Uses)	31,044,700	7,376,044	4,984,062	5,679,637	-	3,590,125	(6)	(40)	4,973,840	-	(16,351)	57,632,011	111,344,562
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	21,942,306	37,278	440,397	2,583,073	2,624,101	(5,183,667)	-	(3,398)	14,979,620	2,584,853	(3,895,830)	36,108,733	10,166,470
FUND BALANCE, beginning of year	58,758,316	15,083,430	10,267,734	16,333,976	17,450,064	32,152,632	4,625	3,442	106,429,257	4,243,841	4,031,514	264,758,831	254,592,361
FUND BALANCE, end of year	\$80,700,622	\$15,120,708	\$10,708,131	\$18,917,049	\$20,074,165	\$26,968,965	\$4,625	\$44	\$121,408,877	\$6,828,694	\$135,684	\$300,867,564	\$264,758,831



Enterprise Funds

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

A S S E T S

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2014	June 30, 2013
CURRENT ASSETS:						
Equity in pooled cash and investments	\$62,453,741	\$14,468,987	\$290,000	\$19,361,071	\$96,573,799	\$102,456,953
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	5,905,982	-	-	-	5,905,982	3,418,651
Estimated unbilled service charges	9,981,257	-	-	-	9,981,257	9,371,901
Other	2,930,294	1,170	-	-	2,931,464	2,975,012
Prepaid expenses	2,447,864	187,880	-	-	2,635,744	2,635,744
Inventories	1,365,393	-	-	-	1,365,393	1,304,867
Total current assets	85,109,752	14,658,037	290,000	19,361,071	119,418,860	122,188,349
CAPITAL ASSETS:						
Land	6,161,255	-	-	-	6,161,255	6,161,255
Sewer system	354,223,000	-	-	-	354,223,000	347,236,362
Water system	693,336,177	-	-	-	693,336,177	683,394,204
Equipment	2,493,661	213,440	-	2,922,335	5,629,436	5,320,788
Building	-	22,315,887	3,511,471	-	25,827,358	22,315,887
Intangible assets	33,000	-	-	1,116,969	1,149,969	1,149,969
Construction in progress	125,971,069	28,880	-	-	125,999,949	123,631,989
Less accumulated depreciation-Intangible	(1,111)	-	-	(753,875)	(754,986)	(531,259)
Less accumulated depreciation	(164,285,431)	(13,196,384)	(73,156)	(1,388,841)	(178,943,812)	(163,818,314)
Total capital assets (net of accumulated depreciation)	1,017,931,620	9,361,823	3,438,315	1,896,588	1,032,628,346	1,024,860,881
Deferred bond issuance costs	-	-	-	-	-	55,664
Total noncurrent assets	1,017,931,620	9,361,823	3,438,315	1,896,588	1,032,628,346	1,024,916,545
Total assets	\$1,103,041,372	\$24,019,860	\$3,728,315	\$21,257,659	\$1,152,047,206	\$1,147,104,894

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

LIABILITIES AND EQUITY

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2014	June 30, 2013
CURRENT LIABILITIES:						
Payable from current assets:						
General obligation bonds payable	\$8,163,453	\$-	\$-	\$-	\$8,163,453	\$9,136,857
VRA loan payable	13,347,499	-	-	-	13,347,499	12,882,014
Interest payable	4,006,023	24,220,962	-	-	28,226,985	26,881,272
Vouchers payable	9,771,387	372,971	-	475,450	10,619,808	10,157,586
Contracts payable - retainage	188,407	-	-	-	188,407	1,489,235
Revenue bonds payable-current	-	500,000	-	-	500,000	500,000
Mortgage /notes payable	-	3,429,679	-	-	3,429,679	3,429,679
Capital leases	30,487	-	-	-	30,487	29,631
Other accrued liabilities	229,085	11,395,640	-	119,947	11,744,672	10,841,878
Compensated absences	130,100	-	-	58,218	188,318	203,380
Total current liabilities	35,866,441	39,919,252	-	653,615	76,439,308	75,551,532
LONG-TERM LIABILITIES:						
Compensated absences	1,170,899	-	-	523,963	1,694,862	1,830,415
Revenue bonds payable	-	8,400,000	-	-	8,400,000	8,900,000
Capital leases	113,814	-	-	-	113,814	144,301
VRA Loan payable	219,935,436	-	-	-	219,935,436	233,311,758
Mortgage payable	-	-	-	-	-	-
General obligation bonds payable	111,031,167	-	-	-	111,031,167	117,342,686
Total long-term liabilities	332,251,316	8,400,000	-	523,963	341,175,279	361,529,160
Total liabilities	368,117,757	48,319,252	-	1,177,578	417,614,587	437,080,692
NET POSITION:						
Net investment in capital assets	665,309,764	(2,967,856)	3,438,315	1,896,588	667,676,811	648,350,443
Unrestricted (Deficit)	69,613,851	(21,331,536)	290,000	18,183,493	66,755,808	61,673,759
Total net position	734,923,615	(24,299,392)	3,728,315	20,080,081	734,432,619	710,024,202
Total liabilities and net position	\$1,103,041,372	\$24,019,860	\$3,728,315	\$21,257,659	\$1,152,047,206	\$1,147,104,894

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

						Totals
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2014	June 30, 2013
OPERATING REVENUES:						
Water-sewer service charges	\$88,880,766	\$-	\$-	\$-	\$88,880,766	\$86,768,619
Water-service hook-up charges	5,499,780	-	-	-	5,499,780	5,672,805
Water-service connection charges	1,412,500	-	-	-	1,412,500	1,363,865
Sewage treatment service charges	6,553,790	-	-	-	6,553,790	7,624,590
Permits and fees	-	-	-	14,621,512	14,621,512	14,433,080
Other	3,321,315	-	-	-	3,321,315	6,023,755
Parking charges	-	4,411,414	328,547	-	4,739,961	5,148,830
Total Operating Revenues	105,668,151	4,411,414	328,547	14,621,512	125,029,624	127,035,544
OPERATING EXPENSES:						
Personnel services	13,841,929	-	5,229	5,918,129	19,765,287	19,605,560
Fringe benefits	4,987,709	-	-	2,300,119	7,287,828	6,846,256
Contractual services	12,842,119	2,187,273	45,902	2,607,889	17,683,183	17,739,231
Purchases of water	8,032,924	-	-	-	8,032,924	8,060,019
Materials and supplies	9,028,776	298,650	32,810	364,255	9,724,491	12,315,140
Deferred rent	-	773,747	-	-	773,747	904,992
Depreciation	13,845,860	516,007	73,156	519,323	14,954,346	21,558,825
Amortization	-	34,427	-	-	34,427	5,297
Equipment (Construction Contracts)	4,438,816	-	-	294,031	4,732,847	1,902,348
Internal Services	-	-	-	1,758,372	1,758,372	1,767,103
Miscellaneous	5,571,587	-	-	-	5,571,587	5,422,182
Total Operating Expenses	72,589,720	3,810,104	157,097	13,762,118	90,319,039	96,126,953
Operating Income (loss)	33,078,431	601,310	171,450	859,394	34,710,585	30,908,591
NON-OPERATING REVENUES(EXPENSES):						
Interest income and other income	192,461	7,482	-	73,046	272,989	39,733
Interest expense and fiscal charges	(12,955,913)	(1,505,556)	-	-	(14,461,469)	(14,838,998)
Interest payment on capital lease	(4,781)	-	-	-	(4,781)	(5,906)
Total non-operating revenues (expenses)	(12,768,233)	(1,498,074)	-	73,046	(14,193,261)	(14,805,171)
Net Income before contributions and transfers	20,310,198	(896,764)	171,450	932,440	20,517,324	16,103,420
CONTRIBUTIONS AND NET TRANSFERS						
Contributions from developers and other sources	2,421,745	-	1,367,321	-	3,789,066	2,612,398
Federal & State grant	-	-	-	-	-	3,710,025
Total contributions and net transfers	2,421,745	-	1,367,321	-	3,789,066	6,322,423
TRANSFERS IN(OUT):						
Transfers in	102,027	-	-	-	102,027	(569,960)
Change in net position	22,833,970	(896,764)	1,538,771	932,440	24,408,417	21,855,883
Net position, beginning of year	712,089,645	(23,402,628)	2,189,544	19,147,641	710,024,202	688,168,319
Net position, end of year	\$734,923,615	(\$24,299,392)	\$3,728,315	\$20,080,081	\$734,432,619	\$710,024,202

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2014	June 30 2013
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$102,623,153	\$4,412,374	(\$497,820)	\$14,621,512	\$121,159,219	\$130,460,312
Cash paid to suppliers	(40,178,635)	(2,522,557)	75,705	(4,835,963)	(47,461,450)	(48,130,569)
Cash paid to employees	(18,964,980)	-	-	(8,233,522)	(27,198,502)	(26,306,669)
Net cash flows from operating activities	43,479,538	1,889,817	(422,115)	1,552,027	46,499,267	56,023,074
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	192,461	7,482	-	73,046	272,989	39,733
Net cash flows from investing activities	192,461	7,482	-	73,046	272,989	39,733
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Contributions from developers and other sources	-	-	1,367,321	-	1,367,321	826,368
Net cash flows from non-capital financing activities	-	-	1,367,321	-	1,367,321	826,368
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
State grant	-	-	-	-	-	3,710,025
Principal payments - bonds	(8,741,975)	(500,000)	-	-	(9,241,975)	(9,723,845)
Proceeds from sale of general obligation bonds	1,700,000	-	-	-	1,700,000	3,600,000
Payments to bonds redeemed	(2,857,610)	-	-	-	(2,857,610)	(11,023,650)
Proceeds from sale of refunding bonds	2,765,000	-	-	-	2,765,000	11,195,000
Cost of refunding bonds	92,610	-	-	-	92,610	(171,350)
Bond premium	151,932	-	-	-	151,932	593,030
Principal payments - capital lease	(29,631)	-	-	-	(29,631)	(44,461)
Interest payments - capital lease	(4,781)	-	-	-	(4,781)	(5,906)
Payment of VRA loan	(12,910,836)	-	-	-	(12,910,836)	(12,482,371)
Proceeds of VRA loan	-	-	-	-	-	5,471,152
Interest and other loan expenses	(12,863,094)	(129,401)	-	-	(12,992,495)	(14,247,365)
Purchases of property	(18,376,289)	-	(2,318,656)	-	(20,694,945)	(44,756,524)
Net cash flows from capital and related financing activities	(51,074,674)	(629,401)	(2,318,656)	-	(54,022,731)	(67,886,265)
Net increase(decrease) in cash and cash equivalents	(7,402,675)	1,267,898	(1,373,450)	1,625,073	(5,883,154)	(10,997,090)
Cash and cash equivalents at beginning of year	69,856,416	13,201,089	1,663,450	17,735,998	102,456,953	113,454,043
Cash and cash equivalents at end of year	\$62,453,741	\$14,468,987	\$290,000	\$19,361,071	\$96,573,799	\$102,456,953
Reconciliation of operating income to net cash flow from operations:						
Operating Income	\$33,078,431	\$601,310	\$171,450	\$859,394	\$34,710,585	\$30,908,591
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	13,845,860	550,434	73,156	519,323	14,988,773	21,564,122
(Increase)Decrease in accounts receivable	(3,054,099)	960	-	-	(3,053,139)	3,528,910
(Increase)Decrease in inventories	(60,526)	-	-	-	(60,526)	186,174
Increase(Decrease) in vouchers payable	1,057,189	(36,634)	(626,968)	188,584	582,171	(1,233,973)
Increase(Decrease) in compensated absences	(135,342)	-	-	(15,274)	(150,616)	145,147
Increase(Decrease) in contract retainage	(1,261,075)	-	(39,753)	-	(1,300,828)	123,253
Increase(Decrease) in accrued rent liability	-	773,747	-	-	773,747	904,992
Increase(Decrease) in unearned revenue	9,100	-	-	-	9,100	(104,142)
Net cash flows from operations	\$43,479,538	\$1,889,817	(\$422,115)	\$1,552,027	\$46,499,267	\$56,023,074
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$2,421,745	-	-	-	\$2,421,745	\$1,786,030



Internal Service Funds

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

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

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

			Totals	
	Automotive Equipment	Printing	June 30, 2014	June 30, 2013
ASSETS				
CURRENT ASSETS:				
Equity in pooled cash and investments	\$12,417,369	\$25,417	\$12,442,786	\$12,020,253
Accounts receivable	2,114,013	43,032	2,157,045	1,824,002
Inventories	591,803	33,386	625,189	647,741
Total Current Assets	15,123,185	101,835	15,225,020	14,491,996
CAPITAL ASSETS:				
Equipment and other capital assets	71,480,445	16,008	71,496,453	64,955,970
Less-allowance for depreciation	(34,134,621)	-	(34,134,621)	(30,793,273)
Net Capital Assets	37,345,824	16,008	37,361,832	34,162,697
Total Assets	<u>\$52,469,009</u>	<u>\$117,843</u>	<u>\$52,586,852</u>	<u>\$48,654,693</u>
LIABILITIES AND NET POSITION:				
CURRENT LIABILITIES:				
Vouchers payable	\$1,374,450	\$107,660	\$1,482,110	\$1,246,444
Compensated absences	41,361	11,358	52,719	55,882
Obligations under capital lease	1,143,236	-	1,143,236	919,315
Accounts payable	1,711,190	144,271	1,855,461	217,693
Total Current Liabilities	4,270,237	263,289	4,533,526	2,439,334
LONG-TERM LIABILITIES				
Compensated absences	372,254	102,221	474,475	502,947
Obligations under capital lease	4,524,922	-	4,524,922	3,167,945
Total Long-Term Liabilities	4,897,176	102,221	4,999,397	3,670,892
Total liabilities	9,167,413	365,510	9,532,923	6,110,226
NET POSITION:				
Net investment in capital assets	31,677,666	16,008	31,693,674	30,075,437
Unrestricted	11,623,930	(263,675)	11,360,255	12,469,030
Total net position	43,301,596	(247,667)	43,053,929	42,544,467
Total Liabilities and Net Position	<u>\$52,469,009</u>	<u>\$117,843</u>	<u>\$52,586,852</u>	<u>\$48,654,693</u>

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

			Totals	
	Automotive Equipment	Printing	June 30, 2014	June 30, 2013
OPERATING REVENUES:				
Charges for services	\$21,284,999	\$2,476,796	\$23,761,795	\$22,026,918
OPERATING EXPENSES:				
Cost of store issuances	5,312,835	368,191	5,681,026	6,297,628
Personnel services	3,718,281	457,634	4,175,915	4,301,891
Fringe benefits	1,546,510	234,823	1,781,333	1,709,324
Material and supplies	102,079	226,808	328,887	353,068
Utilities	195,957	6,324	202,281	234,166
Operating equipment	12,899	-	12,899	30,291
Outside services	3,925,469	1,424,344	5,349,813	2,645,763
Depreciation	6,166,989	-	6,166,989	5,701,910
Total Operating Expenses	20,981,019	2,718,124	23,699,143	21,274,041
Operating Income (Loss)	303,980	(241,328)	62,652	752,877
NON-OPERATING REVENUES (EXPENSES):				
Interest payment on capital lease	(128,654)	-	(128,654)	(165,282)
Gain/(Loss) on disposal of assets	509,611	-	509,611	610,326
Total Non-operating Revenues (Expenses)	380,957	-	380,957	445,044
Income (Loss) Before Transfers	684,937	(241,328)	443,609	1,197,921
CONTRIBUTIONS AND NET TRANSFERS				
Transfers in	-	195,853	195,853	844,683
Transfers out	(130,000)	-	(130,000)	(130,000)
Total Operating Transfers	(130,000)	195,853	65,853	714,683
Change in Net Position	554,937	(45,475)	509,462	1,912,604
Net Position, beginning of year	42,746,659	(202,192)	42,544,467	40,631,863
Net Position, end of year	\$43,301,596	(\$247,667)	\$43,053,929	\$42,544,467

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

			Totals	
	Automotive Equipment	Printing	June 30, 2014	June 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$20,994,988	\$2,433,764	\$23,428,752	\$22,369,052
Cash received from interfund charges	-	-	-	9,635
Cash paid to suppliers	(7,715,412)	(1,963,508)	(9,678,920)	(9,655,637)
Cash paid to employees	(5,295,092)	(693,791)	(5,988,883)	(5,982,323)
Net cash provided (used) by operating activities	7,984,484	(223,535)	7,760,949	6,740,727
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers in	-	195,853	195,853	844,683
Operating transfers out	(130,000)	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	(130,000)	195,853	65,853	714,683
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital lease	2,500,213	-	2,500,213	-
Principal payment on capital lease	(919,315)	-	(919,315)	(1,023,911)
Payment of interest on capital lease	(128,654)	-	(128,654)	(165,282)
Purchases of equipment	(9,698,927)	(16,008)	(9,714,935)	(7,092,901)
Proceeds from sale of equipment	858,422	-	858,422	1,391,173
Net cash used by capital and related financing activities	(7,388,261)	(16,008)	(7,404,269)	(6,890,921)
Net increase (decrease) in cash and cash equivalents	466,223	(43,690)	422,533	564,489
Cash and cash equivalents at beginning of year	11,951,146	69,107	12,020,253	11,455,764
Cash and cash equivalents at end of period	<u>\$12,417,369</u>	<u>\$25,417</u>	<u>\$12,442,786</u>	<u>\$12,020,253</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$303,980	(\$241,328)	\$62,652	\$752,877
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	6,166,989	-	6,166,989	5,701,910
(Increase)Decrease in accounts receivable	(290,011)	(43,032)	(333,043)	351,769
(Increase)Decrease in inventories	43,039	(20,487)	22,552	2,327
(Increase)Decrease in prepaid expenses	-	-	-	39,302
Increase(Decrease) in vouchers payable	1,790,788	82,646	1,873,434	(136,350)
Increase(Decrease) in compensated absences	(30,301)	(1,334)	(31,635)	28,892
Net cash provided (used) by operating activities	<u>\$7,984,484</u>	<u>(\$223,535)</u>	<u>\$7,760,949</u>	<u>\$6,740,727</u>

Fiduciary Funds

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

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

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

Private Purpose Trust Funds:

Alexandria/Arlington Waste To Energy –Facility Monitoring Group “WTE-FMG” Trust Fund – to account for the WTE-FMG Trust Fund set up by the County and the City of Alexandria for supervision and oversight of the Waste To Energy facility.

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

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

Agency Funds:

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

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

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

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF NET POSITION
TRUST FUNDS
JUNE 30, 2014

	Private Purpose Trust					
	Pension Trust	OPEB Trust	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trust
ASSETS						
Equity in pooled cash and investments	\$48,957,591	\$75,210,017	\$55,173	\$2,084,327	\$25,835	\$2,165,335
Contributions Receivable:						
Employer	2,309,178	-	-	-	-	-
Employee	491,263	-	-	-	-	-
Accrued Interest and Other Receivables	968,676	-	-	581,231	-	581,231
Capital Assets, net	-	-	-	24,047,544	-	24,047,544
Investments, at fair value						
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	48,126,230	-	-	-	-	-
Corporate Fixed Income Obligations	156,725,323	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	498,009,244	-	-	-	-	-
Other Investments	46,210,495	-	-	-	-	-
Real Estate Funds	15,909,978	-	-	-	-	-
Pooled Equity	680,009,227	-	-	-	-	-
Pooled Fixed Income	282,336,657	-	-	-	-	-
Convertibles	201,508,930	-	-	-	-	-
Collateral on Loaned Securities (net of Allowance for Unrealized Gain \$1,779,336)	22,360,164	-	-	-	-	-
Total assets	2,003,922,956	75,210,017	55,173	26,713,102	25,835	26,794,110
DEFERRED OUTFLOWS RESOURCES						
Loss on refunding bonds, net	-	-	-	248,664	-	248,664
Total assets and deferred outflows of resources	2,003,922,956	75,210,017	55,173	26,961,766	25,835	27,042,774
LIABILITIES						
Accounts payable and accrued liabilities	1,993,555	-	5,065	586,231	-	591,296
Bonds Payable	-	-	-	27,275,000	-	27,275,000
Obligations under Security Lending Program	20,580,828	-	-	-	-	-
Total liabilities	22,574,383	-	5,065	27,861,231	-	27,866,296
NET POSITION	\$1,981,348,573	\$75,210,017	\$50,108	(\$899,465)	\$25,835	(\$823,522)

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Private Purpose Trusts			
	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trusts
ADDITIONS				
Contributions and Revenues				
Shared revenues	\$170,145	\$2,382,492	\$-	\$2,552,637
Private donations- Others	-	-	59,268	59,268
Total contributions	170,145	2,382,492	59,268	2,611,905
Investment earnings:				
Interest and other	459	-	-	459
Total investment earnings	459	-	-	459
Less investment expenses	-	1,412,492	-	1,412,492
Net investment earnings	459	(1,412,492)	-	(1,412,033)
Total additions	170,604	970,000	59,268	1,199,872
DEDUCTIONS				
Administrative expenses/ other	258,177	661,101	95,474	1,014,752
Contributions to developers and other sources	-	100,000	-	100,000
Total deductions	258,177	761,101	95,474	1,114,752
Change in net position	(87,573)	208,899	(36,206)	85,120
Net position- Beginning of the year	137,681	(1,108,364)	62,041	(908,642)
Net position- Ending of the year	\$50,108	(\$899,465)	\$25,835	(\$823,522)

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	Pension Trust	OPEB Trust	June 30, 2014	June 30, 2013
ADDITIONS:				
Employer contributions	\$53,718,087	\$7,024,633	\$60,742,720	\$48,002,951
Member contributions	11,665,908	-	11,665,908	19,608,434
Other contributions	204,465	66,546	271,011	20,415
Investment income:				
Interest and dividends	42,021,035	4,127,906	46,148,941	41,180,867
Net appreciation (depreciation) in fair value	270,414,540	5,908,921	276,323,461	174,041,236
Commission recapture	942	-	942	13,972
Gross income from securities lending	190,665	-	190,665	161,462
Bank fees and income/expenses from securities lending	(48,568)	-	(48,568)	(47,601)
Investment expense	(5,929,040)	-	(5,929,040)	(5,277,099)
Total Additions	<u>372,238,034</u>	<u>17,128,006</u>	<u>389,366,040</u>	<u>277,704,637</u>
DEDUCTIONS:				
Members' benefits	85,308,562	-	85,308,562	81,523,163
Refund of members' contributions	1,004,180	-	1,004,180	963,766
Administrative expenses	681,430	-	681,430	580,729
Other consulting expenses	724,550	20,352	744,902	395,039
Total Deductions	<u>87,718,722</u>	<u>20,352</u>	<u>87,739,074</u>	<u>83,462,697</u>
Net Increase/(Decrease)	284,519,312	17,107,654	301,626,966	194,241,940
Net Position Held in Trust for Plan Benefits, beginning of year	<u>1,696,829,261</u>	<u>58,102,363</u>	<u>1,754,931,624</u>	<u>1,560,689,684</u>
Net Position Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$1,981,348,573</u>	<u>\$75,210,017</u>	<u>\$2,056,558,590</u>	<u>\$1,754,931,624</u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 JUNE 30, 2014

