

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2009

(July 1, 2008 - June 30, 2009)



DEPARTMENT OF MANAGEMENT AND FINANCE

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

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ARLINGTON
VIRGINIA

Vision

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

ARLINGTON COUNTY BOARD

Mission

High Quality Service

Leadership Philosophy

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

Principles of Government Service

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

ARLINGTON COUNTY, VIRGINIA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2009

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INTRODUCTION



DEPARTMENT OF
MANAGEMENT AND FINANCE

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

October 31, 2009

Chairman Barbara Favola 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, 2009.

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

The County’s financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2009, 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, 2009, 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.

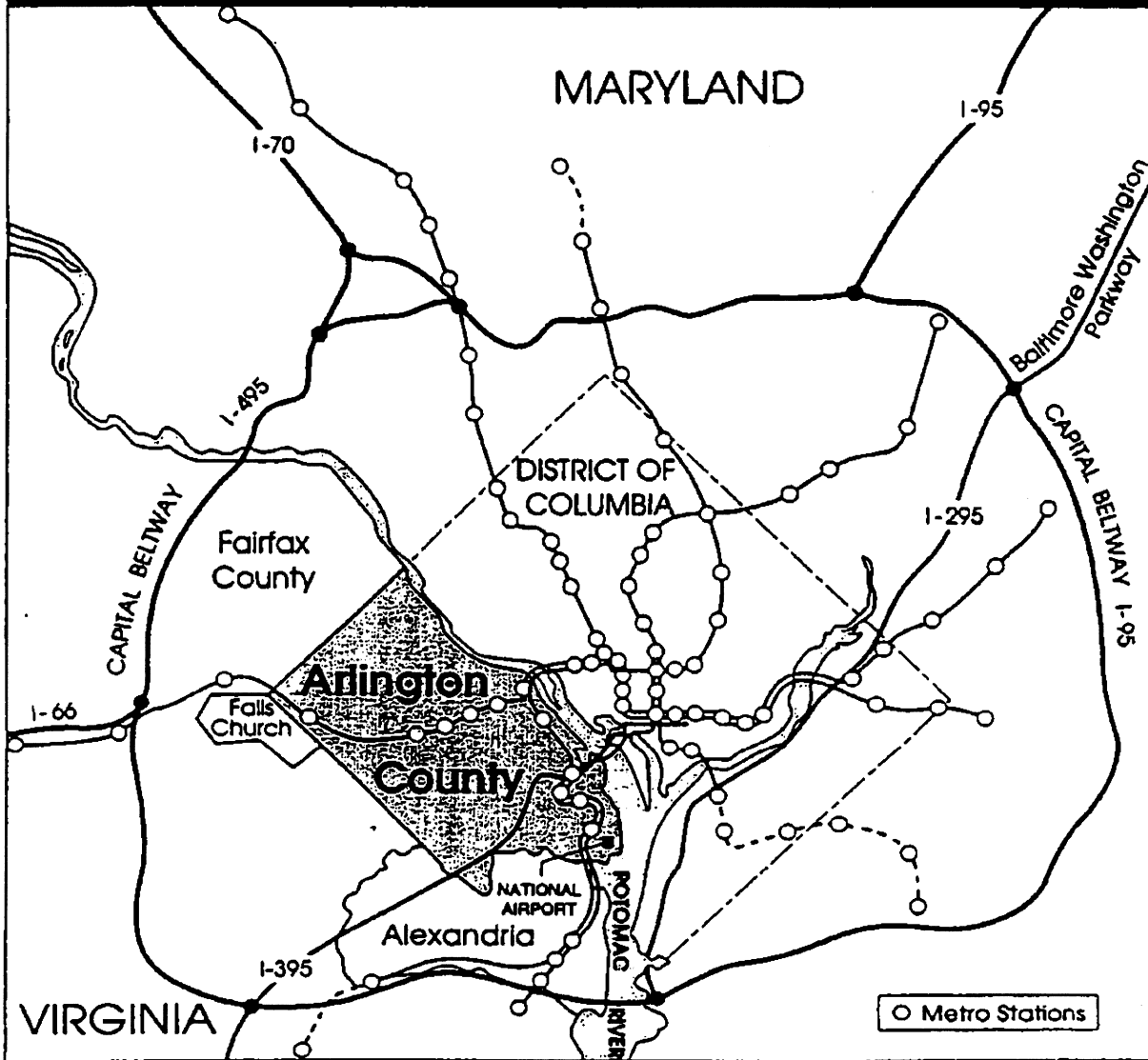
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter or transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington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

WASHINGTON METRO AREA MAP



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 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, 2009 was \$57.8 billion. The County government's adopted budget for all funds for Fiscal Year 2009 totaled \$1,177.0 million, which included \$432.6 million for public primary and secondary education. The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager's responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932.

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. With a location directly across the Potomac River from the nation's capital, Arlington County has been at the center of the Washington metropolitan area's growing economy. 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 upbeat, in spite of a recession nationally and regionally. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to office demand, retail sales, and tourism all showing stable or improved levels over the past two years. Assessed valuation of real property has grown by 0.4% this year, due to minor decreases in residential assessments offset by modest growth in the commercial sectors.

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 nine 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-five million (35M) 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 9,858 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 5,000 new residential units have been delivered in the past three years and 2,400 remain under construction. No community in America has had a stronger commitment to transit-oriented development. In the 2nd quarter of 2009, the County's office vacancy rate was 8.5%. The residential unemployment is very low, averaging 3.5% for FY 2009, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In July 2009, the County's outstanding financial management, solid reserve levels, controlled expenditure growth and significant steps taken to reduce the County's total liability for post-retirement benefits were cited as reasons Standard and Poor's, Moody's, and Fitch's Investor Services reaffirmed the County's top AAA/Aaa/AAA ratings. The triple AAA/Aaa/AAA rating validates that Arlington's financial position is strong, with ample liquidity, sound general fund reserves, a competitive tax structure, and excellent financial planning. The continued growth of high wage jobs in the technology, research and financial services sectors, high per-capita retail sales and strong operating reserves serve to establish Arlington County, as of June 30, 2009, as only one of 23 counties in the United States with top bond ratings from all three major bond-rating agencies.

Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2001, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. The annual budget serves as Arlington's annual operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Six core themes are contained in the 2009 Management Plan that support the Board's vision:

- Fiscal Sustainability
- Economic Sustainability
- Social Justice
- Cultural and Economic Inclusion
- Environmental Sustainability
- Administrative and Physical Infrastructure
- Employer of Choice

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

The budget adopted by the County Board for fiscal year 2010 maintains Arlington's tradition of high-quality services and strong financial management. The General Fund budget increase is the smallest in at least 25 years, a 0.6% increase from FY 2009, with no new programs supported by local tax revenues. Despite tough fiscal restraints the County continues its sustainable efforts to promote a healthy environment, a safety net for our most vulnerable residents, affordable housing opportunities and resources to address future budget uncertainties. The approved budget includes \$19.8 million in budget reductions, with \$12.1 million in administrative/overhead areas and \$7.7 million in direct service reductions. The FY 2010 adopted budget represents a sustainable balance between responsible taxation and fee policies, and strategic investment in the community for today and the future. By maintaining core services and enhancing the safety net, the adopted budget demonstrates that Arlington's economy remains strong, even as the county struggles towards economic recovery.

Taxes and Fees

The budget is the single most important policy document that a governing body enacts annually. Obviously, the budget has to be "balanced" fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The Board approved a CY 2009 real estate tax rate of 86.5 cents per hundred dollars of assessed value, a \$0.027 increase over CY 2008. In addition, a separate \$.01 stormwater tax on real estate is dedicated to maintain and replace the County's aging stormwater system and \$0.125 on real estate tax for commercial and industrial purposes. Arlington remains one of the best values for the dollar among local jurisdictions and for the first time in three years, Arlington will have the lowest real estate tax rate in the Northern Virginia region.

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

Protecting the Most Vulnerable

As part of the FY 2010 adopted budget, the only tax-supported programs expanded were critical safety net programs to help residents most affected by the recession. Funding was increased for the housing grants program, food assistance, permanent supportive housing and transitional housing and other assistance programs. In addition, new funding was included for homeless services through the Arlington Street People's Assistance Network.

Education

Like most local governments, Arlington's largest single expenditure is for schools. The public school system represents more than a third of total general fund spending, and accounts for almost half of local tax dollars. The transfer amount is based on the revenue sharing agreement for allocating County taxes between the County and the Schools. For FY 2010, the Schools will receive 49.1% of the local tax revenues included in the formula, an increase from 48.1% in FY 2009. The County is proud of the continuing accomplishments of its students and schools. Achievement has been rising for all student groups, while the achievement gap has narrowed. SAT participation rates and mean scores, while essentially flat from 2007 to 2009, remain well above the state and the nation. SOL pass rates have increased, and more students are taking advanced classes. In June 2009, Newsweek's annual ranking of high schools places all four Arlington Public Schools high schools in the top one-half percent of high schools in the United States. Arlington's commitment to schools is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, less than 20% of School funding comes from sources other than local taxes. In Prince William County, for instance, more than half the cost of schools is paid by the state, while Arlington pays over 80 percent of the cost of educating our students.

Cash Management Policies and Practices

The Treasurer's Office pools substantially all cash and investments for County and School purposes (County funds) in pooled and separate cash and investment accounts. Separate accounts correspond with specific contractual and/or legal restrictions. Each Fund's equity share of the total pooled cash and investments is included on the accompanying balance sheet under the caption "Equity in Pooled Cash and Investments". The Treasurer conducts banking and investment activities as authorized by The Code of Virginia, Chapter 44 – Security for Public Deposits Act; Chapter 45 – Investment of Public Funds Act; Chapter 46– Local Government Investment Pool Act; and Chapter 47 – Government Non-Arbitrage

Investment Act. The Code of Virginia delineates additional authority and obligations of the Treasurer in 58.1-3123 through 58.1-3172.1. In addition, the County Treasurer has a formal, written investment policy which further governs the types of allowable investments and procedures for investing the county's operating funds. The Investment Policy received a Certification of Excellence from the Association of Public Treasurers of the United States and Canada (APT) in August 2007. The APT Certification is effective for a five year period. The County established a Finance Board pursuant to Code of Virginia Sections 58.1-3151 et. seq.

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

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

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

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

Risk Management and Reserves

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

In addition, the County has designated a General Fund balance self-insurance reserve of \$5.0 million as of June 30, 2009. The County also maintains a General Fund operating reserve that totaled \$30.8 million as of June 30, 2009. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, previously set at two percent of the General Fund budget, is now at least 3.25 percent with a goal of increasing to five percent of the General Fund budget. The County has also established a Stabilization Fund of \$11.5 million as of June 30, 2009. The Fund's purpose is to manage in FY10 the impact of economic changes, including lower revenues, unanticipated consequences of budget reductions or additional safety net requirements. These funds would normally be used for maintenance capital and other one-time expenses.

Pension Benefits

The County participates in two separate pension systems. The Virginia Retirement System (VRS) covers most School Board employees and some County employees affiliated with State agencies. VRS is administered by the State, which bills the County for a portion of the employer's share of contributions. The Arlington County Employee's Supplemental Retirement System ("the System") covers all other County employees. The Arlington County Code requires the System to have an actuarial valuation at least biennially. For the year ended June 30, 2009, the County's annual pension cost of \$37.0 million equaled 100% of the required contributions due.

Other Post-employment Benefits (OPEB)

In addition to the pension benefits described above, the County provides post-employment health care benefits to all permanent employees who meet the requirements under the County's or the State's pension plans. Eligibility is contingent upon the retiree being eligible for one of the County's current health plans at the time of retirement. The County Board considers and approves these benefits annually as part of the Adopted Budget process. As of June 30, 2009, 1,383, and 1,573 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.

Since June 30, 2008, the County and Schools have taken the following steps:

- On February 24, 2009, the Arlington County Board adopted a resolution establishing an OPEB Trust, providing for an effective date of January 1, 2009. With adoption of the trust, the County Board allocated \$15.1 million in County assets to the Trust.
- On April 28, 2009, the Arlington County Board adopted the Fiscal Year 2010 budget. The adopted budget includes \$15.4 million in funding to meet OPEB obligations. This includes \$8.9 million in pay-as-you-go funding for current retirees and an additional \$6.5 million in ongoing funding to meet OPEB liabilities.
- On April 30, 2009, the Arlington County School Board adopted its Fiscal Year 2010 budget. The adopted budget includes \$8.2 million in funding to meet OPEB obligations. This includes \$6.5 million in pay-as-you-go funding for current retirees and an additional \$1.7 million in ongoing funding to meet OPEB liabilities.
- On May 13, 2009, the Arlington County School Board adopted a resolution establishing an OPEB Trust, providing for an effective date of January 1, 2009. With adoption of the trust, the School Board allocated \$1.5 million in assets to the Trust.
- The Arlington County Employee Retirement System (ACERS) has agreed to act as trustee for the funds, and the amount set aside by the County and Schools have been invested in Trust instruments.

In an actuarial analysis dated January 1, 2009, the County's actuary (assuming that an OPEB Trust would be created prior to June 30, 2009, and assuming the cap on retiree health care benefits adopted in April 2008) estimated an OPEB liability of \$210.0 million (for the Fiscal Year ending June 30, 2009) with an Annual Required Contribution (ARC) of \$15.5 million and a net OPEB liability of \$0.3 million. In addition, the actuarial analysis assumed that the County would be contributing \$10.4 million in health care reserves. The County Budget for FY 2010 fully funds the ARC.

In an actuarial analysis dated December 31, 2008 the Schools' actuary (assuming than an OPEB Trust would be created prior to June 30, 2009, and that the School Board would implement a cap on retiree health care benefits) estimated an OPEB liability of \$186.4 million (for Fiscal Year ending June 30, 2009) with an ARC of \$15.0 million and a net OPEB liability of \$19.0 million. In addition to the \$1.5 million contributed to the OPEB Trust, the Schools have a \$3.6 million health care reserve which will be contributed to the OPEB trust in FY 2010 if not needed for other purposes. The Schools' Budget for FY 2010 fully funds the ARC.

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 30, 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 J-1, Table D, Table D-1, Table D-2, Table C, Table E, Table H, Table F, Exhibits S-8, S-9, and G-2, Table R, Table U, Table J-2, Exhibit D-1, D-2, and D-3, and Table T. 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 P, S and V.

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, 2008.

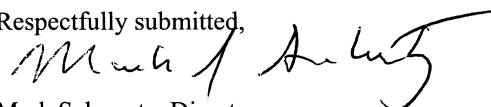
The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2010 budget. This award is the highest form of recognition in governmental budgeting.

County Acknowledgements

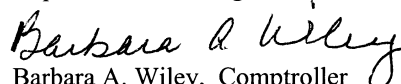
The County continues to maintain a strong financial position through responsible and progressive management of financial operations, by thorough bond official statement disclosure practice, and sound accounting and financial reporting practices. We strongly support the efforts of the Auditor of Public 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,



Mark Schwartz, 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, 2008

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.



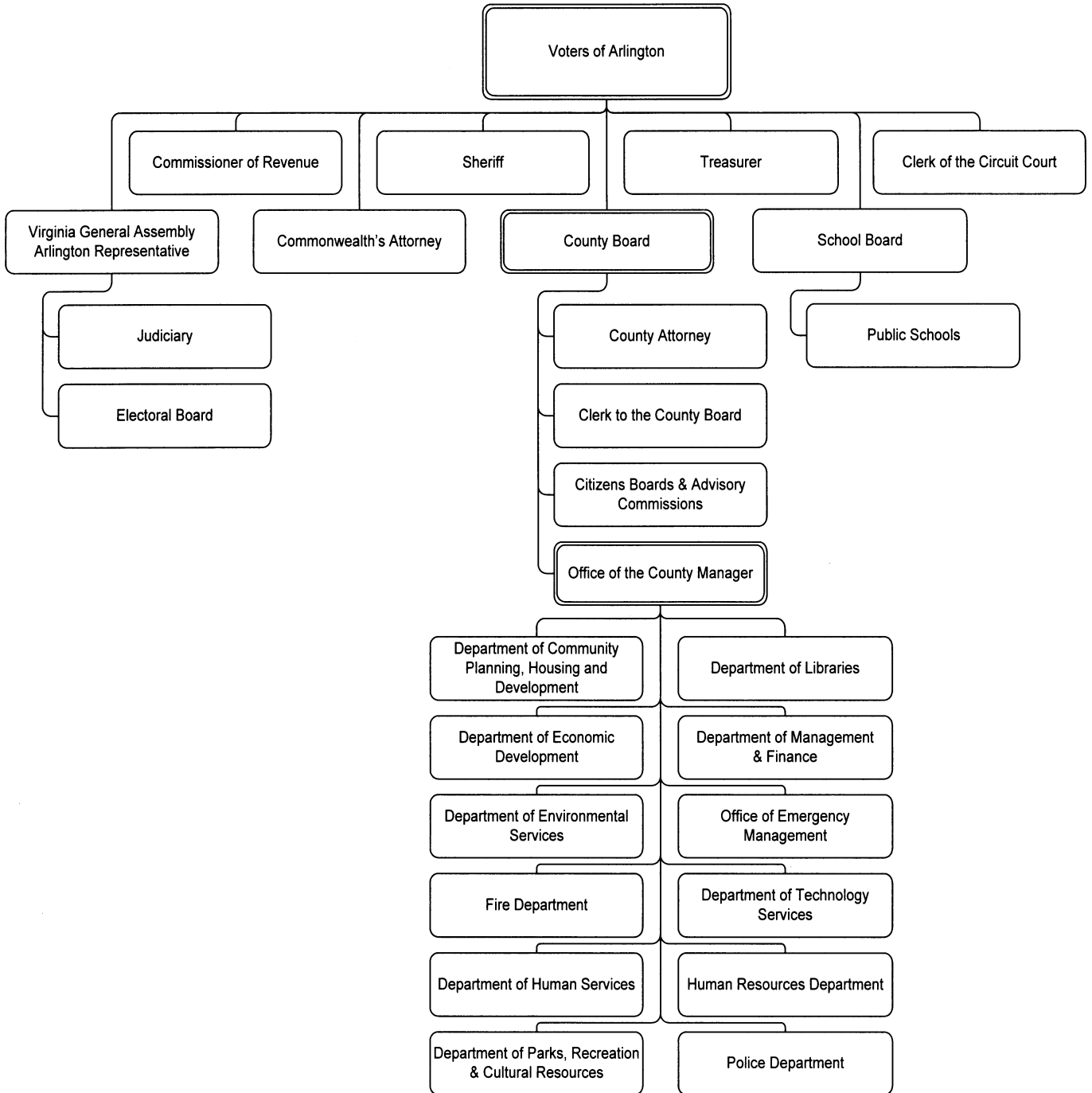
A handwritten signature in black ink, appearing to read "M. L. R. +".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

DIRECTORY OF OFFICIALS

June 30, 2009

COUNTY BOARD

Barbara A. Favola, Chairman

Jay Fisette, Vice Chairman

J. Walter Tejada
Christopher Zimmerman
Mary Hynes

COUNTY SCHOOL BOARD

Sally M. Baird, Chairman

Libby Garvey, Vice Chairman

Ed Fendley
Emma Violand-Sanchez
Abby Raphael

FINANCE BOARD

Barbara A. Favola, Chairman

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

JUDICIAL

Circuit Court Judges:

Williams T. Newman Jr.
James F. Almand
Benjamin N.A. Kendrick
Joanne F. Alper

General District Court Judges:

Dorothy H. Clarke
Karen A. Henenberg
Richard J. McCue
Thomas J. Kelley, Jr.

Juvenile and Domestic Relations:

George D. Varoutsos
Esther L. Wiggins Lyles

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

COUNTY OFFICIALS

Elective

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

Richard E. Trodden
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, Recreation and Community Resources
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
Acting Director of Department of Environmental Services
Director of Department of Technology Services
Director of Department of Economic Development
Registrar of Voters
Acting Director Office of Emergency Management

Ron Carlee
Barbara M. Donnellan
Marsha Allgeier
Stephen MacIsaac
Hope Halleck
Susan Bell
Dinesh Tiwari
James H. Schwartz
Susanne Eisner
Diane Kresh
Mark J. Schwartz
Marcy Foster
M. Douglas Scott
Robert P. Griffin, Jr.
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
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
Mary Beth Chambers
Walter McKenzie
Dr. Mark Johnston
Dr. Alvin Crawley
Marjorie Tuccillo
Linda 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, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership discretely presented component unit. These financial statements were audited by other auditors whose report thereon dated April 1, 2009, has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the reports of the other auditor.

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

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Clifton Gunderson LLP

Arlington, Virginia
October 30, 2008



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, 2009. 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 be found in Exhibits 1 and Exhibit 2, and Exhibits 6 through 10 of this report.

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

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

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

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

The County maintains 20 individual governmental funds which are presented as 16 individual funds in the fund statements; the Schools maintain 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and general capital projects fund, which are considered to be major funds. Data from the 20 County governmental funds are combined into a single, aggregated presentation; data from the Schools 8 governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report. The County adopts an annual appropriated budget for its general fund and special revenue funds, including Schools. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

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

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

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

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

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

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

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

Statement of Net Assets

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

Table A-1
Condensed Net Assets
June 30, 2009
With Comparative Totals for June 30, 2008
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Current and other assets	\$700.8	\$684.8	\$179.5	\$182.1	\$880.3	\$866.9	\$88.0	\$127.2	\$5.6	\$8.6	\$973.9	\$1,002.7
Capital assets	553.2	460.1	843.0	695.7	1,396.2	1,155.8	365.0	339.2	88.6	87.9	1,849.8	1,582.9
Total assets	1,254.0	1,144.9	1,022.5	877.9	2,276.5	2,022.8	453.0	466.4	94.2	96.5	2,823.7	2,585.7
Long-term debt outstanding	679.7	683.9	420.0	360.7	1,099.7	1,044.6	58.9	36.8	59.1	68.3	1,217.7	1,149.7
Other liabilities	160.0	141.4	48.1	43.8	208.1	185.2	52.1	65.0	10.7	3.7	270.9	253.9
Total liabilities	839.7	825.3	468.1	404.5	1,307.8	1,229.8	111.0	101.8	69.8	72.0	1,488.6	1,403.6
Net assets:												
Invested in capital assets												
net of related debt	184.9	98.3	445.1	354.6	630.0	452.9	356.7	332.7	30.0	29.3	1,016.7	814.9
Restricted	124.5	168.2	6.9	12.3	131.4	180.5	15.0	53.6	-	-	146.3	234.1
Unrestricted	104.9	53.1	102.4	106.4	207.3	159.5	(29.7)	(21.7)	(5.6)	(4.9)	172.1	132.9
Total net assets	\$414.3	\$319.6	\$554.4	\$473.4	\$968.7	\$793.0	\$342.0	\$364.6	\$24.4	\$24.5	\$1,335.1	\$1,182.0

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 \$414.3 and in the case of the business-type activities, assets exceeded liabilities by \$554.4 for a primary government total of \$968.7 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$342.0, in the case of the Gates Partnership, assets exceeded liabilities by \$24.4.

By far the largest portion of the primary government's, Schools', Gates Partnership's net assets (76.2%) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The primary government and Schools use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the primary government's, and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

In Virginia, state law provides that a school board is a separate legal entity and has long held that school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (fixed assets) to be funded by debt financing require the local government to issue the debt. To accommodate GASB 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 2009 and FY 2008:

Table A-2
Changes in Net Assets
June 30, 2009
With Comparative Totals for June 30, 2008
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues												
Program revenue												
Charges for services	\$58.8	\$64.4	\$123.9	\$106.1	\$182.7	\$170.5	\$14.1	\$15.4	\$6.5	\$4.9	\$203.3	\$190.8
Operating grants and contributions	102.4	105.7	2.9	-	105.3	105.7	368.1	416.7	-	-	473.4	522.4
Capital grants and contributions	1.8	1.8	26.8	28.0	28.6	\$29.8	-	-	0.5	1.4	29.1	31.2
General revenue												
Property taxes	623.6	603.8	-	-	623.6	603.8	-	-	-	-	623.6	603.8
Other local taxes	187.9	185.9	-	-	187.9	185.9	16.2	16.9	-	-	204.1	202.8
Investment and interest earnings	11.5	17.2	3.4	6.1	14.9	23.3	1.1	0.4	0.1	0.2	16.1	23.9
Miscellaneous	18.5	24.2	-	-	18.5	24.2	-	-	0.1	-	18.6	24.2
Total revenues	1,004.5	1003.0	157.0	140.2	1,161.5	1,143.2	399.5	449.4	7.2	6.5	1,568.2	1,599.1
Expenditures												
General government	157.9	183.5	-	-	157.9	183.5	-	-	-	-	157.9	183.5
Public safety	101.2	114.6	-	-	101.2	114.6	-	-	-	-	101.2	114.6
Environmental services	74.1	73.7	-	-	74.1	73.7	-	-	-	-	74.1	73.7
Health and welfare	100.7	110.0	-	-	100.7	110.0	-	-	-	-	100.7	110.0
Libraries	12.8	14.4	-	-	12.8	14.4	-	-	-	-	12.8	14.4
Parks, culture and recreation	35.4	38.6	-	-	35.4	38.6	-	-	-	-	35.4	38.6
Planning and community development	67.6	46.3	-	-	67.6	46.3	-	-	-	-	67.6	46.3
Education	341.1	391.2	-	-	341.1	391.2	422.1	412.9	-	-	763.2	804.1
Debt service:												
Interest and other charges	18.4	18.4	-	-	18.4	18.4	-	-	-	-	18.4	18.4
Water and sewer	-	-	59.1	57.9	59.1	57.9	-	-	-	-	59.1	57.9
Parking garage	-	-	5.6	9.5	5.6	9.5	-	-	-	-	5.6	9.5
IDA Revenue Bonds	-	-	1.7	1.5	1.7	1.5	-	-	-	-	1.7	1.5
Rental Properties	-	-	-	-	-	-	-	-	8.2	7.7	7.7	7.7
CPHD Development Fund	-	-	9.6	-	9.6	-	-	-	-	-	-	-
Total expenditures	909.2	990.6	76.0	68.9	985.2	1,059.5	422.1	412.9	8.2	7.7	1,415.5	1,480.1
Increase/(Decrease) in net assets	\$95.2	\$12.4	\$81.1	\$71.3	\$176.3	\$83.7	(\$22.6)	\$36.4	(\$1.0)	(\$1.1)	\$152.7	\$119.1

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	\$95.2	62.3%
• Business type activities	\$81.1	53.1%
• Component-unit Schools	(\$22.6)	(14.7)%
• Component-unit Gates Partnership	(\$1.0)	(0.7)%
TOTAL	\$152.7	100.0%

Revenues. Revenues for the County's governmental activities were \$1,004.5 for fiscal year 2009. General revenues from governmental activities increased \$10.4, primarily due to a moderate increase in property tax revenue partially offset by a decrease in investment and interest earnings and miscellaneous revenue.

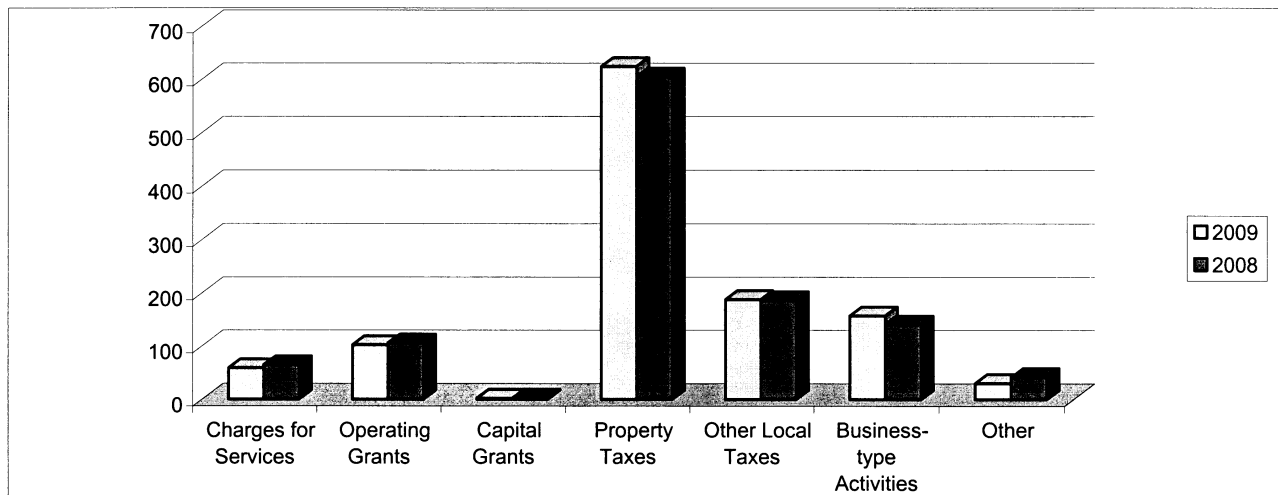
Taxes constitute the largest source of County revenues, amounting to \$811.5 for fiscal year 2009, an increase of \$21.8 over fiscal year 2008. Real estate taxes (\$523.7) increased \$13.8 driven by the increasing assessment value of real property, which increased 5.9% between calendar year 2007 and 2008 and 0.4% between 2008 and 2009 as well as a 4.7 cent increase in the general fund real estate tax rate over this time. In addition, fiscal year 2009 was the first full-year that the County collected a \$.0125 tax on commercial properties to fund transportation initiatives and a \$.01 tax on real property to fund stormwater management projects. Personal property taxes (\$99.8) increased \$6.0 primarily due to a significant increase in business tangible assessments between year 2007 and 2008 and a more modest increase in motor vehicle assessments over this time period.

The other local taxes revenue category, which includes taxes on business licenses, general sales, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other totaled \$187.9. This represents a \$2.0 increase over the previous year, or 1.1%. This increase was due primarily to the reallocation of roughly \$3.0 in sales tax to Arlington that had previously been credited to another Virginia jurisdiction in prior years by the Virginia Department of Taxation.

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 \$163.0. Operating Grants and Contributions represent the most significant of these revenues, totaling \$102.4. Other program revenue categories were Charges for Services, totaling \$58.8 and Capital Grants and Contributions, totaling \$1.8. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$157.1, primarily from charges for services, which totaled \$123.9. The increase in total revenue of \$16.8 is mainly attributable to \$13.3 in service fees and \$2.9 from operating contributions in the Community Planning Development Fund (CPHD Development Fund), a new fund added this year. The Utilities, Ballston Public Parking Garage, the 8th Level Ballston Public Parking Garage and the IDA Revenue Bonds experienced a decrease in interest income of \$2.6 due to a decrease in interest earnings on bond proceeds.

Chart A-3
Primary Government Sources of Revenue
For Fiscal Years 2009 and 2008
(in millions)



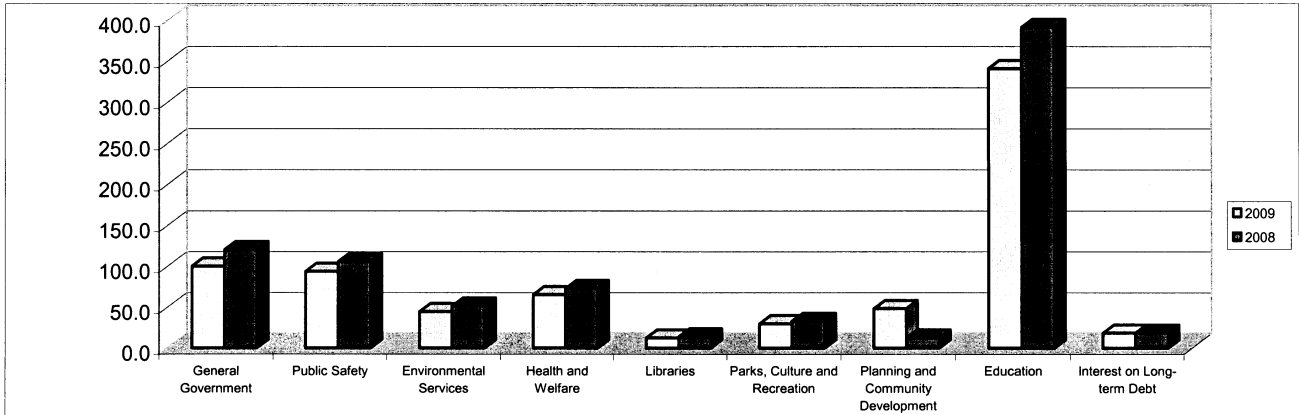
Expenses. Total cost of all the County’s governmental activities for fiscal year 2009 was \$909.2, representing a decrease of \$81.3 from fiscal year 2008. As the chart below indicates, education continues to be the County’s largest program. Education expenses totaled \$341.1 a decrease of \$50.1 over fiscal year 2008. General government expenses represent the second largest expense, totaling \$157.9 in fiscal year 2009. General government expenses decreased \$25.6 over fiscal year 2008 primarily as a result of a hiring freeze and restrictions on discretionary spending, and the transfer of a portion of the Department of Community Planning, Housing and Development out of the General Fund into the CPHD Development Fund. The County fully funded the Annual Required Contribution (ARC) of \$15.4 in FY 2009 with \$8.5 in pay as you go funding for current retirees and \$15.1 to establish an OPEB trust.

Expenses for the County’s business-type activities totaled \$76.0 which provided water and sewer utility services, parking operations, and CPDH Planning and Inspection Divisions.

The Schools recognized \$7.4 in additional expense for OPEB and \$1.5 to establish the Retiree Welfare Benefit Trust.

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

Chart A-4
Net Cost of Governmental Activities
For Fiscal Years 2009 and 2008
(in millions of dollars)



Financial Analysis of the Government’s Funds

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

Governmental funds. The focus of the County’s and Schools governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County’s and Schools financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$263.5, a decrease of \$22.9 in comparison with the prior year. Approximately, 54.8% of this total amount (\$144.3) constitutes unreserved fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$24.1), 2) to build facilities from general obligation bond proceeds and PAYGO monies (\$95.1).

The general fund is a major governmental fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$138.1 while total fund balance reached \$138.4. As a measure of the general fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. In FY2009, both unreserved fund balance and total fund balance represents 15.0% of total general fund expenditures.

The fund balance of the County’s general fund increased by \$20.7 during the current fiscal year primarily due to the aggressive efforts made to restrict spending in response to the economic downturn.

The general capital projects fund is another major fund of the County. At the end of the current fiscal year, there was no unreserved fund balance of the general capital projects fund while total fund balance reached \$21.4. 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 23.2% of total general capital project fund expenditures.

The fund balance of the County’s general capital projects fund decreased by \$21.3 during the current fiscal year. In FY2009, the County spent more funds on capital outlay (\$66.5 in FY09 compared to \$29.1 in FY08). The Industrial Development Authority of Arlington County, Virginia issued \$36.0 in lease revenue bonds to finance the acquisition of Buckingham Village 3.

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 of the Utilities Fund at the end of the year amounted to \$117.5, the Ballston Public Parking Garage Fund amounted to (\$13.9), the Trade Center Fund amounted to (\$2.5), George Mason Fund amounted to (\$0.5), the ERP Fund amounted to (\$2.7), 8th Level of the Ballston Public Parking Garage amounted to \$0.4, and the CPHD Development Fund amounted to \$4.1. The total change in net assets of the Utilities Fund was \$77.2, CPHD Development Fund was \$6.6, the 8th Level of the Ballston Public Parking Garage Fund was \$0.2, the Ballston Public Parking Garage Fund was (\$1.8), the Emergency Communications Center Fund was \$.2, the Trade Center Fund was (\$0.4), George Mason (\$0.1), and the ERP Fund was (\$0.8) respectively. Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was \$66.9, consisting of a \$19.1 increase in federal and state grants, other miscellaneous revenue and additional supplemental appropriations from prior year fund balance for variety of projects. Budgets for all other departments were reduced by a total of \$1.2 due to state budget reduction. Significant changes to appropriation levels include the following:

- \$36.3 in net increases allocated to non departmental for affordable housing primarily for carryover of incomplete projects from prior years, master lease financing and establishment of an economic transition fund. This increase is net of a \$4.9 decrease due to the transfer of funding in the adopted budget for Other Post Employment Benefits (OPEB) to the OPEB Trust Fund during the fiscal year.
- \$3.7 in net increases from grants and seized assets funding to the Police Department, Office of Emergency Management, Fire department for equipment purchases, family assistance center training, targeted overtime, and emergency preparedness. The increases were partially offset by a decrease of \$0.1 in reductions due to state budget cuts.
- \$4.2 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. The increases were partially offset by a decrease of \$0.05 in reductions due to state budget cuts.
- (\$0.1) net in decreases allocated to the Judicial Administration. This is made up of reductions of \$0.5 million due to state budget cuts, partially offset by grant funding for Project Peace, and carryover of incomplete project for prior years for equipment and supplies.
- \$1.0 in net increases allocated to Planning and Community Development from carryover of incomplete projects from prior years for planning and grant-related activities, and additional grant funds relating to Base Realignment and Closure (BRAC) activities, and Community Services Block Grant funding.
- \$0.4 in net increases allocated to the General Government from carryover of incomplete projects from prior years, and funding relating to the Board of Equalization. The increases were partially offset by a reduction of \$0.1 due to state budget cuts.
- \$4.0 net increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, transportation and employment and health services. These increases were partially offset by \$0.3 reduction due to state budget cuts.
- \$0.2 in net increases allocated to the Department of Parks, Recreation, and Community Resources in grant funding for meal for summer camp participants, park preservation, arts activities, as well as an allocation of contingent funding for living wage.
- \$17.0 increases in transfers out to the Schools as a result of FY 2008 closeout.

The difference between the final budget and actuals was \$102.3 which consisted of a \$105.4 favorable expenditure variance partially offset by \$3.1 unfavorable revenue variance. The favorable expenditure variance consisted of the following:

- \$49.7 favorable in non departmental form the Affordable Housing Investment Fund (due to the long term nature of many projects, funding for which will be carried over to FY 2010), saving in insurance, lease purchase and consultants, and saving from contingent funds.\$3.8 favorable in Department of Environmental Services primarily due to position vacancies, delays in implementing the Fresh AIRE initiative and delays in spending grant funds for Commuter Services.
- \$0.5 favorable in Planning and Community Development primarily due to position vacancies.

- \$2.0 favorable in General Government primarily due to position vacancies and expenditure reductions for consultants, printing, recruitment and contracts. \$7.6 favorable in Department of Human Services primarily due to position vacancies, delays in pending grant funds (which will be carried over and expended in FY 2010), and under expenditures in contracts and consultants.
- \$8.9 favorable in Public Safety primarily due to position vacancies, saving in consultants, supplies, equipment and under expenditures of seized assets and grant funding which will be carried forward and expended in the next fiscal year.
- \$1.0 favorable in Parks and Recreation primarily due to position vacancies and saving in supplies and equipment.
- \$1.3 favorable in Judicial Administration primarily due to position variances, delays in spending grant funds (which will be carried over and expended in FY 2010) and under expenditures in contracts and court costs.
- \$0.8 favorable in Libraries primarily due to position variances and under expenditures in contracts.
- \$26.9 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, 2009 amounts to \$1,849.8 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- \$2.6 Parks and Recreation center improvements including athletic fields and courts, field and court lighting, picnic shelters, parking lot/ park entry roadway renovations.
- \$3.9 Transportation and Pedestrian Initiatives to fund curb and gutter improvements and street paving.
- \$1.1 Ensure all new County facilities are designed to meet Americans with Disabilities Act and make minor changes to enhance the overall accessibility of the disabled community.
- \$3.0 Facility maintenance renovation including continuing the property condition assessment process initiated in FY 2004.
- \$2.0 Technical assets investment including replacing Department of Human Services client based financial system, electronic record management strategy, reaction of Circuit Court records and replace mobile laptops in the Police Department, Sheriff's Office and Fire Department.
- \$1.1 Contributions capital funding to several regional organizations such as Northern Virginia Regional Park Authority, the Peumansend Creek Regional Jail Authority, Northern Virginia Community College and the Northern Virginia Criminal Justice Academy which provide beneficial services to Arlington residents and visitors.
- \$12.1 Schools for building improvements and building constructions.
- \$10.2 Utilities improvements for upgrade and expansion at the Water Pollution Control Plant, the Potomac Interceptor and the County share of the Washington Aqueduct residuals disposal project.

