



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2011

(July 1, 2010 - June 30, 2011)



DEPARTMENT OF MANAGEMENT AND FINANCE

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

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Vision

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

ARLINGTON COUNTY BOARD

Mission

High Quality Service

Leadership Philosophy

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

Principles of Government Service

***Ethics/Stewardship * Diversity / Inclusion ***

***Commitment to Employees**

***Leadership * Teamwork * Empowerment / Accountability ***

ARLINGTON COUNTY, VIRGINIA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2011

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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 28, 2011

Chairman Zimmerman 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, 2011.

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, 2011, 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, 2011, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

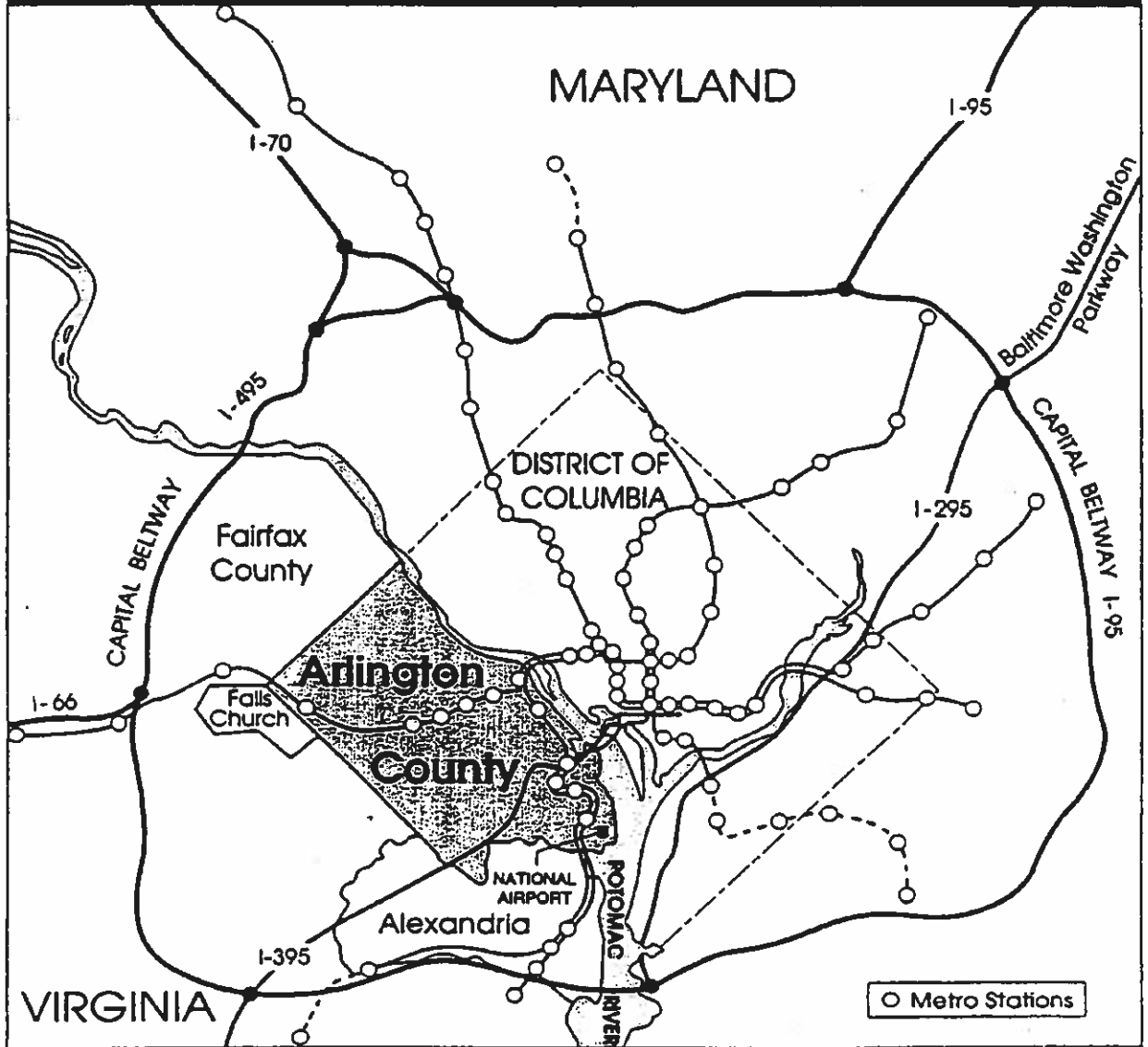
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter or transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington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

Profile of the Government

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

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

WASHINGTON METRO AREA MAP



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, 2011 was \$57.5 billion. The County government's adopted budget for all funds for Fiscal Year 2011 totaled \$1,215.2 million, which included \$442.0 million for public primary and secondary education. The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager's responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932.

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River, Arlington is a lively hub of commerce, culture, recreation and tourism, supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and rental development that serves to diversify its property tax base. The outlook for the Arlington economy is stable, in spite of a recession nationally and regionally. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to office demand, retail sales, and tourism all showing stable or improved levels over the past three years. Arlington's 2011 tax base is approximately divided between 46% commercial and 54% residential properties, enabling the County to maintain a competitive property tax rate in the Washington DC region. In 2011, the tax rate (the base rate plus the county wide sanitary district tax rate) remained flat at \$0.958 per \$100 of assessed value. Assessed valuation of real property increased 6.3% this year, due to dramatic increases in assessments in the commercial sector coupled with modest increases in assessments in the residential sector. The commercial rebound reflects the significant improvement of credit markets for commercial real estate and continued low vacancy rates in Arlington.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. High-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife with more than six million square feet of retail space, over 500 restaurants and live theaters make Arlington a premier place to live, work, play and stay. Arlington is the epitome of smart growth and new urbanism. Since 1960, some thirty-eight million (38M) square feet of office and commercial space has been built in the Rosslyn-Ballston or Jefferson Davis corridors, which also contain ninety percent (90%) of Arlington's over 10,000 hotel rooms. This excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In addition, more than 5,100 new residential units have been delivered in the past three years and over 850 remain under construction. No community in America has had a stronger commitment to transit-oriented development. In the 2nd quarter of 2011, the County's office vacancy rate was 9.5%. The residential unemployment is very low, averaging 3.9% for FY 2011, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In May 2011, the County's outstanding financial management, sizable and affluent tax base, controlled expenditure growth and moderate debt burden were cited as reasons Standard and Poor's, Moody's, and Fitch's Investor Services reaffirmed the County's top AAA/Aaa/AAA ratings. The triple AAA/Aaa/AAA rating validates that Arlington's financial position is strong, with ample liquidity, sound general fund reserves, a competitive tax structure, and excellent financial planning. The continued growth of high wage jobs in the technology, research and financial services sectors, high per-capita retail sales and strong operating reserves serve to establish Arlington County, as of June 30, 2011, as only one of 35 counties in the United States with top bond ratings from all three major bond-rating agencies.

In August 2011, Moody's Investors Service confirmed the County's Aaa and other related ratings, and assigned a negative outlook to those ratings. This action follows Moody's announcement that the Aaa rating of the U.S. government has been confirmed and assigned a negative outlook. While the outlook was moved to negative with 177 other Aaa-rated issuers identified as indirectly linked to the US government rating based on the identification of certain shared characteristics, each outlook will be evaluated on a case by case basis in the coming weeks. These individual evaluations will assess each credit's vulnerability to macroeconomic sensitivity, market risk and exposure to federal spending reductions, as well as its level of financial reserves.

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

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

operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Five core themes are contained in the 2011 Management Plan that support the Board's vision:

- Protecting the Most Vulnerable
- Affordable Housing
- Environmental Sustainability
- Public Schools
- Fiscal Sustainability

The budget adopted by the County Board for fiscal year 2012, focuses on fiscal sustainability and safety net priorities. The budget provided a 7% funding increase in County support to public education to ensure that Arlington's schools remain among the nation's best, restored a limited number of core County services and added some funding for key environmental measures. The adopted General Fund budget includes no real estate tax rate increase and the General Fund budget is 5.1% higher than the FY 2011 adopted budget. Despite the economic challenges, the General Fund budget of \$1 billion protects the community's key priorities. While Arlington continues to feel the effect of the economic downturn, we are in a better position than many communities in the nation. The Associated Press named Arlington the #4 "least economically stressed county" in the nation in March 2011. Despite the lingering recession, Arlington is poised in FY 2012 with improved revenue streams, a stabilized real estate market, and low unemployment rates. The FY 2012 adopted budget represents a sustainable balance between responsible taxation and fee policies, and strategic investment in the community for today and the future.

Taxes and Fees

The budget is the single most important policy document that a governing body enacts annually. The budget must be "balanced" fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The Board approved a CY 2011 real estate tax rate of \$0.958 cents per hundred dollars of assessed value (including the sanitary district tax), which remains the same as CY 2010. Arlington remains one of the best values for the dollar among local jurisdictions with one of the lowest tax rates in Northern Virginia.

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

Protecting the Most Vulnerable and Affordable Housing

The FY 2012 adopted budget increased spending \$2.8 million for safety net and other human service and housing programs, including, among others, an additional \$1.5 million for the Affordable Housing Investment Fund. The increase meets the demand for essentials such as general relief, food and housing assistance.

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 2012, the Schools will receive 46.1% of total local tax revenues. The County's total funding transfer to the Schools increases 7.0% in FY 2012, fully funding an increase in School enrollment. The County is proud of the continuing accomplishments of its students and schools. Achievement has been rising for all student groups, while the achievement gap has narrowed. Arlington Public Schools has sustained SOL performance at passing rates of 90 percent or above and has seen improvement in the percentage of students passing the SOLs as measured in three-year trends. APS experienced marked increases in SAT test averages from 2009 to 2010 and continue to outpace state and national averages. In addition, Standard of Learning pass rates have increased, and more students are taking advanced classes. In June 2011, The Washington Post's annual ranking of high schools places all four Arlington Public Schools high schools in the top one 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.

Environmental Sustainability

Arlington is dedicated to advancing environmental sustainability. The Community Energy Plan developed in 2010 - 2011, is a strategic planning effort to ensure Arlington's economic competitiveness and energy supply security while reinforcing Arlington's environmental commitment. Through this process Arlington will transform the way we generate, distribute, store and use energy. A nationally recognized leader in climate action, Arlington is working to reduce energy use and greenhouse gas (GHG) emissions from government operations through the Arlington Initiative to Reduce Emissions (AIRE) program. Arlington has broadened that effort into the broader community to chart a course to ensure a healthy, viable, sustainable Arlington for generations to come. The FY 2012 budget includes \$0.8 million in additional funding towards implementing these strategic initiatives.

Fiscal Sustainability

The actions taken by Arlington County as signs of the recession started put us on solid financial footing – enacting a hiring freeze, modest program reductions, increasing reserves and being conservative in financial forecasts. The FY 2012 budget continues this fiscally sustainable approach, funding the budget stabilization fund (\$0.5 million) to address any additional economic dislocation or State / Federal budget actions and increased the operating reserve to 4% of the total General Fund budget, getting closer to the policy target of 5%.

Internal Control and Budgetary Accounting

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

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

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

Capital Improvement Program

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

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

- Continued planning and development for the Long Bridge aquatics and fitness center.

- Columbia Pike streetcar and redevelopment of the corridor.
- Street redevelopment and transit initiatives in Crystal City.
- Separate allocations for Park Land Acquisition & Open Space and Facilities Infrastructure & Land Acquisition.
- Strong commitment to Metro in the six-year plan, with \$85.8 million in new funding (plus \$35.8 million in previously authorized bond funding and existing state aid) budgeted for the agency's capital needs between FY 2011 and FY 2016.
- Full funding of the CIP adopted by the School Board, including Wakefield High School.
- Much greater levels of funding for maintenance capital – paving, facilities, parks, technology and transportation infrastructure.

Debt Management

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

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

Cash Management Policies and Practices

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

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

County ordinance provides that the Pension Trust Fund assets be invested pursuant to a statement of investment policy adopted by the Pension Trust Fund's Board of Trustees. The Board of Trustees operates under the standard of care defined in both State and County code.

The investment policy provides for investment in all major sectors of the capital markets to diversify and minimize total investment program risk. Such sectors include, but are not limited to, domestic and international stocks and bonds, mutual funds, U.S. Treasury notes and bonds, private equity and real estate funds. The investment policy requires, with certain limited exceptions, that at least twenty percent of the portfolio be in fixed income investments. Cash deposits in bank accounts are 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. For alternative investments, which include private equity investments and 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.

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 committed a General Fund balance self-insurance reserve of \$5.0 million as of June 30, 2011. The County also maintains a General Fund operating reserve that totaled \$40.2 million as of June 30, 2011. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, set at two percent of the General Fund budget for a number of years, is now at least four percent with a goal of increasing to five percent of the General Fund budget.

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, 2011, the County's annual pension cost of \$43.2 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, 2011, 1,495, and 1,688 retirees were both eligible and received benefits from the health and life plans, respectively. Funding for these benefits is made on a pay-as-you-go basis.

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

In an actuarial analysis dated June 30, 2011, the County's actuary estimated an OPEB liability of \$202.5 million (for the Fiscal Year ending June 30, 2011) with an Annual OPEB Cost (AOC) of \$17.3 million and a net OPEB obligation of \$1.2 million. The County Budget for FY 2012 fully funds the AOC.

In an actuarial analysis dated, June 30, 2011 the Schools' actuary estimated an OPEB liability of \$99.0 million (for Fiscal Year ending June 30, 2011) with an AOC of \$9.4 million and a net OPEB liability of \$16.2 million. The Schools' Budget for FY 2012 fully funds the AOC.

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

Annual Disclosure

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

Awards

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Arlington County, Virginia for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2012 budget. This award is the highest form of recognition in governmental budgeting.

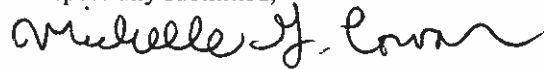
The School Board's Adopted FY 2010 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the seventh year in a row as well the Association for School Business Officials International Meritorious Budget Award for the first time.

County Acknowledgements

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

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

Respectfully submitted,



Michelle G. Cowan, Director
Department of Management and Finance



Barbara A. Wiley, Comptroller
Department of Management and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arlington County
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

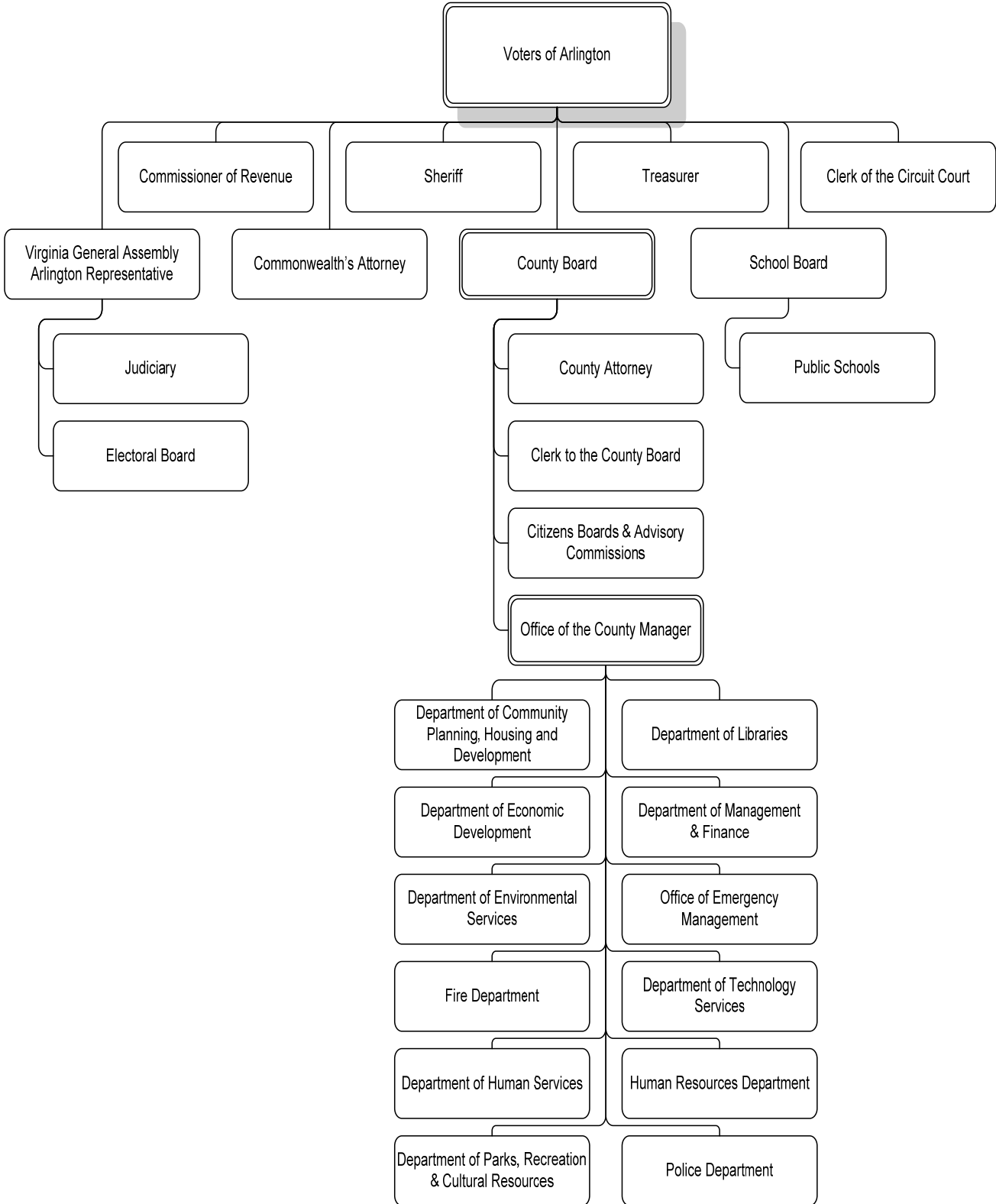
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

**DIRECTORY OF OFFICIALS
June 30, 2011**

COUNTY BOARD

Christopher Zimmerman, Chairman

Mary Hynes, Vice Chairman

J. Walter Tejada
Barbara A. Favola
Jay Fisette

COUNTY SCHOOL BOARD

Abby Raphael, Chairman

Emma Violand-Sanchez, Vice Chairman

James Lander
Sally M. Baird
Libby Garvey

FINANCE BOARD

Christopher Zimmerman, Chairman

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

JUDICIAL

Circuit Court Judges:

William T. Newman Jr.
James F. Almand
Joanne F. Alper

General District Court Judges:

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

Juvenile and Domestic Relations:

George D. Varoutsos
Esther L. Wiggins Lyles

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

COUNTY OFFICIALS

Elective

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

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
Director Office of Emergency Management

Barbara M. Donnellan
Mark J. Schwartz
Marsha Allgeier
Stephen MacIsaac
Hope Halleck
Robert E. Brosnan
Dinesh Tiwari
James H. Schwartz
Susanne Eisner
Diane Kresh
Michelle G. Cowan
Marcy Foster
M. Douglas Scott
William O'Conner III
Jack Belcher
Terry Holzheimer
Linda Lindberg
Jack Brown

Administrative - County School Board

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

Dr. Patrick Murphy
Melanie Elliott
Karen Allen
Dr. Betty Hobbs
Deirdra McLaughlin
Salah Khelfaoui
Margaret Gilhooley
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, 2011, 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 February 28, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 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 on pages 93 through 165 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 Henderson LLP

Arlington, Virginia
October 28, 2011



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, 2011. 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 8 of this report.

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

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

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

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

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

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

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

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

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

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

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

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

Statement of Net Assets

The following table (Table A-1) reflects the condensed statement of net assets for FY2011 and FY2010:

Table A-1
Condensed Net Assets
June 30, 2011
With Comparative Totals for June 30, 2010
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Current and other assets	\$847.6	\$720.1	\$143.9	\$147.5	\$991.5	\$867.5	\$160.0	\$83.4	\$7.6	\$7.2	\$1,159.1	\$958.1
Capital assets	<u>762.5</u>	<u>622.8</u>	<u>961.8</u>	<u>955.7</u>	<u>1,724.2</u>	<u>1,578.5</u>	<u>409.7</u>	<u>395.1</u>	<u>84.2</u>	<u>86.3</u>	<u>2,218.0</u>	<u>2,059.9</u>
Total assets	1,610.0	1,342.8	1,105.7	1,103.2	2,715.7	2,446.0	569.8	478.5	91.7	93.4	3,377.2	3,018.0
Long-term debt outstanding	896.1	718.1	435.6	448.1	1,331.8	1,166.2	38.9	42.0	56.8	58.9	1,427.5	1,267.1
Other liabilities	<u>161.7</u>	<u>152.1</u>	<u>19.5</u>	<u>43.5</u>	<u>181.2</u>	<u>195.5</u>	<u>70.9</u>	<u>78.2</u>	<u>8.0</u>	<u>7.2</u>	<u>260.2</u>	<u>281.0</u>
Total liabilities	1,057.9	870.3	455.1	491.6	1,512.9	1,361.8	109.8	120.2	64.8	66.1	1,687.5	1,548.1
Net assets:												
Invested in capital assets net of related debt	296.2	225.9	552.0	531.4	848.2	757.3	404.1	386.6	28.0	27.9	1,280.5	1,171.8
Restricted	225.3	153.9	-	3.4	225.3	157.4	52.7	4.6	-	-	278.0	161.9
Unrestricted	30.7	92.8	98.6	76.8	129.3	169.6	3.2	(32.8)	(1.0)	(0.6)	131.5	136.2
Total net assets	<u>\$552.2</u>	<u>\$472.6</u>	<u>\$650.6</u>	<u>\$611.6</u>	<u>\$1,202.8</u>	<u>\$1,084.2</u>	<u>\$460.0</u>	<u>\$358.3</u>	<u>\$26.9</u>	<u>\$27.3</u>	<u>\$1,689.7</u>	<u>\$1,469.8</u>

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 \$552.2 and in the case of the business-type activities, assets exceeded liabilities by \$650.6 for a primary government total of \$1,202.8 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$460.0, and in the case of the Gates Partnership, assets exceeded liabilities by \$27.0.

By far the largest portion of the primary government's, Schools', Gates Partnership's net assets (75.8%) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The primary government and Schools use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the primary government's, and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the primary government's and Schools' net assets, (16.5%) represents resources that are subject to external restrictions on how they may be used. Any remaining net assets are classified as "Unrestricted net assets".

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

Statement of Changes in Net Assets

The following table (Table A-2) displays the changes in net assets for FY 2011 and FY 2010:

Table A-2
Changes in Net Assets
Year Ended June 30, 2011
With Comparative Totals for June 30, 2010
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues												
Program revenue												
Charges for services	\$69.9	\$58.2	\$119.1	\$121.5	\$189.0	\$179.6	\$20.4	\$17.0	\$7.0	\$9.8	\$216.3	\$206.4
Operating grants and contributions	113.0	106.8	-	-	113.0	106.8	471.4	395.2	-	-	584.4	502.0
Capital grants and contributions	1.8	1.8	5.6	16.3	7.4	18.1	-	-	-	0.6	7.4	18.7
General revenue												
Property taxes	667.8	620.6	-	-	667.8	620.6	-	-	-	-	667.8	620.6
Other local taxes	196.0	187.9	-	-	196.0	187.9	17.1	16.3	-	-	213.1	204.2
Investment and interest earnings	8.3	10.1	0.7	1.2	9.0	11.4	0.2	0.3	-	0.1	9.2	11.8
Miscellaneous	11.1	21.0	-	-	11.1	21.0	-	-	0.1	0.2	11.2	21.2
Total revenues	1,068.1	1006.4	125.4	138.9	1193.4	1,145.3	509.0	428.7	7.2	10.6	1,709.6	1,584.6
Expenses												
General government	179.9	195.8	-	-	179.9	195.8	-	-	-	-	179.9	195.8
Public safety	116.1	110.2	-	-	116.1	110.2	-	-	-	-	116.1	110.2
Environmental services	76.8	76.3	-	-	76.8	76.3	-	-	-	-	76.8	76.3
Health and welfare	109.0	108.0	-	-	109.0	108.0	-	-	-	-	109.0	108.0
Libraries	11.3	11.9	-	-	11.3	11.9	-	-	-	-	11.3	11.9
Parks, culture and recreation	36.8	37.3	-	-	36.8	37.3	-	-	-	-	36.8	37.3
Planning and community development	43.0	46.8	-	-	43.0	46.8	-	-	-	-	43.0	46.8
Education	417.7	343.1	-	-	417.7	343.1	407.4	412.5	-	-	825.1	755.6
Debt service:												
Interest and other charges	18.6	18.5	-	-	18.6	18.5	-	-	-	-	18.6	18.5
Water and sewer	-	-	68.0	64.6	68.0	64.6	-	-	-	-	68.0	64.6
Parking garage	-	-	5.2	5.6	5.2	5.6	-	-	-	-	5.2	5.6
IDA Revenue Bonds	-	-	-	1.7	-	1.7	-	-	-	-	-	1.7
8th Level Ballston Public Parking Garage	-	-	0.1	0.1	0.1	0.1	-	-	-	-	0.1	0.1
Rental Properties	-	-	-	-	-	-	-	-	7.5	7.7	7.5	7.7
CPHD Development Fund	-	-	10.6	9.8	10.6	9.8	-	-	-	-	10.6	9.8
Total expenses	1,009.2	948.1	83.9	81.8	1,093.2	1,029.9	407.4	412.5	7.5	7.7	1,508.0	1,449.9
Increase/(Decrease) in net assets	\$58.9	\$58.3	\$41.5	\$57.2	\$100.3	\$115.5	\$101.6	\$16.3	(\$0.3)	\$2.9	\$201.6	\$134.8

Note: Totals may not add due to rounding.

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

• Governmental activities	\$58.9	29.2%
• Business type activities	\$41.5	20.6%
• Component-unit Schools	\$101.6	50.4%
• Component-unit Gates Partnership	\$(0.3)	(0.2)%
TOTAL	\$201.6	100.0%

Note: Totals may not add due to rounding

Revenues. Revenues for the County's governmental activities were \$1,068.1 for fiscal year 2011. General revenues from governmental activities increased \$61.7, primarily due to increases in tax revenue and a moderate increase in charges for services and miscellaneous revenue. These increases were partially offset by a decrease in interest earnings and miscellaneous revenue.

Taxes constitute the largest source of County revenues, amounting to \$863.8 for fiscal year 2011, an increase of \$55.3 over fiscal year 2010. Real estate taxes (\$572.6) increased \$45.0 driven by the tax rate increase of \$0.08 per \$100 of assessed property value, while real estate assessment value for FY2010 to FY2011 were essentially flat. Personal property taxes (\$95.2) increased \$2.2 due to very modest increases in the average assessed value of cars and the number of cars registered within the County.

The other local taxes revenue category, which includes taxes on business licenses, general sales tax, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other totaled \$196.0 which represents \$8.1 from the previous year. This increase is primarily attributable to an increase in business licenses tax receipts, meals tax and transient tax.

Program revenues are derived directly from the program itself and reduce the net cost of the function to the County. Total program revenues from governmental activities were \$184.7. Operating Grants and Contributions represent the most significant of these revenues, totaling \$113.0. Other program revenue categories were Charges for Services, totaling \$69.9 and Capital Grants and Contributions, totaling \$1.8. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$125.3, primarily from charges for services, which totaled \$119.1. The decrease in total revenue of \$13.8 is mainly attributable to \$2.4 reduction in service fees, a reduction in Capital Grants Contributions of \$10.7 and a decrease in interest earnings of \$.5.

Chart A-3
Primary Government Sources of Revenue
For Fiscal Years 2011 and 2010
(in millions)



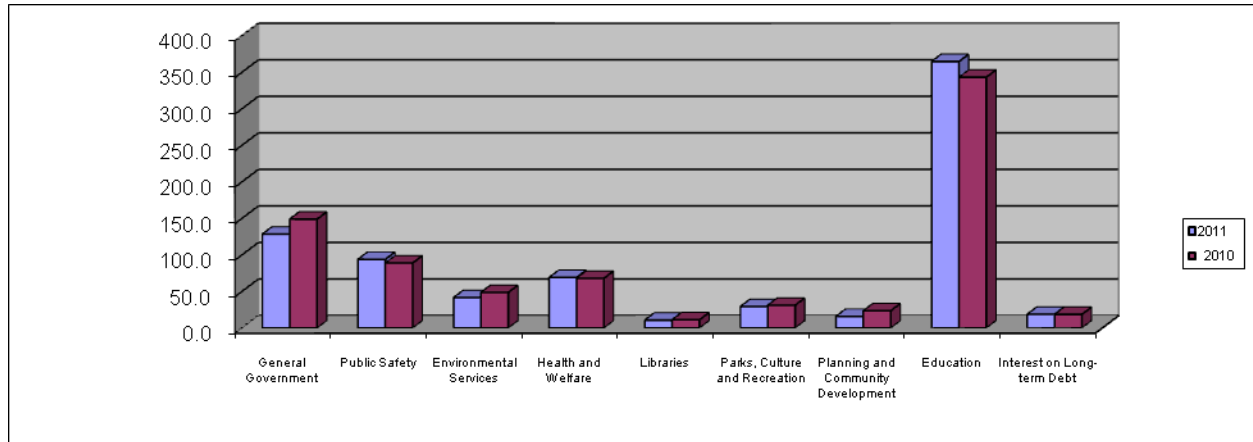
- Expenses.** Total cost of all the County’s governmental activities for fiscal year 2011 was \$1,009.2, representing an increase of \$61.1 from fiscal year 2010. As the chart below indicates, education continues to be the County’s largest program. Education expenses totaled \$417.7, an increase of \$74.6 over fiscal year 2010. General government expenses represent the second largest expense, totaling \$179.9 in fiscal year 2011. General government expenses decreased \$15.9 over fiscal year 2010 primarily due to favorable in managed care savings, and department expenditure savings.

Expenses for the County’s business-type activities totaled \$83.9 which provided water and sewer utility services, parking operations and planning and zoning services.

The Schools contributed an additional \$6.9 into the Retiree Welfare Benefit Trust in FY2011.

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

Chart A-4
Net Cost of Governmental Activities
For Fiscal Years 2011 and 2010
(in millions of dollars)



Financial Analysis of the Government’s Funds

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

Governmental funds. The focus of the County’s and Schools governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County’s and Schools financial requirements. In particular, unrestricted (committed and assigned) fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$386.0 an increase of \$80.5 in comparison with the prior year. Approximately, 92.8% of this total amount (\$358.3) constitutes unrestricted fund balance, which is available for spending at the government’s discretion.

The general fund is a major governmental fund of the County. At the end of the current fiscal year, unrestricted fund balance of the general fund was \$158.4 while total fund balance reached \$160.8. As a measure of the general fund’s liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total expenditures. In FY2011, both unrestricted fund balance and total fund balance represents 16.8% and 17.0% of total general fund expenditures respectively.

The fund balance of the County’s general fund increased by \$23.7 during the current fiscal year revenue higher than anticipated primarily due to taxes and department expenditure savings.

The general capital projects fund is another major fund of the County. At the end of the current fiscal year, unrestricted fund balance of the general capital projects fund was \$45.5 while total fund balance reached \$46.9. 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 132.0% of total general capital project fund expenditures.

The fund balance of the County’s general capital projects fund increased by \$3.3 during the current fiscal year. In FY2011, the County spent less funds on capital outlay (\$32.4 in FY11 compared to \$58.3 in FY10).

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

Unrestricted net assets (deficits) of the Utilities Fund at the end of the year amounted to \$105.3, the Ballston Public Parking Garage Fund amounted to (\$16.5), 8th Level of the Ballston Public Parking Garage amounted to \$0.7, and the CPHD

Development Fund amounted to \$9.2. The total change in net assets of the Utilities Fund was \$39.4, CPHD Development Fund was \$2.8, the 8th Level of the Ballston Public Parking Garage Fund was \$0.1, the Ballston Public Parking Garage Fund was (\$0.9). Other factors concerning the finances of these funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final budget was \$116.3 million, which consisted of an increase \$15.3 in the revenue budget, primarily due to an increase in federal and state grants, and an increase of \$89.8 in the expenditure budget due to additional appropriations in the following:

- \$24.5 million in increases allocated to Non-Departmental for affordable housing from carryover of incomplete projects from prior years and loan repayments. Also, \$5.3 million for master lease financing, contingency funding and employee compensation adjustments as a result of FY 2010 closeout. In addition, \$1.5 million was reallocated from Non-Departmental to the various General Fund departments for increased County costs for employee health insurance; this increase had been budgeted as a lump sum in the adopted budget and was then spread to the departments as part of FY 2010 closeout.
- \$6.2 million in increases from grants and seized assets funding to the Police Department, Office of Emergency Management, and Fire department for equipment purchases, training, targeted overtime, and emergency preparedness.
- \$3.8 million in increases allocated to the Department of Environmental Services for carryover of incomplete projects from prior years, and additional funding relating to commuter services programs, energy efficiency and environmental projects.
- \$2.2 million in increases allocated to the Judicial Administration. This includes grant funding relating to domestic violence and gangs, and carryover of incomplete project from prior years for equipment and supplies, and records redaction.
- \$0.8 million in increases allocated to Planning and Community Development from carryover of incomplete projects from prior years for planning and grant-related activities, historic resources survey grant funding, and additional Base Realignment and Closure (BRAC) grant funding.
- \$1.0 million in increases allocated to the General Government from carryover of incomplete projects from prior years, including funding for management of the County's e-mail system and outside legal services.
- \$6.4 million in increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants and funding for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, transportation, and employment and health services. This amount includes \$1.7 million in state funding for development and construction of an assisted living facility for targeted client populations, and \$0.5 million reallocated from the Budget Stabilization Fund in Non-Departmental to offset federal/state revenue reductions and meet demands for housing assistance.
- \$0.6 million in net increases allocated to the Department of Parks, Recreation, and Cultural Resources in grant and FY 2010 carryover funding for meals for summer camp and senior center participants, park preservation, and Artisphere.
- \$33.2 million increase in transfers out to the Schools as a result of FY 2010 closeout.

The difference between the final budget and actuals was \$116.6 which consisted of a \$86.1 favorable expenditure variance and a \$26.5 favorable revenue variance. The favorable expenditure variance consisted of the following:

- \$39.2 favorable in Non-Departmental for the affordable housing investment fund, lease purchase, insurance premiums and workers compensation expenses, health care savings, and contingent funds.
- \$0.4 favorable in Planning and Community Development primarily due to position vacancies and under expenditures in consultants.
- \$1.8 favorable in Environmental Services primarily due to position vacancies, and expenditure reductions in contracts.
- \$5.5 favorable in Department of Human Services primarily due to position vacancies, delays in spending grant funds (which will be carried over and expended in FY 2012), and under expenditures in contracts and consultants.
- \$8.2 favorable in Public Safety primarily due to position vacancies, and under expenditures of seized assets and grant funding which will be carried forward and expended in the next fiscal year.
- \$1.9 favorable in Judicial Administration primarily due to position vacancies, unexpended grant, seized asset funding and other incomplete projects which will be carried forward and expended in the next fiscal years; and lower expenditures in inmate care expenses.

- \$28.9 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, 2011 amounts to \$2,218.1 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

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

- \$32.5 Parks and Recreation center improvements including playgrounds, athletic field and courts, field and court lighting, picnic shelters, parking lot/park entry roadway renovation.
- \$4.9 Government facilities improvements including Network Operation Center II at the Trade Center.
- \$2.0 Facility maintenance renovation including American with Disabilities Act and continuing the property condition assessment process initiated in FY2004.
- \$10.4 Information Technology investments including Circuit Court audio and visual, PC replacement, network and telephone systems and public safety portable and mobile radios.
- \$1.1 Capital funding contributions to several regional organizations such as Northern Virginia Community College and the Northern Virginia Criminal Justice Academy which provide beneficial services to Arlington residents and visitors.

Other capital assets were constructed using bond funds.

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

Table A-5 Capital Assets
June 30, 2011
With Comparative Totals for June 30, 2010
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Land	\$156.2	\$149.8	\$6.2	\$6.1	\$162.3	\$155.9	\$4.7	\$4.7	\$13.0	\$13.0	\$179.9	\$173.6
Buildings	179.0	159.4	10.4	34.1	189.4	193.5	387.4	344.0	70.8	74.9	647.6	612.4
Equipment	88.7	36.1	2.8	30.5	91.5	66.6	17.7	16.3	0.3	0.6	109.5	83.5
Infrastructure	160.0	140.9	-	-	160.0	140.9	-	-	-	-	160.0	140.9
Intangible assets	1.8	1.3	0.6	0.3	2.4	1.6	-	-	-	-	2.4	-
Plant -sewer system	-	-	229.7	255.1	229.7	255.1	-	-	-	-	229.7	255.1
Plant - water system	-	-	132.5	107.0	132.5	107.0	-	-	-	-	132.5	107.0
Construction in progress	148.9	109.4	579.7	522.6	728.6	631.9	-	-	-	-	728.6	631.9
Internal service funds	28.0	26.0	-	-	28.0	26.0	-	-	-	-	28.0	26.0
Total	\$762.5	\$622.8	\$961.8	\$955.7	\$1,724.2	\$1,578.5	\$409.7	\$364.9	\$84.2	\$88.4	2,218.1	2,031.8

Note: Totals may not add due to rounding

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

Long-term debt. At the end of the current fiscal year, the primary government and component units had total long-term liabilities outstanding of \$1,435.4. Of this amount, \$1,204.7 comprises general obligation bonds, notes payable and related accrued interest and capital leases backed by the full faith and credit of the government.

The remainder of the County's debt (\$230.7) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) (\$161.1), workers compensation reserves (\$3.5) and accrued compensated absences (\$66.2).

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

Table A-6
Arlington County Outstanding Debt
June 30, 2011
With Comparative Totals for June 30, 2010
(in millions of dollars)

	Primary Government						Component Units				Total	
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
General obligation bonds**	\$714.5	\$581.7	\$131.2	\$107.7	\$845.7	\$689.4	\$-	\$-	\$-	\$-	845.7	\$689.4
Revenue bonds	-	-	11.8	12.3	11.8	12.3	-	-	-	-	11.8	12.3
IDA Revenue Note	35.0	35.7	-	-	35.0	35.7	-	-	-	-	35.0	35.7
IDA Revenue Bonds	90.5	41.3	-	44.1	90.5	85.4	-	-	-	-	90.5	85.4
Mortgage payable	-	-	3.4	3.4	3.4	3.4	-	-	20.4	20.8	23.8	24.2
Note payable	-	-	263.2	256.5	263.2	256.5	-	-	8.0	8.0	271.2	264.5
Obligations under capital lease	21.8	24.0	0.3	0.3	22.1	24.3	5.7	8.5	-	-	27.8	32.8
Worker's compensation claims	3.5	4.4	-	-	3.5	4.4	-	-	-	-	3.5	4.4
Accrued compensated absences	30.8	31.0	2.1	2.1	32.9	33.1	33.2	33.4	-	-	66.2	66.5
Mortgage and bond interest payable	-	-	23.6	21.7	23.6	21.7	-	-	0.9	1.4	24.5	23.1
Bonds Payable	-	-	-	-	-	-	-	-	27.8	28.5	27.8	28.5
Development fee payable	-	-	-	-	-	-	-	-	7.4	6.7	7.4	6.7
Accrued entity fees	-	-	-	-	-	-	-	-	0.3	0.2	0.3	0.2
Total	\$896.1	\$718.1	\$435.6	\$448.1	\$1,331.7	\$1,166.2	\$38.9	\$41.9	\$64.8	\$65.6	\$1,435.5	\$1,273.7

Note: Totals may not add due to rounding

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

The County's total debt increased by \$161.7 during the current fiscal year. The key factors that contributed to this change include net increases of \$156.3 on general obligation bonds, \$5.1 on IDA revenue bonds, \$6.7 on VRA note payable as well as net decrease in capital lease obligation of \$5.0. The County maintains a "AAA" rating from Standard & Poor's and Fitch Investor Services and a "Aaa" rating from Moody's Investor Service for general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 3.9%, which is a reduction of 0.4% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 4.8% and the national average rate of 9.3%.
- The vacancy rate of the County's office buildings increased from 8.8% to 9.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2012 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.