	Commonwealth of Virginia	Urban Area Security Initiative	Other Agency Funds	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Equity in pooled cash and investments	\$47,681	\$-	\$15,368,694	\$15,416,375
Receivable from other government	<u>12,720</u>	<u>430,989</u>	<u>-</u>	<u>443,709</u>
Total assets	<u>60,401</u>	<u>430,989</u>	<u>15,368,694</u>	<u>15,860,084</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>60,401</u>	<u>430,989</u>	<u>15,368,694</u>	<u>15,860,084</u>
Total liabilities	<u>60,401</u>	<u>430,989</u>	<u>15,368,694</u>	<u>15,860,084</u>
NET POSITION	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$56,683	\$-	\$9,002	\$47,681
Receivable from other government	-	12,720	-	12,720
Total Assets	<u>\$56,683</u>	<u>\$12,720</u>	<u>\$9,002</u>	<u>\$60,401</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$56,683</u>	<u>\$3,718</u>	<u>\$-</u>	<u>\$60,401</u>
Total Liabilities	<u>\$56,683</u>	<u>\$3,718</u>	<u>\$-</u>	<u>\$60,401</u>
<u>Urban Area Security Initiative</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$1,367,608	\$1,367,608	\$-
Receivable from other government	115,126	430,989	115,126	430,989
Total Assets	<u>\$115,126</u>	<u>\$1,798,597</u>	<u>\$1,482,734</u>	<u>\$430,989</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$115,126</u>	<u>\$315,863</u>	<u>\$-</u>	<u>\$430,989</u>
Total Liabilities	<u>\$115,126</u>	<u>\$315,863</u>	<u>\$-</u>	<u>\$430,989</u>
<u>Other Agency Fund</u>				
ASSETS:				
Cash & cash equivalents	\$14,731,644	\$2,290,767	\$1,653,717	\$15,368,694
Receivable from other government	18,879	-	18,879	-
Total Assets	<u>\$14,750,523</u>	<u>\$2,290,767</u>	<u>\$1,672,596</u>	<u>\$15,368,694</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$14,750,523</u>	<u>\$4,789,972</u>	<u>\$4,171,801</u>	<u>\$15,368,694</u>
Total Liabilities	<u>\$14,750,523</u>	<u>\$4,789,972</u>	<u>\$4,171,801</u>	<u>\$15,368,694</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$14,788,327	\$3,658,375	\$3,030,327	\$15,416,375
Receivable from other government	134,005	443,709	134,005	443,709
Total Assets	<u>\$14,922,332</u>	<u>\$4,102,084</u>	<u>\$3,164,332</u>	<u>\$15,860,084</u>
LIABILITIES:				
Vouchers payable	<u>\$14,922,332</u>	<u>\$5,109,553</u>	<u>\$4,171,801</u>	<u>\$15,860,084</u>
Total Liabilities	<u>\$14,922,332</u>	<u>\$5,109,553</u>	<u>\$4,171,801</u>	<u>\$15,860,084</u>



Discretely Presented Component Unit – Schools

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

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2014
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	Governmental Funds								Totals	
	School Operating Fund	School Food & Nutrition Service Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you go Fund)	School Debt Service Fund	School Comprehensive Services Act	June 30, 2014	June 30, 2013
ASSETS										
Equity in pooled cash and investments	\$30,320,414	\$1,427,224	\$-	\$695,891	\$65,263,168	\$6,090,714	\$-	\$-	\$103,797,411	\$110,228,322
Petty cash	200	240	375	-	-	-	-	-	815	815
Accounts receivable	165,658	318,645	45,055	3,161,648	-	455,055	-	296,148	4,442,209	5,562,392
Due from other funds	-	93	-	-	-	-	-	-	93	863,622
Due from primary government	68,311,417	-	1,010,746	-	-	16,619,511	-	-	85,941,674	75,969,684
Inventories	119,611	46,682	-	-	-	-	-	-	166,293	127,864
Total Assets	\$98,917,300	\$1,792,884	\$1,056,176	\$3,857,539	\$65,263,168	\$23,165,280	\$-	\$296,148	\$194,348,495	\$192,752,699
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$53,285,902	\$393,384	\$781,433	\$1,268,187	\$1,574	\$4,726	\$-	\$-	\$55,735,206	\$52,419,177
Vouchers payable	4,489,438	182,143	236,687	150,156	1,954,792	2,688,219	-	2,119	9,703,554	10,675,949
Contracts payable - retainage	-	-	-	-	5,004,359	-	-	-	5,004,359	5,946,246
Other liabilities	5,478,895	-	-	-	-	-	-	-	5,478,895	5,496,084
Deferred revenue	620,709	-	61,083	-	-	-	-	-	681,792	648,060
Due to other funds	93	-	-	-	-	-	-	-	93	863,622
Due to primary government	-	-	-	-	-	-	-	294,029	294,029	422,225
Total Liabilities	63,875,037	575,527	1,079,203	1,418,343	6,960,725	2,692,945	-	296,148	76,897,928	76,471,363
FUND EQUITY AND OTHER CREDITS										
<u>Restricted for:</u>										
Capital projects	-	-	-	-	51,886,597	6,090,714	-	-	57,977,311	54,583,825
Grants	-	-	-	2,439,196	-	-	-	-	2,439,196	2,009,337
<u>Committed to:</u>										
Incomplete projects	4,721,849	8,786	(23,027)	-	6,415,846	14,381,621	-	-	25,505,075	26,082,805
Next years' School budget	15,121,892	-	-	-	-	-	-	-	15,121,892	16,749,704
<u>Assigned to:</u>										
Operating reserve	2,000,000	1,208,571	-	-	-	-	-	-	3,208,571	2,843,426
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000
Subsequent years' debt service	3,360,000	-	-	-	-	-	-	-	3,360,000	3,625,000
Health insurance reserve	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000
General reserve	1,201,283	-	-	-	-	-	-	-	1,201,283	-
VRS reserve	5,637,239	-	-	-	-	-	-	-	5,637,239	7,387,239
Total Fund Equity and Other Credits	35,042,263	1,217,357	(23,027)	2,439,196	58,302,443	20,472,335	-	-	117,450,567	116,281,336
Total Liabilities, Fund Equity and Other Credits	\$98,917,300	\$1,792,884	\$1,056,176	\$3,857,539	\$65,263,168	\$23,165,280	\$-	\$296,148	\$194,348,495	\$192,752,699

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE FUND BALANCES OF COMPONENT UNIT - SCHOOLS TO
 NET POSITION OF COMPONENT UNIT - SCHOOLS
 JUNE 30, 2014

Total-component unit-Schools fund balances	\$117,450,567
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	539,878,576
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OPEB liabilities are not due and payable in the current period and are not reported in the funds	(14,626,895)
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Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	(37,962,905)
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Net position of component unit - Schools	<u><u>\$604,739,343</u></u>
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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, 2014
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2013)

	Governmental Funds								Totals	
	School Operating Fund	School Food & Nutrition Service Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you- go) Fund	School Debt Service Fund	School Comprehensive Services Act	June 30, 2014	June 30, 2013
REVENUES:										
Sales tax	\$19,368,051	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$19,368,051	\$18,171,301
State/local government	32,508,765	84,838	-	3,468,316	-	-	-	1,894,309	37,956,228	37,092,672
Federal	-	4,374,332	-	8,546,480	-	-	-	-	12,920,812	13,672,632
Charges for services	5,356,128	3,450,361	9,639,778	2,629,690	-	-	-	-	21,075,957	23,919,958
Use of money and property	-	-	-	-	72,867	-	-	-	72,867	149,453
Total revenues	57,232,944	7,909,531	9,639,778	14,644,486	72,867	-	-	1,894,309	91,393,915	93,006,016
EXPENDITURES:										
Current -										
Community Activities	-	-	14,487,115	-	-	-	-	-	14,487,115	14,526,043
Education	409,757,426	7,551,985	-	14,288,742	-	-	-	4,430,224	436,028,377	430,523,375
Capital projects	-	-	-	-	17,376,205	21,026,578	-	-	38,402,783	78,676,504
Debt service -										
Principal	-	-	-	-	-	-	28,977,396	-	28,977,396	23,759,623
Interest	-	-	-	-	-	-	13,967,989	-	13,967,989	13,663,773
Total expenditures	409,757,426	7,551,985	14,487,115	14,288,742	17,376,205	21,026,578	42,945,385	4,430,224	531,863,660	561,149,318
Excess (deficiency) of revenues over expenditures	(352,524,482)	357,546	(4,847,337)	355,744	(17,303,338)	(21,026,578)	(42,945,385)	(2,535,915)	(440,469,745)	(468,143,302)
Other financing sources(uses):										
Transfers in	355,781,040	-	4,712,193	-	-	2,821,345	41,545,385	2,535,915	407,395,878	441,758,486
Transfers out	(3,343,470)	-	-	-	(72,867)	-	-	-	(3,416,337)	(3,772,273)
Interfund transfers	(4,956,705)	-	63,000	-	-	3,493,705	1,400,000	-	-	-
Bond proceeds	-	-	-	-	36,460,000	-	-	-	36,460,000	38,380,000
Proceeds from leases	1,199,435	-	-	-	-	-	-	-	1,199,435	2,106,706
Total other financing sources(uses)	348,680,300	-	4,775,193	-	\$36,387,133	6,315,050	42,945,385	2,535,915	441,638,976	478,472,919
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(3,844,182)	357,546	(72,144)	355,744	19,083,795	(14,711,528)	-	-	1,169,231	10,329,617
FUND BALANCES, beginning of year	38,886,445	859,811	49,117	2,083,452	39,218,648	35,183,863	-	-	116,281,336	105,951,719
FUND BALANCES, end of year	\$35,042,263	\$1,217,357	(\$23,027)	\$2,439,196	\$58,302,443	\$20,472,335	\$-	\$-	\$117,450,567	\$116,281,336

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, 2014

Net change in fund balances - component unit-Schools		\$1,169,231
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	34,898,488	
Less Depreciation expense	<u>(20,311,829)</u>	14,586,659
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 Position.		
Add: Repayment of capital leases	1,645,256	
Less Proceeds from capital leases	<u>(1,199,435)</u>	445,821
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		18,993
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation		<u>1,574,982</u>
Change in net position of component unit-Schools		<u><u>\$17,795,686</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2014

	School Operating Fund			School Food & Nutrition Service Fund			School Community Activities Fund		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:									
Sales tax	\$20,179,702	\$19,368,051	(\$811,651)	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	31,842,908	32,508,765	665,857	82,046	84,838	2,792	-	-	-
Federal	-	-	-	3,927,460	4,374,332	446,872	-	-	-
Charges for services	2,584,492	5,356,128	2,771,636	3,469,177	3,450,361	(18,816)	8,581,600	9,639,778	1,058,178
Use of money and property	-	-	-	-	-	-	-	-	-
Total revenues	<u>54,607,102</u>	<u>57,232,944</u>	<u>2,625,842</u>	<u>7,478,683</u>	<u>7,909,531</u>	<u>430,848</u>	<u>8,581,600</u>	<u>9,639,778</u>	<u>1,058,178</u>
EXPENDITURES:									
Education	446,244,859	409,757,426	36,487,433	7,495,068	7,551,985	(56,917)	-	-	-
Community Activities	-	-	-	-	-	-	16,423,801	14,487,115	1,936,686
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>446,244,859</u>	<u>409,757,426</u>	<u>36,487,433</u>	<u>7,495,068</u>	<u>7,551,985</u>	<u>(56,917)</u>	<u>16,423,801</u>	<u>14,487,115</u>	<u>1,936,686</u>
Excess (deficiency) of revenues over expenditures	<u>(391,637,757)</u>	<u>(352,524,482)</u>	<u>39,113,275</u>	<u>(16,385)</u>	<u>357,546</u>	<u>373,931</u>	<u>(7,842,201)</u>	<u>(4,847,337)</u>	<u>2,994,864</u>
Other financing sources(uses):									
Transfers in	373,720,256	355,781,040	(17,939,216)	-	-	-	7,730,084	4,712,193	(3,017,891)
Transfers out	-	(3,343,470)	(3,343,470)	-	-	-	-	-	-
Interfund transfers	(4,956,705)	(4,956,705)	-	-	-	-	63,000	63,000	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	1,199,435	1,199,435	-	-	-	-	-	-
Total other financing sources(uses)	<u>368,763,551</u>	<u>348,680,300</u>	<u>(20,083,251)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,793,084</u>	<u>4,775,193</u>	<u>(3,017,891)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(22,874,206)</u>	<u>(3,844,182)</u>	<u>19,030,024</u>	<u>(16,385)</u>	<u>357,546</u>	<u>373,931</u>	<u>(49,117)</u>	<u>(72,144)</u>	<u>(23,027)</u>
FUND BALANCES, beginning of year	<u>38,886,445</u>	<u>38,886,445</u>	<u>-</u>	<u>859,811</u>	<u>859,811</u>	<u>-</u>	<u>49,117</u>	<u>49,117</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$16,012,239</u>	<u>\$35,042,263</u>	<u>\$19,030,024</u>	<u>\$843,426</u>	<u>\$1,217,357</u>	<u>\$373,931</u>	<u>\$-</u>	<u>(\$23,027)</u>	<u>(\$23,027)</u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2014

	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	3,435,336	3,468,316	32,980	-	-	-	-	-	-
Federal	9,887,709	8,546,480	(1,341,229)	-	-	-	-	-	-
Charges for services	2,982,003	2,629,690	(352,313)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	72,867	72,867
Total revenues	<u>16,305,048</u>	<u>14,644,486</u>	<u>(1,660,562)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,867</u>	<u>72,867</u>
EXPENDITURES:									
Education	18,388,500	14,288,742	4,099,758	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	75,678,648	17,376,205	58,302,443
Debt service:									
Principal retirement	-	-	-	28,734,204	28,977,396	(243,192)	-	-	-
Interest and fiscal charges	-	-	-	15,989,487	13,967,989	2,021,498	-	-	-
Total expenditures	<u>18,388,500</u>	<u>14,288,742</u>	<u>4,099,758</u>	<u>44,723,691</u>	<u>42,945,385</u>	<u>1,778,306</u>	<u>75,678,648</u>	<u>17,376,205</u>	<u>58,302,443</u>
Excess (deficiency) of revenues over expenditures	<u>(2,083,452)</u>	<u>355,744</u>	<u>2,439,196</u>	<u>(44,723,691)</u>	<u>(42,945,385)</u>	<u>1,778,306</u>	<u>(75,678,648)</u>	<u>(17,303,338)</u>	<u>58,375,310</u>
Other financing sources(uses):									
Transfers in	-	-	-	43,323,691	41,545,385	(1,778,306)	-	-	-
Transfers out	-	-	-	-	-	-	-	(72,867)	(72,867)
Interfund transfers	-	-	-	1,400,000	1,400,000	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	36,460,000	36,460,000	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,723,691</u>	<u>42,945,385</u>	<u>(1,778,306)</u>	<u>36,460,000</u>	<u>36,387,133</u>	<u>(72,867)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(2,083,452)</u>	<u>355,744</u>	<u>2,439,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,218,648)</u>	<u>19,083,795</u>	<u>58,302,443</u>
FUND BALANCES, beginning of year	<u>2,083,452</u>	<u>2,083,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,218,648</u>	<u>39,218,648</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$2,439,196</u>	<u>\$2,439,196</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$58,302,443</u>	<u>\$58,302,443</u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2014

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$20,179,702	\$19,368,051	(\$811,651)
Intergovernmental									
State	-	-	-	1,992,500	1,894,309	(98,191)	37,352,790	37,956,228	603,438
Federal	-	-	-	-	-	-	13,815,169	12,920,812	(894,357)
Charges for services	-	-	-	-	-	-	17,617,272	21,075,957	3,458,685
Use of money and property	-	-	-	-	-	-	-	72,867	72,867
Total revenues	-	-	-	1,992,500	1,894,309	(98,191)	88,964,933	91,393,915	2,428,982
EXPENDITURES:									
Education	-	-	-	4,520,000	4,430,224	89,776	476,648,427	436,028,377	40,620,050
Community Activities	-	-	-	-	-	-	16,423,801	14,487,115	1,936,686
Capital projects	52,283,796	21,026,578	31,257,218	-	-	-	127,962,444	38,402,783	89,559,661
Debt service:									
Principal retirement	-	-	-	-	-	-	28,734,204	28,977,396	(243,192)
Interest and fiscal charges	-	-	-	-	-	-	15,989,487	13,967,989	2,021,498
Total expenditures	52,283,796	21,026,578	31,257,218	4,520,000	4,430,224	89,776	665,758,363	531,863,660	133,894,703
Excess (deficiency) of revenues over expenditures	(52,283,796)	(21,026,578)	31,257,218	(2,527,500)	(2,535,915)	(8,415)	(576,793,430)	(440,469,745)	136,323,685
Other financing sources(uses):									
Transfers in	13,606,228	2,821,345	(10,784,883)	2,527,500	2,535,915	8,415	440,907,759	407,395,878	(33,511,881)
Transfers out	-	-	-	-	-	-	-	(3,416,337)	(3,416,337)
Interfund transfers	3,493,705	3,493,705	-	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	\$36,460,000	36,460,000	-
Proceeds from capital lease	-	-	-	-	-	-	-	1,199,435	1,199,435
Total other financing sources(uses)	17,099,933	6,315,050	(10,784,883)	2,527,500	2,535,915	8,415	477,367,759	441,638,976	(35,728,783)
Excess (deficiency) of Revenues and other sources over expenditures and other use:	(35,183,863)	(14,711,528)	20,472,335	-	-	-	(99,425,671)	1,169,231	100,594,902
FUND BALANCES, beginning of year	35,183,863	35,183,863	-	-	-	-	116,281,336	116,281,336	-
FUND BALANCES, end of year	\$-	\$20,472,335	\$20,472,335	\$-	\$-	\$-	\$16,855,665	\$117,450,567	\$100,594,902

EXHIBIT G-4

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 BALANCE SHEET
 JUNE 30, 2014
 (WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Investments	\$34,546,134	\$26,586,157
Total Assets	<u>34,546,134</u>	<u>26,586,157</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION	<u><u>\$34,546,134</u></u>	<u><u>\$26,586,157</u></u>

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 STATEMENT OF CHANGES IN PLAN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014
 (WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
ADDITIONS:		
Employer contributions	\$3,343,470	\$3,631,427
Investment Income:		
Interest and dividends	1,907,604	899,211
Net Appreciation (depreciation) in fair value	2,708,903	2,074,747
	<u>7,959,977</u>	<u>6,605,385</u>
Total Additions	7,959,977	6,605,385
DEDUCTIONS:	<u>-</u>	<u>-</u>
Net Increase	7,959,977	6,605,385
Net Position Held in Trust for Plan Benefits, beginning of year	<u>26,586,157</u>	<u>19,980,772</u>
Net Position Held in Trust for Plan Benefits, end of year:		
Undesignated	<u><u>\$34,546,134</u></u>	<u><u>\$26,586,157</u></u>



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, 2014

	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	\$277,937,767	\$7,396,014	\$283,864,504	\$102,456,953	\$12,020,253	\$17,186,386	\$110,228,322	\$811,090,199
Receipts (net):								
Taxes	937,038,604	7,540,025	37,040,760	-	-	-	19,368,051	1,000,987,440
Licenses and permits	12,396,844	-	-	-	-	-	-	12,396,844
Fines and forfeitures	8,113,863	-	-	-	-	-	-	8,113,863
Revenue from use of money and property	6,414,252	1,949	162,689	272,989	-	-	72,867	6,924,746
Charges for services	53,136,621	-	5,212,203	125,029,624	23,761,795	113,012	21,075,957	228,329,212
Miscellaneous	28,445,244	-	2,476,666	3,789,066	-	2,001,496	-	36,712,472
Intergovernmental	85,999,950	19,933,787	28,922,852	-	-	1,837,567	50,877,040	187,571,196
Proceeds from indebtedness	-	-	50,174,005	4,465,000	-	-	-	54,639,005
Proceeds from sale of assets	-	-	-	-	858,422	-	1,199,435	2,057,857
Total Receipts	1,131,545,378	27,475,761	123,989,175	133,556,679	24,620,217	3,952,075	92,593,350	1,537,732,635
Total Receipts and Balance	1,409,483,145	34,871,775	407,853,679	236,013,632	36,640,470	21,138,461	202,821,672	2,348,822,834
Disbursements (net):								
Warrants(checks)issued	597,650,580	28,340,655	98,780,715	102,335,682	23,215,568	3,713,950	460,081,984	1,314,119,134
Retirement of indebtedness	38,279,170	-	-	25,040,052	919,315	-	28,977,396	93,215,933
Interest and other debt costs	17,606,604	-	17,965,000	12,992,495	128,654	-	13,967,989	62,660,742
Total Disbursements	653,536,354	28,340,655	116,745,715	140,368,229	24,263,537	3,713,950	503,027,369	1,469,995,809
Interfund Transfers:								
Transfers in	839,811	-	29,553,643	102,027	195,853	-	407,395,878	438,087,212
Transfers out	(437,211,919)	(75,400)	(4,130,637)	-	(130,000)	-	(3,416,337)	(444,964,293)
BALANCE, end of year	\$319,574,683	\$6,455,720	\$316,530,970	\$95,747,430	\$12,442,786	\$17,424,511	\$103,773,844	\$871,949,944

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
ADJUSTED CASH IN BANKS
JUNE 30, 2014

Assets held by the Treasurer	
Cash on hand	<u>\$15,000</u>
Cash in banks:	
Checking	
First Virginia Community Bank	3,156
John Marshall	16,415
Wells Fargo	101,248,919
SunTrust	120,977
Citibank	(219,216)
Bank of America	3,874,152
United Bank	888,315
PNC Bank	33,530
Burke and Herbert Bank	117,808
Total Checking Account	<u>106,084,056</u>
Savings :	
Wells Fargo	<u>2,101,249</u>
Total Savings Account	<u>2,101,249</u>
Certificates of Deposit :	
John Marshall	<u>27,454,214</u>
Total Certificates of Deposit	<u>27,454,214</u>
Held with Trustee :	
Corporate Notes	99,707,569
Commercial Paper	169,621,415
Federal Agency Bonds/ Notes	91,890,157
Municipal Investments	28,568,300
Total Held with Trustee	<u>389,787,441</u>
State Treasurer's Local Government Investment Pool	219,120
Chain Bridge Money Market	1,007,701
John Marshall Money Market	6,357,488
Bank of Georgetown Money Market	14,722,881
First Virginia Community Bank Money Market	10,019,902
United Bank Money Market	19,009
Virginia Investment Pool	40,063,602
State Non Arbitrage Investment Program (SNAP)	252,006,369
Total Cash and Investments held by the Treasurer	<u>849,858,032</u>
Cash and Investments with Trustees :	
US Bank, Ballston Garage Accounts	17,676,815
SunTrust, Ballston Parking Garage	109,880
LGIP Solid Waste	
Mellon- IDA Ballston Skating Facility	2,184,327
First Virginia Community Bank	55,173
U.S. Bank-IDA Lease Revenue Bonds (County)	806,012
Arlington Mill Garage	6,898
Mellon- IDA Lease Revenue Bonds (Capital)	1,276,372
Total Cash and Investments with Trustee	<u>22,115,477</u>
Total Cash & Investment Balances, June 30, 2014	<u><u>\$871,973,509</u></u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
CASH IN BANKS
JUNE 30, 2014

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
First Virginia Community Bank	3,156
John Marshall	16,415
Wells Fargo	108,456,679
SunTrust	120,977
Citibank	(219,216)
Bank of America	3,874,152
United Bank	875,228
PNC Bank	33,530
Burke and Herbert Bank	117,808
Total Checking Account	<u>113,278,729</u>
Savings:	
Wells Fargo	2,101,238
Total Savings Account	<u>2,101,238</u>
Certificates of Deposit:	
John Marshall	27,454,214
Total Certificates of Deposit	<u>27,454,214</u>
Held with Trustee:	
Corporate Notes	99,707,569
Commercial Paper	169,621,415
Federal Agency Bonds/ Notes	91,890,157
Municipal Investments	28,568,300
Total Held with Trustee	<u>389,787,441</u>
State Treasurer's Local Government Investment Pool	219,120
Chain Bridge Money Market	1,007,701
John Marshall Money Market	6,357,489
Bank of Georgetown Money Market	14,722,881
First Virginia Community Bank Money Market	10,019,902
United Bank Money Market	19,009
Virginia Investment Pool	40,063,602
State Non Arbitrage Investment Program (SNAP)	252,006,370
Total Cash and Investments held by the Treasurer	<u>857,052,695.80</u>
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	17,676,815
SunTrust, (Ballston Parking Garage)	79,644
LGIP Solid Waste	
Mellon- IDA Ballston Skating Facility	2,184,327
First Virginia Community Bank	55,173
U.S. Bank - IDA Lease Revenue Bonds (County)	806,012
Mellon- IDA Lease Revenue Bonds (Capital)	1,276,372
Total Cash and Investments with Trustee	<u>22,078,343</u>
Total Cash & Investment Balances, June 30, 2014	<u><u>\$879,131,039</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2014