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, 2009
With Comparative Totals for June 30, 2008
 (net of depreciation, in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Land	\$128.8	\$92.4	\$1.8	\$1.8	\$130.6	\$94.2	\$4.7	\$4.7	\$13.0	\$13.0	\$148.3	\$111.9
Buildings	160.1	165.3	32.1	33.0	192.2	198.3	344.0	319.4	74.9	75.1	611.1	592.8
Equipment	34.5	25.9	12.2	11.0	46.7	36.9	16.3	15.1	0.6	0.8	63.6	52.8
Infrastructure	131.5	126.5	-	-	131.5	126.5	-	-	-	-	131.5	126.5
Plant - sewer system	-	-	257.1	248.1	257.1	248.1	-	-	-	-	257.1	248.1
Plant - water system	-	-	96.3	95.7	96.3	95.7	-	-	-	-	96.3	95.7
Construction in progress	75.5	26.3	443.5	306.1	443.5	306.1	-	-	-	-	443.5	306.1
Internal service funds	22.9	23.1	-	-	22.9	23.1	-	-	-	-	22.9	23.1
Total	\$553.2	\$459.5	\$843.0	\$695.7	\$1,396.2	\$1,155.2	\$365.0	\$339.1	\$88.6	\$88.8	1,849.8	1,583.1

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 \$1,207.8. Of this amount, \$1,017.8 comprises bonds, notes payable and related accrued interest and capital leases backed by the full faith and credit of the government.

The remainder of the County's debt (\$190.0) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) (\$122.8), workers compensation reserves (\$2.6) and accrued compensated absences (\$64.6).

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

Table A-6
Long-term Debt Outstanding
June 30, 2009
With Comparative Totals for June 30, 2008
 (in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
General obligation bonds**	\$589.4	\$638.8	\$115.9	\$123.3	\$705.3	\$762.1	\$-	\$-	\$-	\$-	\$705.3	\$762.1
Revenue bonds	-	-	12.8	13.3	12.8	13.3	-	-	-	-	12.8	\$13.3
IDA Revenue Bonds	36.0	-	49.7	55.0	85.7	55.0	-	-	-	-	85.7	55.0
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	21.0	20.9	24.4	24.3
Note payable	-	-	216.2	146.1	216.2	146.1	-	-	8.0	8.0	224.2	154.1
Obligations under capital lease	20.6	11.7	-	-	20.6	11.7	8.2	6.5	-	-	28.8	18.2
Worker's compensation claims	2.6	2.6	-	-	2.6	2.6	-	-	-	-	2.6	2.6
Accrued compensated absences	30.9	30.9	2.0	1.4	32.9	32.3	31.7	30.3	-	-	64.6	62.6
Mortgage and bond interest payable	-	-	20.0	18.1	20.0	18.1	-	-	1.3	0.7	21.3	18.8
Bonds Payable	-	-	-	-	-	-	-	-	28.8	28.9	28.8	28.9
Development fee payable	-	-	-	-	-	-	-	-	9.8	9.7	9.8	9.7
Total	\$679.4	\$683.9	\$420.0	\$360.6	\$1,099.5	\$1,044.6	\$39.9	\$36.8	\$68.9	\$68.2	\$1,208.2	\$1,169.3

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 \$54.9 during the current fiscal year. The key factor in this increase was proceeds from a \$36.0 IDA Revenue bond for the County and \$70.1 VRA note payable partially offset by debt service payments of \$56.8 on general obligation bonds. The County maintains a "AAA" rating from Standard & Poor's and Fitch Investor Services and a "Aaa" rating from Moody's Investor Service for general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 4.7%, which is an increase of 2.0% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 7.3% and the national average rate of 9.7%.
- The vacancy rate of the County's office buildings decreased from 9.6% to 8.5%.
- Inflationary trends in the region compare favorably to national indices.

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

Requests for Information

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



Basic Financial Statements

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

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government			Component Units		Total Government
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	
ASSETS:						
Equity in pooled cash and investments	\$363,343,143	\$128,556,520	\$491,899,663	\$33,232,695	\$593,706	\$525,726,064
Petty cash	5,722	-	5,722	675	-	6,397
Cash with fiscal agents	255,257	25,221	280,478	-	-	280,478
Receivables, net	312,998,252	21,034,423	334,032,675	6,350,961	265,712	340,649,348
Receivable from primary government	-	-	-	48,327,657	-	48,327,657
Receivable from other funds	396,309	25,881,478	26,277,787	-	-	26,277,787
Receivable from other governments	6,071,719	-	6,071,719	-	-	6,071,719
Inventory	-	899,860	899,860	99,222	-	999,082
Other assets	17,660,130	2,635,744	20,295,874	-	1,512,838	21,808,712
Reserves and escrow deposits	-	-	-	-	3,262,336	3,262,336
Other non current assets	-	459,144	459,144	-	-	459,144
Capital assets:						
Land	128,763,550	1,792,817	130,556,367	4,697,946	12,991,305	148,245,618
Depreciable, net	348,952,860	397,748,799	746,701,659	360,298,385	75,595,653	1,182,595,697
Construction in progress	75,518,665	443,478,074	518,996,739	-	-	518,996,739
Total capital assets, net	553,235,075	843,019,690	1,396,254,765	364,996,331	88,586,958	1,849,838,054
Total assets	1,253,965,607	1,022,512,080	2,276,477,687	453,007,541	94,221,550	2,823,706,778
LIABILITIES:						
Accounts payable	17,174,075	20,159,109	37,333,184	8,892,372	503,057	46,728,613
Unearned revenue	33,497,792	-	33,497,792	669,251	-	34,167,043
Due to other funds	25,976,172	5,801,414	31,777,586	-	-	31,777,586
Due to component unit	48,327,657	-	48,327,657	-	-	48,327,657
Accrued liabilities	15,081,562	22,112,297	37,193,859	37,290,703	238,828	74,723,390
Other liabilities	19,939,833	-	19,939,833	5,215,617	205,316	25,360,766
Non-current liabilities:						
Development fee payable	-	-	-	-	9,764,678	9,764,678
OPEB liability	303,107	-	303,107	18,986,686	-	19,289,793
Due within one year	57,879,429	44,445,877	102,325,306	5,435,148	501,523	108,261,977
Due in more than one year	621,526,870	375,564,617	997,091,487	34,481,431	58,608,220	1,090,181,138
Total liabilities	839,706,497	468,083,314	1,307,789,811	110,971,208	69,821,622	1,488,582,641
NET ASSETS:						
Invested in capital assets, net of related debt	(74,745,298)	445,068,277	370,322,979	356,757,290	29,978,738	757,059,007
Restricted for:						
Capital projects	118,951,943	6,945,927	125,897,870	15,008,543	-	140,906,413
Other projects	5,515,684	-	5,515,684	-	-	5,515,684
Unrestricted	364,536,781	102,414,562	466,951,343	(29,729,500)	(5,578,810)	431,643,033
Total net assets	\$414,259,110	\$554,428,766	\$968,687,876	\$342,036,333	\$24,399,928	\$1,335,124,137

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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions
Primary Government:				
Governmental Activities:				
General government	\$157,913,828	\$20,158,108	\$38,040,867	\$1,812,817
Public safety	101,207,180	6,365,373	2,671,621	-
Environmental services	74,059,602	20,133,391	10,300,513	-
Health & welfare	100,667,830	3,052,570	33,710,514	-
Libraries	12,828,135	531,264	200,607	-
Parks, recreation & culture	35,355,942	5,974,733	129,798	-
Planning & community development	67,595,397	2,552,580	17,325,462	-
Education	341,109,269	-	-	-
Interest and other charges	18,429,947	-	-	-
Total governmental activities	909,167,130	58,768,019	102,379,382	1,812,817
Business-type activities:				
Utilities	59,052,176	106,771,787	-	26,845,784
Ballston Public Parking Garage	5,626,403	3,637,774	-	-
IDA Revenue Bond Funds	1,695,732	-	-	-
8th Level Ballston Public Parking Garage	52,808	224,396	-	-
CPHD Development Fund	9,554,317	13,254,777	2,881,512	-
Total business-type activities	75,981,436	123,888,734	2,881,512	26,845,784
Total Primary government	985,148,566	182,656,753	105,260,894	28,658,601
Component unit:				
Schools	422,055,027	14,104,461	368,136,757	-
Gates Partnership	8,189,092	6,456,722	-	500,000
Total component units	430,244,119	20,561,183	368,136,757	500,000
General Revenues:				
Property Taxes:				
Real estate property taxes				
Personal property taxes				
Other Local taxes:				
Business, professional occupancy license taxes				
Sales tax				
Meals tax				
Transient tax				
Utility tax				
Recordation, car rental and other local taxes				
Investment and interest earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets, beginning				
Net assets, ending				

EXHIBIT 2

Governmental Activities	Business-Type Activities	Total	Component Units	
			Schools	Gates Partnership
(\$97,902,036)	\$-	(\$97,902,036)	\$-	\$-
(92,170,186)	-	(92,170,186)	-	-
(43,625,698)	-	(43,625,698)	-	-
(63,904,746)	-	(63,904,746)	-	-
(12,096,264)	-	(12,096,264)	-	-
(29,251,411)	-	(29,251,411)	-	-
(47,717,355)	-	(47,717,355)	-	-
(341,109,269)	-	(341,109,269)	-	-
(18,429,947)	-	(18,429,947)	-	-
<u>(746,206,912)</u>	<u>-</u>	<u>(746,206,912)</u>	<u>-</u>	<u>-</u>
-	74,565,395	74,565,395	-	-
-	(1,988,629)	(1,988,629)	-	-
-	(1,695,732)	(1,695,732)	-	-
-	171,588	171,588	-	-
-	<u>6,581,972</u>	<u>6,581,972</u>	-	-
-	<u>77,634,594</u>	<u>77,634,594</u>	-	-
<u>(746,206,912)</u>	<u>77,634,594</u>	<u>(668,572,318)</u>	<u>-</u>	<u>-</u>
-	-	-	(39,813,809)	-
-	-	-	-	(1,232,370)
-	-	-	<u>(39,813,809)</u>	<u>(1,232,370)</u>
523,725,497	-	523,725,497	-	-
99,844,289	-	99,844,289	-	-
57,272,629	-	57,272,629	-	-
38,392,636	-	38,392,636	16,163,026	-
28,872,881	-	28,872,881	-	-
21,183,496	-	21,183,496	-	-
12,643,308	-	12,643,308	-	-
29,525,151	-	29,525,151	-	-
11,505,984	3,447,340	14,953,324	1,083,746	120,346
18,480,331	-	18,480,331	-	115,244
<u>841,446,202</u>	<u>3,447,340</u>	<u>844,893,542</u>	<u>17,246,772</u>	<u>235,590</u>
<u>95,239,290</u>	<u>81,081,934</u>	<u>176,321,224</u>	<u>(22,567,037)</u>	<u>(996,780)</u>
<u>319,019,820</u>	<u>473,346,832</u>	<u>792,366,652</u>	<u>364,603,370</u>	<u>25,396,708</u>
<u>\$414,259,110</u>	<u>\$554,428,766</u>	<u>968,687,876</u>	<u>\$342,036,333</u>	<u>\$24,399,928</u>

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

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
Equity in pooled cash and investments	\$186,803,572	\$57,147,834	\$108,427,316	\$352,378,722
Petty cash	5,722	-	-	5,722
Cash with fiscal agents	255,257	-	-	255,257
Receivables, net	290,235,402	76,171	22,661,284	312,972,857
Due from other funds	396,309	-	-	396,309
Receivables from other governments	4,473,934	1,096,864	500,921	6,071,719
Other assets	15,505,940	-	1,130,423	16,636,363
Totals assets	<u>\$497,676,136</u>	<u>\$58,320,869</u>	<u>\$132,719,944</u>	<u>\$688,716,949</u>
LIABILITIES				
Accounts payable	\$10,785,406	\$2,511,154	\$3,251,400	\$16,547,960
Deferred revenue	283,994,659	7,147,515	8,302,791	299,444,965
Due to component unit	48,327,657	-	-	48,327,657
Due to other funds	-	25,881,478	-	25,881,478
Accrued liabilities	15,081,562	-	-	15,081,562
Other liabilities	1,067,005	1,362,154	17,510,674	19,939,833
Total liabilities	<u>359,256,289</u>	<u>36,902,301</u>	<u>29,064,865</u>	<u>425,223,455</u>
FUND BALANCES				
Reserved for:				
Encumbrances	270,619	14,143,863	9,692,955	24,107,437
Other Purposes	-	7,274,705	87,840,420	95,115,125
Unreserved:				
Designated	133,149,228	-	-	133,149,228
Self Insurance	5,000,000	-	-	5,000,000
Special Revenue:				
Section 8 Housing	-	-	5,515,684	5,515,684
Travel & Tourism	-	-	265,566	265,566
Rosslyn Business Improvement District	-	-	207,147	207,147
Crystal City Business Improvement District	-	-	133,307	133,307
Total fund balances	<u>138,419,847</u>	<u>21,418,568</u>	<u>103,655,079</u>	<u>263,493,494</u>
Total liabilities and fund balance	<u>\$497,676,136</u>	<u>\$58,320,869</u>	<u>\$132,719,944</u>	<u>\$688,716,949</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, 2009

Total governmental fund balances	\$263,493,494
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	530,371,105
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	265,947,173
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(676,787,464)
OPEB liabilities are not due and payable in the current period and therefore are not reported in the funds	(303,107)
Internal service funds	31,537,909
Net assets of governmental activities	<hr style="border: 0.5px solid black;"/> <u><u>\$414,259,110</u></u>

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, 2009

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes:				
Real estate property taxes	\$488,261,828	\$-	\$26,256,863	\$514,518,691
Personal property taxes	99,844,289	-	-	99,844,289
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	57,272,629	-	-	57,272,629
Sales tax	38,392,636	-	-	38,392,636
Meals tax	28,872,881	-	-	28,872,881
Transient tax	21,183,496	-	-	21,183,496
Utility tax	12,643,308	-	-	12,643,308
Recordation, car rental and other local taxes	23,231,402	-	6,293,749	29,525,151
Fines and forfeitures	8,720,950	-	-	8,720,950
Licenses, permits and fees	7,768,974	-	-	7,768,974
Intergovernmental	88,097,826	1,577,921	14,516,453	104,192,200
Charges for services	41,010,681	1,267,414	-	42,278,095
Interest and rent	9,352,281	-	2,153,703	11,505,984
Miscellaneous revenues	15,147,263	1,231,379	-	16,378,642
Total revenues	939,800,444	4,076,714	49,220,768	993,097,926
EXPENDITURES:				
Current operating:				
General government	155,243,762	-	-	155,243,762
Public safety	102,791,792	-	-	102,791,792
Environmental services	64,803,607	-	-	64,803,607
Health and welfare	102,804,509	-	-	102,804,509
Libraries	12,855,344	-	-	12,855,344
Parks, recreation and culture	33,523,436	-	1,278,319	34,801,755
Planning and community development	13,119,760	-	22,189,219	35,308,979
Debt service				
Principal	33,046,404	-	-	33,046,404
Interest and other charges	18,429,947	-	-	18,429,947
Intergovernmental				
Community development	-	25,881,478	7,103,603	32,985,081
Education - Schools	340,254,269	105,000	750,000	341,109,269
Capital outlay	8,312,414	66,531,356	38,289,697	113,133,467
Total expenditures	885,185,244	92,517,834	69,610,838	1,047,313,916
Excess(deficiency) of revenues over expenditures	54,615,200	(88,441,120)	(20,390,070)	(54,215,990)
OTHER FINANCING SOURCES(USES):				
Transfers in	2,331,608	19,647,070	247,000	22,225,678
Transfers out	(38,182,242)	-	(2,201,607)	(40,383,849)
Capital leases	1,959,382	11,565,401	-	13,524,783
Issuance of debt	-	35,962,739	-	35,962,739
Total other financing sources and uses	(33,891,252)	67,175,210	(1,954,607)	31,329,351
Net change in fund balances	20,723,948	(21,265,910)	(22,344,677)	(22,886,639)
Fund balances, beginning	117,695,899	42,684,478	125,999,756	286,380,133
Fund balances, ending	<u>\$138,419,847</u>	<u>\$21,418,568</u>	<u>\$103,655,079</u>	<u>\$263,493,494</u>

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, 2009

Net change in fund balances - total governmental funds (\$22,886,639)

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	113,133,467	
Less: Depreciation expense	<u>(19,237,041)</u>	93,896,426

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

9,206,806

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	52,380,207	
Less: Proceeds from bonds and capital leases	(49,487,522)	
Bond premium to be amortized	882,155	
Amortization other charges and bond issue costs	<u>(171,254)</u>	3,603,586

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and workers compensation

(63,485)

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

7,431,526

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities:

Additional expenses for internal service	480,213	
Net operating gain internal service funds	<u>3,570,857</u>	<u>4,051,070</u>

Change in net assets of governmental activities \$95,239,290

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
General Property taxes:				
Real estate	\$486,170,344	\$486,170,344	\$488,261,828	\$2,091,484
Personal	97,206,000	97,206,000	99,844,289	2,638,289
Other Local taxes	179,889,500	179,289,860	181,596,352	2,306,492
Licenses, permits and fees	7,827,940	7,827,940	7,768,974	(58,966)
Charges for services	40,715,990	40,723,990	41,010,681	286,691
Fines and forfeitures	9,614,100	9,614,100	8,720,950	(893,150)
Grants:				
State grants	64,184,370	69,482,315	66,596,799	(2,885,516)
Federal grants	19,946,582	23,489,442	21,501,026	(1,988,416)
Use of money and property	15,276,443	15,276,443	9,352,281	(5,924,162)
Miscellaneous revenue	3,594,681	14,420,411	15,147,263	726,852
Total revenues	924,425,950	943,500,845	939,800,443	(3,700,402)
EXPENDITURES:				
General Government Administration				
County Board	1,101,821	1,100,581	1,039,362	61,219
County Manager	4,386,558	4,361,588	3,933,144	428,444
Financial Management	5,762,237	5,852,703	5,706,101	146,602
Human Resources	7,475,331	7,511,275	6,912,938	598,337
Technology Services	14,275,152	14,613,991	13,951,021	662,970
County Attorney	2,235,177	2,232,741	2,219,831	12,910
Commissioner of Revenue	5,045,177	5,023,788	4,800,538	223,250
Treasurer	6,020,055	5,994,055	5,925,435	68,620
Electoral Board	921,863	917,333	1,161,224	(243,891)
Total General Government	47,223,371	47,608,055	45,649,594	1,958,461
Judicial Administration				
Circuit Court	3,309,808	3,231,561	3,186,689	44,872
District Court	358,092	357,701	300,668	57,033
Juvenile & Domestic Relations Court	5,527,336	5,493,799	5,212,180	281,619
Commonwealth Attorney	3,882,368	3,888,500	3,695,513	192,987
Sheriff & Jail	34,982,446	34,998,287	34,227,741	770,546
Total Judicial Administration	48,060,050	47,969,848	46,622,791	1,347,057
Public Safety				
Police	55,957,352	58,546,244	53,342,584	5,203,660
Emergency Communications Center	8,114,045	9,033,643	8,349,020	684,623
Fire	47,788,770	48,007,156	45,010,283	2,996,873
Total Public Safety	111,860,167	115,587,043	106,701,887	8,885,156
Environmental Services	67,420,739	71,645,462	67,845,515	3,799,947
Health & Welfare	106,621,338	110,640,152	103,057,795	7,582,357
Libraries	13,712,255	13,704,868	12,946,359	758,509

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, 2009

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development				
Economic Development	3,361,168	3,803,469	3,481,543	321,926
Community Planning, Housing & development	9,340,565	9,900,293	9,725,097	175,196
Total Planning & Community Development	12,701,733	13,703,762	13,206,640	497,122
Parks and Recreation	34,376,489	34,537,429	33,558,446	978,983
Education	350,094,250	367,106,603	340,254,269	26,852,334
Non-Department				
Non-Departmental	50,755,154	87,071,481	37,354,072	49,717,409
Debt Service				
Principal payment	33,220,427	33,095,185	33,046,404	48,781
Interest payment	19,438,569	19,563,811	18,249,367	1,314,444
Other costs	200,000	200,000	180,580	19,420
Regionals/Contributions	8,054,810	8,159,810	8,117,301	42,509
METRO	20,000,000	20,000,000	18,394,223	1,605,777
Total Non-Departmental	131,668,960	168,090,287	115,341,947	52,748,340
Total expenditures	923,739,352	990,593,509	885,185,243	105,408,266
Excess of revenues over expenditures	686,598	(47,092,664)	54,615,200	101,707,864
OTHER FINANCING SOURCES (USES):				
Transfers in	817,977	3,721,159	2,331,608	(1,389,551)
Transfers out	(18,332,414)	(38,182,242)	(38,182,242)	-
Capital leases	-	-	1,959,382	1,959,382
Total other financing sources/(uses)	(17,514,437)	(34,461,083)	(33,891,252)	569,831
Net change in fund balance	(16,827,839)	(81,553,747)	20,723,948	102,277,696
Fund Balance - beginning of year	117,695,899	117,695,899	117,695,899	-
Fund Balance - end of year	\$100,868,060	\$36,142,152	138,419,847	\$102,277,695

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type activities - Enterprise Funds						Total	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	Emergency Communications Center	Other Non-Major IDA Revenue Funds	8th Level Ballston Public Parking Garage	CPHD Development Fund		
ASSETS:								
Current assets:								
Equity in pooled cash and investments	\$106,325,638	\$10,368,698	\$6,845,192	\$-	\$427,509	\$4,589,483	\$128,556,520	\$10,964,421
Cash with fiscal agents	25,221	-	-	-	-	-	25,221	-
Receivables, net	20,997,485	20,278	16,646	14	-	-	21,034,423	25,395
Due from other funds	25,881,478	-	-	-	-	-	25,881,478	-
Inventory, at cost	899,860	-	-	-	-	-	899,860	968,505
Other current Assets	2,447,864	187,880	-	-	-	-	2,635,744	55,262
Total current assets	156,577,546	10,576,856	6,861,838	14	427,509	4,589,483	\$179,033,246	12,013,583
Non-current assets:								
Other non current assets	38,812	55,615	193,637	171,080	-	-	459,144	-
Capital assets:								
Land	1,792,817	-	-	-	-	-	1,792,817	-
Depreciable, net	353,866,840	11,667,311	3,346,204	26,293,993	-	2,574,451	397,748,799	22,863,970
Construction in progress	420,964,399	-	21,024,154	1,489,521	-	-	443,478,074	-
Total capital assets, net	776,624,056	11,667,311	24,370,358	27,783,514	-	2,574,451	843,019,690	22,863,970
Total non current assets	776,662,868	11,722,926	24,563,995	27,954,594	-	2,574,451	843,478,834	22,863,970
Total assets	933,240,414	22,299,782	31,425,833	27,954,608	427,509	7,163,934	1,022,512,080	34,877,553
LIABILITIES:								
Current liabilities:								
Accounts payable	19,582,847	427,417	109,548	-	4,959	34,338	20,159,109	626,115
Accrued liabilities	14,610,381	7,501,916	-	-	-	-	22,112,297	-
Due to other funds	-	-	-	5,801,414	-	-	5,801,414	94,694
Due within one year	19,222,850	19,637,876	3,564,197	1,969,667	-	51,287	44,445,877	834,531
Total current liabilities	53,416,078	27,567,209	3,673,745	7,771,081	4,959	85,625	92,518,697	1,555,340
Non-current liabilities:								
Due in more than one year	317,791,820	13,174,247	23,238,558	20,898,410	-	461,582	375,564,617	1,784,304
Total non current liabilities	317,791,820	13,174,247	23,238,558	20,898,410	-	461,582	375,564,617	1,784,304
Total liabilities	371,207,898	40,741,456	26,912,303	28,669,491	4,959	547,207	468,083,314	3,339,644
NET ASSETS:								
Invested in capital assets, net of related debt	444,573,154	(4,562,368)	(2,432,397)	4,915,437	-	2,574,451	445,068,277	20,245,135
Restricted net assets	-	-	6,945,927	-	-	-	6,945,927	-
Unrestricted	117,459,362	(13,879,306)	-	(5,630,320)	422,550	4,042,276	102,414,562	11,292,774
Total net assets	\$562,032,516	(\$18,441,674)	\$4,513,530	(\$714,883)	\$422,550	\$6,616,727	554,428,766	\$31,537,909

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, 2009

	Business-type activities-Enterprise Funds						Total Business-type Activities	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	Emergency Communications Center	Other Non-Major IDA Revenue Funds	8th Level Ballston Public Parking Garage	CPHD Development Fund		
OPERATING REVENUES:								
Water-sewer service charges	\$72,457,575	\$-	\$-	\$-	\$-	\$-	\$72,457,575	\$-
Water-service hook-up charges	4,627,014	-	-	-	-	-	4,627,014	-
Water-service connection charges	872,595	-	-	-	-	-	872,595	-
Sewage treatment service charges	26,479,264	-	-	-	-	-	26,479,264	-
Permits and Fees	-	-	-	-	-	13,254,777	13,254,777	-
Other charges for services	2,335,339	-	-	-	-	-	2,335,339	20,561,316
Parking charges	-	3,637,774	-	-	224,396	-	3,862,170	-
Total Operating revenues	106,771,787	3,637,774	-	-	224,396	13,254,777	123,888,734	20,561,316
OPERATING EXPENSES:								
Personnel services	13,024,032	-	-	-	-	5,392,439	18,416,471	4,592,306
Fringe benefits	3,487,110	-	-	-	-	1,604,238	5,091,348	1,349,038
Cost of store issuances	-	-	-	-	-	-	-	4,691,686
Contractual services	8,296,086	2,870,037	-	-	37,426	1,026,528	12,230,077	-
Purchases of water	7,023,498	-	-	-	-	-	7,023,498	-
Materials and supplies	5,825,545	26,411	-	-	15,382	34,898	5,902,236	315,591
Utilities	-	-	-	-	-	-	-	257,977
Operating Equipment	-	-	-	-	-	-	-	26,208
Outside services	-	-	-	-	-	-	-	1,424,483
Depreciation and amortization	6,115,351	500,006	306,088	1,363,000	-	-	8,284,445	4,333,170
Deferred rent	-	654,996	-	-	-	-	654,996	-
Miscellaneous	5,252,302	-	-	-	-	1,496,214	6,748,516	-
Total Operating expenses	49,023,924	4,051,450	306,088	1,363,000	52,808	9,554,317	64,351,587	16,990,459
Operating income (loss)	57,747,863	(413,676)	(306,088)	(1,363,000)	171,588	3,700,460	59,537,147	3,570,857
NON-OPERATING REVENUES(EXPENSES)								
Interest income and other income	2,652,214	146,194	512,787	101,390	-	34,755	3,447,340	-
Interest expense and fiscal charges	(10,028,252)	(1,574,953)	(12,102)	(14,542)	-	-	(11,629,849)	-
Interest payment on capital lease	-	-	-	-	-	-	-	(107,390)
State grant	25,463,204	-	-	-	-	-	25,463,204	-
Gain on disposal of assets	-	-	-	-	-	-	-	372,448
Total non-operating revenues(expenses)	18,087,166	(1,428,759)	500,685	86,848	-	34,755	17,280,695	265,058
Net Income(loss) before contributions and transfers	75,835,029	(1,842,435)	194,597	(1,276,152)	171,588	3,735,215	76,817,842	3,835,915
Contributions from developers and other sources	1,382,580	-	-	-	-	-	1,382,580	-
Transfers in	-	-	-	-	-	2,881,512	2,881,512	345,155
Transfers out	-	-	-	-	-	-	-	(130,000)
Total contributions and net transfers	1,382,580	-	-	-	-	2,881,512	4,264,092	215,155
Change in net assets	77,217,609	(1,842,435)	194,597	(1,276,152)	171,588	6,616,727	81,081,934	4,051,070
Net assets - beginning of year	484,814,907	(16,599,239)	4,318,933	561,269	250,962	-	473,346,832	27,486,839
Net assets - end of year	\$562,032,516	(\$18,441,674)	\$4,513,530	(\$714,883)	\$422,550	\$6,616,727	\$554,428,766	\$31,537,909

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, 2009

	Business-type activities - Enterprise Funds						Total Business-type Activities	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	Emergency Communications Center	Other Non-Major IDA Revenue Funds	8th Level Ballston Public Parking Garage	CPHD Development Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:								
Cash received from customers	\$119,648,192	\$3,624,077	\$-	\$-	\$224,395	\$13,254,777	\$136,751,441	\$3,949,122
Cash received from interfund charges	-	-	-	-	-	-	-	20,317,017
Cash paid to suppliers	(22,717,548)	(3,499,304)	-	-	(47,849)	(2,523,302)	(28,788,003)	(6,658,832)
Cash paid to employees	(16,877,703)	-	-	-	-	(6,483,808)	(23,361,511)	(6,114,836)
Net cash flows from operating activities	80,052,941	124,773	-	-	176,546	4,247,667	84,601,927	11,492,471
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest received	2,652,214	146,194	322,209	1,924	-	34,755	3,157,296	-
Net cash flows from investing activities	2,652,214	146,194	322,209	1,924	-	34,755	3,157,296	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
Transfer out to other funds	(25,881,478)	-	-	-	-	-	(25,881,478)	(130,000)
Temporary loan from General Fund	-	-	-	-	-	-	-	27,624
State grant	25,463,204	-	-	-	-	-	25,463,204	-
Transfers in	-	-	-	-	-	-	-	345,155
Net cash flows from (used by) non-capital financing activities	(418,274)	-	-	-	-	-	(418,274)	242,779
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Principal payments - bonds	(7,084,109)	(500,000)	(\$3,190,000)	(\$1,870,000)	-	-	(12,644,109)	-
Payment of principal on capital lease	-	-	-	-	-	-	-	(925,078)
Payment of interest on capital lease	-	-	-	-	-	-	-	(107,390)
Proceeds of VRA loan payable	75,510,477	-	-	-	-	-	75,510,477	-
Payment of VRA loan	(5,432,420)	-	-	-	-	-	(5,432,420)	-
Contributions from other sources	-	-	-	1,929,669	-	2,881,512	4,811,181	-
Interest and other loan expenses paid	(9,634,224)	(294,264)	-	-	-	-	(9,928,488)	-
Purchases of property	(149,111,679)	-	(3,514,956)	(61,593)	-	(2,574,451)	(155,262,679)	(4,235,486)
Proceeds from sale of equipment	-	-	-	-	-	-	-	476,235
Net cash flows from (used by) capital and related financing activities	(95,751,955)	(794,264)	(6,704,956)	(1,924)	-	307,061	(102,946,038)	(4,791,719)
Net increase (decrease) in cash and cash equivalents	(13,465,074)	(523,297)	(6,382,747)	-	176,546	4,589,483	(15,605,089)	6,943,533
Cash and cash equivalents at beginning of year	119,790,712	10,891,995	13,227,939	-	250,963	-	144,161,609	4,020,888
Cash and cash equivalents at end of year	\$106,325,638	\$10,368,698	\$6,845,192	\$-	\$427,509	\$4,589,483	\$128,556,520	\$10,964,421
Reconciliation of operating income to net cash flow from operations:								
Operating Income/(loss)	\$57,747,863	(\$413,676)	(\$306,088)	(\$1,363,000)	\$171,588	\$3,700,460	\$59,537,147	\$3,570,857
Adjustments to reconcile operating income/(loss) to net cash provided by operating activities:								
Depreciation	6,115,351	500,006	\$306,088	\$1,363,000	-	-	8,284,445	4,333,170
Increase (Decrease) in OPEB liability	(376,593)	-	-	-	-	-	(376,593)	(124,394)
(Increase) Decrease in accounts receivable	12,946,715	(13,697)	-	-	-	-	12,933,018	3,704,825
(Increase) Decrease in inventories	(68,866)	-	-	-	-	-	(68,866)	(137,093)
Increase (Decrease) in prepaid expenses	-	-	-	-	-	-	-	(55,262)
Increase (Decrease) in vouchers payable	(10,475,615)	(602,856)	-	-	4,958	34,338	(11,039,175)	249,467
Increase (Decrease) in compensated absences	10,032	-	-	-	-	512,869	522,901	(49,099)
Increase (Decrease) in contract retainage	14,224,362	-	-	-	-	-	14,224,362	-
Increase (Decrease) in other accrued liabilities	(70,308)	654,996	-	-	-	-	584,688	-
Net cash flows from operations	\$80,052,941	\$124,773	\$-	\$-	\$176,546	\$4,247,667	\$84,601,927	\$11,492,471
Noncash investing, capital, and financing activities:								
Contributions from developers and other sources	1,382,580	-	-	-	-	-	1,382,580	-

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

EXHIBIT 9

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Pension and OPEB Trust Funds	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:			
Equity in pooled cash and investments	\$97,659,569	\$16,391,368	\$18,993,770
Contributions receivable:			
Employer	1,145,389	-	-
Employee	287,259	-	-
Accrued interest and other receivables	13,416,243	613,776	-
Bond issuance costs	-	324,984	-
Capital assets, net	-	27,251,729	-
Receivable from other government	-	-	505,924
Investments, at fair value			
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	103,870,482	-	-
Corporate Fixed Income Obligations	204,834,384	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	351,303,982	-	-
Other investments	370,414,354	-	-
Real estate funds	19,436,215	-	-
Collateral on loaned securities	38,720,967	-	-
Total assets	<u>1,201,088,844</u>	<u>44,581,857</u>	<u>19,499,694</u>
LIABILITIES:			
Accounts payable and accrued liabilities	965,114	636,834	19,146,311
Deferred revenues	-	600,000	51,768
Bonds payable	-	35,200,000	-
Obligations under security lending program	39,181,818	-	301,615
Total liabilities	<u>40,146,932</u>	<u>36,436,834</u>	<u>19,499,694</u>
NET ASSETS	<u><u>\$1,160,941,912</u></u>	<u><u>\$8,145,023</u></u>	<u><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, 2009

	<u>Pension and OPEB Trust Funds</u>	<u>All Other Private Purpose Trust Funds</u>
ADDITIONS:		
Contributions and Revenues:		
Employer contributions	\$52,189,085	\$-
Employee contributions	10,668,911	-
Other contributions	27,184	-
Shared revenues	-	3,693,153
Private donations	-	59,340
	<u>62,885,180</u>	<u>3,752,493</u>
Total contributions		
Investment earnings:		
Interest and other	31,282,677	322,133
Gross income from securities lending	1,591,711	-
Bank fees and expenses from securities lending	(1,630,901)	-
Commissions recapture, gross	12,536	-
Gain on sale of securities	-	(10,737)
Net change in fair value of investments	<u>(250,868,323)</u>	<u>12,359</u>
	<u>(219,612,300)</u>	<u>323,755</u>
Total investment earnings		
Less investment expenses	3,331,488	813,417
Net investment earnings	<u>(222,943,788)</u>	<u>(489,662)</u>
Total additions		
	<u>(160,058,608)</u>	<u>3,262,831</u>
DEDUCTIONS:		
Administrative expenses	831,606	4,288,703
Retirees pension expense	<u>68,017,647</u>	<u>-</u>
	<u>68,849,253</u>	<u>4,288,703</u>
Total deductions		
Change in net assets	<u>(228,907,861)</u>	<u>(1,025,872)</u>
Net assets - Beginning of the year	<u>1,389,849,773</u>	<u>9,170,895</u>
Net assets - End of the year	<u><u>\$1,160,941,912</u></u>	<u><u>\$8,145,023</u></u>

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

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of agency funds which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

D. Funds

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

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

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

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

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

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

The **Enterprise Funds** account for the financing of services to the general public where the operating expenses involved are usually recovered in the form of charges to users of such activities. Enterprise Funds consist of the Utilities (water and sewer), the Ballston Public Parking Garage, the Emergency Communications Center, the Trade

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Center, the George Mason Center, the Enterprise Resource Planning (ERP), the Eighth-Level Ballston Public Parking Garage Funds and the Community Planning Housing Development (CPHD) Fund. The Trade Center, the George Mason Center, the ERP, and the Emergency Communications Center and the CPHD funds are considered enterprise funds because the County has made a policy decision to establish charges to recover a portion of the cost of operating these funds.

The government reports the following major proprietary funds:

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

The *Private-purpose Trust Funds* are used to account for resources legally held in trust to provide for capital costs of repairs to the waste-to-energy plant and other solid waste purposes, resources used for the construction of IDA Skating facility on the eighth level of the Ballston Public Parking Garage, resources used for the construction of IDA affordable housing through the Affordable Housing Investment Fund Plus (AHIF+) program and funds set aside for various social service programs.

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

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proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund, of the Ballston Public Parking Garage Fund, the Emergency Communications Center Fund, the Trade Center Fund, the George Mason Center Fund, the Enterprise Resource Planning (ERP) Fund, the Eighth-Level Ballston Public Parking Garage Fund, CPHD Fund of the government's internal service funds are charges to customers for sales and services. The Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgets

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

F. Equity in Pooled Cash and Investments

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA

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JUNE 30, 2009

ascertainable market value exists, management, management in consultation with the general partner and investment advisors, has determined the fair values for individual investments based upon the partnership's most recent available financial information. In accordance with its adopted investment policy, the Retirement System has invested in foreign currency forward contracts, which are valued at fair market value, as a risk management tool. All interest earned on cash and investments pooled by the County is recorded in the County's General Fund as legally allowed, except for separate cash and investments accounts or funds legally entitled to interest earned.

G. Receivables and Payables

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

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

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

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

H. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in first-out method for inventories in the Utilities and Schools Funds. Inventories acquired by the Utilities Fund and the Automotive Equipment Fund are accounted for using the consumption method. Inventories in the School Cafeteria Fund are accounted for using the purchase method. 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 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

NOTES TO FINANCIAL STATEMENTS

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

J. Compensated Absences

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

Accumulated vested unpaid compensated absences for the County and the Schools in both the government-wide and the Proprietary Funds are recorded as an expense and liability of general fund, travel and tourism, community development block grant, the Section 8 housing, capital project funds, storm water fund, public recreation bond fund, internal service funds, utility 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, 2009, there was 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.

