



# Comprehensive Annual Financial Report

## Fiscal Year Ended June 30, 2012



# ARLINGTON COUNTY, VIRGINIA

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## *Comprehensive Annual Financial Report*

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**FISCAL YEAR 2012**

(July 1, 2011 - June 30, 2012)



**DEPARTMENT OF MANAGEMENT AND FINANCE**

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

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## **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, 2012**

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# INTRODUCTION





DEPARTMENT OF  
MANAGEMENT AND FINANCE

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October 31, 2012

Chairman Mary Hynes 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, 2012.

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, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Arlington County financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

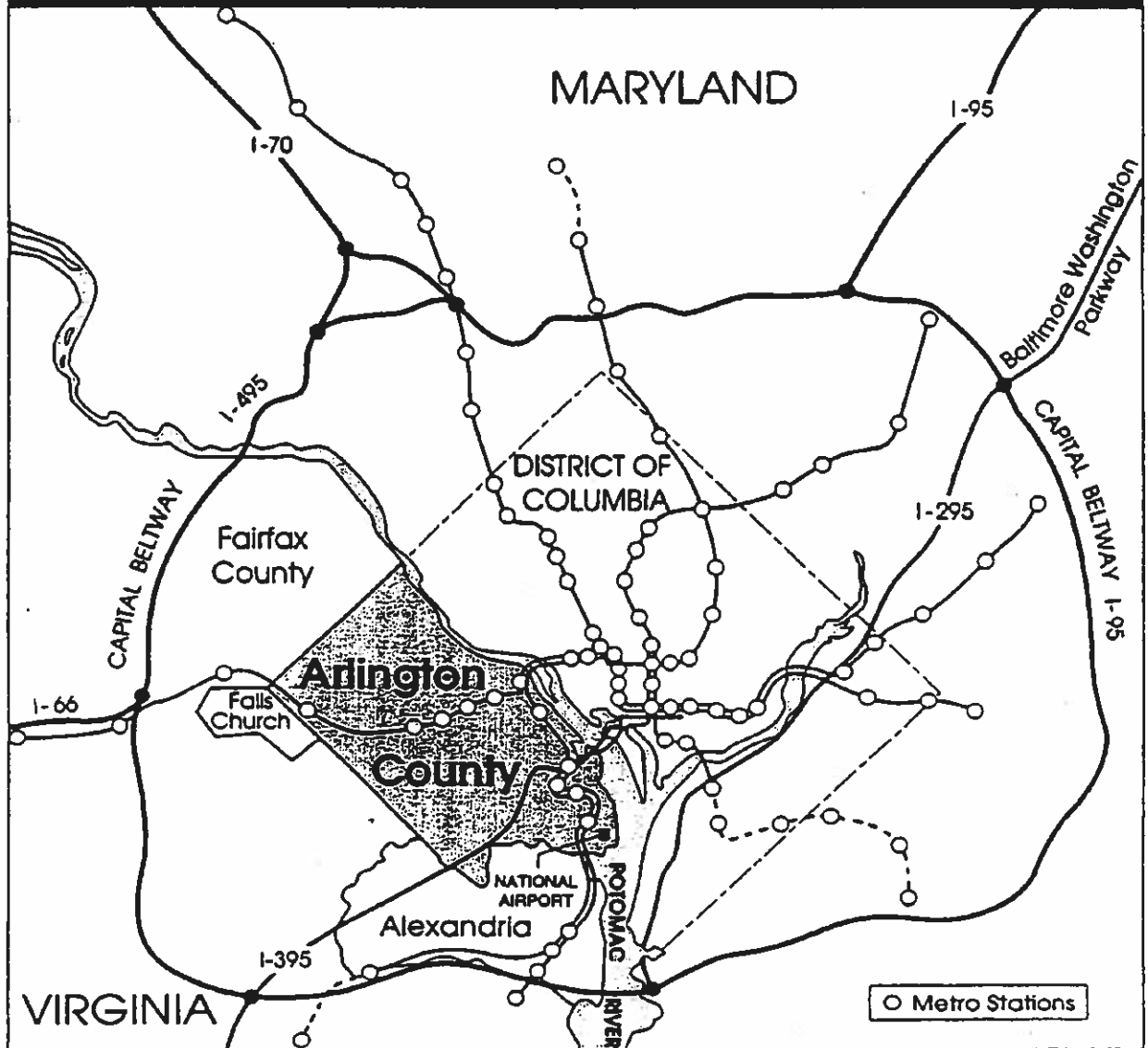
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter or transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington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

### **Profile of the Government**

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

The geographical area of the County is 25.7 square miles of which 4.6 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and thereby establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be 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; there are no farms and few areas of vacant land. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metrorail subway corridors.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2012 was \$61.7 billion. The County government's adopted budget for all funds for Fiscal Year 2012 totaled \$1,292.7 million, which included \$480.5 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

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River, Arlington is a lively hub of commerce, culture, recreation and tourism, supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and rental development that serves to diversify its property tax base. The outlook for the Arlington economy is stable, in spite of a recession nationally and regionally. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to office demand, retail sales, and tourism all showing stable or improved levels over the past three years. Arlington's 2012 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 2012, the tax rate (the base rate plus the county wide sanitary district tax rate) increased to \$0.971 per \$100 of assessed value. Assessed valuation of real property increased 6.6% this year, due to strong growth in the commercial sector which is helping to bolster residential real estate assessments that are inching upward. CY 2012 commercial assessments increased 13.5% over CY 2011, in part a reflection of a stable supply and high demand for commercial property and continued low office vacancy rates over the past year. The residential property assessment base increased 0.7%.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. High-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife with more than six million square feet of retail space, over 500 restaurants and live theaters make Arlington a premier place to live, work, play and stay. Arlington is the epitome of smart growth and new urbanism. Since 1960, some thirty-eight million (38M) square feet of office and commercial space has been built in the Rosslyn-Ballston or Jefferson Davis corridors, which also contain ninety percent (90%) of Arlington's over 10,000 hotel rooms. This excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In addition, more than 3,500 new residential units have been delivered in the past three years and over 1,400 remain under construction. No community in America has had a stronger commitment to transit-oriented development. In the 2nd quarter of 2012, the County's office vacancy rate was 13.4%. The residential unemployment is very low, averaging 3.6% for FY 2012, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In May 2012, 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, 2012, as only one of 39 counties in the United States with top bond ratings from all three major bond-rating agencies.

Moody's Investors Service confirmed the County's Aaa and other related ratings, but maintained a negative outlook on the County due to its indirect linkages to the weakened credit profile of the U.S. government. A total of 36 local governments remain on negative outlook based on Moody's action, including nine in Northern Virginia.

## Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2001, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. The annual budget serves as Arlington's annual operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Five core themes are contained in the 2012 Management Plan that support the Board's vision:

- Affordable Housing
- Maintenance Capital
- Commitment to Employees

### 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

- Libraries and Other Public Services
- Public Schools

The budget adopted by the County Board for fiscal year 2013, focuses on fiscal sustainability, safety net priorities and restoring key services cut during the recession. The budget provided a 5.1% funding increase in County support to public education to ensure that Arlington's schools remain among the nation's best, restored library hours which had been cut in recent years and also restored most weekend hours at the County's two nature center and added funding for maintenance capital. The adopted General Fund budget includes a 1.3 cent real estate tax increase and the General Fund budget is 4.7% higher than the FY 2012 adopted budget. Despite the economic challenges, the General Fund budget of \$1.052 billion protects the community's key priorities. While Arlington continues to feel the effect of the economic downturn, we are in a better position than many communities in the nation. Despite the lingering recession, Arlington is poised in FY 2013 with improved revenue streams, a stabilized real estate market, and low unemployment rates. The FY 2013 adopted budget represents a sustainable balance between responsible taxation and fee policies, and strategic investment in the community for today and the future.

## **Taxes and Fees**

The budget is the single most important policy document that a governing body enacts annually. The 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 2012 real estate tax rate of \$0.971 cents per hundred dollars of assessed value (including the sanitary district tax). Arlington remains one of the best values for the dollar among local jurisdictions with one of the lowest tax rates in Northern Virginia.

A greater share of the tax burden is carried by the commercial sector, relative to homeowners, than any of its neighbors. This is the fiscal benefit of "smart growth." Because of the assessment method used for automobiles, it also has one of the lowest effective personal property tax rates. Consistent with past practice, the County Board approved increased fees for programs that are self-supporting, water and sewer services, and parking meters. Fees were also raised for a variety of parks and recreation programs.

## **Affordable Housing**

The FY 2013 adopted budget increased spending \$2.2 million to meet the projected short-term need in the Housing Grants rental subsidy program as well as an additional \$2.8 million for the Affordable Housing Investment Fund. The increase meets the demand for essentials such as general relief, food and housing assistance.

## **Maintenance Capital**

The FY 2013 adopted budget included \$2.8 million in ongoing funding and \$1.9 million in one-time funding for maintenance capital, to work through a backlog of maintenance of County facilities and infrastructure that has built up over the years. The funding will be used to repair County buildings and infrastructure, including parks and recreation areas. This investment is the start of an ongoing, thoughtful, strategic investment in preserving what we have and ensuring that it lasts for many years to come.

## **Commitment to Employees**

The County could not provide the high quality and range of services the community expects without its employees. The County is in the midst of a four-year competitiveness review and will continue to adjust salaries based on our findings. The FY 2013 adopted budget includes approximately \$3.9 million for merit step increases for County employees and it adds a salary step at the end of the pay scale (while dropping the first step). On average, employees will receive an increase of 2.8% of pay. The increase is aimed at keeping County salaries competitive with surrounding jurisdictions.

## **Libraries and Other Public Services**

The FY 2013 adopted budget includes \$0.4 million to restore branch operating hours that were cut during the economic recession. Hours were also added on the weekends at the County's two nature centers. Other service enhancements include funding to bring back two walking town meetings, increased funding for tree replacement and watering of young trees, funding for invasive plant removal in parks, and more police in the County's entertainment districts on weekends and holidays. In addition, four staff positions in the Sheriff's Office were restored, and a gang prevention program was maintained. The FY

2013 adopted budget also increased support to a number of the County's nonprofit partners, many of whom provide vital safety net services for our neighbors in need.

## **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 2013, the Schools will receive \$405.1 million, which includes \$398.9 in ongoing FY 2013 local tax revenues and \$6.2 million in one-time FY 2012 tax revenues. The \$398.9 million represents 45.7% of General Fund tax revenues. In addition, \$1.9 million has been set aside as a contingent to address the impact of a mandated change in the Virginia Retirement System, which covers school employees. The County is proud of the continuing accomplishments of its students and schools. Pass rates on state Standards of Learning (SOL) assessments remain at or above 90 percent for all students, while the achievement gap among groups is gradually narrowing. Arlington students are taking rigorous courses in increasing numbers and continue to perform well, for example, in AP and IB courses, where more than half of APS graduates earn a college credit-qualifying score during their high school careers. APS students have maintained strong performance on the SAT exam, with mean total scores ranging from 1623 to 1660 in the last four years, outpacing state and national averages. In May 2012, the Washington Post's annual ranking of high schools, the Challenge Index, placed all four APS high schools in the top two percent of high schools in the United States. Arlington's commitment to schools is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, less than 20 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

## **Fiscal Sustainability**

The actions taken by Arlington County as signs of the recession started put us on solid financial footing – enacting a hiring freeze, modest program reductions, increasing reserves and being conservative in financial forecasts. The FY 2013 budget continues this fiscally sustainable approach, funding the budget stabilization fund (\$0.3 million) to address any additional economic dislocation or State / Federal budget actions and increased the operating reserve to 5% of the total General Fund budget.

## **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. For the first time, 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 21, 2012 the Arlington County Board adopted a Capital Improvement Plan (CIP) for fiscal year 2013 to 2022, totaling \$1.2 billion for the County and Arlington Public Schools. Highlights include:

- Completion of the indoor and outdoor phases of the aquatics and fitness center at Long Bridge Park.
- Columbia Pike and Route 1 corridor streetcars.
- Street initiatives in Columbia Pike, Pentagon City and Crystal City.
- Strong commitment to Metro in the ten-year plan, with \$164.2 million in new funding (plus \$16.9 million in previously authorized bond funding and existing state aid) budgeted for the agency's capital needs between FY 2013 and FY 2022.
- Full funding of the CIP adopted by the School Board of \$537.7 million, including two new elementary schools and three elementary school additions.
- Intelligent Transportation Systems and ConnectArlington project to build a County-owned fiber communications network.
- Much greater levels of funding for maintenance capital – paving, facilities, parks, technology and transportation infrastructure.

## **Debt Management**

The County prudently uses debt instruments, including general obligation bonds, revenue bonds, industrial development authority (IDA) revenue bonds, and master lease financing in order to provide re-investment in public infrastructure and to meet other public purposes, including inter-generational tax equity in capital investment. The County adheres to the following debt affordability criteria (excluding overlapping and self-supporting debt).

1. The ratio of net tax-supported debt service to general expenditures should not exceed ten percent, within the ten-year projection.
2. The ratio of net tax-supported debt to full market value should not exceed four 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 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.

## **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 June 30, 2012, 2,122, and 1,932 retirees were both eligible and received benefits from the health and life plans, respectively. Funding for these benefits is made on a pay-as-you-go basis.

In June 2004, the Government Accounting Standards Board (GASB) issued Statement Number 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. The County, beginning in fiscal year 2008, accounted for and reported in its financial statements the cost of Other Post Employment Benefits (OPEB) – health insurance, life

insurance and other non-pension benefits provided to its retirees. GASB 45 required that the cost of our OPEB commitments be accounted for and reported in the same manner as pensions.

In an actuarial analysis dated June 30, 2012, the County's actuary estimated an OPEB liability of \$206.5 million (for the Fiscal Year ending June 30, 2012) with an Annual OPEB Cost (AOC) of \$18.3 million and a net OPEB obligation of \$0.6 million. The County Budget for FY 2013 fully funds the AOC.

In an actuarial analysis dated, June 30, 2012 the Schools' actuary estimated an OPEB liability of \$103.8 million (for Fiscal Year ending June 30, 2012) with an AOC of \$9.2 million and a net OPEB liability of \$15.6 million. The Schools' Budget for FY 2013 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, 2011.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2013 budget. This award is the highest form of recognition in governmental budgeting.

The School Board's Adopted FY 2012 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the eighth year in a row as well the Association for School Business Officials International Meritorious Budget Award for the second time.

### **County Acknowledgements**

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



the Assistant Superintendent of Finance in the Arlington Public Schools, the County Attorney's Office, the Commissioner of Revenue's Office, and the staff of the County's Retirement Office.

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

Respectfully submitted,



Michelle G. Cowan, Director  
Department of Management and Finance



Barbara A. Wiley, Comptroller  
Department of Management and Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arlington County  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



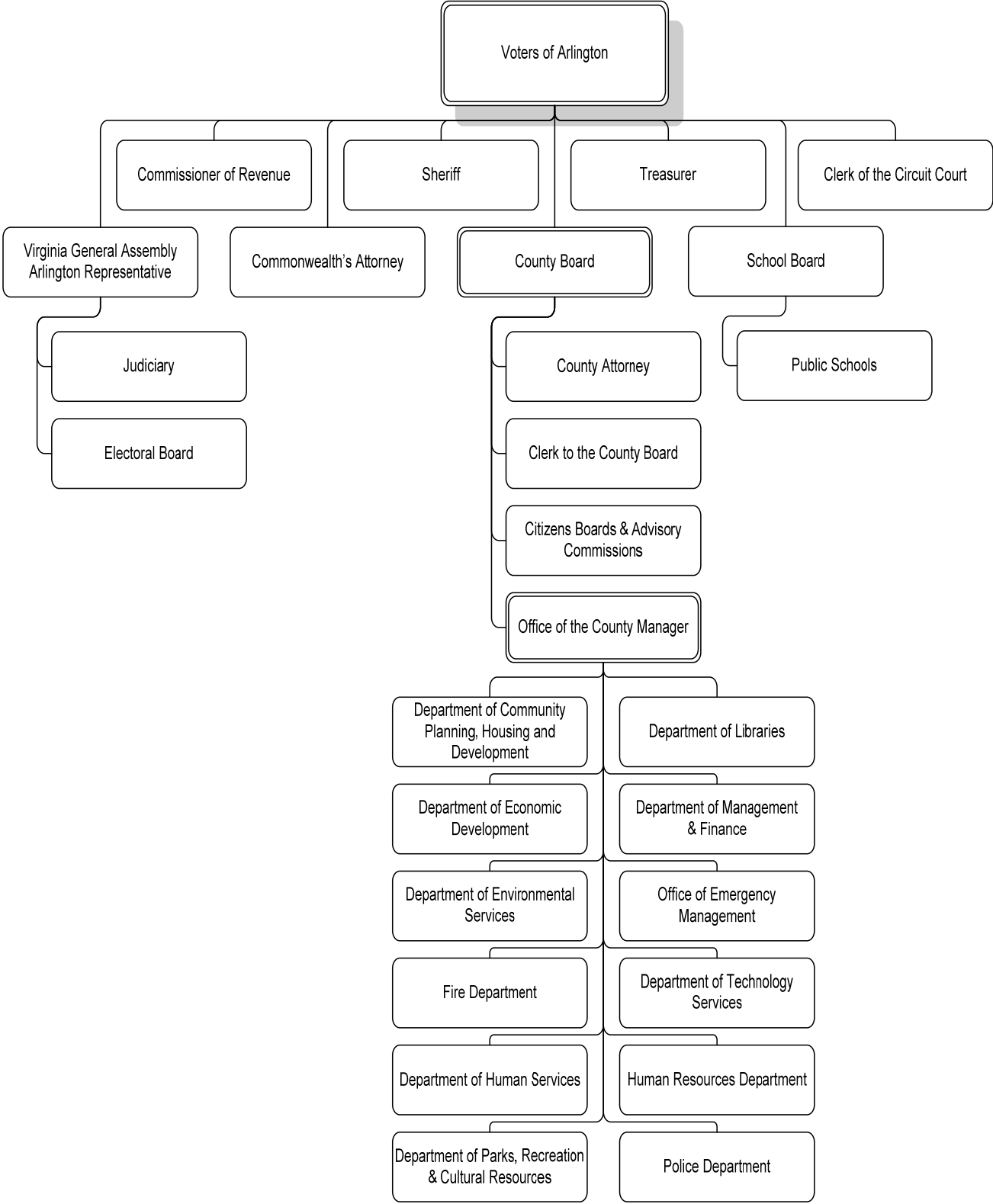
*Christopher P. Morrell*

President

*Jeffrey R. Emen*

Executive Director

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



**ARLINGTON COUNTY, VIRGINIA**

**DIRECTORY OF OFFICIALS**

**June 30, 2012**

**COUNTY BOARD**

Mary Hynes, Chairman

J. Walter Tejada, Vice Chairman

Jay Fisette  
Libby Garvey  
Chris Zimmerman

**COUNTY SCHOOL BOARD**

Emma Violand-Sanchez, Chairman

Sally M. Baird, Vice Chairman

Abby Raphael  
Todd McCracken  
James Lander

**FINANCE BOARD**

Mary Hynes, Chairman

Francis X. O'Leary  
Theo Stamos  
Larry Mayer

**JUDICIAL**

Circuit Court Judges:

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

General District Court Judges:

Richard J. McCue  
Karen A. Henenberg  
Thomas J. Kelley, Jr.

Juvenile and Domestic Relations:

George D. Varoutsos  
Esther L. Wiggins Lyles

**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

**Administrative – General County**

County Manager  
Deputy 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  
Director of Department of Economic Development  
Registrar of Voters  
Director Office of Emergency Management

Barbara M. Donnellan  
Mark J. Schwartz  
Marsha Allgeier  
Stephen MacIsaac  
Hope Halleck  
Robert E. Brosnan  
Dinesh Tiwari  
James H. Schwartz  
Susanne Eisner  
Diane Kresh  
Michelle G. Cowan  
Marcy Foster  
M. Douglas Scott  
William O'Conner III  
Jack Belcher  
Terry Holzheimer  
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  
Acting Assistant Superintendent, Instruction  
Acting 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  
Marjorie Tuccillo  
Connie Skelton  
Brenda Wilks  
Cintia Johnson  
Linda M. Erdos  
Clarence Stukes



# FINANCIAL



# Independent Auditor's Report

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

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

## Independent Auditor's Report

The Honorable Members of the County Board  
Arlington County, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information) of Arlington County, Virginia (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership discretely presented component unit. These financial statements were audited by other auditors whose report thereon dated March 30, 2012, has been furnished to us, and our opinion on the basic financial statements, insofar as it related to the amounts included for this discretely presented component unit, is based solely on the reports of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable; thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012 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 results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information, such as the introductory section and other supplementary information as listed 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 other supplementary information on pages 87 to 158 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical tables listed 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 express no opinion on them.

*CliftonLarsonAllen LLP*

Arlington, Virginia  
October 31, 2012



# **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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can found in Exhibits 1 and Exhibit 2, and Exhibits 6 through 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 19 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 other 17 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) Development 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 Assets

The following table (Table A-1) reflects the condensed statement of net assets for FY 2012 and FY 2011:

**Table A-1**  
**Condensed Net Assets**  
**June 30, 2012**  
**With Comparative Totals for June 30, 2011**  
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Current and other assets	\$948.1	\$847.6	\$136.9	\$143.9	\$1,085.0	\$991.5	\$172.2	\$160.0	\$7.8	\$7.6	\$1,265.0	\$1,159.1
Capital assets	835.8	762.5	999.9	961.8	1,835.7	1,724.3	469.6	409.8	82.3	84.2	2,387.6	2,218.3
Total assets	1,783.9	1,610.0	1,136.8	1,105.7	2,920.7	2,715.8	641.8	569.8	90.1	91.8	3,652.6	3,377.4
Long-term debt outstanding	949.6	896.2	425.9	435.6	1,375.5	1,331.8	37.2	38.9	56.3	56.8	1,469.0	1,427.5
Other liabilities	172.2	161.7	22.8	19.5	195.0	181.2	81.8	70.9	6.8	8.0	283.6	260.1
Total liabilities	1,121.9	1,057.9	448.7	455.1	1,570.6	1,513.0	119.0	109.8	63.1	64.8	1,752.7	1,687.6
Net assets:												
Invested in capital assets												
net of related debt	359.4	296.2	610.2	552.0	969.6	848.2	464.8	404.1	26.6	28.0	1,460.9	1,280.3
Restricted	258.6	225.3	-	-	258.6	225.3	58.0	52.7	-	-	316.6	278.0
Unrestricted	44.0	30.7	78.0	98.6	122.0	129.3	-	3.2	0.4	(1.0)	122.4	131.5
Total net assets	\$662.0	\$552.2	\$688.2	\$650.6	\$1,350.2	\$1,202.8	\$522.8	\$460.0	\$27.0	\$27.0	\$1,899.9	\$1,689.8

Note: Totals may not add due to rounding.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the governmental activities, assets exceeded liabilities by \$662.0 and in the case of the business-type activities, assets exceeded liabilities by \$688.2 for a primary government total of \$1350.2 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$522.8, and in the case of the Gates Partnership, assets exceeded liabilities by \$27.0.

By far the largest portion of the primary government's, Schools', Gates Partnership's net assets (76.9%) 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 assets, (16.7%) represents resources that are subject to external restrictions on how they may be used. Any remaining net assets are classified as "Unrestricted net assets".

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

## Statement of Changes in Net Assets

The following table (Table A-2) displays the changes in net assets for FY 2012 and FY 2011:

**Table A-2**  
**Changes in Net Assets**  
**Year Ended June 30, 2012**  
**With Comparative Totals for June 30, 2011**  
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Revenues</b>												
Program revenue												
Charges for services	\$73.6	\$69.9	\$127.1	\$119.1	\$200.7	\$189.0	\$16.8	\$20.4	\$7.2	\$7.0	\$224.7	\$216.4
Operating grants and contributions	136.8	113.0	-	-	136.8	113.0	459.5	471.3	-	-	596.3	584.3
Capital grants and contributions	1.8	1.8	3.5	5.6	5.3	7.4	-	-	-	-	5.3	7.4
General revenue												
Property taxes	720.7	667.8	-	-	720.7	667.8	-	-	-	-	720.7	667.8
Other local taxes	201.6	196.0	-	-	201.6	196.0	17.3	17.1	-	-	218.9	213.1
Investment and interest earnings	5.4	8.3	0.7	0.7	6.2	9.0	0.1	0.2	-	-	6.3	9.2
Miscellaneous	27.1	11.1	-	-	27.1	11.1	-	-	0.1	0.1	27.2	11.2
<b>Total revenues</b>	<b>1,167.0</b>	<b>1,068.1</b>	<b>131.3</b>	<b>125.4</b>	<b>1,298.4</b>	<b>1,193.4</b>	<b>494.1</b>	<b>509.0</b>	<b>7.3</b>	<b>7.2</b>	<b>1,799.8</b>	<b>1,709.6</b>
<b>Expenses</b>												
General government	212.8	179.9	-	-	212.8	179.9	-	-	-	-	212.8	179.9
Public safety	118.4	116.1	-	-	118.4	116.1	-	-	-	-	118.4	116.1
Environmental services	80.3	76.8	-	-	80.3	76.8	-	-	-	-	80.3	76.8
Health and welfare	115.1	109.0	-	-	115.1	109.0	-	-	-	-	115.1	109.0
Libraries	12.1	11.3	-	-	12.1	11.3	-	-	-	-	12.1	11.3
Parks, culture and recreation	34.2	36.8	-	-	34.2	36.8	-	-	-	-	34.2	36.8
Planning and community development	54.6	43.0	-	-	54.6	43.0	-	-	-	-	54.6	43.0
Education	411.5	417.7	-	-	411.5	417.7	431.3	407.4	-	-	842.8	825.1
Debt service:												
Interest and other charges	18.2	18.6	-	-	18.2	18.6	-	-	-	-	18.2	18.6
Water and sewer	-	-	76.0	68.0	76.0	68.0	-	-	-	-	76.0	68.0
Parking garage	-	-	6.1	5.2	6.1	5.2	-	-	-	-	6.1	5.2
8th Level Ballston Public Parking Garage	-	-	0.1	0.1	0.1	0.1	-	-	-	-	0.1	0.1
Rental Properties	-	-	-	-	-	-	-	-	7.3	7.5	7.3	7.5
CPHD Development Fund	-	-	11.6	10.6	11.6	10.6	-	-	-	-	11.6	10.6
<b>Total expenses</b>	<b>1,057.2</b>	<b>1,009.2</b>	<b>93.8</b>	<b>83.9</b>	<b>1,151.0</b>	<b>1,093.1</b>	<b>431.3</b>	<b>407.4</b>	<b>7.3</b>	<b>7.5</b>	<b>1,589.6</b>	<b>1,508.0</b>
<b>Increase/(Decrease) in net assets</b>	<b>\$109.8</b>	<b>\$58.9</b>	<b>\$37.6</b>	<b>\$41.5</b>	<b>\$147.4</b>	<b>\$100.3</b>	<b>\$62.8</b>	<b>\$101.6</b>	<b>\$0.0</b>	<b>(\$0.3)</b>	<b>\$210.2</b>	<b>\$201.6</b>

Note: Totals may not add due to rounding.

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

• Governmental activities	\$109.5	52.2%
• Business type activities	\$37.6	17.9%
• Component-unit Schools	\$62.8	29.9%
• Component-unit Gates Partnership	\$(0.0)	(0.0)%
<b>TOTAL</b>	<b>\$201.6</b>	<b>100.0%</b>

Note: Totals may not add due to rounding

**Revenues.** Revenues for the County's governmental activities were \$1,167.0 for fiscal year 2012. General revenues from governmental activities increased \$98.9, primarily due to increases in tax revenue and a moderate increase in charges for services and miscellaneous revenue. These increases were partially offset by a decrease in interest earnings and miscellaneous revenue.

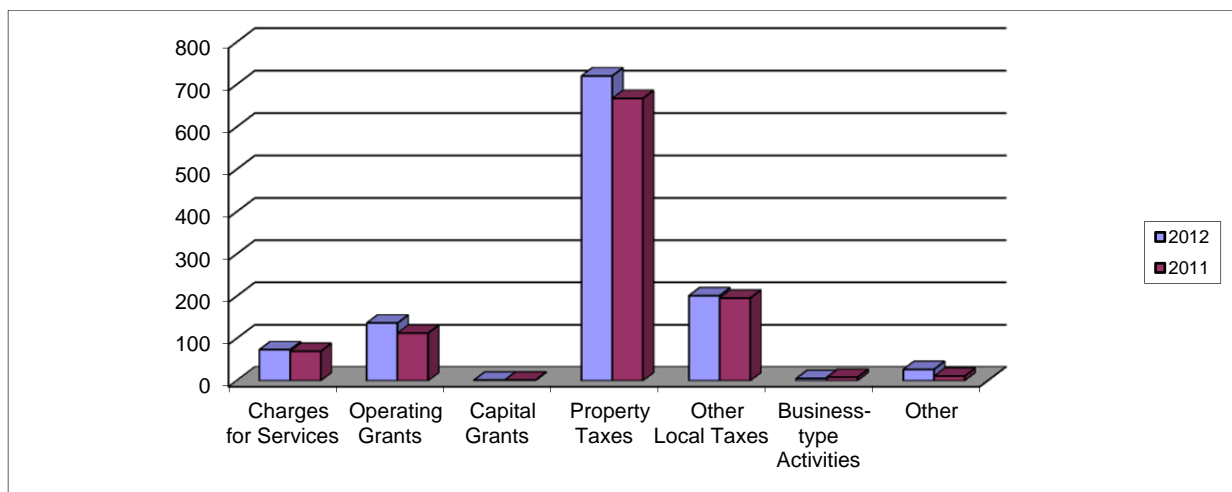
Taxes constitute the largest source of County revenues, amounting to \$922.3 for fiscal year 2012, an increase of \$58.5 over fiscal year 2011. Real estate taxes increased by \$47.1 to \$619.7 due to the tax rate increase of \$0.13 per \$100 of assessed property value, as well as the 6.7% increases in real estate assessment value. Personal property taxes increased \$5.7 to \$100.9 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 \$201.6 which represents \$5.6 increase from the previous year. This increase is primarily attributable to an increase in business licenses tax receipts, meals tax and transient tax.

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 \$212.2. Operating Grants and Contributions represent the most significant of these revenues, totaling \$136.8. Other program revenue categories were Charges for Services, totaling \$73.6 and Capital Grants and Contributions, totaling \$1.8. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$131.3, primarily from charges for services, which totaled \$127.1. The increase in total revenue of \$5.9 is mainly attributable to increase in service fees of \$8.0 and reduction in Capital Grants Contributions of \$2.1.

**Chart A-3**  
**Primary Government Sources of Revenue**  
**For Fiscal Years 2012 and 2011**  
(in millions)

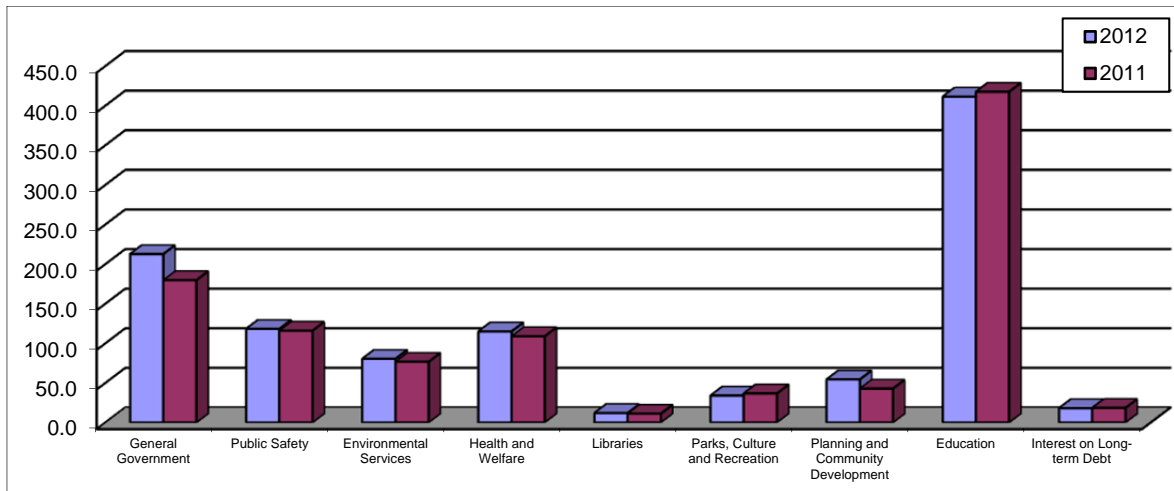


**Expenses.** Total cost of all the County's governmental activities for fiscal year 2012 was \$1,057.2, representing an increase of \$48.0 from fiscal year 2011. Education expense for fiscal year 2012 was \$411.5, a decrease of \$6.2 over previous fiscal year. However, as the chart below indicates, education continues to be the County's largest program. General government expenses represent the second largest expense, totaling \$212.8 in fiscal year 2012. General government expenses increased \$32.9 over fiscal year 2012 primarily due to increase in managed care expenditures of \$24.3, and department expenditure savings of \$6.1.

Expenses for the County's business-type activities totaled \$93.8 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 2012 and 2011**  
(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 \$450.0 an increase of \$64 in comparison with the prior year. Approximately, 94.0% of this total amount (\$422.9) constitutes unrestricted fund balance, which is available for spending at the government's discretion.

The general fund is a major governmental fund of the County. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$189.0 while total fund balance reached \$191.5. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total expenditures. In FY2012, both unrestricted fund balance and total fund balance represents 19.2% and 19.4% of total general fund expenditures respectively.

The fund balance of the County's general fund increased by \$63.2 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 \$57.7. 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 152.7% of total general capital project fund expenditures.

The fund balance of the County's general capital projects fund increased by \$10.8 during the current fiscal year. This is primarily due to the increase of \$9.5 in state and local grant revenues received in the fiscal year (\$14.3 in FY12 compared to \$4.8 in FY11).

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

Unrestricted net assets (deficits) of the Utilities Fund at the end of the fiscal year amounted to \$81.9, the Ballston Public Parking Garage Fund amounted to (\$18.8), 8<sup>th</sup> Level of the Ballston Public Parking Garage amounted to \$0.9, and the CPHD



Development Fund amounted to \$13.9. The total change in net assets of the Utilities Fund was \$33.7, the Ballston Public Parking Garage Fund was (\$1.5), the 8<sup>th</sup> Level of the Ballston Public Parking Garage Fund was \$0.4, and CPHD Development Fund was \$5.0. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

### **General Fund Budgetary Highlights**

The difference between the original budget and the final budget was \$95.3 million, which consisted of an increase \$1.48 in the revenue budget, primarily due to an increase in federal and state grants, and an increase of \$79.5 in the expenditure budget due to additional appropriations in the following:

- \$18.7 million in increases allocated to Non-Departmental for affordable housing from carryover of incomplete projects from prior years and loan repayments. Also, \$5.2 million for master lease financing, budget stabilization contingency funding and employee compensation adjustments as a result of FY 2011 closeout. In addition, \$2.6 million was allocated to Non-Departmental for various housing and land use studies and other incomplete projects from the closeout of FY 2011, and an electricity and fuel expense contingent.
- \$5.3 million in increases from grants and seized assets funding to the Police Department, Office of Emergency Management, and Fire department for equipment purchases, training, software, and emergency preparedness.
- \$5.8 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 programs, transportation security, energy efficiency and environmental projects.
- \$1.5 million in increases allocated to the Judicial Administration. This includes grant funding relating to gangs, highway safety, and offender aid, and carryover of incomplete project from prior years for equipment, and records redaction, digital conversion.
- \$0.8 million in increases allocated to Planning and Community Development from carryover of incomplete projects from prior years for planning and grant-related activities, historic resources survey grant funding, and additional grant funding for housing renovations.
- \$1.7 million in increases allocated to the General Government from carryover of incomplete projects from prior years, including funding for computer network security, Comcast franchise agreement renewal, and library materials.
- \$4.4 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, and employment and health services. This amount includes \$0.6 million to increase Safety Net program funding.
- \$0.4 million in net increases allocated to the Department of Parks, Recreation, and Cultural Resources in grant and FY 2011 carryover funding for meals for summer camp, invasive plant removal, park preservation, safety assessments, and capital projects.
- \$16.4 million increase in transfers out to the Schools as a result of FY 2011 closeout.
- \$16.7 million increase in transfers out to Pay-As-You-Go funding for capital projects

The difference between the final budget and actuals was \$126.3 which consisted of a \$87.0 favorable expenditure variance and a \$34.8 favorable revenue variance. The favorable expenditure variance consisted of the following:

- \$30.4 million favorable in Non-Departmental for the affordable housing investment fund, and under expenditures in lease purchase, building rental, and contingent funds, and OPEB contributions.
- \$1.0 million favorable in Planning and Community Development primarily due to position vacancies and under expenditures in contracted services.
- \$2.3 million favorable in Environmental Services primarily due to position vacancies, overtime savings, and expenditure reductions in contracted services and commuter programs.
- \$4.0 million favorable in Department of Human Services primarily due to delays in spending grant funds (which will be carried over and expended in FY 2013), and under expenditures in contracts and consultants.
- \$4.8 million favorable in Public Safety primarily due to position vacancies and under expenditures in contracted services and operating supplies.
- \$0.9 million favorable in Judicial Administration primarily due to position vacancies, under expenditures in consultants, operating equipment, as well as unexpended grant, seized asset funding and other incomplete projects which will be carried forward and expended in the next fiscal years.
- \$43.5 million favorable in the schools transfer; unspent balances will be carried over to the next fiscal year for the schools.

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

### Capital Asset and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental, business type activities, and component units as of June 30, 2012 amounts to \$2,387.5 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

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

- \$20.1 Transportation projects including Rosslyn Metro Station access improvements, traffic and pedestrian signal upgrades, ART bus purchases, Steer light installations and LED conversion, bicycle safety improvements, paving, Neighborhood Traffic Calming and safety and capacity improvements to arterial streets
- \$2.8 Parks and Recreation center improvements including Arlington Mill Community Center, playgrounds, athletic field and courts, synthetic field renovations and field and court lighting
- \$1.5 Community conservation such as Penrose town square and other neighborhood conservation projects
- \$1.1 Government facilities improvements including Network Operation Center II at the Trade Center and Lubber Run amphitheater
- \$2.0 Facility maintenance renovation including American with Disabilities Act, Detention Facility and energy efficiency projects at the Central Library
- \$1.0 Environment Services projects at Donaldson Run and debris grinding equipment
- \$5.3 Information Technology investments including public safety portable and mobile radios, PC and file server replacement, real estate and assessment system and cable and fiber network
- \$1.3 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.

Other capital assets were constructed using bond funds.

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

**Table A-5 Capital Assets**  
**June 30, 2012**  
**With Comparative Totals for June 30, 2011**  
(net of depreciation, in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Land	\$156.3	\$156.2	\$6.2	\$6.2	\$162.5	\$162.4	\$4.7	\$4.7	\$13.3	\$13.0	\$180.4	\$180.0
Buildings	173.8	179.0	10.2	10.4	184.0	189.4	441.9	387.4	68.8	70.8	694.7	647.6
Equipment	91.9	88.7	2.4	2.8	94.3	91.5	23.0	17.7	0.1	0.3	117.4	109.5
Infrastructure	169.1	160.0	-	-	169.1	160.0	-	-	-	-	169.1	160.0
Intangible assets	1.6	1.8	0.8	0.5	2.4	2.3	-	-	-	-	2.4	2.3
Plant -sewer system	-	-	231.9	229.7	231.9	229.7	-	-	-	-	231.9	229.7
Plant - water system	-	-	412.2	132.5	412.2	132.5	-	-	-	-	412.2	132.5
Construction in progress	209.5	148.9	336.3	579.7	545.7	728.6	-	-	-	-	545.7	728.5
Internal service funds	33.6	28.0	-	-	33.6	28.0	-	-	-	-	33.6	28.0
<b>Total</b>	<b>\$835.8</b>	<b>\$762.6</b>	<b>\$1,000.0</b>	<b>\$961.8</b>	<b>\$1,835.7</b>	<b>\$1,578.5</b>	<b>\$469.5</b>	<b>\$409.7</b>	<b>\$82.3</b>	<b>\$84.0</b>	<b>2,387.4</b>	<b>2,218.1</b>

*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 \$1,477.4. Of this amount, \$1,254.7 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 (\$222.7) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) (\$152.5), workers compensation reserves (\$4.1) and accrued compensated absences (\$66.1).