	Interest Rate	Maturity Date	Market Value
Certificate of Deposit			
JOHN MARSHALL BANK	0.45%	08/28/2014	\$1,006,001
JOHN MARSHALL BANK	0.50%	12/11/2014	2,099,238
JOHN MARSHALL BANK	0.40%	10/23/2014	3,055,246
JOHN MARSHALL BANK	0.75%	10/01/2014	5,028,118
JOHN MARSHALL BANK	0.75%	10/25/2014	2,022,508
JOHN MARSHALL BANK	0.75%	12/14/2014	2,024,496
JOHN MARSHALL BANK	0.95%	04/02/2015	5,035,640
JOHN MARSHALL BANK	1.00%	02/08/2015	2,028,200
JOHN MARSHALL BANK	1.05%	10/01/2015	5,154,767
Total Certificates of Deposits			27,454,214

Corporate Notes			
CREDIT SUISSE NEW YORK	0.520%	01/23/2015	4,005,720
AGRICULTURAL BK CHINA NY	0.810%	03/09/2015	5,017,450
PFIZER INC NOTE CALL MAKE WHOLE	5.350%	03/15/2015	2,586,000
ROYAL BK OF CDA MTN	0.475%	07/31/2017	497,300
ROYAL BK OF CDA MTN	0.475%	07/31/2017	6,962,200
MICROSOFT CORP NT	0.875%	11/15/2017	4,940,814
MICROSOFT CORP NT	0.875%	11/15/2017	49,626
CANADIAN IMPERIAL BANK	0.375%	11/16/2017	6,326,385
CANADIAN IMPERIAL BANK	0.375%	11/16/2017	4,866,450
CANADIAN IMPERIAL BANK	0.375%	11/16/2017	2,919,870
ROYAL BK OF CDA	0.387%	01/22/2018	4,907,450
INTL BK RECON & DEVELOP	0.800%	01/30/2018	5,000,000
DNB BOLIGKREDITT AS BOND 144A	1.450%	03/21/2018	4,976,400
GENERAL ELEC CAP CORP MTN BE	1.625%	04/02/2018	9,014,760
APPLE INC	1.000%	05/03/2018	4,889,800
ROYAL BK OF CDA BD CDS	1.000%	12/05/2018	1,682,558
CISCO SYSTEMS INC BOND	2.125%	03/01/2019	1,511,655
INTL FINANCE CORP GMTN	1.125%	03/15/2019	8,570,420
INTL FINANCE CORP MTN	1.125%	05/15/2019	2,981,670
PRICOA GLBL FDG I MTN 144A	2.200%	05/16/2019	2,003,680
WESTPAC BKG CORP 144A	2.000%	05/21/2019	999,560
WESTPAC BKG CORP 144A	2.000%	05/21/2019	4,997,800
COMMONWEALTH BANK AUSTRALIA	1.000%	06/10/2019	10,000,000
Total Corporate Notes			99,707,568

Commercial Paper			
BANK OF CHINA/HONG KONG	0.00%	07/07/2014	4,997,828
BANK OF CHINA/HONG KONG	0.00%	07/07/2014	4,997,828
INSTIT SECD FNDG LLC	0.00%	07/18/2014	1,999,153
INSTIT SECD FNDG LLC	0.00%	07/18/2014	4,997,882
INSTIT SECD FNDG LLC	0.00%	07/18/2014	4,997,882
INSTIT SECD FNDG LLC	0.00%	07/18/2014	4,997,882
BANK OF CHINA/HONG KONG	0.00%	07/28/2014	4,996,814
INSTIT SECD FNDG LLC	0.00%	08/12/2014	4,997,201
INSTIT SECD FNDG LLC	0.00%	08/12/2014	4,997,201

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2014

	Interest Rate	Maturity Date	Market Value
INSTIT SECD FNDG LLC	0.00%	08/20/2014	4,996,694
INSTIT SECD FNDG LLC	0.00%	08/20/2014	4,996,694
ANGLESEA FUNDING LLC	0.00%	10/31/2014	4,993,208
SINOPEC CENTURY BRIGHT	0.00%	10/31/2014	4,991,389
BANK OF CHINA/HONG KONG	0.00%	11/10/2014	4,985,583
CNPC FINANCE HK LTD	0.00%	11/14/2014	4,991,767
CREDIT AGRI NORTH AMERICA	0.00%	11/17/2014	4,993,817
SUNCORP METWAY LTD	0.00%	11/25/2014	4,992,500
SHINHAN BANK NEW YORK	0.00%	11/26/2014	1,995,988
SHINHAN BANK NEW YORK	0.00%	11/26/2014	4,989,971
BANK OF CHINA/HONG KONG	0.00%	11/28/2014	4,984,750
NATIXIS US FINANCE CO	0.00%	11/28/2014	4,992,164
PIPER JAFFRAY & CO	0.00%	12/05/2014	4,960,771
SINOPEC CENTURY BRIGHT C	0.00%	12/18/2014	4,988,896
PIPER JAFFRAY & CO	0.00%	12/19/2014	5,959,400
CNPC FINANCE HK LTD	0.00%	12/26/2014	4,985,054
ANGELSEA FUNDING LLC	0.00%	01/02/2015	4,990,489
PIPER JAFFRAY & CO	0.00%	01/02/2015	4,964,555
SINOPEC CENTURY BRIGHT	0.00%	01/29/2015	4,982,986
CENTRAL AMERICAN BANK	0.00%	02/03/2015	4,988,140
CENTRAL AMERICAN BANK	0.00%	02/03/2015	4,988,140
BANK OF CHINA/HONG KONG	0.00%	02/13/2015	4,976,167
BPCE	0.00%	02/20/2015	9,976,622
CREDIT SUISSE NEW YORK	0.00%	02/24/2015	4,988,375
FORTIS FUNDING LLC	0.00%	02/24/2015	4,987,625
Total Commercial Paper			169,621,416
Government Agency Bonds			
FEDERAL AGRICULTURAL MTG CORP	5.13%	04/19/2017	2,225,940
FEDERAL FARM CREDIT BANK	0.70%	08/09/2017	3,473,995
FEDERAL NATIONAL MTG ASSN	0.70%	12/26/2017	2,597,686
FEDERAL HOME LOAN MTG CORP	0.90%	12/28/2017	4,948,350
FEDERAL HOME LOAN MTG CORP	0.88%	01/03/2018	986,910
FEDERAL HOME LOAN MTG CORP	1.00%	01/30/2018	493,085
FEDERAL NATIONAL MTG ASSN	0.70%	01/30/2018	2,972,461
FEDERAL NATIONAL MTG ASSN	0.70%	01/30/2018	1,745,572
FEDERAL NATIONAL MTG ASSN	0.70%	01/30/2018	1,989,180
FEDERAL NATIONAL MTG ASSN	0.70%	01/30/2018	1,989,180
FEDERAL NATIONAL MTG ASSN	0.70%	02/13/2018	1,554,883
FEDERAL NATIONAL MTG ASSN	0.70%	02/13/2018	4,983,600
FEDERAL NATIONAL MTG ASSN	0.70%	02/28/2018	1,991,200
FEDERAL FARM CREDIT BANK	1.03%	03/12/2018	2,984,460
FEDERAL HOME LN MTG CORP	1.05%	04/25/2018	983,080
FEDERAL HOME LOAN MTG CORP	1.02%	04/30/2018	5,906,760
FEDERAL FARM CREDIT BANK	0.95%	05/08/2018	495,050
FEDERAL NATL MTG ASSN	1.00%	05/21/2018	320,313
FEDERAL NATL MTG ASSN	1.00%	05/21/2018	182,332
FEDERAL NATIONAL MTG ASSN	1.05%	05/25/2018	1,977,700
FEDERAL FARM CREDIT BANK	1.88%	10/02/2018	903,276
FEDERAL HOME LN MTG CORP	1.14%	10/15/2018	196,574

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2014

	Interest Rate	Maturity Date	Market Value
FEDERAL HOME LN MTG CORP	1.14%	10/15/2018	294,861
FEDERAL NATIONAL MTG ASSN	1.25%	10/17/2018	983,360
FEDERAL NATIONAL MTG ASSN	1.25%	10/17/2018	983,360
FEDERAL FARM CREDIT BANK	1.97%	10/23/2018	1,005,280
FEDERAL FARM CR BKS CONS BD	1.24%	11/13/2018	177,583
FEDERAL HOME LOAN MTG CORP	1.38%	12/18/2018	3,005,250
FEDERAL NATIONAL MTG ASSN	0.75%	12/27/2018	617,513
FEDERAL NATL MTG ASSN	1.93%	01/30/2019	2,003,020
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	2,259,124
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	329,832
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	1,355,474
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	722,920
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	497,007
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	664,182
FEDERAL NATL MTG ASSN PRIN ST	0.00%	02/01/2019	384,051
FEDERAL HOME LOAN MTG CORP	1.50%	02/28/2019	465,916
FEDERAL HOME LOAN MTG CORP	1.00%	05/28/2019	3,482,535
FEDERAL HOME LOAN MTG CORP	0.50%	05/28/2019	1,999,300
FEDERAL HOME LOAN MTG CORP	1.00%	05/28/2019	5,971,140
FEDERAL HOME LOAN MTG CORP	0.50%	06/05/2019	1,999,680
FEDERAL HOME LOAN MTG CORP	1.55%	06/17/2019	1,546,140
FEDERAL HOME LOAN MTG CORP	0.50%	06/19/2019	2,995,530
FEDERAL HOME LOAN MTG CORP	1.00%	06/19/2019	478,786
FEDERAL FARM CREDIT BANK	1.00%	06/26/2019	2,602,314
FEDERAL FARM CREDIT BANK	1.00%	06/26/2019	2,502,225
FEDERAL FARM CREDIT BANK	1.00%	06/26/2019	2,302,047
FEDERAL HOME LOAN MTG CORP	2.00%	06/26/2019	1,356,277
FEDERAL HOME LOAN MTG CORP	1.25%	06/26/2019	999,780
FEDERAL HOME LOAN MTG CORP	1.38%	06/26/2019	2,004,080
Total Government Agency Bonds			91,890,154
Municipal Obligations			
VIRGINIA BEACH VA	2.00%	07/15/2014	100,063
MISSISSIPPI ST TAXABLE LOC GOVT CAP IMPT	5.50%	12/01/2014	40,840
VA ST CLG BLDG AUTH EDUCATNL FACS REV	3.00%	02/01/2015	228,267
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	4.61%	03/01/2015	128,166
MAINE TOWN N Y VAR PURP BANS SER. 2014	1.25%	05/01/2015	775,307
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	5.39%	07/01/2015	25,900
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	5.17%	08/01/2015	103,652
FAIRFAX CNTY VA PUB IMPT	3.10%	10/01/2015	51,712
ROANOKE TXBL	1.00%	04/01/2016	352,730
VIRGINIA POLYTECH INST & UNV REVENUE	5.00%	06/01/2016	101,355
RICHMOND VA	5.00%	07/15/2016	156,980
ROANOKE VA PUB IMPT REF BDS SER. 2013B	0.83%	07/15/2016	130,176
LOUDOUN CNTY VA TXBL REF SER B	0.90%	12/01/2016	250,440
ROANOKE VA	5.00%	02/01/2017	107,557
VIRGINIA ST CLG BLDG AUTH EDUCTNL FACS R	2.70%	02/01/2017	517,520
VIRGINIA ST CLG BLDG AUTH EDUCTNL FACS R	2.70%	02/01/2017	305,337
VIRGINIA ST TAXABLE GO	3.45%	06/01/2017	294,734
ALEXANDRIA VA GO CAPIMPT BDS SER. 2009A	4.00%	07/01/2017	165,213

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2014

	Interest Rate	Maturity Date	Market Value
ALEXANDRIA VA GO CAPITAL IMPT BDS	3.60%	07/01/2017	21,390
NORTH CAROLINA HSG FIN AGY	1.97%	07/01/2017	452,246
LOUISIANA ST TAXABLE GO REF BDS SER	1.65%	07/15/2017	1,018,440
HAMDEN CONN GO BDS SER. 2009B	5.00%	08/15/2017	180,772
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	1,867,195
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	49,925
MASSACHUSETTS ST HSGFIN AGY HSG REV HS	1.39%	12/01/2017	395,448
ARLINGTON CNTY IDA REV	1.02%	12/15/2017	1,788,665
DENVER CO PUBLIC SCHS COPS	1.44%	12/15/2017	175,053
ARLINGTON CNTY VA GOPUB IMPT BDS SER	4.00%	01/15/2018	272,398
VIRGINIA COLLEGE BLDG AUTH VA EDL	3.20%	02/01/2018	315,099
DANVILLE VA TAXABLE GO REF BDS SER.	5.34%	03/01/2018	339,410
HAWAII CNTY HAWAII GO BDS SER. 2010B	4.46%	03/01/2018	54,539
NORFOLK VA GO CAP IMPT BDS SER. 2010 B	4.40%	03/01/2018	763,343
TULSA OK	4.00%	03/01/2018	4,441,040
KENTUCKY ASSET / LIABILITY COMMN GEN	1.69%	04/01/2018	198,014
KENTUCKY ASSET / LIABILITY COMMN GEN	1.69%	04/01/2018	1,336,595
ARIZONA BRD REGENTS CTFS PARTN REF COF	2.48%	06/01/2018	1,114,250
MONTGOMERY CNTY VA ECONOMIC DEV AUTH	2.58%	06/01/2018	1,245,168
FLORIDA DEPT ENVIR B	5.31%	07/01/2018	254,828
FLORIDA HURRICANE SER A	2.11%	07/01/2018	5,985,695
ROANOKE VA ECONOMIC DEV AUTH HOSP REV	5.00%	07/01/2018	344,334
CHAFFEY CALIF UN HIGH SCH DIST GO REF	1.68%	08/01/2018	194,764
CHAFFEY CALIF UN HIGH SCH DIST GO REF	1.68%	08/01/2018	254,691
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.54%	11/01/2018	398,356
SYRACUSE N Y GO BDS SER. 2014A	2.15%	02/15/2019	1,170,695
CHESTERFIELD COUNTY VA	0.27%	08/01/2024	100,000
Total Municipal Obligations			28,568,302
Money Market Funds			
BANK OF GEORGETOWN	0.80%		14,722,881
CHAIN BRIDGE BANK	0.50%		1,007,701
FIRST VIRGINIA COMMUNITY BANK	0.85%		10,019,902
JOHN MARSHALL BANK	0.65%		6,357,488
UNITED BANK	0.20%		19,009
Total Money Market Funds			32,126,981
Virginia State Non-Arbitrage Program (SNAP)			252,006,370
Virginia Investment Pool (VIP)			40,063,602
State Treasurer's Local Government Investment Pool			219,120
TOTAL SECURITIES			\$741,657,727