M. Fund Equity

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

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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 2008 amounts have been reclassified to conform to the FY 2009 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 Pronouncement

In fiscal year 2009, the County implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement became effective for fiscal periods after December 15, 2007. The implementation of this new standard had no impact on the County's fiscal year 2009 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 \$(676,787,464) difference as follows:

General obligation bonds - general government	\$ (322,265,522)
General obligation bonds - Schools	(254,576,941)
Compensated absences - general government	(30,413,562)
Worker's compensation - general government	(2,575,857)
Capital leases - general government	(18,436,505)
Bond issue costs and deferred amount on refunding, net	2,141,870
Current year Bond premium to be amortized – County	(8,253,006)
Current year Bond premium to be amortized – Schools	(6,445,202)
IDA – Buckingham Village 3	(35,962,739)
	<u>\$ (676,787,464)</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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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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 \$(676,787,464) difference are as follows:

Capital acquisitions	\$113,133,467
Depreciation expense	(19,237,041)
Net adjustment to increase <i>net changes in fund balances</i> total <i>governmental funds</i> to arrive at changes in <i>net</i> <i>assets of governmental activities</i>	<u>\$93,896,426</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:

Deferred property tax revenue 6/30/09	\$265,947,173
Deferred property tax revenue 6/30/08	256,740,367
Net adjustment to increase net changes in fund balances – total governmental funds arrive at changes in net assets of governmental activities	<u>\$9,206,806</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 \$3,603,586 difference are as follows:

Debt issued or incurred:	
IDA – Buckingham Village 3	\$(35,962,739)
Capital leases	(13,524,783)
Capital lease financing – General Government	(49,487,522)
Principal repayments:	
General obligation debt – County	27,986,404
General obligation debt – Schools	20,669,478
Capital leases	3,724,325
Total principal repayments	<u>52,380,207</u>
Bond premium to be amortized	882,155
Other charges and bond issue costs	(171,254)
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>\$3,603,586</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 \$(63,485) difference are as follows:

Compensated absences	\$(107,817)
Worker’s compensation	44,332
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of government activities	<u>\$(63,485)</u>

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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".

\$7,431,526

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

Additional revenues – internal service funds \$480,213
Net operating income – internal service funds 3,570,587

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities \$4,051,070

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 2009 such appropriation amendments totaled \$17,076,240 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 2009 for the Electoral Board due to a high turn out of voter for the Presidential election. Management will ensure the department develops better budget estimates in future years.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has negative net assets of \$(18,441,674) at June 30, 2009. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net operating income circumstances. The deficiency has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under its agreement with The Federated Department Stores Inc., the County was precluded from initially increasing some key parking rates. Management of the County believes that the most recent rate increases and subsequent rate increases in future fiscal years coupled with the completion of adjacent development projects will result in the eventual achievement of a positive equity position.

The Printing Fund (an Internal Service Fund), incurred a negative change in net assets of \$1,536 in FY 2009, resulting in ending net assets of \$(77,611). Management will evaluate measures to reduce the deficit in FY 2010.

Jail Industries (an Internal Service Fund), incurred a positive change in net assets of \$5,640 in FY09, resulting in ending net assets \$(15,146). Management will evaluate measures to ensure the program is self-supporting.

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.

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

A. Custodial Credit Risk Deposits

At year end, the carrying amount of the County and School deposits was \$228,647,669 and the bank balance was \$237,676,266. Of the bank balance, \$1,804,649 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act (“the Act”).

B. Custodial Credit Risks Investments

No specific disclosure is necessary for custodial credit risks since the County requires that all investments be clearly marked as to ownership and to be registered in the name of the County.

C. Investment Policy

In accordance with State statutes, the County’s investment policy permits it to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, commercial paper, bankers’ acceptances, repurchase agreements, corporate notes, mutual funds and the Virginia Local Government Investment Pool (a 2a-7 like pool).

Additionally, in order to better manage yield in changing interest rate environments, the Treasurer may decide to contract for external portfolio management. This portion of the investment portfolio designated as the External Portfolio Management may be invested for periods greater than two years but not more than five years.

D. Credit Risk

No specific disclosure is necessary under custodial credit risks.

E. Concentrations of Credit Risk

The County’s policy does not set a limit on the amount that may be invested in any single Federal Agency issuer.

F. Interest Rate Risk

As of June 30, 2009, the County had the following investments and maturities:

	<u>Investment Maturity (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Greater than 5 years</u>
Corporate Bonds	\$36,956,011	\$6,085,470	\$6,915,773	\$23,954,768	\$-
Treasury Notes and Bonds	1,521,037	1,521,037	-	-	-
Government Agency Bonds	14,447,061	1,005,630	11,045,915	2,395,516	-
Municipal Obligations	44,164,971	19,370,212	390,312	5,404,447	19,000,000
Total	<u>\$97,089,080</u>	<u>\$27,982,349</u>	<u>\$18,352,000</u>	<u>\$31,754,731</u>	<u>\$19,000,000</u>

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$788,718
Virginia State Non-Arbitrage Program	193,177,262
Total	<u>193,965,980</u>
Total Investments	<u>\$291,055,060</u>

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Investment Portfolio As of June 30, 2009						
	Rating	PAR	Interest Rate	Maturity Date	Market	% of Portfolio
Corporate Bonds						
Proctor & Gamble	AA-	1,000,000	5.30%	07/06/2009	1,000,000	
General Electric Cap Corp	AA+	1,000,000	5.25%	10/27/2009	1,011,390	
Berkshire Hathaway	AAA	1,000,000	4.13%	01/15/2010	1,017,920	
Wells Fargo & Co	AA	1,000,000	4.20%	01/15/2010	1,011,520	
Greater Bay Bancorp	AA	2,000,000	5.13%	04/15/2010	2,044,640	
Wal-Mart Stores	AA	1,000,000	4.13%	07/01/2010	1,024,540	
JP Morgan Chase	AA-	1,000,000	4.50%	11/15/2010	1,019,400	
Toyota Motor Credit	AA+	1,750,000	4.35%	12/15/2010	1,799,963	
TIAA Global Markets	AAA	1,000,000	4.88%	01/12/2011	1,008,670	
Wal-Mart Stores	AA	1,000,000	4.13%	02/15/2011	1,037,800	
General Electric Cap Corp	AA+	1,000,000	5.00%	04/10/2012	1,025,400	
General Electric Cap Corp	AA+	4,000,000	5.25%	10/19/2012	4,111,920	
Bank of New York Mellon	AA-	1,000,000	4.95%	11/01/2012	1,057,390	
Wells Fargo & Co	AA	1,000,000	4.38%	01/31/2013	1,008,610	
General Electric Cap Corp	AA+	1,000,000	5.00%	02/01/2013	1,040,520	
Merck & Co Inc	AA-	1,000,000	4.38%	02/15/2013	1,036,390	
Metlife Global FDG	AA-	1,000,000	5.13%	04/10/2013	1,017,080	
Berkshire Hathaway	AAA	6,000,000	4.60%	05/15/2013	6,222,600	
TIAA Global Markets	AAA	1,830,000	4.95%	07/15/2013	1,880,984	
New York Life Global Fdg	AAA	3,000,000	5.38%	09/15/2013	3,104,970	
BP Capital Markets PLC	AA	1,000,000	5.25%	11/07/2013	3,474,304	
		33,580,000			36,956,011	12.70%
Treasury Notes & Bonds						
U.S. Treasury	AAA	1,500,000	2.13%	04/30/2010	1,521,038	0.52%
		1,500,000			1,521,038	
Government Agency Bonds						
Federal Home Loan Bank	AAA	1,000,000	2.50%	10/01/2009	1,005,630	
Federal National Mtg Assn	AAA	2,000,000	3.75%	08/04/2010	2,006,118	
Federal Home Loan Bank	AAA	5,000,000	3.38%	10/06/2010	5,038,985	
Federal Home Loan Mtg Corp	AAA	875,000	3.25%	02/25/2011	905,788	
Federal Home Loan Bank	AAA	1,000,000	3.38%	06/10/2011	1,040,780	
Federal Farm Credit Bank	AAA	1,000,000	3.88%	07/28/2011	1,002,500	
Federal Farm Credit Bank	AAA	1,000,000	3.88%	08/25/2011	1,051,744	
Federal Home Loan Bank	AAA	1,000,000	4.30%	12/17/2012	1,044,530	
Federal National Mtg Assn	AAA	1,300,000	3.25%	04/09/2013	1,350,986	
		14,175,000			14,447,061	4.96%
Municipal Obligations						
Genesee County-Taxable Muni	SP1+	5,250,000	3.00%	10/01/2009	5,269,740	
Wayne County MI Taxable Muni	SP1	2,000,000	4.00%	12/01/2009	2,007,480	
Aurora Minnesota Indep School	AAA	155,000	1.95%	02/01/2010	155,000	
Genesee County-Taxable Muni	SP1	5,850,000	3.00%	04/01/2010	5,888,364	
Wayne County MI Taxable Muni	SP1	5,000,000	4.50%	06/01/2010	5,013,450	
Illinois State Pension-Taxable	AA-	1,020,000	3.30%	06/01/2010	1,036,177	
New York St Dorm Authority	AAA	385,000	4.96%	03/15/2012	390,313	
Virginia Housing Authority	AA	225,000	3.93%	08/01/2012	234,563	
Milwaukee County WI Pension GO	AA	5,030,000	5.39%	12/01/2013	5,169,884	
Virginia College Building VRDN	Aa1	11,000,000	2.50%	08/01/2034	11,000,000	
Fairfax IDA VRDN	A-2	3,000,000	1.35%	05/15/2035	3,000,000	
Charlotte Mecklenburg Hospital	AA	5,000,000	2.00%	01/15/2036	5,000,000	
		43,915,000			44,164,971	15.18%
Virginia State Non-Arbitrage Program (SNAP)	AAAm	193,177,261			193,177,261	66.37%
State Treasurer's Local Government Investment Pool	AAAm	788,718			788,718	0.27%
Total Securities		\$287,135,979			\$291,055,060	100.00%

Note: Ratings are purchased by the instrument issuer and are Moodys, S&P, or Fitch. Ratings are scrutinized within the context of the investment policy prior to any instrument purchase. In the event of any subsequent rating change, the new rating is assessed for continued compliance with the investment policy.

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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, 2009, the Trustee Bank had \$14,827,406 in a U.S. government money market fund consisting of securities approved for direct investment. SunTrust is the trustee for Arlington Solid Waste Authority. Alexandria/Arlington Waste Disposal Trust Funds are invested by the City of Alexandria in Local Government Investment Pool. Investments in the amount of \$10,003,545 in state treasurer securities at fair value were held by LGIP at June 30, 2009.

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, 2009, the US Bank Trust National Association had \$16,106,618 in the Trustee Bank.

Wells Fargo Bank, 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, 2009, the Trustee Bank had \$6,375,608 in a U.S. government money market fund.

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, 2009, the County had \$193,177,261 in the SNAP short term investment.

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

A. Legal Provisions

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

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

- Common stock, preferred stock, convertible securities, warrants, and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity through an experienced fund-of-funds manager to maximize diversification by vintage year and investment type. The commitment to private equity totals \$83 million, representing 6.0% of assets, of which \$46.3 million had been funded at June 30, 2009.
- Open and closed end commingled real estate funds and real estate investment trust securities. The System has a commitment to fund two real estate partnerships for \$50 million, of which \$43.9 million had been funded at June 30, 2009.
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. governments, companies, and supernational organizations in both developed and emerging markets. Limits on concentration, credit quality, and duration are governed by the investment manager contract with each manager.
- Foreign currency forwards. Credit risk of these investments results from the credit worthiness of the counterparties to the contracts. The Fund did not have a currency manager in place during 2009. An underperforming currency program was terminated February 2008.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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B. Investment Restrictions

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

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

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

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

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

Derivatives are allowed only in cases where their use reduces the cost of a desired transaction and/or improves the risk characteristics of the portfolio. The Board of Trustees may, however, approve the use of derivatives to implement investment processes intended to add value in specifically-designated risk-controlled applications, such as currency management. Any such value-added investment program shall be approved only where (a) the potential exposures have been well defined by the Board and provide for a downside risk range for the Fund within established limits; (b) the value of the designated Fund assets subject to risk due to the program does not exceed 15% of the Fund's assets; and (c) in any program where an active overlay strategy combining derivatives with underlying portfolio assets is to be used, the gross amount of any long and short exposures taken on by the overlay shall not exceed the value of the designated Fund assets being overlaid.

C. Cash and Cash Equivalent

At June 30, 2009, the System had cash and cash equivalents of \$82,701,732. Cash deposits in bank accounts totaled \$125,497. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash equivalents of \$67,331,039 are invested in a Vanguard institutional money market fund, \$15,245,196 is invested in the custodian's Short-Term Investment Fund (STIF). These accounts are uninsured and uncollateralized.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

D. Investments and Risk

The System's investments are recorded at fair value. The following table presents the fair value of investments by type at June 30, 2009:

Investment Type	Fair Value (in \$000s)
U.S. Treasury	\$-
U.S Agency	-
Mortgage Backed Government Pass-Through	427
Corporate Mortgage Obligations (CMOs)	546
Corporate Bonds	141,904
Corporate Asset Backed	1,897
Private Placements	30,094
Municipal Bonds	2,525
Yankee Bonds	5,642
Supnationals	5,766
Non-U.S. Developed Government/Sovereign	23,243
Non-U.S. Developed Corporate	61,209
Non-U.S. Emerging Government/Sovereign	12,231
Non-U.S. Emerging Corporate	668
Convertible Securities	64,662
U.S. Equity	144,397
Non-U.S. Equity	153,397
Alternative Investments	56,006
Real Estate	19,436
Commingled Equity Funds	199,007
Commingled U.S Fixed Income	132,757
Currency Forwards	-
Commingled Money Market	82,713
Short Term	-
Cash	<u>7406</u>
Total	<u>\$1,145,933*</u>

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

Fair value is based on quoted market prices from national exchanges, when available. For real estate and private equity 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. Investment transactions are recorded as of the trade date. These transactions are not finalized

ARLINGTON COUNTY, VIRGINIA

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until the settlement date. Unrealized appreciation and depreciation of investments is reflected in the Statement of Changes in Plan Net Assets for the year.

Interest Rate Risk

Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$350.8 million of directly owned fixed income securities and on \$132.8 million invested in 2 commingled U.S. fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2009:

Investment Type:	<u>Fair Value</u>	<u>Investment Maturities (years)</u>			
	<u>(\$000s)</u>	<u>Under 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over-10</u>
U.S. Treasury	\$-	\$-	\$-	\$-	\$-
U.S. Agency	-	-	-	-	-
Mortgage backed Govt Pass Through	427	-	-	-	427
Corporate Mortgage Obligations (CMOs)	546	-	-	-	546
Corporate Bonds	141,904	930	27,086	29,330	84,558
Corporate Asset Backed	1,897	-	1,461	436	-
Private Placements	30,094	641	21,049	4,510	3,894
Municipal Bonds	2,525	-	-	-	2,525
Yankee Bonds	5,642	-	-	595	5,047
Supernationals	5,766	-	1,117	4,649	-
Non-U.S. Developed Govt/Sovereign	23,243	9,887	13,356	-	-
Non-U.S. Developed Corporate	61,209	4,429	44,066	9,690	3,024
Non-U.S. Emerging Govt/Sovereign	12,231	-	1,717	4,858	5,656
Non-U.S. Emerging Corporate	668	-	221	447	-
Convertible Securities	64,662	965	35,773	3,997	23,927
Short Term	-	-	-	-	-
Total	<u>\$350,814</u>	<u>\$16,852</u>	<u>\$145,846</u>	<u>\$58,512</u>	<u>\$129,604</u>

ARLINGTON COUNTY, VIRGINIA

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Interest rate sensitivity of a fixed income portfolio is best measured by effective duration. The effective duration of the System's directly held fixed income portfolio at June 30, 2009 is shown below:

Investment Type:	Fair Value (in 000's)	Effective Duration (years)
U.S. Treasury	\$-	-
U.S. Agency	-	-
Mortgage Backed Gov't Pass Through	427	3.03
Corporate Mortgage Obligations (CMOs)	546	5.38
Corporate Bonds	141,904	7.41
Corporate Asset Backed	1,897	0.04
Private Placements	30,094	4.10
Municipal Bonds	2,525	7.04
Yankee Bonds	5,642	9.25
Supernationals	5,766	5.97
Non-U.S. Developed Gov't/Sovereign	23,243	1.37
Non-U.S. Developed Corporate	61,209	3.80
Non-U.S. Emerging Gov't /Sovereign	12,231	5.60
Non-U.S. Emerging Corporate	668	0.84
Convertible Securities	64,662	3.86
Short Term	-	-
Total	<u>\$350,814</u>	5.32

Custodial Credit Risk

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

Concentration of Credit Risk

Per the System's investment policy, only U.S. Government and U.S. Government Agency obligations may exceed 5% of Systems assets. As of June 30, 2009, the System does not have investments in any one organization that exceed 5%.

ARLINGTON COUNTY, VIRGINIA

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The System's credit quality distribution for the System's directly held fixed income investments of \$350.8 million at June 30, 2009 is:

Investment Type	Fixed Income Distribution by Credit Quality (\$000's)							
	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Not Rated
U.S. Government	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
U.S. Government Agency	427	-	-	-	-	-	-	-
Corporate Mortgage Obligations (CMOs)	390	-	-	-	-	-	-	156
Corporate Bonds	323	571	19,750	63,670	28,953	20,997	3,892	3,748
Corporate Asset Backed	1,897	-	-	-	-	-	-	-
Private Placements	-	-	1,609	7,148	1,615	1,811	2,524	15,387
Municipal Bonds	-	-	-	2,525	-	-	-	-
International Obligations	27,964	7,738	9,903	19,696	6,189	3,044	-	34,225
Convertible Securities	-	-	3,599	10,884	7,116	13,444	776	28,843
Total	\$31,001	\$8,309	\$34,861	\$103,923	\$43,873	\$39,296	\$7,192	\$82,359

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

Foreign Currency Risk

Foreign investments include equity and fixed income securities, including convertible bonds, currency forward exchange contracts, 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, 2009 was as follows:

Australian Dollar	\$3,713	\$6,976	(\$1)	\$10,688
Brazilian Real	-	5,155	-	5,155
British Pound	17,016	6,271	34	23,321
Canadian Dollar	7,130	22,983	69	30,182
Danish Krone	3,958	-	-	3,958
Euro	38,190	32,345	1,261	71,796
Hong Kong Dollar	8,179	3,128	464	11,771
Indonesian Rupiah	-	3,579	-	3,579
Japanese Yen	26,843	1,537	1,201	29,581
Mexican Peso	-	5,447	-	5,447
New Zealand Dollar	-	8,852	-	8,852
Norwegian Krone	1,300	1,028	48	2,376
Singapore Dollar	-	2,128	(710)	1,418
Swedish Krone	7,175	-	-	7,175
Swiss Franc	10,514	4,867	109	15,490
UAE Dirham	-	447	-	447
Total	\$124,018	\$104,743	\$2,475	\$231,236

E. Securities Lending

Under authorization of the Board, the System engages in securities lending transactions through the Bank of New York (BoNY) for securities held in separate accounts. In accordance with the contract, BoNY may lend any securities held in custody. Maturity matched collateral of cash, cash equivalents or irrevocable letters of credit are held at the

ARLINGTON COUNTY, VIRGINIA

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minimum rate of 102% for domestic securities and 105% for international. The collateral is maintained by BoNY and all securities on loan are callable at any time. The System does not have the ability to invest, 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 offsetting security lending obligation.

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

The System is exposed to credit risk in the investment of the cash collateral by BoNY in a separately managed collateral pool. An investment policy provides guidelines for the investment of this cash in high quality debt securities. During the year this policy was modified to only allow investment in United States Treasuries and reverse repurchase agreements.

As a result of the disruption in the credit markets last year, several securities in the collateral pool that were highly rated when purchased became difficult to trade and value, exposing the System to greater credit risk than anticipated. A decision was made to sell one underperforming asset backed security resulting in a recognized loss of \$643,562. At the end of the year, the remaining collateral pool had an unrealized loss of \$460,851.

The System imposed restrictions during the year on the amounts of securities lending BoNY did on behalf of the System to reduce the size and risk exposure of the program. The program was reduced from \$108 million at the beginning of the year to \$39 million at the end. The intent is to further reduce the credit risk the System is exposed to from security lending.

The following table details the net income from securities lending for the fiscal year ended June 30, 2009:

Gross Income from Security Lending	\$1,591,711
Less Expenses	754,094
Less Bank Management Fees	233,245
Less Loss on Security	643,562
Net Income from Security Lending	<u>(\$39,190)</u>

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2009:

Type of Securities Lent	Fair Value	Value of Cash Collateral
Corporate Fixed Income	\$7,326,636	\$7,531,377
U.S. Equity	19,990,635	20,777,028
Non-U.S Governments	8,705,519	9,162,450
Non-U.S. Equity & Fixed	1,627,288	1,710,963
Total	<u>\$37,650,078</u>	<u>\$39,181,818</u>

The System has \$64.9 million invested in a State Street Global Advisors ("SSGA") Treasury Income Protection Securities ("TIPS") commingled fund that utilizes security lending. The cash collateral received for loaned securities is invested in a

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

SSGA managed cash collateral pool which has experienced significant unrealized credit losses from investments in asset backed securities. At June 30, 2009, 89% of the TIPS fund's securities are out on loan and the fund's share of the unrealized loss in the collateral pool is 6.1%. The System's share of the unrealized loss at June 30, 2009 is \$3.5 million. None of the System's other commingled fund investments have material realized or unrealized securities lending related losses.

In October 2008, SSGA limited their clients' ability to withdraw funds due to these issues with the security lending program. The System's maximum allowed withdrawal is 2% per month of the investment balance. The maximum withdrawals were taken in the fiscal year.

F. Commission Recapture Program

The System participates in a commission recapture program with Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers with which the System has entered into an agreement. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2009, were \$12,536.

NOTE 4. Receivables, net

Receivables at June 30, 2009 are summarized below.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Real estate taxes	\$267,961,709	\$-
Personal property taxes	3,852,505	-
Omitted business licenses tax	2,706,070	-
Omitted meals tax	1,006,515	-
Accounts receivable	39,800,363	21,017,763
Interest	762,684	16,660
Total	<u>316,089,846</u>	<u>21,034,423</u>
Less: Allowance for uncollectible accounts	<u>(3,091,594)</u>	-
Net receivables	<u>\$312,998,252</u>	<u>\$21,034,423</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.

The County Board establishes the tax rates on or about April 1 of each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes receivable is the unbilled October 5 installment. This October due amount, totaling \$265,947,173, 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.

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2009:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental and Internal Services activities:				
Capital assets, not being depreciated:				
Land	\$92,430,390	\$36,333,160	\$-	\$128,763,550
Construction in progress	<u>26,266,567</u>	<u>49,252,098</u>	<u>-</u>	<u>75,518,665</u>
Total capital assets, not being depreciated	118,696,957	85,585,258	-	204,282,215
Capital assets, being depreciated:				
Infrastructure	373,035,099	14,601,250	-	387,636,349
Buildings	226,033,669	353,800	-	226,387,469
Furniture, fixtures and equipment	<u>92,535,837</u>	<u>17,166,237</u>	<u>2,353,564</u>	<u>107,348,510</u>
Total capital assets being depreciated	<u>691,604,605</u>	<u>32,121,287</u>	<u>2,353,564</u>	<u>721,372,328</u>
Less accumulated depreciation for:				
Infrastructure	246,540,320	9,568,093	-	256,108,413
Buildings	60,675,271	5,653,419	-	66,328,690
Furniture, fixtures and equipment	<u>43,545,853</u>	<u>8,348,699</u>	<u>1,912,187</u>	<u>49,982,365</u>
Total accumulated depreciation	<u>350,761,444</u>	<u>23,570,211</u>	<u>1,912,187</u>	<u>372,419,468</u>
Total capital assets, being depreciated, net	<u>340,843,161</u>	<u>8,551,076</u>	<u>441,377</u>	<u>348,952,860</u>
Governmental activities capital assets, net	<u>\$459,540,118</u>	<u>\$94,136,334</u>	<u>\$441,377</u>	<u>\$553,235,075</u>

Business-type activities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$1,792,817	\$-	\$-	\$1,792,817
Construction in progress	<u>306,137,439</u>	<u>137,340,633</u>	<u>-</u>	<u>443,478,072</u>
Total capital assets, not being depreciated	<u>307,930,256</u>	<u>137,340,633</u>	<u>-</u>	<u>445,270,889</u>
Capital assets, being depreciated:				
Sewer system	312,706,995	9,009,150	-	321,716,145
Water system	130,670,975	6,621,827	-	137,292,802
Building	43,787,125	-	-	43,787,125
Furniture and fixtures and equipment	<u>12,969,688</u>	<u>2,616,288</u>	<u>-</u>	<u>15,585,976</u>
Total capital assets being depreciated	<u>500,134,783</u>	<u>18,247,265</u>	<u>-</u>	<u>518,382,048</u>

ARLINGTON COUNTY, VIRGINIA

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Less accumulated depreciation for:				
Sewer system	64,569,608	-	-	64,569,608
Water system	34,983,573	5,980,744	-	40,964,317
Building	10,690,200	1,031,490	-	11,721,690
Furniture and fixtures and equipment	2,110,719	1,266,913	-	3,377,632
Total accumulated depreciation	<u>112,354,100</u>	<u>8,279,147</u>	<u>-</u>	<u>120,633,247</u>
Total capital assets, being depreciated, net	<u>387,780,683</u>	<u>9,968,118</u>	<u>-</u>	<u>397,748,801</u>
 Business-type activities capital assets, net	 <u>\$695,710,939</u>	 <u>\$147,308,751</u>	 <u>\$-</u>	 <u>\$843,019,690</u>

Discretely presented component units

Schools:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	<u>\$4,697,946</u>	<u>\$-</u>	<u>\$-</u>	<u>\$4,697,946</u>
 Capital assets, being depreciated:				
Buildings	418,154,129	35,104,216	-	453,258,345
Furniture, fixtures and equipment	<u>47,757,772</u>	<u>5,551,363</u>	<u>-</u>	<u>53,309,135</u>
Total capital assets being depreciated	<u>465,911,901</u>	<u>40,655,579</u>	<u>-</u>	<u>506,567,480</u>
 Less accumulated depreciation for:				
Buildings	98,846,917	10,453,853	-	109,300,770
Furniture, fixtures and equipment	32,598,079	4,370,246	-	36,968,325
Total accumulated depreciation	<u>131,444,996</u>	<u>14,824,099</u>	<u>-</u>	<u>146,269,095</u>
Total capital assets, being depreciated, net	<u>334,466,905</u>	<u>25,831,480</u>	<u>-</u>	<u>360,298,385</u>
Schools capital assets, net	<u>\$339,164,851</u>	<u>\$25,831,480</u>	<u>\$-</u>	<u>\$364,996,331</u>

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

FUNCTION AND ACTIVITY	<u>Depreciation Expense</u>
Primary government:	
Government activities:	
General government	\$6,008,963
Public safety	626,177
Public works, including depreciation of infrastructure assets	10,914,813
Health and welfare	74,384
Libraries	249,277
Parks, recreation and culture	1,302,684
Planning and community development	<u>60,743</u>
 Total Depreciation Expense – Governmental Activities	 19,237,041
 Internal Service	 <u>4,333,170</u>
 Total Depreciation Expense- Governmental and Internal Service Activities	 <u>\$23,570,211</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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Business-type activities:

Utilities	\$6,115,351
Ballston Public Parking Garage	494,709
IDA Revenue Bond Funds	<u>1,669,087</u>
Total Depreciation Expense- Business-type Activities	<u>\$8,279,147</u>
Component unit – Schools	<u>\$14,824,099</u>
Total Depreciation Expense – Component units	<u>\$14,824,099</u>

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, 2009 the current portion of these liabilities was \$5.871 million which represent an estimate of health insurance claims that have been incurred but not reported of \$5.613 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.258 million. The non-current portion was \$2.318 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, 2007 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year- End
2007 – 2008				
Current	\$5,589,332	\$42,004,249	\$41,209,864	\$6,383,717
Long Term	\$2,952,761	\$1,551,944	\$2,146,535	\$2,358,170
2008 – 2009				
Current	\$6,383,717	\$40,717,094	\$41,230,251	\$5,870,560
Long Term	\$2,358,170	\$2,114,339	\$2,154,238	\$2,318,271

In addition, the County has designated a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2009. The County maintains a General Fund operating reserve that totaled \$30,769,734 as of June 30, 2009. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased to its current funding level which is greater than or equal to 3% of the General Fund budget.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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NOTE 7. Operating Leases

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

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$12,656,672
2011	10,837,880
2012	12,617,642
2013	13,386,214
2014	13,791,779
2015-2024	88,177,646
	<u>\$151,467,833</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, 2009, the County received \$1,748,375 under these lease agreements. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. This liability amount of \$7,501,916 is accrued in the Ballston Public Parking Garage Fund, as of June 30, 2009. In FY 2000, the County entered into a long term operating lease agreement for 145,777 square feet of office space and additional garage space to consolidate the operations of its Department of Human Services (DHS) at 3033 Wilson Boulevard. The lease for DHS at 3033 Wilson Blvd expires on August 31, 2010, and a new lease for DHS at Sequoia Plaza, 2100 Washington Blvd commences on September 1, 2010.

NOTE 8. Capital Leases

The County has financed the acquisitions of capital assets, including eight Arlington Transit (ART) buses, equipment for Fairlington Community Center, energy performance upgrade for the Arlington County Justice Center, breathing apparatus for the Fire Department, VOIP system, a rock crusher, and computers, and equipment. Arlington Public Schools leased computers and equipment as shown below:

Asset Category	Primary Government	Component Unit Schools
Equipment	\$6,053,982	\$3,971,093
Equipment (CIP)	6,472,300	-
Auto	2,802,688	-
Total Asset, at cost	<u>15,328,970</u>	<u>3,971,093</u>
Accumulated depreciation	<u>(1,160,967)</u>	<u>-</u>
Total Asset, net	<u>\$14,168,003</u>	<u>\$3,971,093</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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The annual future minimum lease payments as of June 30, 2009 are as follows:

General Government:

Year Ending June 30,	Technology Services	Environmental Services	Fire	Parks & Recreation	Libraries	Circuit Court	Sheriff	Total General Government
2010	\$2,885,451	\$1,173,432	\$353,970	\$233,759	\$179,105	\$30,207	\$287,038	\$5,142,962
2011	2,718,777	1,083,211	353,970	233,759	127,461	15,104	287,038	4,819,320
2012	2,447,591	987,290	226,791	145,999	63,731	-	227,684	4,099,086
2013	1,588,449	889,137	226,791	102,345	-	-	227,684	3,034,406
2014	343,026	873,182	226,791	-	-	-	125,779	1,568,778
2015	-	873,182	226,791	-	-	-	125,779	1,225,752
2016	-	873,182	226,792	-	-	-	-	1,099,974
2017	-	873,182	226,792	-	-	-	-	1,099,974
2018	-	704,422	226,792	-	-	-	-	931,214
2019	-	501,251	113,396	-	-	-	-	614,647
2020	-	466,840	-	-	-	-	-	466,840
2021	-	466,840	-	-	-	-	-	466,840
2022	-	466,840	-	-	-	-	-	466,840
2023	-	466,840	-	-	-	-	-	466,840
2024	-	466,840	-	-	-	-	-	466,840
Total Minimum Lease payments	<u>\$9,983,294</u>	<u>\$11,165,671</u>	<u>\$2,408,876</u>	<u>\$715,862</u>	<u>\$370,297</u>	<u>\$45,311</u>	<u>\$1,281,002</u>	<u>\$25,970,313</u>
Less Imputed Interest	<u>(603,702)</u>	<u>(2,235,732)</u>	<u>(290,332)</u>	<u>(38,814)</u>	<u>(19,095)</u>	<u>(1,728)</u>	<u>(98,051)</u>	<u>(3,287,454)</u>
Amount deferred	<u>(831,391)</u>	<u>(2,483,581)</u>	<u>-</u>	<u>(99,046)</u>	<u>-</u>	<u>-</u>	<u>(832,336)</u>	<u>(4,246,354)</u>
Present Value of Minimum Payments	<u>\$8,548,201</u>	<u>\$6,446,358</u>	<u>\$2,118,544</u>	<u>\$578,002</u>	<u>\$351,202</u>	<u>\$43,583</u>	<u>\$350,615</u>	<u>\$18,436,505</u>

ARLINGTON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS

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Internal Service Funds:

<u>Year Ending June 30,</u>	<u>Internal Service Fund - Auto Equipment</u>
2010	\$860,801
2011	362,931
2012	362,931
2013	362,931
2014	221,707
2015	80,485
2016	80,485
2017	3,873
<hr/>	
Total Minimum Lease Payments	2,336,144
Less Imputed Interest	(215,377)
Present Value of Minimum Lease Payments	<u>\$2,120,767</u>

Component Unit – Schools:

<u>Year Ending June 30,</u>	<u>Component Unit – School Operations</u>
2010	\$2,517,699
2011	2,252,837
2012	1,192,146
2013	866,989
2014	640,766
2015	640,766
2016	640,767
2017	320,383
<hr/>	
Total Minimum Lease Payments	9,072,353
Less Imputed Interest	(833,312)
Present Value of Minimum Lease Payments	<u>\$8,239,041</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

NOTE 9. Long-Term Debt

A. General Obligation Bonds

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

ARLINGTON COUNTY, VIRGINIA GENERAL OBLIGATIONS BONDS								
FISCAL YEAR	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL G.O. BONDS	
	P	I	P	I	P	I	P	I
2010	\$28,593,373	\$14,884,387	\$20,013,759	\$11,640,310	\$7,987,869	\$5,246,805	\$56,595,001	\$31,771,502
2011	28,892,677	13,510,292	19,998,298	10,673,733	8,004,023	4,838,857	56,894,998	29,022,882
2012	28,642,500	11,975,735	19,821,620	9,647,654	7,635,878	4,611,444	56,099,998	26,234,833
2013	25,386,067	10,572,405	18,603,316	8,683,814	7,285,615	4,220,513	51,274,998	23,476,732
2014	23,946,093	9,411,096	18,592,240	7,828,229	7,301,667	3,869,354	49,840,000	21,108,679
2015	23,163,639	8,198,907	17,136,780	6,938,420	5,654,580	3,395,135	45,954,999	18,532,462
2016	20,564,043	7,167,637	15,783,323	6,088,386	5,752,633	3,069,485	42,099,999	16,325,508
2017	20,504,333	6,218,873	15,738,298	5,363,568	5,807,368	2,784,600	42,049,999	14,367,041
2018	18,236,223	5,278,708	14,748,284	4,714,760	5,795,493	2,521,384	38,780,000	12,514,852
2019	17,399,232	4,489,686	13,988,017	4,077,688	5,542,751	2,229,295	36,930,000	10,796,669
2020	15,630,377	3,698,621	12,103,254	3,416,704	5,386,369	2,012,651	33,120,000	9,127,976
2021	14,875,050	3,022,704	11,491,647	2,883,026	5,418,307	1,781,808	31,785,004	7,687,538
2022	12,902,834	2,423,223	9,871,166	2,423,729	5,406,000	1,529,835	28,180,000	6,376,787
2023	11,819,064	1,849,149	8,811,939	2,024,887	5,469,000	1,306,101	26,100,003	5,180,137
2024	10,123,000	1,346,259	8,846,000	1,679,484	5,551,000	1,053,326	24,520,000	4,079,069
2025	8,448,000	899,439	8,689,000	1,257,205	5,638,000	804,851	22,775,000	2,961,495
2026	5,718,000	507,722	6,859,000	851,795	5,418,000	549,314	17,995,000	1,908,831
2027	5,718,000	266,836	7,035,000	579,424	5,497,000	321,428	18,250,000	1,167,688
2028	1,703,017	72,378	5,326,000	289,292	2,066,000	87,805	9,095,017	449,475
2029			1,120,000	53,200			1,120,000	53,200
	<u>\$322,265,522</u>	<u>\$105,794,057</u>	<u>\$254,576,941</u>	<u>\$91,115,308</u>	<u>\$112,617,553</u>	<u>\$46,233,991</u>	<u>\$689,460,016</u>	<u>\$243,143,356</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

FISCAL YEAR	IDA		
	P	I	Total
2010	\$5,220,000	\$2,175,069	\$7,395,069
2011	5,385,000	1,922,700	7,307,700
2012	5,570,000	1,653,363	7,223,363
2013	5,760,000	1,378,750	7,138,750
2014	5,890,000	1,094,075	6,984,075
2015	6,255,000	790,450	7,045,450
2016	1,305,000	607,975	1,912,975
2017	1,305,000	549,250	1,854,250
2018	1,305,000	484,000	1,789,000
2019	1,305,000	418,750	1,723,750
2020	1,305,000	353,500	1,658,500
2021	1,305,000	288,250	1,593,250
2022	1,305,000	223,000	1,528,000
2023	1,305,000	157,750	1,462,750
2024	1,300,000	92,625	1,392,625
2025	1,300,000	30,061	1,330,061
	<u>\$47,120,000</u>	<u>\$12,219,568</u>	<u>\$59,339,568</u>

B. Revenue Bonds – Ballston Public Parking Garage

Revenue Bonds of \$22,300,000 were issued by the County in 1984 to provide for the acquisition and construction of a public parking garage facility. The bonds were issued in the form of Variable Rate Revenue Bonds to mature on August 1, 2017, and are subject to redemption as a whole or in part, at any time, at the principal amount thereof, plus accrued interest at the County's discretion. The bonds are not general obligations of the County and are payable solely from gross revenues arising from the operations of the garage facilities, an irrevocable direct pay letter of credit in the initial principal amount of \$25,648,055 and other funds which may be available to the project. As "credit support" for the project, the County has agreed to consider appropriating funds should a shortfall in revenues affect the payments to the bondholders. Debt service payments on the bonds are further secured by a deed of trust on the garage facilities and related assets. As of June 30, 2009, \$12,800,000 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 1.35% in FY 2009. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. On September 26, 2004, a Letter of Credit (LOC) was issued by Bank of America to support the garage activities. The LOC is valid for a term of five years. This replaced the prior LOC issued by Citibank, N.A. which expired in September 2004. 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 2009, the County drew from the letter of credit \$193,384 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 \$41,079 in FY 2009. Also in FY 2009, \$500,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

C. Mortgage Debt

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The long-term portion of this mortgage payable at June 30, 2009 was \$1,156,771. The short term portion of mortgage interest payable was \$16,582,444. At June 30, 2009, all payments have been deferred.

D. Virginia Resources Authority Note Payable

In June 2007, the County entered into a Financing Agreement with the Virginia Resources Authority (VRA). VRA agreed to issue \$76,000,000 in Wastewater System Revenue Bonds, Series 2007B (VRA Bonds) and lend the proceeds to the County for improvements to the County's water pollution control plant and wastewater system. At June 30, 2009, VRA had provided a loan of VRA bond proceeds in the amount of \$76,000,000, including in FY 2009 bond proceeds of \$26,460,942 to the County. Interest was charged at a rate of 3.00 percent.

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. At June 30, 2009, VRA had provided a loan of VRA bond proceeds in the amount of \$48,986,951.

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. At June 30, 2009, VRA had provided a loan of VRA bond proceeds in the amount of \$62,484.

VRA Bonds were also issued in June 2004 in the amount of \$100,000,000 and in June 2007 (Series 2007A) in the amount of \$4,000,000, and the proceeds from those bonds were received by the County prior to fiscal year 2009.

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

E. IDA Lease Revenue Bonds

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, 2009, \$47,120,000 is outstanding under these lease revenue bonds.

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 County intends to refinance the SunTrust note prior to the developer's execution of construction financing, currently anticipated to occur in 12 -18 months from the closing. As of June 30, 2009, \$35,962,739 is outstanding under the lease revenue bonds.