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

**Table A-6**  
**Arlington County Outstanding Debt**  
**June 30, 2012**  
**With Comparative Totals for June 30, 2011**  
(in millions of dollars)

	Primary Government						Component Units				Total	
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
General obligation bonds**	\$778.9	\$714.5	\$131.3	\$131.2	\$910.1	\$845.7	\$-	\$-	\$-	\$-	\$910.14	\$845.7
Revenue bonds	-	-	10.6	11.8	10.6	11.8	-	-	-	-	\$10.60	11.8
IDA Revenue Note	35.0	35.0	-	-	35.0	35.0	-	-	-	-	\$35.02	35.0
IDA Revenue Bonds	83.2	90.5	-	0.0	83.2	90.5	-	-	-	-	\$83.21	90.5
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	20.3	20.4	\$23.73	23.8
Note payable	-	-	253.2	263.2	253.2	263.2	-	-	8.1	8.0	\$261.30	271.2
Obligations under capital lease	16.6	21.8	0.2	0.3	16.8	22.1	4.8	5.7	-	-	\$21.64	27.8
Worker's compensation claims	4.1	3.5	-	-	4.1	3.5	-	-	-	-	\$4.07	3.5
Accrued compensated absences	31.9	30.8	1.9	2.1	33.7	32.9	32.4	33.2	-	-	\$66.15	66.1
Mortgage and bond interest payable	-	-	25.3	23.6	25.3	23.6	-	-	0.2	0.9	\$25.46	24.5
Bonds Payable	-	-	-	-	-	-	-	-	27.8	27.8	\$27.85	27.8
Development fee payable	-	-	-	-	-	-	-	-	6.3	7.4	\$6.30	7.4
Accrued entity fees	-	-	-	-	-	-	-	-	-	0.3	-	0.3
<b>Total</b>	<b>\$949.6</b>	<b>\$896.1</b>	<b>\$425.9</b>	<b>\$435.6</b>	<b>\$1,375.5</b>	<b>\$1,331.7</b>	<b>\$37.2</b>	<b>\$38.9</b>	<b>\$62.6</b>	<b>\$64.8</b>	<b>\$1,475.5</b>	<b>\$1,435.4</b>

Note: Totals may not add due to rounding

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

The County's total debt increased by \$42.0 during the current fiscal year. The key factors that contributed to this change include increase of \$64.4 on general obligation bonds and net decreases of \$7.3 on IDA revenue bonds, \$10.0 on VRA note payable and \$6.2 capital lease obligation of \$5.0. 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 3.7%, which is a reduction of 0.2% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 4.3% and the national average rate of 8.2%.
- The vacancy rate of the County's office buildings increased from 9.8% to 13.4%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2013 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](http://www.arlingtonva.us/dmf).



# Basic Financial Statements

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

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	Total Government
<b>ASSETS:</b>						
Equity in pooled cash and investments	\$549,234,483	\$113,454,043	\$662,688,526	\$109,878,561	\$2,190,240	\$774,757,327
Petty cash	1,950	-	1,950	1,015	-	2,965
Cash with fiscal agents	948,717	25,221	973,938	-	-	973,938
Receivables, net	373,665,049	19,294,474	392,959,523	5,945,556	29,457	398,934,536
Receivable from primary government	-	-	-	56,239,133	-	56,239,133
Receivable from other governments	7,110,160	-	7,110,160	-	-	7,110,160
Inventory	-	1,491,041	1,491,041	110,984	-	1,602,025
Other assets	17,100,711	2,635,743	19,736,454	-	1,376,473	21,112,927
Reserves and escrow deposits	-	-	-	-	4,245,957	4,245,957
Other non current assets	-	65,355	65,355	-	-	65,355
Capital assets:						
Land	156,298,877	6,161,255	162,460,132	4,697,946	13,260,556	180,418,634
Intangible assets, net	1,554,788	820,810	2,375,598	-	-	2,375,598
Depreciable, net	468,434,531	656,583,125	1,125,017,656	464,868,674	68,999,116	1,658,885,446
Construction in progress	209,512,708	336,311,964	545,824,672	-	-	545,824,672
Total capital assets, net	835,800,904	999,877,154	1,835,678,058	469,566,620	82,259,672	2,387,504,350
<b>Total assets</b>	<b>1,783,861,974</b>	<b>1,136,843,031</b>	<b>2,920,705,005</b>	<b>641,741,869</b>	<b>90,101,799</b>	<b>3,652,548,673</b>
<b>LIABILITIES:</b>						
Accounts payable	26,095,532	11,391,559	37,487,091	18,608,053	55,799	56,150,943
Unearned revenue	49,700,734	-	49,700,734	641,332	-	50,342,066
Due to component unit	56,239,133	-	56,239,133	-	-	56,239,133
Accrued liabilities	18,161,676	11,407,009	29,568,685	41,724,806	189,577	71,483,068
Other liabilities	21,484,320	-	21,484,320	5,249,338	254,982	26,988,640
Non-current liabilities:						
Development fee payable	-	-	-	-	6,305,672	6,305,672
OPEB liability	559,151	-	559,151	15,559,178	-	16,118,329
Due within one year	72,852,898	50,319,528	123,172,426	5,150,876	608,041	128,931,343
Due in more than one year	876,782,088	375,556,617	1,252,338,705	32,046,746	55,681,989	1,340,067,440
<b>Total liabilities</b>	<b>1,121,875,532</b>	<b>448,674,713</b>	<b>1,570,550,245</b>	<b>118,980,330</b>	<b>63,096,060</b>	<b>1,752,626,635</b>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	359,395,370	610,182,040	969,577,410	464,751,903	26,577,683	1,460,906,996
Restricted for:						
Capital projects	254,592,361	-	254,592,361	47,055,029	-	301,647,390
Other projects	4,042,402	-	4,042,402	10,954,607	-	14,997,009
Unrestricted	43,956,309	77,986,278	121,942,587	-	428,056	122,370,643
<b>Total net assets</b>	<b>\$661,986,442</b>	<b>\$688,168,318</b>	<b>\$1,350,154,760</b>	<b>\$522,761,539</b>	<b>\$27,005,739</b>	<b>\$1,899,922,038</b>

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, 2012

Functions/Programs	Expenses	Program Revenues			Governmental Activities	Business-Type Activities	Total	Component Units	
		Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions				Schools	Gates Partnership
<b>Primary Government:</b>									
Governmental Activities:									
General government	\$212,776,822	\$20,870,357	\$29,787,620	\$1,818,130	(\$160,300,715)	\$-	(\$160,300,715)	\$-	\$-
Public safety	118,391,330	9,949,039	12,397,050	-	(96,045,241)	-	(96,045,241)	-	-
Environmental services	80,272,770	28,408,484	9,204,168	-	(42,660,118)	-	(42,660,118)	-	-
Health & welfare	115,139,323	2,759,384	34,156,852	-	(78,223,087)	-	(78,223,087)	-	-
Libraries	12,134,689	565,716	161,831	-	(11,407,142)	-	(11,407,142)	-	-
Parks, recreation & culture	34,180,696	7,286,578	210,399	-	(26,683,719)	-	(26,683,719)	-	-
Planning & community development	54,626,473	3,754,241	50,909,935	-	37,703	-	37,703	-	-
Education	411,415,097	-	-	-	(411,415,097)	-	(411,415,097)	-	-
Interest and other charges	18,282,330	-	-	-	(18,282,330)	-	(18,282,330)	-	-
Total governmental activities	1,057,219,530	73,593,799	136,827,855	1,818,130	(844,979,746)	-	(844,979,746)	-	-
<b>Business-type activities:</b>									
Utilities	76,050,327	105,787,143	-	3,317,976	-	33,054,792	33,054,792	-	-
Ballston Public Parking Garage	6,062,024	4,528,050	-	-	-	(1,533,974)	(1,533,974)	-	-
8th Level Ballston Public Parking Garage	50,496	272,133	-	173,632	-	395,269	395,269	-	-
CPHD Development Fund	11,598,557	16,501,368	-	-	-	4,902,811	4,902,811	-	-
Total business-type activities	93,761,404	127,088,694	-	3,491,608	-	36,818,898	36,818,898	-	-
<b>Total Primary government</b>	<b>1,150,980,934</b>	<b>200,682,493</b>	<b>136,827,855</b>	<b>5,309,738</b>	<b>(844,979,746)</b>	<b>36,818,898</b>	<b>(808,160,848)</b>	<b>-</b>	<b>-</b>
<b>Component unit:</b>									
Schools	431,308,198	16,766,101	459,514,609	-	-	-	-	44,972,512	-
Gates Partnership	7,317,002	7,179,588	-	-	-	-	-	-	(137,414)
Total component units	438,625,200	23,945,689	459,514,609	-	-	-	-	44,972,512	(137,414)
<b>General Revenues:</b>									
Property Taxes:									
Real estate property taxes					619,748,841	-	619,748,841	-	-
Personal property taxes					100,928,065	-	100,928,065	-	-
Other Local taxes:									
Business, professional occupancy license taxes					61,939,212	-	61,939,212	-	-
Sales tax					38,630,486	-	38,630,486	17,782,467	-
Meals tax					33,409,536	-	33,409,536	-	-
Transient tax					21,789,115	-	21,789,115	-	-
Utility tax					11,947,382	-	11,947,382	-	-
Recordation, car rental and other local taxes					33,863,091	-	33,863,091	-	-
Investment and interest earnings					5,443,855	747,823	6,191,678	48,744	26,226
Miscellaneous					27,112,773	-	27,112,773	-	137,234
Total general revenues					954,812,356	747,823	955,560,179	17,831,211	163,460
Change in net assets					109,832,610	37,566,721	147,399,331	62,803,723	26,046
Net assets, beginning					552,153,832	650,601,597	1,202,755,429	459,957,816	26,979,693
Net assets, ending					\$661,986,442	\$688,168,318	\$1,350,154,760	\$522,761,539	\$27,005,739

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

ARLINGTON COUNTY, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and investments	\$257,724,573	\$68,361,178	\$211,692,968	\$537,778,719
Petty cash	1,950	-	-	1,950
Cash with fiscal agents	271,334	677,383	-	948,717
Receivables, net	338,726,922	1,938,901	30,545,131	371,210,954
Due from other funds	278,324	-	-	278,324
Receivables from other governments	6,427,799	-	682,361	7,110,160
Other assets	15,124,872	-	1,286,469	16,411,341
Totals assets	<u>\$618,555,774</u>	<u>\$70,977,462</u>	<u>\$244,206,929</u>	<u>\$933,740,165</u>
<b>LIABILITIES</b>				
Accounts payable	\$10,433,702	\$4,686,687	\$9,374,656	\$24,495,045
Deferred revenue	339,668,675	7,827,470	15,769,920	363,266,065
Due to component unit	56,239,133	-	-	56,239,133
Accrued liabilities	18,161,676	-	-	18,161,676
Other liabilities	2,593,425	737,379	18,153,516	21,484,320
Total liabilities	<u>427,096,611</u>	<u>13,251,536</u>	<u>43,298,092</u>	<u>483,646,239</u>
<b>FUND BALANCES</b>				
<u>Non spendable:</u>				
Prepaid	-	-	1,286,469	1,286,469
<u>Restricted for:</u>				
Seized assets	2,436,464	-	-	2,436,464
Debt service	-	-	20,743,558	20,743,558
Grants	-	-	2,755,933	2,755,933
<u>Committed to:</u>				
Self insurance reserve	5,000,000	-	-	5,000,000
Subsequent years' County budget	10,488,080	-	-	10,488,080
Capital projects	1,902,323	57,725,926	176,122,877	235,751,126
Operating reserve	50,240,906	-	-	50,240,906
Incomplete projects	171,861	-	-	171,861
Affordable Housing Investment Fund	7,050,422	-	-	7,050,422
Subsequent years' School budget	64,669,485	-	-	64,669,485
<u>Assigned to:</u>				
Subsequent years' capital projects	18,978,462	-	-	18,978,462
Budget stabilization	3,000,000	-	-	3,000,000
Subsequent years' operating budgets	12,565,023	-	-	12,565,023
Operating reserves	2,364,581	-	-	2,364,581
Incomplete projects	2,416,189	-	-	2,416,189
Fresh AIRE program	1,244,577	-	-	1,244,577
Affordable Housing Investment Fund	8,930,790	-	-	8,930,790
Total fund balances	<u>191,459,163</u>	<u>57,725,926</u>	<u>200,908,837</u>	<u>450,093,926</u>
Total liabilities and fund balance	<u>\$618,555,774</u>	<u>\$70,977,462</u>	<u>\$244,206,929</u>	<u>\$933,740,165</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 ASSETS OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2012

Total governmental fund balances	\$450,093,926
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Amounts reported for governmental activities in the Statement of  
 Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	802,248,351
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds	316,426,976
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds	(946,855,523)
OPEB liabilities are not due and payable in the current period and are not reported in the funds	(559,151)
Internal service funds	40,631,863

Net assets of governmental activities	\$661,986,442
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The notes to the financial statements are an integral part of this statement.



ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
General property taxes:				
Real estate property taxes	\$559,114,687	\$-	\$33,248,983	\$592,363,670
Personal property taxes	100,928,065	-	-	100,928,065
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	61,939,212	-	-	61,939,212
Sales tax	38,630,486	-	-	38,630,486
Meals tax	33,409,536	-	-	33,409,536
Transient tax	21,789,115	-	-	21,789,115
Utility tax	11,947,382	-	-	11,947,382
Recordation, car rental and other local taxes	26,693,275	-	7,169,816	33,863,091
Fines and forfeitures	10,641,659	-	-	10,641,659
Licenses, permits and fees	10,606,117	-	-	10,606,117
Intergovernmental	88,474,326	15,195,071	34,976,588	138,645,985
Charges for services	50,988,159	1,357,864	-	52,346,023
Interest and rent	5,278,004	-	165,851	5,443,855
Miscellaneous revenues	17,672,353	1,336,385	-	19,008,738
Total revenues	1,038,112,376	17,889,320	75,561,238	1,131,562,934
<b>EXPENDITURES:</b>				
Current operating:				
General government	199,436,678	652,024	-	200,088,702
Public safety	117,032,017	1,154	-	117,033,171
Environmental services	74,921,125	-	-	74,921,125
Health and welfare	115,330,415	-	-	115,330,415
Libraries	11,880,873	-	-	11,880,873
Parks, recreation and culture	31,448,972	538,053	862,155	32,849,180
Planning and community development	18,717,608	14,653	26,324,274	45,056,535
Principal	35,851,815	-	308,231	36,160,046
Interest and other charges	17,929,588	-	352,742	18,282,330
Intergovernmental				
Community development	-	1,165,972	7,638,975	8,804,947
Education - Schools	358,465,118	-	65,145,000	423,610,118
Capital outlay	3,409,209	35,424,774	53,351,921	92,185,904
Total expenditures	984,423,418	37,796,630	153,983,298	1,176,203,346
Excess(deficiency) of revenues over expenditures	53,688,958	(19,907,310)	(78,422,060)	(44,640,412)
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfers in	358,039	29,280,960	747,000	30,385,999
Transfers out	(30,054,634)	-	(528,038)	(30,582,672)
Capital leases	-	1,435,230	-	1,435,230
Proceeds of refunding bonds	-	-	41,885,000	41,885,000
Payments to refunded bond escrow agent	-	-	(44,350,490)	(44,350,490)
Deferred cost of refunding	-	-	2,465,490	2,465,490
Bond premium	6,712,155	-	-	6,712,155
Proceeds of general obligation debt	-	-	100,740,000	100,740,000
Total other financing sources and (uses)	(22,984,440)	30,716,190	100,958,962	108,690,712
Net change in fund balances	30,704,518	10,808,880	22,536,902	64,050,300
Fund balances, beginning	160,754,645	46,917,046	178,371,935	386,043,626
Fund balances, ending	\$191,459,163	\$57,725,926	\$200,908,837	\$450,093,926

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, 2012

Net change in fund balances - total governmental funds		\$64,050,300
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	92,185,904	
Less: Depreciation expense	<u>(24,439,469)</u>	67,746,435
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		27,385,171
Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Add: Debt repayment-debt principal	154,490,539	
Less: Proceeds from bonds and capital leases	(185,540,230)	
Bond premium to be amortized	(15,536,783)	
Amortization other charges and bond issue costs	<u>(5,886,931)</u>	(52,473,405)
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		(1,590,808)
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		674,582
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	442,259	
Net operating gain internal service funds	<u>3,598,076</u>	<u>4,040,335</u>
Change in net assets of governmental activities		<u><u>\$109,832,610</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, 2012

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
<b>REVENUES:</b>				
General Property taxes:				
Real estate	\$541,731,462	\$541,731,462	\$559,114,687	\$17,383,225
Personal	94,548,183	94,548,183	100,928,065	6,379,882
Other Local taxes	185,529,339	185,529,339	194,409,006	8,879,667
Licenses, permits and fees	9,526,876	9,526,876	10,606,117	1,079,241
Charges for services	46,838,933	47,648,333	50,988,159	3,339,826
Fines and forfeitures	8,918,860	8,918,860	10,641,659	1,722,799
Grants:				
State grants	84,173,226	70,295,251	67,385,986	(2,909,265)
Federal grants	17,820,026	23,761,721	21,088,340	(2,673,381)
Use of money and property	8,373,230	8,373,230	5,278,004	(3,095,226)
Miscellaneous revenue	4,469,417	12,970,001	17,672,353	4,702,352
<b>Total revenues</b>	<b>1,001,929,552</b>	<b>1,003,303,256</b>	<b>1,038,112,376</b>	<b>34,809,120</b>
<b>EXPENDITURES:</b>				
General Government Administration				
County Board	1,042,872	1,050,372	1,012,807	37,565
County Manager	4,770,792	5,000,792	4,946,572	54,220
Financial Management	6,201,773	6,201,773	5,810,052	391,721
Human Resources	7,609,855	7,659,855	7,383,972	275,883
Technology Services	15,298,994	16,461,394	16,203,671	257,723
County Attorney	2,396,871	2,396,871	2,306,055	90,816
Commissioner of Revenue	5,040,635	5,040,635	5,085,299	(44,664)
Treasurer	5,760,282	5,760,282	5,942,745	(182,463)
Electoral Board	1,202,935	1,202,935	1,164,003	38,932
<b>Total General Government</b>	<b>49,325,009</b>	<b>50,774,909</b>	<b>49,855,176</b>	<b>919,733</b>
Judicial Administration				
Circuit Court	3,222,028	3,553,689	3,124,406	429,283
District Court	246,007	246,007	197,640	48,367
Juvenile & Domestic Relations Court	5,466,731	5,612,715	5,448,998	163,717
Commonwealth Attorney	3,804,732	3,910,325	3,809,084	101,241
Sheriff & Jail	35,409,770	36,312,638	36,147,859	164,779
Magistrate's Office	70,561	70,561	54,042	16,519
<b>Total Judicial Administration</b>	<b>48,219,829</b>	<b>49,705,935</b>	<b>48,782,029</b>	<b>923,906</b>
Public Safety				
Police	58,455,408	61,701,120	58,157,730	3,543,390
Office of Emergency Management	9,863,562	11,502,183	10,385,946	1,116,237
Fire	50,436,647	50,971,937	50,812,578	159,359
<b>Total Public Safety</b>	<b>118,755,617</b>	<b>124,175,240</b>	<b>119,356,254</b>	<b>4,818,986</b>
Environmental Services	72,240,764	78,019,198	75,750,178	2,269,020
Health & Welfare	114,880,808	119,320,425	115,347,313	3,973,112
Libraries	11,810,931	11,905,931	11,888,751	17,180

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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development				
Economic Development	3,496,255	9,564,412	9,577,190	(12,778)
Community Planning, Housing & development	9,376,727	10,152,093	9,174,411	977,682
Total Planning & Community Development	12,872,982	19,716,505	18,751,601	964,904
Parks and Recreation	35,790,291	30,901,945	31,634,930	(732,985)
Education	385,567,403	401,943,700	358,465,118	43,478,582
Non-Departmental				
Non-Departmental	54,098,107	96,609,664	68,114,014	28,495,650
Debt Service				
Principal payment	35,236,243	35,236,243	35,851,815	(615,572)
Interest payment	20,019,167	20,019,167	17,924,176	2,094,991
Other costs	200,000	200,000	5,412	194,588
Regionals/Contributions	8,243,110	8,373,110	8,186,444	186,666
METRO	24,691,077	24,510,207	24,510,207	-
Total Non-Departmental	142,487,704	184,948,391	154,592,068	30,356,323
Total expenditures	991,951,338	1,071,412,179	984,423,418	86,988,761
Excess of revenues over expenditures	9,978,214	(68,108,923)	53,688,958	121,797,881
OTHER FINANCING SOURCES (USES):				
Transfers in	2,597,712	2,597,712	358,039	(2,239,673)
Transfers out	(12,866,781)	(30,054,634)	(30,054,634)	-
Premium from sale of bonds	-	-	6,712,155	6,712,155
Total other financing sources/(uses)	(10,269,069)	(27,456,922)	(22,984,440)	4,472,482
Net change in fund balance	(290,855)	(95,565,845)	30,704,518	126,270,363
Fund Balance - beginning of year	160,754,645	160,754,645	160,754,645	-
Fund Balance - end of year	\$160,463,790	\$65,188,800	\$191,459,163	\$126,270,363

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
JUNE 30, 2012

	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	
<b>ASSETS:</b>						
Current assets:						
Equity in pooled cash and investments	\$85,361,289	\$12,178,876	\$930,966	\$14,982,912	\$113,454,043	\$11,455,764
Cash with fiscal agents	25,221	-	-	-	25,221	-
Receivables, net	19,247,628	46,846	-	-	19,294,474	2,175,771
Inventory, at cost	1,491,041	-	-	-	1,491,041	650,068
Other current Assets	2,447,863	187,880	-	-	2,635,743	39,302
Total current assets	108,573,042	12,413,602	930,966	14,982,912	136,900,522	14,320,905
Non-current assets:						
Other non current assets	25,631	39,724	-	-	65,355	-
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	644,415,268	10,309,967	-	1,857,890	656,583,125	33,552,553
Intangible assets, net	33,000	-	-	787,810	820,810	-
Construction in progress	335,797,713	28,880	173,632	311,739	336,311,964	-
Total capital assets, net	986,407,236	10,338,847	173,632	2,957,439	999,877,154	33,552,553
Total non current assets	986,432,867	10,378,571	173,632	2,957,439	999,942,509	33,552,553
Total assets	1,095,005,909	22,792,173	1,104,598	17,940,351	1,136,843,031	47,873,458
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	10,599,596	262,154	25,470	504,339	11,391,559	1,600,487
Accrued liabilities	1,690,109	9,716,900	-	-	11,407,009	-
Deferred Revenue	-	-	-	-	-	2,861,645
Due within one year	25,423,017	24,841,735	-	54,776	50,319,528	1,076,905
Total current liabilities	37,712,722	34,820,789	25,470	559,115	73,118,096	5,539,037
Non-current liabilities:						
Due in more than one year	364,616,416	10,447,222	-	492,979	375,556,617	1,702,558
Total liabilities	402,329,138	45,268,011	25,470	1,052,094	448,674,713	7,241,595
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	610,741,801	(3,690,832)	173,632	2,957,439	610,182,040	31,303,027
Unrestricted	81,934,970	(18,785,006)	905,496	13,930,818	77,986,278	9,328,836
Total net assets (deficit)	\$692,676,771	(\$22,475,838)	\$1,079,128	\$16,888,257	\$688,168,318	\$40,631,863

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	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 Business-type Activities
OPERATING REVENUES:					
Water-sewer service charges	\$86,840,829	\$-	\$-	\$-	\$86,840,829
Water-service hook-up charges	4,419,474	-	-	-	4,419,474
Water-service connection charges	1,527,192	-	-	-	1,527,192
Sewage treatment service charges	8,413,793	-	-	-	8,413,793
Permits and Fees	-	-	-	16,501,368	16,501,368
Other charges for services	4,585,855	-	-	-	4,585,855
Parking charges	-	4,528,050	272,133	-	4,800,183
Total Operating revenues	105,787,143	4,528,050	272,133	16,501,368	127,088,694
OPERATING EXPENSES:					
Personnel services	13,284,593	-	-	5,436,390	18,720,983
Fringe benefits	4,626,831	-	-	2,075,460	6,702,291
Cost of store issuances	-	-	-	-	-
Contractual services	9,606,143	2,166,501	39,134	1,424,856	13,236,634
Purchases of water	7,837,375	-	-	-	7,837,375
Materials and supplies	10,117,210	329,727	11,362	184,628	10,642,927
Utilities	-	-	-	-	-
Operating Equipment	-	-	-	-	-
Outside services	-	-	-	-	-
Depreciation	9,934,956	504,544	-	421,770	10,861,270
Amortization	(301,898)	5,297	-	-	(296,601)
Deferred rent	-	904,992	-	-	904,992
Equipment (Construction Contracts)	2,026,321	-	-	404,273	2,430,594
Internal Services	-	-	-	1,651,180	1,651,180
Miscellaneous	5,186,318	-	-	-	5,186,318
Total Operating expenses	62,317,849	3,911,061	50,496	11,598,557	77,877,963
Operating income	43,469,294	616,989	221,637	4,902,811	49,210,731
NON-OPERATING REVENUES(EXPENSES)					
Interest income and other income	609,645	11,914	-	126,264	747,823
Interest expense and fiscal charges	(13,724,613)	(2,150,963)	-	-	(15,875,576)
Interest payment on capital lease	(7,865)	-	-	-	(7,865)
Total non-operating revenues(expenses)	(13,122,833)	(2,139,049)	-	126,264	(15,135,618)
Net Income(loss) before contributions and transfers	30,346,461	(1,522,060)	221,637	5,029,075	34,075,113
CONTRIBUTIONS AND NET TRANSFERS					
State grant	1,514,191	-	-	-	1,514,191
Contributions from developers and other sources	1,803,785	-	173,632	-	1,977,417
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total contributions and net transfers	3,317,976	(173,632)	173,632	-	3,491,608
Change in net assets	33,664,437	(1,522,060)	395,269	5,029,075	37,566,721
Net assets - beginning of year	659,012,334	(20,953,778)	683,859	11,859,182	650,601,597
Net assets - end of year	\$692,676,771	(\$22,475,838)	\$1,079,128	\$16,888,257	\$688,168,318

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, 2012

Business-type activities - Enterprise Funds						
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$106,801,529	\$4,516,870	\$272,133	\$16,501,368	\$128,091,900	\$23,602,633
Cash received from interfund charges	-	-	-	-	-	6,503
Cash paid to suppliers	(32,666,892)	(2,581,494)	(35,310)	(3,182,471)	(38,466,167)	(9,237,343)
Cash paid to employees	(18,098,780)	-	-	(7,551,126)	(25,649,906)	(6,004,706)
Net cash flows from operating activities	56,035,858	1,935,376	236,823	5,767,771	63,975,828	8,367,087
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received	609,645	11,914	-	126,264	747,823	-
Net cash flows from investing activities	609,645	11,914	-	126,264	747,823	-
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Transfer out to other funds	-	-	173,632	-	173,632	(130,000)
State grant	1,514,191	-	-	-	1,514,191	-
Transfers in	-	-	-	-	-	371,795
Net cash flows from (used by) non-capital financing activities	1,514,191	-	173,632	-	1,687,823	241,795
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal payments - bonds	(8,295,238)	(1,200,000)	-	-	(9,495,238)	-
Proceeds from sale of general obligation bonds	7,400,000	-	-	-	7,400,000	-
Payments to bonds redeemed	(29,599,000)	-	-	-	(29,599,000)	-
Proceeds of bond refunding	27,615,000	-	-	-	27,615,000	-
Deferred cost of refunding	1,984,000	-	-	-	1,984,000	-
Bond premiums	1,278,652	-	-	-	1,278,652	-
Proceeds from capital lease	-	-	-	-	-	2,861,645
Payment of principal on capital lease	(58,457)	-	-	-	(58,457)	(593,587)
Payment of interest on capital lease	(7,865)	-	-	-	(7,865)	(135,238)
Proceeds of VRA loan payable	2,142,126	-	-	-	2,142,126	-
Payment of VRA loan	(12,095,174)	-	-	-	(12,095,174)	-
Interest and other loan expenses paid	(14,030,986)	(213,109)	-	-	(14,244,095)	-
Purchases of property	(46,251,773)	(67,000)	(173,632)	(686,189)	(47,178,594)	(10,711,254)
Net cash flows from (used by) capital and related financing activities	(69,918,716)	(1,480,109)	(173,632)	(686,189)	(72,258,646)	(7,970,448)
Net increase (decrease) in cash and cash equivalents	(11,759,022)	467,181	236,823	5,207,846	(5,847,172)	638,434
Cash and cash equivalents at beginning of year	97,120,311	11,711,695	694,143	9,775,066	119,301,215	10,817,330
Cash and cash equivalents at end of year	\$85,361,289	\$12,178,876	\$930,966	\$14,982,912	\$113,454,043	\$11,455,764
<b>Reconciliation of operating income to net cash flow from operations:</b>						
Operating Income	\$43,469,294	\$616,989	\$221,637	\$4,902,811	\$49,210,731	\$3,598,076
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>						
Depreciation and amortization	9,633,058	509,841	-	421,770	10,564,669	4,847,878
(Increase) Decrease in accounts receivable	1,178,116	(11,180)	-	-	1,166,936	(523,683)
(Increase) Decrease in inventories	(88,390)	-	-	-	(88,390)	75,056
Increase (Decrease) in prepaid expenses	-	-	-	-	-	(39,302)
Increase (Decrease) in vouchers payable	2,042,149	(85,266)	15,186	482,466	2,454,535	392,473
Increase (Decrease) in compensated absences	(187,356)	-	-	(39,276)	(226,632)	16,589
Increase (Decrease) in contract retainage	152,717	-	-	-	152,717	-
Increase (Decrease) in deferred revenue	(163,730)	904,992	-	-	741,262	-
Net cash flows from operations	\$56,035,858	\$1,935,376	\$236,823	\$5,767,771	\$63,975,828	\$8,367,087
<b>Noncash investing, capital, and financing activities:</b>						
Contributions from developers and other sources	\$1,803,785	-	-	-	\$1,803,785	-

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds	Agency Funds
<b>ASSETS:</b>				
Equity in pooled cash and investments	\$21,672,487	\$43,416,416	\$3,907,007	\$17,497,538
Contributions receivable:				
Employer	1,796,191	-	-	-
Employee	431,093	-	-	-
Accrued interest and other receivables	7,582,114	-	1,103,471	-
Bond issuance costs	-	-	585,923	-
Capital assets, net	-	-	25,329,218	-
Receivable from other government	-	-	-	353,881
Investments, at fair value				
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	38,263,366	-	-	-
Corporate Fixed Income Obligations	152,715,658	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	328,622,581	-	-	-
Other investments	45,769,889	-	-	-
Real estate funds	19,690,245	-	-	-
Pooled Equity	464,372,483	-	-	-
Pooled Fixed Income	291,147,345	-	-	-
Convertible	147,185,000	-	-	-
Collateral on Loaned Securities (net of Allowance for Unrealized Gain \$1,295)	20,964,949	-	-	-
Total assets	<u>1,540,213,401</u>	<u>43,416,416</u>	<u>30,925,619</u>	<u>17,851,419</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	1,976,479	-	1,749,313	17,851,419
Bonds payable	-	-	29,190,000	-
Obligations under security lending program	<u>20,963,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>22,940,133</u>	<u>-</u>	<u>30,939,313</u>	<u>17,851,419</u>
NET ASSETS (DEFICIT)	<u>\$1,517,273,268</u>	<u>\$43,416,416</u>	<u>(\$13,694)</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 ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	\$11,029,050	\$6,509,350	\$-
Employee contributions	46,262,448	-	-
Other contributions	37,672	-	-
Shared revenues	-	-	5,099,498
Private donations	-	-	69,077
Total contributions	<u>57,329,170</u>	<u>6,509,350</u>	<u>5,168,575</u>
Investment earnings:			
Interest and other	38,467,987	1,089,739	2,794
Gross income from securities lending	250,791	-	-
Bank fees and expenses from securities lending	(73,181)	-	-
Commissions recapture, gross	12,373	-	-
Net change in fair value of investments	<u>(30,459,820)</u>	<u>775,730</u>	<u>-</u>
Total investment earnings	8,198,150	1,865,469	2,794
Less investment expenses	<u>4,396,042</u>	<u>-</u>	<u>1,453,222</u>
Net investment earnings	<u>3,802,108</u>	<u>1,865,469</u>	<u>(1,450,428)</u>
Total additions	<u>61,131,278</u>	<u>8,374,819</u>	<u>3,718,147</u>
DEDUCTIONS:			
Administrative expenses	846,613	12,275	6,269,155
Retirees pension expense	<u>78,830,545</u>	<u>-</u>	<u>-</u>
Total deductions	<u>79,677,158</u>	<u>12,275</u>	<u>6,269,155</u>
Change in net assets	(18,545,880)	8,362,544	(2,551,008)
Net assets - Beginning of the year	<u>1,535,819,148</u>	<u>35,053,872</u>	<u>2,537,314</u>
Net assets - End of the year	<u>\$1,517,273,268</u>	<u>\$43,416,416</u>	<u>(\$13,694)</u>

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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**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, 2012

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**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

## ARLINGTON COUNTY, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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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. Northern Virginia Transportation Authority (NVTA) and Transit Facility 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), Buckingham Village I, 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, 2012**

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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 8<sup>th</sup> Level Parking Garage Fund* accounts for the activities of the 8<sup>th</sup> 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 capital costs of repairs to the waste-to-energy plant and other solid waste purposes, 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 Recreations donations, and Commission Funds reserved for Canteen and Inmates.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund, of the Ballston Public Parking Garage Fund, the 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.

## ARLINGTON COUNTY, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2012**

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#### **E. Budgets**

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

#### **F. Equity in Pooled Cash and Investments**

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

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

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

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

Investments are recorded at fair value based on quoted closing market prices except for real estate funds reported in the Pension Trust Fund. For alternative investments, which include real estate investments, where no readily ascertainable market value exists, management 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.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**G. Receivables and Payables**

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

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

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

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

**H. Inventories and Prepaid Items**

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

**I. Capital Assets**

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

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

**ARLINGTON COUNTY, VIRGINIA**

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

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

**J. Compensated Absences**

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

Accumulated vested unpaid compensated absences for the County and the Schools in both the government-wide and the Proprietary Funds are recorded as an expense and liability of General Fund, 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, 2012, 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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



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**M. Fund Equity**

In accordance with Government Accounting Standards Board 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.

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 funds become committed. 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.

**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 2011 amounts have been reclassified to conform to the FY 2012 presentation.

**O. Cash and Cash Equivalents**

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

**P. Use of Estimates**

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

**Q. Implementation of New GASB Pronouncements**

In December 2009, the Governmental Accounting Standard Board ("GASB") issued GASB Statement No. 57 ("GASB 57") *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB) plans. The requirements of the new Statement became effective for fiscal periods after June 15, 2011. The County adopted GASB 57 during the year ended June 30, 2012. The implementation of this new standard had no impact on the County's fiscal year 2012 financial statements.

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In June 2011, GASB issued GASB 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This Statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Statement sets for criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The requirements of the new Statement became effective for fiscal periods beginning after June 15, 2011. The County and the System adopted GASB 64 during the year ended June 30, 2012. The implementation of this new standard had no impact on the County's or the System's fiscal year 2012 financial statements.

**II. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(946,855,523) difference as follows:

General obligation bonds - general government	(\$376,225,441)
General obligation bonds - Schools	(354,306,970)
Compensated absences - general government	(31,325,679)
Worker's compensation - general government	(4,072,927)
Capital leases - general government	(14,368,663)
Bond issue costs and deferred amount on refunding, net	(6,443,122)
Current year Bond premium to be amortized – County	(20,190,961)
Current year Bond premium to be amortized – Schools	(21,691,428)
IDA Revenue Bonds 2004	(30,945,000)
IDA – Metro and Buckingham Village 1	(38,970,000)
IDA – Buckingham Village 3 Note	(35,016,099)
IDA Revenue Bonds 2011	(11,690,000)
Bond premium - IDA	(1,609,233)
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets of governmental activities	<u><u>(\$946,855,523)</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 assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.” The details of this \$(67,746,435) difference are as follows:

Capital acquisitions	\$92,185,904
Depreciation expense	(24,439,469)
Net adjustment to increase <i>net changes in fund balances</i> - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$67,746,435</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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Deferred property tax revenue 6/30/11	(\$289,041,805)
Deferred property tax revenue 6/30/12	(316,426,976)
Net adjustment to increase net changes in fund balances – total governmental funds arrive at changes in net assets of governmental activities	<u>\$27,385,171</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 assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets”. The details of this \$(185,540,230) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds – County	\$(35,595,000)
Issuance of general obligation bonds - Schools	(65,145,000)
Issuance of refunding bonds - County	(41,885,000)
Issuance of refunding bonds - Schools	(41,480,000)
Capital leases	<u>(1,435,230)</u>
Capital financing – General Government	<u>(185,540,230)</u>
Principal repayments:	
General obligation debt – County	29,175,047
General obligation debt – Schools	23,129,716
Payment to refunded bonds - County	44,350,490
Payment to refunded bonds - Schools	44,850,510
Payment to IDA – Metro and Buckingham Village 1	1,165,000
Payment to Buckingham Village 3 Note	250,000
Payment to IDA Revenue Bonds - 2004	5,570,000
Capital leases	<u>5,999,776</u>
Total principal repayments	<u>154,490,539</u>
Bond premium to be amortized	(15,536,783)
Other charges and bond issue costs	<u>(5,886,931)</u>
Net adjustment to increase <i>net changes in fund balances</i> - total governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (52,473,405)</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 \$(1,590,808) difference is as follows:

Compensated absences	\$(1,062,082)
Worker’s compensation	<u>(528,726)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of government activities	<u>\$ (1,590,808)</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”.

\$674,582

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.”

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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Additional expenses – internal service funds	\$442,259
Net operating income – internal service funds	<u>3,598,076</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$4,040,335</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 2012 such appropriation amendments totaled \$14,001,579 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 2012 for the Commissioner of the Revenue and the Treasurer's Office due to increased mailing costs, for Economic Development due to unused leave payouts to retirees and for Parks and Recreation due to increased expenses and revenues in their supplemental fee programs, unbudgeted terminal leave and increased expenditures in contracted services.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has negative net assets of \$(22,475,838) at June 30, 2012. 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 positive change in net assets of \$58,820 in FY 2012, resulting in ending net deficit of \$(102,302). Management will evaluate measures to reduce the deficit in FY2013.

**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 \$198,160,011 and the bank balance was \$205,919,406. Of the bank balance, \$158,484,775 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**

**NOTES TO FINANCIAL STATEMENTS**

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

**D. Credit Risk**

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

**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, 2012.

**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, 2012, the County had the following investments and maturities:

	Fair Value	Less than 1 year	1-3 years	3-5 years	Greater than 5 years
Corporate Notes	\$156,729,331	\$50,849,615	\$53,992,161	\$51,887,555	\$-
Commercial Paper	39,836,331	39,836,331	-	-	-
Government Agency Bonds	58,364,572	-	2,000,120	56,364,452	-
Municipal Obligations*	11,501,033	3,743,302	2,805,861	4,751,870	200,000
Total	<u>\$266,431,267</u>	<u>\$94,429,248</u>	<u>\$58,798,142</u>	<u>\$113,003,877</u>	<u>\$200,000</u>

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

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$842,553
Virginia State Non-Arbitrage Program	<u>288,172,308</u>
Total	<u>289,014,861</u>
 Total Investments	 <u><u>\$555,446,128</u></u>

## **ARLINGTON COUNTY, VIRGINIA**

### **NOTES TO FINANCIAL STATEMENTS**

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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, 2012, the Trustee Bank had \$15,033,378 in a U.S. government money market fund consisting of securities approved for direct investment. LGIP is the trustee for Arlington Solid Waste Authority. Alexandria/Arlington Waste Disposal Trust Funds are invested by the City of Alexandria in Virginia LGIP. Investments in the amount of \$1,147,189 in state treasurer securities at fair value were held by Virginia LGIP at June 30, 2012.

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, 2012, the US Bank Trust National Association had \$8,596,733; the Bank of New York Mellon Bank (BNYM) had \$11,896,621 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, 2012, the Trustee Banks had \$3,230,470 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, 2012, the County had \$288,172,308 in the SNAP short term investment.

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

### **A. Legal Provisions**

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

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

- Common stocks, preferred stocks, convertible securities, warrants and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity through an experienced fund-of-funds manager to maximize diversification by vintage year and investment type. The commitment to private equity totals \$83 million, of which \$59.5 million had been funded at June 30, 2012.
- Open and closed end pooled real estate funds and real estate investment trust securities. The System has a \$50 million commitment to fund two real estate partnerships of which \$48.6 million had been funded at June 30, 2012.
- 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.
- Foreign currency forwards. The Fund did not have a currency manager in place during fiscal year 2012. Had it, the credit risk of these investments would result from the credit worthiness of the counterparties to the contracts.