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
General Obligation Debt:						
<u>Serviced by General Fund:</u>						
G.O. Public Improvement Refunding (\$81,005,000)		5/15/04				
Street & Highway	\$14,619,000		5.00	5,278,940	5,278,940	11/1/14
Neighborhood Conservation	9,027,730					
Libraries	1,056,200			<u>\$5,278,940</u>		
Fire Station	282,150					
Higher Education	113,500					
Parks and Recreation	15,694,000					
Metrorail	<u>3,696,802</u>					
	<u>\$44,489,382</u>					
G.O. Public Improvement (\$94,525,000)		05/19/05				
Parks and Recreation	\$29,810,850		5.00	2,730,000	2,730,000	5/15/15
Neighborhood Conservation	13,030,962					
Higher Education	1,000,000			<u>\$2,730,000</u>		
Fire Station	2,935,000					
Metrorail	<u>5,518,188</u>					
	<u>\$52,295,000</u>					
G.O. Public Improvement (\$61,335,000)		3/21/06				
Street & Highway	\$9,251,218		5.00	9,160,000	2,290,000	8/1/14-17
Parks and Recreation	13,600,000					
Neighborhood Conservation	5,690,578			<u>\$9,160,000</u>		
Fire Station	6,690,455					
Metrorail	<u>8,602,749</u>					
	<u>\$43,835,000</u>					
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
Street & Highway	\$6,167,233		5.00	3,419,214	3,419,214	08/01/14
Neighborhood Conservation	4,964,155		5.00	5,112,625	5,112,625	08/01/15
Parks and Recreation	17,209,390		5.00	5,119,615	5,119,615	08/01/16
Libraries	1,920,866		5.00	3,050,565	3,050,565	08/01/17
Higher Education	2,028,391					
Fire Station	2,638,292			<u>\$16,702,019</u>		
Metrorail	<u>12,758,305</u>					
	<u>\$47,686,632</u>					
G.O. Public Improvement (\$117,360,000)		6/6/07				
Street & Highway	\$12,530,000		5.00	3,460,000	1,730,000	3/15/15-16
Neighborhood Conservation	4,000,000					
Government Facility Bond	2,200,000			<u>\$3,460,000</u>		
Parks and Recreation	<u>14,500,000</u>					
	<u>\$33,230,000</u>					
G.O. Public Improvement (\$111,185,000)		6/18/08				
Street & Highway	\$9,000,572		5.00	5,112,000	1,704,000	01/15/15-17
Neighborhood Conservation	2,019,854					
Parks and Recreation	6,700,000			<u>\$5,112,000</u>		
Library	6,000,000					
Metro	<u>8,980,574</u>					
	<u>\$32,701,000</u>					
G.O. Public Improvement (\$39,217,322)		8/15/10				
Neighborhood Conservation	\$4,817,322		2.25	775,000	775,000	08/15/14
Parks and Recreation	2,050,000		5.00	775,000	775,000	08/15/15
Metro	<u>8,000,000</u>		4.00	775,000	775,000	08/15/16
	<u>\$14,867,322</u>		5.00	775,000	775,000	08/15/17
			3.00	595,312	595,312	08/15/18
			3.125	775,000	775,000	08/15/20
			3.625	475,000	775,000	08/15/24
			4.00	770,000	770,000	08/15/28
			4.00	770,000	770,000	08/15/29
				<u>\$6,485,312</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Street & Highway	\$9,122,919		2.25	1,597,871	1,597,871	08/15/14
Neighborhood Conservation	2,195,414		4.00	2,797,477	2,797,477	08/15/16
Parks and Recreation	10,465,543		5.00	2,794,665	2,794,665	08/15/17
Fire	1,575,576		3.00	2,783,419	2,783,419	08/15/18
Library	145,744					
Metro	4,401,924					
	<u>\$27,907,120</u>			<u>\$9,973,432</u>		
G.O. Public Improvement (\$65,650,000)		8/15/09				
Street & Highway	\$5,519,144		4.00	2,863,081	2,863,081	08/01/14
Neighborhood Conservation	2,769,159		4.00	4,240,576	4,240,576	08/01/15
Government Facility Bond	653,173		5.00	1,514,633	1,514,633	08/01/16
Parks and Recreation	10,466,863		5.00	3,480,479	3,480,479	08/01/17
Fire	1,686,726		5.00	4,666,617	4,666,617	08/01/18
Library	1,130,373		5.00	1,694,502	1,694,502	08/01/19
Metro	4,934,823		5.00	1,695,615	1,695,615	08/01/20
	<u>\$27,160,261</u>			<u>\$20,155,503</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Street & Highway	\$7,150,000		4.00	1,270,000	1,270,000	08/15/14
Neighborhood Conservation	6,900,000		5.00	3,810,000	1,270,000	08/15/15-17
Government Facility Bond	1,270,000		2.00	1,270,000	1,270,000	08/15/18
Parks and Recreation	1,500,000		2.125	1,270,000	1,270,000	08/15/19
Metro	7,542,000		3.693	1,270,000	1,270,000	08/15/20
	<u>\$24,362,000</u>		3.993	1,270,000	1,270,000	08/15/21
			4.193	1,270,000	1,270,000	08/15/22
			4.393	1,270,000	1,270,000	08/15/23
			4.593	1,270,000	1,270,000	08/15/24
			4.693	1,270,000	1,270,000	08/15/25
			5.301	6,325,000	1,265,000	08/15/26-30
				<u>\$21,565,000</u>		
G.O. Public Improvement Refunding (65,870,000)		7/27/10				
Street & Highway	\$5,661,131		4.00	1,667,350	1,667,350	08/15/16
Neighborhood Conservation	2,906,731		4.00	4,732,544	4,732,544	08/15/17
Government Facility Bond	1,167,608		5.00	3,596,516	3,596,516	08/15/18
Parks and Recreation	11,120,617		4.00	2,405,957	2,405,957	08/15/19
Fire	1,486,736		5.00	7,087,694	7,087,694	08/15/20
Library	2,204,188		5.00	6,995,352	6,995,352	08/15/21
Metro	3,577,903		3.00	1,639,501	1,639,501	08/15/22
	<u>\$28,124,914</u>			<u>\$28,124,914</u>		
G.O. Public Improvement (\$127,000,000)		6/28/11				
Street & Highway	\$10,669,428		4.00	3,685,000	3,685,000	08/15/14
Neighborhood Conservation	6,400,000		2.00/4.00	3,685,000	3,685,000	08/15/15
Government Facility Bond	4,675,000		4.00	3,685,000	3,685,000	08/15/16
Parks and Recreation	39,005,572		4.00/5.00	3,685,000	3,685,000	08/15/17
Metro	10,000,000		4.00	3,685,000	3,685,000	08/15/18
	<u>\$70,750,000</u>		5.00	3,685,000	3,685,000	08/15/19
			3.00/5.00	3,685,000	3,685,000	08/15/20
			4.00/5.00	1,632,130	1,632,130	08/15/21
			4.00/5.00	3,614,352	3,614,352	08/15/23
			3.00/3.25	3,685,000	3,685,000	08/15/24
			3.40	3,685,000	3,685,000	08/15/25
			3.55	3,685,000	3,685,000	08/15/26
			4.00	11,055,000	3,685,000	08/15/28-30
		4.00/3.875/5.00		3,685,000	3,685,000	08/15/31
				<u>\$56,836,482</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12				
Street & Highway	\$6,073,372		4.00/3.00	5,760,000	5,760,000	08/01/19
Neighborhood Conservation	4,851,013		4.00/3.00	3,165,000	3,165,000	08/01/21
Government Facility Bond	959,373		5.00	11,955,000	11,955,000	08/01/22
Parks and Recreation	15,124,026		5.00	9,240,000	9,240,000	08/15/23
Fire Station	1,349,591		5.00	7,175,000	7,175,000	08/15/24
Library	1,152,494		5.00	2,280,000	2,280,000	08/15/25
Metro	10,065,131					
	<u>\$39,575,000</u>			<u>\$39,575,000</u>		
G.O. Public Improvement Refunding (\$4,535,000)		2/22/12				
Street & Highway	\$521,221		0.50	1,120,000	1,120,000	01/15/15
Neighborhood Conservation	436,906					
Parks and Recreation	1,221,550			<u>\$1,120,000</u>		
Fire Station	68,750					
Library	60,527					
Metro	1,046					
	<u>\$2,310,000</u>					
G.O. Public Improvement Refunding (\$108,140,000)		6/20/12				
Street & Highway	\$6,150,000		5.00	355,950	355,950	08/15/15
Neighborhood Conservation	4,000,000		5.00	3,559,500	3,559,500	08/15/16
Government Facility Bond	4,435,000		5.00	2,313,675	2,313,675	08/15/17
Parks and Recreation	11,010,000		5.00	7,830,900	1,957,725	08/15/18-21
Metro	10,000,000		5.00	1,957,725	1,957,725	08/15/26
	<u>\$35,595,000</u>		4.00	7,830,900	1,957,725	08/15/27-30
			5.00	3,915,450	1,957,725	08/15/31-32
				<u>\$27,764,100</u>		
G.O. Public Improvement (\$93,975,000)		5/9/13				
Street & Highway	\$11,190,000		3.00	2,165,000	2,165,000	08/01/14
Neighborhood Conservation	4,000,000		4.00	6,545,000	6,545,000	08/01/15
Government Facility Bond	11,395,000		4.00	2,485,000	2,485,000	08/01/16
Parks and Recreation	15,410,000		5.00	14,910,000	2,485,000	08/01/17-22
Metro	10,000,000		5.00	7,440,000	2,480,000	08/01/25-27
	<u>\$51,995,000</u>		4.00	12,400,000	2,480,000	08/01/28-32
				<u>\$45,945,000</u>		
G.O. Public Improvement Refunding (\$30,320,000)		5/9/13				
Street & Highway	\$2,411,674		4.00	230,000	230,000	08/01/24
Neighborhood Conservation	982,015		5.00	2,830,000	2,830,000	08/01/25
Government Facility Bond	380,957		5.00	4,980,000	4,980,000	08/01/26
Parks and Recreation	3,618,568		4.00	3,000,000	3,000,000	08/01/27
Fire station	164,926					
Library	457,644					
Metro	3,024,216					
	<u>\$11,040,000</u>			<u>\$11,040,000</u>		
G.O. Public Improvement Refunding (\$81,255,000)		5/9/13				
Street & Highway	\$10,194,261		0.320	1,080,000	1,080,000	08/01/14
Neighborhood Conservation	6,878,456		0.450	6,235,000	6,235,000	08/01/15
Parks and Recreation	15,956,083		0.606	6,005,000	6,005,000	08/01/16
Fire station	1,564,102		0.776	2,430,000	2,430,000	08/01/17
Library	1,591,281		1.076	6,610,000	6,610,000	08/01/18
Metro	8,060,817		1.339	6,335,000	6,335,000	08/01/19
	<u>\$44,245,000</u>		1.659	6,275,000	6,275,000	08/01/20
			1.925	3,310,000	3,310,000	08/01/21
			2.075	2,245,000	2,245,000	08/01/22
			2.225	1,345,000	1,345,000	08/01/23
			2.320	880,000	880,000	08/01/24
			2.470	860,000	860,000	08/01/25
			2.620	635,000	635,000	08/01/26
				<u>\$44,245,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement (\$64,910,000)		5/28/14				
Street & Highway	\$7,405,000		5.000	555,000	555,000	02/15/15
Neighborhood Conservation	5,000,000		5.000	1,115,000	1,115,000	02/15/16
Parks and Recreation	3,640,000		5.000	9,765,000	1,395,000	02/15/2017-23
Government Facility Bond	5,705,000		3.000	1,395,000	1,395,000	02/15/24
Metro	5,000,000		3.000	1,390,000	1,390,000	02/15/25
	<u>\$26,750,000</u>		3.000	2,790,000	1,395,000	02/15/2026-27
			4.000	1,395,000	1,395,000	02/15/28
			3.000	1,395,000	1,395,000	02/15/29
			3.750	6,950,000	1,390,000	02/15/2030-34
				<u>\$26,750,000</u>		
G.O. Public Improvement Refunding (\$40,455,000)		5/28/14				
Street & Highway	\$7,405,000		5.000	1,940,000	1,940,000	02/15/21
Neighborhood Conservation	5,000,000		5.000	1,885,000	1,885,000	02/15/22
Parks and Recreation	3,640,000		5.000	8,720,000	4,360,000	02/15/2023-24
Government Facility Bond	5,705,000		5.000	1,875,000	1,875,000	02/15/25
Metro	5,000,000		5.000	3,545,000	3,545,000	02/15/27
	<u>\$26,750,000</u>					
				<u>\$17,965,000</u>		
SUBTOTAL:				<u>\$ 399,987,702</u>		
FY 2004 Bond Premium/Cost of Refunding to be amortized				1,106,170		
FY 2005 Bond Premium/Cost of Refunding to be amortized				2,365,119		
FY 2006 Bond Premium/Cost of Refunding to be amortized				233,383		
FY 2007 Bond Premium/Cost of Refunding to be amortized				292,820		
FY 2008 Bond Premium/Cost of Refunding to be amortized				1,044,051		
FY 2010 Bond Premium/Cost of Refunding to be amortized				2,095,786		
FY 2011 Bond Premium/Cost of Refunding to be amortized				5,974,309		
FY 2012 Bond Premium/Cost of Refunding to be amortized				8,032,087		
FY 2013 Bond Premium/Cost of Refunding to be amortized				6,411,721		
FY 2014 Bond Premium/Cost of Refunding to be amortized				\$3,010,842		
Total GO Bonds Serviced by General Fund:				<u>\$430,553,990</u>		
IDA Revenue Bond (\$41,280,000)		12/15/10				
Metro Matters	\$26,000,000		2.00	1,240,000	1,240,000	12/15/14
Buckingham Village I	15,280,000		2.50	1,265,000	1,265,000	12/15/15
	<u>\$41,280,000</u>		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
				<u>\$36,565,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
IDA Revenue Bond (\$11,940,000)		12/15/10				
FS #3, Arlington Mill and Buckingham Park	<u>\$11,940,000</u>		3.00	2,500,000	625,000	2/15/15-18
			4.00	625,000	625,000	2/15/19
			4.00	2,480,000	620,000	2/15/20-23
			4.125	620,000	620,000	2/15/24
			4.375	620,000	620,000	2/15/25
			4.50	620,000	620,000	2/15/26
			4.625	620,000	620,000	2/15/27
			4.75	620,000	620,000	2/15/28
			5.00	1,860,000	620,000	2/15/29-31
				<u>\$10,565,000</u>		
IDA Revenue Bond (\$76,315,000)		6/3/13				
Refunding 2004 IDA	\$23,930,000		5.00/.50	7,780,000	7,780,000	12/15/14
\$2,020	20,250,000		3.00/.75	3,040,000	3,040,000	12/15/15
Buckingham Village 3	<u>\$32,135,000</u>		3.00/.832	3,025,000	3,025,000	12/15/16
	<u>\$76,315,000</u>		5.00/1.02	3,005,000	3,005,000	12/15/17
			5.00/1.37	3,010,000	3,010,000	12/15/18
			5.00/1.74	3,020,000	3,020,000	12/15/19
			5.00/1.99	3,030,000	3,030,000	12/15/20
			5.00/2.43	3,040,000	3,040,000	12/15/21
			5.00/2.58	3,055,000	3,055,000	12/15/22
			5.00/2.73	3,060,000	3,060,000	12/15/23
			5.00/2.93	3,080,000	3,080,000	12/15/24
			3.08	1,955,000	1,955,000	12/15/25
			3.48	1,985,000	1,985,000	12/15/26
			3.48	2,015,000	2,015,000	12/15/27
			3.48	2,050,000	2,050,000	12/15/28
			4.01	2,085,000	2,085,000	12/15/29
			4.01	2,130,000	2,130,000	12/15/30
			4.01	2,175,000	2,175,000	12/15/31
			4.01	2,220,000	2,220,000	12/15/32
			4.11	1,205,000	1,205,000	12/15/33
			4.11	1,255,000	1,255,000	12/15/34
			4.11	1,310,000	1,310,000	12/15/35
			4.11	1,365,000	1,365,000	12/15/36
			4.11	1,420,000	1,420,000	12/15/37
			4.11	1,480,000	1,480,000	12/15/38
			4.11	1,545,000	1,545,000	12/15/39
			4.11	1,610,000	1,610,000	12/15/40
			4.11	1,675,000	1,675,000	12/15/41
			4.11	1,745,000	1,745,000	12/15/42
				<u>\$69,370,000</u>		
Total IDA Revenue Bonds Serviced by General Fund				<u>\$116,500,000</u>		
Compensated Absences				33,406,745		
Estimated Liability for Workers' Comp Claims & Other Judgments				3,363,121		
Capital Leases				<u>14,315,564</u>		
Total Long Term Obligations Serviced by General Fund:				<u>\$598,139,420</u>		
Long Term Obligations:						
Due in one year				\$52,299,170		
Due in more than one year				\$545,840,250		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
<u>Serviced by School Operating Fund:</u>						
G.O. Public Improvement Refunding (\$81,005,000)		08/19/04				
School Improvements	<u>\$33,598,820</u>		5.00	4,082,829	4,082,829	11/01/14
				<u>\$4,082,829</u>		
G.O. Public Improvement (\$94,525,000)		06/01/05				
School Improvements	<u>\$36,230,000</u>		5.00	\$1,810,000	1,810,000	5/15/15
				<u>\$1,810,000</u>		
G.O. Public Improvement (\$61,335,000)		3/21/06				
School Improvements	<u>\$17,500,000</u>		5.00	3,500,000	875,000	8/1/14-17
				<u>\$3,500,000</u>		
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
School Improvements	<u>\$39,169,607</u>		5.00	2,798,007	2,798,007	08/01/14
			5.00	4,002,279	4,002,279	08/01/15
			5.00	4,007,190	4,007,190	08/01/16
			5.00	2,482,380	2,482,380	08/01/17
				<u>\$13,289,856</u>		
G.O. Public Improvement (\$117,360,000)		6/6/07				
School Improvements	<u>\$16,630,000</u>		5.00	1,660,000	830,000	3/15/15-16
				<u>\$1,660,000</u>		
G.O. Public Improvement (\$111,185,000)		6/18/08				
School Improvements	<u>\$51,076,000</u>		5.00	2,552,000	2,552,000	01/15/15
			5.00	5,110,000	2,555,000	01/15/2016-17
				<u>\$7,662,000</u>		
G.O. Public Improvement (\$39,217,322)		8/15/09				
School Improvements	<u>\$24,350,000</u>		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	939,688	939,688	08/15/18
			3.125	1,215,000	1,215,000	08/15/20
			3.625	745,000	1,215,000	08/15/24
			4.00	1,215,000	1,215,000	08/15/28
			4.00	1,215,000	1,215,000	08/15/29
				<u>\$10,209,688</u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
School Improvements	<u>\$11,455,110</u>		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
				<u>\$5,745,443</u>		
G.O. Public Improvement Refunding (\$65,650,000)		8/15/09				
School Improvements	<u>\$27,608,536</u>		4.00	2,763,193	2,763,193	08/15/14
			4.00	3,412,263	3,412,263	08/15/15
			5.00	1,471,266	1,471,266	08/15/16
			5.00	2,651,482	2,651,482	08/15/17
			5.00	4,631,381	4,631,381	08/15/18
			5.00	2,540,397	2,540,397	08/15/19
			5.00	2,544,916	2,544,916	08/15/20
				<u>\$20,014,898</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
Schools- QSCB (\$3,390,000)		07/06/10				
School Improvements	<u>\$3,390,000</u>		5.31	2,600,000	200,000	08/01/14-27
				<u>\$2,600,000</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
School Improvements	<u>\$30,703,000</u>		4.00	1,535,000	1,535,000	08/15/14
			5.00	4,605,000	1,535,000	08/15/15-17
			2.00	1,535,000	1,535,000	08/15/18
			2.125	1,535,000	1,535,000	08/15/19
			3.693	1,535,000	1,535,000	08/15/20
			3.993	1,535,000	1,535,000	08/15/21
			4.193	1,535,000	1,535,000	08/15/22
			4.393	1,535,000	1,535,000	08/15/23
			4.593	1,535,000	1,535,000	08/15/24
			4.693	1,535,000	1,535,000	08/15/25
			5.301	7,675,000	1,535,000	08/15/26-30
				<u>\$26,095,000</u>		
G.O. Public Improvement Refunding (\$65,870,000)		7/27/10				
School Improvements	<u>\$25,408,254</u>		4.00	799,942	799,942	08/15/16
			4.00	4,991,847	4,991,847	08/15/17
			5.00	2,713,871	2,713,871	08/15/18
			4.00	2,734,043	2,734,043	08/15/19
			5.00	5,201,560	5,201,560	08/15/20
			5.00	6,061,492	6,061,492	08/15/21
			3.00	1,550,499	1,550,499	08/15/22
			3.125	1,355,000	1,355,000	08/15/23
				<u>\$25,408,254</u>		
G.O. Public Improvement (\$127,000,000)		6/28/11				
School Improvements	<u>\$44,450,000</u>		4.00	2,225,000	2,225,000	08/15/14
			2.00/4.00	2,225,000	2,225,000	08/15/15
			4.00	2,225,000	2,225,000	08/15/16
			4.00/5.00	2,225,000	2,225,000	08/15/17
			4.00	2,225,000	2,225,000	08/15/18
			5.00	2,225,000	2,225,000	08/15/19
			3.00/5.00	2,225,000	2,225,000	08/15/20
			4.00/5.00	985,479	985,479	08/15/21
			4.00/5.00	2,177,440	2,177,440	08/15/23
			3.00/3.25	2,220,000	2,220,000	08/15/24
			3.40	2,220,000	2,220,000	08/15/25
			3.55	2,220,000	2,220,000	08/15/26
			4.00	6,660,000	2,220,000	08/15/28-30
			4.00/3.875/5.00	2,220,000	2,220,000	08/15/31
				<u>\$34,277,919</u>		
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12				
School Improvements	<u>\$39,255,000</u>		4.00/3.00	3,065,000	3,065,000	08/01/19
			4.00/3.00	3,125,000	3,125,000	08/01/21
			5.00	9,015,000	9,015,000	08/01/22
			5.00	7,650,000	7,650,000	08/15/23
			5.00	7,525,000	7,525,000	08/15/24
			5.00	3,365,000	3,365,000	08/15/25
				3,770,000	3,770,000	08/15/26
				1,740,000	1,740,000	08/15/27
				<u>\$39,255,000</u>		
G.O. Public Improvement Refunding (\$4,535,000)		2/22/12				
School Improvements	<u>\$2,225,000</u>		0.50	1,095,000	1,095,000	01/15/15
				<u>\$1,095,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$108,140,000)		6/20/12				
School Improvements	<u>\$65,145,000</u>		5.00	3,255,000	3,255,000	08/15/14
			5.00	3,259,050	3,259,050	08/15/15
			5.00	3,255,500	3,255,500	08/15/16
			5.00	3,256,325	3,256,325	08/15/17
			5.00	13,029,100	3,257,275	08/15/18-21
			5.00	3,257,275	3,257,275	08/15/26
			4.00	13,029,100	3,257,275	08/15/27-30
			5.00	6,514,550	3,257,275	08/15/31-32
				<u>\$48,855,900</u>		
G.O. Public Improvement (\$93,975,000)		5/9/13				
School Improvements	<u>\$38,380,000</u>		3.00	1,920,000	1,920,000	08/01/14
			4.00	3,830,000	1,915,000	08/01/15-16
			5.00	9,600,000	1,920,000	08/01/17-21
			5.00	7,680,000	1,920,000	08/01/24-27
			4.00	7,680,000	1,920,000	08/01/28-31
			4.00	1,915,000	1,915,000	08/01/32
				<u>\$32,625,000</u>		
G.O. Public Improvement Refunding (\$30,320,000)		5/9/13				
School Improvements	<u>\$11,590,000</u>		4.00	240,000	240,000	08/01/24
			5.00	2,975,000	2,975,000	08/01/25
			5.00	5,225,000	5,225,000	08/01/26
			4.00	3,150,000	3,150,000	08/01/27
				<u>\$11,590,000</u>		
G.O. Public Improvement Refunding (\$81,255,000)		5/9/13				
School Improvements	<u>\$33,505,000</u>		0.320	835,000	835,000	08/01/14
			0.450	4,825,000	4,825,000	08/01/15
			0.606	4,645,000	4,645,000	08/01/16
			0.776	2,630,000	2,630,000	08/01/17
			1.076	5,845,000	5,845,000	08/01/18
			1.339	4,885,000	4,885,000	08/01/19
			1.659	3,840,000	3,840,000	08/01/20
			1.925	1,655,000	1,655,000	08/01/21
			2.075	1,325,000	1,325,000	08/01/22
			2.225	525,000	525,000	08/01/23
			2.320	925,000	925,000	08/01/24
			2.470	900,000	900,000	08/01/25
			2.620	670,000	670,000	08/01/26
				<u>\$33,505,000</u>		
G.O. Public Improvement (\$64,910,000)		5/28/14				
School Improvements	<u>\$36,460,000</u>		5.000	1,820,000	1,820,000	02/15/15
			5.000	1,820,000	1,820,000	02/15/16
			5.000	12,775,000	1,825,000	02/15/2017-23
			3.000	1,825,000	1,825,000	02/15/24
			3.000	1,825,000	1,825,000	02/15/25
			3.000	3,650,000	1,825,000	02/15/2026-27
			4.000	1,825,000	1,825,000	02/15/28
			3.000	1,820,000	1,820,000	02/15/29
			3.750	9,100,000	1,820,000	02/15/2030-34
				<u>\$36,460,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$40,455,000)		5/28/14				
School Improvements	\$19,725,000		5.000	1,170,000	1,170,000	02/15/21
			5.000	3,135,000	3,135,000	02/15/22
			5.000	10,170,000	5,085,000	02/15/2023-24
			5.000	3,115,000	3,115,000	02/15/25
			5.000	2,135,000	2,135,000	02/15/27
				\$19,725,000		
SUB TOTAL				\$379,466,787		
FY 2004 Bond Premium/Cost of Refunding to be amortized				726,188		
FY 2005 Bond Premium/Cost of Refunding to be amortized				1,113,495		
FY 2006 Bond Premium/Cost of Refunding to be amortized				257,312		
FY 2007 Bond Premium/Cost of Refunding to be amortized				167,177		
FY 2008 Bond Premium/Cost of Refunding to be amortized				1,685,490		
FY 2010 Bond Premium/Cost of Refunding to be amortized				656,063		
FY 2011 Bond Premium/Cost of Refunding to be amortized				4,383,419		
FY 2012 Bond Premium/Cost of Refunding to be amortized				12,874,685		
FY 2013 Bond Premium/Cost of Refunding to be amortized				2,530,613		
FY 2014 Bond Premium/Cost of Refunding to be amortized				3,864,414		
Total Serial Bonds Serviced by School Operating Fund:				407,725,643		
Compensated Absences				33,399,887		
Capital Leases				4,563,018		
Total Long Term Obligations Serviced by School Operating Fund:				\$445,688,548		
Long Term Obligations - Schools:						
Due in one year				\$37,045,112		
Due in more than one year				\$408,643,436		
Total Long Term Obligations Serviced by General Fund and School Operating Fund:				\$954,483,686		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
<u>Serviced by Utilities Fund:</u>						
G.O. Public Improvement Refunding (\$81,005,000)		08/19/04				
Water/sewer share	<u>\$2,916,798</u>		5.00	298,231	298,231	11/01/14
				<u>\$298,231</u>		
G.O. Public Improvement (\$94,525,000)		06/01/05				
Water share	<u>\$6,000,000</u>		5.00	\$315,000	315,000	5/15/15
				<u>\$315,000</u>		
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
Water share	\$1,211,244		5.00	377,779	377,779	08/01/14
Sewer share	487,761		5.00	435,096	435,096	08/01/15
Advanced Water Treatment	<u>1,414,755</u>		5.00	433,194	433,194	08/01/16
	<u>\$3,113,760</u>		5.00	222,055	222,055	08/01/17
				<u>\$1,468,124</u>		
G.O. Public Improvement (\$117,360,000)		6/6/07				
Water share	\$9,000,000		5.00	7,030,000	3,515,000	3/15/15-16
Sewer share	10,000,000					
Advanced Water Treatment	<u>48,500,000</u>			<u>\$7,030,000</u>		
	<u>\$67,500,000</u>					
G.O. Public Improvement (\$111,185,000)		6/18/08				
Advanced Water Treatment	<u>\$27,408,000</u>		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
				<u>\$3,576,000</u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Water share	\$1,327,147		2.25	39,714	39,714	08/15/14
Advanced Water Treatment	<u>573,301</u>		4.00	322,786	322,786	08/15/16
	<u>\$1,900,448</u>		5.00	322,461	322,461	08/15/17
			3.00	321,164	321,164	08/15/18
				<u>\$1,006,125</u>		
G.O. Public Improvement Refunding (\$65,650,000)		8/15/09				
Water share	\$1,765,156		2.25	273,727	273,727	08/01/14
Sewer share	953,197		5.00	557,161	557,161	08/01/15
Advanced Water Treatment	<u>8,162,851</u>		4.00	234,101	234,101	08/01/16
	<u>\$10,881,204</u>		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
				<u>\$8,839,599</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Water share	\$4,000,000		4.00	960,000	960,000	08/15/14
Advanced Water Treatment	<u>14,350,000</u>		5.00	2,865,000	955,000	08/15/15-17
	<u>\$18,350,000</u>		2.00	960,000	960,000	08/15/18
			2.125	955,000	955,000	08/15/19
			3.693	955,000	955,000	08/15/20
			3.993	955,000	955,000	08/15/21
			4.193	955,000	955,000	08/15/22
			4.393	955,000	955,000	08/15/23
			4.593	955,000	955,000	08/15/24
			4.693	955,000	955,000	08/15/25
			5.301	4,775,000	955,000	08/15/26-30
				<u>\$16,245,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$65,870,000)		7/27/10				
Water share	\$1,211,039		4.00	3,387,708	3,387,708	08/15/16
Sewer share	1,243,833		4.00	1,505,609	1,505,609	08/15/17
Advanced Water Treatment	<u>9,881,960</u>		5.00	3,449,613	3,449,613	08/15/18
			5.00	3,685,746	3,685,746	08/15/20
			5.00	308,156	308,156	08/15/21
				<u>\$12,336,832</u>		
G.O. Public Improvement (\$127,000,000)		6/28/11				
Advanced Water Treatment	<u>\$11,800,000</u>		4.00	615,000	615,000	08/15/14
			2.00/4.00	615,000	615,000	08/15/15
			4.00	615,000	615,000	08/15/16
			4.00/5.00	615,000	615,000	08/15/17
			4.00	615,000	615,000	08/15/18
			5.00	615,000	615,000	08/15/19
			3.00/5.00	615,000	615,000	08/15/20
			4.00/5.00	272,391	272,391	08/15/21
			4.00/5.00	603,209	603,209	08/15/23
			3.00/3.25	615,000	615,000	08/15/24
			3.40	615,000	615,000	08/15/25
			3.55	615,000	615,000	08/15/26
			4.00	1,845,000	615,000	08/15/28-30
			4.00/3.875/5.00	610,000	610,000	08/15/31
				<u>\$9,480,600</u>		
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12				
Water share	\$2,696,098		4.00/3.00	3,440,000	3,440,000	08/01/19
Sewer share	2,944,245		4.00/3.00	4,700,000	4,700,000	08/01/21
Advanced Water Treatment	<u>21,974,657</u>		5.00	5,910,000	5,910,000	08/01/22
			5.00	5,390,000	5,390,000	08/15/23
			5.00	4,975,000	4,975,000	08/15/24
			5.00	3,200,000	3,200,000	08/15/25
				<u>\$27,615,000</u>		
G.O. Public Improvement Refunding (\$108,140,000)		6/20/12				
Advanced Water Treatment	<u>\$7,400,000</u>		5.00	310,000	310,000	08/15/14
			5.00	2,695,000	385,000	08/15/2015-21
			5.00	385,000	385,000	08/15/26
			4.00	1,540,000	385,000	08/15/27-30
			5.00	770,000	385,000	08/15/31-32
				<u>\$5,700,000</u>		
G.O. Public Improvement (\$93,975,000)		5/9/13				
Water share	<u>\$3,600,000</u>		3.00	180,000	180,000	08/01/14
			4.00	360,000	180,000	08/01/15-16
			5.00	1,080,000	180,000	08/01/17-22
			5.00	540,000	180,000	08/01/25-27
			4.00	900,000	180,000	08/01/28-32
				<u>\$3,060,000</u>		
G.O. Public Improvement Refunding (\$30,320,000)		5/9/13				
Water share	\$380,262		4.00	160,000	160,000	08/01/24
Sewer share	422,514		5.00	1,975,000	1,975,000	08/01/25
Advanced Water Treatment	<u>6,887,224</u>		5.00	3,465,000	3,465,000	08/01/26
			4.00	2,090,000	2,090,000	08/01/27
				<u>\$7,690,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$81,255,000)		5/9/13				
Water share	\$697,476		0.320	60,000	60,000	08/01/14
Sewer share	1,641,858		0.450	355,000	355,000	08/01/15
Advanced Water Treatment	<u>1,165,666</u>		0.606	340,000	340,000	08/01/16
	<u>\$3,505,000</u>		0.776	265,000	265,000	08/01/17
			1.076	345,000	345,000	08/01/18
			1.339	250,000	250,000	08/01/19
			1.659	210,000	210,000	08/01/20
			2.225	15,000	15,000	08/01/23
			2.320	615,000	615,000	08/01/24
			2.470	600,000	600,000	08/01/25
			2.620	450,000	450,000	08/01/26
				<u>\$3,505,000</u>		
G.O. Public Improvement (\$64,910,000)		5/28/14				
Water share	<u>\$1,700,000</u>		5.000	85,000	85,000	02/15/15
			5.000	85,000	85,000	02/15/16
			5.000	595,000	85,000	02/15/2017-23
			3.000	85,000	85,000	02/15/24
			3.000	85,000	85,000	02/15/25
			3.000	170,000	85,000	02/15/2026-27
			4.000	85,000	85,000	02/15/28
			3.000	85,000	85,000	02/15/29
			3.750	425,000	85,000	02/15/2030-34
				<u>\$1,700,000</u>		
G.O. Public Improvement Refunding (\$40,455,000)		5/28/14				
Water share	<u>\$2,765,000</u>		5.000	325,000	325,000	02/15/21
			5.000	370,000	370,000	02/15/22
			5.000	1,110,000	555,000	02/15/2023-24
			5.000	370,000	370,000	02/15/25
			5.000	590,000	590,000	02/15/27
				<u>\$2,765,000</u>		
SUBTOTAL:				<u>\$112,630,511</u>		
FY 2005 Bond Premium/Cost of Refunding to be amortized				237,395		
FY 2006 Bond Premium/Cost of Refunding to be amortized				506,513		
FY 2007 Bond Premium/Cost of Refunding to be amortized				594,269		
FY 2008 Bond Premium/Cost of Refunding to be amortized				769,454		
FY 2010 Bond Premium/Cost of Refunding to be amortized				(664,156)		
FY 2011 Bond Premium/Cost of Refunding to be amortized				1,539,111		
FY 2012 Bond Premium/Cost of Refunding to be amortized				2,936,385		
FY 2013 Bond Premium/Cost of Refunding to be amortized				400,597		
FY 2014 Bond Premium/Cost of Refunding to be amortized				244,542		
Total Serial Bonds Serviced by Utilities Fund:				<u>119,194,621</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2014

	Amount Outstanding*	Date of Bonds	Interest Rate - %	Payments*	Annual Amount	Maturity Date
Compensated Absences - Utilities Fund				1,300,998		
Bond and VRA interest payable - Utilities Fund				4,006,023		
Capital Leases serviced by Utilities Fund				144,301		
VRA Loans payable				<u>233,282,935</u>		
Total Long Term Obligations Serviced by Utilities Fund:				<u>\$357,928,878</u>		
Compensated Absences - Internal Service funds				527,194		
Compensated Absences - CPHD Development Fund				582,181		
Capital Leases serviced by Auto Equipment Fund				5,668,158		
Revenue Bonds - Serviced by Ballston Public Garage Fund				8,900,000		
Bond and mortgage interest payable				24,474,958		
Mortgage Payable - Ballston Public Garage Fund				<u>3,429,679</u>		
Total Long Term Obligations for Business-type Activities:				<u>\$401,511,048</u>		
Long Term Obligations - Business-type Activities:						
Due in one year				\$55,743,476		
Due in more than on year				\$345,767,572		
TOTAL LONG TERM OBLIGATIONS:						
Due in one year				145,087,758		
Due in more than one year				<u>1,300,251,258</u>		
				<u>\$1,445,339,016</u>		

*Bonds Outstanding: Total amount authorized and sold minus the principal payments to date.

