



# Comprehensive Annual Financial Report

## Fiscal Year Ended June 30, 2013



# ARLINGTON COUNTY, VIRGINIA

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## *Comprehensive Annual Financial Report*

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**FISCAL YEAR 2013**

(July 1, 2012 - June 30, 2013)



**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, 2013**

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# INTRODUCTION





DEPARTMENT OF  
MANAGEMENT AND FINANCE

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October 31, 2013

Chairman Walter Tejada 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, 2013.

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

The County’s financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2013, 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, 2013, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

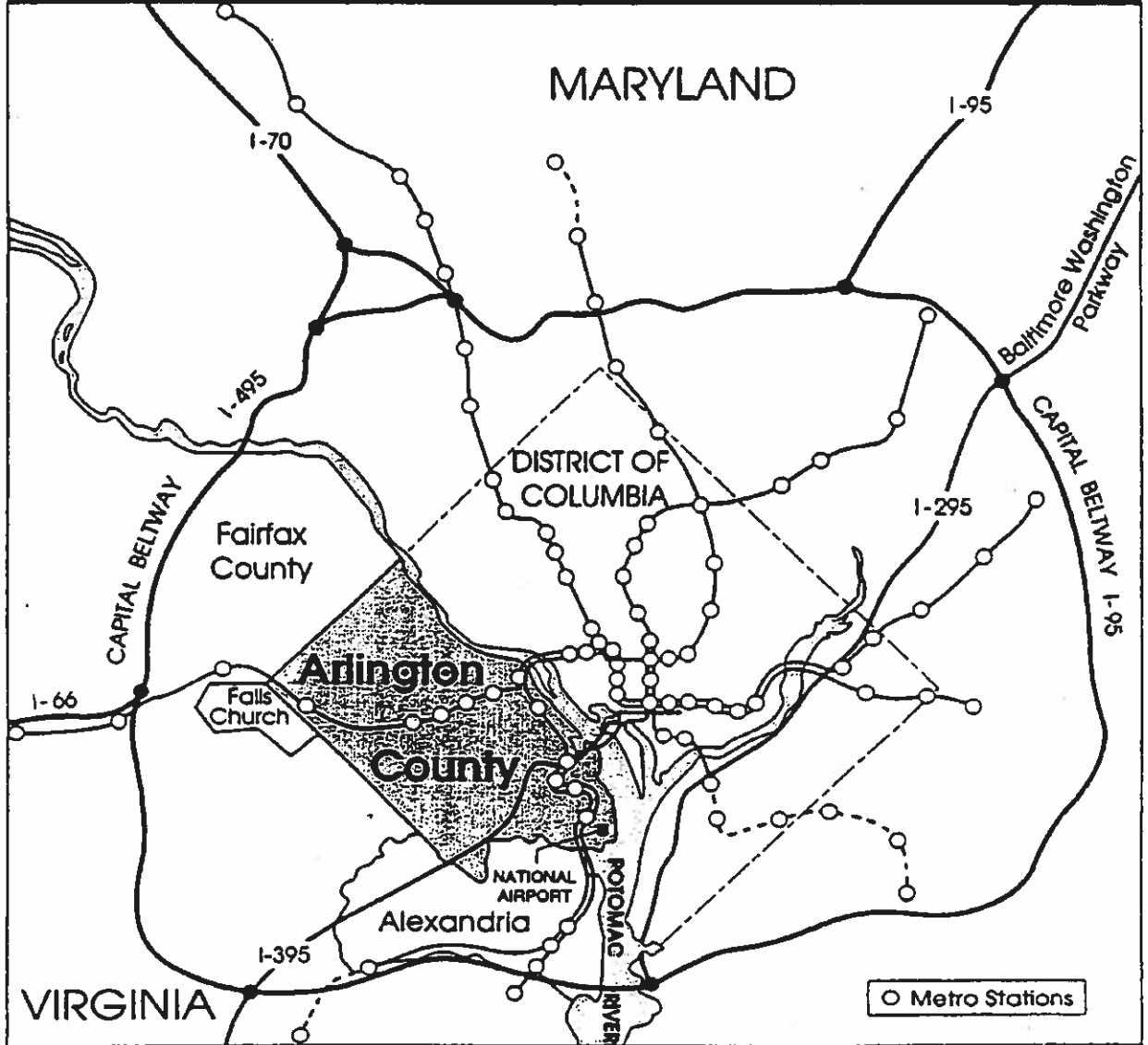
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter or transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington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

**Profile of the Government**

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

The geographical area of the County is 25.7 square miles of which 4.6 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and thereby establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land

# WASHINGTON METRO AREA MAP



in Arlington County is almost totally developed; there are no farms and few areas of vacant land. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metrorail subway corridors.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2013 was \$62.9 billion. The County government's adopted budget for all funds for Fiscal Year 2013 totaled \$1,349.3 million, which included \$499.3 million for public primary and secondary education. The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager's responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932.

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

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

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

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

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

The annual budget is prepared by fund, department, program and type of expense within departments/programs. Department directors may make transfers of appropriations within a department with Department of Management and Finance approval. Transfers of appropriations between departments, and transfers between funds require the approval of the County Manager and County Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented in Exhibit 5 as part of the basic financial statements for the governmental activities. For governmental funds, other than the general fund, with appropriated annual budgets, these comparisons are presented in the supplemental subsections of this report, in Exhibits B-3, B-4, B-5, B-6, B-7 and B-8. For the discrete component unit Schools, these comparisons are presented in Exhibit G-3.

### **Factors Affecting Financial Condition**

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

## Local Economy

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River, Arlington is a lively hub of commerce, culture, recreation and tourism, supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and rental development that serves to diversify its property tax base. The outlook for the Arlington economy is stable, in spite of a recession nationally and regionally. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to office demand, retail sales, and tourism all showing stable or improved levels over the past three years. Arlington's 2013 tax base is approximately divided between 49% commercial and 51% residential properties, enabling the County to maintain a competitive property tax rate in the Washington DC region. In CY 2013, the tax rate (the base rate plus the county wide sanitary district tax rate) increased to \$1.006 per \$100 of assessed value. Assessed valuation of real property held their values, up 0.2 % over CY 2012 levels, reflecting minimal positive residential growth and overall flat commercial values. CY 2013 commercial assessments (including multifamily rental buildings) were flat (-0.1%) over CY 2012. This stagnant growth was the result of a higher than normal office vacancy rate which was partially offset by gains in multifamily rental buildings. The residential property assessment base increased 0.5% in the aggregate. Detached home and townhome assessments gained 1%, while condominiums saw an almost equivalent decrease. However, the average single family home value in Arlington continued to inch up – gaining 1% in 2013 – increasing from \$519,400 in CY 2012 to \$524,700 in CY 2013.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. High-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife with more than six million square feet of retail space, over 500 restaurants and live theaters make Arlington a premier place to live, work, play and stay. Arlington is the epitome of smart growth and new urbanism. Since 1960, some thirty-eight million (38M) square feet of office and commercial space has been built in the Rosslyn-Ballston or Jefferson Davis corridors, which also contain ninety percent (90%) of Arlington's over 10,000 hotel rooms. This excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In addition, more than 3,000 new residential units have been delivered in the past three years and over 2,500 remain under construction. No community in America has had a stronger commitment to transit-oriented development. In the 2nd quarter of 2013, the County's office vacancy rate was 17.1%. The residential unemployment rate is very low, averaging 3.6% for FY 2013, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In April 2013, 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, 2013, as only one of 39 counties in the United States with top bond ratings from all three major bond-rating agencies.

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

## Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2001, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. The annual budget serves as Arlington's annual operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Six core themes are contained in the 2013 Management Plan that support the Board's vision:

- Public Safety

### 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

- Social Safety Net
- Affordable Housing
- Commitment to the Environment
- Commitment to Employees
- Public Schools

The budget adopted by the County Board for FY 2014 balances the need for spending reductions and revenue increases. The adopted budget focuses on sustaining vital services while building for the future – ensuring that the fundamental commitments to public safety, our social safety net and affordable housing remain funded. The county government’s adopted budget for all funds for FY 2014 provides a 4.3% funding increase to preserve key services; care for those most in need; do what it takes to keep our schools among the nation’s best and increased our investments in affordable housing and capital maintenance. The adopted General Fund budget includes a 3.5 cent real estate tax increase and the General Fund budget is 3.7% higher than the FY 2013 adopted budget. Despite the economic challenges, the General Fund budget of \$1.091 billion protects the community’s key priorities. Arlington continues to economically surpass much of the region and the nation. Arlington’s unemployment rate remains the lowest in the Commonwealth. The county’s per capital income remains among the highest in the state. Home prices continue on a positive trajectory, which help balance the flat commercial real estate sector. While Arlington is in a better position than many communities in the nation, the sequestration, the Base Realignment and Closure (BRAC) process and the sluggish pace of the nation’s economic recovery will continue to put pressure on the county budget for at least the next two years.

### **Taxes and Fees**

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 2013 real estate tax rate of \$1.006 cents per hundred dollars of assessed value (including the sanitary district tax). Arlington continues to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value.

A greater share of the tax burden is carried by the commercial sector, relative to homeowners, than any of its neighbors. This is the fiscal benefit of “smart growth.” Because of the assessment method used for automobiles, it also has one of the lowest effective personal property tax rates. The FY 2014 budget includes no increases for personal property tax, business tangible property, business and professional occupational licenses, water-sewer fee, dedicated stormwater tax, or commercial transportation tax rates.

### **Public Safety**

The FY 2014 Proposed budget included reductions to the community policing program and Fire staffing. Both of these reductions were restored by the County Board in the adopted budget.

### **Social Safety Net**

Funding for the County’s most vulnerable continues to be a priority for the community and the County Board. A number of programs which were being considered for funding reductions were restored. The County Board also added funding for employment and education, mental health case management, funding for permanent supportive housing and a number of other critical social safety net programs.

### **Affordable Housing**

Building on the commitment made in FY 2013, the FY 2014 adopted budget increased spending \$3.0 million to a total of \$12.5 million. The County continues to make progress on the housing study which will assess the gaps in existing housing programs, determine long-term goals and funding priorities, and identify funding strategies and new tools that can help the County achieve its goals.

### **Commitment to the Environment**

The FY 2014 adopted budget reaffirmed the County’s commitment to Arlington’s natural environment, with funding for nature centers, tree planting and watering, combating invasive plant species that threaten the tree canopy, and parkland acquisition.

## **Commitment to Employees**

The County recognizes that employees are being asked to do more with less. With the reductions that have been made to a number of programs, employees are being asked to continue providing the high quality and range of services the community expects. The County is in the midst of a four-year competitiveness review and will continue to adjust salaries based on our findings. The FY 2014 adopted budget includes funding for merit step increases for County employees.

## **Education**

Like most local governments, Arlington's largest single expenditure is for schools. The public school system represents more than a third of total general fund spending, and accounts for almost half of local tax dollars. For FY 2014, the Schools will receive \$415.7 million, a 2.2% increase. The funding includes an increase in ongoing funds of \$12.3 million and fully fund the cost of more than 1,000 new students as part of the real estate tax rate increase. In addition to the ongoing funding provided to Schools, \$3.1 million in one-time funds from 2013 tax revenues are provided. The County Board also set-aside a \$6.6 million contingency fund to address community enhancements needed as part of Schools' capacity projects and for joint use projects. The County is proud of the continuing accomplishments of its students and schools. Pass rates on state Standards of Learning (SOL) assessments remain at or above 90 percent for all students, while the achievement gap among groups is gradually narrowing. Arlington students are taking rigorous courses in increasing numbers and continue to perform well, for example, in AP and IB courses, where more than half of APS graduates earn a college credit-qualifying score during their high school careers. APS students have maintained strong performance on the SAT exam, with mean total scores ranging from 1623 to 1645 in the last four years, outpacing state and national averages. In May 2013, the Washington Post's annual ranking of high schools, the Challenge Index, placed all four APS high schools in the top two percent of high schools in the United States. Arlington's commitment to schools is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, less than 20 percent of APS school-funding comes from sources other than local taxes. In contrast, half the cost of Prince William County Public Schools, for example, is paid by the state, while Arlington pays over 80 percent of the cost of educating our students.

## **Internal Control and Budgetary Accounting**

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

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

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

## **Capital Improvement Program**

The County Manager biennially submits a ten year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, this CIP presented a ten year planning period instead of six years. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and utility projects, and analyzing operating budget impacts. The CIP addresses all known facility and infrastructure needs of the County, including the needs of the Arlington County Public Schools. The CIP includes a detailed description of each capital project, identifying every source of funding, including pay-as-you-go (PAYG), bond financing, and master lease financing. Each project budget identifies the financial impact on the operating budget, if any. The County balances the use of debt financing sources against the ability to utilize PAYG funding for capital projects. While major capital facility projects will generally be funded through

bonds, the County attempts to maintain an appropriate balance of PAYG vs. debt, particularly in light of the County's debt capacity and analysis of maintenance capital needs. As part of each biennial CIP process, the County conducts a comprehensive assessment of its maintenance capital needs. The CIP includes an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.

On July 21, 2012 the Arlington County Board adopted a Capital Improvement Plan (CIP) for fiscal year 2013 to 2022, totaling \$2.99 billion for the County and Arlington Public Schools. Highlights include:

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

## **Debt Management**

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

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

## **Other Post-employment Benefits (OPEB)**

In addition to the pension benefits described in footnote 16, the County provides post-employment health care benefits to all permanent employees who meet the requirements under the County's or the State's pension plans. Eligibility is contingent upon the retiree being eligible for one of the County's current health plans at the time of retirement. The County Board considers and approves these benefits annually as part of the Adopted Budget process. As of June 30, 2013, 1,578, and 1,993 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, 2013, the County's actuary estimated an OPEB liability of \$224.8 million (for the Fiscal Year ending June 30, 2013) with an Annual OPEB Cost (AOC) of \$20.0 million and a net OPEB obligation of \$0.7 million. The County Budget for FY 2014 fully funds the AOC.

In an actuarial analysis dated, June 30, 2013 the Schools' actuary estimated an OPEB liability of \$84.3 million (for Fiscal Year ending June 30, 2013) with an AOC of \$8.1 million and a net OPEB liability of \$14.6 million. The Schools' Budget for FY 2014 fully funds the AOC.

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

### **Annual Disclosure**

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the County has agreed, for the benefit of the owners of County bonds, to provide to Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB) and to any appropriate state information depository ("SID"), if any is hereafter created, certain financial information (the "Annual Report") not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ending June 20, 1996. The financial information which the County has agreed to annually provide includes "Debt Statement", "Total General Obligation Debt Service", "Ten-Year Summary of General Fund Revenues and Expenditures", "General Fund Balance", "Principal Tax Revenues by Source", "Property Tax Levies and Collections", "Historical Assessed Valuation", "Local Sales Tax Revenue", "Business and Professional License Tax Revenues", "Description of County's Wastewater and Water Systems", "Debt Payable From or Secured By County's Wastewater and Water Systems", "Financial Information and Operating Data for the Utilities Enterprise Fund, as of the Preceding Fiscal Year, including Description of Revenues and Expenses, Largest Users, Summary of Rates and Fees, and a Historical Summary of Debt Service Coverage". These are included as Exhibit S-3 and Notes to the Financial Statements #9, Table I, Table I-1, Table J-1, Table D, Table D-1, Table D-2, Table C, Table E, Table H, Table F, Exhibits S-9, S-10, and G-2, Table S, Table V, Table J-2, Exhibit D-1, D-2, and D-3, and Table U. The Virginia Resources Authority requires certain additional financial information to be disclosed annually. The financial information which the County has agreed to provide annually includes "Certificate of No Default signed by the Finance Director", "Certificate of Consulting Engineer", "Evidence of Comprehensive General Liability Insurance". These are included in Tables Q, T and W.

### **Awards**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to Arlington County, Virginia for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012.

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

The School Board's Adopted FY 2013 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the ninth year in a row as well the Association for School Business Officials International Meritorious Budget Award for the third time.

### **County Acknowledgements**

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



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

Respectfully submitted,



Michelle G. Cowan, Director  
Department of Management and Finance



Barbara A. Wiley, Comptroller  
Department of Management and Finance



Government Finance Officers Association

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

Presented to

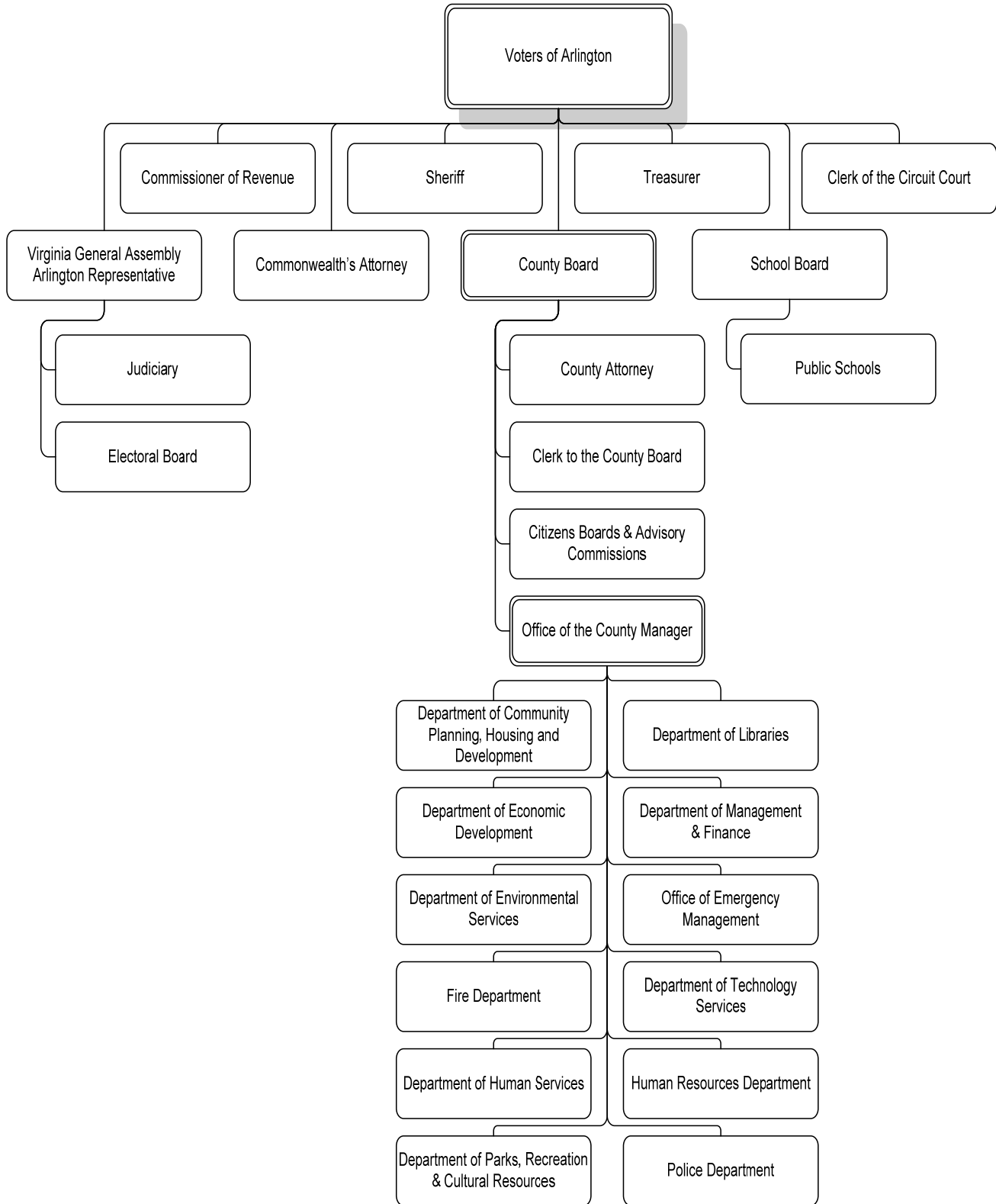
**Arlington County  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

## ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



**ARLINGTON COUNTY, VIRGINIA**

**DIRECTORY OF OFFICIALS**

**June 30, 2013**

**COUNTY BOARD**

J. Walter Tejada, Chairman

Jay Fisetto, Vice Chairman

Libby Garvey  
Chris Zimmerman  
Mary Hynes

**COUNTY SCHOOL BOARD**

Emma Violand-Sanchez, Chairman

Sally M. Baird, Vice Chairman

Abby Raphael  
Todd McCracken  
James Lander

**FINANCE BOARD**

Mary Hynes, Chairman

Francis X. O'Leary  
Theo Stamos  
Larry Mayer

**JUDICIAL**

Circuit Court Judges:

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

General District Court Judges:

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

Juvenile and Domestic Relations:

George D. Varoutsos  
Esther L. Wiggins Lyles

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

**COUNTY OFFICIALS**

**Elective**

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

Theo Stamos  
Paul Ferguson  
Ingrid H. Morroy  
Beth Arthur  
Francis X. O'Leary

**Administrative – General County**

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

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

**Administrative - County School Board**

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

Dr. Patrick Murphy  
Melanie Elliott  
Karen Allen  
Dr. Betty Hobbs  
Deirdra McLaughlin  
Raj Adusumilli  
Marjorie Tuccillo  
Connie Skelton  
Brenda Wilks  
Cintia Johnson  
Linda M. Erdos  
Clarence Stukes



# FINANCIAL



# Independent Auditor's Report

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

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

## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the County Board  
Arlington County, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund information of Arlington County, Virginia (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Gates Partnership, which represents 11 percent, 4 percent, and 1 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

### ***Opinions***

In our opinion, 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 21-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

The combining and individual nonmajor fund financial statements on pages 95 to 174 and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Arlington, Virginia  
October 29, 2013



# **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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found in Exhibits 1 and Exhibit 2, and Exhibits 6 through 8 of this report.

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

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

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

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

The County maintains 21 individual governmental funds and the Schools maintain 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and general capital projects fund, which are considered to be major funds. Data from the other 19 County governmental funds are combined into a single, aggregated presentation; data from the Schools 8 governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report. The County adopts an annual appropriated budget for its general fund and special revenue funds, including Schools. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

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

**Proprietary funds.** The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer operations, its public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, and the Community Planning Housing Development (CPHD) 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 Positions

The following table (Table A-1) reflects the condensed statement of net positions for FY 2013 and FY 2012:

**Table A-1**  
**Condensed Net Positions**  
**June 30, 2013**  
**With Comparative Totals for June 30, 2012**  
(in millions of dollars)

|                              | Primary Government      |         |                          |         |           |           | Component Units |         |                   |        |           |           |
|------------------------------|-------------------------|---------|--------------------------|---------|-----------|-----------|-----------------|---------|-------------------|--------|-----------|-----------|
|                              | Governmental Activities |         | Business-type Activities |         | Total     |           | Schools         |         | Gates Partnership |        | Total     |           |
|                              | 2013                    | 2012    | 2013                     | 2012    | 2013      | 2012      | 2013            | 2012    | 2013              | 2012   | 2013      | 2012      |
| Current and other assets     | \$993.9                 | \$948.0 | \$122.2                  | \$136.9 | \$1,116.1 | \$1,084.9 | \$191.5         | \$172.2 | \$8.1             | \$7.8  | \$1,315.7 | \$1,264.9 |
| Capital assets               | 952.0                   | 835.8   | 1,024.9                  | 999.9   | 1,976.9   | 1,835.7   | 525.3           | 469.5   | 80.4              | 82.3   | 2,582.6   | 2,387.5   |
| Total assets                 | 1,945.9                 | 1,783.7 | 1,147.1                  | 1,136.8 | 3,093.0   | 2,920.6   | 716.8           | 641.7   | 88.5              | 90.1   | 3,898.3   | 3,652.4   |
| Long-term debt outstanding   | 1,011.4                 | 949.6   | 414.6                    | 425.9   | 1,426.0   | 1,375.5   | 40.0            | 37.2    | 56.4              | 56.3   | 1,522.4   | 1,469.0   |
| Other liabilities            | 182.3                   | 172.2   | 22.5                     | 22.8    | 204.8     | 195.0     | 89.8            | 81.7    | 5.0               | 6.8    | 299.6     | 283.5     |
| Total liabilities            | 1,193.7                 | 1,121.8 | 437.1                    | 448.7   | 1,630.8   | 1,570.5   | 129.8           | 118.9   | 61.4              | 63.1   | 1,822.0   | 1,752.5   |
| Net Positions:               |                         |         |                          |         |           |           |                 |         |                   |        |           |           |
| Investment in capital assets | 476.4                   | 359.4   | 648.3                    | 610.2   | 1,124.7   | 969.6     | 520.3           | 464.8   | 24.6              | 26.6   | 1,669.6   | 1,461.0   |
| Restricted                   | 267.3                   | 258.6   | -                        | -       | 267.3     | 258.6     | 66.7            | 58.0    | -                 | -      | 334.0     | 316.6     |
| Unrestricted                 | 8.5                     | 44.0    | 61.7                     | 77.9    | 70.2      | 121.9     | -               | -       | 2.5               | 0.4    | 72.7      | 122.3     |
| Total Net Positions          | \$752.2                 | \$662.0 | \$710.0                  | \$688.1 | \$1,462.2 | \$1,350.1 | \$587.0         | \$522.8 | \$27.1            | \$27.0 | \$2,076.3 | \$1,899.9 |

Note: Totals may not add due to rounding.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the governmental activities, assets exceeded liabilities by \$752.2 and in the case of the business-type activities, assets exceeded liabilities by \$710.0 for a primary government total of \$1,462.3 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$587.0, and in the case of the Gates Partnership, assets exceeded liabilities by \$27.1.

By far the largest portion of the primary government's, Schools', Gates Partnership's net positions (80.4%) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The primary government and Schools use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the primary government's, and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the primary government's and Schools' net positions, (16.1%) represents resources that are subject to external restrictions on how they may be used. Any remaining net positions are classified as "Unrestricted net positions".

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

## Statement of Changes in Net Positions

The following table (Table A-2) displays the changes in net positions for FY 2013 and FY 2012:

**Table A-2**  
**Changes in Net Positions**  
**Year Ended June 30, 2013**  
**With Comparative Totals for June 30, 2012**  
(in millions of dollars)

|  | Primary Government      |                |                          |               |                |                | Component Units |               |                   |              |                |                |
|--|-------------------------|----------------|--------------------------|---------------|----------------|----------------|-----------------|---------------|-------------------|--------------|----------------|----------------|
|  | Governmental Activities |                | Business-type Activities |               | Total          |                | Schools         |               | Gates Partnership |              | Total          |                |
|  | 2013                    | 2012           | 2013                     | 2012          | 2013           | 2012           | 2013            | 2012          | 2013              | 2012         | 2013           | 2012           |
| <b>Revenues</b>                              |                         |                |                          |               |                |                |                 |               |                   |              |                |                |
| Program revenue                              |                         |                |                          |               |                |                |                 |               |                   |              |                |                |
| Charges for services                         | \$71.2                  | \$73.6         | \$127.0                  | \$127.1       | \$198.2        | \$200.7        | \$23.9          | \$16.8        | \$7.4             | \$7.1        | \$229.5        | \$224.6        |
| Operating grants and contributions           | 120.8                   | 136.8          | -                        | -             | 120.8          | 136.8          | 507.0           | 459.5         | -                 | -            | 627.8          | 596.3          |
| Capital grants and contributions             | -                       | 1.8            | 6.3                      | 3.5           | 6.3            | 5.3            | -               | -             | -                 | -            | 6.3            | 5.3            |
| General revenue                              |                         |                |                          |               |                |                |                 |               |                   |              |                |                |
| Property taxes                               | 755.6                   | 720.7          | -                        | -             | 755.6          | 720.7          | -               | -             | -                 | -            | 755.6          | 720.7          |
| Other local taxes                            | 205.0                   | 201.6          | -                        | -             | 205.0          | 201.6          | 18.2            | 17.7          | -                 | -            | 223.2          | 219.3          |
| Investment and interest earnings             | 4.3                     | 5.4            | -                        | 0.7           | 4.3            | 6.1            | 0.1             | 0.1           | -                 | -            | 4.4            | 6.2            |
| Miscellaneous                                | 50.2                    | 27.1           | -                        | -             | 50.2           | 27.1           | -               | -             | -                 | 0.1          | 50.2           | 27.2           |
| <b>Total revenues</b>                        | <b>1,207.1</b>          | <b>1167.0</b>  | <b>133.4</b>             | <b>131.3</b>  | <b>1,340.6</b> | <b>1,298.4</b> | <b>549.2</b>    | <b>494.1</b>  | <b>7.4</b>        | <b>7.3</b>   | <b>1,897.2</b> | <b>1,799.8</b> |
| <b>Expenses</b>                              |                         |                |                          |               |                |                |                 |               |                   |              |                |                |
| General government                           | 197.9                   | 212.8          | -                        | -             | 197.9          | 212.8          | -               | -             | -                 | -            | 197.9          | 212.8          |
| Public safety                                | 121.0                   | 118.4          | -                        | -             | 121.0          | 118.4          | -               | -             | -                 | -            | 121.0          | 118.4          |
| Environmental services                       | 84.4                    | 80.6           | -                        | -             | 84.4           | 80.6           | -               | -             | -                 | -            | 84.4           | 80.6           |
| Health and welfare                           | 113.9                   | 115.1          | -                        | -             | 113.9          | 115.1          | -               | -             | -                 | -            | 113.9          | 115.1          |
| Libraries                                    | 12.5                    | 12.1           | -                        | -             | 12.5           | 12.1           | -               | -             | -                 | -            | 12.5           | 12.1           |
| Parks, culture and recreation                | 36.1                    | 34.2           | -                        | -             | 36.1           | 34.2           | -               | -             | -                 | -            | 36.1           | 34.2           |
| Planning and community development           | 60.4                    | 54.6           | -                        | -             | 60.4           | 54.6           | -               | -             | -                 | -            | 60.4           | 54.6           |
| Education                                    | 462.6                   | 411.5          | -                        | -             | 462.6          | 411.5          | 485.1           | 431.3         | -                 | -            | 947.7          | 842.8          |
| Debt service:                                |                         |                |                          |               |                |                |                 |               |                   |              |                |                |
| Interest and other charges                   | 28.1                    | 18.2           | -                        | -             | 28.1           | 18.2           | -               | -             | -                 | -            | 28.1           | 18.2           |
| Water and sewer                              | -                       | -              | 93.6                     | 76.0          | 93.6           | 76.0           | -               | -             | -                 | -            | 93.6           | 76.0           |
| Parking garage                               | -                       | -              | 5.8                      | 6.0           | 5.8            | 6.0            | -               | -             | -                 | -            | 5.8            | 6.0            |
| 8th Level Ballston Public Parking Garage     | -                       | -              | -                        | 0.1           | 0.0            | 0.1            | -               | -             | -                 | -            | 0.1            | 0.1            |
| Rental Properties                            | -                       | -              | -                        | -             | -              | -              | -               | -             | 7.4               | 7.3          | 7.4            | 7.3            |
| CPHD Development Fund                        | -                       | -              | 12.2                     | 11.6          | 12.2           | 11.6           | -               | -             | -                 | -            | 12.2           | 11.6           |
| <b>Total expenses</b>                        | <b>1,116.9</b>          | <b>1,057.5</b> | <b>111.5</b>             | <b>93.7</b>   | <b>1,228.5</b> | <b>1,151.2</b> | <b>485.1</b>    | <b>431.3</b>  | <b>7.4</b>        | <b>7.3</b>   | <b>1,721.1</b> | <b>1,589.8</b> |
| <b>Increase/(Decrease) in net positions:</b> | <b>\$90.2</b>           | <b>\$109.5</b> | <b>\$21.9</b>            | <b>\$37.6</b> | <b>\$112.1</b> | <b>\$147.2</b> | <b>\$64.2</b>   | <b>\$62.8</b> | <b>\$0.0</b>      | <b>\$0.0</b> | <b>\$176.3</b> | <b>\$210.0</b> |

Note: Totals may not add due to rounding.

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

|                                    |                |               |
|------------------------------------|----------------|---------------|
| • Governmental activities          | \$90.2         | 51.2%         |
| • Business type activities         | \$21.9         | 12.4%         |
| • Component-unit Schools           | \$64.2         | 36.4%         |
| • Component-unit Gates Partnership | \$(0.0)        | (0.0)%        |
| <b>TOTAL</b>                       | <b>\$176.3</b> | <b>100.0%</b> |

Note: Totals may not add due to rounding

**Revenues.** Revenues for the County's governmental activities were \$1,207.1 for fiscal year 2013. General revenues from governmental activities increased \$40.1, 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 \$960.6 for fiscal year 2013, an increase of \$38.3 over fiscal year 2012. Real estate taxes increased by \$29.0 to \$648.7 due to the tax rate increase of \$0.35 per \$100 of assessed property value. Personal property taxes increased \$6.0 to \$107.0 due to very modest increases in the average assessed value of cars and the number of cars registered within the County.

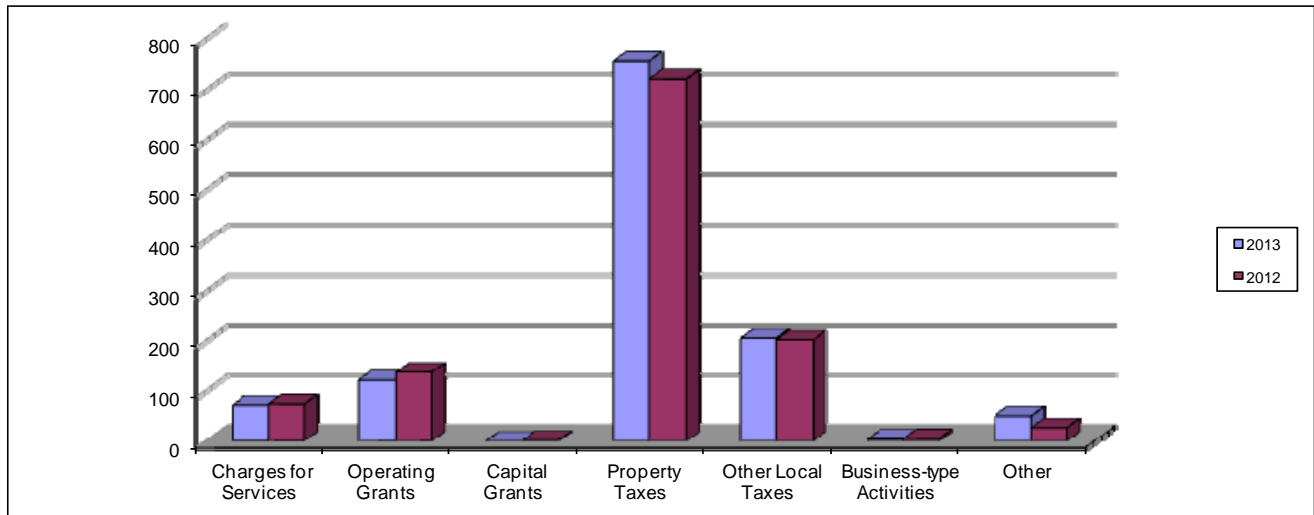
The other local taxes revenue category, which includes taxes on business licenses, general sales tax, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other totaled \$205.0 which represents \$3.4 increase from the previous year. This increase is primarily attributable to an increase in business licenses tax receipts, meals tax and transient tax.