**NOTES TO FINANCIAL STATEMENTS**

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**B. Investments 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 illiquid investment can be made that causes the allocation to illiquid investments to exceed 15% of System assets.

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

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

Derivatives are allowed only in cases where their use reduces the cost of a desired transaction and/or improves the risk characteristics of the portfolio. The Board 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 Fund 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, 2012, the System had \$8,344 in open forward currency contracts.

**C. Cash and Cash Equivalent**

At June 30, 2012, the System had cash and cash equivalents of \$21,672,487. Cash deposits in bank accounts totaled \$276,261. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$21,396,226 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**D. Investments and Risk**

The System's investments are recorded at fair value based on the methodology described in Note 2. Summary of Significant Accounting Policies, Investments, of Arlington County Employees' Retirement System Comprehensive Annual Financial Report. The following table presents the fair value of investments by type at June 30, 2012:

Investment Type	Fair Value (in \$000s)
Mortgage Backed Government Pass-Through	\$222
Corporate Bonds	115,080
Corporate Asset Backed	966
Private Placements	15,268
Municipal Bonds	2,638
Yankee Bonds	6,881
Supernationals	5,359
Non-U.S. Developed Government/Sovereign	36,025
Non-U.S. Developed Corporate	11,841
Convertible Securities	148,140
U.S. Equity	221,785
Non-U.S. Equity	107,131
Alternative Investments	45,770
Real Estate	19,690
Pooled Equity Funds	464,373
Pooled U.S Fixed Income Funds	312,109
Cash	2,957
Total <sup>(1)</sup>	<u>\$1,516,235</u>

<sup>(1)</sup> Investment related accruals are reflected in the respective asset category; further, data on the Statement of Fiduciary Net Assets (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 \$342.4 million of directly owned fixed income securities and on \$312.1 million invested in four pooled U.S. fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2012 are:

	<u>Fair Value</u>	<u>Investment Maturities (years)</u>			
Investment Type:	<u>(\$000s)</u>	<u>Under 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over-10</u>
Mortgage backed Govt Pass Through	\$222	\$-	\$-	\$-	\$222
Corporate Bonds	115,080	2,669	36,057	22,438	53,916
Corporate Asset Backed	966	-	-	-	966
Private Placements	15,268	15	5,055	4,455	5,742
Municipal Bonds	2,638	-	-	-	2,638
Yankee Bonds	6,881	-	379	148	6,354
Supernationals	5,359	3,698	1,661	-	-
Non-U.S. Developed Govt/Sovereign	36,025	-	23,600	4,024	8,402
Non-U.S. Developed Corporate	11,841	-	8,014	684	3,143
Convertible Securities	148,140	13,919	93,493	12,907	27,821
Total	<u>\$342,420</u>	<u>\$20,301</u>	<u>\$168,259</u>	<u>\$44,656</u>	<u>\$109,204</u>



**ARLINGTON COUNTY, VIRGINIA**

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Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rate. The effective duration of the System's directly held fixed income portfolio at June 30, 2012 is shown below:

Investment Type (in \$ 000s)	Fair Value	Effective Duration (Yrs)
Mortgage Backed Govt Pass Through	\$222	3.12
Corporate Bonds	115,080	6.51
Corporate Asset Backed	966	4.18
Private Placements	15,268	6.39
Municipal Bonds	2,638	7.02
Yankee Bonds	6,881	9.34
Supnationals	5,359	1.75
Non-US Developed Govt/Sovereign	36,025	4.97
Non-US Developed Corporate	11,841	5.35
Convertible Securities	148,140	7.79
Total	<u>\$342,420</u>	<u>6.81</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.

**Concentration of 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, 2012, 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 \$342.4 million at June 30, 2012 is shown below:

**Fixed Income Credit Quality Distribution**

Investment Type (in \$ 000s)	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Mortgage Backed Govt Pass Through	\$-	\$222	\$-	\$-	\$-	\$-	\$-	\$-
Corporate Bonds	207	496	19,781	38,346	17,506	29,715	7,979	1,050
Corporate Asset Backed	-	-	-	730	-	-	-	236
Private Placements	-	-	4,281	4,089	4,168	632	141	1,957
Municipal Bonds	-	-	-	-	-	2,638	-	-
Yankee Bonds	-	-	-	6,881	-	-	-	-
Supranationals	3,540	-	-	-	-	-	-	1,819
Non-US Developed Govt/Sovereign	19,892	1,809	2,436	11,254	426	-	-	209
Non-US Developed Corporate	-	4,973	-	4,518	730	767	-	853
Convertible Securities	-	999	12,241	9,508	26,352	17,806	1,983	79,250
Total	<u>\$23,639</u>	<u>\$8,499</u>	<u>\$38,739</u>	<u>\$75,326</u>	<u>\$49,182</u>	<u>\$51,558</u>	<u>\$10,103</u>	<u>\$85,374</u>

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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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, 2012 was as follows:

Currency (in \$ 000s)	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$942	\$8,266	\$75	\$9,283
Brazilian Real	2,808	7,743	-	10,551
British Pound	13,542	2,875	1	16,418
Canadian Dollar	1,361	16,557	34	17,952
Danish Krone	2,189	-	-	2,189
Euro	18,544	20,414	2,198	41,156
Hong Kong Dollar	10,911	3,088	5	14,004
Indonesian Rupiah	2,071	1,819	3	3,893
Japanese Yen	1,071	2,921	2	3,994
Malaysian Ringgit	722	-	-	722
Mexican Peso	-	2,436	-	2,436
New Turkish Lira	1,952	-	-	1,952
New Zealand Dollar	-	8,442	-	8,442
Norwegian Krone	338	-	-	338
Philippines Peso	2,531	-	-	2,531
Singapore Dollar	695	-	-	695
South Korean Won	1,442	-	-	1,442
Swedish Krona	5,217	-	8	5,225
Swiss Franc	4,014	999	52	5,065
Thailand Baht	1,183	-	-	1,183
Total	<u>\$71,533</u>	<u>\$75,560</u>	<u>\$2,378</u>	<u>\$149,471</u>

**E. Securities Lending**

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

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

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

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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

The program decreased slightly from \$22.9 million at the beginning of the year to \$21.0 million at June 30, 2012. The following table details the net income from securities lending for the fiscal year ended June 30, 2012:

Gross Income from Securities Lending	\$250,791
Less Bank Management Fees	(73,181)
Net Income from Security Lending	<u>\$177,610</u>

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2012:

Type of Securities Lent	Fair Value	Value of Cash Collateral
Corporate Fixed Income	\$6,187,644	\$ 6,248,931
U.S. Equity	13,211,208	13,102,651
Non-U.S. Equity & Fixed	1,360,471	1,612,072
Total	<u>\$20,759,323</u>	<u>\$20,963,654</u>

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

**F. 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, 2012 were \$12,373.

**NOTE 4. Receivables and Deferred Revenues**

Receivables at June 30, 2012 are summarized below:

	Governmental Activities	Business-type Activities
Real estate taxes	\$319,073,984	\$-
Personal property taxes	4,984,670	-
Business license taxes	3,319,564	-
Meal tax	1,093,583	-
Accounts receivable	46,587,524	19,677,255
Interest	910,587	-
Total	<u>375,969,912</u>	<u>19,677,255</u>
Less: Allowance for uncollectible accounts	<u>(2,304,863)</u>	<u>(382,781)</u>
Net receivables	<u>\$373,665,049</u>	<u>\$19,294,474</u>

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.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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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 \$316,426,976, has also been recorded as deferred revenue since these revenues are not considered to be available to finance current year expenditures.

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

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

Governmental funds report deferred 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 deferred revenues recognition in connection with resources that have been received, but not yet earned. At June 30, 2012, the revenues components of unearned revenues reported were as follows:

<u>Governmental Funds</u>	<u>Unearned</u>
<u>General Fund</u>	
Taxes	\$6,028,176
Housing development loans	15,097,400
Grants	2,089,626
Rental Income	26,496
<u>Special Revenue Funds</u>	
Taxes	3,762,154
Grants	4,162,111
Housing development loans	7,845,656
<u>Capital Project Fund</u>	
Master lease	3,751,168
Developer's contributions	4,076,302
<u>Internal Services Fund</u>	
Master lease	2,861,645
Total Governmental Funds	<u><u>\$49,700,734</u></u>

**NOTE 5. Capital Assets and Intangible Assets**

Capital asset activity for the year ended June 30, 2012:

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental and Internal Service activities:</b>				
Capital assets, not being depreciated:				
Land	\$156,165,611	\$133,266	\$-	\$156,298,877
Construction in progress	148,716,588	78,184,284	17,388,164	209,512,708
Total capital assets, not being depreciated	<u>304,882,199</u>	<u>78,317,550</u>	<u>17,388,164</u>	<u>365,811,585</u>
Capital assets, being depreciated:				
Infrastructure	434,445,934	16,423,019	-	450,868,953
Buildings	259,182,120	1,586,835	-	260,768,955
Furniture, fixtures and equipment	187,597,261	23,957,918	3,454,898	208,100,281
Intangible	2,200,881	-	-	2,200,881
Total capital assets being depreciated	<u>883,426,196</u>	<u>41,967,772</u>	<u>3,454,898</u>	<u>921,939,070</u>
Less accumulated depreciation for:				
Infrastructure	274,484,647	7,269,724	-	281,754,371
Buildings	80,188,047	6,807,137	-	86,995,184
Furniture, fixtures and equipment	70,910,121	14,826,596	3,182,613	82,554,104
Intangible	262,203	383,890	-	646,093
Total accumulated depreciation	<u>425,845,018</u>	<u>29,287,347</u>	<u>3,182,613</u>	<u>451,949,752</u>
Total capital assets, being depreciated, net	<u>457,581,178</u>	<u>12,680,425</u>	<u>272,285</u>	<u>469,989,318</u>
Governmental and Internal Service activities capital assets, net	<u>\$762,463,377</u>	<u>\$90,997,975</u>	<u>\$17,660,449</u>	<u>\$835,800,904</u>
<b>Business-type Activities</b>				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$6,161,255	\$-	\$-	\$6,161,255
Construction in progress	579,675,416	42,408,649	285,772,101	336,311,964
Total capital assets, not being depreciated	<u>585,836,671</u>	<u>42,408,649</u>	<u>285,772,101</u>	<u>342,473,220</u>
Capital assets, being depreciated:				
Sewer system	325,423,072	4,079,424	-	329,502,496
Water system	154,962,159	287,755,069	-	442,717,228
Building	22,315,887	-	-	22,315,887
Furniture, Equipments	4,511,710	326,552	-	4,838,262
Intangible	636,023	184,786	-	820,809
Total capital assets being depreciated	<u>507,848,851</u>	<u>292,345,831</u>	<u>-</u>	<u>800,194,682</u>
Less accumulated depreciation for:				
Sewer system	95,769,183	1,787,583	-	97,556,766
Water system	22,408,905	8,072,352	-	30,481,257
Building	11,640,393	495,909	-	12,136,302
Furniture, fixtures and equipment	2,028,465	359,222	-	2,387,687
Intangible	82,533	146,203	-	228,736
Total accumulated depreciation	<u>131,929,479</u>	<u>10,861,269</u>	<u>-</u>	<u>142,790,748</u>
Total capital assets, being depreciated, net	<u>375,919,372</u>	<u>281,484,562</u>	<u>-</u>	<u>657,403,935</u>
Business-type activities capital assets, net	<u>\$961,756,042</u>	<u>\$323,893,211</u>	<u>\$285,772,101</u>	<u>\$999,877,154</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**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	520,403,224	67,525,863	-	587,929,087
Furniture, fixtures, and equipment	61,952,014	8,474,723	-	70,426,737
Total capital assets being depreciated	582,355,238	76,000,586	-	658,355,824
Less accumulated depreciation for:				
Buildings	133,034,544	13,010,081	-	146,044,625
Furniture, Equipments	44,285,353	3,157,172	-	47,442,525
Total accumulated depreciation	177,319,897	16,167,253	-	193,487,150
Total capital assets, being depreciated, net	405,035,341	59,833,333	-	464,868,674
Schools activities capital assets, net	\$409,733,287	\$59,833,333	\$-	\$469,566,620

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

FUNCTION AND ACTIVITY	Depreciation Expense
Primary government:	
Government activities:	
General Government	\$13,586,720
Public Safety	1,883,756
Public works, including depreciation of infrastructure assets	5,888,580
Health and welfare	326,858
Libraries	307,173
Parks, recreation and culture	1,479,042
Planning and community development	967,340
Total Depreciation Expense- Government Activities	24,439,469
Internal Services	4,847,878
Total Depreciation Expense- Governmental & Internal Services	\$29,287,347
Business-type activities:	
Utilities	\$9,934,956
Ballston Public Parking Garage	504,544
CPHD Development Fund	421,770
Total Depreciation Expense- Business-type Activities	\$10,861,270
Component unit - Schools	\$16,167,253
Total Depreciation Expense Component units	\$16,167,253

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**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, 2012 the current portion of these liabilities was \$6.327 million which represent an estimate of health insurance claims that have been incurred but not reported of \$5.92 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.407 million. The non-current portion was \$3.665 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, 2010 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2010 – 2011				
Current	\$5,752,303	\$41,704,163	\$41,821,152	\$5,635,314
Long Term	\$3,996,618	\$1,495,447	\$2,302,284	\$3,189,781
2011 – 2012				
Current	\$5,635,314	\$48,780,209	\$48,087,672	\$6,327,851
Long Term	\$3,189,781	\$3,438,547	\$2,962,694	\$3,665,634

In addition, the County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2012. The County maintains a General Fund operating reserve that totaled \$50,240,906 as of June 30, 2012. 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 four percent with a goal of increasing to five percent of the General Fund budget.

**NOTE 7. Operating Leases**

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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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<u>Fiscal Year</u>	<u>Amount</u>
2013	\$15,811,070
2014	16,269,669
2015	16,772,984
2016	17,285,915
2017	17,808,715
2018-2022	52,772,994
2023-2024	8,731,159
	<u><u>\$145,452,506</u></u>

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, 2012, the County received \$2,530,811 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 2012 were \$222,260. 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, 2012, the lease liability \$9,716,900 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, 2012 are summarized below:

	<u>Primary Government</u>	<u>Schools</u>
Building	\$1,395,842	\$-
Equipment	21,445,337	8,090,536
Equipment CIP	5,523,588	-
Auto	2,802,688	-
Total Assets, at cost	31,167,455	8,090,536
Accumulated depreciation	(6,038,774)	(2,028,462)
Total Assets, net	<u><u>\$25,128,681</u></u>	<u><u>\$6,062,074</u></u>



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

The annual future minimum lease payments as of June 30, 2012 are as follows:

**General Government:**

Year Ending June 30,	Technology Services	Environmental Services	Fire	Parks & Recreation	Libraries	Sheriff	Total General Government
2013	\$3,741,418	\$952,992	\$447,915	\$102,344	\$70,563	\$854,437	\$6,169,669
2014	1,818,978	952,992	447,915	-	35,282	624,055	3,879,222
2015	1,037,650	952,992	447,915	-	-	624,055	3,062,612
2016	172,347	952,992	447,914	-	-	-	1,573,253
2017	-	952,992	447,914	-	-	-	1,400,906
2018	-	727,122	337,353	-	-	-	1,064,475
2019	-	484,045	113,396	-	-	-	597,441
2020	-	466,840	-	-	-	-	466,840
2021	-	466,840	-	-	-	-	466,840
2022	-	466,840	-	-	-	-	466,840
2023	-	466,840	-	-	-	-	466,840
2024	-	466,839	-	-	-	-	466,839
Total Minimum Lease payments	<u>\$6,770,393</u>	<u>\$8,310,326</u>	<u>\$2,690,322</u>	<u>\$102,344</u>	<u>\$105,845</u>	<u>\$2,102,547</u>	<u>\$20,081,777</u>
Less Imputed Interest	(220,204)	(1,405,979)	(248,715)	(2,147)	(2,439)	(82,461)	(1,961,945)
Amount deferred	<u>(3,041,169)</u>	<u>(710,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,751,169)</u>
Present Value of Minimum Payments	<u>\$3,509,020</u>	<u>\$6,194,347</u>	<u>\$2,441,607</u>	<u>\$100,197</u>	<u>\$103,406</u>	<u>\$2,020,086</u>	<u>\$14,368,663</u>

**Internal Service Fund:**

<u>Year Ending June 30,</u>	<u>Auto Equipment</u>
2013	\$1,189,193
2014	1,047,970
2015	906,746
2016	906,741
2017	683,557
2018	460,369
2019	460,368
Total Minimum Lease Payments	<u>5,654,944</u>
Less Imputed Interest	(543,773)
Amount deferred	<u>(2,861,645)</u>
Present Value of Minimum Lease Payments	<u>\$2,249,526</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**Enterprise Fund:**

<u>Year Ending June 30,</u>	<u>Utilities</u>
2013	\$50,367
2014	34,411
2015	34,411
2016	34,411
2017	34,412
2018	34,412
2019	17,206
Total Minimum Lease Payments	239,630
Less Imputed Interest	(21,237)
Amount deferred	-
Present Value of Minimum Lease Payments	<u>\$218,393</u>

**Component Unit – Schools:**

<u>Year Ending June 30,</u>	<u>Schools</u>
2013	\$2,065,363
2014	1,231,479
2015	1,231,479
2016	754,947
2017	377,473
2018	57,090
2019	-
Total Minimum Lease Payments	5,717,831
Less Imputed Interest	(373,114)
Amount deferred	(530,000)
Present Value of Minimum Lease Payments	<u>\$4,814,717</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, 2012**

General Obligation (GO) Bonds									IDA Bonds		
Fiscal	General Fund		School Fund		Utility Fund		Total GO Bonds		Principal	Interest	Total
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2013	\$28,391,533	\$15,529,990	\$23,759,623	\$13,655,943	\$8,523,845	\$5,407,850	\$60,675,001	\$34,593,783	\$7,450,000	\$3,181,135	\$10,631,135
2014	29,455,630	14,731,355	27,062,396	13,823,395	8,561,975	5,343,904	65,080,001	33,898,654	7,730,000	2,857,410	10,587,410
2015	28,463,105	13,916,269	25,433,443	12,656,501	7,838,452	4,636,421	61,735,000	31,209,191	8,120,000	2,510,486	10,630,486
2016	26,405,569	12,570,488	24,169,637	11,622,667	7,949,794	4,222,951	58,525,000	28,416,106	3,195,000	2,282,629	5,477,629
2017	29,558,293	11,220,443	24,004,745	10,554,574	7,876,963	3,780,897	61,440,001	25,555,914	3,225,000	2,174,736	5,399,736
2018	26,226,258	9,738,994	23,273,947	9,197,073	7,549,795	3,766,634	57,050,000	22,702,701	3,260,000	2,056,261	5,316,261
2019	24,632,680	8,621,505	22,718,571	8,357,187	7,548,749	3,181,113	54,900,000	20,159,805	3,300,000	1,932,824	5,232,824
2020	22,725,562	7,552,810	20,146,968	7,489,706	7,062,470	2,849,320	49,935,000	17,891,836	3,340,000	1,798,891	5,138,891
2021	22,506,586	6,532,843	19,877,021	6,601,444	7,341,393	2,573,502	49,725,000	15,707,789	3,385,000	1,662,582	5,047,582
2022	20,280,686	5,566,095	18,006,159	5,815,081	6,963,155	2,196,470	45,250,000	13,577,646	3,435,000	1,523,778	4,958,778
2023	19,038,290	4,650,517	16,866,710	5,057,759	7,250,000	1,894,763	43,155,000	11,603,039	3,485,000	1,382,336	4,867,336
2024	17,527,725	3,798,750	16,742,275	4,322,391	7,345,000	1,554,006	41,615,000	9,675,147	3,535,000	1,238,228	4,773,228
2025	15,957,725	3,054,338	17,332,275	3,571,370	6,930,000	1,225,613	40,220,000	7,851,321	3,590,000	1,092,964	4,682,964
2026	13,180,725	2,474,415	14,951,275	2,926,373	7,058,000	952,944	35,190,000	6,353,732	2,355,000	972,636	3,327,636
2027	12,625,725	1,982,949	15,242,275	2,295,511	7,452,000	722,805	35,320,000	5,001,265	2,425,000	875,706	3,300,706
2028	9,385,725	1,479,897	12,518,275	1,670,556	4,021,000	412,660	25,925,000	3,563,113	2,495,000	775,271	3,270,271
2029	7,677,725	1,085,023	8,227,275	1,180,882	1,955,000	248,874	17,860,000	2,514,779	2,570,000	671,233	3,241,233
2030	7,677,725	784,926	8,227,275	860,300	1,955,000	175,968	17,860,000	1,821,194	2,645,000	562,721	3,207,721
2031	6,907,725	500,230	7,012,275	564,019	1,955,000	103,062	15,875,000	1,167,311	2,730,000	449,717	3,179,717
2032	5,642,725	231,734	5,477,275	295,446	995,000	42,930	12,115,000	570,110	2,195,000	331,971	2,526,971
2033	1,957,724	48,943	3,257,275	81,432	385,000	9,625	5,599,999	140,000	2,285,000	241,699	2,526,699
2034	-	-	-	-	-	-	-	-	2,380,000	147,699	2,527,699
2035	-	-	-	-	-	-	-	-	2,475,000	49,871	2,524,871
	<u>\$376,225,441</u>	<u>\$126,072,514</u>	<u>\$354,306,970</u>	<u>\$122,599,610</u>	<u>\$124,517,591</u>	<u>\$45,302,312</u>	<u>\$855,050,002</u>	<u>\$293,974,436</u>	<u>\$81,605,000</u>	<u>\$30,772,784</u>	<u>\$112,377,784</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**B. Advance Refunding**

On February 22, 2012 the County issued \$106,445,000 in Refunding Bonds (2012A) with an average interest rate of 4.79 percent. The bonds were issued to advance refund \$114,470,000 of outstanding 2003 Series, 2004 Series, 2005 Series, 2006 Series, 2007 Series, 2008 Series, 2009 Series and 2011 Series ("Old Bonds") with an average rate of 4.51 percent. The net proceeds, including the premium of \$27,515,490, of \$133,442,234 were used to purchase U.S Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$8,025,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2032 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$12,776,433 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$9,612,152.

On February 22, 2012 the County issued \$4,535,000 in Refunding Bonds (2012B) with an average interest rate of 4.59 percent. The bonds were issued to advance refund \$4,330,000 of outstanding 2003 Series ("Old Bonds") with an average rate of 4.40 percent. The net proceeds of \$4,518,147 were used to purchase U.S Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$205,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2032 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$221,507 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$223,090.

**Refunding Bonds**

	<b>Total Refunding Bonds</b>	<b>Percent of Allocations</b>	<b>Savings from Refunding</b>	<b>PV of Savings from Refunding</b>
<b>2012A Refunding</b>				
General Government	\$39,575,000	37.18%	\$4,750,128	\$3,573,685
Schools	39,255,000	36.88%	4,711,719	3,544,789
Total	78,830,000	74.06%	9,461,846	7,118,474
Utilities	27,615,000	25.94%	3,314,587	2,493,678
Grand total	<u>\$106,445,000</u>	<u>100.00%</u>	<u>\$12,776,433</u>	<u>\$9,612,152</u>
<b>2012B Refunding</b>				
General Government	\$2,310,000	50.94%	\$112,829	\$113,636
Schools	2,225,000	49.06%	108,678	109,454
Total	4,535,000	100.00%	221,507	223,090
Grand total	<u>\$4,535,000</u>	<u>100.00%</u>	<u>\$221,507</u>	<u>\$223,090</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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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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, 2012, \$10,600,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, at no time can exceed 15%, and averaged approximately 1.39% in FY 2012. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. On September 26, 2004, a Letter of Credit (LOC) was issued by Bank of America to support the garage activities. The LOC was valid for a term of five years, expiring in September 2009. On August 21, 2009, an Amended and Restated Letter of Credit and Reimbursement Agreement was signed, and the extended expiration date is September 22, 2011. In September, 2011 The Bank of America letter of credit was replaced by a three-year letter of credit issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014. Interest on drawings is payable at an interest rate publicly announced by the bank. When interest is due to the bondholders, the direct pay letter of credit pays the bondholders by drawing down on the letter of credit and then immediately seeking reimbursement from garage revenues.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2012, the County drew from the letter of credit \$15,787 to pay bondholders for the interest accrued on the revenue bonds. The letter of credit drawdowns were immediately repaid by the County from garage revenues held in trust at the time of the drawdowns. The fees associated with the letter of credit were \$143,272 in FY 2012. Also in FY 2012, \$1,200,000 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 and long-term portion of this mortgage payable at June 30, 2012 was \$3,082,457 and \$347,222, respectively. The short-term portion of mortgage and ground lease interest payable was \$21,259,278. As of June 30, 2012, 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, 2012 was \$76,155,381.

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, 2012 was \$3441,852 on Series A bonds and \$65,395,192 on Series bonds.

In October 2008, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.55 percent. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2012 was \$33,702,753.

## ARLINGTON COUNTY, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2012**

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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, 2011, principal outstanding on these bonds was \$35,000,000.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$1,856,428, \$16,795,849, and \$16,347,723 in Wastewater System Revenue Bonds, Series 2008, 2009, and 2010 respectively, and lend the proceeds to the County to continue the improvements to the water pollution control plant. At June 2012, VRA had provided a loan of VRA bond proceeds in the amounts of \$1,856,428, \$16,795,849, and \$10,876,571 respectively, including FY2012 bond proceeds of \$2,142,126. The principal outstanding on these bonds at June 30 2012 was \$1,789,003 on Series 2008 bonds, \$16,173,324 on Series 2009 bonds and \$10,244,478 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 issued 20 year Lease Revenue Bonds in the amount of \$60,540,000 to finance these projects. At June 30, 2012, \$30,945,000 is outstanding under these lease revenue bonds.

#### **G. IDA Revenue Notes (Buckingham Village 3 Acquisition)**

On March 23, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and Sun Trust Bank made an agreement to finance the acquisition of Buckingham Village 3. The County leased the property to a developer, a partnership of Telesis and National Housing Trust (NHT), which immediately began to manage the property and will undertake renovations of the property within 12-24 months. The Authority refinanced its note on May 27, 2010 with the issuance of its \$9,666,099 Taxable Variable Rate Note, Series 2010A and \$26,000,000 Taxable Fixed Rate Note, Series 2010B (the "Buckingham Village 3 Notes"). The County and the Authority entered into a Support Agreement under which the County, subject to annual appropriation, will make debt service payments on the Buckingham Village 3 Notes. Debt service payments have been budgeted in the County's affordable housing investment fund (AHIF). The principal outstanding on these notes at June 30, 2012 was \$35,016,099.

#### **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, 2012 was \$38,970,000.

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, 2012, \$11,690,000 remains outstanding.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**I. Changes in Long-Term Liabilities**

During the year ended June 30, 2012, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
<b>General Government:</b>					
Compensated absences****	\$30,263,597	\$27,253,936	(\$26,191,854)	\$31,325,679	\$3,132,568
Workers' Compensation	3,544,201	3,820,606	(3,291,880)	4,072,927	407,293
General Obligation Bonds - County	372,270,978	77,480,000	(73,525,537)	376,225,441	28,391,533
General Obligation Bonds - Schools	315,662,196	106,625,000	(67,980,226)	354,306,970	23,759,623
IDA - Metro and Buckingham Village 1	40,135,000	-	(1,165,000)	38,970,000	1,190,000
IDA - Buckingham Village 3 Note	35,016,099	-	-	35,016,099	-
IDA Revenue Bonds - 2004	36,515,000	-	(5,570,000)	30,945,000	5,760,000
IDA Revenue Bonds - 2011	11,940,000	-	(250,000)	11,690,000	500,000
Capital Leases	18,933,209	1,435,230	(5,999,776)	14,368,663	5,667,456
Bond Premiums - County	14,602,607	6,459,051	(870,697)	20,190,961	1,193,649
Bond Premiums - Schools	11,429,134	10,934,695	(672,401)	21,691,428	1,219,136
Bond Premiums - IDA Revenue Bond	1,923,098	-	(313,865)	1,609,233	313,865
Deferred Cost on Refunding Bonds - County	1,396,030	2,465,490	(108,013)	3,753,507	231,287
Deferred Cost on Refunding Bonds - Schools	(839,839)	3,370,510	158,944	2,689,615	9,583
Total General Government	892,791,310	239,844,518	(185,780,305)	946,855,523	71,775,993
<b>Internal service:</b>					
Compensated Absence	513,349	499,317	(482,729)	529,937	52,994
Capital Leases	2,879,482	-	(629,956)	2,249,526	1,023,911
Total Internal Service	3,392,831	499,317	(1,112,685)	2,779,463	1,076,905
Total Governmental Activities	896,184,141	240,343,835	(186,892,990)	949,634,986	72,852,898
<b>Component Unit-Schools:</b>					
Compensated absences	33,260,229	-	(877,324)	32,382,905	3,238,291
Capital leases	5,682,464	1,372,600	(2,240,347)	4,814,717	1,912,585
Total Component Unit-Schools	38,942,693	1,372,600	(3,117,671)	37,197,622	5,150,876
<b>Business-Type Activities</b>					
Compensated absences - Utilities	1,528,250	1,463,117	(1,650,473)	1,340,894	134,089
Compensated absences - CPHD	587,031	639,309	(678,585)	547,755	54,776
General Obligation Bonds - Utilities	127,396,828	35,015,000	(37,894,237)	124,517,591	8,523,845
Bond Premiums - Utilities	3,581,390	1,278,652	(205,580)	4,654,462	269,511
Revenue Bonds - Ballston Garage	11,800,000	-	(1,200,000)	10,600,000	500,000
Mortgage Payable - Ballston Garage	3,429,679	-	-	3,429,679	3,082,457
Mortgage and Lease Interest Payable - Ballston	19,321,425	1,937,853	-	21,259,278	21,259,278
VRA Loan Payable	263,158,039	2,142,126	(12,095,174)	253,204,991	12,255,823
Bond and VRA Interest Payable - Utilities	4,310,537	3,999,767	(4,310,537)	3,999,767	3,999,767
Capital Leases	276,850	-	(58,457)	218,393	44,461
Deferred Cost on Refunding Bonds - Utilities	215,651	1,984,000	(96,318)	2,103,333	195,519
Total Business-type Activities	435,605,680	48,459,824	(58,189,361)	425,876,143	50,319,526
Grand Total	\$1,370,732,514	\$290,176,259	(\$248,200,022)	\$1,412,708,751	\$128,323,300

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

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

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the “school debt” is reflected in Exhibit 1 “Statement of Net Assets” in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for “Non-current liabilities” and “Invested in capital assets, net of related debt” is \$378,688,013 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$52,436,522 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, 2012 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	\$278,324	\$-
Urban Area Security Initiative	-	278,324
	-	
	<u>\$278,324</u>	<u>\$278,324</u>

Due to/from primary government and component units:

	<u>Primary Government</u>	<u>Component Unit</u>
General Fund	\$(357,506)	\$56,596,639
School Funds:		
Operating		
Primary Government	53,121,596	-
Community Activities		
Primary Government	967,222	-
Pay-As-You-Go		
Primary Government	2,507,821	-
CSA		
Primary Government	-	(357,506)
	<u>\$ 56,239,133</u>	<u>\$ 56,239,133</u>

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2012 are as follows:



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

Transfer	General Fund	Special Revenue Fund	Capital Projects Fund	Internal Service Fund	Total Transfers Out
General Fund	\$-	\$747,000	\$28,980,839	\$326,795	\$30,054,634
Special Revenue Fund	66,461	-	-	-	\$66,461
Non-major Capital Projects Fund	161,577	-	300,000	-	\$461,577
Internal Service	130,000	-	-	-	\$130,000
Total Transfers In	<u>\$358,038</u>	<u>\$747,000</u>	<u>\$29,280,839</u>	<u>\$326,795</u>	<u>\$30,712,672</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:

\$1,286,469	Section 8 Housing (Amount reported in non-spendable form such as prepaid)
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The County committed the following General Fund fund balance types by a resolution of the County Board:

\$5,000,000	Self-insurance reserve
10,488,080	Subsequent year's budget – County
1,902,323	Capital projects
50,240,906	Operating reserve
171,861	Incomplete projects
7,050,422	Affordable Housing Investment Fund
64,669,485	Subsequent year's budget – Schools

The County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2012. The County maintains a General Fund operating reserve that totaled \$50,240,906 as of June 30, 2012. 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.

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>
Travel & Tourism Promotion	Transient Tax
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**

**NOTES TO FINANCIAL STATEMENTS**

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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 2012, the County paid \$25,813,268 from its General Fund to subsidize WMATA's bus and rail operating costs.

**B. Construction Commitments**

As of June 30, 2012 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Projects Funds	\$47,727,596
Utilities Fund	<u>47,889,263</u>
	<u>\$95,616,859</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 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.

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### NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Since Acceptance testing on each unit was completed in November 2000, the Operating Lease agreement between the ASWA and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the County records and are now considered a part of the plant. In FY 2012 they have been recorded in the same manner, as is the rest of the plant.

#### **D. Alexandria/Arlington Waste Disposal Trust Fund**

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

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste. Revenues of \$597,452 were collected and project-related expenditures of \$5,325,874 were incurred in FY 2012. The Trust received a contribution from the authorities in the amount of \$1,805,466.

Expenditures such as capital costs of repairs, replacement/changes to the facility, and waste recycling programs/activities which benefit the two jurisdictions are eligible for reimbursement through the Trust. In FY 2012, the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility and for oversight of any remaining capital issues.

## ARLINGTON COUNTY, VIRGINIA

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

On July 30, 2012, the Alexandria/Arlington Waste Disposal Fund (the "Trust Fund") defeased 1998 B Bonds to take advantage of lowering the tipping fees. The Trust received a payment of \$ 1,468,952 after it paid \$1,680 Trustee legal fees and \$4,083 administration fees.

The Trust fund will terminate on December 31, 2012 and a new Inter-local agreement between the City of Alexandria and Arlington County will be created for the supervision and oversight of the Waste To Energy facility during the merchant era (2013 to 2025). A new waste disposal and service agreement between the jurisdictions and Covanta was signed on January 24, 2012 and will take effect January 1, 2013.

#### **E. Arlington Regional Jail**

On June 22, 1994, the County and the Treasury Board of the Commonwealth of Virginia signed a regional jail financing agreement. In this agreement, the Commonwealth agreed to provide, subject to appropriation by the General Assembly, reimbursement of certain debt service costs of the new Arlington Regional Jail, totaling \$35,400,000 through the year 2013. In FY 2012 \$1.8 million was received from the Commonwealth. The Arlington Regional Jail's assets and debt are recorded in the financial statements of the County.

#### **F. Industrial Development Authority Ice Skating Facility**

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

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

As part of the agreement, the County agreed to construct an eighth level slab (the "Eighth Level Slab") on top of the Garage, to lease the Eighth Level Slab to the Industrial Development Authority of Arlington County, Virginia (the "IDA"), and to acquire the rights necessary to assist the development and construction of the project on the Garage pursuant to a Skating Facility Agreement (the "Skating Facility Agreement"), among the County, FDS, and certain other parties. The County has also constructed public parking (the "Parking Facilities") on the Eighth Level Slab.

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

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

## ARLINGTON COUNTY, VIRGINIA

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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 2012, 2.7 million was received from the Capitals.

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

#### **G. Industrial Development Authority Affordable Housing Project**

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

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

State and federal laws and regulations require the County to pay for the closure and processing/removal of any medical waste on site at the DHS laboratory when it stops accepting waste to be processed by the steam sterilizer at the laboratory. Although closure costs will be paid only near or after the date that the laboratory is closed, the County reports a portion of the closure costs as an operating expense in each period based on a formula provided by the Virginia Department of Environmental Quality. The County has chosen the use of the annual operating budget as the method for funding the closure cost. Because the County satisfies the requirements of section 9VAC20-70-210 of the Virginia General Assembly legislative Information System administrative code, the reported liability for the closure at June 30, 2012 is \$1.

#### **I. Litigation**

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

**ARLINGTON COUNTY, VIRGINIA**

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**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 2012, the County paid \$711,525 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.

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 2012, the County paid \$774,421 for capital and operating costs. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

**NOTE 15. Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, excluding School Board employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

**NOTE 16. Employee Retirement Systems**

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

The pension plan financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The County's contributions

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are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the system. All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on the County's balance sheet date. Securities without an established market are reported at estimated fair value.

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

**A. Arlington County Employees' Retirement System**

**Plan Description and Provisions**

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

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

At July 1, 2011, the date of the most recent actuarial valuation, System membership consisted of the following:

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Current Employees:				
Vested	1,726	611	66	2,403
Non-Vested	967	209	-	1,176
Total	<u>2,693</u>	<u>820</u>	<u>66</u>	<u>3,579</u>
 Vested Deferred	 167	 20	 90	 277
 Retirees and Beneficiaries	 1,849	 707	 1,106	 3,662

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

**Funding Policy**

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

Contributions totaling \$57,329,170 (\$46,262,448 of Employer contributions, \$11,029,050 of Employee contributions and \$37,672 other contributions) were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2011. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2011, the member contribution rates varied up to 7.5% of their salary depending on the chapter of the plan they were covered under.

**Annual Pension Cost**

Net pension obligation represents the difference between the annual pension costs and the actuarially required contributions. The County had no unfunded pension obligation at June 30, 2012. Three-year trend information is presented below.

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Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Pension Cost (ARC) (in millions)</u>	<u>Percentage Contributed</u>
2010	42.9	100.0%
2011	43.2	100.0%
2012	46.3	100.0%

The Arlington County Code requires the System to have an actuarial valuation at least biannually. The annual required contribution for the current year was determined as part of the July 1, 2011 actuarial valuation.

**Actuarial Assumptions**

The information presented below are the significant actuarial assumptions.

Valuation date	07/01/11
Actuarial cost method	Entry Age Normal
Remaining amortization period	14.55 years
Amortization method	Level % Open
Asset valuation method	5 year, smoothed
Actuarial assumptions	
Assumed inflation rate	4.0%
Investment rate of return	7.5%
Projected salary increases	4.0%
Cost of living adjustments	
Chapter 21	1.5%
Chapter 46	100% CPI-U increase to a maximum of 3% plus ½ CPI-U increase for next 9% (max 7 ½% increase for 12% increase in CPI-U)

**Three-Year Trend Information**

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



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**NOTES TO FINANCIAL STATEMENTS**

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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 Actuarial Accrued Liabilities (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
7/1/09	1,375.8	1,474.0	(98.2)	93.3%	220.8	44.5%
7/1/10	1,503.7	1,580.1	76.4	95.2%	224.5	34.0%
7/1/11	1548.1	1623.4	75.3	95.4%	225.9	33.3%

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

**B. Virginia Retirement System (VRS)**

**Plan Description**

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

**Funding Policy**

Retirement benefits are funded by employer contributions and by investment earnings. In accordance with State statute, the County is required to contribute at an actuarially determined rate. State statute may be amended only by the Commonwealth of Virginia General Assembly. In FY 2012, the contribution rate was 16.93%. The County's contributions to the VRS for the years ended June 30, 2012, 2011 and 2010 were \$28.9 million, \$22.1 million and \$29.7 million respectively, which were equal to the required contributions for each year.

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**NOTES TO FINANCIAL STATEMENTS**

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Actuarial Valuation Date June -30	Actuarial Value of Assets (a)	<u>Schedule of Funding Progress ( \$ in millions)</u>				UAAL as a Percentage of Covered Payroll
		Actuarial Accrued Liability Entry Age	Unfunded Actuarial Accrued Liabilities	Funded Ratio	Covered Payroll	
<u>Virginia Retirement System (VRS)</u>						
2010	\$52,729	\$72,801	\$20,072	72.4%	\$14,758	136.0%
2009	53,185	66,323	13,138	80.2%	14,948	87.9%
2008	52,548	62,554	10,006	84.0%	14,559	68.7%
<u>State Police Officers' Retirement System (SPORS)</u>						
2010	\$634	\$949	\$315	66.8%	\$98	323.2%
2009	647	879	232	73.6%	101	230.0%
2008	645	844	198	76.6%	103	193.2%
<u>Virginia Law Officers' Retirement System (VaLORS)</u>						
2010	\$925	\$1,579	\$654	58.6%	\$346	189.0%
2009	913	1,412	499	64.7%	359	138.9%
2008	873	1281	408	68.2%	368	110.8%
<u>Judicial Retirement System (JRS)</u>						
2010	\$372	\$560	\$188	66.5%	\$61	307.8%
2009	378	521	143	72.5%	63	228.4%
2008	374	495	121	75.6%	61	199.9%

**NOTE 17. Other Post-Employment Benefits (OPEB)**

**A. County OPEB**

**Plan Description**

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

**Funding Policy**

The contribution requirements of plan members are established and may be amended by the County Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the County intends to fund the annual required contribution (ARC) in future years. For full career employees, the County currently contributes 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2012 the County contributed \$12,025,788 and \$483,637 towards health and life plans respectively. Plan members receiving benefits contributed \$4,395,498 and \$344,484 towards health and life plans respectively. The County contributed an additional \$6,509,350 in pre-funding contributions towards health and life plans for retirees.