F. Changes in Long-Term Liabilities

During the year ended June 30, 2009, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
Primary Government:					
Compensated absences ***	\$30,305,745	\$26,957,385	(\$26,849,568)	\$30,413,562	\$3,041,356
Workers' compensation	2,620,189	2,371,925	(2,416,257)	2,575,857	257,586
General obligation bonds-County	350,251,926	-	(27,986,404)	322,265,522	28,593,373
General obligation bonds-Schools	275,246,419	-	(20,669,478)	254,576,941	20,013,759
IDA - Buckingham Village 3	-	35,962,739	-	35,962,739	-
Capital leases	8,636,047	13,524,783	(3,724,325)	18,436,505	4,427,928
Deferred cost on refunding-County	(783,630)	-	4,498	(779,132)	(4,498)
Deferred cost on refunding-Schools	(1,529,494)	-	166,756	(1,362,738)	(166,756)
Bond premium to be amortized- County	8,753,797	-	(500,792)	8,253,005	500,789
Bond premium to be amortized-Schools	6,826,565	-	(381,362)	6,445,203	381,361
Total General Government	680,327,564	78,816,832	(82,356,932)	676,787,464	57,044,898
Internal Service:					
Compensated absences	547,166	530,245	(579,343)	498,068	49,807
Capital leases	3,045,844	-	(925,077)	2,120,767	784,724
Total Internal Service	3,593,010	530,245	(1,504,420)	2,618,835	834,531
Total Governmental Activities	683,920,574	79,347,077	(83,861,352)	679,406,299	57,879,429
Component Unit Schools:					
Compensated absences	30,308,054	1,369,484	-	31,677,538	3,167,757
Capital leases	6,464,770	3,717,246	(1,942,975)	8,239,041	2,267,391
Total Component Unit-Schools	36,772,824	5,086,730	(1,942,975)	39,916,579	5,435,148
Business-Type Activities:					
Compensated absences - Utilities	1,487,436	1,489,879	(1,479,848)	1,497,467	149,747
Compensated absences - CPHD	-	1,091,348	(578,479)	512,869	51,287
General obligation bonds - Utilities	119,701,657	-	(7,084,104)	112,617,553	7,987,869
Bond and VRA interest payable - Utilities	2,823,792	3,466,301	(2,823,792)	3,466,301	3,466,301
Revenue bonds -Ballston	13,300,000	-	(500,000)	12,800,000	500,000
Bond and mortgage interest payable - Ballston	15,301,754	1,280,690	-	16,582,444	16,582,444
Long-term notes payable- Ballston	3,429,679	-	-	3,429,679	2,272,908
VRA loan payable	146,074,542	82,876,541	(12,798,483)	216,152,600	7,366,064
Deferred cost of refunding - Utilities	1,123,306	-	(125,024)	998,282	125,024
Bond premium to be amortized- Utilities	2,410,321	-	(127,850)	2,282,471	127,849
Bond premium to be amortized - IDA Bond	2,864,697	-	(313,869)	2,550,828	313,865
IDA Revenue Bond	52,180,000	-	(5,060,000)	47,120,000	5,220,000
Total Business-type Activities	360,697,184	90,204,759	(30,891,449)	420,010,494	44,163,358
Grand Total	\$1,081,390,582	\$174,638,566	(\$116,695,776)	\$1,139,333,372	\$107,477,935

*** 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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the "school debt" is reflected in Exhibit 1 "Statement of Net Assets" in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for "Non-current liabilities" and "Invested in capital assets, net of related debt" is \$275,246,419 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$32,925,884 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, 2009 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	\$396,309	\$-
Printing Fund	-	94,207
Jail Industries	-	487
Urban Area Security Initiative		146,857
Drug Task Force	-	154,758
Utilities Funds	25,881,478	-
Capital Project Fund	-	25,881,478
	<u>\$26,277,787</u>	<u>\$26,277,787</u>

Due to/from primary government and component units:

	<u>Primary Government</u>	<u>Component Unit</u>
General Fund	\$678,213	\$49,005,870
School Funds:		
Operating		
Primary Government	44,660,405	-
Other School Funds	601,867	-
Cafeteria		
Primary Government	-	194,546
Other School Funds	-	-
Community Activities		
Primary Government	957,862	-
Other School Funds	-	-
School – Special & In-Service		
Primary Government	-	-
Other School Funds	-	601,867
Pay-As-You-Go		
Primary Government	3,387,603	-
Other School Funds	-	-
School Capital Projects Bond		
Other School Funds	-	-
CSA		
Primary Government	-	483,667
	<u>\$50,285,950</u>	<u>\$50,285,950</u>

ARLINGTON COUNTY, VIRGINIA

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The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2009 are as follows:

Transfer	General Fund	Special Revenue Fund	Internal Service Fund	Capital Project Fund	CPHD Fund	OPEB Trust	Total Transfer Out
From General Fund	\$-	\$247,000	295,155	\$19,647,070	\$2,881,512	\$15,111,505	\$38,182,242
Special Revenue	52,249	-	-	-	-	-	52,249
Internal Service Fund	130,000	-	-	-	-	-	130,000
Capital Project Fund	2,149,359	-	-	-	-	-	2,149,359
Total Transfer In	<u>\$2,331,608</u>	<u>\$247,000</u>	<u>\$295,155</u>	<u>\$19,647,070</u>	<u>\$2,881,512</u>	<u>\$15,111,505</u>	<u>\$40,513,850</u>

NOTE 12. Reservations and Designations of Fund Balances

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

- a. **General Fund** – Designated for Self-insurance - \$5,000,000 designated by the County Board related to the County's self-insurance program for workers' compensation, general liability and automobile liability where purchased insurance coverage is insufficient to pay claims which may become due.
- b. **General Fund** - Designated for Operating Reserve - \$30,769,734 designated by the County Board in its "General Fund Operating Reserve" resolution to protect the County's financial position in the event of major "severe unforeseen financial problems" that could cause "severe financial hardship". The amount designated for these purposes was increased from \$28,262,153 to \$30,769,734 during FY 2009.
- c. **General Fund** - Designated for FY 2010 Budget - \$20,152,964 designated by the County Board at the time of the adoption of the FY 2010 budget to be one of the elements that financed the FY 2010 Adopted General Fund budget.
- d. **General Fund** – Designated for Incomplete Projects - \$57,713,108 designated by the County Board to fund in FY 2010 projects approved by the County Board in FY 2009 but not yet completed at the close of FY 2009.
- e. **General Fund** - Designated for Schools - \$24,513,422 designated by the County Board at the time of the reappropriation to the FY 2009 budget to be one of the elements which is planned to finance part of the FY 2010 Adopted School Fund budgets.
- f. **School Funds** - Construction funds - \$15,008,543 reserved for project construction expenditures and encumbrances.
- g. **Special Revenue Funds** - Section 8 Housing - \$5,515,684 reserve equivalent to the net difference between earned Section 8 Housing administrative revenues and actual administrative expenditures since inception of the program. Travel & Tourism - \$265,566 reserve equivalent to the net difference between earned revenues and actual expenditures since inception of the program. Rosslyn Business Improvement District - \$207,147 and Crystal City Business Improvement District - \$133,307 reserves equivalent to the net difference between earned tax revenue and expenditures since inception of the program..

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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- h. Capital Projects Funds** - Construction funds - \$95,115,125 reserved for project construction expenditures and encumbrances. Of these funds, \$81,753,237 is reserved in construction bond funds and represents bond proceeds and \$13,361,888 is reserved for transportation and stormwater funds and represents tax revenue.
- i. Trust Fund** - Reserved for Trusts - \$10,039,309 reserved to be held by the Alexandria/Arlington Waste Disposal Trust fund for future plant expenditures and cover any shortfalls should they occur.
- j. Trust Fund** - Net Assets Held in Trust for Pension Benefits - \$1,145,984,075 reserved to fund the Arlington County Employee's Supplemental Retirement System.
- k. OPEB Trust Fund** - Net Asset Held in Trust for OPEB - \$14,957,837 reserved to fund the post employment benefits other than pension benefits.

NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

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

The Metro Matters Program covered by this Agreement consists of four urgent priorities of capital program elements: (a) Infrastructure Renewal Program, which will keep WMATA's existing assets in a state of good repair (includes rail and bus systems); (b) Rail Car Program, which will enhance Metrorail performance, reduce system crowding and support further ridership growth; (c) Bus Program, which will relieve overcrowding, support future growth, enhance customer facilities, and improve access to Metro stations; (d) Security Program, which to provide continued operation during an emergency and to implement other security protective measure.

Arlington County's contribution of \$79.6 million in funding over a six-year period of this Agreement is subject to annual appropriation of funds, and other limitations on expenditures or obligations under the applicable law. Arlington County is planning to use General Obligation Bonds and state grants to cover its share of the Metro Matters Funding needs.

In addition, the County shares the costs of capital expenditures 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 2009, the County paid \$33 million from its General Fund to subsidize WMATA's bus and rail operating costs.

B. Construction Commitments

As of June 30, 2009 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Projects Funds	\$23,836,808
Utilities Fund	<u>58,092,613</u>
	\$81,929,421

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.

ARLINGTON COUNTY, VIRGINIA

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C. Waste-to-Energy Facility

Arlington Solid Waste Authority

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

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

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

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

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

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

Since Acceptance testing on each unit was completed in November 2000, the Operating Lease agreement between the ASWA and the Corporation took effect in January 2001. Since in essence the lease is a capital lease, the capital assets completed and covered by the lease and the promissory note are removed from the County records and are now considered a part of the plant. In FY 2009 they have been recorded in the same manner, as is the rest of the plant.

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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 \$1,569,402 were collected and project-related expenditures of \$3,319,041 were incurred in FY 2009.

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 2009, the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility and for oversight of any remaining capital issues.

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

E. Arlington Regional Jail

On June 22, 1994, the County and the Treasury Board of the Commonwealth of Virginia signed a regional jail financing agreement. In this agreement, the Commonwealth agreed to provide, subject to appropriation by the General Assembly, reimbursement of certain debt service costs of the new Arlington Regional Jail, totaling \$35,400,000 through the year 2013. In FY 2009 \$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”).

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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.

The IDA has negotiated with the Capitals a Development Agreement under which the IDA developed and constructed the Skating Facility and has issued \$35,700,000 in taxable revenue bonds (the "Bonds") to provide financing for the Skating Facility. A Cooperation Agreement between the County and the IDA states that, subject to appropriation of funds by the County Board, the County will deliver to the IDA sufficient funds so that the IDA can, among other things, make payments with respect to the Bonds and otherwise carry out its obligations under the Development Agreement if necessary. To further secure its obligations to make payments with respect to the Bonds, the IDA will, if required, grant a lien on and security interest in all of its right, title and interest in the Project, including its leasehold interest in the Eighth Level Slab, under a Leasehold Deed of Trust and Security Agreement between the IDA and certain individual trustees for the benefit of the trustee for the Bonds.

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make monthly payments of rent that are approximately equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY2009, 2.4 million was received from the Capitals.

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

G. Industrial Development Authority Affordable Housing Project

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

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

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

State and federal laws and regulations require the County to pay for the closure and processing/removal of any medical waste on site at the DHS laboratory when it stops accepting waste to be processed by the steam sterilizer at the laboratory. Although closure costs will be paid only near or after the date that the laboratory is closed, the County reports a portion of the closure costs as an operating expense in each period based on a formula provided by the Virginia Department of Environmental Quality. The County has chosen the use of the annual operating budget as the method for funding the

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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, 2009 is \$1.

I. Litigation

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

NOTE 14. Joint Ventures

A. Northern Virginia Criminal Justice Academy

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

In addition, the County pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2009, the County paid \$532,397 for capital and operating costs. Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

B. Peumansend Creek Regional Jail Authority

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

The regional jail is currently designed with the capacity for 336 prisoners. The County is guaranteed a minimum of 60 beds. Current cost projections anticipate a total project cost of approximately \$27 million with 50% of the eligible construction cost (\$23.8 million) to be reimbursed by the Commonwealth. The Authority issued \$10.22 million in revenue bonds and \$12 million in grant anticipation notes in March 1997. The County has no equity in the jail and is not responsible for repayment of the bonds or notes. The County's portion of the project costs includes approximately \$3.8 million over the 20-year period of debt (1997-2017). In FY 2009, the County paid \$864,048 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

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valued at market. All defined contribution plan assets are invested as directed by the individual employee and the plan is administered by ING.

NOTE 16. Employee Retirement Systems

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

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

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

A. Arlington County Employees' Retirement System

Plan Description and Provisions

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

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

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

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Current Employees:				
Vested	1,667	583	98	2,348
Non-Vested	1,047	273	-	1,320
Total	<u>2,714</u>	<u>856</u>	<u>98</u>	<u>3,668</u>
Vested Deferred	116	15	99	230
Retirees and Beneficiaries	1,644	646	1,152	3,442

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.

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Contributions totaling \$47,773,675 (\$37,077,580 of Employer contributions, \$10,668,911 of Employee contributions, and \$27,184 other contributions) were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2008. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2009, the member contribution rates varied up to 6.62% of their salary depending on the chapter of the plan they were covered under.

Annual Pension Cost

Net pension obligation represents the difference between the annual pension costs and the actuarially required contributions. The County had no unfunded pension obligation at June 30, 2008. Three-year trend information is presented below.

Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Pension Cost (ARC) (in millions)</u>	<u>Percentage Contributed</u>
2007	24.5	100.0%
2008	28.4	100.0%
2009	37.1	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, 2008 actuarial valuation.

Actuarial Assumptions

The information presented below are the significant actuarial assumptions.

Valuation date	07/01/08
Actuarial cost method	Entry Age Normal
Remaining amortization period	30 years
Amortization method	Level % Open
Asset valuation method	5 year, smoothed
Actuarial assumptions	
Assumed inflation rate	4.5%
Investment rate of return	8.0%
Projected salary increases	4.5%
Cost of living adjustments	
Chapter 21	1.5%
Chapter 46	100% CPI-U increase to a maximum of 3% plus ½ CPI-U increase for next 9% (max 7 ½% increase for 12% increase in CPI-U)

Three-Year Trend Information

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

ARLINGTON COUNTY, VIRGINIA

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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>
7/1/06	1234.7	1230.3	(4.4)	100.4%	232.6	(1.9%)
7/1/07	1,348.1	1,290.8	(57.3)	104.4%	242.2	(23.7%)
7/1/08	1,449.2	1,380.5	(68.7)	105.0%	224.1	(30.7%)

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. The impact of the investment loss experienced during the year ended June 30, 2009 on the future actuarial valuation of assets has not been determined and could have a significant impact on the ratio of actuarial assets to AAL for the System in future years.

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 deaths benefits to plan members and beneficiaries. The VRS issues a publicly available annual report that includes financial statements and required supplementary information for the VRS; this report can be obtained by writing the Virginia Retirement System, Attention: William Sullivan, P.O. Box 2500, Richmond, Virginia, 23218-2500.

Funding Policy

Retirement benefits are funded by employer contributions and by investment earnings. In accordance with State statute, the County is required to contribute at an actuarially determined rate. VRS changed rates for both employee and employer contributions in FY 2002. State statute may be amended only by the Commonwealth of Virginia General Assembly. In FY 2009, the contribution rate was 14.89%. The County's contributions to the VRS for the years ended June 30, 2009, 2008 and 2007 were \$34.4 million, \$35.4 million and \$22.7 million respectively, which were equal to the required contributions for each year.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

Schedule of Funding Progress (\$ in millions)

Actuarial Valuation Date June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability Entry Age (b)	Unfunded Actuarial Accrued Liabilities (UAAL (b-a))	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
Virginia Retirement System (VRS)						
2007	\$47,815	\$8,116	\$10,301	82.3%	\$13,834	74.5%
2006	42,669	52,822	10,153	80.8%	13,002	78.1%
2005**	40,372	49,628	9,256	81.3%	12,212	75.8%
State Police Officers' Retirement System (SPORS)						
2007	\$595	\$806	\$211	73.8%	\$101	209.4%
2006	539	730	191	73.8%	94	203.2%
2005**	514	673	159	76.4%	91	174.7%
Virginia Law Officers' Retirement System (VaLORS)						
2007	\$766	\$1,166	\$400	65.7%	\$341	117.2%
2006	656	1,096	440	59.9%	321	137.0%
2005**	575	980	405	58.7%	307	132.0%
Judicial Retirement System (JRS)						
2007	\$340	\$442	\$102	76.9%	\$58	177.3%
2006	302	424	122	71.3%	54	225.9%
2005**	288	402	114	71.5%	52	220.7%

**Revised economic and demographic assumptions due to experience study.

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 2009 the County contributed \$8,263,584 and \$257,423 towards health and life plans respectively. Plan members receiving benefits contributed \$3,365,328 and \$200,875 towards health and life plans respectively.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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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	\$15,500,000
Interest on net OPEB obligation	700,000
Adjustment to annual required contribution	<u>(500,000)</u>
Annual OPEB cost (expense)	15,700,000
Contributions made	<u>23,632,512</u>
Decrease in net OPEB obligation	(7,932,512)
Net OPEB obligation-beginning of year	<u>8,235,619</u>
Net OPEB obligation- end of year	<u><u>\$303,107</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the years ended June 30, 2009 and 2008 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$16,900,000	51.3%	\$8,235,619
6/30/2009	15,700,000	150%	303,107

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$226.0 million and the actuarial value of assets was \$16.0 million, resulting in an unfunded actuarial accrued liability of \$210.0 million. The covered payroll (annual payroll of active employees covered by the plan) was \$243.4 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 86 percent. As of June 30, 2009, the County has a \$0.3 million health care reserve, and contributed \$15.1 million to the County's OPEB Trust.

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 January 1, 2009, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8 percent investment return, a \$10 million initial contribution, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.75 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2009 is twenty nine years.

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NOTES TO FINANCIAL STATEMENTS

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

Schedule of Funding Progress (\$ in millions)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded 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>
1/1/08	\$10.0	\$281.0	\$271.0	0%	\$152.3	178%
1/1/09	\$16.0	\$226.0	\$210.0	6.9%	\$243.4	86%

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 FY09 the Schools' contributed \$5,973,320 towards health plans for retirees. Plan members receiving benefits contributed \$2,381,299 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	\$15,000,000
Interest on net OPEB obligation	700,000
Adjustment to annual required contribution	(500,000)
Annual OPEB cost (expense)	<u>15,200,000</u>
Contributions made	<u>7,473,320</u>
Increase in net OPEB obligation	<u>7,726,680</u>
Net OPEB obligation-beginning of year	<u>11,260,006</u>
Net OPEB obligation- end of year	<u>\$18,986,686</u>

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The Schools' annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the years ended December 31, 2008 and 2007 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$15,200,000	48.6%	\$18,986,686
12/31/07	20,900,000	46.1%	11,260,006

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$191.5 million, of which \$1.5 million is funded. The covered payroll (annual payroll of active employees covered by the plan) was \$221.8 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 81 percent. The Schools have a \$3.6 million health care reserve, and contributed \$1.5 million to the Retiree Welfare Benefit Trust.

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 December 31, 2008, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 6.25 percent investment return, a \$5.1 million initial contribution, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.75 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2009 is twenty nine years.

One 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.

ARLINGTON COUNTY, VIRGINIA

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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>
12/31/07	\$0.0	\$267.9	\$267.9	0%	\$221.8	121%
12/31/08	\$1.5	\$191.5	\$190.0	2.7%	\$230.1	81%

NOTE 18. Subsequent Events

A. Amendment and Restatement of Letter of Credit for Ballston Public Parking Garage

Subsequent to the close of fiscal year 2009, the county and Bank of America, N.A. agreed to an amended and restated letter of Credit and Reimbursement Agreement, effective September 22, 2009. This Letter of Credit secures the bonds that were issued in 1984 for construction and renovations of floors one through seven at the Ballston Public Parking Garage. The amended Letter of Credit and Reimbursement Agreement will expire on September 22, 2011. The original bond issue was in the amount of \$22,300,000; the bonds outstanding on June 30, 2009 totaled \$12,800,000.

B. General Obligation Public Improvement & Refunding Bonds, Series 2009 A, B and C

On July 30, 2009, the County issued \$80.48 million in 20 year General Obligation Public Improvement & Refunding bonds. The Bonds were authorized by previous referenda in 2004, 2006 and 2008. New money proceeds of \$39.2 million were used for various County projects and for the construction of Yorktown high school. \$41.3 million was issued for the refunding of certain outstanding high interest debt.

The bonds sale yielded a true interest cost (TIC) of 3.075%, with the refunding portion of the bond sale generating net present value savings of \$2.5 million, or 6.2% of the refunded bonds.

C. Industrial Development Authority Revenue Bonds, Series 2009 A & B

On August 13, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$41.28 million of 25 year revenue bonds. Proceeds were used for the land acquisition of Buckingham Village 1, and to reimburse the Utilities fund for a temporary loan in June to satisfy the County's Metro Matters obligation. The bonds were issued using a subject-to-appropriation security structure, representing a pledge by the County to seek future appropriation, if needed, for debt service payments.

The Bonds were issued via competitive sale in two series, A and B. Series A was issued as tax-exempt bonds, while Series B was issued as taxable Build America Bonds (BABs). The purpose for creating two separate series was to provide for the lowest true interest cost (TIC) to the County by using a hybrid of the two types of bonds. For the bonds issued under the BABs program, the IRS will provide to the Authority a semi-annual subsidy equal to 35% of each interest payment throughout the life of the bonds. Authorization for the BABs program was made through the American Recovery and Reinvestment Act of 2009 (ARRA).



OTHER SUPPLEMENTARY INFORMATION

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



Combined Financial Statements - Overview

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

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

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

ASSETS	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS						Total Non-Major Governmental Funds			
	Travel & Tourism Promotion	Roslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program		Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund		Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund
Equity in pooled cash and investments	\$187,878	\$1,757,147	\$1,243,249	\$265,119	\$4,476,827		\$6,995,798	\$8,233,679	\$209,439	\$7,310,309	\$34,537,938	\$8,026,738	\$4,534,184	\$24,216,565	\$6,432,346	\$108,427,316
Receivables, net	-	-	-	22,661,284	-		-	-	-	-	-	-	-	-	-	22,661,284
Receivables from other governments	95,858	-	-	405,063	-		-	-	-	-	-	-	-	-	-	500,921
Prepaid	-	-	-	-	1,130,423		-	-	-	-	-	-	-	-	-	1,130,423
Total assets	\$283,836	\$1,757,147	\$1,243,249	\$23,331,466	\$5,607,250		\$6,995,798	\$8,233,679	\$209,439	\$7,310,309	\$34,537,938	\$8,026,738	\$4,534,184	\$24,216,565	\$6,432,346	\$132,719,944
LIABILITIES AND FUND BALANCES																
LIABILITIES																
Accounts Payable	\$18,270	\$-	\$-	\$177,943	\$91,566		\$476,620	\$155,250	\$34,386	\$122,565	\$815,728	\$32,838	\$956,234	\$370,000	\$-	\$3,251,400
Other liabilities	-	-	-	17,510,674	-		-	-	-	-	-	-	-	-	-	17,510,674
Deferred Revenue	-	1,550,000	1,109,942	5,642,849	-		-	-	-	-	-	-	-	-	-	8,302,791
Total liabilities	18,270	1,550,000	1,109,942	23,331,466	91,566		476,620	155,250	34,386	122,565	815,728	32,838	956,234	370,000	-	29,064,865
FUND BALANCES																
Reserved for encumbrances	-	-	-	-	-		2,339,579	1,501,504	41,527	\$258,202	2,939,099	372,827	1,711,195	529,022	-	\$9,692,955
Reserved for construction	-	-	-	-	-		4,179,599	6,576,925	133,526	6,929,542	30,783,111	7,621,073	1,866,755	23,317,543	6,432,346	87,840,420
Unreserved-special revenue	265,566	207,147	133,307	-	5,515,684		-	-	-	-	-	-	-	-	-	6,121,704
Total fund balances	265,566	207,147	133,307	-	5,515,684		6,519,178	8,078,429	175,053	7,187,744	33,722,210	7,993,900	3,577,950	23,846,565	6,432,346	103,655,079
Total liabilities and fund balances	\$283,836	\$1,757,147	\$1,243,249	\$23,331,466	\$5,607,250		\$6,995,798	\$8,233,679	\$209,439	\$7,310,309	\$34,537,938	\$8,026,738	\$4,534,184	\$24,216,565	\$6,432,346	\$132,719,944

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS										CAPITAL PROJECTS FUNDS							Total Non-Major Governmental Funds
	Travel & Tourism Promotion	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund				
REVENUES:																		
Other local taxes	\$1,058,118	\$3,021,715	\$2,213,916	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$6,293,749
Real estate taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26,256,863
Intergovernmental	-	-	-	1,674,363	12,842,090	-	-	-	-	-	-	-	-	-	-	-	-	14,516,453
Interest income	-	-	4,345	-	-	266,052	238,149	17,328	-	682,389	193,041	124,085	443,932	184,382	-	-	-	2,153,703
Total revenues	1,058,118	3,021,715	2,218,261	1,674,363	12,842,090	266,052	238,149	17,328	5,764,396	682,389	193,041	124,085	20,936,399	184,382	-	-	-	49,220,768
EXPENDITURES:																		
Planning and community development	-	2,939,891	2,137,976	1,674,363	15,436,989	-	-	-	-	-	-	-	-	-	-	-	-	22,189,219
Travel and tourism	1,278,319	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,278,319
Intergovernmental:																		
Education - Schools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,103,603
Capital outlay	-	-	-	-	-	8,025,216	6,242,216	903,546	1,377,639	3,966,057	7,224,958	3,485,343	7,064,722	-	-	-	-	750,000
Total expenditures	1,278,319	2,939,891	2,137,976	1,674,363	15,436,989	8,025,216	6,242,216	903,546	1,377,639	4,716,057	7,224,958	3,485,343	7,064,722	7,103,603	-	-	-	69,610,838
Revenues over (under) expenditures	(220,201)	81,824	80,285	-	(2,594,899)	(7,759,164)	(6,004,057)	(886,218)	4,386,757	(4,033,669)	(7,031,917)	(3,361,258)	13,871,677	(6,919,221)	-	-	-	(20,390,070)
OTHER FINANCING SOURCES(USES):																		
Transfers in	247,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	247,000
Transfers out	-	(30,110)	(22,139)	-	-	(266,052)	(238,149)	(17,328)	-	(682,389)	(193,041)	(124,085)	(443,932)	(184,382)	-	-	-	(2,201,607)
Total Other financing sources (uses)	247,000	(30,110)	(22,139)	-	-	(266,052)	(238,149)	(17,328)	-	(682,389)	(193,041)	(124,085)	--	(184,382)	-	-	-	(1,954,607)
Net change in fund balances	26,799	51,714	58,146	-	(2,594,899)	(6,025,216)	(6,242,216)	(903,546)	4,386,757	(4,716,057)	(7,224,958)	(3,485,343)	13,427,745	(7,103,603)	-	-	-	(22,344,677)
FUND BALANCE, beginning of year	238,767	155,433	75,161	-	8,110,583	14,544,394	14,320,645	1,078,599	2,800,987	15,218,858	7,063,293	10,418,820	13,535,949	125,999,756	-	-	-	215,399,756
FUND BALANCE, end of year	\$265,566	\$207,147	\$133,307	\$-	\$5,515,684	\$6,519,178	\$8,078,429	\$175,053	\$7,187,744	\$7,993,900	\$3,722,210	\$3,928,465	\$23,963,694	\$6,432,346	\$-	\$-	\$-	\$103,655,079



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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009	2008
ASSETS		
Equity in pooled cash and investments	\$186,803,572	\$165,165,201
Petty cash	5,722	5,332
Cash with fiscal agents	255,257	255,257
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	272,435,205	265,908,747
Accounts	17,037,513	19,391,640
Accrued interest	762,684	1,813,421
Due from other governments	4,473,934	2,051,376
Temporary Loan To Fund	396,309	2,046,166
Due from component unit	678,213	887,903
Other assets	15,505,940	15,480,063
	\$498,354,349	\$473,005,106
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accrued payroll liabilities	\$15,081,562	\$14,223,044
Vouchers payable	10,785,406	11,338,662
Current maturities of interest payable	267,305	267,305
Other current liabilities	799,700	192,681
Deferred revenue	283,994,659	274,479,454
Due to component unit	49,005,870	54,808,061
	359,934,502	355,309,207
FUND BALANCE:		
Reserved -		
For Encumbrances	270,619	2,517,374
For Four Mile Run	-	500,000
Unreserved -		
Designated for operating reserve	30,769,734	28,262,153
Designated for FY 2010 budget	20,152,964	12,349,499
Designated for FY 2010 School budget	24,513,422	17,578,976
Designated for Self Insurance	5,000,000	3,500,000
Designated for Lease Purchase	-	3,880,000
Designated for incomplete projects	8,140,089	20,830,283
Designated for FY2010 Capital (PAYGO)	7,933,725	-
Designated for Affordable Housing	28,900,899	18,066,109
Designated for FreshAIRE	894,730	-
Designated for OPEB	328,725	10,211,505
FY2010 Economic & Compensation Contingent	11,514,940	-
	138,419,847	117,695,899
Total Fund Balance	\$498,354,349	\$473,005,106
Total Liabilities and Fund Balance	\$498,354,349	\$473,005,106

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, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	2009		VARIANCE POSITIVE (NEGATIVE)	2008 ACTUALS
	BUDGET	ACTUAL		
REVENUES:				
Taxes	\$762,666,204	\$769,702,469	\$7,036,265	\$734,385,993
Licenses and permits	7,827,940	7,768,974	(58,966)	17,022,701
From the Commonwealth of Virginia	69,482,315	66,596,799	(2,885,516)	64,282,769
From the federal government	23,489,442	21,501,026	(1,988,416)	22,976,314
Charges for services	40,723,990	41,010,681	286,691	38,288,000
Fines and forfeitures	9,614,100	8,720,950	(893,150)	8,049,910
Use of money and property	15,276,443	9,352,281	(5,924,162)	12,401,931
Miscellaneous revenues	11,700,523	14,456,144	2,755,621	5,194,281
Total Revenues	940,780,957	939,109,324	(1,671,633)	902,601,899
EXPENDITURES:				
Current:				
General government	47,608,055	45,649,594	1,958,461	44,735,258
Judicial administration	47,969,848	46,622,791	1,347,057	47,135,875
Public safety	115,587,043	106,701,887	8,885,156	105,760,328
Environmental services	71,645,462	67,845,515	3,799,947	62,420,185
Health and welfare	110,640,152	103,057,795	7,582,357	101,695,722
Parks and recreation	34,537,429	33,558,446	978,983	33,656,140
Libraries	13,704,868	12,946,359	758,509	13,062,000
Planning and community development	13,703,762	13,206,640	497,122	19,343,774
Non-departmental	87,071,481	37,354,073	49,717,408	45,179,813
Contributions to regional agencies	28,159,810	26,511,524	1,648,286	25,267,764
Debt service:				
Principal	33,095,185	33,046,404	48,781	28,950,071
Interest on serial bonds	19,563,811	18,249,367	1,314,444	18,423,089
Other costs	200,000	180,580	19,420	7,667
Total Expenditures	623,486,906	544,930,975	78,555,931	545,637,686
Revenues over Expenditures	317,294,051	394,178,349	76,884,298	356,964,213
OTHER FINANCING SOURCES(USES):				
Transfers in	4,375,326	3,022,727	(1,352,599)	5,529,462
Transfers from component unit	106,339	899,316	792,977	275,286
Transfers out	(38,182,242)	(38,182,242)	-	(24,737,941)
Transfers to component unit	(367,106,603)	(341,153,585)	25,953,018	(340,120,548)
Premium on sales of bonds	-	-	-	1,491,507
Proceeds from capital lease	1,959,382	1,959,382	-	2,802,688
Total Other Financing Sources(Uses)	(398,847,798)	(373,454,402)	25,393,396	(354,759,546)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(81,553,747)	20,723,947	102,277,694	2,204,667
FUND BALANCE, beginning of year	117,695,899	117,695,899	-	115,491,231
FUND BALANCE, end of year	\$36,142,152	\$138,419,847	\$102,277,694	\$117,695,899



Special Revenue Funds

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Crystal City					Totals	
	Travel & Tourism Promotion	Rosslyn Business Improvement District	Business Improvement District	Community Dev. Grants	Section 8 Housing Program	June 30, 2009	June 30, 2008
ASSETS							
Equity in pooled cash and investments	\$187,978	\$1,757,147	\$1,243,249	\$265,119	\$4,476,827	\$7,930,320	\$10,040,231
Receivable from other government	95,858	-	-	405,063	-	500,921	658,796
Long-term receivables	-	-	-	22,661,284	-	22,661,284	18,656,335
Prepaid Expenses	-	-	-	-	1,130,423	1,130,423	1,081,096
Total Assets	<u>\$283,836</u>	<u>\$1,757,147</u>	<u>\$1,243,249</u>	<u>\$23,331,466</u>	<u>\$5,607,250</u>	<u>\$32,222,948</u>	<u>\$30,436,458</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers payable	\$18,270	\$-	\$-	\$177,943	\$91,566	\$287,779	\$145,283
Deferred Revenues	-	1,550,000	1,109,942	5,642,849	-	8,302,791	6,474,345
Long-term liabilities	-	-	-	17,510,674	-	17,510,674	15,236,886
Total Liabilities	<u>18,270</u>	<u>1,550,000</u>	<u>1,109,942</u>	<u>23,331,466</u>	<u>91,566</u>	<u>26,101,244</u>	<u>21,856,514</u>
FUND BALANCES							
Reserved for encumbrances	-	-	-	-	-	-	53,706
Unreserved- special revenue	265,566	207,147	133,307	-	5,515,684	6,121,704	8,526,238
Total Fund Balances	<u>265,566</u>	<u>207,147</u>	<u>133,307</u>	<u>-</u>	<u>5,515,684</u>	<u>6,121,704</u>	<u>8,579,944</u>
Total Liabilities and Fund Balances	<u>\$283,836</u>	<u>\$1,757,147</u>	<u>\$1,243,249</u>	<u>\$23,331,466</u>	<u>\$5,607,250</u>	<u>\$32,222,948</u>	<u>\$30,436,458</u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Travel & Tourism Promotion	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	June 30, 2009	June 30, 2008	Totals
REVENUES:								
Other local taxes	\$1,058,118	\$3,021,715	\$2,213,916	\$-	\$-	\$6,293,749	\$5,567,481	
From the federal government	-	-	-	1,674,363	12,842,090	14,516,453	17,626,943	
Total revenues	1,058,118	3,021,715	2,213,916	1,674,363	12,842,090	20,810,202	23,194,424	
EXPENDITURES:								
Current -								
Community development	-	2,939,891	2,137,976	1,674,363	-	6,752,230	7,763,865	
Housing program	-	-	-	-	15,436,989	15,436,989	15,689,253	
Travel and tourism	1,278,319	-	-	-	-	1,278,319	1,344,070	
Total expenditures	1,278,319	2,939,891	2,137,976	1,674,363	15,436,989	23,467,538	24,797,188	
Revenues over (under) expenditures	(220,201)	81,824	75,940	-	(2,594,899)	(2,657,336)	(1,602,764)	
OTHER FINANCING SOURCES(USES):								
Interest	-	-	4,345	-	-	4,345	-	
Transfers out	-	(30,110)	(22,139)	-	-	(52,249)	(45,086)	
Transfers in	247,000	-	-	-	-	247,000	247,000	
Total other financing sources(uses)	247,000	(30,110)	(17,794)	-	-	199,096	201,914	
Revenues and other financing sources (uses) over expenditures	26,799	51,714	58,146	-	(2,594,899)	(2,456,240)	(1,400,850)	
FUND BALANCES, beginning of year	238,767	155,433	75,161	-	8,110,583	8,579,944	9,980,794	
FUND BALANCES, end of year	\$265,566	\$207,147	\$133,307	\$-	\$5,515,684	\$6,121,704	\$8,579,944	

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, 2009

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Other local taxes	<u>\$1,072,500</u>	<u>\$1,058,118</u>	<u>(\$14,382)</u>
Total revenue	<u>1,072,500</u>	<u>1,058,118</u>	<u>(14,382)</u>
EXPENDITURES:			
Travel and tourism promotion	<u>1,379,987</u>	<u>1,278,319</u>	<u>101,668</u>
Revenues over(under) expenditures	<u>(307,487)</u>	<u>(220,201)</u>	<u>87,286</u>
OTHER FINANCING SOURCES:			
Operating transfers in	<u>247,000</u>	<u>247,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	<u>(60,487)</u>	<u>26,799</u>	<u>87,286</u>
FUND BALANCE, beginning of year	<u>238,767</u>	<u>238,767</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$178,280</u></u>	<u><u>\$265,566</u></u>	<u><u>\$87,286</u></u>

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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$3,033,518</u>	<u>\$3,021,715</u>	<u>(\$11,803)</u>
Total revenue	<u>3,033,518</u>	<u>3,021,715</u>	<u>(11,803)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>3,003,518</u>	<u>2,939,891</u>	<u>63,627</u>
Revenues over(under) expenditures	<u>30,000</u>	<u>81,824</u>	<u>51,824</u>
OTHER FINANCING SOURCES(USES):			
Transfers out	<u>(30,000)</u>	<u>(30,110)</u>	<u>(\$110)</u>
Total other financing sources(uses)	<u>(30,000)</u>	<u>(30,110)</u>	<u>(110)</u>
Revenues and other financing sources(uses)	-	51,714	51,714
FUND BALANCE, beginning of year	<u>155,433</u>	<u>155,433</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$155,433</u>	<u>\$207,147</u>	<u>\$51,714</u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
CRYSTAL CITY BUSINESS IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Other local taxes	\$2,173,657	\$2,213,916	\$40,259
Total revenue	<u>2,173,657</u>	<u>2,213,916</u>	<u>40,259</u>
EXPENDITURES:			
Special real estate tax assessments	2,151,920	2,137,976	13,944
Revenues over(under) expenditures	<u>21,737</u>	<u>75,940</u>	<u>54,203</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	4,345	4,345
Transfers out	<u>(21,737)</u>	<u>(22,139)</u>	<u>(402)</u>
Total other financing sources(uses)	<u>(21,737)</u>	<u>(17,794)</u>	<u>3,943</u>
Revenues and other financing sources(uses)	-	58,146	58,146
FUND BALANCE, beginning of year	<u>75,161</u>	<u>75,161</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$75,161</u></u>	<u><u>\$133,307</u></u>	<u><u>\$58,146</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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$3,173,128</u>	<u>\$1,674,363</u>	<u>(\$1,498,765)</u>
Total Revenues	<u>3,173,128</u>	<u>1,674,363</u>	<u>(1,498,765)</u>
EXPENDITURES:			
Community development	<u>3,173,128</u>	<u>1,674,363</u>	<u>1,498,765</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
 SPECIAL REVENUE FUNDS
 SECTION 8 HOUSING PROGRAM
 SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
 BUDGET(GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$16,018,100</u>	<u>\$12,842,090</u>	<u>(\$3,176,010)</u>
EXPENDITURES:			
Housing program	<u>16,018,100</u>	<u>15,436,989</u>	<u>581,111</u>
Revenues over expenditures	<u>-</u>	<u>(2,594,899)</u>	<u>(2,594,899)</u>
FUND BALANCE, beginning of year	<u>8,110,583</u>	<u>8,110,583</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$8,110,583</u></u>	<u><u>\$5,515,684</u></u>	<u><u>(\$2,594,899)</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.