Program revenues are derived directly from the program itself and reduce the net cost of the function to the County. Total program revenues from governmental activities were \$192.0. Operating Grants and Contributions represent the most significant

of these revenues, totaling \$120.8. Other program revenue category was Charges for Services, totaling \$71.2. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$133.4, primarily from charges for services, which totaled \$127.0. The increase in total revenue of \$2.1 is mainly attributable to increase in Capital Grants Contributions.

**Chart A-3**  
**Primary Government Sources of Revenue**  
**For Fiscal Years 2013 and 2012**  
(in millions)



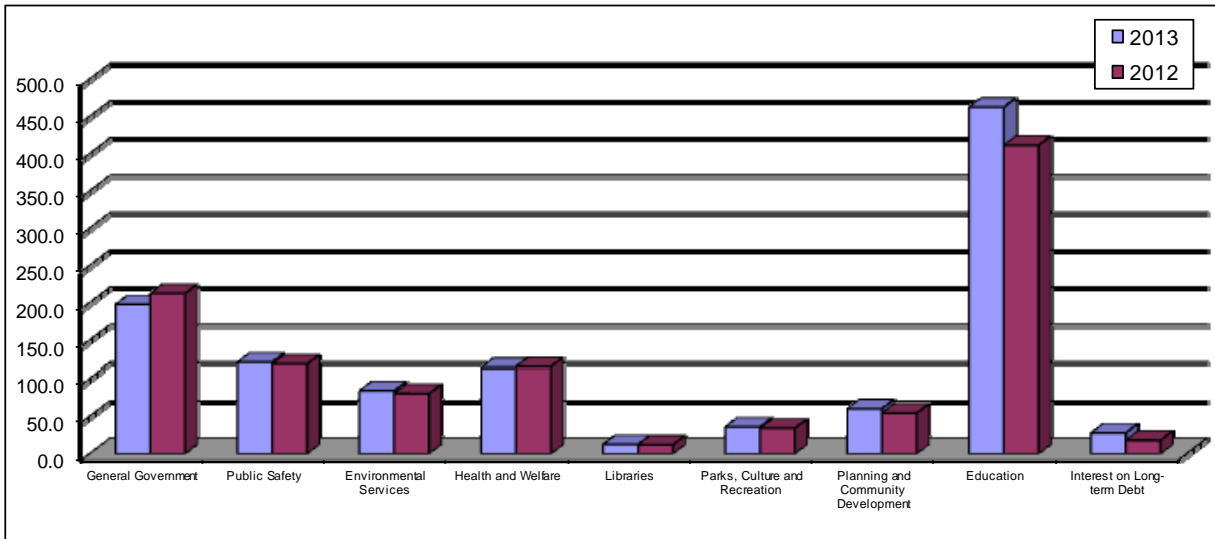
**Expenses.** Total cost of all the County’s governmental activities for fiscal year 2013 was \$1,116.9, representing an increase of \$59.4 from fiscal year 2012. Education expense for fiscal year 2013 was \$462.6, an increase of \$51.1 over previous fiscal year. However, as the following chart indicates, education continues to be the County’s largest program. General government expenses represent the second largest expense, totaling \$197.9 in fiscal year 2013. General government expenses decreased \$14.9 over fiscal year 2012 primarily due to favorable in managed care and department expenditure savings.

Expenses for the County’s business-type activities totaled \$111.5 which provided water and sewer utility services, parking operations and planning and zoning services.

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



**Chart A-4**  
**Net Cost of Governmental Activities**  
**For Fiscal Years 2013 and 2012**  
(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 \$466.9 an increase of \$16.8 in comparison with the prior year. Approximately, 91.3% of this total amount (\$426.3) 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 \$197.3 while total fund balance reached \$199.6. 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 FY2013, both unrestricted fund balance and total fund balance represents 18.8% and 19.0% of total general fund expenditures respectively.

The fund balance of the County’s general fund increased by \$8.1 during the current fiscal year; driven by higher revenue than anticipated primarily due to taxes and department expenditure savings.

The general capital projects fund is another major fund of the County. At the end of the current fiscal year, total fund balance of the general capital projects fund was \$58.8. 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 107.3% of total general capital project fund expenditures.

The fund balance of the County’s general capital projects fund increased by \$1.0 during the current fiscal year. This is primarily due to the increase in state and local grant revenues received in the fiscal year (\$15.7 in FY13 compared to \$14.3 in FY12).

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

Unrestricted net positions (deficits) of the Utilities Fund at the end of the fiscal year amounted to \$64.4, the Ballston Public Parking Garage Fund amounted to (\$20.4), 8<sup>th</sup> Level of the Ballston Public Parking Garage amounted to \$1.0, and the CPHD

Development Fund amounted to \$16.7. The total change in net positions of the Utilities Fund was \$19.4, the Ballston Public Parking Garage Fund was (\$9), the 8<sup>th</sup> Level of the Ballston Public Parking Garage Fund was \$1.1, and CPHD Development Fund was \$2.3. 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 \$112.9 million, which consisted of an increase \$9.4 million in the revenue budget, primarily due to an increase in federal and state grants, and an increase of \$103.7 million in the expenditure budget due to additional appropriations in the following:

- \$29.6 million in increases allocated to Non-Departmental for affordable housing, budget stabilization contingency, master lease financing, and incomplete projects from FY 2012. This includes \$4.2 million allocated to Non-Departmental for Hurricane Sandy Storm expenses, Presidential inauguration costs, an agreement with Dominion Power for pole attachments, and Four Mile Run Park as a result of FY 2012 closeout. Also includes \$18.1 million increase in transfer to Pay as You Go funding for capital projects. Nearly \$6 million in increases from grants funding to the Police Department, Office of Emergency Management, and Fire department for equipment purchases, training, software, and emergency preparedness.
- \$3.3 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, maintenance and repairs, Derecho response and clean-up costs, energy efficiency and environmental projects.
- \$0.9 million in increases allocated to the Judicial Administration. This includes grant funding relating to gangs and carryover of incomplete project from prior years for equipment, and records redaction, digital conversion.
- \$0.8 million in increases allocated to Planning and Community Development from carryover of incomplete projects from prior years for planning and grant-related activities, historic resources, housing needs survey grant funding, and non-profit capacity building.
- \$1.3 million in increases allocated to the General Government from carryover of incomplete projects from prior years, including \$0.8 million in funding for computer network security, Comcast franchise agreement renewal, and the County internet platform.
- \$4.4 million in increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants and funding for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, transportation, homelessness prevention, housing assistance resources, and employment and health services. \$0.8 million in net increases allocated to the Department of Parks and Recreation in grant and FY 2012 carryover funding for Derecho response and clean-up costs, invasive plant removal and wetlands restoration, park preservation, records management, and capital projects.
- \$56.0 million increase in transfers out to the Schools, primarily as a result of FY 2012 closeout.

The difference between the final budget and actual was \$140.0 million which consisted of a \$94.4 million favorable expenditure variance and a \$33.9 million favorable revenue variance and \$11.7 million favorable other financing source activities. The favorable expenditure variance consisted of the following:

- The \$46.1 million favorable expenditure balance in Non-Departmental is primarily due to the affordable housing investment fund and under expenditures in lease purchase, building rental, contingent funds, and OPEB contributions.
- \$1.2 million favorable in Planning and Community Development primarily due to position vacancies and under expenditures in contracted services.
- \$2.3 million favorable in Environmental Services primarily due to position vacancies, overtime savings, and expenditure reductions in contracted services and commuter programs.
- \$12.3 million favorable in Department of Human Services primarily due to under expenditures in various program areas. This also includes \$3.5 million in delays in spending grant funds (which will be carried over and expended in FY 2014).
- \$5.9 million favorable in Public Safety primarily due to position vacancies and under expenditures in contracted services and operating supplies.
- \$0.7 million favorable in Judicial Administration primarily due to position vacancies, under expenditures in consultants, operating equipment, as well as unexpended grant, seized asset funding and other incomplete projects which will be carried forward and expended in the next fiscal years.
- \$23.3 million favorable in the schools transfer; unspent balances will be carried over to the next fiscal year for the schools.

- \$11.6 million in premiums related to the sale of bonds.

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

### Capital Asset and Debt Administration

**Capital assets.** The County’s investment in capital assets for its governmental, business type activities, and component units as of June 30, 2013 amounts to \$2,582.5(net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

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

- \$3.1 million for Parks and Recreation center improvements including Arlington Mill Community Center, playgrounds, athletic field and courts, synthetic field renovations and field and court lighting.
- \$1.0 million for Community Conservation such as Penrose town square and other neighborhood conservation projects
- \$14.4 million for Government facilities construction including the Emergency Homeless Shelter/Office Space building, renovations at Central Library, Carlin Hall, Courts and Police Facility.
- \$5.2 million for Information Technology investments including PC replacement, public safety mobile data computers and infrastructure, police in car cameras, network refreshment, remote access hardware, upgrade of real estate appraisal/assessment system, Windows 7 and Oracle release.
- \$3.0 million for Capital funding contributions to several regional organizations such as Northern Virginia Community College and the Northern Virginia Criminal Justice Academy which provide beneficial services to Arlington residents and visitors. This also included a transfer of grant funds to the Stormwater Management Fund related to stormwater projects at Four Mile Run.
- \$10.4 million for the East Falls Church Metro Multimodal and other transit projects
- \$9.7 million for traffic and pedestrian signal upgrades
- \$0.7 million for street light installation and LED conversion
- \$2.7 million for bicycle and pedestrian safety improvements
- \$1.3 million for paving
- \$0.3 million for bridge maintenance
- \$2.8 million for safety and capacity improvements to arterial streets

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, 2013**  
**With Comparative Totals for June 30, 2012**  
 (net of depreciation, in millions of dollars)

|                          | Primary Government      |                |                          |                  |                  |                  | Component Units |                |                   |               |                  |                  |
|--------------------------|-------------------------|----------------|--------------------------|------------------|------------------|------------------|-----------------|----------------|-------------------|---------------|------------------|------------------|
|                          | Governmental Activities |                | Business-type Activities |                  | Total            |                  | Schools         |                | Gates Partnership |               | Total            |                  |
|                          | 2013                    | 2012           | 2013                     | 2012             | 2013             | 2012             | 2013            | 2012           | 2013              | 2012          | 2013             | 2012             |
| Land                     | \$160.9                 | \$156.3        | \$6.2                    | \$6.2            | \$167.1          | \$162.5          | \$4.7           | \$4.7          | \$13.3            | \$13.3        | \$185.1          | \$180.4          |
| Buildings                | 225.1                   | 173.8          | 9.7                      | 10.2             | 234.8            | 184.0            | 494.2           | 441.9          | 67.0              | 68.8          | 796.0            | 694.7            |
| Equipment                | 93.6                    | 91.9           | 2.5                      | 2.4              | 96.1             | 94.3             | 26.4            | 23.0           | -                 | 0.1           | 122.5            | 117.4            |
| Infrastructure           | 204.7                   | 169.1          | -                        | -                | 204.7            | 169.1            | -               | -              | -                 | -             | 204.7            | 169.1            |
| Intangible assets        | 1.4                     | 1.6            | 0.6                      | 0.8              | 2.0              | 2.4              | -               | -              | -                 | -             | 2.0              | 2.4              |
| Plant -sewer system      | -                       | -              | 247.9                    | 231.9            | 247.9            | 231.9            | -               | -              | -                 | -             | 247.9            | 231.9            |
| Plant - water system     | -                       | -              | 634.3                    | 412.2            | 634.3            | 412.2            | -               | -              | -                 | -             | 634.3            | 412.2            |
| Construction in progress | 232.1                   | 209.5          | 123.6                    | 336.3            | 355.7            | 545.7            | -               | -              | -                 | -             | 355.7            | 545.7            |
| Internal service funds   | 34.2                    | 33.6           | -                        | -                | 34.2             | 33.6             | -               | -              | -                 | -             | 34.2             | 33.6             |
| <b>Total</b>             | <b>\$952.0</b>          | <b>\$835.8</b> | <b>\$1,024.8</b>         | <b>\$1,000.0</b> | <b>\$1,976.8</b> | <b>\$1,835.7</b> | <b>\$525.3</b>  | <b>\$469.5</b> | <b>\$80.4</b>     | <b>\$82.3</b> | <b>\$2,582.5</b> | <b>\$2,387.4</b> |

Note: Totals may not add due to rounding

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

**Long-term debt.** At the end of the current fiscal year, the primary government and component units had total long-term liabilities outstanding of \$1,522.4. Of this amount, \$1,290.5 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 (\$231.9) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) (\$158.2), workers compensation reserves (\$3.8) and accrued compensated absences (\$69.9).

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

**Table A-6**  
**Arlington County Outstanding Debt**  
**June 30, 2013**  
**With Comparative Totals for June 30, 2012**  
(in millions of dollars)

|                                    | Primary Government      |                |                          |                |                  |                  | Component Units |               |                   |               |                  |                  |
|------------------------------------|-------------------------|----------------|--------------------------|----------------|------------------|------------------|-----------------|---------------|-------------------|---------------|------------------|------------------|
|                                    | Governmental Activities |                | Business-type Activities |                | Total            |                  | Schools         |               | Gates Partnership |               | Total            |                  |
|                                    | 2013                    | 2012           | 2013                     | 2012           | 2013             | 2012             | 2013            | 2012          | 2013              | 2012          | 2013             | 2012             |
| General obligation bonds**         | \$832.1                 | \$778.9        | \$126.5                  | \$131.3        | \$958.6          | \$910.2          | \$-             | \$-           | \$-               | \$-           | \$958.6          | \$910.2          |
| Revenue bonds                      | -                       | -              | 9.4                      | 10.6           | 9.4              | 10.6             | -               | -             | -                 | -             | 9.4              | 10.6             |
| IDA Revenue Note                   | -                       | 35.0           | -                        | -              | -                | 35.0             | -               | -             | -                 | -             | -                | 35.0             |
| IDA Revenue Bonds                  | 125.3                   | 83.2           | -                        | -              | 125.3            | 83.2             | -               | -             | -                 | -             | 125.3            | 83.2             |
| Mortgage payable                   | -                       | -              | 3.4                      | 3.4            | 3.4              | 3.4              | -               | -             | 20.1              | 20.3          | 23.5             | 23.7             |
| Note payable                       | -                       | -              | 246.2                    | 253.2          | 246.2            | 253.2            | -               | -             | 8.1               | 8.1           | 254.3            | 261.3            |
| Obligations under capital lease    | 17.3                    | 16.6           | 0.2                      | 0.2            | 17.5             | 16.8             | 5.0             | 4.8           | -                 | -             | 22.5             | 21.6             |
| Worker's compensation claims       | 3.8                     | 4.0            | -                        | -              | 3.8              | 4.0              | -               | -             | -                 | -             | 3.8              | 4.0              |
| Accrued compensated absences       | 33.0                    | 31.9           | 2.0                      | 1.9            | 35.0             | 33.8             | 34.9            | 32.4          | -                 | -             | 69.9             | 66.2             |
| Mortgage and bond interest payable | -                       | -              | 26.9                     | 25.3           | 26.9             | 25.3             | -               | -             | -                 | -             | 26.9             | 25.3             |
| Bonds Payable                      | -                       | -              | -                        | -              | -                | -                | -               | -             | 28.2              | 27.8          | 28.2             | 27.8             |
| Development fee payable            | -                       | -              | -                        | -              | -                | -                | -               | -             | -                 | -             | -                | -                |
| Accrued entity fees                | -                       | -              | -                        | -              | -                | -                | -               | -             | -                 | -             | -                | -                |
| <b>Total</b>                       | <b>\$1,011.5</b>        | <b>\$949.6</b> | <b>\$414.6</b>           | <b>\$425.9</b> | <b>\$1,426.1</b> | <b>\$1,375.5</b> | <b>\$39.9</b>   | <b>\$37.2</b> | <b>\$56.4</b>     | <b>\$56.2</b> | <b>\$1,522.4</b> | <b>\$1,468.9</b> |

Note: Totals may not add due to rounding

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

The County’s total debt increased by \$53.5 during the current fiscal year. The key factors that contributed to this change include increases of \$48.4 on general obligation bonds and \$48.5 on IDA revenue bonds, \$3.7 on compensated absences as well as net decreases \$35.0 on IDA revenue note and \$7.0 on VRA note payable. The County maintains a “AAA” rating from Standard & Poor’s and Fitch Investor Services and a “Aaa” rating from Moody’s Investor Service for general obligation debt. Additional information of the County’s long-term debt can be found in Note 9 in Notes to the Financial Statements of this report.

### Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is currently 4.0%, which is an increase of 0.3% from a year ago. This compares favorably to the Northern Virginia’s average unemployment rate of 4.7% and the national average rate of 7.6%.
- The vacancy rate of the County’s office buildings increased from 13.4% to 17.1%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County’s budget for the 2014 fiscal year.

### Requests for Information

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



# Basic Financial Statements

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

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF NET POSITION  
JUNE 30, 2013

|                                       | Primary Government      |                          |                        | Component Units      |                     | Total Government       |
|---------------------------------------|-------------------------|--------------------------|------------------------|----------------------|---------------------|------------------------|
|                                       | Governmental Activities | Business-Type Activities | Total                  | Schools              | Gates Partnership   |                        |
| <b>ASSETS:</b>                        |                         |                          |                        |                      |                     |                        |
| Equity in pooled cash and investments | \$581,218,538           | \$102,456,953            | \$683,675,491          | \$110,228,322        | \$2,625,327         | \$796,529,140          |
| Petty cash                            | 1,950                   | -                        | 1,950                  | 815                  | -                   | 2,765                  |
| Cash with fiscal agents               | 271,394                 | 25,221                   | 296,615                | -                    | -                   | 296,615                |
| Receivables, net                      | 389,905,803             | 15,765,564               | 405,671,367            | 5,562,392            | 23,969              | 411,257,728            |
| Receivable from primary government    | -                       | -                        | -                      | 75,547,459           | -                   | 75,547,459             |
| Receivable from other governments     | 5,357,468               | -                        | 5,357,468              | -                    | -                   | 5,357,468              |
| Inventory                             | -                       | 1,304,867                | 1,304,867              | 127,864              | -                   | 1,432,731              |
| Other assets                          | 17,148,715              | 2,635,744                | 19,784,459             | -                    | 1,712,702           | 21,497,161             |
| Reserves and escrow deposits          | -                       | -                        | -                      | -                    | 3,731,512           | 3,731,512              |
| Other non current assets              | -                       | 55,664                   | 55,664                 | -                    | -                   | 55,664                 |
| Capital assets:                       |                         |                          |                        |                      |                     |                        |
| Land                                  | 160,998,177             | 6,161,255                | 167,159,432            | 4,697,946            | 13,326,034          | 185,183,412            |
| Intangible assets, net                | 1,399,086               | 618,710                  | 2,017,796              | -                    | -                   | 2,017,796              |
| Depreciable, net                      | 557,549,576             | 894,448,927              | 1,451,998,503          | 520,593,971          | 67,036,032          | 2,039,628,506          |
| Construction in progress              | 232,067,880             | 123,631,989              | 355,699,869            | -                    | -                   | 355,699,869            |
| Total capital assets, net             | 952,014,719             | 1,024,860,881            | 1,976,875,600          | 525,291,917          | 80,362,066          | 2,582,529,583          |
| <b>Total assets</b>                   | <b>1,945,918,587</b>    | <b>1,147,104,894</b>     | <b>3,093,023,481</b>   | <b>716,758,769</b>   | <b>88,455,576</b>   | <b>3,898,237,826</b>   |
| <b>LIABILITIES:</b>                   |                         |                          |                        |                      |                     |                        |
| Accounts payable                      | 21,331,583              | 10,157,586               | 31,489,169             | 10,675,949           | 96,141              | 42,261,259             |
| Unearned revenue                      | 47,144,319              | -                        | 47,144,319             | 648,060              | -                   | 47,792,379             |
| Due to component unit                 | 75,547,459              | -                        | 75,547,459             | -                    | -                   | 75,547,459             |
| Accrued liabilities                   | 19,473,509              | 12,331,113               | 31,804,622             | 52,419,177           | 1,319,350           | 85,543,149             |
| Other liabilities                     | 18,087,722              | -                        | 18,087,722             | 11,442,330           | 328,375             | 29,858,427             |
| Non-current liabilities:              |                         |                          |                        |                      |                     |                        |
| Development fee payable               | -                       | -                        | -                      | -                    | 3,226,614           | 3,226,614              |
| OPEB liability                        | 704,276                 | -                        | 704,276                | 14,645,888           | -                   | 15,350,164             |
| Due within one year                   | 80,439,486              | 53,062,833               | 133,502,319            | 5,142,743            | 646,739             | 139,291,801            |
| Due in more than one year             | 930,959,646             | 361,529,160              | 1,292,488,806          | 34,840,965           | 55,785,249          | 1,383,115,020          |
| <b>Total liabilities</b>              | <b>1,193,688,000</b>    | <b>437,080,692</b>       | <b>1,630,768,692</b>   | <b>129,815,112</b>   | <b>61,402,468</b>   | <b>1,821,986,272</b>   |
| <b>NET POSITION:</b>                  |                         |                          |                        |                      |                     |                        |
| Net investment in capital assets      | 476,442,158             | 648,350,443              | 1,124,792,601          | 520,283,078          | 24,576,817          | 1,669,652,496          |
| Restricted for:                       |                         |                          |                        |                      |                     |                        |
| Capital projects                      | 264,758,831             | -                        | 264,758,831            | 54,583,825           | -                   | 319,342,656            |
| Other projects                        | 2,557,084               | -                        | 2,557,084              | 12,076,754           | -                   | 14,633,838             |
| Unrestricted                          | 8,472,514               | 61,673,759               | 70,146,273             | -                    | 2,476,291           | 72,622,564             |
| <b>Total net position</b>             | <b>\$752,230,587</b>    | <b>\$710,024,202</b>     | <b>\$1,462,254,789</b> | <b>\$586,943,657</b> | <b>\$27,053,108</b> | <b>\$2,076,251,554</b> |

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

| Functions/Programs                             | Program Revenues     |  |  |                                   |                            | Component Units             |                        | Functions/Programs   |                     |  |
|--|----------------------|--|--|-----------------------------------|----------------------------|-----------------------------|------------------------|----------------------|---------------------|--|
|  | Expenses             | Charges for services<br>(Includes Licenses,<br>Permits & Fees) | Operating<br>Grants and<br>Contributions | Capital Grants<br>& Contributions | Governmental<br>Activities | Business-Type<br>Activities | Total                  |                      | Schools             | Gates<br>Partnership                       |
| <b>Primary Government:</b>                     |                      |  |  |                                   |                            |                             |                        |                      |                     | <b>Primary Government:</b>                 |
| Governmental Activities:                       |                      |  |  |                                   |                            |                             |                        |                      |                     | Governmental Activities:                   |
| General government                             | \$197,890,282        | \$20,219,252   | \$28,035,110                             | \$-                               | (\$149,635,920)            | \$-                         | (\$149,635,920)        | \$-                  | \$-                 | General government                         |
| Public safety                                  | 120,977,618          | 10,793,294   | 11,475,315                               | -                                 | (98,709,009)               | -                           | (98,709,009)           | -                    | -                   | Public safety                              |
| Environmental services                         | 84,444,970           | 26,049,002   | 8,870,903                                | -                                 | (49,525,065)               | -                           | (49,525,065)           | -                    | -                   | Environmental services                     |
| Health & welfare                               | 113,901,082          | 2,644,295  | 30,947,254                               | -                                 | (80,309,533)               | -                           | (80,309,533)           | -                    | -                   | Health & welfare                           |
| Libraries                                      | 12,464,589           | 512,857  | 163,077                                  | -                                 | (11,788,655)               | -                           | (11,788,655)           | -                    | -                   | Libraries                                  |
| Parks, recreation & culture                    | 36,105,159           | 8,125,975  | 196,014                                  | -                                 | (27,783,170)               | -                           | (27,783,170)           | -                    | -                   | Parks, recreation & culture                |
| Planning & community development               | 60,359,027           | 2,871,461  | 41,076,862                               | -                                 | (16,410,704)               | -                           | (16,410,704)           | -                    | -                   | Planning & community development           |
| Education                                      | 462,562,274          | -  | -  | -                                 | (462,562,274)              | -                           | (462,562,274)          | -                    | -                   | Education                                  |
| Interest and other charges                     | 28,131,683           | -  | -  | -                                 | (28,131,683)               | -                           | (28,131,683)           | -                    | -                   | Interest and other charges                 |
| <b>Total governmental activities</b>           | <b>1,116,836,685</b> | <b>71,216,136</b>  | <b>120,764,535</b>                       | <b>-</b>                          | <b>(924,856,014)</b>       | <b>-</b>                    | <b>(924,856,014)</b>   | <b>-</b>             | <b>-</b>            | <b>Total governmental activities</b>       |
| <b>Business-type activities:</b>               |                      |  |  |                                   |                            |                             |                        |                      |                     | <b>Business-type activities:</b>           |
| Utilities                                      | 93,564,517           | 107,453,634  | -  | 5,496,055                         | -                          | 19,385,172                  | 19,385,172             | -                    | -                   | Utilities                                  |
| Ballston Public Parking Garage                 | 5,750,518            | 4,811,697  | -  | -                                 | -                          | (938,821)                   | (938,821)              | -                    | -                   | Ballston Public Parking Garage             |
| 8th Level Ballston Public Parking Garage       | 53,085               | 337,133  | -  | 826,368                           | -                          | 1,110,416                   | 1,110,416              | -                    | -                   | 8th Level Ballston Public Parking Garage   |
| CPHD Development Fund                          | 12,173,696           | 14,433,080   | -  | -                                 | -                          | 2,259,384                   | 2,259,384              | -                    | -                   | CPHD Development Fund                      |
| <b>Total business-type activities</b>          | <b>111,541,816</b>   | <b>127,035,544</b>   | <b>-</b>                                 | <b>6,322,423</b>                  | <b>-</b>                   | <b>21,816,151</b>           | <b>21,816,151</b>      | <b>-</b>             | <b>-</b>            | <b>Total business-type activities</b>      |
| <b>Total Primary government</b>                | <b>1,228,378,501</b> | <b>198,251,680</b>   | <b>120,764,535</b>                       | <b>6,322,423</b>                  | <b>(924,856,014)</b>       | <b>21,816,151</b>           | <b>(903,039,863)</b>   | <b>-</b>             | <b>-</b>            | <b>Total Primary government</b>            |
| <b>Component unit:</b>                         |                      |  |  |                                   |                            |                             |                        |                      |                     | <b>Component unit:</b>                     |
| Schools  | 485,061,915          | 23,919,958   | 507,003,321                              | -                                 | -                          | -                           | -                      | 45,861,364           | -                   | Schools                                    |
| Gates Partnership                              | 7,375,441            | 7,435,010  | -  | -                                 | -                          | -                           | -                      | -                    | 59,569              | Gates Partnership                          |
| <b>Total component units</b>                   | <b>492,437,356</b>   | <b>31,354,968</b>  | <b>507,003,321</b>                       | <b>-</b>                          | <b>-</b>                   | <b>-</b>                    | <b>-</b>               | <b>45,861,364</b>    | <b>59,569</b>       | <b>Total component units</b>               |
| <b>General Revenues:</b>                       |                      |  |  |                                   |                            |                             |                        |                      |                     | <b>General Revenues:</b>                   |
| Property Taxes:                                |                      |  |  |                                   |                            |                             |                        |                      |                     | Property Taxes:                            |
| Real estate property taxes                     |                      |  |  |                                   | 648,659,020                | -                           | 648,659,020            | -                    | -                   | Real estate property taxes                 |
| Personal property taxes                        |                      |  |  |                                   | 106,957,213                | -                           | 106,957,213            | -                    | -                   | Personal property taxes                    |
| Other Local taxes:                             |                      |  |  |                                   |                            |                             |                        |                      |                     | Other Local taxes:                         |
| Business, professional occupancy license taxes |                      |  |  |                                   | 61,341,154                 | -                           | 61,341,154             | -                    | -                   | Business, professional occupancy licens    |
| Sales tax                                      |                      |  |  |                                   | 39,447,636                 | -                           | 39,447,636             | 18,171,301           | -                   | Sales tax                                  |
| Meals tax                                      |                      |  |  |                                   | 34,707,200                 | -                           | 34,707,200             | -                    | -                   | Meals tax                                  |
| Transient tax                                  |                      |  |  |                                   | 22,270,627                 | -                           | 22,270,627             | -                    | -                   | Transient tax                              |
| Utility tax                                    |                      |  |  |                                   | 11,815,946                 | -                           | 11,815,946             | -                    | -                   | Utility tax                                |
| Recordation, car rental and other local taxes  |                      |  |  |                                   | 35,390,033                 | -                           | 35,390,033             | -                    | -                   | Recordation, car rental and other local ta |
| Investment and interest earnings               |                      |  |  |                                   | 4,287,344                  | 39,733                      | 4,327,077              | 149,453              | 25,256              | Investment and interest earnings           |
| Miscellaneous                                  |                      |  |  |                                   | 50,223,986                 | -                           | 50,223,986             | -                    | (37,456)            | Miscellaneous                              |
| <b>Total general revenues</b>                  |                      |  |  |                                   | <b>1,015,100,159</b>       | <b>39,733</b>               | <b>1,015,139,892</b>   | <b>18,320,754</b>    | <b>(12,200)</b>     | <b>Total general revenues</b>              |
| <b>Change in net position</b>                  |                      |  |  |                                   | <b>90,244,145</b>          | <b>21,855,884</b>           | <b>112,100,029</b>     | <b>64,182,118</b>    | <b>47,369</b>       | <b>Change in net position</b>              |
| <b>Net position, beginning</b>                 |                      |  |  |                                   | <b>661,986,442</b>         | <b>688,168,318</b>          | <b>1,350,154,760</b>   | <b>522,761,539</b>   | <b>27,005,739</b>   | <b>Net position, beginning</b>             |
| <b>Net position, ending</b>                    |                      |  |  |                                   | <b>\$752,230,587</b>       | <b>\$710,024,202</b>        | <b>\$1,462,254,789</b> | <b>\$586,943,657</b> | <b>\$27,053,108</b> | <b>Net position, ending</b>                |

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

ARLINGTON COUNTY, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

| ASSETS                                    | General<br>Fund      | General Capital<br>Projects Fund | All Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------------------|------------------------------------|--------------------------------|
| Equity in pooled cash and investments     | \$277,937,767        | \$69,848,527                     | \$221,411,991                      | \$569,198,285                  |
| Petty cash                                | 1,950                | -                                | -                                  | 1,950                          |
| Cash with fiscal agents                   | 271,394              | -                                | -                                  | 271,394                        |
| Receivables, net                          | 361,702,525          | 791,485                          | 25,554,175                         | 388,048,185                    |
| Due from other funds                      | 33,616               | -                                | -                                  | 33,616                         |
| Receivables from other governments        | 4,940,186            | -                                | 417,282                            | 5,357,468                      |
| Other assets                              | 15,197,041           | -                                | 1,303,933                          | 16,500,974                     |
| <b>Totals assets</b>                      | <b>\$660,084,479</b> | <b>\$70,640,012</b>              | <b>\$248,687,381</b>               | <b>\$979,411,872</b>           |
| <b>LIABILITIES</b>                        |                      |                                  |                                    |                                |
| Accounts payable                          | \$5,903,813          | \$3,353,571                      | \$10,827,755                       | \$20,085,139                   |
| Deferred revenue                          | 357,036,976          | 7,399,801                        | 15,084,117                         | 379,520,894                    |
| Due to component unit                     | 75,547,459           | -                                | -                                  | 75,547,459                     |
| Accrued liabilities                       | 19,473,509           | -                                | -                                  | 19,473,509                     |
| Other liabilities                         | 2,523,795            | 1,128,324                        | 14,217,910                         | 17,870,029                     |
| <b>Total liabilities</b>                  | <b>460,485,552</b>   | <b>11,881,696</b>                | <b>40,129,782</b>                  | <b>512,497,030</b>             |
| <b>FUND BALANCES</b>                      |                      |                                  |                                    |                                |
| <u>Non spendable:</u>                     |                      |                                  |                                    |                                |
| Prepaid                                   | -                    | -                                | 1,303,933                          | 1,303,933                      |
| <u>Restricted for:</u>                    |                      |                                  |                                    |                                |
| Seized assets                             | 2,272,448            | -                                | -                                  | 2,272,448                      |
| Debt service                              | -                    | -                                | 35,790,356                         | 35,790,356                     |
| Grants                                    | -                    | -                                | 1,257,426                          | 1,257,426                      |
| <u>Committed to:</u>                      |                      |                                  |                                    |                                |
| Self insurance reserve                    | 5,000,000            | -                                | -                                  | 5,000,000                      |
| Subsequent years' County budget           | 5,208,794            | -                                | -                                  | 5,208,794                      |
| Capital projects                          | 8,403,862            | 58,758,316                       | 170,205,884                        | 237,368,062                    |
| Operating reserve                         | 52,605,487           | -                                | -                                  | 52,605,487                     |
| Economic stabilization reserve            | 3,000,000            | -                                | -                                  | 3,000,000                      |
| Incomplete projects                       | 130,223              | -                                | -                                  | 130,223                        |
| Affordable Housing Investment Fund        | 21,838,549           | -                                | -                                  | 21,838,549                     |
| Subsequent years' School budget           | 26,269,900           | -                                | -                                  | 26,269,900                     |
| <u>Assigned to:</u>                       |                      |                                  |                                    |                                |
| Subsequent years' operating budgets       | 19,649,922           | -                                | -                                  | 19,649,922                     |
| Subsequent years' capital projects        | 12,162,577           | -                                | -                                  | 12,162,577                     |
| Economic stabilization reserve            | 5,000,000            | -                                | -                                  | 5,000,000                      |
| Operating reserves                        | 1,969,853            | -                                | -                                  | 1,969,853                      |
| Fresh AIRE program                        | 1,224,867            | -                                | -                                  | 1,224,867                      |
| Incomplete projects                       | 5,215,352            | -                                | -                                  | 5,215,352                      |
| Affordable Housing Investment Fund        | 29,647,093           | -                                | -                                  | 29,647,093                     |
| <b>Total fund balances</b>                | <b>199,598,927</b>   | <b>58,758,316</b>                | <b>208,557,599</b>                 | <b>466,914,842</b>             |
| <b>Total liabilities and fund balance</b> | <b>\$660,084,479</b> | <b>\$70,640,012</b>              | <b>\$248,687,381</b>               | <b>\$979,411,872</b>           |