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ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT 1

	Primary Government			Component Units		Total Government
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	
ASSETS:						
Equity in pooled cash and investments	\$469,622,090	\$119,301,215	\$588,923,305	\$100,373,945	\$2,007,824	\$691,305,074
Petty cash	2,462	-	2,462	1,055	-	3,517
Cash with fiscal agents	1,029,010	25,221	1,054,231	-	-	1,054,231
Receivables, net	349,921,187	20,461,411	370,382,598	6,627,956	59,597	377,070,151
Receivable from primary government	-	-	-	52,914,731	-	52,914,731
Receivable from other governments	9,685,400	-	9,685,400	-	-	9,685,400
Inventory	-	1,402,651	1,402,651	113,161	-	1,515,812
Other assets	17,310,170	2,635,743	19,945,913	-	1,461,848	21,407,761
Reserves and escrow deposits	-	-	-	-	4,050,948	4,050,948
Other non current assets	-	75,046	75,046	-	-	75,046
Capital assets:						
Land	156,165,611	6,161,255	162,326,866	4,697,946	12,991,305	180,016,117
Intangible assets, net	1,758,752	636,023	2,394,775	-	-	2,394,775
Depreciable, net	455,642,499	375,283,350	830,925,849	405,035,341	71,161,786	1,307,122,976
Construction in progress	148,896,515	579,675,415	728,571,930	-	-	728,571,930
Total capital assets, net	762,463,377	961,756,043	1,724,219,420	409,733,287	84,153,091	2,218,105,798
Total assets	1,610,033,696	1,105,657,330	2,715,691,026	569,764,135	91,733,308	3,377,188,469
LIABILITIES:						
Accounts payable	23,259,920	8,937,024	32,196,944	11,220,497	108,141	43,525,582
Unearned revenue	39,047,896	-	39,047,896	694,886	-	39,742,782
Due to component unit	52,914,731	-	52,914,731	-	-	52,914,731
Accrued liabilities	17,654,755	10,513,029	28,167,784	38,182,862	188,518	66,539,164
Other liabilities	27,621,057	-	27,621,057	4,554,826	208,005	32,383,888
Non-current liabilities:						
Development fee payable	-	-	-	-	7,493,195	7,493,195
OPEB liability	1,233,733	-	1,233,733	16,210,554	-	17,444,287
Due within one year	70,962,641	48,284,214	119,246,855	5,566,370	565,136	125,378,361
Due in more than one year	825,185,131	387,321,466	1,212,506,597	33,376,323	56,190,620	1,302,073,540
Total liabilities	1,057,879,864	455,055,733	1,512,935,597	109,806,319	64,753,615	1,687,495,531
NET ASSETS:						
Invested in capital assets, net of related debt	296,199,550	551,956,062	848,155,612	404,050,823	27,962,471	1,280,168,906
Restricted for:						
Capital projects	219,717,828	-	219,717,828	52,726,465	-	272,444,293
Other projects	5,571,153	-	5,571,153	3,180,528	-	8,751,681
Unrestricted	30,665,301	98,645,535	129,310,836	-	(982,778)	128,328,058
Total net assets	\$552,153,832	\$650,601,597	\$1,202,755,429	\$459,957,816	\$26,979,693	\$1,689,692,938

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, 2011

Functions/Programs	Expenses	Program Revenues				Governmental Activities	Business-Type Activities	Total	Component Units	
		Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions					Schools	Gates Partnership
Primary Government:										
Governmental Activities:										
General government	\$180,050,339	\$19,911,198	\$29,912,811	\$1,822,203	(\$128,404,127)	\$-	(\$128,404,127)	\$-	\$-	
Public safety	116,211,459	10,204,341	12,001,908	-	(94,005,210)	-	(94,005,210)	-	-	
Environmental services	76,871,992	26,728,203	8,641,028	-	(41,502,761)	-	(41,502,761)	-	-	
Health & welfare	109,078,189	3,241,589	36,717,065	-	(69,119,535)	-	(69,119,535)	-	-	
Libraries	11,313,749	580,322	164,005	-	(10,569,422)	-	(10,569,422)	-	-	
Parks, recreation & culture	36,866,666	7,415,403	259,843	-	(29,191,420)	-	(29,191,420)	-	-	
Planning & community development	42,986,854	1,818,816	25,315,388	-	(15,852,650)	-	(15,852,650)	-	-	
Education	417,655,490	-	-	-	(417,655,490)	-	(417,655,490)	-	-	
Interest and other charges	18,551,212	-	-	-	(18,551,212)	-	(18,551,212)	-	-	
Total governmental activities	1,009,585,950	69,899,872	113,012,048	1,822,203	(824,851,827)	-	(824,851,827)	-	-	
Business-type activities:										
Utilities	68,006,236	101,182,400	-	5,626,019	-	38,802,183	38,802,183	-	-	
Ballston Public Parking Garage	5,234,038	4,318,389	-	-	-	(915,649)	(915,649)	-	-	
8th Level Ballston Public Parking Garage	132,027	253,352	-	-	-	121,325	121,325	-	-	
CPHD Development Fund	10,556,125	13,310,055	-	-	-	2,753,930	2,753,930	-	-	
Total business-type activities	83,928,426	119,064,196	-	5,626,019	-	40,761,789	40,761,789	-	-	
Total Primary government	1,093,514,376	188,964,068	113,012,048	7,448,222	(824,851,827)	40,761,789	(784,090,038)	-	-	
Component unit:										
Schools	407,401,980	20,350,417	471,380,848	-	-	-	-	84,329,285	-	
Gates Partnership	7,505,677	7,007,796	-	-	-	-	-	-	(497,881)	
Total component units	414,907,657	27,358,213	471,380,848	-	-	-	-	84,329,285	(497,881)	
General Revenues:										
Property Taxes:										
Real estate property taxes										
					572,591,637	-	572,591,637	-	-	
Personal property taxes										
					95,246,129	-	95,246,129	-	-	
Other Local taxes:										
Business, professional occupancy license taxes										
					60,460,108	-	60,460,108	-	-	
Sales tax										
					36,889,895	-	36,889,895	17,134,732	-	
Meals tax										
					31,425,804	-	31,425,804	-	-	
Transient tax										
					21,828,208	-	21,828,208	-	-	
Utility tax										
					13,051,807	-	13,051,807	-	-	
Recordation, car rental and other local taxes										
					32,372,605	-	32,372,605	-	-	
Investment and interest earnings										
					8,328,982	691,356	9,020,338	159,387	20,189	
Miscellaneous										
					11,505,318	-	11,505,318	-	132,864	
Total general revenues					883,700,493	691,356	884,391,849	17,294,119	153,053	
Change in net assets					58,848,666	41,453,145	100,301,811	101,623,404	(344,828)	
Net assets, beginning					493,305,166	609,148,452	1,102,453,618	358,334,412	27,324,521	
Net assets, ending					\$552,153,832	\$650,601,597	\$1,202,755,429	\$459,957,816	\$26,979,693	

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

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
Equity in pooled cash and investments	\$213,295,354	\$55,762,645	\$189,746,761	\$458,804,760
Petty cash	2,462	-	-	2,462
Cash with fiscal agents	270,034	758,976	-	1,029,010
Receivables, net	315,085,831	156,404	30,872,103	346,114,338
Due from other funds	2,154,760	-	-	2,154,760
Receivables from other governments	9,173,255	-	512,145	9,685,400
Other assets	15,332,116	-	1,252,930	16,585,046
Totals assets	\$555,313,812	\$56,678,025	\$222,383,939	\$834,375,776
LIABILITIES				
Accounts payable	\$11,127,767	\$3,499,526	\$7,424,613	\$22,051,906
Deferred revenue	313,874,506	5,465,519	8,749,676	328,089,701
Due to component unit	52,914,731	-	-	52,914,731
Accrued liabilities	15,990,460	-	1,664,295	17,654,755
Other liabilities	651,703	795,934	26,173,420	27,621,057
Total liabilities	394,559,167	9,760,979	44,012,004	448,332,150
FUND BALANCES				
<u>Non spendable:</u>				
Prepaid	-	-	1,252,930	1,252,930
<u>Restricted for:</u>				
Seized assets	2,385,573	-	-	2,385,573
Debt service	-	-	18,383,560	18,383,560
Grants	-	1,380,184	4,318,223	5,698,407
<u>Committed to:</u>				
Self insurance reserve	5,000,000	-	-	5,000,000
Subsequent years' County budget	11,151,929	-	-	11,151,929
Capital projects	4,946,013	-	-	4,946,013
Operating reserve	40,192,725	-	-	40,192,725
Incomplete projects	230,734	-	-	230,734
Affordable Housing Investment Fund	19,163,965	-	-	19,163,965
Subsequent years' School budget	32,481,838	-	-	32,481,838
<u>Assigned to:</u>				
Subsequent years' budgets	10,913,573	-	-	10,913,573
Subsequent years' capital projects	6,135,259	-	-	6,135,259
Operating reserves	10,048,181	-	-	10,048,181
Fresh AIRE program	354,877	-	-	354,877
Incomplete projects	933,856	-	-	933,856
Affordable Housing Investment Fund	3,717,920	-	-	3,717,920
Capital projects	13,098,202	45,536,862	154,417,222	213,052,286
Total fund balances	160,754,645	46,917,046	178,371,935	386,043,626
Total liabilities and fund balance	\$555,313,812	\$56,678,025	\$222,383,939	\$834,375,776

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, 2011

Total governmental fund balances	\$386,043,626
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	734,501,915
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds	289,041,805
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds	(892,791,310)
OPEB liabilities are not due and payable in the current period and are not reported in the funds	(1,233,733)
Internal service funds	36,591,529
Net assets of governmental activities	\$552,153,832

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, 2011

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes:				
Real estate property taxes	\$520,576,335	\$-	\$28,262,015	\$548,838,350
Personal property taxes	95,246,129	-	-	95,246,129
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	60,460,108	-	-	60,460,108
Sales tax	36,889,895	-	-	36,889,895
Meals tax	31,425,804	-	-	31,425,804
Transient tax	21,828,208	-	-	21,828,208
Utility tax	13,051,807	-	-	13,051,807
Recordation, car rental and other local taxes	26,508,790	-	5,863,815	32,372,605
Fines and forfeitures	9,590,928	-	-	9,590,928
Licenses, permits and fees	9,929,105	-	-	9,929,105
Intergovernmental	90,700,426	5,347,149	18,786,675	114,834,250
Charges for services	49,744,479	635,360	-	50,379,839
Interest and rent	8,095,821	-	233,161	8,328,982
Miscellaneous revenues	10,258,466	2,553,511	80,000	12,891,977
Total revenues	984,306,301	8,536,020	53,225,666	1,046,067,987
EXPENDITURES:				
Current operating:				
General government	168,190,076	368,769	-	168,558,845
Public safety	111,236,593	1,688,566	-	112,925,159
Environmental services	71,924,393	-	-	71,924,393
Health and welfare	109,509,790	-	-	109,509,790
Libraries	11,074,270	-	-	11,074,270
Parks, recreation and culture	34,323,722	8,095	1,320,891	35,652,708
Planning and community development	12,314,560	10,267	23,829,950	36,154,777
Debt service				
Principal	36,007,366	-	302,939	36,310,305
Interest and other charges	18,247,941	-	303,271	18,551,212
Bond issuance costs	-	-	273,649	273,649
Intergovernmental				
Community development	-	1,119,383	5,252,786	6,372,169
Education - Schools	364,633,453	-	-	364,633,453
Capital outlay	3,446,956	32,353,171	75,578,506	111,378,633
Total expenditures	940,909,120	35,548,251	106,861,992	1,083,319,363
Excess(deficiency) of revenues over expenditures	43,397,181	(27,012,231)	(53,636,326)	(37,251,376)
OTHER FINANCING SOURCES(USES):				
Transfers in	405,842	26,063,873	247,000	26,716,715
Transfers out	(26,218,572)	-	(575,842)	(26,794,414)
Capital leases	-	4,287,958	-	4,287,958
Proceeds of refunding bonds	-	-	53,533,168	53,533,168
Payments to refunded bond escrow agent	-	-	(54,922,067)	(54,922,067)
Deferred cost of refunding	-	-	1,388,899	1,388,899
Bond premium	6,267,065	-	191,710	6,458,775
Issuance of IDA bonds	-	-	11,940,000	11,940,000
Proceeds of general obligation debt	-	-	173,655,000	173,655,000
Bond proceeds Schools	-	-	(78,543,000)	(78,543,000)
Total other financing sources and uses	(19,545,665)	30,351,831	106,914,868	117,721,034
Net change in fund balances	23,851,516	3,339,600	53,278,542	80,469,658
Fund balances, beginning	136,903,129	43,577,446	125,093,393	305,573,968
Fund balances, ending	\$160,754,645	\$46,917,046	\$178,371,935	\$386,043,626

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, 2011

Net change in fund balances - total governmental funds		\$80,469,658
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	111,378,633	
Less: Depreciation expense	<u>(24,326,814)</u>	87,051,819
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		23,753,287
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	118,781,460	
Less: Proceeds from bonds and capital leases	(243,416,126)	
Bond premium to be amortized	(9,479,534)	
Amortization other charges and bond issue costs	<u>(1,509,275)</u>	(135,623,475)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation		
		1,150,865
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		
		(983,258)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities:		
Additional expense for internal service	(212,674)	
Net operating gain internal service funds	<u>3,242,444</u>	<u>3,029,770</u>
Change in net assets of governmental activities		<u><u>\$58,848,666</u></u>

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

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
General Property taxes:				
Real estate	\$505,073,509	\$505,073,509	\$520,576,335	\$15,502,826
Personal	94,036,426	94,036,426	95,246,129	1,209,703
Other Local taxes	182,524,339	182,524,339	190,164,612	7,640,273
Licenses, permits and fees	9,431,855	9,431,855	9,929,105	497,250
Charges for services	44,540,527	44,130,231	49,744,479	5,614,248
Fines and forfeitures	11,031,000	11,031,000	9,590,928	(1,440,072)
Grants:				
State grants	63,242,764	71,335,789	67,446,034	(3,889,755)
Federal grants	18,279,737	25,772,943	23,254,392	(2,518,551)
Use of money and property	10,379,141	10,389,141	8,095,821	(2,293,320)
Miscellaneous revenue	4,014,361	4,121,051	10,258,466	6,137,415
Total revenues	942,553,659	957,846,284	984,306,301	26,460,017
EXPENDITURES:				
General Government Administration				
County Board	1,044,200	1,053,065	970,589	82,476
County Manager	4,711,720	4,853,420	4,794,489	58,931
Financial Management	5,674,131	5,695,889	5,528,869	167,020
Human Resources	6,992,769	7,039,477	6,871,082	168,395
Technology Services	14,285,905	14,737,960	14,678,955	59,005
County Attorney	2,382,242	2,889,054	3,967,649	(1,078,595)
Commissioner of Revenue	5,006,645	4,914,253	4,939,890	(25,637)
Treasurer	5,972,918	5,972,163	5,760,487	211,676
Electoral Board	740,873	768,529	815,014	(46,485)
Total General Government	46,811,403	47,923,810	48,327,024	(403,214)
Judicial Administration				
Circuit Court	2,995,228	3,333,771	3,163,960	169,811
District Court	243,839	244,693	178,949	65,744
Juvenile & Domestic Relations Court	5,267,582	5,589,399	5,412,420	176,979
Commonwealth Attorney	3,677,354	3,789,782	3,535,964	253,818
Sheriff & Jail	34,417,190	36,029,938	34,779,783	1,250,155
Magistrate's Office	70,561	70,561	66,752	3,809
Total Judicial Administration	46,671,754	49,058,144	47,137,828	1,920,316
Public Safety				
Police	56,587,906	60,958,105	55,240,757	5,717,348
Office of Emergency Management	8,929,956	10,205,507	9,547,696	657,811
Fire	48,710,247	49,771,282	47,907,926	1,863,356
Total Public Safety	114,228,109	120,934,894	112,696,379	8,238,515
Environmental Services	70,561,877	74,542,867	72,721,915	1,820,952
Health & Welfare	108,533,884	115,213,030	109,677,751	5,535,279
Libraries	11,407,803	11,375,807	11,098,860	276,947

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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development				
Economic Development	3,051,585	3,521,105	3,375,895	145,210
Community Planning, Housing & development	9,081,220	9,460,650	9,155,982	304,668
Total Planning & Community Development	12,132,805	12,981,755	12,531,877	449,878
Parks and Recreation	33,854,721	34,612,986	34,436,830	176,156
Education	360,346,286	393,565,146	364,633,453	28,931,693
Non-Departmental				
Non-Departmental	44,360,543	78,419,714	43,769,131	34,650,583
Debt Service				
Principal payment	36,256,366	36,256,366	36,007,366	249,000
Interest payment	19,240,894	19,240,894	18,034,190	1,206,704
Other costs	502,740	502,740	213,751	288,989
Regionals/Contributions	8,089,254	8,194,254	8,149,062	45,192
METRO	24,191,077	24,191,077	21,473,703	2,717,374
Total Non-Departmental	132,640,874	166,805,045	127,647,203	39,157,842
Total expenditures	937,189,516	1,027,013,484	940,909,120	86,104,364
Excess of revenues over expenditures	5,364,143	(69,167,200)	43,397,181	112,564,381
OTHER FINANCING SOURCES (USES):				
Transfers in	18,778,029	2,676,500	405,842	(2,270,658)
Transfers out	(572,879)	(26,218,572)	(26,218,572)	-
Premium from sale of bonds	-	-	6,267,065	6,267,065
Total other financing sources/(uses)	18,205,150	(23,542,072)	(19,545,665)	3,996,407
Net change in fund balance	23,569,293	(92,709,272)	23,851,516	116,560,788
Fund Balance - beginning of year	136,903,129	136,903,129	136,903,129	-
Fund Balance - end of year	\$160,472,422	\$44,193,857	\$160,754,645	\$116,560,788

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
ASSETS:						
Current assets:						
Equity in pooled cash and investments	\$97,120,311	\$11,711,695	\$694,143	\$9,775,066	\$119,301,215	\$10,817,330
Cash with fiscal agents	25,221	-	-	-	25,221	-
Receivables, net	20,425,744	35,667	-	-	20,461,411	1,652,089
Inventory, at cost	1,402,651	-	-	-	1,402,651	725,124
Other current Assets	2,447,863	187,880	-	-	2,635,743	-
Total current assets	<u>121,421,790</u>	<u>11,935,242</u>	<u>694,143</u>	<u>9,775,066</u>	<u>143,826,241</u>	<u>13,194,543</u>
Non-current assets:						
Other non current assets	30,025	45,021	-	-	75,046	-
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	362,445,843	10,747,510	-	2,089,997	375,283,350	27,961,462
Intangible assets, net	33,000	-	-	603,023	636,023	-
Construction in progress	579,646,535	28,880	-	-	579,675,415	-
Total capital assets, net	<u>948,286,633</u>	<u>10,776,390</u>	<u>-</u>	<u>2,693,020</u>	<u>961,756,043</u>	<u>27,961,462</u>
Total non current assets	<u>948,316,658</u>	<u>10,821,411</u>	<u>-</u>	<u>2,693,020</u>	<u>961,831,089</u>	<u>27,961,462</u>
Total assets	<u>1,069,738,448</u>	<u>22,756,653</u>	<u>694,143</u>	<u>12,468,086</u>	<u>1,105,657,330</u>	<u>41,156,005</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	8,557,447	347,420	10,284	21,873	8,937,024	1,208,014
Accrued liabilities	1,701,121	8,811,908	-	-	10,513,029	-
Due within one year	25,214,129	23,011,382	-	58,703	48,284,214	681,291
Total current liabilities	<u>35,472,697</u>	<u>32,170,710</u>	<u>10,284</u>	<u>80,576</u>	<u>67,734,267</u>	<u>1,889,305</u>
Non-current liabilities:						
Due in more than one year	375,253,417	11,539,721	-	528,328	387,321,466	2,675,171
Total liabilities	<u>410,726,114</u>	<u>43,710,431</u>	<u>10,284</u>	<u>608,904</u>	<u>455,055,733</u>	<u>4,564,476</u>
NET ASSETS:						
Invested in capital assets, net of related debt	553,716,331	(4,453,289)	-	2,693,020	551,956,062	25,118,349
Unrestricted	105,296,003	(16,500,489)	683,859	9,166,162	98,645,535	11,473,180
Total net assets (deficit)	<u>\$659,012,334</u>	<u>(\$20,953,778)</u>	<u>\$683,859</u>	<u>\$11,859,182</u>	<u>\$650,601,597</u>	<u>\$36,591,529</u>

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type activities-Enterprise Funds				Total Business-type Activities	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
OPERATING REVENUES:						
Water-sewer service charges	\$81,641,099	\$-	\$-	\$-	\$81,641,099	\$-
Water-service hook-up charges	3,165,075	-	-	-	3,165,075	-
Water-service connection charges	1,111,726	-	-	-	1,111,726	-
Sewage treatment service charges	13,135,608	-	-	-	13,135,608	-
Permits and Fees	-	-	-	13,310,055	13,310,055	-
Other charges for services	2,128,892	-	-	-	2,128,892	22,198,102
Parking charges	-	4,318,389	253,352	-	4,571,741	-
Total Operating revenues	101,182,400	4,318,389	253,352	13,310,055	119,064,196	22,198,102
OPERATING EXPENSES:						
Personnel services	13,338,163	-	-	5,065,216	18,403,379	4,130,662
Fringe benefits	4,343,344	-	-	1,854,766	6,198,110	1,577,833
Cost of store issuances	-	-	-	-	-	5,142,041
Contractual services	9,466,500	2,235,675	113,301	1,371,826	13,187,302	-
Purchases of water	7,948,980	-	-	-	7,948,980	-
Materials and supplies	6,601,643	226,520	18,726	56,045	6,902,934	323,359
Utilities	-	-	-	-	-	217,203
Operating Equipment	-	-	-	-	-	35,478
Outside services	-	-	-	-	-	3,156,300
Depreciation and amortization	6,466,364	509,282	-	347,944	7,323,590	4,372,782
Deferred rent	-	654,996	-	-	654,996	-
Equipment (Construction Contracts)	-	-	-	46,634	46,634	-
Internal Services	-	-	-	1,813,694	1,813,694	-
Miscellaneous	5,488,278	-	-	-	5,488,278	-
Total Operating expenses	53,653,272	3,626,473	132,027	10,556,125	67,967,897	18,955,658
Operating income (loss)	47,529,128	691,916	121,325	2,753,930	51,096,299	3,242,444
NON-OPERATING REVENUES(EXPENSES)						
Interest income and other income	597,166	17,578	-	76,612	691,356	-
Interest expense and fiscal charges	(14,343,204)	(1,605,698)	-	-	(15,948,902)	-
Interest payment on capital lease	(9,760)	-	-	-	(9,760)	(121,616)
Gain (Loss) on investment	-	(1,867)	-	-	(1,867)	-
State grant	5,286,423	-	-	-	5,286,423	-
Gain on disposal of assets	-	-	-	-	-	(168,757)
Total non-operating revenues(expenses)	(8,469,375)	(1,589,987)	-	76,612	(9,982,750)	(290,373)
Net Income(loss) before contributions and transfers	39,059,753	(898,071)	121,325	2,830,542	41,113,549	2,952,071
Contributions from developers and other sources	339,596	-	-	-	339,596	-
Transfers in	-	-	-	-	-	207,699
Transfers out	-	-	-	-	-	(130,000)
Total contributions and net transfers	339,596	-	-	-	339,596	77,699
Change in net assets	39,399,349	(898,071)	121,325	2,830,542	41,453,145	3,029,770
Net assets - beginning of year	619,612,985	(20,055,707)	562,534	9,028,640	609,148,452	33,561,759
Net assets - end of year	\$659,012,334	(\$20,953,778)	\$683,859	\$11,859,182	\$650,601,597	\$36,591,529

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, 2011

	Business-type activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$101,153,015	\$4,304,194	\$253,351	\$13,310,055	\$119,020,615	\$23,053,151
Cash received from interfund charges	-	-	-	-	-	121,656
Cash paid to suppliers	(47,048,713)	(2,409,598)	(130,158)	(3,279,197)	(52,867,666)	(7,994,062)
Cash paid to employees	(17,652,676)	-	-	(6,884,415)	(24,537,091)	(5,715,482)
Net cash flows from operating activities	<u>36,451,626</u>	<u>1,894,596</u>	<u>123,193</u>	<u>3,146,443</u>	<u>41,615,858</u>	<u>9,465,263</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	597,166	17,578	-	76,612	691,356	-
Gain (loss) on investment	-	(1,867)	-	-	(1,867)	-
Net cash flows from investing activities	<u>597,166</u>	<u>15,711</u>	<u>-</u>	<u>76,612</u>	<u>689,489</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer out to other funds	-	-	-	-	-	(130,000)
State grant	5,286,423	-	-	-	5,286,423	-
Payment of temporary loan	-	-	-	-	-	(127,720)
Transfers in	-	-	-	-	-	207,699
Net cash flows from (used by) non-capital financing activities	<u>5,286,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,286,423</u>	<u>(50,021)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(7,956,950)	(500,000)	-	-	(8,456,950)	-
Payments to bonds redeemed	(12,592,933)	-	-	-	(12,592,933)	-
Proceeds of bond refunding	12,336,832	-	-	-	12,336,832	-
Deferred cost of refunding	256,101	-	-	-	256,101	-
Bond premiums	1,554,617	-	-	-	1,554,617	-
Payment of principal on capital lease	(56,562)	-	-	-	(56,562)	(607,208)
Payment of interest on capital lease	(9,760)	-	-	-	(9,760)	(121,616)
Proceeds of VRA loan payable	15,883,625	-	-	-	15,883,625	-
Payment of VRA loan	(9,183,930)	-	-	-	(9,183,930)	-
Interest and other loan expenses paid	(14,055,589)	(207,210)	-	-	(14,262,799)	-
Purchases of property	(63,277,324)	(28,880)	-	(393,313)	(63,699,517)	(6,810,338)
Removal clearing	-	-	-	-	-	(6,783)
Proceeds from sale of equipment	-	-	-	-	-	320,241
Net cash flows from (used by) capital and related financing activities	<u>(77,101,873)</u>	<u>(736,090)</u>	<u>-</u>	<u>(393,313)</u>	<u>(78,231,276)</u>	<u>(7,225,704)</u>
Net increase (decrease) in cash and cash equivalents	<u>(34,766,658)</u>	<u>1,174,217</u>	<u>123,193</u>	<u>2,829,742</u>	<u>(30,639,506)</u>	<u>2,189,538</u>
Cash and cash equivalents at beginning of year	<u>101,736,969</u>	<u>10,537,478</u>	<u>570,950</u>	<u>6,945,324</u>	<u>119,790,721</u>	<u>8,627,792</u>
Cash and cash equivalents at end of year	<u>\$66,970,311</u>	<u>\$11,711,695</u>	<u>\$694,143</u>	<u>\$9,775,066</u>	<u>\$89,151,215</u>	<u>\$10,817,330</u>
Reconciliation of operating income to net cash flow from operations:						
Operating Income	\$47,529,128	\$691,916	\$121,325	\$2,753,930	\$51,096,299	\$3,242,444
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	6,466,364	509,282	-	347,944	7,323,590	4,372,782
(Increase) Decrease in accounts receivable	(145,500)	(14,195)	-	-	(159,695)	976,705
(Increase) Decrease in inventories	(440,961)	-	-	-	(440,961)	54,427
Increase (Decrease) in vouchers payable	(13,735,047)	52,597	1,868	35,566	(13,645,016)	825,892
Increase (Decrease) in compensated absences	28,831	-	-	9,003	37,834	(6,987)
Increase (Decrease) in contract retainage	(3,209,559)	-	-	-	(3,209,559)	-
Increase (Decrease) in arbitrage rebate	(157,745)	-	-	-	(157,745)	-
Increase (Decrease) in deferred revenue	116,115	654,996	-	-	771,111	-
Net cash flows from operations	<u>\$36,451,626</u>	<u>\$1,894,596</u>	<u>\$123,193</u>	<u>\$3,146,443</u>	<u>\$41,615,858</u>	<u>\$9,465,263</u>
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$339,596	-	-	-	\$339,596	-

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:				
Equity in pooled cash and investments	\$24,569,136	\$35,053,872	\$7,245,102	\$18,396,146
Contributions receivable:				
Employer	1,582,152	-	-	-
Employee	379,477	-	-	-
Accrued interest and other receivables	8,363,245	-	612,858	-
Bond issuance costs	-	-	617,088	-
Capital assets, net	-	-	25,970,055	-
Receivable from other government	-	-	-	2,840,250
Investments, at fair value				
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	53,108,773	-	-	-
Corporate Fixed Income Obligations	186,718,089	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	432,519,733	-	-	-
Other investments	45,227,962	-	-	-
Real estate funds	21,858,121	-	-	-
Pooled Equity	356,016,531	-	-	-
Pooled Fixed Income	213,174,242	-	-	-
Convertible	194,717,335	-	-	-
Collateral on loaned securities	22,971,021	-	-	-
Total assets	<u>1,561,205,817</u>	<u>35,053,872</u>	<u>34,445,103</u>	<u>21,236,396</u>
LIABILITIES:				
Accounts payable and accrued liabilities	2,425,590	-	1,287,789	21,236,396
Deferred revenues	-	-	500,000	-
Bonds payable	-	-	30,120,000	-
Due to primary government	-	-	-	-
Obligations under security lending program	22,961,079	-	-	-
Total liabilities	<u>25,386,669</u>	<u>-</u>	<u>31,907,789</u>	<u>21,236,396</u>
NET ASSETS	<u>\$1,535,819,148</u>	<u>\$35,053,872</u>	<u>\$2,537,314</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, 2011

	Pension Trust Fund	OPEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	\$10,533,803	\$6,739,714	\$-
Employee contributions	43,215,067	-	-
Other contributions	77,022	-	-
Shared revenues	-	-	3,086,168
Private donations	-	-	62,729
Total contributions	53,825,892	6,739,714	3,148,897
Investment earnings:			
Interest and other	41,225,401	829,426	13,438
Gross income from securities lending	200,309	-	-
Bank fees and expenses from securities lending	(56,820)	-	-
Commissions recapture, gross	10,398	-	-
Net change in fair value of investments	251,235,663	3,980,781	-
Total investment earnings	292,614,951	4,810,207	13,438
Less investment expenses	4,936,936	-	1,457,577
Net investment earnings	287,678,015	4,810,207	(1,444,139)
Total additions	341,503,907	11,549,921	1,704,758
DEDUCTIONS:			
Administrative expenses	762,199	8,233	6,018,960
Retirees pension expense	76,276,450	-	-
Total deductions	77,038,649	8,233	6,018,960
Change in net assets	264,465,258	11,541,688	(4,314,202)
Net assets - Beginning of the year	1,271,353,890	23,512,184	6,851,516
Net assets - End of the year	\$1,535,819,148	\$35,053,872	\$2,537,314

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

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ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1. Summary of Significant Accounting Policies

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

I. Accounting Policies

A. The Financial Reporting Entity

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

Discretely Presented Component Units

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

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

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

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

D. Funds

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

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

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

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

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). 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). The IDA Bond Fund provides funding for the Emergency Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), Metro Matters, Buckingham Village I, Arlington Mill, and Buckingham Park.

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

Internal Service Funds account for fleet management and printing services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. In FY2011, the Jail Industries Program was transferred to the Sheriff's Office in the General Fund.

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

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

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

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Utilities Fund, of the Ballston Public Parking Garage Fund, the Eighth-Level Ballston Public Parking Garage Fund, CPHD Development Fund and of the government's Internal Service Funds are charges to customers for sales and services. The Utilities Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

E. Budgets

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

F. Equity in Pooled Cash and Investments

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

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

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

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

Investments are recorded at fair value based on quoted closing market prices except for real estate funds reported in the Pension Trust Fund. For alternative investments, which include real estate investments, where no readily ascertainable market value exists, management in consultation with the general partner and investment advisors, has determined the fair values for individual investments based upon the partnership's most recent available financial information. Under authorization of the Retirement Board, the Pension Trust Fund engages in a securities lending program through its custodian. In accordance with its adopted investment policy, the Retirement System is authorized to invest in foreign currency forward contracts, which are valued at fair market value, as a risk management tool. All interest earned on cash and investments pooled by the County is recorded in the County's General Fund as legally allowed, except for separate cash and investments accounts or funds legally entitled to interest earned.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

G. Receivables and Payables

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

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

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

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

H. Inventories and Prepaid Items

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

I. Capital Assets

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

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

J. Compensated Absences

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

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

K. Arbitrage Rebate Liability

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2011, the County had no arbitrage rebate liability.

L. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Equity

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

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

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

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action by the County Board and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Manager. The County Board will review the recommendations at the November Board meeting. If approved by a resolution of the County board, the funds become committed. By State law, funds cannot be spent unless appropriated by the County Board.

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

N. Comparative data/reclassifications

Comparative total data for the prior year have been presented in the accompanying combining other supplemental information of the financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2010 amounts have been reclassified to conform to the FY 2011 presentation.

O. Cash and Cash Equivalents

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

P. Use of Estimates

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

Q. Implementation of New GASB Pronouncements

In Fiscal Year 2011, the County implemented GASB statement No.54, Fund Balance Reporting and Governmental Fund Type Definitions, to address issues related to how fund balance was being reported. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental type.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 \$(892,791,310) difference as follows:

General obligation bonds - general government	(\$372,270,978)
General obligation bonds - Schools	(315,662,196)
Compensated absences - general government	(30,263,597)
Worker’s compensation - general government	(3,544,201)
Capital leases - general government	(18,933,209)
Bond issue costs and deferred amount on refunding, net	(556,191)
Current year Bond premium to be amortized – County	(14,602,607)
Current year Bond premium to be amortized – Schools	(11,429,134)
IDA Revenue Bonds 2004	(36,515,000)
IDA – Metro and Buckingham Village 1	(40,135,000)
IDA – Buckingham Village 3 Note	(35,016,099)
IDA Revenue Bonds 2011	(11,940,000)
Bond premium - IDA	<u>(1,923,098)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets of governmental activities	<u><u>(\$892,791,310)</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and changes in *net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.” The details of this \$(87,051,819) difference are as follows:

Capital acquisitions	\$111,378,633
Depreciation expense	<u>(24,326,814)</u>
Net adjustment to increase <i>net changes in fund balances</i> - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$87,051,819</u></u>

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

Deferred property tax revenue 6/30/10	(\$265,288,518)
Deferred property tax revenue 6/30/11	<u>(289,041,805)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds arrive at changes in net assets of governmental activities	<u><u>\$23,753,287</u></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 \$(135,623,475) difference are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Debt issued or incurred:	
IDA Lease Revenue Bonds - 2011	\$(11,940,000)
Issuance of general obligation bonds – County	(95,112,000)
Issuance of general obligation bonds - Schools	(78,543,000)
Issuance of refunding bonds - County	(28,124,914)
Issuance of refunding bonds - Schools	(25,408,254)
Capital leases	(4,287,958)
	<hr/>
Capital financing – General Government	(243,416,126)
	<hr/>
Principal repayments:	
General obligation debt – County	29,130,305
General obligation debt – Schools	21,637,745
Payment to refunded bonds - County	28,694,740
Payment to refunded bonds - Schools	26,227,328
Payment to IDA – Metro and Buckingham Village 1	1,145,000
Payment to Buckingham Village 3 Note	650,000
Payment to IDA Revenue Bonds - 2004	5,385,000
Capital leases	5,911,342
	<hr/>
Total principal repayments	118,781,460
	<hr/>
Bond premium to be amortized	(9,479,534)
Other charges and bond issue costs	(1,509,275)
	<hr/>
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><u>\$(135,623,475)</u></u>
<p>Another element of that reconciliation states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and worker’s compensation”. The detail of this \$(1,150,865) difference is as follows:</p>	
Compensated absences	\$254,379
Worker’s compensation	896,486
	<hr/>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of government activities	<u><u>\$1,150,865</u></u>
<p>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”.</p>	
	<hr/>
	\$(983,258)
<p>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.”</p>	
Additional expenses – internal service funds	\$(587,674)
Net operating income – internal service funds	3,617,444
	<hr/>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$3,029,770</u></u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 2011 such appropriation amendments totaled \$8,292,178 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 2011 for the County Attorney office due to outside legal services, the Commissioner of the Revenue due to higher personnel costs and terminal leave payments, and the Electoral Board due to increased warranty costs for voting machine and electronic pollbooks and voting machine battery replacement costs.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has negative net assets of \$(20,953,778) at June 30, 2011. 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 \$6,698 in FY 2011, resulting in ending net deficit of \$(161,122). Management will evaluate measures to reduce the deficit in FY2012.

NOTE 3. Cash and Investments

I. County Cash and Investments

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

A. Custodial Credit Risk Deposits

At year end, the carrying amount of the County and School deposits was \$226,843,280 and the bank balance was \$235,440,740. Of the bank balance, \$15,887,515 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

B. Custodial Credit Risk

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

C. Investment Policy

In accordance with the Code of Virginia, the Treasurer's investment policy permits investment in obligations of the United States or agencies thereof, obligations of State and municipal governments as well as agencies thereof, commercial paper, bankers' acceptances, repurchase agreements, corporate notes, mutual funds and the Virginia Local Government Investment Pool (LGIP), a 2a-7 like pool). Depository accounts and certificates of deposits may also be used. Unexpended bond proceeds are invested in the Virginia State Non-Arbitrage Program (SNAP).

D. Credit Risk

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

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

E. Concentrations of Credit Risk

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

F. Interest Rate Risk

As a means of limiting exposure to fair value losses resulting from increasing interest rates, the Treasurer's investment policy states that the maturities in the portfolio are to be reviewed frequently to mitigate the effects of market fluctuations. In no case, however, shall investments be purchased with maturities greater than five years.

At June 30, 2011, 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 Notes	\$53,174,226	\$17,303,596	\$32,486,219	\$3,384,410	\$-
Commercial Paper	6,972,888	6,972,888	-	-	-
Government Agency Bonds	67,993,463	1,005,700	9,377,083	57,610,680	-
Municipal Obligations*	35,667,184	16,739,948	10,136,606	8,590,630	200,000
Total	<u>\$163,807,761</u>	<u>\$42,022,132</u>	<u>\$51,999,908</u>	<u>\$69,585,720</u>	<u>\$200,000</u>

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

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$2,059,523
Virginia State Non-Arbitrage Program	<u>279,467,670</u>
Total	<u>281,527,193</u>
 Total Investments	 <u>\$445,334,954</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

**Investment Portfolio
As of June 30, 2011**

	S&P Rating	PAR	Interest Rate	Maturity Date	Market	% of Portfolio
Corporate Notes						
Lloyds TSB Bank PLC	A	5,000,000	4.75%	07/15/2011	5,002,800	
Santander US Debt	AA	2,500,000	0.67%	10/21/2011	2,497,476	
Santander US Debt	AA	569,000	0.67%	10/21/2011	568,425	
Principal Life Global	A	182,000	6.25%	02/15/2012	188,286	
Santander Fin. Issues	AA	3,000,000	1.05%	03/30/2012	3,000,240	
Santander Fin. Issues	AA	2,000,000	1.05%	03/30/2012	2,000,160	
GE Cap Corp	AA	1,000,000	5.00%	04/10/2012	1,034,780	
BNP Paribas	AA	3,000,000	1.25%	06/11/2012	3,011,430	
Metlife Global FDG	AA	1,430,000	2.88%	09/17/2012	1,461,403	
GE Cap Corp	AA	2,500,000	5.25%	10/19/2012	3,162,690	
GE Cap Corp	AA	1,000,000	5.25%	10/19/2012	1,054,230	
GE Cap Corp	AA	2,500,000	5.25%	10/19/2012	2,635,575	
GE Cap Corp	AA	3,000,000	5.25%	10/19/2012	2,635,575	
Bank of NY Mellon	AA	1,000,000	4.95%	11/01/2012	1,056,600	
New York Life Global	AAA	2,000,000	2.25%	12/14/2012	2,041,240	
Principal Life Inc FDG	A	250,000	5.30%	12/14/2012	265,150	
Wells Fargo & Co.	AA	1,000,000	4.38%	01/31/2013	1,049,520	
GE Cap Corp	AA	1,000,000	5.00%	02/01/2013	1,061,400	
GE Cap Corp	AA	1,475,000	4.60%	03/15/2013	1,535,490	
Metlife Global FDG	AA	1,000,000	5.13%	04/10/2013	1,064,030	
Berkshire Hathaway	AA	1,000,000	4.60%	05/15/2013	1,066,780	
Berkshire Hathaway	AA	5,000,000	4.60%	05/15/2013	5,333,900	
TIAA Global Markets	AAA	1,830,000	4.95%	07/15/2013	1,962,309	
New York Life Global	AAA	3,000,000	5.38%	09/15/2013	3,272,760	
GE Cap Corp	AA	750,000	1.88%	09/16/2013	758,557	
Principal Life Global	A	1,000,000	5.13%	10/15/2013	1,069,010	
JP Morgan Chase	A	1,000,000	3.40%	06/24/2015	1,026,650	
Royal Bank of Scotland PLC	A	2,400,000	4.25%	11/12/2015	2,357,760	
		51,386,000			53,174,226	11.94%
Commercial Paper						
Intesa Funding	A-1	5,000,000	0.52%	01/17/2012	4,984,544	
Abbey National N America	A-1	2,000,000	0.78%	02/13/2012	1,988,343	
		7,000,000			6,972,888	1.57%
Government Agency Bonds						
Federal Farm Credit Bank	AAA	1,000,000	3.88%	08/25/2011	1,005,700	
Federal Home Loan Bank	AAA	3,000,000	0.50%	12/28/2012	2,997,570	
Federal National Mtg Assn	AAA	1,300,000	3.25%	04/09/2013	1,366,164	
Federal National Mtg Assn	AAA	5,000,000	1.00%	04/18/2014	5,013,350	
Federal Home Loan Mtg Corp	AAA	1,535,000	1.00%	09/03/2014	1,536,735	
Federal National Mtg Assn	AAA	10,000,000	2.00%	12/29/2014	10,085,700	
Federal Home Loan Bank	AAA	2,000,000	0.63%	06/08/2015	1,995,670	
Federal National Mtg Assn	AAA	5,000,000	1.25%	08/10/2015	5,005,875	
Federal National Mtg Assn	AAA	5,000,000	1.50%	10/15/2015	5,002,800	
Federal National Mtg Assn	AAA	2,000,000	2.38%	11/19/2015	1,953,140	
Federal National Mtg Assn	AAA	2,000,000	2.38%	11/19/2015	1,953,140	
Federal Home Loan Bank	AAA	5,000,000	1.90%	11/23/2015	4,973,125	
Federal Home Loan Bank	AAA	705,000	1.50%	12/10/2015	706,516	
Federal National Mtg Assn	AAA	5,000,000	1.63%	12/16/2015	5,017,175	
Federal Home Loan Bank	AAA	5,265,000	1.50%	12/16/2015	5,288,429	
Freddie MAC	AAA	3,000,000	2.50%	01/28/2016	3,005,160	
Federal National Mtg Assn	AAA	1,000,000	2.63%	03/14/2016	1,004,740	
Federal National Mtg Assn	AAA	5,000,000	2.75%	03/21/2016	5,067,025	
Federal National Mtg Assn	AAA	5,000,000	2.00%	05/25/2016	5,015,450	
		67,805,000			67,993,463	15.27%

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Municipal Obligations

Glastonbury Conn	AAA	3,875,000	1.00%	08/15/2011	3,876,588	
El Paso Indep. School Dist.	AAA	315,000	0.54%	08/15/2011	314,940	
Hudson County NJ	MIG 1	1,500,000	2.25%	08/31/2011	1,501,710	
Nassau County NY	A-1	2,000,000	1.75%	10/15/2011	2,008,180	
VA St Hsg Auth Dev	AA	1,000,000	3.73%	11/01/2011	1,008,150	
Nassau County NY	AAA	100,000	5.00%	11/15/2011	101,634	
Little Falls Township NJ	AA-	2,500,000	1.50%	02/15/2012	2,511,750	
Illinois St - BAB	A	2,700,000	2.15%	03/01/2012	2,706,426	
New York St Dorm Authority	AAA	385,000	4.96%	03/15/2012	395,395	
New York St Dorm Authority	AAA	1,000,000	5.16%	03/15/2012	1,029,930	
West New York NJ	AA	65,000	5.04%	04/15/2012	65,991	
Capital Projects Fin Auth FLA	AAA	195,000	8.00%	06/01/2012	211,004	
Ridgewood NJ	AAA	1,000,000	1.25%	06/22/2012	1,008,250	
Virginia Housing Authority	AA	225,000	3.93%	08/01/2012	230,778	
Maryland Stadium Authority	AA	1,000,000	5.70%	09/15/2012	1,054,660	
Florida Hurricane	AA	2,000,000	0.98%	10/15/2012	1,991,240	
Brick Township NJ	AA	160,000	3.00%	11/01/2012	164,925	
Burlington County NJ	AA	955,000	1.60%	12/15/2012	962,630	
Lexington & Richland Cty Sch	AA	100,000	3.35%	03/01/2013	103,407	
New York St Dorm Authority	AAA	220,000	5.25%	07/01/2013	230,468	
Milwaukee County WI Pension	AA	5,030,000	5.39%	12/01/2013	5,398,498	
New York NY Taxable	AA	570,000	5.00%	08/01/2014	633,122	
VA State Pub Sch Auth	AA	170,000	5.00%	08/01/2014	191,109	
Danville VA BAB	A	230,000	2.19%	09/01/2014	230,012	
Metropolitan Washington Airp	AA	1,000,000	4.00%	10/01/2014	1,068,840	
Burlington County NJ	AA	475,000	2.78%	12/15/2014	488,666	
Chicago ILL	AA	280,000	5.00%	01/01/2015	303,327	
Mercer County NJ	AA	3,000,000	4.03%	12/01/2015	1,830,587	
New York NY Taxable	AA	1,780,000	3.17%	12/01/2015	3,131,280	
Burlington County NJ	AA	690,000	3.19%	12/15/2015	713,687	
Chesterfield VA IDA VRDN*	AA	100,000	0.25%	08/01/2024	100,000	
Chesterfield VA IDA VRDN*	AA	100,000	0.25%	08/01/2024	100,000	
		<u>34,720,000</u>			<u>35,667,184</u>	<u>8.01%</u>

*Variable Rate Demand Note

Virginia State Non-Arbitrage Program (SNAP)	AAA	279,467,670			279,467,670	62.75%
State Treasurer's LGIP	AAA	2,059,523			2,059,523	0.46%
Total Securities		<u>442,438,193</u>			<u>445,334,954</u>	<u>100.00%</u>

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

US Bank, as trustee for holders of bonds for the Ballston Parking Garage, is authorized to invest in all investment instruments for the County. As of June 30, 2011, the Trustee Bank had \$14,583,967 in a U.S. government money market fund consisting of securities approved for direct investment. LGIP is the trustee for Arlington Solid Waste Authority. Alexandria/Arlington Waste Disposal Trust Funds are invested by the City of Alexandria in Virginia LGIP. Investments in the amount of \$3,568,316 in state treasurer securities at fair value were held by Virginia LGIP at June 30, 2011.

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, 2011, the US Bank Trust National Association had \$8,575,467; the Bank of New York Mellon Bank (BNYM) had \$11,867,325 in the Trustee Banks.

Bank of New York Mellon Bank (BNYM), as the trustee for the Industrial Development Authority (IDA) of Arlington County, Virginia, is authorized to invest in all investments for the IDA Taxable Economic Development Revenue Bonds (Skating Facility Project). As of June 30, 2011, the Trustee Banks had \$4,016,664 in the Bank of New York Mellon Bank (BNYM).

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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, 2011, the County had \$279,467,670 in the SNAP short term investment.