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Totals											
	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	June 30, 2009	June 30, 2008
ASSETS:												
Equity in pooled cash and investments	\$57,147,834	\$6,995,798	\$8,233,679	\$209,439	\$7,310,309	\$34,537,938	\$8,026,738	\$4,534,184	\$24,216,565	\$6,432,346	\$157,644,830	\$174,008,073
Cash with fiscal agents	1,096,864	-	-	-	-	-	-	-	-	-	1,096,864	-
Receivables	76,171	-	-	-	-	-	-	-	-	-	76,171	-
Total Assets	\$58,320,869	\$6,995,798	\$8,233,679	\$209,439	\$7,310,309	\$34,537,938	\$8,026,738	\$4,534,184	\$24,216,565	\$6,432,346	\$158,817,865	\$174,008,073
LIABILITIES AND FUND BALANCES												
LIABILITIES:												
Vouchers payable	\$2,511,154	\$476,620	\$155,250	\$34,386	\$122,565	\$815,728	\$32,838	\$956,234	\$370,000	\$-	\$5,474,775	\$3,202,291
Due to Utilities	25,881,478	-	-	-	-	-	-	-	-	-	25,881,478	-
Contracts payable-retainage	195,724	-	-	-	-	-	-	-	-	-	195,724	140,528
Deferred Revenue	7,147,515	-	-	-	-	-	-	-	-	-	7,147,515	9,433,755
Other liabilities	1,166,430	-	-	-	-	-	-	-	-	-	1,166,430	1,127,209
Total Liabilities	36,902,301	476,620	155,250	34,386	122,565	815,728	32,838	956,234	370,000	-	\$39,865,922	\$13,903,783
FUND BALANCES:												
Reserved for encumbrances	14,143,863	2,339,579	1,501,504	41,527	258,202	2,939,099	372,827	1,711,195	529,022	-	23,836,818	26,259,487
Reserved for construction	7,274,705	4,179,599	6,576,925	133,526	6,929,542	30,783,111	7,621,073	1,866,755	23,317,543	6,432,346	95,115,125	133,844,803
Total Fund Balances	21,418,568	6,519,178	8,078,429	175,053	7,187,744	33,722,210	7,993,900	3,577,950	23,846,565	6,432,346	118,951,943	160,104,290
Total Liabilities and Fund Balances	\$58,320,869	\$6,995,798	\$8,233,679	\$209,439	\$7,310,309	\$34,537,938	\$8,026,738	\$4,534,184	\$24,216,565	\$6,432,346	\$158,817,865	\$174,008,073

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	Totals	
											June 30, 2009	June 30, 2008
REVENUES:												
From the Commonwealth of Virginia	\$1,467,216	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$1,467,216	\$2,553,387
From the federal government	110,705	-	-	-	-	-	-	-	-	-	110,705	33,332
Charges for services	1,267,414	-	-	-	-	-	-	-	-	-	1,267,414	989,573
Real estate taxes	-	-	-	-	5,764,396	-	-	-	20,492,467	-	26,256,863	13,300,758
Use of money and property	-	266,052	238,149	17,328	-	682,389	193,041	124,085	443,932	184,382	2,149,358	4,880,914
Miscellaneous revenue	1,231,379	-	-	-	-	-	-	-	-	-	1,231,379	884,496
Total Revenues	4,076,714	266,052	238,149	17,328	5,764,396	682,389	193,041	124,085	20,936,399	184,382	32,482,935	22,642,460
Inter Governmental:												
Community development	25,881,478	-	-	-	-	-	-	-	-	7,103,603	32,985,081	-
Education - Schools	105,000	-	-	-	-	750,000	-	-	-	-	855,000	-
Capital outlay	66,531,356	8,025,216	6,242,216	903,546	1,377,639	3,966,057	7,224,958	3,485,343	7,064,722	-	104,821,053	60,137,617
Total Expenditures	92,517,834	8,025,216	6,242,216	903,546	1,377,639	4,716,057	7,224,958	3,485,343	7,064,722	7,103,603	138,661,134	60,137,617
Revenues Over/(Under) Expenditures	(88,441,120)	(7,759,164)	(6,004,067)	(886,218)	4,386,757	(4,033,668)	(7,031,917)	(3,361,258)	13,871,677	(6,919,221)	(106,178,199)	(37,495,157)
OTHER FINANCING SOURCES/(USES):												
Proceeds from lease purchase	11,565,401	-	-	-	-	-	-	-	-	-	11,565,401	2,902,040
Proceeds from sale of bonds	35,962,739	-	-	-	-	-	-	-	-	-	35,962,739	32,701,000
Transfers in	19,647,070	-	-	-	-	-	-	-	-	-	19,647,070	24,454,469
Transfers out	-	(266,052)	(238,149)	(17,328)	-	(682,389)	(193,041)	(124,085)	(443,932)	(184,382)	(2,149,358)	(4,880,914)
Total Other Financing Sources/(Uses)	67,175,210	(266,052)	(238,149)	(17,328)	-	(682,389)	(193,041)	(124,085)	(443,932)	(184,382)	65,025,852	55,176,595
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	(21,265,910)	(8,025,216)	(6,242,216)	(903,546)	4,386,757	(4,716,057)	(7,224,958)	(3,485,343)	13,427,745	(7,103,603)	(41,152,347)	17,681,438
FUND BALANCE, beginning of year	42,684,478	14,544,394	14,320,645	1,078,599	2,800,987	38,438,267	15,218,858	7,063,293	10,418,820	13,535,949	160,104,290	142,422,852
FUND BALANCE, end of year	\$21,418,568	\$6,519,178	\$8,078,429	\$175,053	\$7,187,744	\$33,722,210	\$7,993,900	\$3,577,950	\$23,846,565	\$6,432,346	\$118,951,943	\$160,104,290



Enterprise Funds

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

ASSETS

	MAJOR FUNDS				NON MAJOR FUNDS				MAJOR FUNDS				Totals	
	IDA REVENUE BOND FUNDS				NON MAJOR FUNDS				MAJOR FUNDS				Totals	
	Utilities	Ballston Public Parking Garage	Emergency Comm. Center	Total	Trade Center	George Mason	ERP	Non Major IDA Revenue Bonds	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2009	June 30, 2008		
CURRENT ASSETS:														
Equity in pooled cash and investments	\$106,325,638	\$10,368,698	\$6,845,192	\$-	\$-	\$-	\$-	\$-	\$427,509	\$4,589,483	\$128,556,520	\$144,161,610		
Cash with fiscal agents	25,221	-	-	-	-	-	-	-	-	-	25,221	25,221		
Accounts receivable:														
Water-sewer charges	8,185,494	-	-	-	-	-	-	-	-	-	8,185,494	18,137,535		
Estimated unbilled service charges	10,178,724	-	-	-	-	-	-	-	-	-	10,178,724	10,644,685		
Due from other funds	25,881,478	-	-	-	-	-	-	-	-	-	25,881,478	5,168,559		
Interest receivable	-	-	16,646	14	-	-	14	-	-	-	16,660	40,481		
Other	2,633,267	20,278	-	-	-	-	-	-	-	-	2,653,545	-		
Prepaid expenses	2,447,864	187,880	-	-	-	-	-	-	-	-	2,635,744	2,635,744		
Inventories	899,860	-	-	-	-	-	-	-	-	-	899,860	830,994		
Total current assets	156,577,546	10,576,856	6,861,838	14	-	-	14	14	427,509	4,589,483	179,033,246	181,644,829		
CAPITAL ASSETS:														
Land	1,792,817	-	-	-	-	-	-	-	-	-	1,792,817	1,792,817		
Sewer system	321,716,145	-	-	-	-	-	-	-	-	-	321,716,145	312,706,995		
Water system	137,292,801	-	-	-	-	-	-	-	-	-	137,292,801	130,670,975		
Equipment	1,668,603	12,458	2,830,464	-	-	-	8,500,000	-	-	2,574,451	15,585,976	12,969,688		
Building	-	22,315,887	951,245	17,017,493	3,502,500	-	20,519,993	-	-	-	43,787,125	43,787,125		
Construction in progress	420,964,399	-	21,024,154	1,489,521	-	-	1,489,521	-	-	-	443,478,074	306,137,439		
Less accumulated depreciation	(106,810,709)	(10,661,034)	(435,505)	(850,875)	(175,125)	(1,700,000)	(2,726,000)	-	-	-	(120,633,248)	(112,354,100)		
Total capital assets (net of accumulated depreciation)	776,624,056	11,667,311	24,370,358	17,656,139	3,327,375	6,800,000	27,783,514	-	2,574,451	843,019,690	695,710,939			
Deferred bond issuance costs	38,812	55,615	193,637	112,235	21,896	36,949	171,080	-	-	459,144	495,478			
Total noncurrent assets	776,662,868	11,722,926	24,563,995	17,768,374	3,349,271	6,836,949	27,954,594	-	2,574,451	843,478,834	696,206,417			
Total assets	\$933,240,414	\$22,299,782	\$31,425,833	\$17,768,388	\$3,349,271	\$6,836,949	\$27,954,608	\$427,509	\$7,163,934	\$1,022,512,080	\$877,851,246			

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

LIABILITIES AND EQUITY

	MAJOR FUNDS				NON-MAJOR FUNDS							Totals
	Ballston				IDA REVENUE BOND FUNDS							
	Utilities	Parking Garage	Emergency Comm. Center	Trade Center	George Mason	ERP	Non Major IDA Revenue Bonds	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2009	June 30, 2008	
CURRENT LIABILITIES:												
Payable from current assets:												
General obligation bonds payable	\$8,240,738	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$8,240,738	\$7,084,108
VRA loan payable	7,366,064	-	-	-	-	-	-	-	-	-	7,366,064	3,819,255
Interest payable	3,466,301	16,582,444	-	-	-	-	-	-	-	-	20,048,745	18,125,547
Vouchers payable	19,582,847	427,417	109,548	-	-	-	-	-	4,959	-	20,159,109	32,255,644
Contracts payable - retainage	14,224,362	-	-	-	-	-	-	-	-	-	14,224,362	-
Revenue bonds payable-current	-	500,000	3,564,197	935,765	177,744	856,158	1,969,667	-	-	-	6,033,864	500,000
Mortgage /notes payable	-	2,555,432	-	-	-	-	-	-	-	-	2,555,432	2,272,970
Other accrued liabilities	386,019	7,501,916	-	-	-	-	-	-	-	-	7,887,935	7,303,248
Compensated absences	149,747	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	2,580,528	475,112	2,745,774	5,801,414	-	-	-	5,801,414	3,871,745
Total current liabilities	53,416,078	27,567,209	3,673,745	3,516,293	652,856	3,601,932	7,771,081	4,959	34,338	92,317,663	75,232,517	
LONG-TERM LIABILITIES:												
Compensated absences	1,347,720	-	-	-	-	-	-	-	-	-	1,860,589	1,487,435
Revenue bonds payable	-	12,300,000	23,238,558	13,961,468	2,656,150	4,280,792	20,898,410	-	-	-	56,436,968	67,844,696
OPEB liability	-	-	-	-	-	-	-	-	-	-	-	376,593
VRA Loan payable	208,786,536	-	-	-	-	-	-	-	-	-	208,786,536	142,255,287
Mortgage payable	-	874,247	-	-	-	-	-	-	-	-	874,247	1,156,709
General obligation bonds payable	107,657,564	-	-	-	-	-	-	-	-	-	107,657,564	112,617,549
Total long-term liabilities	317,791,820	13,174,247	23,238,558	13,961,468	2,656,150	4,280,792	20,898,410	-	512,869	375,615,904	329,271,896	
Total liabilities	371,207,898	40,741,456	26,912,303	17,477,761	3,309,006	7,882,724	28,669,491	4,959	547,207	467,933,567	404,504,413	
NET ASSETS:												
Invested in capital assets, net of related debt	444,573,154	(4,562,368)	(2,432,397)	2,758,906	493,481	1,663,050	4,915,437	-	2,574,451	445,068,277	358,445,993	
Restricted net assets	-	-	6,945,927	-	-	-	-	-	-	6,945,927	(3,410,453)	
Unrestricted (Deficit)	117,459,362	(13,879,306)	-	(2,468,279)	(453,216)	(2,708,825)	(5,630,320)	422,550	4,042,276	102,414,562	118,311,293	
Total net assets	562,032,516	(18,441,674)	4,513,530	290,627	40,265	(1,045,775)	(714,883)	422,550	6,616,727	554,428,766	473,346,833	
Total liabilities and net assets	\$933,240,414	\$22,299,782	\$31,425,833	\$17,768,388	\$3,349,271	\$6,836,949	\$27,954,608	\$427,509	\$7,163,934	\$1,022,362,333	\$877,851,246	

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	MAJOR FUNDS			NON MAJOR FUNDS					MAJOR FUNDS			Totals		
	Utilities	Ballston Public		IDA REVENUE BOND FUNDS					CPHD Development Fund			June 30, 2009	June 30, 2008	
		Parking Garage	Emergency Comm. Center	Trade Center	George Mason	ERP	Non Major IDA Revenue Bond	Ballston Public	8th Level Parking Garage					
OPERATING REVENUES:														
Water-sewer service charges	\$72,457,575	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$72,457,575	\$67,434,401
Water-service hook-up charges	4,627,014	-	-	-	-	-	-	-	-	-	-	-	4,627,014	4,810,598
Water-service connection charges	872,595	-	-	-	-	-	-	-	-	-	-	-	872,595	521,093
Sewage treatment service charges	26,479,264	-	-	-	-	-	-	-	-	-	-	-	26,479,264	27,675,650
Permits and fees	-	-	-	-	-	-	-	-	-	-	-	-	13,254,777	-
Other	2,335,339	-	-	-	-	-	-	-	-	-	-	-	2,335,339	1,828,983
Parking charges	-	3,637,774	-	-	-	-	-	-	-	-	224,396	-	3,862,170	3,920,394
Total Operating Revenues	106,771,787	3,637,774	-	-	-	-	-	-	-	-	224,396	13,254,777	123,888,734	106,191,119
OPERATING EXPENSES:														
Personnel services	13,024,032	-	-	-	-	-	-	-	-	-	-	-	13,024,032	12,742,126
Fringe benefits	3,487,110	-	-	-	-	-	-	-	-	-	-	-	3,487,110	3,611,139
Contractual services	8,296,086	2,870,037	-	-	-	-	-	-	-	-	37,426	-	12,230,077	15,802,214
Purchases of water	7,023,498	-	-	-	-	-	-	-	-	-	-	-	7,023,498	6,884,704
Materials and supplies	5,825,545	26,411	-	-	-	-	-	-	-	-	15,382	-	5,902,236	5,054,101
Deferred rent	-	654,996	-	-	-	-	-	-	-	-	-	-	654,996	654,996
Depreciation and amortization	6,115,351	500,006	306,088	425,437	87,563	850,000	-	-	-	-	-	-	8,284,445	7,532,666
Equipment (Construction Contracts)	-	-	-	-	-	-	-	-	-	-	-	-	-	124,876
OPEB expense	-	-	-	-	-	-	-	-	-	-	-	-	-	376,593
Miscellaneous	5,252,302	-	-	-	-	-	-	-	-	-	-	1,486,214	6,748,516	5,037,270
Total Operating Expenses	49,023,924	4,051,450	306,088	425,437	87,563	850,000	-	-	-	-	52,808	9,554,317	64,351,587	57,920,685
Operating Income	57,747,863	(413,676)	(306,088)	(425,437)	(87,563)	(850,000)	-	-	-	-	171,588	3,700,460	59,537,147	48,370,434
NON-OPERATING REVENUES(EXPENSES):														
Interest income and other income	2,652,214	146,194	512,787	42,488	7,744	51,158	-	-	-	-	-	34,755	3,447,340	6,065,870
Interest expense and fiscal charges	(10,028,252)	(1,574,953)	(12,102)	(7,015)	(1,369)	(6,158)	-	-	-	-	-	-	(11,629,849)	(11,155,815)
Contributions from developers and other sources	1,382,580	-	-	-	-	-	-	-	-	-	-	-	1,382,580	1,518,430
Federal & State grant	25,463,204	-	-	-	-	-	-	-	-	-	-	-	25,463,204	26,515,090
Total Non-Operating Revenues(Expenses)	19,469,746	(1,428,759)	500,685	35,473	6,375	45,000	-	-	-	-	-	34,755	18,663,275	22,943,575
TRANSFERS IN(OUT):														
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	2,881,512	-
Change in net assets	77,217,609	(1,842,435)	194,597	(389,964)	(81,188)	(805,000)	-	-	-	-	171,588	6,616,727	81,081,934	71,314,009
Net assets, beginning of year	484,814,907	(16,599,239)	4,318,933	680,591	121,453	(240,775)	-	-	-	-	250,962	-	473,346,832	402,032,824
Net assets, end of year	\$562,032,516	(\$18,441,674)	\$4,513,530	\$290,627	\$40,265	(\$1,045,775)	-	-	-	-	\$422,550	\$6,616,727	\$554,428,766	\$473,346,833

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	MAJOR FUNDS			NON MAJOR FUNDS				MAJOR FUNDS			Totals	
	Utilities	Ballston Public Parking Garage	Emergency Comm. Center	IDA REVENUE BOND FUNDS		ERP	Non Major Revenue Bonds	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2009	June 30 2008	
				Trade Center	George Mason							
CASH FLOWS FROM OPERATING ACTIVITIES:												
Cash received from customers	\$119,648,192	\$3,624,077	\$-	\$-	\$-	\$-	\$-	\$13,254,777	\$136,751,441	\$97,416,786		
Cash paid to suppliers	(22,717,548)	(3,499,304)	-	-	-	-	-	(2,523,302)	(28,788,003)	(6,258,045)		
Cash paid to employees	(16,877,703)	-	-	-	-	-	-	(6,483,808)	(23,361,511)	(16,229,748)		
Net cash flows from operating activities	80,052,941	124,773	-	-	-	-	-	4,247,667	84,601,927	72,928,993		
CASH FLOWS FROM INVESTING ACTIVITIES:												
Interest received	2,652,214	146,194	322,209	1,924	-	1,924	-	34,755	3,157,296	6,123,954		
Net cash flows from investing activities	2,652,214	146,194	322,209	1,924	-	1,924	-	34,755	3,157,296	6,123,954		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:												
State grant	25,463,204	-	-	-	-	-	-	-	25,463,204	26,515,090		
Net cash flows from non-capital financing activities	25,463,204	-	-	-	-	-	-	-	25,463,204	26,515,090		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:												
Principal payments - bonds	(7,084,109)	(500,000)	(3,190,000)	(895,000)	(170,000)	(805,000)	(1,870,000)	-	(12,644,109)	(6,714,814)		
Proceeds from bonds	-	-	-	-	-	-	-	-	-	27,408,000		
Payment of VRA loan	(5,432,420)	-	-	-	-	-	-	-	(5,432,420)	(3,789,660)		
Proceeds of VRA loan	75,510,477	-	-	-	-	-	-	-	75,510,477	86,699,242		
Bond Premium	-	-	-	-	-	-	-	-	-	1,088,897		
Contributions from other sources	-	-	-	954,669	170,000	805,000	1,929,669	2,881,512	4,811,181	3,871,744		
Temporary Loan	(25,881,478)	-	-	-	-	-	-	-	(25,881,478)	-		
Interest and other loan expenses paid	(9,634,224)	(294,264)	-	-	-	-	-	-	(9,928,488)	(6,978,198)		
Purchases of property	(149,111,679)	-	(3,514,956)	(61,593)	-	-	(61,593)	(2,574,451)	(155,262,679)	(193,988,958)		
Net cash flows from capital and related financing activities	(121,633,433)	(794,264)	(6,704,956)	(1,924)	-	-	(1,924)	307,061	(128,827,516)	(92,393,747)		
Net increase(decrease) in cash and cash equivalents	(13,465,074)	(523,297)	(6,382,747)	-	-	-	-	4,589,483	(15,605,069)	13,174,290		
Cash and cash equivalents at beginning of year	119,790,712	10,891,995	13,227,939	-	-	-	-	250,963	144,161,609	130,987,320		
Cash and cash equivalents at end of year	\$106,325,638	\$10,368,698	\$6,845,192	\$-	\$-	\$-	\$-	\$4,589,483	\$128,556,520	\$144,161,610		
Reconciliation of operating income to net cash flow from operations:												
Operating Income	\$57,747,863	(\$413,676)	(306,088)	(425,437)	(87,563)	(850,000)	(1,363,000)	\$3,700,460	\$59,537,147	\$48,370,434		
Adjustments to reconcile operating income to net cash provided by operating activities:												
Depreciation and amortization	6,115,351	500,006	306,088	425,437	87,563	850,000	1,363,000	-	8,284,445	7,532,666		
Increase (Decrease) in OPEB liability	(376,593)	-	-	-	-	-	-	-	(376,593)	376,593		
(Increase)Decrease in accounts receivable	12,946,715	(13,697)	-	-	-	-	-	-	12,933,018	(6,774,334)		
(Increase)Decrease in inventories	(68,866)	-	-	-	-	-	-	-	(68,866)	(99,994)		
Increase(Decrease) in vouchers payable	(10,475,615)	(602,856)	-	-	-	-	-	34,338	(11,039,175)	24,745,116		
Increase(Decrease) in compensated absences	10,032	-	-	-	-	-	-	512,869	522,901	123,517		
Increase(Decrease) in contract retainage	14,224,362	-	-	-	-	-	-	-	14,224,362	-		
Increase(Decrease) in deferred revenue	(70,308)	654,996	-	-	-	-	-	-	584,688	654,995		
Net cash flows from operations	\$80,052,941	\$124,773	\$-	\$-	\$-	\$-	\$-	\$4,247,667	\$84,601,927	\$72,928,993		
Noncash investing, capital, and financing activities:												
Contributions from developers and other sources	\$1,382,580	-	-	-	-	-	-	-	\$1,382,580	\$1,518,430		



Internal Service Funds

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

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

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

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Totals				
	Automotive Equipment	Printing	Jail Industries	June 30 2009	June 30 2008
ASSETS					
CURRENT ASSETS:					
Equity in pooled cash and investments	\$10,964,421	\$-	\$-	\$10,964,421	\$4,020,887
Prepaid Expenses	55,262			55,262	-
Accounts receivable	23,449	1,566	380	25,395	3,730,218
Inventories	819,737	148,768	-	968,505	831,413
Total Current Assets	11,862,869	150,334	380	12,013,583	8,582,518
CAPITAL ASSETS:					
Equipment and other capital assets	47,569,216		-	47,569,216	45,349,706
Less-allowance for depreciation	(24,705,246)	-	-	(24,705,246)	(22,284,264)
Net Capital Assets	22,863,970	-	-	22,863,970	23,065,442
Total Assets	\$34,726,839	\$150,334	\$380	\$34,877,553	\$31,647,960
LIABILITIES AND NET ASSETS:					
CURRENT LIABILITIES:					
Vouchers payable	\$523,020	\$85	\$4,500	\$527,605	\$99,885
Current portion of capital lease	784,724	-	-	784,724	-
Due to other funds temp loan	-	94,207	487	94,694	925,077
Accounts payable	40,521	57,989	-	98,510	343,832
Total Current Liabilities	1,348,265	152,281	4,987	1,505,533	1,368,794
LONG-TERM LIABILITIES					
Compensated absences	411,864	75,664	10,539	498,067	547,166
OPEB liability	-	-	-	-	124,394
Capital lease	1,336,044	-	-	1,336,044	2,120,767
Total Long-Term Liabilities	1,747,908	75,664	10,539	1,834,111	2,792,327
Total liabilities	3,096,173	227,945	15,526	3,339,644	4,161,121
Net assets	31,630,666	(77,611)	(15,146)	31,537,909	27,486,839
Total Liabilities and Net Assets	\$34,726,839	\$150,334	\$380	\$34,877,553	\$31,647,960

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Totals				
	Automotive Equipment	Printing	Jail Industries	June 30 2009	June 30 2008
OPERATING REVENUES:					
Charges for services	\$18,693,901	\$1,657,375	\$210,040	\$20,561,316	\$20,161,784
OPERATING EXPENSES:					
Cost of store issuances	4,245,450	446,236	-	4,691,686	5,347,984
Personnel services	3,944,142	508,073	140,091	4,592,306	4,691,143
Fringe benefits	1,129,384	156,022	63,632	1,349,038	1,357,068
Material and supplies	118,617	196,974	-	315,591	276,142
Utilities	250,846	6,986	145	257,977	174,226
Operating equipment	19,400	6,808	-	26,208	335
Outside services	878,440	545,511	532	1,424,483	2,431,487
OPEB expense	-	-	-	-	124,394
Depreciation	4,333,170	-	-	4,333,170	4,167,287
Total Operating Expenses	14,919,449	1,866,610	204,400	16,990,459	18,570,066
Operating Income (Loss)	3,774,452	(209,235)	5,640	3,570,857	1,491,718
NON-OPERATING REVENUES (EXPENSES):					
Interest payment on capital lease	(107,390)	-	-	(107,390)	(146,741)
Gain/(Loss) on disposal of assets	372,448	-	-	372,448	(241,483)
Total Non-operating Revenues (Expenses)	265,058	-	-	265,058	(388,224)
Income Before Transfers	4,039,510	(209,235)	5,640	3,835,915	1,103,494
TRANSFERS IN (OUT):					
Transfers in	137,456	207,699	-	345,155	422,945
Transfers out	(130,000)	-	-	(130,000)	(130,000)
Total Operating Transfers	7,456	207,699	-	215,155	292,945
Change in Net Assets	4,046,966	(1,536)	5,640	4,051,070	1,396,439
Net Assets, beginning of year	27,583,700	(76,075)	(20,786)	27,486,839	26,090,400
Net Assets, end of year	\$31,630,666	(\$77,611)	(\$15,146)	\$31,537,909	\$27,486,839

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Totals				
	Automotive Equipment	Printing	Jail Industries	June 30, 2009	June 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$3,931,731	\$17,771	(\$380)	\$3,949,122	(\$2,299,202)
Cash received from interfund charges	18,468,939	1,638,038	210,040	20,317,017	19,932,029
Cash paid to suppliers	(5,467,740)	(1,190,415)	(677)	(6,658,832)	(8,652,638)
Cash paid to employees	(5,197,647)	(700,233)	(216,956)	(6,114,836)	(6,087,083)
Net cash provided (used) by operating activities	<u>11,735,283</u>	<u>(234,839)</u>	<u>(7,973)</u>	<u>11,492,471</u>	<u>2,893,106</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Payment of temporary loan	-	-	-	-	-
Temporary loan from general fund	-	27,138	486	27,624	33,598
Operating transfers in	137,456	207,699	-	345,155	422,945
Operating transfers out	(130,000)	-	-	(130,000)	(130,000)
Net cash provided by financing activities	<u>7,456</u>	<u>234,837</u>	<u>486</u>	<u>242,779</u>	<u>326,543</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital lease	-	-	-	-	-
Principal payment on capital lease	(925,078)	-	-	(925,078)	(1,057,390)
Payment of interest on capital lease	(107,390)	-	-	(107,390)	(146,741)
Purchases of equipment	(4,231,698)	-	-	(4,231,698)	(4,228,717)
Removal Clearing	(3,788)	-	-	(3,788)	-
Proceeds from sale of equipment	476,235	-	-	476,235	231,365
Net cash used by capital and related financing activities	<u>(4,791,719)</u>	<u>-</u>	<u>-</u>	<u>(4,791,719)</u>	<u>(5,098,963)</u>
Net increase (decrease) in cash and cash equivalents	<u>6,951,020</u>	<u>-</u>	<u>(7,487)</u>	<u>6,943,533</u>	<u>(1,879,314)</u>
Cash and cash equivalents at beginning of year	<u>4,013,401</u>	<u>-</u>	<u>7,487</u>	<u>4,020,888</u>	<u>5,900,201</u>
Cash and cash equivalents at end of period	<u>\$10,964,421</u>	<u>\$-</u>	<u>\$-</u>	<u>\$10,964,421</u>	<u>\$4,020,887</u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$3,774,452	(\$209,235)	\$5,640	\$3,570,857	\$1,491,718
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	4,333,170	-	-	4,333,170	4,167,287
Increase (Decrease) in OPEB liability	(100,538)	(18,744)	(5,112)	(124,394)	124,394
(Increase)Decrease in accounts receivable	3,706,771	(1,566)	(380)	3,704,825	(2,428,955)
(Increase)Decrease in inventories	(134,683)	(2,410)	-	(137,093)	(53,585)
Increase(Decrease) in vouchers payable	234,957	14,510	-	249,467	(368,882)
Increase(Decrease) in compensated absences	(23,584)	(17,394)	(8,121)	(49,099)	(38,871)
Increase(Decrease) in prepaid	(55,262)	-	-	(55,262)	-
Net cash provided (used) by operating activities	<u>\$11,735,283</u>	<u>(\$234,839)</u>	<u>(\$7,973)</u>	<u>\$11,492,471</u>	<u>\$2,893,106</u>

Fiduciary Funds

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

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

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

Private Purpose Trust Funds:

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

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

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

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

Agency Funds:

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF NET ASSETS
TRUST FUNDS
JUNE 30, 2009

	Private Purpose Trust						
	Pension Trust	OPEB Trust	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	IDA - Affordable Housing Investment Fund (AHIF+)	Other Private Purpose Trusts	Total Private Purpose Trust
ASSETS							
Equity in pooled cash and investments	\$82,701,732	\$14,957,837	\$9,977,620	\$6,375,608	\$-	\$38,140	\$16,391,368
Contributions Receivable:							
Employer	1,145,389	-	-	-	-	-	-
Employee	287,259	-	-	-	-	-	-
Accrued Interest and Other Receivables	13,416,243	-	613,729	47	-	-	613,776
Deferred Bond Issuance Costs	-	-	-	324,984	-	-	324,984
Capital Assets, net	-	-	-	27,251,729	-	-	27,251,729
Investments, at fair value							
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	103,870,482	-	-	-	-	-	-
Corporate Fixed Income Obligations	204,834,384	-	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	351,303,982	-	-	-	-	-	-
Other Investments	370,414,354	-	-	-	-	-	-
Real Estate Funds	19,436,215	-	-	-	-	-	-
Collateral on Loaned Securities (net of Allowance for Unrealized Loss \$460,851)	38,720,967	-	-	-	-	-	-
Total assets	1,186,131,007	14,957,837	10,591,349	33,952,368	-	38,140	44,581,857
LIABILITIES							
Accounts payable and accrued liabilities	965,114	-	552,040	84,794	-	-	636,834
Deferred Revenue	-	-	-	600,000	-	-	600,000
Bonds Payable	-	-	-	35,200,000	-	-	35,200,000
Obligations under Security Lending Program	39,181,818	-	-	-	-	-	-
Total liabilities	40,146,932	-	552,040	35,884,794	-	-	36,436,834
NET ASSETS	\$1,145,984,075	\$14,957,837	\$10,039,309	(\$1,932,426)	\$-	\$38,140	\$8,145,023

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 TRUST FUNDS
 JUNE 30, 2009

	Private Purpose Trusts				Total Private Purpose Trusts
	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	IDA Affordable Housing Investment Fund (AHIF+)	Other Private Purpose Trusts	
ADDITIONS					
Contributions and Revenues					
Shared revenues	\$1,293,153	\$2,400,000	\$-	\$-	\$3,693,153
Private donations- Others	-	-	-	59,340	59,340
Total contributions	1,293,153	2,400,000	-	59,340	3,752,493
Investment earnings:					
Interest and other	274,627	47,506	-	-	322,133
Loss on sale of securities	(10,737)	-	-	-	(10,737)
Net change in fair value of investments	12,359	-	-	-	12,359
Total investment earnings	276,249	47,506	-	-	323,755
Less investment expenses	-	813,417	-	-	813,417
Net investment earnings	276,249	(765,911)	-	-	(489,662)
Total additions	1,569,402	1,634,089	-	59,340	3,262,831
DEDUCTIONS					
Administrative expenses/ other	3,319,041	892,619	-	77,043	4,288,703
Total deductions	3,319,041	892,619	-	77,043	4,288,703
Change in net assets	(1,749,639)	741,470	-	(17,703)	(1,025,872)
Net assets- Beginning of the year	11,788,948	(2,673,896)	-	55,843	9,170,895
Net assets- Ending of the year	\$10,039,309	(\$1,932,426)	\$-	\$38,140	\$8,145,023

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Pension Trust	OPEB Trust	June 30, 2009	June 30, 2008
ADDITIONS:				
Member contributions	\$10,668,911	\$-	\$10,668,911	\$10,143,815
Employer contributions	37,077,580	15,111,505	52,189,085	30,043,028
Other contributions	27,184	-	27,184	58,837
Investment income:				
Interest and dividends	31,137,073	145,604	31,282,677	31,515,828
Net appreciation (depreciation) in fair value	(250,569,051)	(299,272)	(250,868,323)	(100,354,948)
Commission recapture	12,536	-	12,536	25,897
Gross income from securities lending	1,591,711	-	1,591,711	6,018,330
Bank fees and income/expenses from securities lending	(1,630,901)	-	(1,630,901)	(5,375,645)
Investment expense	(3,331,488)	-	(3,331,488)	(5,679,671)
Total Additions	(175,016,445)	14,957,837	(160,058,608)	(33,604,529)
DEDUCTIONS:				
Members' benefits	66,722,982	-	66,722,982	61,938,172
Refund of members' contributions	1,294,665	-	1,294,665	1,583,813
Administrative expenses	584,411	-	584,411	531,873
Other consulting expenses	247,195	-	247,195	282,760
Total Deductions	68,849,253	-	68,849,253	64,336,618
Net Increase/(Decrease)	(243,865,698)	14,957,837	(228,907,861)	(97,941,147)
Net Assets Held in Trust for Plan Benefits, beginning of year	1,389,849,773	-	1,389,849,773	1,487,790,918
Net Assets Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$1,145,984,075</u>	<u>\$14,957,837</u>	<u>\$1,160,941,912</u>	<u>\$1,389,849,771</u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2009

	Commonwealth of Virginia	Urban Area Security Initiative	Drug Task Force Grant	Other Agency Funds	Total Agency Funds
ASSETS					
Equity in pooled cash and investments	\$39,053	\$-	\$-	\$18,954,717	\$18,993,770
Receivable from other government	-	341,276	164,648	-	505,924
Total assets	<u>39,053</u>	<u>341,276</u>	<u>164,648</u>	<u>18,954,717</u>	<u>19,499,694</u>
LIABILITIES					
Accounts payable and accrued liabilities	39,053	121,362	31,179	18,954,717	19,146,311
Deferred Revenue	-	73,057	(21,289)	-	51,768
Due to primary government	-	146,857	154,758	-	301,615
Total liabilities	<u>39,053</u>	<u>341,276</u>	<u>164,648</u>	<u>18,954,717</u>	<u>19,499,694</u>
NET ASSETS	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$28,705	\$10,348	\$-	\$39,053
Receivable from other government	13,380	-	13,380	-
Total Assets	\$42,085	\$10,348	\$13,380	\$39,053
LIABILITIES:				
Vouchers payable	\$42,085	\$-	\$3,032	\$39,053
Total Liabilities	\$42,085	\$-	\$3,032	\$39,053
<u>Urban Area Security Initiative</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$1,429,902	\$1,429,902	\$-
Due from other government	996,944	341,276	996,944	341,276
Total Assets	\$996,944	\$1,771,178	\$2,426,846	\$341,276
LIABILITIES:				
Vouchers payable	\$252,260	\$121,362	\$252,260	\$121,362
Due to primary government	744,684	146,857	744,684	146,857
Deferred revenue	-	73,057	-	73,057
Total Liabilities	\$996,944	\$341,276	\$996,944	\$341,276
<u>Drug Task Force Fund</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$4,685,076	\$4,685,076	\$-
Due from other government	1,104,862	-	940,214	164,648
Total Assets	\$1,104,862	\$4,685,076	\$5,625,290	\$164,648
LIABILITIES:				
Vouchers payable	\$-	\$31,179	\$-	\$31,179
Due to primary government	1,234,413	154,758	1,234,413	154,758
Deferred revenue	(129,551)	108,262	-	(21,289)
Total Liabilities	\$1,104,862	\$294,199	\$1,234,413	\$164,648
<u>Other Agency Fund</u>				
ASSETS:				
Cash & cash equivalents	\$21,884,800	\$328,471	\$3,258,554	\$18,954,717
Total Assets	\$21,884,800	\$328,471	\$3,258,554	\$18,954,717
LIABILITIES:				
Vouchers payable	\$165,444	\$45,572	\$165,444	\$45,572
Deferred revenue	21,719,356	-	2,810,211	18,909,145
Total Liabilities	\$21,884,800	\$45,572	\$2,975,655	\$18,954,717
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$21,913,505	\$6,453,797	\$9,373,532	\$18,993,770
Receivable from other government	2,115,186	341,276	1,950,538	505,924
Total Assets	\$24,028,691	\$6,795,073	\$11,324,070	\$19,499,694
LIABILITIES:				
Due to primary government	\$1,979,097	\$301,615	\$1,979,097	\$301,615
Vouchers Payable	459,789	198,113	420,736	237,166
Deferred revenue	21,589,805	181,319	2,810,211	18,960,913
Total Liabilities	\$24,028,691	\$681,047	\$5,210,044	\$19,499,694



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, 2009
 (WITH COMPARATIVE TOTALS FOR 2008)

	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, 2009	June 30, 2008
ASSETS										
Equity in pooled cash and investments	\$5,014,243	\$413,973	\$-	\$-	\$27,597,322	\$207,157	\$-	\$-	\$33,232,695	\$68,504,999
Petty cash	200	400	75	-	-	-	-	-	675	1,353
Accounts receivable	322,681	221,338	26,082	3,502,251	-	1,794,942	-	483,667	6,350,961	4,600,103
Due from other funds	601,867	-	-	-	-	-	-	-	601,867	-
Due from primary government	44,660,405	-	957,862	-	-	3,387,603	-	-	49,005,870	54,808,061
Inventories	66,558	32,664	-	-	-	-	-	-	99,222	220,974
Total Assets	\$50,665,954	\$668,375	\$984,019	\$3,502,251	\$27,597,322	\$5,389,702	\$-	\$483,667	\$89,291,290	\$128,135,490
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$35,211,809	\$347,266	\$526,758	\$1,203,528	\$-	\$1,342	\$-	\$-	\$37,290,703	\$34,556,544
Vouchers payable	2,998,553	119,104	190,383	91,103	3,744,002	1,749,227	-	-	8,892,372	10,709,817
Other liabilities	5,215,617	-	-	-	-	-	-	-	5,215,617	7,781,922
Deferred revenue	482,432	-	186,819	-	-	-	-	-	669,251	725,956
Due to other funds	-	-	-	601,867	-	-	-	-	601,867	-
Due to primary government	-	194,546	-	-	-	-	-	483,667	678,213	887,903
Total Liabilities	43,908,411	660,916	903,960	1,896,498	3,744,002	1,750,569	-	483,667	53,348,023	54,664,142
FUND EQUITY AND OTHER CREDITS										
Reserved for encumbrances	1,157,543	7,459	80,059	50,570	8,844,777	3,639,133	-	-	13,779,541	12,019,626
Reserved for construction	-	-	-	-	15,008,543	-	-	-	15,008,543	53,652,410
Unreserved	5,600,000	-	-	1,555,183	-	-	-	-	7,155,183	7,799,312
Total Fund Equity and Other Credits	6,757,543	7,459	80,059	1,605,753	23,853,320	3,639,133	-	-	35,943,267	73,471,348
Total Liabilities, Fund Equity and Other Credits	\$50,665,954	\$668,375	\$984,019	\$3,502,251	\$27,597,322	\$5,389,702	\$-	\$483,667	\$89,291,290	\$128,135,490

ARLINGTON COUNTY, VIRGINIA
Reconciliation of the Fund Balances of Component Unit - Schools
to Net Assets of Component Unit - Schools
JUNE 30, 2009

Total-component unit-Schools fund balances	\$35,943,267
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	364,996,331
OPEB liabilities are not due and payable in the current period and therefore are not reported in the funds	(18,986,686)
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds	(39,916,579)
	<hr/>
Net assets of component unit-Schools	<u><u>\$342,036,333</u></u>

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, 2009
 (WITH COMPARATIVE TOTALS FOR 2008)