*Payments: Principal payments scheduled until maturity

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 JUNE 30, 2014

<u>FISCAL YEAR</u>	<u>REAL ESTATE</u>	<u>PERSONAL PROPERTY</u>	<u>TOTAL</u>
2014	\$94,835	\$848,812	\$943,647
2013	94,312	453,897	548,209
2012	24,817	393,677	418,494
2011	3,034	330,197	333,231
2010	303	378,507	378,810
2009	238	-	238
2008	742	-	742
2007	203	-	203
2006	64	-	64
2005	-	-	-
2004	115	-	115
2003	115	-	115
TOTAL	<u>\$218,778</u>	<u>\$2,405,090</u>	<u>\$2,623,868</u>

NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2014 are presented on the basis of the County's fiscal years during which such taxes became due.

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

The delinquent 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 \$16,940 and \$525,607 respectively.

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

Fiscal Year	Total Current Tax Levy	Current Taxes Not Collected	Current Taxes Collected	Percent of Levy Collected	Collection of Prior Year's Taxes In Current Year	Total Taxes Collected	Total Collections As % of Current Levy	Write-Offs and Adjustments	Deferred Taxes	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as % of Total Levy
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	631,481,234	2,753,079	628,728,155	99.56%	2,965,008	631,693,163	100.03%	1,074,788	1,450,150	4,107,640	0.65%
2011	653,198,268	2,147,274	651,050,994	99.67%	3,259,661	654,310,655	100.17%	924,343	1,391,658	3,596,781	0.55%
2012	701,019,137	1,585,301	699,433,836	99.77%	3,158,923	702,592,759	100.22%	1,016,583	1,362,159	3,358,566	0.48%
2013	754,569,203	4,983,622	749,585,581	99.34%	2,803,775	752,389,356	99.71%	1,016,583	1,362,159	3,107,347	0.41%
2014	787,485,043	2,623,869	786,541,395	99.88%	1,427,125	787,968,521	100.06%	822,356	2,496,535	2,623,869	0.33%

NOTES:

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

"Current Taxes Not Collected" consists of delinquent taxes plus first installment real estate taxes receivable.

"Current Taxes Collected" reflects the amount of a fiscal year's tax levy collected during each fiscal year.

"Total Taxes Collected" reflects "Current Taxes Collected" plus collection of prior year's taxes and penalties in the current year plus reimbursements from the Commonwealth for the Personal Property Tax Relief Act.

Delinquent personal property taxes are collectible for 5 years, delinquent real estate taxes for 20 years.

Source: Arlington County Treasurer's Office

ARLINGTON COUNTY, VIRGINIA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE (1)
 JUNE 30, 2014

Governmental Funds

Governmental funds capital assets:

Land	\$164,478,229
Infrastructure	539,734,813
Buildings	339,404,693
Furniture, fixtures and equipment	177,807,893
Construction in Progress	220,497,892
Intangibles	4,142,534
	<hr/>
Total governmental funds capital assets	<u><u>\$1,446,066,054</u></u>

Investments in governmental funds capital assets by source:

General fund	\$234,816,192
Special revenue funds	135,506
Capital projects funds	1,203,584,261
State literary loans	1,680,040
Donated assets	5,850,055
	<hr/>
Total Investment in General Capital Assets	<u><u>\$1,446,066,054</u></u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets report in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net position.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2014 Beginning Balance	Additions	Deletions	06/30/2014 Ending Balance
Primary Government:				
General Government	\$295,537,526	\$8,205,033	\$5,260	\$303,737,299
Public Safety	98,879,938	1,626,731	-	100,506,669
Environmental Services	685,486,343	46,934,048	132,624	732,287,767
Health and Public Welfare	33,468,701	299,098	-	33,767,799
Libraries	30,412,906	7,235	-	30,420,141
Parks and Recreation	183,801,541	15,745,850	-	199,547,391
Planning and Community Development	41,367,553	4,431,435	-	45,798,988
Total primary government	1,368,954,508	77,249,430	137,884	1,446,066,054
Internal Services Fund				
Auto Equipment Fund	64,955,970	9,773,471	3,232,988	71,496,453
Total Internal Services Fund	64,955,970	9,773,471	3,232,988	71,496,453
Component Unit: School Board				
Schools	736,920,550	34,898,488	-	771,819,038
Total Capital Assets	\$2,170,831,028	\$121,921,389	\$3,370,872	\$2,289,381,545

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2014

EXHIBIT S-8

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles	CIP
General Government:							
Control-							
Legislative	\$114,522	\$-	\$-	\$-	\$114,522	\$-	\$-
Executive	492,215	-	-	-	492,215	-	-
Judicial	5,334,523	-	-	-	4,657,082	677,441	-
Total Control	5,941,260	-	-	-	\$5,263,819	677,441	-
Staff Agencies-							
Elections	1,129,595	-	-	-	1,129,595	-	-
Management and Finance	1,610,532	-	-	-	1,610,532	-	-
Human Resources	414,403	-	-	-	331,135	83,268	-
Office of County Attorney	966,128	-	-	-	966,128	-	-
Commissioner of the Revenue	595,054	-	-	-	595,054	-	-
Treasurer	65,114	-	-	-	33,028	32,086	-
Department of Technology Services	29,114,164	-	421,153	991,860	23,639,351	1,103,715	2,958,085
General government	263,901,049	139,119,088	80,822,505	25,877,382	10,697,391	1,001,390	6,383,293
Total Staff Agencies	297,796,039	139,119,088	81,243,658	26,869,242	39,002,214	2,220,459	9,341,378
Total General Government	303,737,299	139,119,088	81,243,658	26,869,242	44,266,033	2,897,900	9,341,378
Public Safety:							
Police	15,273,434	-	648,580	9,087,613	5,142,653	-	394,588
Fire	79,368,941	5,499,264	32,569,290	7,125,394	34,174,993	-	-
Emergency management	5,864,294	-	-	-	4,990,976	-	873,318
Total Public Safety	100,506,669	5,499,264	33,217,870	16,213,007	44,308,622	-	1,267,906
Community Services:							
Environmental Services	732,287,767	4,699,300	341,293,454	184,725,425	64,646,867	717,825	136,204,896
Health and Public Welfare	33,767,799	-	-	14,127,700	19,061,625	160,205	418,269
Libraries	30,420,141	-	11,857,686	18,349,791	212,664	-	-
Recreation	199,547,391	13,763,289	51,797,020	63,880,751	4,909,982	-	65,196,349
Community Development	45,798,988	1,397,288	20,325,125	15,238,778	402,099	366,604	8,069,094
Total Community Service	1,041,822,086	19,859,877	425,273,285	296,322,445	89,233,237	1,244,634	209,888,608
Total General Capital Assets	1,446,066,054	164,478,229	539,734,813	339,404,694	177,807,892	4,142,534	220,497,892
Internal Services Fund:							
Auto Equipment Fund	71,496,453	-	-	-	71,496,453	-	-
Total Internal Services Fund	71,496,453	-	-	-	71,496,453	-	-
Component Unit: School Board Schools	771,819,038	4,697,946	-	684,492,640	82,628,452	-	-
GRAND TOTALS	\$2,289,381,545	\$169,176,175	\$539,734,813	\$1,023,897,334	\$331,932,797	\$4,142,534	\$220,497,892

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	2014			2013
	Budget	Actual	Variance - Positive (Negative)	Actuals
GENERAL FUND				
General property taxes:				
Real estate	\$603,033,449	\$631,515,416	\$28,481,967	\$596,819,122
Personal	106,500,000	110,688,939	4,188,939	106,957,213
Total general property taxes	709,533,449	742,204,355	32,670,906	703,776,335
Other local taxes:				
Business, professional and occupational license (BPOL) tax	60,520,000	62,752,491	2,232,491	61,341,154
Sales tax	40,900,000	39,046,328	(1,853,672)	39,447,636
Meals tax	34,700,000	34,951,030	251,030	34,707,200
Transient tax	21,800,000	20,784,241	(1,015,759)	22,270,627
Utility tax	11,700,000	12,095,016	395,016	11,815,946
Recordation, car rental and other local taxes	26,075,000	25,205,143	(869,857)	27,863,913
Total other local taxes	195,695,000	194,834,249	(860,751)	197,446,476
Total taxes	905,228,449	937,038,604	31,810,155	901,222,811
License, permits and fees	10,411,637	12,396,844	1,985,207	10,502,137
Fines and forfeitures	9,605,548	8,113,863	(1,491,685)	8,468,253
Charges for services	52,386,128	53,136,621	750,493	51,656,429
Grants:				
State grants	69,777,014	67,984,661	(1,792,353)	64,473,930
Federal grants	18,844,633	18,015,289	(829,344)	15,595,756
Total grants	88,621,647	85,999,950	(2,621,697)	80,069,686
Use of money and property	5,866,760	6,414,252	547,492	3,998,537
Bond premiums	-	2,442,072	-	11,594,033
Miscellaneous revenue	19,028,152	28,445,244	9,417,092	21,518,373
GRAND TOTALS FOR GENERAL FUND	\$1,091,148,321	\$1,133,987,450	\$40,397,057	\$1,089,030,259
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$35,719	\$35,232	(\$487)	\$34,919
Crystal City Business Improvement District	26,324	25,227	(1,097)	25,310
Community Development Block Grant Fund	-	-	-	500,000
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	28,956	28,956	40,067
Neighborhood Conservation Bond Fund	-	15,938	15,938	27,792
Government Facility Bond	-	25,363	25,363	-
Ballston Business Improvement District	14,975	14,941	(34)	14,729
Public Recreation Bond Fund	-	49,875	49,875	119,701
Fire Facilities Bond Fund	-	6	6	5,017
Library Bond Fund	-	40	40	894
Transit Facilities Bond Fund	-	26,160	26,160	41,644
IDA Bond Funds	-	9,773	9,773	29,761
IDA Skating Facility	2,400,000	-	(2,400,000)	-
Emergency Community Center	-	6,578	6,578	18,294
School Capital Improvement Bond Fund	-	72,867	72,867	140,846
Trust & Agency Fund	366,052	398,855	32,803	331,126
Total transfers	\$2,973,070	\$839,811	(\$2,133,259)	\$1,460,100
GRAND TOTALS	\$1,094,121,391	\$1,134,827,261	\$38,263,798	\$1,090,490,359

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	2014			
	Budget	Actual	Variance - Positive (Negative)	2013 Actuals
SPECIAL REVENUE FUNDS:				
Ballston BID	1,524,736	1,494,734	(30,002)	1,473,351
Rosslyn BID	3,630,847	3,524,078	(106,769)	3,523,816
Crystal City BID	2,591,803	2,523,162	(68,641)	2,531,764
Community Development Block Grant Fund	4,268,085	2,794,376	(1,473,709)	4,492,167
Section 8 Housing	18,469,071	17,139,411	(1,329,660)	16,447,901
Total Special Revenue Funds	\$30,484,542	\$27,475,761	(\$3,008,781)	\$28,468,999
BREAKDOWN OF REVENUE BY FUNCTION:				
	Charges for services Includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General government	\$20,009,810	\$28,293,671	\$1,605,885	\$-
Public safety	11,590,616	10,567,728	1,002,433	-
Environmental services	26,811,532	9,809,437	-	-
Health & welfare	3,167,690	18,758,657	15,127,035	-
Libraries	533,958	176,293	-	-
Economic development	1,051,827	355,000	-	-
Planning & community development	1,327,629	-	214,468	-
Parks & recreation	9,154,266	23,875	65,468	-
Total General Fund	\$73,647,328	\$67,984,661	\$18,015,289	\$-

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	2014			2013
	Budget	Actual	Variance - Positive (Negative)	Actuals
General Government Administration:				
County Board	\$1,149,412	\$1,078,257	\$71,155	\$1,032,905
County Manager	5,160,483	5,191,702	(31,219)	5,199,180
Financial Management	6,792,326	6,018,001	774,325	5,797,208
Human Resources	8,742,437	7,908,723	833,714	7,818,477
Technology Services	18,879,880	18,319,387	560,493	16,908,318
County Attorney	2,570,719	2,653,243	(82,524)	3,015,985
Commissioner of Revenue	5,266,409	4,994,779	271,630	4,959,817
Treasurer	6,215,675	6,423,281	(207,606)	6,067,685
Electoral Board	1,314,349	1,020,051	294,298	1,172,317
Total General Government	56,091,690	53,607,424	2,484,266	51,971,892
Judicial Administration:				
Circuit Court Judiciary	-	579,570	(579,570)	-
Circuit Court	3,843,762	2,871,158	972,604	3,667,342
District Court	373,176	364,869	8,307	261,084
Juvenile & Domestic Relations Court	6,105,051	5,731,030	374,021	5,570,161
Commonwealth Attorney	4,174,814	3,981,380	193,434	3,790,505
Sheriff & Jail	37,784,494	38,526,817	(742,323)	36,727,925
Magistrate's Office	43,746	41,363	2,383	40,139
Total Judicial Administration	52,325,043	52,096,187	228,856	50,057,156
Public Safety:				
Police	64,789,260	60,965,129	3,824,131	59,295,645
Office of Emergency Management	11,254,353	10,966,169	288,184	11,070,721
Fire	51,663,185	52,274,199	(611,014)	49,377,970
Total Public Safety	127,706,798	124,205,497	3,501,301	119,744,336
Department of Environmental Services:				
DES-Environmental Services	82,274,902	80,533,785	1,741,117	77,419,666
Health & Welfare:				
Human Services	127,728,332	117,358,298	10,370,034	113,479,716
Libraries:				
	12,744,549	12,493,400	251,149	12,395,463
Planning & Community Development:				
Economic Development	11,144,190	10,829,236	314,954	9,817,779
Community Planning Housing & Development	11,194,329	10,377,073	817,256	9,908,497
Total Planning & Community Development	22,338,519	21,206,309	1,132,210	19,726,276
Parks & Recreation:				
	37,268,040	34,273,106	2,994,934	32,468,756
Non-Departmental:				
Non-Departmental	136,547,562	76,452,328	60,095,234	43,851,605
Debt Service				
Principal payment	37,005,960	38,279,170	(1,273,210)	35,526,687
Interest payment	23,394,040	17,598,928	5,795,112	18,676,454
Other costs	200,000	7,676	192,324	5,551
Regionals/Contributions	7,990,495	7,854,224	136,271	8,352,183
METRO	28,194,000	28,194,000	-	25,475,000
Total Non-Departmental	233,332,057	168,386,326	64,945,731	131,887,480
Total Expenditures before transfers-out	751,809,930	664,160,332	87,649,598	609,150,741

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	2014			2013
	Budget	Actual	Variance - Positive (Negative)	Actuals
Transfers -Out				
Auto Equipment Fund	-	-	-	102,520
OPEB Trust Projects Fund	-	66,546	(\$66,546)	-
Community Activities/Cable TV	7,730,084	4,712,193	3,017,891	5,438,115
Pay-As-You-Go	4,508,490	2,821,344	1,687,146	40,972,045
Debt Service	43,323,691	41,545,385	1,778,306	35,448,396
Total Transfers-Out	<u>467,157,255</u>	<u>437,211,919</u>	<u>29,945,336</u>	<u>473,199,854</u>
GRAND TOTALS EXPENDITURES	<u>\$1,218,967,185</u>	<u>\$1,101,372,251</u>	<u>\$117,594,934</u>	<u>\$1,082,350,595</u>
SPECIAL REVENUE FUNDS:				
Travel & Tourism Promotion	-	-	-	\$251,711
Ballston BID	1,509,489	1,485,415	24,074	1,430,740
Rosslyn Business Improvement District	3,596,131	3,472,886	123,245	3,455,788
Crystal City Business Improvement District	2,565,885	2,501,090	64,795	2,515,118
Community Development Block Grant	4,268,085	2,794,376	1,473,709	3,992,236
Section 8 Housing	<u>18,240,094</u>	<u>17,412,988</u>	<u>827,106</u>	<u>17,733,833</u>
Total Special Revenue Funds	<u>\$30,179,684</u>	<u>\$27,666,755</u>	<u>\$2,512,929</u>	<u>\$29,379,426</u>
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	<u>\$1,249,146,869</u>	<u>\$1,129,039,006</u>	<u>\$120,107,863</u>	<u>\$1,111,730,021</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2014

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	132,248
Public Safety	604,812
Public Works	379,212
Health & Public Welfare	49,127
Libraries	7,235
Parks & Recreation	78,326
Planning & Community development	6,755
	<hr/>
Total General Fund	\$1,257,715
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	1,458,507
Government Facilities	21,414,439
Cultural & Recreation - Community Affairs:	
Government Facilities	1,553,237
Parks	6,726,891
	<hr/>
Total General Capital Projects Funds	31,153,074
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	7,367,722
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	4,559,602
Government Facility Bond	3,121,927
Stormwater Fund	540,294
Public Recreation Bond Fund:	
Public Recreation	8,823,666
Fire Station Bond Fund:	
Fire Station Facilities	-
Library Bond Fund:	
Public Library Facilities	3,398
NVTA	
NOVA Transportation Authority	16,285,904
IDA Bond Fund:	<hr/>
	3,998,244
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<hr/>
	44,700,757
GRAND TOTAL	<hr/> <hr/>
	\$77,111,546



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).

TABLE A

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

	2006	Restated 2007	2008	2009	2010	2011	2012	2013	2014
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	\$296,199,550	\$359,395,370	\$476,442,158	\$527,691,722
Restricted for:									
Capital projects	143,283,542	142,422,852	160,104,290	118,951,943	148,562,047	219,717,828	254,592,361	264,758,831	300,867,564
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402	2,557,084	2,290,690
Unrestricted	27,283,211	58,999,714	60,938,963	104,877,377	92,808,577	30,665,301	43,956,309	8,472,514	53,828,896
Total governmental activities net position	<u>\$235,855,324</u>	<u>\$306,610,956</u>	<u>\$326,878,853</u>	<u>\$414,259,110</u>	<u>\$472,570,383</u>	<u>\$552,153,832</u>	<u>\$661,986,442</u>	<u>\$752,230,587</u>	<u>\$884,678,872</u>
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	\$551,956,062	\$610,182,040	\$648,350,443	\$667,676,811
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	98,645,535	77,986,278	61,673,759	66,755,808
Total business-type activities net position	<u>\$354,202,842</u>	<u>\$402,032,824</u>	<u>\$473,346,833</u>	<u>\$554,428,766</u>	<u>\$611,611,553</u>	<u>\$650,601,597</u>	<u>\$688,168,318</u>	<u>\$710,024,202</u>	<u>\$734,432,619</u>
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	\$848,155,612	\$969,577,410	\$1,124,792,601	\$1,195,368,533
Restricted for:									
Capital projects	165,757,354	152,645,597	172,411,326	125,897,870	151,994,577	219,717,828	254,592,361	264,758,831	300,867,564
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402	2,557,084	2,290,690
Unrestricted	73,494,559	175,739,518	159,492,990	466,951,343	169,578,353	129,310,836	121,942,587	70,146,273	120,584,704
Total primary government activities net position	<u>\$590,058,166</u>	<u>\$708,193,293</u>	<u>\$792,920,536</u>	<u>\$968,687,876</u>	<u>\$1,084,181,936</u>	<u>\$1,202,755,429</u>	<u>\$1,350,154,760</u>	<u>\$1,462,254,789</u>	<u>\$1,619,111,491</u>
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	\$404,050,823	\$464,751,903	\$520,283,078	\$535,315,558
Restricted for:									
Capital projects	5,968,595	21,143,761	53,652,410	15,008,543	4,549,397	52,726,465	47,055,029	54,583,825	57,977,311
Other projects	-	-	-	-	-	3,180,528	10,954,607	12,076,754	11,446,474
Unrestricted	30,823,237	(6,369,784)	(21,749,122)	(29,729,500)	(32,814,262)	-	-	-	-
Total schools component unit activities net position	<u>\$317,359,300</u>	<u>\$327,779,309</u>	<u>\$364,603,370</u>	<u>\$342,036,333</u>	<u>\$358,334,411</u>	<u>\$459,957,816</u>	<u>\$522,761,539</u>	<u>\$586,943,657</u>	<u>\$604,739,343</u>
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	\$27,962,471	\$26,577,683	\$24,576,817	\$23,811,868
Restricted for:									
Capital projects	-	-	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-
Unrestricted	32,025,503	8,123,376	(4,918,215)	(5,578,810)	(554,073)	(982,778)	428,056	2,476,291	3,361,665
Total other component units activities net position	<u>\$26,390,508</u>	<u>\$28,748,260</u>	<u>\$24,426,665</u>	<u>\$24,399,928</u>	<u>\$27,324,521</u>	<u>\$26,979,693</u>	<u>\$27,005,739</u>	<u>\$27,053,108</u>	<u>\$27,173,533</u>

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 nine years of data presented in this table.