II. Arlington County Employee’s Retirement System (“System”) Cash and Investments

A. Legal Provisions

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

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

- Common stocks, preferred stocks, convertible securities, warrants and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity through an experienced fund-of-funds manager to maximize diversification by vintage year and investment type. The commitment to private equity totals \$83 million, of which \$55.1 million had been funded at June 30, 2011.
- Open and closed end pooled real estate funds and real estate investment trust securities. The System has a \$50 million commitment to fund two real estate partnerships of which \$48.6 million had been funded at June 30, 2011.
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. governments, companies and supernational organizations, in both developed and emerging markets. Limits on concentration, credit quality and duration are governed by each investment manager’s contract.
- Foreign currency forwards. The Fund did not have a currency manager in place during fiscal year 2011. Had it, the credit risk of these investments would result from the credit worthiness of the counterparties to the contracts.

B. Investments Restrictions

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

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

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

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

- Invest more than 10% of the market value of each portfolio in the securities of any one issuer, with the exception of the U.S. government and its agencies
- Hold more than 5% of the outstanding shares of a single company in each portfolio

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- Hold unlisted equity securities that exceed 20% of the portfolio, exclusive of holdings in banks, utilities, and insurance companies
- Use leverage of any sort for any purpose beyond prudent industry standards
- Effect short sales of securities
- Pledge or hypothecate securities, except in approved security lending programs

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

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

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2011, the System had no open forward currency contracts.

C. Cash and Cash Equivalent

At June 30, 2011, the System had cash and cash equivalents of \$24,569,136. Cash deposits in bank accounts totaled \$285,122. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$24,284,014 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

D. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 2. Summary of Significant Accounting Policies, Investments, of Arlington County Employees' Retirement System Comprehensive Annual Financial Report. The following table presents the fair value of investments by type at June 30, 2011:

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Investment Type	Fair Value (in \$000s)
Mortgage Backed Government Pass-Through	\$300
Mortgage Backed Government Pass-Through	1,283
Corporate Bonds	137,596
Corporate Asset Backed	275
Private Placements	16,155
Municipal Bonds	2,729
Yankee Bonds	9,892
Supernationals	12,328
Non-U.S. Developed Government/Sovereign	34,547
Non-U.S. Developed Corporate	13,531
Non-U.S. Emerging Government/Sovereign	16,293
Convertible Securities	193,654
U.S. Equity	216,986
Non-U.S. Equity	216,832
Alternative Investments	45,228
Real Estate	21,858
Pooled Equity Funds	356,017
Pooled U.S Fixed Income Funds	236,391
Cash	3,760
Total ⁽¹⁾	<u>\$1,535,655</u>

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

Interest Rate Risk

Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$438.6 million of directly owned fixed income securities and on \$213.2 million invested in four pooled U.S. fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2011 are:

Investment Type:	<u>Fair Value</u>	<u>Investment Maturities (years)</u>			
	(\$000s)	Under 1	05-Jan	10-Jun	Over-10
Mortgage backed Govt Pass Through	\$300	\$-	\$-	\$-	\$300
Mortgage backed Govt Pass Through)	1,283	-	-	-	1,283
Corporate Bonds	137,596	1,652	29,572	37,915	68,457
Corporate Asset Backed	275	-	-	275	-
Private Placements	16,155	-	3,591	6,104	6,460
Municipal Bonds	2,729	-	-	-	2,729
Yankee Bonds	9,892	-	1,771	1,114	7,007
Supernationals	12,328	-	5,966	6,362	-
Non-U.S. Developed Govt/Sovereign	34,547	15,952	13,991	4,604	-
Non-U.S. Developed Corporate	13,531	4,555	6,597	1,606	773
Non-U.S. Emerging Govt/Sovereign	16,293	-	4,257	2,846	9,190
Convertible Securities	193,654	3,855	115,042	32,840	41,917
Total	<u>\$438,583</u>	<u>\$26,014</u>	<u>\$180,787</u>	<u>\$93,666</u>	<u>\$138,116</u>

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Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rate. The effective duration of the System's directly held fixed income portfolio at June 30, 2011 is shown below:

Investment Type <i>(in \$ 000s)</i>	Fair Value	Effective Duration (Yrs)
Mortgage Backed Govt Pass Through	\$300	3.56
Mortgage Backed Corp Pass Through	1,283	4.85
Corporate Bonds	137,596	6.73
Corporate Asset Backed	275	0.41
Private Placements	16,155	6.89
Municipal Bonds	2,729	7.02
Yankee Bonds	9,892	8.22
Supnationals	12,328	3.54
Non-US Developed Govt/Sovereign	34,547	1.56
Non-US Developed Corporate	13,531	2.85
Non-US Emerging Govt/Sovereign	16,293	6.10
Convertible Securities	193,654	3.92
Total	\$438,583	5.04

Custodial Credit Risk

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

Concentration of Credit Risk

Per the System's investment policy, only U.S. Government and U.S. Government Agency obligations may exceed 5% of System assets. As of June 30, 2011, the System does not have investments in any one organization that exceed 5%.

The System's credit quality distribution for the System's directly held fixed income investments of \$438.6 million at June 30, 2011 is shown below:

Fixed Income Credit Quality Distribution

Investment Type <i>(in \$ 000s)</i>	Credit Quality AAA	AA	A	BBB	BB	B	Below B	Unrated
Mortgage Backed Govt Pass Through	\$300	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Mortgage Backed Corp Pass Through	-	-	602	455	-	-	-	226
Corporate Bonds	-	654	16,857	59,638	24,377	32,499	3,219	352
Corporate Asset Backed	275	-	-	-	-	-	-	-
Private Placements	-	-	4,122	8,793	2,106	163	-	970
Municipal Bonds	-	-	-	-	2,729	-	-	-
Yankee Bonds	-	-	-	8,164	-	745	-	983
Supranationals	8,770	-	-	-	-	-	-	3,557
Non-US Developed Govt/Sovereign	29,943	1,782	-	2,821	-	-	-	-
Non-US Developed Corporate	-	5,886	-	473	773	794	-	5,606
Non-US Emerging Govt/Sovereign	-	-	6,494	8,755	-	-	1,046	-
Convertible Securities	-	1,683	14,794	10,463	29,801	18,508	8,146	110,259
Total	\$39,288	\$10,005	\$42,869	\$99,562	\$59,786	\$52,709	\$12,411	\$121,953

Note: Ratings based on S&P Quality Ratings with the exception of Mortgage Backed Government Pass Through which has been assigned by the Bank of New York Mellon

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Foreign Currency Risk

Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2011 was as follows:

Currency (in \$ 000s)	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$7,824	\$9,567	\$48	\$17,439
Brazilian Real	6,017	10,935	10	16,962
British Pound	19,944	7,740	260	27,944
Canadian Dollar	7,430	29,001	186	36,617
Chinese Renminbi	-	1,121	-	1,121
Danish Krone	5,765	-	10	5,775
Euro	44,218	39,654	649	84,521
Hong Kong Dollar	12,712	2,951	40	15,703
Indonesian Rupiah	2,133	5,579	11	7,723
Japanese Yen	26,658	6,590	338	33,586
Malaysian Ringgit	1,019	-	-	1,019
Mexican Peso	-	6,494	-	6,494
New Turkish Lira	1,271	-	-	1,271
New Zealand Dollar	-	13,191	-	13,191
Norwegian Krone	2,892	-	31	2,923
Philippines Peso	987	-	-	987
Singapore Dollar	-	1,834	-	1,834
South African Rand	-	-	425	425
South Korean Won	1,215	-	-	1,215
Swedish Krona	10,064	-	84	10,148
Swiss Franc	11,843	2,240	285	14,368
Thailand Baht	1,201	-	-	1,201
Total	<u>\$163,193</u>	<u>\$136,897</u>	<u>\$2,377</u>	<u>\$302,467</u>

E. Securities Lending

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

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

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

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

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The program increased slightly from \$22.6 million at the beginning of the year to \$22.9 million at June 30, 2011. The following table details the net income from securities lending for the fiscal year ended June 30, 2011:

Gross Income from Securities Lending	\$200,309
Less Bank Management Fees	(56,820)
Net Income from Security Lending	<u>\$143,489</u>

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2011:

Type of Securities Lent	Fair Value	Value of Cash Collateral
Corporate Fixed Income	\$7,049,792	\$ 7,230,619
U.S. Equity	15,115,152	15,250,577
Non-U.S. Equity & Fixed	455,709	479,883
Total	<u>\$22,620,653</u>	<u>\$22,961,079</u>

The State Street Global Advisors (SSgA) Treasury Inflation Protection Securities pooled fund was closed in FY 2011. None of the System's pooled fund investments have material realized or unrealized securities lending related losses.

F. Commission Recapture Program

The System participates in a commission recapture program with the Frank Russell Company. This program allows the System to recapture a portion of the commissions paid to broker/dealers by investment managers who participate in the program. All trades are placed subject to the requirement for best execution. Earnings credited to commission recapture income for the fiscal year ended June 30, 2011 were \$10,398.

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NOTE 4. Receivables and Deferred Revenues

Receivables at June 30, 2011 are summarized below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Real estate taxes	\$290,870,863	\$
Personal property taxes	3,067,232	20,825,799
Business license taxes	5,515,835	-
Meal tax	970,149	-
Accounts receivable	50,953,308	-
Interest	998,165	-
Total	<u>352,375,552</u>	<u>20,825,799</u>
Less: Allowance for uncollectible accounts	<u>(2,454,365)</u>	<u>(364,388)</u>
Net receivables	<u><u>\$349,921,187</u></u>	<u><u>\$20,461,411</u></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 \$289,041,805, has also been recorded as deferred revenue since these revenues are not considered to be available to finance current year expenditures.

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

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

Governmental funds report deferred revenues in connection with receivable for revenues not considered available to liquidate liabilities of the current period. Special revenues funds and Capital project fund also report deferred revenues recognition in connection with resources that have been received, but not yet earned. At June 30, 2011, the revenues components of unearned revenues reported were as follows:

<u>Governmental Funds</u>	<u>Unearned</u>
<u>General Fund</u>	
Taxes	\$9,735,301
Housing development loans	15,097,400
<u>Special Revenue Funds</u>	
Taxes	3,348,670
Grants	5,401,006
<u>Capital Project Fund</u>	
Master lease	2,067,769
Developer's contributions	3,397,750
Total Governmental Funds	<u><u>\$39,047,896</u></u>

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NOTE 5. Capital Assets and Intangible Assets

Capital asset activity for the year ended June 30, 2011:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental and Internal Service activities:				
Capital assets, not being depreciated:				
Land	\$149,844,802	\$6,320,809	\$-	\$156,165,611
Construction in progress	109,352,140	88,076,418	48,532,043	148,896,515
Total capital assets, not being depreciated	<u>259,196,942</u>	<u>94,397,227</u>	<u>48,532,043</u>	<u>305,062,126</u>
Capital assets, being depreciated:				
Infrastructure	406,796,211	27,649,723	-	434,445,934
Buildings	255,966,472	3,215,646	-	259,182,118
Furniture, fixtures and equipment	149,172,867	40,690,465	2,266,071	187,597,261
Intangible	1,253,003	767,952	-	2,020,955
Total capital assets being depreciated	<u>813,188,553</u>	<u>72,323,786</u>	<u>2,266,071</u>	<u>883,246,268</u>
Less accumulated depreciation for:				
Infrastructure	265,929,170	8,555,478	-	274,484,648
Buildings	73,625,909	6,562,138	-	80,188,047
Furniture, fixtures and equipment	59,374,197	13,319,777	1,783,855	70,910,119
Intangible	-	262,203	-	262,203
Total accumulated depreciation	<u>398,929,276</u>	<u>28,699,596</u>	<u>1,783,855</u>	<u>425,845,017</u>
Total capital assets, being depreciated, net	<u>414,259,277</u>	<u>43,624,190</u>	<u>482,216</u>	<u>457,401,251</u>
Governmental and Internal Service activities capital assets, net	<u>\$673,456,219</u>	<u>\$138,021,417</u>	<u>\$49,014,259</u>	<u>\$762,463,377</u>
Business-type Activities				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$6,128,256	\$32,999	\$-	\$6,161,255
Construction in progress	522,657,848	57,017,568	-	579,675,416
Total capital assets, not being depreciated	<u>528,786,104</u>	<u>57,050,567</u>	<u>-</u>	<u>585,836,672</u>
Capital assets, being depreciated:				
Sewer system	323,993,198	1,429,874	-	325,423,072
Water system	149,882,619	5,079,540	-	154,962,159
Building	22,315,887	-	-	22,315,887
Furniture, Equipments	4,383,952	127,758	-	4,511,710
Intangible	284,648	351,375	-	636,023
Total capital assets being depreciated	<u>500,860,304</u>	<u>6,988,547</u>	<u>-</u>	<u>507,848,851</u>

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Less accumulated depreciation for:				
Sewer system	93,981,599	1,787,584	-	95,769,183
Water system	17,823,216	4,585,687	-	22,408,903
Building	11,416,064	503,985	-	11,920,049
Furniture, fixtures and equipment	1,390,307	358,503	-	1,748,810
Intangible	-	82,533	-	82,533
Total accumulated depreciation	<u>124,611,186</u>	<u>7,318,292</u>	<u>-</u>	<u>131,929,478</u>
Total capital assets, being depreciated, net	<u>376,249,118</u>	<u>(329,745)</u>	<u>-</u>	<u>375,919,373</u>
Business-type activities capital assets, net	<u>\$905,035,221</u>	<u>\$56,720,822</u>	<u>\$-</u>	<u>\$961,756,043</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	496,092,640	24,310,584	-	520,403,224
Furniture, fixtures, and equipment	<u>55,889,639</u>	<u>6,066,122</u>	<u>3,747</u>	<u>61,952,014</u>
Total capital assets being depreciated	<u>551,982,279</u>	<u>30,376,706</u>	<u>3,747</u>	<u>582,355,238</u>
Less accumulated depreciation for:				
Buildings	120,632,228	12,402,316	-	133,034,544
Furniture, Equipments	<u>40,911,197</u>	<u>3,374,156</u>	<u>-</u>	<u>44,285,353</u>
Total accumulated depreciation	<u>161,543,425</u>	<u>15,776,472</u>	<u>-</u>	<u>177,319,897</u>
Total capital assets, being depreciated, net	<u>390,438,854</u>	<u>14,600,234</u>	<u>3,747</u>	<u>405,035,341</u>
Schools activities capital assets, net	<u>\$395,136,800</u>	<u>\$14,600,234</u>	<u>\$3,747</u>	<u>\$409,733,287</u>

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

<u>Function and Activity</u>	<u>Depreciation Expense</u>
Primary government:	
Government activities:	
General Government	\$12,544,635
Public Safety	3,991,848
Public works, including depreciation of infrastructure assets	5,106,604
Health and welfare	252,608
Libraries	308,670
Parks, recreation and culture	1,436,713
Planning and community development	685,736
Total Depreciation Expense- Government Activities	<u>24,326,814</u>
Internal Services	<u>4,372,782</u>
Total Depreciation Expense- Governmental & Internal Services	<u>\$28,699,596</u>

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Business-type activities:

Utilities	\$6,466,363
Ballston Public Parking Garage	503,985
CPHD Development Fund	347,944
Total Depreciation Expense- Business-type Activities	<u>\$7,318,292</u>
Component unit - Schools	<u>\$15,776,472</u>
Total Depreciation Expense Component units	<u>\$15,776,472</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, 2011 the current portion of these liabilities was \$5.635 million which represent an estimate of health insurance claims that have been incurred but not reported of \$5.281 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.354 million. The non-current portion was \$3.190 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, 2009 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
2009 – 2010				
Current	\$5,870,560	\$41,651,966	\$41,770,223	\$5,752,303
Long Term	\$2,318,271	\$4,712,223	\$3,033,876	\$3,996,618
2010 – 2011				
Current	\$5,752,303	\$41,704,163	\$41,821,152	\$5,635,314
Long Term	\$3,996,618	\$1,495,447	\$2,302,284	\$3,189,781

In addition, the County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2011. The County maintains a General Fund operating reserve that totaled \$40,192,725 as of June 30, 2011. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, set at two percent of the General Fund budget for a number of years, is now at least four percent with a goal of increasing to five percent of the General Fund budget.

NOTE 7. Operating Leases

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$13,369,164
2013	14,073,685
2014	13,676,388
2015	14,082,799
2016	14,495,021
2017-2021	51,271,640
2022-2024	13,802,889
	<u>\$134,771,586</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, 2011, the County received \$3,622,545 under these lease agreements. The County entered into a 75 year lease agreement with Arlington Hotel Associates LLC (LLC) on June 20, 2005 for the construction and operation of a hotel. The lease agreement required the LLC to make a one time lump-sum payment of \$150,000 upon receipt of the first certificate of occupancy and to pay rent in the amount equal to 2% of annual gross revenues thereafter. The total payments received from the LLC during FY 2011 were \$210,973. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. This liability amount of \$8,811,908 is accrued in the Ballston Public Parking Garage Fund, as of June 30, 2011. In FY 2000, the County entered into a long term operating lease agreement for 145,777 square feet of office space and additional garage space to consolidate the operations of its Department of Human Services (DHS) at 3033 Wilson Boulevard. The lease for DHS at 3033 Wilson Blvd expired on August 31, 2010, and a new lease for DHS at Sequoia Plaza, 2100 Washington Blvd commenced on September 1, 2010.

NOTE 8. Capital Leases

The County has financed the acquisitions of capital assets, including eight Arlington Transit (ART) buses, equipment for Fairlington Community Center, energy performance upgrade for the Arlington County Justice Center, breathing apparatus for the Fire Department, Voice over Internet Protocol (VoIP) voice communication system, a rock crusher, computers, and equipment. Arlington Public Schools has financed the acquisition of computers. Assets acquired and capital leases at June 30, 2011 are summarized below:

	<u>Primary Government</u>	<u>Schools</u>
Building	\$1,395,842	\$-
Equipment	18,593,375	6,717,936
Equipment CIP	4,696,177	-
Auto	2,802,688	-
Total Assets, at cost	<u>27,488,082</u>	<u>6,717,936</u>
Accumulated depreciation	<u>(3,886,668)</u>	<u>(1,356,668)</u>
Total Assets, net	<u>\$23,601,414</u>	<u>\$5,361,268</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

The annual future minimum lease payments as of June 30, 2011 are as follows:

General Government:

Year Ending June 30,	Technology Services	Environmental Services	Fire	Parks & Recreation	Libraries	Sheriff	Total General Government
2012	\$4,363,360	\$1,035,189	\$447,915	\$145,999	\$134,294	\$484,638	\$6,611,395
2013	3,156,983	952,992	447,915	102,344	70,563	356,161	5,086,958
2014	1,234,543	952,992	447,915	-	35,282	125,779	2,796,511
2015	453,216	952,992	447,915	-	-	125,779	1,979,902
2016	172,348	952,992	447,915	-	-	-	1,573,255
2017	-	952,992	447,915	-	-	-	1,400,907
2018	-	727,122	337,353	-	-	-	1,064,475
2019	-	484,045	113,394	-	-	-	597,439
2020	-	466,840	-	-	-	-	466,840
2021	-	466,840	-	-	-	-	466,840
2022	-	466,840	-	-	-	-	466,840
2023	-	466,840	-	-	-	-	466,840
2024	-	466,838	-	-	-	-	466,838
Total Minimum Lease payments	<u>9,380,450</u>	<u>9,345,514</u>	<u>3,138,237</u>	<u>248,343</u>	<u>240,139</u>	<u>1,092,357</u>	<u>23,445,040</u>
Less Imputed Interest	(370,461)	(1,678,470)	(331,388)	(7,837)	(7,289)	(48,617)	(2,444,062)
Amount deferred	<u>(1,357,769)</u>	<u>(710,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,067,769)</u>
Present Value of Minimum Payments	<u>\$7,652,220</u>	<u>\$6,957,044</u>	<u>\$2,806,849</u>	<u>\$240,506</u>	<u>\$232,850</u>	<u>\$1,043,740</u>	<u>\$18,933,209</u>

Internal Service Fund:

Year Ending June 30,	Auto Equipment
2012	\$728,824
2013	728,824
2014	587,601
2015	446,378
2016	446,373
2017	186,821
Total Minimum Lease Payments	<u>3,124,821</u>
Less Imputed Interest	<u>(281,708)</u>
Present Value of Minimum Lease Payments	<u>\$2,843,113</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Enterprise Fund:

<u>Year Ending June 30,</u>	<u>Utilities</u>
2012	\$66,322
2013	50,367
2014	34,411
2015	34,411
2016	34,411
2017	34,411
2018	34,411
2019	17,208
Total Minimum Lease Payments	305,952
Less Imputed Interest	<u>(29,102)</u>
Present Value of Minimum Lease Payments	<u><u>\$276,850</u></u>

Component Unit – Schools:

<u>Year Ending June 30,</u>	<u>Schools</u>
2012	\$2,407,467
2013	1,474,650
2014	640,766
2015	640,766
2016	640,766
2017	320,383
Total Minimum Lease Payments	6,124,798
Less Imputed Interest	<u>(442,334)</u>
Present Value of Minimum Lease Payments	<u><u>\$5,682,464</u></u>

NOTE 9. Long-Term Debt

A. General Obligation Bonds

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Fiscal Year	General Obligation (GO) Bonds								IDA Bonds		
	General Fund		School Fund		Utility Fund		Total GO Bonds		Principal	Interest	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2012	\$29,175,047	\$15,288,748	\$22,934,716	\$12,027,406	\$8,295,237	\$5,451,411	\$60,405,000	\$32,767,565	\$6,985,000	\$3,507,782	\$10,492,782
2013	28,391,532	14,626,285	23,954,623	11,925,765	8,523,845	5,269,008	60,870,000	31,821,058	7,450,000	3,181,136	10,631,136
2014	29,382,448	13,126,624	23,725,577	10,967,965	8,401,975	5,010,913	61,510,000	29,105,502	7,730,000	2,857,411	10,587,411
2015	28,454,777	12,260,458	22,131,772	9,883,207	7,528,452	4,313,580	58,115,001	26,457,245	8,120,000	2,510,486	10,630,486
2016	26,049,619	10,884,708	20,910,587	8,975,765	7,564,794	3,917,485	54,525,000	23,777,958	3,195,000	2,282,630	5,477,630
2017	25,998,793	9,632,550	20,749,245	8,070,536	7,491,963	3,494,680	54,240,001	21,197,766	3,225,000	2,174,736	5,399,736
2018	23,912,583	8,297,930	20,017,622	6,875,831	7,164,795	3,499,668	51,095,000	18,673,429	3,260,000	2,056,261	5,316,261
2019	22,674,955	7,287,226	19,461,296	6,198,785	7,163,749	2,933,397	49,300,000	16,419,408	3,300,000	1,932,824	5,232,824
2020	21,227,837	6,339,567	17,129,693	5,504,717	6,952,470	2,684,154	45,310,000	14,528,438	3,340,000	1,798,891	5,138,891
2021	20,548,861	5,371,436	16,619,746	4,756,669	6,956,393	2,350,286	44,125,000	12,478,391	3,385,000	1,662,582	5,047,582
2022	18,590,961	4,559,225	15,009,884	4,189,470	6,974,155	2,077,204	40,575,000	10,825,899	3,435,000	1,523,779	4,958,779
2023	17,438,565	3,810,585	13,877,435	3,640,684	7,039,000	1,803,588	38,355,000	9,254,857	3,485,000	1,382,336	4,867,336
2024	15,853,000	3,128,904	13,716,000	3,109,955	7,121,000	1,496,431	36,690,000	7,735,290	3,535,000	1,238,229	4,773,229
2025	14,178,000	2,478,429	13,859,000	2,563,000	7,208,000	1,197,938	35,245,000	6,239,367	3,590,000	1,092,965	4,682,965
2026	11,448,000	1,893,227	12,029,000	1,984,986	6,988,000	893,356	30,465,000	4,771,569	2,355,000	972,636	3,327,636
2027	11,443,000	1,444,373	12,205,000	1,524,862	7,067,000	613,080	30,715,000	3,582,315	2,425,000	875,706	3,300,706
2028	7,428,000	1,010,043	10,296,000	1,026,185	3,636,000	320,260	21,360,000	2,356,488	2,495,000	775,271	3,270,271
2029	5,720,000	693,478	6,090,000	582,627	1,570,000	171,874	13,380,000	1,447,979	2,570,000	671,234	3,241,234
2030	5,720,000	471,690	4,970,000	339,136	1,570,000	114,368	12,260,000	925,194	2,645,000	562,721	3,207,721
2031	4,950,000	265,303	3,755,000	173,146	1,570,000	56,862	10,275,000	495,311	2,730,000	449,717	3,179,717
2032	3,685,000	84,905	2,220,000	51,150	610,000	14,055	6,515,000	150,110	2,195,000	331,971	2,526,971
2033	-	-	-	-	-	-	-	-	2,285,000	241,699	2,526,699
2034	-	-	-	-	-	-	-	-	2,380,000	147,700	2,527,700
2035	-	-	-	-	-	-	-	-	2,475,000	49,871	2,524,871
	<u>\$372,270,978</u>	<u>\$122,955,694</u>	<u>\$315,662,196</u>	<u>\$104,371,847</u>	<u>\$127,396,828</u>	<u>\$47,683,598</u>	<u>\$815,330,002</u>	<u>\$275,011,139</u>	<u>\$88,590,000</u>	<u>\$34,280,574</u>	<u>\$122,870,574</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

B. Advance Refunding

On July 27, 2010, the County issued \$65,870,000 in Refunding Bonds (20010C) with an average interest rate of 4.55 percent. The bonds were issued to advance refund \$67,515,000 of outstanding 2003 Series, 2005 Series, 2006 Series, 2007 Series, 2008 Series and 2009 Series (“Old Bonds”) with an average rate of 4.47 percent. The net proceeds, including the premium of \$10,768,053, of \$76,277,848 were used to purchase U.S Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,645,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2031 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$3,346,589 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$2,351,479.

Refunding Bonds

	<u>Total Refunding Bonds</u>	<u>Percent of Allocations</u>	<u>Savings from Refunding</u>	<u>PV of Savings from Refunding</u>
General Government	\$28,124,914	42.70%	\$1,428,913	\$1,004,025
Schools	25,408,254	38.57%	1,290,891	907,044
Total	<u>53,533,168</u>	<u>81.27%</u>	<u>2,719,804</u>	<u>1,911,069</u>
Utilities	12,336,832	18.73%	626,785	440,410
Grand total	<u><u>\$65,870,000</u></u>	<u><u>100.00%</u></u>	<u><u>\$3,346,589</u></u>	<u><u>\$2,351,479</u></u>

C. Revenue Bonds – Ballston Public Parking Garage

Revenue Bonds of \$22,300,000 were issued by the County in 1984 to provide for the acquisition and construction of a public parking garage facility. The bonds were issued in the form of Variable Rate Revenue Bonds to mature on August 1, 2017, and are subject to redemption as a whole or in part, at any time, at the principal amount thereof, plus accrued interest at the County's discretion. The bonds are not general obligations of the County and are payable solely from gross revenues arising from the operations of the garage facilities, an irrevocable direct pay letter of credit in the initial principal amount of \$25,648,055 and other funds which may be available to the project. As “credit support” for the project, the County has agreed to consider appropriating funds should a shortfall in revenues affect the payments to the bondholders. Debt service payments on the bonds are further secured by a deed of trust on the garage facilities and related assets. As of June 30, 2011, \$11,800,000 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 2.58% in FY 2011. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. On September 26, 2004, a Letter of Credit (LOC) was issued by Bank of America to support the garage activities. The LOC was valid for a term of five years, expiring in September 2009. On August 21, 2009, an Amended and Restated Letter of Credit and Reimbursement Agreement was signed, and the extended expiration date is September 22, 2011. Subsequent to the end of FY 2011, the Bank of America letter of credit was replaced by a three-year letter of credit issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014. Interest on drawings is payable at an interest rate publicly announced by the bank. When interest is due to the bondholders, the direct pay letter of credit pays the bondholders by drawing down on the letter of credit and then immediately seeking reimbursement from garage revenues.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2011, the County drew from the letter of credit \$25,601 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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

credit were \$117,770 in FY 2011. Also in FY 2011, \$500,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

D. Mortgage and Ground Lease Debt

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The short-term and long-term portion of this mortgage payable at June 30, 2011 was \$3,189,958 and \$239,721, respectively. The short-term portion of mortgage and ground lease interest payable was \$19,321,425. At June 30, 2011, all payments have been deferred.

E. Virginia Resources Authority Note Payable

VRA Bonds were issued in June 2004 in the amount of \$100,000,000. The proceeds from those bonds were received by the County prior to fiscal year 2011. The interest rate on these bonds is 3.10 percent. The principal outstanding on these bonds at June 30, 2011 was \$80,441,257.

In June 2007, the County entered into a Financing Agreement with the Virginia Resources Authority (VRA). VRA agreed to issue \$4,000,000 (Series 2007 A) and \$76,000,000 (2007 Series B) in Wastewater System Revenue Bonds (VRA Bonds) and lend the proceeds to the County for improvements to the County's water pollution control plant and wastewater system. Interest was charged at a rate of 3.00 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. The principal outstanding on these bonds at June 30, 2011 was \$3,607,302 on Series A bonds and \$68,538,735 on Series bonds.

In October 2008, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.55 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. The principal outstanding on these bonds at June 30, 2011 was \$48,184,023.

In June 2009, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$35,000,000 in Wastewater System Revenue Bonds, Series 2009 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.35 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2011, principal outstanding on these bonds was \$35,000,000.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$1,856,428, \$16,795,849, and \$16,347,723 in Wastewater System Revenue Bonds, Series 2008, 2009, and 2010 respectively, and lend the proceeds to the County to continue the improvements to the water pollution control plant. At June 2011, VRA had provided a loan of VRA bond proceeds in the amounts of \$1,856,428, \$16,795,849, and \$8,734,445 respectively, including FY2011 bond proceeds of \$15,883,625. These amounts are outstanding at June 30, 2011.

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

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

On August 1, 2004, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and U.S. Bank Trust National Association, (the "Trustee"), made an agreement to finance the acquisition, construction, improvement, furnishing and equipping of various capital projects, including the Emergency Communication Center, the Trade Center Project, the George Mason Center Project, and the Enterprise Resource Planning Project. The Authority issued 20 year Lease Revenue Bonds in the amount of \$60,540,000 to finance these projects. At June 30, 2011, \$36,515,000 is outstanding under these lease revenue bonds.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

G. IDA Revenue Notes (Buckingham Village 3 Acquisition)

On March 23, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and Sun Trust Bank made an agreement to finance the acquisition of Buckingham Village 3. The County leased the property to a developer, a partnership of Telesis and National Housing Trust (NHT), which immediately began to manage the property and will undertake renovations of the property within 12-24 months. The Authority refinanced its note on May 27, 2010 with the issuance of its \$9,666,099 Taxable Variable Rate Note, Series 2010A and \$26,000,000 Taxable Fixed Rate Note, Series 2010B (the "Buckingham Village 3 Notes"). The County and the Authority entered into a Support Agreement under which the County, subject to annual appropriation, will make debt service payments on the Buckingham Village 3 Notes. Debt service payments have been budgeted in the County's affordable housing investment fund (AHIF). The principal outstanding on these notes at June 30, 2011 was \$35,016,099.

H. IDA Revenue Bonds (Various County Projects)

On August 13, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$41,280,000 in Revenue Bonds for the benefit of Arlington County (the "2009 IDA Bonds"). The 2009 IDA Bonds were for the funding of the County's Metro Matters obligation and for the acquisition of property for a park and streets in Buckingham Village 1. \$31,435,000 of the issuance was in the form of taxable Build America Bonds (BABs). Interest on these bonds is subject to a 35% rebate from the IRS. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2009 IDA Bonds. Debt service on \$10,800,000 is expected to come from the Transportation Investment Fund revenues which come from a 12.5 cent tax per \$100 of assessed value on commercial real estate. The principal outstanding on these notes at June 30, 2011 was \$40,135,000.

On January 27, 2011, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$11,940,000 in Revenue Bonds for the benefit of Arlington County (the "2011 IDA Bonds"). The 2011 IDA Bonds were for the funding of the County's construction of Fire Station #3, park space at Buckingham Village I, and construction of Arlington Mill Community Center. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2011 IDA Bonds. As of June 30, 2011, \$11,940,000 remains outstanding.

I. Changes in Long-Term Liabilities

During the year ended June 30, 2011, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
General Government:					
Compensated absences****	\$30,517,976	\$25,947,989	(\$26,202,368)	\$30,263,597	\$3,026,360
Workers compensation	4,440,687	1,661,607	(2,558,093)	3,544,201	354,420
GO Bonds	306,859,109	123,236,914	(57,825,045)	372,270,978	29,175,047
GO Bonds - Schools	259,576,015	103,951,254	(47,865,073)	315,662,196	22,934,716
IDA - Metro and Buckingham Village 1	41,280,000	-	(1,145,000)	40,135,000	1,165,000
IDA - Buckingham Village 3 Note	35,666,099	-	(650,000)	35,016,099	-
IDA Revenue Bonds - 2004	41,900,000	-	(5,385,000)	36,515,000	5,570,000
IDA Revenue Bonds - 2011	-	11,940,000	-	11,940,000	250,000
Capital leases	20,556,593	4,287,958	(5,911,342)	18,933,209	5,999,775
Bond premiums - County	8,691,590	6,458,775	(547,758)	14,602,607	870,697
Bond premiums - Schools	7,546,752	4,337,889	(455,507)	11,429,134	672,401
Bond premiums - IDA Revenue Bonds - 2004	2,236,963	-	(313,865)	1,923,098	313,865
Deferred cost on refunding bonds - County	905,727	569,824	(79,521)	1,396,030	108,013
Deferred cost on refunding bonds - Schools	(1,858,811)	819,075	199,897	(839,839)	(158,944)
Totals General Government	758,318,700	283,211,285	(148,738,675)	892,791,310	\$70,281,350
Internal service:					
Compensated Absence	520,336	486,423	(493,410)	513,349	51,335
Capital lease	3,450,321	-	(607,208)	2,843,113	629,956
Total Internal Service	3,970,657	486,423	(1,100,618)	3,356,462	681,291
Total Governmental Activities	\$762,289,357	\$283,697,708	(\$149,839,293)	\$896,147,772	\$70,962,641
Component Unit-Schools:					
Compensated absences	\$33,436,055	\$-	(\$175,826)	\$33,260,229	\$3,326,023
Capital lease	8,537,524	367,766	(3,222,826)	5,682,464	2,240,347
Total Component Unit - Schools	\$41,973,579	\$367,766	(\$3,398,652)	\$38,942,693	\$5,566,370
Business-Type Activities					
Compensated absences-Utilities	1,499,418	1,523,407	(1,494,575)	1,528,250	152,825
Compensated absences-CPHD	551,464	588,329	(552,762)	587,031	58,703
GO Bonds - Utilities	105,459,880	42,486,832	(20,549,884)	127,396,828	8,295,237
Bond Premium - Utilities	2,154,622	1,554,617	(127,849)	3,581,390	205,580
Revenue Bonds - Ballston	12,300,000	-	(500,000)	11,800,000	500,000
Mortgage Payable - Ballston	3,429,679	-	-	3,429,679	3,189,958
Mortgage and Interest Payable - Ballston	17,922,937	1,398,488	-	19,321,425	19,321,425
VRA Loan Payable	256,458,344	15,883,625	(9,183,930)	263,158,039	12,095,174
Bond and mortgage interest payable - Utilities	3,815,953	4,310,537	(3,815,953)	4,310,537	4,310,537
Capital Leases	333,412	-	(56,562)	276,850	58,457
Deferred Cost of Refunding	43,064	256,101	(83,514)	215,651	96,318
Total business-type activities	\$403,968,773	\$68,001,936	(\$36,365,029)	\$435,605,680	\$48,284,214
Grand Total	\$1,208,231,709	\$352,067,410	(\$189,602,974)	\$1,370,696,145	\$124,813,225

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the "school debt" is reflected in Exhibit 1 "Statement of Net Assets" in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for "Non-current liabilities" and "Invested in capital assets, net of related debt" is \$326,251,491 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$60,987,535 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, 2011 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	\$2,154,760	\$-
Urban Area Security Initiative	-	2,102,031
Drug Task Force	-	52,729
	<u>\$2,154,760</u>	<u>\$2,154,760</u>

Due to/from primary government and component units:

	<u>Primary Government</u>	<u>Component Unit</u>
General Fund	\$(396,464)	\$53,311,195
School Funds:		
Operating		
Primary Government	48,973,227	-
Community Activities		
Primary Government	1,036,079	-
Pay-As-You-Go		
Primary Government	3,301,889	-
CSA		
Primary Government	-	(396,464)
	<u>\$52,914,731</u>	<u>\$52,914,731</u>

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2011 are as follows:

ARLINGTON COUNTY, VIRGINIA

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<u>Transfer</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Total Transfers Out</u>
General Fund	\$-	\$247,000	\$25,763,873	\$207,699	\$26,218,572
Special Revenue Fund	47,582	-	-	-	47,582
Non-major Capital Projects Fund	228,260	-	300,000	-	528,260
Internal Service	130,000	-	-	-	130,000
Total Transfers In	<u>\$405,842</u>	<u>\$247,000</u>	<u>\$26,063,873</u>	<u>\$207,699</u>	<u>\$26,924,414</u>

NOTE 12. Fund Balance

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

The non-spendable fund balance is comprised of the following:

\$1,252,930	Section 8 Housing (Amount reported in non-spendable form such as prepaid)
-------------	---

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

\$5,000,000	Self-insurance reserve
11,151,929	Subsequent year's budget – County
4,946,013	Capital projects
40,192,725	Operating reserve
230,734	Incomplete projects
19,163,965	Affordable Housing Investment Fund
32,491,838	Subsequent year's budget – Schools

The County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2011. The County maintains a General Fund operating reserve that totaled \$40,192,725 as of June 30, 2011. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, set at two percent of the General Fund budget for a number of years, is now at least four percent with a goal of increasing to five percent of the General Fund budget.

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

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

<u>Special Revenue Fund</u>	<u>Revenue Source</u>
Travel & Tourism Promotion	Transient Tax
Rosslyn Business Improvement District	Real Estate Taxes
Crystal City Business Improvement District	Real Estate Taxes
Community Development Grants	Federal Grants
Section 8 Housing Program	Federal Grants

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 13. Commitments and Contingencies

A. Washington Metropolitan Area Transit Authority

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

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

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

In addition, the County shares the operating costs for WMATA's combined bus and rail system. State aid and Northern Virginia Transportation Commission funds have been utilized to help finance these costs. During FY 2011, the County paid \$20,183,552 million from its General Fund to subsidize WMATA's bus and rail operating costs.

B. Construction Commitments

As of June 30, 2011 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Projects Funds	\$25,353,968
Utilities Fund	<u>23,517,556</u>
	<u>\$48,871,524</u>

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

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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 2011 they have been recorded in the same manner, as is the rest of the plant.

D. Alexandria/Arlington Waste Disposal Trust Fund

The Alexandria/Arlington Waste Disposal Trust Fund (“the Trust”) is a private purpose trust fund of Arlington County, Virginia and, accordingly, the financial position and results of operations of the Trust are reflected in the comprehensive annual

ARLINGTON COUNTY, VIRGINIA

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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 \$885,252 were collected and project-related expenditures of \$5,291,328 were incurred in FY 2011.

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 2011, 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 2011 \$1.8 million was received from the Commonwealth. The Arlington Regional Jail's assets and debt are recorded in the financial statements of the County.

F. Industrial Development Authority Ice Skating Facility

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

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

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

The IDA agreed to acquire the rights necessary to undertake development and construction of the Skating Facility pursuant to the Deed of Lease and Grant of Air Rights, and, as third party beneficiary, under the Skating Facility Agreement. The

ARLINGTON COUNTY, VIRGINIA

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County is currently leasing the Eighth Level Slab to the IDA and the IDA is leasing back to the County a portion of the Eighth Level Slab on which the County is operating the Parking Facilities.

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

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

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

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make monthly payments of rent that are approximately equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2011, 2.2 million was received from the Capitals.

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

G. Industrial Development Authority Affordable Housing Project

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

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

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

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

ARLINGTON COUNTY, VIRGINIA

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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, 2011 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 2011, the County paid \$704,682 for capital and operating costs. Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

B. Peumansend Creek Regional Jail Authority

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

The regional jail is currently designed with the capacity for 336 prisoners. The County is guaranteed a minimum of 60 beds. Current cost projections anticipate a total project cost of approximately \$27 million with 50% of the eligible construction cost (\$23.8 million) to be reimbursed by the Commonwealth. The Authority issued \$10.22 million in revenue bonds and \$12 million in grant anticipation notes in March 1997. The County has no equity in the jail and is not responsible for repayment of the bonds or notes. The County's portion of the project costs includes approximately \$3.8 million over the 20-year period of debt (1997-2017). In FY 2011, the County paid \$782,949 for capital and operating costs. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

NOTE 15. Deferred Compensation Plan

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

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

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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, 2010, 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	1,656	604	87	2,347
Non-Vested	1,026	208	-	1,234
Total	<u>2,682</u>	<u>812</u>	<u>87</u>	<u>3,581</u>
Vested Deferred	169	21	90	280
Retirees and Beneficiaries	1,799	705	1,116	3,620

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

Funding Policy

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

Contributions totaling \$53,825,892 (\$43,215,067 of Employer contributions, \$10,533,803 of Employee contributions, and \$77,022 other contributions) were made in accordance with actuarially determined contribution requirements determined through an actuarial

ARLINGTON COUNTY, VIRGINIA

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valuation performed as of July 1, 2010. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2011, the member contribution rates varied up to 7.5% of their salary depending on the chapter of the plan they were covered under.

Annual Pension Cost

Net pension obligation represents the difference between the annual pension costs and the actuarially required contributions. The County had no unfunded pension obligation at June 30, 2010. Three-year trend information is presented below.

Schedule of Employer Contributions

Year Ended <u>June 30</u>	Annual Pension Cost (ARC) (in millions)	Percentage <u>Contributed</u>
2009	37.1	100.0%
2010	42.9	100.0%
2011	43.2	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, 2010 actuarial valuation.

Actuarial Assumptions

The information presented below are the significant actuarial assumptions.