	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, 2009	June 30, 2008		
REVENUES:												
Sales tax	\$16,163,026	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$16,163,026	\$16,906,350		
State/local government	30,323,339	66,524	-	2,181,406	-	542,032	-	1,825,505	34,938,806	30,975,019		
Federal	-	3,226,083	-	9,532,086	-	-	-	-	12,758,169	13,300,708		
Charges for services	2,042,986	2,811,996	6,006,427	3,243,052	-	-	-	-	14,104,461	15,357,287		
Use of money and property	184,430	-	-	-	899,316	-	-	-	1,083,746	467,071		
Total revenues	48,713,781	6,104,603	6,006,427	14,956,544	899,316	542,032	-	1,825,505	79,048,208	77,006,435		
EXPENDITURES:												
Current -												
Community Activities	-	-	13,704,250	-	-	-	-	-	13,704,250	12,810,606		
Education	345,730,977	6,396,369	-	15,006,894	-	-	-	3,720,307	370,854,547	356,461,219		
Capital projects	-	-	-	-	33,121,167	9,267,204	-	-	42,388,371	38,209,136		
Debt service -	-	-	-	-	-	-	20,669,486	-	20,669,486	18,150,115		
Principal	-	-	-	-	-	-	11,427,526	-	11,427,526	10,707,859		
Interest	-	-	-	-	-	-	-	-	-	-		
Total expenditures	345,730,977	6,396,369	13,704,250	15,006,894	33,121,167	9,267,204	32,097,012	3,720,307	459,044,180	436,338,935		
Excess (deficiency) of revenues over expenditures	(297,017,196)	(291,766)	(7,697,823)	(60,350)	(32,221,851)	(8,725,172)	(32,097,012)	(1,894,802)	(379,995,972)	(359,332,500)		
Other financing sources(uses):												
Transfers in	293,870,223	187,029	7,728,929	-	-	5,375,590	32,097,012	1,894,802	341,153,585	340,120,548		
Transfers out	(1,503,624)	-	-	-	(899,316)	-	-	-	(2,402,940)	(275,286)		
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-	51,076,000		
Proceeds from leases	3,717,246	-	-	-	-	-	-	-	3,717,246	274,512		
Total other financing sources(uses)	296,083,845	187,029	7,728,929	-	(899,316)	5,375,590	32,097,012	1,894,802	342,467,891	391,195,774		
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(933,351)	(104,737)	31,106	(60,350)	(33,121,167)	(3,349,582)	-	-	(37,528,081)	31,863,274		
FUND BALANCES, beginning of year	7,690,894	112,196	48,953	1,656,103	56,874,487	6,988,715	-	-	73,471,348	41,608,074		
FUND BALANCES, end of year	\$6,757,543	\$7,459	\$80,059	\$1,605,753	\$23,853,320	\$3,639,133	\$-	\$-	\$35,943,267	\$73,471,348		

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, 2009

Net change in fund balances - component unit-Schools (\$37,528,082)

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	40,655,579	
Less Depreciation expense	(14,824,099)	25,831,480

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	1,942,975	
Less Proceeds from capital leases	(3,717,246)	(1,774,271)

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

(7,726,680)

Some expenses reported in the Statement of Activities do not
 require the use of current financial resources and therefore
 are not reported as expenditures in governmental funds
 such as compensated absences and workers compensation

(1,369,484)

Change in net assets of component unit-Schools (\$22,567,037)

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, 2009

	School Operating Fund		School Cafeteria Fund		School Community Activities Fund		Variance- Positive (Negative)
	Budget	Actual	Budget	Actual	Budget	Actual	
REVENUES:							
Sales tax	\$17,584,917	\$16,163,026	\$-	\$-	\$-	\$-	\$-
Intergovernmental							
State	28,538,353	30,323,339	64,202	66,524	-	-	2,322
Federal	-	-	3,238,861	3,226,083	-	-	(12,778)
Charges for services	2,083,150	2,042,986	2,624,528	2,811,996	5,683,624	6,006,427	322,803
Use of money and property	-	184,430	-	-	-	-	-
Total revenues	48,206,420	48,713,781	5,927,591	6,104,603	5,683,624	6,006,427	322,803
EXPENDITURES:							
Education	357,027,947	345,730,977	6,950,989	6,396,369	-	-	554,620
Community Activities	-	-	-	-	13,688,790	13,704,250	(15,460)
Capital projects	-	-	-	-	-	-	-
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	357,027,947	345,730,977	6,950,989	6,396,369	13,688,790	13,704,250	(15,460)
Excess (deficiency) of revenues over expenditures	(308,821,527)	(297,017,196)	(1,023,398)	(291,766)	(6,005,166)	(7,697,823)	307,343
Other financing sources(uses):							
Transfers in	307,330,633	293,870,223	911,202	187,029	7,956,213	7,728,929	(227,284)
Transfers out	-	(1,503,624)	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-
Proceeds from capital leases	-	3,717,246	-	-	-	-	-
Total other financing sources(uses)	307,330,633	296,083,845	911,202	187,029	7,956,213	7,728,929	(227,284)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(1,490,894)	(933,351)	(112,196)	(104,737)	(48,953)	31,106	80,059
FUND BALANCES, beginning of year	7,690,894	7,690,894	112,196	112,196	48,953	48,953	-
FUND BALANCES, end of year	\$6,200,000	\$6,757,543	\$-	\$7,459	\$-	\$80,059	\$80,059

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, 2009

	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	2,377,359	2,181,406	(195,953)	-	-	-	-	-	-
Federal	9,822,911	9,532,086	(290,825)	-	-	-	-	-	-
Charges for services	4,429,366	3,243,052	(1,186,314)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	899,316	899,316
Total revenues	16,629,636	14,956,544	(1,673,092)	-	-	-	-	899,316	899,316
EXPENDITURES:									
Education	16,629,636	15,006,894	1,622,742	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	56,974,487	33,121,167	23,853,320
Debt service:									
Principal retirement	-	-	-	20,671,286	20,669,486	1,800	-	-	-
Interest and fiscal charges	-	-	-	12,703,321	11,427,526	1,275,795	-	-	-
Total expenditures	16,629,636	15,006,894	1,622,742	33,374,607	32,097,012	1,277,595	56,974,487	33,121,167	23,853,320
Excess (deficiency) of revenues over expenditures	-	(50,350)	(50,350)	(33,374,607)	(32,097,012)	1,277,595	(56,974,487)	(32,221,851)	24,752,636
Other financing sources(uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	33,374,607	32,097,012	(1,277,595)	-	(899,316)	(899,316)
Proceeds of sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	-	-	-	33,374,607	32,097,012	(1,277,595)	-	(899,316)	(899,316)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	-	(50,350)	(50,350)	-	-	-	(56,974,487)	(33,121,167)	23,853,320
FUND BALANCES, beginning of year	1,656,103	1,656,103	-	-	-	-	56,974,487	56,974,487	-
FUND BALANCES, end of year	\$1,656,103	\$1,605,753	(\$50,350)	\$-	\$-	\$-	\$-	\$23,853,320	\$23,853,320

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, 2009

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$17,584,917	\$16,163,026	(\$1,421,891)
Intergovernmental									
State	597,922	542,032	(55,890)	1,842,500	1,825,505	(16,995)	33,420,336	34,938,806	1,518,470
Federal	-	-	-	-	-	-	13,061,772	12,758,169	(303,603)
Charges for services	-	-	-	-	-	-	14,820,668	14,104,461	(716,207)
Use of money and property	-	-	-	-	-	-	-	1,083,746	1,083,746
Total revenues	597,922	542,032	(55,890)	1,842,500	1,825,505	(16,995)	78,887,693	79,048,208	160,515
EXPENDITURES:									
Education	-	-	-	3,650,000	3,720,307	(70,307)	384,258,572	370,854,547	13,404,025
Community Activities	-	-	-	-	-	-	13,688,790	13,704,250	(15,460)
Capital projects	23,313,085	9,267,204	14,045,881	-	-	-	80,287,572	42,388,371	37,899,201
Debt service:									
Principal retirement	-	-	-	-	-	-	20,671,286	20,669,486	1,800
Interest and fiscal charges	-	-	-	-	-	-	12,703,321	11,427,526	1,275,795
Total expenditures	23,313,085	9,267,204	14,045,881	3,650,000	3,720,307	(70,307)	511,609,541	459,044,180	52,565,361
Excess (deficiency) of revenues over expenditures	(22,715,163)	(6,725,172)	13,989,991	(1,807,500)	(1,894,802)	(87,302)	(432,721,848)	(379,995,972)	52,725,876
Other financing sources(uses):									
Transfers in	15,726,448	5,375,590	(10,350,858)	1,807,500	1,894,802	87,302	367,106,603	341,153,585	(25,953,018)
Transfers out	-	-	-	-	-	-	-	(2,402,940)	(2,402,940)
Proceeds of sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-	-	-	3,717,246	3,717,246
Total other financing sources(uses)	15,726,448	5,375,590	(10,350,858)	1,807,500	1,894,802	87,302	367,106,603	342,467,891	(24,638,712)
Excess (deficiency) of Revenues and other sources over expenditures and other use:	(6,988,715)	(3,349,582)	3,639,133	-	-	-	(65,615,245)	(37,528,081)	28,087,164
FUND BALANCES, beginning of year	6,988,715	6,988,715	-	-	-	-	73,471,348	73,471,348	-
FUND BALANCES, end of year	\$-	\$3,639,133	\$3,639,133	\$-	\$-	\$-	7,856,103	\$35,943,267	\$28,087,164

EXHIBIT G-4

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 BALANCE SHEET
 JUNE 30, 2009
 (WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and Investments	\$1,531,784	\$-
Total Assets	<u>1,531,784</u>	<u>\$-</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS	<u><u>\$1,531,784</u></u>	<u><u>\$-</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, 2009
 (WITH COMPARATIVE TOTALS FOR 2008)

	<u>2009</u>	<u>2008</u>
ADDITIONS:		
Employer contributions	\$1,503,624	\$-
Investment Income:		
Interest and dividends	14,911	-
Net Appreciation (depreciation) in fair value	13,249	-
	<u>1,531,784</u>	<u>-</u>
Total Additions	1,531,784	-
DEDUCTIONS:	<u>-</u>	<u>-</u>
Net Increase	1,531,784	-
Net Assets Held in Trust for Plan Benefits, beginning of year	<u>-</u>	<u>-</u>
Net Assets Held in Trust for Plan Benefits, end of year:		
Undesignated	<u>\$1,531,784</u>	<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, 2009

	Governmental Funds			Proprietary Funds			Fiduciary Fund	Component Units	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	Schools		
BALANCE, beginning of year	\$164,694,430	\$10,040,231	\$174,008,073	\$148,649,864	\$3,918,368	\$40,374,365	\$68,714,343	\$610,399,674	
Receipts (net):									
Taxes	769,702,469	6,293,749	26,256,863	-	-	-	16,163,026	818,416,107	
Licenses and permits	7,768,974	-	-	-	-	-	-	7,768,974	
Fines and forfeitures	8,720,950	-	-	-	-	-	-	8,720,950	
Revenue from use of money and property	9,352,281	4,345	2,149,358	3,447,340	-	-	1,083,746	16,037,070	
Charges for services	41,010,681	-	1,267,414	123,888,734	20,561,316	1,569,402	14,104,461	202,402,008	
Miscellaneous	14,456,144	-	1,231,379	1,382,580	-	674,946	-	17,745,049	
Intergovernmental	88,097,825	14,516,453	1,577,921	25,463,204	-	4,435,947	47,696,975	181,788,325	
Proceeds from indebtedness	1,959,382	-	47,528,140	75,510,477	-	-	-	124,997,999	
Proceeds from sale of assets	-	-	-	-	472,447	-	3,717,246	4,189,693	
Total Receipts	941,068,706	20,814,547	80,011,075	229,692,335	21,033,763	6,680,295	82,765,454	1,382,066,175	
Total Receipts and Balance	1,105,763,136	30,854,778	254,019,148	378,342,199	24,952,131	47,054,660	151,479,797	1,992,465,849	
Disbursements (net):									
Warrants (checks) issued	492,069,429	23,119,209	113,872,030	215,199,092	13,170,398	11,643,597	426,404,359	1,295,478,114	
Retirement of indebtedness	33,046,404	-	-	18,076,529	925,077	-	20,669,486	72,717,496	
Interest and other debt costs	18,429,947	-	-	9,928,488	107,390	-	11,427,526	39,893,351	
Total Disbursements	543,545,780	23,119,209	113,872,030	243,204,109	14,202,865	11,643,597	458,501,371	1,408,088,961	
Interfund Transfers:									
Transfers in	3,922,043	247,000	19,647,070	-	345,155	-	341,153,585	365,314,853	
Transfers out	(379,335,827)	(52,249)	(2,149,358)	-	(130,000)	-	(899,316)	(382,566,750)	
BALANCE, end of year	\$186,803,572	\$7,930,320	\$157,644,830	\$135,138,090	\$10,964,421	\$35,411,063	\$33,232,695	\$567,124,991	

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
ADJUSTED CASH IN BANKS
JUNE 30, 2009

Assets held by the Treasurer	
Cash on hand	<u>\$29,027</u>
Cash in banks:	
Checking	
BB&T	13,918
Burke & Herbert	2,804
Wachovia	16,005,722
SunTrust	26,993
Citibank	4,201
Bank of America	1,053,251
United Bank	17,873
Virginia Commerce Bank	256,517
Total Checking Account	<u>17,381,279</u>
Savings :	
Wachovia Bank	4,922
Virginia Commerce Bank	453,890
Total Savings Account	<u>458,812</u>
Certificates of Deposit :	
Bank of Georgetown	10,107,174
Virginia Commerce Bank	8,212,269
Total Certificates of Deposit	<u>18,319,443</u>
Held with Trustee :	
Corporate Notes	36,956,011
U.S. Treasury Notes	1,521,037
Federal Agency Bonds/ Notes	14,447,061
Municipal Investments	44,164,971
Total Held with Trustee	<u>97,089,080</u>
State Treasurer's Local Government Investment Pool	788,718
BB&T Money Market	162,209,911
Chain Bridge Money Market	5,126,474
John Marshall Money Market	5,023,719
Virginia Commerce Money Fund	20,128,031
State Non Arbitrage Investment Program (SNAP)	193,177,261
Total Cash and Investments held by the Treasurer	<u>519,731,755</u>
Cash and Investments with Trustees :	
US Bank, Ballston Garage Accounts	14,827,406
SunTrust, (Ballston Parking Garage)	80,059
SunTrust Solid Waste	10,003,545
Wells Fargo IDA-Ballston Skating Operation	6,375,608
U.S. Bank-IDA Lease Revenue Bonds (County)	16,106,618
Total Cash and Investments with Trustee	<u>47,393,236</u>
Total Cash & Investment Balances, June 30, 2009	<u>\$567,124,991</u>

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF TREASURER'S ACCOUNTABILITY
 CASH IN BANKS
 JUNE 30, 2009

Assets Held by the Treasurer	
Cash on Hand	<u>\$29,027</u>
Cash in Banks:	
Checking	
BB & T	13,918
Burke & Herbert	2,804
Wachovia Bank	25,089,782
SunTrust	29,771
Citibank	4,201
Bank of America	1,053,251
United Bank	17,873
Virginia Commerce Bank	<u>198,276</u>
Total Checking Account	<u>26,409,876</u>
Savings:	
Wachovia Bank	<u>4,922</u>
Virginia Commerce Bank	453,890
Total Savings Account	<u>458,812</u>
Certificates of Deposit:	
Bank of Georgetown	10,107,174
Virginia Commerce Bank	<u>8,212,269</u>
Total Certificates of Deposit	<u>18,319,443</u>
Held with Trustee:	
Corporate Notes	36,956,011
U.S. Treasury Notes	1,521,037
Federal Agency Bonds/ Notes	14,447,061
Municipal Investments	44,164,971
Total Held with Trustee	<u>97,089,080</u>
State Treasurer's Local Government Investment Pool	788,718
BB&T Money Market	162,209,911
Chain Bridge Money Market	5,126,474
John Marshall Money Market	5,023,719
Virginia Commerce Money Fund	20,128,031
State Non Arbitrage Investment Program (SNAP)	<u>193,177,261</u>
Total Cash and Investments held by the Treasurer	<u>528,760,352</u>
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	14,827,406
SunTrust, (Ballston Parking Garage)	54,635
SunTrust Solid Waste	10,003,545
Wells Fargo - IDA Ballston Skating Facility	6,375,608
U.S. Bank - IDA Lease Revenue Bonds (County)	<u>16,106,618</u>
Total Cash and Investments with Trustee	<u>47,367,812</u>
Total Cash & Investment Balances, June 30, 2009	<u><u>\$576,128,164</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
JUNE 30, 2009

Certificates of Deposit

Virginia Commerce Bank	3.94%	10/23/2009	\$8,212,269
Bank of Georgetown	2.00%	3/10/2010	10,107,173

Total Certificates of Deposit 18,319,442

Corporate Bonds

Proctor & Gamble	5.30%	07/06/2009	1,000,000
General Electric Cap Corp	5.25%	10/27/2009	1,011,390
Berkshire Hathaway	4.13%	01/15/2010	1,017,920
Wells Fargo & Co	4.20%	01/15/2010	1,011,520
Greater Bay Bancorp	5.13%	04/15/2010	2,044,640
Wal-Mart Stores	4.13%	07/01/2010	1,024,540
JP Morgan Chase	4.50%	11/15/2010	1,019,400
Toyota Motor Credit	4.35%	12/15/2010	1,799,963
TIAA Global Markets	4.88%	01/12/2011	1,008,670
Wal-Mart Stores	4.13%	02/15/2011	1,037,800
General Electric Cap Corp	5.00%	04/10/2012	1,025,400
General Electric Cap Corp	5.25%	10/19/2012	4,111,920
Bank of New York Mellon	4.95%	11/01/2012	1,057,390
Wells Fargo & Co	4.38%	01/31/2013	1,008,610
General Electric Cap Corp	5.00%	02/01/2013	1,040,520
Merck & Co Inc	4.38%	02/15/2013	1,036,390
Metlife Global FDG	5.13%	04/10/2013	1,017,080
Berkshire Hathaway	4.60%	05/15/2013	6,222,600
TIAA Global Markets	4.95%	07/15/2013	1,880,984
New York Life Global Fdg	5.38%	09/15/2013	3,104,970
BP Capital Markets PLC	5.25%	11/07/2013	3,474,304

Total Corporate Bonds 36,956,011

Treasury Notes & Bonds

U.S. Treasury	2.13%	04/30/2010	1,521,038
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Total Treasury Notes 1,521,038

Municipal Obligations

Genesee County-Taxable Muni	3.00%	10/01/2009	5,269,740
Wayne County MI Taxable Muni	4.00%	12/01/2009	2,007,480
Aurora Minnesota Indep School	1.95%	02/01/2010	155,000
Genesee County-Taxable Muni	3.00%	04/01/2010	5,888,364
Wayne County MI Taxable Muni	4.50%	06/01/2010	5,013,450
Illinois State Pension-Taxable	3.30%	06/01/2010	1,036,177
New York St Dorm Authority	4.96%	03/15/2012	390,313
Virginia Housing Authority	3.93%	08/01/2012	234,563
Milwaukee County WI Pension GO	5.39%	12/01/2013	5,169,884
Virginia College Building VRDN	2.50%	08/01/2034	11,000,000
Fairfax IDA VRDN	1.35%	05/15/2035	3,000,000
Charlotte Mecklenburg Hospital	2.00%	01/15/2036	5,000,000

Total Municipal Obligations 44,164,971

Government Agency Bonds

Federal Home Loan Bank	2.50%	10/01/2009	1,005,630
Federal National Mtg Assn	3.75%	08/04/2010	2,006,118
Federal Home Loan Bank	3.38%	10/06/2010	5,038,985
Federal Home Loan Mtg Corp	3.25%	02/25/2011	905,788
Federal Home Loan Bank	3.38%	06/10/2011	1,040,780

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
JUNE 30, 2009

Federal Farm Credit Bank	3.88%	07/28/2011	1,002,500
Federal Farm Credit Bank	3.88%	08/25/2011	1,051,744
Federal Home Loan Bank	4.30%	12/17/2012	1,044,530
Federal National Mtg Assn	3.25%	04/09/2013	<u>1,350,986</u>
Total Government Agency Bonds			<u>14,447,061</u>
Money Market Funds			
Chain Bridge Bank	3.68%		5,126,474
James Monroe Bank	2.47%		5,023,719
BB&T Money Market	1.13%		<u>162,209,911</u>
Total Money Market Funds			<u>172,360,104</u>
Virginia State Non-Arbitrage Program (SNAP)			193,177,261
State Treasurer's Local Government Investment Pool			<u>788,718</u>
TOTAL SECURITIES			<u><u>\$481,734,606</u></u>

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

EXHIBIT S-3
 Page 1 of 10

	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
General Obligation Debt: Serviced by General Fund:						
G.O. Refunding (\$42,075,000)						
Police & Jail	\$17,449,353	11/15/93	4.75	3,227,780	3,227,780	06/01/10
Local & Regional Parks	1,299,365		5.00	3,214,400	3,214,401	06/01/11
Community Conservation	467,340		6.00	3,201,021	3,201,021	06/01/12
Streets & Highways	3,754,697					
Fire Station	814,316			\$9,643,201		
Central Library	4,361,839					
	\$28,146,910					
G.O. Public Improvement & Refunding (\$54,740,000)						
Street & Highway	\$3,630,000	05/01/98	5.00	4,649,570	4,649,570	10/01/09
Community Conservation	2,215,000		5.00	4,620,299	4,620,299	10/01/10
Local & Regional Parks	4,000,000		5.00	3,529,285	3,529,285	10/01/11
Metro Rail	4,800,000		5.00	3,496,378	3,496,378	10/01/12
	\$14,645,000		5.00	2,064,286	2,064,286	10/01/13
			5.00	2,041,392	2,041,392	10/01/14
				\$20,401,210		
G.O. Public Improvement (\$90,325,000)						
Street & Highway	\$8,222,000	06/18/01	4.70	\$12,784,645	2,556,929	02/01/10-14
Central Library	1,001,000					
Community Conservation	5,558,000			\$12,784,645		
Community Conservation-DPW	5,265,000					
Local & Regional Parks	16,294,000					
Metro Rail	11,476,000					
Fire Station	400,000					
	\$48,216,000					
G.O. Public Improvement (\$39,545,000)						
Central Library	\$5,800,000	06/11/02	3.80	1,025,189	1,025,189	02/01/10
Local & Regional Parks	5,330,000		4.00	2,050,378	1,025,189	02/01/11-12
Metro Rail	5,983,500		4.10	1,025,189	1,025,189	02/01/13
Fire Station	1,800,000		4.25	1,025,189	1,025,189	02/01/14
Higher Education/University	719,000					
	\$19,632,500			\$5,125,945		
G.O. Public Improvement (\$75,000,000)						
Local & Regional Parks	\$17,768,000	05/14/03	5.00	8,775,000	1,755,000	01/15/10-14
Street, Highway	7,182,000		4.00	8,775,000	1,755,000	01/15/15-19
Higher Education/University	281,000		4.125	1,755,000	1,755,000	01/15/20
Central Library	880,388		4.20	1,755,000	1,755,000	01/15/21
Fire Station	1,000,000		4.30	1,750,000	1,750,000	01/15/22
Metrorail	15,210		4.375	1,750,000	1,750,000	01/15/23
Community Conservation	6,355,000					
General Capital Projects	118,402					
	\$33,600,000			\$24,560,000		
G.O. Public Improvement Refunding (\$65,775,000)						
Street & Highway	\$3,223,616	05/14/03	5.00	1,371,741	1,371,741	01/15/10
Community Conservation	1,746,416		5.00	1,368,086	1,368,086	01/15/11
Higher Education	562,909		5.00	1,363,073	1,363,073	01/15/12
Parks & Recreation	3,648,420		5.00	1,357,104	1,357,104	01/15/13
Libraries	522,701		5.00	1,351,177	1,351,177	01/15/14
Jail	4,573,199		4.00	540,109	540,109	01/15/15
Metrorail	3,204,385					
	\$17,481,646			\$7,351,290		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

EXHIBIT S-3
 Page 2 of 10

	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 (\$60,070,000)						
Fire Station	\$2,760,000	05/15/04	5.00	\$10,050,000	1,675,000	05/15/10-15
Higher Education	3,000,000			1,675,000	1,675,000	05/15/24
Community Conservation	3,010,000					
Parks and Recreation	12,267,000					
Metrorail	11,033,000					
	<u>\$32,070,000</u>			<u>\$11,725,000</u>		
G.O. Public Improvement Refunding (\$81,005,000)						
Street & Highway	\$14,619,000	5/15/04	5.00	4,212,164	4,212,164	11/1/09
Neighborhood Conservation	9,027,730		5.00	4,213,774	4,213,774	11/1/10
Libraries	1,056,200		5.00	4,211,734	4,211,734	11/1/11
Fire Station	282,150		5.00	4,210,567	4,210,567	11/1/12
Higher Education	113,500		5.00	4,209,126	4,209,126	11/1/13
Parks and Recreation	15,694,000		5.00	5,278,940	5,278,940	11/1/14
Metrorail	3,696,802		3.80	5,242,418	5,242,418	11/1/15
	<u>\$44,489,382</u>		3.90	5,175,718	5,175,718	11/1/16
			4.00	1,834,330	1,834,330	11/1/17
			4.10	1,797,825	1,797,825	11/1/18
				<u>\$40,386,596</u>		
G.O. Public Improvement (\$94,525,000)						
Parks and Recreation	\$29,810,850	05/19/05	5.00	\$5,470,000	2,735,000	5/15/10-11
Neighborhood Conservation	13,030,962		5.00	21,840,000	2,730,000	5/15/12-19
Higher Education	1,000,000		4.00	5,460,000	2,730,000	5/15/22-23
Fire Station	2,935,000		4.13	2,730,000	2,730,000	5/15/24
Metrorail	5,518,188		5.00	2,730,000	2,730,000	5/15/25
	<u>\$52,295,000</u>			<u>\$38,230,000</u>		
G.O. Public Improvement (\$61,335,000)						
Street & Highway	\$9,251,218	3/21/06	4.00	9,160,000	2,290,000	8/1/2009-12
Parks and Recreation	13,600,000		5.00	13,740,000	2,290,000	8/1/13-18
Neighborhood Conservation	5,690,578		4.00	2,290,000	2,290,000	08/01/19
Fire Station	6,690,455		5.00	4,580,000	2,290,000	8/1/20-21
Metrorail	8,602,749		4.20	6,855,000	2,285,000	8/1/22-24
	<u>\$43,835,000</u>		4.25	4,570,000	2,285,000	8/1/25-26
				<u>\$41,195,000</u>		
G.O. Public Improvement Refunding (\$89,970,000)						
Street & Highway	\$6,167,233	3/21/06	4.00	\$866,269	866,269	08/01/11
Neighborhood Conservation	4,964,155		4.00	855,900	855,900	08/01/12
Parks and Recreation	17,209,390		5.00	855,385	855,385	08/01/13
Libraries	1,920,866		5.00	3,419,214	3,419,214	08/01/14
Higher Education	2,028,391		5.00	5,112,625	5,112,625	08/01/15
Fire Station	2,638,292		5.00	5,119,615	5,119,615	08/01/16
Metrorail	12,758,305		5.00	6,193,893	6,193,893	08/01/17
	<u>\$47,686,632</u>		5.00	5,393,407	5,393,407	08/01/18
			4.00	8,152,377	8,152,377	08/01/19
			5.00	7,397,050	7,397,050	08/01/20
			5.00	2,699,834	2,699,834	08/01/21
			4.20	1,621,064	1,621,064	08/01/22
				<u>\$47,686,633</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

EXHIBIT S-3
 Page 3 of 10

	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)		6/6/07				
Street & Highway	\$12,530,000		5.00	5,205,000	1,735,000	3/15/10-12
Neighborhood Conservation	4,000,000		5.00	1,730,000	1,730,000	03/15/13
Government Facility Bond	2,200,000		4.00	1,730,000	1,730,000	03/15/14
Parks and Recreation	14,500,000		5.00	3,460,000	1,730,000	3/15/15-16
	<u>\$33,230,000</u>		4.00	1,730,000	1,730,000	03/15/17
			4.25	1,730,000	1,730,000	03/15/18
			4.00	3,460,000	1,730,000	3/15/19-20
			4.375	1,730,000	1,730,000	03/15/21
			4.125	1,730,000	1,730,000	03/15/22
			4.50	1,730,000	1,730,000	03/15/23
			4.25	6,920,000	1,730,000	3/15/24-27
				<u>\$31,155,000</u>		
G.O. Public Improvement (\$32,701,000)		6/18/08				
Street & Highway	\$9,000,572		4.00	1,360,000	1,360,000	01/15/10
Neighborhood Conservation	2,019,854		5.00	3,408,000	1,704,000	01/15/11-12
Parks and Recreation	6,700,000		3.25	1,704,000	1,704,000	01/15/13
Library	6,000,000		5.00	6,816,000	1,704,000	01/15/14-17
Metro	8,980,574		4.00	1,703,000	1,703,000	01/15/18
	<u>\$32,701,000</u>		5.00	5,109,000	1,703,000	01/15/19-21
			4.00	1,703,000	1,703,000	01/15/22
			5.00	5,109,000	1,703,000	01/15/23-25
			4.125	1,703,000	1,703,000	01/15/26
			4.25	3,406,000	1,703,000	01/15/27-28
				<u>\$32,021,000</u>		
SUBTOTAL:				<u>\$322,265,520</u>		
FY 2003 Deferred cost/premium of bond refunding (net)				\$196,527		
FY 2004 Bond premium to be amortized				1,659,251		
FY 2005 Deferred cost/premium of bond refunding (net)				91,407		
FY 2005 Bond premium to be amortized				3,373,693		
FY 2006 Deferred cost/premium of bond refunding (net)				(1,067,066)		
FY 2006 Bond premium to be amortized				1,397,692		
FY 2007 Bond premium to be amortized				405,440		
FY 2008 Bond premium to be amortized				1,416,934		
Total GO Bonds Serviced by General Fund:				<u>\$329,739,398</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

	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 Bonds (\$60,540,000)		08/01/04				
Trade Center Bond	\$17,825,000		3.25/5.0	5,220,000	5,220,000	8/1/09
George Mason Center Bond	3,375,000		3.5/5.0	5,385,000	5,385,000	8/1/10
Emergency Communication Center Bond	31,290,000		3.75/5.0	5,570,000	5,570,000	8/1/11
Enterprise Resource Planning Bond	8,050,000		4.0/5.0	5,760,000	5,760,000	8/1/12
	<u>\$60,540,000</u>		5.00	5,890,000	5,890,000	8/1/13
			5.00	6,255,000	6,255,000	8/1/14
			4.00	1,305,000	1,305,000	8/1/15
			5.00	9,135,000	1,305,000	8/1/16-22
			5.00	1,300,000	1,300,000	8/1/23
			4.625	1,300,000	1,300,000	8/1/24
SUBTOTAL:				<u>\$47,120,000</u>		
IDA Revenue Bonds Buckingham (\$35,962,739)				<u>35,962,739</u>		
FY2005 IDA Revenue Bonds amortized				<u>2,550,832</u>		
Total IDA Revenue Bonds Serviced by General Fund				<u>\$85,633,571</u>		
Compensated Absences				<u>30,413,562</u>		
Estimated Liability for Workers' Comp Claims & Other Judgments Serviced by General Fund-Capital Leases				<u>2,575,857</u>		
				<u>18,436,505</u>		
Total General Obligation Debt Serviced by General Fund:				<u>466,798,893</u>		
Due in one year				<u>(42,350,399)</u>		
Total Long Term Liabilities -General Fund				<u>\$424,448,494</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

	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	
<u>Serviced by School Operating Fund:</u>							
School share of Refunding \$42,075,000 School Improvements	<u>\$10,573,454</u>	11/15/93	6.00	1,212,523	1,212,523	06/01/10	
			6.00	1,207,497	1,207,497	06/01/11	
			6.00	1,202,469	1,202,471	06/01/12	
				<u>\$3,622,489</u>			
School share of \$87,740,000 Refunding bonds School Improvements	<u>\$13,560,000</u>	05/01/98	5.00	907,302	907,302	10/01/09	
			5.00	904,018	904,018	10/01/10	
			5.00	27,116	27,116	10/01/11	
			5.00	29,053	29,053	10/01/12	
			5.00	27,116	27,116	10/01/13	
			5.00	29,053	29,053	10/01/14	
				<u>\$1,923,658</u>			
School share of \$90,325,000 School Improvements	<u>\$39,605,000</u>	06/18/01	4.50	\$8,401,128	2,100,282	02/01/10-13	
			4.70	2,100,281	2,100,281	02/01/14	
				<u>\$10,501,409</u>			
School share of \$39,545,000 School Improvements	<u>\$19,912,500</u>	06/11/02	3.80	1,039,811	1,039,811	02/01/10	
			4.00	2,079,622	1,039,811	02/01/11-12	
			4.10	1,039,811	1,039,811	02/01/13	
			4.25	1,039,811	1,039,811	02/01/14	
				<u>\$5,199,055</u>			
School share of \$75,000,000 School Improvements	<u>\$41,400,000</u>	05/01/03	5.00	1,660,000	1,660,000	01/15/10	
			5.00	6,620,000	1,655,000	01/15/11-14	
			4.00	8,275,000	1,655,000	01/15/15-19	
			4.125	1,655,000	1,655,000	01/15/20	
			4.20	1,655,000	1,655,000	01/15/21	
			4.30	1,655,000	1,655,000	01/15/22	
			4.375	1,655,000	1,655,000	01/15/23	
			4.50	8,275,000	1,655,000	01/15/24-28	
				<u>\$31,450,000</u>			
School share of Refunding \$65,775.00 School Improvements	<u>\$28,877,529</u>	05/01/03	5.00	2,860,054	2,860,054	01/15/10	
			5.00	2,854,466	2,854,466	01/15/11	
			5.00	2,845,483	2,845,483	01/15/12	
			5.00	2,834,914	2,834,914	01/15/13	
			5.00	2,824,535	2,824,535	01/15/14	
			4.00	1,384,891	1,384,891	01/15/15	
				<u>\$15,604,343</u>			
School share of \$60,070,000 School Improvements	<u>\$28,000,000</u>	05/12/04	5.00	\$6,720,000	1,120,000	05/15/10-15	
			4.75	1,120,000	1,120,000	05/15/24	
				3,360,000	1,120,000	5/15/27-29	
				<u>\$11,200,000</u>			

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

EXHIBIT S-3
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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
School share of \$81,005,000 refunding bonds	08/19/04				
School Improvements		5.00	3,041,785	3,041,785	11/01/09
<u>\$33,598,820</u>		5.00	3,045,227	3,045,227	11/01/10
		5.00	3,047,385	3,047,385	11/01/11
		5.00	3,048,842	3,048,842	11/01/12
		5.00	3,050,562	3,050,562	11/01/13
		5.00	4,082,829	4,082,829	11/01/14
		3.80	4,056,045	4,056,045	11/01/15
		3.90	4,006,108	4,006,108	11/01/16
		4.00	1,984,040	1,984,040	11/01/17
		4.10	1,944,557	1,944,557	11/01/18
			<u>\$31,307,380</u>		
School share of \$94,525,000	06/01/05				
School Improvements		5.00	\$18,100,000	1,810,000	5/15/10-19
<u>\$36,230,000</u>		5.00	1,815,000	1,815,000	5/15/22
		4.00	1,815,000	1,815,000	5/15/23
		4.13	1,815,000	1,815,000	5/15/24
		5.00	1,815,000	1,815,000	5/15/25
			<u>\$25,360,000</u>		
School share of \$61,335,000	3/21/06				
School Improvements		4.00	\$3,500,000	875,000	8/1/09-12
<u>\$17,500,000</u>		5.00	5,250,000	875,000	8/1/13-18
		4.00	875,000	875,000	08/01/19
		5.00	1,750,000	875,000	8/1/20-21
		4.20	2,625,000	875,000	8/1/22-24
		4.25	1,750,000	875,000	8/1/25-26
			<u>\$15,750,000</u>		
School share of \$89,970,000 Refunding Bond	3/21/06				
School Improvements		4.00	\$710,073	710,073	08/01/11
<u>\$39,169,607</u>		4.00	700,415	700,415	08/01/12
		5.00	698,935	698,935	08/01/13
		5.00	2,798,007	2,798,007	08/01/14
		5.00	4,002,280	4,002,280	08/01/15
		5.00	4,007,190	4,007,190	08/01/16
		5.00	5,040,244	5,040,244	08/01/17
		5.00	4,317,460	4,317,460	08/01/18
		4.00	6,190,254	6,190,254	08/01/19
		5.00	5,575,647	5,575,647	08/01/20
		5.00	2,140,166	2,140,166	08/01/21
		4.20	1,083,936	1,083,936	08/01/22
		4.20	960,000	960,000	08/01/24
		4.25	945,000	945,000	08/01/25
			<u>\$39,169,607</u>		
G.O. Public Improvement (\$117,360,000)	6/6/07				
School Improvements		5.00	2,505,000	835,000	3/15/10-12
<u>\$16,630,000</u>		5.00	835,000	835,000	03/15/13
		4.00	835,000	835,000	03/15/14
		5.00	1,660,000	830,000	3/15/15-16
		4.00	830,000	830,000	03/15/17
		4.25	830,000	830,000	03/15/18
		4.00	1,660,000	830,000	3/15/19-20
		4.375	830,000	830,000	03/15/21
		4.125	830,000	830,000	03/15/22
		4.50	830,000	830,000	03/15/23
		4.25	3,320,000	830,000	3/15/24-27
			<u>\$14,965,000</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

EXHIBIT S-3
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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 (\$51,076,000) School Improvements	<u>\$51,076,000</u>	6/18/08	4.00	2,552,000	2,552,000	01/15/10
			5.00	2,552,000	2,552,000	01/15/11
			5.00	2,554,000	2,554,000	01/15/12
			3.25	2,555,000	2,555,000	01/15/13
			5.00	2,556,000	2,556,000	01/15/14
			5.00	2,552,000	2,552,000	01/15/15
			5.00	5,110,000	2,555,000	1/15/2016-17
			4.00	2,554,000	2,554,000	01/15/18
			5.00	2,556,000	2,556,000	01/15/19
			5.00	2,553,000	2,553,000	01/15/20
			5.00	2,556,000	2,556,000	01/15/21
			4.00	2,556,000	2,556,000	01/15/22
			5.00	2,553,000	2,553,000	01/15/23
			5.00	2,551,000	2,551,000	01/15/24
			5.00	2,554,000	2,554,000	01/15/25
			4.125	2,554,000	2,554,000	01/15/26
			4.25	2,555,000	2,555,000	01/15/27
			4.25	2,551,000	2,551,000	01/15/28
				<u>\$48,524,000</u>		
 SUB TOTAL				<u>\$254,576,941</u>		
 FY 2003 deferred cost/premium of bond refunding				(\$239,103)		
FY 2004 bond premium to be amortized				1,089,278		
FY 2005 deferred cost/premium of bond refunding				(992,895)		
FY 2005 bond premium to be amortized				2,341,733		
FY 2006 deferred cost/premium of bond refunding				(130,740)		
FY 2006 bond premium to be amortized				495,264		
FY 2007 bond premium to be amortized				231,472		
FY 2008 bond premium to be amortized				<u>2,287,455</u>		
 Total Serial Bonds Serviced by School Operating Fund:				259,659,405		
Compensated Absences				31,677,538		
Capital Leases Serviced by Schools				<u>8,239,040</u>		
 Total General Obligation Debt Serviced by School Operating Fund:				299,575,983		
Due in one year				(25,663,508)		
Total Long Term Liabilities - Schools				<u>273,912,475</u>		
 Total General Obligation Debt Serviced by General Fund and School Operating Fund:				<u>\$698,360,969</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