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**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$18,314,275
Interest on net OPEB obligation	98,699
Adjustment to annual required contribution	(68,781)
Annual OPEB cost (expense)	18,344,193
Contributions made	19,018,775
Decrease in net OPEB obligation	(674,582)
Net OPEB obligation-beginning of year	1,233,733
Net OPEB obligation- end of year	<u>\$559,151</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, 2012, 2011 and 2010 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2010	\$16,706,305	100.3%	\$250,475
06/30/2011	\$17,317,454	94.3%	\$1,223,733
06/30/2012	\$18,344,193	103.7%	\$559,151

**Funded Status and Funding Progress**

As of June 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$241.6 million and the actuarial value of assets was \$35.1 million, resulting in an unfunded actuarial accrued liability of \$206.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$247.6 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 83.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

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

In the June 30, 2012, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8 percent investment return, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.5 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, 2012 is thirty years.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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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
07/01/2009	\$14.96	\$214.43	\$199.48	7.0%	\$221.95	89.9%
07/01/2010	\$23.52	\$225.98	\$202.46	10.4%	\$231.93	87.3%
07/01/2011	\$35.07	\$241.57	\$206.50	14.5%	\$247.63	83.5%

**B. Schools OPEB**

**Plan Description**

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

**Funding Policy**

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the annual required contribution (ARC) in future years. For full career employees, the Schools currently contributes between 58% and 77%, based on coverage selected, towards the cost of medical premiums. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2012 the Schools' contributed \$5,759,989 and an additional \$4,533,078 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$3,326,955 towards health plans.

**Annual OPEB Cost and Net OPEB Obligation**

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

Annual required contribution	\$9,248,589
Interest on net OPEB obligation	1,296,844
Adjustment to annual required contribution	(903,742)
Annual OPEB cost (expense)	9,641,691
Contributions made	(10,293,067)
Decrease in net OPEB obligation	(651,376)
Net OPEB obligation-beginning of year	16,210,554
Net OPEB obligation- end of year	<u>\$15,559,178</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, 2012, 2011 and 2010 were as follows:

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/12	9,641,691	106.8%	15,559,178
06/30/11	9,825,092	124.4%	16,210,554
06/30/10	9,447,405	109.4%	18,603,146

**Funded Status and Funding Progress**

As of June 30, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$118.3 million, of which \$14.5 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$255.7 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 40.6 percent. The Schools contributed an additional \$4.5 million into the Retiree Welfare Benefit Trust during FY 2012.

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 2011/2012 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment return, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.50 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2012 is twenty six years.

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

**Schedule of Funding Progress (\$ in millions)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
07/01/2009	\$1.50	\$98.70	\$97.20	1.60%	\$234.10	41.50%
07/01/2010	\$6.30	\$105.30	\$99.00	6.00%	\$244.70	40.50%
07/01/2011	\$14.50	\$118.30	\$103.80	12.30%	\$255.70	40.60%

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012**

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**NOTE 18. Subsequent Events**

**A. Alexandria/Arlington Waste Disposal Trust Fund**

On July 30, 2012, the Alexandria/Arlington Waste Disposal Fund (the “Trust”) defeased the 1998 B Bonds to take advantage of reducing the tipping fees. The Trust received a payment of \$1,468,952 after it paid \$1,680 in Trustee legal fees and \$4,083 in administrative fees.

The Trust fund will terminate on December 31, 2012 and a new Inter-local agreement between the City of Alexandria and Arlington County will be created for the supervision and oversight of the Waste To Energy facility during the merchant era (2013 to 2025). A new waste disposal and service agreement between the jurisdictions and Covanta was signed on January 24, 2012 and will take effect January 1, 2013.



## **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, 2012

ASSETS	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	NVTA Fund	Facilities Bond Fund	Crystal City TIF	IDA Bond Fund	
Equity in pooled cash and investments	\$379,950	\$744,570	\$1,869,011	\$1,347,106	\$3,671,164	\$2,331,344	\$18,295,422	\$12,280,669	\$8,860,201	\$14,137,261	\$44,334,909	\$3,160,126	\$350,037	\$66,029,549	\$20,082,585	\$1,520,190	\$12,298,874	\$211,692,968
Receivables, net	-	-	-	-	24,883,743	-	-	-	-	299,108	-	-	-	5,357,432	-	-	4,848	30,545,131
Receivables from other governments	-	-	-	-	662,836	19,525	-	-	-	-	-	-	-	-	-	-	-	682,361
Prepaid	-	-	-	-	-	1,286,469	-	-	-	-	-	-	-	-	-	-	-	1,286,469
Total assets	\$379,950	\$744,570	\$1,869,011	\$1,347,106	\$29,217,743	\$3,637,338	\$18,295,422	\$12,280,669	\$8,860,201	\$14,436,369	\$44,334,909	\$3,160,126	\$350,037	\$71,386,981	\$20,082,585	\$1,520,190	\$12,303,722	\$244,206,929
LIABILITIES AND FUND BALANCES																		
LIABILITIES																		
Accounts Payable	\$128,238	\$-	\$-	\$-	\$171,890	\$45,181	\$2,426,709	\$724,645	\$36,000	\$495,039	\$3,899,170	\$91,202	\$-	\$525,009	\$-	\$-	\$831,573	\$9,374,656
Other liabilities	-	-	-	-	17,038,087	-	-	31,151	-	-	1,084,278	-	-	-	-	-	-	18,153,516
Deferred Revenue	-	720,301	1,739,124	1,302,729	12,007,766	-	-	-	-	-	-	-	-	-	-	-	-	15,769,920
Total liabilities	128,238	720,301	1,739,124	1,302,729	29,217,743	45,181	2,426,709	755,796	36,000	495,039	4,983,448	91,202	-	525,009	-	-	831,573	43,298,092
FUND BALANCES																		
Nonspendable	-	-	-	-	-	1,286,469	-	-	-	-	-	-	-	-	-	-	-	1,286,469
Restricted	251,712	24,269	129,887	44,377	-	2,305,688	-	-	-	-	-	-	-	660,973	20,082,585	-	-	23,499,491
Committed	-	-	-	-	-	-	15,868,713	11,524,873	8,824,201	13,941,330	39,351,461	3,068,924	350,037	70,200,999	-	1,520,190	11,472,149	176,122,877
Total fund balances	251,712	24,269	129,887	44,377	-	3,592,157	15,868,713	11,524,873	8,824,201	13,941,330	39,351,461	3,068,924	350,037	70,861,972	20,082,585	1,520,190	11,472,149	200,908,837
Total liabilities and fund balances	\$379,950	\$744,570	\$1,869,011	\$1,347,106	\$29,217,743	\$3,637,338	\$18,295,422	\$12,280,669	\$8,860,201	\$14,436,369	\$44,334,909	\$3,160,126	\$350,037	\$71,386,981	\$20,082,585	\$1,520,190	\$12,303,722	\$244,206,929

ARLINGTON COUNTY, VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012

	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 Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Crystal City TIF	IDA Bond Fund		
REVENUES:																			
Other local taxes	\$523,744	\$1,234,580	\$3,142,598	\$2,268,894	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$7,169,816	
Real estate taxes	-	-	-	-	-	-	-	-	7,853,960	-	-	-	-	23,874,833	-	1,520,190	-	33,248,983	
Intergovernmental	-	-	-	-	1,436,718	16,366,331	-	-	41,656	-	-	-	-	17,131,883	-	-	-	34,976,588	
Interest income	-	332	3,038	904	-	-	19,063	19,730	65	-	25,225	13,077	8,800	-	23,365	-	52,252	165,851	
Total revenues	523,744	1,234,912	3,145,636	2,269,798	1,436,718	16,366,331	19,063	19,730	65	7,895,616	25,225	13,077	8,800	41,006,716	23,365	1,520,190	52,252	75,561,238	
EXPENDITURES:																			
Planning and community development	-	1,198,297	3,178,755	2,272,044	1,936,718	17,738,460	-	-	-	-	-	-	-	-	-	-	-	26,324,274	
Travel and tourism	862,155	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	862,155	
Intergovernmental:																			
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	7,638,975	-	-	-	7,638,975	
Debt Service																			
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	308,231	-	-	-	308,231	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	352,742	-	-	-	352,742	
Capital outlay	-	-	-	-	-	-	5,122,549	5,256,161	1,572,426	6,127,132	19,124,922	1,017,187	330,292	10,157,329	-	-	4,643,923	53,351,921	
Total expenditures	862,155	1,198,297	3,178,755	2,272,044	1,936,718	17,738,460	5,122,549	5,256,161	1,572,426	6,127,132	19,124,922	1,017,187	330,292	10,818,302	7,638,975	-	4,643,923	88,838,298	
Revenues over (under) expenditures	(338,411)	36,615	(33,119)	(2,246)	(500,000)	(1,372,129)	(5,103,486)	(5,236,431)	(1,572,361)	1,768,484	(19,099,697)	(1,004,110)	(321,492)	30,188,414	(7,615,610)	1,520,190	(4,591,671)	(13,277,060)	
OTHER FINANCING SOURCES(USES):																			
Proceeds from sale of bonds	-	-	-	-	-	-	6,150,000	4,000,000	4,435,000	-	11,010,000	-	-	-	10,000,000	-	-	35,595,000	
Payments to refunded bond escrow agent	-	-	-	-	-	-	(6,967,076)	(5,584,708)	(1,021,117)	-	(17,275,838)	(1,502,773)	(1,285,058)	-	(10,713,920)	-	-	(44,350,480)	
Proceeds from sale of refunding bonds	-	-	-	-	-	-	6,594,592	5,287,919	959,373	-	16,345,577	1,418,341	1,213,021	-	10,066,177	-	-	41,885,000	
Deferred cost of refunding	-	-	-	-	-	-	372,484	296,789	61,744	-	930,261	84,432	72,037	-	647,743	-	-	2,465,490	
Transfers in	247,000	-	-	-	500,000	-	-	-	-	-	-	-	-	-	-	-	-	747,000	
Transfers out	-	(12,346)	(31,426)	(22,689)	-	-	(19,063)	(19,730)	(65)	(300,000)	(25,225)	(13,077)	(8,800)	-	(23,365)	-	(52,252)	(528,038)	
Total Other financing sources (uses)	247,000	(12,346)	(31,426)	(22,689)	500,000	-	6,130,937	3,980,270	4,434,935	(\$300,000)	10,984,775	(13,077)	(8,800)	-	9,976,635	-	(52,252)	35,813,962	
Net change in fund balances	(91,411)	24,269	(64,545)	(24,935)	-	(1,372,129)	1,027,451	(1,256,161)	2,862,574	1,468,484	(8,114,922)	(1,017,187)	(330,292)	30,188,414	2,361,025	1,520,190	(4,643,923)	22,536,902	
FUND BALANCE, beginning of year	343,123	-	194,432	69,312	-	4,964,286	14,841,262	12,781,034	5,961,627	12,472,846	47,466,383	4,086,111	680,329	40,673,558	17,721,560	-	16,116,072	178,371,935	
FUND BALANCE, end of year	\$251,712	\$24,269	\$129,887	\$44,377	\$-	\$3,592,157	\$15,868,713	\$11,524,873	\$8,824,201	\$13,941,330	\$39,351,461	\$3,068,924	\$350,037	\$70,861,972	\$20,082,585	\$1,520,190	\$11,472,149	\$200,908,837	



## 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, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	2012	2011
<b>ASSETS</b>		
Equity in pooled cash and investments	\$257,724,573	\$213,295,354
Petty cash	1,950	2,462
Cash with fiscal agent	271,334	270,034
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	326,166,936	297,969,714
Accounts	11,649,399	16,117,952
Accrued interest	910,587	998,165
Due from other governments	6,427,799	9,173,255
Temporary Loan To Fund	278,324	2,154,760
Due from component unit	357,506	396,464
Other assets	15,124,872	15,332,116
<b>Total Assets</b>	<b>\$618,913,280</b>	<b>\$555,710,276</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accrued payroll liabilities	\$18,161,676	\$15,990,460
Vouchers payable	10,433,702	11,127,767
Current maturities of interest payable	338,960	339,471
Other current liabilities	2,254,465	312,232
Deferred revenue	339,668,675	313,874,506
Due to component unit	56,596,639	53,311,195
<b>Total Liabilities</b>	<b>427,454,117</b>	<b>394,955,631</b>
<b>FUND BALANCE:</b>		
<u>Restricted for:</u>		
Seized assets	2,436,464	2,385,573
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Subsequent years' County budget	10,488,080	11,151,929
Capital projects	1,902,323	4,946,013
Operating reserve	50,240,906	40,192,725
Incomplete projects	171,861	230,734
Affordable Housing Investment Fund	7,050,422	19,163,965
Subsequent years' School's budget	64,669,485	32,481,838
<u>Assigned to:</u>		
Subsequent years' operating budgets	12,565,023	10,913,573
Subsequent years' capital projects	18,978,462	6,135,259
Budget stabilization	3,000,000	-
Operating reserve	2,364,581	10,048,181
Fresh AIRE program	1,244,577	354,877
Incomplete projects	2,416,189	933,856
Affordable Housing Investment Fund	8,930,790	3,717,920
Capital projects	-	13,098,202
<b>Total Fund Balance</b>	<b>191,459,163</b>	<b>160,754,645</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$618,913,280</b>	<b>\$555,710,276</b>

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, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	2012			
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2011 ACTUALS
REVENUES:				
Taxes	\$821,808,984	\$854,451,758	\$32,642,774	\$805,987,076
Licenses and permits	9,526,876	10,606,117	1,079,241	9,929,105
From the Commonwealth of Virginia	70,295,251	67,385,986	(2,909,265)	67,446,034
From the federal government	23,761,721	21,088,340	(2,673,381)	23,254,392
Charges for services	47,648,333	50,988,159	3,339,826	49,744,479
Fines and forfeitures	8,918,860	10,641,659	1,722,799	9,590,928
Use of money and property	8,373,230	5,278,004	(3,095,226)	8,095,821
Miscellaneous revenues	12,385,501	17,087,853	4,702,352	8,630,638
Total Revenues	<u>1,002,718,756</u>	<u>1,037,527,876</u>	<u>34,809,120</u>	<u>982,678,473</u>
EXPENDITURES:				
Current:				
General government	50,774,909	49,855,176	919,733	48,327,024
Judicial administration	49,705,935	48,782,029	923,906	47,137,828
Public safety	124,175,240	119,356,254	4,818,986	112,696,379
Environmental services	78,019,198	75,750,178	2,269,020	72,721,915
Health and welfare	119,320,425	115,347,313	3,973,112	109,677,751
Parks and recreation	30,901,945	31,634,930	(732,985)	34,436,830
Libraries	11,905,931	11,888,751	17,180	11,098,860
Planning and community development	19,716,505	18,751,601	964,904	12,531,877
Non-departmental	96,609,664	68,114,014	28,495,650	43,769,131
Contributions to regional agencies	32,883,317	32,696,651	186,666	29,622,765
Debt service:				
Principal	35,236,243	35,851,815	(615,572)	36,007,366
Interest on serial bonds	20,019,167	17,924,176	2,094,991	18,034,190
Other costs	200,000	5,412	194,588	213,751
Total Expenditures	<u>669,468,479</u>	<u>625,958,300</u>	<u>43,510,179</u>	<u>576,275,667</u>
Revenues over Expenditures	<u>333,250,277</u>	<u>411,569,576</u>	<u>78,319,299</u>	<u>406,402,806</u>
OTHER FINANCING SOURCES(USES):				
Transfers in	3,182,212	942,539	(2,239,673)	2,033,670
Transfers from component unit	-	33,295	33,295	99,715
Transfers out	(30,054,634)	(30,054,634)	-	(26,218,572)
Transfers to component unit	(401,943,700)	(358,498,413)	43,445,287	(364,733,168)
Premium on sales of bonds	-	6,712,155	6,712,155	6,267,065
Total Other Financing Sources(Uses)	<u>(428,816,122)</u>	<u>(380,865,058)</u>	<u>47,951,064</u>	<u>(382,551,290)</u>
Revenues Over (Under) Expenditures and Other Sources(Uses)	<u>(95,565,845)</u>	<u>30,704,518</u>	<u>126,270,363</u>	<u>23,851,516</u>
FUND BALANCE, beginning of year	<u>44,193,857</u>	<u>160,754,645</u>	<u>116,560,788</u>	<u>136,903,129</u>
FUND BALANCE, end of year	<u>(\$51,371,988)</u>	<u>\$191,459,163</u>	<u>\$242,831,151</u>	<u>\$160,754,645</u>



## 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, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

							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, 2012	June 30, 2011
ASSETS								
Equity in pooled cash and investments	\$379,950	\$744,570	\$1,869,011	\$1,347,106	\$3,671,164	\$2,331,344	\$10,343,145	\$8,212,837
Receivable from other government	-	-	-	-	662,836	19,525	682,361	512,145
Long-term receivables	-	-	-	-	24,883,743	-	24,883,743	30,589,063
Prepaid Expenses	-	-	-	-	-	1,286,469	1,286,469	1,252,930
Total Assets	\$379,950	\$744,570	\$1,869,011	\$1,347,106	\$29,217,743	\$3,637,338	\$37,195,718	\$40,566,975
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Vouchers payable	\$128,238	\$-	\$-	\$-	\$171,890	\$45,181	\$345,309	\$75,926
Deferred Revenues	-	720,301	1,739,124	1,302,729	12,007,766	-	15,769,920	8,749,676
Long-term liabilities	-	-	-	-	17,038,087	-	17,038,087	26,170,220
Total Liabilities	128,238	720,301	1,739,124	1,302,729	29,217,743	45,181	33,153,316	34,995,822
FUND BALANCES								
- Nonspendable	-	-	-	-	-	1,286,469	1,286,469	1,252,930
- Restricted	251,712	24,269	129,887	44,377	-	2,305,688	2,755,933	4,318,223
Total Fund Balances	251,712	24,269	129,887	44,377	-	3,592,157	4,042,402	5,571,153
Total Liabilities and Fund Balances	\$379,950	\$744,570	\$1,869,011	\$1,347,106	\$29,217,743	\$3,637,338	\$37,195,718	\$40,566,975

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

							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, 2012	June 30, 2011
REVENUES:								
Other local taxes	\$523,744	\$1,234,580	\$3,142,598	\$2,268,894	\$-	\$-	\$7,169,816	\$5,863,815
From the federal government	-	-	-	-	1,436,718	16,366,331	17,803,049	18,786,675
Total revenues	523,744	1,234,580	3,142,598	2,268,894	1,436,718	16,366,331	24,972,865	24,650,490
EXPENDITURES:								
Current -								
Community development	-	1,198,297	3,178,755	2,272,044	1,936,718	-	8,585,814	6,706,938
Housing program	-	-	-	-	-	17,738,460	17,738,460	17,123,012
Capital Outlay	-	-	-	-	-	-	-	29,606
Travel and tourism	862,155	-	-	-	-	-	862,155	1,320,891
Total expenditures	862,155	1,198,297	3,178,755	2,272,044	1,936,718	17,738,460	27,186,429	25,180,447
Revenues over (under) expenditures	(338,411)	36,283	(36,157)	(3,150)	(500,000)	(1,372,129)	(2,213,564)	(529,957)
OTHER FINANCING SOURCES(USES):								
Interest	-	332	3,038	904	-	-	4,274	4,901
Transfers out	-	(12,346)	(31,426)	(22,689)	-	-	(66,461)	(47,582)
Transfers in	247,000	-	-	-	500,000	-	747,000	247,000
Total other financing sources(uses)	247,000	(12,014)	(28,388)	(21,785)	500,000	-	684,813	204,319
Revenues and other financing sources (uses) over expenditures	(91,411)	24,269	(64,545)	(24,935)	-	(1,372,129)	(1,528,751)	(325,638)
FUND BALANCES, beginning of year	343,123	-	194,432	69,312	-	4,964,286	5,571,153	5,896,791
FUND BALANCES, end of year	\$251,712	\$24,269	\$129,887	\$44,377	\$-	\$3,592,157	\$4,042,402	\$5,571,153



ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
TRAVEL AND TOURISM PROMOTION FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Other local taxes	\$525,000	\$523,744	(\$1,256)
Total revenue	525,000	523,744	(1,256)
EXPENDITURES:			
Travel and tourism promotion	1,022,890	862,155	160,735
Revenues over(under) expenditures	(497,890)	(338,411)	159,479
OTHER FINANCING SOURCES:			
Operating transfers in	247,000	247,000	-
Revenues and other financing sources (uses) over (under) expenditures	(250,890)	(91,411)	159,479
FUND BALANCE, beginning of year	343,123	343,123	-
FUND BALANCE, end of year	<u>\$92,233</u>	<u>\$251,712</u>	<u>\$159,479</u>

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, 2012

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Other local taxes	\$1,241,759	\$1,234,580	(\$7,179)
Total revenue	1,241,759	1,234,580	(7,179)
EXPENDITURES:			
Special real estate tax assessments	1,229,341	1,198,297	31,044
Revenues over(under) expenditures	12,418	36,283	23,865
OTHER FINANCING SOURCES(USES):			
Interest	-	332	332
Transfers out	(12,418)	(12,346)	72
Total other financing sources(uses)	(12,418)	(12,014)	404
Revenues and other financing sources(uses) over (under) expenditures	-	24,269	24,269
FUND BALANCE, beginning of year	-	-	-
FUND BALANCE, end of year	\$-	\$24,269	\$24,269

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, 2012

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Other local taxes	\$3,231,425	\$3,142,598	(\$88,827)
Total revenue	3,231,425	3,142,598	(88,827)
EXPENDITURES:			
Special real estate tax assessments	3,199,676	3,178,755	20,921
Revenues over(under) expenditures	31,749	(36,157)	(67,906)
OTHER FINANCING SOURCES(USES):			
Interest	-	3,038	3,038
Transfers out	(31,749)	(31,426)	323
Total other financing sources(uses)	(31,749)	(28,388)	3,361
Revenues and other financing sources(uses) over (under) expenditures	-	(64,545)	(64,545)
FUND BALANCE, beginning of year	194,432	194,432	-
FUND BALANCE, end of year	\$194,432	\$129,887	(\$64,545)

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, 2012

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Other local taxes	<u>\$2,354,450</u>	<u>\$2,268,894</u>	<u>(\$85,556)</u>
Total revenue	<u>2,354,450</u>	<u>2,268,894</u>	<u>(85,556)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>2,330,905</u>	<u>2,272,044</u>	<u>58,861</u>
Revenues over(under) expenditures	<u>23,545</u>	<u>(3,150)</u>	<u>(26,695)</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	904	904
Transfers out	<u>(23,545)</u>	<u>(22,689)</u>	<u>856</u>
Total other financing sources(uses)	<u>(23,545)</u>	<u>(21,785)</u>	<u>1,760</u>
Revenues and other financing sources(uses) over (under) expenditures	-	(24,935)	(24,935)
FUND BALANCE, beginning of year	<u>69,312</u>	<u>69,312</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$69,312</u></u>	<u><u>\$44,377</u></u>	<u><u>(\$24,935)</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, 2012

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
From the federal government	\$6,588,137	\$1,436,718	(\$5,151,419)
Total Revenues	6,588,137	1,436,718	(5,151,419)
EXPENDITURES:			
Community development	7,088,137	1,936,718	5,151,419
Revenues over (under) expenditures	(500,000)	(500,000)	-
OTHER FINANCING SOURCES			
Transfers in	500,000	500,000	-
FUND BALANCE, beginning of year	-	-	-
FUND BALANCE, end of year	\$-	\$-	\$-

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, 2012

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
From the federal government	<u>\$17,565,884</u>	<u>\$16,366,331</u>	<u>(\$1,199,553)</u>
EXPENDITURES:			
Housing program	<u>16,921,440</u>	<u>17,738,460</u>	<u>(817,020)</u>
Revenues over (under) expenditures	<u>644,444</u>	<u>(1,372,129)</u>	<u>(2,016,573)</u>
FUND BALANCE, beginning of year	<u>4,964,286</u>	<u>4,964,286</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$5,608,730</u></u>	<u><u>\$3,592,157</u></u>	<u><u>(\$2,016,573)</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, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Crystal City TIF	IDA Bond Fund	Totals	
													June 30, 2012	June 30, 2011
<b>ASSETS:</b>														
Equity in pooled cash and investment	\$68,361,178	\$18,295,422	\$12,280,669	\$8,860,201	\$14,137,261	\$44,334,909	\$3,160,126	\$350,037	\$66,029,549	\$20,082,585	\$1,520,190	\$12,298,874	\$269,711,001	\$237,296,569
Cash with fiscal agents	677,383	-	-	-	-	-	-	-	-	-	-	-	677,383	758,976
Receivables	1,938,901	-	-	-	299,108	-	-	-	5,357,432	-	-	4,848	7,600,289	439,444
<b>Total Assets</b>	<b>\$70,977,462</b>	<b>\$18,295,422</b>	<b>\$12,280,669</b>	<b>\$8,860,201</b>	<b>\$14,436,369</b>	<b>\$44,334,909</b>	<b>\$3,160,126</b>	<b>\$350,037</b>	<b>\$71,386,981</b>	<b>\$20,082,585</b>	<b>\$1,520,190</b>	<b>\$12,303,722</b>	<b>\$277,988,673</b>	<b>\$238,494,989</b>
<b>LIABILITIES AND FUND BALANCES</b>														
<b>LIABILITIES:</b>														
Vouchers payable	\$4,686,687	\$2,426,709	\$724,645	\$36,000	\$495,039	\$3,899,170	\$91,202	\$-	\$525,009	\$-	\$-	\$831,573	\$13,716,034	\$10,848,213
Contracts payable-retainage	227,164	-	27,951	-	-	1,084,278	-	-	-	-	-	-	1,339,393	1,664,295
Deferred Revenue	7,827,470	-	-	-	-	-	-	-	-	-	-	-	7,827,470	5,465,519
Other liabilities	510,215	-	3,200	-	-	-	-	-	-	-	-	-	513,415	799,134
<b>Total Liabilities</b>	<b>13,251,536</b>	<b>2,426,709</b>	<b>755,796</b>	<b>36,000</b>	<b>495,039</b>	<b>4,983,448</b>	<b>91,202</b>	<b>-</b>	<b>525,009</b>	<b>-</b>	<b>-</b>	<b>831,573</b>	<b>23,396,312</b>	<b>18,777,161</b>
<b>FUND BALANCES:</b>														
<u>Restricted:</u>														
Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	1,380,184
Debt Service	-	-	-	-	-	-	-	-	660,973	20,082,585	-	-	20,743,558	18,383,560
<u>Committed to:</u>														
Capital Projects	57,725,926	15,868,713	11,524,873	8,824,201	13,941,330	39,351,461	3,068,924	350,037	70,200,999	-	1,520,190	11,472,149	233,848,803	199,954,084
<b>Total Fund Balances</b>	<b>57,725,926</b>	<b>15,868,713</b>	<b>11,524,873</b>	<b>8,824,201</b>	<b>13,941,330</b>	<b>39,351,461</b>	<b>3,068,924</b>	<b>350,037</b>	<b>70,861,972</b>	<b>20,082,585</b>	<b>1,520,190</b>	<b>11,472,149</b>	<b>254,592,361</b>	<b>219,717,828</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$70,977,462</b>	<b>\$18,295,422</b>	<b>\$12,280,669</b>	<b>\$8,860,201</b>	<b>\$14,436,369</b>	<b>\$44,334,909</b>	<b>\$3,160,126</b>	<b>\$350,037</b>	<b>\$71,386,981</b>	<b>\$20,082,585</b>	<b>\$1,520,190</b>	<b>\$12,303,722</b>	<b>\$277,988,673</b>	<b>\$238,494,989</b>



ARLINGTON COUNTY, VIRGINIA  
CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Crystal City TIF	IDA Bond Fund	Totals	
													June 30, 2012	June 30, 2011
REVENUES:														
From the Commonwealth of Virginia	\$14,316,238	\$-	\$-	\$-	\$41,656	\$-	\$-	\$-	\$17,131,883	\$-	\$-	\$-	\$31,489,777	\$4,790,261
From the federal government	878,833	-	-	-	-	-	-	-	-	-	-	-	878,833	556,888
Charges for services	1,357,864	-	-	-	-	-	-	-	-	-	-	-	1,357,864	635,360
Real estate taxes	-	-	-	-	7,853,960	-	-	-	23,874,833	-	1,520,190	-	33,248,983	28,262,015
Interest	-	19,063	19,730	65	-	25,225	13,077	8,800	-	23,365	-	52,252	161,577	228,260
Miscellaneous revenue	1,336,385	-	-	-	-	-	-	-	-	-	-	-	1,336,385	2,443,511
Total Revenues	17,889,320	19,063	19,730	65	7,895,616	25,225	13,077	8,800	41,006,716	23,365	1,520,190	52,252	68,473,419	36,916,295
EXPENDITURES:														
Inter Governmental:														
Community development	1,165,972	-	-	-	-	-	-	-	-	7,638,975	-	-	8,804,947	6,372,169
Current operating:														
General Government	652,024	-	-	-	-	-	-	-	-	-	-	-	652,024	368,769
Planning and Community Development	14,653	-	-	-	-	-	-	-	-	-	-	-	14,653	10,267
Parks, recreation and Cultural Development	538,053	-	-	-	-	-	-	-	-	-	-	-	538,053	8,095
Public Safety	1,154	-	-	-	-	-	-	-	-	-	-	-	1,154	1,688,566
Debt Service														
Principal	-	-	-	-	-	-	-	-	308,231	-	-	-	308,231	302,939
Interest	-	-	-	-	-	-	-	-	352,742	-	-	-	352,742	303,271
Capital outlay	35,424,774	5,122,549	5,256,161	1,572,426	6,127,132	19,124,922	1,017,187	330,292	10,157,329	-	-	4,643,923	88,776,695	107,902,071
Total Expenditures	37,796,630	5,122,549	5,256,161	1,572,426	6,127,132	19,124,922	1,017,187	330,292	10,818,302	7,638,975	-	4,643,923	99,448,499	116,956,147
Revenues Over/(Under) Expenditures	(19,907,310)	(5,103,486)	(5,236,431)	(1,572,361)	1,768,484	(19,099,697)	(1,004,110)	(321,492)	30,188,414	(7,615,610)	1,520,190	(4,591,671)	(30,975,080)	(80,039,852)
OTHER FINANCING SOURCES/(USES):														
Proceeds from lease purchase	1,435,230	-	-	-	-	-	-	-	-	-	-	-	1,435,230	4,287,958
Proceeds from sale of general obligation bonds	-	6,150,000	4,000,000	4,435,000	-	11,010,000	-	-	-	10,000,000	-	-	35,595,000	95,112,000
Proceeds from sale of revenue bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	11,940,000
Bond Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	191,710
Proceeds from sale of refunding bonds	-	6,594,592	5,287,919	959,373	-	16,345,577	1,418,341	1,213,021	-	10,066,177	-	-	41,885,000	28,124,914
Payments to refunded bond escrow agent	-	(6,967,076)	(5,584,708)	(1,021,117)	-	(17,275,838)	(1,502,773)	(1,285,058)	-	(10,713,920)	-	-	(44,350,490)	(28,694,738)
Deferred cost of refunding	-	372,484	296,789	61,744	-	930,261	84,432	72,037	-	647,743	-	-	2,465,490	569,824
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	(273,649)
Transfers in	29,280,960	-	-	-	-	-	-	-	-	-	-	-	29,280,960	26,253,873
Transfers out	-	(19,063)	(19,730)	(65)	(300,000)	(25,225)	(13,077)	(8,800)	-	(23,365)	-	(52,252)	(461,577)	(528,260)
Total Other Financing Sources/(Uses)	30,716,190	6,130,937	3,980,270	4,434,935	(300,000)	10,984,775	(13,077)	(8,800)	-	9,976,635	-	(52,252)	65,849,613	136,983,632
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	10,808,880	1,027,451	(1,256,161)	2,862,574	1,468,484	(8,114,922)	(1,017,187)	(330,292)	30,188,414	2,361,025	1,520,190	(4,643,923)	34,874,533	56,943,780
FUND BALANCE, beginning of year	46,917,046	14,841,262	12,781,034	5,961,627	12,472,846	47,466,383	4,086,111	680,329	40,673,558	17,721,560	-	16,116,072	219,717,828	162,774,048
FUND BALANCE, end of year	\$57,725,926	\$15,868,713	\$11,524,873	\$8,824,201	\$13,941,330	\$39,351,461	\$3,068,924	\$350,037	\$70,861,972	\$20,082,585	\$1,520,190	\$11,472,149	\$254,592,361	\$219,717,828



## Enterprise Funds

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

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

*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, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

A S S E T S

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2012	June 30, 2011
<b>CURRENT ASSETS:</b>						
Equity in pooled cash and investments	\$85,361,289	\$12,178,876	\$930,966	\$14,982,912	\$113,454,043	\$119,301,215
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	5,741,946	-	-	-	5,741,946	6,243,739
Estimated unbilled service charges	11,656,442	-	-	-	11,656,442	11,887,591
Other	1,849,240	46,846	-	-	1,896,086	2,330,081
Prepaid expenses	2,447,863	187,880	-	-	2,635,743	2,635,743
Inventories	1,491,041	-	-	-	1,491,041	1,402,651
<b>Total current assets</b>	<b>108,573,042</b>	<b>12,413,602</b>	<b>930,966</b>	<b>14,982,912</b>	<b>136,900,522</b>	<b>143,826,241</b>
<b>CAPITAL ASSETS:</b>						
Land	6,161,255	-	-	-	6,161,255	6,161,255
Sewer system	329,502,496	-	-	-	329,502,496	5,423,072
Water system	442,717,228	-	-	-	442,717,228	154,962,159
Equipment	1,791,312	160,224	-	2,886,726	4,838,262	4,511,710
Building	-	22,315,887	-	-	22,315,887	22,315,887
Intangible assets	33,000	-	-	787,810	820,810	636,023
Construction in progress	335,797,713	28,880	173,632	311,739	336,311,964	579,575,415
Less accumulated depreciation	(129,595,768)	(12,166,144)	-	(1,028,836)	(142,790,748)	(131,929,478)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>986,407,236</b>	<b>10,338,847</b>	<b>173,632</b>	<b>2,957,439</b>	<b>999,877,154</b>	<b>641,656,043</b>
<b>Deferred bond issuance costs</b>	<b>25,631</b>	<b>39,724</b>	<b>-</b>	<b>-</b>	<b>65,355</b>	<b>75,046</b>
<b>Total noncurrent assets</b>	<b>986,432,867</b>	<b>10,378,571</b>	<b>173,632</b>	<b>2,957,439</b>	<b>999,942,509</b>	<b>961,831,089</b>
<b>Total assets</b>	<b>\$1,095,005,909</b>	<b>\$22,792,173</b>	<b>\$1,104,598</b>	<b>\$17,940,351</b>	<b>\$1,136,843,031</b>	<b>\$1,105,657,330</b>

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

LIABILITIES AND EQUITY

	Ballston				Totals	
	Utilities	Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2012	June 30, 2011
<b>CURRENT LIABILITIES:</b>						
Payable from current assets:						
General obligation bonds payable	\$8,988,877	\$-	\$-	\$-	\$8,988,877	\$8,597,136
VRA loan payable	12,255,823	-	-	-	12,255,823	12,095,174
Interest payable	3,999,767	21,259,278	-	-	25,259,045	23,631,961
Vouchers payable	10,599,596	262,154	25,470	504,339	11,391,559	8,937,024
Contracts payable - retainage	1,365,982	-	-	-	1,365,982	1,213,264
Revenue bonds payable-current	-	500,000	-	-	500,000	500,000
Mortgage /notes payable	-	3,082,457	-	-	3,082,457	3,189,958
Capital Leases	44,461	-	-	-	44,461	58,457
Other accrued liabilities	324,127	9,716,900	-	-	10,041,027	9,299,765
Compensated absences	134,089	-	-	54,776	188,865	211,528
Total current liabilities	37,712,722	34,820,789	25,470	559,115	73,118,096	67,734,267
<b>LONG-TERM LIABILITIES:</b>						
Compensated absences	1,206,804	-	-	492,979	1,699,783	1,903,753
Revenue bonds payable	-	10,100,000	-	-	10,100,000	11,300,000
Capital Leases	173,932	-	-	-	173,932	218,393
VRA Loan payable	240,949,168	-	-	-	240,949,168	251,062,865
Mortgage payable	-	347,222	-	-	347,222	239,721
General obligation bonds payable	122,286,512	-	-	-	122,286,512	122,596,734
Total long-term liabilities	364,616,416	10,447,222	-	492,979	375,556,617	387,321,466
Total liabilities	402,329,138	45,268,011	25,470	1,052,094	448,674,713	455,055,733
<b>NET ASSETS:</b>						
Invested in capital assets, net of related deb	610,741,801	(3,690,832)	173,632	2,957,439	610,182,040	551,956,062
Unrestricted (Deficit)	81,934,970	(18,785,006)	905,496	13,930,818	77,986,278	98,645,535
Total net assets	692,676,771	(22,475,838)	1,079,128	16,888,257	688,168,318	650,601,597
Total liabilities and net assets	<u>\$1,095,005,909</u>	<u>\$22,792,173</u>	<u>\$1,104,598</u>	<u>\$17,940,351</u>	<u>\$1,136,843,031</u>	<u>\$1,105,657,330</u>

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2012	June 30, 2011
<b>OPERATING REVENUES:</b>						
Water-sewer service charges	\$86,840,829	\$-	\$-	\$-	\$86,840,829	\$81,641,099
Water-service hook-up charges	4,419,474	-	-	-	4,419,474	3,165,075
Water-service connection charges	1,527,192	-	-	-	1,527,192	1,111,726
Sewage treatment service charges	8,413,793	-	-	-	8,413,793	13,135,608
Permits and fees	-	-	-	16,501,368	16,501,368	13,310,055
Other	4,585,855	-	-	-	4,585,855	2,128,892
Parking charges	-	4,528,050	272,133	-	4,800,183	4,571,741
<b>Total Operating Revenues</b>	<b>105,787,143</b>	<b>4,528,050</b>	<b>272,133</b>	<b>16,501,368</b>	<b>127,088,694</b>	<b>119,064,196</b>
<b>OPERATING EXPENSES:</b>						
Personnel services	13,284,593	-	-	5,436,390	18,720,983	18,403,379
Fringe benefits	4,626,831	-	-	2,075,460	6,702,291	6,198,110
Contractual services	9,606,143	2,166,501	39,134	1,424,856	13,236,634	13,187,302
Purchases of water	7,837,375	-	-	-	7,837,375	7,948,980
Materials and supplies	10,117,210	329,727	11,362	184,628	10,642,927	6,902,934
Deferred rent	-	904,992	-	-	904,992	654,996
Depreciation	9,934,956	504,544	-	421,770	10,861,270	7,318,293
Amortization	(301,898)	5,297	-	-	(296,601)	5,297
Equipment (Construction Contracts)	2,026,321	-	-	404,273	2,430,594	46,634
Internal Services	-	-	-	1,651,180	1,651,180	1,813,694
Miscellaneous	5,186,318	-	-	-	5,186,318	5,488,278
<b>Total Operating Expenses</b>	<b>62,317,849</b>	<b>3,911,061</b>	<b>50,496</b>	<b>11,598,557</b>	<b>77,877,963</b>	<b>67,967,897</b>
<b>Operating Income (loss)</b>	<b>43,469,294</b>	<b>616,989</b>	<b>221,637</b>	<b>4,902,811</b>	<b>49,210,731</b>	<b>51,096,299</b>
<b>NON-OPERATING REVENUES(EXPENSES):</b>						
Interest income and other income	609,645	11,914	-	126,264	747,823	691,356
Interest expense and fiscal charges	(13,724,613)	(2,150,963)	-	-	(15,875,576)	(15,948,902)
Interest payment on capital lease	(7,865)	-	-	-	(7,865)	(9,760)
Gain (Loss) on investment	-	-	-	-	-	(1,867)
<b>Total non-operating revenues (expenses)</b>	<b>(13,122,833)</b>	<b>(2,139,049)</b>	<b>-</b>	<b>126,264</b>	<b>(15,135,618)</b>	<b>(15,269,173)</b>
<b>Net Income before contributions and transfers</b>	<b>30,346,461</b>	<b>(1,522,060)</b>	<b>221,637</b>	<b>5,029,075</b>	<b>34,075,113</b>	<b>35,827,126</b>
<b>CONTRIBUTIONS AND NET TRANSFERS</b>						
Contributions from developers and other sources	1,803,785	-	173,632	-	1,977,417	339,596
Federal & State grant	1,514,191	-	-	-	1,514,191	5,286,423
<b>Total contributions and net transfers</b>	<b>3,317,976</b>	<b>-</b>	<b>173,632</b>	<b>-</b>	<b>3,491,608</b>	<b>5,626,019</b>
<b>Change in net assets</b>	<b>33,664,437</b>	<b>(1,522,060)</b>	<b>395,269</b>	<b>5,029,075</b>	<b>37,566,721</b>	<b>41,453,145</b>
<b>Net assets, beginning of year</b>	<b>659,012,334</b>	<b>(20,953,778)</b>	<b>683,859</b>	<b>11,859,182</b>	<b>650,601,597</b>	<b>609,148,452</b>
<b>Net assets, end of year</b>	<b>\$692,676,771</b>	<b>(\$22,475,838)</b>	<b>\$1,079,128</b>	<b>\$16,888,257</b>	<b>\$688,168,318</b>	<b>\$650,601,597</b>