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

	Fiscal Year								
Expenses	2006	Restated 2007	2008	2009	2010	2011	2012	2013	2014
Primary government:									
Governmental activities:									
General government	\$144,413,158	\$170,050,920	\$183,532,881	\$157,913,828	\$195,846,347	\$180,060,339	\$212,776,822	\$197,890,282	\$238,920,444
Public safety	94,152,505	105,294,735	114,536,445	101,207,180	110,207,376	116,211,459	118,391,330	120,977,618	126,239,238
Environmental services	66,712,584	69,902,804	73,697,836	74,059,602	76,327,661	76,871,992	80,272,770	84,444,970	89,774,303
Health & welfare	104,638,605	100,775,893	109,949,551	100,667,830	108,035,699	109,078,189	115,139,323	113,901,082	117,588,487
Libraries	13,002,989	13,167,711	14,426,350	12,828,135	11,946,021	11,313,749	12,134,689	12,464,589	12,784,342
Parks, recreation & culture	34,366,540	35,953,363	38,592,964	35,355,942	37,291,412	36,866,666	34,180,696	36,105,159	37,416,330
Planning & community development	35,865,238	40,556,577	46,279,307	67,595,397	46,833,700	42,986,854	54,626,473	60,359,027	61,703,864
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	417,655,490	411,415,097	462,562,274	418,066,409
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	28,131,683	16,786,171
Total governmental activities expenses	<u>821,993,184</u>	<u>892,762,603</u>	<u>990,367,352</u>	<u>909,167,130</u>	<u>948,087,547</u>	<u>1,009,595,950</u>	<u>1,057,219,530</u>	<u>1,116,836,685</u>	<u>1,119,279,588</u>
Business-type activities:									
Utilities	47,321,964	51,515,377	57,904,261	59,052,176	64,616,867	68,006,236	76,050,327	93,564,517	85,448,387
Ballston Public Parking Garage	5,732,832	5,937,745	9,517,231	5,626,403	5,577,545	5,234,038	6,062,024	5,750,518	5,315,660
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	132,027	50,496	53,085	157,097
CPHD Development Fund	-	-	-	9,554,317	9,824,617	10,556,125	11,598,557	12,173,696	13,762,118
Total business-type activities expenses	<u>53,054,796</u>	<u>57,516,219</u>	<u>68,976,500</u>	<u>75,981,436</u>	<u>81,809,379</u>	<u>83,928,426</u>	<u>93,761,404</u>	<u>111,541,816</u>	<u>104,683,262</u>
Total primary government expenses	<u>\$875,047,980</u>	<u>\$950,278,822</u>	<u>\$1,059,343,852</u>	<u>\$985,148,566</u>	<u>\$1,029,896,926</u>	<u>\$1,093,524,376</u>	<u>\$1,150,980,934</u>	<u>\$1,228,378,501</u>	<u>\$1,223,962,850</u>
Component units:									
Schools	352,921,809	388,148,161	412,953,520	422,055,027	412,450,899	407,401,980	431,308,198	485,061,915	488,403,844
Other	2,446,253	6,199,663	7,777,236	8,189,092	7,702,100	7,505,677	7,317,002	7,375,441	7,468,573
Total component units activities expenses	<u>\$355,368,062</u>	<u>\$394,347,824</u>	<u>\$420,730,756</u>	<u>\$430,244,119</u>	<u>\$420,152,999</u>	<u>\$414,907,657</u>	<u>\$438,625,200</u>	<u>\$492,437,356</u>	<u>\$495,872,417</u>
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	\$19,911,198	\$20,870,357	\$20,219,252	\$20,009,810
Environmental services	14,997,675	16,550,927	19,684,727	20,133,391	20,973,628	26,728,203	28,408,484	26,049,002	26,811,532
Public safety	9,281,843	7,676,160	5,049,238	6,365,373	8,581,235	10,204,341	9,949,039	10,793,294	11,590,616
Other activities	16,851,289	17,950,390	21,509,731	12,111,147	10,665,194	13,056,130	16,750,057	14,154,588	20,447,573
Operating grants and contributions	110,686,562	118,055,710	105,661,179	102,379,382	106,770,638	113,012,048	136,827,855	120,764,535	134,856,589
Capital grants and contributions	1,809,521	1,810,516	1,811,566	1,812,817	1,807,735	1,822,203	1,818,130	-	-
Total governmental activities program revenues	<u>174,960,058</u>	<u>182,122,745</u>	<u>171,822,929</u>	<u>162,960,218</u>	<u>166,766,564</u>	<u>184,734,123</u>	<u>214,623,922</u>	<u>191,980,671</u>	<u>213,716,120</u>
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	81,641,099	86,840,829	86,768,619	88,880,766
Water-service hook-up charges	6,468,463	3,345,476	4,810,598	4,627,014	2,390,390	3,165,075	4,419,474	5,672,805	5,499,780
Other activities	9,800,525	20,369,401	33,946,120	46,804,145	41,260,025	34,258,022	35,828,391	34,594,120	30,649,078
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	1,190,249	21,162,994	28,033,520	26,845,784	16,319,975	5,626,019	3,317,976	6,322,423	3,789,066
Total business-type activities program revenues	<u>69,821,399</u>	<u>101,728,362</u>	<u>134,224,639</u>	<u>150,734,518</u>	<u>137,776,953</u>	<u>124,690,215</u>	<u>130,406,670</u>	<u>133,357,967</u>	<u>128,818,690</u>
Total primary government program revenues	<u>\$244,781,457</u>	<u>\$283,851,107</u>	<u>\$306,047,568</u>	<u>\$313,694,736</u>	<u>\$304,543,517</u>	<u>\$309,424,338</u>	<u>\$345,030,592</u>	<u>\$325,338,638</u>	<u>\$342,534,810</u>
Component units:									
Charges for services									
Operating grants and contributions	\$15,122,958	\$16,849,867	\$20,328,889	\$20,561,183	\$26,743,790	\$27,358,213	\$23,945,689	\$31,354,968	\$28,565,024
Capital grants and contributions	332,115,611	365,255,205	417,046,873	368,136,757	395,178,524	471,380,848	459,514,609	507,003,321	465,682,654
Total component units program revenues	<u>\$347,238,569</u>	<u>\$382,105,072</u>	<u>\$438,804,715</u>	<u>\$389,197,940</u>	<u>\$422,509,147</u>	<u>\$498,739,061</u>	<u>\$483,460,298</u>	<u>\$538,358,289</u>	<u>\$494,247,678</u>

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

	Fiscal Year								
	2006	Restated 2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense) Revenue									
Primary government:									
Governmental activities	(\$647,033,126)	(\$710,639,858)	(\$818,544,423)	(\$746,206,912)	(\$781,320,983)	(\$824,851,827)	(\$842,595,608)	(\$924,856,014)	(\$905,563,468)
Business-type activities	16,766,603	44,212,143	65,248,139	74,753,082	55,967,574	40,761,789	36,645,266	21,816,151	24,135,428
Total primary government net expense	(\$630,266,523)	(\$666,427,715)	(\$753,296,284)	(\$671,453,830)	(\$725,353,409)	(\$784,090,038)	(\$805,950,342)	(\$903,039,863)	(\$881,428,040)
Component units:									
Component unit activities	(\$8,129,493)	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098	\$45,920,933	(\$1,624,739)
Total component units net expense	(\$8,129,493)	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098	\$45,920,933	(\$1,624,739)
General Revenues and Changes in Net Position									
Governmental activities:									
Property taxes:									
Real estate property taxes	\$412,474,942	\$441,047,242	\$509,933,075	\$523,725,497	\$527,562,107	\$572,591,637	\$619,748,841	\$648,659,020	\$683,987,883
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065	106,957,213	110,688,939
Other local taxes:									
Business, professional occupancy license taxes	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108	61,939,212	61,341,154	62,752,491
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610	143,631,442	139,621,783
Investment and interest earnings	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855	4,287,344	6,578,889
Miscellaneous	27,701,527	33,453,869	23,985,005	18,480,331	21,000,027	11,505,318	27,112,773	50,223,986	34,381,768
Total governmental activities	\$695,329,274	\$761,638,145	\$830,953,288	\$841,446,202	\$839,632,256	\$883,700,493	\$954,812,356	\$1,015,100,159	\$1,038,011,753
Business-type activities:									
Investment and interest earnings	\$4,581,344	\$3,617,839	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989
Total business-type activities	\$4,581,344	\$3,617,839	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989
Total primary government	\$699,910,618	\$765,255,984	\$837,019,158	\$844,893,542	\$840,847,469	\$884,391,849	\$955,560,179	\$1,015,139,892	\$1,038,284,742
Component units activities:									
Other local taxes									
Other local taxes	\$16,479,189	\$18,242,576	\$16,906,350	\$16,163,026	\$16,332,840	\$17,134,732	\$17,782,467	\$18,171,301	\$19,368,052
Investment and interest earnings/Miscellaneous	2,250,409	3,063,000	681,544	1,319,336	533,684	312,440	212,204	137,253	172,798
Total primary government	\$18,729,598	\$21,305,576	\$17,587,894	\$17,482,362	\$16,866,524	\$17,447,172	\$17,994,671	\$18,308,554	\$19,540,850
Changes in Net Position									
Primary government:									
Governmental activities	\$48,296,148	\$50,998,287	\$12,408,864	\$95,239,289	\$58,311,273	\$58,848,666	\$112,216,748	\$90,244,145	\$132,448,285
Business-type activities	21,347,947	47,829,982	71,314,009	78,200,422	57,182,787	41,453,145	37,393,089	21,855,884	24,408,417
Total primary government net expense	\$69,644,095	\$98,828,269	\$83,722,873	\$173,439,711	\$115,494,060	\$100,301,811	\$149,609,837	\$112,100,029	\$156,856,702
Component units:									
Component units activities	\$10,600,105	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	64,229,487	\$17,916,111
Total component units net expense	\$10,600,105	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	64,229,487	\$17,916,111

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 nine years of data presented in this table.

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

	2005	2006	2007	2008	2009
General Fund Balance:					
Reserved for					
Encumbrances	\$4,293,596	\$4,087,643	\$4,570,757	\$2,517,374	\$270,619
Four Mile Run	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	5,000,000
Designated for Operating Reserve	15,200,000	16,600,000	17,800,000	28,262,153	30,769,734
Designated for Subsequent Years Budget	29,109,808	34,575,639	36,691,920	29,928,475	44,666,386
Designated for Incomplete Projects	16,466,535	41,251,262	52,428,554	49,107,897	57,713,108
Designated for Retirement	-	-	-	3,880,000	-
Total General Fund Balance	69,069,939	100,514,544	115,491,231	117,695,899	138,419,847
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	9.41%	12.88%	13.49%	12.93%	14.98%
All Other Governmental Funds					
Special revenue funds					
Reserved	-	-	-	53,706	-
Unreserved	-	3,516,894	9,919,740	8,526,238	6,121,704 (1)
Capital Project funds					
Reserved	-	32,427,146	32,282,131	26,259,487	23,836,818 (1)
Unreserved	-	110,856,397	110,140,721	133,844,803	95,115,125 (1)
Total all other governmental funds	-	146,800,437	152,342,592	168,684,234	125,073,647 (1)
Component unit - Schools:					
Reserved	-	58,709,912	35,019,015	65,672,036	28,788,084 (1)
Unreserved	-	4,916,017	6,589,059	7,799,312	7,155,183 (1)
Total component unit - Schools	-	63,625,929	41,608,074	73,471,348	35,943,267 (1)

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

ARLINGTON COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS AND OTHER COMPONENT UNIT (1)
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2010	2011	2012	2013	2014
General Fund					
<u>Restricted for:</u>					
Seized assets	\$3,032,049	\$2,385,573	\$2,436,464	\$2,272,448	\$2,522,979
Grants	45,206	-	-	-	-
<u>Committed to:</u>					
Self insurance reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Subsequent years' County budget	17,061,007	11,151,929	10,488,080	5,208,794	4,860,024
Capital projects	-	4,946,013	1,902,323	8,403,862	14,831,642
Operating reserve	32,377,943	40,192,725	50,240,906	52,605,487	54,575,340
Economic & revenue stabilization conting	-	-	-	3,000,000	3,000,000
Incomplete projects	150,176	230,734	171,861	130,223	412,220
Affordable Housing Investment Fund	17,656,893	19,163,965	7,050,422	21,838,549	45,631,924
Subsequent years' school budgets	33,218,860	32,481,838	64,669,485	26,269,900	46,735,944
<u>Assigned to:</u>					
Subsequent years' operating budgets	-	10,913,573	12,565,023	19,649,922	15,593,759
Subsequent years' capital projects	13,942,559	6,135,259	18,978,462	12,162,577	11,782,428
Economic Stabilization reserve	-	-	3,000,000	5,000,000	-
Employee furlough day restoration	1,012,911	-	-	-	-
Operating reserve	2,672,083	10,048,181	2,364,581	1,969,853	2,810,020
Fresh AIRE program	663,804	354,877	1,244,577	1,224,867	1,480,249
Incomplete projects	6,610,975	933,856	2,416,189	5,215,352	3,772,275
Affordable Housing Investment Fund	3,564,742	3,717,920	8,930,790	29,647,093	20,045,133
Total General Fund Balance	<u>\$137,009,208</u>	<u>\$160,754,645</u>	<u>\$191,459,163</u>	<u>\$199,598,927</u>	<u>\$233,053,937</u>
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	14.40%	16.62%	19.02%	18.44%	21.16%
All Other Governmental Funds					
Special Revenue funds					
<u>Nonspendable:</u>					
Prepaid	\$1,223,394	\$1,252,930	\$1,286,469	\$1,299,658	\$1,288,591
<u>Restricted for:</u>					
Grants	4,673,397	4,318,223	2,755,933	1,257,426	1,002,099
Capital Project funds					
<u>Nonspendable:</u>					
Prepaid	-	-	-	4,275	4,275
<u>Restricted for:</u>					
Grants	1,423,044	1,380,184	-	-	-
Debt Service	5,735,926	18,383,560	20,743,558	35,790,356	29,790,565
<u>Committed to:</u>					
Capital Projects	155,615,078	199,954,084	233,848,803	228,964,200	271,072,724
Total all other governmental funds	<u>\$168,670,839</u>	<u>\$225,288,981</u>	<u>\$258,634,763</u>	<u>\$267,315,915</u>	<u>\$303,158,254</u>
Component unit - Schools					
<u>Restricted for:</u>					
Capital projects	\$4,549,397	\$52,726,465	\$47,055,029	\$54,583,825	\$57,977,311
Grants	-	2,077,853	2,109,001	2,009,337	2,439,196
<u>Committed to:</u>					
Incomplete projects	14,294,085	18,077,449	26,987,189	26,082,805	25,505,075
Subsequent years' School budget	-	6,545,000	7,975,000	16,749,704	15,121,892
<u>Assigned to:</u>					
Operating reserve	4,235,289	2,363,770	2,413,261	2,843,426	3,208,571
Unfunded liabilities	-	2,000,000	2,000,000	2,000,000	2,000,000
Subsequent years' debt service	-	7,000,000	5,025,000	3,625,000	3,360,000
OPEB reserve	695,565	-	-	-	-
Health insurance reserve	-	-	1,000,000	1,000,000	1,000,000
General reserve	-	3,000,000	4,000,000	-	1,201,283
VRS reserve	-	11,587,239	7,387,239	7,387,239	5,637,239
Total component unit - Schools	<u>\$23,774,336</u>	<u>\$105,377,776</u>	<u>\$105,951,719</u>	<u>\$116,281,336</u>	<u>\$117,450,567</u>

(1) Required by Implementation of GASB54 in Fiscal Year 2011.

TABLE D

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUES:									
General property taxes:									
Real Estate property taxes	\$391,213,244	\$425,982,688	\$473,501,869	\$514,518,691	\$528,220,762	\$548,838,350	\$592,363,670	\$632,709,421	\$668,556,176
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065	106,957,213	110,688,939
Other Local taxes:									
BPOL	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108	61,939,212	61,341,154	62,752,491
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610	143,631,442	139,621,783
Fines and forfeitures	8,900,948	8,338,582	8,049,910	8,720,950	7,851,193	9,590,928	10,641,659	8,468,253	8,113,863
Licenses, permits and fees	14,692,442	13,687,394	17,022,701	7,768,974	7,362,947	9,929,105	10,606,117	10,502,137	12,396,844
Intergovernmental	112,496,082	119,866,226	107,472,746	104,192,200	108,578,373	114,834,250	138,645,985	124,506,820	130,888,641
Charges for services	38,870,586	40,230,543	39,277,573	42,278,095	42,974,051	50,379,839	52,346,023	52,245,746	58,348,824
Interest and rent	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855	4,287,344	6,578,890
Miscellaneous revenues	10,891,786	15,414,677	6,938,710	16,378,642	25,950,164	12,891,977	19,008,738	23,192,304	31,320,765
Total revenues	832,217,893	910,657,144	949,298,717	993,097,926	1,012,007,612	1,046,067,987	1,131,562,934	1,167,841,834	1,229,267,216
EXPENDITURES:									
Current operating:									
General government	130,380,468	155,765,913	162,318,710	155,243,762	182,074,416	168,558,845	200,088,702	184,333,469	225,143,159
Public safety	88,875,217	100,650,601	105,760,328	102,791,792	109,550,701	112,925,159	117,033,171	118,725,350	123,709,905
Environmental services	55,122,531	58,491,391	62,420,185	64,803,607	72,315,850	71,924,393	74,921,125	76,672,481	80,154,573
Health and welfare	98,926,206	96,536,913	101,695,722	102,804,509	107,892,357	109,509,790	115,330,415	113,418,239	117,309,171
Libraries	12,034,671	12,339,879	13,062,000	12,855,344	11,630,740	11,074,270	11,880,873	12,366,401	12,486,165
Parks, recreation and culture	32,012,711	33,512,601	35,000,210	34,801,755	35,871,582	35,652,708	32,849,180	32,686,242	34,197,295
Planning and community development	33,914,712	38,835,189	42,796,892	35,308,979	36,252,223	36,154,777	45,056,535	48,773,039	48,990,317
Debt service									
Principal	26,480,421	27,595,301	28,950,071	33,046,404	33,813,374	36,310,305	36,160,046	35,841,532	38,600,630
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	19,715,860	17,958,561
Bond issuance costs	-	-	-	-	358,995	273,649	-	8,415,823	(1,172,390)
Community development	-	-	-	32,985,081	10,190,869	6,372,169	8,804,947	10,052,960	11,504,210
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	364,633,453	423,610,118	479,997,640	443,783,010
Capital outlay	72,029,442	61,004,743	60,137,617	113,133,467	86,792,008	111,378,633	92,185,904	144,985,816	77,111,549
Total expenditures	880,027,129	941,793,131	1,021,493,753	1,047,313,916	1,048,342,446	1,083,319,363	1,176,203,346	1,285,984,852	1,229,776,155
Excess(deficiency) of revenues over expenditures	(47,809,236)	(31,135,987)	(72,195,036)	(54,215,990)	(36,334,834)	(37,251,376)	(44,640,412)	(118,143,018)	(508,939)
OTHER FINANCING SOURCES(USES):									
Transfers in	15,423,635	21,171,707	29,370,998	22,225,678	22,028,499	26,716,715	30,385,999	33,382,459	29,921,732
Transfers out	(15,812,365)	(20,941,333)	(29,663,941)	(40,383,849)	(22,133,809)	(26,794,414)	(30,582,672)	(33,527,183)	(30,054,131)
Capital leases	5,776,901	975,020	5,704,728	13,524,783	7,418,179	4,287,958	1,435,230	4,473,803	5,459,005
Proceeds from refunding of note	-	-	-	-	35,666,099	-	-	-	-
Payment on refunded note	-	-	-	-	(35,962,739)	-	-	-	-
Refunding bonds issued	86,856,240	-	-	-	55,067,382	53,533,168	41,885,000	127,097,545	37,690,000
Payments to refunded bond escrow agent	(85,447,055)	-	-	-	(56,747,745)	(54,922,067)	(44,350,490)	(118,681,722)	(38,862,390)
Deferred cost of refunding	-	-	-	-	1,680,363	1,388,899	2,465,490	-	-
Premium from sale of bonds	1,644,345	650,489	1,491,507	-	1,145,925	6,458,775	6,712,155	11,594,033	2,442,072
Issuance of revenue bonds	-	-	-	-	41,280,000	11,940,000	-	-	-
Issuance of debt	61,335,000	49,860,000	83,777,000	35,962,739	14,867,322	173,655,000	100,740,000	110,625,000	63,210,000
Bond proceeds Schools	-	-	-	-	-	(78,543,000)	-	-	-
Total other financing sources and uses	69,776,701	51,715,883	90,680,292	31,329,351	64,309,476	117,721,034	108,690,712	134,963,935	69,806,288
Net change in fund balances	\$21,967,465	\$20,579,896	\$18,485,256	(\$22,886,639)	\$27,974,642	\$80,469,658	\$64,050,300	\$16,820,917	\$69,297,349
Debt service as a percentage of noncapital expenditures	5.5%	5.2%	4.9%	5.5%	5.4%	5.6%	5.0%	4.9%	4.9%

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 nine 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/ Environmenta Services	Health & Welfare	Culture/ Recreation (2)	Education	Non- Depart- mental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
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
2011	95,464,852	112,696,379	72,721,915	109,677,751	96,741,115	363,204,699	43,769,131	88,099,570	21,473,703	8,149,062	1,011,998,177
2012	98,637,205	119,356,254	75,750,178	115,347,313	103,765,797	393,832,257	68,114,014	89,268,683	24,510,207	8,186,444	1,096,768,352
2013	102,029,048	119,744,336	77,419,666	113,479,716	108,495,964	430,523,375	43,851,605	92,980,788	25,475,000	8,352,183	1,122,351,681
2014	105,703,611	124,205,497	80,533,785	117,358,298	110,126,685	436,028,377	76,452,328	99,504,576	28,194,000	7,854,224	1,185,961,381

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
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
2011	828,985,623	9,929,105	159,329,241	70,094,896	9,590,928	23,152,911	1,101,082,704
2012	879,404,041	10,606,117	154,376,886	67,754,260	10,641,659	29,126,756	1,151,909,719
2013	926,920,232	10,502,137	151,775,127	75,576,387	8,468,253	37,260,396	1,210,502,532
2014	963,946,680	12,396,844	156,810,777	74,212,578	8,113,863	37,374,435	1,252,855,177

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		
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	532,655,237
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	579,132,884
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
2011	615,862,280	36,889,985	2,928,357	22,913,832	3,313,327	6,011,781	5,279,343	11,341,864	31,425,804	46,513	109,483	736,122,569
2012	660,105,238	38,630,486	3,125,075	21,789,115	3,079,109	6,536,109	5,630,079	10,433,639	33,409,536	41,857	72,779	782,853,022
2013	703,847,389	39,447,636	3,109,154	22,270,627	2,915,557	6,974,187	6,173,823	10,093,508	34,707,200	47,895	64,011	829,650,987
2014	742,255,176	39,046,328	2,902,811	20,784,241	3,275,105	5,318,784	5,270,912	10,310,369	34,951,030	50,698	67,790	864,233,244

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

Fiscal Year	Real Property		Personal Property		Public Property		Total		Real Property Tax Rate (2)(3)	Personal Property Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
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	.958/.878	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	.878/.818	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	.818/.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	.818/.848	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	.848/.875	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	.875/.958	5.00
2011	57,459,163,400	57,459,163,400	1,892,908,108	1,892,908,108	709,218,039	709,218,039	60,061,289,547	60,061,289,547	.958/.958	5.00
2012	61,672,361,900	61,672,361,900	1,947,478,083	1,947,478,083	774,586,506	774,586,506	64,394,426,489	64,394,426,489	.958/.971	5.00
2013	62,891,330,300	62,891,330,300	2,134,754,992	2,134,754,992	758,819,988	758,819,988	65,784,905,280	65,784,905,280	.971/1.006	5.00
2014	66,399,525,600	66,399,525,600	2,222,369,095	2,222,369,095	801,404,536	801,404,536	69,423,299,231	69,423,299,231	1.006/.996	5.00

NOTES:

- (1) The amounts shown for assessed and estimated actual value of taxable property represent valuations for County tax years which end December 31st.
 Property in the County assessed each year at actual value. Therefore, the assessed values are equal to the actual value. Rates are per \$100 of assessed valuation.
- (2) Rate is established each calendar year; the first rate represents second half of the previous calendar year, and the second rate represents first half of the calendar year.
- (3) Rate from calendar year 2008 forward include sanitary district tax for stormwater management initiatives.