	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	
Serviced by Utilities Fund:							
Sewer share of Refunding \$42,075,000		11/15/93					
Sewage	<u>\$3,354,635</u>		6.00	384,698	384,698	06/01/10	
			6.00	383,103	383,103	06/01/11	
			6.00	381,508	381,508	06/01/12	
				<u>\$1,149,309</u>			
Water/AWT share Refunding \$87,740,000		05/01/98					
Water share	\$1,800,000		5.00	568,126	568,126	10/01/09	
Advanced Water Treatment	<u>5,000,000</u>		5.00	565,685	565,685	10/01/10	
	<u>\$6,800,000</u>		5.00	13,598	13,598	10/01/11	
			5.00	14,568	14,568	10/01/12	
			5.00	13,598	13,598	10/01/13	
			5.00	14,570	14,570	10/01/14	
				<u>\$1,190,145</u>			
Water share of \$99,815,000		06/18/01					
Water share	<u>\$2,504,000</u>		4.50	\$531,156	132,789	02/01/10-13	
			4.70	132,791	132,791	02/01/14	
				<u>\$663,947</u>			
Water/Sewer share of Refunding \$65,775,000		05/01/03					
Water/Sewer share	<u>\$19,415,825</u>		5.00	1,868,205	1,868,205	01/15/10	
			5.00	1,857,448	1,857,448	01/15/11	
			5.00	1,846,444	1,846,444	01/15/12	
			5.00	1,832,982	1,832,982	01/15/13	
			5.00	1,819,288	1,819,288	01/15/14	
				<u>\$9,224,367</u>			
Water/sewer share of \$81,005,000 refunding bonds		08/19/04					
Water/sewer share	<u>\$2,916,798</u>		5.00	286,051	286,051	11/01/09	
			5.00	285,999	285,999	11/01/10	
			5.00	285,881	285,881	11/01/11	
			5.00	285,591	285,591	11/01/12	
			5.00	285,312	285,312	11/01/13	
			5.00	298,232	298,232	11/01/14	
			3.80	296,537	296,537	11/01/15	
			3.90	293,174	293,174	11/01/16	
			4.00	201,630	201,630	11/01/17	
			4.10	197,617	197,617	11/01/18	
				<u>\$2,716,024</u>			
Water share of \$94,525,000		06/01/05					
Public Improvement bonds	<u>\$6,000,000</u>		5.00	\$3,150,000	315,000	5/15/10-19	
			5.00	310,000	310,000	5/15/22	
			4.00	310,000	310,000	5/15/23	
			4.13	310,000	310,000	5/15/24	
			5.00	310,000	310,000	5/15/25	
				<u>\$4,390,000</u>			

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

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
Water/Swer/Plant share of \$89,970,000	3/21/2006				
Refunding bonds		4.00	\$148,658	148,658	08/01/11
Water share	\$1,211,244	4.00	143,685	143,685	08/01/12
Sewer share	487,761	5.00	140,680	140,680	08/01/13
Advanced Water Treatment	1,414,755	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	450,863	450,863	08/01/17
		5.00	149,133	149,133	08/01/18
		4.00	437,369	437,369	08/01/19
		5.00	397,303	397,303	08/01/20
			<u>\$3,113,760</u>		
Water/Swer/Plant share of \$117,360,000	6/6/2007				
Refunding bonds		5.00	3,520,000	3,520,000	3/15/10-12
Water share	\$9,000,000	5.00	10,545,000	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	48,500,000	5.00	7,030,000	3,515,000	3/15/15-16
	<u>\$67,500,000</u>	4.00	3,515,000	3,515,000	03/15/17
		4.25	3,515,000	3,515,000	03/15/18
		4.00	7,030,000	3,515,000	3/15/19-20
		4.375	3,515,000	3,515,000	03/15/21
		4.125	3,515,000	3,515,000	03/15/22
		4.50	3,515,000	3,515,000	03/15/23
		4.25	14,060,000	3,515,000	3/15/24-27
			<u>\$63,275,000</u>		
G.O. Public Improvement (\$27,408,000)	6/18/08				
Advanced Water Treatment	\$27,408,000	4.00	913,000	913,000	01/15/10
		5.00	949,000	949,000	01/15/11
		5.00	997,000	997,000	01/15/12
		3.25	1,046,000	1,046,000	01/15/13
		5.00	1,080,000	1,080,000	01/15/14
		5.00	1,134,000	1,134,000	01/15/15
		5.00	1,191,000	1,191,000	01/15/16
		5.00	1,251,000	1,251,000	01/15/17
		4.00	1,313,000	1,313,000	01/15/18
		5.00	1,366,000	1,366,000	01/15/19
		5.00	1,434,000	1,434,000	01/15/20
		5.00	1,506,000	1,506,000	01/15/21
		4.00	1,581,000	1,581,000	01/15/22
		5.00	1,644,000	1,644,000	01/15/23
		5.00	1,726,000	1,726,000	01/15/24
		5.00	1,813,000	1,813,000	01/15/25
		4.125	1,903,000	1,903,000	01/15/26
		4.25	1,982,000	1,982,000	01/15/27
		4.25	2,066,000	2,066,000	01/15/28
			<u>\$26,895,000</u>		
SUBTOTAL:			<u>\$112,617,552</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2009

EXHIBIT S-3
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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
FY2003 deferred cost/premium of bond refunding				\$364,944		
FY 2005 deferred amount on refunding				(84,220)		
FY2005 bond premium to be amortized				415,380		
FY2006 deferred cost/premium of bond refunding				717,558		
FY2007 bond premium to be amortized				822,829		
FY2008 bond premium to be amortized				1,044,262		
Compensated Absences -Utilities				1,497,467		
Compensated Absences - CPHD Development Fund				512,869		
Bond and mortgage interest payable - Utilities Fund				3,466,301		
VRA Loans payable				216,152,600		
Total Long Term Obligations Serviced by Utilities Fund:				337,527,542		
Compensated Absences - Internal Service funds Serviced by Auto Equipment Fund-Capital Leases				498,068 2,120,767		
SUBTOTAL:				340,146,377		
Revenue Bonds-Serviced by Ballston Public Garage Fund				12,800,000		
Bond and mortgage interest payable				16,582,444		
Mortgage Payable-Ballston Public Garage Fund				3,429,679		
Total Business-type Activities Obligations:				372,958,500		
Due in one year				(39,464,029)		
Total Business-type Activities long Term Obligations:				\$333,494,471		
TOTAL LONG TERM OBLIGATIONS:				\$1,031,855,440		

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 JUNE 30, 2009

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2009	\$303,062	\$1,340,409	\$1,643,471
2008	120,278	696,050	816,328
2007	75,311	513,091	588,402
2006	59,532	721,425	780,956
2005	21,634	552,716	574,349
2004	20,164	-	20,164
2003	11,576	-	11,576
2002	2,729	-	2,729
2001	2,026	-	2,026
2000	1,435	-	1,435
1999	1,333	-	1,333
1998	1,221	-	1,221
1997	523	-	523
1996	516	-	516
1995	499	-	499
TOTAL	<u><u>\$621,839</u></u>	<u><u>\$3,823,691</u></u>	<u><u>\$4,445,528</u></u>

NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2009 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 \$56,257 and \$746,419, respectively.

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
 JUNE 30, 2009

Primary Government

General Capital Assets:

Land	\$128,763,550
Infrastructure	387,636,347
Buildings	226,387,469
Furniture, fixtures and equipment	59,779,294
Construction in Progress	75,518,665
	<hr/>
Total General Capital Assets	<u>\$878,085,325</u>

Investment in General Capital Assets by Source:

General obligation bonds/ leases	\$714,556,423
Federal grants	14,403,530
State literary loans	1,680,040
Donated assets	5,850,055
General fund revenues	141,595,277
	<hr/>
Total Investment in General Capital Assets	<u>\$878,085,325</u>

Internal Services Fund

Auto Equipment Fund	\$47,569,216
Printing Fund	-
	<hr/>
Total Internal Services Fund	<u>\$47,569,216</u>

Investment in Internal Services Fund by Source:

General Fund revenues	<u>\$47,569,216</u>
-----------------------	---------------------

Component Unit: School Board

School Capital Assets:

Land	\$4,697,946
Buildings	453,258,345
Furniture, fixtures and equipment	53,309,135
	<hr/>
Total school capital assets	<u>\$511,265,426</u>

Investment in School Capital Assets by Source:

General obligation bonds	\$360,272,406
Federal grants	8,264,921
State literary loans	484,498
General fund revenues	142,243,601
	<hr/>
Total investment in school capital assets	<u>\$511,265,426</u>

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2009

Primary Government

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2009 Beginning Balance	Additions	Deletions	FY 2009 Ending Balance
Primary Government:	\$-	\$-	\$-	\$-
General Government	171,836,942	70,758,014	-	\$242,594,956
Public Safety	31,680,458	9,771,436	-	41,451,894
Environmental Services	414,461,103	13,253,272	-	427,714,375
Health and Public Welfare	31,394,363	264,985	-	31,659,348
Libraries	12,159,862	3,576,362	-	15,736,224
Parks and Recreation	88,774,343	4,013,757	-	92,788,100
Planning and Community Development	14,644,786	11,495,641	-	26,140,427
Total primary government	764,951,857	113,133,467	-	878,085,324
Internal Services Fund				
Auto Equipment Fund	45,349,706	4,573,074	(2,353,564)	47,569,216
Printing Fund	-	-	-	-
Total Internal Services Fund	45,349,706	4,573,074	(2,353,564)	47,569,216
Component Unit - Schools	470,609,847	40,655,579	-	511,265,426
Total Capital Assets	\$1,280,911,410	\$158,362,120	(\$235,564)	\$1,436,919,966

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2009

Primary Government

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment
General Government:					
Control-					
Legislative	\$81,144	\$-	\$-	\$-	\$81,144
Executive	340,573	-	-	-	340,573
Judicial	1,791,038	-	-	-	1,791,038
Total Control	2,212,755	-	-	-	2,212,755
Staff Agencies-					
Elections	191,588	-	-	-	191,588
Management and Finance	331,542	-	-	-	331,542
Office of Support Services	102,997,164	11,911,958	-	87,875,816	3,209,390
Real Estate Assessment	72,443	-	-	-	72,443
Civil Service	1,116	-	-	-	1,116
Human Resources	231,753	-	-	-	231,753
Office of County Attorney	53,983	-	-	-	53,983
Commissioner of the Revenue	67,350	-	-	-	67,350
Treasurer	1,157,077	-	-	-	1,157,077
Department of Technology Services	23,133,198	-	-	-	23,133,198
General government buildings	33,686,400	4,041,873	-	25,779,191	3,865,336
Other	2,888,326	2,850,044	-	-	38,282
Total Staff Agencies	164,811,940	18,803,875	-	113,655,007	32,353,058
Total General Government	167,024,695	18,803,875	-	113,655,007	34,565,813
Public Safety:					
Police protection	21,722,625	-	-	8,891,468	12,831,157
Fire protection	6,977,207	434,103	-	4,685,164	1,857,940
Emergency communication	1,278,179	-	-	-	1,278,179
Total Public Safety	29,978,011	434,103	-	13,576,632	15,967,276
Community Services:					
Environmental Services	497,345,576	17,449,096	456,682,711	18,190,019	5,023,750
Health and Public Welfare	33,758,494	272,110	-	29,935,605	3,550,779
Libraries	11,184,328	135,048	-	10,022,671	1,026,609
Recreation	86,420,777	55,333,497	-	25,140,282	5,946,998
Community Development	52,373,443	36,335,821	-	15,867,253	170,369
Total Community Service	681,082,618	109,525,572	456,682,711	99,155,830	15,718,505
Total General Capital Assets	878,085,324	128,763,550	456,682,711	226,387,469	66,251,594
Internal Services Fund:					
Auto Equipment Fund	47,569,216	-	-	-	47,569,216
Printing Fund	-	-	-	-	-
Total Internal Services Fund	47,569,216	-	-	-	47,569,216
Component Unit: School Board					
Schools	511,265,426	4,697,946	-	453,258,345	53,309,135
GRAND TOTALS	\$1,436,919,966	\$133,461,496	\$456,682,711	\$679,645,814	\$167,129,945

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT S-8
Page 1 of 2

	2009		VARIANCE POSITIVE (NEGATIVE)	2008 ACTUALS
	BUDGET	ACTUAL		
GENERAL FUND				
General property taxes:				
Real estate	\$486,170,344	\$488,261,828	\$2,091,484	\$460,201,111
Personal	97,206,000	99,844,289	2,638,289	93,870,189
Total general property taxes	<u>583,376,344</u>	<u>588,106,117</u>	<u>4,729,773</u>	<u>554,071,300</u>
Other local taxes:				
Business, professional and occupational license (BPOL) tax	55,384,500	57,272,629	1,888,129	57,266,956
Sales tax	36,450,000	38,392,636	1,942,636	35,299,283
Meals tax	30,300,000	28,872,881	(1,427,119)	28,470,325
Transient tax	21,400,000	21,183,496	(216,504)	21,065,573
Utility tax	11,250,000	12,643,308	1,393,308	12,397,249
Recordation, car rental and other local taxes	24,505,360	23,231,402	(1,273,958)	25,815,307
Total other local taxes	<u>179,289,860</u>	<u>181,596,352</u>	<u>2,306,492</u>	<u>180,314,693</u>
Total taxes	<u>762,666,204</u>	<u>769,702,469</u>	<u>7,036,265</u>	<u>734,385,993</u>
License, permits and fees	7,827,940	7,768,974	(58,966)	17,022,701
Fines and forfeitures	9,614,100	8,720,950	(893,150)	8,049,910
Charges for services	40,723,990	41,010,681	286,691	38,288,000
Grants:				
State grants	69,482,315	66,596,799	(2,885,516)	64,282,769
Federal grants	23,489,442	21,501,026	(1,988,416)	22,976,314
Total grants	<u>92,971,757</u>	<u>88,097,825</u>	<u>(4,873,932)</u>	<u>87,259,083</u>
Use of money and property	15,276,443	9,352,281	(5,924,162)	12,401,931
Miscellaneous revenue	13,659,905	16,415,526	2,755,621	9,488,476
GRAND TOTALS FOR GENERAL FUND	<u><u>\$942,740,339</u></u>	<u><u>\$941,068,706</u></u>	<u><u>(\$1,671,633)</u></u>	<u><u>\$906,896,094</u></u>
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$30,000	\$30,110	\$110	\$24,383
Crystal City Business Improvement District	21,737	22,139	402	20,703
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	266,053	266,053	518,454
Neighborhood Conservation Bond Fund	-	238,149	238,149	858,790
Public Recreation Bond Fund	-	699,717	699,717	2,082,108
Fire Facilities Bond Fund	-	193,041	193,041	873,945
Library Bond Fund	-	124,085	124,085	94,334
Transit Facilities Bond Fund	-	184,382	184,382	453,285
Transportation Investment Fund	3,433,083	443,932	(2,989,151)	-
School Capital Improvement Bond Fund	-	899,316	899,316	275,286
School Operating Fund	106,339	-	(106,339)	-
Trust & Agency Fund	760,506	691,119	(69,387)	473,460
Total transfers	<u>\$4,481,665</u>	<u>\$3,922,043</u>	<u>(\$559,622)</u>	<u>\$5,804,748</u>
GRAND TOTALS	<u><u>\$947,222,004</u></u>	<u><u>\$944,990,749</u></u>	<u><u>(\$2,231,255)</u></u>	<u><u>\$912,700,842</u></u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT S-8
Page 2 of 2

SPECIAL REVENUE FUNDS:

Travel & Tourism Fund	\$1,072,500	\$1,058,118	(\$14,382)	\$1,065,695
Special Assessment District	3,033,518	3,021,715	(11,803)	2,438,304
Crystal City BID	2,173,657	2,218,261	44,604	2,070,296
Community Development Block Grant Fund	3,173,128	1,674,363	(1,498,765)	3,014,824
Section 8 Housing	<u>16,018,100</u>	<u>12,842,090</u>	<u>(3,176,010)</u>	<u>14,605,305</u>
 Total Special Revenue Funds	 <u>\$25,470,903</u>	 <u>\$20,814,547</u>	 <u>(\$4,656,356)</u>	 <u>\$23,194,424</u>

BREAKDOWN OF REVENUE BY FUNCTION:

	Charges for services Includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General government	\$20,158,108	\$33,925,242	\$4,115,625	\$1,812,817
Public safety	6,365,373	898,835	1,772,786	-
Environmental services	20,133,391	10,300,513	-	-
Health & welfare	3,052,570	19,386,612	14,323,902	-
Libraries	531,264	200,607	-	-
Economic development	-	52,739	678,171	-
Planning & community development	1,285,166	-	500,178	-
Parks & recreation	<u>5,974,733</u>	<u>19,434</u>	<u>110,364</u>	<u>-</u>
 Total General Fund	 <u>\$57,500,605</u>	 <u>\$64,783,982</u>	 <u>\$21,501,026</u>	 <u>\$1,812,817</u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	2009		VARIANCE POSITIVE (NEGATIVE)	2008 ACTUALS
	BUDGET	ACTUAL		
General Government Administration:				
County Board	\$1,100,581	\$1,039,362	\$61,219	\$912,121
County Manager	4,361,588	3,933,144	428,444	4,075,759
Financial Management	5,852,703	5,706,101	146,602	5,166,184
Civil Service	-	-	-	713
Human Resources	7,511,275	6,912,938	598,337	6,869,827
Technology Services	14,613,991	13,951,021	662,970	13,746,103
County Attorney	2,232,741	2,219,831	12,910	2,326,291
Commissioner of Revenue	5,023,788	4,800,538	223,250	4,800,622
Treasurer	5,994,055	5,925,435	68,620	5,931,498
Electoral Board	917,333	1,161,224	(243,891)	906,140
Total General Government	47,608,055	45,649,594	1,958,461	44,735,258
Judicial Administration:				
Circuit Court	3,231,561	3,186,689	44,872	3,049,155
District Court	357,701	300,668	57,033	272,726
Juvenile & Domestic Relations Court	5,493,799	5,212,180	281,619	5,090,122
Commonwealth Attorney	3,888,500	3,695,513	192,987	3,576,026
Sheriff & Jail	34,998,287	34,227,741	770,546	35,147,846
Total Judicial Administration	47,969,848	46,622,791	1,347,057	47,135,875
Public Safety:				
Police	58,546,244	53,342,584	5,203,660	53,917,268
Emergency Communications Center	9,033,643	8,349,020	684,623	7,894,564
Fire	48,007,156	45,010,283	2,996,873	43,948,496
Total Public Safety	115,587,043	106,701,887	8,885,156	105,760,328
Department of Environmental Services:				
DES-Environmental Services	71,645,462	67,845,515	3,799,947	62,420,185
Health & Welfare:				
Human Services	110,640,152	103,057,795	7,582,357	101,695,722
Libraries:	13,704,868	12,946,359	758,509	13,062,000
Planning & Community Development:				
Economic Development	3,803,469	3,481,543	321,926	4,049,836
Community Planning Housing & Development	9,900,293	9,725,097	175,196	15,293,938
Total Planning & Community Development	13,703,762	13,206,640	497,122	19,343,774
Parks & Recreation:	34,537,429	33,558,446	978,983	33,656,140

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	2009		VARIANCE POSITIVE (NEGATIVE)	2008 ACTUALS
	BUDGET	ACTUAL		
Non-Departmental:				
Non-Departmental	87,071,481	37,354,073	49,717,408	45,179,813
Debt Service				
Principal payment	33,095,185	33,046,404	48,781	28,950,071
Interest payment	19,563,811	18,249,367	1,314,444	18,423,089
Other costs	200,000	180,580	19,420	7,667
Regionals/Contributions	8,159,810	8,117,301	42,509	7,867,764
METRO	20,000,000	18,394,223	1,605,777	17,400,000
Total Non-Departmental	168,090,287	115,341,948	52,748,339	117,828,404
Total Expenditures before transfers-out	623,486,906	544,930,975	78,555,931	545,637,686
Transfers -Out				
Travel & Tourism	247,000	247,000	-	247,000
Auto Equipment Fund	87,456	87,456	-	222,107
Printing Fund	207,699	207,699	-	200,838
General Capital Projects Fund	19,647,070	19,647,070	-	24,067,996
CPHD Development Fund	2,881,512	2,881,512	-	-
OPEB Trust Projects Fund	15,111,505	15,111,505	-	-
Schools				
General Operating	311,406,981	293,870,223	17,536,758	281,930,053
Community Activities/Cable TV	9,164,221	7,728,929	1,435,292	8,337,581
Cafeteria	800,000	187,029	612,971	1,178,822
Pay-As-You-Go	16,256,953	5,375,590	10,881,363	18,199,428
Debt Service	27,670,948	32,097,012	(4,426,064)	28,857,974
Comprehensive Services Act	1,807,500	1,894,802	(87,302)	1,616,690
Total Transfers-Out	405,288,845	379,335,827	25,953,018	364,858,489
GRAND TOTALS EXPENDITURES	\$1,028,775,751	\$924,266,802	\$104,508,949	\$910,496,175
SPECIAL REVENUE FUNDS:				
Travel & Tourism Promotion	\$1,379,987	\$1,278,320	\$101,667	\$1,344,067
Rosslyn Business Improvement District	3,003,518	2,939,891	63,627	2,549,091
Crystal City Business Improvement District	2,151,920	2,137,976	13,944	2,199,950
Community Development Block Grant	3,173,128	1,674,363	1,498,765	3,014,824
Section 8 Housing	16,018,100	15,436,989	581,111	15,689,253
Total Special Revenue Funds	\$25,726,653	\$23,467,539	\$2,259,114	\$24,797,185
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	\$1,054,502,404	\$947,734,341	\$106,768,063	\$935,293,360

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2009

<u>FUND AND FUNCTION</u>	<u>AMOUNT</u>
GENERAL FUND:	
Capital Outlays:	
General Government	\$4,684,022
Public Safety	120,293
Public Works	3,041,907
Health & Public Welfare	253,286
Libraries	91,015
Parks & Recreation	35,010
Planning & Community development	<u>86,880</u>
Total General Fund	<u>8,312,413</u>
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	2,040,908
Government Facilities	59,919,406
Cultural & Recreation - Community Affairs:	
Government Facilities	1,995,107
Parks	1,227,343
Public Safety	335,903
Contributions to Regional Agencies	26,894,167
Schools	<u>105,000</u>
Total General Capital Projects Funds	<u>92,517,834</u>
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	8,025,216
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	6,242,216
Government Facility Bond	903,546
Stormwater Fund	1,377,639
Public Recreation Bond Fund:	
Public Recreation	3,966,057
Schools	<u>750,000</u>
Total Public Recreations Bond Fund	<u>4,716,057</u>
Fire Station Bond Fund:	
Fire Station Facilities	7,224,958
Library Bond Fund:	
Public Library Facilities	3,485,343
NVTA	
NOVA Transportation Authority	7,064,722
Transit Facilities Bond Fund:	
Contributions to Regional Agencies	7,103,603
TOTAL CAPITAL PROJECTS FUNDS	<u>138,661,134</u>
GRAND TOTAL	<u>\$146,973,547</u>



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).

Other

These schedules contain information needed for NRMSIRs and other disclosures. (Tables N-V).

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

	Fiscal Year			
	<u>2006</u>	<u>Restated 2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities				
Invested in capital assets, net of related debt	(\$182,444,635)	(\$149,310,111)	(\$182,264,598)	(\$74,745,298)
Restricted for:				
Capital projects	143,283,542	142,422,852	160,104,290	118,951,943
Other projects	2,982,755	9,194,531	8,110,583	5,515,684
Unrestricted	272,033,662	304,303,684	333,623,428	364,536,781
Total governmental activities net assets	<u>\$235,855,324</u>	<u>\$306,610,956</u>	<u>\$319,573,703</u>	<u>\$414,259,110</u>
Business-Type Activities				
Invested in capital assets, net of related debt	\$285,517,682	\$274,619,788	\$354,626,738	\$445,068,277
Restricted for:				
Capital projects	22,473,812	10,222,745	12,307,036	6,945,927
Other projects	-	-	-	-
Unrestricted	46,211,348	117,190,291	106,413,059	102,414,562
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>
Primary government				
Invested in capital assets, net of related debt	\$103,073,047	\$125,309,677	\$452,905,637	\$370,322,979
Restricted for:				
Capital projects	165,757,354	152,645,597	172,411,326	125,897,870
Other projects	2,982,755	9,194,531	8,110,583	5,515,684
Unrestricted	318,245,010	175,739,518	159,492,990	466,951,343
Total primary government activities net assets	<u>\$590,058,166</u>	<u>\$462,889,323</u>	<u>\$792,920,536</u>	<u>\$968,687,876</u>
School Component Unit				
Invested in capital assets, net of related debt	\$280,567,468	\$313,005,332	\$332,700,082	\$356,757,290
Restricted for:				
Capital projects	5,968,595	21,143,761	53,652,410	15,008,543
Other projects	-	-	-	-
Unrestricted	30,823,237	(6,369,784)	(21,749,122)	(29,729,500)
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>
Other Component Units				
Invested in capital assets, net of related debt	(\$5,634,995)	\$20,624,884	\$29,344,880	\$29,978,738
Restricted for:				
Capital projects	-	-	-	-
Other projects	-	-	-	-
Unrestricted	32,025,503	8,123,376	(4,918,215)	(5,578,810)
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>

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 four years of data presented in this table.

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

Expenses	Fiscal Year			
	2006	Restated 2007	2008	2009
Primary government:				
Governmental activities:				
General government	\$144,413,158	\$170,050,920	\$183,532,881	\$157,913,828
Public safety	94,152,505	105,294,735	114,536,445	101,207,180
Environmental services	66,712,584	69,902,804	73,697,836	74,059,602
Health & welfare	104,638,605	100,775,893	109,949,551	100,667,830
Libraries	13,002,989	13,167,711	14,426,350	\$12,828,135
Parks, recreation & culture	34,366,540	35,953,363	38,592,964	35,355,942
Planning & community development	35,865,238	40,556,577	46,279,307	67,595,397
Education	310,810,349	338,962,527	390,921,262	341,109,269
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947
Total governmental activities expenses	<u>821,993,184</u>	<u>892,762,603</u>	<u>990,367,352</u>	<u>909,167,130</u>
Business-type activities:				
Utilities	47,321,964	51,515,377	57,904,261	59,052,176
Ballston Public Parking Garage	5,732,832	5,937,745	9,517,231	5,626,403
IDA Revenue Bond Fund	-	34,170	1,519,061	1,695,732
8th Level Ballston Public Parking Garage	-	28,927	35,947	52,808
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>
Total primary government expenses	<u>\$875,047,980</u>	<u>\$950,278,822</u>	<u>\$1,059,343,853</u>	<u>\$985,148,566</u>
Component units:				
Schools	\$352,921,809	\$388,148,161	412,953,520	422,055,027
Other	2,446,253	6,199,663	7,777,236	8,189,092
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>
Program Revenues				
Primary government:				
Governmental activities:				
Charges for services				
General government	\$21,333,168	\$20,079,042	\$18,106,488	\$20,158,108
Environmental services	14,997,675	16,550,927	19,684,727	20,133,391
Public safety	9,281,843	7,676,160	5,049,238	6,365,373
Other activities	16,851,289	17,950,390	\$21,509,731	\$12,111,147
Operating grants and contributions	110,686,562	118,055,710	105,661,179	102,379,382
Capital grants and contributions	1,809,521	1,810,516	1,811,566	1,812,817
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>
Business-type activities:				
Charges for services				
Water-sewer service charges	52,362,162	56,850,491	67,434,401	72,457,575
Water-service hook-up charges	6,468,463	3,345,476	4,810,598	4,627,014
Other activities	9,800,525	20,369,401	33,946,120	46,804,145
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,190,249	21,162,994	28,033,520	26,845,784
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>
Total primary government program revenues	<u>\$244,781,457</u>	<u>\$283,851,107</u>	<u>\$306,047,568</u>	<u>\$313,694,736</u>
Component units:				
Charges for services	\$15,122,958	\$16,849,867	20,328,889	20,561,183
Operating grants and contributions	332,115,611	365,255,205	417,046,873	368,136,757
Capital grants and contributions	-	-	-	-
Total component units program revenues	<u>\$347,238,569</u>	<u>\$382,105,072</u>	<u>\$437,375,762</u>	<u>\$388,697,940</u>

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund Balance:										
Reserved for Encumbrances	\$6,424,347	\$4,649,576	\$4,237,700	\$3,517,687	\$4,037,272	\$4,293,596	\$4,087,643	\$4,570,757	\$2,517,374	\$270,619
Four Mile Run Unreserved	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
Designated for Self Insurance	3,000,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	5,000,000	3,500,000	5,000,000
Designated for Operating Reserve	11,500,000	12,500,000	12,600,000	13,400,000	14,400,000	15,200,000	16,600,000	17,800,000	28,262,153	30,769,734
Designated for Subsequent Years Budget	13,865,438	37,190,442	37,113,244	29,590,931	26,701,595	29,109,808	34,575,639	36,691,920	29,928,475	44,666,386
Designated for Incomplete Projects	7,459,447	7,705,538	5,750,871	8,692,680	13,036,688	16,466,535	41,251,262	52,428,554	49,107,897	38,264,443
Designated for Retirement	-	-	-	-	-	-	-	-	3,880,000	-
Total General Fund Balance	42,749,232	66,045,556	63,701,815	59,201,298	62,175,555	69,069,939	100,514,544	116,991,231	117,695,899	118,971,182
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	8.42%	12.21%	10.39%	8.88%	9.14%	9.41%	12.88%	13.67%	12.93%	12.87%
All Other Governmental Funds										
Special revenue funds										
Reserved	-	-	-	-	-	-	-	-	53,706	-
Unreserved	-	-	-	-	-	-	3,516,894	9,919,740	8,526,238	6,121,704
Capital Project funds										
Reserved	-	-	-	-	-	-	32,427,146	32,282,131	26,259,487	23,836,818
Unreserved	-	-	-	-	-	-	110,856,397	110,140,721	133,844,803	95,115,125
Total all other governmental funds	-	-	-	-	-	-	146,800,437	152,342,592	168,630,528	125,073,647
Component unit - Schools:										
Reserved							58,709,912	35,019,015	65,672,036	28,788,084
Unreserved							4,916,017	6,589,059	7,799,312	7,155,183
Total component unit - Schools							63,625,929	41,608,074	73,471,348	35,943,267

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

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES:				
General property taxes:				
Real Estate property taxes	\$391,213,244	\$425,982,688	\$473,501,869	\$514,518,691
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289
Other Local taxes:				
BPOL	52,568,059	50,898,687	57,266,956	57,272,629
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472
Fines and forfeitures	8,900,948	8,338,582	8,049,910	8,720,950
Licenses, permits and fees	14,692,442	13,687,394	17,022,701	7,768,974
Intergovernmental	112,496,082	119,866,226	107,472,746	104,192,200
Charges for services	38,870,586	40,230,543	39,277,573	42,278,095
Interest and rent	11,792,758	16,927,475	17,282,845	11,505,984
Miscellaneous revenues	10,891,786	15,414,677	6,938,710	16,378,642
Total revenues	832,217,893	910,657,144	949,298,717	993,097,926
EXPENDITURES:				
Current operating:				
General government	130,380,468	155,765,913	162,318,710	155,243,762
Public safety	88,875,217	100,650,601	105,760,328	102,791,792
Public works				
Environmental services	55,122,531	58,491,391	62,420,185	64,803,607
Health and welfare	98,926,206	96,536,913	101,695,722	102,804,509
Libraries	12,034,671	12,339,879	13,062,000	12,855,344
Parks, recreation and culture	32,012,711	33,512,601	35,000,210	34,801,755
Planning and community development	33,914,712	38,835,189	42,796,892	35,308,979
Debt service				
Principal	26,480,421	27,595,301	28,950,071	33,046,404
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947
Deferred cost of refunding	1,409,185	-	-	-
Community development				32,985,081
Education	310,810,349	338,962,527	390,921,262	341,109,269
Capital outlay	72,029,442	61,004,743	60,137,617	113,133,467
Total expenditures	880,027,129	941,793,131	1,021,493,753	1,047,313,916
Excess(deficiency) of revenues over expenditures	(47,809,236)	(31,135,986)	(72,195,036)	(54,215,990)
OTHER FINANCING SOURCES(USES):				
Transfers in	15,423,635	21,171,707	29,370,998	22,225,678
Transfers out	(15,812,365)	(20,941,333)	(29,663,941)	(40,383,849)
Capital leases	5,776,901	975,020	5,704,728	13,524,783
Refunding bonds issued	86,856,240	-	-	-
Payments to refunded bond escrow agent	(85,447,055)	-	-	-
Premium from sale of bonds	1,644,345	650,489	1,491,507	-
Issuance of debt	61,335,000	49,860,000	83,777,000	35,962,739
Total other financing sources and uses	69,776,701	51,715,883	90,680,292	31,329,351
Net change in fund balances	\$21,967,465	\$20,579,897	\$18,485,256	(\$22,886,639)
Debt service as a percentage of noncapital expenditures	5.5%	5.2%	4.9%	5.5%

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 four years of data presented in this table.

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

Fiscal Year	General Government	Public Safety	Public Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non-Departmental	Debt Service(3)	Contributions to Regional Agencies			Total
									Transit	Other		
2000	54,228,208	59,726,299	26,470,488	63,957,515	62,628,500	212,818,415	22,582,602	43,977,853	7,020,365	4,738,554		558,148,799
2001	65,602,564	58,605,311	28,956,294	66,893,055	64,609,246	225,705,274	24,125,346	46,015,005	9,331,780	5,031,548		594,875,423
2002	77,764,679	64,110,185	32,244,012	78,421,925	70,343,780	239,520,885	26,888,560	49,181,927	9,669,124	5,514,061		653,659,138
2003	78,823,839	70,738,944	35,263,026	85,636,626	75,834,775	260,566,240	38,196,161	52,520,484	10,010,200	5,996,099		713,586,394
2004	79,761,708	76,414,954	38,991,550	88,197,009	82,167,460	280,654,517	25,299,164	56,920,473	11,050,500	6,342,024		745,799,359
2005	73,554,551	82,055,248	51,312,988	91,439,050	84,606,670	295,791,800	35,591,400	60,459,248	11,800,000	6,795,865		793,406,820
2006	82,177,157	88,875,217	55,122,531	98,926,206	89,452,484	313,487,397	27,998,534	71,349,683	13,000,000	7,204,777		847,593,986
2007	86,449,237	100,650,601	58,491,391	96,536,913	97,241,733	346,674,412	46,959,849	72,664,483	14,700,000	7,656,827		928,025,446
2008	91,871,133	105,760,328	62,420,185	101,695,722	84,965,631	356,461,219	45,179,813	76,238,801	17,400,000	7,867,764		949,860,596
2009	92,272,385	106,701,887	67,845,515	103,057,795	96,883,233	370,854,547	37,354,073	83,573,363	18,394,223	8,117,301		985,054,322

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	Licenses and Permits		Inter Governmental Revenue		Charges for Services		Fines and Forfeitures		Miscellaneous Revenues		Total
	Taxes										
2000	369,262,476	48,065,489	113,747,563	29,761,955	8,264,814	13,199,742	582,302,039				
2001	401,300,500	52,458,599	118,445,842	31,390,069	8,687,912	14,358,977	626,641,899				
2002	427,671,852	57,199,326	131,178,526	33,374,694	9,199,674	18,782,613	677,406,685				
2003	465,032,899	54,319,921	136,280,607	36,163,036	8,882,272	21,083,036	721,761,771				
2004	505,225,405	56,334,983	139,452,624	38,314,445	9,357,346	12,186,207	760,871,010				
2005	590,957,911	12,504,677	141,477,699	47,937,824	8,427,464	18,844,857	820,150,432				
2006	651,052,481	14,692,442	148,945,331	50,482,470	8,900,948	22,087,157	896,160,829				
2007	714,434,824	13,687,394	158,249,103	50,359,269	8,338,582	18,455,600	963,524,772				
2008	756,859,824	17,022,701	131,541,624	53,645,287	8,049,910	19,554,790	986,674,136				
2009	792,159,244	7,768,974	150,311,253	55,115,142	8,720,950	24,892,171	1,038,967,734				

NOTES:

(1) Includes revenues of the General, Special Revenue Funds, and School Board.

(2) BPOL reclassified from Licenses and Permits to Taxes.