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2012	June 30 2011
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$106,801,529	\$4,516,870	\$272,133	\$16,501,368	\$128,091,900	\$119,020,615
Cash paid to suppliers	(32,666,892)	(2,581,494)	(35,310)	(3,182,471)	(38,466,167)	(52,867,666)
Cash paid to employees	(18,098,780)	-	-	(7,551,126)	(25,649,906)	(24,537,091)
Net cash flows from operating activities	56,035,858	1,935,376	236,823	5,767,771	63,975,828	41,615,858
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	609,645	11,914	-	126,264	747,823	691,356
Gain (loss) on investment	-	-	-	-	-	(1,867)
Net cash flows from investing activities	609,645	11,914	-	126,264	747,823	689,489
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
State grant	1,514,191	-	-	-	1,514,191	5,286,423
Transfer from other funds	-	-	173,632	-	173,632	-
Net cash flows from non-capital financing activities	1,514,191	-	173,632	-	1,687,823	5,286,423
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(8,295,238)	(1,200,000)	-	-	(9,495,238)	(8,456,950)
Proceeds from sale of general obligation bonds	7,400,000	-	-	-	7,400,000	30,150,000
Payments to bonds redeemed	(29,599,000)	-	-	-	(29,599,000)	(12,592,933)
Proceeds from sale of refunding bonds	27,615,000	-	-	-	27,615,000	12,336,832
Deferred cost of refunding	1,984,000	-	-	-	1,984,000	256,101
Bond premium	1,278,652	-	-	-	1,278,652	1,554,617
Principal payments - capital lease	(58,457)	-	-	-	(58,457)	(56,562)
Interest payments - capital lease	(7,865)	-	-	-	(7,865)	(9,760)
Payment of VRA loan	(12,095,174)	-	-	-	(12,095,174)	(9,183,930)
Proceeds of VRA loan	2,142,126	-	-	-	2,142,126	15,883,625
Interest and other loan expenses	(14,030,986)	(213,109)	-	-	(14,244,095)	(14,262,799)
Purchases of property	(46,251,773)	(67,000)	(173,632)	(686,189)	(47,178,594)	(63,699,517)
Net cash flows from capital and related financing activities	(69,918,716)	(1,480,109)	(173,632)	(686,189)	(72,258,646)	(48,081,276)
Net increase(decrease) in cash and cash equivalents	(11,759,022)	467,181	236,823	5,207,846	(5,847,172)	(489,506)
Cash and cash equivalents at beginning of year	97,120,311	11,711,695	694,143	9,775,066	119,301,215	119,790,721
Cash and cash equivalents at end of year	\$85,361,289	\$12,178,876	\$930,966	\$14,982,912	\$113,454,043	\$119,301,215
Reconciliation of operating income to net cash flow from operations:						
Operating Income	\$43,469,294	\$616,989	\$221,637	\$4,902,811	\$49,210,731	\$51,096,299
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	9,633,058	509,841	-	421,770	10,564,669	7,323,590
(Increase)Decrease in accounts receivable	1,178,116	(11,180)	-	-	1,166,936	(159,695)
(Increase)Decrease in inventories	(88,390)	-	-	-	(88,390)	(440,961)
Increase(Decrease) in vouchers payable	2,042,149	(85,266)	15,186	482,466	2,454,535	(13,645,016)
Increase(Decrease) in compensated absences	(187,356)	-	-	(39,276)	(226,632)	37,834
Increase(Decrease) in contract retainage	152,717	-	-	-	152,717	(3,209,559)
Increase(Decrease) in arbitrate rebate	-	-	-	-	-	(157,745)
Increase(Decrease) in deferred revenue	(163,730)	904,992	-	-	741,262	771,111
Net cash flows from operations	\$56,035,858	\$1,935,376	\$236,823	\$5,767,771	\$63,975,828	\$41,615,858
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$1,803,785	-	-	-	\$1,803,785	\$339,596



## 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, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

			Totals	
	Automotive Equipment	Printing	June 30, 2012	June 30, 2011
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Equity in pooled cash and investments	\$11,437,482	\$18,282	\$11,455,764	\$10,817,330
Prepaid Expenses	-	39,302	39,302	-
Accounts receivable	2,174,830	941	2,175,771	1,652,089
Inventories	599,225	50,843	650,068	725,124
Total Current Assets	14,211,537	109,368	14,320,905	13,194,543
<b>CAPITAL ASSETS:</b>				
Equipment and other capital assets	63,781,963	-	63,781,963	56,525,607
Less-allowance for depreciation	(30,229,410)	-	(30,229,410)	(28,564,145)
Net Capital Assets	33,552,553	-	33,552,553	27,961,462
Total Assets	\$47,764,090	\$109,368	\$47,873,458	\$41,156,005
<b>LIABILITIES AND NET ASSETS:</b>				
<b>CURRENT LIABILITIES:</b>				
Vouchers payable	1,481,421	119,066	1,600,487	1,208,014
Compensated absences	43,734	9,260	52,994	51,335
Obligations under capital lease	1,023,911	-	1,023,911	629,956
Deferred Revenue	2,861,645	-	2,861,645	-
Total Current Liabilities	5,410,711	128,326	5,539,037	1,889,305
<b>LONG-TERM LIABILITIES</b>				
Compensated absences	393,599	83,344	476,943	462,014
Obligations under capital lease	1,225,615	-	1,225,615	2,213,157
Total Long-Term Liabilities	1,619,214	83,344	1,702,558	2,675,171
Total liabilities	7,029,925	211,670	7,241,595	4,564,476
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	31,303,027	-	31,303,027	25,118,349
Unrestricted	9,431,138	(102,303)	9,328,836	11,473,180
Total net assets	40,734,165	(102,302)	40,631,863	36,591,529
Total Liabilities and Net Assets	\$47,764,090	\$109,368	\$47,873,458	\$41,156,005



ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

			Totals	
	Automotive Equipment	Printing	June 30, 2012	June 30, 2011
OPERATING REVENUES:				
Charges for services	<u>\$21,818,751</u>	<u>\$2,314,068</u>	<u>\$24,132,819</u>	<u>\$22,198,102</u>
OPERATING EXPENSES:				
Cost of store issuances	5,573,817	354,128	5,927,945	5,142,041
Personnel services	3,786,755	541,965	4,328,720	4,130,662
Fringe benefits	1,489,550	203,025	1,692,575	1,577,833
Material and supplies	159,804	244,659	404,463	323,359
Utilities	235,540	14,249	249,789	217,203
Operating equipment	54,127	3,500	57,627	35,478
Outside services	1,976,603	1,049,143	3,025,746	3,156,300
Depreciation	<u>4,847,878</u>	<u>-</u>	<u>4,847,878</u>	<u>4,372,782</u>
Total Operating Expenses	<u>18,124,074</u>	<u>2,410,669</u>	<u>20,534,743</u>	<u>18,955,658</u>
Operating Income (Loss)	<u>3,694,677</u>	<u>(96,601)</u>	<u>3,598,076</u>	<u>3,242,444</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest payment on capital lease	(135,238)	-	(135,238)	(121,616)
Gain/(Loss) on disposal of assets	<u>335,702</u>	<u>-</u>	<u>335,702</u>	<u>(168,757)</u>
Total Non-operating Revenues (Expenses)	<u>200,464</u>	<u>-</u>	<u>200,464</u>	<u>(290,373)</u>
Income Before Transfers	<u>3,895,141</u>	<u>(96,601)</u>	<u>3,798,540</u>	<u>2,952,071</u>
CONTRIBUTIONS AND NET TRANSFERS				
Transfers in	216,374	155,421	371,795	207,699
Transfers out	<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>	<u>(130,000)</u>
Total Operating Transfers	<u>86,374</u>	<u>155,421</u>	<u>241,795</u>	<u>77,699</u>
Change in Net Assets	3,981,515	58,820	4,040,335	3,029,770
Net Assets, beginning of year	<u>36,752,650</u>	<u>(161,122)</u>	<u>36,591,528</u>	<u>33,561,759</u>
Net Assets, end of year	<u><u>\$40,734,165</u></u>	<u><u>(\$102,302)</u></u>	<u><u>\$40,631,863</u></u>	<u><u>\$36,591,529</u></u>

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

			Totals	
	Automotive Equipment	Printing	June 30, 2012	June 30, 2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$21,294,006	\$2,308,627	\$23,602,633	\$23,053,151
Cash received from interfund charges	-	6,503	6,503	121,656
Cash paid to suppliers	(7,527,175)	(1,710,168)	(9,237,343)	(7,994,062)
Cash paid to employees	(5,258,330)	(746,376)	(6,004,706)	(5,715,482)
Net cash provided (used) by operating activities	8,508,501	(141,414)	8,367,087	9,465,263
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Payment of temporary loan	-	-	-	(127,720)
Operating transfers in	216,374	155,421	371,795	207,699
Operating transfers out	(130,000)	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	86,374	155,421	241,795	(50,022)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from capital lease	2,861,645	-	2,861,645	-
Principal payment on capital lease	(593,587)	-	(593,587)	(607,208)
Payment of interest on capital lease	(135,238)	-	(135,238)	(121,616)
Purchases of equipment	(10,711,254)	-	(10,711,254)	(6,810,338)
Removal Clearing	(17,569)	-	(17,569)	(6,783)
Proceeds from sale of equipment	625,555	-	625,555	320,241
Net cash used by capital and related financing activities	(7,970,448)	-	(7,970,448)	(7,225,704)
Net increase (decrease) in cash and cash equivalents	624,427	14,007	638,434	2,189,538
Cash and cash equivalents at beginning of year	10,813,055	4,275	10,817,330	8,627,792
Cash and cash equivalents at end of period	\$11,437,482	\$18,282	\$11,455,764	\$10,817,330
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$3,694,677	(\$96,601)	\$3,598,076	\$3,242,444
<b>Adjustments to reconcile operating income to net cash provided (used) by operating activities:</b>				
Depreciation	4,847,878	-	4,847,878	4,372,782
(Increase)Decrease in accounts receivable	(524,745)	1,062	(523,683)	976,705
(Increase)Decrease in inventories	105,481	(30,425)	75,056	54,427
(Increase)Decrease in prepaid expenses	-	(39,302)	(39,302)	-
Increase(Decrease) in vouchers payable	367,235	25,238	392,473	825,892
Increase(Decrease) in compensated absences	17,975	(1,386)	16,589	(6,987)
Net cash provided (used) by operating activities	\$8,508,501	(\$141,414)	\$8,367,087	\$9,465,263

# Fiduciary Funds

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

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

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

## **Private Purpose Trust Funds:**

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

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

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

## **Agency Funds:**

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

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

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

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

ARLINGTON COUNTY, VIRGINIA  
COMBINING STATEMENT OF NET ASSETS  
TRUST FUNDS  
JUNE 30, 2012

	Private Purpose Trust					
	Pension Trust	OPEB Trust	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trust
<b>ASSETS</b>						
Equity in pooled cash and investments	\$21,672,487	\$43,416,416	\$812,230	\$3,056,838	\$37,939	\$3,907,007
Contributions Receivable:						
Employer	1,796,191	-	-	-	-	-
Employee	431,093	-	-	-	-	-
Accrued Interest and Other Receivables	7,582,114	-	505,342	598,129	-	1,103,471
Deferred Bond Issuance Costs	-	-	-	585,923	-	585,923
Capital Assets, net	-	-	-	25,329,218	-	25,329,218
Investments, at fair value						
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	38,263,366	-	-	-	-	-
Corporate Fixed Income Obligations	152,715,658	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	328,622,581	-	-	-	-	-
Other Investments	45,769,889	-	-	-	-	-
Real Estate Funds	19,690,245	-	-	-	-	-
Pooled Equity	464,372,483	-	-	-	-	-
Pooled Fixed Income	291,147,345	-	-	-	-	-
Convertibles	147,185,000	-	-	-	-	-
Collateral on Loaned Securities (net of Allowance for Unrealized Gain \$1,295)	20,964,949	-	-	-	-	-
<b>Total assets</b>	<b>1,540,213,401</b>	<b>43,416,416</b>	<b>1,317,572</b>	<b>29,570,108</b>	<b>37,939</b>	<b>30,925,619</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	1,976,479	-	1,146,184	603,129	-	1,749,313
Bonds Payable	-	-	-	29,190,000	-	29,190,000
Obligations under Security Lending Program	20,963,654	-	-	-	-	-
<b>Total liabilities</b>	<b>22,940,133</b>	<b>-</b>	<b>1,146,184</b>	<b>29,793,129</b>	<b>-</b>	<b>30,939,313</b>
<b>NET ASSETS</b>	<b>\$1,517,273,268</b>	<b>\$43,416,416</b>	<b>\$171,388</b>	<b>(\$223,021)</b>	<b>\$37,939</b>	<b>(\$13,694)</b>

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

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS  
 TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2012

	Private Purpose Trusts			
	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trusts
<b>ADDITIONS</b>				
Contributions and Revenues				
Shared revenues	\$2,400,124	\$2,699,374	\$-	\$5,099,498
Private donations- Others	-	-	69,077	69,077
Total contributions	2,400,124	2,699,374	69,077	5,168,575
Investment earnings:				
Interest and other	2,794	-	-	2,794
Loss on sale of securities	-	-	-	-
Net change in fair value of investments	-	-	-	-
Total investment earnings	2,794	-	-	2,794
Less investment expenses	-	1,453,222	-	1,453,222
Net investment earnings	2,794	(1,453,222)	-	(1,450,428)
Total additions	2,402,918	1,246,152	69,077	3,718,147
<b>DEDUCTIONS</b>				
Administrative expenses/ other	5,325,874	850,634	92,647	6,269,155
Total deductions	5,325,874	850,634	92,647	6,269,155
Change in net assets	(2,922,956)	395,518	(23,570)	(2,551,008)
Net assets- Beginning of the year	3,094,344	(618,539)	61,509	2,537,314
Net assets- Ending of the year	\$171,388	(\$223,021)	\$37,939	(\$13,694)

ARLINGTON COUNTY, VIRGINIA  
PENSION AND OPEB TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	Pension Trust	OPEB Trust	June 30, 2012	June 30, 2011
ADDITIONS:				
Employer contributions	\$46,262,448	\$-	\$46,262,448	\$43,215,067
Member contributions	11,029,050	6,509,350	17,538,400	17,273,517
Other contributions	37,672	-	37,672	77,022
Investment income:				
Interest and dividends	38,467,987	1,089,739	39,557,726	42,054,827
Net appreciation ( depreciation) in fair value	(30,459,820)	775,730	(29,684,090)	255,216,444
Commission recapture	12,373	-	12,373	10,398
Gross income from securities lending	250,791	-	250,791	200,309
Bank fees and income/expenses from securities lending	(73,181)	-	(73,181)	(56,820)
Investment expense	(4,396,042)	-	(4,396,042)	(4,936,936)
Total Additions	<u>61,131,278</u>	<u>8,374,819</u>	<u>69,506,097</u>	<u>353,053,828</u>
DEDUCTIONS:				
Members' benefits	77,892,789	-	77,892,789	75,033,518
Refund of members' contributions	937,756	-	937,756	1,242,932
Administrative expenses	585,328	-	585,328	510,382
Other consulting expenses	261,285	12,275	273,560	260,050
Total Deductions	<u>79,677,158</u>	<u>12,275</u>	<u>79,689,433</u>	<u>77,046,882</u>
Net Increase/(Decrease)	(18,545,880)	8,362,544	(10,183,336)	276,006,946
Net Assets Held in Trust for Plan Benefits, beginning of year	<u>1,535,819,148</u>	<u>35,053,872</u>	<u>1,570,873,020</u>	<u>1,294,866,074</u>
Net Assets Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$1,517,273,268</u>	<u>\$43,416,416</u>	<u>\$1,560,689,684</u>	<u>\$1,570,873,020</u>

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF NET ASSETS  
 AGENCY FUNDS  
 JUNE 30, 2012

	Commonwealth of Virginia	Urban Area Security Initiative	Drug Task Force Grant	Other Agency Funds	Total Agency Funds
<b>ASSETS</b>					
Equity in pooled cash and investments	\$43,803	\$-	\$-	\$17,453,735	\$17,497,538
Receivable from other government	11,455	342,426	-	-	353,881
Total assets	55,258	342,426	-	17,453,735	17,851,419
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	55,258	342,426	-	17,453,735	17,851,419
Total liabilities	55,258	342,426	-	17,453,735	17,851,419
<b>NET ASSETS</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>

ARLINGTON COUNTY, VIRGINIA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b><u>Commonwealth of Virginia</u></b>				
ASSETS:				
Cash	\$66,085	\$402,624	\$424,906	\$43,803
Receivable from other government	2,760	8,695	-	11,455
Total Assets	<u>\$68,845</u>	<u>\$411,319</u>	<u>\$424,906</u>	<u>\$55,258</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$68,845</u>	<u>\$55,258</u>	<u>\$68,845</u>	<u>\$55,258</u>
Total Liabilities	<u>\$68,845</u>	<u>\$55,258</u>	<u>\$68,845</u>	<u>\$55,258</u>
<b><u>Urban Area Security Initiative</u></b>				
ASSETS:				
Cash & cash equivalents	\$14,915	\$5,314,524	\$5,329,439	\$-
Receivable from other government	2,805,228	340,344	2,803,146	342,426
Total Assets	<u>\$2,820,143</u>	<u>\$5,654,868</u>	<u>\$8,132,585</u>	<u>\$342,426</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$2,820,143</u>	<u>\$9,466</u>	<u>\$2,487,183</u>	<u>\$342,426</u>
Total Liabilities	<u>\$2,820,143</u>	<u>\$9,466</u>	<u>\$2,487,183</u>	<u>\$342,426</u>
<b><u>Drug Task Force Fund</u></b>				
ASSETS:				
Cash & cash equivalents	\$-	\$32,361	\$32,361	\$-
Receivable from other government	32,262	-	32,262	-
Total Assets	<u>\$32,262</u>	<u>\$32,361</u>	<u>\$64,623</u>	<u>\$-</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$32,262</u>	<u>\$83</u>	<u>\$32,345</u>	<u>\$-</u>
Total Liabilities	<u>\$32,262</u>	<u>\$83</u>	<u>\$32,345</u>	<u>\$-</u>
<b><u>Other Agency Fund</u></b>				
ASSETS:				
Cash & cash equivalents	<u>\$18,315,146</u>	<u>\$3,726,070</u>	<u>\$4,587,481</u>	<u>\$17,453,735</u>
Total Assets	<u>\$18,315,146</u>	<u>\$3,726,070</u>	<u>\$4,587,481</u>	<u>\$17,453,735</u>
LIABILITIES:				
Accounts payable and accrued liabilities	<u>\$18,315,146</u>	<u>\$488,217</u>	<u>\$-</u>	<u>\$17,453,735</u>
Total Liabilities	<u>\$18,315,146</u>	<u>\$488,217</u>	<u>\$-</u>	<u>\$17,453,735</u>
<b><u>Total All Agency Funds</u></b>				
ASSETS:				
Cash	\$18,396,146	\$9,475,579	\$10,374,187	\$17,497,538
Receivable from other government	2,840,250	349,039	2,835,408	353,881
Total Assets	<u>\$21,236,396</u>	<u>\$9,824,618</u>	<u>\$13,209,595</u>	<u>\$17,851,419</u>
LIABILITIES:				
Vouchers payable	<u>\$21,236,396</u>	<u>\$553,024</u>	<u>\$3,938,001</u>	<u>\$17,851,419</u>
Total Liabilities	<u>\$21,236,396</u>	<u>\$553,024</u>	<u>\$3,938,001</u>	<u>\$17,851,419</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 Cafeteria Fund* – to account for the operations of the School food services programs for student meals. Revenue is provided by fees, State financing and other miscellaneous sources to be used for School food service operations.

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA  
COMBINING BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
JUNE 30, 2012  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	Governmental Funds								Totals	
	School Operating Fund	School Cafeteria Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you go Fund)	School Debt Service Fund	School Comprehensive Services Act	June 30, 2012	June 30, 2011
<b>ASSETS</b>										
Equity in pooled cash and investments	\$29,143,763	\$1,109,266	\$-	\$-	\$79,625,532	\$-	\$-	\$-	\$109,878,561	\$100,373,945
Petty cash	200	440	375	-	-	-	-	-	1,015	1,055
Accounts receivable	918,285	282,409	21,618	4,003,662	-	362,076	-	357,506	5,945,556	6,627,956
Due from other funds	243,476	-	-	53,082	-	-	-	-	296,558	2,548,115
Due from primary government	53,121,596	-	967,222	-	-	2,507,821	-	-	56,596,639	53,311,195
Inventories	77,469	33,515	-	-	-	-	-	-	110,984	113,161
<b>Total Assets</b>	<b>\$83,504,789</b>	<b>\$1,425,630</b>	<b>\$989,215</b>	<b>\$4,056,744</b>	<b>\$79,625,532</b>	<b>\$2,869,897</b>	<b>\$-</b>	<b>\$357,506</b>	<b>\$172,829,313</b>	<b>\$162,975,427</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accrued salaries payable	\$39,586,926	\$358,268	\$626,037	\$1,153,505	\$-	\$70	\$-	\$-	\$41,724,806	\$38,182,862
Vouchers payable	5,080,369	451,566	159,794	147,936	12,223,637	544,752	-	-	18,608,054	11,220,498
Other liabilities	5,249,338	-	-	-	-	-	-	-	5,249,338	4,554,826
Deferred revenue	571,760	-	69,572	-	-	-	-	-	641,332	694,886
Due to other funds	53,082	-	-	243,476	-	-	-	-	296,558	2,548,115
Due to primary government	-	-	-	-	-	-	-	357,506	357,506	396,464
<b>Total Liabilities</b>	<b>50,541,475</b>	<b>809,834</b>	<b>855,403</b>	<b>1,544,917</b>	<b>12,223,637</b>	<b>544,822</b>	<b>-</b>	<b>357,506</b>	<b>66,877,594</b>	<b>57,597,651</b>
<b>FUND EQUITY AND OTHER CREDITS</b>										
<u>Restricted for:</u>										
Capital projects	-	-	-	-	47,055,029	-	-	-	47,055,029	52,726,465
Grants	-	-	-	2,109,001	-	-	-	-	2,109,001	2,077,853
<u>Committed to:</u>										
Incomplete projects	3,576,075	202,535	133,812	402,826	20,346,866	2,325,075	-	-	26,987,189	18,077,449
Next years' School budget	7,975,000	-	-	-	-	-	-	-	7,975,000	6,545,000
<u>Assigned to:</u>										
Operating reserve	2,000,000	413,261	-	-	-	-	-	-	2,413,261	2,363,770
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000
Subsequent years' debt service	5,025,000	-	-	-	-	-	-	-	5,025,000	7,000,000
Health insurance reserve	1,000,000	-	-	-	-	-	-	-	1,000,000	-
General reserve	4,000,000	-	-	-	-	-	-	-	4,000,000	3,000,000
VRS reserve	7,387,239	-	-	-	-	-	-	-	7,387,239	11,587,239
<b>Total Fund Equity and Other Credits</b>	<b>32,963,314</b>	<b>615,796</b>	<b>133,812</b>	<b>2,511,827</b>	<b>67,401,895</b>	<b>2,325,075</b>	<b>-</b>	<b>-</b>	<b>105,951,719</b>	<b>105,377,776</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$83,504,789</b>	<b>\$1,425,630</b>	<b>\$989,215</b>	<b>\$4,056,744</b>	<b>\$79,625,532</b>	<b>\$2,869,897</b>	<b>\$-</b>	<b>\$357,506</b>	<b>\$172,829,313</b>	<b>\$162,975,427</b>

ARLINGTON COUNTY, VIRGINIA  
 Reconciliation of the Fund Balances of Component Unit - Schools  
 to Net Assets of Component Unit - Schools  
 JUNE 30, 2012

Total-component unit-Schools fund balances	\$105,951,719
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	469,566,620
OPEB liabilities are not due and payable in the current period and are not reported in the funds	(15,559,178)
Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	(37,197,622)
Net assets of component unit-Schools	\$522,761,539

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, 2012  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2011)

	Governmental Funds								Totals	
	School Operating Fund	School Cafeteria Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you- go) Fund	School Debt Service Fund	School Comprehensive Services Act	June 30, 2012	June 30, 2011
REVENUES:										
Sales tax	\$17,782,467	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$17,782,467	\$17,134,732
State/local government	28,263,194	78,255	-	3,117,177	-	-	-	1,939,734	33,398,360	31,474,842
Federal	-	3,958,650	-	10,742,501	-	-	-	-	14,701,151	18,367,298
Charges for services	2,262,589	3,341,200	7,812,510	3,349,802	-	-	-	-	16,766,101	20,350,417
Use of money and property	15,449	-	-	-	33,295	-	-	-	48,744	159,387
Total revenues	48,323,699	7,378,105	7,812,510	17,209,480	33,295	-	-	1,939,734	82,696,823	87,486,676
EXPENDITURES:										
Current -										
Community Activities	-	-	14,304,086	-	-	-	-	-	14,304,086	13,493,101
Education	365,411,219	7,219,754	-	16,897,948	-	-	-	4,303,336	393,832,257	363,204,699
Capital projects	-	-	-	-	62,807,153	7,737,413	-	-	70,544,566	32,577,363
Debt service -										
Principal	-	-	-	-	-	-	23,129,716	-	23,129,716	21,637,744
Interest	-	-	-	-	-	-	11,696,591	-	11,696,591	11,600,309
Total expenditures	365,411,219	7,219,754	14,304,086	16,897,948	62,807,153	7,737,413	34,826,307	4,303,336	513,507,216	442,513,216
Excess (deficiency) of revenues over expenditures	(317,087,520)	158,351	(6,491,576)	311,532	(62,773,858)	(7,737,413)	(34,826,307)	(2,363,602)	(430,810,393)	(355,026,540)
Other financing sources(uses):										
Transfers in	317,025,006	-	6,550,552	-	-	(2,267,054)	34,826,307	2,363,602	358,498,413	364,733,168
Transfers out	(4,533,078)	-	-	-	(33,295)	-	-	-	(4,566,373)	(7,013,954)
Proceeds of refunding bonds	-	-	-	-	-	-	-	-	-	25,408,254
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	(26,227,329)
Deferred cost of refunding	-	-	-	-	-	-	-	-	-	819,075
Interfund transfers	1,000,000	-	-	-	-	(1,000,000)	-	-	-	-
Bond proceeds	-	-	-	-	65,145,000	10,934,696	-	-	76,079,696	78,543,000
Proceeds from leases	1,372,600	-	-	-	-	-	-	-	1,372,600	367,766
Total other financing sources(uses)	314,864,528	-	6,550,552	-	\$65,111,705	7,667,642	34,826,307	2,363,602	431,384,336	436,629,980
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(2,222,992)	158,351	58,976	311,532	2,337,847	(69,771)	-	-	573,943	81,603,440
FUND BALANCES, beginning of year	35,186,306	457,445	74,836	2,200,295	65,064,048	2,394,846	-	-	105,377,776	23,774,336
FUND BALANCES, end of year	\$32,963,314	\$615,796	\$133,812	\$2,511,827	\$67,401,895	\$2,325,075	\$-	\$-	\$105,951,719	\$105,377,776

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, 2012

Net change in fund balances - component unit-Schools	\$573,943
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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	76,000,586	
Less Depreciation expense	<u>(16,167,253)</u>	59,833,333

Lease proceeds provide current financial resources to the governmental funds, but capital leases increases long-term liabilities in the Statement of Net Assets. Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Assets.

Add: Repayment of capital leases	2,240,347	
Less Proceeds from capital leases	<u>(1,372,600)</u>	867,747

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

651,376

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

877,324

Change in net assets of component unit-Schools	<u><u>\$62,803,723</u></u>
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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, 2012

	School Operating Fund			School Cafeteria Fund			School Community Activities Fund		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:									
Sales tax	\$17,764,602	\$17,782,467	\$17,865	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	28,481,687	28,263,194	(218,493)	75,886	78,255	2,369	-	-	-
Federal	-	-	-	3,455,173	3,958,650	503,477	-	-	-
Charges for services	2,194,692	2,262,589	67,897	2,981,449	3,341,200	359,751	7,966,568	7,812,510	(154,058)
Use of money and property	-	15,449	15,449	-	-	-	-	-	-
Total revenues	48,440,981	48,323,699	(117,282)	6,512,508	7,378,105	865,597	7,966,568	7,812,510	(154,058)
EXPENDITURES:									
Education	389,674,184	365,411,219	24,262,965	6,606,183	7,219,754	(613,571)	-	-	-
Community Activities	-	-	-	-	-	-	15,449,527	14,304,086	1,145,441
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	389,674,184	365,411,219	24,262,965	6,606,183	7,219,754	(613,571)	15,449,527	14,304,086	1,145,441
Excess (deficiency) of revenues over expenditures	(341,233,203)	(317,087,520)	24,145,683	(93,675)	158,351	252,026	(7,482,959)	(6,491,576)	991,383
Other financing sources(uses):									
Transfers in	331,634,136	317,025,006	(14,609,130)	-	-	-	7,408,123	6,550,552	(857,571)
Transfers out	-	(4,533,078)	(4,533,078)	-	-	-	-	-	-
Interfund transfers	1,000,000	1,000,000	-	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	1,372,600	1,372,600	-	-	-	-	-	-
Total other financing sources(uses)	332,634,136	314,864,528	(17,769,608)	-	-	-	7,408,123	6,550,552	(857,571)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(8,599,067)	(2,222,992)	6,376,075	(93,675)	158,351	252,026	(74,836)	58,976	133,812
FUND BALANCES, beginning of year	35,186,306	35,186,306	-	457,445	457,445	-	74,836	74,836	-
FUND BALANCES, end of year	\$26,587,239	\$32,963,314	\$6,376,075	\$363,770	\$615,796	\$252,026	\$-	\$133,812	\$133,812

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, 2012

	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	2,798,292	3,117,177	318,885	-	-	-	-	-	-
Federal	11,877,597	10,742,501	(1,135,096)	-	-	-	-	-	-
Charges for services	4,646,681	3,349,802	(1,296,879)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	33,295	33,295
Total revenues	19,322,570	17,209,480	(2,113,090)	-	-	-	-	33,295	33,295
EXPENDITURES:									
Education	21,522,865	16,897,948	4,624,917	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	130,209,048	62,807,153	67,401,895
Debt service:									
Principal retirement	-	-	-	25,348,992	23,129,716	2,219,276	-	-	-
Interest and fiscal charges	-	-	-	12,913,655	11,696,591	1,217,064	-	-	-
Total expenditures	21,522,865	16,897,948	4,624,917	38,262,647	34,826,307	3,436,340	130,209,048	62,807,153	67,401,895
Excess (deficiency) of revenues over expenditures	(2,200,295)	311,532	2,511,827	(38,262,647)	(34,826,307)	3,436,340	(130,209,048)	(62,773,858)	(67,368,600)
Other financing sources(uses):									
Transfers in	-	-	-	38,262,647	34,826,307	(3,436,340)	-	-	-
Transfers out	-	-	-	-	-	-	-	(33,295)	(33,295)
Interfund transfers	-	-	-	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	76,079,696	76,079,696	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	-	-	-	38,262,647	34,826,307	(3,436,340)	76,079,696	76,046,401	(33,295)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(2,200,295)	311,532	2,511,827	-	-	-	(54,129,352)	13,272,543	(67,401,895)
FUND BALANCES, beginning of year	2,200,295	2,200,295	-	-	-	-	65,064,048	65,064,048	-
FUND BALANCES, end of year	\$-	\$2,511,827	\$2,511,827	\$-	\$-	\$-	\$-	\$78,336,591	(\$67,401,895)

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, 2012

	School Capital Projects (Pay-as-you-go) Fund			School Comprehensive Services Act			Totals		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:									
Sales tax	\$-	\$-	\$-	\$-	\$-	\$-	\$17,764,602	\$17,782,467	\$17,865
Intergovernmental									
State	-	-	-	1,342,500	1,939,734	597,234	32,698,365	33,398,360	699,995
Federal	-	-	-	-	-	-	15,332,770	14,701,151	(631,619)
Charges for services	-	-	-	-	-	-	17,789,390	16,766,101	(1,023,289)
Use of money and property	-	-	-	-	-	-	-	48,744	48,744
Total revenues	-	-	-	1,342,500	1,939,734	597,234	83,585,127	82,696,823	(888,304)
EXPENDITURES:									
Education	-	-	-	3,650,000	4,303,336	(653,336)	421,453,232	393,832,257	27,620,975
Community Activities	-	-	-	-	-	-	15,449,527	14,304,086	1,145,441
Capital projects	32,624,034	7,737,413	24,886,621	-	-	-	162,833,082	70,544,566	92,288,516
Debt service:									
Principal retirement	-	-	-	-	-	-	25,348,992	23,129,716	2,219,276
Interest and fiscal charges	-	-	-	-	-	-	12,913,655	11,696,591	1,217,064
Total expenditures	32,624,034	7,737,413	24,886,621	3,650,000	4,303,336	(653,336)	637,998,488	513,507,216	124,491,272
Excess (deficiency) of revenues over expenditures	(32,624,034)	(7,737,413)	24,886,621	(2,307,500)	(2,363,602)	(56,102)	(554,413,361)	(430,810,393)	123,602,968
Other financing sources(uses):									
Transfers in	31,229,188	(2,267,054)	(33,496,242)	2,307,500	2,363,602	56,102	410,841,594	358,498,413	(52,343,181)
Transfers out	-	-	-	-	-	-	-	(4,566,373)	(4,566,373)
Interfund transfers	(1,000,000)	(1,000,000)	-	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	\$76,079,696	76,079,696	-
Proceeds from capital lease	-	-	-	-	-	-	-	1,372,600	1,372,600
Total other financing sources(uses)	30,229,188	(3,267,054)	(33,496,242)	2,307,500	2,363,602	56,102	486,921,290	431,384,336	(55,536,954)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(2,394,846)	(11,004,467)	(8,609,621)	-	-	-	(67,492,071)	573,943	68,066,014
FUND BALANCES, beginning of year	2,394,846	2,394,846	-	-	-	-	105,377,776	105,377,776	-
FUND BALANCES, end of year	\$-	(\$8,609,621)	(\$8,609,621)	\$-	\$-	\$-	\$37,885,705	\$105,951,719	\$68,066,014



## EXHIBIT G-4

ARLINGTON COUNTY, VIRGINIA  
 OPEB TRUST FUND - SCHOOLS  
 BALANCE SHEET  
 JUNE 30, 2012  
 (WITH COMPARATIVE TOTALS FOR 2011)

ASSETS	2012	2011
Cash and Investments	<u>\$19,980,772</u>	<u>\$14,512,430</u>
Total Assets	<u>19,980,772</u>	<u>14,512,430</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS	<u><u>\$19,980,772</u></u>	<u><u>\$14,512,430</u></u>

## EXHIBIT G-5

ARLINGTON COUNTY, VIRGINIA  
 OPEB TRUST FUND - SCHOOLS  
 STATEMENT OF CHANGES IN PLAN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2012  
 (WITH COMPARATIVE TOTALS FOR 2011)

	<u>2012</u>	<u>2011</u>
ADDITIONS:		
Employer contributions	\$4,533,078	\$6,914,239
Investment Income:		
Interest and dividends	485,773	261,037
Net Appreciation (depreciation) in fair value	<u>449,491</u>	<u>1,055,256</u>
Total Additions	5,468,342	8,230,532
DEDUCTIONS:	<u>-</u>	<u>-</u>
Net Increase	5,468,342	8,230,532
Net Assets Held in Trust for Plan Benefits, beginning of year	<u>14,512,430</u>	<u>6,281,898</u>
Net Assets Held in Trust for Plan Benefits, end of year:		
Undesignated	<u><u>\$19,980,772</u></u>	<u><u>\$14,512,430</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, 2012

	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	\$213,295,354	\$8,212,837	\$237,296,569	\$119,301,215	\$10,789,067	\$25,641,248	\$100,373,945	\$714,910,235
Receipts (net):								
Taxes	854,451,758	7,169,816	33,248,983	-	-	-	17,782,467	912,653,024
Licenses and permits	10,606,117	-	-	-	-	-	-	10,606,117
Fines and forfeitures	10,641,659	-	-	-	-	-	-	10,641,659
Revenue from use of money and property	5,278,004	4,274	161,577	747,823	-	-	48,744	6,240,422
Charges for services	50,988,159	-	1,357,864	127,088,694	24,132,819	2,556,801	16,766,101	222,890,438
Miscellaneous	17,087,853	-	1,336,385	1,977,417	-	4,090,213	-	24,491,868
Intergovernmental	88,474,326	17,803,049	32,368,610	1,514,191	-	7,475,731	48,099,511	195,735,418
Proceeds from indebtedness	-	-	(7,320,260)	37,157,126	-	-	-	29,836,866
Proceeds from sale of assets	-	-	-	-	607,986	-	1,372,600	1,980,586
Total Receipts	1,037,527,876	24,977,139	61,153,159	168,485,251	24,740,805	14,122,745	84,069,423	1,415,076,398
Total Receipts and Balance	1,250,823,230	33,189,976	298,449,728	287,786,466	35,529,872	39,763,993	184,443,368	2,129,986,633
Disbursements (net):								
Warrants(checks)issued	551,740,041	23,527,370	57,558,110	108,840,800	23,689,599	18,587,921	393,670,540	1,177,614,381
Retirement of indebtedness	35,851,815	-	-	51,247,870	593,587	-	23,129,716	110,822,988
Interest and other debt costs	17,929,588	-	-	14,244,095	135,238	-	11,696,591	44,005,512
Total Disbursements	605,521,444	23,527,370	57,558,110	174,332,765	24,418,424	18,587,921	428,496,847	1,332,442,881
Interfund Transfers:								
Transfers in	975,834	747,000	29,280,960	-	371,795	-	358,498,413	389,874,002
Transfers out	(388,553,047)	(66,461)	(461,577)	-	(130,000)	-	(4,566,373)	(393,777,458)
BALANCE, end of year	\$257,724,573	\$10,343,145	\$269,711,001	\$113,453,701	\$11,353,243	\$21,176,072	\$109,878,561	\$793,640,296

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY  
ADJUSTED CASH IN BANKS  
JUNE 30, 2012

Assets held by the Treasurer

Cash on hand	<u>\$15,000</u>
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Cash in banks:

Checking

Sandy Spring	500
John Marshall	16,415
Wells Fargo	139,534,427
SunTrust	94,935
Citibank	1,010,823
Bank of America	101,970
United Bank	61,788
PNC Bank	22,470
Virginia Commerce Bank	807,853
Total Checking Account	<u>141,651,181</u>

Savings :

Wells Fargo	6,889
Virginia Commerce Bank	10,750,142
Total Savings Account	<u>10,757,031</u>

Certificates of Deposit :

Bank of Georgetown	5,178,605
John Marshall	8,067,310
Total Certificates of Deposit	<u>13,245,915</u>

Held with Trustee :

Corporate Notes	156,729,331
Commercial Paper	39,836,331
Federal Agency Bonds/ Notes	58,364,573
Municipal Investments	11,501,033
Total Held with Trustee	<u>266,431,268</u>

State Treasurer's Local Government Investment Pool	842,553
Chain Bridge Money Market	1,016,220
John Marshall Money Market	22,250,787
Bank of Georgetown Money Market	9,238,877
State Non Arbitrage Investment Program (SNAP)	288,172,308

Total Cash and Investments held by the Treasurer	<u>753,621,140</u>
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Cash and Investments with Trustees :

US Bank, Ballston Garage Accounts	15,033,378
SunTrust, Ballston Parking Garage	114,765
LGIP Solid Waste	1,147,189
Mellon- IDA Ballston Skating Facility	3,230,470
U.S. Bank-IDA Lease Revenue Bonds (County)	8,596,733
Mellon- IDA Lease Revenue Bonds (Capital)	11,896,621