TABLE G

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

2014				2005			
Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, apartments, hotel, land	3,809,718,900	1	5.73%	Charles E. Smith Interests Office buildings, apartments, hotel, land	3,448,069,900	1	8.16%
Arland Towers Company Office buildings, land	1,339,922,600	2	2.02%	Cafritz Interests Apartments, warehouses, land	711,867,900	2	1.68%
Albrittain Interests Apartments, general commercial	1,323,430,600	3	2.01%	Arland Towers Company Office buildings, land	563,183,400	3	1.33%
JBG Companies Office building, land, apartments, retail, res	1,306,480,500	4	1.99%	Crystal Holdings Mixed use retail, hotel	515,966,100	4	1.22%
Paradigm Managed Properties Apartments, general commercial	1,128,927,700	5	1.70%	Albrittain Interests Apartments, general commercial	501,266,100	5	1.19%
Beacon Capital Office buildings, land	808,470,600	6	1.28%	Fashion Centre Associates Mixed use retail, hotel	448,300,600	6	1.06%
Caruthers Interests Retail, office building, apartments, hotel	806,201,000	7	1.22%	Paradigm Management Apartments	374,206,700	7	0.89%
Shirley Park Leasing Office Building, apartment	797,629,900	8	1.20%	Caruthers Interests Retail, office building, apartments, hotel	229,670,100	8	0.54%
Street Retail Inc Office buildings, hotel, land	752,930,200	9	1.13%	Avalon Properties Apartments, land	226,441,600	9	0.54%
Fashion Centre Associates Mixed use retail	734,212,100	10	1.11%	2111 & 2039 Wilson BLVD INC Office buildings, land	196,957,900	10	0.47%
Total	<u>\$12,807,924,100</u>		<u>19.39%</u>		<u>\$7,215,930,300</u>		<u>17.08%</u>

NOTES:

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

TABLE H

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

Real Estate and Personal Property Tax Combined

	Total Tax Levy (1)	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of levy
2005	435,567,836	432,613,894	99.32%	2,488,691	435,102,584	99.89%
2006	479,686,828	476,534,693	99.34%	2,524,904	479,059,597	99.87%
2007	528,571,009	525,863,079	99.49%	2,437,194	528,300,273	99.95%
2008	577,382,256	574,471,873	99.50%	2,512,124	576,983,997	99.93%
2009	620,931,850	617,215,681	99.40%	3,175,374	620,391,055	99.91%
2010	632,051,320	628,272,902	99.40%	3,399,608	631,672,510	99.94%
2011	655,041,999	650,965,303	99.38%	3,743,465	654,708,767	99.95%
2012	696,205,109	697,633,240	100.21%	(1,846,625)	695,786,615	99.94%
2013	752,789,368	748,656,079	99.45%	3,585,080	752,241,159	99.93%
2014	800,980,672	800,037,025	99.88%	-	800,037,025	99.88%

Real Estate Taxes

	Total Tax Levy (1)	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	357,486,603	356,091,522	99.61%	1,395,081	357,486,603	100.00%
2006	397,011,521	395,632,942	99.65%	1,378,515	397,011,457	100.00%
2007	432,985,758	431,396,444	99.63%	1,589,111	432,985,555	100.00%
2008	481,450,541	479,931,389	99.68%	1,518,410	481,449,799	100.00%
2009	522,711,162	521,181,642	99.71%	1,529,281	522,710,924	100.00%
2010	535,604,264	533,974,360	99.70%	1,629,601	535,603,961	100.00%
2011	556,659,348	554,896,565	99.68%	1,759,749	556,656,314	100.00%
2012	596,237,335	599,088,319	100.48%	(2,875,801)	596,212,519	100.00%
2013	644,486,211	642,101,576	99.63%	2,290,323	644,391,899	99.99%
2014	682,995,140	682,900,304	99.99%	-	682,900,304	99.99%

NOTE: Large tax refunds for FY2012 collections were processed during FY2013 resulting in negative collections

Personal Property Taxes

	Total Tax Levy (1)	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	78,081,233	76,522,371	98.00%	1,093,610	77,615,981	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%	848,083	95,314,718	99.72%
2008	95,931,716	94,540,484	98.55%	993,714	95,534,198	99.59%
2009	98,220,688	96,034,039	97.77%	1,646,093	97,680,132	99.45%
2010	96,447,056	94,298,542	97.77%	1,770,007	96,068,549	99.61%
2011	98,382,650	96,068,738	97.65%	1,983,715	98,052,453	99.66%
2012	99,967,774	98,544,921	98.58%	1,029,176	99,574,097	99.61%
2013	108,303,157	106,554,504	98.39%	1,294,756	107,849,260	99.58%
2014	117,985,532	117,136,721	99.28%	-	117,136,721	99.28%

(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

Fiscal Year	Governmental Activities					Business-type activities					Total Primary Government	Pct. Of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds (2)	IDA Revenue Bonds (3)	IDA Lease Revenue Bonds (2)	IDA Note s Payable (3)	Capital Leases	Utilities General Obligation Bonds (4)	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases			
2005	554,185,294	-	60,540,000	-	7,261,658	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	-	58,085,000	-	9,547,302	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	-	55,215,000	-	6,760,154	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	-	52,180,000	-	8,636,047	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	-	47,120,000	35,962,739	18,436,505	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	41,900,000	35,666,099	20,556,593	105,459,880	12,300,000	3,429,679	256,458,344	3,450,321	1,086,936,040	7.14%	5,122
2011	687,933,174	40,135,000	48,455,000	35,016,099	18,933,209	127,396,828	11,800,000	3,429,679	263,158,039	3,119,963	1,239,376,991	7.89%	5,894
2012	730,532,411	38,970,000	42,635,000	35,016,099	14,368,663	124,517,591	10,600,000	3,429,679	253,204,991	2,467,919	1,255,742,353	7.27%	5,814
2013	776,934,905	125,285,000	-	-	13,175,010	119,765,096	9,400,000	3,429,679	246,193,772	4,261,192	1,298,444,654	7.12%	5,874
2014	779,454,489	116,500,000	-	-	14,315,564	112,630,511	8,900,000	3,429,679	233,282,935	5,812,459	1,274,325,637	6.99%	5,765

NOTES:

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

TABLE I-1

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

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt				Total Primary Government	Pct. Of Actual Taxable Value of Real Property	Debt Per Capita
			General Obligation Bonds Debt (3)	IDA Revenue Bonds (4)	IDA Lease Revenue Bonds (4)	IDA Notes Payable (4)			
2005	198,267	44,717,396,841	554,185,294	-	60,540,000	-	614,725,294	1.37%	3,100
2006	200,226	53,190,791,357	576,904,155	-	58,085,000	-	634,989,155	1.19%	3,171
2007	204,800	56,369,131,443	585,786,533	-	55,215,000	-	641,001,533	1.14%	3,130
2008	208,000	60,286,173,079	625,498,345	-	52,180,000	-	677,678,345	1.12%	3,258
2009	209,300	60,514,589,567	576,842,463	-	47,120,000	35,962,739	659,925,202	1.09%	3,153
2010	212,200	56,618,734,277	566,435,124	41,280,000	41,900,000	35,666,099	685,281,223	1.21%	3,229
2011	210,280	60,061,289,547	687,933,174	40,135,000	42,635,000	35,016,099	805,719,273	1.34%	3,832
2012	216,004	64,394,426,489	730,532,413	50,660,000	30,945,000	35,016,099	847,153,512	1.32%	3,922
2013	221,045	65,627,006,417	776,934,905	125,285,000	-	-	902,219,905	1.37%	4,082
2014	215,000	69,423,299,231	779,454,489	116,500,000	-	-	895,954,489	1.29%	4,167

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	Total Expenses (1)	Less Capital Exp	Less Deferred Rent	Cash Basis Direct Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service	Coverage
2005	3,926,304	3,583,873	(1,215,163)	(405,000)	1,963,710	1,962,594	910,044	2.16
2006	4,070,368	3,618,455	(488,994)	(654,996)	2,474,465	1,595,903	1,018,955	1.57
2007	4,368,809	3,659,703	(319,997)	(654,996)	2,684,710	1,684,099	1,118,158	1.51
2008	4,318,862	7,268,910	(3,695,305)	(654,996)	2,918,609	1,400,253	1,021,719	1.37
2009	3,770,271	3,551,444	(176,871)	(654,996)	2,719,577	1,050,694	794,264	1.32
2010	3,963,512	3,510,857	(201,882)	(654,996)	2,653,979	1,309,533	724,316	1.81
2011	4,318,389	3,117,191	-	(654,996)	2,462,195	1,856,194	707,210	2.62
2012	4,528,050	3,401,220	(67,000)	(904,992)	2,429,228	2,098,822	1,413,109	1.49
2013	4,811,697	3,476,857	(53,216)	(904,992)	2,518,649	2,293,048	1,368,601	1.68
2014	4,411,414	3,259,670	-	(773,747)	2,485,923	1,925,491	629,401	3.06

(1) Excludes depreciation and amortization

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
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
2011	101,182,400	47,186,908	53,995,492	7,956,950	14,055,589	22,012,539	2.45
2012	105,787,143	52,382,893	53,404,250	8,295,238	14,030,986	22,326,224	2.39
2013	107,453,634	59,471,356	47,982,278	8,523,845	14,061,159	22,585,004	2.12
2014	105,668,151	58,743,860	46,924,291	8,741,975	12,863,094	21,605,069	2.17

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)
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%
2011	210,280	15,707,916	74,700	21,168	3.9%
2012	216,004	17,273,192	79,967	21,853	3.5%
2013	221,045	18,234,223	82,491	22,763	4.0%
2014	215,000	18,554,500	86,300	23,612	3.5%

NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.
The 2004-2010, & 2014 population figures are estimates from the Arlington County Planning Division.
- (2) Source - 2014 & 2005 estimates from the Arlington County Planning Division. 2013-2006 figures reported by U.S. Dept of Commerce
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only.
All figures are as of June 30.
- (4) Source Figures for 2014-U.S. Bureau of Labor Statistics, Figures 2005-2013 Virginia Employment Commission

TABLE L

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

2014*				2005			
<u>Employers</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>	<u>Employers</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total Count <u>Employment</u>
Department of Defense*	24,000	1	10.88%	Department of Defense	40,947	1	20.98%
Arlington County Government & Schools	7,555	2	3.42%	Arlington County Government	7,280	2	3.73%
Department of Homeland Security*	7,300	3	3.31%	State Department	4,138	3	2.12%
Deloitte*	7,000	4	3.17%	Drug Enforcement Administrat	2,090	4	1.07%
Department of Justice*	5,300	5	2.40%	National Science Foundation	1,996	5	1.02%
State Department*	5,200	6	2.36%	Virginia Hospital Center	1,991	6	1.02%
Accenture	4,500	7	2.04%	Verizon	1,850	7	0.95%
FDIC*	2,900	8	1.31%	Transportation Security Admin	1,719	8	0.88%
Virginia Hospital Center	2,698	9	1.22%	SAIC	1,689	9	0.87%
SAIC/Leidos*	2,300	10	1.04%	Marriott International Inc.	1,680	10	0.86%
National Science Foundation	2,200	11	1.00%	US Airways	1,466	11	0.75%
Lockheed Martin Corp	2,187	12	0.99%	Environmental Protection Age	1,397	12	0.72%
Environmental Protection Agency*	2,100	13	0.95%	Lockheed Martin Group	1,300	13	0.67%
General Services Administration*	1,970	14	0.89%	CACI	1,085	14	0.56%
Marriott International, Inc.*	1,950	15	0.88%	US Marshalls Service	1,080	15	0.55%
Booz Allen Hamilton*	1,400	16	0.63%	Hecht Company	1,027	16	0.53%
Corporate Executive Board	1,279	17	0.58%	SRA International Inc.	910	17	0.47%
BNA Bloomberg	1,015	18	0.46%	Federal Supply Service	905	18	0.46%
CACI	813	19	0.37%	United States Postal Service -	876	19	0.45%
Marymount University	726	20	0.33%	Booz Allen Hamilton	870	20	0.45%
Total	84,393		38.26%		76,296		39.09%
Total At-Place Employment	220,600				195,205		

Source: Arlington County Planning Division; Arlington Economic Development

* 1st Quarter Estimates

TABLE M

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

Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
County Board	8.0	8.0	8.0	8.0	8.0	7.8	7.8	8.0	8.0	7.8
County Manager	32.0	32.0	35.0	35.0	34.5	37.9	36.9	36.9	37.1	35.9
Management and Finance	54.0	55.0	55.0	55.0	57.0	50.0	54.0	55.0	55.0	55.5
Technology Services	61.7	65.7	65.7	67.8	67.8	70.0	71.0	72.0	74.0	73.0
Human Resources	47.0	49.5	49.5	50.5	51.5	53.5	50.0	51.0	52.0	52.0
Civil Service Commission	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0
County Attorney	11.0	11.0	11.0	11.0	14.0	14.0	14.0	14.0	14.0	14.0
Circuit Court	33.8	33.8	33.8	34.4	35.8	33.8	32.3	32.3	32.3	32.3
General District Court	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Juvenile and Domestic Relations Court	56.5	56.5	57.5	57.5	57.5	56.3	55.8	55.8	55.8	55.8
Commonwealth's Attorney	39.0	40.0	40.0	40.0	39.0	35.5	34.0	35.0	35.0	35.0
Sheriff	276.3	276.3	277.8	277.8	277.8	268.4	266.0	267.0	271.0	271.0
Commissioner of Revenue	56.0	56.0	56.0	56.0	56.0	54.0	53.0	53.0	52.0	52.0
Treasurer	63.2	63.2	63.2	63.2	63.2	61.8	60.8	60.8	59.8	61.8
Electoral Board	7.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Office of Emergency Management	55.5	59.5	66.5	66.5	72.5	72.5	71.5	71.5	79.5	76.5
Police	472.0	473.0	475.0	476.0	476.0	475.0	465.0	466.0	466.0	466.0
Fire	305.7	304.7	314.7	314.7	321.3	317.3	316.0	317.0	320.0	321.0
Public Works/Environmental Services	673.3	670.2	670.2	676.7	699.7	688.7	694.7	700.2	721.2	730.2
Human Services	715.1	717.5	718.5	703.5	712.2	703.3	694.7	699.7	685.8	680.5
Libraries	155.8	157.3	157.3	157.8	157.8	142.4	125.1	127.6	135.6	133.9
Economic Development	30.8	30.8	32.8	32.8	31.8	28.8	28.8	28.8	61.6	61.6
Community Planning, Housing & Development	145.4	146.5	156.5	156.5	181.1	179.0	176.0	177.0	197.1	198.6
Parks, Recreation & Cultural Resources	413.0	412.4	412.4	411.3	400.5	378.2	355.8	360.3	345.9	365.9
Total County Positions	3,714.4	3,729.2	3,766.7	3,762.1	3,824.8	3,737.8	3,672.9	3,698.7	3,768.6	3,790.0
Total School Positions	3,620.7	3,577.1	3,588.3	3,613.7	3,676.6	3,770.3	3,787.5	3,937.4	4,047.1	4,109.0
TOTAL POSITIONS	7,335.1	7,306.3	7,355.0	7,375.8	7,501.4	7,508.1	7,460.4	7,636.1	7,815.7	7,898.9

Sources: Arlington County FY2014 Adopted Budget and Arlington County School Board's Adopted Budget FY 2014.

TABLE N

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
JUNE 30, 2014

Form of Government Date of Adoption January 1, 1932	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	961	961	961	961	961	961	974	974	974	974
Number of Street Lights	15,306	14,753	14,873	14,620	14,657	16,580	16,723	17,267	17,796	18,708
<u>Fire Protection:</u>										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
<u>Education:</u>										
Attendance Centers	34	34	34	34	35	37	37	37	37	37
Number of Classrooms	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,740	1,760
Number of Teachers	1,981	1,946	1,980	1,962	2,046	2,096	2,105	2,241	2,295	2,406
Number of Students	18,400	18,411	18,451	18,684	19,420	20,233	21,168	21,853	22,763	23,612
<u>County Water System:</u>										
Number of consumer service locations	36,567	36,603	36,758	36,828	36,877	37,228	37,574	37,151	37,189	37,343
Average daily consumption (gallons)	26,600,000	26,900,000	24,800,000	24,066,000	23,498,000	23,217,000	23,217,000	22,500,000	22,220,000	22,010,000
Miles of water mains	525	525	525	525	525	525	525	525	525	525
<u>County Sewer System:</u>										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	470
Average gallons per day treated	26,800,000	25,600,000	24,900,000	24,700,000	24,620,000	26,470,000	26,470,000	22,000,000	20,273,507	23,139,205
System capacity under construction (gallons per day)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	0	0
<u>Building Permits:</u>										
Construction Permits	4,114	3,948	3,629	3,289	2,473	2,543	2,939	3,074	3,019	3,035
Plumbing, Electrical & Mechanical Permits	7,807	7,806	6,967	7,132	7,232	6,531	7,834	7,907	8,264	8,338
Fire Permits	1,096	1,058	1,022	974	842	804	982	1,052	953	997
Elevator Permits	96	88	127	103	75	116	72	77	99	95
<u>Recreation and Culture:</u>										
Number of Parks and Playgrounds	128	212	212	212	212	212	212	219	236	236
Number of Libraries	7	7	8	8	8	8	8	8	8	8
Number of Items (Print and Audiovisual)	554,953	579,729	579,729	629,808	635,284	643,950	662,757	632,517	653,092	633,127
Number of Community Centers	14	14	14	14	14	14	14	14	14	14
Number of Nature Centers	2	2	2	2	2	2	2	2	2	2
Number of Historical Districts	2	29	29	30	30	31	31	32	34	34

TABLE O

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
JUNE 30, 2014

Primary Government

FUNCTION AND ACTIVITY:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
Control-										
Legislative	\$51,208	\$51,208	\$62,401	\$58,579	\$81,144	\$92,430	\$114,522	\$114,522	\$114,522	\$114,522
Executive	214,926	214,926	261,906	245,864	340,573	387,942	480,663	480,663	480,663	492,215
Judicial	1,130,274	1,130,274	1,377,339	1,292,973	1,791,038	2,107,374	2,594,988	3,934,611	4,700,614	5,334,523
Total Control	1,396,408	1,396,408	1,701,646	1,597,416	2,212,755	2,587,746	3,190,173	4,529,796	5,295,799	5,941,260
Staff Agencies-										
Elections	120,906	120,906	147,335	138,310	191,588	218,235	270,396	270,396	270,396	1,129,595
Management and Finance	209,227	209,227	254,962	239,344	331,542	377,655	467,918	1,077,827	1,588,298	1,610,532
Human Resources	146,253	146,253	178,222	167,306	231,753	347,256	410,350	414,403	414,403	414,403
Office of County Attorney	34,067	34,067	41,514	38,971	53,983	61,491	876,188	923,699	953,687	966,128
Commissioner of the Revenue	42,503	42,503	51,794	48,621	67,350	76,718	595,054	595,054	595,054	595,054
Treasurer	696,245	730,199	889,812	835,309	1,157,077	1,350,098	65,114	65,114	65,114	65,114
Department of Technology Ser	10,279,481	14,598,718	17,789,831	16,700,152	23,133,198	17,200,391	11,344,264	14,597,576	18,195,395	29,114,164
General government buildings	15,845,252	29,586,427	33,694,735	43,796,601	33,686,400	135,952,812	327,020,186	327,020,186	327,604,012	263,901,049
Total Staff Agencies	27,373,934	45,468,300	53,048,205	61,964,614	58,852,891	155,584,656	341,049,470	344,964,255	349,686,359	297,796,039
Total General Government	28,770,342	46,864,708	54,749,851	63,562,030	61,065,646	158,172,402	344,239,643	349,494,051	354,982,158	303,737,299
Public Safety:										
Police	15,625,622	16,082,026	18,439,574	24,163,161	21,722,625	23,703,421	10,138,856	13,102,757	15,073,584	15,273,434
Fire	6,451,228	5,809,121	6,375,013	6,594,563	6,977,207	18,234,142	83,442,395	85,337,968	85,829,937	79,368,941
Emergency management	37,578	806,623	982,942	922,734	1,278,179	1,455,957	4,086,134	5,405,411	5,681,058	5,864,294
Total Public Safety	22,114,428	22,697,770	25,797,529	31,680,458	29,978,011	43,393,520	97,667,385	103,846,136	106,584,579	100,506,669
Environmental Services	381,468,410	392,682,485	407,523,922	414,461,104	497,345,576	434,334,394	474,009,827	526,053,112	632,215,203	732,287,767
Health and Public Welfare	29,242,352	29,392,413	29,891,822	31,394,364	33,758,494	31,765,248	33,069,717	33,105,155	33,322,630	33,767,799
Libraries	9,731,968	9,781,888	10,585,807	12,159,862	11,184,328	18,162,154	29,731,690	30,413,627	30,442,689	30,420,141
Recreation	65,139,947	80,924,974	83,531,614	88,774,344	86,420,777	98,111,470	120,041,977	143,004,838	168,516,013	199,547,391
Community Development	13,584,695	14,359,122	15,431,139	14,644,784	52,373,433	32,837,780	33,022,546	38,051,773	42,891,236	45,798,988
Total General Capital Assets	\$644,969,188	\$692,311,308	\$729,384,655	\$764,951,857	\$878,085,322	\$964,877,331	\$1,131,782,785	\$1,223,968,692	\$1,368,954,508	\$1,446,066,054
Internal Services Fund										
Auto Equipment Fund	\$39,350,707	\$42,409,799	\$45,153,446	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962	\$64,955,970	\$71,496,453
Printing Fund	276,061	276,061	276,061	-	-	-	-	-	-	-
Total Internal Services Fund	\$39,626,768	\$42,685,860	\$45,429,507	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962	\$64,955,970	\$71,496,453
Component Unit: School Board										
Schools	\$375,199,698	\$401,017,012	\$448,837,358	\$470,609,847	\$511,265,426	\$556,680,225	\$587,053,184	\$663,053,770	\$736,920,550	\$771,819,038
GRAND TOTALS	\$1,059,795,654	\$1,136,014,180	\$1,223,651,520	\$1,281,258,277	\$1,436,919,964	\$1,573,538,896	\$1,775,361,576	\$1,950,804,424	\$2,170,831,028	\$2,289,381,545

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
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%
2011	57,645,110	29,848,250	87,493,360	1,011,998,177	8.65%
2012	59,289,762	29,978,921	89,268,683	1,096,768,352	8.14%
2013	60,281,364	32,699,424	92,980,788	1,122,351,681	8.28%
2014	67,578,026	31,926,550	99,504,576	1,185,961,381	8.39%

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, 2013 - JUNE 30, 2014**

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Property</u> VACorp through Travelers Insurance 1	VA-AR-006-14	07/01/13	07/01/14	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 \$636 million subject program limits of \$ 500million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged	\$441,958.00 Includes TRIA
<u>Crime Policy</u> Zurich American Ins. Co. 2	VA-AR-006-14	07/01/13	07/01/14	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	\$8,785.00 Excludes TRIA
<u>Fine Arts Policy</u> VACorp through Travelers Insurance Now part of blanket property policy 3	VA-AR-006-14	07/01/13	07/01/14	Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location \$ 1,000 Deductible/ \$ 2,500 per outdoor sculpture Legal Liability -- \$ 250,000 any one loss	\$0.00 Now part of property policy
<u>Performing Arts</u> Package Business Policy Lexington Insurance Co. 4	AIP 0000544711303	07/01/13	07/01/14	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl. \$ 1/2 million GL \$ 850,000 Property	Package Policy \$11,148.00
<u>General Liability, Public Officials Liab.</u> <u>Law Enforcement Liab, Auto Liability</u> 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	
<u>Umbrella Excess Liability Policy</u> VACo/Genesis 6	VA-AR-006-14	07/01/13	07/01/14	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	\$320,000.00