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



ARLINGTON COUNTY, VIRGINIA  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
 NET POSITION OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2013

|   |  |
|---|--|
| Total governmental fund balances  | \$466,914,842  |
| Amounts reported for governmental activities in the Statement of<br>Net Position are different because:                               |  |
| Capital assets used in governmental activities<br>are not financial resources and are not reported<br>in the funds                    | 917,852,022  |
| Other long-term assets are not available to pay for<br>current period expenditures and are deferred<br>in the funds                   | 332,376,575  |
| Long-term liabilities, including bonds payable, are<br>not due and payable in the current period and<br>are not reported in the funds | (1,006,753,043)  |
| OPEB liabilities are not due and payable in the<br>current period and are not reported<br>in the funds                                | (704,276)  |
| Internal service funds  | 42,544,467   |
| Net position of governmental activities   | <hr style="border: 0.5px solid black;"/> <u><u>\$752,230,587</u></u> |

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

|   | General<br>Fund      | General Capital<br>Projects Fund | All Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|----------------------------------|------------------------------------|--------------------------------|
| <b>REVENUES:</b>  |                      |                                  |                                    |                                |
| General property taxes:                                 |                      |                                  |                                    |                                |
| Real estate property taxes                              | \$596,819,122        | \$-                              | \$35,890,299                       | \$632,709,421                  |
| Personal property taxes                                 | 106,957,213          | -                                | -                                  | 106,957,213                    |
| Other local taxes:                                      |                      |                                  |                                    |                                |
| Business, professional and occupancy license (BPOL) tax | 61,341,154           | -                                | -                                  | 61,341,154                     |
| Sales tax   | 39,447,636           | -                                | -                                  | 39,447,636                     |
| Meals tax   | 34,707,200           | -                                | -                                  | 34,707,200                     |
| Transient tax   | 22,270,627           | -                                | -                                  | 22,270,627                     |
| Utility tax   | 11,815,946           | -                                | -                                  | 11,815,946                     |
| Recordation, car rental and other local taxes           | 27,863,913           | -                                | 7,526,120                          | 35,390,033                     |
| Fines and forfeitures                                   | 8,468,253            | -                                | -                                  | 8,468,253                      |
| Licenses, permits and fees                              | 10,502,137           | -                                | -                                  | 10,502,137                     |
| Intergovernmental                                       | 80,069,686           | 19,465,882                       | 24,971,252                         | 124,506,820                    |
| Charges for services                                    | 51,656,429           | 589,317                          | -                                  | 52,245,746                     |
| Interest and rent                                       | 3,998,537            | 2,826                            | 285,981                            | 4,287,344                      |
| Miscellaneous revenues                                  | 21,849,499           | 1,342,605                        | 200                                | 23,192,304                     |
| <b>Total revenues</b>                                   | <b>1,077,767,352</b> | <b>21,400,630</b>                | <b>68,673,852</b>                  | <b>1,167,841,834</b>           |
| <b>EXPENDITURES:</b>                                    |                      |                                  |                                    |                                |
| Current operating:                                      |                      |                                  |                                    |                                |
| General government                                      | 179,231,201          | 666,183                          | 4,436,085                          | 184,333,469                    |
| Public safety   | 118,213,560          | 511,790                          | -                                  | 118,725,350                    |
| Environmental services                                  | 76,672,481           | -                                | -                                  | 76,672,481                     |
| Health and welfare                                      | 113,418,239          | -                                | -                                  | 113,418,239                    |
| Libraries   | 12,366,401           | -                                | -                                  | 12,366,401                     |
| Parks, recreation and culture                           | 32,425,079           | 9,452                            | 251,711                            | 32,686,242                     |
| Planning and community development                      | 19,636,433           | 8,891                            | 29,127,715                         | 48,773,039                     |
| Principal   | 35,526,687           | -                                | 314,845                            | 35,841,532                     |
| Interest and other charges                              | 18,682,005           | 680,209                          | 353,646                            | 19,715,860                     |
| Cost of refunding bonds                                 | -                    | -                                | 8,415,823                          | 8,415,823                      |
| Intergovernmental                                       |                      |                                  |                                    |                                |
| Community development                                   | -                    | 1,131,181                        | 8,921,779                          | 10,052,960                     |
| Education - Schools                                     | 441,617,640          | -                                | 38,380,000                         | 479,997,640                    |
| Capital outlay  | 2,978,655            | 51,773,296                       | 90,233,865                         | 144,985,816                    |
| <b>Total expenditures</b>                               | <b>1,050,768,381</b> | <b>54,781,002</b>                | <b>180,435,469</b>                 | <b>1,285,984,852</b>           |
| Excess(deficiency) of revenues over expenditures        | 26,998,971           | (33,380,372)                     | (111,761,617)                      | (118,143,018)                  |
| <b>OTHER FINANCING SOURCES(USES):</b>                   |                      |                                  |                                    |                                |
| Transfers in  | 988,128              | 31,166,645                       | 1,227,686                          | 33,382,459                     |
| Transfers out   | (31,441,368)         | (1,227,686)                      | (858,129)                          | (33,527,183)                   |
| Proceeds from capital leases                            | -                    | 4,473,803                        | -                                  | 4,473,803                      |
| Proceeds of refunding bonds                             | -                    | -                                | 127,097,545                        | 127,097,545                    |
| Payments to refunded bond escrow agent                  | -                    | -                                | (118,681,722)                      | (118,681,722)                  |
| Bond premium  | 11,594,033           | -                                | -                                  | 11,594,033                     |
| Proceeds of general obligation debt                     | -                    | -                                | 110,625,000                        | 110,625,000                    |
| <b>Total other financing sources and (uses)</b>         | <b>(18,859,207)</b>  | <b>34,412,762</b>                | <b>119,410,380</b>                 | <b>134,963,935</b>             |
| Net change in fund balances                             | 8,139,764            | 1,032,390                        | 7,648,763                          | 16,820,917                     |
| Fund balances, beginning                                | 191,459,163          | 57,725,926                       | 200,908,836                        | 450,093,925                    |
| Fund balances, ending                                   | <u>\$199,598,927</u> | <u>\$58,758,316</u>              | <u>\$208,557,599</u>               | <u>\$466,914,842</u>           |

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

ARLINGTON COUNTY, VIRGINIA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2013

|  |                     |                            |
|--|---------------------|----------------------------|
| Net change in fund balances - total governmental funds   |                     | \$16,820,917               |
| 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  | 144,985,816         |                            |
| Less: Depreciation expense   | <u>(29,382,145)</u> | 115,603,671                |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.   |                     |                            |
|  |                     | 15,949,599                 |
| Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. |                     |                            |
| Add: Debt repayment-debt principal   | 217,671,062         |                            |
| Less: Proceeds from bonds and capital leases   | (271,543,805)       |                            |
| Bond premium to be amortized   | (13,896,273)        |                            |
| Amortization other charges and bond issue costs  | <u>8,656,693</u>    | (59,112,323)               |
| 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   |                     |                            |
|  |                     | (785,198)                  |
| 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   |                     |                            |
|  |                     | (145,125)                  |
| 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  | 1,159,727           |                            |
| Net operating gain internal service funds  | <u>752,877</u>      | <u>1,912,604</u>           |
| Change in net position of governmental activities  |                     | <u><u>\$90,244,145</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, 2013

|                                      | Budgeted Amounts     |                      | Actual               | Variance<br>Positive (Negative) |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------------------|
|                                      | Original             | Final                |                      |                                 |
| <b>REVENUES:</b>                     |                      |                      |                      |                                 |
| General Property taxes:              |                      |                      |                      |                                 |
| Real estate                          | \$581,557,977        | \$581,557,977        | \$596,819,122        | \$15,261,145                    |
| Personal                             | 99,152,359           | 99,152,359           | 106,957,213          | 7,804,854                       |
| Other Local taxes                    | 192,608,000          | 192,608,000          | 197,446,476          | 4,838,476                       |
| Licenses, permits and fees           | 9,990,755            | 9,975,755            | 10,502,137           | 526,382                         |
| Charges for services                 | 48,774,567           | 49,206,905           | 51,656,429           | 2,449,524                       |
| Fines and forfeitures                | 10,102,548           | 10,102,548           | 8,468,253            | (1,634,295)                     |
| Grants:                              |                      |                      |                      |                                 |
| State grants                         | 63,671,218           | 67,774,244           | 64,473,930           | (3,300,314)                     |
| Federal grants                       | 16,828,997           | 19,683,843           | 15,595,756           | (4,088,087)                     |
| Use of money and property            | 7,371,377            | 7,371,377            | 3,998,537            | (3,372,840)                     |
| Miscellaneous revenue                | 4,444,945            | 6,497,808            | 21,849,499           | 15,351,691                      |
| <b>Total revenues</b>                | <b>1,034,502,743</b> | <b>1,043,930,816</b> | <b>1,077,767,352</b> | <b>33,836,536</b>               |
| <b>EXPENDITURES:</b>                 |                      |                      |                      |                                 |
| General Government Administration    |                      |                      |                      |                                 |
| County Board                         | 1,059,742            | 1,059,742            | 1,032,905            | 26,837                          |
| County Manager                       | 5,264,492            | 5,514,492            | 5,199,180            | 315,312                         |
| Financial Management                 | 6,285,795            | 6,285,795            | 5,797,208            | 488,587                         |
| Human Resources                      | 8,105,565            | 8,286,565            | 7,818,477            | 468,088                         |
| Technology Services                  | 16,504,675           | 17,400,320           | 16,908,318           | 492,002                         |
| County Attorney                      | 2,530,359            | 2,530,359            | 3,015,985            | (485,626)                       |
| Commissioner of Revenue              | 5,153,477            | 5,153,477            | 4,959,817            | 193,660                         |
| Treasurer                            | 5,920,954            | 5,920,954            | 6,067,685            | (146,731)                       |
| Electoral Board                      | 1,564,695            | 1,564,695            | 1,172,317            | 392,378                         |
| <b>Total General Government</b>      | <b>52,389,754</b>    | <b>53,716,399</b>    | <b>51,971,892</b>    | <b>1,744,507</b>                |
| Judicial Administration              |                      |                      |                      |                                 |
| Circuit Court                        | 4,180,133            | 3,785,774            | 3,667,342            | 118,432                         |
| District Court                       | 247,367              | 310,158              | 261,084              | 49,074                          |
| Juvenile & Domestic Relations Court  | 5,810,766            | 5,806,233            | 5,570,161            | 236,072                         |
| Commonwealth Attorney                | 3,880,638            | 3,943,777            | 3,790,505            | 153,272                         |
| Sheriff & Jail                       | 35,689,536           | 36,865,005           | 36,727,925           | 137,080                         |
| Magistrate's Office                  | 58,361               | 58,361               | 40,139               | 18,222                          |
| <b>Total Judicial Administration</b> | <b>49,866,801</b>    | <b>50,769,308</b>    | <b>50,057,156</b>    | <b>712,152</b>                  |
| Public Safety                        |                      |                      |                      |                                 |
| Police                               | 59,909,398           | 63,305,767           | 59,295,645           | 4,010,122                       |
| Office of Emergency Management       | 10,237,948           | 11,401,183           | 11,070,721           | 330,462                         |
| Fire                                 | 49,497,458           | 50,929,301           | 49,377,970           | 1,551,331                       |
| <b>Total Public Safety</b>           | <b>119,644,804</b>   | <b>125,636,251</b>   | <b>119,744,336</b>   | <b>5,891,915</b>                |
| Environmental Services               | 76,374,940           | 79,702,044           | 77,419,666           | 2,282,378                       |
| Health & Welfare                     | 121,402,920          | 125,801,222          | 113,479,716          | 12,321,506                      |
| Libraries                            | 12,429,434           | 12,529,434           | 12,395,463           | 133,971                         |

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, 2013

|   | Budgeted Amounts |               | Actual        | Variance<br>Positive (Negative) |
|---|------------------|---------------|---------------|---------------------------------|
|   | Original         | Final         |               |                                 |
| Planning & Community Development          |                  |               |               |                                 |
| Economic Development                      | 9,689,804        | 9,734,132     | 9,817,779     | (83,647)                        |
| Community Planning, Housing & development | 10,376,806       | 11,175,550    | 9,908,497     | 1,267,053                       |
| Total Planning & Community Development    | 20,066,610       | 20,909,682    | 19,726,276    | 1,183,406                       |
| Parks and Recreation                      | 32,681,720       | 33,476,790    | 32,468,756    | 1,008,034                       |
| Education                                 | 405,118,548      | 461,527,535   | 441,617,640   | 19,909,895                      |
| Non-Departmental                          |                  |               |               |                                 |
| Non-Departmental                          | 58,674,611       | 89,907,797    | 43,851,605    | 46,056,192                      |
| Debt Service                              |                  |               |               |                                 |
| Principal payment                         | 36,658,487       | 34,862,892    | 35,526,687    | (663,795)                       |
| Interest payment                          | 22,256,004       | 22,256,004    | 18,676,454    | 3,579,550                       |
| Other costs                               | 200,000          | 200,000       | 5,551         | 194,449                         |
| Regionals/Contributions                   | 8,230,357        | 8,360,140     | 8,352,183     | 7,957                           |
| METRO                                     | 25,475,000       | 25,475,000    | 25,475,000    | -                               |
| Total Non-Departmental                    | 151,494,459      | 181,061,833   | 131,887,480   | 49,174,353                      |
| Total expenditures                        | 1,041,469,990    | 1,145,130,498 | 1,050,768,381 | 94,362,117                      |
| Excess of revenues over expenditures      | (6,967,247)      | (101,199,682) | 26,998,971    | 128,198,653                     |
| OTHER FINANCING SOURCES (USES):           |                  |               |               |                                 |
| Transfers in                              | 706,255          | 706,255       | 988,128       | 281,873                         |
| Transfers out                             | (12,866,781)     | (31,338,848)  | (31,441,368)  | (102,520)                       |
| Premium from sale of bonds                | -                | -             | 11,594,033    | 11,594,033                      |
| Total other financing sources/(uses)      | (12,160,526)     | (30,632,593)  | (18,859,207)  | 11,773,386                      |
| Net change in fund balance                | (19,127,773)     | (131,832,275) | 8,139,764     | 139,972,039                     |
| Fund Balance - beginning of year          | 191,459,163      | 191,459,163   | 191,459,163   | -                               |
| Fund Balance - end of year                | \$172,331,390    | \$59,626,888  | \$199,598,927 | \$139,972,039                   |

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2013

|                                       | Business-type activities - Enterprise Funds |                                   |  |                             | Total                | Governmental<br>Activities<br>Internal<br>Service Funds |
|---------------------------------------|---|-----------------------------------|--|-----------------------------|----------------------|---|
|                                       | Utilities                                   | Ballston Public<br>Parking Garage | 8th Level<br>Ballston Public<br>Parking Garage | CPHD<br>Development<br>Fund |                      |   |
| <b>ASSETS:</b>                        |   |                                   |  |                             |                      |   |
| Current assets:                       |   |                                   |  |                             |                      |   |
| Equity in pooled cash and investments | \$69,856,416                                | \$13,201,089                      | \$1,663,450                                    | \$17,735,998                | \$102,456,953        | \$12,020,253  |
| Cash with fiscal agents               | 25,221                                      | -                                 | -  | -                           | 25,221               | -   |
| Receivables, net                      | 15,763,434                                  | 2,130                             | -  | -                           | 15,765,564           | 1,824,002   |
| Inventory, at cost                    | 1,304,867                                   | -                                 | -  | -                           | 1,304,867            | 647,741   |
| Other current Assets                  | 2,447,864                                   | 187,880                           | -  | -                           | 2,635,744            | -   |
| Total current assets                  | <u>89,397,802</u>                           | <u>13,391,099</u>                 | <u>1,663,450</u>                               | <u>17,735,998</u>           | <u>122,188,349</u>   | <u>14,491,996</u>                                       |
| Non-current assets:                   |   |                                   |  |                             |                      |   |
| Other non current assets              | 21,237                                      | 34,427                            | -  | -                           | 55,664               | -   |
| Capital assets:                       |   |                                   |  |                             |                      |   |
| Land                                  | 6,161,255                                   | -                                 | -  | -                           | 6,161,255            | -   |
| Depreciable, net                      | 882,770,554                                 | 9,848,950                         | -  | 1,829,423                   | 894,448,927          | 34,162,697  |
| Intangible assets, net                | 32,222                                      | -                                 | -  | 586,488                     | 618,710              | -   |
| Construction in progress              | 122,410,293                                 | 28,880                            | 1,192,816                                      | -                           | 123,631,989          | -   |
| Total capital assets, net             | <u>1,011,374,324</u>                        | <u>9,877,830</u>                  | <u>1,192,816</u>                               | <u>2,415,911</u>            | <u>1,024,860,881</u> | <u>34,162,697</u>                                       |
| Total non current assets              | <u>1,011,395,561</u>                        | <u>9,912,257</u>                  | <u>1,192,816</u>                               | <u>2,415,911</u>            | <u>1,024,916,545</u> | <u>34,162,697</u>                                       |
| Total assets                          | <u>1,100,793,363</u>                        | <u>23,303,356</u>                 | <u>2,856,266</u>                               | <u>20,151,909</u>           | <u>1,147,104,894</u> | <u>48,654,693</u>                                       |
| <b>LIABILITIES:</b>                   |   |                                   |  |                             |                      |   |
| Current liabilities:                  |   |                                   |  |                             |                      |   |
| Accounts payable                      | 8,714,199                                   | 409,605                           | 626,969  | 406,813                     | 10,157,586           | 1,246,444   |
| Accrued liabilities                   | 1,669,467                                   | 10,621,893                        | 39,753   | -                           | 12,331,113           | 217,693   |
| Due within one year                   | 26,228,601                                  | 26,774,486                        | -  | 59,746                      | 53,062,833           | 975,198   |
| Total current liabilities             | <u>36,612,267</u>                           | <u>37,805,984</u>                 | <u>666,722</u>                                 | <u>466,559</u>              | <u>75,551,532</u>    | <u>2,439,335</u>  |
| Non-current liabilities:              |   |                                   |  |                             |                      |   |
| Due in more than one year             | 352,091,451                                 | 8,900,000                         | -  | 537,709                     | 361,529,160          | 3,670,891   |
| Total liabilities                     | <u>388,703,718</u>                          | <u>46,705,984</u>                 | <u>666,722</u>                                 | <u>1,004,268</u>            | <u>437,080,692</u>   | <u>6,110,226</u>  |
| <b>NET POSITION:</b>                  |   |                                   |  |                             |                      |   |
| Net investment in capital assets      | 647,693,565                                 | (2,951,849)                       | 1,192,816                                      | 2,415,911                   | 648,350,443          | 30,075,437  |
| Unrestricted                          | 64,396,080                                  | (20,450,779)                      | 996,728  | 16,731,730                  | 61,673,759           | 12,469,030  |
| Total net position (deficit)          | <u>\$712,089,645</u>                        | <u>(\$23,402,628)</u>             | <u>\$2,189,544</u>                             | <u>\$19,147,641</u>         | <u>\$710,024,202</u> | <u>\$42,544,467</u>                                     |

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

|  | Business-type activities-Enterprise Funds |                                   |  |                             | Total<br>Business-type<br>Activities | Governmental<br>Activities<br>Internal Service<br>Funds |
|--|---|-----------------------------------|--|-----------------------------|--------------------------------------|---|
|  | Utilities                                 | Ballston Public<br>Parking Garage | 8th Level<br>Ballston Public<br>Parking Garage | CPHD<br>Development<br>Fund |                                      |   |
| <b>OPERATING REVENUES:</b>                                 |   |                                   |  |                             |                                      |   |
| Water-sewer service charges                                | \$86,768,619                              | \$-                               | \$-  | \$-                         | \$86,768,619                         | \$-   |
| Water-service hook-up charges                              | 5,672,805                                 | -                                 | -  | -                           | 5,672,805                            | -   |
| Water-service connection charges                           | 1,363,865                                 | -                                 | -  | -                           | 1,363,865                            | -   |
| Sewage treatment service charges                           | 7,624,590                                 | -                                 | -  | -                           | 7,624,590                            | -   |
| Permits and Fees   | -   | -                                 | -  | 14,433,080                  | 14,433,080                           | -   |
| Other charges for services                                 | 6,023,755                                 | -                                 | -  | -                           | 6,023,755                            | 22,026,918  |
| Parking charges  | -   | 4,811,697                         | 337,133  | -                           | 5,148,830                            | -   |
| <b>Total Operating revenues</b>                            | <b>107,453,634</b>                        | <b>4,811,697</b>                  | <b>337,133</b>                                 | <b>14,433,080</b>           | <b>127,035,544</b>                   | <b>22,026,918</b>                                       |
| <b>OPERATING EXPENSES:</b>                                 |   |                                   |  |                             |                                      |   |
| Personnel services   | 14,002,152                                | -                                 | -  | 5,603,408                   | 19,605,560                           | 4,301,891   |
| Fringe benefits  | 4,727,183                                 | -                                 | -  | 2,119,073                   | 6,846,256                            | 1,709,324   |
| Cost of store issuances                                    | -   | -                                 | -  | -                           | -                                    | 6,297,628   |
| Contractual services                                       | 13,701,915                                | 2,263,977                         | 39,051   | 1,734,288                   | 17,739,231                           | -   |
| Purchases of water   | 8,060,019                                 | -                                 | -  | -                           | 8,060,019                            | -   |
| Materials and supplies                                     | 11,769,625                                | 307,888                           | 14,034   | 223,593                     | 12,315,140                           | 353,068   |
| Utilities  | -   | -                                 | -  | -                           | -                                    | 234,166   |
| Operating Equipment  | -   | -                                 | -  | -                           | -                                    | 30,291  |
| Outside services   | -   | -                                 | -  | -                           | -                                    | 2,645,763   |
| Depreciation   | 20,450,034                                | 514,233                           | -  | 594,558                     | 21,558,825                           | 5,701,910   |
| Amortization   | -   | 5,297                             | -  | -                           | 5,297                                | -   |
| Deferred rent  | -   | 904,992                           | -  | -                           | 904,992                              | -   |
| Equipment (Construction Contracts)                         | 1,788,280                                 | -                                 | -  | 114,068                     | 1,902,348                            | -   |
| Internal Services  | -   | -                                 | -  | 1,767,103                   | 1,767,103                            | -   |
| Miscellaneous  | 5,992,142                                 | -                                 | -  | -                           | 5,992,142                            | -   |
| <b>Total Operating expenses</b>                            | <b>80,491,350</b>                         | <b>3,996,387</b>                  | <b>53,085</b>                                  | <b>12,156,091</b>           | <b>96,696,913</b>                    | <b>21,274,041</b>                                       |
| <b>Operating income</b>                                    | <b>26,962,284</b>                         | <b>815,310</b>                    | <b>284,048</b>                                 | <b>2,276,989</b>            | <b>30,338,631</b>                    | <b>752,877</b>  |
| <b>NON-OPERATING REVENUES(EXPENSES)</b>                    |   |                                   |  |                             |                                      |   |
| Interest income and other income                           | 27,702                                    | 12,031                            | -  | -                           | 39,733                               | 569,960   |
| Interest expense and fiscal charges                        | (13,067,262)                              | (1,754,131)                       | -  | (17,605)                    | (14,838,998)                         | -   |
| Interest payment on capital lease                          | (5,906)                                   | -                                 | -  | -                           | (5,906)                              | (165,282)   |
| <b>Total non-operating revenues(expenses)</b>              | <b>(13,045,466)</b>                       | <b>(1,742,100)</b>                | <b>-</b>                                       | <b>(17,605)</b>             | <b>(14,805,171)</b>                  | <b>1,015,004</b>  |
| <b>Net Income(loss) before contributions and transfers</b> | <b>13,916,818</b>                         | <b>(926,790)</b>                  | <b>284,048</b>                                 | <b>2,259,384</b>            | <b>15,533,460</b>                    | <b>1,767,881</b>  |
| <b>CONTRIBUTIONS AND NET TRANSFERS</b>                     |   |                                   |  |                             |                                      |   |
| State grant  | 3,710,025                                 | -                                 | -  | -                           | 3,710,025                            | -   |
| Contributions from developers and other sources            | 1,786,030                                 | -                                 | 826,368  | -                           | 2,612,398                            | -   |
| Transfers in   | -   | -                                 | -  | -                           | -                                    | 274,723   |
| Transfers out  | -   | -                                 | -  | -                           | -                                    | (130,000)   |
| <b>Total contributions and net transfers</b>               | <b>5,496,055</b>                          | <b>(826,368)</b>                  | <b>826,368</b>                                 | <b>-</b>                    | <b>6,322,423</b>                     | <b>144,723</b>  |
| <b>Change in net position</b>                              | <b>19,412,873</b>                         | <b>(926,790)</b>                  | <b>1,110,416</b>                               | <b>2,259,384</b>            | <b>21,855,883</b>                    | <b>1,912,604</b>  |
| <b>Net position - beginning of year</b>                    | <b>692,676,772</b>                        | <b>(22,475,838)</b>               | <b>1,079,128</b>                               | <b>16,888,257</b>           | <b>688,168,319</b>                   | <b>40,631,863</b>                                       |
| <b>Net position - end of year</b>                          | <b>\$712,089,645</b>                      | <b>(\$23,402,628)</b>             | <b>\$2,189,544</b>                             | <b>\$19,147,641</b>         | <b>\$710,024,202</b>                 | <b>\$42,544,467</b>                                     |

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, 2013

|   | Business-type activities - Enterprise Funds |                                   |  |                             |                      |  |
|---|---|-----------------------------------|--|-----------------------------|----------------------|--|
|   | Utilities                                   | Ballston Public<br>Parking Garage | 8th Level<br>Ballston Public<br>Parking Garage | CPHD<br>Development<br>Fund | Total                | Governmental<br>Activities Internal<br>Service Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |                                   |  |                             |                      |  |
| Cash received from customers  | \$110,833,686                               | \$4,856,413                       | \$337,133                                      | \$14,433,080                | \$130,460,312        | \$22,369,052   |
| Cash received from interfund charges  | -   | -                                 | -  | -                           | -                    | 9,635  |
| Cash paid to suppliers  | (42,357,744)                                | (2,424,414)                       | 588,167  | (3,936,578)                 | (48,130,569)         | (9,655,637)  |
| Cash paid to employees  | (18,633,888)                                | -                                 | -  | (7,672,781)                 | (26,306,669)         | (5,982,323)  |
| Net cash flows from operating activities  | <u>49,842,054</u>                           | <u>2,431,999</u>                  | <u>925,300</u>                                 | <u>2,823,721</u>            | <u>56,023,074</u>    | <u>6,740,727</u>                                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |                                   |  |                             |                      |  |
| Interest received   | 27,702                                      | 12,031                            | -  | -                           | 39,733               | -  |
| Net cash flows from investing activities  | <u>27,702</u>                               | <u>12,031</u>                     | <u>-</u>                                       | <u>-</u>                    | <u>39,733</u>        | <u>-</u>   |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                                |   |                                   |  |                             |                      |  |
| Transfer out to other funds   | -   | -                                 | -  | -                           | -                    | (130,000)  |
| Contributions from developers and other sources   | -   | -                                 | 826,368  | -                           | 826,368              | 844,683  |
| Net cash flows from (used by) non-capital financing activities                          | <u>-</u>                                    | <u>-</u>                          | <u>826,368</u>                                 | <u>-</u>                    | <u>826,368</u>       | <u>714,683</u>                                       |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                        |   |                                   |  |                             |                      |  |
| State grant   | 3,710,025                                   | -                                 | -  | -                           | 3,710,025            | -  |
| Principal payments - bonds  | (8,523,845)                                 | (1,200,000)                       | -  | -                           | (9,723,845)          | -  |
| Proceeds from sale of general obligation bonds  | 3,600,000                                   | -                                 | -  | -                           | 3,600,000            | -  |
| Payments to bonds redeemed  | (11,023,650)                                | -                                 | -  | -                           | (11,023,650)         | -  |
| Proceeds of bond refunding  | 11,195,000                                  | -                                 | -  | -                           | 11,195,000           | -  |
| Cost of refunding bonds   | (171,350)                                   | -                                 | -  | -                           | (171,350)            | -  |
| Bond premiums   | 593,030                                     | -                                 | -  | -                           | 593,030              | -  |
| Payment of principal on capital lease   | (44,461)                                    | -                                 | -  | -                           | (44,461)             | (1,023,911)  |
| Payment of interest on capital lease  | (5,906)                                     | -                                 | -  | -                           | (5,906)              | (165,282)  |
| Proceeds of VRA loan payable  | 5,471,152                                   | -                                 | -  | -                           | 5,471,152            | -  |
| Payment of VRA loan   | (12,482,371)                                | -                                 | -  | -                           | (12,482,371)         | -  |
| Interest and other loan expenses paid   | (14,061,159)                                | (168,601)                         | -  | (17,605)                    | (14,247,365)         | -  |
| Purchases of property   | (43,631,094)                                | (53,216)                          | (1,019,184)                                    | (53,030)                    | (44,756,524)         | (7,092,901)  |
| Net cash flows from (used by) capital and related financing activities                  | <u>(65,374,629)</u>                         | <u>(1,421,817)</u>                | <u>(1,019,184)</u>                             | <u>(70,635)</u>             | <u>(67,886,265)</u>  | <u>(6,890,921)</u>                                   |
| Net increase (decrease) in cash and cash equivalents                                    | <u>(15,504,873)</u>                         | <u>1,022,213</u>                  | <u>732,484</u>                                 | <u>2,753,086</u>            | <u>(10,997,090)</u>  | <u>564,489</u>                                       |
| Cash and cash equivalents at beginning of year  | 85,361,289                                  | 12,178,876                        | 930,966  | 14,982,912                  | 113,454,043          | 11,455,764   |
| Cash and cash equivalents at end of year  | <u>\$69,856,416</u>                         | <u>\$13,201,089</u>               | <u>\$1,663,450</u>                             | <u>\$17,735,998</u>         | <u>\$102,456,953</u> | <u>\$12,020,253</u>                                  |
| Reconciliation of operating income to net cash flow from operations:                    |   |                                   |  |                             |                      |  |
| Operating Income  | \$27,532,244                                | \$815,310                         | \$284,048                                      | \$2,276,989                 | \$30,908,591         | \$752,877  |
| Adjustments to reconcile operating income to net cash provided by operating activities: |   |                                   |  |                             |                      |  |
| Depreciation and amortization   | 20,450,034                                  | 519,530                           | -  | 594,558                     | 21,564,122           | 5,701,910  |
| (Increase) Decrease in accounts receivable  | 3,484,194                                   | 44,716                            | -  | -                           | 3,528,910            | 351,769  |
| (Increase) Decrease in inventories  | 186,174                                     | -                                 | -  | -                           | 186,174              | 2,327  |
| Increase (Decrease) in prepaid expenses   | -   | -                                 | -  | -                           | -                    | 39,302   |
| Increase (Decrease) in vouchers payable   | (1,885,397)                                 | 147,451                           | 601,499  | (97,526)                    | (1,233,973)          | (136,350)  |
| Increase (Decrease) in compensated absences   | 95,447                                      | -                                 | 39,753   | 49,700                      | 184,900              | 28,892   |
| Increase (Decrease) in contract retainage   | 83,500                                      | -                                 | -  | -                           | 83,500               | -  |
| Increase (Decrease) in deferred revenue   | (104,142)                                   | 904,992                           | -  | -                           | 800,850              | -  |
| Net cash flows from operations  | <u>\$49,842,054</u>                         | <u>\$2,431,999</u>                | <u>\$925,300</u>                               | <u>\$2,823,721</u>          | <u>\$56,023,074</u>  | <u>\$6,740,727</u>                                   |
| Noncash investing, capital, and financing activities:                                   |   |                                   |  |                             |                      |  |
| Contributions from developers and other sources   | \$1,786,030                                 | -                                 | -  | -                           | \$1,786,030          | -  |

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



ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

|   | Pension<br>Trust Fund  | OPEB<br>Trust Fund  | All Other<br>Private Purpose<br>Trust Funds | Agency<br>Funds   |
|---|------------------------|---------------------|---|-------------------|
| <b>ASSETS:</b>  |                        |                     |   |                   |
| Equity in pooled cash and investments   | \$41,501,657           | \$58,102,363        | \$2,629,280                                 | \$14,788,327      |
| Contributions receivable:   |                        |                     |   |                   |
| Employer  | 2,040,063              | -                   | -   | -                 |
| Employee  | 447,342                | -                   | -   | -                 |
| Accrued interest and other receivables  | 3,327,918              | -                   | 590,801                                     | -                 |
| Bond issuance costs   | -                      | -                   | 554,758                                     | -                 |
| Capital assets, net   | -                      | -                   | 24,688,381                                  | -                 |
| Receivable from other government  | -                      | -                   | -   | 134,005           |
| Investments, at fair value  |                        |                     |   |                   |
| Foreign, Municipal and U.S. Government<br>Obligations, including Fixed<br>Instruments in Pooled Funds | 39,734,569             | -                   | -   | -                 |
| Corporate Fixed Income Obligations  | 121,026,846            | -                   | -   | -                 |
| Domestic and Foreign Equities, including<br>Equities in Pooled Funds                                  | 429,547,998            | -                   | -   | -                 |
| Other investments   | 44,526,450             | -                   | -   | -                 |
| Real estate funds   | 19,134,206             | -                   | -   | -                 |
| Pooled Equity   | 527,164,185            | -                   | -   | -                 |
| Pooled Fixed Income   | 289,758,153            | -                   | -   | -                 |
| Convertible   | 180,616,528            | -                   | -   | -                 |
| Collateral on Loaned Securities (net of<br>Allowance for Unrealized Gain \$0.00)                      | 276,605                | -                   | -   | -                 |
| Total assets  | <u>1,699,102,520</u>   | <u>58,102,363</u>   | <u>28,463,220</u>                           | <u>14,922,332</u> |
| <b>LIABILITIES:</b>   |                        |                     |   |                   |
| Accounts payable and<br>accrued liabilities   | 1,996,654              | -                   | 836,032                                     | 14,888,716        |
| Bonds payable   | -                      | -                   | 28,245,000                                  | -                 |
| Obligations under security lending program  | 276,605                | -                   | -   | -                 |
| Total liabilities   | <u>2,273,259</u>       | <u>-</u>            | <u>29,081,032</u>                           | <u>14,888,716</u> |
| <b>NET POSITION (DEFICIT)</b>   | <u>\$1,696,829,261</u> | <u>\$58,102,363</u> | <u>(\$617,812)</u>                          | <u>\$-</u>        |

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

|  | Pension<br>Trust Fund  | OPEB<br>Trust Fund  | All Other<br>Private Purpose<br>Trust Funds |
|--|------------------------|---------------------|---|
| <b>ADDITIONS:</b>                              |                        |                     |   |
| Contributions and Revenues:                    |                        |                     |   |
| Employer contributions                         | \$48,002,951           | \$8,200,134         | \$-   |
| Employee contributions                         | 11,408,300             | -                   | -   |
| Other contributions                            | 20,415                 | -                   | -   |
| Shared revenues                                | -                      | -                   | 4,162,370                                   |
| Private donations                              | -                      | -                   | 68,166                                      |
| <b>Total contributions</b>                     | <b>59,431,666</b>      | <b>8,200,134</b>    | <b>4,230,536</b>                            |
| Investment earnings:                           |                        |                     |   |
| Interest and other                             | 39,278,716             | 1,902,151           | 2,331                                       |
| Gross income from securities lending           | 161,462                | -                   | -   |
| Bank fees and expenses from securities lending | (47,601)               | -                   | -   |
| Commissions recapture, gross                   | 13,972                 | -                   | -   |
| Net change in fair value of investments        | 169,442,367            | 4,598,869           | -   |
| <b>Total investment earnings</b>               | <b>208,848,916</b>     | <b>6,501,020</b>    | <b>2,331</b>                                |
| Less investment expenses                       | 5,277,099              | -                   | 1,435,203                                   |
| <b>Net investment earnings</b>                 | <b>203,571,817</b>     | <b>6,501,020</b>    | <b>(1,432,872)</b>                          |
| <b>Total additions</b>                         | <b>263,003,483</b>     | <b>14,701,154</b>   | <b>2,797,664</b>                            |
| <b>DEDUCTIONS:</b>                             |                        |                     |   |
| Administrative expenses                        | 960,561                | 15,207              | 2,575,414                                   |
| Contributions to developers and other sources  | -                      | -                   | 826,368                                     |
| Retirees pension expense                       | 82,486,929             | -                   | -   |
| <b>Total deductions</b>                        | <b>83,447,490</b>      | <b>15,207</b>       | <b>3,401,782</b>                            |
| <b>Change in net position</b>                  | <b>179,555,993</b>     | <b>14,685,947</b>   | <b>(604,118)</b>                            |
| Net position - Beginning of the year           | 1,517,273,268          | 43,416,416          | (13,694)                                    |
| <b>Net position - End of the year</b>          | <b>\$1,696,829,261</b> | <b>\$58,102,363</b> | <b>(\$617,812)</b>                          |

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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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**NOTE 1. Summary of Significant Accounting Policies**

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

**I. Accounting Policies**

**A. The Financial Reporting Entity**

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

**Discretely Presented Component Units**

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

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

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

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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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

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

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

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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

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

**D. Funds**

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

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

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

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

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). Major capital projects include Transportation Infrastructure, Capital Asset Preservation Program (CAPP), Information Technology CAPP, Parks & Recreation CAPP, Neighborhood Conservation (NC) Program, Neighborhood Traffic Calming (NTC) Programs and Stormwater Drainage Infrastructure. Northern Virginia Transportation Authority (NVTA) and Transit Facility provide funding for County's Transportation Capital Improvement Program and Metro Matters capital program. Crystal City Tax Increment Financing will provide funding for Crystal City Sector Plan and infrastructure. The IDA Bond Funds provide funding for the Emergency Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), Buckingham Village I, Arlington Mill, and Buckingham Park.