Valuation date	07/01/10
Actuarial cost method	Entry Age Normal
Remaining amortization period	15.23 years
Amortization method	Level % Open
Asset valuation method	5 year, smoothed
Actuarial assumptions	
Assumed inflation rate	4.0%
Investment rate of return	7.5%
Projected salary increases	4.0%
Cost of living adjustments	
Chapter 21	1.5%
Chapter 46	100% CPI-U increase to a maximum of 3% plus ½ CPI-U increase for next 9% (max 7 ½% increase for 12% increase in CPI-U)

Three-Year Trend Information

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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>
7/1/08	\$1,449.2	\$1,380.5	\$(68.7)	105.0%	\$224.1	(30.7)%
7/1/09	1,375.8	1,474.0	(98.2)	93.3%	220.8	44.5%
7/1/10	1,503.7	1,580.1	76.4	95.2%	224.5	34.0%

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

B. Virginia Retirement System (VRS)

Plan Description

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

Funding Policy

Retirement benefits are funded by employer contributions and by investment earnings. In accordance with State statute, the County is required to contribute at an actuarially determined rate. State statute may be amended only by the Commonwealth of Virginia General Assembly. In FY 2011, the contribution rate was 14.85%. The County's contributions to the VRS for the years ended June 30, 2011, 2010 and 2009 were \$22.1 million, \$29.7 million and \$34.4 million respectively, which were equal to the required contributions for each year.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Actuarial Valuation Date June -30	Schedule of Funding Progress (\$ in millions)					Percentage of Covered Payroll (b-a)/(c)
	Actuarial Value of Assets (a)	Accrued Liability Entry Age (b)	Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	
<u>Virginia Retirement System (VRS)</u>						
2009	\$53,185	\$66,323	\$13,138	80.2%	\$14,948	87.9%
2008	52,548	62,554	10,006	84.0%	14,559	68.7%
2007	47,815	58,116	10,301	82.3%	13,834	74.5%
<u>State Police Officers' Retirement System (SPORS)</u>						
2009	\$647	\$879	\$232	73.6%	\$101	230.0%
2008	645	844	198	76.6%	103	193.2%
2007	595	806	211	73.8%	101	209.4%
<u>Virginia Law Officers' Retirement System (VaLORS)</u>						
2009	\$913	\$1,412	\$499	64.7%	\$359	138.9%
2008	873	1281	408	68.2%	368	110.8%
2007	766	1,166	400	65.7%	341	117.2%
<u>Judicial Retirement System (JRS)</u>						
2009	\$378	\$521	\$143	72.5%	\$63	228.4%
2008	374	495	121	75.6%	61	199.9%
2007	340	442	102	76.9%	58	177.3%

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 2011 the County contributed \$9,204,311 and \$336,172 towards health and life plans respectively. Plan members receiving benefits contributed \$2,645,720 and \$336,172 towards health and life plans respectively. The County contributed an additional \$6,793,714 in pre-funding contributions towards health and life plans for retirees.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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	\$17,311,380
Interest on net OPEB obligation	20,038
Adjustment to annual required contribution	<u>(13,964)</u>
Annual OPEB cost (expense)	17,317,454
Contributions made	<u>16,334,196</u>
Increase in net OPEB obligation	983,258
Net OPEB obligation-beginning of year	<u>250,475</u>
Net OPEB obligation- end of year	<u><u>\$1,233,733</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, 2011 and 2010 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2010	16,706,305	100.30%	250,475
06/30/2011	17,317,454	94.30%	1,223,733

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$225.9 million and the actuarial value of assets was \$23.5.0 million, resulting in an unfunded actuarial accrued liability of \$202.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$231.9 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 87.3 percent.

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

Actuarial Methods and Assumptions

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

In the June 30, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8 percent investment return, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.75 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2011 is thirty years.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Schedule of Funding Progress (\$ in millions)				UAAL as a % of Covered Payroll
		Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio	Covered Payroll	
01/01/2009	\$16.00	\$226.00	\$210.00	7.1%	\$243.40	87.3%
07/01/2009	\$14.96	\$214.43	\$199.48	7.0%	\$221.95	89.9%
07/01/2010	\$23.52	\$225.98	\$202.46	10.4%	\$231.93	87.0%

B. Schools OPEB

Plan Description

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

Funding Policy

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the annual required contribution (ARC) in future years. For full career employees, the Schools currently contributes between 58% and 77%, based on coverage selected, towards the cost of medical premiums. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2011 the Schools' contributed \$5,303,445 and an additional \$6,914,239 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$2,769,662 towards health plans.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$9,373,969
Interest on net OPEB obligation	1,488,252
Adjustment to annual required contribution	<u>(1,037,129)</u>
Annual OPEB cost (expense)	9,825,092
Contributions made	<u>(12,217,684)</u>
Decrease in net OPEB obligation	(2,392,592)
Net OPEB obligation-beginning of year	<u>18,603,146</u>
Net OPEB obligation- end of year	<u><u>\$16,210,554</u></u>

The Schools' annual OPEB cost, the percentage of annual OPEB cost contributions to the plan, and the net OPEB obligations for the fiscal years ended June 30, 2011 and 2010 were as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/11	\$9,825,092	124.4%	\$16,210,554
06/30/10	9,447,405	109.4%	18,603,146

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$105.3 million, of which \$6.3 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$244.7 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 40.5 percent. The Schools contributed an additional \$6.9 into the Retiree Welfare Benefit Trust during FY 2011.

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 2010/2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an 8.0 percent investment return, salary increases of 4.5 percent (plus merit scale), and an annual healthcare cost trend rate of 8.50 percent initially, grading to 5.5 percent over thirteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2011 is twenty seven years.

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

Schedule of Funding Progress (\$ in millions)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded 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>
12/31/08	\$0.0	\$191.5	\$191.5	0.0%	\$221.8	86.3%
07/01/09	\$1.5	\$98.7	\$97.2	1.6%	\$234.1	41.5%
07/01/10	\$6.3	\$105.3	\$99.0	6.0 %	\$244.7	40.5%

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 18. Subsequent Events

A. Ballston Public Parking Garage Line of Credit Agreement

On September 26, 2004, a Letter of Credit (LOC) was issued by Bank of America to support the garage activities with a five year term which expired in September 2009. On August 21, 2009, the Amended and Restated Letter of Credit and Reimbursement Agreement was signed to extend the expiration date to September 22, 2011. Subsequent to the end of FY 2011, the Bank of America letter of credit was replaced by a three-year letter of credit issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014.

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OTHER SUPPLEMENTARY INFORMATION

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



Combined Financial Statements - Overview

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

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

ARLINGTON COUNTY, VIRGINIA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS										Total Non-Major Governmental Funds
	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Facilities Bond Fund	IDA Bond Fund	
ASSETS																	
Equity in pooled cash and investments	\$261,521	\$626,292	\$1,771,277	\$1,214,845	\$252,347	\$4,086,555	\$14,926,902	\$14,358,725	\$5,966,928	\$12,834,933	\$51,178,128	\$4,750,847	\$729,696	\$42,307,680	\$17,721,560	\$16,758,525	\$189,746,761
Receivables, net	-	-	-	-	30,589,063	-	-	-	-	93,932	-	-	-	185,951	-	3,157	30,872,103
Receivables from other governments	108,151	-	-	-	385,496	18,498	-	-	-	-	-	-	-	-	-	-	512,145
Prepaid	-	-	-	-	-	1,252,930	-	-	-	-	-	-	-	-	-	-	1,252,930
Total assets	\$369,672	\$626,292	\$1,771,277	\$1,214,845	\$31,226,906	\$5,357,983	\$14,926,902	\$14,358,725	\$5,966,928	\$12,928,865	\$51,178,128	\$4,750,847	\$729,696	\$42,493,631	\$17,721,560	\$16,761,682	\$222,383,939
LIABILITIES AND FUND BALANCES																	
LIABILITIES																	
Accounts Payable	\$26,549	\$-	\$-	\$-	\$48,892	\$485	\$85,640	\$1,574,491	\$5,301	\$456,019	\$2,745,014	\$664,736	\$49,367	\$1,358,605	\$-	\$409,514	\$7,424,613
Other liabilities	-	-	-	-	26,170,220	-	-	3,200	-	-	966,731	-	-	461,468	-	236,096	27,837,715
Deferred Revenue	-	626,292	1,576,845	1,145,533	5,007,794	393,212	-	-	-	-	-	-	-	-	-	-	8,749,676
Total liabilities	26,549	626,292	1,576,845	1,145,533	31,226,906	393,697	85,640	1,577,691	5,301	456,019	3,711,745	664,736	49,367	1,820,073	-	645,610	44,012,004
FUND BALANCES																	
Nonspendable	-	-	-	-	-	1,252,930	-	-	-	-	-	-	-	-	-	-	1,252,930
Restricted	343,123	-	194,432	69,312	-	3,711,356	-	-	-	-	-	-	-	662,000	17,721,560	-	22,701,783
Committed	-	-	-	-	-	-	14,841,262	12,781,034	5,961,627	12,472,846	47,466,383	4,086,111	680,329	40,011,558	-	16,116,072	154,417,222
Total fund balances	343,123	-	194,432	69,312	-	4,964,286	14,841,262	12,781,034	5,961,627	12,472,846	47,466,383	4,086,111	680,329	40,673,558	17,721,560	16,116,072	178,371,935
Total liabilities and fund balances	\$369,672	\$626,292	\$1,771,277	\$1,214,845	\$31,226,906	\$5,357,983	\$14,926,902	\$14,358,725	\$5,966,928	\$12,928,865	\$51,178,128	\$4,750,847	\$729,696	\$42,493,631	\$17,721,560	\$16,761,682	\$222,383,939

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS										Total Non-Major Governmental Funds
	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	NVTA Fund	Transit Facilities Bond Fund	IDA Bond Fund	
REVENUES:																	
Other local taxes	\$1,085,624	\$-	\$2,757,464	\$2,020,727	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$5,863,815
Real estate taxes	-	-	-	-	-	-	-	-	7,173,184	-	-	-	-	21,088,831	-	-	28,262,015
Intergovernmental	-	-	-	-	1,956,147	16,830,528	-	-	-	-	-	-	-	-	-	-	18,786,675
Interest income	-	-	3,165	1,736	-	-	23,925	32,779	148	\$0	76,565	14,744	13,365	-	25,566	41,168	233,161
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-	80,000	-	-	-	80,000
Total revenues	1,085,624	-	2,760,629	2,022,463	1,956,147	16,830,528	23,925	32,779	148	7,173,184	76,565	14,744	13,365	21,168,831	25,566	41,168	53,225,666
EXPENDITURES:																	
Planning and community development	-	-	2,705,268	2,045,523	1,956,147	17,123,012	-	-	-	-	-	-	-	-	-	-	23,829,950
Travel and tourism	1,320,891	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,320,891
Intergovernmental:																	
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,252,786	-	5,252,786
Debt Service																	
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	302,939	-	-	302,939
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	303,271	-	-	303,271
Capital outlay	-	-	-	-	-	29,606	5,546,520	6,717,365	37,385	5,384,592	23,488,026	2,087,204	471,691	21,862,127	-	9,953,990	75,578,506
Total expenditures	1,320,891	-	2,705,268	2,045,523	1,956,147	17,152,618	5,546,520	6,717,365	37,385	5,384,592	23,488,026	2,087,204	471,691	22,468,337	5,252,786	9,953,990	106,588,343
Revenues over (under) expenditures	(235,267)	-	55,361	(23,060)	-	(322,090)	(5,522,595)	(6,684,586)	(37,237)	1,788,592	(23,411,461)	(2,072,460)	(458,326)	(1,299,506)	(5,227,220)	(9,912,822)	(53,362,677)
OTHER FINANCING SOURCES(USES):																	
Proceeds from sale of bonds	-	-	-	-	-	-	17,819,428	13,300,000	5,945,000	-	40,505,572	-	-	-	17,542,000	11,858,061	106,970,061
Payments to refunded bond escrow agent	-	-	-	-	-	-	(5,775,828)	(2,965,623)	(1,191,264)	-	(11,345,926)	(1,516,858)	(2,248,847)	-	(3,650,392)	-	(28,694,738)
Proceeds from sale of refunding bonds	-	-	-	-	-	-	5,661,131	2,906,731	1,167,608	-	11,120,617	1,486,736	2,204,189	-	3,577,902	-	28,124,914
Deferred cost of refunding	-	-	-	-	-	-	114,697	58,892	23,656	-	225,309	30,122	44,658	-	72,490	-	569,824
Transfers in	247,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	247,000
Transfers out	-	-	(27,575)	(20,007)	-	-	(23,925)	(32,779)	(148)	(300,000)	(76,565)	(14,744)	(13,365)	-	(25,566)	(41,168)	(575,842)
Total Other financing sources (uses)	247,000	-	(27,575)	(20,007)	-	-	17,795,503	13,267,221	5,944,852	(\$300,000)	40,429,007	(14,744)	(13,365)	-	17,516,434	11,816,893	106,641,219
Net change in fund balances	11,733	-	27,786	(43,067)	-	(322,090)	12,272,908	6,582,635	5,907,615	1,488,592	17,017,546	(2,087,204)	(471,691)	(1,299,506)	12,289,214	1,904,071	53,278,542
FUND BALANCE, beginning of year	331,390	-	166,646	112,379	-	5,286,376	2,568,354	6,198,399	54,012	10,984,254	30,448,837	6,173,315	1,152,020	41,973,064	5,432,346	14,212,001	125,093,393
FUND BALANCE, end of year	\$343,123	\$-	\$194,432	\$69,312	\$-	\$4,964,286	\$14,841,262	\$12,781,034	\$5,961,627	\$12,472,846	\$47,466,383	\$4,086,111	\$680,329	\$40,673,558	\$17,721,560	\$16,116,072	\$178,371,935



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, 2011
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	2011	2010
ASSETS		Restated- GASB54
Equity in pooled cash and investments	\$213,295,354	\$185,678,992
Petty cash	2,462	2,678
Cash with fiscal agents	270,034	269,284
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	297,969,714	280,638,329
Accounts	16,117,952	17,685,246
Accrued interest	998,165	793,782
Due from other governments	9,173,255	6,673,761
Temporary Loan To Fund	2,154,760	8,658,220
Due from component unit	396,464	470,571
Other assets	15,332,116	15,106,424
	\$555,710,276	\$515,977,287
Total Assets		
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accrued payroll liabilities	\$15,990,460	\$15,884,657
Vouchers payable	11,127,767	11,288,250
Current maturities of interest payable	339,471	334,325
Other current liabilities	312,232	2,009,950
Deferred revenue	313,874,506	295,267,615
Due to component unit	53,311,195	54,183,192
	394,955,631	378,967,989
Total Liabilities		
FUND BALANCE:		
<u>Restricted for:</u>		
Seized assets	2,385,573	3,032,049
Grants	-	45,296
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Subsequent years' County budget	11,151,929	17,061,007
Capital projects	4,946,013	-
Operating reserve	40,192,725	32,377,943
Incomplete projects	230,734	150,176
Affordable Housing Investment Fund	19,163,965	17,656,893
Subsequent years' School's budget	32,481,838	33,218,860
<u>Assigned to:</u>		
Subsequent years' budgets	10,913,573	-
Subsequent years' capital projects	6,135,259	13,942,559
Employee furlough day restoration	-	1,012,911
Operating reserve	10,048,181	2,672,083
Fresh AIRE program	354,877	663,804
Incomplete projects	933,856	6,610,975
Affordable Housing Investment Fund	3,717,920	3,564,742
Capital projects	13,098,202	-
	160,754,645	137,009,298
Total Fund Balance		
Total Liabilities and Fund Balance	98 \$555,710,276	\$515,977,287

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, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	2011			2010 ACTUALS
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	
REVENUES:				
Taxes	\$781,634,274	\$805,987,076	\$24,352,802	\$776,012,148
Licenses and permits	9,431,855	9,929,105	497,250	7,362,947
From the Commonwealth of Virginia	71,335,789	67,446,034	(3,889,755)	64,159,718
From the federal government	25,772,943	23,254,392	(2,518,551)	22,638,894
Charges for services	44,130,231	49,744,479	5,614,248	42,650,595
Fines and forfeitures	11,031,000	9,590,928	(1,440,072)	7,851,193
Use of money and property	10,389,141	8,095,821	(2,293,320)	9,888,443
Miscellaneous revenues	2,068,223	8,630,638	6,562,415	17,272,388
Total Revenues	955,793,456	982,678,473	26,885,017	947,836,326
EXPENDITURES:				
Current:				
General government	47,923,810	48,327,024	(403,214)	47,787,521
Judicial administration	49,058,144	47,137,828	1,920,316	46,092,577
Public safety	120,934,894	112,696,379	8,238,515	110,184,753
Environmental services	74,542,867	72,721,915	1,820,952	73,187,350
Health and welfare	115,213,030	109,677,751	5,535,279	108,138,231
Parks and recreation	34,612,986	34,436,830	176,156	34,711,629
Libraries	11,375,807	11,098,860	276,947	11,708,778
Planning and community development	12,981,755	12,531,877	449,878	12,683,542
Non-departmental	78,419,714	43,769,131	34,650,583	60,696,417
Contributions to regional agencies	32,385,331	29,622,765	2,762,566	28,581,654
Debt service:				
Principal	36,256,366	36,007,366	249,000	33,813,374
Interest on serial bonds	19,240,894	18,034,190	1,206,704	17,053,764
Other costs	502,740	213,751	288,989	1,477,845
Total Expenditures	633,448,338	576,275,667	57,172,671	586,117,435
Revenues over Expenditures	322,345,118	406,402,806	84,057,688	361,718,891
OTHER FINANCING SOURCES(USES):				
Transfers in	4,729,328	2,033,670	(2,695,658)	721,456
Transfers from component unit	-	99,715	99,715	116,372
Transfers out	(26,218,572)	(26,218,572)	-	(21,831,853)
Transfers to component unit	(393,565,146)	(364,733,168)	28,831,978	(343,184,094)
Premium on sales of bonds	-	6,267,065	6,267,065	1,048,679
Total Other Financing Sources(Uses)	(415,054,390)	(382,551,290)	32,503,100	(363,129,440)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(92,709,272)	23,851,516	116,560,788	(1,410,549)
FUND BALANCE, beginning of year	136,903,129	136,903,129	-	138,313,678
FUND BALANCE, end of year	\$44,193,857	\$160,754,645	\$116,560,788	\$136,903,129



Special Revenue Funds

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals	
							June 30, 2011	June 30, 2010
								Restated - GASB54
ASSETS								
Equity in pooled cash and investments	\$261,521	\$626,292	\$1,771,277	\$1,214,845	\$252,347	\$4,086,555	\$8,212,837	\$7,263,072
Receivable from other government	108,151	-	-	-	385,496	18,498	512,145	642,588
Long-term receivables	-	-	-	-	30,589,063	-	30,589,063	21,467,908
Prepaid Expenses	-	-	-	-	-	1,252,930	1,252,930	1,223,394
Total Assets	\$369,672	\$626,292	\$1,771,277	\$1,214,845	\$31,226,906	\$5,357,983	\$40,566,975	\$30,596,962
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Vouchers payable	\$26,549	\$-	\$-	\$-	\$48,892	\$485	\$75,926	\$234,897
Deferred Revenues	-	626,292	1,576,845	1,145,533	5,007,794	393,212	8,749,676	8,203,115
Long-term liabilities	-	-	-	-	26,170,220	-	26,170,220	16,262,159
Total Liabilities	26,549	626,292	1,576,845	1,145,533	31,226,906	393,697	34,995,822	24,700,171
FUND BALANCES								
- Nonspendable	-	-	-	-	-	1,252,930	1,252,930	1,223,394
- Restricted	343,123	-	194,432	69,312	-	3,711,356	4,318,223	4,673,397
Total Fund Balances	343,123	-	194,432	69,312	-	4,964,286	5,571,153	5,896,791
Total Liabilities and Fund Balances	\$369,672	\$626,292	\$1,771,277	\$1,214,845	\$31,226,906	\$5,357,983	\$40,566,975	\$30,596,962

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals	
							June 30, 2011	June 30, 2010
REVENUES:								
Other local taxes	\$1,085,624	\$-	\$2,757,464	\$2,020,727	\$-	\$-	\$5,863,815	\$6,362,207
From the federal government	-	-	-	-	1,956,147	16,830,528	18,786,675	18,301,039
Total revenues	1,085,624	-	2,757,464	2,020,727	1,956,147	16,830,528	24,650,490	24,663,246
EXPENDITURES:								
Current -								
Community development	-	-	2,705,268	2,045,523	1,956,147	-	6,706,938	7,402,756
Housing program	-	-	-	-	-	17,123,012	17,123,012	16,344,520
Capital Outlay	-	-	-	-	-	29,606	29,606	105,900
Travel and tourism	1,320,891	-	-	-	-	-	1,320,891	1,235,038
Total expenditures	1,320,891	-	2,705,268	2,045,523	1,956,147	17,152,618	25,180,447	25,088,214
Revenues over (under) expenditures	(235,267)	-	52,196	(24,796)	-	(322,090)	(529,957)	(424,968)
OTHER FINANCING SOURCES(USES):								
Interest	-	-	3,165	1,736	-	-	4,901	6,138
Transfers out	-	-	(27,575)	(20,007)	-	-	(47,582)	(53,083)
Transfers in	247,000	-	-	-	-	-	247,000	247,000
Total other financing sources(uses)	247,000	-	(24,410)	(18,271)	-	-	204,319	200,055
Revenues and other financing sources (uses) over expenditures	11,733	-	27,786	(43,067)	-	(322,090)	(325,638)	(224,913)
FUND BALANCES, beginning of year	331,390	-	166,646	112,379	-	5,286,376	5,896,791	6,121,704
FUND BALANCES, end of year	\$343,123	\$-	\$194,432	\$69,312	\$-	\$4,964,286	\$5,571,153	\$5,896,791

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$1,304,880</u>	<u>\$1,085,624</u>	<u>(\$219,256)</u>
Total revenue	<u>1,304,880</u>	<u>1,085,624</u>	<u>(219,256)</u>
EXPENDITURES:			
Travel and tourism promotion	<u>1,538,498</u>	<u>1,320,891</u>	<u>217,607</u>
Revenues over(under) expenditures	<u>(233,618)</u>	<u>(235,267)</u>	<u>(1,649)</u>
OTHER FINANCING SOURCES:			
Operating transfers in	<u>247,000</u>	<u>247,000</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	13,382	11,733	(1,649)
FUND BALANCE, beginning of year	<u>331,390</u>	<u>331,390</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$344,772</u></u>	<u><u>\$343,123</u></u>	<u><u>(\$1,649)</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$2,800,936</u>	<u>\$2,757,464</u>	<u>(\$43,472)</u>
Total revenue	<u>2,800,936</u>	<u>2,757,464</u>	<u>(43,472)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>2,773,048</u>	<u>2,705,268</u>	<u>67,780</u>
Revenues over(under) expenditures	<u>27,888</u>	<u>52,196</u>	<u>24,308</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	3,165	3,165
Transfers out	<u>(27,888)</u>	<u>(27,575)</u>	<u>313</u>
Total other financing sources(uses)	<u>(27,888)</u>	<u>(24,410)</u>	<u>3,478</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>27,786</u>	<u>27,786</u>
FUND BALANCE, beginning of year	<u>166,646</u>	<u>166,646</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$166,646</u></u>	<u><u>\$194,432</u></u>	<u><u>\$27,786</u></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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$2,034,115</u>	<u>\$2,020,727</u>	<u>(\$13,388)</u>
Total revenue	<u>2,034,115</u>	<u>2,020,727</u>	<u>(13,388)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>2,066,728</u>	<u>2,045,523</u>	<u>21,205</u>
Revenues over(under) expenditures	<u>(32,613)</u>	<u>(24,796)</u>	<u>7,817</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	1,736	1,736
Transfers out	<u>(20,876)</u>	<u>(20,007)</u>	<u>869</u>
Total other financing sources(uses)	<u>(20,876)</u>	<u>(18,271)</u>	<u>2,605</u>
Revenues and other financing sources(uses) over (under) expenditures	(53,489)	(43,067)	10,422
FUND BALANCE, beginning of year	<u>112,379</u>	<u>112,379</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$58,890</u></u>	<u><u>\$69,312</u></u>	<u><u>\$10,422</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$3,797,390</u>	<u>\$1,956,147</u>	<u>(\$1,841,243)</u>
Total Revenues	<u>3,797,390</u>	<u>1,956,147</u>	<u>(1,841,243)</u>
EXPENDITURES:			
Community development	<u>3,797,390</u>	<u>1,956,147</u>	<u>1,841,243</u>
Revenues over (under) 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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$17,390,410</u>	<u>\$16,830,528</u>	<u>(\$559,882)</u>
EXPENDITURES:			
Housing program	<u>16,776,864</u>	<u>17,152,618</u>	<u>(375,754)</u>
Revenues over (under) expenditures	<u>613,546</u>	<u>(322,090)</u>	<u>(935,636)</u>
FUND BALANCE, beginning of year	<u>5,286,376</u>	<u>5,286,376</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$5,899,922</u></u>	<u><u>\$4,964,286</u></u>	<u><u>(\$935,636)</u></u>



Capital Projects Funds

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

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

CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	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	IDA Bond Fund	Totals		
												June 30, 2011	June 30, 2010	
													Restated - GASB5	
ASSETS:														
Equity in pooled cash and investments	\$55,762,645	\$14,926,902	\$14,358,725	\$5,966,928	\$12,834,933	\$51,178,128	\$4,750,847	\$729,696	\$42,307,680	\$17,721,560	\$16,758,525	\$237,296,569	\$178,675,665	
Cash with fiscal agents	758,976	-	-	-	-	-	-	-	-	-	-	758,976	758,976	
Receivables	156,404	-	-	-	93,932	-	-	-	185,951	-	3,157	439,444	4,704,941	
Total Assets	\$56,678,025	\$14,926,902	\$14,358,725	\$5,966,928	\$12,928,865	\$51,178,128	\$4,750,847	\$729,696	\$42,493,631	\$17,721,560	\$16,761,682	\$238,494,989	\$184,139,582	
LIABILITIES AND FUND BALANCES														
LIABILITIES:														
Vouchers payable	\$3,499,526	\$85,640	\$1,574,491	\$5,301	\$456,019	\$2,745,014	\$664,736	\$49,367	\$1,358,605	\$-	\$409,514	\$10,848,213	\$15,908,252	
Contracts payable-retainage	-	-	-	-	-	966,731	-	-	461,468	-	236,096	1,664,295	542,641	
Deferred Revenue	5,465,519	-	-	-	-	-	-	-	-	-	-	5,465,519	3,784,277	
Other liabilities	795,934	-	3,200	-	-	-	-	-	-	-	-	799,134	1,130,364	
Total Liabilities	9,760,979	85,640	1,577,691	5,301	456,019	3,711,745	664,736	49,367	1,820,073	-	645,610	18,777,161	21,365,534	
FUND BALANCES:														
<u>Restricted:</u>														
Grants	1,380,184	-	-	-	-	-	-	-	-	-	-	1,380,184	1,423,044	
Debt Service	-	-	-	-	-	-	-	-	662,000	17,721,560	-	18,383,560	5,735,926	
<u>Committed to:</u>														
Capital Projects	45,536,862	14,841,262	12,781,034	5,961,627	12,472,846	47,466,383	4,086,111	680,329	40,011,558	-	16,116,072	199,954,084	155,615,078	
Total Fund Balances	46,917,046	14,841,262	12,781,034	5,961,627	12,472,846	47,466,383	4,086,111	680,329	40,673,558	17,721,560	16,116,072	219,717,828	162,774,048	
Total Liabilities and Fund Balances	\$56,678,025	\$14,926,902	\$14,358,725	\$5,966,928	\$12,928,865	\$51,178,128	\$4,750,847	\$729,696	\$42,493,631	\$17,721,560	\$16,761,682	\$238,494,989	\$184,139,582	

ARLINGTON COUNTY, VIRGINIA
 CAPITAL PROJECT FUNDS
 COMBINING STATEMENT OF REVENUES
 EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2011
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	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	IDA Bond Fund	Totals		
												June 30, 2011	June 30, 2010	
REVENUES:														
From the Commonwealth of Virginia	\$4,790,261	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$4,790,261	\$3,478,721	
From the federal government	556,888	-	-	-	-	-	-	-	-	-	-	556,888	-	
Charges for services	635,360	-	-	-	-	-	-	-	-	-	-	635,360	323,456	
Real estate taxes	-	-	-	-	7,173,184	-	-	-	21,088,831	-	-	28,262,015	26,766,816	
Interest	-	23,925	32,779	148	-	76,565	14,744	13,365	-	25,566	41,168	228,260	307,688	
Miscellaneous revenue	2,363,511	-	-	-	-	-	-	-	80,000	-	-	2,443,511	7,288,277	
Total Revenues	8,346,020	23,925	32,779	148	7,173,184	76,565	14,744	13,365	21,168,831	25,566	41,168	36,916,295	38,164,958	
EXPENDITURES:														
Inter Governmental:														
Community development	1,119,383	-	-	-	-	-	-	-	-	5,252,786	-	6,372,169	10,190,869	
Current operating:														
General Government	368,769	-	-	-	-	-	-	-	-	-	-	368,769	-	
Planning and Community Development	10,267	-	-	-	-	-	-	-	-	-	-	10,267	-	
Parks, recreation and Cultural Develop	8,095	-	-	-	-	-	-	-	-	-	-	8,095	-	
Public Safety	1,688,566	-	-	-	-	-	-	-	-	-	-	1,688,566	-	
Debt Service														
Principal	-	-	-	-	-	-	-	-	302,939	-	-	302,939	-	
Interest	-	-	-	-	-	-	-	-	303,271	-	-	303,271	-	
Capital outlay	32,353,171	5,546,520	6,717,365	37,385	5,384,592	23,488,026	2,087,204	471,691	21,862,127	-	9,953,990	107,902,071	83,730,656	
Total Expenditures	35,548,251	5,546,520	6,717,365	37,385	5,384,592	23,488,026	2,087,204	471,691	22,468,337	5,252,786	9,953,990	116,956,147	93,921,525	
Revenues Over/(Under) Expenditures	(27,202,231)	(5,522,595)	(6,684,586)	(37,237)	1,788,592	(23,411,461)	(2,072,460)	(458,326)	(1,299,506)	(5,227,220)	(9,912,822)	(80,039,852)	(55,756,567)	
OTHER FINANCING SOURCES/(USES):														
Proceeds from lease purchase	4,287,958	-	-	-	-	-	-	-	-	-	-	4,287,958	7,418,179	
Proceeds from sale of general obligation bc	-	17,819,428	13,300,000	5,945,000	-	40,505,572	-	-	-	17,542,000	-	95,112,000	14,867,322	
Proceeds from sale of revenue bonds	-	-	-	-	-	-	-	-	-	-	11,940,000	11,940,000	41,280,000	
Bond Premium	-	-	-	-	-	-	-	-	-	-	191,710	191,710	97,246	
Proceeds from refunding of note	-	-	-	-	-	-	-	-	-	-	-	-	35,666,099	
Payment on refunded note	-	-	-	-	-	-	-	-	-	-	-	-	(35,962,739)	
Proceeds from sale of refunding bonds	-	5,661,131	2,906,731	1,167,608	-	11,120,617	1,486,736	2,204,189	-	3,577,902	-	28,124,914	55,067,382	
Payments to refunded bond escrow agent	-	(5,775,828)	(2,965,623)	(1,191,264)	-	(11,345,926)	(1,516,858)	(2,248,847)	-	(3,650,392)	-	(28,694,738)	(56,747,745)	
Deferred cost of refunding	-	114,697	58,892	23,656	-	225,309	30,122	44,658	-	72,490	-	569,824	1,680,363	
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	(273,649)	(273,649)	(358,995)	
Transfers in	26,253,873	-	-	-	-	-	-	-	-	-	-	26,253,873	22,449,543	
Transfers out	-	(23,925)	(32,779)	(148)	(300,000)	(76,565)	(14,744)	(13,365)	-	(25,566)	(41,168)	(528,260)	(248,873)	
Total Other Financing Sources/(Uses)	30,541,831	17,795,503	13,267,221	5,944,852	(300,000)	40,429,007	(14,744)	(13,365)	-	17,516,434	11,816,893	136,983,632	85,207,782	
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	3,339,600	12,272,908	6,582,635	5,907,615	1,488,592	17,017,546	(2,087,204)	(471,691)	(1,299,506)	12,289,214	1,904,071	56,943,780	29,451,216	
FUND BALANCE, beginning of year	43,577,446	2,568,354	6,198,399	54,012	10,984,254	30,448,837	6,173,315	1,152,020	41,973,064	5,432,346	14,212,001	162,774,048	133,322,832	
FUND BALANCE, end of year	\$46,917,046	\$14,841,262	\$12,781,034	\$5,961,627	\$12,472,846	\$47,466,383	\$4,086,111	\$680,329	\$40,673,558	\$17,721,560	\$16,116,072	\$219,717,828	\$162,774,048	



Enterprise Funds

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

A S E T S

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2011	June 30, 2010
CURRENT ASSETS:						
Equity in pooled cash and investments	\$97,120,311	\$11,711,695	\$694,143	\$9,775,066	\$119,301,215	\$119,790,721
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	6,243,739	-	-	-	6,243,739	6,403,490
Estimated unbilled service charges	11,887,591	-	-	-	11,887,591	11,326,138
Other	2,294,414	35,667	-	-	2,330,081	2,572,087
Prepaid expenses	2,447,863	187,880	-	-	2,635,743	2,635,744
Inventories	1,402,651	-	-	-	1,402,651	961,690
Total current assets	121,421,790	11,935,242	694,143	9,775,066	143,826,241	143,715,091
CAPITAL ASSETS:						
Land	6,161,255	-	-	-	6,161,255	6,128,256
Sewer system	325,423,072	-	-	-	325,423,072	323,993,199
Water system	154,962,159	-	-	-	154,962,159	149,882,619
Equipment	1,721,424	93,224	-	2,697,062	4,511,710	4,383,952
Building	-	22,315,887	-	-	22,315,887	22,315,887
Intangible assets	33,000	-	-	603,023	636,023	284,648
Construction in progress	579,646,535	28,880	-	-	579,675,415	522,657,848
Less accumulated depreciation	(119,660,812)	(11,661,601)	-	(607,065)	(131,929,478)	(124,611,186)
Total capital assets (net of accumulated depreciation)	948,286,633	10,776,390	-	2,693,020	961,756,043	905,035,223
Deferred bond issuance costs	30,025	45,021	-	-	75,046	84,737
Total noncurrent assets	948,316,658	10,821,411	-	2,693,020	961,831,089	905,119,960
Total assets	\$1,069,738,448	\$22,756,653	\$694,143	\$12,468,086	\$1,105,657,330	\$1,048,835,051

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

LIABILITIES AND EQUITY

	Ballston				Totals	
	Utilities	Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2011	June 30, 2010
CURRENT LIABILITIES:						
Payable from current assets:						
General obligation bonds payable	\$8,597,136	\$-	\$-	\$-	\$8,597,136	\$8,251,332
VRA loan payable	12,095,174	-	-	-	12,095,174	9,183,929
Interest payable	4,310,537	19,321,424	-	-	23,631,961	21,738,890
Vouchers payable	8,557,447	347,420	10,284	21,873	8,937,024	22,608,604
Contracts payable - retainage	1,213,264	-	-	-	1,213,264	4,422,824
Revenue bonds payable-current	-	500,000	-	-	500,000	500,000
Mortgage /notes payable	-	3,189,958	-	-	3,189,958	2,860,493
Capital Leases	58,457	-	-	-	58,457	-
Other accrued liabilities	487,857	8,811,908	-	-	9,299,765	8,528,653
Compensated absences	152,825	-	-	58,703	211,528	205,088
Arbitrage rebate liability	-	-	-	-	-	157,745
Total current liabilities	35,472,697	32,170,710	10,284	80,576	67,734,267	78,457,558
LONG-TERM LIABILITIES:						
Compensated absences	1,375,425	-	-	528,328	1,903,753	1,845,794
Revenue bonds payable	-	11,300,000	-	-	11,300,000	11,800,000
Capital Leases	218,393	-	-	-	218,393	333,412
VRA Loan payable	251,062,865	-	-	-	251,062,865	247,274,414
Mortgage payable	-	239,721	-	-	239,721	569,186
General obligation bonds payable	122,596,734	-	-	-	122,596,734	99,406,235
Total long-term liabilities	375,253,417	11,539,721	-	528,328	387,321,466	361,229,041
Total liabilities	410,726,114	43,710,431	10,284	608,904	455,055,733	439,686,599
NET ASSETS:						
Invested in capital assets, net of related de	553,716,331	(4,453,289)	-	2,693,020	551,956,062	524,856,222
Unrestricted (Deficit)	105,296,003	(16,500,489)	683,859	9,166,162	98,645,535	84,292,230
Total net assets	659,012,334	(20,953,778)	683,859	11,859,182	650,601,597	609,148,452
Total liabilities and net assets	\$1,069,738,448	\$22,756,653	\$694,143	\$12,468,086	\$1,105,657,330	\$1,048,835,051

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2011	June 30, 2010
OPERATING REVENUES:						
Water-sewer service charges	\$81,641,099	\$-	\$-	\$-	\$81,641,099	\$77,806,563
Water-service hook-up charges	3,165,075	-	-	-	3,165,075	2,390,390
Water-service connection charges	1,111,726	-	-	-	1,111,726	896,090
Sewage treatment service charges	13,135,608	-	-	-	13,135,608	21,512,530
Permits and fees	-	-	-	13,310,055	13,310,055	12,141,306
Other	2,128,892	-	-	-	2,128,892	2,535,493
Parking charges	-	4,318,389	253,352	-	4,571,741	4,174,606
Total Operating Revenues	101,182,400	4,318,389	253,352	13,310,055	119,064,196	121,456,978
OPERATING EXPENSES:						
Personnel services	13,338,163	-	-	5,065,216	18,403,379	18,329,160
Fringe benefits	4,343,344	-	-	1,854,766	6,198,110	6,001,235
Contractual services	9,466,500	2,235,675	113,301	1,371,826	13,187,302	12,525,396
Purchases of water	7,948,980	-	-	-	7,948,980	7,641,961
Materials and supplies	6,601,643	226,520	18,726	56,045	6,902,934	6,708,795
Deferred rent	-	654,996	-	-	654,996	654,996
Depreciation and amortization	6,466,364	509,282	-	347,944	7,323,590	7,144,741
Equipment (Construction Contracts)	-	-	-	46,634	46,634	57,285
Internal Services	-	-	-	1,813,694	1,813,694	1,637,722
Miscellaneous	5,488,278	-	-	-	5,488,278	5,440,938
Total Operating Expenses	53,653,272	3,626,473	132,027	10,556,125	67,967,897	66,142,229
Operating Income	47,529,128	691,916	121,325	2,753,930	51,096,299	55,314,749
NON-OPERATING REVENUES(EXPENSES):						
Interest income and other income	597,166	17,578	-	76,612	691,356	848,792
Interest expense and fiscal charges	(14,343,204)	(1,605,698)	-	-	(15,948,902)	(13,721,116)
Interest payment on capital lease	(9,760)	-	-	-	(9,760)	(11,592)
Gain (Loss) on investment	-	(1,867)	-	-	(1,867)	-
Contributions from developers and other sources	339,596	-	-	-	339,596	322,000
Federal & State grant	5,286,423	-	-	-	5,286,423	15,997,975
Total Non-Operating Revenues(Expenses)	(8,129,779)	(1,589,987)	-	76,612	(9,643,154)	3,436,059
TRANSFERS IN(OUT):						
Transfers out	-	-	-	-	-	(232,475)
Change in net assets	39,399,349	(898,071)	121,325	2,830,542	41,453,145	58,518,333
Net assets, beginning of year	619,612,985	(20,055,707)	562,534	9,028,640	609,148,452	550,630,119
Net assets, end of year	\$659,012,334	(\$20,953,778)	\$683,859	\$11,859,182	\$650,601,597	\$609,148,452

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2011	June 30 2010
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$101,153,015	\$4,304,194	\$253,351	\$13,310,055	\$119,020,615	\$122,158,748
Cash paid to suppliers	(47,048,713)	(2,409,598)	(130,158)	(3,279,197)	(52,867,666)	(41,316,424)
Cash paid to employees	(17,652,676)	-	-	(6,884,415)	(24,537,091)	(24,289,849)
Net cash flows from operating activities	<u>36,451,626</u>	<u>1,894,596</u>	<u>123,193</u>	<u>3,146,443</u>	<u>41,615,858</u>	<u>56,552,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	597,166	17,578	-	76,612	691,356	848,792
Gain (loss) on investment	-	(1,867)	-	-	(1,867)	-
Net cash flows from investing activities	<u>597,166</u>	<u>15,711</u>	<u>-</u>	<u>76,612</u>	<u>689,489</u>	<u>848,792</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
State grant	5,286,423	-	-	-	5,286,423	15,997,974
Transfer to other funds	-	-	-	-	-	(232,475)
Net cash flows from non-capital financing activities	<u>5,286,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,286,423</u>	<u>15,765,499</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(7,956,950)	(500,000)	-	-	(8,456,950)	(8,487,869)
Proceeds from sale of general obligation bonds	30,150,000	-	-	-	30,150,000	-
Payments to bonds redeemed	(12,592,933)	-	-	-	(12,592,933)	(11,951,456)
Proceeds from sale of refunding bonds	12,336,832	-	-	-	12,336,832	12,781,651
Deferred cost of refunding	256,101	-	-	-	256,101	(830,195)
Bond premium	1,554,617	-	-	-	1,554,617	-
Principal payments - capital lease	(56,562)	-	-	-	(56,562)	(54,730)
Interest payments - capital lease	(9,760)	-	-	-	(9,760)	(11,592)
Proceeds of lease	-	-	-	-	-	388,142
Payment of VRA loan	(9,183,930)	-	-	-	(9,183,930)	(7,147,818)
Proceeds of VRA loan	15,883,625	-	-	-	15,883,625	47,453,562
Temporary loan	-	-	-	-	-	25,881,478
Interest and other loan expenses	(14,055,589)	(207,210)	-	-	(14,262,799)	(12,121,700)
Purchases of property	(63,277,324)	(28,880)	-	(393,313)	(63,699,517)	(120,986,846)
Net cash flows from capital and related financing activities	<u>(46,951,873)</u>	<u>(736,090)</u>	<u>-</u>	<u>(393,313)</u>	<u>(48,081,276)</u>	<u>(75,087,373)</u>
Net increase(decrease) in cash and cash equivalents	<u>(4,616,658)</u>	<u>1,174,217</u>	<u>123,193</u>	<u>2,829,742</u>	<u>(489,506)</u>	<u>(1,920,607)</u>
Cash and cash equivalents at beginning of year	<u>101,736,969</u>	<u>10,537,478</u>	<u>570,950</u>	<u>6,945,324</u>	<u>119,790,721</u>	<u>121,711,328</u>
Cash and cash equivalents at end of year	<u>\$97,120,311</u>	<u>\$11,711,695</u>	<u>\$694,143</u>	<u>\$9,775,066</u>	<u>\$119,301,215</u>	<u>\$119,790,721</u>
Reconciliation of operating income to net cash flow from operations:						
Operating Income	\$47,529,128	\$691,916	\$121,325	\$2,753,930	\$51,096,299	\$55,314,749
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	6,466,364	509,282	-	347,944	7,323,590	7,144,741
(Increase)Decrease in accounts receivable	(145,500)	(14,195)	-	-	(159,695)	716,048
(Increase)Decrease in inventories	(440,961)	-	-	-	(440,961)	(61,830)
Increase(Decrease) in vouchers payable	(13,735,047)	52,597	1,868	35,566	(13,645,016)	2,619,104
Increase(Decrease) in compensated absences	28,831	-	-	9,003	37,834	(19,516)
Increase(Decrease) in contract retainage	(3,209,559)	-	-	-	(3,209,559)	(9,801,539)
Increase(Decrease) in Arbitrate Rebate	(157,745)	-	-	-	(157,745)	-
Increase(Decrease) in deferred revenue	116,115	654,996	-	-	771,111	640,718
Net cash flows from operations	<u>\$36,451,626</u>	<u>\$1,894,596</u>	<u>\$123,193</u>	<u>\$3,146,443</u>	<u>\$41,615,858</u>	<u>\$56,552,475</u>
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$339,596	-	-	-	\$339,596	\$322,000



Internal Service Funds

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

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

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

			Totals	
	Automotive Equipment	Printing	June 30, 2011	June 30, 2010
ASSETS				
CURRENT ASSETS:				
Equity in pooled cash and investments	\$10,813,055	\$4,275	\$10,817,330	\$8,627,792
Accounts receivable	1,650,085	2,004	1,652,089	2,628,793
Inventories	704,706	20,418	725,124	779,551
Total Current Assets	13,167,846	26,697	13,194,543	12,036,136
CAPITAL ASSETS:				
Equipment and other capital assets	56,525,607	-	56,525,607	51,981,340
Less-allowance for depreciation	(28,564,145)	-	(28,564,145)	(25,975,218)
Net Capital Assets	27,961,462	-	27,961,462	26,006,122
Total Assets	\$41,129,308	\$26,697	\$41,156,005	\$38,042,258
LIABILITIES AND NET ASSETS:				
CURRENT LIABILITIES:				
Vouchers payable	1,114,186	93,828	1,208,014	357,167
Compensated absences	41,936	9,399	51,335	52,034
Obligations under capital lease	629,956	-	629,956	607,208
Due to other funds	-	-	-	127,720
Accounts payable	-	-	-	24,955
Total Current Liabilities	1,786,078	103,227	1,889,305	1,169,084
LONG-TERM LIABILITIES				
Compensated absences	377,422	84,592	462,014	468,302
Obligations under capital lease	2,213,157	-	2,213,157	2,843,113
Total Long-Term Liabilities	2,590,579	84,592	2,675,171	3,311,415
Total liabilities	4,376,657	187,819	4,564,476	4,480,499
NET ASSETS:				
Invested in capital assets, net of related debt	25,118,349	-	25,118,349	22,555,801
Unrestricted	11,634,302	(161,122)	11,473,180	11,005,958
Total net assets	36,752,651	(161,122)	36,591,529	33,561,759
Total Liabilities and Net Assets	\$41,129,308	\$26,697	\$41,156,005	\$38,042,258