Total Cash and Investments with Trustee	<u>40,019,156</u>
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Total Cash & Investment Balances, June 30, 2012	<u><u>\$793,640,296</u></u>
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ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY  
CASH IN BANKS  
JUNE 30, 2012

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
Sandy Spring	500
John Marshall	16,415
Wells Fargo	147,306,773
SunTrust	96,087
Citibank	1,010,823
Bank of America	101,970
United Bank	61,788
PNC Bank	22,469
Virginia Commerce Bank	793,751
Total Checking Account	<u>149,410,576</u>
Savings:	
Wells Fargo	6,889
Virginia Commerce Bank	10,750,142
Total Savings Account	<u>10,757,031</u>
Certificates of Deposit:	
Bank of Georgetown	5,178,605
John Marshall	8,067,310
Total Certificates of Deposit	<u>13,245,915</u>
Held with Trustee:	
Corporate Notes	156,729,331
Commercial Paper	39,836,331
Federal Agency Bonds/ Notes	58,364,573
Municipal Investments	11,501,033
Total Held with Trustee	<u>266,431,268</u>
State Treasurer's Local Government Investment Pool	842,553
Chain Bridge Money Market	1,016,220
John Marshall Money Market	22,250,787
Bank of Georgetown Money Market	9,238,877
State Non Arbitrage Investment Program (SNAP)	288,172,308
Total Cash and Investments held by the Treasurer	<u>761,380,535</u>
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	15,033,378
SunTrust, (Ballston Parking Garage)	100,713
LGIP Solid Waste	1,147,189
Mellon- IDA Ballston Skating Facility	3,230,470
U.S. Bank - IDA Lease Revenue Bonds (County)	8,596,733
Mellon- IDA Lease Revenue Bonds (Capital)	11,896,621
Total Cash and Investments with Trustee	<u>40,005,104</u>
Total Cash & Investment Balances, June 30, 2012	<u><u>\$801,385,639</u></u>

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2012

	Interest Rate	Maturity Date	Market Value
<b>Certificate of Deposit</b>			
BANK OF GEORGETOWN	1.00%	09/14/2012	\$5,178,605
JOHN MARSHALL BANK	0.80%	10/25/2012	5,000,000
JOHN MARSHALL BANK	0.70%	12/13/2012	3,067,310
Total Certificates of Deposits			<b>13,245,915</b>
<b>Corporate Notes</b>			
RABOBANK NEDERLAND GLOBAL	2.650%	08/17/2012	4,734,450
SVENSKA HANDELSBANKEN	2.875%	09/14/2012	1,933,027
SVENSKA HANDELSBANKEN	2.875%	09/14/2012	1,004,170
SVENSKA HANDELSBANKEN	1.474%	09/14/2012	2,502,850
WELLS FARGO & CO	5.250%	10/23/2012	5,071,850
NORDEA BANK	2.500%	11/13/2012	503,200
NORDEA BANK	2.500%	11/13/2012	432,752
WESTPAC BANKING CORPORATION		11/19/2012	3,020,010
NORDEA BANK	5.250%	11/30/2012	2,030,380
HSBC HOLDINGS PLC NOTE	5.250%	12/12/2012	3,558,015
ANZ NATL INTL	2.375%	12/21/2012	5,033,800
ANZ NATL INTL	2.375%	12/21/2012	5,033,800
ANZ NATL INTL	2.375%	12/21/2012	5,033,800
BNP PARIBAS	2.125%	12/21/2012	1,918,901
WESTPAC SEC	2.625%	01/28/2013	5,056,300
BNP PARIBAS NY	1.137%	03/04/2013	2,986,740
DEXIA CREDIT LOCAL SA NY	2.000%	03/05/2013	995,570
COMMONWEALTH BANK	3.000%	09/20/2013	1,965,898
NORDEA BANK	1.367%	01/14/2014	2,000,220
COMMONWEALTH BK AUSTRALIA N Y	1.716%	01/17/2014	4,055,040
HSBC BANK BOND	1.625%	07/07/2014	4,032,320
BARCLAYS BANK PLC	2.000%	09/29/2014	4,953,500
JP MORGAN CHASE	1.500%	12/01/2014	2,997,990
UBS AG	1.875%	01/23/2015	4,040,000
BARCLAYS BANK	3.000%	01/30/2015	485,280
CREDIT SUISSE	1.625%	03/06/2015	4,014,120
BARCLAYS BANK	2.250%	03/16/2015	4,965,000
COMMONWEALTH BK AUSTRALIA	1.950%	03/16/2015	4,025,800
NORDEA BANK	2.250%	03/20/2015	5,519,855
GENERAL ELEC CAP CORP	1.200%	04/13/2015	7,935,680
COMMONWEALTH BANK AUST	1.250%	05/21/2015	3,001,458
ANZ NATL	3.125%	08/10/2015	693,036
ANZ NATL	3.125%	08/10/2015	5,133,600
NATIONAL AUSTRALIA BANK	2.750%	09/28/2015	1,527,060
DNB NOR BOLIGKREDITTAS	2.100%	10/14/2015	4,072,520
ROYAL BANK OF SCOTLAND	4.250%	11/12/2015	2,275,344
BARCLAY'S BANK	3.000%	12/18/2015	7,912,320
BARCLAYS BANK	3.250%	07/15/2016	1,965,380
JP MORGAN CHASE	3.125%	11/15/2016	5,000,000
BARCLAYS BANK PLC	3.500%	11/29/2016	4,813,850
BARCLAYS BANK	2.000%	03/09/2017	4,963,900
UBS AG LONDON	2.250%	03/30/2017	5,015,350
COMMONWEALTH BANK AUST	1.711%	03/31/2017	1,498,635
BARCLAYS BANK PLC	3.187%	04/12/2017	5,033,300
GENERAL ELEC CAP CORP	1.500%	05/30/2017	1,983,260
Total Corporate Bonds			<b>156,729,331</b>

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2012

	Interest Rate	Maturity Date	Market Value
<b>Commercial Paper</b>			
ABBEY NATIONAL	0.00%	07/30/2012	4,983,542
ABBEY NATIONAL	0.00%	08/20/2012	4,977,750
ABBEY NATIONAL NA LLC	0.00%	11/02/2012	4,983,247
KOOKMIN BANK NY	0.00%	11/26/2012	4,984,271
KOOKMIN BANK NY	0.00%	12/07/2012	4,976,875
KOREA DEV BK NY	0.00%	12/28/2012	4,980,104
PIPER JAFFRAY	0.00%	01/02/2013	4,952,392
BANCO ESTADO CHILE / NY	0.75%	01/04/2013	4,998,150
Total Commercial Paper			<b>39,836,331</b>
<b>Government Agency Bonds</b>			
FEDERAL NATIONAL MTG ASSN	0.50%	06/12/2015	2,000,120
FEDERAL HOME LOAN BANK	5.63%	06/13/2016	24,223,920
FEDERAL HOME LOAN BANK	1.10%	11/29/2016	5,000,300
FEDERAL NATIONAL MTG ASSN	1.30%	01/30/2017	125,573
FEDERAL HOME LOAN MTG CORP	1.00%	02/27/2017	3,026,820
FEDERAL HOME LOAN BANK	1.24%	03/07/2017	2,002,760
FEDERAL FARM CREDIT BANK	1.15%	05/15/2017	2,001,180
FEDERAL HOME LOAN BANK	1.10%	06/06/2017	9,979,100
FEDERAL HOME LOAN BANK	0.50%	06/07/2017	10,004,800
Total Government Agency Bonds			<b>58,364,573</b>
<b>Municipal Obligations</b>			
VIRGINIA STATE HOUSING DEVELOPMENT	0.40%	09/01/2012	835,276
FLORIDA HURRICANE CATASTROPHE FUND	1.02%	10/15/2012	2,000,500
SUFFOLK CNTY N Y	4.25%	11/01/2012	404,572
OYSTER BAY N Y	2.00%	11/16/2012	502,955
NEW YORK NY	5.25%	07/01/2013	220,000
PRINCE WILLIAM COUNTY - VA	0.27%	08/01/2013	385,166
NEW HANOVER NC LTD	4.00%	12/01/2013	104,951
VIRGINIA BEACH VA DEV AUTH	1.10%	12/01/2013	1,380,706
HENRICO CNTY VA WTR & SWR REVENUE	2.25%	05/01/2014	51,687
PRINCE WILLIAM COUNTY - VA	0.42%	08/01/2014	391,045
VIRGINIA STATE HOUSING DEVELOPMENT	1.10%	09/01/2014	272,306
PRINCE WILLIAM COUNTY - VA	0.53%	08/01/2015	1,473,497
MAINE ST MUNI BOND BANK	1.17%	11/01/2015	249,675
FOREST CITY SOUTHERN GROUP	3.19%	04/01/2016	1,003,720
FOREST CITY SOUTHERN GROUP	3.19%	04/01/2016	1,003,720
LA CROSSE WI	2.00%	12/01/2016	219,521
CHESTERFIELD COUNTY VA	2.98%	01/01/2017	446,023
HONOLULU CITY	5.42%	04/01/2017	355,713
CHESTERFIELD COUNTY VA	0.36%	08/01/2024	100,000
CHESTERFIELD COUNTY VA	0.36%	08/01/2024	100,000
Total Municipal Obligations			<b>11,501,033</b>
<b>Money Market Funds</b>			
SANDY SPRINGS BANK	0.25%		1,016,220
BANK OF GEORGETOWN	0.80%		9,238,877
JOHN MARSHALL BANK	0.75%		22,250,787
Total Money Market Funds			<b>32,505,884</b>
<b>Virginia State Non-Arbitrage Program (SNAP)</b>			288,172,308
<b>State Treasurer's Local Government Investment Pool</b>			842,553
<b>TOTAL SECURITIES</b>			<b>\$601,197,928</b>



ARLINGTON COUNTY, VIRGINIA  
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			Bonds Outstanding: (Relates to total amount authorized and sold)	Payments: (Relates to total amount authorized and sold)	
	Amount Authorized and Sold	Date of Bonds	Interest Rate - %	Principal	Annual Amount
					Maturity Date
<b>General Obligation Debt: Serviced by General Fund:</b>					
G.O. Public Improvement (\$75,000,000)		05/14/03			
Local & Regional Parks	\$17,768,000		5.00	\$1,755,000	1,755,000
Street, Highway	7,182,000				01/15/13
Higher Education/University	281,000			<u>\$1,755,000</u>	
Central Library	880,388				
Fire Station	1,000,000				
Metrorail	15,210				
Community Conservation	6,355,000				
General Capital Projects	118,402				
	<u>\$33,600,000</u>				
G.O. Public Improvement Refunding (\$65,775,000)		05/14/03			
Street & Highway	\$3,223,616		5.00	\$1,357,105	1,357,105
Community Conservation	1,746,416				05/15/13
Higher Education	562,909			<u>\$1,357,105</u>	
Parks & Recreation	3,648,420				
Libraries	522,701				
Jail	4,573,199				
Metrorail	3,204,385				
	<u>\$17,481,646</u>				
G.O. Public Improvement (\$60,070,000)		05/15/04			
Fire Station	\$2,760,000		5.00	\$3,350,000	1,675,000
Higher Education	3,000,000				05/15/13-14
Community Conservation	3,010,000			<u>\$3,350,000</u>	
Parks and Recreation	12,267,000				
Metrorail	11,033,000				
	<u>\$32,070,000</u>				
G.O. Public Improvement Refunding (\$81,005,000)		5/15/04			
Street & Highway	\$14,619,000		5.00	\$4,210,567	4,210,567
Neighborhood Conservation	9,027,730		5.00	4,209,126	11/1/12
Libraries	1,056,200		5.00	5,278,940	11/1/13
Fire Station	282,150		3.80	5,242,418	11/1/14
Higher Education	113,500		3.90	5,175,718	11/1/15
Parks and Recreation	15,694,000		4.00	1,834,330	11/1/16
Metrorail	3,696,802		4.10	1,797,825	11/1/17
	<u>\$44,489,382</u>			<u>\$27,748,924</u>	11/1/18
G.O. Public Improvement (\$94,525,000)		05/19/05			
Parks and Recreation	\$29,810,850		5.00	\$8,190,000	2,730,000
Neighborhood Conservation	13,030,962				5/15/13-15
Higher Education	1,000,000			<u>\$8,190,000</u>	
Fire Station	2,935,000				
Metrorail	5,518,188				
	<u>\$52,295,000</u>				
G.O. Public Improvement (\$61,335,000)		3/21/06			
Street & Highway	\$9,251,218		5.00	\$13,740,000	2,290,000
Parks and Recreation	13,600,000		5.00	4,580,000	8/1/12-17
Neighborhood Conservation	5,690,578		4.20	595,000	2,290,000
Fire Station	6,690,455		4.20	1,375,000	8/1/20-21
Metrorail	8,602,749		4.20	1,095,000	595,000
	<u>\$43,835,000</u>		4.25	4,570,000	1,375,000
					1,095,000
					08/01/22
					08/01/23
					08/01/24
					08/01/25
					08/01/26

ARLINGTON COUNTY, VIRGINIA  
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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
Street & Highway	\$6,167,233		4.00	\$855,900	855,900	08/01/12
Neighborhood Conservation	4,964,155		5.00	855,385	855,385	08/01/13
Parks and Recreation	17,209,390		5.00	3,419,214	3,419,214	08/01/14
Libraries	1,920,866		5.00	5,112,625	5,112,625	08/01/15
Higher Education	2,028,391		5.00	5,119,616	5,119,616	08/01/16
Fire Station	2,638,292		5.00	3,050,565	3,050,565	08/01/17
Metrorail	12,758,305		5.00	4,280,264	4,280,264	08/01/18
	<u>\$47,686,632</u>		4.00	5,952,377	5,952,377	08/01/19
			5.00	3,745,552	3,745,552	08/01/20
			5.00	917,609	917,609	08/01/21
			4.20	1,621,064	1,621,064	08/01/22
				<u><b>\$34,930,171</b></u>		
G.O. Public Improvement (\$117,360,000)		6/6/07				
Street & Highway	\$12,530,000		5.00	\$1,730,000	1,730,000	03/15/13
Neighborhood Conservation	4,000,000		4.00	1,730,000	1,730,000	03/15/14
Government Facility Bond	2,200,000		5.00	3,460,000	1,730,000	3/15/15-16
Parks and Recreation	14,500,000		4.25	1,730,000	1,730,000	03/15/27
	<u>\$33,230,000</u>					
				<u><b>\$8,650,000</b></u>		
G.O. Public Improvement (\$111,185,000)		6/18/08				
Street & Highway	\$9,000,572		3.25	\$1,704,000	1,704,000	01/15/13
Neighborhood Conservation	2,019,854		5.00	6,816,000	1,704,000	01/15/14-17
Parks and Recreation	6,700,000		4.125	1,703,000	1,703,000	01/15/26
Library	6,000,000		4.25	3,406,000	1,703,000	01/15/27-28
Metro	8,980,574					
	<u>\$32,701,000</u>			<u><b>\$13,629,000</b></u>		
G.O. Public Improvement (\$39,217,322)		8/15/09				
Neighborhood Conservation	\$4,817,322		2.25	\$775,000	775,000	08/15/12
Parks and Recreation	2,050,000		3.00	775,000	775,000	08/15/13
Metro	8,000,000		2.25	775,000	775,000	08/15/14
	<u>\$14,867,322</u>		5.00	775,000	775,000	08/15/15
			4.00	775,000	775,000	08/15/16
			5.00	775,000	775,000	08/15/17
			3.00	595,312	595,312	08/15/18
			3.125	775,000	775,000	08/15/20
			3.625	775,000	775,000	08/15/24
			5.00	775,000	775,000	08/15/27
			4.00	770,000	770,000	08/15/28
			4.00	770,000	770,000	08/15/29
				<u><b>\$9,110,312</b></u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Street & Highway	\$9,122,919		2.25	\$5,865,496	5,865,496	08/15/12
Neighborhood Conservation	2,195,414		3.00	4,525,801	4,525,801	08/15/13
Parks and Recreation	10,465,543		2.25	1,597,871	1,597,871	08/15/14
Fire	1,575,576		4.00	2,797,477	2,797,477	08/15/16
Library	145,744		5.00	2,794,665	2,794,665	08/15/17
Metro	4,401,924		3.00	2,783,419	2,783,419	08/15/18
	<u>\$27,907,120</u>			<u><b>\$20,364,729</b></u>		

ARLINGTON COUNTY, VIRGINIA  
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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$65,650,000)		8/15/10				
Street & Highway	\$5,519,144		2.00	\$948,465	948,465	08/01/12
Neighborhood Conservation	2,769,159		3.00	3,556,317	3,556,317	08/01/13
Government Facility Bond	653,173		4.00	2,863,081	2,863,081	08/01/14
Parks and Recreation	10,466,863		4.00	4,240,576	4,240,576	08/01/15
Fire	1,686,726		5.00	1,514,633	1,514,633	08/01/16
Library	1,130,373		5.00	3,480,479	3,480,479	08/01/17
Metro	4,934,823		5.00	4,666,617	4,666,617	08/01/18
	<u>\$27,160,261</u>		5.00	1,694,502	1,694,502	08/01/19
				1,695,616	1,695,616	08/01/20
				<u>\$24,660,286</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Street & Highway	\$7,150,000		3.00	\$1,020,000	1,020,000	08/15/12
Neighborhood Conservation	6,900,000		5.00	1,270,000	1,270,000	08/15/13
Government Facility Bond	1,270,000		4.00	1,270,000	1,270,000	08/15/14
Parks and Recreation	1,500,000		5.00	3,810,000	1,270,000	08/15/15-17
Metro	7,542,000		2.00	1,270,000	1,270,000	08/15/18
	<u>\$24,362,000</u>		2.125	1,270,000	1,270,000	08/15/19
			3.693	1,270,000	1,270,000	08/15/20
			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>\$23,855,000</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		2.00/3.00	\$1,475,000	1,475,000	08/15/12
Neighborhood Conservation	6,400,000		3.00	2,945,000	2,945,000	08/15/13
Government Facility Bond	4,675,000		4.00	3,685,000	3,685,000	08/15/14
Parks and Recreation	39,005,572		2.00/4.00	3,685,000	3,685,000	08/15/15
Metro	10,000,000		4.00	3,685,000	3,685,000	08/15/16
	<u>\$70,750,000</u>		4.00/5.00	3,685,000	3,685,000	08/15/17
			4.00	3,685,000	3,685,000	08/15/18
			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	3,685,000	3,685,000	08/15/21
			4.00/5.00	3,685,000	3,685,000	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
			5.00	3,685,000	3,685,000	08/15/27
			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>\$67,065,000</u>		

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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	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		0.40	\$1,190,000	1,190,000	01/15/14
Neighborhood Conservation	436,906		0.50	1,120,000	1,120,000	01/15/15
Parks and Recreation	1,221,550					
Fire Station	68,750					
Library	60,527					
Metro	1,046					
	<u>\$2,310,000</u>			<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	17,619,525	1,957,725	08/15/18-26
Metro	10,000,000		4.00	7,830,900	1,957,725	08/15/27-30
	<u>\$35,595,000</u>		5.00	3,915,450	1,957,725	08/15/31-32
				<u>\$35,595,000</u>		
SUBTOTAL:				<u>\$376,225,441</u>		
FY 2003 Deferred cost of refunding/Premium on bond Issuance (Net)				49,132		
FY 2004 Bond premium to be amortized				1,327,403		
FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)				2,805,112		
FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)				272,280		
FY 2007 Bond premium to be amortized				337,868		
FY 2008 Bond premium to be amortized				1,193,203		
FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)				2,357,760		
FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)				6,677,169		
FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net)				8,924,541		
Total GO Bonds Serviced by General Fund:				<u>\$400,169,909</u>		
IDA Revenue Bonds (\$60,540,000)		08/01/04				
Trade Center Bond	\$17,825,000		4.0/5.0	\$5,760,000	5,760,000	8/1/12
George Mason Center Bond	3,375,000		5.00	5,890,000	5,890,000	8/1/13
Emergency Communication Center Bond	31,290,000		5.00	6,255,000	6,255,000	8/1/14
Enterprise Resource Planning Bond	8,050,000		4.00	1,305,000	1,305,000	8/1/15
	<u>\$60,540,000</u>		5.00	9,135,000	1,305,000	8/1/16-22
			5.00	1,300,000	1,300,000	8/1/23
			4.625	1,300,000	1,300,000	8/1/24
				<u>\$30,945,000</u>		

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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
IDA Revenue Bond (\$41,280,000)		12/15/10				
Metro Matters	\$26,000,000		2.00	\$1,190,000	1,190,000	12/15/12
Buckingham Village I	15,280,000		2.00	1,215,000	1,215,000	12/15/13
	<u>\$41,280,000</u>		2.00	1,240,000	1,240,000	12/15/14
			2.50	1,265,000	1,265,000	12/15/15
			2.75	1,295,000	1,295,000	12/15/16
			4.70	1,330,000	1,330,000	12/15/17
			4.90	1,370,000	1,370,000	12/15/18
			5.00	1,415,000	1,415,000	12/15/19
			5.10	1,460,000	1,460,000	12/15/20
			5.20	1,510,000	1,510,000	12/15/21
			5.30	1,560,000	1,560,000	12/15/22
			5.40	1,615,000	1,615,000	12/15/23
			6.00	1,670,000	1,670,000	12/15/24
			6.00	1,735,000	1,735,000	12/15/25
			6.00	1,805,000	1,805,000	12/15/26
			6.00	1,875,000	1,875,000	12/15/27
			6.00	1,950,000	1,950,000	12/15/28
			6.00	2,025,000	2,025,000	12/15/29
			6.20	2,110,000	2,110,000	12/15/30
			6.20	2,195,000	2,195,000	12/15/31
			6.20	2,285,000	2,285,000	12/15/32
			6.20	2,380,000	2,380,000	12/15/33
			6.20	2,475,000	2,475,000	12/15/34
				<u><b>\$38,970,000</b></u>		
IDA Revenue Bond (\$11,940,000)		12/15/10				
FS #3, Arlington Mill and Buckingham Park	<u>\$11,940,000</u>		3.00	\$500,000	500,000	2/15/13
			3.00	3,125,000	625,000	2/15/14-18
			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><b>\$11,690,000</b></u>		
SUBTOTAL:				<u><b>\$81,605,000</b></u>		
IDA Note - Buckingham V3 (\$35,666,099)				<b>35,016,099</b>		
FY 2005 IDA Revenue Bonds amortized				<u><b>1,609,233</b></u>		
Total IDA Revenue Bonds Serviced by General Fund				<b>118,230,332</b>		
Compensated Absences				<b>31,325,679</b>		
Estimated Liability for Workers' Comp Claims & Other Judgments				<b>4,072,927</b>		
Serviced by General Fund-Capital Leases				<u><b>14,368,663</b></u>		
Total General Obligation Debt Serviced by General Fund:				<b>568,167,510</b>		
Due in one year				<u><b>(46,787,651)</b></u>		
Total Long Term Liabilities -General Fund				<u><b>\$521,379,859</b></u>		

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			Bonds Outstanding: (Relates to total amount authorized and sold)	Payments: (Relates to total amount authorized and sold)		
	Amount Authorized and Sold	Date of Bonds	Interest Rate - %	Principal	Annual Amount	Maturity Date
<b><u>Serviced by School Operating Fund:</u></b>						
G.O. Public Improvement (\$75,000,000) School Improvements	<u>\$41,400,000</u>	05/01/03	5.00	\$1,655,000	1,655,000	01/15/13
				<u>\$1,655,000</u>		
G.O. Public Improvement Refunding (\$65,775,000) School Improvements	<u>\$28,877,529</u>	05/01/03	5.00	\$2,834,914	2,834,914	01/15/13
				<u>2,834,914</u>		
G.O. Public Improvement (\$60,070,000) School Improvements	<u>\$28,000,000</u>	05/12/04	5.00	\$2,240,000	1,120,000	05/15/13-14
				<u>\$2,240,000</u>		
G.O. Public Improvement Refunding (\$81,005,000) School Improvements	<u>\$33,598,820</u>	08/19/04	5.00	\$3,048,842	3,048,842	11/01/12
			5.00	3,050,562	3,050,562	11/01/13
			5.00	4,082,829	4,082,829	11/01/14
			3.80	4,056,045	4,056,045	11/01/15
			3.90	4,006,108	4,006,108	11/01/16
			4.00	1,984,040	1,984,040	11/01/17
			4.10	1,944,557	1,944,557	11/01/18
				<u>\$22,172,983</u>		
G.O. Public Improvement (\$94,525,000) School Improvements	<u>\$36,230,000</u>	06/01/05	5.00	\$5,430,000	1,810,000	5/15/13-15
				<u>\$5,430,000</u>		
G.O. Public Improvement (\$61,335,000) School Improvements	<u>\$17,500,000</u>	3/21/06	5.00	\$5,250,000	875,000	8/1/12-17
			5.00	1,750,000	875,000	8/1/20-21
			4.20	225,000	225,000	08/01/22
			4.20	525,000	525,000	08/01/23
			4.20	420,000	420,000	08/01/24
			4.25	1,750,000	875,000	8/1/25-26
				<u>\$9,920,000</u>		
G.O. Public Improvement Refunding (\$89,970,000) School Improvements	<u>\$39,169,607</u>	3/21/06	4.00	\$700,415	700,415	08/01/12
			5.00	698,935	698,935	08/01/13
			5.00	2,798,007	2,798,007	08/01/14
			5.00	4,002,279	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
			5.00	3,426,382	3,426,382	08/01/18
			4.00	4,590,254	4,590,254	08/01/19
			5.00	2,823,271	2,823,271	08/01/20
			5.00	727,391	727,391	08/01/21
			4.20	1,083,936	1,083,936	08/01/22
			4.20	960,000	960,000	08/01/24
			4.25	945,000	945,000	08/01/25
				<u>\$29,245,440</u>		

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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$117,360,000) School Improvements	<u>\$16,630,000</u>	6/6/07	5.00	\$835,000	835,000	03/15/13
			4.00	835,000	835,000	03/15/14
			5.00	1,660,000	830,000	3/15/15-16
			4.25	830,000	830,000	03/15/27
				<u>\$4,160,000</u>		
G.O. Public Improvement (\$111,185,000) School Improvements	<u>\$51,076,000</u>	6/18/08	3.25	\$2,555,000	2,555,000	01/15/13
			5.00	2,556,000	2,556,000	01/15/14
			5.00	2,552,000	2,552,000	01/15/15
			5.00	5,110,000	2,555,000	01/15/16-17
			4.125	2,554,000	2,554,000	01/15/26
			4.25	2,555,000	2,555,000	01/15/27
			4.25	2,551,000	2,551,000	01/15/28
				<u>\$20,433,000</u>		
G.O. Public Improvement (\$39,217,322) School Improvements	<u>\$24,350,000</u>	8/15/09	2.25	\$1,220,000	1,220,000	08/15/12
			3.00	1,220,000	1,220,000	08/15/13
			2.25	1,220,000	1,220,000	08/15/14
			5.00	1,220,000	1,220,000	08/15/15
			4.00	1,220,000	1,220,000	08/15/16
			5.00	1,220,000	1,220,000	08/15/17
			3.00	939,688	939,688	08/15/18
			3.125	1,215,000	1,215,000	08/15/20
			3.625	1,215,000	1,215,000	08/15/24
			5.00	1,215,000	1,215,000	08/15/27
			4.00	1,215,000	1,215,000	08/15/28
			4.00	1,215,000	1,215,000	08/15/29
				<u>\$14,334,688</u>		
G.O. Public Improvement Refunding (\$41,262,678) School Improvements	<u>\$11,455,110</u>	8/15/09	2.25	\$2,179,482	2,179,482	08/15/12
			3.00	2,132,753	2,132,753	08/15/13
			2.25	192,415	192,415	08/15/14
			4.00	1,854,737	1,854,737	08/15/16
			5.00	1,852,873	1,852,873	08/15/17
			3.00	1,845,418	1,845,418	08/15/18
				<u>\$10,057,678</u>		
G.O. Public Improvement Refunding (\$65,650,000) School Improvements	<u>\$27,608,536</u>	8/15/09	2.00	\$965,970	965,970	08/15/12
			3.00	4,414,145	4,414,145	08/15/13
			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>\$25,395,013</u>		
Schools- QSCB (\$3,390,000) School Improvements	<u>\$3,390,000</u>	07/06/10	5.31	\$3,000,000	200,000	08/01/13-27
				<u>\$3,000,000</u>		

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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$73,415,000)		7/27/10				
School Improvements	<u>\$30,703,000</u>		3.00	\$1,535,000	1,535,000	08/15/12
			5.00	1,535,000	1,535,000	08/15/13
			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>\$29,165,000</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>		2.00/3.00	\$2,225,000	2,225,000	08/15/12
			3.00	2,225,000	2,225,000	08/15/13
			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	2,225,000	2,225,000	08/15/21
			4.00/5.00	2,220,000	2,220,000	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
			5.00	2,220,000	2,220,000	08/15/27
			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>\$42,230,000</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>		0.40	\$1,130,000	1,130,000	01/15/14
			0.50	1,095,000	1,095,000	01/15/15
				<u>\$2,225,000</u>		



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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$108,140,000)		6/20/12				
School Improvements	<u>\$65,145,000</u>		3.00	\$3,260,000	3,260,000	08/15/13
			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	29,315,475	3,257,275	08/15/18-26
			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>\$65,145,000</u>		
 SUB TOTAL				<u><u>\$354,306,970</u></u>		
 FY 2003 Deferred cost of refunding/Premium on bond Issuance (Net)				(59,775)		
FY 2004 Bond premium to be amortized				871,424		
FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)				1,207,632		
FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)				300,197		
FY 2007 Bond premium to be amortized				192,895		
FY 2008 Bond premium to be amortized				1,926,276		
FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)				738,072		
FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)				4,899,116		
FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net)				<u>14,305,206</u>		
Total Serial Bonds Serviced by School Operating Fund:				378,688,013		
Compensated Absences				32,382,905		
Capital Leases Serviced by Schools				<u>4,814,717</u>		
Total General Obligation Debt Serviced by School Operating Fund:				415,885,635		
Due in one year				<u>(30,139,218)</u>		
Total Long Term Liabilities - Schools				<u>385,746,417</u>		
Total General Obligation Debt Serviced by General Fund and School Operating Fund:				<u><u>\$907,126,276</u></u>		

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			Bonds Outstanding: (Relates to total amount authorized and sold)	Payments: (Relates to total amount authorized and sold)		
	Amount Authorized and Sold	Date of Bonds	Interest Rate - %	Principal	Annual Amount	Maturity Date
<b><u>Serviced by Utilities Fund:</u></b>						
G.O. Public Improvement Refunding (\$65,775,000)		05/01/03				
Water/Sewer share	<u>\$19,415,825</u>		5.00	\$1,832,982	1,832,982	01/15/13
				<u><b>1,832,982</b></u>		
G.O. Public Improvement Refunding (\$81,005,000)		08/19/04				
Water/sewer share	<u>\$2,916,798</u>		5.00	\$285,591	285,591	11/01/12
			5.00	285,312	285,312	11/01/13
			5.00	298,232	298,232	11/01/14
			3.80	296,537	296,537	11/01/15
			3.90	293,174	293,174	11/01/16
			4.00	201,630	201,630	11/01/17
			4.10	197,617	197,617	11/01/18
				<u><b>\$1,858,093</b></u>		
G.O. Public Improvement (\$94,525,000)		06/01/05				
Water share	<u>\$6,000,000</u>		5.00	\$945,000	315,000	5/15/13-15
				<u><b>\$945,000</b></u>		
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06				
Water share	\$1,211,244		4.00	\$143,685	143,685	08/01/12
Sewer share	487,761		5.00	140,680	140,680	08/01/13
Advanced Water Treatment	<u>1,414,755</u>		5.00	377,779	377,779	08/01/14
	<u>\$3,113,760</u>		5.00	435,096	435,096	08/01/15
			5.00	433,194	433,194	08/01/16
			5.00	222,055	222,055	08/01/17
			5.00	118,354	118,354	08/01/18
			4.00	237,369	237,369	08/01/19
			5.00	201,177	201,177	08/01/20
				<u><b>\$2,309,389</b></u>		
G.O. Public Improvement (\$117,360,000)		6/6/07				
Water share	\$9,000,000		5.00	\$3,515,000	3,515,000	03/15/13
Sewer share	10,000,000		4.00	3,515,000	3,515,000	03/15/14
Advanced Water Treatment	<u>48,500,000</u>		5.00	7,030,000	3,515,000	3/15/15-16
	<u>\$67,500,000</u>		4.25	3,515,000	3,515,000	03/15/27
				<u><b>\$17,575,000</b></u>		
G.O. Public Improvement (\$111,185,000)		6/18/08				
Advanced Water Treatment	<u>\$27,408,000</u>		3.25	\$1,046,000	1,046,000	01/15/13
			5.00	1,080,000	1,080,000	01/15/14
			5.00	1,134,000	1,134,000	01/15/15
			5.00	1,191,000	1,191,000	01/15/16
			5.00	1,251,000	1,251,000	01/15/17
			4.125	1,903,000	1,903,000	01/15/26
			4.25	1,982,000	1,982,000	01/15/27
			4.25	2,066,000	2,066,000	01/15/28
				<u><b>\$11,653,000</b></u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Water share	\$1,327,147		2.25	\$175,022	175,022	08/15/12
Advanced Water Treatment	<u>573,301</u>		3.00	171,446	171,446	08/15/13
	<u>\$1,900,448</u>		2.25	39,714	39,714	08/15/14
			4.00	322,786	322,786	08/15/16
			5.00	322,461	322,461	08/15/17
			3.00	321,164	321,164	08/15/18
				<u><b>\$1,352,593</b></u>		

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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$65,650,000)		8/15/09				
Water share	\$1,765,156		2.25	\$195,565	195,565	08/01/12
Sewer share	953,197		3.00	1,449,538	1,449,538	08/01/13
Advanced Water Treatment	8,162,851		2.25	273,727	273,727	08/01/14
	<u>\$10,881,204</u>		5.00	557,161	557,161	08/01/15
			4.00	234,101	234,101	08/01/16
			5.00	3,343,039	3,343,039	08/01/17
			3.00	1,502,001	1,502,001	08/01/18
			4.00	1,430,101	1,430,101	08/01/19
			3.125	1,499,469	1,499,469	08/01/20
				<u>\$10,484,702</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Water share	\$4,000,000		3.00	\$770,000	770,000	08/15/12
Advanced Water Treatment	14,350,000		5.00	955,000	955,000	08/15/13
	<u>\$18,350,000</u>		4.00	960,000	960,000	08/15/14
			5.00	2,865,000	955,000	08/15/15-17
			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>\$17,970,000</u>		
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	9,881,960		5.00	3,449,613	3,449,613	08/15/18
	<u>\$12,336,832</u>		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>		2.00/3.00	\$245,000	245,000	08/15/12
			3.00	490,000	490,000	08/15/13
			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	615,000	615,000	08/15/21
			4.00/5.00	615,000	615,000	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
			5.00	615,000	615,000	08/15/27
			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>\$11,185,000</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	21,974,657		5.00	5,910,000	5,910,000	08/01/22
	<u>\$27,615,000</u>		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>		

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2012

EXHIBIT S-3  
Page 12 of 12

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate - %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$108,140,000)		6/20/12				
Advanced Water Treatment	<u>\$7,400,000</u>		3.00	\$160,000	160,000	08/15/13
			5.00	310,000	310,000	08/15/14
			5.00	4,620,000	385,000	08/15/15-26
			4.00	1,540,000	385,000	08/15/27-30
			5.00	770,000	385,000	08/15/31-32
				<u>\$7,400,000</u>		
SUBTOTAL:				<u>\$124,517,591</u>		
FY 2003 Deferred cost of refunding/Premium on bond Issuance (Net)				\$91,236		
FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)				274,901		
FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)				590,931		
FY 2007 Bond premium to be amortized				685,693		
FY 2008 Bond premium to be amortized				879,376		
FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)				(747,175)		
FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)				1,720,182		
FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net)				<u>3,262,652</u>		
Total Serial Bonds Serviced by Utilities Fund:				131,275,387		
Compensated Absences - Utilities Fund				1,340,893		
Bond and VRA interest payable - Utilities Fund				3,999,767		
Capital Leases serviced by Utilities Fund				218,393		
VRA Loans payable				<u>253,204,991</u>		
Total Long Term Obligations Serviced by Utilities Fund:				390,039,431		
Compensated Absences - Internal Service funds				529,937		
Compensated Absences - CPHD Development Fund				547,755		
Capital Leases serviced by Auto Equipment Fund				<u>2,249,526</u>		
SUBTOTAL:				393,366,649		
Revenue Bonds-Serviced by Ballston Public Garage Fund				10,600,000		
Bond and mortgage interest payable				21,259,278		
Mortgage Payable-Ballston Public Garage Fund				<u>3,429,679</u>		
Total Business-type Activities Obligations:				428,655,606		
Due in one year				<u>(51,396,431)</u>		
Total Business-type Activities long Term Obligations:				<u>\$377,259,175</u>		
TOTAL LONG TERM OBLIGATIONS:				<u>\$1,284,385,451</u>		

ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE  
 JUNE 30, 2012

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2012	\$119,731	\$1,039,853	\$1,159,584
2011	103,325	537,784	\$641,109
2010	50,559	493,984	\$544,543
2009	21,127	574,179	\$595,306
2008	12,674	388,263	\$400,937
2007	4,143	-	\$4,143
2006	2,184	-	\$2,184
2005	1,999	-	\$1,999
2004	2,037	-	\$2,037
2003	1,681	-	\$1,681
2002	1,134	-	\$1,134
2001	774	-	\$774
2000	538	-	\$538
1999	531	-	\$531
1998	528	-	\$528
1997	523	-	\$523
1996	516	-	\$516
1995	499	-	\$499
TOTAL	<u>\$324,503</u>	<u>\$3,034,063</u>	<u>\$3,358,566</u>

NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2012 are presented on the basis of the County's fiscal years during which such taxes became due.

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

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

The amounts of delinquent taxes include the original levy and subsequent adjustment for penalties. The penalty balances for real and personal property taxes totaled \$20,033 and \$653,648, 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
2003	373,883,498	3,443,379	370,440,119	99.08%	3,193,196	373,633,315	99.93%	1,712,034	688,928	5,569,351	1.49%
2004	406,389,307	3,305,311	403,083,996	99.19%	3,172,229	406,256,225	99.97%	1,194,439	750,170	5,664,046	1.39%
2005	435,567,836	2,953,943	432,613,894	99.32%	3,139,508	435,753,402	100.04%	1,003,191	874,009	5,413,308	1.24%
2006	479,686,828	3,152,135	476,534,693	99.34%	3,077,161	479,611,854	99.98%	1,176,489	882,123	5,472,146	1.14%
2007	528,570,144	2,707,065	525,863,079	99.49%	3,264,676	529,127,755	100.11%	1,045,194	1,069,831	4,861,433	0.92%
2008	577,353,341	2,881,468	574,471,873	99.50%	3,285,410	577,757,283	100.07%	829,482	1,259,192	4,645,017	0.80%
2009	620,724,099	3,508,418	617,215,681	99.43%	3,555,509	620,771,190	100.01%	885,868	1,476,023	4,445,528	0.72%
2010	631,481,234	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	700,019,137	1,585,301	698,433,836	99.77%	3,158,923	701,592,759	100.22%	1,016,583	1,362,159	3,358,566	0.48%

## 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, 2012

Governmental Funds

Governmental funds capital assets:

Land	\$156,298,877
Infrastructure	450,868,953
Buildings	260,768,955
Furniture, fixtures and equipment	144,318,318
Construction in Progress	209,512,708
Intangibles	<u>2,200,881</u>
Total governmental funds capital assets	<u><u>\$1,223,968,692</u></u>

Investments in governmental funds capital assets by source:

General fund	\$230,579,822
Special revenue funds	135,506
Capital projects funds	985,723,269
State literary loans	1,680,040
Donated assets	<u>5,850,055</u>
Total Investment in General Capital Assets	<u><u>\$1,223,968,692</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 assets.

ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY  
 FOR THE YEAR ENDED JUNE 30, 2012

Primary Government

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2012 Beginning Balance	Additions	Deletions	06/30/2012 Ending Balance
Primary Government:				
General Government	\$344,239,643	\$5,254,408	\$-	\$349,494,051
Public Safety	97,667,385	6,178,751	-	103,846,136
Environmental Services	474,009,827	52,043,285	-	526,053,112
Health and Public Welfare	33,069,717	35,438	-	33,105,155
Libraries	29,731,690	681,937	-	30,413,627
Parks and Recreation	120,041,977	22,962,861	-	143,004,838
Planning and Community Development	33,022,549	5,029,224	-	38,051,773
Total primary government	1,131,782,788	92,185,904	-	1,223,968,692
Internal Services Fund				
Auto Equipment Fund	56,525,607	10,711,253	3,454,898	63,781,962
Total Internal Services Fund	56,525,607	10,711,253	3,454,898	63,781,962
Component Unit - Schools	587,053,184	76,000,586	-	663,053,770
Total Capital Assets	\$1,775,361,579	\$178,897,743	\$3,454,898	\$1,950,804,424



ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
JUNE 30, 2012

Primary Government

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles	CIP
General Government:							
Control-							
Legislative	\$114,522	\$-	\$-	\$-	\$114,522	\$-	\$-
Executive	480,663	-	-	-	480,663	-	-
Judicial	3,934,611	-	-	-	3,365,591	67,226	501,794
Total Control	4,529,796	-	-	-	\$3,960,776	67,226	501,794
Staff Agencies-							
Elections	270,396	-	-	-	270,396	-	-
Management and Finance	1,077,827	-	-	-	467,918	-	609,909
Human Resources	414,403	-	-	-	331,135	83,268	-
Office of County Attorney	923,699	-	-	-	923,699	-	-
Commissioner of the Revenue	595,054	-	-	-	595,054	-	-
Treasurer	65,114	-	-	-	33,028	32,086	-
Department of Technology Services	14,597,576	-	-	-	12,305,391	148,513	2,143,672
General government	327,020,186	139,119,088	80,631,000	25,877,382	9,570,942	1,001,390	70,820,384
Total Staff Agencies	344,964,255	139,119,088	80,631,000	25,877,382	24,497,563	1,265,257	73,573,965
Total General Government	349,494,051	139,119,088	80,631,000	25,877,382	28,458,339	1,332,483	74,075,759
Public Safety:							
Police	13,102,757	-	648,580	9,087,613	2,793,542	-	573,022
Fire	85,337,968	5,499,264	32,569,290	7,125,394	33,360,161	-	6,783,859
Emergency management	5,405,411	-	-	-	4,445,575	-	959,836
Total Public Safety	103,846,136	5,499,264	33,217,870	16,213,007	40,599,278	-	8,316,717
Community Services:							
Environmental Services	526,053,112	-	269,931,420	141,330,846	53,492,216	688,025	60,610,605
Health and Public Welfare	33,105,155	-	-	14,127,700	18,817,963	447	159,045
Libraries	30,413,627	-	11,857,686	18,349,791	176,368	-	29,782
Recreation	143,004,838	10,283,237	45,031,380	29,631,451	2,502,300	-	55,556,470
Community Development	38,051,773	1,397,288	10,199,597	15,238,778	271,854	179,926	10,764,330
Total Community Service	770,628,505	11,680,525	337,020,083	218,678,566	75,260,701	868,398	127,120,232
Total General Capital Assets	1,223,968,692	156,298,877	450,868,953	260,768,955	144,318,318	2,200,881	209,512,708
Internal Services Fund:							
Auto Equipment Fund	63,781,962	-	-	-	63,781,962	-	-
Total Internal Services Fund	63,781,962	-	-	-	63,781,962	-	-
Component Unit: School Board Schools	663,053,770	4,697,946	-	587,929,087	70,426,737	-	-
GRAND TOTALS	\$1,950,804,424	\$160,996,823	\$450,868,953	\$848,698,042	\$278,527,017	\$2,200,881	\$209,512,708

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	2012		VARIANCE POSITIVE (NEGATIVE)	2011 ACTUALS
	BUDGET	ACTUAL		
GENERAL FUND				
General property taxes:				
Real estate	\$541,731,462	\$559,114,687	\$17,383,225	\$520,576,335
Personal	94,548,183	100,928,065	6,379,882	95,246,129
Total general property taxes	636,279,645	660,042,752	23,763,107	615,822,464
Other local taxes:				
Business, professional and occupational license (BPOL) tax	59,594,339	61,939,212	2,344,873	60,460,108
Sales tax	36,850,000	38,630,486	1,780,486	36,889,895
Meals tax	30,100,000	33,409,536	3,309,536	31,425,804
Transient tax	22,145,000	21,789,115	(355,885)	21,828,208
Utility tax	12,600,000	11,947,382	(652,618)	13,051,807
Recordation, car rental and other local taxes	24,240,000	26,693,275	2,453,275	26,508,790
Total other local taxes	185,529,339	194,409,006	8,879,667	190,164,612
Total taxes	821,808,984	854,451,758	32,642,774	805,987,076
License, permits and fees	9,526,876	10,606,117	1,079,241	9,929,105
Fines and forfeitures	8,918,860	10,641,659	1,722,799	9,590,928
Charges for services	47,648,333	50,988,159	3,339,826	49,744,479
Grants:				
State grants	70,295,251	67,385,986	(2,909,265)	67,446,034
Federal grants	23,761,721	21,088,340	(2,673,381)	23,254,392
Total grants	94,056,972	88,474,326	(5,582,646)	90,700,426
Use of money and property	8,373,230	5,278,004	(3,095,226)	8,095,821
Bond premiums	-	6,712,155	6,712,155	6,267,065
Miscellaneous revenue	12,385,501	17,087,853	4,702,352	8,630,638
GRAND TOTALS FOR GENERAL FUND	\$1,002,718,756	\$1,044,240,031	\$41,521,275	\$988,945,538
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$31,749	\$31,426	(\$323)	\$27,575
Crystal City Business Improvement District	23,545	22,689	(856)	20,007
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	19,063	19,063	23,925
Neighborhood Conservation Bond Fund	-	19,730	19,730	32,779
Ballston Business Improvement District	12,418	12,346	(72)	-
Public Recreation Bond Fund	-	25,291	25,291	76,713
Fire Facilities Bond Fund	-	13,077	13,077	14,744
Library Bond Fund	-	8,800	8,800	13,365
Transit Facilities Bond Fund	-	23,365	23,365	25,566
IDA Bond Funds	-	30,333	30,333	-
Transportation Investment Fund	2,400,000	-	(2,400,000)	\$11,041
Emergency Community Center	-	21,919	21,919	\$30,127
School Capital Improvement Bond Fund	-	33,295	33,295	99,715
School Operating Fund	-	-	-	-
Trust & Agency Fund	584,500	584,500	-	1,627,828
Total transfers	\$3,182,212	\$975,834	(\$2,206,378)	\$2,133,385
GRAND TOTALS	\$1,005,900,968	\$1,045,215,865	\$39,314,897	\$991,078,923
SPECIAL REVENUE FUNDS:				
Travel & Tourism Fund	\$525,000	\$523,744	(\$1,256)	\$1,085,624
Ballston BID	1,241,759	1,234,912	(\$6,847)	-
Rosslyn BID	3,231,425	3,145,636	(85,789)	2,760,629
Crystal City BID	2,354,450	2,269,798	(84,652)	2,022,463
Community Development Block Grant Fund	6,588,137	1,436,718	(5,151,419)	1,956,147
Section 8 Housing	17,565,884	16,366,331	(1,199,553)	16,830,528
Total Special Revenue Funds	\$31,506,655	\$24,977,139	(\$6,529,516)	\$24,655,391

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

		2012		VARIANCE POSITIVE (NEGATIVE)	2011 ACTUALS
BUDGET		ACTUAL			
BREAKDOWN OF REVENUE BY FUNCTION:					
	Charges for services Includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions	
		State	Federal		
General government	\$20,870,357	\$27,145,140	\$2,642,480		\$1,818,130
Public safety	9,949,039	10,653,466	1,743,584	-	
Environmental services	28,408,484	9,204,168	-	-	
Health & welfare	2,759,384	18,189,517	15,967,335	-	
Libraries	565,716	161,831	-	-	
Economic development	780,875	99,218	301,390	-	
Planning & community development	1,615,502	-	337,668	-	
Parks & recreation	7,286,578	114,516	95,883	-	
Total General Fund	\$72,235,935	\$65,567,856	\$21,088,340		\$1,818,130

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	2012		VARIANCE POSITIVE (NEGATIVE)	2011 ACTUALS
	BUDGET	ACTUAL		
General Government Administration:				
County Board	\$1,050,372	\$1,012,807	\$37,565	\$970,589
County Manager	5,000,792	4,946,572	54,220	4,794,489
Financial Management	6,201,773	5,810,052	391,721	5,528,869
Human Resources	7,659,855	7,383,972	275,883	6,871,082
Technology Services	16,461,394	16,203,671	257,723	14,678,955
County Attorney	2,396,871	2,306,055	90,816	3,967,649
Commissioner of Revenue	5,040,635	5,085,299	(44,664)	4,939,890
Treasurer	5,760,282	5,942,745	(182,463)	5,760,487
Electoral Board	1,202,935	1,164,003	38,932	815,014
Total General Government	50,774,909	49,855,176	919,733	48,327,024
Judicial Administration:				
Circuit Court	3,553,689	3,124,406	429,283	3,163,960
District Court	246,007	197,640	48,367	178,949
Juvenile & Domestic Relations Court	5,612,715	5,448,998	163,717	5,412,420
Commonwealth Attorney	3,910,325	3,809,084	101,241	3,535,964
Sheriff & Jail	36,312,638	36,147,859	164,779	34,779,783
Magistrate's Office	70,561	54,042	16,519	66,752
Total Judicial Administration	49,705,935	48,782,029	923,906	47,137,828
Public Safety:				
Police	61,701,120	58,157,730	3,543,390	55,240,757
Office of Emergency Management	11,502,183	10,385,946	1,116,237	9,547,696
Fire	50,971,937	50,812,578	159,359	47,907,926
Total Public Safety	124,175,240	119,356,254	4,818,986	112,696,379
Department of Environmental Services:				
DES-Environmental Services	78,019,198	75,750,178	2,269,020	72,721,915
Health & Welfare:				
Human Services	119,320,425	115,347,313	3,973,112	109,677,751
Libraries:	11,905,931	11,888,751	17,180	11,098,860
Planning & Community Development:				
Economic Development	9,564,412	9,577,190	(12,778)	3,375,895
Community Planning Housing & Development	10,152,093	9,174,411	977,682	9,155,982
Total Planning & Community Development	19,716,505	18,751,601	964,904	12,531,877
Parks & Recreation:	30,901,945	31,634,930	(732,985)	34,436,830
Non-Departmental:				
Non-Departmental Debt Service	96,609,664	68,114,014	28,495,650	43,769,131
Principal payment	35,236,243	35,851,815	(615,572)	36,007,366
Interest payment	20,019,167	17,924,176	2,094,991	18,034,190
Other costs	200,000	5,412	194,588	213,751
Regionals/Contributions	8,373,110	8,186,444	186,666	8,149,062
METRO	24,510,207	24,510,207	-	21,473,703
Total Non-Departmental	184,948,391	154,592,068	30,356,323	127,647,203
Total Expenditures before transfers-out	669,468,479	625,958,300	43,510,179	576,275,667

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2012

	2012		VARIANCE POSITIVE (NEGATIVE)	2011 ACTUALS
	BUDGET	ACTUAL		
Transfers -Out				
Travel & Tourism	247,000	247,000	-	247,000
Community Development Block Grant	500,000	500,000	-	-
Auto Equipment Fund	171,374	171,374	-	-
Printing Fund	155,421	155,421	-	207,699
General Capital Projects Fund	28,980,839	28,980,839	-	25,763,873
Schools				
General Operating	401,943,700	317,025,006	84,918,694	318,159,176
Community Activities/Cable TV	-	6,550,552	(6,550,552)	5,575,855
Pay-As-You-Go	-	(2,267,054)	2,267,054	5,702,479
Debt Service	-	34,826,307	(34,826,307)	33,238,053
Comprehensive Services Act	-	2,363,602	(2,363,602)	2,057,605
Total Transfers-Out	431,998,334	388,553,047	43,445,287	390,951,740
GRAND TOTALS EXPENDITURES	<u>\$1,101,466,813</u>	<u>\$1,014,511,347</u>	<u>\$86,955,466</u>	<u>\$967,227,407</u>
SPECIAL REVENUE FUNDS:				
Travel & Tourism Promotion	\$1,022,890	\$862,155	\$160,735	\$1,320,891
Ballston BID	\$1,229,341	\$1,198,297	\$31,044	-
Rosslyn Business Improvement District	3,199,676	3,178,755	20,921	2,705,268
Crystal City Business Improvement District	2,330,905	2,272,044	58,861	2,045,523
Community Development Block Grant	7,088,137	1,936,718	5,151,419	1,956,147
Section 8 Housing	16,921,440	17,738,460	(817,020)	17,152,619
Total Special Revenue Funds	<u>\$31,792,389</u>	<u>\$27,186,429</u>	<u>\$4,605,960</u>	<u>\$25,180,448</u>
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	<u>\$1,133,259,202</u>	<u>\$1,041,697,776</u>	<u>\$91,561,426</u>	<u>\$992,407,855</u>

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2012

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	11,192
Public Safety	2,324,237
Public Works	829,053
Health & Public Welfare	16,898
Libraries	7,878
Parks & Recreation	185,958
Planning & Community development	33,993
	<hr/>
Total General Fund	\$3,409,209
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	7,522,625
Government Facilities	22,753,599
Cultural & Recreation - Community Affairs:	
Government Facilities	2,368,967
Parks	2,779,583
	<hr/>
Total General Capital Projects Funds	35,424,774
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	5,122,549
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	5,256,161
Government Facility Bond	1,572,426
Stormwater Fund	6,127,132
Public Recreation Bond Fund:	
Public Recreation	19,124,922
Fire Station Bond Fund:	
Fire Station Facilities	1,017,187
Library Bond Fund:	
Public Library Facilities	330,292
NVTA	
NOVA Transportation Authority	10,157,329
IDA Bond Fund:	4,643,923
	<hr/>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	53,351,921
	<hr/>
GRAND TOTAL	\$92,185,904
	<hr/> <hr/>



## STATISTICAL (Unaudited)

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

### **Other**

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

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

	<b>2006</b>	<b>Restated 2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
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
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
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402
Unrestricted	27,283,211	58,999,714	60,938,963	104,877,377	92,808,577	30,665,301	43,956,309
Total governmental activities net assets	<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>
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
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
Total business-type activities net assets	<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>
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
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
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402
Unrestricted	73,494,559	175,739,518	159,492,990	466,951,343	169,578,353	129,310,836	121,942,587
Total primary government activities net assets	<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>
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
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
Other projects	-	-	-	-	-	3,180,528	10,954,607
Unrestricted	30,823,237	(6,369,784)	(21,749,122)	(29,729,500)	(32,814,262)	-	-
Total schools component unit activities net assets	<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>
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
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
Total other component units activities net assets	<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>

## 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 seven years of data presented in this table.



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

	Fiscal Year						
Expenses	2006	Restated 2007	2008	2009	2010	2011	2012
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$144,413,158	\$170,050,920	\$183,532,881	\$157,913,828	\$195,846,347	\$180,060,339	\$212,776,822
Public safety	94,152,505	105,294,735	114,536,445	101,207,180	110,207,376	116,211,459	118,391,330
Environmental services	66,712,584	69,902,804	73,697,836	74,059,602	76,327,661	76,871,992	80,272,770
Health & welfare	104,638,605	100,775,893	109,949,551	100,667,830	108,035,699	109,078,189	115,139,323
Libraries	13,002,989	13,167,711	14,426,350	12,828,135	11,946,021	11,313,749	12,134,689
Parks, recreation & culture	34,366,540	35,953,363	38,592,964	35,355,942	37,291,412	36,866,666	34,180,696
Planning & community development	35,865,238	40,556,577	46,279,307	67,595,397	46,833,700	42,986,854	54,626,473
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	417,655,490	411,415,097
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
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>
<b>Business-type activities:</b>							
Utilities	47,321,964	51,515,377	57,904,261	59,052,176	64,616,867	68,006,236	76,050,327
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
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
	-	-	-	9,554,317	9,824,617	10,556,125	11,598,557
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>
<b>Total primary government expenses</b>	<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>
<b>Component units:</b>							
Schools	\$352,921,809	\$388,148,161	\$412,953,520	\$422,055,027	\$412,450,899	407,401,980	431,308,198
Other	2,446,253	6,199,663	7,777,236	8,189,092	7,702,100	7,505,677	7,317,002
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>
<b>Program Revenues</b>							
<b>Primary government:</b>							
<b>Governmental activities:</b>							
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
Environmental services	14,997,675	16,550,927	19,684,727	20,133,391	20,973,628	26,728,203	28,408,484
Public safety	9,281,843	7,676,160	5,049,238	6,365,373	8,581,235	10,204,341	9,949,039
Other activities	16,851,289	17,950,390	21,509,731	12,111,147	10,665,194	13,056,130	16,750,057
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
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>
<b>Business-type activities:</b>							
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
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
Other activities	9,800,525	20,369,401	33,946,120	46,804,145	41,260,025	34,258,022	35,828,391
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
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>
<b>Total primary government program revenues</b>	<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>
<b>Component units:</b>							
Charges for services	\$15,122,958	\$16,849,867	\$20,328,889	\$20,561,183	\$26,743,790	\$27,358,213	\$23,945,689
Operating grants and contributions	332,115,611	365,255,205	417,046,873	368,136,757	395,178,524	471,380,848	459,514,609
Capital grants and contributions	-	-	1,428,953	500,000	586,833	-	-
<b>Total component units program revenues</b>	<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>

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

	Fiscal Year						
	2006	Restated 2007	2008	2009	2010	2011	2012
<b>Net (Expense) Revenue</b>							
<b>Primary government:</b>							
Governmental activities	(\$647,033,126)	(\$710,639,858)	(\$818,544,423)	(\$746,206,912)	(\$781,320,983)	(\$824,851,827)	(\$842,595,608)
Business-type activities	16,766,603	44,212,143	65,248,139	74,753,082	55,967,574	40,761,789	36,645,266
<b>Total primary government net expense</b>	<u>(\$630,266,523)</u>	<u>(\$666,427,715)</u>	<u>(\$753,296,284)</u>	<u>(\$671,453,830)</u>	<u>(\$725,353,409)</u>	<u>(\$784,090,038)</u>	<u>(\$805,950,342)</u>
<b>Component units:</b>							
Component unit activities	(\$8,129,493)	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098
<b>Total component units net expense</b>	<u>(\$8,129,493)</u>	<u>(\$12,242,752)</u>	<u>\$17,798,673</u>	<u>(\$41,046,179)</u>	<u>\$2,356,148</u>	<u>\$83,831,404</u>	<u>\$44,835,098</u>
<b>General Revenues and Changes in Net Assets</b>							
<b>Governmental activities:</b>							
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
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065
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
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610
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
Miscellaneous	27,701,527	33,453,869	23,985,005	18,480,331	21,000,027	11,505,318	27,112,773
<b>Total governmental activities</b>	<u>695,329,274</u>	<u>761,638,145</u>	<u>830,953,288</u>	<u>841,446,202</u>	<u>839,632,256</u>	<u>883,700,493</u>	<u>954,812,356</u>
<b>Business-type activities:</b>							
Investment and interest earnings	4,581,344	3,617,839	6,065,870	3,447,340	1,215,213	691,356	747,823
<b>Total business-type activities</b>	<u>4,581,344</u>	<u>3,617,839</u>	<u>6,065,870</u>	<u>3,447,340</u>	<u>1,215,213</u>	<u>691,356</u>	<u>747,823</u>
<b>Total primary government</b>	<u>\$699,910,618</u>	<u>\$765,255,984</u>	<u>\$837,019,158</u>	<u>\$844,893,542</u>	<u>\$840,847,469</u>	<u>\$884,391,849</u>	<u>\$955,560,179</u>
<b>Component units activities:</b>							
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
Investment and interest earnings	2,250,409	3,063,000	681,544	1,319,336	533,684	312,440	212,204
<b>Total primary government</b>	<u>\$18,729,598</u>	<u>\$21,305,576</u>	<u>\$17,587,894</u>	<u>\$17,482,362</u>	<u>\$16,866,524</u>	<u>\$17,447,172</u>	<u>\$17,994,671</u>
<b>Changes in Net Assets</b>							
<b>Primary government:</b>							
Governmental activities	\$48,296,148	\$50,998,287	\$12,408,864	\$95,239,289	\$58,311,273	\$58,848,666	\$112,216,748
Business-type activities	21,347,947	47,829,982	71,314,009	78,200,422	57,182,787	41,453,145	37,393,089
<b>Total primary government net expense</b>	<u>\$69,644,095</u>	<u>\$98,828,269</u>	<u>\$83,722,873</u>	<u>\$173,439,711</u>	<u>\$115,494,060</u>	<u>\$100,301,811</u>	<u>\$149,609,837</u>
<b>Component units:</b>							
Component units activities	\$10,600,105	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769
<b>Total component units net expense</b>	<u>\$10,600,105</u>	<u>\$9,062,823</u>	<u>\$35,386,567</u>	<u>(\$23,563,817)</u>	<u>\$19,222,672</u>	<u>\$101,278,576</u>	<u>\$62,829,769</u>

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 seven 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)

TABLE C

	2003	2004	2005	2006	2007	2008	2009
General Fund Balance:							
Reserved for							
Encumbrances	\$3,517,687	\$4,037,272	\$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	500,000	500,000	-
Unreserved							
Designated for Self Insurance	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	5,000,000
Designated for Operating Reserve	13,400,000	14,400,000	15,200,000	16,600,000	17,800,000	28,262,153	30,769,734
Designated for Subsequent Years Budget	29,590,931	26,701,595	29,109,808	34,575,639	36,691,920	29,928,475	44,666,386
Designated for Incomplete Projects	8,692,680	13,036,688	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	59,201,298	62,175,555	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	8.88%	9.14%	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  
LAST TEN FISCAL YEARS  
(Modified Accrual Basis of Accounting)

TABLE C

	2010	2011	2012
General Fund			
<u>Restricted for:</u>			
Seized assets	\$3,032,049	\$2,385,573	\$2,436,464
Grants	45,206	-	-
<u>Committed to:</u>			
Self insurance reserve	5,000,000	5,000,000	5,000,000
Subsequent years' County budget	17,061,007	11,151,929	10,488,080
Capital projects	-	4,946,013	1,902,323
Operating reserve	32,377,943	40,192,725	50,240,906
Incomplete projects	150,176	230,734	171,861
Affordable Housing Investment Fund	17,656,893	19,163,965	7,050,422
Subsequent years' school budgets	33,218,860	32,481,838	64,669,485
<u>Assigned to:</u>			
Subsequent years' operating budgets	-	10,913,573	12,565,023
Subsequent years' capital projects	13,942,559	6,135,259	18,978,462
Budget stabilization	-	-	3,000,000
Employee furlough day restoration	1,012,911	-	-
Operating reserve	2,672,083	10,048,181	2,364,581
Fresh AIRE program	663,804	354,877	1,244,577
Incomplete projects	6,610,975	933,856	2,416,189
Affordable Housing Investment Fund	3,564,742	3,717,920	8,930,790
Total General Fund Balance	<u>\$137,009,208</u>	<u>\$160,754,645</u>	<u>\$191,459,163</u>
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	14.40%	12.88%	30.59%
All Other Governmental Funds			
Special Revenue funds			
<u>Nonspendable:</u>			
Prepaid	\$1,223,394	\$1,252,930	1,286,469
<u>Restricted for:</u>			
Grants	4,673,397	4,318,223	2,755,933
Capital Project funds			
<u>Restricted for:</u>			
Grants	1,423,044	1,380,184	-
Debt Service	5,735,926	18,383,560	20,743,558
<u>Committed to:</u>			
Capital Projects	155,615,078	199,954,084	233,848,803
Total all other governmental funds	<u>\$168,670,839</u>	<u>\$225,288,981</u>	<u>\$258,634,763</u>
Component unit - Schools			
<u>Restricted for:</u>			
Capital projects	\$4,549,397	\$52,726,465	\$47,055,029
Grants	-	2,077,853	2,109,001
<u>Committed to:</u>			
Incomplete projects	14,294,085	18,077,449	26,987,189
Subsequent years' School budget	-	6,545,000	7,975,000
<u>Assigned to:</u>			
Operating reserve	4,235,289	2,363,770	2,413,261
Unfunded liabilities	-	2,000,000	2,000,000
Subsequent years' debt service	-	7,000,000	5,025,000
OPEB reserve	695,565	-	1,000,000
General reserve	-	3,000,000	4,000,000
VRS reserve	-	11,587,239	7,387,239
Total component unit - Schools	<u>\$23,774,336</u>	<u>\$105,377,776</u>	<u>\$105,951,719</u>

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

TABLE D

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

	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES:</b>							
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
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065
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
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610
Fines and forfeitures	8,900,948	8,338,582	8,049,910	8,720,950	7,851,193	9,590,928	10,641,659
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
Intergovernmental	112,496,082	119,866,226	107,472,746	104,192,200	108,578,373	114,834,250	138,645,985
Charges for services	38,870,586	40,230,543	39,277,573	42,278,095	42,974,051	50,379,839	52,346,023
Interest and rent	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855
Miscellaneous revenues	10,891,786	15,414,677	6,938,710	16,378,642	25,950,164	12,891,977	19,008,738
Total revenues	<u>832,217,893</u>	<u>910,657,144</u>	<u>949,298,717</u>	<u>993,097,926</u>	<u>1,012,007,612</u>	<u>1,046,067,987</u>	<u>1,131,562,934</u>
<b>EXPENDITURES:</b>							
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
Public safety	88,875,217	100,650,601	105,760,328	102,791,792	109,550,701	112,925,159	117,033,171
Environmental services	55,122,531	58,491,391	62,420,185	64,803,607	72,315,850	71,924,393	74,921,125
Health and welfare	98,926,206	96,536,913	101,695,722	102,804,509	107,892,357	109,509,790	115,330,415
Libraries	12,034,671	12,339,879	13,062,000	12,855,344	11,630,740	11,074,270	11,880,873
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
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
Debt service							
Principal	26,480,421	27,595,301	28,950,071	33,046,404	33,813,374	36,310,305	36,160,046
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
Bond issuance costs	-	-	-	-	358,995	273,649	-
Community development	-	-	-	32,985,081	10,190,869	6,372,169	8,804,947
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	364,633,453	423,610,118
Capital outlay	<u>72,029,442</u>	<u>61,004,743</u>	<u>60,137,617</u>	<u>113,133,467</u>	<u>86,792,008</u>	<u>111,378,633</u>	<u>92,185,904</u>
Total expenditures	<u>880,027,129</u>	<u>941,793,131</u>	<u>1,021,493,753</u>	<u>1,047,313,916</u>	<u>1,048,342,446</u>	<u>1,083,319,363</u>	<u>1,176,203,346</u>
Excess(deficiency) of revenues over expenditures	<u>(47,809,236)</u>	<u>(31,135,987)</u>	<u>(72,195,036)</u>	<u>(54,215,990)</u>	<u>(36,334,834)</u>	<u>(37,251,376)</u>	<u>(44,640,412)</u>
<b>OTHER FINANCING SOURCES(USES):</b>							
Transfers in	15,423,635	21,171,707	29,370,998	22,225,678	22,028,499	26,716,715	30,385,999
Transfers out	(15,812,365)	(20,941,333)	(29,663,941)	(40,383,849)	(22,133,809)	(26,794,414)	(30,582,672)
Capital leases	5,776,901	975,020	5,704,728	13,524,783	7,418,179	4,287,958	1,435,230
Proceeds from refunding of note	-	-	-	-	35,666,099	-	-
Payment on refunded note	-	-	-	-	(35,962,739)	-	-
Refunding bonds issued	86,856,240.00	-	-	-	55,067,382	53,533,168	41,885,000
Payments to refunded bond escrow agent	(85,447,055.00)	-	-	-	(56,747,745)	(54,922,067)	(44,350,490)
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
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
Bond proceeds Schools	-	-	-	-	-	(78,543,000)	-
Total other financing sources and uses	<u>69,776,701</u>	<u>51,715,883</u>	<u>90,680,292</u>	<u>31,329,351</u>	<u>64,309,476</u>	<u>117,721,034</u>	<u>108,690,712</u>
Net change in fund balances	<u>\$21,967,465</u>	<u>\$20,579,896</u>	<u>\$18,485,256</u>	<u>(\$22,886,639)</u>	<u>\$27,974,642</u>	<u>\$80,469,658</u>	<u>\$64,050,300</u>
Debt service as a percentage of noncapital expenditures	5.5%	5.2%	4.9%	5.5%	5.4%	5.6%	5.0%

## 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 seven years of data presented in this table.

TABLE D -1

ARLINGTON COUNTY, VIRGINIA  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS (1)  
LAST TEN FISCAL YEARS

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

## 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
2003	465,032,899	54,319,921	136,280,607	36,163,036	8,882,272	21,083,036	721,761,771
2004	505,225,405	56,334,983	139,452,624	38,314,445	9,357,346	12,186,207	760,871,010
2005	590,957,911	12,504,677	141,477,699	47,937,824	8,427,464	18,844,857	820,150,432
2006	651,052,481	14,692,442	148,945,331	50,482,470	8,900,948	22,087,157	896,160,829
2007	714,434,824	13,687,394	158,249,103	50,359,269	8,338,582	18,455,600	963,524,772
2008	756,859,824	17,022,701	131,541,624	53,645,287	8,049,910	19,554,790	986,674,136
2009	792,159,244	7,768,974	150,311,253	55,115,142	8,720,950	24,892,171	1,038,967,734
2010	798,707,195	7,362,947	152,874,209	59,634,597	7,851,193	28,463,122	1,054,893,263
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

## 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		
2003	371,634,386	27,752,102	642,660	14,615,818	1,049,928	3,781,826	4,285,596	7,609,033	20,045,524	56,520	69,917	451,543,310
2004	405,226,269	34,058,784	691,269	15,745,665	1,269,547	3,619,361	4,687,693	7,632,495	21,928,701	38,885	68,152	494,966,821
2005	432,318,650	35,455,512	1,925,743	18,109,804	1,480,360	7,089,601	4,486,018	7,802,051	23,844,071	67,755	75,672	532,655,237
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	660,082,568	38,630,486	2,928,357	22,351,952	3,313,327	6,011,781	5,279,343	11,341,864	33,409,536	46,513	109,483	783,505,211

## 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)	Personal Property Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
2003	31,680,369,900	31,680,369,900	1,848,433,415	1,848,433,415	908,256,294	908,256,294	34,437,059,609	34,437,059,609	.993/.978	4.40
2004	35,563,288,500	35,563,288,500	1,732,447,799	1,732,447,799	766,769,599	766,769,589	38,062,505,898	38,062,505,888	.978/.958	4.40
2005	42,275,421,900	42,275,421,900	1,759,391,742	1,759,391,742	682,583,199	682,583,199	44,717,396,841	44,717,396,841	.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/.838	5.00
2009	57,781,547,100	57,781,547,100	2,014,144,083	2,014,144,083	718,898,384	718,898,384	60,514,589,567	60,514,589,567	.838/.865	5.00
2010	53,985,515,000	53,985,515,000	1,916,920,257	1,916,920,257	716,299,020	716,299,020	56,618,734,277	56,618,734,277	.865/.845	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	.845/.845	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/.958	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.

TABLE G

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

2012				2003			
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	6,313,233,500	1	10.24%	Charles E. Smith Interests Office buildings, apartments, hotel, land	3,350,166,700	1	10.57%
Arland Towers Company Office buildings, land	1,186,979,000	2	1.92%	Cafritz Interests Apartments, warehouses, land	553,223,200	2	1.75%
Albrittain Interests Apartments, general commercial	1,129,069,200	3	1.83%	Arland Towers Company Office buildings, land	548,015,000	3	1.73%
Paradigm Managed Properties Apartments, general commercial	1,055,719,900	4	1.71%	Albrittain Interests Apartments, general commercial	462,890,200	4	1.46%
JBG Companies Office building, land, apartments, retail, residential	966,518,900	5	1.57%	Fashion Centre Associates Mixed use retail, hotel	386,457,100	5	1.22%
Beacon Capital Office buildings, land	811,048,900	6	1.32%	Crystal Holdings Office buildings	385,561,000	6	1.22%
Fashion Centre Associates Mixed use retail	649,575,700	7	1.05%	Paradigm Management Apartments	363,034,100	7	1.15%
Street Retail Inc Retail, office buildings, land, hotel	554,427,600	8	0.90%	Avalon Properties Apartments, land	246,882,500	8	0.78%
Caruthers Interests Retail, office building, apartments, hotel	521,818,800	9	0.85%	Caruthers Interests Retail, office building, apartments, hotel	223,684,700	9	0.71%
Kingdon Gould/Airport Plaza association Office buildings, hotel, land	397,259,100	10	0.64%	2111 & 2039 Wilson BLVD INC Office buildings, land	179,633,100	10	0.57%
Total	<u>\$13,585,650,600</u>		<u>22.03%</u>		<u>\$6,699,547,600</u>		<u>21.16%</u>

## NOTES:

(1) Source - County Department of Management &amp; 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
2003	373,883,499	370,440,120	99.08%	2,645,880	373,086,000	99.79%
2004	406,389,306	403,083,995	99.19%	2,729,949	405,813,944	99.86%
2005	435,567,836	432,613,894	99.32%	2,486,692	435,100,585	99.89%
2006	479,686,828	476,534,693	99.34%	2,522,784	479,057,477	99.87%
2007	528,570,144	525,863,079	99.49%	2,432,389	528,295,468	99.95%
2008	577,364,776	574,471,873	99.50%	2,491,966	576,963,839	99.93%
2009	620,961,664	617,215,681	99.40%	3,150,677	620,366,358	99.90%
2010	631,954,470	628,272,902	99.42%	3,137,025	631,409,927	99.91%
2011	654,872,956	650,965,303	99.40%	3,266,544	654,231,847	99.90%
2012	698,792,824	697,633,240	99.83%	-	697,633,240	99.83%

\* less taxes deferred, not due

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
2003	291,285,225	290,087,385	99.59%	1,196,159	291,283,544	100.00%
2004	327,391,167	325,972,250	99.57%	1,416,880	327,389,130	100.00%
2005	357,486,603	356,091,522	99.61%	1,393,082	357,484,604	100.00%
2006	397,011,521	395,632,942	99.65%	1,376,395	397,009,337	100.00%
2007	432,984,893	431,396,444	99.63%	1,584,306	432,980,750	100.00%
2008	481,446,678	479,931,389	99.69%	1,502,615	481,434,004	100.00%
2009	522,727,374	521,181,642	99.70%	1,524,605	522,706,247	100.00%
2010	535,539,119	533,974,360	99.71%	1,514,200	535,488,560	99.99%
2011	556,663,834	554,896,565	99.68%	1,663,944	556,560,508	99.98%
2012	599,208,050	599,088,319	99.98%	-	599,088,319	99.98%

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
2003	82,598,274	80,352,735	97.28%	1,449,721	81,802,456	99.04%
2004	78,998,139	77,111,745	97.61%	1,313,069	78,424,814	99.27%
2005	78,081,233	76,522,371	98.00%	1,093,610	77,615,981	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	95,918,098	94,540,484	98.56%	989,351	95,529,835	99.60%
2009	98,234,290	96,034,039	97.76%	1,626,072	97,660,111	99.42%
2010	96,415,351	94,298,542	97.80%	1,622,825	95,921,367	99.49%
2011	98,209,122	96,068,738	97.82%	1,602,600	97,671,338	99.45%
2012	99,584,774	98,544,921	98.96%	-	98,544,921	98.96%

NOTES:

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

Source: Arlington County Treasurer's Office

TABLE I

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

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)	Notes Payable	Capital Leases	Utilities General Obligation Bonds (4)	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases			
2003	477,824,628	-	-	-	9,400,000	7,070,060	38,135,379	15,800,000	3,429,679	-	489,324	552,149,070	4.97%	2,804
2004	501,752,258	-	-	-	8,200,000	5,507,995	34,392,756	15,300,000	9,629,679	8,749,767	489,324	584,021,779	5.08%	2,939
2005	554,185,294	-	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	7.99%	5,972

## NOTES:

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

TABLE I-1

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

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt				Total Primary Government	Pct. Of Actual Taxable Value of Real Property	Debt Per Capita
			General Obligation Bonds Debt (3)	IDA Revenue Bonds (4)	IDA Lease Revenue Bonds (4)	IDA Notes Payable (4)			
2003	196,925	34,437,059,609	477,824,628	-	-	-	477,824,628	1.39%	2,426
2004	198,739	38,062,505,888	501,752,258	-	-	-	501,752,258	1.32%	2,525
2005	198,267	44,717,396,841	554,185,294	-	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	38,970,000	45,313,663	30,945,000	845,761,076	1.31%	3,915

## 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	Net Revenue Available for Debt Service	Total Debt Service	Coverage
					Direct Operating Expenses			
2003	4,140,918	2,176,060	(1,559)	(405,000)	1,769,501	2,371,417	843,091	2.81
2004	4,080,739	2,543,137	(186,752)	(405,000)	1,951,385	2,129,354	790,122	2.69
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

(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
2003	45,309,573	32,842,773	7,905,318	3,636,691	2,095,078	5,731,769	1.38
2004	49,679,885	35,094,277	9,481,925	3,742,624	1,482,369	5,224,993	1.81
2005	59,114,705	41,817,417	17,297,289	3,130,952	2,033,402	5,164,354	3.35
2006	65,044,344	39,453,764	25,590,580	3,074,680	2,585,276	5,659,956	4.52
2007	76,874,765	41,373,056	35,501,709	3,487,382	2,670,385	6,157,767	5.77
2008	102,270,725	42,983,162	59,287,563	5,179,814	6,142,614	11,322,428	5.24
2009	106,771,787	42,908,573	63,863,214	7,084,109	9,634,224	16,718,333	3.82
2010	105,141,066	45,960,228	59,180,838	7,987,869	11,897,384	19,885,253	2.98
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

## 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)
2003	196,925	11,106,570	56,400	19,140	2.3%
2004	198,739	11,497,250	57,851	19,120	2.6%
2005	198,267	11,699,736	59,010	18,744	2.5%
2006	200,226	12,132,694	60,595	18,411	2.3%
2007	204,800	13,004,800	63,500	18,451	2.3%
2008	208,000	14,040,000	67,500	18,684	2.6%
2009	209,300	14,841,044	70,908	19,534	4.7%
2010	212,200	15,217,499	71,713	20,233	4.3%
2011	210,280	15,707,916	74,700	21,168	3.9%
2012	216,004	17,273,192	79,967	21,853	3.5%

## NOTES:

- (1) The 2012 population figure is an estimate from the US Census Bureau. The 2010 population figure is a revised (by Arlington County) (The 2003-2010 population figures are estimates from the Arlington County Planning Division.
- (2) Source - U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data. (<http://www.bea.doc.gov/bea/regional/reis>) . Figures for 2003-2005 are estimates from the Arlington County Planning Division.
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only. Enrollment for years 2003 - 2010 is June 30 of that year.
- (4) Source - Virginia Employment Commission-- Figures for 2003-2006 are annual averages. The 2007 - 2008 figures are for June. Due to revised VEC methodology, figures are not comparable to figures from previous years (<http://www.vawc.virginia.gov/vosnet/lmi/area/areasummary>)



TABLE L

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

2012*				2003*			
<u>Employers</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employers</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Federal Government**	34,064	1	20.06%	Federal Government**	28,948	1	19.54%
Local Government	10,777	2	6.35%	Local Government	9,674	2	6.53%
Deloitte	5,100	3	3.00%	Verizon	2,500	3	1.69%
Accenture	4,000	4	2.36%	US Airways	1,894	4	1.28%
Lockheed Martin Corporation	2,700	5	1.59%	Marriott Corporation	1,790	5	1.21%
Virginia Hospital Center	2,120	6	1.25%	Virginia Hospital Center	1,427	6	0.96%
Marriott International, Inc.	1,940	7	1.14%	Hecht Company	1,119	7	0.76%
Bureau of National Affairs*	1,900	8	1.12%	SAIC	1,090	8	0.74%
Booz Allen Hamilton*	1,400	9	0.82%	Northrop Grumman	1,032	9	0.70%
SRA International, Inc.	1,360	10	0.80%	Anteon	702	10	0.47%
CACI	1,217	11	0.72%	Qwest	700	11	0.47%
SAIC*	1,200	12	0.71%	Computer Sciences Corporati	656	12	0.44%
Corporate Executive Board	1,060	13	0.62%	IBM	650	13	0.44%
Marymount University	791	14	0.47%	CACI	610	14	0.41%
BAE Systems	752	15	0.44%	Pearson	582	15	0.39%
The Boeing Company	600	16	0.35%	The Boeing Company	556	16	0.38%
State Government	597	17	0.35%	NRECA	516	17	0.35%
NRECA*	540	18	0.32%	Hyatt	516	18	0.35%
Starwood Hotels*	525	19	0.31%	Nature Conservancy	500	19	0.34%
Interstate Hotels & Resorts*	462	20	0.27%	Marymount University	490	20	0.33%
Total	73,105		43.06%		55,952		37.76%
Total Covered Employment	169,780				148,180		