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

**E. Budgets**

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County 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.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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

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

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

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

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

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

**G. Receivables and Payables**

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

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.

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“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:

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

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



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**J. Compensated Absences**

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

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

**K. Arbitrage Rebate Liability**

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2013, the County had no arbitrage rebate liability.

**L. Long-Term Obligations**

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

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

**M. Fund Equity**

In 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

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review the recommendations at the November Board meeting. If approved by a resolution of the County board, the funds become committed. By State law, funds cannot be spent unless appropriated by the County Board.

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

**N. Comparative data/reclassifications**

Comparative total data for the prior year have been presented in the accompanying combining other supplemental information of the financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2012 amounts have been reclassified to conform to the FY 2013 presentation. These reclassifications did not affect the FY 2012 net position, fund balances or changes therein.

**O. Cash and Cash Equivalents**

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

**P. Use of Estimates**

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

**Q. Implementation of New GASB Pronouncements**

In November 2010, the Governmental Accounting Standard Board ("GASB") issued GASB Statement No. 60 ("GASB 60") Accounting and Financial Reporting for Service concession Arrangements. The Statement addresses issues related to service concession arrangements (SCAs). The requirements of the new Statement became effective for fiscal periods after December 15, 2011. The County adopted GASB 60 during the year ended June 30, 2013. The implementation of this new standard had no impact on the County's fiscal year 2013 financial statements.

In December 2010, GASB issued GASB 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance. The requirements of the new Statement became effective for fiscal periods beginning after December 15, 2011. The County adopted GASB 62 during the year ended June 30, 2013. The implementation of this new standard had no impact on the County's fiscal year 2013 financial statements.

In June 2011, GASB issued GASB 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement provides financial guidance for deferred outflows of resources and deferred inflows of resources. The requirements of the new Statement became effective for fiscal periods after December 15, 2011. The County adopted GASB 63 during the year ended June 30, 2013. The effect of this Statement on the County was a change in the format of the entity wide statements to include the concept of net position.

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

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

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The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(1,006,753,043) difference as follows:

|   |                                 |
|---|---------------------------------|
| General obligation bonds - general government   | (\$404,347,103)                 |
| General obligation bonds - Schools  | (372,587,802)                   |
| Compensated absences - general government   | (32,435,962)                    |
| Worker’s compensation - general government  | (3,747,842)                     |
| Capital leases - general government   | (13,175,010)                    |
| Bond issue costs and deferred amount on refunding, net  | 2,213,571                       |
| Bond premium to be amortized – County   | (30,591,345)                    |
| Bond premium to be amortized – Schools  | (26,796,550)                    |
| IDA – Metro and Buckingham Village 1  | (37,780,000)                    |
| IDA Revenue Bonds - 2011  | (11,190,000)                    |
| IDA Revenue Bonds - 2013  | <u>(76,315,000)</u>             |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net assets of governmental activities | <u><u>(\$1,006,753,043)</u></u> |

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and changes in *net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.” The details of this \$(115,503,671) difference are as follows:

|   |                             |
|---|-----------------------------|
| Capital acquisitions  | \$144,985,816               |
| Depreciation expense  | <u>(29,382,145)</u>         |
| Net adjustment to increase <i>net changes in fund balances</i> - total governmental funds to arrive at changes in net position of governmental activities | <u><u>\$115,603,671</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 6/30/12   | (\$316,426,976)            |
| Deferred property tax revenue 6/30/13   | <u>(332,376,575)</u>       |
| Net adjustment to increase net changes in fund balances – total governmental funds arrive at changes in net position of governmental activities | <u><u>\$15,949,599</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 position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position”. The details of this \$(59,112,322) difference are as follows:

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Debt issued or incurred:

|  |                          |
|--|--------------------------|
| Issuance of general obligation bonds – County  | (\$51,995,000)           |
| Issuance of general obligation bonds - Schools | (38,380,000)             |
| Issuance of refunding bonds - County           | (55,285,000)             |
| Issuance of refunding bonds - Schools          | (45,095,000)             |
| Issuance of IDA Revenue Bonds                  | (76,315,000)             |
| Capital leases                                 | <u>(4,473,804)</u>       |
| <br>Capital financing – General Government     | <br><u>(271,543,804)</u> |

Principal repayments:

|   |                                      |
|---|--------------------------------------|
| General obligation debt – County  | 28,391,532                           |
| General obligation debt – Schools   | 23,759,624                           |
| Payment to refunded bonds - County  | 50,766,806                           |
| Payment to refunded bonds - Schools   | 41,434,544                           |
| Payment to IDA – Metro and Buckingham Village 1   | 1,190,000                            |
| Payment to Buckingham Village 3 Note  | 35,016,099                           |
| Payment to IDA Revenue Bonds - 2004   | 30,945,000                           |
| Payment to IDA Revenue Bonds - 2011   | 500,000                              |
| Capital leases  | <u>5,667,457</u>                     |
| <br>Total principal repayments  | <br><u>217,671,062</u>               |
| <br>Bond premium to be amortized  | <br>(13,896,273)                     |
| Other charges and bond issue costs  | <u>8,656,693</u>                     |
| <br>Net adjustment to increase <i>net changes in fund balances</i> - total governmental funds<br>to arrive at <i>changes in net position of governmental activities</i> | <br><br><u><u>(\$59,112,322)</u></u> |

Another element of that reconciliation states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and worker’s compensation”. The detail of this \$(785,198) difference is as follows:

|   |                           |
|---|---------------------------|
| Compensated absences  | (\$1,110,283)             |
| Worker’s compensation   | <u>(325,085)</u>          |
| Net adjustment to decrease <i>net changes in fund balances</i> – total governmental funds to<br>arrive at changes in <i>net position of government activities</i> | <u><u>(\$785,198)</u></u> |

Another element of that reconciliation states that “OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”

(\$145,125)

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

|   |                                   |
|---|-----------------------------------|
| Additional expenses – internal service funds  | \$1,057,207                       |
| Net operating income – internal service funds   | <u>855,397</u>                    |
| <br>Net adjustment to increase <i>net changes in fund balances</i> – total governmental funds to<br>arrive at changes in <i>net position of governmental activities</i> | <br><br><u><u>\$1,912,604</u></u> |

**ARLINGTON COUNTY, VIRGINIA**

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**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 2013 such appropriation amendments totaled \$124,359,615 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 2013 for the Treasurer's Office due to increased mailing and printing costs, for Economic Development due to temporary help exceeding budgeted amounts for the Artisphere and leave payouts for employees departing County service, and for County Attorney due to increased legal costs and expenses related to lawsuits and other transactions the County was involved in during FY 2013.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements. However, when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has negative net position of \$(23,303,356) at June 30, 2013. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net operating income circumstances. The deficiency has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under its agreement with The Federated Department Stores Inc., the County was precluded from initially increasing some key parking rates. Management of the County believes that the most recent rate increases and subsequent rate increases in future fiscal years coupled with the completion of adjacent development projects will result in the eventual achievement of a positive equity position.

The Printing Fund (an Internal Service Fund), incurred a decrease in net position of \$(99,890) in FY 2013, resulting in ending net deficit of \$(202,192). Management will evaluate measures to reduce the deficit in FY2014.

**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 \$147,068,501 and the bank balance was \$151,686,407. Of the bank balance, \$8,644,509 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**

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**C. Investment Policy**

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

**D. Credit Risk**

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

**E. Concentrations of Credit Risk**

The County's policy defines limits on the amounts that may be invested in various investments. The portfolio is in compliance with each of the stated limits as of June 30, 2013.

**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, 2013, the County had the following investments and maturities:

|                         | Investment Maturity (in years) |                      |                     |                      |                         |
|-------------------------|--------------------------------|----------------------|---------------------|----------------------|-------------------------|
|                         | Fair Value                     | Less than 1<br>year  | 1-3 years           | 3-5 years            | Greater than<br>5 years |
| Corporate Notes         | \$99,807,642                   | \$3,011,490          | \$4,417,422         | \$92,378,730         | \$-                     |
| Commercial Paper        | 151,864,505                    | 151,864,505          | -                   | -                    | -                       |
| Government Agency Bonds | 53,711,617                     | -                    | -                   | 53,711,617           | -                       |
| Municipal Obligations*  | 67,984,309                     | 15,512,246           | 12,752,879          | 34,682,383           | 5,036,800               |
| Total                   | <u>\$373,368,073</u>           | <u>\$170,388,241</u> | <u>\$17,170,301</u> | <u>\$180,772,730</u> | <u>\$5,036,800</u>      |

\* Maturity date on Variable Rate Demand Note investments (total of \$200,000) is 8/1/24, with a weekly put. One maturing July 1, 2018 settled June 28, 2013 resulting in a maturity of one day beyond five years at June 30, 2013.

Investment not subject to Interest Rate Risk:

|                                      |                      |
|--------------------------------------|----------------------|
| Virginia LGIP                        | \$535,007            |
| Virginia State Non-Arbitrage Program | 252,659,649          |
| Total                                | <u>253,194,656</u>   |
| Total Investments                    | <u>\$626,562,729</u> |

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, 2013, the Trustee Bank had \$16,089,439 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 \$233,434 in state treasurer securities at fair value were held by Virginia LGIP at June 30, 2013.

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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, 2013, the US Bank Trust National Association had \$6,140,207; the Bank of New York Mellon Bank (BNYM) had \$11,929,196 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, 2013, the Trustee Banks had \$3,051,839 in the Bank of New York Mellon Bank (BNYM).

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program (“SNAP”). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia counties, cities and towns. As of June 30, 2013, the County had \$252,659,649 in the SNAP short term investment.

The Trustees of the Arlington County Employees Retirement System serve in the capacity of Trustees for the County and Schools OPEB Trusts. The Trustees have directed Vanguard to invest funds in mutual funds. OPEB investments are reported at fair value, which for the County and Schools is determined by the most recent bid and asking prices as obtained from markets of such investments. As of June 30, 2013, the County had \$58,102,363 and the Schools had \$26,586,157 in investments.

**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:

- Convertible securities
- Cash, money market funds and other short term investment funds
- 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 \$63.2 million had been funded at June 30, 2013.
- 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, 2013.
- 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.

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**B. Investments Restrictions**

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

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

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

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

- Invest more than 10% of the market value of each portfolio in the securities of any one issuer, with the exception of the U.S. government and its agencies
- Hold more than 5% of the outstanding shares of a single company in each portfolio
- Hold unlisted equity securities that exceed 20% of the portfolio, exclusive of holdings in banks, utilities, and insurance companies
- Use leverage of any sort for any purpose beyond prudent industry standards
- Effect short sales of securities
- Purchase non-registered securities, such as private placements
- 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, 2013, the System had \$35,005 in open forward currency contracts.

**C. Cash and Cash Equivalent**

At June 30, 2013, the System had cash and cash equivalents of \$41,501,657. Cash deposits in bank accounts totaled \$549,229. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$40,952,428 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**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, 2013:

| Investment Type                         | Fair Value<br>(in \$000s) |
|---|---------------------------|
| Mortgage Backed Government Pass-Through | \$-                       |
| Corporate Bonds                         | \$96,966                  |
| Corporate Asset Backed                  | 357                       |
| Private Placements                      | 8,288                     |
| Municipal Bonds                         | 2,922                     |
| Yankee Bonds                            | 5,480                     |
| Supnationals                            | 4,969                     |
| Non-U.S. Developed Government/Sovereign | 34,036                    |
| Non-U.S. Developed Corporate            | 10,336                    |
| Convertible Securities                  | 181,602                   |
| U.S. Equity                             | 304,053                   |
| Non-U.S. Equity                         | 125,799                   |
| Alternative Investments                 | 44,526                    |
| Real Estate                             | 19,134                    |
| Pooled Equity Funds                     | 527,164                   |
| Pooled U.S. Fixed Income Funds          | 329,865                   |
| Cash                                    | (64)                      |
| Total <sup>(1)</sup>                    | <u>\$1,695,433</u>        |

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

**Interest Rate Risk**

Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$345.0 million of directly owned fixed income securities and on \$329.9 million invested in four pooled U.S. fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2013 are:

| Investment Type:                  | <u>Fair Value</u> | <u>Investment Maturities (years)</u> |                  |                 |                  |
|-----------------------------------|-------------------|--------------------------------------|------------------|-----------------|------------------|
|                                   | (\$000s)          | Under 1                              | 1-5              | 6-10            | Over-10          |
| Mortgage backed Govt Pass Through | \$-               | \$-                                  | \$-              | \$-             | \$-              |
| Corporate Bonds                   | 96,966            | -                                    | 23,416           | 20,080          | 53,470           |
| Corporate Asset Backed            | 357               | -                                    | -                | -               | 357              |
| Private Placements                | 8,288             | -                                    | 2,613            | 1,989           | 3,686            |
| Municipal Bonds                   | 2,922             | -                                    | -                | -               | 2,922            |
| Yankee Bonds                      | 5,480             | -                                    | -                | 1,097           | 4,383            |
| Supnationals                      | 4,969             | 3,427                                | 1,542            | -               | -                |
| Non-U.S. Developed Govt/Sovereign | 34,036            | -                                    | 24,116           | 4,469           | 5,451            |
| Non-U.S. Developed Corporate      | 10,336            | -                                    | 6,315            | 887             | 3,134            |
| Convertible Securities            | 181,602           | 18,778                               | 111,027          | 19,702          | 32,095           |
| Total                             | <u>\$344,956</u>  | <u>\$22,205</u>                      | <u>\$169,029</u> | <u>\$48,224</u> | <u>\$105,498</u> |

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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, 2013 is shown below:

| Investment Type<br><i>(in \$ 000s)</i> | Fair Value       | Effective<br>Duration (Yrs) |
|--|------------------|-----------------------------|
| Mortgage Backed Govt Pass Through      | \$-              | \$-                         |
| Corporate Bonds                        | 96,966           | 4.21                        |
| Corporate Asset Backed                 | 357              | 3.28                        |
| Private Placements                     | 8,288            | 6.53                        |
| Municipal Bonds                        | 2,922            | 8.56                        |
| Yankee Bonds                           | 5,480            | 8.73                        |
| Supnationals                           | 4,969            | 1.56                        |
| Non-US Developed Govt/Sovereign        | 34,036           | 4.35                        |
| Non-US Developed Corporate             | 10,336           | 5.59                        |
| Convertible Securities                 | 181,602          | 7.15                        |
| <b>Total</b>                           | <b>\$344,956</b> | <b>\$5.89</b>               |

**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, 2013, 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 \$345.0 million at June 30, 2013 is shown below:

**Fixed Income Credit Quality Distribution**

| Investment Type<br><i>(in \$ 000s)</i> | Credit Quality  |                 |                 |                 |                 |                 |                 |                  |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
|  | AAA             | AA              | A               | BBB             | BB              | B               | Below B         | Unrated          |
| Mortgage Backed Govt Pass Through      | \$-             | \$-             | \$-             | \$-             | \$-             | \$-             | \$-             | \$-              |
| Corporate Bonds                        | 164             | 3,857           | 16,500          | 33,230          | 15,232          | 14,853          | 12,647          | 482              |
| Corporate Asset Backed                 | -               | -               | -               | 124             | -               | -               | -               | 233              |
| Private Placements                     | -               | -               | 1,473           | 278             | 4,831           | -               | -               | 1,706            |
| Municipal Bonds                        | -               | -               | -               | -               | -               | 2,922           | -               | -                |
| Yankee Bonds                           | -               | -               | -               | 4,383           | 1,097           | -               | -               | -                |
| Supranationals                         | 3,154           | -               | -               | -               | -               | -               | -               | 1,815            |
| Non-US Developed Govt/Sovereign        | 18,434          | 1,687           | 2,074           | 10,196          | 1,395           | -               | -               | 249              |
| Non-US Developed Corporate             | -               | 4,725           | 1,171           | 490             | 3,196           | -               | -               | 754              |
| Convertible Securities                 | -               | 1,406           | 13,608          | 10,428          | 28,238          | 24,514          | 3,953           | 99,457           |
| <b>Total</b>                           | <b>\$21,752</b> | <b>\$11,675</b> | <b>\$34,826</b> | <b>\$59,129</b> | <b>\$53,989</b> | <b>\$42,289</b> | <b>\$16,600</b> | <b>\$104,696</b> |

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

**Foreign Currency Risk**

Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2013 was as follows:

| Currency<br>(in \$ 000s) | Equity          | Fixed Income &<br>Convertible | Cash           | Total            |
|--------------------------|-----------------|-------------------------------|----------------|------------------|
| Australian Dollar        | \$2,054         | \$7,813                       | \$42           | \$9,909          |
| Brazilian Real           | 2,152           | 6,167                         | -              | 8,319            |
| British Pound            | 11,979          | 2,228                         | 51             | 14,258           |
| Canadian Dollar          | 1,162           | 15,757                        | 319            | 17,238           |
| Danish Krone             | 2,700           | -                             | 9              | 2,709            |
| Euro                     | 22,293          | 32,170                        | 1,468          | 55,931           |
| Hong Kong Dollar         | 11,543          | 4,318                         | -              | 15,861           |
| Indonesian Rupiah        | 2,595           | 1,815                         | 3              | 4,413            |
| Japanese Yen             | 5,021           | 7,103                         | 5              | 12,129           |
| Malaysian Ringgit        | 1,679           | -                             | -              | 1,679            |
| Mexican Peso             | -               | 2,410                         | -              | 2,410            |
| New Zealand Dollar       | -               | 8,384                         | -              | 8,384            |
| Nigerian Naira           | 841             | -                             | -              | 841              |
| Norwegian Krone          | 260             | -                             | -              | 260              |
| Philippines Peso         | 3,746           | -                             | -              | 3,746            |
| Singapore Dollar         | 1,142           | 2,366                         | 1              | 3,509            |
| South African Rand       | 1,206           | -                             | 2              | 1,208            |
| South Korean Won         | 346             | 754                           | -              | 1,100            |
| Swedish Krona            | 6,172           | -                             | 8              | 6,180            |
| Swiss Franc              | 3,988           | 982                           | 61             | 5,031            |
| Thailand Baht            | 2,312           | -                             | -              | 2,312            |
| Total                    | <u>\$83,191</u> | <u>\$92,267</u>               | <u>\$1,969</u> | <u>\$177,427</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.

The program decreased slightly from \$21.0 million at the beginning of the year to \$264 thousand at June 30, 2013. This was the result of a planned change in custodial banks after fiscal year-end. The following table details the net income from securities lending for the fiscal year ended June 30, 2012:

|                                      |           |
|--------------------------------------|-----------|
| Gross Income from Securities Lending | \$161,462 |
| Less Bank Management Fees            | (47,601)  |

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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|                                  |           |
|----------------------------------|-----------|
| Net Income from Security Lending | \$113,861 |
|----------------------------------|-----------|

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2013:

| Type of Securities Lent | Fair Value | Value of Cash Collateral |
|-------------------------|------------|--------------------------|
| Non-U.S. Equity & Fixed | \$264,393  | \$276,602                |
| Total                   | \$264,393  | \$276,605                |

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, 2013 were \$13,972.

**NOTE 4. Receivables and Unearned Revenues**

Receivables at June 30, 2013 are summarized below:

|  | Governmental<br>Activities | Business-type<br>Activities |
|--|----------------------------|-----------------------------|
| Real estate taxes                          | \$336,550,709              | \$-                         |
| Personal property taxes                    | 4,928,813                  | -                           |
| Business license taxes                     | 3,469,567                  | -                           |
| Meal tax                                   | 1,110,061                  | -                           |
| Accounts receivable                        | 44,904,214                 | 16,185,200                  |
| Interest                                   | 1,007,071                  | -                           |
| Total                                      | 391,970,435                | 16,185,200                  |
| Less: Allowance for uncollectible accounts | (2,064,632)                | (419,636)                   |
| Net receivables                            | \$389,905,803              | \$15,765,564                |

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 \$332,376,575, 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

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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connection with resources that have been received, but not yet earned. At June 30, 2013, the revenues components of unearned revenues reported were as follows:

| <u>Governmental Funds</u>    | <u>Unearned</u>            |
|------------------------------|----------------------------|
| <u>General Fund</u>          |                            |
| Taxes                        | \$7,299,263                |
| Housing development loans    | 15,097,400                 |
| Grants                       | 1,994,176                  |
| Household Credits            | 198,608                    |
| Rental Income                | 70,954                     |
| <u>Special Revenue Funds</u> |                            |
| Taxes                        | 3,857,134                  |
| Grants                       | 2,135,540                  |
| Housing development loans    | 9,091,443                  |
| <u>Capital Project Fund</u>  |                            |
| Master lease                 | 2,824,010                  |
| Developer's contributions    | 4,575,791                  |
| Total Governmental Funds     | <u><u>\$47,144,319</u></u> |

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

Capital asset activity for the year ended June 30, 2013:

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**Primary Government**

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>     | <u>Ending<br/>Balance</u> |
|--|------------------------------|----------------------|----------------------|---------------------------|
| <b>Governmental and Internal Service activities :</b>            |                              |                      |                      |                           |
| Capital assets, not being depreciated:                           |                              |                      |                      |                           |
| Land   | \$156,298,877                | \$4,699,300          | \$-                  | \$160,998,177             |
| Construction in progress   | <u>209,512,708</u>           | <u>113,405,062</u>   | <u>90,849,890</u>    | <u>232,067,880</u>        |
| Total capital assets, not being depreciated                      | <u>365,811,585</u>           | <u>118,104,362</u>   | <u>90,849,890</u>    | <u>393,066,057</u>        |
| Capital assets, being depreciated:                               |                              |                      |                      |                           |
| Infrastructure   | 450,868,953                  | 44,634,225           | -                    | 495,503,178               |
| Buildings  | 260,768,955                  | 60,470,084           | -                    | 321,239,039               |
| Furniture, fixtures and equipment                                | 208,100,281                  | 19,353,514           | 5,928,708            | 221,525,087               |
| Intangible   | <u>2,200,881</u>             | <u>376,236</u>       | -                    | <u>2,577,117</u>          |
| Total capital assets being depreciated                           | <u>921,939,070</u>           | <u>124,834,059</u>   | <u>5,928,708</u>     | <u>1,040,844,421</u>      |
| Less accumulated depreciation for:                               |                              |                      |                      |                           |
| Infrastructure   | 281,754,371                  | 9,057,181            | -                    | 290,811,552               |
| Buildings  | 86,995,184                   | 9,098,710            | -                    | 96,093,894                |
| Furniture, fixtures and equipment                                | 82,554,104                   | 16,396,226           | 5,138,048            | 93,812,282                |
| Intangible   | <u>646,093</u>               | <u>531,938</u>       | -                    | <u>1,178,031</u>          |
| Total accumulated depreciation                                   | <u>451,949,752</u>           | <u>35,084,055</u>    | <u>5,138,048</u>     | <u>481,895,759</u>        |
| Total capital assets, being depreciated, net                     | <u>469,989,318</u>           | <u>89,750,004</u>    | <u>790,660</u>       | <u>558,948,662</u>        |
| Governmental and Internal Service activities capital assets, net | <u>\$835,800,903</u>         | <u>\$207,854,366</u> | <u>\$91,640,550</u>  | <u>952,014,719</u>        |
| <b>Business-type Activities</b>                                  |                              |                      |                      |                           |
|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>     | <u>Decreases</u>     | <u>Ending<br/>Balance</u> |
| Capital assets, not being depreciated                            |                              |                      |                      |                           |
| Land   | \$6,161,255                  | \$-                  | \$-                  | \$6,161,255               |
| Construction in progress   | <u>336,311,964</u>           | <u>44,243,389</u>    | <u>256,923,364</u>   | <u>123,631,989</u>        |
| Total capital assets, not being depreciated                      | <u>342,473,219</u>           | <u>44,243,389</u>    | <u>256,923,364</u>   | <u>129,793,244</u>        |
| Capital assets, being depreciated:                               |                              |                      |                      |                           |
| Sewer system   | 329,502,496                  | 17,733,866           | -                    | 347,236,362               |
| Water system   | 442,717,228                  | 240,676,976          | -                    | 683,394,204               |
| Building   | 22,315,887                   | -                    | -                    | 22,315,887                |
| Furniture, Equipments  | 4,838,262                    | 482,526              | -                    | 5,320,788                 |
| Intangible   | <u>820,809</u>               | <u>329,160</u>       | -                    | <u>1,149,969</u>          |
| Total capital assets being depreciated                           | <u>800,194,682</u>           | <u>259,222,528</u>   | <u>-</u>             | <u>1,059,417,210</u>      |
| Less accumulated depreciation for:                               |                              |                      |                      |                           |
| Sewer system   | 97,556,766                   | 1,787,584            | -                    | 99,344,350                |
| Water system   | 30,481,257                   | 18,580,623           | -                    | 49,061,880                |
| Building   | 12,136,302                   | 495,909              | -                    | 12,632,211                |
| Furniture, fixtures and equipment                                | 2,387,687                    | 392,186              | -                    | 2,779,873                 |
| Intangible   | <u>228,736</u>               | <u>302,523</u>       | -                    | <u>531,259</u>            |
| Total accumulated depreciation                                   | <u>142,790,748</u>           | <u>21,558,825</u>    | <u>-</u>             | <u>164,349,573</u>        |
| Total capital assets, being depreciated, net                     | <u>657,403,934</u>           | <u>237,663,703</u>   | <u>-</u>             | <u>895,067,637</u>        |
| Business-type activities capital assets, net                     | <u>\$999,877,153</u>         | <u>\$281,907,092</u> | <u>\$256,923,364</u> | <u>\$1,024,860,881</u>    |

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**Discretely presented component units**

**Schools:**

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Capital assets, not being depreciated        |                              |                     |                  |                           |
| Land   | \$4,697,946                  | \$-                 | \$-              | \$4,697,946               |
| Capital assets, being depreciated:           |                              |                     |                  |                           |
| Buildings                                    | 587,929,087                  | 67,048,280          | -                | 654,977,367               |
| Furniture, fixtures, and equipment           | 70,426,737                   | 6,818,500           | -                | 77,245,237                |
| Total capital assets being depreciated       | 658,355,824                  | 73,866,780          | -                | 732,222,604               |
| Less accumulated depreciation for:           |                              |                     |                  |                           |
| Buildings                                    | 146,044,625                  | 14,698,227          | -                | 160,742,852               |
| Furniture, Equipments                        | 47,442,525                   | 3,443,256           | -                | 50,885,781                |
| Total accumulated depreciation               | 193,487,150                  | 18,141,483          | -                | 211,628,633               |
| Total capital assets, being depreciated, net | 464,868,674                  | 55,725,297          | -                | 520,593,971               |
| Schools activities capital assets, net       | <u>\$469,566,620</u>         | <u>\$55,725,297</u> | <u>\$-</u>       | <u>\$525,291,917</u>      |

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

| FUNCTION AND ACTIVITY   | <u>Depreciation<br/>Expense</u> |
|---|---------------------------------|
| Primary government:   |                                 |
| Government activities:  |                                 |
| General Government  | \$13,501,088                    |
| Public Safety   | 2,216,377                       |
| Public works, including depreciation of infrastructure assets | 8,194,354                       |
| Health and welfare  | 448,556                         |
| Libraries   | 94,450                          |
| Parks, recreation and culture                                 | 3,409,036                       |
| Planning and community development                            | 1,518,284                       |
| Total Depreciation Expense- Government Activities             | <u>29,382,145</u>               |
| Internal Services   | <u>5,701,910</u>                |
| Total Depreciation Expense- Governmental & Internal Services  | <u>\$35,084,055</u>             |
| Business-type activities:                                     |                                 |
| Utilities   | \$20,450,034                    |
| Ballston Public Parking Garage                                | 514,233                         |
| CPHD Development Fund   | 594,558                         |
| Total Depreciation Expense- Business-type Activities          | <u>\$21,558,825</u>             |
| Component unit - Schools                                      | <u>\$18,141,483</u>             |
| Total Depreciation Expense Component units                    | <u>\$18,141,483</u>             |

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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**NOTE 6. Risk Management**

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the General Fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The amount of settlement did not exceed the insurance coverage for each of the last three years. At June 30, 2013 the current portion of these liabilities was \$6.59 million which represent an estimate of health insurance claims that have been incurred but not reported of \$6.21 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.37 million. The non-current portion was \$3.37 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, 2011 resulted from the following:

|             | Beginning of Fiscal<br>Year Liability | Current Year Claims<br>and Changes in<br>Estimates | Claim Payments | Balance at Fiscal<br>Year-End |
|-------------|---------------------------------------|--|----------------|-------------------------------|
| 2011 – 2012 |                                       |  |                |                               |
| Current     | \$5,635,314                           | \$48,780,209                                       | \$48,087,672   | \$6,327,851                   |
| Long Term   | \$3,189,781                           | \$3,438,547  | \$2,962,694    | \$3,665,634                   |
| 2012 – 2013 |                                       |  |                |                               |
| Current     | \$6,327,851                           | \$50,031,946                                       | \$49,772,216   | \$6,587,851                   |
| Long Term   | \$3,665,634                           | \$2,365,801  | \$2,658,377    | \$3,373,058                   |

In addition, the County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2013. The County maintains a General Fund operating reserve that totaled \$52,605,487 as of June 30, 2013. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, set at two percent of the General Fund budget for a number of years, is now at least five percent.

**NOTE 7. Operating Leases**

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

| <u>Fiscal Year</u> | <u>Amount</u>        |
|--------------------|----------------------|
| 2014               | \$16,576,882         |
| 2015               | 17,033,309           |
| 2016               | 17,478,315           |
| 2017               | 17,975,873           |
| 2018               | 18,389,572           |
| 2019-2024          | 41,753,478           |
|                    | <u>\$129,207,429</u> |



**ARLINGTON COUNTY, VIRGINIA**

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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, 2013, the County received \$3,182,108 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 2013 were \$212,260. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. As of June 30, 2013, the lease liability \$10,621,893 has been accrued in the Ballston Public Parking Garage Fund.