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		
2000	283,488,904	26,747,767	594,342	15,035,762	1,208,122	1,444,117	4,642,029	6,930,552	16,919,947	60,311	65,471	357,137,324
2001	308,487,574	29,398,278	662,578	15,954,344	1,165,841	1,781,317	5,102,470	7,249,558	17,995,106	65,278	69,243	387,931,587
2002	338,979,390	26,993,321	554,424	13,328,856	1,196,542	2,298,390	4,268,185	7,159,253	19,102,649	48,064	68,101	413,997,175
2003	371,634,386	27,752,102	642,660	14,615,818	1,049,928	3,781,826	4,285,596	7,609,033	20,045,524	56,520	69,917	451,543,310
2004	405,226,269	34,058,784	691,269	15,745,665	1,269,547	3,619,361	4,687,693	7,632,495	21,928,701	38,885	68,152	494,966,821
2005	432,318,650	35,455,512	1,925,743	18,109,804	1,480,360	7,089,601	4,486,018	7,802,051	23,844,071	67,756	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	579,132,883
2007	526,727,265	34,448,601	2,697,319	20,850,841	1,670,817	9,086,824	4,764,836	9,741,922	28,788,942	77,341	73,655	638,928,363
2008	554,127,644	35,299,283	2,621,265	22,124,454	1,477,629	6,941,848	5,279,450	10,024,166	28,453,021	76,643	74,414	666,499,817
2009	588,145,875	38,392,636	2,812,428	22,238,054	1,934,989	4,402,916	5,065,320	10,058,084	28,855,113	65,491	64,614	702,035,520

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	Personal Property Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
2000	21,366,860,900	21,366,860,900	1,562,454,963	1,562,454,963	914,769,846	914,769,846	23,844,085,709	23,844,085,709	.998/1.023	4.40
2001	23,509,214,100	23,509,214,100	1,701,074,975	1,701,074,975	865,677,147	865,677,147	26,075,966,222	26,075,966,222	1.023/1.023	4.40
2002	27,188,419,400	27,188,419,400	1,825,845,935	1,825,845,935	849,211,626	849,211,626	29,863,476,961	29,863,476,961	1.023/993	4.40
2003	31,680,369,900	31,680,369,900	1,848,433,415	1,848,433,415	908,256,294	908,256,294	34,437,059,609	34,437,059,609	.993/978	4.40
2004	35,563,288,500	35,563,288,500	1,732,447,799	1,732,447,799	766,769,599	766,769,599	38,062,505,888	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	5.00
2007	54,292,837,200	54,292,837,200	1,926,492,868	1,926,492,868	939,132,732	939,132,732	57,158,462,800	57,158,462,800	.878/818	5.00
2008	57,469,500,000	57,469,500,000	1,931,899,776	1,931,899,776	884,773,303	884,773,303	60,286,173,079	60,286,173,079	.878/818	5.00
2009	57,781,547,100	57,781,547,100	2,014,144,083	2,014,144,083	718,898,384	718,898,384	60,514,589,567	60,514,589,567	.838/865	5.00

NOTE:

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

TABLE G

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

Taxpayer/ Type of Business	2009			2000			
	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	2000 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, apartments, hotel, land	7,005,222,500	1	12.12%	Charles E. Smith Interests Office buildings, apartments, hotel, land	1,238,988,700	1	6.44%
Albrittain Interests Apartments, general commercial	1,511,586,800	2	2.62%	R.F. & P. Properties, Inc Office buildings, apartments, hotel, land	501,649,100	2	2.61%
Paradigm Managed Properties Apartments, general commercial	1,098,885,000	3	1.90%	Richmond Land Corporation Office buildings, apartments, hotel, land	453,640,900	3	2.36%
Arland Towers Company Office buildings, land	966,006,300	4	1.67%	Fashion Centre Associates Mixed use retail	363,506,100	4	1.89%
JBG Companies Office building, land	687,219,800	5	1.19%	Arland Towers Company Office buildings, land	287,422,700	5	1.49%
Fashion Centre Associates Mixed use retail, hotel	618,496,600	6	1.07%	Cafritz Interests Apartments, warehouses, land	203,444,100	6	1.06%
Shirley Park Leasing LP(7) Office building, Apartments	603,689,900	7	1.04%	Albrittain Interests Apartments, general commercial	253,643,000	7	1.32%
Beacon Capital partners Office buildings, land	596,719,100	8	1.03%	Caruthers/Snell Interests Shopping Center, officebuildgs,Apts.	131,936,700	8	0.69%
Teachers Insurance & Annuity Office buildings, general commercial	446,715,500	9	0.77%	Lehndroff/La Solana Associates Office buildings	131,751,800	9	0.68%
Avalon Properties Apartments	431,452,600	10	0.75%	Crystal Holdings Office buildings	126,529,600	10	0.66%
Total	\$13,965,994,100		24.17%		\$3,692,512,700		19.20%

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

TABLE H

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
2000	283,767,875	2,968,825	280,799,050	98.95%	2,420,898	283,219,948	99.81%	820,752	797,274	4,753,609	1.68%
2001	309,676,367	2,962,538	306,713,829	99.04%	2,756,158	309,469,987	99.93%	568,475	798,198	5,002,218	1.62%
2002	335,968,016	3,624,563	332,343,453	98.92%	3,151,222	335,494,675	99.86%	1,149,446	839,328	5,409,628	1.61%
2003	373,883,498	3,443,379	370,440,119	99.08%	3,193,196	373,633,315	99.93%	1,712,034	688,928	5,569,351	1.49%
2004	406,389,307	3,305,311	403,083,996	99.19%	3,172,229	406,256,225	99.97%	1,194,439	750,170	5,664,046	1.39%
2005	435,567,836	2,953,943	432,613,894	99.32%	3,139,508	435,753,402	100.04%	1,003,191	874,009	5,413,308	1.24%
2006	479,686,828	3,152,135	476,534,693	99.34%	3,077,161	479,611,854	99.98%	1,176,489	882,123	5,472,146	1.14%
2007	528,570,144	2,707,065	525,863,079	99.49%	3,264,676	529,127,755	100.11%	1,045,194	1,069,831	4,861,433	0.92%
2008	577,353,341	2,881,468	574,471,873	99.50%	3,285,410	577,757,283	100.07%	829,482	1,259,192	4,645,017	0.80%
2009	620,724,099	3,508,418	617,215,681	99.43%	3,555,509	620,771,190	100.01%	885,868	1,476,023	4,445,528	0.72%

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

TABLE I

ARLINGTON COUNTY, VIRGINIA
 RATIOS OF NET GENERAL OBLIGATION BONDED DEBT TO
 ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT per CAPITA
 LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt			Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
			Gross Bonded Debt (3)	Payable from Enterprise Revenues (4)	Net Bonded Debt		
2000	189,000	23,844,085,709	435,436,254	47,575,601	387,860,653	1.63%	2,052
2001	190,848	26,075,966,222	471,357,505	46,281,713	425,075,792	1.63%	2,227
2002	193,639	29,863,476,961	477,743,756	42,684,438	435,059,318	1.46%	2,247
2003	196,837	34,437,059,609	515,960,006	38,135,379	477,824,627	1.39%	2,428
2004	198,739	38,062,505,888	536,145,005	34,392,755	501,752,250	1.32%	2,525
2005	198,267	44,717,396,841	652,105,009	37,379,715	614,725,294	1.37%	3,100
2006	200,226	53,190,791,357	668,450,005	33,460,851	634,989,154	1.19%	3,171
2007	204,800	56,369,131,443	738,475,004	97,473,471	641,001,533	1.14%	3,130
2008	208,000	60,286,173,079	797,380,002	119,701,657	677,678,345	1.12%	3,258
2009	209,300	60,514,589,567	689,460,016	112,617,553	576,842,463	0.95%	2,756

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.
- (3) These amounts are general obligation bonds that are being repaid by the UtilitiesFund.

TABLE J-1

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Total	Coverage
				Principal	Interest			
2000	4,509,638	1,952,953	2,556,685	1,000,000	810,400	1,810,400	1.412	
2001	4,732,975	3,583,026	1,149,949	500,000	829,929	1,329,929	0.865	
2002	4,407,342	2,186,610	2,220,732	500,000	514,255	1,014,255	2.190	
2003	4,140,918	2,176,060	1,964,858	500,000	343,091	843,091	2.331	
2004	4,080,739	2,543,137	1,537,602	500,000	290,122	790,122	1.946	
2005	3,926,304	3,583,873	342,431	500,000	410,044	910,044	0.376	
2006	4,070,368	3,618,455	451,913	500,000	518,955	1,018,955	0.444	
2007	4,368,809	3,659,703	709,106	500,000	618,158	1,118,158	0.634	
2008	4,318,862	7,268,910	(2,950,048)	500,000	521,719	1,021,719	(2.887)	
2009	3,770,271	3,551,444	218,827	500,000	294,264	794,264	0.276	

NOTES:

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

TABLE J-2

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2000	46,895,562	27,244,943	19,650,619	3,429,539	2,614,425	6,043,964	3.25
2001	47,233,296	30,192,015	17,041,281	3,797,788	2,588,040	6,385,828	2.67
2002	45,972,198	25,693,545	16,076,065	3,597,275	2,101,071	5,698,346	2.82
2003	45,309,573	32,842,773	7,905,318	3,636,691	2,095,078	5,731,769	1.38
2004	49,679,885	35,094,277	9,481,925	3,742,624	1,482,369	5,224,993	1.81
2005	59,114,705	41,817,417	17,297,289	3,130,952	2,033,402	5,164,354	3.35
2006	65,044,344	39,453,764	25,590,580	3,074,680	2,585,276	5,659,956	4.52
2007	76,874,765	41,373,056	35,501,709	3,487,382	2,670,385	6,157,767	5.77
2008	102,270,725	42,983,162	59,287,563	5,179,814	6,142,614	11,322,428	5.24
2009	106,771,787	42,908,573	63,863,214	7,084,109	9,634,224	16,718,333	3.82

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)
2000	189,453	9,384,744	49,536	18,334	1.1%
2001	189,983	10,226,785	53,830	18,484	2.1%
2002	193,754	10,685,146	55,148	18,469	2.7%
2003	196,925	11,106,570	56,400	18,333	2.3%
2004	198,739	11,497,250	57,851	17,961	2.6%
2005	198,267	11,699,736	59,010	17,600	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%

NOTES:

- (1) Population figures for 1996-1999 are estimates from the U.S. Census Bureau. The 2000 population figure is from the 2000 census. The 2000 population figure is a revised (by Arlington County) Census figure. The 2001-2008 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 2001-2005 are estimates from the Arlington County Planning Division.
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only. Enrollment for years 2000- 2008 is June 30 of that year; for years 1997-1999, data is September 30 of that year.
- (4) Source - Virginia Employment Commission-- Figures for 1996-2006 are annual averages. The 2007 - 2008 figures are for June. Due to revised VEC methodology, figures are not comparable to figures from previous years (<http://www.velma.vec.state.va.us>).

TABLE L

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

Employers	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Virginia Hospital Center	2,354	1	1.52%	2,929	1	1.85%
Corporate Executive Board	1,534	2	0.99%	2,663	2	1.69%
US Airways	1,472	3	0.95%	2,130	3	1.35%
Lockheed Martin Corp	1,453	4	0.94%	2,084	4	1.32%
Marriott International, Inc.	1,450	5	0.94%	1,926	5	1.22%
BAE Systems	1,407	6	0.91%	1,800	6	1.14%
Booz Allen Hamilton	1,384	7	0.89%	1,700	7	1.08%
SRA International, Inc.	1,283	8	0.83%	1,188	8	0.75%
SAIC	1,257	9	0.81%	1,159	9	0.73%
CACI	1,198	10	0.77%	1,116	10	0.71%
Bureau of National Affairs, Inc.	900	11	0.58%	1,045	11	0.66%
Verizon	790	12	0.51%	650	12	0.41%
Marymount University	637	13	0.41%	614	13	0.39%
The Boeing Company	545	14	0.35%	585	14	0.37%
Cambridge Associates	520	15	0.34%	272	15	0.17%
Macy's	507	16	0.33%	550	16	0.35%
Interstate Hotels & Resorts	501	17	0.32%	518	17	0.33%
Watson Wyatt	500	18	0.32%	504	18	0.32%
NRECA	500	19	0.32%	409	19	0.26%
Jacobs Engineering	500	20	0.32%	400	20	0.25%
Total	20,692		13.37%	24,242		15.35%

(1) Represents Principal Private Employers.

Source: Arlington Economic Development or calculated from space occupancy ratio

ARLINGTON COUNTY, VIRGINIA
 OPERATING INDICATORS BY FUNCTION-PROGRAM
 JUNE 30, 2009

TABLE M

Form of Government	County Manager Plan
Date of Adoption	January 1, 1932
Area (square miles)	26
Lane Miles	2,479
Number of Street Lights	41,657
<u>Fire Protection:</u>	
Number of Stations	10
Training Academy	1
Number of Employees	321
<u>Police Protection:</u>	
Number of Employees: Police Department	476
Number of Employees: Sheriff/ Jail and Courts	273
<u>Education:</u>	
Attendance Centers	35
Number of Classrooms	1,720
Number of Teachers	2,046
Number of Students	19,420
<u>County Water System:</u>	
Number of consumer service locations	36,877
Average daily consumption (gallons)	23,498,000
Miles of water mains	525
<u>County Sewer System:</u>	
Miles of sanitary sewers	470
Average gallons per day treated	24,620,000
System capacity under construction (gallons per day)	10,000,000
<u>Building Permits:</u>	
Construction Permits	2,473
Plumbing, Electrical & Mechanical Permits	7,232
Fire Permits	842
Elevator Permits	75
<u>Recreation and Culture:</u>	
Number of Parks and Playgrounds	212
Number of Libraries	8
Number of Items (Print and Audiovisual)	635,284
Number of Community Centers	14
Number of Nature Centers	2
Numer of Historical Districts	30
<u>Employees:</u>	
General Government	3,825
School System	3,677

TABLE N

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
JUNE 30, 2009

Primary Government

FUNCTION AND ACTIVITY:	<u>Total</u>
General Government:	
Control-	
Legislative	\$81,144
Executive	340,573
Judicial	1,791,038
Total Control	<u>2,212,755</u>
Staff Agencies-	
Elections	191,588
Management and Finance	331,542
Office of Support Services	102,997,164
Real Estate Assessment	72,443
Civil Service	1,116
Personnel Department	231,753
Office of County Attorney	53,983
Commissioner of the Revenue	67,350
Treasurer	1,157,077
Department of Technology Services	23,133,198
General government buildings	33,686,400
Other	2,888,324
Total Staff Agencies	<u>164,811,938</u>
Total General Government	<u>167,024,693</u>
Public Safety:	
Police protection	21,722,625
Fire protection	6,977,207
Emergency communication	1,278,179
Total Public Safety	<u>29,978,011</u>
Environmental Services	497,345,576
Health and Public Welfare	33,758,494
Libraries	11,184,328
Recreation	86,420,777
Community Development	52,373,443
Total General Capital Assets	<u>\$878,085,322</u>
Internal Services Fund	
Auto Equipment Fund	\$47,569,216
Printing Fund	-
Total Internal Services Fund	<u>\$47,569,216</u>
Component Unit: School Board	
Schools	<u>\$511,265,426</u>
GRAND TOTALS	<u>\$1,436,919,964</u>

TABLE O

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
2000	24,661,711	19,316,142	43,977,853	558,148,799	7.88%
2001	26,820,862	19,194,143	46,015,005	594,875,423	7.74%
2002	29,561,475	19,620,452	49,181,927	653,659,138	7.52%
2003	32,622,059	19,898,425	52,520,484	713,586,394	7.36%
2004	36,142,375	20,778,098	56,920,473	745,799,359	7.63%
2005	37,354,049	23,105,199	60,459,248	793,406,820	7.62%
2006	42,802,784	28,546,899	71,349,683	847,593,986	8.42%
2007	43,847,619	28,816,864	72,664,483	963,524,772	7.54%
2008	47,100,186	29,138,615	76,238,801	949,860,596	8.03%
2009	53,715,890	29,857,473	83,573,363	985,054,322	8.48%

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, 2008-July 1, 2009

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Property Lexington Insurance Company	728364	07/01/08	07/01/09	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	\$386,284 Includes TRIA
Crime Policy Zurich American Ins. Co.	FID904302901	07/01/08	01/07/09	Public Employee Dishonesty, Forgery or Alteration, Theft, Disappearance and Destruction and computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers included as employees Limit: \$1 million, Deductible: \$25,000	\$13,031 Excludes TRIA
Fine Arts Policy Ace Fire Underwriters Ins. Co.	IMC12014578A	01/07/08	01/07/09	Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location \$ 1,000 Deductible/ \$ 2,500 per outdoor sculptuer Legal Liability -- \$ 250,000 any one loss	\$2,538 excl. TRIA
Performing Arts Package Business Policy Lexington Insurance Co.	9VAIP0000544711300	01/07/08	01/07/09	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl. \$ 1/2 million GL \$ 850,000 Property	Package Policy \$5,158.00
General Liability, Public Officials Liab. Law Enforcement Liab Auto Liability 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	
					5

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2008-July 1, 2009

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Umbrella Excess Liability Policy VACo/Munich Re	VA-AR-006	01/07/08	01/07/09	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	\$317,500
6					
Constitutional Officers Business Auto Twin City Fire Insurance Company	42UENDE2638	01/07/08	01/07/09	Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. \$1,000,000 each occurrence for Liability, \$1,000 for medical payments.	\$36,696
7					
Constitutional Officers Commercial Package Policy Twin City Fire Insurance Company	42UUNBE8483	01/07/08	01/07/09	\$ 1/3 million--General Liability Business Property of Const. Officers	\$12,585
8					
HIDTA Task Force Commercial Package Policy Twin City Fire Insurance Company	42UUNBF6695	01/07/08	01/07/09	Liability coverage--\$ 1million/2million Business Personal Property--Ded. \$500	\$1,195.00 (includes TRIA)
9					
Medical Prof.Liability Arch Speciality Insurance	FLP002233601	01/07/08	01/07/09	Professional Liability Insurance Employed and Contracted Physicians Clinic Staff and EMS Limits: \$ 2/6 million \$ 100,000 DED. Each claim	\$254,245
10					
Group Accident Coverage National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. Chesapeake Life Insurance Co.	SRG 0009105405 SRG 0009105406 SRG 0009105403 SRG 0009105404 ZCH05-031301	01/07/08 01/07/08 01/07/08 01/07/08 01/07/08	01/07/09 01/07/09 01/07/09 01/07/09 01/07/09	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	\$8,033.00 \$10,838.00 \$6,375 \$553 \$700
11				TOTAL PREMIUM	\$26,499.00

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2008-July 1, 2009

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
12 Tenant User Liability Insurance Policy EBI/Redland	P0030GL00088100	01/07/08	01/07/09	Provides Liability insurance coverage for individuals and Groups using Arlington facilities & property General liability \$1,000,000 per occurrence.	
13 County Board Surety Bond	M. Hines B. Favola J. Fisstite C. Zimmerman W. Tejada	Continuous until Cancelled		Bond limit \$ 2,500	\$500 TOTAL
14 VDOT Permit Bond Travelers	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	\$150
15 EXCESS LIABILITY BALLSTON GARAGE AXIS SPECIALTY INS. ST. PAUL	ENU720209 01 2008 Q103800627	01/07/08 01/07/08	01/07/09 01/07/09	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage. Exp. Date to be extended to 7/07/06	\$75,281 \$29,000
16 Fiduciary Liability Policy Employee's Suppl. Retirement Sys 2 National Union/Alton Agency	PLS 2672194			Fiduciary Liab. To \$ 10million ERISA Fidelity bond D&O, Trustees liab. To \$ 3million These policies handled by the Retirement Board Risk Management is not involved in the purchase of these policies	Premium not incl. in total

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2008-July 1, 2009

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Constitutional Officers' Liability Plan					
Risk Coverage Commonwealth of Virginia (SIR)				Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the duties of the Public Entity	
Clerk of Court	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Sheriff	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Commissioner of Revenue	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Commonwealth's Attorney	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Registrar of Voters	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
Arlington County Treasurer	Virginia Risk	Continuous		Limits: \$1 million per loss, \$1 million aggregate	
			17		
Welch Graham & Ogden Agency					
Fire and Rescue Auto Physical Damage VFIS/ American Alternative Insurance	VFISCM1054007-01	07/01/08	07/01/09	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD	\$58,960 Incl. TRIA
			18	\$ 1,000 Ded. Per unit	
Portable Equipment Policy					
Hartford Fire Insurance Company	42 MS UG3055 K3	07/01/08	07/01/09	Inland Marine policy covering portable Police equipment and Command Vehicle	\$7,222 Incl. TRIA
			19		
Portable Equipment-Fire Command Vehicle					
VFIS American Alternative Insurance	TR-2056525	07/01/08	07/01/09	Inland Marine policy covering ACFD equipment	\$10,872.00
			20		
TOTALS					\$1,237,066

TABLE Q

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
2000	165	61,047,327	48	254,556,487	9,245	489,227,649	N/A	10,351,328,800	11,015,532,100	3,063,878,000			
2001	309	46,686,600	47	197,959,044	10,343	451,924,246	N/A	11,517,298,400	11,991,915,700	3,222,980,000			
2002	195	28,942,000	74	216,085,000	11,102	314,256,000	N/A	14,036,270,900	13,152,148,500	3,595,700,600			
2003	206	45,190,520	63	245,828,500	10,813	342,302,448	N/A	16,904,168,300	14,776,201,600	4,177,897,400			
2004	251	62,734,000	33	269,927,000	12,069	552,693,906	N/A	19,819,949,800	15,743,338,700	4,611,780,600			
2005	245	65,578,000	58	471,549,000	12,810	410,999,470	N/A	24,807,985,800	17,467,436,100	5,254,797,800			
2006	309	116,622,000	28	170,648,000	12,570	731,419,504	N/A	30,490,616,900	20,142,057,000	6,446,120,900			
2007	154	42,199,000	54	279,540,000	11,537	787,764,529	N/A	31,217,514,500	23,075,322,700	7,211,250,200			
2008	132	32,778,000	76	295,231,000	11,331	646,663,518	N/A	31,511,540,600	25,957,959,400	7,208,720,200			
2009	160	43,325,775	84	409,257,463	11,526	372,491,217	N/A	31,176,590,200	26,604,956,900	7,489,437,300			

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.
- (4) Includes Credit Union balances in addition to Commercial Banks and Savings and Loans.

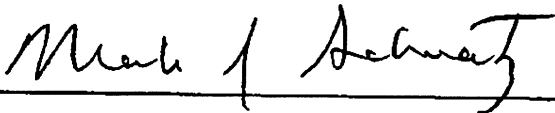
TABLE R

ARLINGTON COUNTY, VIRGINIA
 BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
 FISCAL YEARS 2000 - 2009

Fiscal Year	Revenues	Percent Change
2000	41,018,179	14.31%
2001	41,749,809	1.78%
2002	45,661,097	9.37%
2003	43,206,157	-5.38%
2004	45,090,463	4.37%
2005	45,699,044	1.35%
2006	52,568,059	15.23%
2007	50,898,687	-3.28%
2008	57,266,956	11.12%
2009	57,272,629	0.01%

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2009

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, 2009, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which would constitute an Event of Default as defined in Section 11.1 of the Financing Agreements for Loan Numbers C-515319-02, C-515378-02, C-515378-02B, C-515396-01, and C-515413-01.



Mark Schwartz
Director, Department of Management and Finance
August 28, 2009

TABLE T

ARLINGTON COUNTY, VIRGINIA
 LARGEST USERS OF THE WATER & SEWER SYSTEM
 For the twelve months ending June 30, 2009

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

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

ARLINGTON COUNTY, VIRGINIA
DESCRIPTION OF THE WASTEWATER & WATER SYSTEM
& WASTEWATER & WATER RATES
JUNE 30, 2009

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 470 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 30 million gallons per day (MGD). Current flows average 25 MGD.

Plant Upgrade & Expansion

In April 2001, County staff and an external engineering team were assembled to update the 1988 Master Plan to address 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 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 83 percent; Inter-Jurisdictional Partners' share is 17 percent. Financing to date for the County's share has been provided by several sources. There have been five Wastewater System & Water System Revenue bonds totaling \$265 million issued to the Virginia Water Facilities Revolving Loan Fund Program (the "VWFRF") which is administered by the Virginia Resources Authority ("VRA"). General Obligation bonds of the County were issued in Spring 2007 for \$48.5 million, and in 2008 for \$27.4 million. Grant funds from the Water Quality Improvement Fund under the Department of Environmental Quality Chesapeake Bay Program for approximately \$96 million were granted in February 2007. The County anticipates that the balance of MP01 will be funded by future bonds to the VWFRF as well as additional general obligation bonds.

Major Customers

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

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

Fiscal Year Ended June 30	TOTAL EXISTING GO DEBT SERVICE			VRA BONDS			TOTAL		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2010	7,987,869	5,246,805	13,234,674	7,147,818	6,879,022	14,026,841	15,135,687	12,125,828	27,261,515
2011	8,004,024	4,838,858	12,842,881	9,147,136	6,553,300	15,700,436	17,151,160	11,392,158	28,543,317
2012	7,635,879	4,611,444	12,247,323	9,440,093	6,262,208	15,702,301	17,075,972	10,873,652	27,949,624
2013	7,285,617	4,220,513	11,506,129	9,740,081	5,962,220	15,702,301	17,025,698	10,182,733	27,208,431
2014	7,301,667	3,869,354	11,171,021	10,049,642	5,652,660	15,702,301	17,351,308	9,522,014	26,873,322
2015	5,654,580	3,395,135	9,049,716	10,369,081	5,333,220	15,702,301	16,023,662	8,728,355	24,752,017
2016	5,752,633	3,069,485	8,822,118	10,698,717	5,003,584	15,702,301	16,451,350	8,073,069	24,524,419
2017	5,807,368	2,784,600	8,591,968	11,038,875	4,663,426	15,702,301	16,846,243	7,448,026	24,294,269
2018	5,795,493	2,521,384	8,316,877	11,389,893	4,312,408	15,702,301	17,185,387	6,833,792	24,019,179
2019	5,542,751	2,229,295	7,772,046	11,752,120	3,950,182	15,702,301	17,294,871	6,179,476	23,474,347
2020	5,386,369	2,012,651	7,399,020	12,125,914	3,576,387	15,702,301	17,512,283	5,589,038	23,101,321
2021	5,418,303	1,781,808	7,200,111	12,511,647	3,190,654	15,702,301	17,929,950	4,972,462	22,902,412
2022	5,406,000	1,529,835	6,935,835	12,909,703	2,792,599	15,702,301	18,315,703	4,322,434	22,638,136
2023	5,469,000	1,306,101	6,775,101	13,320,475	2,381,826	15,702,301	18,789,475	3,687,928	22,477,403
2024	5,551,000	1,053,326	6,604,326	13,744,373	1,957,928	15,702,301	19,295,373	3,011,255	22,306,628
2025	5,638,000	804,851	6,442,851	14,181,818	1,520,484	15,702,301	19,819,818	2,325,335	22,145,153
2026	5,418,000	549,314	5,967,314	14,633,244	1,069,057	15,702,302	20,051,244	1,618,371	21,669,615
2027	5,497,000	321,428	5,818,428	8,300,220	655,486	8,955,706	13,797,220	976,914	14,774,134
2028	2,066,000	87,805	2,153,805	8,568,572	387,134	8,955,706	10,634,572	474,939	11,109,511
2029	-	-	-	3,356,055	150,911	3,506,966	3,356,055	150,911	3,506,966
2030	-	-	-	1,724,959	30,722	1,755,681	1,724,959	30,722	1,755,681
2031	-	-	-	2,162	36	2,198	2,162	36	2,198
	<u>112,617,552</u>	<u>46,233,991</u>	<u>158,851,543</u>	<u>216,152,600</u>	<u>72,285,455</u>	<u>288,438,055</u>	<u>328,770,152</u>	<u>118,519,446</u>	<u>447,289,598</u>

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

Other Financial & Legal Information

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

Water Distribution System

Description of System

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production at Dalecarlia, which also serves the District of Columbia, the City of Falls Church, the Pentagon, and Reagan National Airport, is 110 MGD. Average daily production for the entire Washington Aqueduct system 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 24.8 MGD to approximately 36,800 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.

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 2005 through 2010 are shown in the following table. The typical residential customer pays \$65.33 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 2005 – FY 2010 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>
2005	\$2.42	\$3.80	\$6.22	17%
2006	\$3.02	\$4.11	\$7.13	15%
2007	\$3.21	\$4.79	\$8.00	12%
2008	\$3.34	\$5.86	\$9.20	15%
2009	\$3.35	\$7.19	\$10.54	15%
2010	\$3.42	\$7.78	\$11.20	6%

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, 2009, general obligation debt outstanding attributable to the Utilities Fund totaled \$112,617,552. As of June 30, 2009, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VVFRF to the VRA totaled \$216,152,600. The following table shows future debt service on these obligations.



ACWPCB
Program Management
Master Plan 2001 Update

PM-AC-00588

August 11, 2009

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, 2009, the County satisfied the Rate Covenant.
3. For the fiscal year that will end on June 30, 2010, the projected net revenues will satisfy the Rate Covenant.

Dated: 8/11/09

By: Raymond H. Herley
Professional Engineer VA #7931
Representative of Earth Tech/AECOM

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

EARTH TECH



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, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 30, 2009. 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 April 1, 2009, has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated October 30, 2009.

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

Clifton Gunderson LLP

Arlington, Virginia
October 30, 2009

**Independent Auditor's Report on Compliance With Requirements
Applicable to 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 *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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.

The County's financial statements include the operations of the Gates Partnership, a component unit which may have received federal awards, and which is not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2009. Other auditors were separately engaged to perform and have separately reported on the results of their audit of the Partnership in accordance with OMB Circular A-133, if required.

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; specifications for audits of counties, cities, and towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; 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 are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2009-01.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2009-01 through 2009-03 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Of the significant deficiencies described in the accompanying Schedule of Findings and Questioned Costs, we consider Item 2009-03 to be a material weakness.

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the County as of and for the year ended June 30, 2009 and have issued our report thereon dated October 30, 2009. Our audit was performed for the purpose of forming an opinion 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Clifton Gunderson LLP

Arlington, Virginia
October 30, 2009

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

DEPARTMENT OR FEDERAL PROGRAM	Federal Catalogue Number	Expenditures
Department of Health and Human Services		
Pass Through Payments:		
Department of Social Services:		
Refugee Programs - Indo-Chinese Refugee Relief (765/452-04)	93.566	\$ 45,261
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	945,657
(Medical Assistance)	93.778	1,186,718
(Child Care Purchased Services)	93.596	694,969
(View Purchased Services)	93.558	1,386,288
Child Care Development Block Grant (102-586)	93.575	1,487,831
FAMIS Outreach Grant	93.767	125,644
ILP Education & Training Vouchers	93.599	49,103
Family Preservation	93.556	26,764
Independent Living	93.674	81,730
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	1,339,254
Foster Care-ARRA	93.658	4,208
Adoption	93.659	410,426
Adoption-ARRA	93.659	3,121
Adoption Incentive	93.603	193
Child Care -ARRA	93.713	12,398
Admin Title IV-B1	93.645	9,003
Fuel Assistance Program(765/452-06)	93.568	44,472
Total Department of Social Services		<u>7,853,040</u>
Department of Health Services:		
Medical Reserve Corp	93.008	830
Immunization Grant	93.268	69,277
TB Outreach Grant	93.116	79,835
Total Department of Health Services		<u>149,942</u>
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	63,101
Mental Health -Seriously mentally III	93.958	40,895
MH FMBG Geriatric Project	93.958	270,829
SA Treatment FBG	93.959	347,318
SA SARPOS FBG	93.959	94,197
SA CSAT	93.230	132,353
Early Intervention Funds (PIE-PART C)	84.181	543,480
Total Mental Health Mental Retardation and Substance Abuse		<u>1,492,173</u>
Department for the Aging		
Older Americans Act		
Title III-B-Area Plan	93.044	215,024
Title III-C-Nutrition	93.045	152,113
Title III-D-Disease Prevention	93.046	2,000
Title VII-Elder Abuse Prevention	93.041	1,959
Senior Medicare Patrol Project	93.048	6,000
Health Insurance Counseling & Assistance	93.779	46,443
		<u>423,539</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$ 9,918,694</u>

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants		
Twenty-first Entitlement(B95UC51002)	14.218	851
Twenty-second Entitlement(B96UC51002)	14218	17,649
Twenty-third Entitlement(B97UC51002)	14.218	1,500
Twenty-fourth Entitlement(B98UC51002)	14.218	108
Twenty-fifth Entitlement(B99UC51002)	14.218	-
Twenty-sixth Entitlement(B00UC51002)	14.218	12,182
Twenty-seventh Entitlement(B01UC51002)	14.218	-
Twenty-eighth Entitlement(B02UC51002)	14.218	-
Twenty-ninth Entitlement(B03UCS51002)	14.218	10,560
Thirtieth Entitlement(B04UC51002)	14.218	-
Thirty-first Entitlement(B05UC51002)	14.218	-
Thirty-second Entitlement(B06UC51002)	14.218	1,083
Thirty-third Entitlement(B07UC51002)	14.218	39,382
Thirty-fourth Entitlement(B08UC51002)	14218	1,563,150
CDBG program income Expended	14.218	27,897
Total Community Development Grants		1,674,362
Section 8 Housing Assistance-		
New Construction(VAO28NCOO04)	14.182	-
Substantial Rehab(VAO28SBOO3)	14.182	-
Moderate Rehab(VAO28MROO1-OO5)	14.856	198,801
Voucher Program(VAO28VO015-023)	14.871	14,705,454
Total Section 8 Housing Assistance		14,904,255
HUD-Federal Emergency Shelter Grant	14.231	12,765
HUD-Permanent Supportive Housing Grant	14.235	86,725
HUD-Adopt-a-Family Grant	14.235	217,075
HUD-Shelter Plus Care (Milestone I and II)	14.240	167,183
HUD-HOPWA	14.241	48,986
Total HUD Grant		532,734
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	\$	17,111,351

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education		
Elementary and Secondary Education Act- Title I (197/171/01)	84.010	\$ 3,183,749
Public Law 94-142 Handicapped Program (197/171-02)	84.027	\$ 3,805,869
Learning and Library Resources- Title V (Elementary & Secondary Education Act) (197/171/01)	84.298	\$ 3,825
Pre-School Incentive	84.173	\$ 108,070
Title III, Part A (NCLB) Emergency Immigration (197/171-06)	84.365	\$ 621,512
Title IIEESA, Teacher Education		
Title IV Drug-Free Schools (NCLB) (197/171-05)	84.186	\$ 93,644
Vocational Education Act - Carl D Perkins PL-101-392	84.048	\$ 268,458
Education for Homeless Children & Youth (Stuart B McKinney	84.196	\$ 16,991
ESL/Civics Grant	84.002	\$ 213,695
Title II, Part A Class Size Reduction (NCLB)	83.367	\$ 55,572
Title II, Part A Add-on (NCLB)	84.367	\$ 584,616
Title II, Part D Ed Tech (NCLB)	84.318	\$ 21,244
Even Start	84.213	\$ 178,270
Title 1 Reading First	84.357	-
		<hr/>
Total State Pass Through Payments		9,155,515
		<hr/>
Total Department of Education		\$ 9,155,515
		<hr/> <hr/>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF LABOR		
Pass Through Payments:		
Department of Social Services		
Work Investment Act		
WIA-Admin. Fund	17.258	\$ 89,722
WIA-Adult	17.258	159,763
WIA-Youth	17.259	105,145
WIA-Dislocated	17.260	206,375
WIA-Computer Literacy Grant	17.260	1,298
WIA-Rescission Correcting Grant	17.260	2,924
National Emergency Grant	17.260	<u>522,732</u>
Total Department of Social Services		<u>1,087,959</u>
Department for the Aging		
Senior Community Services Employment Program-Title V, OAA(163/455-04)	17.235	<u>-</u>
Total Department of Labor		<u><u>\$ 1,087,959</u></u>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Pass Through Payments:		
Department of Education-		
National School Lunch Program (197/457-02)	10.555	\$ 2,375,024
National School Breakfast Program	10.553	615,471
Parent/Teen Infant	10.555	18,074
Sub total		3,008,569
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	235,589
WIC Grant	10.577	637,063
FSET-Transportation	10.561	4,983
Administrative Matching Grants for Food Stamps	10.561	1,765,019
Sub total		2,642,654
Department for the Aging		
Older Americans Act Title III USDA (163/457-02)	10.570	-
Total Pass Through Payments		5,651,223
Total Department of Agriculture		\$ 5,651,223
DEPARTMENT OF JUSTICE		
Direct Federal Payments:		
Seized Assets	16.000	\$ 317,091
Metropolitan Area Task Force (MATF)	16.000	8,043
High Intensity Drug Trafficking Area (HIDTA)	16.000	3,633,115
High Intensity Drug Residential Treatment	16.000	177,442
Grants to Encourage Arrest Policies (GEAP)	16.000	16,947
State and Local Emergency Preparedness	16.000	-
Total Department of Justice		\$ 4,152,638

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

	Federal Catalogue Number	Expenditures
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	\$ 55,615
Gear up Program	84.334	-
Adventure of the American Mind	84.244	71,087
Arlington Gang Initiative Grant	33.029	101,642
Emergency Impact Aid	84.938	-
EPA Improvement Four Mile Run (PRCR)	66.034	-
NPS Assessment North Tact and NPS land (PRCR)	15.916	-
Total Direct Federal Payments		228,344
Pass Through Payments:		
Fire Department Programs		
Urban Area Security Initiative (USAI)	97.008	696,968
FEMA Reimbursement for Emergency Preparedness		-
Dept. of Defense-Pentagon Force protection Agency	12.000	167,212
National Medical Response Team (NMRT)	97.000	520,770
Total State Pass Through Payments		1,384,950
Office of Emergency Management		
Disaster Voucher Program (previously KDHAP)	97.088	13,328
DHS State Homeland Security Grant	97.073	662,755
Hazardous Mitigation C1 Secure Trades Center	97.039	-
Hazardous Materials C	97.039	-
Metropolitan Medical Response System	97.071	474,411
Total State Pass Through Payments		1,150,494
Total Other Federal Assistance		\$ 2,763,788
TOTAL FEDERALLY ASSISTED PROGRAMS		\$ 49,841,168

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

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, 2009

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ <u>X</u> _____	Yes	_____ _____	No
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Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Title I	84.010
Housing Choice Voucher Program	14.871
Child Care Cluster	93.575; 93.596; 93.713
Foster Care	93.658
Adoption Services	93.659

Dollar threshold used to distinguish between type A and type B programs \$ 1,495,235

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	Yes	_____ _____	No
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ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009

II. Financial Statement Findings

III. Federal Award Findings and Questioned Costs

Finding No 09-01: Arlington County Public Schools (APS) provided Title I services to ineligible school students. The Schools did not have adequate controls in place to detect errors in student status.

Finding Type: Internal control and compliance finding

Federal Program: Title I, CFDA 84.010

Condition: Based on testing of twenty-five students, APS identified five students who exited the program in school year 2008 as receiving services in school year 2009. As such, these students never actually received services in 2009.

Criteria: Per the OMB Compliance Supplement, Title I, Part A, funds are to be used to provide services and benefits to eligible children residing or enrolled in eligible school attendance areas. From the pool of eligible children, a targeted assistance school selects those children who have the greatest need for special assistance to receive Part A services (Title I, Section 1115 of ESEA (20 USC 6315)).

Cause: The schools did not have adequate controls to properly identify student information. The review and updating of student files to accurately determine if students meet eligibility requirements is not being performed timely.

Effect: APS is not in compliance with Title I and there is a lack of controls to accurately identify students eligible to receive Title I, Part A services.

Questioned Costs: None.

Recommendation: We recommend that APS design and implement procedures to identify and document student file changes as well as inform the Title I office about those changes involving eligibility determination by the schools.

**Management's
Response:**

Identification of students in Title I targeted assistance schools is done at the school level with students being ranked according to the greatest academic need in reading and math. Students are identified for services based on formative and summative data, teacher observation and type of services required. Once students are identified, Title I teachers submit a list of students to the school registrar, who inputs the information into ESchool Plus, APS' Student Information System, as well as in hard copy to the Title I Office. The finding identified a discrepancy between the hard copy maintained at the school and the Title I Office and the electronic record in Eschool Plus. APS is working to resolve this reporting discrepancy.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009

Finding No 09-02: The County procedures for determining participant eligibility were not consistently performed. The County was not in compliance with the eligibility compliance requirement.

Finding Type: Internal control over compliance finding

Federal Program: Adoption Services, CFDA 93.659

Condition: One out of 25 children tested was determined ineligible for the adoption subsidy.

Criteria: The Internal Control Integrated Framework (COSO Report) requires established processes to ensure that benefits are discontinued when eligibility requirements are no longer met or the period of availability has expired.

Cause: Payment to the ineligible child was an oversight on the part of the County.

Effect: Arlington County is not in compliance with the grantor's requirement.

Questioned Costs: \$765.50, which represents the unallowed payment disbursed to the ineligible child.

Recommendation: We recommend that the County consistently follow established procedures to ensure compliance with grantor's requirements.

**Management's
Response:**

Current procedures will be reviewed and staff will be trained on the process for determining client eligibility, case review and case closure. Procedures will be developed and staff trained on the process to ensure timely recoupment of funds when necessary.

Finding No 09-03: The County's procedures for supervisory review of child care service applications were not consistently performed.

Finding Type: Internal control over compliance finding

Federal Program: Child Care Cluster, CFDA 93.575, 93,596, and 93.713

Condition: 24 out of 25 cases selected did not contain evidence of supervisory review of the service application, as required by the County's procedures.

Criteria: The Internal Control Integrated Framework (COSO Report), requires review of eligibility documents, evidenced by authorized signatures (manual or electronic), to ensure the accuracy of the information used to determine eligibility.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2009

Cause: During fiscal year 2009, the County experienced a high turn-over of staff which resulted in the inconsistent application of the established procedures.

Effect: The County may not be compliant with federal program requirements.

Questioned Costs: None noted. All case files selected for testing were in compliance with the federal program requirements.

Recommendation: We recommend that the County consistently follow established procedures to ensure compliance with grantor requirements.

Management's Response: Procedures will be created to ensure supervisory or designee signature on the service application to ensure appropriate case review and accuracy of the information used to determine eligibility.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2009

Finding No 08-01: The County's procedures for reconciling property between the fund financial statements and government-wide financial statements were not sufficient.

Condition: Construction in progress was not properly reflected in the government-wide financial statements as a reconciling item from the fund financial statements.

Status: There were no exceptions noted in the current year. 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



**Department of Management and Finance
2100 Clarendon Boulevard
Suite 501
Arlington, VA 22201
703-228-3415
www.arlingtonva.us**