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

			Totals	
	Automotive Equipment	Printing	June 30, 2011	June 30, 2010
OPERATING REVENUES:				
Charges for services	\$20,158,821	\$2,039,281	\$22,198,102	\$19,772,548
OPERATING EXPENSES:				
Cost of store issuances	4,735,480	406,561	5,142,041	5,141,140
Personnel services	3,593,712	536,950	4,130,662	4,166,381
Fringe benefits	1,391,738	186,095	1,577,833	1,487,537
Material and supplies	136,509	186,850	323,359	347,091
Utilities	211,481	5,722	217,203	261,843
Operating equipment	35,478	-	35,478	11,161
Outside services	2,224,800	931,500	3,156,300	2,296,649
Depreciation	4,372,782	-	4,372,782	4,536,583
Total Operating Expenses	16,701,980	2,253,678	18,955,658	18,248,385
Operating Income (Loss)	3,456,841	(214,397)	3,242,444	1,524,163
NON-OPERATING REVENUES (EXPENSES):				
Interest payment on capital lease	(121,616)	-	(121,616)	(115,033)
Gain/(Loss)on disposal of assets	(168,757)	-	(168,757)	261,789
Total Non-operating Revenues (Expenses)	(290,373)	-	(290,373)	146,756
Income Before Transfers	3,166,468	(214,397)	2,952,071	1,670,919
TRANSFERS IN (OUT):				
Transfers in	-	207,699	207,699	467,785
Transfers out	(130,000)	-	(130,000)	(130,000)
Total Operating Transfers	(130,000)	207,699	77,699	337,785
Change in Net Assets	3,036,468	(6,698)	3,029,770	2,008,704
Net Assets, beginning of year	33,716,183	(154,424)	33,561,759	31,553,055
Net Assets, end of year	\$36,752,651	(\$161,122)	\$36,591,529	\$33,561,759

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	Totals			
	Automotive Equipment	Printing	June 30, 2011	June 30, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$21,015,874	\$2,037,277	\$23,053,151	(\$2,373,925)
Cash received from interfund charges	121,656	-	121,656	19,542,695
Cash paid to suppliers	(6,595,923)	(1,398,139)	(7,994,062)	(8,053,161)
Cash paid to employees	(5,000,640)	(714,842)	(5,715,482)	(5,621,110)
Net cash provided (used) by operating activities	<u>9,540,967</u>	<u>(75,704)</u>	<u>9,465,263</u>	<u>3,494,499</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Payment of temporary loan	-	(127,720)	(127,720)	(94,207)
Temporary loan from general fund	-	-	-	127,720
Operating transfers in	-	207,699	207,699	467,785
Operating transfers out	(130,000)	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	<u>(130,000)</u>	<u>79,979</u>	<u>(50,021)</u>	<u>371,298</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital lease	-	-	-	2,258,274
Principal payment on capital lease	(607,208)	-	(607,208)	(928,720)
Payment of interest on capital lease	(121,616)	-	(121,616)	(115,033)
Purchases of equipment	(6,810,338)	-	(6,810,338)	(8,553,103)
Removal Clearing	(6,783)	-	(6,783)	(10,652)
Proceeds from sale of equipment	320,241	-	320,241	1,146,808
Net cash used by capital and related financing activities	<u>(7,225,704)</u>	<u>-</u>	<u>(7,225,704)</u>	<u>(6,202,426)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,185,263</u>	<u>4,275</u>	<u>2,189,538</u>	<u>(2,336,629)</u>
Cash and cash equivalents at beginning of year	<u>8,627,792</u>	<u>-</u>	<u>8,627,792</u>	<u>10,964,421</u>
Cash and cash equivalents at end of period	<u>\$10,813,055</u>	<u>\$4,275</u>	<u>\$10,817,330</u>	<u>\$8,627,792</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$3,456,841	(\$214,397)	\$3,242,444	\$1,524,163
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	4,372,782	-	4,372,782	4,536,583
Increase (Decrease) in OPEB liability	-	-	-	-
(Increase)Decrease in accounts receivable	978,709	(2,004)	976,705	(2,603,777)
(Increase)Decrease in inventories	(45,258)	99,685	54,427	188,953
Increase(Decrease) in vouchers payable	793,083	32,809	825,892	(239,493)
Increase(Decrease) in compensated absences	(15,190)	8,203	(6,987)	32,808
Increase(Decrease) in prepaid	-	-	-	55,262
Net cash provided (used) by operating activities	<u>\$9,540,967</u>	<u>(\$75,704)</u>	<u>\$9,465,263</u>	<u>\$3,494,499</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, 2011

	Private Purpose Trust					Total Private Purpose Trust
	Pension Trust	OPEB Trust	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	
ASSETS						
Equity in pooled cash and investments	\$24,569,136	\$35,053,872	\$3,166,929	\$4,016,664	\$61,509	\$7,245,102
Contributions Receivable:						
Employer	1,582,152	-	-	-	-	-
Employee	379,477	-	-	-	-	-
Accrued Interest and Other Receivables	8,363,245	-	612,858	-	-	612,858
Deferred Bond Issuance Costs	-	-	-	617,088	-	617,088
Capital Assets, net	-	-	-	25,970,055	-	25,970,055
Investments, at fair value						
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	53,108,773	-	-	-	-	-
Corporate Fixed Income Obligations	186,718,089	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	432,519,733	-	-	-	-	-
Other Investments	45,227,962	-	-	-	-	-
Real Estate Funds	21,858,121	-	-	-	-	-
Pooled Equity	356,016,531	-	-	-	-	-
Pooled Fixed Income	213,174,242	-	-	-	-	-
Convertibles	194,717,335	-	-	-	-	-
Collateral on Loaned Securities (net of Allowance for Unrealized Loss \$460,851)	22,971,021	-	-	-	-	-
Total assets	1,561,205,817	35,053,872	3,779,787	30,603,807	61,509	34,445,103
LIABILITIES						
Accounts payable and accrued liabilities	2,425,590	-	685,443	602,346	-	1,287,789
Deferred Revenue	-	-	-	500,000	-	500,000
Bonds Payable	-	-	-	30,120,000	-	30,120,000
Obligations under Security Lending Program	22,961,079	-	-	-	-	-
Total liabilities	25,386,669	-	685,443	31,222,346	-	31,907,789
NET ASSETS	\$1,535,819,148	\$35,053,872	\$3,094,344	(\$618,539)	\$61,509	\$2,537,314

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

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN NET ASSETS
 TRUST FUNDS
 JUNE 30, 2011

	Private Purpose Trusts			
	Alex/Arlington Waste Disposal Trust	IDA - Ballston Skating Facility	Other Private Purpose Trusts	Total Private Purpose Trusts
ADDITIONS				
Contributions and Revenues				
Shared revenues	\$872,209	\$2,213,959	\$-	\$3,086,168
Private donations- Others	-	-	62,729	62,729
Total contributions	<u>872,209</u>	<u>2,213,959</u>	<u>62,729</u>	<u>3,148,897</u>
Investment earnings:				
Interest and other	13,043	395	-	13,438
Loss on sale of securities	-	-	-	-
Net change in fair value of investments	-	-	-	-
Total investment earnings	<u>13,043</u>	<u>395</u>	<u>-</u>	<u>13,438</u>
Less investment expenses	-	1,457,577	-	1,457,577
Net investment earnings	<u>13,043</u>	<u>(1,457,182)</u>	<u>-</u>	<u>(1,444,139)</u>
Total additions	<u>885,252</u>	<u>756,777</u>	<u>62,729</u>	<u>1,704,758</u>
DEDUCTIONS				
Administrative expenses/ other	5,291,328	678,855	48,777	6,018,960
Total deductions	<u>5,291,328</u>	<u>678,855</u>	<u>48,777</u>	<u>6,018,960</u>
Change in net assets	<u>(4,406,076)</u>	<u>77,922</u>	<u>13,952</u>	<u>(4,314,202)</u>
Net assets- Beginning of the year	7,500,420	(696,461)	47,557	6,851,516
Net assets- Ending of the year	<u>\$3,094,344</u>	<u>(\$618,539)</u>	<u>\$61,509</u>	<u>\$2,537,314</u>

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	Pension Trust	OPEB Trust	June 30, 2011	June 30, 2010
ADDITIONS:				
Member contributions	\$43,215,067	\$-	\$43,215,067	\$42,908,044
Employer contributions	10,533,803	6,739,714	17,273,517	17,632,186
Other contributions	77,022	-	77,022	47,599
Investment income:				
Interest and dividends	41,225,401	829,426	42,054,827	35,536,495
Net appreciation (depreciation) in fair value	251,235,663	3,980,781	255,216,444	116,006,556
Commission recapture	10,398	-	10,398	13,849
Gross income from securities lending	200,309	-	200,309	158,741
Bank fees and income/expenses from securities lending	(56,820)	-	(56,820)	(40,660)
Investment expense	(4,936,936)	-	(4,936,936)	(3,768,291)
Total Additions	<u>341,503,907</u>	<u>11,549,921</u>	<u>353,053,828</u>	<u>208,494,519</u>
DEDUCTIONS:				
Members' benefits	75,033,518	-	75,033,518	72,360,927
Refund of members' contributions	1,242,932	-	1,242,932	1,371,685
Administrative expenses	510,382	-	510,382	586,095
Other consulting expenses	251,817	8,233	260,050	251,650
Total Deductions	<u>77,038,649</u>	<u>8,233</u>	<u>77,046,882</u>	<u>74,570,357</u>
Net Increase/(Decrease)	264,465,258	11,541,688	276,006,946	133,924,162
Net Assets Held in Trust for Plan Benefits, beginning of year	<u>1,271,353,890</u>	<u>23,512,184</u>	<u>1,294,866,074</u>	<u>1,160,941,912</u>
Net Assets Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$1,535,819,148</u>	<u>\$35,053,872</u>	<u>\$1,570,873,020</u>	<u>\$1,294,866,074</u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF NET ASSETS
 AGENCY FUNDS
 JUNE 30, 2011

	Commonwealth of Virginia	Urban Area Security Initiative	Drug Task Force Grant	Other Agency Funds	Total Agency Funds
ASSETS					
Equity in pooled cash and investments	\$66,085	\$14,915	\$-	\$18,315,146	\$18,396,146
Receivable from other government	<u>2,760</u>	<u>2,805,228</u>	<u>32,262</u>	<u>-</u>	<u>2,840,250</u>
Total assets	<u>68,845</u>	<u>2,820,143</u>	<u>32,262</u>	<u>18,315,146</u>	<u>21,236,396</u>
LIABILITIES					
Accounts payable and accrued liabilities	<u>68,845</u>	<u>2,820,143</u>	<u>32,262</u>	<u>18,315,146</u>	<u>21,236,396</u>
Total liabilities	<u>68,845</u>	<u>2,820,143</u>	<u>32,262</u>	<u>18,315,146</u>	<u>21,236,396</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, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$29,078	\$37,007	\$-	\$66,085
Receivable from other government	9,120	-	6,360	2,760
Total Assets	<u>\$38,198</u>	<u>\$37,007</u>	<u>\$6,360</u>	<u>\$68,845</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$38,198	\$30,647	-	\$68,845
Total Liabilities	<u>\$38,198</u>	<u>\$30,647</u>	<u>\$-</u>	<u>\$68,845</u>
<u>Urban Area Security Initiative</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$5,544,420	\$5,529,505	\$14,915
Receivable from other government	1,048,861	2,805,228	1,048,861	2,805,228
Total Assets	<u>\$1,048,861</u>	<u>\$8,349,648</u>	<u>\$6,578,366</u>	<u>\$2,820,143</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$1,048,861	\$2,728,149	\$956,867	\$2,820,143
Total Liabilities	<u>\$1,048,861</u>	<u>\$2,728,149</u>	<u>\$956,867</u>	<u>\$2,820,143</u>
<u>Drug Task Force Fund</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$791,950	\$791,950	\$-
Receivable from other government	458,613	32,262	458,613	32,262
Total Assets	<u>\$458,613</u>	<u>\$824,212</u>	<u>\$1,250,563</u>	<u>\$32,262</u>
LIABILITIES:				
Accounts payable and accrued liabilities	458,613	32,262	458,613	32,262
Total Liabilities	<u>\$458,613</u>	<u>\$32,262</u>	<u>\$458,613</u>	<u>\$32,262</u>
<u>Other Agency Fund</u>				
ASSETS:				
Cash & cash equivalents	\$16,980,965	\$4,027,484	\$2,693,303	\$18,315,146
Total Assets	<u>\$16,980,965</u>	<u>\$4,027,484</u>	<u>\$2,693,303</u>	<u>\$18,315,146</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$16,980,965	\$1,334,181	\$-	\$18,315,146
Total Liabilities	<u>\$16,980,965</u>	<u>\$1,334,181</u>	<u>\$-</u>	<u>\$18,315,146</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$17,010,043	\$10,400,861	\$9,014,758	\$18,396,146
Receivable from other government	1,516,594	2,837,490	1,513,834	2,840,250
Total Assets	<u>\$18,526,637</u>	<u>\$13,238,351</u>	<u>\$10,528,592</u>	<u>\$21,236,396</u>
LIABILITIES:				
Vouchers payable	\$18,526,637	\$4,125,239	\$1,415,480	\$21,236,396
Total Liabilities	<u>\$18,526,637</u>	<u>\$4,125,239</u>	<u>\$1,415,480</u>	<u>\$21,236,396</u>

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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, 2011
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	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, 2011	June 30, 2010
ASSETS										
Equity in pooled cash and investments	\$30,191,640	\$849,238	\$-	\$-	\$69,333,067	\$-	\$-	\$-	\$100,373,945	\$22,065,983
Petty cash	200	480	375	-	-	-	-	-	1,055	800
Accounts receivable	289,893	299,255	78,371	5,536,560	-	27,413	-	396,464	6,627,956	7,543,397
Due from other funds	1,940,599	6,341	-	451,175	150,000	-	-	-	2,548,115	54,170
Due from primary government	48,973,227	-	1,036,079	-	-	3,301,889	-	-	53,311,195	54,183,192
Inventories	78,458	34,703	-	-	-	-	-	-	113,161	68,008
Total Assets	\$81,474,017	\$1,190,017	\$1,114,825	\$5,987,735	\$69,483,067	\$3,329,302	\$-	\$396,464	\$162,975,427	\$83,915,550
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$35,989,570	\$344,829	\$534,546	\$1,313,847	\$-	\$70	\$-	\$-	\$38,182,862	\$37,768,756
Vouchers payable	4,779,339	387,743	317,017	532,994	4,419,019	784,386	-	-	11,220,498	14,753,451
Other liabilities	4,554,826	-	-	-	-	-	-	-	4,554,826	6,445,472
Deferred revenue	506,460	-	188,426	-	-	-	-	-	694,886	648,794
Due to other funds	457,516	-	-	1,940,599	-	150,000	-	-	2,548,115	54,170
Due to primary government	-	-	-	-	-	-	-	396,464	396,464	470,571
Total Liabilities	46,287,711	732,572	1,039,989	3,787,440	4,419,019	934,456	-	396,464	57,597,651	60,141,214
FUND EQUITY AND OTHER CREDITS										
Restricted for:										
Capital projects	-	-	-	-	52,726,465	-	-	-	52,726,465	4,549,397
Grants	-	-	-	2,077,853	-	-	-	-	2,077,853	-
Committed to:										
Incomplete projects	3,054,067	93,675	74,836	122,442	12,337,583	2,394,846	-	-	18,077,449	14,294,085
Subsequent years' School budget	6,545,000	-	-	-	-	-	-	-	6,545,000	-
Assigned to:										
Operating reserve	2,000,000	363,770	-	-	-	-	-	-	2,363,770	4,235,289
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	-
Subsequent years' debt service	7,000,000	-	-	-	-	-	-	-	7,000,000	-
OPEB reserve	-	-	-	-	-	-	-	-	-	695,565
General reserve	3,000,000	-	-	-	-	-	-	-	3,000,000	-
VRS reserve	11,587,239	-	-	-	-	-	-	-	11,587,239	-
Total Fund Equity and Other Credits	35,186,306	457,445	74,836	2,200,295	65,064,048	2,394,846	-	-	105,377,776	23,774,336
Total Liabilities, Fund Equity and Other Credits	\$81,474,017	\$1,190,017	\$1,114,825	\$5,987,735	\$69,483,067	\$3,329,302	\$-	\$396,464	\$162,975,427	\$83,915,550

ARLINGTON COUNTY, VIRGINIA
 Reconciliation of the Fund Balances of Component Unit - Schools
 to Net Assets of Component Unit - Schools
 JUNE 30, 2011

Total-component unit-Schools fund balances	\$105,377,776
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	409,733,287
OPEB liabilities are not due and payable in the current period and are not reported in the funds	(16,210,554)
Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	(38,942,693)
Net assets of component unit-Schools	\$459,957,816

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, 2011
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2010)

	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, 2011	June 30, 2010
REVENUES:										
Sales tax	\$17,134,732	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$17,134,732	\$16,332,840
State/local government	25,840,130	77,901	-	3,707,750	-	-	-	1,849,061	31,474,842	31,227,595
Federal	9,000	3,670,527	-	14,687,771	-	-	-	-	18,367,298	16,546,963
Charges for services	6,692,661	3,112,134	7,893,258	2,652,364	-	-	-	-	20,350,417	16,984,002
Use of money and property	59,672	-	-	-	99,715	-	-	-	159,387	253,612
Total revenues	49,736,195	6,860,562	7,893,258	21,047,885	99,715	-	-	1,849,061	87,486,676	81,345,012
EXPENDITURES:										
Current -										
Community Activities	-	-	13,493,101	-	-	-	-	-	13,493,101	13,730,640
Education	331,759,120	6,679,089	-	20,859,824	-	-	-	3,906,666	363,204,699	365,864,891
Capital projects	-	-	-	-	25,638,142	6,939,221	-	-	32,577,363	48,301,492
Debt service -										
Principal	-	-	-	-	-	-	21,637,744	-	21,637,744	20,013,757
Interest	-	-	-	-	-	-	11,600,309	-	11,600,309	11,417,463
Total expenditures	331,759,120	6,679,089	13,493,101	20,859,824	25,638,142	6,939,221	33,238,053	3,906,666	442,513,216	459,328,243
Excess (deficiency) of revenues over expenditures	(282,022,925)	181,473	(5,599,843)	188,061	(25,538,427)	(6,939,221)	(33,238,053)	(2,057,605)	(355,026,540)	(377,983,231)
Other financing sources(uses):										
Transfers in	318,159,176	-	5,575,855	-	-	5,702,479	33,238,053	\$2,057,605	364,733,168	343,184,094
Transfers out	(6,914,239)	-	-	-	(99,715)	-	-	-	(7,013,954)	(4,852,028)
Proceeds of refunding bonds	-	-	-	-	25,408,254	-	-	-	25,408,254	39,063,646
Payments to refunded bond escrow agent	-	-	-	-	(26,227,329)	-	-	-	(26,227,329)	(38,400,817)
Deferred cost of refunding	-	-	-	-	819,075	-	-	-	819,075	(662,829)
School Construction Funding	-	-	-	-	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-	-	-	-
Bond proceeds	-	-	-	-	78,543,000	-	-	-	78,543,000	24,350,000
Proceeds from leases	367,766	-	-	-	-	-	-	-	367,766	3,132,234
Total other financing sources(uses)	311,612,703	-	5,575,855	-	\$78,443,285	5,702,479	33,238,053	2,057,605	436,629,980	365,814,300
Excess (deficiency) of Revenues and other sources over expenditures and other uses	29,589,778	181,473	(23,988)	188,061	52,904,858	(1,236,742)	-	-	81,603,440	(12,168,931)
FUND BALANCES, beginning of year	5,596,528	275,972	98,824	2,012,234	12,159,190	3,631,588	-	-	23,774,336	35,943,267
FUND BALANCES, end of year	\$35,186,306	\$457,445	\$74,836	\$2,200,295	\$65,064,048	\$2,394,846	\$-	\$-	\$105,377,776	\$23,774,336

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - COMPONENT UNIT-SCHOOLS
 TO STATEMENT OF ACTIVITIES - COMPONENT UNIT SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - component unit-Schools		\$81,603,440
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.</p>		
Add: Capital acquisitions	30,376,706	
Less Depreciation expense	(15,776,472)	14,600,234
<p>In the Statement of Activities, only gain(loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset.</p>		
		(3,747)
<p>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.</p>		
Add: Repayment of capital leases	3,222,826	
Less Proceeds from capital leases	(367,766)	2,855,060
<p>OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds</p>		
		2,392,591
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation</p>		
		175,826
Change in net assets of component unit-Schools		\$101,623,404

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, 2011

	School Operating Fund			School Cafeteria Fund			School Community Activities Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$16,488,388	\$17,134,732	\$646,344	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	25,988,488	25,840,130	(148,358)	81,582	77,901	(3,681)	-	-	-
Federal	-	9,000	9,000	3,090,000	3,670,527	580,527	-	-	-
Charges for services	2,475,723	6,692,661	4,216,938	2,887,200	3,112,134	224,934	6,914,989	7,893,258	978,269
Use of money and property	-	59,672	59,672	-	-	-	-	-	-
Total revenues	<u>44,952,599</u>	<u>49,736,195</u>	<u>4,783,596</u>	<u>6,058,782</u>	<u>6,860,562</u>	<u>801,780</u>	<u>6,914,989</u>	<u>7,893,258</u>	<u>978,269</u>
EXPENDITURES:									
Education	388,260,381	331,759,120	56,501,261	6,681,361	6,679,089	2,272	-	-	-
Community Activities	-	-	-	-	-	-	13,852,643	13,493,101	359,542
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>388,260,381</u>	<u>331,759,120</u>	<u>56,501,261</u>	<u>6,681,361</u>	<u>6,679,089</u>	<u>2,272</u>	<u>13,852,643</u>	<u>13,493,101</u>	<u>359,542</u>
Excess (deficiency) of revenues over expenditures	<u>(343,307,782)</u>	<u>(282,022,925)</u>	<u>61,284,857</u>	<u>(622,579)</u>	<u>181,473</u>	<u>804,052</u>	<u>(6,937,654)</u>	<u>(5,599,843)</u>	<u>1,337,811</u>
Other financing sources(uses):									
Transfers in	340,406,819	318,159,176	(22,247,643)	582,441	-	(582,441)	6,838,830	5,575,855	(1,262,975)
Transfers out	-	(6,914,239)	(6,914,239)	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	367,766	367,766	-	-	-	-	-	-
Total other financing sources(uses)	<u>340,406,819</u>	<u>311,612,703</u>	<u>(28,794,116)</u>	<u>582,441</u>	<u>-</u>	<u>(582,441)</u>	<u>6,838,830</u>	<u>5,575,855</u>	<u>(1,262,975)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(2,900,963)</u>	<u>29,589,778</u>	<u>32,490,741</u>	<u>(40,138)</u>	<u>181,473</u>	<u>221,611</u>	<u>(98,824)</u>	<u>(23,988)</u>	<u>74,836</u>
FUND BALANCES, beginning of year	<u>5,596,528</u>	<u>5,596,528</u>	<u>-</u>	<u>275,972</u>	<u>275,972</u>	<u>-</u>	<u>98,824</u>	<u>98,824</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$2,695,565</u>	<u>\$35,186,306</u>	<u>\$32,490,741</u>	<u>\$235,834</u>	<u>\$457,445</u>	<u>\$221,611</u>	<u>\$-</u>	<u>\$74,836</u>	<u>\$74,836</u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2011

	School Special Grants Fund			School Debt Service Fund			School Capital Projects Bond Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	3,837,799	3,707,750	(130,049)	-	-	-	-	-	-
Federal	13,414,578	14,687,771	1,273,193	-	-	-	-	-	-
Charges for services	4,577,513	2,652,364	(1,925,149)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	99,715	99,715
Total revenues	<u>21,829,890</u>	<u>21,047,885</u>	<u>(782,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,715</u>	<u>99,715</u>
EXPENDITURES:									
Education	23,842,124	20,859,824	2,982,300	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	46,252,190	25,638,142	20,614,048
Debt service:									
Principal retirement	-	-	-	23,146,997	21,637,744	1,509,253	-	-	-
Interest and fiscal charges	-	-	-	12,992,103	11,600,309	1,391,794	-	-	-
Total expenditures	<u>23,842,124</u>	<u>20,859,824</u>	<u>2,982,300</u>	<u>36,139,100</u>	<u>33,238,053</u>	<u>2,901,047</u>	<u>46,252,190</u>	<u>25,638,142</u>	<u>20,614,048</u>
Excess (deficiency) of revenues over expenditures	<u>(2,012,234)</u>	<u>188,061</u>	<u>2,200,295</u>	<u>(36,139,100)</u>	<u>(33,238,053)</u>	<u>2,901,047</u>	<u>(46,252,190)</u>	<u>(25,538,427)</u>	<u>20,713,763</u>
Other financing sources(uses):									
Transfers in	-	-	-	36,139,100	33,238,053	(2,901,047)	-	-	-
Transfers out	-	-	-	-	-	-	-	(99,715)	(99,715)
Proceeds of sale of bonds	-	-	-	-	-	-	34,093,000	78,543,000	44,450,000
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,139,100</u>	<u>33,238,053</u>	<u>(2,901,047)</u>	<u>34,093,000</u>	<u>78,443,285</u>	<u>44,350,285</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(2,012,234)</u>	<u>188,061</u>	<u>2,200,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,159,190)</u>	<u>52,904,858</u>	<u>65,064,048</u>
FUND BALANCES, beginning of year	<u>2,012,234</u>	<u>2,012,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,159,190</u>	<u>12,159,190</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$2,200,295</u>	<u>\$2,200,295</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$65,064,048</u>	<u>\$65,064,048</u>

ARLINGTON COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$16,488,388	\$17,134,732	\$646,344
Intergovernmental									
State	-	-	-	1,342,500	1,849,061	506,561	31,250,369	31,474,842	224,473
Federal	-	-	-	-	-	-	16,504,578	18,367,298	1,862,720
Charges for services	-	-	-	-	-	-	16,855,425	20,350,417	3,494,992
Use of money and property	-	-	-	-	-	-	-	159,387	159,387
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,342,500</u>	<u>1,849,061</u>	<u>506,561</u>	<u>81,098,760</u>	<u>87,486,676</u>	<u>6,387,916</u>
EXPENDITURES:									
Education	-	-	-	3,650,000	3,906,666	(256,666)	422,433,866	363,204,699	59,229,167
Community Activities	-	-	-	-	-	-	\$13,852,643	13,493,101	359,542
Capital projects	10,922,044	6,939,221	3,982,823	-	-	-	57,174,234	32,577,363	24,596,871
Debt service:									
Principal retirement	-	-	-	-	-	-	23,146,997	21,637,744	1,509,253
Interest and fiscal charges	-	-	-	-	-	-	12,992,103	11,600,309	1,391,794
Total expenditures	<u>10,922,044</u>	<u>6,939,221</u>	<u>3,982,823</u>	<u>3,650,000</u>	<u>3,906,666</u>	<u>(256,666)</u>	<u>529,599,843</u>	<u>442,513,216</u>	<u>87,086,627</u>
Excess (deficiency) of revenues over expenditures	<u>(10,922,044)</u>	<u>(6,939,221)</u>	<u>3,982,823</u>	<u>(2,307,500)</u>	<u>(2,057,605)</u>	<u>249,895</u>	<u>(448,501,083)</u>	<u>(355,026,540)</u>	<u>93,474,543</u>
Other financing sources(uses):									
Transfers in	7,290,456	5,702,479	(1,587,977)	2,307,500	2,057,605	(249,895)	393,565,146	364,733,168	(28,831,978)
Transfers out	-	-	-	-	-	-	-	(7,013,954)	(7,013,954)
Interfund transfers	-	-	-	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	24,350,000	78,543,000	54,193,000
Proceeds from capital lease	-	-	-	-	-	-	-	367,766	367,766
Total other financing sources(uses)	<u>7,290,456</u>	<u>5,702,479</u>	<u>(1,587,977)</u>	<u>2,307,500</u>	<u>2,057,605</u>	<u>(249,895)</u>	<u>417,915,146</u>	<u>436,629,980</u>	<u>18,714,834</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses:	<u>(3,631,588)</u>	<u>(1,236,742)</u>	<u>2,394,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,585,937)</u>	<u>81,603,440</u>	<u>112,189,377</u>
FUND BALANCES, beginning of year	<u>3,631,588</u>	<u>3,631,588</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,774,336</u>	<u>23,774,336</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$2,394,846</u>	<u>\$2,394,846</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>(\$6,811,601)</u>	<u>\$105,377,776</u>	<u>\$112,189,377</u>

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 BALANCE SHEET
 JUNE 30, 2011
 (WITH COMPARATIVE TOTALS FOR 2010)

ASSETS	2011	2010
Cash and Investments	<u>\$14,512,430</u>	<u>\$6,281,898</u>
Total Assets	<u>14,512,430</u>	<u>6,281,898</u>
 LIABILITIES	 <u>-</u>	 <u>-</u>
 NET ASSETS	 <u><u>\$14,512,430</u></u>	 <u><u>\$6,281,898</u></u>

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 STATEMENT OF CHANGES IN PLAN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011
 (WITH COMPARATIVE TOTALS FOR 2010)

	<u>2011</u>	<u>2010</u>
ADDITIONS:		
Employer contributions	\$6,914,239	\$4,735,656
Investment Income:		
Interest and dividends	261,037	120,833
Net Appreciation (depreciation) in fair value	<u>1,055,256</u>	<u>(106,375)</u>
Total Additions	8,230,532	4,750,114
DEDUCTIONS:	<u>-</u>	<u>-</u>
Net Increase	8,230,532	4,750,114
Net Assets Held in Trust for Plan Benefits, beginning of year	<u>6,281,898</u>	<u>1,531,784</u>
Net Assets Held in Trust for Plan Benefits, end of year:		
Undesignated	<u><u>\$14,512,430</u></u>	<u><u>\$6,281,898</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.

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ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY TO THE COUNTY- ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	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	\$185,678,992	\$7,263,072	\$156,694,914	\$140,689,463	\$8,627,792	\$27,739,874	\$22,065,983	\$548,760,090
Receipts (net):								
Taxes	805,987,076	5,863,815	28,262,015	-	-	-	17,134,732	857,247,638
Licenses and permits	9,929,105	-	-	-	-	-	-	9,929,105
Fines and forfeitures	9,590,928	-	-	-	-	-	-	9,590,928
Revenue from use of money and property	8,095,821	4,901	228,260	691,356	-	-	159,387	9,179,725
Charges for services	49,744,479	-	635,360	119,064,196	22,198,102	1,039,135	20,350,417	213,031,689
Miscellaneous	8,630,638	-	2,443,511	339,596	-	4,090,213	-	15,503,958
Intergovernmental	90,700,426	18,786,675	5,347,149	5,286,423	-	7,475,731	49,842,140	177,438,544
Proceeds from indebtedness	-	-	70,705,220	58,370,457	-	-	-	129,075,677
Proceeds from sale of assets	-	-	-	-	313,458	-	367,766	681,224
Total Receipts	982,678,473	24,655,391	107,621,515	183,752,028	22,511,560	12,605,079	87,854,442	1,421,678,488
Total Receipts and Balance	1,168,357,465	31,918,463	264,316,429	324,441,491	31,139,352	40,344,953	109,920,425	1,970,438,578
Disbursements (net):								
Warrants(checks)issued	511,988,449	23,905,044	52,745,473	160,587,102	19,699,160	14,703,705	334,027,641	1,117,656,574
Retirement of indebtedness	36,007,366	-	-	30,290,375	607,208	-	21,637,744	88,542,693
Interest and other debt costs	18,247,941	-	-	14,262,799	121,616	-	11,600,309	44,232,665
Total Disbursements	566,243,756	23,905,044	52,745,473	205,140,276	20,427,984	14,703,705	367,265,694	1,250,431,932
Interfund Transfers:								
Transfers in	2,133,385	247,000	26,253,873	-	207,699	-	364,733,168	393,575,125
Transfers out	(390,951,740)	(47,582)	(528,260)	-	(130,000)	-	(7,013,954)	(398,671,536)
BALANCE, end of year	\$213,295,354	\$8,212,837	\$237,296,569	\$119,301,215	\$10,789,067	\$25,641,248	\$100,373,945	\$714,910,235

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
ADJUSTED CASH IN BANKS
JUNE 30, 2011

Assets held by the Treasurer	
Cash on hand	<u>\$15,000</u>
Cash in banks:	
Checking	
BB&T	26,504
John Marshall	11,720
Wachovia Bank	165,628,377
SunTrust	304,091
Citibank	369,069
Bank of America	58,945
United Bank	75,694
PNC Bank	6,628
Virginia Commerce Bank	928,278
Total Checking Account	<u>167,409,306</u>
Savings :	
Wachovia Bank	4,934
Virginia Commerce Bank	10,686,498
Total Savings Account	<u>10,691,432</u>
Certificates of Deposit :	
Bank of Georgetown	11,302,659
John Marshall	12,614,266
Total Certificates of Deposit	<u>23,916,925</u>
Held with Trustee :	
Corporate Notes	53,174,226
Commercial Paper	6,972,888
Federal Agency Bonds/ Notes	67,993,463
Municipal Investments	35,667,184
Total Held with Trustee	<u>163,807,761</u>
State Treasurer's Local Government Investment Pool	2,059,523
Chain Bridge Money Market	5,325,638
John Marshall Money Market	19,499,979
State Non Arbitrage Investment Program (SNAP)	279,467,670
Total Cash and Investments held by the Treasurer	<u>672,193,234</u>
Cash and Investments with Trustees :	
US Bank, Ballston Garage Accounts	14,583,967
SunTrust, Ballston Parking Garage	105,261
LGIP Solid Waste	3,568,316
Mellon- IDA Ballston Skating Facility	4,016,664
U.S. Bank-IDA Lease Revenue Bonds (County)	8,575,468
Mellon- IDA Lease Revenue Bonds (Capital)	11,867,325
Total Cash and Investments with Trustee	<u>42,717,001</u>
Total Cash & Investment Balances, June 30, 2011	<u>\$714,910,235</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
CASH IN BANKS
JUNE 30, 2011

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
BB & T	26,504
John Marshall	11,720
Wachovia Bank	174,238,451
SunTrust	304,230
Citibank	369,069
Bank of America	58,946
United Bank	75,694
PNC Bank	6,628
Virginia Commerce Bank	915,523
Total Checking Account	<u>176,006,766</u>
Savings:	
Wachovia Bank	4,934
Virginia Commerce Bank	10,686,498
Total Savings Account	<u>10,691,432</u>
Certificates of Deposit:	
Bank of Georgetown	11,302,659
John Marshall	12,614,266
Total Certificates of Deposit	<u>23,916,925</u>
Held with Trustee:	
Corporate Notes	53,174,225
Commercial Paper	6,972,888
Federal Agency Bonds/ Notes	67,993,463
Municipal Investments	35,667,184
Total Held with Trustee	<u>163,807,760</u>
State Treasurer's Local Government Investment Pool	2,059,523
Chain Bridge Money Market	5,325,638
John Marshall Money Market	19,499,979
State Non Arbitrage Investment Program (SNAP)	279,467,669
Total Cash and Investments held by the Treasurer	<u>680,790,692</u>
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	14,583,967
SunTrust, (Ballston Parking Garage)	75,467
LGIP Solid Waste	3,568,316
Mellon- IDA Ballston Skating Facility	4,016,664
U.S. Bank - IDA Lease Revenue Bonds (County)	8,575,468
Mellon- IDA Lease Revenue Bonds (Capital)	11,867,325
Total Cash and Investments with Trustee	<u>42,687,207</u>
Total Cash & Investment Balances, June 30, 2011	<u><u>\$723,477,899</u></u>

**ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2011**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Certificate of Deposit			
Bank of Georgetown	0.99%	09/16/2011	\$5,127,338
Bank of Georgetown	0.99%	03/16/2012	6,175,321
John Marshall Bank	1.10%	05/17/2012	2,500,000
John Marshall Bank	1.10%	06/14/2012	2,000,000
John Marshall Bank	1.25%	10/12/2011	5,080,420
John Marshall Bank	1.10%	12/15/2011	3,033,846
Total Certificates of Deposits			<u>23,916,925</u>
Corporate Notes			
Lloyds TSB Bank PLC	4.75%	07/15/2011	5,002,800
Santander US Debt	0.67%	10/21/2011	2,497,475
Santander US Debt	0.67%	10/21/2011	568,425
Principal Life Global	6.25%	02/15/2012	188,286
Santander Fin. Issues	1.05%	03/30/2012	3,000,240
Santander Fin. Issues	1.05%	03/30/2012	2,000,160
GE Cap Corp	5.00%	04/10/2012	1,034,780
BNP Paribas	1.25%	06/11/2012	3,011,430
MetLife Global FDG	2.88%	09/17/2012	1,461,403
GE Cap Corp	5.25%	10/19/2012	3,162,690
GE Cap Corp	5.25%	10/19/2012	1,054,230
GE Cap Corp	5.25%	10/19/2012	2,635,575
GE Cap Corp	5.25%	10/19/2012	2,635,575
Bank of NY Mellon	4.95%	11/01/2012	1,056,600
New York Life Global	2.25%	12/14/2012	2,041,240
Principal Life Inc FDG	5.30%	12/14/2012	265,150
Wells Fargo & Co.	4.38%	01/31/2013	1,049,520
GE Cap Corp	5.00%	02/01/2013	1,061,400
GE Cap Corp	4.60%	03/15/2013	1,535,490
MetLife Global FDG	5.13%	04/10/2013	1,064,030
Berkshire Hathaway	4.60%	05/15/2013	1,066,780
Berkshire Hathaway	4.60%	05/15/2013	5,333,900
TIAA Global Markets	4.95%	07/15/2013	1,962,309
New York Life Global	5.38%	09/15/2013	3,272,760
GE Cap Corp	1.88%	09/16/2013	758,558
Principal Life Global	5.13%	10/15/2013	1,069,010
JP Morgan Chase	3.40%	06/24/2015	1,026,650
Royal Bank of Scotland PLC	4.25%	11/12/2015	2,357,760
Total Corporate Bonds			<u>53,174,226</u>
Commercial Paper			
Intesa Funding	0.52%	01/17/2012	4,984,544
Abbey National N America	0.78%	02/13/2012	1,988,344
Total Commercial Paper			<u>6,972,888</u>
Government Agency Bonds			
Federal Farm Credit Bank	3.88%	08/25/2011	1,005,700
Federal Home Loan Bank	0.50%	12/28/2012	2,997,570
Federal National Mtg Assn	3.25%	04/09/2013	1,366,164
Federal National Mtg Assn	1.00%	04/18/2014	5,013,350
Federal Home Loan Mtg Corp	1.00%	09/03/2014	1,536,735
Federal National Mtg Assn	2.00%	12/29/2014	10,085,700
Federal Home Loan Bank	0.63%	06/08/2015	1,995,670
Federal National Mtg Assn	1.25%	08/10/2015	5,005,875
Federal National Mtg Assn	1.50%	10/15/2015	5,002,800
Federal National Mtg Assn	2.38%	11/19/2015	1,953,140
Federal National Mtg Assn	2.38%	11/19/2015	1,953,140
Federal Home Loan Bank	1.90%	11/23/2015	4,973,125

**ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2011**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Federal Home Loan Bank	1.50%	12/10/2015	706,516
Federal National Mtg Assn	1.63%	12/16/2015	5,017,175
Federal Home Loan Bank	1.50%	12/16/2015	5,288,429
Freddie MAC	2.50%	01/28/2016	3,005,160
Federal National Mtg Assn	2.63%	03/14/2016	1,004,740
Federal National Mtg Assn	2.75%	03/21/2016	5,067,025
Federal National Mtg Assn	2.00%	05/25/2016	5,015,450
Total Government Agency Bonds			<u>67,993,463</u>
Municipal Obligations			
Glastonbury Conn	1.00%	08/15/2011	3,876,589
El Paso Indep. School Dist.	0.54%	08/15/2011	314,940
Hudson County NJ	2.25%	08/31/2011	1,501,710
Nassau County NY	1.75%	10/15/2011	2,008,180
VA St Hsg Auth Dev	3.73%	11/01/2011	1,008,150
Nassau County NY	5.00%	11/15/2011	101,634
Little Falls Township NJ	1.50%	02/15/2012	2,511,750
Illinois St - BAB	2.15%	03/01/2012	2,706,426
New York St Dorm Authority	4.96%	03/15/2012	395,395
New York St Dorm Authority	5.16%	03/15/2012	1,029,930
West New York NJ	5.04%	04/15/2012	65,991
Capital Projects Fin Auth FLA	8.00%	06/01/2012	211,004
Ridgewood NJ	1.25%	06/22/2012	1,008,250
Virginia Housing Authority	3.93%	08/01/2012	230,778
Maryland Stadium Authority	5.70%	09/15/2012	1,054,660
Florida Hurricane	0.98%	10/15/2012	1,991,240
Brick Township NJ	3.00%	11/01/2012	164,925
Burlington County NJ	1.60%	12/15/2012	962,630
Lexington & Richland Cty Sch	3.35%	03/01/2013	103,407
New York St Dorm Authority	5.25%	07/01/2013	230,468
Milwaukee County WI Pension	5.39%	12/01/2013	5,398,498
New York NY Taxable	5.00%	08/01/2014	633,122
VA State Pub Sch Auth	5.00%	08/01/2014	191,109
Danville VA BAB	2.19%	09/01/2014	230,012
Metropolitan Washington Airp	4.00%	10/01/2014	1,068,840
Burlington County NJ	2.78%	12/15/2014	488,666
Chicago ILL	5.00%	01/01/2015	303,327
Mercer County NJ	4.03%	12/01/2015	1,830,588
New York NY Taxable	3.17%	12/01/2015	3,131,280
Burlington County NJ	3.19%	12/15/2015	713,685
Chesterfield VA IDA VRDN*	0.25%	08/01/2024	100,000
Chesterfield VA IDA VRDN*	0.25%	08/01/2024	100,000
Total Municipal Obligations			<u>35,667,184</u>
Money Market Funds			
Chain Bridge Bank	1.24%		5,325,638
John Marshall Bank	1.35%		19,499,979
Total Money Market Funds			<u>24,825,617</u>
Virginia State Non-Arbitrage Program (SNAP)			279,467,670
State Treasurer's Local Government Investment Pool			2,059,523
TOTAL SECURITIES			<u><u>\$494,077,496</u></u>