**NOTE 8. Capital Leases**

The County has financed the acquisitions of capital assets, including eight Arlington Transit (ART) buses, equipment for Fairlington Community Center, energy performance upgrade for the Arlington County Justice Center, breathing apparatus for the Fire Department, Voice over Internet Protocol (VoIP) voice communication system, a rock crusher, computers, and equipment. Arlington Public Schools has financed the acquisition of computers. Assets acquired and capital leases at June 30, 2013 are summarized below:

|                          | <u>Primary<br/>Government</u> | <u>Schools</u>     |
|--------------------------|-------------------------------|--------------------|
| Building                 | \$1,395,842                   | \$-                |
| Equipment                | 22,736,520                    | 10,197,243         |
| Equipment CIP            | 8,711,203                     | -                  |
| Auto                     | 2,802,688                     | -                  |
| Total Assets, at cost    | <u>35,646,253</u>             | <u>10,197,243</u>  |
| Accumulated depreciation | <u>(8,367,353)</u>            | <u>(2,837,516)</u> |
| Total Assets, net        | <u>\$27,278,900</u>           | <u>\$7,359,727</u> |

**ARLINGTON COUNTY, VIRGINIA**

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The annual future minimum lease payments as of June 30, 2013 are as follows:

**General Government:**

| Year Ending<br>June 30,              | Technology<br>Services    | Environmental<br>Services | Fire                      | Libraries              | Sheriff                   | Total General<br>Government |
|--------------------------------------|---------------------------|---------------------------|---------------------------|------------------------|---------------------------|-----------------------------|
| 2014                                 | \$2,284,245               | \$952,992                 | \$447,915                 | \$35,282               | \$1,008,405               | \$4,728,839                 |
| 2015                                 | 1,502,917                 | 952,992                   | 447,915                   | -                      | 1,008,405                 | 3,912,229                   |
| 2016                                 | 637,615                   | 952,992                   | 447,914                   | -                      | 384,350                   | 2,422,871                   |
| 2017                                 | 414,634                   | 952,992                   | 447,914                   | -                      | 143,904                   | 1,959,444                   |
| 2018                                 | 414,634                   | 727,122                   | 337,353                   | -                      | 143,904                   | 1,623,013                   |
| 2019                                 | -                         | 484,045                   | 113,396                   | -                      | -                         | 597,441                     |
| 2020                                 | -                         | 466,840                   | -                         | -                      | -                         | 466,840                     |
| 2021                                 | -                         | 466,840                   | -                         | -                      | -                         | 466,840                     |
| 2022                                 | -                         | 466,840                   | -                         | -                      | -                         | 466,840                     |
| 2023                                 | -                         | 466,840                   | -                         | -                      | -                         | 466,840                     |
| 2024                                 | -                         | 466,839                   | -                         | -                      | -                         | 466,839                     |
| Total Minimum<br>Lease payments      | <u>\$5,254,045</u>        | <u>\$7,357,334</u>        | <u>\$2,242,407</u>        | <u>\$35,282</u>        | <u>\$2,688,968</u>        | <u>\$17,578,036</u>         |
| Less Imputed<br>Interest             | (163,930)                 | (1,159,520)               | (177,297)                 | (410)                  | (77,859)                  | (1,579,016)                 |
| Amount deferred                      | <u>(2,131,014)</u>        | <u>-</u>                  | <u>-</u>                  | <u>-</u>               | <u>(692,996)</u>          | <u>(2,824,010)</u>          |
| Present Value of<br>Minimum Payments | <u><u>\$2,959,101</u></u> | <u><u>\$6,197,814</u></u> | <u><u>\$2,065,110</u></u> | <u><u>\$34,872</u></u> | <u><u>\$1,918,113</u></u> | <u><u>\$13,175,010</u></u>  |

**Internal Service Fund:**

| <u>Year Ending June 30,</u>                | <u>Auto<br/>Equipment</u> |
|--|---------------------------|
| 2014                                       | \$1,047,970               |
| 2015                                       | 906,746                   |
| 2016                                       | 906,741                   |
| 2017                                       | 683,557                   |
| 2018                                       | 460,369                   |
| 2019                                       | 460,368                   |
| Total Minimum Lease Payments               | <u>4,465,751</u>          |
| Less Imputed Interest                      | <u>(378,491)</u>          |
| Present Value of Minimum<br>Lease Payments | <u><u>\$4,087,260</u></u> |

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**Enterprise Fund:**

| <u>Year Ending June 30,</u>             | <u>Utilities</u>  |
|---|-------------------|
| 2014                                    | \$34,411          |
| 2015                                    | 34,411            |
| 2016                                    | 34,411            |
| 2017                                    | 34,412            |
| 2018                                    | 34,412            |
| 2019                                    | 17,206            |
| Total Minimum Lease Payments            | <u>189,263</u>    |
| Less Imputed Interest                   | <u>(15,331)</u>   |
| Present Value of Minimum Lease Payments | <u>\$ 173,932</u> |

**Component Unit – Schools:**

| <u>Year Ending June 30,</u>             | <u>Schools</u>      |
|---|---------------------|
| 2014                                    | \$1,767,062         |
| 2015                                    | 1,767,062           |
| 2016                                    | 1,290,530           |
| 2017                                    | 377,473             |
| 2018                                    | 57,090              |
| Total Minimum Lease Payments            | <u>5,259,217</u>    |
| Less Imputed Interest                   | <u>(250,379)</u>    |
| Present Value of Minimum Lease Payments | <u>\$ 5,008,838</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, 2013**

| Fiscal Year | General Obligation (GO) Bonds |                      |                      |                      |                      |                     |                      |                      | IDA Bonds            |                     |                      |
|-------------|-------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|---------------------|----------------------|
|             | GENERAL FUND                  |                      | SCHOOL FUND          |                      | UTILITY FUND         |                     | TOTAL GO BOND        |                      | P                    | I                   | Total                |
|             | P                             | I                    | P                    | I                    | P                    | I                   | Principal            | Interest             |                      |                     |                      |
| 2014        | 30,540,629                    | 14,896,746           | 28,977,395           | 13,972,787           | 8,741,976            | 5,269,063           | 68,260,000           | 34,138,596           | 8,785,000            | 4,447,679           | 13,232,679           |
| 2015        | 31,708,105                    | 14,951,541           | 28,188,443           | 13,422,470           | 8,078,452            | 4,710,223           | 67,975,000           | 33,084,234           | 9,645,000            | 4,037,726           | 13,682,726           |
| 2016        | 33,943,151                    | 13,526,344           | 26,853,592           | 12,386,333           | 8,188,257            | 4,295,158           | 68,985,000           | 30,207,835           | 4,930,000            | 3,808,045           | 8,738,045            |
| 2017        | 32,872,575                    | 12,164,090           | 26,558,637           | 11,371,835           | 8,103,789            | 3,855,401           | 67,535,001           | 27,391,326           | 4,945,000            | 3,707,717           | 8,652,717            |
| 2018        | 29,306,928                    | 10,686,209           | 25,839,907           | 10,022,346           | 7,793,165            | 3,834,535           | 62,940,000           | 24,543,090           | 4,960,000            | 3,589,514           | 8,549,514            |
| 2019        | 27,649,590                    | 9,603,620            | 25,112,632           | 9,186,423            | 7,757,778            | 3,248,173           | 60,520,000           | 22,038,216           | 5,005,000            | 3,448,896           | 8,453,896            |
| 2020        | 25,593,185                    | 8,595,610            | 22,361,714           | 8,376,118            | 7,255,101            | 2,915,607           | 55,210,000           | 19,887,335           | 5,055,000            | 3,290,242           | 8,345,242            |
| 2021        | 25,231,034                    | 7,626,151            | 21,938,751           | 7,510,697            | 7,530,215            | 2,636,613           | 54,700,000           | 17,773,461           | 5,110,000            | 3,123,399           | 8,233,399            |
| 2022        | 22,868,077                    | 6,680,836            | 19,978,768           | 6,711,273            | 7,143,155            | 2,252,752           | 49,990,000           | 15,644,861           | 5,170,000            | 2,947,536           | 8,117,536            |
| 2023        | 21,552,227                    | 5,711,002            | 18,802,774           | 5,893,908            | 7,430,000            | 1,940,854           | 47,785,001           | 13,545,764           | 5,235,000            | 2,763,285           | 7,998,285            |
| 2024        | 19,912,077                    | 4,772,248            | 18,619,714           | 5,080,523            | 7,528,208            | 1,589,976           | 46,059,999           | 11,442,747           | 5,295,000            | 2,573,278           | 7,868,278            |
| 2025        | 18,152,725                    | 3,931,839            | 18,567,275           | 4,260,501            | 7,885,000            | 1,241,071           | 44,605,000           | 9,433,411            | 5,370,000            | 2,375,965           | 7,745,965            |
| 2026        | 15,362,725                    | 3,221,642            | 16,372,275           | 3,508,243            | 7,910,000            | 900,808             | 39,645,000           | 7,630,693            | 4,310,000            | 2,195,635           | 6,505,635            |
| 2027        | 15,002,725                    | 2,596,470            | 18,797,275           | 2,757,774            | 6,050,000            | 616,609             | 39,850,000           | 5,970,853            | 4,410,000            | 2,030,904           | 6,440,904            |
| 2028        | 12,387,725                    | 2,013,291            | 13,822,275           | 2,035,236            | 4,225,000            | 412,551             | 30,435,000           | 4,461,078            | 4,510,000            | 1,857,588           | 6,367,588            |
| 2029        | 10,157,725                    | 1,536,528            | 10,147,275           | 1,532,476            | 2,135,000            | 285,128             | 22,440,000           | 3,354,132            | 4,620,000            | 1,679,406           | 6,299,406            |
| 2030        | 10,157,725                    | 1,135,189            | 10,147,275           | 1,132,617            | 2,135,000            | 203,481             | 22,440,000           | 2,471,287            | 4,730,000            | 1,489,788           | 6,219,788            |
| 2031        | 9,387,725                     | 749,251              | 8,932,275            | 757,057              | 2,135,000            | 121,833             | 20,455,000           | 1,628,141            | 4,860,000            | 1,288,347           | 6,148,347            |
| 2032        | 8,122,725                     | 380,534              | 7,397,275            | 410,446              | 1,175,000            | 53,730              | 16,695,000           | 844,710              | 4,370,000            | 1,080,136           | 5,450,136            |
| 2033        | 4,437,725                     | 98,543               | 5,172,275            | 119,732              | 565,000              | 13,225              | 10,175,000           | 231,500              | 4,505,000            | 897,428             | 5,402,428            |
| 2034        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 3,585,000            | 730,285             | 4,315,285            |
| 2035        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 3,730,000            | 577,874             | 4,307,874            |
| 2036        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,310,000            | 472,904             | 1,782,904            |
| 2037        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,365,000            | 417,880             | 1,782,880            |
| 2038        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,420,000            | 360,592             | 1,780,592            |
| 2039        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,480,000            | 300,939             | 1,780,939            |
| 2040        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,545,000            | 238,715             | 1,783,715            |
| 2041        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,610,000            | 173,817             | 1,783,817            |
| 2042        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,675,000            | 106,244             | 1,781,244            |
| 2043        | -                             | -                    | -                    | -                    | -                    | -                   | -                    | -                    | 1,745,000            | 35,895              | 1,780,895            |
|             | <b>\$404,347,103</b>          | <b>\$124,877,684</b> | <b>\$372,587,802</b> | <b>\$120,448,795</b> | <b>\$119,765,096</b> | <b>\$40,396,791</b> | <b>\$896,700,001</b> | <b>\$285,723,270</b> | <b>\$125,285,000</b> | <b>\$56,047,659</b> | <b>\$181,332,659</b> |

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**B. Advance Refunding**

On May 9, 2013 the County issued \$30,320,000 in Refunding Bonds (2013B) with an average interest rate of 4.00 percent. The bonds were issued to advance refund \$30,580,000 of outstanding 2006 Series, 2007 Series, 2008 Series, 2009 Series and 2011 Series ("Old Bonds") with an average rate of 4.27 percent. The net proceeds, of \$35,095,357, including the premium of \$4,885,915, were used to purchase U.S Government securities which were deposited with an agent in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$260,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2033 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$2,365,826 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$1,862,899.

On May 9, 2013 the County issued \$81,255,000 in Refunding Bonds (2013C) with an average interest rate of 1.54 percent. The bonds were issued to advance refund \$72,645,000 of outstanding 2004 Series and 2006 Series ("Old Bonds") with an average rate of 4.39 percent. The net proceeds of \$80,871,505 were used to purchase U.S Government securities which were deposited with an agent in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$8,610,000. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2033 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$4,494,226 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$4,116,694.

On May 9, 2013 the County issued \$23,930,000 in IDA Bonds (2013IDA) with an average interest rate of 4.81 percent. The bonds were issued to advance refund \$25,185,000 of outstanding 2004 Series IDA ("Old Bonds") with an average rate of 4.91 percent. The net proceeds, including the premium, of \$26,717,233 were used to purchase U.S Government securities which were deposited with an agent in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$237,173. The difference reported in the accompanying financial statements as a deduction from bonds payable is being charged to operations through year 2033 using the straight line method. The County completed the advance refunding to reduce its total debt service payments over the next 20 years by \$1,743,187 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$1,753,299.

**ARLINGTON COUNTY, VIRGINIA**

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**Refunding Bonds**

|                             | <b>Total Refunding<br/>Bonds</b> | <b>Percent of<br/>Allocations</b> | <b>Savings from<br/>Refunding</b> | <b>PV of Savings<br/>from Refunding</b> |
|-----------------------------|----------------------------------|-----------------------------------|-----------------------------------|---|
| <b>2013B Refunding</b>      |                                  |                                   |                                   |   |
| General Government          | \$11,040,000                     | 36.41%                            | \$861,435                         | \$678,312                               |
| Schools                     | <u>11,590,000</u>                | <u>38.23%</u>                     | <u>904,351</u>                    | <u>712,104</u>                          |
| Total                       | 22,630,000                       | 74.64%                            | 1,765,786                         | 1,390,416                               |
| Utilities                   | 7,690,000                        | 25.36%                            | 600,040                           | 472,483                                 |
| Grand total                 | <u><u>\$30,320,000</u></u>       | <u><u>100.00%</u></u>             | <u><u>\$2,365,826</u></u>         | <u><u>\$1,862,899</u></u>               |
| <b>2013C Refunding</b>      |                                  |                                   |                                   |   |
| General Government          | \$44,245,000                     | 54.45%                            | \$2,447,197                       | \$2,241,624                             |
| Schools                     | <u>33,505,000</u>                | <u>41.23%</u>                     | <u>1,853,166</u>                  | <u>1,697,493</u>                        |
| Total                       | 77,750,000                       | 95.69%                            | 4,300,363                         | 3,939,117                               |
| Utilities                   | 3,505,000                        | 4.31%                             | 193,862                           | 177,577                                 |
| Grand total                 | <u><u>\$81,255,000</u></u>       | <u><u>100.00%</u></u>             | <u><u>\$4,494,225</u></u>         | <u><u>\$4,116,694</u></u>               |
| <b>2013 - IDA Refunding</b> |                                  |                                   |                                   |   |
| General Government          | <u>\$23,930,000</u>              | <u>100.00%</u>                    | <u>\$1,743,188</u>                | <u>\$1,753,299</u>                      |
| Total                       | <u><u>\$23,930,000</u></u>       | <u><u>100.00%</u></u>             | <u><u>\$1,743,188</u></u>         | <u><u>\$1,753,299</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, 2013, \$9,400,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, at no time can exceed 15%, and averaged approximately 1.31% in FY 2013. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. On September 26, 2004, a Letter of Credit (LOC) was issued by Bank of America to support the garage activities. The LOC was valid for a term of five years, expiring in September 2009. On August 21, 2009, an Amended and Restated Letter of Credit and Reimbursement Agreement was signed, and the extended expiration date is September 22, 2011. In September 2011, The Bank of America letter of credit was replaced by a three-year letter of credit issued by PNC Bank, N.A. This letter of credit will expire on September 6, 2014. Interest on drawings is payable at an interest rate publicly announced by the bank. When interest is due to the bondholders, the direct pay letter of credit pays the bondholders by drawing down on the letter of credit and then immediately seeking reimbursement from garage revenues.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2013, the County drew from the letter of credit \$14,979 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**

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credit were \$105,330 in FY 2013. Also in FY 2013, \$1,200,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

**D. Mortgage and Ground Lease Debt**

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. The short-term and long-term portion of this mortgage payable at June 30, 2013 was \$3,429,679 and \$0, respectively. The short-term portion of mortgage and ground lease interest payable was \$22,844,807. As of June 30, 2013, all payments have been deferred.

**E. Virginia Resources Authority Note Payable**

VRA Bonds were issued in June 2004 in the amount of \$100,000,000. The proceeds from those bonds were received by the County prior to fiscal year 2012. The interest rate on these bonds is 3.10 percent. The principal outstanding on these bonds at June 30, 2013 was \$71,735,613.

In June 2007, the County entered into a Financing Agreement with the Virginia Resources Authority (VRA). VRA agreed to issue \$4,000,000 (Series 2007 A) and \$76,000,000 (2007 Series B) in Wastewater System Revenue Bonds (VRA Bonds) and lend the proceeds to the County for improvements to the County's water pollution control plant and wastewater system. Interest was charged at a rate of 3.00 percent. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2013 was \$3,271,402 on Series A bonds and \$62,156,636 on Series B bonds.

In October 2008, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$50,000,000 in Wastewater System Revenue Bonds, Series 2008 and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds is 3.55 percent. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2013 was \$44,354,622.

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, 2013, principal outstanding on these bonds was \$32,361,684.

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 2013, VRA had provided a loan of VRA bond proceeds in the amounts of \$1,856,428, \$16,795,849, and \$16,347,723 respectively, including FY2013 bond proceeds of \$5,471,152. The principal outstanding on these bonds at June 30 2013 was \$1,719,164 on Series 2008 bonds, \$15,529,770 on Series 2009 bonds and \$15,064,881 on Series 2010 bonds.

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

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

On August 1, 2004, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and U.S. Bank Trust National Association, (the "Trustee"), made an agreement to finance the acquisition, construction, improvement, furnishing and equipping of various capital projects, including the Emergency Communication Center, the Trade Center Project, the George Mason Center Project, and the Enterprise Resource Planning Project. The Authority issued 20 year Lease Revenue Bonds in the

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

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

On March 23, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") and Sun Trust Bank made an agreement to finance the acquisition of Buckingham Village 3. The County leased the property to a developer, a partnership of Telesis and National Housing Trust (NHT), which immediately began to manage the property and will undertake renovations of the property within 12-24 months. The Authority refinanced its note on May 27, 2010 with the issuance of its \$9,666,099 Taxable Variable Rate Note, Series 2010A and \$26,000,000 Taxable Fixed Rate Note, Series 2010B (the "Buckingham Village 3 Notes"). The County and the Authority entered into a Support Agreement under which the County, subject to annual appropriation, will make debt service payments on the Buckingham Village 3 Notes. Debt service payments have been budgeted in the County's affordable housing investment fund (AHIF). These notes were refunded by the Lease Revenue Bonds issued on May 9, 2013.

**H. IDA Revenue Bonds (Various County Projects)**

On August 13, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$41,280,000 in Revenue Bonds for the benefit of Arlington County (the "2009 IDA Bonds"). The 2009 IDA Bonds were for the funding of the County's Metro Matters obligation and for the acquisition of property for a park and streets in Buckingham Village 1. \$31,435,000 of the issuance was in the form of taxable Build America Bonds (BABs). Interest on these bonds is subject to a 35% rebate from the IRS. The County has agreed under a Cooperation Agreement between the County and the Authority that subject to appropriation by the County Board, the County will deliver to the Authority sufficient funds to make payments with respect to the 2009 IDA Bonds. Debt service on \$10,800,000 is expected to come from the Transportation Investment Fund revenues which come from a 12.5 cent tax per \$100 of assessed value on commercial real estate. The principal outstanding on these notes at June 30, 2013 was \$37,780,000.

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, 2013, \$11,190,000 remains outstanding.

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

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

During the year ended June 30, 2013, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:



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|  | Balance<br>July 1    | Additions           | Reductions            | Balance<br>June 30   | Due in one<br>Year  |
|--|----------------------|---------------------|-----------------------|----------------------|---------------------|
| <b>General Government:</b>                     |                      |                     |                       |                      |                     |
| Compensated absences*                          | \$31,325,679         | \$28,897,308        | (\$27,787,025)        | \$32,435,962         | \$3,243,596         |
| Workers compensation                           | 4,072,927            | 2,628,667           | (2,953,752)           | 3,747,842            | 374,784             |
| GO Bonds - County                              | 376,225,441          | 107,280,000         | (79,158,338)          | 404,347,103          | 30,540,629          |
| GO Bonds - Schools                             | 354,306,970          | 83,475,000          | (65,194,168)          | 372,587,802          | 28,977,395          |
| IDA - Metro and Buckingham Village 1           | 38,970,000           | -                   | (1,190,000)           | 37,780,000           | 1,215,000           |
| IDA - Buckingham Village 3 Note                | 35,016,099           | -                   | (35,016,099)          | -                    | -                   |
| IDA Revenue Bonds - 2004                       | 30,945,000           | -                   | (30,945,000)          | -                    | -                   |
| IDA Revenue Bonds - 2011                       | 11,690,000           | -                   | (500,000)             | 11,190,000           | 625,000             |
| IDA Revenue Bonds - 2013                       | -                    | 76,315,000          | -                     | 76,315,000           | 6,945,000           |
| Capital leases                                 | 14,368,663           | 4,473,804           | (5,667,457)           | 13,175,010           | 4,318,449           |
| Bond premiums - County                         | 20,190,961           | 11,594,033          | (1,193,649)           | 30,591,345           | 1,866,271           |
| Bond premiums - Schools                        | 21,691,428           | 6,324,258           | (1,219,136)           | 26,796,550           | 1,535,349           |
| Bond premium - IDA Revenue Bonds               | 1,609,233            | -                   | (1,609,233)           | -                    | -                   |
| Deferred cost on refunding bonds - County**    | 3,753,507            | (4,755,367)         | (231,287)             | (1,233,147)          | (63,520)            |
| Deferred cost on refunding bonds - Schools**   | 2,689,615            | (3,660,456)         | (9,583)               | (980,424)            | (113,665)           |
| <b>Totals General Government</b>               | <b>946,855,523</b>   | <b>312,572,247</b>  | <b>(252,674,727)</b>  | <b>1,006,753,043</b> | <b>\$79,464,288</b> |
| <b>Internal service:</b>                       |                      |                     |                       |                      |                     |
| Compensated Absence                            | 529,937              | 538,471             | (509,579)             | 558,829              | 55,883              |
| Capital lease                                  | 2,249,526            | 2,861,645           | (1,023,911)           | 4,087,260            | 919,315             |
| <b>Total Governmental Activities</b>           | <b>949,634,986</b>   | <b>315,972,363</b>  | <b>(254,208,217)</b>  | <b>1,011,399,132</b> | <b>80,439,486</b>   |
| <b>Component Unit-Schools:</b>                 |                      |                     |                       |                      |                     |
| Compensated absences                           | 32,382,905           | 2,591,964           | -                     | 34,974,869           | 3,497,487           |
| Capital lease                                  | 4,814,718            | 2,106,706           | (1,912,585)           | 5,008,839            | 1,645,256           |
|  | <b>37,197,623</b>    | <b>4,698,670</b>    | <b>(1,912,585)</b>    | <b>39,983,708</b>    | <b>5,142,743</b>    |
| <b>Business-Type Activities</b>                |                      |                     |                       |                      |                     |
| Compensated absences-Utilities                 | 1,340,894            | 1,533,970           | (1,438,524)           | 1,436,340            | 143,634             |
| Compensated absences-CPHD                      | 547,755              | 633,468             | (583,768)             | 597,455              | 59,746              |
| GO Bonds - Utilities                           | 124,517,591          | 14,795,000          | (19,547,495)          | 119,765,096          | 8,741,976           |
| Revenue Bonds - Ballston                       | 10,600,000           | -                   | (1,200,000)           | 9,400,000            | 500,000             |
| Mortgage Payable - Ballston                    | 3,429,679            | -                   | -                     | 3,429,679            | 3,429,679           |
| Mortgage and Interest Payable - Ballston       | 21,259,278           | 1,585,529           | -                     | 22,844,807           | 22,844,807          |
| VRA Loan Payable                               | 253,204,991          | 5,471,152           | (12,482,371)          | 246,193,772          | 12,882,014          |
| Bond and mortgage interest payable - Utilities | 3,999,767            | 4,036,465           | (3,999,767)           | 4,036,465            | 4,036,465           |
| Capital Leases                                 | 218,393              | -                   | (44,461)              | 173,932              | 29,631              |
| Bond Premium - Utilities                       | 4,654,462            | 593,031             | (269,509)             | 4,977,984            | 299,163             |
| Deferred Cost of Refunding                     | 2,103,333            | (171,350)           | (195,519)             | 1,736,464            | 95,717              |
| <b>Total business-type activities</b>          | <b>\$425,876,143</b> | <b>\$28,477,265</b> | <b>(\$39,761,414)</b> | <b>\$414,591,994</b> | <b>\$53,062,832</b> |

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

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

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

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and

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collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the "school debt" is reflected in Exhibit 1 "Statement of Net Position" in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for "Non-current liabilities" and "Net investment in capital assets" is \$98,403,928 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$19,715,915 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, 2013 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                   | \$33,616           | \$-             |
| Urban Area Security Initiative | -                  | 33,616          |
|                                | <u>\$33,616</u>    | <u>\$33,616</u> |

Due to/from primary government and component unit

|                      | <u>Primary<br/>Government</u> | <u>Component<br/>Unit</u> |
|----------------------|-------------------------------|---------------------------|
| General Fund         | (\$422,225)                   | \$75,969,684              |
| School Funds:        |                               |                           |
| Operating            |                               |                           |
| Primary Government   | 66,414,075                    | -                         |
| Community Activities |                               |                           |
| Primary Government   | 916,848                       | -                         |
| Pay-As-You-Go        |                               |                           |
| Primary Government   | 8,638,761                     | -                         |
| CSA                  |                               |                           |
| Other School Funds   | -                             | (422,225)                 |
|                      | <u>\$75,547,459</u>           | <u>\$75,547,459</u>       |

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2013 are as follows:

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| Transfer                        | General Fund     | Non-Major<br>Capital Proj Fund | Capital<br>Projects Fund | Internal Service<br>Fund | Total<br>Transfers Out |
|---------------------------------|------------------|--------------------------------|--------------------------|--------------------------|------------------------|
| General Fund                    | \$-              | \$-                            | \$31,166,645             | \$274,723                | \$31,441,368           |
| Capital Projects Fund           | -                | 1,227,686                      | -                        | -                        | 1,227,686              |
| Special Revenue Fund            | 574,958          | -                              | -                        | -                        | 574,958                |
| Non-major Capital Projects Fund | 283,171          | -                              | -                        | -                        | 283,171                |
| Internal Service Fund           | 130,000          | -                              | -                        | -                        | 130,000                |
| Total Transfers In              | <u>\$988,129</u> | <u>\$1,227,686</u>             | <u>\$31,166,645</u>      | <u>\$274,723</u>         | <u>\$33,657,183</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:

\$1,299,658      Section 8 Housing (Amount reported in non-spendable form such as prepaid)

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

|             |                                    |
|-------------|------------------------------------|
| \$5,000,000 | Self-insurance reserve             |
| 5,208,794   | Subsequent year's budget – County  |
| 8,403,862   | Capital projects                   |
| 52,605,487  | Operating reserve                  |
| 3,000,000   | Economic Stabilization Reserve     |
| 130,223     | Incomplete Projects                |
| 21,838,549  | Affordable Housing Investment Fund |
| 26,269,900  | Subsequent year's budget – Schools |

The County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2013. The County maintains a General Fund operating reserve that totaled \$52,605,487 as of June 30, 2013. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, set at two percent of the General Fund budget for a number of years, is now at least five percent.

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

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

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

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**NOTE 13. Commitments and Contingencies**

**A. Washington Metropolitan Area Transit Authority**

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

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

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

In addition, the County shares the operating costs for WMATA's combined bus and rail system. State aid and Northern Virginia Transportation Commission funds have been utilized to help finance these costs. During FY 2013, the County paid \$25,475,000 from its General Fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

**B. Construction Commitments**

As of June 30, 2013 contractual commitments were outstanding in the following funds for the amounts indicated:

|                        |                     |
|------------------------|---------------------|
| Capital Projects Funds | \$42,650,111        |
| Utilities Fund         | <u>16,375,598</u>   |
|                        | <u>\$59,025,709</u> |

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

**C. Waste-to-Energy Facility**

**Arlington Solid Waste Authority**

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

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

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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 2013 they have been recorded in the same manner, as is the rest of the plant.

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

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

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste. Revenues of \$1,603,277 were collected and project-related expenditures of \$1,593,650 were incurred in FY 2013.

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 2013, 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

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mandated by the Facility Agreement between the Corporation, the jurisdictions, and the Authorities. In June 2001, the City of Alexandria, with the concurrence of Arlington County took responsibility for the investment of Trust fund monies.

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

The Trust fund terminated on December 31, 2012 and the jurisdictions entered into a new Inter-local agreement to oversee the operation of the facility and established the Waste To Energy Facility Monitoring Group Trust "WTE-FMG". The Trust ended with a net position of \$180,965, which was transferred to WTE-FMG. The WTE-FMG will pay for all these services except subsidize for the difference between the tipping fees.

**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 2012. The County received the final reimbursement in FY12.

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

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

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

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

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

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

On April 22, 2010 the IDA issued \$30,120,000 Series 2010 IDA Taxable Revenue Refunding Bonds ("Refunding Bonds") with an average interest rate of 5.37% to refund \$35,200,000 of outstanding Bonds. The net proceeds of \$29,781,467 (after payment of \$338,533 in underwriting fees, insurance, and other issuance costs) plus an additional \$5,418,533 debt service reserve fund

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and debt service fund monies were used as payment on the Bonds. The 2005 Bonds were issued as a floating rate obligation, with interest payable monthly based off of a spread to the London Interbank Offered Rate (LIBOR). The Bonds were redeemed in full at par on May 3, 2010 without penalty and there would not be any Net Present Value (NPV) savings given that the Bonds were floating rate obligation callable at any time.

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

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make payments of rent that are equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2013, 2.4 million was received from the Capitals.

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

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

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

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

State and federal laws and regulations require the County to pay for the closure and processing/removal of any medical waste on site at the DHS laboratory when it stops accepting waste to be processed by the steam sterilizer at the laboratory. Although closure costs will be paid only near or after the date that the laboratory is closed, the County reports a portion of the closure costs as an operating expense in each period based on a formula provided by the Virginia Department of Environmental Quality. The County has chosen the use of the annual operating budget as the method for funding the closure cost. Because the County satisfies the requirements of section 9VAC20-70-210 of the Virginia General Assembly legislative Information System administrative code, the reported liability for the closure at June 30, 2013 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

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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 2013, the County paid \$690,622 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 2013, the County paid \$746,410 for capital and operating costs. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

**NOTE 15. Deferred Compensation Plan**

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

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

**NOTE 16. Employee Retirement Systems**

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

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

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



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**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, 2012, 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                     | 1,739          | 638              | 56            | 2,433        |
| Non-Vested                 | 956            | 220              | -             | 1,176        |
| Total                      | 2,695          | 858              | 56            | 3,609        |
| <br>                       |                |                  |               |              |
| Vested Deferred            | 209            | 30               | 86            | 325          |
| <br>                       |                |                  |               |              |
| Retirees and Beneficiaries | 1,883          | 720              | 1,076         | 3,679        |

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 \$59,431,666 (\$48,002,951 of Employer contributions, \$11,408,300 of Employee contributions and \$20,415 other contributions) were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2012. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2012, 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, 2013. Three-year trend information is presented below.

Schedule of Employer Contributions

| <u>Year Ended</u><br><u>June 30</u> | <u>Annual Pension Cost</u><br><u>(ARC) (in millions)</u> | <u>Percentage</u><br><u>Contributed</u> |
|-------------------------------------|--|---|
| 2011                                | 43.2   | 100.0%                                  |
| 2012                                | 46.3   | 100.0%                                  |
| 2013                                | 48.0   | 100.0%                                  |

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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, 2012 actuarial valuation.

**Actuarial Assumptions**

The following is information as of the most recent actuarial valuation:

|                               |                  |
|-------------------------------|------------------|
| Valuation date                | 07/01/12         |
| Actuarial cost method         | Entry Age Normal |
| Remaining amortization period | 16.75 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<br>to a maximum of 3%<br>plus ½ CPI-U increase<br>for next 9%<br>(max 7 ½% increase for<br>12% increase in CPI-U) |

**Three-Year Trend Information**

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

Schedule of Funding Progress (\$ in millions)

| <u>Actuarial<br/>Valuation Date</u> | <u>Actuarial Value<br/>of Assets (a)</u> | <u>Actuarial<br/>Accrued<br/>Liability (b)</u> | <u>Unfunded<br/>Accrued Liability<br/>(UAAL) (b-a)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a % of<br/>Covered Payroll</u> |
|-------------------------------------|--|--|--|-------------------------|----------------------------|---|
| 07/01/2010                          | \$1,503.70                               | \$1,580.10                                     | \$76.40  | 95.20%                  | \$224.50                   | 34.00%                                    |
| 07/01/2011                          | \$1,548.10                               | \$1,623.40                                     | \$75.30  | 95.40%                  | \$225.90                   | 33.30%                                    |
| 07/01/2012                          | \$1,538.70                               | \$1,689.90                                     | \$151.20   | 91.10%                  | \$234.90                   | 64.40%                                    |

Analysis of the dollar amounts of plan net position, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net position 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.

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

**Plan Description**

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

**Funding Policy**

Retirement benefits are funded by employer contributions and by investment earnings. In accordance with State statute, the County is required to contribute at an actuarially determined rate. State statute may be amended only by the Commonwealth of Virginia General Assembly. In FY 2013, the contribution rate was 17.76%. The County's contributions to the VRS for the years ended June 30, 2013, 2012 and 2011 were \$36.4 million, \$28.9 million, and \$22.1 million respectively, which were equal to the required contributions for each year.