Source: Arlington Economic Development and Virginia Employment Commission

\* 1st Quarter estimates

\*\* Does not include military employment

TABLE M

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

<u>Department</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
County Board	6.0	6.0	8.0	8.0	8.0	8.0	8.0	7.8	7.8	8.0
County Manager	32.8	32.8	32.0	32.0	35.0	35.0	34.5	37.9	36.9	36.9
Management and Finance	54.0	54.0	54.0	55.0	55.0	55.0	57.0	50.0	54.0	55.0
Office of Support Services	80.5	80.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technology Services	61.7	61.7	61.7	65.7	65.7	67.8	67.8	70.0	71.0	72.0
Human Resources	44.0	44.0	47.0	49.5	49.5	50.5	51.5	53.5	50.0	51.0
Civil Service Commission	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.0	0.0	0.0
County Attorney	11.0	11.0	11.0	11.0	11.0	11.0	14.0	14.0	14.0	14.0
Circuit Court	33.8	33.8	33.8	33.8	33.8	34.4	35.8	33.8	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	56.0	56.0	56.5	56.5	57.5	57.5	57.5	56.3	55.8	55.8
Commonwealth's Attorney	38.0	39.0	39.0	40.0	40.0	40.0	39.0	35.5	34.0	35.0
Sheriff	273.3	273.3	276.3	276.3	277.8	277.8	277.8	268.4	266.0	267.0
Commissioner of Revenue	56.0	56.0	56.0	56.0	56.0	56.0	56.0	54.0	53.0	53.0
Treasurer	63.2	63.2	63.2	63.2	63.2	63.2	63.2	61.8	60.8	60.8
Electoral Board	7.4	7.4	7.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Office of Emergency Management	51.5	51.5	55.5	59.5	66.5	66.5	72.5	72.5	71.5	71.5
Police	472.0	472.0	472.0	473.0	475.0	476.0	476.0	475.0	465.0	466.0
Fire	305.0	305.0	305.7	304.7	314.7	314.7	321.3	317.3	316.0	317.0
Public Works/Environmental Services	589.7	596.3	673.3	670.2	670.2	676.7	699.7	688.7	694.7	700.2
Human Services	702.3	729.7	715.1	717.5	718.5	703.5	712.2	703.3	694.7	699.7
Libraries	155.8	155.8	155.8	157.3	157.3	157.8	157.8	142.4	125.1	127.6
Economic Development	36.8	29.8	30.8	30.8	32.8	32.8	31.8	28.8	28.8	28.8
Community Planning, Housing & Developer	132.1	142.6	145.4	146.5	156.5	156.5	181.1	179.0	176.0	177.0
Parks, Recreation & Cultural Resources	400.2	408.6	413.0	412.4	412.4	411.3	400.5	378.2	355.8	360.3
Total County Positions	3,665.0	3,711.9	3,714.4	3,729.2	3,766.7	3,762.1	3,824.8	3,737.8	3,672.9	3,698.7
Total School Positions	3,447.0	3,556.7	3,620.7	3,577.1	3,588.3	3,613.7	3,676.6	3,770.3	3,787.5	3,937.4
TOTAL POSITIONS	7,112.0	7,268.6	7,335.1	7,306.3	7,355.0	7,375.8	7,501.4	7,508.1	7,460.4	7,636.1

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

TABLE N

ARLINGTON COUNTY, VIRGINIA  
OPERATING INDICATORS BY FUNCTION-PROGRAM  
JUNE 30, 2012

Form of Government Date of Adoption January 1, 1932	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	480	480	480	1,158	1,158	2,478	2,479	2,479	2,479	974
Number of Street Lights	14,975	15,185	15,306	14,753	14,873	14,620	14,657	16,580	16,723	17,267
<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	34	34	35	37	37	37
Number of Classrooms	1,719	1,719	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720
Number of Teachers	1,970	1,965	1,981	1,946	1,980	1,962	2,046	2,096	2,105	2,241
Number of Students	18,929	18,786	18,400	18,411	18,451	18,684	19,420	20,233	21,168	21,853
<u>County Water System:</u>										
Number of consumer service locations	36,486	36,531	36,567	36,603	36,758	36,828	36,877	37,228	37,574	37,151
Average daily consumption (gallons)	25,600,000	29,900,000	26,600,000	26,900,000	24,800,000	24,066,000	23,498,000	23,217,000	23,217,000	22,500,000
Miles of water mains	475	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	29,300,000	31,600,000	26,800,000	25,600,000	24,900,000	24,700,000	24,620,000	26,470,000	26,470,000	22,000,000
System capacity under construction (gallons per day)	35,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<u>Building Permits:</u>										
Construction Permits	2,950	3,891	4,114	3,948	3,629	3,289	2,473	2,543	2,939	3,074
Plumbing, Electrical & Mechanical Permits	5,961	7,454	7,807	7,806	6,967	7,132	7,232	6,531	7,834	7,907
Fire Permits	-	943	1,096	1,058	1,022	974	842	804	982	1,052
Elevator Permits	-	64	96	88	127	103	75	116	72	77
<u>Recreation and Culture:</u>										
Number of Parks and Playgrounds	114	115	128	212	212	212	212	212	212	219
Number of Libraries	8	8	7	7	8	8	8	8	8	8
Number of Items (Print and Audiovisual)	531,239	545,776	554,953	579,729	579,729	629,808	635,284	643,950	662,757	632,517
Number of Community Centers	14	14	14	14	14	14	14	14	14	14
Number of Nature Centers	3	3	2	2	2	2	2	2	2	2
Numer of Historical Districts	-	-	2	29	29	30	30	31	31	32

TABLE O

ARLINGTON COUNTY, VIRGINIA  
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM  
JUNE 30, 2012

Primary Government

FUNCTION AND ACTIVITY:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Control-										
Legislative	\$51,208	\$51,208	\$51,208	\$51,208	\$62,401	\$58,579	\$81,144	\$92,430	\$114,522	\$114,522
Executive	214,926	214,926	214,926	214,926	261,906	245,864	340,573	387,942	480,663	480,663
Judicial	765,560	818,794	1,130,274	1,130,274	1,377,339	1,292,973	1,791,038	2,107,374	2,594,988	3,934,611
Total Control	1,031,694	1,084,928	1,396,408	1,396,408	1,701,646	1,597,416	2,212,755	2,587,746	3,190,173	4,529,796
Staff Agencies-										
Elections	120,906	120,906	120,906	120,906	147,335	138,310	191,588	218,235	270,396	270,396
Management and Finance	209,227	209,227	209,227	209,227	254,962	239,344	331,542	377,655	467,918	1,077,827
Human Resources	146,253	146,253	146,253	146,253	178,222	167,306	231,753	347,256	410,350	414,403
Office of County Attorney	7,354	7,354	34,067	34,067	41,514	38,971	53,983	61,491	876,188	923,699
Commissioner of the Revenue	42,503	42,503	42,503	42,503	51,794	48,621	67,350	76,718	595,054	595,054
Treasurer	696,245	696,245	696,245	730,199	889,812	835,309	1,157,077	1,350,098	65,114	65,114
Department of Technology Services	6,917,635	8,900,145	10,279,481	14,598,718	17,789,831	16,700,152	23,133,198	17,200,391	11,344,264	14,597,576
General government buildings	15,845,252	15,845,252	15,845,252	29,586,427	33,694,735	43,796,601	33,686,400	135,952,812	327,020,186	327,020,186
Total Staff Agencies	23,985,375	25,967,885	27,373,934	45,468,300	53,048,205	61,964,614	58,852,891	155,584,656	341,049,470	344,964,255
Total General Government	25,017,069	27,052,813	28,770,342	46,864,708	54,749,851	63,562,030	61,065,646	158,172,402	344,239,643	349,494,051
Public Safety:										
Police	11,600,147	13,829,120	15,625,622	16,082,026	18,439,574	24,163,161	21,722,625	23,703,421	10,138,856	13,102,757
Fire	4,391,430	6,451,228	6,451,228	5,809,121	6,375,013	6,594,563	6,977,207	18,234,142	83,442,395	85,337,968
Emergency management	37,578	37,578	37,578	806,623	982,942	922,734	1,278,179	1,455,957	4,086,134	5,405,411
Total Public Safety	16,029,155	20,317,926	22,114,428	22,697,770	25,797,529	31,680,458	29,978,011	43,393,520	97,667,385	103,846,136
Environmental Services	363,113,394	371,868,088	381,468,410	392,682,485	407,523,922	414,461,104	497,345,576	434,334,394	474,009,827	526,053,112
Health and Public Welfare	6,863,371	6,994,335	29,242,352	29,392,413	29,891,822	31,394,364	33,758,494	31,765,248	33,069,717	33,105,155
Libraries	3,261,137	3,294,533	9,731,968	9,781,888	10,585,807	12,159,862	11,184,328	18,162,154	29,731,690	30,413,627
Recreation	52,371,187	57,509,179	65,139,947	80,924,974	83,531,614	88,774,344	86,420,777	98,111,470	120,041,977	143,004,838
Community Development	12,236,195	13,189,426	13,584,695	14,359,122	15,431,139	14,644,784	52,373,433	32,837,780	33,022,546	38,051,773
Total General Capital Assets	\$578,509,716	\$600,176,618	\$644,969,188	\$692,311,308	\$729,384,655	\$764,951,857	\$878,085,322	\$964,877,331	\$1,131,782,785	\$1,131,782,785
Internal Services Fund										
Auto Equipment Fund	\$-	\$38,667,885	\$39,350,707	\$42,409,799	\$45,153,446	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962
Printing Fund	-	276,061	276,061	276,061	276,061	-	-	-	-	-
Total Internal Services Fund	\$-	\$38,943,946	\$39,626,768	\$42,685,860	\$45,429,507	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962
Component Unit: School Board										
Schools	\$317,082,914	\$350,632,439	\$375,199,698	\$401,017,012	\$448,837,358	\$470,609,847	\$511,265,426	\$556,680,225	\$587,053,184	\$663,053,770
GRAND TOTALS	\$895,592,630	\$989,753,003	\$1,059,795,654	\$1,136,014,180	\$1,223,651,520	\$1,281,258,277	\$1,436,919,964	\$1,573,538,896	\$1,775,361,576	\$1,858,618,517

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
2003	32,622,059	19,898,425	52,520,484	713,586,394	7.36%
2004	36,142,375	20,778,098	56,920,473	745,799,359	7.63%
2005	37,354,049	23,105,199	60,459,248	793,406,820	7.62%
2006	42,802,784	28,546,899	71,349,683	847,593,986	8.42%
2007	43,847,619	28,816,864	72,664,483	963,524,772	7.54%
2008	47,100,186	29,138,615	76,238,801	949,860,596	8.03%
2009	53,715,890	29,857,473	83,573,363	985,054,322	8.48%
2010	53,827,131	29,949,072	83,776,203	1,022,232,400	8.20%
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%

## 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, 2011-July 1, 2012

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<b>VACorp</b>					
<b><u>Property</u></b> VACorp through Travelers Insurance	VA-AR-006-12	07/01/11	07/01/12	All Risk Package Policy coverage on real and personal property, valuable papers and records, Inland Marine equipment, extra expense and business interruptions, Theatrical Equipment Floater, Fine Arts, Property Floater, EDP, Voting Machines and off premises power failures & boiler & machinery. \$50,000 deductible. TIV \$636million subject program limits of \$ 500million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged	<b>\$380,801.00</b>  Includes TRIA
<b>1</b>					
<b><u>Crime Policy</u></b> Zurich American Ins. Co.	VA-AR-006-12	07/01/11	07/01/12	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	<b>\$8,785.00</b> Excludes TRIA
<b>2</b>					
<b><u>Fine Arts Policy</u></b> VACorp through Travelers Insurance Now part of blanket property policy	VA-AR-006-12	01/07/11	01/07/12	Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location \$ 1,000 Deductible/ \$ 2,500 per outdoor sculptuer Legal Liability -- \$ 250,000 any one loss	<b>\$1,800.00</b> excl. TRIA
<b>3</b>					
<b><u>Performing Arts</u></b> Package Business Policy Lexington Insurance Co.	AIP 0000544711303	07/01/11	07/01/12	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl.\$ 1/2 million GL \$ 850,000 Property	Package Policy  <b>\$7,845.00</b>
<b>4</b>					
<b><u>General Liability, Public Officials Liab.</u></b> <b><u>Law Enforcement Liab</u></b> <b><u>Auto Liability</u></b> Covers Arlington County employees and Officials conducting County business	County Board Resolution	Continuous	Continuous	Self Insured for Liability Exposures. AL, POL, LEL, GL - Primary \$1,000,000	
<b>5</b>					

## ARLINGTON COUNTY, VIRGINIA

## Schedule of Insurance

July 1, 2011-July 1, 2012

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<b><u>Umbrella Excess Liability Policy</u></b> VACo/Genesis  6	VA-AR-006-12	07/01/11	07/01/12	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	<b>\$317,500.00</b>
<b><u>Constitutional Officers Business Auto Package Policy</u></b> VACorp  7	VA-AR-006-12	07/01/11	07/01/12	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	<b>\$30,842.00</b>
<b><u>HIDTA Task Force</u></b> Commercial Package Policy Twin City Fire Insurance Company  8	14UUNNN5448	07/01/11	07/01/12	Liability coverage--\$ 1million/2million Business Personal Property--Ded. \$500  (includes TRIA)	<b>\$1,177.00</b>
<b><u>Medical Prof.Liability</u></b> Arch Speciality Insurance  9	FLP002233603	07/01/11	07/01/12	Professional Liability Insurance Employed and Contracted Physicians Clinic Staff and EMS Limits: \$ 2/6 million \$ 25,000 DED. Each claim	<b>\$211,719.00</b>
<b><u>Group Accident Coverage</u></b> National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. ACE American Ins. Co.  10	SRG 0009105405 SRG 0009105406 SRG 0009105403 SRG 0009105404 PTP N 04830052	07/01/11 07/01/11 07/01/11 07/01/11 07/01/11	07/01/12 07/01/12 07/01/12 07/01/12 07/01/12	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	<b>\$8,032.50</b> <b>\$10,837.00</b> <b>\$6,375.00</b> <b>\$552.00</b> <b>\$700.00</b>
TOTAL PREMIUM					<b>\$27,834.00</b>
<b><u>County Board Surety Bond</u></b>  11	M. Hines B. Favola J. Fissttte C. Zimmerman W. Tejada	Continuous until Cancelled		Bond limit \$ 2,500	<b>\$500.00</b> TOTAL

## ARLINGTON COUNTY, VIRGINIA

## Schedule of Insurance

July 1, 2011-July 1, 2012

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<b>VDOT Permit Bond</b> Travelers <b>12</b>	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	<b>\$150</b>
<b>EXCESS LIABILITY</b> <b>BALLSTON GARAGE</b> ARCH Ins. Group Travelers <b>13</b>	UFP0034489-01 QIO1201900	07/01/11 07/01/11	07/01/12 07/01/12	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage. Exp. Date to be extended to 7/01/06	<b>\$49,500.00</b> <b>\$29,000.00</b>
Fiduciary Liability Policy Employee's Suppl. Retirement Sys 2  National Union/Alton Agency <b>14</b>	PLS 2672194			Fiduciary Liab. To \$ 10million ERISA Fidelity bond D&O, Trustees liab. To \$ 3million These p[olicies] handled by the Retirement Board <u>Risk Management is not involved in the purchase of these policies</u>	<b>Premium not incl. in total</b>
<b><u>Constitutional Officers' Liability Plan</u></b> <b><u>Risk Coverage</u></b> Commonwealth of Virginia (SIR)					
Clerk of Court	Virginia Risk	Continuous		Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the duties of the Public Entity Limits: \$1 million per loss, \$1 million aggregate	
Sheriff	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Commissioner of Revenue	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Commonwealth's Attorney	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Registrar of Voters	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Arlington County Treasurer	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
<b>15</b>					



## ARLINGTON COUNTY, VIRGINIA

## Schedule of Insurance

July 1, 2011-July 1, 2012

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<b>Welch Graham &amp; Ogden Agency</b>					
<b><u>Fire and Rescue Auto Physical Damage</u></b> VFIS/ American Alternative Insurance	VFISCM1054007-04	07/01/11	07/01/12	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD  \$ 1,000 Ded. Per unit	<b>\$57,768.00</b> Incl. TRIA
<b>16</b>					
<b><u>Police Command Vehicle</u></b> Hartford Fire Insurance Company	42 MS UG3055 K3	01/07/10	01/07/11	Inland Marine policy covering  portable Police equipment  and Command Vehicle	<b>\$7,222.00</b> Incl. TRIA
<b>17</b>					
<b><u>Portable Equipment-Fire Command Vehicle</u></b> VFIS American Alternative Insurance	TR-2056525	07/01/11	07/01/12	Inland Marine policy covering ACFD equipment & Command Veh.	<b>\$9,532.00</b>
<b>18</b>					
<b><u>Blanket Volunteer Liability</u></b> VaCorp	VA-AR-006-12	07/01/11	07/01/12	Covers Liability of Volunteers	<b>\$4,760.00</b>
<b>19</b>					
<b>TOTALS</b>					<b>\$1,145,397.50</b>

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

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Bank Deposits (2) (thousands)	Real Property Value (3)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation		Residential	Commercial	Non-Taxable
2003	206	45,190,520	63	245,828,500	10,813	342,302,448	N/A	16,904,168,300	14,776,201,600	4,177,897,400
2004	251	62,734,000	33	269,927,000	12,069	552,693,906	N/A	19,819,949,800	15,743,338,700	4,611,780,600
2005	245	65,578,000	58	471,549,000	12,810	410,999,470	N/A	24,807,985,800	17,467,436,100	5,254,797,800
2006	309	116,622,000	28	170,648,000	12,570	731,419,504	N/A	30,490,616,900	20,142,057,000	6,446,120,900
2007	154	42,199,000	54	279,540,000	11,537	787,764,529	N/A	31,217,514,500	23,075,322,700	7,211,250,200
2008	132	32,778,000	76	295,231,000	11,331	646,663,518	N/A	31,511,540,600	25,957,959,400	7,208,720,200
2009	160	43,325,775	84	409,257,463	11,526	372,491,217	N/A	31,176,590,200	26,604,956,900	7,489,437,300
2010	172	45,497,100	50	165,948,125	12,454	363,788,580	N/A	30,395,184,100	23,590,330,900	7,079,999,000
2011	204	59,770,300	60	372,020,336	12,690	367,577,766	N/A	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	N/A	31,308,133,600	30,363,228,300	7,313,610,400

## NOTES:

(1) Department of Community Planning, Housing and Development, Planning Division-- Inspection Services

(2) Source -- Colgate-Darden School of Business, University of Virginia

(3) Estimated actual value. Excludes public service corporations.

TABLE S

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

Fiscal Year	Revenues	Percent Change
2003	43,206,157	-5.38%
2004	45,090,463	4.37%
2005	45,699,044	1.35%
2006	52,568,059	15.23%
2007	50,898,687	-3.28%
2008	57,266,956	11.12%
2009	57,272,629	0.01%
2010	58,611,239	2.34%
2011	60,460,108	3.23%
2012	61,939,212	5.81%

ARLINGTON COUNTY, VIRGINIA  
CERTIFICATE OF NO DEFAULT  
June 30, 2012

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, 2012, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which would constitute and Event of Default as defined in Section 11.1 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02, Loan Number C-515378-02B, Loan Number C-515396-01, Loan Number C-515413-01, and Loan Number C-515396-02, Loan Number C-515413-02, and Loan Number C-515413-02B.



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Michelle G. Cowan  
Director, Department of Management and Finance  
September 12, 2012

TABLE U

ARLINGTON COUNTY, VIRGINIA  
LARGEST USERS OF THE WATER & SEWER SYSTEM  
For the twelve months ending June 30, 2012

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	7,570	Pentagon Military	13,076
Vornado - 1400 S. Joyce Street Apartments	3,173	Reagan National Airport Aviation	9,451
Pentagon City Mall Retail	3,072	Ft. Myer Military	7,570
Marriott Crystal City Hotel	2,960	Vornado - 1400 S. Joyce Street Apartments	3,173
Vornado - 1600 S. Joyce Street Apartments	2,932	Pentagon City Mall Retail	3,072
Archstone Communities - 1600 S. Eads Residential	2,588	Marriott Crystal City Hotel	2,960
Vornado - 1111 S. Army Navy Drive Apartments	2,582	Vornado - 1600 S. Joyce Street Apartments	2,932
Teachers Insurance & Annuity Association Commercial	2,400	Archstone Communities - 1600 S. Eads Residential	2,588
Arlington County Water Pollution Control Plant Sewage treatment plant	2,330	Vornado - 1111 S. Army Navy Drive Apartments	2,582
Archstone Communities - 320 S. 23rd Steet Residential	2,284	Teachers Insurance & Annuity Association Commercial	2,400

## 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, 2012

### **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 22.7 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.

<b>IJ Partner</b>	<b>Share of Plant Capacity</b>	<b>Agreement Expiration Date</b>
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
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 175 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 22.8 MGD to approximately 37,200 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 2008 through 2013 are shown in the following table. The typical residential customer pays \$73.56 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 2008 – FY 2013 Wastewater & Water Rates  
Per 1,000 Gallons of Metered Water Usage**

<u>Fiscal Year</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>	<u>Percent Change</u>
2008	\$3.34	\$5.86	\$9.20	15%
2009	\$3.35	\$7.19	\$10.54	15%
2010	\$3.42	\$7.78	\$11.20	6%
2011	\$3.50	\$8.24	\$11.74	5%
2012	\$3.68	\$8.51	\$12.19	4%
2013	\$3.98	\$8.63	\$12.61	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, 2012, general obligation debt outstanding attributable to the Utilities Fund totaled \$124,517,591. As of June 30, 2012, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$253,204,991. 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
2013	8,523,845	5,407,850	13,931,694	12,255,823	7,955,269	20,211,092	20,779,668	13,363,119	34,142,786
2014	8,561,975	5,343,904	13,905,879	12,648,779	7,614,561	20,263,340	21,210,754	12,958,465	34,169,219
2015	7,838,452	4,636,421	12,474,873	13,054,387	7,208,953	20,263,340	20,892,839	11,845,374	32,738,213
2016	7,949,794	4,222,951	12,172,745	13,473,054	6,790,286	20,263,340	21,422,848	11,013,237	32,436,085
2017	7,876,963	3,780,897	11,657,859	13,905,203	6,358,137	20,263,340	21,782,166	10,139,034	31,921,199
2018	7,549,795	3,766,634	11,316,429	14,351,271	5,912,069	20,263,340	21,901,066	9,678,703	31,579,769
2019	7,548,749	3,181,113	10,729,863	14,811,707	5,451,634	20,263,341	22,360,456	8,632,747	30,993,204
2020	7,062,470	2,849,320	9,911,790	15,286,976	4,976,365	20,263,341	22,349,446	7,825,685	30,175,131
2021	7,341,393	2,573,502	9,914,895	15,777,558	4,485,783	20,263,341	23,118,951	7,059,285	30,178,236
2022	6,963,155	2,196,470	9,159,626	16,283,948	3,979,392	20,263,340	23,247,103	6,175,862	29,422,966
2023	7,250,000	1,894,763	9,144,763	16,806,658	3,456,682	20,263,340	24,056,658	5,351,445	29,408,103
2024	7,345,000	1,554,006	8,899,006	17,346,217	2,917,123	20,263,340	24,691,217	4,471,129	29,162,346
2025	6,930,000	1,225,613	8,155,613	17,903,170	2,360,170	20,263,340	24,833,170	3,585,783	28,418,953
2026	7,058,000	952,944	8,010,944	18,478,080	1,785,261	20,263,341	25,536,080	2,738,205	28,274,285
2027	7,452,000	722,805	8,174,805	12,272,646	1,244,099	13,516,745	19,724,646	1,966,904	21,691,550
2028	4,021,000	412,660	4,433,660	12,672,833	843,911	13,516,744	16,693,833	1,256,571	17,950,404
2029	1,955,000	248,874	2,203,874	7,596,538	471,466	8,068,004	9,551,538	720,340	10,271,878
2030	1,955,000	175,968	2,130,968	6,069,980	210,523	6,280,503	8,024,980	386,491	8,411,471
2031	1,955,000	103,062	2,058,062	2,210,162	36,339	2,246,501	4,165,162	139,401	4,304,563
2032	995,000	42,930	1,037,930	-	-	-	995,000	42,930	1,037,930
2033	385,000	9,625	394,625	-	-	-	385,000	9,625	394,625
	124,517,591	45,302,314	169,819,904	253,204,991	74,058,023	327,263,013	377,722,580	119,360,337	497,082,917

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.



PM-AC-00898

September 6, 2012

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

Dear Mr. Slattery,

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

1. I am a representative of the Consulting Engineer to the County for the project financed through the Virginia Resources Authority.
2. For the fiscal year ended on June 30, 2012, the County satisfied the Rate Covenant.
3. For the fiscal year that will end on June 30, 2013, the projected net revenues will satisfy the Rate Covenant.

Dated: Sept. 6, 2012

By: Stephen James  
Professional Engineer #22074  
Representative of Earth Tech/AECOM

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



## **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 Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

The Honorable Members of the County Board  
Arlington County, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications of Audits of Counties and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. We did not audit the financial statements of the Gates Partnership, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon, dated March 30, 2012, has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs and response to be a significant deficiency in internal control over financial reporting as item 2012-01. 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.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the County in a separate letter dated October 31, 2012.

This report is intended solely for the information and use of the County, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Clifton Larson Allen LLP".

Arlington, Virginia  
October 31, 2012

**Independent Auditor's Report on Compliance with  
Requirements That Could Have a Direct and Material  
Effect on Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

The Honorable Members of the County Board  
Arlington County, Virginia

**Compliance**

We have audited the compliance of Arlington County, Virginia (the County) 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 its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with the time and effort and reporting requirement for allowable costs, which is required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as item 2012-02.

## **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-02. *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.

## **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

Arlington, Virginia  
October 31, 2012

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	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	\$ 52,136
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	972,266
(Medical Assistance)	93.778	1,208,157
(Child Care Purchased Services)	93.596	656,123
(View Purchased Services)	93.558	1,596,118
Child Care Development Block Grant (102-586)	93.575	1,358,849
FAMIS Outreach Grant	93.767	52,175
ILP Education & Training Vouchers	93.599	24,449
Family Preservation	93.556	16,349
Independent Living	93.674	24,050
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	1,157,487
Adoption	93.659	613,654
Admin Title IV-B1	93.603	4,248
Fuel Assistance Program(765/452-06)	93.568	78,973
<b>Total Department of Social Services</b>		<b>7,815,034</b>
Department of Health Services:		
Immunization Grant	93.268	55,667
Immunization Grant--ARRA supplement	93.268	4,282
Family Planning Grant	93.217	122,049
Maternal and Child Health Grant	93.994	84,151
TB Outreach Grant	93.116	80,000
<b>Total Department of Health Services</b>		<b>346,149</b>
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	52,934
Mental Health -Seriously mentally III	93.958	36,284
MH FMBG Geriatric Project	93.958	441,082
MH FBG Consumer Services	93.958	27,000
SA Treatment FBG	93.959	423,517
SA SARPOS FBG	93.959	133,478
Early Intervention Funds (PIE-ARRA)	84.181	152,666
Early Intervention Funds (PIE-PART C)	84.181	755,871
<b>Total Mental Health Mental Retardation and Substance Abuse</b>		<b>2,022,832</b>
Department for the Aging		
Older Americans Act		
Title III-B-Area Plan	93.044	175,685
Title III-C-Nutrition	93.045	224,031
Title III-E- National Family Caregiver Support	93.052	56,032
Title VII-Elder Abuse Prevention	93.041	2,039
Senior Medicare Patrol Project	93.048	5,550
Door Through Door	93.048	49,183
Health Insurance Counseling & Assistance	93.779	30,803
Health Insurance Counseling & Assistance	93.779	28,881
<b>Total Department for the Aging - OAA</b>		<b>572,204</b>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>\$ 10,756,219</b>

See accompanying notes to Schedule of Federal Awards.



**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants		
Twenty-sixth Entitlement(B00UC51002)	14.218	\$ 3,900
Twenty-seventh Entitlement(B01UC51002)	14.218	10,958
Twenty-eighth Entitlement(B02UC51002)	14.218	13,134
Twenty-ninth Entitlement(B03UC51002)	14.218	43,781
Thirtieth Entitlement(B04UC51002)	14.218	225,000
Thirty-third Entitlement(B07UC51002)	14.218	54,322
Thirty-fourth Entitlement(B08UC51002)	14.218	30,473
Thirty-fifth Entitlement(B09UC51002)	14.218	91,171
Thirty-sixth Entitlement(B10UC51002)	14.218	57,922
Thirty-seventh Entitlement(B11UC51002)	14.218	1,223,760
		<hr/>
Community Development Block Grants		1,754,421
CDBG-ARRA Grant	14.253	157,902
HOME Administration Grant	14.239	24,395
		<hr/>
<b>Sub- total Community Development Grants</b>		<b>182,297</b>
Community Service Block Grant	93.569	183,767
Home Administration	14.239	59,269
		<hr/>
<b>Total Community Development Grants</b>		<b>2,179,754</b>
Section 8 Housing Assistance-		
Moderate Rehab(VAO28MROO1-005)	14.856	216,253
Voucher Program(VAO28VO015-023)	14.871	16,475,159
		<hr/>
<b>Total Section 8 Housing Assistance</b>		<b>16,691,412</b>
HUD-Federal Emergency Shelter Grant	14.231	33,714
HUD-In-Roads	14.235	101,522
HUD-Adopt-a-Family Grant	14.235	202,270
HUD-Shelter Plus Care (Milestone I and II)	14.240	163,818
HUD-HOPWA	14.241	69,618
HUD-ARRA-HPRP	14.257	57,450
HUD-ARRA-HPRP-State Pass Thru	14.257	27,711
HUD-Family Unification Program	14.880	432,531
		<hr/>
<b>Total HUD &amp; Moderate Rehab Grant</b>		<b>1,088,634</b>
		<hr/>
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT<sup>1</sup></b>		<b>\$ 19,959,800</b>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	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	\$ 2,528,318
Title I Reading Recovery - Sub grantee (Shippensburg State)	84.377	7,790
Title I Part A 1003 G School Improvement	84.377	318,559
ARRA - Longitudinal Study	84.384	46,020
ARRA Educational Technology Grant	84.386	4,865
ARRA 1003g School Improvement	84.388	451,146
ARRA Title I Grants to LEAs	84.389	140,383
ARRA IDEA Part B	84.391	924,029
ARRA IDEA Part B Preschool	84.392	22,692
ARRA State Fiscal Stabilization Fund	84.394	717,408
ARRA Education Jobs Fund	84.410	32,827
21st Century Community Learning Centers	84.287	123,960
IDEA Part B Section 611 (197/171-02)	84.027	3,161,820
Learning and Library Resources-		
Pre-School Incentive	84.173	94,746
Title III, Part A (NCLB) Emergency Immigration (197/171-06)	84.365	675,568
Title IV Drug-Free Schools (NCLB) (197/171-05)	84.186	18,992
Vocational Education Act - Carl D Perkins PL-101-392	84.048	263,525
ESL/Civics Grant	84.002	262,238
Title II, Part A Improving Teacher Quality	84.367	363,212
Title II, Part D Ed Tech (NCLB)	84.318	25,613
Even Start	84.213	277,360
<b>Total State Pass Through Payments</b>		<b>10,461,071</b>
<b>Total Department of Education</b>		<b>\$ 10,461,071</b>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF LABOR		
Pass Through Payments:		
Department of Social Services		
Work Investment Act		
WIA-Admin. Fund	17.258	\$ 114,240
WIA-Adult	17.258	260,301
WIA-Youth	17.259	235,826
WIA-Dislocated	17.260	300,968
WIA-Rapid Response	17.260	430,168
WIA-Incentive Grant	17.260	24,250
WIA - Rescission Correction Grant	17.260	23,534
National Emergency Grant	17.260	714
Department of Rehabilitative Services Grant	17.207	<u>216,170</u>
<b>Total Department of Social Services</b>		<b><u>1,606,171</u></b>
 <b>Total Department of Labor</b>		 <b><u><u>\$ 1,606,171</u></u></b>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Federal Catalogue Number	Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>		
Pass Through Payments:		
Department of Education-		
National School Lunch Program		
(197/457-02)	10.555	\$ 2,980,160
National School Breakfast Program	10.553	673,386
Parent/Teen Infant	10.558	22,952
<b>Sub total</b>		<b>3,676,498</b>
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	305,104
WIC Grant	10.577	621,725
WIC Grant--Breastfeeding Peer Counselors	10.577	38,568
WIC Grant--Operational Adjustment	10.577	15,351
FSET - Transportation & POS	10.561	15,139
Administrative Matching Grants for Food Stamps	10.561	2,005,786
<b>Sub total</b>		<b>3,001,673</b>
Department for the Aging		
Older Americans Act Title III USDA		
(163/457-02)	10.570	48,626
<b>Sub total</b>		<b>48,626</b>
<b>Total Department of Agriculture</b>		<b>\$ 6,726,797</b>
<b>DEPARTMENT OF JUSTICE</b>		
Direct Federal Payments:		
ODJ- Seized Assets	16.922	\$ 130,143
Treasury- Seized Assets	21.000	259,782
Metropolitan Area Task Force (MATF)	16.579	82,698
High Intensity Drug Trafficking Area (HIDTA)	16.000	299,651
High Intensity Drug Trafficking Area (HIDTA)	95.001	15,400
High Intensity Drug Residential Treatment	16.000	52,155
DMV Highway Safety Program	20.600	49,994
Recovery Justice Assistance Grant	16.804	5,012
2009-2011 Justice Assistance Grant	16.738	64,756
State Homeland Security Grant	97073	262,017
2009-2010 Buffer Zone Grant	97.078	210,449
<b>Total Direct Federal</b>		<b>1,432,057</b>
<b>Total Department of Justice</b>		<b>\$ 1,432,057</b>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Federal Catalogue Number	Expenditures
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	\$ 118,918
NSA Research Grant & Cooperative Agreement	12.900	93,495
STEM - Science, Technology, Engineering & Math	97.104	52,735
AMERICORPS	94.006	70,276
<b>Sub-total Direct Federal Payments</b>		<b>335,424</b>
EECBG - Solar on County Buildings	81.128	51,308
EECBG - Energy Efficiency in County Buildings	81.128	830,150
EECBG - Training and Outreach to Private Sector	81.128	160,986
EECBG - Electric Vehicle	81.128	28,985
Arlington Gang Initiative Grant	16.544	39,708
<b>Sub-total Direct Federal Payments</b>		<b>1,111,137</b>
<b>Total Direct Federal Payments</b>		<b>1,446,561</b>
Pass Through Payments:		
Congestion Mitigation Air Quality	66.001	8,041,314
TSM Communication-Fiber Optic (AARA)	20.205	2,829,181
TSM Communication-Upgr. UPC	20.205	307,020
Roadway Improvements	20.205	2,243,440
MR20 (AARA)	20.523	2,773,719
<b>Sub-total State Pass Through Payments</b>		<b>16,194,674</b>
Fire Department Programs		
Urban Area Security Initiative (UASI)	97.008	64,959
Urban Area Security Initiative (UASI)	97.067	2,692,575
UASI License Reader & Trailer	97.067	429,247
UASI Training Recue Task Force	97.067	20,074
<b>Sub-total State Pass Through Payments</b>		<b>3,206,855</b>
FEMA Reimbursement for Emergency Preparedness		
DHS State Homeland Security Grant	97.073	683,281
Metropolitan Medical Response System	97.071	329,460
		<b>1,012,741</b>
<b>Total State Pass Through Payments</b>		<b>\$ 20,414,270</b>
<b>Total Other Federal Assistance</b>		<b>\$ 21,860,831</b>
<b>TOTAL FEDERALLY ASSISTED PROGRAMS</b>		<b>\$ 72,802,946</b>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2012**

**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, 2012**

**I. Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Highway Planning and Construction	20.205
Aging Cluster	93.044, 045
Administrative Matching Grants for Food Stamps	10.561
Special Education Cluster	84.027, 173, 391, 392
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emission	20.523
Energy Efficiency and Conservation Block Grant	81.128
Urban Area Security Initiative	97.067

Dollar threshold used to distinguish between type A and type B programs \$2,184,088

Auditee qualified as low-risk auditee?	<u>  X  </u>	Yes	<u>      </u>	No
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**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2012**

**II. Financial Statement Findings**

***Finding No 2012-01: Schedule of Expenditures of Federal Awards (SEFA) (Significant Deficiency)***

**Condition:** The County's SEFA did not accurately identify all federal expenditures as required by OMB A-133. The County reported program expenditures for FY 2011 as FY 2012 expenditures on the SEFA.

**Criteria:** The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The Internal Control-Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission, provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

In addition, OMB Circular A-133 Subpart C Section 300 (a)-(d) stipulates that the auditee must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the CFDA title and number, award number and year, name of Federal agency, and name of the pass-through entity; maintain internal control over Federal program that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs; comply with laws, regulations, and the provision of contracts or grant agreements related to each of its Federal programs; and prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB A-133 section 310.

**Cause:** The staff who was responsible for identifying and accruing FY 2011 program expenditures resigned and the replacement staff did not have the experience to properly identify and accrue FY 2011 expenditures. This resulted in FY 2011 being paid in FY 2012 and reported as FY 2012 expenditures on the SEFA.



**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2012**

**Effect:** The SEFA was overstated and not in compliance with OMB Circular A-133 Subpart C Section 300 (a)-(d). The County's program expenditures may be disallowed if the expenditures are not reported within the allowable period of availability.

**Recommendation:** We recommend that the County review current procedures for creating the SEFA to ensure that all federal programs and related expenditures incurred and/or paid during the audit period are identified.

***Management's***

***Response:*** For future payments we will ensure that the invoice will be paid and recorded in the appropriate fiscal year.

**III. Federal Award Findings and Questioned Costs**

***Finding No 2012-02: Time and Effort***

**Finding Type:** Internal control and compliance

**Federal Program:** Aging Cluster, CFDA 93.044, 045

**Condition:** Employees' time and effort certifications were not completed.

**Criteria:** Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of work performed by the employee (OMB Circular A-122, Attachment B.8.h.3).

Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must meet the following standards: (a) they must reflect an after-the-fact distribution of the actual activity of each employee; (b) they must account for the total activity for which each employee is compensated; (c) they must be prepared at least monthly and must coincide with one or more pay periods; and (d) they must be signed by the employee (OMB Circular A-87, Attachment B.8.h.4).

Per the Internal Control-Integrated Framework (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission, payroll documents such as timesheets should be reviewed

**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2012**

and approved with authorized signatures (manual or electronic) to verify the accuracy of the amount of hours charged to the federal programs.

**Cause:** The County created time and effort procedures but did not implement the process until the 4<sup>th</sup> quarter of FY 2012.

**Effect:** The County was not consistently in compliance with federal allowability guidelines related to allocating time to grants based on actual time spent working on each grant. In addition, the County may fail to detect and/or prevent the occurrence of non-compliant program activity. The entity may be required to pay questioned costs for unallowed activity.

**Context:** Time and effort documentation was not provided for 12 out of 16 pay periods.

**Questioned Costs:** Unable to determine as all of the staff tested were approved and assigned to work on the federally supported program. We are unable to determine if the time and effort charged to the grant was accurately reported.

**Recommendation:** We recommend that the County continue the procedures and controls enacted in the fourth quarter of fiscal year 2012 to ensure that time and effort certifications are obtained from County employees on at least a monthly basis for those who are split-funded and a semi-annual basis for those charged 100%. These certifications should state the percentage of time worked related to the program during the period covered by the certification. In addition, we recommend the County reiterate their procedures for documenting the review process and continue to stress the importance of consistent reviews and approvals.

***Management's  
Response:***

The Arlington Agency on Aging will implement procedures to certify time spent on allowable grant activity.

**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**June 30, 2012**

***Finding No 2011-01:*** Time and Effort

**Finding Type:** Internal control over compliance finding

**Federal Program:** Special Education Cluster, CFDA 84.027, 173, 391, 392  
Aging Cluster, CFDA 93.044, 045

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

**Current Status:** Special Education Cluster, CFDA 84.027, 173, 391, 392  
Resolved  
  
Aging Cluster, CFDA 93.044, 045  
Partially Resolved, Repeat finding 2012-02

***Finding No 2011-02:*** Cash Management

**Finding Type:** Internal control and compliance

**Federal Program:** Aging Cluster, CFDA 93.044, 045

**Condition:** The County does not maintain support for reimbursement request.

**Current Status:** Resolved

***Finding No 2011-03:*** Equipment Management

**Finding Type:** Internal control and compliance

**Federal Program:** Urban Area Security Initiative, CFDA 97.067

**Condition:** The County's property records do not contain the required information about the equipment. Equipment purchased with Federal funds is not identified to indicate Federal ownership.

**Current Status:** Resolved

# 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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