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	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)		11/15/93				
Police & Jail	\$17,449,353		6.00	\$3,201,021	3,201,021	6/30/12
Local & Regional Parks	1,299,365					
Community Conservation	467,340			<u>\$3,201,021</u>		
Streets & Highways	3,754,697					
Fire Station	814,316					
Central Library	4,361,839					
	<u>\$28,146,910</u>					
G.O. Public Improvement (\$39,545,000)		06/11/02				
Central Library	\$5,800,000		4.25	\$1,025,189	1,025,189	02/01/12
Local & Regional Parks	5,330,000					
Metro Rail	5,983,500			<u>\$1,025,189</u>		
Fire Station	1,800,000					
Higher Education/University	719,000					
	<u>\$19,632,500</u>					
G.O. Public Improvement (\$75,000,000)		05/14/03				
Local & Regional Parks	\$17,768,000		5.00	\$3,510,000	1,755,000	01/15/12-13
Street, Highway	7,182,000		5.00	1,116,818	1,116,818	01/15/14
Higher Education/University	281,000		5.00	1,111,672	1,111,672	01/15/13
Central Library	880,388					
Fire Station	1,000,000			<u>\$5,738,490</u>		
Metrorail	15,210					
Community Conservation	6,355,000					
General Capital Projects	118,402					
	<u>\$33,600,000</u>					
G.O. Public Improvement Refunding (\$65,775,000)		05/14/03				
Street & Highway	\$3,223,616		5.00	\$1,363,073	1,363,073	05/15/12
Community Conservation	1,746,416			1,357,105	1,357,105	05/15/13
Higher Education	562,909					
Parks & Recreation	3,648,420			<u>\$2,720,178</u>		
Libraries	522,701					
Jail	4,573,199					
Metrorail	3,204,385					
	<u>\$17,481,646</u>					
G.O. Public Improvement (\$60,070,000)		05/15/04				
Fire Station	\$2,760,000		5.00	\$5,025,000	1,675,000	05/15/12-14
Higher Education	3,000,000			1,675,000	1,675,000	05/15/24
Community Conservation	3,010,000					
Parks and Recreation	12,267,000			<u>\$6,700,000</u>		
Metrorail	11,033,000					
	<u>\$32,070,000</u>					
G.O. Public Improvement Refunding (\$81,005,000)		05/15/04				
Street & Highway	\$14,619,000		5.00	\$4,211,734	4,211,734	11/1/11
Neighborhood Conservation	9,027,730		5.00	4,210,567	4,210,567	11/1/12
Libraries	1,056,200		5.00	4,209,126	4,209,126	11/1/13
Fire Station	282,150		5.00	5,278,940	5,278,940	11/1/14
Higher Education	113,500		3.80	5,242,418	5,242,418	11/1/15
Parks and Recreation	15,694,000		3.90	5,175,718	5,175,718	11/1/16
Metrorail	3,696,802		4.00	1,834,330	1,834,330	11/1/17
	<u>\$44,489,382</u>		4.10	1,797,825	1,797,825	11/1/18
				<u>\$31,960,658</u>		
G.O. Public Improvement (\$94,525,000)		05/19/05				
Parks and Recreation	\$29,810,850		5.00	\$10,920,000	2,730,000	5/15/12-15
Neighborhood Conservation	13,030,962		4.00	8,190,000	2,730,000	5/15/23-25
Higher Education	1,000,000					
Fire Station	2,935,000			<u>\$19,110,000</u>		
Metrorail	5,518,188					
	<u>\$52,295,000</u>					

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	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 (\$61,335,000)						
		03/21/06				
Street & Highway	\$9,251,218		4.00	\$4,580,000	2,290,000	8/1/2011-12
Parks and Recreation	13,600,000		5.00	11,450,000	2,290,000	8/1/13-17
Neighborhood Conservation	5,690,578		4.00	2,290,000	2,290,000	08/01/19
Fire Station	6,690,455		5.00	4,580,000	2,290,000	8/1/20-21
Metrorail	8,602,749		4.20	6,855,000	2,285,000	8/1/22-24
	<u>\$43,835,000</u>		4.25	4,570,000	2,285,000	8/1/25-26
				<u>\$34,325,000</u>		
G.O. Public Improvement Refunding (\$89,970,000)						
		03/21/06				
Street & Highway	\$6,167,233		4.00	\$866,269	866,269	08/01/11
Neighborhood Conservation	4,964,155		4.00	855,900	855,900	08/01/12
Parks and Recreation	17,209,390		5.00	855,385	855,385	08/01/13
Libraries	1,920,866		5.00	3,419,214	3,419,214	08/01/14
Higher Education	2,028,391		5.00	5,112,625	5,112,625	08/01/15
Fire Station	2,638,292		5.00	5,119,616	5,119,616	08/01/16
Metrorail	12,758,305		5.00	3,050,565	3,050,565	08/01/17
	<u>\$47,686,632</u>		5.00	4,280,264	4,280,264	08/01/18
			4.00	8,152,377	8,152,377	08/01/19
			5.00	3,745,552	3,745,552	08/01/20
			5.00	917,609	917,609	08/01/21
			4.20	1,621,064	1,621,064	08/01/22
				<u>\$37,996,440</u>		
G.O. Public Improvement (\$117,360,000)						
		06/06/07				
Street & Highway	\$12,530,000		5.00	\$1,735,000	1,735,000	03/15/12
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	03/15/20
			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>\$20,765,000</u>		
G.O. Public Improvement (\$111,185,000)						
		06/18/08				
Street & Highway	\$9,000,572		5.00	\$1,704,000	1,704,000	01/15/12
Neighborhood Conservation	2,019,854		3.25	1,704,000	1,704,000	01/15/13
Parks and Recreation	6,700,000		5.00	6,816,000	1,704,000	01/15/14-17
Library	6,000,000		4.00	1,703,000	1,703,000	01/15/22
Metro	8,980,574		5.00	5,109,000	1,703,000	01/15/23-25
	<u>\$32,701,000</u>		4.125	1,703,000	1,703,000	01/15/26
			4.25	3,406,000	1,703,000	01/15/27-28
				<u>\$22,145,000</u>		
G.O. Public Improvement (\$39,217,322)						
		08/15/09				
Neighborhood Conservation	\$4,817,322		2.00	\$618,839	618,839	08/15/11
Parks and Recreation	2,050,000		2.25	775,000	775,000	08/15/12
Metro	8,000,000		3.00	775,000	775,000	08/15/13
	<u>\$14,867,322</u>		2.25	775,000	775,000	08/15/14
			5.00	775,000	775,000	08/15/15
			4.00	775,000	775,000	08/15/16
			5.00	775,000	775,000	08/15/17
			3.00	595,312	595,312	08/15/18
			3.125	775,000	775,000	08/15/20
			5.00	1,550,000	775,000	08/15/22-23
			3.625	775,000	775,000	08/15/24
			5.00	2,325,000	775,000	08/15/25-27
			4.00	770,000	770,000	08/15/28
			4.00	770,000	770,000	08/15/29
				<u>\$12,829,151</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$41,262,678)						
		08/15/09				
Street & Highway	\$9,122,919		2.00	\$3,050,133	3,050,133	08/15/11
Neighborhood Conservation	2,195,414		2.25	5,865,496	5,865,496	08/15/12
Parks and Recreation	10,465,543		3.00	4,525,801	4,525,801	08/15/13
Fire	1,575,576		2.25	1,597,871	1,597,871	08/15/14
Library	145,744		5.00	-	-	08/15/15
Metro	4,401,924		4.00	2,797,477	2,797,477	08/15/16
	<u>\$27,907,120</u>		5.00	2,794,665	2,794,665	08/15/17
			3.00	2,783,419	2,783,419	08/15/18
				<u>\$23,414,862</u>		
G.O. Public Improvement (\$65,650,000)						
		08/15/09				
Street & Highway	\$5,519,144		2.00	\$2,442,789	2,442,789	08/01/11
Neighborhood Conservation	2,769,159		2.00	948,465	948,465	08/01/12
Government Facility Bond	653,173		3.00	3,556,317	3,556,317	08/01/13
Parks and Recreation	10,466,863		4.00	2,863,081	2,863,081	08/01/14
Fire	1,686,726		4.00	4,240,576	4,240,576	08/01/15
Library	1,130,373		5.00	1,514,633	1,514,633	08/01/16
Metro	4,934,823		5.00	3,480,479	3,480,479	08/01/17
	<u>\$27,160,261</u>		5.00	4,666,617	4,666,617	08/01/18
			5.00	1,694,502	1,694,502	08/01/19
			5.00	1,695,616	1,695,616	08/01/20
				<u>\$27,103,075</u>		
G.O. Public Improvement (\$73,415,000)						
		07/27/10				
Street & Highway	\$7,150,000		2.00	\$507,000	507,000	08/15/11
Neighborhood Conservation	6,900,000		3.00	1,020,000	1,020,000	08/15/12
Government Facility Bond	1,270,000		5.00	1,270,000	1,270,000	08/15/13
Parks and Recreation	1,500,000		4.00	1,270,000	1,270,000	08/15/14
Metro	7,542,000		5.00	3,810,000	1,270,000	08/15/15-17
	<u>\$24,362,000</u>		2.00	1,270,000	1,270,000	08/15/18
			2.125	1,270,000	1,270,000	08/15/19
			3.693	1,270,000	1,270,000	08/15/20
			3.993	1,270,000	1,270,000	08/15/21
			4.193	1,270,000	1,270,000	08/15/22
			4.393	1,270,000	1,270,000	08/15/23
			4.593	1,270,000	1,270,000	08/15/24
			4.693	1,270,000	1,270,000	08/15/25
			5.301	6,325,000	1,265,000	08/15/26-30
				<u>\$24,362,000</u>		
G.O. Public Improvement Refunding (65,870,000)						
		07/27/10				
Street & Highway	\$5,661,131		4.00	\$1,667,350	1,667,350	08/15/16
Neighborhood Conservation	2,906,731		4.00	4,732,544	4,732,544	08/15/17
Government Facility Bond	1,167,608		5.00	3,596,516	3,596,516	08/15/18
Parks and Recreation	11,120,617		4.00	2,405,957	2,405,957	08/15/19
Fire	1,486,736		5.00	7,087,694	7,087,694	08/15/20
Library	2,204,188		5.00	6,995,352	6,995,352	08/15/21
Metro	3,577,903		3.00	1,639,501	1,639,501	08/15/22
	<u>\$28,124,914</u>					
				<u>\$28,124,914</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

			Bonds Outstanding: (Relates to total amount authorized and sold)	Payments: (Relates to total amount authorized and sold)	
Amount Authorized and Sold	Date of Bonds	Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$127,000,000)	06/28/11				
Street & Highway	\$10,669,428	2.00/3.00	\$1,475,000	1,475,000	08/15/12
Neighborhood Conservation	6,400,000	3.00	2,945,000	2,945,000	08/15/13
Government Facility Bond	4,675,000	4.00	3,685,000	3,685,000	08/15/14
Parks and Recreation	39,005,572	2.00/4.00	3,685,000	3,685,000	08/15/15
Metro	10,000,000	4.00	3,685,000	3,685,000	08/15/16
	<u>\$70,750,000</u>	4.00/5.00	3,685,000	3,685,000	08/15/17
		4.00	3,685,000	3,685,000	08/15/18
		5.00	3,685,000	3,685,000	08/15/19
		3.00/5.00	3,685,000	3,685,000	08/15/20
		4.00/5.00	3,685,000	3,685,000	08/15/21
		5.00	3,685,000	3,685,000	08/15/22
		4.00/5.00	3,685,000	3,685,000	08/15/23
		3.00/3.25	3,685,000	3,685,000	08/15/24
		3.40	3,685,000	3,685,000	08/15/25
		3.55	3,685,000	3,685,000	08/15/26
		5.00	3,685,000	3,685,000	08/15/27
		4.00	11,055,000	3,685,000	08/15/28-30
		4.00/3.875/5.00	3,685,000	3,685,000	08/15/31
			<u>\$70,750,000</u>		
SUBTOTAL:				<u>\$372,270,978</u>	
FY 2003 Deferred cost of refunding/Premium on bond Issuance (Net)				\$98,264	
FY 2004 Bond premium to be amortized				1,438,019	
FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)				3,025,108	
FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)				(941,530)	
FY 2006 Bond premium to be amortized				1,233,258	
FY 2007 Bond premium to be amortized				360,392	
FY 2008 Bond premium to be amortized				1,267,779	
FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)				2,488,747	
FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)				7,028,600	
Total GO Bonds Serviced by General Fund:				<u>\$388,269,615</u>	
IDA Revenue Bonds (\$60,540,000)	08/01/04				
Trade Center Bond	\$17,825,000	3.75/5.0	\$5,570,000	5,570,000	8/1/11
George Mason Center Bond	3,375,000	4.0/5.0	5,760,000	5,760,000	8/1/12
Emergency Communication Center Bond	31,290,000	5.00	5,890,000	5,890,000	8/1/13
Enterprise Resource Planning Bond	8,050,000	5.00	6,255,000	6,255,000	8/1/14
	<u>\$60,540,000</u>	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
			<u>\$36,515,000</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

			Bonds Outstanding: (Relates to total amount authorized and sold)	Payments: (Relates to total amount authorized and sold)	
Amount Authorized and Sold	Date of Bonds	Interest Rate- %	Principal	Annual Amount	Maturity Date
IDA Revenue Bond (\$41,280,000)	12/15/10				
Metro Matters		2.00	\$1,165,000	1,165,000	12/15/11
Buckingham Village I		2.00	1,190,000	1,190,000	12/15/12
		2.00	1,215,000	1,215,000	12/15/13
		2.00	1,240,000	1,240,000	12/15/14
		2.50	1,265,000	1,265,000	12/15/15
		2.75	1,295,000	1,295,000	12/15/16
		4.70	1,330,000	1,330,000	12/15/17
		4.90	1,370,000	1,370,000	12/15/18
		5.00	1,415,000	1,415,000	12/15/19
		5.10	1,460,000	1,460,000	12/15/20
		5.20	1,510,000	1,510,000	12/15/21
		5.30	1,560,000	1,560,000	12/15/22
		5.40	1,615,000	1,615,000	12/15/23
		6.00	1,670,000	1,670,000	12/15/24
		6.00	1,735,000	1,735,000	12/15/25
		6.00	1,805,000	1,805,000	12/15/26
		6.00	1,875,000	1,875,000	12/15/27
		6.00	1,950,000	1,950,000	12/15/28
		6.00	2,025,000	2,025,000	12/15/29
		6.20	2,110,000	2,110,000	12/15/30
		6.20	2,195,000	2,195,000	12/15/31
		6.20	2,285,000	2,285,000	12/15/32
		6.20	2,380,000	2,380,000	12/15/33
		6.20	2,475,000	2,475,000	12/15/34
			\$40,135,000		
IDA Revenue Bond (\$11,940,000)	12/15/10				
FS #3, Arlington Mill and Buckingham Park		2.00	\$250,000	250,000	2/15/12
		3.00	500,000	500,000	2/15/13
		3.00	3,125,000	625,000	2/15/14-18
		4.00	625,000	625,000	2/15/19
		4.00	2,480,000	620,000	2/15/20-23
		4.125	620,000	620,000	2/15/24
		4.375	620,000	620,000	2/15/25
		4.50	620,000	620,000	2/15/26
		4.625	620,000	620,000	2/15/27
		4.75	620,000	620,000	2/15/28
		5.00	1,860,000	620,000	2/15/29-31
			\$11,940,000		
SUBTOTAL:			\$88,590,000		
IDA Note - Buckingham V3 (\$35,666,099)			\$35,016,099		
FY 2005 IDA Revenue Bonds amortized			1,923,098		
Total IDA Revenue Bonds Serviced by General Fund			125,529,197		
Compensated Absences			30,263,597		
Estimated Liability for Workers' Comp Claims & Other Judgments Serviced by General Fund-Capital Leases			3,544,201		
			18,933,209		
Total General Obligation Debt Serviced by General Fund:			566,539,819		
Due in one year			(46,833,177)		
Total Long Term Liabilities -General Fund			\$519,706,642		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	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 School Operating Fund:							
G.O. Refunding (\$42,075,000) School Improvements	<u>\$10,573,454</u>	11/15/93	6.00	\$1,202,471	1,202,471	06/30/12	
				<u>\$1,202,471</u>			
G.O. Public Improvement (\$39,545,000) School Improvements	<u>\$19,912,500</u>	06/11/02	4.00	\$1,039,811	1,039,811	02/01/12	
				<u>\$1,039,811</u>			
G.O. Public Improvement (\$75,000,000) School Improvements	<u>\$41,400,000</u>	05/01/03	5.00	\$3,310,000	1,655,000	01/15/11-13	
			4.00	1,053,182	1,053,182	01/15/14	
			4.00	1,048,328	1,048,328	01/15/15	
			4.5	6,620,000	1,655,000	01/15/25-28	
				<u>\$12,031,510</u>			
G.O. Public Improvement Refunding (\$65,775,000) School Improvements	<u>\$28,877,529</u>	05/01/03	5.00	\$2,845,483	2,845,483	01/15/12	
			5.00	2,834,914	2,834,914	01/15/13	
				<u>\$5,680,397</u>			
G.O. Public Improvement (\$60,070,000) School Improvements	<u>\$28,000,000</u>	05/12/04	5.00	\$3,360,000	1,120,000	05/15/12-14	
			4.75	1,120,000	1,120,000	05/15/24	
				3,360,000	1,120,000	5/15/27-29	
				<u>\$7,840,000</u>			
G.O. Public Improvement Refunding (\$81,005,000) School Improvements	<u>\$33,598,820</u>	08/19/04	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>\$25,220,368</u>			
G.O. Public Improvement (\$94,525,000) School Improvements	<u>\$36,230,000</u>	06/01/05	5.00	\$7,240,000	1,810,000	5/15/12-15	
			5.00	5,445,000	1,815,000	5/15/23-25	
				<u>\$12,685,000</u>			
G.O. Public Improvement (\$61,335,000) School Improvements	<u>\$17,500,000</u>	03/21/06	4.00	\$1,750,000	875,000	8/1/11-12	
			5.00	4,375,000	875,000	8/1/13-17	
			4.00	875,000	875,000	08/01/19	
			5.00	1,750,000	875,000	8/1/20-21	
			4.20	2,625,000	875,000	8/1/22-24	
			4.25	1,750,000	875,000	8/1/25-26	
				<u>\$13,125,000</u>			

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$89,970,000)		03/21/06				
School Improvements	<u>\$39,169,607</u>		4.00	\$710,073	710,073	08/01/11
			4.00	700,415	700,415	08/01/12
			5.00	698,935	698,935	08/01/13
			5.00	2,798,007	2,798,007	08/01/14
			5.00	4,002,279	4,002,279	08/01/15
			5.00	4,007,190	4,007,190	08/01/16
			5.00	2,482,380	2,482,380	08/01/17
			5.00	3,426,382	3,426,382	08/01/18
			4.00	6,190,254	6,190,254	08/01/19
			5.00	2,823,271	2,823,271	08/01/20
			5.00	727,391	727,391	08/01/21
			4.20	1,083,936	1,083,936	08/01/22
			4.20	960,000	960,000	08/01/24
			4.25	945,000	945,000	08/01/25
				\$31,555,513		
G.O. Public Improvement (\$117,360,000)		06/06/07				
School Improvements	<u>\$16,630,000</u>		5.00	\$835,000	835,000	03/15/12
			5.00	835,000	835,000	03/15/13
			4.00	835,000	835,000	03/15/14
			5.00	1,660,000	830,000	3/15/15-16
			4.00	830,000	830,000	03/15/20
			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
				\$9,975,000		
G.O. Public Improvement (\$111,185,000)		06/18/08				
School Improvements	<u>\$51,076,000</u>		5.00	\$2,554,000	2,554,000	01/15/12
			3.25	2,555,000	2,555,000	01/15/13
			5.00	2,556,000	2,556,000	01/15/14
			5.00	2,552,000	2,552,000	01/15/15
			5.00	5,110,000	2,555,000	01/15/2016-17
			4.00	2,556,000	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
				\$33,201,000		
G.O. Public Improvement (\$39,217,322)		08/15/09				
School Improvements	<u>\$24,350,000</u>		2.00	\$1,220,000	1,220,000	08/15/11
			2.25	1,220,000	1,220,000	08/15/12
			3.00	1,220,000	1,220,000	08/15/13
			2.25	1,220,000	1,220,000	08/15/14
			5.00	1,220,000	1,220,000	08/15/15
			4.00	1,220,000	1,220,000	08/15/16
			5.00	1,220,000	1,220,000	08/15/17
			3.00	939,688	939,688	08/15/18
			3.125	1,215,000	1,215,000	08/15/20
			5.00	2,430,000	1,215,000	08/15/22-23
			3.625	1,215,000	1,215,000	08/15/24
			5.00	3,645,000	1,215,000	08/15/25-27
			4.00	1,215,000	1,215,000	08/15/28
			4.00	1,215,000	1,215,000	08/15/29
				\$20,414,688		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement Refunding (\$41,262,678)		08/15/09				
School Improvements	<u>\$11,455,110</u>		2.00	\$326,396	326,396	08/15/11
			2.25	2,179,482	2,179,482	08/15/12
			3.00	2,132,753	2,132,753	08/15/13
			2.25	192,415	192,415	08/15/14
			4.00	1,854,737	1,854,737	08/15/16
			5.00	1,852,873	1,852,873	08/15/17
			3.00	1,845,418	1,845,418	08/15/18
				<u>\$10,384,074</u>		
G.O. Public Improvement Refunding (\$65,650,000)		08/15/09				
School Improvements	<u>\$27,608,536</u>		2.00	\$2,156,097	2,156,097	08/15/11
			2.00	965,970	965,970	08/15/12
			3.00	4,414,145	4,414,145	08/15/13
			4.00	2,763,193	2,763,193	08/15/14
			4.00	3,412,263	3,412,263	08/15/15
			5.00	1,471,266	1,471,266	08/15/16
			5.00	2,651,482	2,651,482	08/15/17
			5.00	4,631,381	4,631,381	08/15/18
			5.00	2,540,397	2,540,397	08/15/19
			5.00	2,544,916	2,544,916	08/15/20
				<u>\$27,551,110</u>		
Schools- QSCB (\$3,390,000)		07/06/10				
School Improvements	<u>\$3,390,000</u>		5.31	\$195,000	195,000	08/15/12
			5.31	3,000,000	200,000	08/15/13-27
				<u>\$3,195,000</u>		
G.O. Public Improvement (\$73,415,000)		07/27/10				
School Improvements	<u>\$30,703,000</u>		2.00	\$1,538,000	1,538,000	08/15/11
			3.00	1,535,000	1,535,000	08/15/12
			5.00	1,535,000	1,535,000	08/15/13
			4.00	1,535,000	1,535,000	08/15/14
			5.00	4,605,000	1,535,000	08/15/15-17
			2.00	1,535,000	1,535,000	08/15/18
			2.125	1,535,000	1,535,000	08/15/19
			3.693	1,535,000	1,535,000	08/15/20
			3.993	1,535,000	1,535,000	08/15/21
			4.193	1,535,000	1,535,000	08/15/22
			4.393	1,535,000	1,535,000	08/15/23
			4.593	1,535,000	1,535,000	08/15/24
			4.693	1,535,000	1,535,000	08/15/25
			5.301	7,675,000	1,535,000	08/15/26-30
				<u>\$30,703,000</u>		
G.O. Public Improvement Refunding (\$65,870,000)		07/27/10				
School Improvements	<u>\$25,408,254</u>		4.00	\$799,942	799,942	08/15/16
			4.00	4,991,847	4,991,847	08/15/17
			5.00	2,713,871	2,713,871	08/15/18
			4.00	2,734,043	2,734,043	08/15/19
			5.00	5,201,560	5,201,560	08/15/20
			5.00	6,061,492	6,061,492	08/15/21
			3.00	1,550,499	1,550,499	08/15/22
			3.125	1,355,000	1,355,000	08/15/23
				<u>\$25,408,254</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	Amount Authorized and Sold	Date of Bonds	Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$127,000,000) School Improvements	<u>\$44,450,000</u>	06/28/11				
			2.00/3.00	\$2,225,000	2,225,000	08/15/12
			3.00	2,225,000	2,225,000	08/15/13
			4.00	2,225,000	2,225,000	08/15/14
			2.00/4.00	2,225,000	2,225,000	08/15/15
			4.00	2,225,000	2,225,000	08/15/16
			4.00/5.00	2,225,000	2,225,000	08/15/17
			4.00	2,225,000	2,225,000	08/15/18
			5.00	2,225,000	2,225,000	08/15/19
			3.00/5.00	2,225,000	2,225,000	08/15/20
			4.00/5.00	2,225,000	2,225,000	08/15/21
			5.00	2,220,000	2,220,000	08/15/22
			4.00/5.00	2,220,000	2,220,000	08/15/23
			3.00/3.25	2,220,000	2,220,000	08/15/24
			3.40	2,220,000	2,220,000	08/15/25
			3.55	2,220,000	2,220,000	08/15/26
			5.00	2,220,000	2,220,000	08/15/27
			4.00	6,660,000	2,220,000	08/15/28-30
			4.00/3.875/5.00	2,220,000	2,220,000	08/15/31
				<u>\$44,450,000</u>		
 SUB TOTAL				 <u>\$315,662,196</u>		
 FY 2003 Deferred cost of refunding/Premium on bond Issuance (Net)				 (\$119,551)		
FY 2004 Bond premium to be amortized				944,042		
FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)				1,254,701		
FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)				321,639		
FY 2007 Bond premium to be amortized				205,754		
FY 2008 Bond premium to be amortized				2,046,669		
FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)				779,076		
FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)				<u>5,156,965</u>		
Total Serial Bonds Serviced by School Operating Fund:				326,251,491		
Compensated Absences				33,260,229		
Capital Leases Serviced by Schools				<u>5,682,464</u>		
Total General Obligation Debt Serviced by School Operating Fund:				365,194,184		
Due in one year				<u>(29,014,543)</u>		
Total Long Term Liabilities - Schools				336,179,641		
 Total General Obligation Debt Serviced by General Fund and School Operating Fund:				 <u>\$855,886,283</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)		Maturity Date
			Interest Rate- %	Principal	Annual Amount		
<u>Serviced by Utilities Fund:</u>							
G.O. Refunding (\$42,075,000) Sewage	<u>\$3,354,635</u>	11/15/93	6.00	\$381,509	381,509	06/30/12	
				<u>\$381,509</u>			
G.O. Public Improvement Refunding (\$65,775,000) Water/Sewer share	<u>\$19,415,825</u>	05/01/03	5.00 5.00	\$1,846,444 1,832,982	1,846,444 1,832,982	01/15/12 01/15/13	
				<u>\$3,679,426</u>			
G.O. Public Improvement Refunding (\$81,005,000) Water/sewer share	<u>\$2,916,798</u>	08/19/04	5.00 5.00 5.00 5.00 3.80 3.90 4.00 4.10	\$285,881 285,591 285,312 298,232 296,537 293,174 201,630 197,617	285,881 285,591 285,312 298,232 296,537 293,174 201,630 197,617	11/01/11 11/01/12 11/01/13 11/01/14 11/01/15 11/01/16 11/01/17 11/01/18	
				<u>\$2,143,974</u>			
G.O. Public Improvement (\$94,525,000) Water share	<u>\$6,000,000</u>	06/01/05	5.00 5.00	\$1,260,000 930,000	315,000 310,000	5/15/12-15 5/15/23-25	
				<u>\$2,190,000</u>			
G.O. Public Improvement Refunding (\$89,970,000) Water share Sewer share Advanced Water Treatment	<u>\$1,211,244</u> 487,761 <u>1,414,755</u> <u>\$3,113,760</u>	03/21/06	4.00 4.00 5.00 5.00 5.00 5.00 5.00 5.00 4.00 5.00	\$148,658 143,685 140,680 377,779 435,096 433,194 222,055 118,354 437,369 201,177	148,658 143,685 140,680 377,779 435,096 433,194 222,055 118,354 437,369 201,177	08/01/11 08/01/12 08/01/13 08/01/14 08/01/15 08/01/16 08/01/17 08/01/18 08/01/19 08/01/20	
				<u>\$2,658,047</u>			
G.O. Public Improvement (\$117,360,000) Water share Sewer share Advanced Water Treatment	<u>\$9,000,000</u> 10,000,000 <u>48,500,000</u> <u>\$67,500,000</u>	06/06/07	5.00 4.00 5.00 4.00 4.125 4.50 4.25	\$7,030,000 3,515,000 7,030,000 3,515,000 3,515,000 3,515,000 14,060,000	3,515,000 3,515,000 3,515,000 3,515,000 3,515,000 3,515,000 3,515,000	03/15/12-13 03/15/14 3/15/15-16 03/15/20 03/15/22 03/15/23 3/15/24-27	
				<u>\$42,180,000</u>			

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

	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 (\$111,185,000)		06/18/08				
Advanced Water Treatment	<u>\$27,408,000</u>		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	1,581,000	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>\$19,414,000</u>		
G.O. Public Improvement Refunding (\$41,262,678)		08/15/09				
Water share	\$1,327,147		2.00	\$49,632	49,632	08/15/11
Advanced Water Treatment	<u>573,301</u>		2.25	175,022	175,022	08/15/12
	<u>\$1,900,448</u>		3.00	171,446	171,446	08/15/13
			2.25	39,714	39,714	08/15/14
			4.00	322,786	322,786	08/15/16
			5.00	322,461	322,461	08/15/17
			3.00	321,164	321,164	08/15/18
				<u>\$1,402,225</u>		
G.O. Public Improvement Refunding (\$65,650,000)		08/15/09				
Water share	\$1,765,156		2.00	\$376,113	376,113	08/01/11
Sewer share	953,197		2.25	195,565	195,565	08/01/12
Advanced Water Treatment	<u>8,162,851</u>		3.00	1,449,538	1,449,538	08/01/13
	<u>\$10,881,204</u>		2.25	273,727	273,727	08/01/14
			5.00	557,161	557,161	08/01/15
			4.00	234,101	234,101	08/01/16
			5.00	3,343,039	3,343,039	08/01/17
			3.00	1,502,001	1,502,001	08/01/18
			4.00	1,430,101	1,430,101	08/01/19
			3.125	1,499,469	1,499,469	08/01/20
				<u>\$10,860,815</u>		
G.O. Public Improvement (\$73,415,000)		07/27/10				
Water share	\$4,000,000		2.00	\$380,000	380,000	08/15/11
Advanced Water Treatment	<u>14,350,000</u>		3.00	770,000	770,000	08/15/12
	<u>\$18,350,000</u>		5.00	955,000	955,000	08/15/13
			4.00	960,000	960,000	08/15/14
			5.00	2,865,000	955,000	08/15/15-17
			2.00	960,000	960,000	08/15/18
			2.125	955,000	955,000	08/15/19
			3.693	955,000	955,000	08/15/20
			3.993	955,000	955,000	08/15/21
			4.193	955,000	955,000	08/15/22
			4.393	955,000	955,000	08/15/23
			4.593	955,000	955,000	08/15/24
			4.693	955,000	955,000	08/15/25
			5.301	4,775,000	955,000	08/15/26-30
				<u>\$18,350,000</u>		
G.O. Public Improvement Refunding (\$65,870,000)		07/27/10				
Water share	\$1,211,039		4.00	\$3,387,708	3,387,708	08/15/16
Sewer share	1,243,833		4.00	1,505,609	1,505,609	08/15/17
Advanced Water Treatment	<u>9,881,960</u>		5.00	3,449,613	3,449,613	08/15/18
	<u>\$12,336,832</u>		5.00	3,685,746	3,685,746	08/15/20
			5.00	308,156	308,156	08/15/21
				<u>\$12,336,832</u>		

ARLINGTON COUNTY, VIRGINIA
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
 JUNE 30, 2011

			Bonds Outstanding: (Relates to total amount authorized and sold)	Payments: (Relates to total amount authorized and sold)	
Amount Authorized and Sold	Date of Bonds	Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$127,000,000) Advanced Water Treatment	06/28/11				
<u>\$11,800,000</u>		2.00/3.00	\$245,000	245,000	08/15/12
		3.00	490,000	490,000	08/15/13
		4.00	615,000	615,000	08/15/14
		2.00/4.00	615,000	615,000	08/15/15
		4.00	615,000	615,000	08/15/16
		4.00/5.00	615,000	615,000	08/15/17
		4.00	615,000	615,000	08/15/18
		5.00	615,000	615,000	08/15/19
		3.00/5.00	615,000	615,000	08/15/20
		4.00/5.00	615,000	615,000	08/15/21
		5.00	615,000	615,000	08/15/22
		4.00/5.00	615,000	615,000	08/15/23
		3.00/3.25	615,000	615,000	08/15/24
		3.40	615,000	615,000	08/15/25
		3.55	615,000	615,000	08/15/26
		5.00	615,000	615,000	08/15/27
		4.00	1,845,000	615,000	08/15/28-30
		4.00/3.875/5.00	610,000	610,000	08/15/31
			<u>\$11,800,000</u>		
 SUBTOTAL:				<u>\$127,396,828</u>	
 FY 2003 Deferred cost of refunding/Premium on bond Issuance (Net)				\$182,472	
 FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)				293,654	
 FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)				633,140	
 FY 2007 Bond premium to be amortized				731,405	
 FY 2008 Bond premium to be amortized				934,338	
 FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)				(788,686)	
 FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)				<u>1,810,718</u>	
 Total Serial Bonds Serviced by Utilities Fund:				131,193,869	
 Compensated Absences - Utilities Fund				1,528,250	
Bond and VRA interest payable - Utilities Fund				4,310,537	
Capital Leases serviced by Utilities Fund				276,850	
VRA Loans payable				<u>263,158,039</u>	
 Total Long Term Obligations Serviced by Utilities Fund:				400,467,545	
 Compensated Absences - Internal Service funds				513,349	
Compensated Absences - CPHD Development Fund				587,031	
Capital Leases serviced by Auto Equipment Fund				<u>2,843,113</u>	
 SUBTOTAL:				404,411,038	
 Revenue Bonds-Serviced by Ballston Public Garage Fund				11,800,000	
Bond and mortgage interest payable				19,321,425	
Mortgage Payable-Ballston Public Garage Fund				<u>3,429,679</u>	
 Total Business-type Activities Obligations:				438,962,142	
Due in one year				<u>(48,965,505)</u>	
Total Business-type Activities long Term Obligations:				<u><u>\$389,996,637</u></u>	
 TOTAL LONG TERM OBLIGATIONS:				<u><u>\$1,245,882,920</u></u>	

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 JUNE 30, 2011

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2011	\$146,226	\$1,121,753	\$1,267,979
2010	135,807	620,957	756,764
2009	56,529	637,705	694,234
2008	36,299	439,269	475,568
2007	19,522	329,754	349,276
2006	14,892	-	14,892
2005	11,445	-	11,445
2004	10,607	-	10,607
2003	5,110	-	5,110
2002	1,218	-	1,218
2001	816	-	816
2000	538	-	538
1999	573	-	573
1998	528	-	528
1997	523	-	523
1996	516	-	516
1995	499	-	499
TOTAL	<u>\$441,648</u>	<u>\$3,149,438</u>	<u>\$3,591,086</u>

NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2011 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 \$34,672 and \$677,688, respectively.

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

Fiscal Year	Total Current Tax Levy	Current Taxes Not Collected	Current Taxes Collected	Percent of Levy Collected	Collection of Prior Year's Taxes In Current Year	Total Taxes Collected	Total Collections As % of Current Levy	Write-Offs and Adjustments	Deferred Taxes	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as % of Total Levy
2002	335,968,016	3,624,563	332,343,453	98.92%	3,151,222	335,494,675	99.86%	1,149,446	839,328	5,409,628	1.61%
2003	373,883,498	3,443,379	370,440,119	99.08%	3,193,196	373,633,315	99.93%	1,712,034	688,928	5,569,351	1.49%
2004	406,389,307	3,305,311	403,083,996	99.19%	3,172,229	406,256,225	99.97%	1,194,439	750,170	5,664,046	1.39%
2005	435,567,836	2,953,943	432,613,894	99.32%	3,139,508	435,753,402	100.04%	1,003,191	874,009	5,413,308	1.24%
2006	479,686,828	3,152,135	476,534,693	99.34%	3,077,161	479,611,854	99.98%	1,176,489	882,123	5,472,146	1.14%
2007	528,570,144	2,707,065	525,863,079	99.49%	3,264,676	529,127,755	100.11%	1,045,194	1,069,831	4,861,433	0.92%
2008	577,353,341	2,881,468	574,471,873	99.50%	3,285,410	577,757,283	100.07%	829,482	1,259,192	4,645,017	0.80%
2009	620,724,099	3,508,418	617,215,681	99.43%	3,555,509	620,771,190	100.01%	885,868	1,476,023	4,445,528	0.72%
2010	631,759,467	2,753,079	629,006,388	99.56%	2,965,008	631,971,396	100.03%	1,074,788	1,450,150	4,107,640	0.65%
2011	652,808,573	2,147,274	650,659,299	99.67%	2,729,127	653,388,426	100.09%	1,295,209	1,843,522	3,591,085	0.55%

NOTES:

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

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

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

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

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

Source: Arlington County Treasurer's Office

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
JUNE 30, 2011

Primary Government

General Capital Assets:

Land	\$156,165,611
Infrastructure	434,445,934
Buildings	259,182,117
Furniture, fixtures and equipment	131,071,653
Construction in Progress	148,896,515
Intangibles	2,020,955
	<hr/>
Total General Capital Assets	<u><u>\$1,131,782,785</u></u>

Investment in General Capital Assets by Source:

General obligation bonds/ leases	\$819,937,682
Federal grants	77,008,892
State literary loans	1,680,040
Donated assets	5,850,055
General fund revenues	227,306,116
	<hr/>
Total Investment in General Capital Assets	<u><u>\$1,131,782,785</u></u>

Internal Services Fund

Auto Equipment Fund	<u>\$56,525,607</u>
Total Internal Services Fund	<u><u>\$56,525,607</u></u>

Investment in Internal Services Fund by Source:

General Fund revenues	<u><u>\$56,525,607</u></u>
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Component Unit: School Board

School Capital Assets:

Land	\$4,697,946
Buildings	520,403,224
Furniture, fixtures and equipment	61,952,014
	<hr/>
Total school capital assets	<u><u>\$587,053,184</u></u>

Investment in School Capital Assets by Source:

General obligation bonds	\$427,413,538
Federal grants	10,136,370
State literary loans	484,498
General fund revenues	149,018,778
	<hr/>
Total investment in school capital assets	<u><u>\$587,053,184</u></u>

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2011

Primary Government

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2011 Beginning Balance	Additions	Deletions	06/30/2011 Ending Balance
Primary Government:				
General Government	\$318,275,265	\$25,964,378	\$-	\$344,239,643
Public Safety	68,403,206	29,264,179	-	97,667,385
Environmental Services	452,849,028	21,160,799	-	474,009,827
Health and Public Welfare	31,765,248	1,304,469	-	33,069,717
Libraries	18,162,154	11,569,536	-	29,731,690
Parks and Recreation	98,111,470	21,930,507	-	120,041,977
Planning and Community Development	32,837,780	184,766	-	33,022,546
Total primary government	<u>1,020,404,151</u>	<u>111,378,634</u>	<u>-</u>	<u>1,131,782,785</u>
Internal Services Fund				
Auto Equipment Fund	51,981,340	6,810,338	2,266,071	56,525,607
Total Internal Services Fund	<u>51,981,340</u>	<u>6,810,338</u>	<u>2,266,071</u>	<u>56,525,607</u>
Component Unit - Schools	<u>556,680,225</u>	<u>30,376,706</u>	<u>3,747</u>	<u>587,053,184</u>
Total Capital Assets	<u>\$1,629,065,716</u>	<u>\$148,565,678</u>	<u>\$2,266,071</u>	<u>\$1,775,361,576</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2011

Primary Government

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles	CIP
General Government:							
Control-							
Legislative	\$114,522	\$-	\$-	\$-	\$114,522	\$-	\$-
Executive	480,663	-	-	-	480,663	-	-
Judicial	2,594,988	-	-	-	2,527,762	67,226	-
Total Control	<u>3,190,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$3,122,947</u>	<u>67,226</u>	<u>-</u>
Staff Agencies-							
Elections	270,396	-	-	-	270,396	-	-
Management and Finance	467,918	-	-	-	467,918	-	-
Human Resources	410,350	-	-	-	327,082	83,268	-
Office of County Attorney	876,188	-	-	-	876,188	-	-
Commissioner of the Revenue	595,054	-	-	-	595,054	-	-
Treasurer	65,114	-	-	-	33,028	32,086	-
Department of Technology Services	11,344,264	-	-	-	11,195,751	148,513	-
General government buildings	327,020,186	139,119,088	80,631,000	25,877,382	9,570,942	1,001,390	70,820,384
Total Staff Agencies	<u>341,049,470</u>	<u>139,119,088</u>	<u>80,631,000</u>	<u>25,877,382</u>	<u>23,336,359</u>	<u>1,265,257</u>	<u>70,820,384</u>
Total General Government	<u>344,239,643</u>	<u>139,119,088</u>	<u>80,631,000</u>	<u>25,877,382</u>	<u>26,459,306</u>	<u>1,332,483</u>	<u>70,820,384</u>
Public Safety:							
Police	10,138,856	-	648,580	9,087,613	-	-	\$402,663
Fire	83,442,395	5,499,264	32,569,290	7,125,394	32,590,917	-	5,657,530
Emergency management	4,086,134	-	-	-	4,086,134	-	-
Total Public Safety	<u>97,667,385</u>	<u>5,499,264</u>	<u>33,217,870</u>	<u>16,213,007</u>	<u>36,677,051</u>	<u>-</u>	<u>6,060,193</u>
Community Services:							
Environmental Services	474,009,827	-	264,332,232	140,021,585	46,706,165	688,025	22,261,820
Health and Public Welfare	33,069,717	-	-	14,127,700	18,806,065	447	135,505
Libraries	29,731,690	-	5,299,045	18,114,849	-	-	6,317,796
Recreation	120,041,977	10,149,971	45,031,380	29,588,819	2,316,342	-	32,955,465
Community Development	33,022,546	1,397,288	5,934,407	15,238,775	106,724	-	10,345,352
Total Community Service	<u>689,875,757</u>	<u>11,547,259</u>	<u>320,597,064</u>	<u>217,091,728</u>	<u>67,935,296</u>	<u>688,472</u>	<u>72,015,938</u>
Total General Capital Assets	<u>1,131,782,785</u>	<u>156,165,611</u>	<u>434,445,934</u>	<u>259,182,117</u>	<u>131,071,653</u>	<u>2,020,955</u>	<u>148,896,515</u>
Internal Services Fund:							
Auto Equipment Fund	56,525,607	-	-	-	56,525,607	-	-
Total Internal Services Fund	<u>56,525,607</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,525,607</u>	<u>-</u>	<u>-</u>
Component Unit: School Board Schools							
Schools	587,053,184	4,697,946	-	520,403,224	61,952,014	-	-
GRAND TOTALS	<u>\$1,775,361,576</u>	<u>\$160,863,557</u>	<u>\$434,445,934</u>	<u>\$ 779,585,341</u>	<u>\$249,549,274</u>	<u>\$2,020,955</u>	<u>\$148,896,515</u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	2011		VARIANCE POSITIVE (NEGATIVE)	2010 ACTUALS
	BUDGET	ACTUAL		
GENERAL FUND				
General property taxes:				
Real estate	\$505,073,509	\$520,576,335	\$15,502,826	\$501,453,946
Personal	94,036,426	95,246,129	1,209,703	93,046,854
Total general property taxes	599,109,935	615,822,464	16,712,529	594,500,800
Other local taxes:				
Business, professional and occupational license (BPOL) tax	59,594,339	60,460,108	865,769	58,611,239
Sales tax	36,350,000	36,889,895	539,895	35,954,703
Meals tax	29,400,000	31,425,804	2,025,804	29,048,450
Transient tax	21,500,000	21,828,208	328,208	20,809,560
Utility tax	12,100,000	13,051,807	951,807	12,490,239
Recordation, car rental and other local taxes	23,580,000	26,508,790	2,928,790	24,597,157
Total other local taxes	182,524,339	190,164,612	7,640,273	181,511,348
Total taxes	781,634,274	805,987,076	24,352,802	776,012,148
License, permits and fees	9,431,855	9,929,105	497,250	7,362,947
Fines and forfeitures	11,031,000	9,590,928	(1,440,072)	7,851,193
Charges for services	44,130,231	49,744,479	5,614,248	42,650,595
Grants:				
State grants	71,335,789	67,446,034	(3,889,755)	64,159,718
Federal grants	25,772,943	23,254,392	(2,518,551)	22,638,894
Total grants	97,108,732	90,700,426	(6,408,306)	86,798,612
Use of money and property	10,389,141	8,095,821	(2,293,320)	9,888,443
Bond premiums	-	6,267,065	6,267,065	1,048,679
Miscellaneous revenue	2,068,223	8,630,638	6,562,415	18,321,067
GRAND TOTALS FOR GENERAL FUND	\$955,793,456	\$988,945,538	\$33,152,082	\$948,885,005
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$27,000	\$27,575	\$575	\$30,893
Crystal City Business Improvement District	20,000	20,007	7	22,190
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	23,925	23,925	21,712
Neighborhood Conservation Bond Fund	-	32,779	32,779	39,088
Public Recreation Bond Fund	-	76,713	76,713	115,960
Fire Facilities Bond Fund	-	14,744	14,744	23,109
Library Bond Fund	-	13,365	13,365	18,271
Transit Facilities Bond Fund	-	25,566	25,566	30,733
Transportation Investment Fund	2,499,500	11,041	(2,488,459)	-
Emergency Community Center	-	30,127	30,127	-
School Capital Improvement Bond Fund	-	99,715	99,715	116,372
Trust & Agency Fund	2,052,828	1,627,828	(425,000)	289,500
Total transfers	\$4,729,328	\$2,133,385	(\$2,595,943)	\$837,828
GRAND TOTALS	\$960,522,784	\$991,078,923	\$30,556,139	\$949,722,833
SPECIAL REVENUE FUNDS:				
Travel & Tourism Fund	\$1,304,880	\$1,085,624	(\$219,256)	\$1,058,118
Special Assessment District	2,800,936	2,760,629	(40,307)	3,021,715
Crystal City BID	2,034,115	2,022,463	(11,652)	2,218,261
Community Development Block Grant Fund	3,797,390	1,956,147	(1,841,243)	1,674,363
Section 8 Housing	17,390,410	16,830,528	(559,882)	12,842,090
Total Special Revenue Funds	\$27,327,731	\$24,655,391	(\$2,672,340)	\$20,814,547