Schedule of Funding Progress (\$ in millions)

| <u>Actuarial<br/>Valuation Date</u>     | <u>Actuarial<br/>Value of<br/>Assets (a)</u> | <u>Actuarial<br/>Accrued<br/>Liability (b)</u> | <u>Unfunded<br/>Accrued Liability<br/>(UAAL) (b-a)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a %<br/>of Covered<br/>Payroll</u> |
|---|--|--|--|-------------------------|----------------------------|---|
| <u>Virginia Retirement System (VRS)</u> |  |  |  |                         |                            |   |
| 2011                                    | \$52,559                                     | \$75,185                                       | \$22,626   | 69.9%                   | \$14,709                   | 153.8%  |
| 2010                                    | \$52,729                                     | \$72,801                                       | \$20,072   | 72.4%                   | \$14,758                   | 136.0%  |
| 2009                                    | 53,185                                       | 66,323   | 13,138   | 80.2%                   | 14,948                     | 87.9%   |

**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 2013 the County contributed \$11,156,497 and \$522,572 towards health and life plans respectively. Plan members receiving benefits contributed \$3,231,241 and \$350,473 towards health and life plans respectively. The County contributed an additional \$8,200,134 in pre-funding contributions towards health and life plans for retirees.

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**Annual OPEB Cost and Net OPEB Obligation**

The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, 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               | \$20,013,479            |
| Interest on net OPEB obligation            | 41,936                  |
| Adjustment to annual required contribution | <u>(31,087)</u>         |
| Annual OPEB cost (expense)                 | 20,024,328              |
| Contributions made                         | <u>19,879,203</u>       |
| Increase in net OPEB obligation            | 145,125                 |
| Net OPEB obligation-beginning of year      | <u>559,151</u>          |
| Net OPEB obligation- end of year           | <u><u>\$704,276</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, 2013, 2012 and 2011 were as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------|------------------|--|---------------------|
| 06/30/2011 | \$17,317,454     | 94.3%                                      | \$1,223,733         |
| 06/30/2012 | \$18,344,193     | 103.7%                                     | \$559,151           |
| 06/30/2013 | \$20,024,328     | 99.3%                                      | \$704,276           |

**Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$268.2 million and the actuarial value of assets was \$43.4 million, resulting in an unfunded actuarial accrued liability of \$224.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$257.5 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.

The County has elected to lock-in the Annual Required Contribution (ARC) one year in advance. The FY2012/13 ARC is based on GASB valuation results for FY ending June 30, 2012 projected to FY2012/13, adjusted for the following assumption changes:

- (1) Lower discount rate of 7.5% (originally 8.0%)

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(2) Total payroll growth of 4.0% (originally 4.5%) used for amortization purposes.

In the June 30, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included salary increases of 4.5 percent for general salary inflation as well as additional increases for merit and seniority:

| <b><u>Service</u></b> | <b><u>General</u></b> | <b><u>Uniform</u></b> |
|-----------------------|-----------------------|-----------------------|
| 0                     | 4.99%                 | 6.50%                 |
| 5                     | 4.17%                 | 5.12%                 |
| 10                    | 2.98%                 | 4.07%                 |
| 15                    | 2.42%                 | 3.18%                 |
| 20+                   | 2.42%                 | 2.80%                 |

The annual healthcare cost trend rate began at 8.5 percent initially, grading to 5.0 percent by 2025. The annual dental trend rates start at 6.87% for the fiscal year ending June 30, 2011 grading down to 5.5% over 12 years. Retiree contributions are assumed to increase with health care trend rates.

The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2013 is thirty years.

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

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

| <b><u>Actuarial<br/>Valuation Date</u></b> | <b><u>Actuarial Value<br/>of Assets (a)</u></b> | <b><u>Actuarial<br/>Accrued<br/>Liability (b)</u></b> | <b><u>Unfunded<br/>Accrued Liability<br/>(UAAL) (b-a)</u></b> | <b><u>Funded<br/>Ratio</u></b> | <b><u>Covered<br/>Payroll</u></b> | <b><u>UAAL as a %<br/>of Covered<br/>Payroll</u></b> |
|--|---|---|---|--------------------------------|-----------------------------------|--|
| 07/01/2010                                 | \$23.52   | \$225.98  | \$202.46  | 10.4%                          | \$231.93                          | 87.3%  |
| 07/01/2011                                 | \$35.07   | \$241.57  | \$206.50  | 14.5%                          | \$247.63                          | 83.5%  |
| 07/01/2012                                 | \$43.45   | \$268.29  | \$224.84  | 16.2%                          | \$257.54                          | 87.3%  |

**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 2013 the Schools' contributed \$5,721,543 and an additional \$3,631,427 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$2,170,943 towards health plans.

**Annual OPEB Cost and Net OPEB Obligation**

The Schools' annual OPEB cost (expense) is calculated based on the ARC of the employer, by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method,

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the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the plan, and changes in the School's net OPEB obligations:

|  |                            |
|--|----------------------------|
| Annual required contribution               | \$8,062,374                |
| Interest on net OPEB obligation            | 1,244,734                  |
| Adjustment to annual required contribution | <u>(867,428)</u>           |
| Annual OPEB cost (expense)                 | 8,439,680                  |
| Contributions made                         | <u>(9,352,970)</u>         |
| Decrease in net OPEB obligation            | (913,290)                  |
| Net OPEB obligation-beginning of year      | <u>15,559,178</u>          |
| Net OPEB obligation- end of year           | <u><u>\$14,645,888</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, 2013, 2012 and 2011 were as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|------------|------------------|--|---------------------|
| 06/30/13   | 8,439,680        | 110.8%                                     | 14,645,888          |
| 06/30/12   | 9,641,691        | 106.8%                                     | 15,559,178          |
| 06/30/11   | 9,825,092        | 124.4%                                     | 16,210,554          |

**Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$104.3 million, of which \$20.0 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$267.2 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 31.5 percent. The Schools contributed an additional \$3.6 million into the Retiree Welfare Benefit Trust during FY 2013.

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 2012/2013 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, 2013 is twenty five years.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013**

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

Schedule of Funding Progress (\$ in millions)

| <u>Actuarial<br/>Valuation Date</u> | <u>Actuarial Value<br/>of Assets (a)</u> | <u>Actuarial<br/>Accrued<br/>Liability (b)</u> | <u>Unfunded<br/>Accrued Liability<br/>(UAAL) (b-a)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a %<br/>of Covered<br/>Payroll</u> |
|-------------------------------------|--|--|--|-------------------------|----------------------------|---|
| 07/01/2010                          | \$6.30                                   | \$105.30                                       | \$99.00  | 6.00%                   | \$244.70                   | 40.50%  |
| 07/01/2011                          | \$14.50                                  | \$118.30                                       | \$103.80   | 12.30%                  | \$255.70                   | 40.60%  |
| 07/01/2012                          | \$20.00                                  | \$104.25                                       | \$84.27  | 19.20%                  | \$267.19                   | 31.50%  |



# **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, 2013

|  | SPECIAL REVENUE FUNDS      |  |                                       |  |                              |                           | CAPITAL PROJECTS FUNDS       |                                     |                          |                     |                             |                        |                   |                     |                      |                    | Total Non-Major Governmental Funds | ASSETS               |  |
|--|----------------------------|--|---------------------------------------|--|------------------------------|---------------------------|------------------------------|-------------------------------------|--------------------------|---------------------|-----------------------------|------------------------|-------------------|---------------------|----------------------|--------------------|------------------------------------|----------------------|--|
|  | Travel & Tourism Promotion | Ballston Business Improvement District | Rosslyn Business Improvement District | Crystal City Business Improvement District | Community Development Grants | Section 8 Housing Program | Street and Highway Bond Fund | Neighborhood Conservation Bond Fund | Government Facility Bond | Stormwater Fund     | Public Recreation Bond Fund | Fire Station Bond Fund | Library Bond Fund | NVTA Fund           | Facilities Bond Fund | Crystal City TIF   |                                    |                      | IDA Bond Fund                              |
| <b>ASSETS</b>                              |                            |  |                                       |  |                              |                           |                              |                                     |                          |                     |                             |                        |                   |                     |                      |                    |                                    |                      |  |
| Equity in pooled cash and investments      | \$174,236                  | \$811,400                              | \$1,966,746                           | \$1,329,847                                | \$2,092,836                  | \$1,020,949               | \$19,644,342                 | \$10,768,569                        | \$17,219,644             | \$17,623,526        | \$35,247,866                | \$4,625                | \$3,442           | \$83,183,479        | \$21,172,585         | \$4,243,955        | \$4,903,944                        | \$221,411,991        | Equity in pooled cash and investments      |
| Receivables, net                           | -                          | -                                      | -                                     | -  | 21,293,160                   | -                         | -                            | -                                   | -                        | 78,042              | -                           | -                      | -                 | 4,182,973           | -                    | -                  | -                                  | 25,554,175           | Receivables, net                           |
| Receivables from other governments         | -                          | -                                      | -                                     | -  | 368,863                      | 48,419                    | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                    | -                  | -                                  | 417,282              | Receivables from other governments         |
| Prepaid                                    | -                          | -                                      | -                                     | -  | -                            | 1,299,658                 | -                            | 4,275                               | -                        | -                   | -                           | -                      | -                 | -                   | -                    | -                  | -                                  | 1,303,933            | Prepaid                                    |
| <b>Total assets</b>                        | <b>\$174,236</b>           | <b>\$811,400</b>                       | <b>\$1,966,746</b>                    | <b>\$1,329,847</b>                         | <b>\$23,754,859</b>          | <b>\$2,369,026</b>        | <b>\$19,644,342</b>          | <b>\$10,772,844</b>                 | <b>\$17,219,644</b>      | <b>\$17,701,568</b> | <b>\$35,247,866</b>         | <b>\$4,625</b>         | <b>\$3,442</b>    | <b>\$87,366,452</b> | <b>\$21,172,585</b>  | <b>\$4,243,955</b> | <b>\$4,903,944</b>                 | <b>\$248,687,381</b> | <b>Total assets</b>                        |
| <b>LIABILITIES AND FUND BALANCES</b>       |                            |  |                                       |  |                              |                           |                              |                                     |                          |                     |                             |                        |                   |                     |                      |                    |                                    |                      |  |
| <b>LIABILITIES</b>                         |                            |  |                                       |  |                              |                           |                              |                                     |                          |                     |                             |                        |                   |                     |                      |                    |                                    |                      |  |
| Accounts Payable                           | \$174,236                  | \$-                                    | \$-                                   | \$-  | \$326,159                    | \$62,801                  | \$4,318,349                  | \$501,910                           | \$362,012                | \$251,504           | \$2,308,349                 | \$-                    | \$-               | \$1,865,346         | \$-                  | \$114              | \$656,975                          | \$10,827,755         | Accounts Payable                           |
| Other liabilities                          | -                          | -                                      | -                                     | -  | 12,201,717                   | -                         | \$242,563                    | 3,200                               | 523,656                  | -                   | 786,885                     | -                      | -                 | 244,434             | -                    | -                  | 215,455                            | 14,217,910           | Other liabilities                          |
| Deferred Revenue                           | -                          | 759,249                                | 1,803,750                             | 1,294,135                                  | 11,226,993                   | -                         | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                    | -                  | -                                  | 15,084,117           | Deferred Revenue                           |
| <b>Total liabilities</b>                   | <b>174,236</b>             | <b>759,249</b>                         | <b>1,803,750</b>                      | <b>1,294,135</b>                           | <b>23,754,859</b>            | <b>62,801</b>             | <b>4,560,912</b>             | <b>505,110</b>                      | <b>885,668</b>           | <b>251,504</b>      | <b>3,095,234</b>            | <b>-</b>               | <b>-</b>          | <b>2,109,780</b>    | <b>-</b>             | <b>114</b>         | <b>872,430</b>                     | <b>40,129,782</b>    | <b>Total liabilities</b>                   |
| <b>FUND BALANCES</b>                       |                            |  |                                       |  |                              |                           |                              |                                     |                          |                     |                             |                        |                   |                     |                      |                    |                                    |                      |  |
| Nonspendable                               | -                          | -                                      | -                                     | -  | -                            | 1,299,658                 | -                            | 4,275                               | -                        | -                   | -                           | -                      | -                 | -                   | -                    | -                  | -                                  | 1,303,933            | Nonspendable                               |
| Restricted                                 | -                          | 52,151                                 | 162,996                               | 35,712                                     | -                            | 1,006,567                 | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | 14,617,771          | 21,172,585           | -                  | -                                  | 37,047,782           | Restricted                                 |
| Committed                                  | -                          | -                                      | -                                     | -  | -                            | -                         | 15,083,430                   | 10,263,459                          | 16,333,976               | 17,450,064          | 32,152,632                  | 4,625                  | 3,442             | 70,638,901          | -                    | 4,243,841          | 4,031,514                          | 170,205,884          | Committed                                  |
| <b>Total fund balances</b>                 | <b>-</b>                   | <b>52,151</b>                          | <b>162,996</b>                        | <b>35,712</b>                              | <b>-</b>                     | <b>2,306,225</b>          | <b>15,083,430</b>            | <b>10,267,734</b>                   | <b>16,333,976</b>        | <b>17,450,064</b>   | <b>32,152,632</b>           | <b>4,625</b>           | <b>3,442</b>      | <b>85,256,672</b>   | <b>21,172,585</b>    | <b>4,243,841</b>   | <b>4,031,514</b>                   | <b>208,557,599</b>   | <b>Total fund balances</b>                 |
| <b>Total liabilities and fund balances</b> | <b>\$174,236</b>           | <b>\$811,400</b>                       | <b>\$1,966,746</b>                    | <b>\$1,329,847</b>                         | <b>\$23,754,859</b>          | <b>\$2,369,026</b>        | <b>\$19,644,342</b>          | <b>\$10,772,844</b>                 | <b>\$17,219,644</b>      | <b>\$17,701,568</b> | <b>\$35,247,866</b>         | <b>\$4,625</b>         | <b>\$3,442</b>    | <b>\$87,366,452</b> | <b>\$21,172,585</b>  | <b>\$4,243,955</b> | <b>\$4,903,944</b>                 | <b>\$248,687,381</b> | <b>Total liabilities and fund balances</b> |

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

|  | SPECIAL REVENUE FUNDS      |  |                                       |  |                              |                           | CAPITAL PROJECTS FUNDS       |                                     |                               |                 |                             |                        |                   |              |                              |                  |               | REVENUES:     |  |
|--|----------------------------|--|---------------------------------------|--|------------------------------|---------------------------|------------------------------|-------------------------------------|-------------------------------|-----------------|-----------------------------|------------------------|-------------------|--------------|------------------------------|------------------|---------------|---------------|--|
|  | Travel & Tourism Promotion | Ballston Business Improvement District | Rosslyn Business Improvement District | Crystal City Business Improvement District | Community Development Grants | Section 8 Housing Program | Street and Highway Bond Fund | Neighborhood Conservation Bond Fund | Government Facility Bond Fund | Stormwater Fund | Public Recreation Bond Fund | Fire Station Bond Fund | Library Bond Fund | NVTA Fund    | Transit Facilities Bond Fund | Crystal City TIF | IDA Bond Fund |               | Total Non-Major Governmental Funds     |
| REVENUES:                              |                            |  |                                       |  |                              |                           |                              |                                     |                               |                 |                             |                        |                   |              |                              |                  |               |               |  |
| Other local taxes                      | \$-                        | \$1,472,863                            | \$3,522,224                           | \$2,531,033                                | \$-                          | \$-                       | \$-                          | \$-                                 | \$-                           | \$-             | \$-                         | \$-                    | \$-               | \$-          | \$-                          | \$-              | \$-           | \$7,526,120   | Other local taxes                      |
| Real estate taxes                      | -                          | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | 7,755,270                     | -               | -                           | -                      | -                 | 25,399,599   | -                            | 2,735,430        | -             | 35,890,299    | Real estate taxes                      |
| Intergovernmental                      | -                          | -                                      | -                                     | -  | 4,492,236                    | 16,447,901                | -                            | -                                   | 152,808                       | -               | -                           | -                      | -                 | 3,878,307    | -                            | -                | -             | 24,971,252    | Intergovernmental                      |
| Interest income                        | -                          | 488                                    | 1,592                                 | 730  | -                            | -                         | -                            | -                                   | 24,055                        | 95,647          | 5,017                       | 894                    | -                 | -            | 41,644                       | -                | 48,055        | 285,981       | Interest income                        |
| Miscellaneous revenue                  | -                          | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | 200                           | -               | -                           | -                      | -                 | -            | -                            | -                | 200           | 200           | Miscellaneous revenue                  |
| Total revenues                         | -                          | 1,473,351                              | 3,523,816                             | 2,531,763                                  | 4,492,236                    | 16,447,901                | 40,067                       | 27,792                              | 24,055                        | 7,908,278       | 95,647                      | 5,017                  | 894               | 29,277,906   | 41,644                       | 2,735,430        | 48,055        | 68,673,852    | Total revenues                         |
| EXPENDITURES:                          |                            |  |                                       |  |                              |                           |                              |                                     |                               |                 |                             |                        |                   |              |                              |                  |               |               |  |
| Planning and community development     | -                          | 1,430,740                              | 3,455,788                             | 2,515,118                                  | 3,992,236                    | 17,733,833                | -                            | -                                   | -                             | -               | -                           | -                      | -                 | -            | -                            | -                | -             | 29,127,715    | Planning and community development     |
| Travel and tourism                     | 251,711                    | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | -                             | -               | -                           | -                      | -                 | -            | -                            | -                | -             | 251,711       | Travel and tourism                     |
| Intergovernmental:                     |                            |  |                                       |  |                              |                           |                              |                                     |                               |                 |                             |                        |                   |              |                              |                  |               |               |  |
| Community development                  | -                          | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | 4,436,085                     | -               | -                           | -                      | -                 | 8,910,000    | 11,779                       | -                | -             | 13,357,864    | Community development                  |
| Debt Service:                          |                            |  |                                       |  |                              |                           |                              |                                     |                               |                 |                             |                        |                   |              |                              |                  |               |               |  |
| Principal                              | -                          | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | -                             | -               | -                           | -                      | -                 | 314,845      | -                            | -                | -             | 314,845       | Principal                              |
| Interest                               | -                          | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | -                             | -               | -                           | -                      | -                 | 353,646      | -                            | -                | -             | 353,646       | Interest                               |
| Capital outlay                         | -                          | -                                      | -                                     | -  | -                            | -                         | 11,975,283                   | 5,257,139                           | 3,885,225                     | 1,191,145       | 22,608,829                  | 3,064,299              | 346,595           | 14,214,715   | -                            | -                | 27,690,635    | 90,233,865    | Capital outlay                         |
| Total expenditures                     | 251,711                    | 1,430,740                              | 3,455,788                             | 2,515,118                                  | 3,992,236                    | 17,733,833                | 11,975,283                   | 5,257,139                           | 3,885,225                     | 5,627,230       | 22,608,829                  | 3,064,299              | 346,595           | 14,883,206   | 8,910,000                    | 11,779           | 27,690,635    | 133,639,646   | Total expenditures                     |
| Revenues over (under) expenditures     | (251,711)                  | 42,611                                 | 68,028                                | 16,645                                     | 500,000                      | (1,285,932)               | (11,935,216)                 | (5,229,347)                         | (3,861,170)                   | 2,281,048       | (22,513,182)                | (3,059,282)            | (345,701)         | 14,394,700   | (8,868,356)                  | 2,723,651        | (27,642,580)  | (64,965,794)  | Revenues over (under) expenditures     |
| OTHER FINANCING SOURCES(USES):         |                            |  |                                       |  |                              |                           |                              |                                     |                               |                 |                             |                        |                   |              |                              |                  |               |               |  |
| Proceeds from sale of bonds            | -                          | -                                      | -                                     | -  | -                            | -                         | 11,190,000                   | 4,000,000                           | 11,395,000                    | -               | 15,410,000                  | -                      | -                 | -            | 10,000,000                   | -                | 20,250,000    | 72,245,000    | Proceeds from sale of bonds            |
| Payments to refunded bond escrow agent | -                          | -                                      | -                                     | -  | -                            | -                         | (11,579,644)                 | (7,239,960)                         | (338,467)                     | -               | (17,985,719)                | (1,594,440)            | (1,879,669)       | -            | (10,148,907)                 | -                | (26,480,372)  | (77,247,178)  | Payments to refunded bond escrow agent |
| Proceeds from sale of refunding bonds  | -                          | -                                      | -                                     | -  | -                            | -                         | 12,605,935                   | 7,860,471                           | 380,957                       | -               | 19,574,652                  | 1,729,028              | 2,048,925         | -            | 11,085,032                   | -                | 26,717,545    | 82,002,545    | Proceeds from sale of refunding bonds  |
| Deferred cost of refunding             | -                          | -                                      | -                                     | -  | -                            | -                         | (1,026,291)                  | (620,511)                           | (42,490)                      | -               | (1,588,933)                 | (134,588)              | (169,256)         | -            | (936,125)                    | -                | (237,173)     | (4,755,367)   | Deferred cost of refunding             |
| Transfers in                           | -                          | -                                      | -                                     | -  | -                            | -                         | -                            | -                                   | -                             | 1,227,686       | -                           | -                      | -                 | -            | -                            | -                | -             | 1,227,686     | Transfers in                           |
| Transfers out                          | -                          | (14,729)                               | (34,919)                              | (25,310)                                   | (500,000)                    | -                         | (40,067)                     | (27,792)                            | (24,055)                      | -               | (95,647)                    | (5,017)                | (894)             | -            | (41,644)                     | -                | (48,055)      | (858,129)     | Transfers out                          |
| Total Other financing sources (uses)   | -                          | (14,729)                               | (34,919)                              | (25,310)                                   | (500,000)                    | -                         | 11,149,933                   | 3,972,208                           | 11,370,945                    | \$1,227,686     | 15,314,353                  | (5,017)                | (894)             | -            | 9,958,356                    | -                | 20,201,945    | 72,614,557    | Total Other financing sources (uses)   |
| Net change in fund balances            | (251,711)                  | 27,882                                 | 33,109                                | (8,665)                                    | -                            | (1,285,932)               | (785,283)                    | (1,257,139)                         | 7,509,775                     | 3,508,734       | (7,198,829)                 | (3,064,299)            | (346,595)         | 14,394,700   | 1,090,000                    | 2,723,651        | (7,440,635)   | 7,648,763     | Net change in fund balances            |
| FUND BALANCE, beginning of year        | 251,711                    | 24,269                                 | 129,887                               | 44,377                                     | -                            | 3,592,157                 | 15,868,713                   | 11,524,873                          | 8,824,201                     | 13,941,330      | 39,351,461                  | 3,068,924              | 350,037           | 70,861,972   | 20,082,585                   | 1,520,190        | 11,472,149    | 200,908,836   | FUND BALANCE, beginning of year        |
| FUND BALANCE, end of year              | \$-                        | \$52,151                               | \$162,996                             | \$35,712                                   | \$-                          | \$2,306,225               | \$15,083,430                 | \$10,267,734                        | \$16,333,976                  | \$17,450,064    | \$32,152,632                | \$4,625                | \$3,442           | \$85,256,672 | \$21,172,585                 | \$4,243,841      | \$4,031,514   | \$208,557,599 | FUND BALANCE, end of year              |



## 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, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   | 2013                 | 2012                 |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Equity in pooled cash and investments                                   | \$277,937,767        | \$257,724,573        |
| Petty cash  | 1,950                | 1,950                |
| Cash with fiscal age  | 271,394              | 271,334              |
| Receivables(net, where applicable,<br>of allowance for uncollectibles): |                      |                      |
| Taxes   | 343,994,518          | 326,166,936          |
| Accounts  | 16,700,936           | 11,649,399           |
| Accrued interest  | 1,007,071            | 910,587              |
| Due from other governments  | 4,940,186            | 6,427,799            |
| Temporary Loan To Fund  | 33,616               | 278,324              |
| Due from component unit   | 422,225              | 357,506              |
| Other assets  | 15,197,041           | 15,124,872           |
|   | <u>\$660,506,704</u> | <u>\$618,913,280</u> |
| <b>LIABILITIES AND FUND BALANCE</b>                                     |                      |                      |
| <b>LIABILITIES:</b>   |                      |                      |
| Accrued payroll liabilities   | \$19,473,509         | \$18,161,676         |
| Vouchers payable  | 5,903,813            | 10,433,702           |
| Current maturities of interest payable                                  | 267,306              | 267,305              |
| Other current liabilities   | 2,256,489            | 2,326,120            |
| Deferred revenue  | 357,036,976          | 339,668,675          |
| Due to component unit   | 75,969,684           | 56,596,639           |
|   | <u>460,907,777</u>   | <u>427,454,117</u>   |
| <b>FUND BALANCE:</b>  |                      |                      |
| <u>Restricted for:</u>  |                      |                      |
| Seized assets   | 2,272,448            | 2,436,464            |
| <u>Committed to:</u>  |                      |                      |
| Self insurance reserve  | 5,000,000            | 5,000,000            |
| Subsequent years' County budget   | 5,208,794            | 10,488,080           |
| Capital projects  | 8,403,862            | 1,902,323            |
| Operating reserve   | 52,605,487           | 50,240,906           |
| Economic stabilization reserve  | 3,000,000            | -                    |
| Incomplete projects   | 130,223              | 171,861              |
| Affordable Housing Investment Fund                                      | 21,838,549           | 7,050,422            |
| Subsequent years' School's budget                                       | 26,269,900           | 64,669,485           |
| <u>Assigned to:</u>   |                      |                      |
| Subsequent years' operating budgets                                     | 19,649,922           | 12,565,023           |
| Subsequent years' capital projects                                      | 12,162,577           | 18,978,462           |
| Economic stabilization reserve  | 5,000,000            | 3,000,000            |
| Operating reserve   | 1,969,853            | 2,364,581            |
| Fresh AIRE program  | 1,224,867            | 1,244,577            |
| Incomplete projects   | 5,215,352            | 2,416,189            |
| Affordable Housing Investment Fund                                      | 29,647,093           | 8,930,790            |
|   | <u>199,598,927</u>   | <u>191,459,163</u>   |
| Total Liabilities and Fund Balance                                      | <u>\$660,506,704</u> | <u>\$618,913,280</u> |

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, 2013  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   | 2013                   |                      |                                    | 2012<br>ACTUALS      |
|---|------------------------|----------------------|------------------------------------|----------------------|
|   | BUDGET                 | ACTUAL               | VARIANCE<br>POSITIVE<br>(NEGATIVE) |                      |
| <b>REVENUES:</b>  |                        |                      |                                    |                      |
| Taxes   | \$873,318,336          | \$901,222,811        | \$27,904,475                       | \$854,451,758        |
| Licenses and permits  | 9,975,755              | 10,502,137           | 526,382                            | 10,606,117           |
| From the Commonwealth of Virginia                                     | 67,774,244             | 64,473,930           | (3,300,314)                        | 67,385,986           |
| From the federal government   | 19,683,843             | 15,595,756           | (4,088,087)                        | 21,088,340           |
| Charges for services  | 49,206,905             | 51,656,429           | 2,449,524                          | 50,988,159           |
| Fines and forfeitures   | 10,102,548             | 8,468,253            | (1,634,295)                        | 10,641,659           |
| Use of money and property   | 7,371,377              | 3,998,537            | (3,372,840)                        | 5,278,004            |
| Miscellaneous revenues  | 6,166,682              | 21,518,373           | 15,351,691                         | 17,087,853           |
| <b>Total Revenues</b>   | <b>1,043,599,690</b>   | <b>1,077,436,226</b> | <b>33,836,536</b>                  | <b>1,037,527,876</b> |
| <b>EXPENDITURES:</b>  |                        |                      |                                    |                      |
| <b>Current:</b>   |                        |                      |                                    |                      |
| General government  | 53,716,399             | 51,971,892           | 1,744,507                          | 49,855,176           |
| Judicial administration   | 50,769,308             | 50,057,156           | 712,152                            | 48,782,029           |
| Public safety   | 125,636,251            | 119,744,336          | 5,891,915                          | 119,356,254          |
| Environmental services  | 79,702,044             | 77,419,666           | 2,282,378                          | 75,750,178           |
| Health and welfare  | 125,801,222            | 113,479,716          | 12,321,506                         | 115,347,313          |
| Parks and recreation  | 33,476,790             | 32,468,756           | 1,008,034                          | 31,634,930           |
| Libraries   | 12,529,434             | 12,395,463           | 133,971                            | 11,888,751           |
| Planning and community development                                    | 20,909,682             | 19,726,276           | 1,183,406                          | 18,751,601           |
| Non-departmental  | 89,907,797             | 43,851,605           | 46,056,192                         | 68,114,014           |
| Contributions to regional agencies                                    | 33,835,140             | 33,827,183           | 7,957                              | 32,696,651           |
| <b>Debt service:</b>  |                        |                      |                                    |                      |
| Principal   | 34,862,892             | 35,526,687           | (663,795)                          | 35,851,815           |
| Interest on serial bonds  | 22,256,004             | 18,676,454           | 3,579,550                          | 17,924,176           |
| Other costs   | 200,000                | 5,551                | 194,449                            | 5,412                |
| <b>Total Expenditures</b>   | <b>683,602,963</b>     | <b>609,150,741</b>   | <b>74,452,222</b>                  | <b>625,958,300</b>   |
| <b>Revenues over Expenditures</b>                                     | <b>359,996,727</b>     | <b>468,285,485</b>   | <b>108,288,758</b>                 | <b>411,569,576</b>   |
| <b>OTHER FINANCING SOURCES(USES):</b>                                 |                        |                      |                                    |                      |
| Transfers in  | 3,515,981              | 1,319,254            | (2,196,727)                        | 942,539              |
| Transfers from component unit   | -                      | 140,846              | 140,846                            | 33,295               |
| Transfers out   | (31,338,848)           | (31,441,368)         | -                                  | (30,054,634)         |
| Transfers to component unit   | (461,527,535)          | (441,758,486)        | 19,769,049                         | (358,498,413)        |
| Premium on sales of bonds   | -                      | 11,594,033           | 11,594,033                         | 6,712,155            |
| <b>Total Other Financing Sources(Uses)</b>                            | <b>(489,350,402)</b>   | <b>(460,145,721)</b> | <b>29,307,201</b>                  | <b>(380,865,058)</b> |
| <b>Revenues Over (Under) Expenditures<br/>and Other Sources(Uses)</b> | <b>(129,353,675)</b>   | <b>8,139,764</b>     | <b>137,595,959</b>                 | <b>30,704,518</b>    |
| <b>FUND BALANCE, beginning of year</b>                                | <b>(51,371,988)</b>    | <b>191,459,163</b>   | <b>242,831,151</b>                 | <b>160,754,645</b>   |
| <b>FUND BALANCE, end of year</b>                                      | <b>(\$180,725,663)</b> | <b>\$199,598,927</b> | <b>\$380,427,110</b>               | <b>\$191,459,163</b> |



## 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, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  | Travel &<br>Tourism<br>Promotion | Ballston Business<br>Improvement<br>District | Rosslyn Business<br>Improvement<br>District | Crystal City<br>Business<br>Improvement<br>District | Community<br>Dev. Grants | Section 8<br>Housing Program | Totals              |                     |
|--|----------------------------------|--|---|---|--------------------------|------------------------------|---------------------|---------------------|
|  |                                  |  |   |   |                          |                              | June 30,<br>2013    | June 30,<br>2012    |
| <b>ASSETS</b>                                  |                                  |  |   |   |                          |                              |                     |                     |
| Equity in pooled cash and investments          | \$174,236                        | \$811,400                                    | \$1,966,746                                 | \$1,329,847   | \$2,092,836              | \$1,020,949                  | \$7,396,014         | \$10,343,145        |
| Receivable from other government               | -                                | -  | -   | -   | 368,863                  | 48,419                       | 417,282             | 682,361             |
| Long-term receivables                          | -                                | -  | -   | -   | 21,293,160               | -                            | 21,293,160          | 24,883,743          |
| Prepaid Expenses                               | -                                | -  | -   | -   | -                        | 1,299,658                    | 1,299,658           | 1,286,469           |
| <b>Total Assets</b>                            | <b>\$174,236</b>                 | <b>\$811,400</b>                             | <b>\$1,966,746</b>                          | <b>\$1,329,847</b>                                  | <b>\$23,754,859</b>      | <b>\$2,369,026</b>           | <b>\$30,406,114</b> | <b>\$37,195,718</b> |
| <b>LIABILITIES AND FUND BALANCES</b>           |                                  |  |   |   |                          |                              |                     |                     |
| <b>LIABILITIES</b>                             |                                  |  |   |   |                          |                              |                     |                     |
| Vouchers payable                               | \$174,236                        | \$-  | \$-   | \$-   | \$326,159                | \$62,801                     | \$563,196           | \$345,309           |
| Deferred Revenues                              | -                                | 759,249                                      | 1,803,750                                   | 1,294,135   | 11,226,983               | -                            | 15,084,117          | 15,769,920          |
| Long-term liabilities                          | -                                | -  | -   | -   | 12,201,717               | -                            | 12,201,717          | 17,038,087          |
| <b>Total Liabilities</b>                       | <b>174,236</b>                   | <b>759,249</b>                               | <b>1,803,750</b>                            | <b>1,294,135</b>                                    | <b>23,754,859</b>        | <b>62,801</b>                | <b>27,849,030</b>   | <b>33,153,316</b>   |
| <b>FUND BALANCES</b>                           |                                  |  |   |   |                          |                              |                     |                     |
| - Nonspendable                                 | -                                | -  | -   | -   | -                        | 1,299,658                    | 1,299,658           | 1,286,469           |
| - Restricted                                   | -                                | \$52,151                                     | 162,996                                     | 35,712  | -                        | 1,006,567                    | 1,257,426           | 2,755,933           |
| <b>Total Fund Balances</b>                     | <b>-</b>                         | <b>52,151</b>                                | <b>162,996</b>                              | <b>35,712</b>                                       | <b>-</b>                 | <b>2,306,225</b>             | <b>2,557,084</b>    | <b>4,042,402</b>    |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$174,236</b>                 | <b>\$811,400</b>                             | <b>\$1,966,746</b>                          | <b>\$1,329,847</b>                                  | <b>\$23,754,859</b>      | <b>\$2,369,026</b>           | <b>\$30,406,114</b> | <b>\$37,195,718</b> |



ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  | Travel &<br>Tourism<br>Promotion | Ballston Business<br>Improvement<br>District | Rosslyn Business<br>Improvement<br>District | Crystal City<br>Business<br>Improvement<br>District | Community<br>Dev. Grants | Section 8<br>Housing Program | Totals           |                  |
|--|----------------------------------|--|---|---|--------------------------|------------------------------|------------------|------------------|
|  |                                  |  |   |   |                          |                              | June 30,<br>2013 | June 30,<br>2012 |
| REVENUES:  |                                  |  |   |   |                          |                              |                  |                  |
| Other local taxes  | \$-                              | \$1,472,863                                  | \$3,522,224                                 | \$2,531,033   | \$-                      | \$-                          | \$7,526,120      | \$7,169,816      |
| From the federal government                                      | -                                | -  | -   | -   | 4,492,236                | 16,447,901                   | 20,940,137       | 17,803,049       |
| Total revenues   | -                                | 1,472,863                                    | 3,522,224                                   | 2,531,033   | 4,492,236                | 16,447,901                   | 28,466,257       | 24,972,865       |
| EXPENDITURES:  |                                  |  |   |   |                          |                              |                  |                  |
| Current -  |                                  |  |   |   |                          |                              |                  |                  |
| Community development  | -                                | 1,430,740                                    | 3,455,788                                   | 2,515,118   | 3,992,236                | -                            | 11,393,882       | 8,585,814        |
| Housing program  | -                                | -  | -   | -   | -                        | 17,733,833                   | 17,733,833       | 17,738,460       |
| Travel and tourism   | 251,711                          | -  | -   | -   | -                        | -                            | 251,711          | 862,155          |
| Total expenditures   | 251,711                          | 1,430,740                                    | 3,455,788                                   | 2,515,118   | 3,992,236                | 17,733,833                   | 29,379,426       | 27,186,429       |
| Revenues over (under)<br>expenditures                            | (251,711)                        | 42,123                                       | 66,436                                      | 15,915  | 500,000                  | (1,285,932)                  | (913,169)        | (2,213,564)      |
| OTHER FINANCING SOURCES(USES):                                   |                                  |  |   |   |                          |                              |                  |                  |
| Interest   | -                                | 488  | 1,592                                       | 730   | -                        | -                            | 2,810            | 4,274            |
| Transfers out  | -                                | (14,729)                                     | (34,919)                                    | (25,310)  | (\$500,000)              | -                            | (574,958)        | (66,461)         |
| Transfers in   | -                                | -  | -   | -   | -                        | -                            | -                | 747,000          |
| Total other financing sources(uses)                              | -                                | (14,241)                                     | (33,327)                                    | (24,580)  | (500,000)                | -                            | (572,148)        | 684,813          |
| Revenues and other financing sources (uses)<br>over expenditures | (251,711)                        | 27,882                                       | 33,109                                      | (8,665)   | -                        | (1,285,932)                  | (1,485,317)      | (1,528,751)      |
| FUND BALANCES, beginning of year                                 | 251,711                          | \$24,269                                     | 129,887                                     | 44,377  | -                        | 3,592,157                    | 4,042,401        | 5,571,153        |
| FUND BALANCES, end of year                                       | \$-                              | \$52,151                                     | \$162,996                                   | \$35,712  | \$-                      | \$2,306,225                  | \$2,557,084      | \$4,042,402      |

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, 2013

|                                   | <u>Budget</u>           | <u>Actual</u>     | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|-------------------------|-------------------|--|
| REVENUES:                         |                         |                   |  |
| Other local taxes                 | <u>\$251,711</u>        | <u>\$-</u>        | <u>(\$251,711)</u>                           |
| Total revenue                     | <u>251,711</u>          | <u>-</u>          | <u>(251,711)</u>                             |
| EXPENDITURES:                     |                         |                   |  |
| Travel and tourism promotion      | <u>251,711</u>          | <u>251,711</u>    | <u>-</u>                                     |
| Revenues over(under) expenditures | <u>-</u>                | <u>(251,711)</u>  | <u>(251,711)</u>                             |
| FUND BALANCE, beginning of year   | <u>251,711</u>          | <u>251,711</u>    | <u>-</u>                                     |
| FUND BALANCE, end of year         | <u><u>\$251,711</u></u> | <u><u>\$-</u></u> | <u><u>(\$251,711)</u></u>                    |

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
BALLSTON BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Budget</u>          | <u>Actual</u>          | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|------------------------|------------------------|--|
| REVENUES:   |                        |                        |  |
| Other local taxes   | <u>\$1,482,632</u>     | <u>\$1,472,863</u>     | <u>(\$9,769)</u>                             |
| Total revenue   | <u>1,482,632</u>       | <u>1,472,863</u>       | <u>(9,769)</u>                               |
| EXPENDITURES:   |                        |                        |  |
| Special real estate tax assessments                                     | <u>1,467,806</u>       | <u>1,430,740</u>       | <u>37,066</u>                                |
| Revenues over(under) expenditures                                       | <u>14,826</u>          | <u>42,123</u>          | <u>27,297</u>                                |
| OTHER FINANCING SOURCES(USES):  |                        |                        |  |
| Interest  | -                      | 488                    | 488  |
| Transfers out   | <u>(14,826)</u>        | <u>(14,729)</u>        | <u>97</u>                                    |
| Total other financing sources(uses)                                     | <u>(14,826)</u>        | <u>(14,241)</u>        | <u>585</u>                                   |
| Revenues and other financing sources(uses)<br>over (under) expenditures | <u>-</u>               | <u>27,882</u>          | <u>27,882</u>                                |
| FUND BALANCE, beginning of year   | <u>24,269</u>          | <u>24,269</u>          | <u>-</u>                                     |
| FUND BALANCE, end of year   | <u><u>\$24,269</u></u> | <u><u>\$52,151</u></u> | <u><u>\$27,882</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, 2013

|   | <u>Budget</u>           | <u>Actual</u>           | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|-------------------------|-------------------------|--|
| REVENUES:   |                         |                         |  |
| Other local taxes   | <u>\$3,539,552</u>      | <u>\$3,522,224</u>      | <u>(\$17,328)</u>                            |
| Total revenue   | <u>3,539,552</u>        | <u>3,522,224</u>        | <u>(17,328)</u>                              |
| EXPENDITURES:   |                         |                         |  |
| Special real estate tax assessments                                     | <u>3,504,187</u>        | <u>3,455,788</u>        | <u>48,399</u>                                |
| Revenues over(under) expenditures                                       | <u>35,365</u>           | <u>66,436</u>           | <u>31,071</u>                                |
| OTHER FINANCING SOURCES(USES):  |                         |                         |  |
| Interest  | -                       | 1,592                   | 1,592  |
| Transfers out   | <u>(35,365)</u>         | <u>(34,919)</u>         | <u>446</u>                                   |
| Total other financing sources(uses)                                     | <u>(35,365)</u>         | <u>(33,327)</u>         | <u>2,038</u>                                 |
| Revenues and other financing sources(uses)<br>over (under) expenditures | <u>-</u>                | <u>33,109</u>           | <u>33,109</u>                                |
|   | <u>129,887</u>          | <u>129,887</u>          | <u>-</u>                                     |
| FUND BALANCE, end of year   | <u><u>\$129,887</u></u> | <u><u>\$162,996</u></u> | <u><u>\$33,109</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, 2013

|   | <u>Budget</u>          | <u>Actual</u>          | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|---|------------------------|------------------------|--|
| REVENUES:   |                        |                        |  |
| Other local taxes   | <u>\$2,606,340</u>     | <u>\$2,531,033</u>     | <u>(\$75,307)</u>                            |
| Total revenue   | <u>2,606,340</u>       | <u>2,531,033</u>       | <u>(75,307)</u>                              |
| EXPENDITURES:   |                        |                        |  |
| Special real estate tax assessments                                     | <u>2,580,276</u>       | <u>2,515,118</u>       | <u>65,158</u>                                |
| Revenues over(under) expenditures                                       | <u>26,064</u>          | <u>15,915</u>          | <u>(10,149)</u>                              |
| OTHER FINANCING SOURCES(USES):  |                        |                        |  |
| Interest  | -                      | 730                    | 730  |
| Transfers out   | <u>(26,064)</u>        | <u>(25,310)</u>        | <u>754</u>                                   |
| Total other financing sources(uses)                                     | <u>(26,064)</u>        | <u>(24,580)</u>        | <u>1,484</u>                                 |
| Revenues and other financing sources(uses)<br>over (under) expenditures | <u>-</u>               | <u>(8,665)</u>         | <u>(8,665)</u>                               |
| FUND BALANCE, beginning of year   | <u>44,377</u>          | <u>44,377</u>          | <u>-</u>                                     |
| FUND BALANCE, end of year   | <u><u>\$44,377</u></u> | <u><u>\$35,712</u></u> | <u><u>(\$8,665)</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, 2013

|                                    | <u>Budget</u>      | <u>Actual</u>      | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|------------------------------------|--------------------|--------------------|--|
| REVENUES:                          |                    |                    |  |
| From the federal government        | <u>\$6,694,486</u> | <u>\$4,492,236</u> | <u>(\$2,202,250)</u>                         |
| Total Revenues                     | <u>6,694,486</u>   | <u>4,492,236</u>   | <u>(2,202,250)</u>                           |
| EXPENDITURES:                      |                    |                    |  |
| Community development              | <u>6,194,486</u>   | <u>3,992,236</u>   | <u>2,202,250</u>                             |
| Revenues over (under) expenditures | <u>500,000</u>     | <u>500,000</u>     | <u>-</u>                                     |
| OTHER FINANCING SOURCES            |                    |                    |  |
| Transfers Out                      | <u>(500,000)</u>   | <u>(500,000)</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, 2013

|                                    | <u>Budget</u>             | <u>Actual</u>             | <u>Variance-<br/>Positive<br/>(Negative)</u> |
|------------------------------------|---------------------------|---------------------------|--|
| REVENUES:                          |                           |                           |  |
| From the federal government        | <u>\$17,519,400</u>       | <u>\$16,447,901</u>       | <u>(\$1,071,499)</u>                         |
| EXPENDITURES:                      |                           |                           |  |
| Housing program                    | <u>17,883,678</u>         | <u>17,733,833</u>         | <u>149,845</u>                               |
| Revenues over (under) expenditures | <u>(364,278)</u>          | <u>(1,285,932)</u>        | <u>(921,654)</u>                             |
| FUND BALANCE, beginning of year    | <u>3,592,157</u>          | <u>3,592,157</u>          | <u>-</u>                                     |
| FUND BALANCE, end of year          | <u><u>\$3,227,879</u></u> | <u><u>\$2,306,225</u></u> | <u><u>(\$921,654)</u></u>                    |



## Capital Projects Funds

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

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



ARLINGTON COUNTY, VIRGINIA  
 CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2013  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  | General<br>Capital<br>Projects<br>Fund | Street and<br>Highway<br>Bond Fund | Neighborhood<br>Conservation<br>Bond Fund | Government<br>Facility<br>Bond | Stormwater<br>Fund  | Public<br>Recreation<br>Bond Fund | Fire<br>Station<br>Bond Fund | Library<br>Bond Fund | NVTA<br>Fund        | Transit<br>Facilities<br>Bond Fund | Crystal City<br>TIF | IDA<br>Bond<br>Fund | Totals                        |                      |  |
|--|--|------------------------------------|---|--------------------------------|---------------------|-----------------------------------|------------------------------|----------------------|---------------------|------------------------------------|---------------------|---------------------|-------------------------------|----------------------|--|
|  |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     | June 30,<br>2013              | June 30,<br>2012     |  |
| ASSETS:                                    |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     | ASSETS:                       |                      |  |
| Equity in pooled cash and investments      | \$69,848,527                           | \$19,644,342                       | \$10,768,569                              | \$17,219,644                   | \$17,623,526        | \$35,247,866                      | \$4,625                      | \$3,442              | \$83,183,479        | \$21,172,585                       | \$4,243,955         | \$4,903,944         | \$283,864,504                 | \$269,711,001        | Equity in pooled cash and investments      |
| Cash with fiscal agents                    | -                                      | -                                  | -   | -                              | -                   | -                                 | -                            | -                    | -                   | -                                  | -                   | -                   | -                             | 677,383              | Cash with fiscal agents                    |
| Receivables                                | 791,485                                | -                                  | -   | -                              | 78,042              | -                                 | -                            | -                    | 4,182,973           | -                                  | -                   | -                   | 5,052,500                     | 7,600,289            | Receivables                                |
| Prepaid Expenses                           | -                                      | -                                  | 4,275                                     | -                              | -                   | -                                 | -                            | -                    | -                   | -                                  | -                   | -                   | 4,275                         | -                    | Prepaid Expenses                           |
| <b>Total Assets</b>                        | <b>\$70,640,012</b>                    | <b>\$19,644,342</b>                | <b>\$10,772,844</b>                       | <b>\$17,219,644</b>            | <b>\$17,701,568</b> | <b>\$35,247,866</b>               | <b>\$4,625</b>               | <b>\$3,442</b>       | <b>\$87,366,452</b> | <b>\$21,172,585</b>                | <b>\$4,243,955</b>  | <b>\$4,903,944</b>  | <b>\$288,921,279</b>          | <b>\$277,988,673</b> | <b>Total Assets</b>                        |
| LIABILITIES AND FUND BALANCES              |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     | LIABILITIES AND FUND BALANCES |                      |  |
| LIABILITIES:                               |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     | LIABILITIES:                  |                      |  |
| Vouchers payable                           | \$3,353,571                            | \$4,318,349                        | \$501,910                                 | \$362,012                      | \$251,504           | \$2,308,349                       | \$-                          | \$-                  | \$1,865,346         | \$-                                | \$114               | \$656,975           | \$13,618,130                  | \$13,716,034         | Vouchers payable                           |
| Contracts payable-retainage                | 312,110                                | 242,563                            | -   | 523,656                        | -                   | 786,885                           | -                            | -                    | 244,434             | -                                  | -                   | 215,455             | 2,325,103                     | 1,339,393            | Contracts payable-retainage                |
| Deferred Revenue                           | 7,399,801                              | -                                  | -   | -                              | -                   | -                                 | -                            | -                    | -                   | -                                  | -                   | -                   | 7,399,801                     | 7,827,470            | Deferred Revenue                           |
| Other liabilities                          | 816,214                                | -                                  | 3,200                                     | -                              | -                   | -                                 | -                            | -                    | -                   | -                                  | -                   | -                   | 819,414                       | 513,415              | Other liabilities                          |
| <b>Total Liabilities</b>                   | <b>11,881,696</b>                      | <b>4,560,912</b>                   | <b>505,110</b>                            | <b>885,668</b>                 | <b>251,504</b>      | <b>3,095,234</b>                  | <b>-</b>                     | <b>-</b>             | <b>2,109,780</b>    | <b>-</b>                           | <b>114</b>          | <b>872,430</b>      | <b>24,162,448</b>             | <b>23,396,312</b>    | <b>Total Liabilities</b>                   |
| FUND BALANCES:                             |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     | FUND BALANCES:                |                      |  |
| <u>Non-spendable</u>                       |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     |                               |                      |  |
| Prepaid                                    | -                                      | -                                  | 4,275                                     | -                              | -                   | -                                 | -                            | -                    | -                   | -                                  | -                   | -                   | 4,275                         | -                    | Prepaid                                    |
| <u>Restricted:</u>                         |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     |                               |                      | <u>Restricted:</u>                         |
| Debt Service                               | -                                      | -                                  | -   | -                              | -                   | -                                 | -                            | -                    | 14,617,771          | 21,172,585                         | -                   | -                   | 35,790,356                    | 20,743,558           | Debt Service                               |
| <u>Committed to:</u>                       |  |                                    |   |                                |                     |                                   |                              |                      |                     |                                    |                     |                     |                               |                      | <u>Committed to:</u>                       |
| Capital Projects                           | 58,758,316                             | 15,083,430                         | 10,263,459                                | 16,333,976                     | 17,450,064          | 32,152,632                        | 4,625                        | 3,442                | 70,638,901          | -                                  | 4,243,841           | 4,031,514           | 228,964,200                   | 233,848,803          | Capital Projects                           |
| <b>Total Fund Balances</b>                 | <b>58,758,316</b>                      | <b>15,083,430</b>                  | <b>10,267,734</b>                         | <b>16,333,976</b>              | <b>17,450,064</b>   | <b>32,152,632</b>                 | <b>4,625</b>                 | <b>3,442</b>         | <b>85,256,672</b>   | <b>21,172,585</b>                  | <b>4,243,841</b>    | <b>4,031,514</b>    | <b>264,758,831</b>            | <b>254,592,361</b>   | <b>Total Fund Balances</b>                 |
| <b>Total Liabilities and Fund Balances</b> | <b>\$70,640,012</b>                    | <b>\$19,644,342</b>                | <b>\$10,772,844</b>                       | <b>\$17,219,644</b>            | <b>\$17,701,568</b> | <b>\$35,247,866</b>               | <b>\$4,625</b>               | <b>\$3,442</b>       | <b>\$87,366,452</b> | <b>\$21,172,585</b>                | <b>\$4,243,955</b>  | <b>\$4,903,944</b>  | <b>\$288,921,279</b>          | <b>\$277,988,673</b> | <b>Total Liabilities and Fund Balances</b> |

ARLINGTON COUNTY, VIRGINIA  
 CAPITAL PROJECT FUNDS  
 COMBINING STATEMENT OF REVENUES  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   | 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 | NVRTA Fund          | Transit Facilities Bond Fund | Crystal City TIF   | IDA Bond Fund      | Totals               |                      |   |
|---|-------------------------------|------------------------------|-------------------------------------|--------------------------|---------------------|-----------------------------|------------------------|-------------------|---------------------|------------------------------|--------------------|--------------------|----------------------|----------------------|---|
|   |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    | June 30, 2013        | June 30, 2012        |   |
| <b>REVENUES:</b>  |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    |                      |                      | <b>REVENUES:</b>  |
| From the Commonwealth of Virginia                                     | \$15,723,597                  | \$-                          | \$-                                 | \$-                      | \$152,808           | \$-                         | \$-                    | \$-               | \$3,878,307         | \$-                          | \$-                | \$-                | \$19,754,712         | \$31,489,777         | From the Commonwealth of Virginia                                     |
| From the federal government   | -                             | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                            | -                  | -                  | -                    | 878,833              | From the federal government   |
| Charges for services  | 589,317                       | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 589,317              | 1,357,864            | Charges for services  |
| Real estate taxes   | -                             | -                            | -                                   | -                        | 7,755,270           | -                           | -                      | -                 | 25,399,599          | -                            | 2,735,430          | -                  | 35,890,299           | 33,248,983           | Real estate taxes   |
| Interest  | 2,826                         | 40,067                       | 27,792                              | 24,055                   | -                   | 95,647                      | 5,017                  | 894               | -                   | 41,644                       | -                  | 48,055             | 285,997              | 161,577              | Interest  |
| Miscellaneous revenue   | 1,342,605                     | -                            | -                                   | -                        | 200                 | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 1,342,805            | 1,336,385            | Miscellaneous revenue   |
| <b>Total Revenues</b>   | <b>17,658,345</b>             | <b>40,067</b>                | <b>27,792</b>                       | <b>24,055</b>            | <b>7,908,278</b>    | <b>95,647</b>               | <b>5,017</b>           | <b>894</b>        | <b>29,277,906</b>   | <b>41,644</b>                | <b>2,735,430</b>   | <b>48,055</b>      | <b>57,863,130</b>    | <b>68,473,419</b>    | <b>Total Revenues</b>   |
| <b>EXPENDITURES:</b>  |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    |                      |                      | <b>EXPENDITURES:</b>  |
| Inter Governmental:   |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    |                      |                      | Inter Governmental:   |
| Community development   | 1,131,181                     | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | 8,910,000                    | 11,779             | -                  | 10,052,960           | 8,804,947            | Community development   |
| Current operating:  |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    |                      |                      | Current operating:  |
| General Government  | 666,183                       | -                            | -                                   | -                        | 4,436,085           | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 5,102,268            | 652,024              | General Government  |
| Planning and Community Development                                    | 8,891                         | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 8,891                | 14,653               | Planning and Community Development                                    |
| Parks, recreation and Cultural Development                            | 9,452                         | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 9,452                | 538,053              | Parks, recreation and Cultural Development                            |
| Public Safety   | 511,790                       | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 511,790              | 1,154                | Public Safety   |
| Debt Service  |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    |                      |                      | Debt Service  |
| Principal   | 680,209                       | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | 314,845             | -                            | -                  | -                  | 995,054              | 308,231              | Principal   |
| Interest  | -                             | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | 353,646             | -                            | -                  | -                  | 353,646              | 352,742              | Interest  |
| Capital outlay  | 51,773,296                    | 11,975,283                   | 5,257,139                           | 3,885,225                | 1,191,145           | 22,608,829                  | 3,064,299              | 346,595           | 14,214,715          | -                            | -                  | 27,690,635         | 142,007,161          | 88,776,695           | Capital outlay  |
| <b>Total Expenditures</b>   | <b>54,781,002</b>             | <b>11,975,283</b>            | <b>5,257,139</b>                    | <b>3,885,225</b>         | <b>5,627,230</b>    | <b>22,608,829</b>           | <b>3,064,299</b>       | <b>346,595</b>    | <b>14,883,206</b>   | <b>8,910,000</b>             | <b>11,779</b>      | <b>27,690,635</b>  | <b>159,041,222</b>   | <b>99,448,499</b>    | <b>Total Expenditures</b>   |
| Revenues Over/(Under) Expenditures                                    | (37,122,657)                  | (11,935,216)                 | (5,229,347)                         | (3,861,170)              | 2,281,048           | (22,513,182)                | (3,059,282)            | (345,701)         | 14,394,700          | (8,868,356)                  | 2,723,651          | (27,642,580)       | (101,178,092)        | (30,975,080)         | Revenues Over/(Under) Expenditures                                    |
| <b>OTHER FINANCING SOURCES/(USES):</b>                                |                               |                              |                                     |                          |                     |                             |                        |                   |                     |                              |                    |                    |                      |                      | <b>OTHER FINANCING SOURCES/(USES):</b>                                |
| Proceeds from lease purchase  | 4,473,803                     | -                            | -                                   | -                        | -                   | -                           | -                      | -                 | -                   | -                            | -                  | -                  | 4,473,803            | 1,435,230            | Proceeds from lease purchase  |
| Proceeds from sale of general obligation bonds                        | -                             | 11,190,000                   | 4,000,000                           | 11,395,000               | -                   | 15,410,000                  | -                      | -                 | -                   | 10,000,000                   | -                  | 20,250,000         | 72,245,000           | 35,595,000           | Proceeds from sale of general obligation bonds                        |
| Proceeds from sale of refunding bonds                                 | -                             | 12,605,935                   | 7,860,471                           | 380,957                  | -                   | 19,574,652                  | 1,729,028              | 2,048,925         | -                   | 11,085,032                   | -                  | 26,717,545         | 82,002,545           | 41,885,000           | Proceeds from sale of refunding bonds                                 |
| Payments to refunded bond escrow agent                                | -                             | (11,579,644)                 | (7,239,960)                         | (338,467)                | -                   | (17,985,719)                | (1,594,440)            | (1,879,669)       | -                   | (10,148,907)                 | -                  | (26,480,372)       | (77,247,178)         | (44,350,490)         | Payments to refunded bond escrow agent                                |
| Cost of refunding bonds   | -                             | (1,026,291)                  | (620,511)                           | (42,490)                 | -                   | (1,588,933)                 | (134,588)              | (169,256)         | -                   | (936,125)                    | -                  | (237,173)          | (4,755,367)          | 2,465,490            | Deferred cost of refunding  |
| Transfers in  | 34,908,930                    | -                            | -                                   | -                        | 1,227,686           | -                           | (95,647)               | (894)             | -                   | -                            | -                  | -                  | 36,136,616           | 29,280,960           | Transfers in  |
| Transfers out   | (1,227,686)                   | (40,067)                     | (27,792)                            | (24,055)                 | -                   | (95,647)                    | (5,017)                | (894)             | -                   | (41,644)                     | -                  | (48,055)           | (1,510,857)          | (461,577)            | Transfers out   |
| <b>Total Other Financing Sources/(Uses)</b>                           | <b>38,155,047</b>             | <b>11,149,933</b>            | <b>3,972,208</b>                    | <b>11,370,945</b>        | <b>1,227,686</b>    | <b>15,314,353</b>           | <b>(5,017)</b>         | <b>(894)</b>      | <b>-</b>            | <b>9,958,356</b>             | <b>-</b>           | <b>20,201,945</b>  | <b>111,344,562</b>   | <b>65,849,613</b>    | <b>Total Other Financing Sources/(Uses)</b>                           |
| Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures | 1,032,390                     | (785,283)                    | (1,257,139)                         | 7,509,775                | 3,508,734           | (7,198,829)                 | (3,064,299)            | (346,595)         | 14,394,700          | 1,090,000                    | 2,723,651          | (7,440,635)        | 10,166,470           | 34,874,533           | Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures |
| <b>FUND BALANCE, beginning of year</b>                                | <b>57,725,926</b>             | <b>15,868,713</b>            | <b>11,524,873</b>                   | <b>8,824,201</b>         | <b>13,941,330</b>   | <b>39,351,461</b>           | <b>3,068,924</b>       | <b>350,037</b>    | <b>70,861,972</b>   | <b>20,082,585</b>            | <b>1,520,190</b>   | <b>11,472,149</b>  | <b>254,592,361</b>   | <b>219,717,828</b>   | <b>FUND BALANCE, beginning of year</b>                                |
| <b>FUND BALANCE, end of year</b>                                      | <b>\$58,758,316</b>           | <b>\$15,083,430</b>          | <b>\$10,267,734</b>                 | <b>\$16,333,976</b>      | <b>\$17,450,064</b> | <b>\$32,152,632</b>         | <b>\$4,625</b>         | <b>\$3,442</b>    | <b>\$85,256,672</b> | <b>\$21,172,585</b>          | <b>\$4,243,841</b> | <b>\$4,031,514</b> | <b>\$264,758,831</b> | <b>\$254,592,361</b> | <b>FUND BALANCE, end of year</b>                                      |



## Enterprise Funds

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

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

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

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

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

A S S E T S

|   |                        |   |   |                                      | <u>Totals</u>            |                          |
|---|------------------------|---|---|--------------------------------------|--------------------------|--------------------------|
|   | <u>Utilities</u>       | <u>Ballston<br/>Public<br/>Parking Garage</u> | <u>8th Level<br/>Ballston Public<br/>Parking Garage</u> | <u>CPHD<br/>Development<br/>Fund</u> | <u>June 30,<br/>2013</u> | <u>June 30,<br/>2012</u> |
| <b>CURRENT ASSETS:</b>  |                        |   |   |                                      |                          |                          |
| Equity in pooled cash and investments                             | \$69,856,416           | \$13,201,089                                  | \$1,663,450   | \$17,735,998                         | \$102,456,953            | \$113,454,043            |
| Cash with fiscal agents   | 25,221                 | -   | -   | -                                    | 25,221                   | 25,221                   |
| Accounts receivable:  |                        |   |   |                                      |                          |                          |
| Water-sewer charges   | 3,418,651              | -   | -   | -                                    | 3,418,651                | 5,741,946                |
| Estimated unbilled service charges                                | 9,371,901              | -   | -   | -                                    | 9,371,901                | 11,656,442               |
| Other   | 2,972,882              | 2,130   | -   | -                                    | 2,975,012                | 1,896,086                |
| Prepaid expenses  | 2,447,864              | 187,880                                       | -   | -                                    | 2,635,744                | 2,635,743                |
| Inventories   | 1,304,867              | -   | -   | -                                    | 1,304,867                | 1,491,041                |
| <b>Total current assets</b>                                       | <b>89,397,802</b>      | <b>13,391,099</b>                             | <b>1,663,450</b>  | <b>17,735,998</b>                    | <b>122,188,349</b>       | <b>136,900,522</b>       |
| <b>CAPITAL ASSETS:</b>  |                        |   |   |                                      |                          |                          |
| Land  | 6,161,255              | -   | -   | -                                    | 6,161,255                | 6,161,255                |
| Sewer system  | 347,236,362            | -   | -   | -                                    | 347,236,362              | 329,502,496              |
| Water system  | 683,394,204            | -   | -   | -                                    | 683,394,204              | 442,717,228              |
| Equipment   | 2,185,013              | 213,440                                       | -   | 2,922,335                            | 5,320,788                | 4,838,262                |
| Building  | -                      | 22,315,887                                    | -   | -                                    | 22,315,887               | 22,315,887               |
| Intangible assets   | 33,000                 | -   | -   | 1,116,969                            | 1,149,969                | 820,810                  |
| Construction in progress  | 122,410,293            | 28,880  | 1,192,816   | -                                    | 123,631,989              | 336,311,964              |
| Less accumulated depreciation-Intangible                          | (778)                  | -   | -   | (530,481)                            | (531,259)                |                          |
| Less accumulated depreciation                                     | (150,045,025)          | (12,680,377)                                  | -   | (1,092,912)                          | (163,818,314)            | (142,790,748)            |
| <b>Total capital assets (net of<br/>accumulated depreciation)</b> | <b>1,011,374,324</b>   | <b>9,877,830</b>                              | <b>1,192,816</b>  | <b>2,415,911</b>                     | <b>1,024,860,881</b>     | <b>999,877,154</b>       |
| Deferred bond issuance costs                                      | 21,237                 | 34,427  | -   | -                                    | 55,664                   | 65,355                   |
| <b>Total noncurrent assets</b>                                    | <b>1,011,395,561</b>   | <b>9,912,257</b>                              | <b>1,192,816</b>  | <b>2,415,911</b>                     | <b>1,024,916,545</b>     | <b>999,942,509</b>       |
| <b>Total assets</b>   | <b>\$1,100,793,363</b> | <b>\$23,303,356</b>                           | <b>\$2,856,266</b>                                      | <b>\$20,151,909</b>                  | <b>\$1,147,104,894</b>   | <b>\$1,136,843,031</b>   |

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

LIABILITIES AND EQUITY

|   | Ballston               |                       |  |                       | Totals                 |                        |
|---|------------------------|-----------------------|--|-----------------------|------------------------|------------------------|
|   | Utilities              | Public Parking Garage | 8th Level Ballston Public Parking Garage | CPHD Development Fund | June 30, 2013          | June 30, 2012          |
| <b>CURRENT LIABILITIES:</b>               |                        |                       |  |                       |                        |                        |
| Payable from current assets:              |                        |                       |  |                       |                        |                        |
| General obligation bonds payable          | \$9,136,857            | \$-                   | \$-                                      | \$-                   | \$9,136,857            | \$8,988,877            |
| VRA loan payable                          | 12,882,014             | -                     | -  | -                     | 12,882,014             | 12,255,823             |
| Interest payable                          | 4,036,465              | 22,844,807            | -  | -                     | 26,881,272             | 25,259,045             |
| Vouchers payable                          | 8,714,199              | 409,605               | 626,969                                  | 406,813               | 10,157,586             | 11,391,559             |
| Contracts payable - retainage             | 1,449,482              | -                     | 39,753                                   | -                     | 1,489,235              | 1,365,982              |
| Revenue bonds payable-current             | -                      | 500,000               | -  | -                     | 500,000                | 500,000                |
| Mortgage /notes payable                   | -                      | 3,429,679             | -  | -                     | 3,429,679              | 3,082,457              |
| Capital Leases                            | 29,631                 | -                     | -  | -                     | 29,631                 | 44,461                 |
| Other accrued liabilities                 | 219,985                | 10,621,893            | -  | -                     | 10,841,878             | 10,041,027             |
| Compensated absences                      | 143,634                | -                     | -  | 59,746                | 203,380                | 188,865                |
| <b>Total current liabilities</b>          | <b>36,612,267</b>      | <b>37,805,984</b>     | <b>666,722</b>                           | <b>466,559</b>        | <b>75,551,532</b>      | <b>73,118,096</b>      |
| <b>LONG-TERM LIABILITIES:</b>             |                        |                       |  |                       |                        |                        |
| Compensated absences                      | 1,292,706              | -                     | -  | 537,709               | 1,830,415              | 1,699,783              |
| Revenue bonds payable                     | -                      | 8,900,000             | -  | -                     | 8,900,000              | 10,100,000             |
| Capital Leases                            | 144,301                | -                     | -  | -                     | 144,301                | 173,932                |
| VRA Loan payable                          | 233,311,758            | -                     | -  | -                     | 233,311,758            | 240,949,168            |
| Mortgage payable                          | -                      | -                     | -  | -                     | -                      | 347,222                |
| General obligation bonds payable          | 117,342,686            | -                     | -  | -                     | 117,342,686            | 122,286,512            |
| <b>Total long-term liabilities</b>        | <b>352,091,451</b>     | <b>8,900,000</b>      | <b>-</b>                                 | <b>537,709</b>        | <b>361,529,160</b>     | <b>375,556,617</b>     |
| <b>Total liabilities</b>                  | <b>388,703,718</b>     | <b>46,705,984</b>     | <b>666,722</b>                           | <b>1,004,268</b>      | <b>437,080,692</b>     | <b>448,674,713</b>     |
| <b>NET POSITION:</b>                      |                        |                       |  |                       |                        |                        |
| Net investment in capital assets          | 647,693,565            | (2,951,849)           | 1,192,816                                | 2,415,911             | 648,350,443            | 610,182,040            |
| Unrestricted (Deficit)                    | 64,396,080             | (20,450,779)          | 996,728                                  | 16,731,730            | 61,673,759             | 77,986,278             |
| <b>Total net position</b>                 | <b>712,089,645</b>     | <b>(23,402,628)</b>   | <b>2,189,544</b>                         | <b>19,147,641</b>     | <b>710,024,202</b>     | <b>688,168,318</b>     |
| <b>Total liabilities and net position</b> | <b>\$1,100,793,363</b> | <b>\$23,303,356</b>   | <b>\$2,856,266</b>                       | <b>\$20,151,909</b>   | <b>\$1,147,104,894</b> | <b>\$1,136,843,031</b> |