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2013 - JUNE 30, 2014

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Constitutional Officers</u> <u>Business Auto</u> <u>Package Policy</u> VACorp 7	VA-AR-006-14	07/01/13	07/01/14	Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. \$1,000,000 each occurrence for Liability, \$1,000 for medical payments. Const. Officers and Volunteer General Liability \$ 2 million per occurrence	\$30,408.00
<u>HIDTA Task Force</u> Commercial Package Policy Twin City Fire Insurance Company 8	14UUNNN5448	07/01/13	07/01/14	Liability coverage--\$ 1million/2million Business Personal Property--Ded. \$500	\$1,376.00 (includes TRIA)
<u>Medical Prof. Liability</u> Arch Speciality Insurance 9	FLP002233605	07/01/13	07/01/14	Professional Liability Insurance Employed and Contracted Physicians, Clinic Staff and EMS Limits: \$ 2/6 million \$ 25,000 DED. Each claim	\$211,573.00
<u>Group Accident Coverage</u> National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. MARKEL INS. ACE American Ins. Co. 10	SRG 0009105405 SRG 0009105406 SRG 0009105403 4102aH396738 PTP N 04830052	07/01/13 07/01/13 07/01/13 07/01/13 07/01/13	07/01/14 07/01/14 07/01/14 07/01/14 07/01/14	Coverage coordinated with pers. Coverage AD&D for volunteers AD&D for Campers AD& D for Recreational Sports AD&D for Community Service Program AD&D for Auxiliary Police	\$14,234.00 \$9,920.00 \$8,649.00 \$795.00 \$784.00
TOTAL PREMIUM					\$34,382.00
<u>County Board Surety Bond</u> 11	M. Hynes L. Garvey J. Fisette J. Vihstadt W. Tejada	Continuous until Cancelled		Bond limit \$ 2,500	3 yr. policy
<u>VDOT Permit Bond</u> Travelers 12	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	\$0

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2013 - JUNE 30, 2014**

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Excess Liability Ballston Garage</u> ARCH Ins. Group Travelers 13	UFP0034489-03 QY01225601	07/01/13 07/01/13	07/01/14 07/01/14	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage.	\$45,000.00 \$29,000.00
<u>Fiduciary Liability Policy</u> Employee's Suppl. Retirement Sys 2 National Union/Alton Agency 14	PLS 2672194			Fiduciary Liab. To \$ 10million ERISA Fidelity bond D&O, Trustees liab. To \$ 3million These policies handled by the Retirement Board <u>Risk Management is not involved in the purchase of these policies.</u>	Premium not incl. in total
<u>Constitutional Officers' Liability Plan</u> <u>Risk Coverage</u> Commonwealth of Virginia (SIR) Clerk of Court Sheriff Commissioner of Revenue Commonwealth's Attorney Registrar of Voters Arlington County Treasurer 15	Virginia Risk	Continuous		Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate	
<u>Fire and Rescue Auto Physical Damage</u> VFIS/ American Alternative Insurance 16	CM1054007-06	07/01/13	07/01/14	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD \$ 1,000 Ded. Per unit	\$81,635.00 Incl. TRIA
<u>Police Command Vehicle</u> Hartford Fire Insurance Company 17	42 MS UG3055	07/01/13	07/01/14	Inland Marine policy covering portable Police equipment and Command Vehic	\$7,222.00 Incl. TRIA

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2013 - JUNE 30, 2014

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Portable Equipment-Fire Command Vehicle</u> VFIS American Alternative Insurance 18	TR-2056525-06	07/01/13	07/01/14	Inland Marine policy covering ACFD equipment & Command Veh.	\$9,954.00
<u>Blanket Volunteer Liability</u> VaCorp 19	VA-AR-006-14	07/01/13	07/01/14	Covers Liability of Volunteers	\$4,760.00
TOTAL					\$1,237,201.00

TABLE R

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

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Real Property Value (2)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Residential	Commercial	Non-Taxable
2005	245	65,578,000	58	471,549,000	12,810	410,999,470	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	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	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	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	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	30,395,184,100	23,590,330,900	7,079,999,000
2011	204	59,770,300	60	372,020,336	12,690	367,577,766	30,826,414,200	26,435,423,200	7,155,902,000
2012	158	49,734,782	86	487,803,163	12,003	443,979,014	31,308,133,600	30,363,228,300	7,313,610,400
2013	179	61,926,017	98	406,183,727	13,219	538,830,401	36,869,425,300	26,021,905,000	7,410,523,300
2014	188	93,344,705	83	179,141,259	15,338	466,745,648	39,564,853,200	26,835,092,400	7,936,267,300

NOTES:

- (1) Department of Community Planning, Housing and Development, Planning Division-- Inspection Services
 (2) Estimated actual value. Excludes public service corporations.

TABLE S

ARLINGTON COUNTY, VIRGINIA
 BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
 LAST TEN FISCAL YEARS

Fiscal Year	Revenues	Percent Change
2003	43,206,157	-5.38%
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%
2011	60,460,108	3.23%
2012	61,939,212	5.81%
2013	61,341,154	4.77%
2014	62,752,491	2.30%

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2014

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, 2014, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which would constitute an Event of Default as defined in Section 11.1 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02A, Loan Number C-515378-02B, Loan Number C-515396-01, Loan Number C-515413-01, Loan Number C-515396-02, Loan Number C-515413-02, and Loan Number C-515413-02B.

A handwritten signature in cursive script, reading "Michelle G. Cowan". The signature is written in dark ink and is positioned above a horizontal line.

Michelle G. Cowan
Director, Department of Management and Finance
October 16, 2014

TABLE U

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM
FOR THE TWELVE MONTHS ENDING JUNE 30, 2014

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	11,023	Ft. Myer Military	11,023
Archstone Communities - 1600 S. Eads Residential	5,144	Reagan National Airport Aviation	11,062
Vornado - 1400 S. Joyce Street Apartments	3,258	Pentagon Military	10,552
Vornado - 1600 S. Joyce Street Retail	2,923	Archstone Communities - 1600 S. Eads Residential	5,144
Vornado - 1111 S. Army Navy Drive Apartments	2,553	Vornado - 1400 S. Joyce Street Apartments	3,258
Pentagon City Mall Retail	2,493	Vornado - 1600 S. Joyce Street Retail	2,923
Marriott Crystal City Hotel	2,465	Vornado - 1111 S. Army Navy Drive Apartments	2,553
Archstone Communities - 320 S. 23rd Street Residential	2,355	Pentagon City Mall Retail	2,493
Carlton Condominiums- 4600 S. Four Mile Run Residential	2,274	Marriott Crystal City Hotel	2,465
Washington Golf & Country Club Recreation	2,215	Archstone Communities - 320 S. 23rd Street Residential	2,355

NOTE:

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

ARLINGTON COUNTY, VIRGINIA
DESCRIPTION OF THE WASTEWATER & WATER SYSTEM & WASTEWATER & WATER RATES
JUNE 30, 2014

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 40 million gallons per day (MGD). Current flows average 23.1 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 2007 for \$48.5 million, 2008 for \$27.4 million, and 2009 for \$11.7 million. Grant funds from the Water Quality Improvement Fund under the Department of Environmental Quality Chesapeake Bay Program for approximately \$96 million were authorized in February 2007.

Major Customers

The County's wastewater system serves residents and businesses in the County. A list of the top ten retail wastewater customers is included in Table U of the Statistical Section. On a wholesale basis, the County's wastewater system serves Alexandria Sanitation Authority; the City of Alexandria, Virginia; the City of Falls Church, Virginia; and Fairfax County, Virginia (together, the "Inter-Jurisdictional Partners" or "IJ Partners"). Arlington has contractual agreements for wastewater conveyance and treatment with the IJ Partners that set forth the terms of these relationships, including the calculation of both operating and capital charges. A summary of each IJ Partner contract is included in the table below; additional information on the contracts can be requested from the County's Department of Environmental Services, Utilities Service Office at (703) 228-3601.

IJ Partner	Share of Plant Capacity	Agreement Expiration Date
Fairfax County	3.0 MGD Peak flow capacity reservation of 6.6 MGD	June 30, 2004 Fairfax provided written notification that contract will be honored until new agreement is negotiated
City of Alexandria & Alexandria Sanitation Authority (ASA)	3.0 MGD Maximum daily flow capacity reservation of 7.5 MGD	June 30, 1987 Agreement provides that it is binding until Arlington system is not in existence and as long as either party is not in default. ASA provided written notification that contract will be honored until new agreement is negotiated. ASA provided written notification that contract will be honored until new agreement is negotiated
City of Falls Church	0.8 MGD Peak flow capacity of 2.0 MGD	September 9, 2012

Water Distribution System

Description of System

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production for the entire Washington Aqueduct system, which includes two water treatment plants in the District of Columbia, Dalecarlia and McMillan, is 140 MGD.

The County's water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 22.01 MGD to approximately 37,350 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 2010 through 2015 are shown in the following table. The typical residential customer pays \$76.08 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 2010 – FY 2015 Wastewater & Water Rates
Per 1,000 Gallons of Metered Water Usage**

Fiscal Year	Water	Wastewater	Total	Percent Change
2010	\$3.42	\$7.78	\$11.20	6%
2011	\$3.50	\$8.24	\$11.74	5%
2012	\$3.68	\$8.51	\$12.19	4%
2013	\$3.98	\$8.63	\$12.61	3%
2014	\$3.98	\$8.63	\$12.61	0%
2015	\$4.10	\$8.94	\$13.04	3%

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, 2014, general obligation debt outstanding attributable to the Utilities Fund totaled \$112,630,512. As of June 30, 2014, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$233,282,936. The following table shows future debt service on these obligations.

Fiscal Year Ended June 30	Total Existing GO Debt Service			VRA Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2015	8,163,451	4,706,109	12,869,560	13,347,499	7,219,539	20,567,038	21,510,950	11,925,648	33,436,598
2016	8,273,257	4,354,005	12,627,262	13,766,712	6,800,327	20,567,039	22,039,969	11,154,332	33,194,301
2017	8,188,789	3,909,997	12,098,786	14,199,191	6,367,848	20,567,039	22,387,980	10,277,845	32,665,825
2018	7,878,165	3,884,882	11,763,047	14,645,359	5,921,679	20,567,038	22,523,524	9,806,561	32,330,085
2019	7,842,778	3,294,269	11,137,047	15,105,654	5,461,385	20,567,039	22,948,432	8,755,654	31,704,086
2020	7,340,101	2,957,454	10,297,555	15,580,525	4,986,514	20,567,039	22,920,626	7,943,968	30,864,594
2021	7,615,216	2,674,303	10,289,519	16,070,438	4,496,601	20,567,039	23,685,654	7,170,904	30,856,558
2022	7,210,546	2,286,824	9,497,370	16,575,872	3,991,166	20,567,038	23,786,418	6,277,990	30,064,408
2023	7,500,000	1,971,697	9,471,697	17,097,325	3,469,714	20,567,039	24,597,325	5,441,411	30,038,736
2024	7,603,208	1,617,409	9,220,617	17,635,305	2,931,733	20,567,038	25,238,513	4,549,142	29,787,655
2025	7,960,000	1,266,679	9,226,679	18,190,343	2,376,696	20,567,039	26,150,343	3,643,375	29,793,718
2026	7,980,000	924,724	8,904,724	18,762,982	1,804,057	20,567,039	26,742,982	2,728,781	29,471,763
2027	6,135,000	638,601	6,773,601	12,554,903	1,265,540	13,820,443	18,689,903	1,904,141	20,594,044
2028	4,285,000	432,883	4,717,883	12,952,052	868,392	13,820,444	17,237,052	1,301,275	18,538,327
2029	2,220,000	302,951	2,522,951	7,957,350	495,860	8,453,210	10,177,350	798,811	10,976,161
2030	2,220,000	219,020	2,439,020	6,441,442	224,267	6,665,709	8,661,442	443,287	9,104,729
2031	2,220,000	134,450	2,354,450	2,399,984	39,120	2,439,104	4,619,984	173,570	4,793,554
2032	1,260,000	63,292	1,323,292				1,260,000	63,292	1,323,292
2033	650,000	19,600	669,600				650,000	19,600	669,600
2034	85,000	3,188	88,188				85,000	3,188	88,188
	112,630,511	35,662,337	148,292,848	233,282,936	58,720,438	292,003,374	345,913,447	94,382,775	440,296,222

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

Other Financial & Legal Information

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



ACWPCB
Program Management
Master Plan 2001 Update

PM-AC-1000

July 30, 2014

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

Dear Mr. Slattery,

Pursuant to Section 5.3 of the Financing Agreement dated as of June 28, 2005 (the "Financing Agreement") between the Virginia Resources Authority as administrator of the Virginia Revolving Loan Fund, and Arlington County ("the County"), the undersigned states the following based on my inquiry of the person or persons who manage the system and whose persons directly responsible for gathering the information:

1. I am a representative of the Consulting Engineer to the County for the project financed through the Virginia Resources Authority.
2. For the fiscal year that will end on June 30, 2015, the County has prepared a budget that
 - a. contains an appropriate estimation of costs for maintenance, repair, replacement and operations, and,
 - b. establishes the proper rates in order to satisfy the rate covenant in Section 5.2 of the Financing Agreement.

Dated: 7/30/14

By: Stephen James
 Professional Engineer, 22071
 Representative of AECOM Technical Services

cc: Krista Bourgon Abele, Utilities Fund Manager, Department of Environmental Services
 David Walmsley, Technical Services Manager, ACWPCB
 Document Control

3406 S. Glebe Road Arlington Virginia 22202
 Telephone: (703) 838-9720 Facsimile: (703) 838-9721

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

**INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2014. Our report included a reference to other auditors who audited the financial statements of Gates Partnership as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting on compliance and other matters that are reviewed separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Clifton Larson Allen LLP". The signature is written in a cursive, flowing style.

Arlington, Virginia
October 31, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE,
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Members of the County Board
Arlington County, Virginia

Report on Compliance for Each Major Federal Program

We have audited Arlington County, Virginia's (the County) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Gates Partnership, which is not included in the schedule for the year ended June 30, 2014. Our audit, described below, did not include the operations of Gates Partnership.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 31, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information

has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Arlington, Virginia
October 31, 2014

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

	Federal Catalogue Number	Expenditures
DEPARTMENT OF FEDERAL PROGRAM		
Department of Health and Human Services		
Pass Through Payments:		
Department of Social Services:		
Refugee Programs - Indo-Chinese Refugee Relief (765/452-04)	93.566	\$50,212
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	892,487
(Medical Assistance)	93.778	2,046,901
(Child Care Purchased Services)	93.596	187,414
(View Purchased Services)	93.558	1,326,594
Child Care Development Block Grant (102-586)	93.575	-
FAMIS Outreach Grant	93.767	73,399
ILP Education & Training Vouchers	93.599	6,226
Family Preservation	93.556	24,609
Independent Living	93.674	27,561
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	893,315
Adoption	93.659	581,390
Admin Title IV-B1	93.645	9,245
Fuel Assistance Program(765/452-06)	93.568	113,587
Total Department of Social Services		6,232,941
Department of Health Services:		
Immunization Grant	93.268	113,629
Family Planning Grant	93.217	114,459
Maternal and Child Health Grant	93.994	88,386
TB Outreach Grant	93.116	189,450
Total Department of Health Services		505,923
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	75,307
Integrated Behavioral - Primary Care	93.243	332,467
Mental Health -Seriously mentally III	93.958	32,290
SA Treatment FBG	93.959	373,650
SA SARPOS FBG	93.959	94,197
SA FBG Co-Occurring	93.959	19,286
SA FBG Women	93.959	76,137
Early Intervention Funds (PIE-PART C)	84.181	367,027
Total Mental Health Mental Retardation and Substance Abuse		1,370,361
Department for the Aging		
Older Americans Act		
Title III-B-Area Plan	93.044	230,362
Title III-C-Nutrition	93.045	122,354
Title III-E- National Family Caregiver Support	93.052	56,928
Title VII-Elder Abuse Prevention	93.041	2,222
Senior Medicare Patrol Project	93.048	4,034
Door Through Door	93.048	45,138
Health Insurance Counseling & Assistance	93.779	34,985
Total Department for the Aging - OAA		496,023
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		\$8,605,248

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants		
Twenty-seventh Entitlement(B01UC51002)	14.218	\$71,876
Twenty-ninth Entitlement(B03UC51002)	14.218	20,793
Thirty-third Entitlement(B07UC51002)	14.218	12,180
Thirty-sixth Entitlement(B10UC51002)	14.218	17,020
Thirty-seventh Entitlement(B11UC51002)	14.218	48,007
Thirty-eighth Entitlement(B12UC51002)	14.218	35,373
Thirty-ninth Entitlement(B13UC51002)	14.218	1,028,999
Sub-Community Development Block Grants		1,234,248
CDBG Program income spent	14.218	1,538,830
HOME Administration Grant	14.239	21,297
		1,560,127
Sub- total Community Development Grants		2,794,375
Community Service Block Grant	93.569	106,074
Total Community Development Grants		2,900,449
Section 8 Housing Assistance		
Voucher Program (VAO28VO015-023)	14.871	14,939,047
Voucher Program - Administrative Expense	14.872	1,446,361
HUD-Shelter Plus Care-Rental Assistance	14.240	255,940
HUD-Shelter Plus Care-Administrative Exp.	14.240	2,358
HUD-HOPWA-Rental Assistance	14.241	58,547
HUD-Family Unification Program	14.880	709,926
Total Section 8 Housing Assistance		17,412,179
HUD-Federal Emergency Shelter Grant	14.231	127,960
HUD-Supportive Housing Program- Administrative Exp.	14.235	5,239
HUD-Adopt a Family Grant	14.235	329,201
Total HUD Grant		462,400
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$20,775,028

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	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	\$2,421,099
Title I Reading Recovery - Sub grantee (Shippensburg State)	84.377	50,012
Title I Part A 1003 G School Improvement	84.377	64,006
ARRA 1003g School Improvement	84.388	70,220
21st Century Community Learning Centers	84.287	35,563
IDEA Part B Section 611 (197/171-02)	84.027	3,736,859
Learning and Library Resources-		
Pre-School Incentive	84.173	77,838
Title III, Part A (NCLB) Emergency Immigration (197/171-06)	84.365	558,566
Vocational Education Act - Carl D Perkins PL-101-392	84.048	261,570
Education for Homeless Children & Youth (Stuart B McKinney)	84.196	46,570
Title II, Part A Improving Teacher Quality	84.367	594,696
Project Discovery (College Access Challenge Grant)	84.378	13,555
Total State Pass Through Payments		7,930,554
Total Department of Education		\$7,930,554

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF LABOR		
Pass Through Payments:		
Department of Social Services		
Work Investment Act		
WIA-Admin.. Adult	17.258	\$14,025
WIA-Admin. Youth	17.259	21,318
WIA-Dislocated	17.278	45,969
WIA-Adult	17.258	225,831
WIA-Youth	17.259	199,022
WIA-Dislocated with added Rapid Response	17.278	251,055
WIA-Statewide Dislocated/Rapid Response	17.278	279,029
WIA-Adult-Incentive Awards-Culinary Skills Train.	17.258	16,185
WIA-Youth-Incentive Awards-Culinary Skills Train.	17.259	17,301
WIA-Dislocated-Incentive Awards-Culinary Skills Training	17.278	-
		<u>22,324</u>
Total Department of Social Services		1,092,059
Disability Employment Initiative	17.207	100,265
		<u> </u>
Total Department of Labor		<u><u>\$1,192,324</u></u>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Pass Through Payments:		
Department of Education-		
National School Lunch Program		
(197/457-02)	10.555	\$3,186,035
National School Breakfast Program	10.553	705,704
Parent/Teen Infant	10.558	19,502
Sub total		3,911,241
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	466,593
USDA - Team Nutrition Grants	10.574	16,000
WIC Grant	10.577	722,071
WIC Grant--Breastfeeding Peer Counselors	10.577	23,123
FSET - Transportation & POS	10.561	6,593
Administrative Matching Grants for Food Stamps	10.561	2,335,469
Sub total		3,569,849
Department for the Aging		
Older Americans Act Title III USDA	10.570	43,222
Sub total		43,222
Total Department of Agriculture		\$7,524,312
DEPARTMENT OF JUSTICE		
Direct Federal Payments:		
ODJ- Seized Assets	16.922	\$176,703
Treasury- Seized Assets	21.000	93,356
Joint Terrorism Task Force	16.579	11,584
High Intensity Drug Trafficking Area (HIDTA)	16.000	244,435
High Intensity Drug Trafficking Area (HIDTA)	95.001	221,812
DEA Task Force	16.579	56,806
Metropolitan Area Fraud Task Force	16.579	6,708
Electronic Crimes Task Force	16.579	1,292
Organized Crime Drug Enforcement Task Force	16.579	8,310
State Criminals Alien Assistance Service	16.606	140,721
HIDTA Task Force	95.001	39,104
DMV Highway Safety Program Enforcement	20.600	20,525
DMV Highway Safety Program-Enforce- Alcohol	20.607	21,422
DMV Highway Safety Program-Enforcement	20.616	5,804
Justice Assistance Grant	13.738	21,044
Regional Gang Tsk Force	16.738	33,120
FY 13 Adult Drug Court Discretionary Grant	16.585	56,197
Arlington Gang Initiative Grant	16.544	10,162
Total Direct Federal		1,169,105
Total Department of Justice		\$1,169,105

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Federal Catalogue Number	Expenditures
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	\$61,755
NSA Research Grant & Cooperative Agreement	12.900	92,701
AMERICORPS	94.006	106,156
Sub-total Direct Federal Payments		260,612
National Fish and Wildlife Foundation	66.466	61,900
Total Direct Federal Payments		322,512
Pass Through Payments:		
Congestion Mitigation Air Quality	66.001	4,713,000
EPA State and Tribal Assistance	66.202	149,475
TSM Communication-Fiber Optic (AARA)	20.205	504
TSM Communication-Upgr. UPC	20.205	98,043
Roadway Improvements	20.205	8,433,654
Transits Program	20.500	976,429
Transits Security	20.507	88,517
Sub-total State Pass Through Payments		14,459,622
Fire Department Programs		
Urban Area Security Initiative (UASI)	97.008	129,116
Urban Area Security Initiative (11USAI)	97.067	17,984
Urban Area Security Initiative (12USAI)	97.067	964,071
Urban Area Security Initiative (USAI)	97.067	124,572
Urban Area Security Initiative (USAI)	97.067	44,496
2011 UASI License Plate Reader Grant	97.067	516,013
Transit-FEMA	97.075	131,386
Sub-total State Pass Through Payments		1,927,638
Office of Emergency Management		
Local Emergency Management Program	97.042	72,527
DHS State Homeland Security	97.067	473,951
Citizen Corps Grant	97.073	34,932
Metropolitan Medical Response System	97.071	471,275
		1,052,685
Total State Pass Through Payments		\$17,439,945
Total Other Federal Assistance		\$17,762,457
TOTAL FEDERALLY ASSISTED PROGRAMS		\$64,959,028

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

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, 2014

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>	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?	_____ Yes	_____ <u>X</u>	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Aging Cluster	93.044, 93.045
Community Development Block Grants	14.218
Section 8 Housing Choice Vouchers Cluster	14.871, 14.880
Highway Planning and Construction- ARRA	20.205
Federal Transit Cluster	20.500/20.507
Medical Assistance	93.778
Title I	84.010

Dollar threshold used to distinguish between type A and type B programs	<u>\$1,946,817</u>
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Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u>	No
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ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

None noted

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2014

Finding No 2013-001: Federal Transit Cluster Not Included on the Schedule of Federal Awards

Finding Type: Internal control and compliance, Reporting - Material Weakness

Federal Program: Federal Transit Cluster, CFDA# 20.500/20.507

Condition: The County's Schedule of Federal Awards (SEFA) did not accurately report all federal programs and related expenditures as required by OMB Circular A-133 (.310)(b). The County failed to report the federal expenditures of the federal transit cluster (CFDA# 20.500/20.507).

Current Status: Resolved, At year-end all County departments are contacted and asked about federal expenditures. The SEFA is complied based on the responses from the department. We tested the completeness of the SEFA as part of the current year's single audit.

Finding No 2012-02, 2013-002: Documentation of Time and Effort

Finding Type: Internal control over compliance finding

Federal Program: Aging Cluster, CFDA 93.044, 93.045

Condition: Employees' time and effort certification was not completed.

Current Status: Resolved, program tested as major for current year audit

Arlington County Vision

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

— Arlington County Board



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