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	2011			2010 ACTUALS
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	
BREAKDOWN OF REVENUE BY FUNCTION:				
	Charges for services	Operating grants/Contributions		Capital Grants
	Includes licenses & fees	State	Federal	Contributions
General government	\$19,911,198	\$26,693,319	\$3,219,492	\$1,822,203
Public safety	10,204,341	10,095,585	1,906,323	-
Environmental services	26,728,203	8,641,028	-	-
Health & welfare	3,241,589	19,832,573	16,884,492	-
Libraries	580,322	164,005	-	-
Economic development	-	53,522	444,552	-
Planning & community development	1,183,456	\$12,500	670,990	-
Parks & recreation	7,415,403	131,299	128,544	-
Total General Fund	<u>\$69,264,512</u>	<u>\$65,623,831</u>	<u>\$23,254,393</u>	<u>\$1,822,203</u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT S-10
Page 1 of 2

	2011		VARIANCE POSITIVE (NEGATIVE)	2010 ACTUALS
	BUDGET	ACTUAL		
General Government Administration:				
County Board	\$1,053,065	\$970,589	\$82,476	\$1,023,423
County Manager	4,853,420	4,794,489	58,931	4,687,840
Financial Management	5,695,889	5,528,869	167,020	5,275,667
Human Resources	7,039,477	6,871,082	168,395	6,590,459
Technology Services	14,737,960	14,678,955	59,005	14,231,618
County Attorney	2,889,054	3,967,649	(1,078,595)	3,956,636
Commissioner of Revenue	4,914,253	4,939,890	(25,637)	4,906,742
Treasurer	5,972,163	5,760,487	211,676	6,300,047
Electoral Board	768,529	815,014	(46,485)	815,089
Total General Government	47,923,810	48,327,024	(403,214)	47,787,521
Judicial Administration:				
Circuit Court	3,333,771	3,163,960	169,811	3,035,935
District Court	244,693	178,949	65,744	197,398
Juvenile & Domestic Relations Court	5,589,399	5,412,420	176,979	5,191,914
Commonwealth Attorney	3,789,782	3,535,964	253,818	3,632,652
Sheriff & Jail	36,029,938	34,779,783	1,250,155	33,964,970
Magistrate's Office	70,561	66,752	3,809	69,708
Total Judicial Administration	49,058,144	47,137,828	1,920,316	46,092,577
Public Safety:				
Police	60,958,105	55,240,757	5,717,348	54,894,210
Office of Emergency Management	10,205,507	9,547,696	657,811	8,152,557
Fire	49,771,282	47,907,926	1,863,356	47,137,986
Total Public Safety	120,934,894	112,696,379	8,238,515	110,184,753
Department of Environmental Services:				
DES-Environmental Services	74,542,867	72,721,915	1,820,952	73,187,350
Health & Welfare:				
Human Services	115,213,030	109,677,751	5,535,279	108,138,231
Libraries:				
	11,375,807	11,098,860	276,947	11,708,778
Planning & Community Development:				
Economic Development	3,521,105	3,375,895	145,210	3,480,588
Community Planning Housing & Development	9,460,650	9,155,982	304,668	9,202,954
Total Planning & Community Development	12,981,755	12,531,877	449,878	12,683,542
Parks & Recreation:				
	34,612,986	34,436,830	176,156	34,711,629

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT S-10
Page 2 of 2

	2011		VARIANCE POSITIVE (NEGATIVE)	2010 ACTUALS
	BUDGET	ACTUAL		
Non-Departmental:				
Non-Departmental	78,419,714	43,769,131	34,650,583	60,696,417
Debt Service				
Principal payment	36,256,366	36,007,366	249,000	33,813,374
Interest payment	19,240,894	18,034,190	1,206,704	17,053,764
Other costs	502,740	213,751	288,989	1,477,845
Regionals/Contributions	8,194,254	8,149,062	45,192	8,062,884
METRO	24,191,077	21,473,703	2,717,374	20,518,770
Total Non-Departmental	<u>166,805,045</u>	<u>127,647,203</u>	<u>39,157,842</u>	<u>141,623,054</u>
Total Expenditures before transfers-out	<u>633,448,338</u>	<u>576,275,667</u>	<u>57,172,671</u>	<u>586,117,435</u>
Transfers -Out				
Travel & Tourism	247,000	247,000	-	247,000
Auto Equipment Fund	-	-	-	27,611
Printing Fund	207,699	207,699	-	207,699
General Capital Projects Fund	25,763,873	25,763,873	-	21,349,543
Schools				
General Operating	391,916,061	318,159,176	73,756,885	293,401,561
Community Activities/Cable TV	-	5,575,855	(5,575,855)	6,843,758
Pay-As-You-Go	1,649,085	5,702,479	(4,053,394)	9,542,723
Debt Service	-	33,238,053	(33,238,053)	31,431,220
Comprehensive Services Act	-	2,057,605	(2,057,605)	1,964,832
Total Transfers-Out	<u>419,783,718</u>	<u>390,951,740</u>	<u>28,831,978</u>	<u>365,015,947</u>
GRAND TOTALS EXPENDITURES	<u>\$1,053,232,056</u>	<u>\$967,227,407</u>	<u>\$86,004,649</u>	<u>\$951,133,382</u>
SPECIAL REVENUE FUNDS:				
Travel & Tourism Promotion	\$1,538,498	\$1,320,891	\$217,607	\$1,235,038
Rosslyn Business Improvement District	2,773,048	2,705,268	67,780	3,102,824
Crystal City Business Improvement District	2,066,728	2,045,523	21,205	2,220,005
Community Development Block Grant	3,797,390	1,956,147	1,841,243	2,079,927
Section 8 Housing	<u>16,776,864</u>	<u>17,152,619</u>	<u>(375,755)</u>	<u>16,450,420</u>
Total Special Revenue Funds	<u>\$26,952,528</u>	<u>\$25,180,448</u>	<u>\$1,772,080</u>	<u>\$25,088,214</u>
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	<u>\$1,080,184,584</u>	<u>\$992,407,855</u>	<u>\$87,776,729</u>	<u>\$976,221,596</u>

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2011

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	666,672
Public Safety	1,459,786
Public Works	797,522
Health & Public Welfare	167,961
Libraries	24,590
Parks & Recreation	113,108
Planning & Community development	217,317
Total General Fund	\$3,446,956
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	2,587,557
Government Facilities	19,386,399
Cultural & Recreation - Community Affairs:	
Government Facilities	1,369,895
Parks	9,009,320
Total General Capital Projects Funds	32,353,171
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	
	5,546,520
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	6,717,365
Government Facility Bond	37,385
Stormwater Fund	5,384,592
Public Recreation Bond Fund:	
Public Recreation	23,488,026
Fire Station Bond Fund:	
Fire Station Facilities	2,087,204
Library Bond Fund:	
Public Library Facilities	471,691
NVTA	
NOVA Transportation Authority	21,862,127
IDA Bond Fund:	
Section 8 Housing Program	29,606
TOTAL ALL OTHER GOVERNMENTAL FUNDS	75,578,506
GRAND TOTAL	\$111,378,633



STATISTICAL (Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Other

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

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

	<u>2006</u>	<u>Restated 2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities						
Invested in capital assets, net of related debt	\$62,305,816	\$95,993,859	\$97,725,017	\$184,914,106	\$225,913,383	\$296,199,550
Restricted for:						
Capital projects	143,283,542	142,422,852	160,104,290	118,951,943	148,562,047	219,717,828
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153
Unrestricted	27,283,211	58,999,714	60,938,963	104,877,377	92,808,577	30,665,301
Total governmental activities net assets	<u>\$235,855,324</u>	<u>\$306,610,956</u>	<u>\$326,878,853</u>	<u>\$414,259,110</u>	<u>\$472,570,383</u>	<u>\$552,153,832</u>
Business-Type Activities						
Invested in capital assets, net of related debt	\$285,517,682	\$274,619,788	\$354,626,738	\$445,068,277	\$531,409,247	\$551,956,062
Restricted for:						
Capital projects	22,473,812	10,222,745	12,307,036	6,945,927	3,432,530	-
Other projects	-	-	-	-	-	-
Unrestricted	46,211,348	117,190,291	106,413,059	102,414,562	76,769,776	98,645,535
Total business-type activities net assets	<u>\$354,202,842</u>	<u>\$402,032,824</u>	<u>\$473,346,833</u>	<u>\$554,428,766</u>	<u>\$611,611,553</u>	<u>\$650,601,597</u>
Primary government						
Invested in capital assets, net of related debt	\$347,823,498	\$370,613,647	\$452,905,637	\$370,322,979	\$757,322,630	\$848,155,612
Restricted for:						
Capital projects	165,757,354	152,645,597	172,411,326	125,897,870	151,994,577	219,717,828
Other projects	2,982,755	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153
Unrestricted	73,494,559	175,739,518	159,492,990	466,951,343	169,578,353	129,310,836
Total primary government activities net assets	<u>\$590,058,166</u>	<u>\$708,193,293</u>	<u>\$792,920,536</u>	<u>\$968,687,876</u>	<u>\$1,084,181,936</u>	<u>\$1,202,755,429</u>
School Component Unit						
Invested in capital assets, net of related debt	\$280,567,468	\$313,005,332	\$332,700,082	\$356,757,290	\$386,599,276	\$404,050,823
Restricted for:						
Capital projects	5,968,595	21,143,761	53,652,410	15,008,543	4,549,397	52,726,465
Other projects	-	-	-	-	-	\$3,180,528
Unrestricted	30,823,237	(6,369,784)	(21,749,122)	(29,729,500)	(32,814,262)	-
Total schools component unit activities net assets	<u>\$317,359,300</u>	<u>\$327,779,309</u>	<u>\$364,603,370</u>	<u>\$342,036,333</u>	<u>\$358,334,411</u>	<u>\$459,957,816</u>
Other Component Units						
Invested in capital assets, net of related debt	(\$5,634,995)	\$20,624,884	\$29,344,880	\$29,978,738	\$27,878,594	\$27,962,471
Restricted for:						
Capital projects	-	-	-	-	-	-
Other projects	-	-	-	-	-	-
Unrestricted	32,025,503	8,123,376	(4,918,215)	(5,578,810)	(554,073)	(982,778)
Total other component units activities net assets	<u>\$26,390,508</u>	<u>\$28,748,260</u>	<u>\$24,426,665</u>	<u>\$24,399,928</u>	<u>\$27,324,521</u>	<u>\$26,979,693</u>

Notes:

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

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

Expenses	Fiscal Year					
	2006	Restated 2007	2008	2009	2010	2011
Primary government:						
Governmental activities:						
General government	\$144,413,158	\$170,050,920	\$183,532,881	\$157,913,828	\$195,846,347	\$180,050,339
Public safety	94,152,505	105,294,735	114,536,445	101,207,180	110,207,376	116,211,459
Environmental services	66,712,584	69,902,804	73,697,836	74,059,602	76,327,661	76,871,992
Health & welfare	104,638,605	100,775,893	109,949,551	100,667,830	108,035,699	109,078,189
Libraries	13,002,989	13,167,711	14,426,350	12,828,135	11,946,021	11,313,749
Parks, recreation & culture	34,366,540	35,953,363	38,592,964	35,355,942	37,291,412	36,866,666
Planning & community development	35,865,238	40,556,577	46,279,307	67,595,397	46,833,700	42,986,854
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	417,655,490
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212
Total governmental activities expenses	<u>821,993,184</u>	<u>892,762,603</u>	<u>990,367,352</u>	<u>909,167,130</u>	<u>948,087,547</u>	<u>1,009,585,950</u>
Business-type activities:						
Utilities	47,321,964	51,515,377	57,904,261	59,052,176	64,616,867	68,006,236
Ballston Public Parking Garage	5,732,832	5,937,745	9,517,231	5,626,403	5,577,545	5,234,038
IDA Revenue Bond Fund	-	34,170	1,519,061	1,695,732	1,701,967	-
8th Level Ballston Public Parking Garage	-	28,927	35,947	52,808	88,383	132,027
Total business-type activities expenses	<u>53,054,796</u>	<u>57,516,219</u>	<u>68,976,500</u>	<u>75,981,436</u>	<u>81,809,379</u>	<u>83,928,426</u>
Total primary government expenses	<u>\$875,047,980</u>	<u>\$950,278,822</u>	<u>\$1,059,343,852</u>	<u>\$985,148,566</u>	<u>\$1,029,896,926</u>	<u>\$1,093,514,376</u>
Component units:						
Schools	\$352,921,809	\$388,148,161	\$412,953,520	\$422,055,027	\$412,450,899	\$407,401,980
Other	2,446,253	6,199,663	7,777,236	8,189,092	7,702,100	7,505,677
Total component units activities expenses	<u>\$355,368,062</u>	<u>\$394,347,824</u>	<u>\$420,730,756</u>	<u>\$430,244,119</u>	<u>\$420,152,999</u>	<u>\$414,907,657</u>
Program Revenues						
Primary government:						
Governmental activities:						
Charges for services						
General government	\$21,333,168	\$20,079,042	\$18,106,488	\$20,158,108	\$17,968,134	\$19,911,198
Environmental services	14,997,675	16,550,927	19,684,727	20,133,391	20,973,628	26,728,203
Public safety	9,281,843	7,676,160	5,049,238	6,365,373	8,581,235	10,204,341
Other activities	16,851,289	17,950,390	21,509,731	12,111,147	10,665,194	13,056,130
Operating grants and contributions	110,686,562	118,055,710	105,661,179	102,379,382	106,770,638	113,012,048
Capital grants and contributions	1,809,521	1,810,516	1,811,566	1,812,817	1,807,735	1,822,203
Total governmental activities program revenues	<u>174,960,058</u>	<u>182,122,745</u>	<u>171,822,929</u>	<u>162,960,218</u>	<u>166,766,564</u>	<u>184,734,123</u>
Business-type activities:						
Charges for services						
Water-sewer service charges	52,362,162	56,850,491	67,434,401	72,457,575	77,806,563	81,641,099
Water-service hook-up charges	6,468,463	3,345,476	4,810,598	4,627,014	2,390,390	3,165,075
Other activities	9,800,525	20,369,401	33,946,120	46,804,145	41,260,025	34,258,022
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	1,190,249	21,162,994	28,033,520	26,845,784	16,319,975	5,626,019
Total business-type activities program revenues	<u>69,821,399</u>	<u>101,728,362</u>	<u>134,224,639</u>	<u>150,734,518</u>	<u>137,776,953</u>	<u>124,690,215</u>
Total primary government program revenues	<u>\$244,781,457</u>	<u>\$283,851,107</u>	<u>\$306,047,568</u>	<u>\$313,694,736</u>	<u>\$304,543,517</u>	<u>\$309,424,338</u>
Component units:						
Charges for services	\$15,122,958	\$16,849,867	\$20,328,889	\$20,561,183	\$26,743,790	\$27,358,213
Operating grants and contributions	332,115,611	365,255,205	417,046,873	368,136,757	395,178,524	471,380,848
Capital grants and contributions	-	-	1,428,953	500,000	586,833	-
Total component units program revenues	<u>\$347,238,569</u>	<u>\$382,105,072</u>	<u>\$438,804,715</u>	<u>\$389,197,940</u>	<u>\$422,509,147</u>	<u>\$498,739,061</u>

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

	Fiscal Year					
	2006	Restated 2007	2008	2009	2010	2011
Net (Expense) Revenue						
Primary government:						
Governmental activities	(\$647,033,126)	(\$710,639,858)	(\$818,544,423)	(\$746,206,912)	(\$781,320,983)	(\$824,851,827)
Business-type activities	16,766,603	44,212,143	65,248,139	74,753,082	55,967,574	40,761,789
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>	<u>(\$725,353,409)</u>	<u>(\$784,090,038)</u>
Component units:						
Component unit activities	(\$8,129,493)	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404
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>	<u>\$2,356,148</u>	<u>\$83,831,404</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	\$527,562,107	\$572,591,637
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129
Other local taxes:						
Business, professional occupancy license taxes	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319
Investment and interest earnings	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982
Miscellaneous	27,701,527	33,453,869	23,985,005	18,480,331	21,000,027	11,505,318
Total governmental activities	<u>695,329,274</u>	<u>761,638,145</u>	<u>830,953,288</u>	<u>841,446,202</u>	<u>839,632,256</u>	<u>883,700,493</u>
Business-type activities:						
Investment and interest earnings	4,581,344	3,617,839	6,065,870	3,447,340	1,215,213	691,356
Total business-type activities	<u>4,581,344</u>	<u>3,617,839</u>	<u>6,065,870</u>	<u>3,447,340</u>	<u>1,215,213</u>	<u>691,356</u>
Total primary government	<u>\$699,910,618</u>	<u>\$765,255,984</u>	<u>\$837,019,158</u>	<u>\$844,893,542</u>	<u>\$840,847,469</u>	<u>\$884,391,849</u>
Component units activities:						
Other local taxes						
Other local taxes	\$16,479,189	\$18,242,576	\$16,906,350	\$16,163,026	\$16,332,840	\$17,134,732
Investment and interest earnings	2,250,409	3,063,000	681,544	1,319,336	533,684	312,440
Total primary government	<u>\$18,729,598</u>	<u>\$21,305,576</u>	<u>\$17,587,894</u>	<u>\$17,482,362</u>	<u>\$16,866,524</u>	<u>\$17,447,172</u>
Changes in Net Assets						
Primary government:						
Governmental activities	\$48,296,148	\$50,998,287	\$12,408,864	\$95,239,289	\$58,311,273	\$58,848,666
Business-type activities	21,347,947	47,829,982	71,314,009	78,200,422	57,182,787	41,453,145
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>	<u>\$115,494,060</u>	<u>\$100,301,811</u>
Component units:						
Component units activities	\$10,600,105	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576
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>	<u>\$19,222,672</u>	<u>\$101,278,576</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 five years of data presented in this table.

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

TABLE C

	2002	2003	2004	2005	2006	2007	2008	2009
General Fund Balance:								
Reserved for								
Encumbrances	\$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	500,000	500,000	500,000	500,000	500,000	500,000	500,000	-
Unreserved								
Designated for Self Insurance	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	5,000,000
Designated for Operating Reserve	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	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	5,750,871	8,692,680	13,036,688	16,466,535	41,251,262	52,428,554	49,107,897	57,713,108
Designated for Retirement	-	-	-	-	-	-	3,880,000	-
Total General Fund Balance	63,701,815	59,201,298	62,175,555	69,069,939	100,514,544	115,491,231	117,695,899	138,419,847
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	10.39%	8.88%	9.14%	9.41%	12.88%	13.49%	12.93%	14.98%
All Other Governmental Funds								
Special revenue funds								
Reserved	-	-	-	-	-	-	53,706	-
Unreserved	-	-	-	-	3,516,894	9,919,740	8,526,238	6,121,704 (1)
Capital Project funds								
Reserved	-	-	-	-	32,427,146	32,282,131	26,259,487	23,836,818 (1)
Unreserved	-	-	-	-	110,856,397	110,140,721	133,844,803	95,115,125 (1)
Total all other governmental funds	-	-	-	-	146,800,437	152,342,592	168,684,234	125,073,647 (1)
Component unit - Schools:								
Reserved					58,709,912	35,019,015	65,672,036	28,788,084 (1)
Unreserved					4,916,017	6,589,059	7,799,312	7,155,183 (1)
Total component unit - Schools					63,625,929	41,608,074	73,471,348	35,943,267 (1)

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

TABLE C

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

	2010	2011
General Fund		
<u>Restricted for:</u>		
Seized assets	\$3,032,049	\$2,385,573
Grants	45,296	-
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Subsequent years' County budget	17,061,007	11,151,929
Capital projects	-	4,946,013
Operating reserve	32,377,943	40,192,725
Incomplete projects	150,176	230,734
Affordable Housing Investment Fund	17,656,893	19,163,965
Next year School's budget	33,218,860	32,481,838
<u>Assigned to:</u>		
Subsequent years' budgets	-	10,913,573
Subsequent years' capital projects	13,942,559	6,135,259
Employee furlough day restoration	1,012,911	-
Operating reserve	2,672,083	10,048,181
Fresh AIRE program	663,804	354,877
Incomplete projects	6,610,975	933,856
Affordable Housing Investment Fund	3,564,742	3,717,920
Capital projects	-	13,098,202
Total General Fund Balance	\$137,009,298	\$160,754,645
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	14.40%	12.88%
All Other Governmental Funds		
Special Revenue funds		
<u>Nonspendable:</u>		
Prepaid	\$1,223,394	\$1,252,930
<u>Restricted for:</u>		
Grants	4,673,397	4,318,223
Capital Project funds		
<u>Restricted for:</u>		
Grants	1,423,044	1,380,184
Debt Service	5,735,926	18,383,560
<u>Committed to:</u>		
Capital Projects	155,615,078	199,954,084
Total all other governmental funds	\$168,670,839	\$225,288,981
Component unit - Schools		
<u>Restricted for:</u>		
Capital projects	\$4,549,397	\$52,726,465
Grants	-	2,077,853
<u>Committed to:</u>		
Incomplete projects	14,294,085	18,077,449
Subsequent years' School budget	-	6,545,000
<u>Assigned to:</u>		
Operating reserve	4,235,289	2,363,770
Unfunded liabilities	-	2,000,000
Subsequent years' debt service	-	7,000,000
OPEB reserve	695,565	-
General reserve	-	3,000,000
VRS reserve	-	11,587,239
Total component unit - Schools	\$23,774,336	\$105,377,776

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

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

	Fiscal Year					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
REVENUES:						
General property taxes:						
Real Estate property taxes	\$391,213,244	\$425,982,688	\$473,501,869	\$514,518,691	\$528,220,762	\$548,838,350
Personal property taxes	81,498,687	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129
Other Local taxes:						
BPOL	52,568,059	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108
Other local taxes	109,293,301	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319
Fines and forfeitures	8,900,948	8,338,582	8,049,910	8,720,950	7,851,193	9,590,928
Licenses, permits and fees	14,692,442	13,687,394	17,022,701	7,768,974	7,362,947	9,929,105
Intergovernmental	112,496,082	119,866,226	107,472,746	104,192,200	108,578,373	114,834,250
Charges for services	38,870,586	40,230,543	39,277,573	42,278,095	42,974,051	50,379,839
Interest and rent	11,792,758	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982
Miscellaneous revenues	10,891,786	15,414,677	6,938,710	16,378,642	25,950,164	12,891,977
Total revenues	832,217,893	910,657,144	949,298,717	993,097,926	1,012,007,612	1,046,067,987
EXPENDITURES:						
Current operating:						
General government	130,380,468	155,765,913	162,318,710	155,243,762	182,074,416	168,558,845
Public safety	88,875,217	100,650,601	105,760,328	102,791,792	109,550,701	112,925,159
Environmental services	55,122,531	58,491,391	62,420,185	64,803,607	72,315,850	71,924,393
Health and welfare	98,926,206	96,536,913	101,695,722	102,804,509	107,892,357	109,509,790
Libraries	12,034,671	12,339,879	13,062,000	12,855,344	11,630,740	11,074,270
Parks, recreation and culture	32,012,711	33,512,601	35,000,210	34,801,755	35,871,582	35,652,708
Planning and community development	33,914,712	38,835,189	42,796,892	35,308,979	36,252,223	36,154,777
Debt service						
Principal	26,480,421	27,595,301	28,950,071	33,046,404	33,813,374	36,310,305
Interest and other charges	18,031,216	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212
Bond issuance costs	-	-	-	-	358,995	273,649
Community development				32,985,081	10,190,869	6,372,169
Education	310,810,349	338,962,527	390,921,262	341,109,269	343,067,722	364,633,453
Capital outlay	72,029,442	61,004,743	60,137,617	113,133,467	86,792,008	111,378,633
Total expenditures	880,027,129	941,793,131	1,021,493,753	1,047,313,916	1,048,342,446	1,083,319,363
Excess(deficiency) of revenues over expenditures	(47,809,236)	(31,135,987)	(72,195,036)	(54,215,990)	(36,334,834)	(37,251,376)
OTHER FINANCING SOURCES(USES):						
Transfers in	15,423,635	21,171,707	29,370,998	22,225,678	22,028,499	26,716,715
Transfers out	(15,812,365)	(20,941,333)	(29,663,941)	(40,383,849)	(22,133,809)	(26,794,414)
Capital leases	5,776,901	975,020	5,704,728	13,524,783	7,418,179	4,287,958
Proceeds from refunding of note	-	-	-	-	35,666,099	-
Payment on refunded note	-	-	-	-	(35,962,739)	-
Refunding bonds issued	86,856,240	-	-	-	55,067,382	53,533,168
Payments to refunded bond escrow agent	(85,447,055)	-	-	-	(56,747,745)	(54,922,067)
Deferred cost of refunding	-	-	-	-	1,680,363	1,388,899
Premium from sale of bonds	1,644,345	650,489	1,491,507	-	1,145,925	6,458,775
Issuance of revenue bonds	-	-	-	-	41,280,000	11,940,000
Issuance of debt	61,335,000	49,860,000	83,777,000	35,962,739	14,867,322	173,655,000
Bond proceeds Schools						(78,543,000)
Total other financing sources and uses	69,776,701	51,715,883	90,680,292	31,329,351	64,309,476	117,721,034
Net change in fund balances	\$21,967,465	\$20,579,896	\$18,485,256	(\$22,886,639)	\$27,974,642	\$80,469,658
Debt service as a percentage of noncapital expenditures	5.5%	5.2%	4.9%	5.5%	5.4%	5.6%

Notes:

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

TABLE D -1

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

Fiscal Year	General Government	Public Safety	Public Works/ Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non-Departmental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
2002	77,764,679	64,110,185	32,244,012	78,421,925	70,343,780	239,520,885	26,888,560	49,181,927	9,669,124	5,514,061	653,659,138
2003	78,823,839	70,738,944	35,263,026	85,636,626	75,834,775	260,566,240	38,196,161	52,520,484	10,010,200	5,996,099	713,586,394
2004	79,761,708	76,414,954	38,991,550	88,197,009	82,167,460	280,654,517	25,299,164	56,920,473	11,050,500	6,342,024	745,799,359
2005	73,554,551	82,055,248	51,312,988	91,439,050	84,606,670	295,791,800	35,591,400	60,459,248	11,800,000	6,795,865	793,406,820
2006	82,177,157	88,875,217	55,122,531	98,926,206	89,452,484	313,487,397	27,998,534	71,349,683	13,000,000	7,204,777	847,593,986
2007	86,449,237	100,650,601	58,491,391	96,536,913	97,241,733	346,674,412	46,959,849	72,664,483	14,700,000	7,656,827	928,025,446
2008	91,871,133	105,760,328	62,420,185	101,695,722	84,965,631	356,461,219	45,179,813	76,238,801	17,400,000	7,867,764	949,860,596
2009	92,272,385	106,701,887	67,845,515	103,057,795	96,883,233	370,854,547	37,354,073	83,573,363	18,394,223	8,117,301	985,054,322
2010	93,880,098	110,184,753	73,187,350	108,138,231	97,922,803	365,864,891	60,696,417	83,776,203	20,518,770	8,062,884	1,022,232,400
2011	95,464,852	112,696,379	72,721,915	109,677,751	96,741,115	363,204,699	43,769,131	88,099,570	21,473,703	8,149,062	1,011,998,177

NOTES:

- (1) Includes expenditures of the General and Special Revenue Funds of the County and School Board.
- (2) Includes the specific functions of Libraries, Parks and Recreation, Planning and Development, Community Grants, Housing Grants, and Travel & Tourism Promotion and School Community Activities.
- (3) Includes all debt service for the General and Special Revenue Funds of the County and School Board.

TABLE D-2

ARLINGTON COUNTY, VIRGINIA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

Fiscal Year	Taxes	Licenses and Permits (2)	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
2002	427,671,852	57,199,326	131,178,526	33,374,694	9,199,674	18,782,613	677,406,685
2003	465,032,899	54,319,921	136,280,607	36,163,036	8,882,272	21,083,036	721,761,771
2004	505,225,405	56,334,983	139,452,624	38,314,445	9,357,346	12,186,207	760,871,010
2005	590,957,911	12,504,677	141,477,699	47,937,824	8,427,464	18,844,857	820,150,432
2006	651,052,481	14,692,442	148,945,331	50,482,470	8,900,948	22,087,157	896,160,829
2007	714,434,824	13,687,394	158,249,103	50,359,269	8,338,582	18,455,600	963,524,772
2008	756,859,824	17,022,701	131,541,624	53,645,287	8,049,910	19,554,790	986,674,136
2009	792,159,244	7,768,974	150,311,253	55,115,142	8,720,950	24,892,171	1,038,967,734
2010	798,707,195	7,362,947	152,874,209	59,634,597	7,851,193	28,463,122	1,054,893,263
2011	828,985,623	9,929,105	159,329,241	70,094,896	9,590,928	23,152,911	1,101,082,704

NOTES:

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

(2) Business, Professional and Occupational License (BPOL) Reclassed from Licenses and Permits to Taxes FY 2007 and thereafter.

TABLE E

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

Fiscal Year	General Property (1)	Local Sales	Local Cigarette	Transient (2)	Bank Stock	Recordation	Car Rental	Commercial Utility	Short Term		Estate Taxes	Total
									Meals	Rental		
2002	338,979,390	26,993,321	554,424	13,328,856	1,196,542	2,298,390	4,268,185	7,159,253	19,102,649	48,064	68,101	413,997,175
2003	371,634,386	27,752,102	642,660	14,615,818	1,049,928	3,781,826	4,285,596	7,609,033	20,045,524	56,520	69,917	451,543,310
2004	405,226,269	34,058,784	691,269	15,745,665	1,269,547	3,619,361	4,687,693	7,632,495	21,928,701	38,885	68,152	494,966,821
2005	432,318,650	35,455,512	1,925,743	18,109,804	1,480,360	7,089,601	4,486,018	7,802,051	23,844,071	67,755	75,672	532,655,237
2006	472,800,506	33,115,455	2,971,784	19,486,597	1,714,466	7,809,210	5,416,995	9,944,398	25,734,571	69,128	69,773	579,132,884
2007	526,727,265	34,448,601	2,697,319	20,850,841	1,670,817	9,086,824	4,764,836	9,741,922	28,788,942	77,341	73,655	638,928,363
2008	554,127,644	35,299,283	2,621,265	22,124,454	1,477,629	6,941,848	5,279,450	10,024,166	28,453,021	76,643	74,414	666,499,817
2009	588,145,875	38,392,636	2,812,428	22,238,054	1,934,989	4,402,916	5,065,320	10,058,084	28,855,113	65,491	64,614	702,035,520
2010	594,540,616	35,954,703	2,916,152	21,863,421	2,847,946	5,048,400	5,180,239	10,931,030	29,182,443	55,975	67,519	708,588,444
2011	615,862,280	36,889,895	2,928,357	22,913,832	3,313,327	6,011,781	5,279,343	11,341,864	31,425,804	46,513	109,483	736,122,480

NOTES:

(1) Includes Sidewalk Assessments

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

TABLE F

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

Fiscal Year	Real Property		Personal Property		Public Property		Total		Real Property Tax Rate (2)	Personal Property Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
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	766,769,589	38,062,505,898	38,062,505,888	.978/.958	4.40
2005	42,275,421,900	42,275,421,900	1,759,391,742	1,759,391,742	682,583,199	682,583,199	44,717,396,841	44,717,396,841	.958/.878	4.40
2006	50,632,673,900	50,632,673,900	1,833,540,112	1,833,540,112	724,577,345	724,577,345	53,190,791,357	53,190,791,357	.878/.818	4.40
2007	54,292,837,200	54,292,837,200	1,926,492,868	1,926,492,868	939,132,732	939,132,732	57,158,462,800	57,158,462,800	.818/.818	5.00
2008	57,469,500,000	57,469,500,000	1,931,899,776	1,931,899,776	884,773,303	884,773,303	60,286,173,079	60,286,173,079	.818/.838	5.00
2009	57,781,547,100	57,781,547,100	2,014,144,083	2,014,144,083	718,898,384	718,898,384	60,514,589,567	60,514,589,567	.838/.865	5.00
2010	53,985,515,000	53,985,515,000	1,916,920,257	1,916,920,257	716,299,020	716,299,020	56,618,734,277	56,618,734,277	.865/.845	5.00
2011	57,459,163,400	57,459,163,400	1,892,908,108	1,892,908,108	709,218,039	709,218,039	60,061,289,547	60,061,289,547	.845/.845	5.00

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.

(2) Rate is established each calendar year; the first rate represents second half of the previous calendar year, and the second rate represents first half of the calendar year.

TABLE G

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

2011				2002			
Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, apartments, hotel, land	5,130,808,500	1	8.96%	Charles E. Smith Interests Office buildings, apartments, hotel, land	3,020,043,400	1	11.11%
Arland Towers Company Office buildings, land	989,460,700	2	1.73%	Arland Towers Company Office buildings, land	539,522,200	2	1.98%
Albrittain Interests Apartments, general commercial	952,531,400	3	1.66%	Cafritz Interests Apartments, warehouses, land	425,575,000	3	1.57%
Paradigm Managed Properties Apartments, general commercial	898,244,300	4	1.57%	Crystal Holdings Office buildings	394,412,200	4	1.45%
Fashion Centre Associates Mixed use retail	594,396,900	5	1.04%	Albrittain Interests Apartments, general commercial	380,066,400	5	1.40%
JBG Companies Office building, land, apartments, retail, residential	582,070,500	6	1.02%	Fashion Centre Associates Mixed use retail, hotel	373,756,700	6	1.37%
Street Retail Inc Retail, office buildings, land, hotel	508,376,200	7	0.89%	Paradigm Management Apartments	278,313,300	7	1.02%
Beacon Capital Office buildings, land	504,061,800	8	0.88%	Caruthers Interests Retail, office building, apartments, hotel	213,614,700	8	0.79%
Shirley Park Leasing LP Office building, Apartments	426,438,000	9	0.74%	Avalon Properties Apartments, land	199,249,800	9	0.73%
Kingdon Gould/Airport Plaza assoc Office buildings, hotel, land	371,467,400	10	0.65%	Ballston Common assoc Office, retail	162,209,600	10	0.60%
Total	<u>\$10,957,855,700</u>		<u>19.14%</u>		<u>\$5,986,763,300</u>		<u>22.02%</u>

NOTE:

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

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

Real Estate and Personal Property Tax Combined

	Total Tax Levy (1)	Collected in Fiscal Year of Levy			Total Collections to date	
		Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of Levy
2002	335,968,016	332,343,453	98.92%	2,602,480	334,945,933	99.70%
2003	373,883,499	370,440,120	99.08%	2,642,451	373,082,571	99.79%
2004	406,389,306	403,083,995	99.19%	2,721,379	405,805,374	99.86%
2005	435,567,836	432,613,894	99.32%	2,477,246	435,091,139	99.89%
2006	479,686,828	476,534,693	99.34%	2,510,076	479,044,769	99.87%
2007	528,570,144	525,863,079	99.49%	2,357,789	528,220,868	99.93%
2008	577,356,562	574,471,873	99.50%	2,409,122	576,880,995	99.92%
2009	620,724,099	617,215,681	99.43%	2,814,184	620,029,865	99.89%
2010	631,481,234	628,272,902	99.49%	2,451,568	630,724,470	99.88%
2011	652,233,282	650,965,303	99.81%	-	650,965,303	99.81%

* less taxes deferred, not due

Real Estate Taxes

	Total Tax Levy (1)	Collected in Fiscal Year of Levy			Total Collections to Date	
		Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of Levy
2002	255,823,145	254,907,895	99.64%	914,032	255,821,927	100.00%
2003	291,285,225	290,087,385	99.59%	1,192,730	291,280,115	100.00%
2004	327,391,167	325,972,250	99.57%	1,408,310	327,380,560	100.00%
2005	357,486,603	356,091,522	99.61%	1,383,636	357,475,158	100.00%
2006	397,011,521	395,632,942	99.65%	1,363,687	396,996,629	100.00%
2007	432,984,893	431,396,444	99.63%	1,568,927	432,965,371	100.00%
2008	481,446,678	479,931,389	99.69%	1,478,991	481,410,380	99.99%
2009	522,727,374	521,181,642	99.70%	1,489,203	522,670,845	99.99%
2010	535,539,119	533,974,360	99.71%	1,428,952	535,403,312	99.97%
2011	555,042,791	554,896,565	99.97%	-	554,896,565	99.97%

Personal Property Taxes

	Total Tax Levy (1)	Collected in Fiscal Year of Levy			Total Collections to date	
		Amount	Percentage of Levy	Collected in Subsequent Years	Amount	Percentage of Levy
2002	80,144,871	77,435,558	96.62%	1,688,448	79,124,006	98.73%
2003	82,598,274	80,352,735	97.28%	1,449,721	81,802,456	99.04%
2004	78,998,139	77,111,745	97.61%	1,313,069	78,424,814	99.27%
2005	78,081,233	76,522,371	98.00%	1,093,610	77,615,981	99.40%
2006	82,675,307	80,901,751	97.85%	1,146,389	82,048,140	99.24%
2007	95,585,251	94,466,635	98.83%	788,862	95,255,497	99.66%
2008	95,909,884	94,540,484	98.57%	930,131	95,470,615	99.54%
2009	97,996,725	96,034,039	98.00%	1,324,981	97,359,020	99.35%
2010	95,942,115	94,298,542	98.29%	1,022,616	95,321,158	99.35%
2011	97,190,491	96,068,738	98.85%	-	96,068,738	98.85%

NOTES:

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

Source: Arlington County Treasurer's Office

TABLE I

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

Fiscal Year	Governmental Activities						Business-type activities					Total Primary Government	Pct. Of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds (2)	IDA Revenue Bonds (3)	IDA Lease Revenue Bonds (2)	IDA Note s Payable (3)	Notes Payable	Capital Leases	Utilities General Obligation Bonds (4)	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases			
2002	435,059,318	-	-	-	-	10,277,659	42,684,438	16,300,000	3,429,679	-	1,969,392	509,720,486	4.77%	2,631
2003	477,824,628	-	-	-	9,400,000	7,070,060	38,135,379	15,800,000	3,429,679	-	489,324	552,149,070	4.97%	2,804
2004	501,752,258	-	-	-	8,200,000	5,507,995	34,392,756	15,300,000	9,629,679	8,749,767	489,324	584,021,779	5.08%	2,939
2005	554,185,294	-	60,540,000	-	-	7,261,658	37,379,715	14,800,000	3,429,679	24,933,850	3,218,066	705,748,262	6.03%	3,560
2006	576,904,155	-	58,085,000	-	-	9,547,302	33,460,851	14,300,000	3,429,679	32,298,455	4,890,754	732,916,196	6.04%	3,660
2007	585,786,533	-	55,215,000	-	-	6,760,154	97,473,471	13,800,000	3,429,679	61,164,960	4,000,715	827,630,512	6.36%	4,041
2008	625,498,345	-	52,180,000	-	-	8,636,047	119,701,657	13,300,000	3,429,679	146,074,542	3,045,844	971,866,114	6.92%	4,672
2009	576,842,463	-	47,120,000	35,962,739	-	18,436,505	112,617,553	12,800,000	3,429,679	216,152,600	2,120,767	1,025,482,306	6.91%	4,900
2010	566,435,124	41,280,000	41,900,000	35,666,099	-	20,556,593	105,459,880	12,300,000	3,429,679	256,458,344	3,450,321	1,086,936,040	7.14%	5,122
2011	687,933,174	40,135,000	48,455,000	35,016,099	-	18,933,209	127,396,828	11,800,000	3,429,679	263,158,039	3,119,963	1,239,376,991	7.89%	5,894

NOTES:

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

TABLE I-1

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

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt				Total Primary Government	Pct. Of Actual Taxable Value of Real Property	Debt Per Capita
			General Obligation Bonds Debt (3)	IDA Revenue Bonds (4)	IDA Lease Revenue Bonds (4)	IDA Notes Payable (4)			
2002	193,754	29,863,476,961	435,059,318	-	-	-	435,059,318	1.46%	2,245
2003	196,925	34,437,059,609	477,824,628	-	-	-	477,824,628	1.39%	2,426
2004	198,739	38,062,505,888	501,752,258	-	-	-	501,752,258	1.32%	2,525
2005	198,267	44,717,396,841	554,185,294	-	60,540,000	-	614,725,294	1.37%	3,100
2006	200,226	53,190,791,357	576,904,155	-	58,085,000	-	634,989,155	1.19%	3,171
2007	204,800	56,369,131,443	585,786,533	-	55,215,000	-	641,001,533	1.14%	3,130
2008	208,000	60,286,173,079	625,498,345	-	52,180,000	-	677,678,345	1.12%	3,258
2009	209,300	60,514,589,567	576,842,463	-	47,120,000	35,962,739	659,925,202	1.09%	3,153
2010	212,200	56,618,734,277	566,435,124	41,280,000	41,900,000	35,666,099	685,281,223	1.21%	3,229
2011	210,280	60,061,289,547	687,933,174	40,135,000	48,455,000	35,016,099	811,539,273	1.35%	3,859

NOTES:

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

TABLE J-1

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

Fiscal Year	Gross Revenue	Total Expenses(1)	Less Capital Exp	Less Deferred Rent	Cash Basis		Net Revenue Available for Debt Service	Total Debt Service	Coverage
					Direct Operating Expenses				
2002	4,407,342	2,186,610	-	(405,000)	1,781,610		2,625,732	1,014,255	2.59
2003	4,140,918	2,176,060	(1,559)	(405,000)	1,769,501		2,371,417	843,091	2.81
2004	4,080,739	2,543,137	(186,752)	(405,000)	1,951,385		2,129,354	790,122	2.69
2005	3,926,304	3,583,873	(1,215,163)	(405,000)	1,963,710		1,962,594	910,044	2.16
2006	4,070,368	3,618,455	(488,994)	(654,996)	2,474,465		1,595,903	1,018,955	1.57
2007	4,368,809	3,659,703	(319,997)	(654,996)	2,684,710		1,684,099	1,118,158	1.51
2008	4,318,862	7,268,910	(3,695,305)	(654,996)	2,918,609		1,400,253	1,021,719	1.37
2009	3,770,271	3,551,444	(176,871)	(654,996)	2,719,577		1,050,694	794,264	1.32
2010	3,963,512	3,510,857	(201,882)	(654,996)	2,653,979		1,309,533	724,316	1.81
2011	4,318,389	3,117,191	-	(654,996)	2,462,195		1,856,194	707,210	2.62

(1) - Excludes depreciation and amortization

TABLE J-2

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
2002	45,972,198	25,693,545	16,076,065	3,597,275	2,101,071	5,698,346	2.82
2003	45,309,573	32,842,773	7,905,318	3,636,691	2,095,078	5,731,769	1.38
2004	49,679,885	35,094,277	9,481,925	3,742,624	1,482,369	5,224,993	1.81
2005	59,114,705	41,817,417	17,297,289	3,130,952	2,033,402	5,164,354	3.35
2006	65,044,344	39,453,764	25,590,580	3,074,680	2,585,276	5,659,956	4.52
2007	76,874,765	41,373,056	35,501,709	3,487,382	2,670,385	6,157,767	5.77
2008	102,270,725	42,983,162	59,287,563	5,179,814	6,142,614	11,322,428	5.24
2009	106,771,787	42,908,573	63,863,214	7,084,109	9,634,224	16,718,333	3.82
2010	105,141,066	45,960,228	59,180,838	7,987,869	11,897,384	19,885,253	2.98
2011	101,182,400	47,186,908	53,995,492	7,956,950	14,055,589	22,012,539	2.45

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)
2002	193,754	10,685,146	55,148	19,097	2.7%
2003	196,925	11,106,570	56,400	19,140	2.3%
2004	198,739	11,497,250	57,851	19,120	2.6%
2005	198,267	11,699,736	59,010	18,744	2.5%
2006	200,226	12,132,694	60,595	18,411	2.3%
2007	204,800	13,004,800	63,500	18,451	2.3%
2008	208,000	14,040,000	67,500	18,684	2.6%
2009	209,300	14,841,044	70,908	19,534	4.7%
2010	212,200	15,217,499	71,713	20,233	4.3%
2011	210,280	15,707,916	74,700	21,168	3.9%

NOTES:

- (1) Population figures for 1996-1999 are estimates from the U.S. Census Bureau. The 2000 population figure is from the 2000 census. The 2010 population figure is a revised (by Arlington County) Census figure. The 2001-2010 population figures are estimates from the Arlington County Planning Division.
- (2) Source - U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data. (<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- 2010 is June 30 of that year; for years 1997-1999, data is September 30 of that year.
- (4) Source - Virginia Employment Commission-- Figures for 1996-2006 are annual averages. The 2007 - 2008 figures are for June. Due to revised VEC methodology, figures are not comparable to figures from previous years (<http://www.velma.vec.state.va.us>).

TABLE L

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

<u>Employers</u>	2011*			<u>Employers</u>	2002		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>		<u>Employees</u>	<u>Rank</u>	Percentage of Total County <u>Employment</u>
Federal Government**	34,064	1	20.51%	Federal Government**	32,203	1	20.39%
Local Government	10,504	2	6.32%	Local Government	9,203	2	5.83%
Deloitte	3,500	3	2.11%	Verizon	2,929	3	1.85%
Virginia Hospital Center	2,042	4	1.23%	US Airways	2,663	4	1.69%
Lockheed Martin Corp	2,668	5	1.61%	MCI/Worldcom	2,130	5	1.35%
Marriott International, Inc.	1,600	6	0.96%	Arlington Hospital	2,084	6	1.32%
Booz Allen Hamilton	1,370	7	0.82%	Price Waterhouse	1,926	7	1.22%
SRA International, Inc.	1,359	8	0.82%	Gannet/USA Today	1,800	8	1.14%
CACI	1,251	9	0.75%	Marriott Corp	1,700	9	1.08%
US Airways	1,300	10	0.78%	Qwest	1,188	10	0.75%
SAIC	1,281	11	0.77%	Hecht Company	1,159	11	0.73%
Corporate Executive Board	968	12	0.58%	SAIC	1,116	12	0.71%
Bureau of National Affairs, Inc.	900	13	0.54%	C.E. Smith Companies	1,045	13	0.66%
BAE Systems	745	14	0.45%	Nordstorm	650	14	0.41%
Marymount University	792	15	0.48%	Hyatt	614	15	0.39%
The Boeing Company	685	16	0.41%	ANSER	585	16	0.37%
State Government	547	17	0.33%	Nature Conservancy	550	17	0.35%
NRECA	540	18	0.33%	NRECA	518	18	0.33%
Starwood Hotels	525	19	0.32%	Northern VA Comm Hospital	504	19	0.32%
Accenture	500	20	0.30%	State Government	427	20	0.27%
Total	22,573		13.59%	Total	23,588		14.93%
Total Covered Employment	166,101			Total Covered Employment	157,958		

Source: Arlington Economic Development and Virginia Employment Commission

* 1st Quarter 2011 data

** Does not include military employment

TABLE M

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

<u>Department</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
County Board	6.0	6.0	6.0	8.0	8.0	8.0	8.0	8.0	7.8	7.8
County Manager	26.2	32.8	32.8	32.0	32.0	35.0	35.0	34.5	37.9	36.9
Management and Finance	55.0	54.0	54.0	54.0	55.0	55.0	55.0	57.0	50.0	54.0
Office of Support Services	79.5	80.5	80.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technology Services	61.7	61.7	61.7	61.7	65.7	65.7	67.8	67.8	70.0	71.0
Human Resources	45.0	44.0	44.0	47.0	49.5	49.5	50.5	51.5	53.5	50.0
Civil Service Commission	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.0	0.0	0.0
County Attorney	11.0	11.0	11.0	11.0	11.0	11.0	11.0	14.0	14.0	14.0
Circuit Court	33.8	33.8	33.8	33.8	33.8	33.8	34.4	35.8	33.8	32.3
General District Court	5.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Juvenile and Domestic Relations Court	56.0	56.0	56.0	56.5	56.5	57.5	57.5	57.5	56.3	55.8
Commonwealth's Attorney	37.0	38.0	39.0	39.0	40.0	40.0	40.0	39.0	35.5	34.0
Sheriff	272.3	273.3	273.3	276.3	276.3	277.8	277.8	277.8	268.4	266.0
Commissioner of Revenue	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	54.0	53.0
Treasurer	63.2	63.2	63.2	63.2	63.2	63.2	63.2	63.2	61.8	60.8
Electoral Board	7.4	7.4	7.4	7.4	8.4	8.4	8.4	8.4	8.4	8.4
Office of Emergency Management	51.5	51.5	51.5	55.5	59.5	66.5	66.5	72.5	72.5	71.5
Police	471.0	472.0	472.0	472.0	473.0	475.0	476.0	476.0	475.0	465.0
Fire	279.0	305.0	305.0	305.7	304.7	314.7	314.7	321.3	317.3	316.0
Public Works/Environmental Services	588.3	589.7	596.3	673.3	670.2	670.2	676.7	699.7	688.7	694.7
Human Services	693.2	702.3	729.7	715.1	717.5	718.5	703.5	712.2	703.3	694.7
Libraries	155.3	155.8	155.8	155.8	157.3	157.3	157.8	157.8	142.4	125.1
Economic Development	35.8	36.8	29.8	30.8	30.8	32.8	32.8	31.8	28.8	28.8
Community Planning, Housing & Development	130.1	132.1	142.6	145.4	146.5	156.5	156.5	181.1	179.0	176.0
Parks, Recreation & Cultural Resources	374.1	400.2	408.6	413.0	412.4	412.4	411.3	400.5	378.2	355.8
Total County Positions	3,594.3	3,665.0	3,711.9	3,714.4	3,729.2	3,766.7	3,762.1	3,824.8	3,737.8	3,672.9
Total School Positions	3,372.2	3,447.0	3,556.7	3,620.7	3,577.1	3,588.3	3,613.7	3,676.6	3,770.3	3,787.5
TOTAL POSITIONS	6,966.5	7,112.0	7,268.6	7,335.1	7,306.3	7,355.0	7,375.8	7,501.4	7,508.1	7,460.4

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

TABLE N

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
JUNE 30, 2011

Form of Government Date of Adoption January 1, 1932	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	365	480	480	480	1,158	1,158	2,478	2,479	2,479	2,479
Number of Street Lights	14,875	14,975	15,185	15,306	14,753	14,873	14,620	14,657	16,580	16,723
Fire Protection:										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
Education:										
Attendance Centers	35	34	34	34	34	34	34	35	37	37
Number of Classrooms	1,587	1,719	1,719	1,720	1,720	1,720	1,720	1,720	1,720	1,720
Number of Teachers	1,739	1,970	1,965	1,981	1,946	1,980	1,962	2,046	2,096	2,105
Number of Students	19,018	18,929	18,786	18,400	18,411	18,451	18,684	19,420	20,233	21,168
County Water System:										
Number of consumer service locations	36,486	36,486	36,531	36,567	36,603	36,758	36,828	36,877	37,228	37,574
Average daily consumption (gallons)	25,600,000	25,600,000	29,900,000	26,600,000	26,900,000	24,800,000	24,066,000	23,498,000	23,217,000	23,217,000
Miles of water mains	475	475	525	525	525	525	525	525	525	525
County Sewer System:										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	470
Average gallons per day treated	29,300,000	29,300,000	31,600,000	26,800,000	25,600,000	24,900,000	24,700,000	24,620,000	26,470,000	26,470,000
System capacity under construction (gallons per day)	35,000,000	35,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Building Permits:										
Construction Permits	2,950	2,950	3,891	4,114	3,948	3,629	3,289	2,473	2,543	2,939
Plumbing, Electrical & Mechanical Permits	5,691	5,961	7,454	7,807	7,806	6,967	7,132	7,232	6,531	7,834
Fire Permits	-	-	943	1,096	1,058	1,022	974	842	804	982
Elevator Permits	-	-	64	96	88	127	103	75	116	72
Recreation and Culture:										
Number of Parks and Playgrounds	113	114	115	128	212	212	212	212	212	212
Number of Libraries	8	8	8	7	7	8	8	8	8	8
Number of Items (Print and Audiovisual)	538,431	531,239	545,776	554,953	579,729	579,729	629,808	635,284	643,950	662,757
Number of Community Centers	14	14	14	14	14	14	14	14	14	14
Number of Nature Centers	3	3	3	2	2	2	2	2	2	2
Numer of Historical Districts	-	-	-	2	29	29	30	30	31	31

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
JUNE 30, 2011

Primary Government

FUNCTION AND ACTIVITY:	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government:										
Control-										
Legislative	\$51,208	\$51,208	\$51,208	\$51,208	\$51,208	\$62,401	\$58,579	\$81,144	\$92,430	\$114,522
Executive	214,926	214,926	214,926	214,926	214,926	261,906	245,864	340,573	387,942	480,663
Judicial	674,766	765,560	818,794	1,130,274	1,130,274	1,377,339	1,292,973	1,791,038	2,107,374	2,594,988
Total Control	940,900	1,031,694	1,084,928	1,396,408	1,396,408	1,701,646	1,597,416	2,212,755	2,587,746	\$3,190,173
Staff Agencies-										
Elections	120,906	120,906	120,906	120,906	120,906	147,335	138,310	191,588	218,235	270,396
Management and Finance	209,227	209,227	209,227	209,227	209,227	254,962	239,344	331,542	377,655	467,918
Human Resources	146,253	146,253	146,253	146,253	146,253	178,222	167,306	231,753	347,256	410,350
Office of County Attorney	7,354	7,354	7,354	34,067	34,067	41,514	38,971	53,983	61,491	876,188
Commissioner of the Revenue	42,503	42,503	42,503	42,503	42,503	51,794	48,621	67,350	76,718	595,054
Treasurer	696,245	696,245	696,245	696,245	730,199	889,812	835,309	1,157,077	1,350,098	65,114
Department of Technology Services	6,239,840	6,917,635	8,900,145	10,279,481	14,598,718	17,789,831	16,700,152	23,133,198	17,200,391	11,344,264
General government buildings	15,845,252	15,845,252	15,845,252	15,845,252	29,586,427	33,694,735	43,796,601	33,686,400	135,952,812	327,020,186
Total Staff Agencies	23,307,580	23,985,375	25,967,885	27,373,934	45,468,300	53,048,205	61,964,614	58,852,891	155,584,656	341,049,470
Total General Government	24,248,480	25,017,069	27,052,813	28,770,342	46,864,708	54,749,851	63,562,030	61,065,646	158,172,402	344,239,643
Public Safety:										
Police	11,435,419	11,600,147	13,829,120	15,625,622	16,082,026	18,439,574	24,163,161	21,722,625	23,703,421	10,138,856
Fire	4,362,259	4,391,430	6,451,228	6,451,228	5,809,121	6,375,013	6,594,563	6,977,207	18,234,142	83,442,395
Emergency management	37,578	37,578	37,578	37,578	806,623	982,942	922,734	1,278,179	1,455,957	4,086,134
Total Public Safety	15,835,256	16,029,155	20,317,926	22,114,428	22,697,770	25,797,529	31,680,458	29,978,011	43,393,520	97,667,385
Environmental Services	359,282,399	363,113,394	371,868,088	381,468,410	392,682,485	407,523,922	414,461,104	497,345,576	434,334,394	474,009,827
Health and Public Welfare	4,235,025	6,863,371	6,994,335	29,242,352	29,392,413	29,891,822	31,394,364	33,758,494	31,765,248	33,069,717
Libraries	3,253,922	3,261,137	3,294,533	9,731,968	9,781,888	10,585,807	12,159,862	11,184,328	18,162,154	29,731,690
Recreation	47,116,339	52,371,187	57,509,179	65,139,947	80,924,974	83,531,614	88,774,344	86,420,777	98,111,470	120,041,977
Community Development	12,236,195	12,236,195	13,189,426	13,584,695	14,359,122	15,431,139	14,644,784	52,373,433	32,837,780	33,022,546
Total General Capital Assets	\$565,783,086	\$578,509,716	\$600,176,618	\$644,969,188	\$692,311,308	\$729,384,655	\$764,951,857	\$878,085,322	\$964,877,331	1,131,782,785
Internal Services Fund										
Auto Equipment Fund	\$-	\$-	\$38,667,885	\$39,350,707	\$42,409,799	\$45,153,446	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607
Printing Fund	-	-	276,061	276,061	276,061	276,061	-	-	-	-
Total Internal Services Fund	\$-	\$-	\$38,943,946	\$39,626,768	\$42,685,860	\$45,429,507	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607
Component Unit: School Board										
Schools	\$301,558,781	\$317,082,914	\$350,632,439	\$375,199,698	\$401,017,012	\$448,837,358	\$470,609,847	\$511,265,426	\$556,680,225	\$587,053,184
GRAND TOTALS	\$867,341,867	\$895,592,630	\$989,753,003	\$1,059,795,654	\$1,136,014,180	\$1,223,651,520	\$1,281,258,277	\$1,436,919,964	\$1,573,538,896	\$1,775,361,576

TABLE P

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

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Expenditures (2)	Percentage of Debt Service to Total General Expenditures
2002	29,561,475	19,620,452	49,181,927	653,659,138	7.52%
2003	32,622,059	19,898,425	52,520,484	713,586,394	7.36%
2004	36,142,375	20,778,098	56,920,473	745,799,359	7.63%
2005	37,354,049	23,105,199	60,459,248	793,406,820	7.62%
2006	42,802,784	28,546,899	71,349,683	847,593,986	8.42%
2007	43,847,619	28,816,864	72,664,483	963,524,772	7.54%
2008	47,100,186	29,138,615	76,238,801	949,860,596	8.03%
2009	53,715,890	29,857,473	83,573,363	985,054,322	8.48%
2010	53,827,131	29,949,072	83,776,203	1,022,232,400	8.20%
2010	57,645,110	29,848,250	87,493,360	1,011,998,177	8.65%

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, 2010-July 1, 2011

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<p>Property VACorp through Travelers Insurance</p> <p>1</p>	VA-AR-006-11	07/01/10	07/01/11	<p>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</p>	<p>\$367,630</p> <p>Includes TRIA</p>
<p>Crime Policy Zurich American Ins. Co.</p> <p>2</p>	FID904302901	07/01/08	07/01/11	<p>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</p> <p>Limit: \$1 million, Deductible: \$25,000</p>	<p>\$13,031</p> <p>Excludes TRIA</p>
<p>Fine Arts Policy VACorp through Travelers Insurance Now part of blanket property policy</p> <p>3</p>	VA-AR-006-11	07/01/10	07/01/11	<p>Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location</p> <p>\$ 1,000 Deductible/ \$ 2,500 per outdoor sculptuer Legal Liability -- \$ 250,000 any one loss</p>	<p>\$1,800</p> <p>excl. TRIA</p>
<p>Performing Arts Package Business Policy Lexington Insurance Co.</p> <p>4</p>	9VAIP0000544711302	07/01/10	07/01/11	<p>Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl.\$ 1/2 million GL \$ 850,000 Property</p>	<p>Package Policy</p> <p>\$5,883.00</p>
<p>General Liability, Public Officials Liab., Law Enforcement Liab Auto Liability County Board Resolution Covers Arlington County employees and Officials conducting County business</p> <p>5</p>		Continuous	Continuous	<p>Self Insured for Liability Exposures. AL, POL, LEL, GL - Primary \$1,000,000</p>	

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2010-July 1, 2011

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/Genesis	VA-AR-006-11	07/01/10	07/01/11	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 Package Policy VACorp	VA-AR-006S-11	07/01/10	07/01/11	Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. \$1,000,000 each occurrence for Liability, \$1,000 for medical payments. Const. Officers and Volunteer General Liability \$ 2 million per occurrence	\$36,268
7					
HIDTA Task Force Commercial Package Policy Twin City Fire Insurance Company	14UUNNN5448	07/01/10	07/01/11	Liability coverage--\$ 1million/2million Business Personal Property--Ded. \$500	\$1,228.00 (includes TRIA)
8					
Medical Prof. Liability Arch Speciality Insurance	FLP002233603	07/01/10	07/01/11	Professional Liability Insurance Employed and Contracted Physicians Clinic Staff and EMS Limits: \$ 2/6 million \$ 25,000 DED. Each claim	\$212,034
9					
Group Accident Coverage National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. ACE American Ins. Co.	SRG 0009105405 SRG 0009105406 SRG 0009105403 SRG 0009105404 PTP N 04830052	07/01/10 07/01/10 07/01/10 07/01/10 07/01/10	07/01/11 07/01/11 07/01/11 07/01/11 07/01/11	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
10					
				TOTAL PREMIUM	\$26,499.00
County Board Surety Bond	M. Hines B. Favola J. Fissttte C. Zimmerman W. Tejada	Continuous until Cancelled		Bond limit \$ 2,500	\$500 TOTAL
11					

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2010-July 1, 2011

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
VDOT Permit Bond Travelers 12	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	\$150
EXCESS LIABILITY BALLSTON GARAGE ARCH Ins. Group Travelers 13	UFP0034489-01 QIO1201900	07/01/10 07/01/10	07/01/11 07/01/11	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage. Exp. Date to be extended to 7/01/06	\$49,500 \$29,000
Fiduciary Liability Policy Employee's Suppl. Retirement Sys 2 National Union/Alton Agency 14	PLS 2672194			Fiduciary Liab. To \$ 10million ERISA Fidelity bond D&O, Trustees liab. To \$ 3million These p[olicies] handled by the Retirement Board <u>Risk Management is not involved in the purchase of these policies</u>	Premium not incl. in total
<u>Constitutional Officers' Liability Plan</u> <u>Risk Coverage</u> Commonwealth of Virginia (SIR)				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	
15					

ARLINGTON COUNTY, VIRGINIA

Schedule of Insurance

July 1, 2010-July 1, 2011

AON Risk Services

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Welch Graham & Ogden Agency					
Fire and Rescue Auto Physical Damage VFIS/ American Alternative Insurance	VFISCM1054007-01	07/01/10	07/01/11	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD \$ 1,000 Ded. Per unit	\$58,804 Incl. TRIA
16					
Police Command Vehicle Hartford Fire Insurance Company	42 MS UG3055 K3	07/01/10	07/01/11	Inland Marine policy covering portable Police equipment and Command Vehicle	\$7,222 Incl. TRIA
17					
Portable Equipment-Fire Command Vehicle VFIS American Alternative Insurance	TR-2056525	07/01/10	07/01/11	Inland Marine policy covering ACFD equipment & Command Veh.	\$9,656.00
18					
TOTALS					\$1,136,705

TABLE R

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

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Bank Deposits (2) (thousands)	Real Property Value (3)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation		Residential	Commercial	Non-Taxable
2002	195	28,942,000	74	216,085,000	11,102	314,256,000	N/A	14,036,270,900	13,152,148,500	3,595,700,600
2003	206	45,190,520	63	245,828,500	10,813	342,302,448	N/A	16,904,168,300	14,776,201,600	4,177,897,400
2004	251	62,734,000	33	269,927,000	12,069	552,693,906	N/A	19,819,949,800	15,743,338,700	4,611,780,600
2005	245	65,578,000	58	471,549,000	12,810	410,999,470	N/A	24,807,985,800	17,467,436,100	5,254,797,800
2006	309	116,622,000	28	170,648,000	12,570	731,419,504	N/A	30,490,616,900	20,142,057,000	6,446,120,900
2007	154	42,199,000	54	279,540,000	11,537	787,764,529	N/A	31,217,514,500	23,075,322,700	7,211,250,200
2008	132	32,778,000	76	295,231,000	11,331	646,663,518	N/A	31,511,540,600	25,957,959,400	7,208,720,200
2009	160	43,325,775	84	409,257,463	11,526	372,491,217	N/A	31,176,590,200	26,604,956,900	7,489,437,300
2010	172	45,497,100	50	165,948,125	12,454	363,788,580	N/A	30,395,184,100	23,590,330,900	7,079,999,000
2011	204	59,770,300	60	372,020,336	12,690	367,577,766	N/A	30,826,414,200	26,435,423,200	7,155,902,000

NOTES:

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

TABLE S

ARLINGTON COUNTY, VIRGINIA
BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
FISCAL YEARS 2002 - 2011

Fiscal Year	Revenues	Percent Change
2002	45,661,097	9.37%
2003	43,206,157	-5.38%
2004	45,090,463	4.37%
2005	45,699,044	1.35%
2006	52,568,059	15.23%
2007	50,898,687	-3.28%
2008	57,266,956	11.12%
2009	57,272,629	0.01%
2010	58,611,239	2.34%
2011	60,460,108	3.23%

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2011

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, 2011, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which would constitute and Event of Default as defined in Section 11.1 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02, and Loan Number C-515378-02B, Loan Number C-515396-01, Loan Number C-515413-01, Loan Number C-515396-02, Loan Number C-515413-02, and Loan Number C-515413-02B.



Michelle G. Cowan
Director, Department of Management and Finance
October 1, 2011

TABLE U

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM (1)
For the twelve months ending June 30, 2011

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	8,854	Pentagon Military	11,164
Arlington County Water Pollution Control Plant Sewage treatment plant	5,660	Reagan National Airport Aviation	9,814
Archstone Communities - 1600 S. Eads Hotel	4,928	Ft. Myer Military	8,854
Vornado - 1400 S. Joyce Street Apartments	3,065	Archstone Communities - 1600 S. Eads Residential	4,928
Vornado - 1600 S. Joyce Street Apartments	2,868	Vornado - 1400 S. Joyce Street Apartments	3,065
Pentagon City Mall Retail	2,764	Vornado - 1600 S. Joyce Street Apartments	2,868
Carlton Condominiums Residential	2,478	Pentagon City Mall Retail	2,764
Marriott Crystal City Hotel	2,432	Carlton Condominiums Residential	2,478
Archstone Communities - 320 S. 23rd St. Residential	2,347	Marriott Crystal City Hotel	2,432
Vornado - 1111 S. Army Navy Drive Apartments	2,228	Archstone Communities - 320 S. 23rd St Residential	2,347

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, 2011

Wastewater System

Description of System

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

The County's system presently consists of 465 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 40 million gallons per day (MGD). Current flows average 23.6 MGD.

Plant Upgrade & Expansion

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

The total cost of all phases of the MP01 is estimated to be \$568 million. County ratepayer's share is estimated to be 82 percent; Inter-Jurisdictional Partners' share is 18 percent. Financing to date for the County's share has been provided by several sources. There have been eight Wastewater System & Water System Revenue bonds totaling \$300 million issued to the Virginia Water Facilities Revolving Loan Fund Program (the "VWFRF") which is administered by the Virginia Resources Authority ("VRA"). General Obligation bonds of the County were issued in 2007 for \$48.5 million, 2008 for \$27.4 million, and 2009 for \$11.7 million. Grant funds from the Water Quality Improvement Fund under the Department of Environmental Quality Chesapeake Bay Program for approximately \$96 million were authorized in February 2007.

Major Customers

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

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

Water Distribution System

Description of System

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production for the entire Washington Aqueduct system, which includes two water treatment plants in the District of Columbia, Dalecarlia and McMillan, is 175 MGD.

The County's water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 23.2 MGD to approximately 37,100 service accounts. The system serves residents and businesses in the County but does not provide water to the Pentagon or Reagan National Airport except under emergency situations, during construction, or other unusual circumstances.

Washington Aqueduct Agreement

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

Wastewater & Water Rates

Retail rates for fiscal years 2007 through 2012 are shown in the following table. The typical residential customer pays \$71.11 per month, assuming annual consumption of 70,000 gallons. Historically, rate increases have been effective on May 1 prior to the start of the fiscal year.

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

Fiscal Year	Water	Wastewater	Total	Percent Change
2007	\$3.21	\$4.79	\$8.00	12%
2008	\$3.34	\$5.86	\$9.20	15%
2009	\$3.35	\$7.19	\$10.54	15%
2010	\$3.42	\$7.78	\$11.20	6%
2011	\$3.50	\$8.24	\$11.74	5%
2012	\$3.68	\$8.51	\$12.19	4%

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, 2011, general obligation debt outstanding attributable to the Utilities Fund totaled \$127,396,828. As of June 30, 2011, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$263,158,039. The following table shows future debt service on these obligations.

Fiscal Year Ended June 30	TOTAL EXISTING GO DEBT SERVICE			VRA BONDS			TOTAL		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	8,294,237	5,451,401	13,745,638	11,800,803	8,272,851	20,073,654	20,095,040	13,724,252	33,819,292
2013	8,523,845	5,269,008	13,792,852	12,179,312	7,953,934	20,133,246	20,703,157	13,222,942	33,926,098
2014	8,401,975	5,010,913	13,412,887	12,570,010	7,563,236	20,133,246	20,971,985	12,574,149	33,546,133
2015	7,528,452	4,313,580	11,842,032	12,973,292	7,159,954	20,133,246	20,501,744	11,473,534	31,975,278
2016	7,564,794	3,917,485	11,482,279	13,389,566	6,743,680	20,133,246	20,954,360	10,661,165	31,615,525
2017	7,491,963	3,494,680	10,986,643	13,819,251	6,313,995	20,133,246	21,311,214	9,808,675	31,119,889
2018	7,164,795	3,499,668	10,664,462	14,262,782	5,870,464	20,133,246	21,427,577	9,370,132	30,797,708
2019	7,163,749	2,933,397	10,097,146	14,720,606	5,412,640	20,133,246	21,884,355	8,346,037	30,230,392
2020	6,952,470	2,684,154	9,636,624	15,193,186	4,940,060	20,133,246	22,145,656	7,624,214	29,769,870
2021	6,956,393	2,350,286	9,306,679	15,681,000	4,452,246	20,133,246	22,637,393	6,802,532	29,439,925
2022	6,974,155	2,077,204	9,051,359	16,184,540	3,948,705	20,133,245	23,158,695	6,025,909	29,184,604
2023	7,039,000	1,803,588	8,842,588	16,704,317	3,428,929	20,133,246	23,743,317	5,232,517	28,975,834
2024	7,121,000	1,496,431	8,617,431	17,240,855	2,892,391	20,133,246	24,361,855	4,388,822	28,750,677
2025	7,208,000	1,197,938	8,405,938	17,794,698	2,338,548	20,133,246	25,002,698	3,536,486	28,539,184
2026	6,988,000	893,356	7,881,356	18,366,406	1,766,840	20,133,246	25,354,406	2,660,196	28,014,602
2027	7,067,000	613,080	7,680,080	12,157,677	1,228,974	13,386,651	19,224,677	1,842,054	21,066,731
2028	3,636,000	320,260	3,956,260	12,554,471	832,180	13,386,651	16,190,471	1,152,440	17,342,911
2029	1,570,000	171,874	1,741,874	7,474,682	463,228	7,937,910	9,044,682	635,102	9,679,784
2030	1,570,000	114,368	1,684,368	5,944,528	205,881	6,150,409	7,514,528	320,249	7,834,777
2031	1,570,000	56,862	1,626,862	2,146,057	35,400	2,181,457	3,716,057	92,262	3,808,319
2032	610,000	14,055	624,055	-	-	-	610,000	14,055	624,055
	127,395,827	47,683,589	175,079,416	263,158,039	81,824,136	344,982,175	390,553,866	129,507,725	520,061,591

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.



ACWPCB
Program Management
Master Plan 2001 Update

PM-AC-00801

September 30, 2011

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, 2011, the County satisfied the Rate Covenant.
3. For the fiscal year that will end on June 30, 2012, the projected net revenues will satisfy the Rate Covenant.

Dated: Sept. 30, 2011

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

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

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

EARTH TECH | AECOM



FEDERALLY ASSISTED PROGRAMS

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

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

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

**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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Specifications of Audits of Counties and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. We did not audit the financial statements of the Gates Partnership, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon, dated March 31, 2010, has been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for this discretely presented component unit, is based solely on the report of the other auditors.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated October 28, 2011.

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

Clifton Henderson LLP

Baltimore, Maryland
October 28, 2011

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

The Honorable Members of the County Board
Arlington County, Virginia

Compliance

We have audited the compliance of the Arlington County, Virginia (the County) with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with the time and effort and reporting requirement for allowable costs, cash management, and equipment management, which are required to be reported in accordance with OMB Circular A-133 and is described in the accompanying schedule of findings and questioned costs as items 2011-01 through 2011-03.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-01 through 2011-03. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2011, and have issued our report thereon dated October 28, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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 Henderson LLP

Baltimore, Maryland
October 28, 2011

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF FEDERAL PROGRAM		
Department of Health and Human Services		
Pass Through Payments:		
Department of Social Services:		
Refugee Programs - Indo-Chinese Refugee Relief (765/452-04)	93.566	\$ 69,770
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	1,424,255
(Medical Assistance)	93.778	1,171,439
(Child Care Purchased Services)	93.596	863,012
(View Purchased Services)	93.558	1,517,627
Child Care Development Block Grant (102-586)	93.575	1,621,143
FAMIS Outreach Grant	93.767	52,805
ILP Education & Training Vouchers	93.599	40,037
Family Preservation	93.556	18,473
Independent Living	93.674	27,942
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	1,227,363
Adoption	93.658	377,949
Adoption Incentive	93.659	-
Child Care (ARRA)	93.659	124,524
Admin Title IV-B1	93.603	6,696
Fuel Assistance Program(765/452-06)	93.568	62,228
		8,605,263
Total Department of Social Services		
Department of Health Services:		
Medical Reserve Corp	93.008	-
Immunization Grant	93.268	69,503
Immunization Grant--ARRA supplement	93.268	51,956
TB Outreach Grant	93.116	82,706
		204,165
Total Department of Health Services		
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	71,866
Mental Health -Seriously mentally III	93.958	37,416
MH FMBG Geriatric Project	93.958	500,000
SA Treatment FBG	93.959	437,640
SA SARPOS FBG	93.959	94,197
SAMHSA Grant - SA Intercept	93.243	28,492
Early Interventio Funds (PIE-ARRA)	84.181	179,838
Early Intervention Funds (PIE-PART C)	84.181	679,246
		2,028,695
Total Mental Health Mental Retardation and Substance Abuse		
Department for the Aging		
Older Americans Act		
Title III-B-Area Plan	93.044	188,335
Title III-C-Nutrition	93.045	226,149
ARRA funding - Congregate meals	93.045	7,053
Title III-D-Disease Prevention	93.046	1,957
Title III-E- National Family Caregiver Support	93.052	458
Title III-E- National Family Caregiver Support	93.052	54,425
Title VII-Elder Abuse Prevention	93.041	2,000
Senior Medicare Patrol	93.048	7,250
State Health Insurance Project	93.779	54,656
		542,283
Total Department for the Aging - OAA		
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		\$ 11,380,405

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants		
Twenty-second Entitlement(B96UC51002)	14.218	\$ 2,990
Twenty-third Entitlement(B97UC51002)	14.218	-
Twenty-ninth Entitlement(B03UCS51002)	14.218	56,377
Thirtieth Entitlement(B04UC51002)	14.218	25,633
Thirty-first Entitlement(B05UC51002)	14.218	22,223
Thirty-third Entitlement(B07UC51002)	14.218	1,606
Thirty-fifth Entitlement(B09UC51002)	14.218	16
Thirty-sixth Entitlement(B10UC51002)	14.218	1,609,690
Community Development Block Grants		1,718,534
CDBG Program income spent		16,017
CDBG-ARRA Grant	14.253	188,357
HOME Administration Grant	14.239	33,240
		1,956,147
Community Services Block Grant Program		
FY 2008	93.569	11,386
FY 2010	93.569	212,148
FY 2010 TANF	93.569	23,370
		246,904
Community Services Block Grant RRA Fund		
	93.710	138,657
		2,341,708
Section 8 Housing Assistance-		
New Construction(VAO28NCOO04)	14.182	-
Substantial Rehab(VAO28SBOO3)	14.182	-
Moderate Rehab(VAO28MROO1-OO5)	14.856	240,123
Voucher Program(VAO28VO015-023)	14.871	15,071,876
		15,311,999
HUD-Federal Emergency Shelter Grant		
	14.231	49,540
HUD-Permanent Supportive Housing Grant		
	14.235	101,105
HUD-Adopt-a-Family Grant		
	14.235	222,324
HUD-Shelter Plus Care (Milestone I and II)		
	14.240	229,524
HUD-HOPWA		
	14.241	71,044
HUD-ARRA-HPRP		
	14.257	242,554
HUD-ARRA-HPRP-State Pass Thru.		
	14.257	208,824
		1,124,915
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$ 18,778,622

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education		
Elementary and Secondary Education Act- Title I (197/171/01)	84.010	\$ 2,776,222
Public Law 94-142 Handicapped Program (197/171-02)	84.027	3,104,479
Learning and Library Resources- Pre-School Incentive	84.173	155,219
Title III, Part A (NCLB) Emergency Immigration (197/171-06)	84.365	568,740
Title IIEESA, Teacher Education		
Title IV Drug-Free Schools (NCLB) (197/171-05)	84.186	41,673
Vocational Education Act - Carl D Perkins PL-101-392	84.048	227,702
Education for Homeless Children & Youth (Stuart B McKinney)	84.196	-
ESL/Civics Grant	84.002	210,239
Title II, Part A Class Size Reduction (NCLB)	84.367	525,457
Title I Part A 1003 G School Improvement Grant	84.377	17,083
Title II, Part D Ed Tech (NCLB)	84.318	15,000
Even Start	84.213	196,531
ARRA		
ARRA Educational Technology Grant	84.386	63,480
ARRA Title I Grants to LEAs	84.389	960,015
ARRA IDEA Part B State Grant	84.391	1,991,536
ARRA IDEA Part B Preschool Grant	84.392	81,426
ARRA State Fiscal Stabilization Funds - Educ St Grants	84.394	1,338,402
ARRA Education Jobs	84.410	2,085,644
Total State Pass Through Payments		14,358,848
Total Department of Education		\$ 14,358,848

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF LABOR		
Pass Through Payments:		
Department of Social Services		
Work Investment Act		
WIA-Admin. Fund	17.258	\$ 103,585
WIA-Adult	17.258	174,794
WIA-Youth	17.259	86,588
WIA-Youth State Pass-Thru	17.259	152,525
WIA-Dislocated	17.260	277,873
WIA-Rapid Response	17.260	103,311
WIA - Rescission Correction Grant	17.260	10,145
National Emergency Grant	17.260	588,818
CSBG-ARRA	17260	9,626
Total Department of Social Services		1,507,265
Total Department of Labor		\$ 1,507,265

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Pass Through Payments:		
Department of Education-		
National School Lunch Program (197/457-02)	10.555	\$ 2,779,305
National School Breakfast Program	10.553	612,563
Parent/Teen Infant	10.555	28,185
Sub total		3,420,053
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	278,660
WIC Grant	10.577	550,715
WIC Grant--Breast Feeding Peer Counselors	10.577	15,001
FSET - Transportation & POS	10.561	10,585
Administrative Matching Grants for Food Stamps	10.561	1,969,991
Sub total		2,824,952
Department for the Aging		
Older Americans Act Title III USDA (163/457-02)	10.570	12,925
Older Americans Act Title III USDA (163/457-02)-ARRA	10.570	42,929
Sub total		55,854
		\$ 6,300,859
DEPARTMENT OF JUSTICE		
Direct Federal Payments:		
Seized Assets	16.000	\$ 457,951
High Intensity Drug Trafficking Area (HIDTA)	16.000	387,194
High Intensity Drug Residential Treatment	16.000	211,313
Arlington Gang Initiative Grant	16.544	135,503
HIDTA Secret Service Task Force	16.579	11,870
DEA Task Force	16.579	51,741
HIDTA Task Force	16.579	27,953
Joint Terrorism Task Force	16.579	22,782
Metropolitan Area Fraud Task Force	16.579	9,145
Electronic Crimes Task Force	16.579	2,822
Violent Crimes Task Force	16.579	20,327
Grants to Encourage Arrest Policies (GEAP)	16.000	11,204
ARRA- Recovery Justice Assistance Grant	16.804	64,360
2010 Justice Assistance Grant	16.738	32,826
2009 Justice Assistance Grant	16.738	31,745
2008 Justice Assistance Grant	16.738	7,749
Metropolitan Medical Response System	97.071	309,927
2009 State Homeland Security Grant	97.073	22,763
DHS State Homeland Security Grant	97.073	826,654
2009 Buffer Zone Grant	97.078	4,197
2009 Bulletproof Vest Partnership Program	16.607	5,495
Grants to Encourage Arrest Policies (GEAP)	16.000	89,523
State and Local Emergency Preparedness	16.000	23,537
Drug Free Communities Support Program	93.276	96,120
		2,864,704
		\$ 2,864,704

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Federal Catalogue Number	Expenditures
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	\$ 48,136
Sub-total Direct Federal Payments		48,136
ARRA - EECBG - Solar on County Buildings	81.128	280,423
ARRA - EECBG - Energy Efficiency in County Buildings	81.128	22,440
ARRA - EECBG - Training and Outreach to Private Sector	81.128	197,910
Sub-total Direct Federal Payments		500,773
TSM & Communications -Fiber Optic (AARA)	20.205	669,179
Roadway Improvements (DES)	20.205	4,978,785
Sub-total Direct Federal Payments		5,647,964
Total Direct Federal Payments		6,196,873
Pass Through Payments:		
Department Environmental Services		
Congestion Mitigation Air Quality	66.001	3,072,256
Fire Department Programs		
Urban Area Security Initiative (USAI)	97.008	69,089
Urban Area Security Initiative (USAI)	97.008	4,141,482
2008 UASI License Plate Reader Grant	97.067	2,054,771
2007 UASI Trailer Grant	97.067	3,362
FEMA Reimbursement for Emergency Preparedness		
Dept. of Defense-Pentagon Force protection Agency	12.000	-
National Medical Response Team (NMRT)	97.000	523,516
Sub-total Direct Federal Payments		9,864,476
Total State Pass Through Payments		\$ 16,061,349
TOTAL FEDERALLY ASSISTED PROGRAMS		\$ 71,252,051

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011

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, 2011

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Community Development Block Grant	14.218, 253
Aging Cluster	93.044, 045
Highway Planning and Construction	20.205
Title I	84.010, 389
Special Education Cluster	84.027, 173, 391, 392
Child Care Cluster	93.575, 93.596, 93.713
Adoption Services	93.659
Housing Choice Voucher Program	14.871
Urban Area Security Initiative	97.067

Dollar threshold used to distinguish between type A and type B programs \$ 2,137,562

Auditee qualified as low-risk auditee?	_____	Yes	_____	X	No
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ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

Finding No 2011-01: Time and Effort

Finding Type: Internal control and compliance

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

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

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

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

Per the Internal Control-Integrated Framework (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission Impact Aid, payroll documents such as timesheets should be reviewed and approved with authorized signatures (manual or electronic) to verify the accuracy of the amount of hours charged to the federal programs.

Cause: The County's procedures did not include performance of time and effort certifications for the County employees charged to the federal programs.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

In addition, documentation of the review process for payroll charges was not consistently performed in accordance with the County's procedures.

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

Context: Special Education – 39 of 40 pay periods,
Aging – 40 of 40 pay periods.

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

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

***Management's
Response:***

APS is working to ensure compliance with the federal allowability guidelines by outlining a process by which staff is required to sign time and effort certifications. Each year, as a part of the Annual Plan process, employees who are grant funded will be identified. The staff members who are expected to work solely on a single federal award will be required to complete time and effort certifications semi-annually. Hourly employees will be required to have monthly time and effort certifications. Central Office staff members will work closely with school administration to ensure that the certifications are being completed.

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

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Finding No 2011-02: Cash Management

Finding Type: Internal control and compliance

Federal Program: Aging Cluster, CFDA 93.044, 045

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

Criteria: Per OMB Circular A-133, when entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. Also, transactions must be properly recorded and accounted for to permit the preparation of reliable financial statements and Federal reports.

Cause: The County updates the monthly expenditure report used to create the AMR reimbursement request without printing or saving a copy of the expenditure report. The Director explained that the monthly expenditure report was a year to date report; therefore, CG could not trace the reimbursement request to financial records or verify program costs were paid before reimbursement is requested.

Effect: The County is not in compliance with federal cash management requirements.

Context: For 3 out of 3 reimbursement requests tested, the request could not be re-performed or verified.

Questioned Costs: None noted.

Recommendation: We recommend that the County maintain copies of the monthly expenditure reports that are used to create the AMR reimbursement request.

Management's

Response:

Staff will maintain copies of the monthly expenditure reports that are used to create the AMR reimbursement request.

Finding No 2011-03: Equipment Management

Finding Type: Internal control and compliance

Federal Program: Urban Area Security Initiative, CFDA 97.067

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Condition: The County's property records do not contain the required information about the equipment. Equipment purchased with Federal funds is not identified to indicate Federal ownership.

Criteria: Per OMB Circular A-102, property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Additionally, OMB Circular A-102 states that equipment owned by the Federal Government shall be identified to indicate Federal ownership.

Cause: The County is not maintaining proper records for equipment. The County does not have policies and procedures for properly accounting for equipment acquired under a federal grant.

Effect: The County is not in compliance with federal equipment management requirements.

Context: For 5 out of 5 pieces of equipment tested, the property records were not in compliance with OMB Circular A-102, and the equipment was not properly tagged for federal ownership.

Questioned Costs: None noted.

Recommendation: We recommend that the County implement policies and procedures to properly maintain equipment records and ensure that the proper identification is maintained for each piece of equipment.

***Management's
Response:***

The County did maintain an equipment list showing the items, jurisdiction, serial number and date received for this grant. However, items received in June and September 2011 have not been added to the list. We are in the process of adding these items.

The County is in the process of developing identification tags for each piece of equipment purchased under this grant. In the past identification tags have been provided, however in this case they were not.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
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Finding No 2010-01: The County's procedures for supervisory review of child care and adoption case files were not consistently performed.

Finding Type: Internal control over compliance finding

Federal Program: Child Care Cluster, CFDA 93.575, 93,596, 93.713
Adoption, CFDA 93,569

Condition: 8 out of 40 child care case files and 31 out of 40 Adoption case files did not have evidence of supervisory review of participant's eligibility determination.

Current Status: Resolved

Finding No 2010-02: Suspension and debarment verification was not performed for subrecipients participating in the CDBG program.

Finding Type: Compliance and internal control over compliance finding

Federal Program: Community Development Block Grant (CDBG), CFDA 14.218

Condition: For 2 out of 2 subrecipient's tested, the suspension and debarment status was not verified

Current Status: Resolved

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