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  |                      |                                      |  |                             | Totals               |                      |
|--|----------------------|--------------------------------------|--|-----------------------------|----------------------|----------------------|
|  | Utilities            | Ballston<br>Public<br>Parking Garage | 8th Level<br>Ballston Public<br>Parking Garage | CPHD<br>Development<br>Fund | June 30,<br>2013     | June 30,<br>2012     |
| <b>OPERATING REVENUES:</b>                           |                      |                                      |  |                             |                      |                      |
| Water-sewer service charges                          | \$86,768,619         | \$-                                  | \$-  | \$-                         | \$86,768,619         | \$86,840,829         |
| Water-service hook-up charges                        | 5,672,805            | -                                    | -  | -                           | 5,672,805            | 4,419,474            |
| Water-service connection charges                     | 1,363,865            | -                                    | -  | -                           | 1,363,865            | 1,527,192            |
| Sewage treatment service charges                     | 7,624,590            | -                                    | -  | -                           | 7,624,590            | 8,413,793            |
| Permits and fees                                     | -                    | -                                    | -  | 14,433,080                  | 14,433,080           | 16,501,368           |
| Other  | 6,023,755            | -                                    | -  | -                           | 6,023,755            | 4,585,855            |
| Parking charges                                      | -                    | 4,811,697                            | 337,133  | -                           | 5,148,830            | 4,800,183            |
| <b>Total Operating Revenues</b>                      | <b>107,453,634</b>   | <b>4,811,697</b>                     | <b>337,133</b>                                 | <b>14,433,080</b>           | <b>127,035,544</b>   | <b>127,088,694</b>   |
| <b>OPERATING EXPENSES:</b>                           |                      |                                      |  |                             |                      |                      |
| Personnel services                                   | 14,002,152           | -                                    | -  | 5,603,408                   | 19,605,560           | 18,720,983           |
| Fringe benefits                                      | 4,727,183            | -                                    | -  | 2,119,073                   | 6,846,256            | 6,702,291            |
| Contractual services                                 | 13,701,915           | 2,263,977                            | 39,051   | 1,734,288                   | 17,739,231           | 13,236,634           |
| Purchases of water                                   | 8,060,019            | -                                    | -  | -                           | 8,060,019            | 7,837,375            |
| Materials and supplies                               | 11,769,625           | 307,888                              | 14,034   | 223,593                     | 12,315,140           | 10,642,927           |
| Deferred rent  | -                    | 904,992                              | -  | -                           | 904,992              | 904,992              |
| Depreciation   | 20,450,034           | 514,233                              | -  | 594,558                     | 21,558,825           | 10,861,270           |
| Amortization   | -                    | 5,297                                | -  | -                           | 5,297                | 5,297                |
| Equipment (Construction Contracts)                   | 1,788,280            | -                                    | -  | 114,068                     | 1,902,348            | 2,430,594            |
| Internal Services                                    | -                    | -                                    | -  | 1,767,103                   | 1,767,103            | 1,651,180            |
| Miscellaneous  | 5,422,182            | -                                    | -  | -                           | 5,422,182            | 5,186,318            |
| <b>Total Operating Expenses</b>                      | <b>79,921,390</b>    | <b>3,996,387</b>                     | <b>53,085</b>                                  | <b>12,156,091</b>           | <b>96,126,953</b>    | <b>78,179,861</b>    |
| <b>Operating Income (loss)</b>                       | <b>27,532,244</b>    | <b>815,310</b>                       | <b>284,048</b>                                 | <b>2,276,989</b>            | <b>30,908,591</b>    | <b>48,908,833</b>    |
| <b>NON-OPERATING REVENUES(EXPENSES):</b>             |                      |                                      |  |                             |                      |                      |
| Interest income and other income                     | 27,702               | 12,031                               | -  | -                           | 39,733               | 747,823              |
| Interest expense and fiscal charges                  | (13,067,262)         | (1,754,131)                          | -  | (17,605)                    | (14,838,998)         | (14,903,870)         |
| Interest payment on capital lease                    | (5,906)              | -                                    | -  | -                           | (5,906)              | (7,865)              |
| <b>Total non-operating revenues (expenses)</b>       | <b>(13,045,466)</b>  | <b>(1,742,100)</b>                   | <b>-</b>                                       | <b>(17,605)</b>             | <b>(14,805,171)</b>  | <b>(14,163,912)</b>  |
| <b>Net Income before contributions and transfers</b> | <b>14,486,778</b>    | <b>(926,790)</b>                     | <b>284,048</b>                                 | <b>2,259,384</b>            | <b>16,103,420</b>    | <b>34,744,921</b>    |
| <b>CONTRIBUTIONS AND NET TRANSFERS</b>               |                      |                                      |  |                             |                      |                      |
| Contributions from developers and other sources      | 1,786,030            | -                                    | 826,368  | -                           | 2,612,398            | 1,977,417            |
| Federal & State grant                                | 3,710,025            | -                                    | -  | -                           | 3,710,025            | 1,514,191            |
| <b>Total contributions and net transfers</b>         | <b>5,496,055</b>     | <b>-</b>                             | <b>826,368</b>                                 | <b>-</b>                    | <b>6,322,423</b>     | <b>3,491,608</b>     |
| <b>TRANSFERS IN(OUT):</b>                            |                      |                                      |  |                             |                      |                      |
| Transfers out  | (569,960)            | -                                    | -  | -                           | (569,960)            | (669,808)            |
| <b>Change in net position</b>                        | <b>19,412,873</b>    | <b>(926,790)</b>                     | <b>1,110,416</b>                               | <b>2,259,384</b>            | <b>21,855,883</b>    | <b>37,566,721</b>    |
| Net position, beginning of year                      | 692,676,772          | (22,475,838)                         | 1,079,128                                      | 16,888,257                  | 688,168,319          | 650,601,597          |
| <b>Net position, end of year</b>                     | <b>\$712,089,645</b> | <b>(\$23,402,628)</b>                | <b>\$2,189,544</b>                             | <b>\$19,147,641</b>         | <b>\$710,024,202</b> | <b>\$688,168,318</b> |

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   | Totals              |                                      |  |                             |                      |                      |
|---|---------------------|--------------------------------------|--|-----------------------------|----------------------|----------------------|
|   | Utilities           | Ballston<br>Public<br>Parking Garage | 8th Level<br>Ballston Public<br>Parking Garage | CPHD<br>Development<br>Fund | June 30<br>2013      | June 30<br>2012      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |                                      |  |                             |                      |                      |
| Cash received from customers  | \$110,833,686       | \$4,856,413                          | \$337,133                                      | \$14,433,080                | \$130,460,312        | \$128,091,900        |
| Cash paid to suppliers  | (42,357,744)        | (2,424,414)                          | 588,167  | (3,936,578)                 | (48,130,569)         | (38,466,167)         |
| Cash paid to employees  | (18,633,888)        | -                                    | -  | (7,672,781)                 | (26,306,669)         | (25,649,906)         |
| Net cash flows from operating activities  | <u>49,842,054</u>   | <u>2,431,999</u>                     | <u>925,300</u>                                 | <u>2,823,721</u>            | <u>56,023,074</u>    | <u>63,975,828</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |                                      |  |                             |                      |                      |
| Interest received   | 27,702              | 12,031                               | -  | -                           | 39,733               | 747,823              |
| Net cash flows from investing activities  | <u>27,702</u>       | <u>12,031</u>                        | <u>-</u>                                       | <u>-</u>                    | <u>39,733</u>        | <u>747,823</u>       |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                                |                     |                                      |  |                             |                      |                      |
| Contributions from developers and other sources   | -                   | -                                    | 826,368  | -                           | 826,368              | 173,632              |
| Net cash flows from non-capital financing activities                                    | <u>-</u>            | <u>-</u>                             | <u>826,368</u>                                 | <u>-</u>                    | <u>826,368</u>       | <u>1,687,823</u>     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                        |                     |                                      |  |                             |                      |                      |
| State grant   | 3,710,025           | -                                    | -  | -                           | 3,710,025            | 1,514,191            |
| Principal payments - bonds  | (8,523,845)         | (1,200,000)                          | -  | -                           | (9,723,845)          | (9,495,238)          |
| Proceeds from sale of general obligation bonds  | 3,600,000           | -                                    | -  | -                           | 3,600,000            | 7,400,000            |
| Payments to bonds redeemed  | (11,023,650)        | -                                    | -  | -                           | (11,023,650)         | (29,599,000)         |
| Proceeds from sale of refunding bonds   | 11,195,000          | -                                    | -  | -                           | 11,195,000           | 27,615,000           |
| Cost of refunding bonds   | (171,350)           | -                                    | -  | -                           | (171,350)            | 1,984,000            |
| Bond premium  | 593,030             | -                                    | -  | -                           | 593,030              | 1,278,652            |
| Principal payments - capital lease  | (44,461)            | -                                    | -  | -                           | (44,461)             | (58,457)             |
| Interest payments - capital lease   | (5,906)             | -                                    | -  | -                           | (5,906)              | (7,865)              |
| Payment of VRA loan   | (12,482,371)        | -                                    | -  | -                           | (12,482,371)         | (12,095,174)         |
| Proceeds of VRA loan  | 5,471,152           | -                                    | -  | -                           | 5,471,152            | 2,142,126            |
| Interest and other loan expenses  | (14,061,159)        | (168,601)                            | -  | (17,605)                    | (14,247,365)         | (14,244,095)         |
| Purchases of property   | (43,631,094)        | (53,216)                             | (1,019,184)                                    | (53,030)                    | (44,756,524)         | (47,178,594)         |
| Net cash flows from capital and related financing activities                            | <u>(65,374,629)</u> | <u>(1,421,817)</u>                   | <u>(1,019,184)</u>                             | <u>(70,635)</u>             | <u>(67,886,265)</u>  | <u>(72,258,646)</u>  |
| Net increase(decrease) in cash and cash equivalents                                     | <u>(15,504,873)</u> | <u>1,022,213</u>                     | <u>732,484</u>                                 | <u>2,753,086</u>            | <u>(10,997,090)</u>  | <u>(5,847,172)</u>   |
| Cash and cash equivalents at beginning of year  | 85,361,289          | 12,178,876                           | 930,966  | 14,982,912                  | 113,454,043          | 119,301,215          |
| Cash and cash equivalents at end of year  | <u>\$69,856,416</u> | <u>\$13,201,089</u>                  | <u>\$1,663,450</u>                             | <u>\$17,735,998</u>         | <u>\$102,456,953</u> | <u>\$113,454,043</u> |
| <b>Reconciliation of operating income to net cash flow from operations:</b>             |                     |                                      |  |                             |                      |                      |
| Operating Income  | \$27,532,244        | \$815,310                            | \$284,048                                      | \$2,276,989                 | \$30,908,591         | \$49,210,731         |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                     |                                      |  |                             |                      |                      |
| Depreciation and amortization   | 20,450,034          | 519,530                              | -  | 594,558                     | 21,564,122           | 10,564,669           |
| (Increase)Decrease in accounts receivable   | 3,484,194           | 44,716                               | -  | -                           | 3,528,910            | 1,166,936            |
| (Increase)Decrease in inventories   | 186,174             | -                                    | -  | -                           | 186,174              | (88,390)             |
| Increase(Decrease) in vouchers payable  | (1,885,397)         | 147,451                              | 601,499  | (97,526)                    | (1,233,973)          | 2,454,535            |
| Increase(Decrease) in compensated absences  | 95,447              | -                                    | -  | 49,700                      | 145,147              | (226,632)            |
| Increase(Decrease) in contract retainage  | 83,500              | -                                    | 39,753   | -                           | 123,253              | 152,717              |
| Increase(Decrease) in deferred revenue  | (104,142)           | 904,992                              | -  | -                           | 800,850              | 741,262              |
| Net cash flows from operations  | <u>\$49,842,054</u> | <u>\$2,431,999</u>                   | <u>\$925,300</u>                               | <u>\$2,823,721</u>          | <u>\$56,023,074</u>  | <u>\$63,975,828</u>  |
| Noncash investing, capital, and financing activities:                                   |                     |                                      |  |                             |                      |                      |
| Contributions from developers and other sources   | \$1,786,030         | -                                    | -  | -                           | \$1,786,030          | \$1,803,785          |



## 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, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   |                         |                  | Totals              |                     |
|---|-------------------------|------------------|---------------------|---------------------|
|   | Automotive<br>Equipment | Printing         | June 30,<br>2013    | June 30,<br>2012    |
| <b>ASSETS</b>                             |                         |                  |                     |                     |
| <b>CURRENT ASSETS:</b>                    |                         |                  |                     |                     |
| Equity in pooled cash and investments     | \$11,951,146            | \$69,107         | \$12,020,253        | \$11,455,764        |
| Prepaid Expenses                          | -                       | -                | -                   | 39,302              |
| Accounts receivable                       | 1,824,002               | -                | 1,824,002           | 2,175,771           |
| Inventories                               | 634,842                 | 12,899           | 647,741             | 650,068             |
| <b>Total Current Assets</b>               | <b>14,409,990</b>       | <b>82,006</b>    | <b>14,491,996</b>   | <b>14,320,905</b>   |
| <b>CAPITAL ASSETS:</b>                    |                         |                  |                     |                     |
| Equipment and other capital assets        | 64,955,970              | -                | 64,955,970          | 63,781,963          |
| Less-allowance for depreciation           | (30,793,273)            | -                | (30,793,273)        | (30,229,410)        |
| <b>Net Capital Assets</b>                 | <b>34,162,697</b>       | <b>-</b>         | <b>34,162,697</b>   | <b>33,552,553</b>   |
| <b>Total Assets</b>                       | <b>\$48,572,687</b>     | <b>\$82,006</b>  | <b>\$48,654,693</b> | <b>\$47,873,458</b> |
| <b>LIABILITIES AND NET POSITION:</b>      |                         |                  |                     |                     |
| <b>CURRENT LIABILITIES:</b>               |                         |                  |                     |                     |
| Vouchers payable                          | 1,089,469               | 156,975          | 1,246,444           | 1,600,487           |
| Compensated absences                      | 44,391                  | 11,491           | 55,882              | 52,994              |
| Obligations under capital lease           | 919,315                 | -                | 919,315             | 1,023,911           |
| Deferred Revenue                          | -                       | -                | -                   | 2,861,645           |
| Accounts payable                          | 205,383                 | 12,310           | 217,693             | -                   |
| <b>Total Current Liabilities</b>          | <b>2,258,558</b>        | <b>180,776</b>   | <b>2,439,334</b>    | <b>5,539,037</b>    |
| <b>LONG-TERM LIABILITIES</b>              |                         |                  |                     |                     |
| Compensated absences                      | 399,525                 | 103,422          | 502,947             | 476,943             |
| Obligations under capital lease           | 3,167,945               | -                | 3,167,945           | 1,225,615           |
| <b>Total Long-Term Liabilities</b>        | <b>3,567,470</b>        | <b>103,422</b>   | <b>3,670,892</b>    | <b>1,702,558</b>    |
| <b>Total liabilities</b>                  | <b>5,826,028</b>        | <b>284,198</b>   | <b>6,110,226</b>    | <b>7,241,595</b>    |
| <b>NET POSITION:</b>                      |                         |                  |                     |                     |
| Net investment in capital assets          | 30,075,437              | -                | 30,075,437          | 31,303,027          |
| Unrestricted                              | 12,671,222              | (202,192)        | 12,469,030          | 9,328,836           |
| <b>Total net position</b>                 | <b>42,746,659</b>       | <b>(202,192)</b> | <b>42,544,467</b>   | <b>40,631,863</b>   |
| <b>Total Liabilities and Net Position</b> | <b>\$48,572,687</b>     | <b>\$82,006</b>  | <b>\$48,654,693</b> | <b>\$47,873,458</b> |

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  | Totals                  |                    |                     |                     |
|--|-------------------------|--------------------|---------------------|---------------------|
|  | Automotive<br>Equipment | Printing           | June 30,<br>2013    | June 30,<br>2012    |
| <b>OPERATING REVENUES:</b>                         |                         |                    |                     |                     |
| Charges for services                               | \$19,800,916            | \$2,226,002        | \$22,026,918        | \$24,132,819        |
| <b>OPERATING EXPENSES:</b>                         |                         |                    |                     |                     |
| Cost of store issuances                            | 5,757,543               | 540,085            | 6,297,628           | 5,927,945           |
| Personnel services                                 | 3,847,929               | 453,962            | 4,301,891           | 4,328,720           |
| Fringe benefits                                    | 1,504,634               | 204,690            | 1,709,324           | 1,692,575           |
| Material and supplies                              | 135,566                 | 217,502            | 353,068             | 404,463             |
| Utilities  | 227,668                 | 6,498              | 234,166             | 249,789             |
| Operating equipment                                | 30,291                  | -                  | 30,291              | 57,627              |
| Outside services                                   | 1,570,405               | 1,075,358          | 2,645,763           | 3,025,746           |
| Depreciation                                       | 5,701,910               | -                  | 5,701,910           | 4,847,878           |
| <b>Total Operating Expenses</b>                    | <b>18,775,946</b>       | <b>2,498,095</b>   | <b>21,274,041</b>   | <b>20,534,743</b>   |
| <b>Operating Income (Loss)</b>                     | <b>1,024,970</b>        | <b>(272,093)</b>   | <b>752,877</b>      | <b>3,598,076</b>    |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>          |                         |                    |                     |                     |
| Interest payment on capital lease                  | (165,282)               | -                  | (165,282)           | (135,238)           |
| Gain/(Loss) on disposal of assets                  | 610,326                 | -                  | 610,326             | 335,702             |
| <b>Total Non-operating Revenues<br/>(Expenses)</b> | <b>445,044</b>          | <b>-</b>           | <b>445,044</b>      | <b>200,464</b>      |
| <b>Income Before Transfers</b>                     | <b>1,470,014</b>        | <b>(272,093)</b>   | <b>1,197,921</b>    | <b>3,798,540</b>    |
| <b>CONTRIBUTIONS AND NET TRANSFERS</b>             |                         |                    |                     |                     |
| Transfers in                                       | 672,480                 | 172,203            | 844,683             | 371,795             |
| Transfers out                                      | (130,000)               | -                  | (130,000)           | (130,000)           |
| <b>Total Operating Transfers</b>                   | <b>542,480</b>          | <b>172,203</b>     | <b>714,683</b>      | <b>241,795</b>      |
| <b>Change in Net Position</b>                      | <b>2,012,494</b>        | <b>(99,890)</b>    | <b>1,912,604</b>    | <b>4,040,335</b>    |
| <b>Net Position, beginning of year</b>             | <b>40,734,165</b>       | <b>(102,302)</b>   | <b>40,631,863</b>   | <b>36,591,528</b>   |
| <b>Net Position, end of year</b>                   | <b>\$42,746,659</b>     | <b>(\$202,192)</b> | <b>\$42,544,467</b> | <b>\$40,631,863</b> |

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  | Totals                  |                    |                     |                     |
|--|-------------------------|--------------------|---------------------|---------------------|
|  | Automotive<br>Equipment | Printing           | June 30,<br>2013    | June 30,<br>2012    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                         |                    |                     |                     |
| Cash received from customers   | \$20,151,744            | \$2,217,308        | \$22,369,052        | \$23,602,633        |
| Cash received from interfund charges   | -                       | 9,635              | 9,635               | 6,503               |
| Cash paid to suppliers   | (7,943,659)             | (1,711,978)        | (9,655,637)         | (9,237,343)         |
| Cash paid to employees   | (5,345,980)             | (636,343)          | (5,982,323)         | (6,004,706)         |
| Net cash provided (used) by operating activities   | <u>6,862,105</u>        | <u>(121,378)</u>   | <u>6,740,727</u>    | <u>8,367,087</u>    |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>                                       |                         |                    |                     |                     |
| Operating transfers in   | 672,480                 | 172,203            | 844,683             | 371,795             |
| Operating transfers out  | (130,000)               | -                  | (130,000)           | (130,000)           |
| Net cash provided by non-capital financing activities  | <u>542,480</u>          | <u>172,203</u>     | <u>714,683</u>      | <u>241,795</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                               |                         |                    |                     |                     |
| Proceeds from capital lease  | -                       | -                  | -                   | 2,861,645           |
| Principal payment on capital lease   | (1,023,911)             | -                  | (1,023,911)         | (593,587)           |
| Payment of interest on capital lease   | (165,282)               | -                  | (165,282)           | (135,238)           |
| Purchases of equipment   | (7,092,901)             | -                  | (7,092,901)         | (10,711,254)        |
| Removal Clearing   | -                       | -                  | -                   | (17,569)            |
| Proceeds from sale of equipment  | 1,391,173               | -                  | 1,391,173           | 625,555             |
| Net cash used by capital and related financing activities                                      | <u>(6,890,921)</u>      | <u>-</u>           | <u>(6,890,921)</u>  | <u>(7,970,448)</u>  |
| Net increase (decrease) in cash and cash equivalents   | <u>513,664</u>          | <u>50,825</u>      | <u>564,489</u>      | <u>638,434</u>      |
| Cash and cash equivalents at beginning of year   | <u>11,437,482</u>       | <u>18,282</u>      | <u>11,455,764</u>   | <u>10,817,330</u>   |
| Cash and cash equivalents at end of period   | <u>\$11,951,146</u>     | <u>\$69,107</u>    | <u>\$12,020,253</u> | <u>\$11,455,764</u> |
| <b>Reconciliation of operating income to net cash provided (used) by operating activities</b>  |                         |                    |                     |                     |
| Operating income (loss)  | \$1,024,970             | (\$272,093)        | \$752,877           | \$3,598,076         |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |                         |                    |                     |                     |
| Depreciation   | 5,701,910               | -                  | 5,701,910           | 4,847,878           |
| (Increase)Decrease in accounts receivable  | 350,828                 | 941                | 351,769             | (523,683)           |
| (Increase)Decrease in inventories  | (35,617)                | 37,944             | 2,327               | 75,056              |
| (Increase)Decrease in prepaid expenses   | -                       | 39,302             | 39,302              | (39,302)            |
| Increase(Decrease) in vouchers payable   | (186,569)               | 50,219             | (136,350)           | 392,473             |
| Increase(Decrease) in compensated absences   | 6,583                   | 22,309             | 28,892              | 16,589              |
| Net cash provided (used) by operating activities   | <u>\$6,862,105</u>      | <u>(\$121,378)</u> | <u>\$6,740,727</u>  | <u>\$8,367,087</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.

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

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

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

## **Agency Funds:**

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

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

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

ARLINGTON COUNTY, VIRGINIA  
COMBINING STATEMENT OF NET POSITION  
TRUST FUNDS  
JUNE 30, 2013

|   | Private Purpose Trust  |                     |   |  |                                    |                                    | Total<br>Private Purpose<br>Trust |
|---|------------------------|---------------------|---|--|------------------------------------|------------------------------------|-----------------------------------|
|   | Pension<br>Trust       | OPEB<br>Trust       | Alex/Arlington<br>Waste Disposal<br>Trust | Alex/Arlington<br>Facility Monitoring Group<br>Trust | IDA - Ballston<br>Skating Facility | Other Private<br>Purpose<br>Trusts |                                   |
| <b>ASSETS</b>   |                        |                     |   |  |                                    |                                    |                                   |
| Equity in pooled cash and investments   | \$41,501,657           | \$58,102,363        | \$183,470                                 | \$158,298  | \$2,225,471                        | \$62,041                           | \$2,629,280                       |
| Contributions Receivable:   |                        |                     |   |  |                                    |                                    |                                   |
| Employer  | 2,040,063              | -                   | -   | -  | -                                  | -                                  | -                                 |
| Employee  | 447,342                | -                   | -   | -  | -                                  | -                                  | -                                 |
| Accrued Interest and Other Receivables  | 3,327,918              | -                   | 17  | -  | 590,784                            | -                                  | 590,801                           |
| Deferred Bond Issuance Costs  | -                      | -                   | -   | -  | 554,758                            | -                                  | 554,758                           |
| Capital Assets, net   | -                      | -                   | -   | -  | 24,688,381                         | -                                  | 24,688,381                        |
| Investments, at fair value  |                        |                     |   |  |                                    |                                    |                                   |
| Foreign, Municipal and U.S. Government<br>Obligations, including Fixed<br>Instruments in Pooled Funds | 39,734,569             | -                   | -   | -  | -                                  | -                                  | -                                 |
| Corporate Fixed Income Obligations  | 121,026,846            | -                   | -   | -  | -                                  | -                                  | -                                 |
| Domestic and Foreign Equities, including<br>Equities in Pooled Funds                                  | 429,547,998            | -                   | -   | -  | -                                  | -                                  | -                                 |
| Other Investments   | 44,526,450             | -                   | -   | -  | -                                  | -                                  | -                                 |
| Real Estate Funds   | 19,134,206             | -                   | -   | -  | -                                  | -                                  | -                                 |
| Pooled Equity   | 527,164,185            | -                   | -   | -  | -                                  | -                                  | -                                 |
| Pooled Fixed Income   | 289,758,153            | -                   | -   | -  | -                                  | -                                  | -                                 |
| Convertibles  | 180,616,528            | -                   | -   | -  | -                                  | -                                  | -                                 |
| Collateral on Loaned Securities (net of<br>Allowance for Unrealized Gain \$1,295)                     | 276,605                | -                   | -   | -  | -                                  | -                                  | -                                 |
| <b>Total assets</b>   | <b>1,699,102,520</b>   | <b>58,102,363</b>   | <b>183,487</b>                            | <b>158,298</b>                                       | <b>28,059,394</b>                  | <b>62,041</b>                      | <b>28,463,220</b>                 |
| <b>LIABILITIES</b>  |                        |                     |   |  |                                    |                                    |                                   |
| Accounts payable and<br>accrued liabilities   | 1,996,654              | -                   | 183,487                                   | 20,617   | 631,928                            | -                                  | 836,032                           |
| Bonds Payable   | -                      | -                   | -   | -  | 28,245,000                         | -                                  | 28,245,000                        |
| Obligations under Security Lending Program  | 276,605                | -                   | -   | -  | -                                  | -                                  | -                                 |
| <b>Total liabilities</b>  | <b>2,273,259</b>       | <b>-</b>            | <b>183,487</b>                            | <b>20,617</b>  | <b>28,876,928</b>                  | <b>-</b>                           | <b>29,081,032</b>                 |
| <b>NET POSITION</b>   | <b>\$1,696,829,261</b> | <b>\$58,102,363</b> | <b>\$-</b>                                | <b>\$137,681</b>                                     | <b>(\$817,534)</b>                 | <b>\$62,041</b>                    | <b>(\$617,812)</b>                |

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

|   | Private Purpose Trusts                    |  |                                    |                                    | Total<br>Private Purpose<br>Trusts |
|---|---|--|------------------------------------|------------------------------------|------------------------------------|
|   | Alex/Arlington<br>Waste Disposal<br>Trust | Alex/Arlington<br>Facility Monitoring Group<br>Trust | IDA - Ballston<br>Skating Facility | Other Private<br>Purpose<br>Trusts |                                    |
| <b>ADDITIONS</b>                              |   |  |                                    |                                    |                                    |
| Contributions and Revenues                    |   |  |                                    |                                    |                                    |
| Shared revenues                               | \$1,601,202                               | \$180,964  | \$2,380,204                        | \$-                                | \$4,162,370                        |
| Private donations- Others                     | -   | -  | -                                  | 68,166                             | 68,166                             |
| Total contributions                           | <u>1,601,202</u>                          | <u>180,964</u>                                       | <u>2,380,204</u>                   | <u>68,166</u>                      | <u>4,230,536</u>                   |
| Investment earnings:                          |   |  |                                    |                                    |                                    |
| Interest and other                            | 2,025                                     | 306  | -                                  | -                                  | 2,331                              |
| Total investment earnings                     | <u>2,025</u>                              | <u>306</u>   | <u>-</u>                           | <u>-</u>                           | <u>2,331</u>                       |
| Less investment expenses                      | -   | -  | 1,435,203                          | -                                  | 1,435,203                          |
| Net investment earnings                       | <u>2,025</u>                              | <u>306</u>   | <u>(1,435,203)</u>                 | <u>-</u>                           | <u>(1,432,872)</u>                 |
| Total additions                               | <u>1,603,227</u>                          | <u>181,270</u>                                       | <u>945,001</u>                     | <u>68,166</u>                      | <u>2,797,664</u>                   |
| <b>DEDUCTIONS</b>                             |   |  |                                    |                                    |                                    |
| Administrative expenses/ other                | 1,774,615                                 | 43,589   | 713,146                            | 44,064                             | 2,575,414                          |
| Contributions to developers and other sources | -   | -  | 826,368                            | -                                  | 826,368                            |
| Total deductions                              | <u>1,774,615</u>                          | <u>43,589</u>  | <u>1,539,514</u>                   | <u>44,064</u>                      | <u>3,401,782</u>                   |
| Change in net position                        | <u>(171,388)</u>                          | <u>137,681</u>                                       | <u>(594,513)</u>                   | <u>24,102</u>                      | <u>(604,118)</u>                   |
| Net position- Beginning of the year           | <u>171,388</u>                            | <u>-</u>   | <u>(223,021)</u>                   | <u>37,939</u>                      | <u>(13,694)</u>                    |
| Net position- Ending of the year              | <u>\$-</u>                                | <u>\$137,681</u>                                     | <u>(\$817,534)</u>                 | <u>\$62,041</u>                    | <u>(\$617,812)</u>                 |

ARLINGTON COUNTY, VIRGINIA  
PENSION AND OPEB TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   | Pension<br>Trust       | OPEB<br>Trust       | June 30,<br>2013       | June 30,<br>2012       |
|---|------------------------|---------------------|------------------------|------------------------|
| ADDITIONS:  |                        |                     |                        |                        |
| Employer contributions  | \$48,002,951           | \$-                 | \$48,002,951           | \$46,262,448           |
| Member contributions  | 11,408,300             | 8,200,134           | 19,608,434             | 17,538,400             |
| Other contributions   | 20,415                 | -                   | 20,415                 | 37,672                 |
| Investment income:  |                        |                     |                        |                        |
| Interest and dividends  | 39,278,716             | 1,902,151           | 41,180,867             | 39,557,726             |
| Net appreciation ( depreciation) in fair value                  | 169,442,367            | 4,598,869           | 174,041,236            | (29,684,090)           |
| Commission recapture  | 13,972                 | -                   | 13,972                 | 12,373                 |
| Gross income from securities lending                            | 161,462                | -                   | 161,462                | 250,791                |
| Bank fees and income/expenses from securities lending           | (47,601)               | -                   | (47,601)               | (73,181)               |
| Investment expense  | (5,277,099)            | -                   | (5,277,099)            | (4,396,042)            |
| <b>Total Additions</b>  | <b>263,003,483</b>     | <b>14,701,154</b>   | <b>277,704,637</b>     | <b>69,506,097</b>      |
| DEDUCTIONS:   |                        |                     |                        |                        |
| Members' benefits   | 81,523,163             | -                   | 81,523,163             | 77,892,789             |
| Refund of members' contributions                                | 963,766                | -                   | 963,766                | 937,756                |
| Administrative expenses   | 580,729                | -                   | 580,729                | 585,328                |
| Other consulting expenses                                       | 379,832                | 15,207              | 395,039                | 273,560                |
| <b>Total Deductions</b>   | <b>83,447,490</b>      | <b>15,207</b>       | <b>83,462,697</b>      | <b>79,689,433</b>      |
| <b>Net Increase/(Decrease)</b>                                  | <b>179,555,993</b>     | <b>14,685,947</b>   | <b>194,241,940</b>     | <b>(10,183,336)</b>    |
| Net Position Held in Trust for Plan Benefits, beginning of year | 1,517,273,268          | 43,416,416          | 1,560,689,684          | 1,570,873,020          |
| Net Position Held in Trust for Plan Benefits, end of            |                        |                     |                        |                        |
| Undesignated  | <u>\$1,696,829,261</u> | <u>\$58,102,363</u> | <u>\$1,754,931,624</u> | <u>\$1,560,689,684</u> |

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2013

|  | Commonwealth<br>of<br>Virginia | Urban Area<br>Security Initiative | Other<br>Agency<br>Funds | Total<br>Agency<br>Funds |
|--|--------------------------------|-----------------------------------|--------------------------|--------------------------|
| <b>ASSETS</b>                            |                                |                                   |                          |                          |
| Equity in pooled cash and investments    | \$56,683                       | \$-                               | \$14,731,644             | \$14,788,327             |
| Receivable from other government         | -                              | 115,126                           | 18,879                   | 134,005                  |
| Total assets                             | <u>56,683</u>                  | <u>115,126</u>                    | <u>14,750,523</u>        | <u>14,922,332</u>        |
| <b>LIABILITIES</b>                       |                                |                                   |                          |                          |
| Due to other funds                       | -                              | 33,616                            | -                        | 33,616                   |
| Accounts payable and accrued liabilities | <u>56,683</u>                  | <u>81,510</u>                     | <u>14,750,523</u>        | <u>14,888,716</u>        |
| Total liabilities                        | <u>56,683</u>                  | <u>115,126</u>                    | <u>14,750,523</u>        | <u>14,922,332</u>        |
| <b>NET POSITION</b>                      | <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, 2013

|  | Balance<br>July 1, 2012 | Additions          | Deductions         | Balance<br>June 30, 2013 |
|--|-------------------------|--------------------|--------------------|--------------------------|
| <b><u>Commonwealth of Virginia</u></b>       |                         |                    |                    |                          |
| ASSETS:                                      |                         |                    |                    |                          |
| Cash   | \$43,803                | \$12,880           | \$-                | \$56,683                 |
| Receivable from other government             | 11,455                  | -                  | 11,455             | -                        |
| Total Assets                                 | <u>\$55,258</u>         | <u>\$12,880</u>    | <u>\$11,455</u>    | <u>\$56,683</u>          |
| LIABILITIES:                                 |                         |                    |                    |                          |
| Accounts payable and accrued liabilities     | \$55,258                | \$1,425            | \$-                | \$56,683                 |
| Total Liabilities                            | <u>\$55,258</u>         | <u>\$1,425</u>     | <u>\$-</u>         | <u>\$56,683</u>          |
| <b><u>Urban Area Security Initiative</u></b> |                         |                    |                    |                          |
| ASSETS:                                      |                         |                    |                    |                          |
| Cash & cash equivalents                      | \$-                     | \$2,008,955        | \$2,008,955        | \$-                      |
| Receivable from other government             | 342,426                 | 115,126            | 342,426            | 115,126                  |
| Total Assets                                 | <u>\$342,426</u>        | <u>\$2,124,081</u> | <u>\$2,351,381</u> | <u>\$115,126</u>         |
| LIABILITIES:                                 |                         |                    |                    |                          |
| Accounts payable and accrued liabilities     | \$342,426               | \$17,408           | \$244,708          | \$115,126                |
| Total Liabilities                            | <u>\$342,426</u>        | <u>\$17,408</u>    | <u>\$244,708</u>   | <u>\$115,126</u>         |
| <b><u>Other Agency Fund</u></b>              |                         |                    |                    |                          |
| ASSETS:                                      |                         |                    |                    |                          |
| Cash & cash equivalents                      | \$17,453,735            | \$3,243,081        | \$5,965,172        | \$14,731,644             |
| Receivable from other government             | \$-                     | \$18,879           | \$-                | \$18,879                 |
| Total Assets                                 | <u>\$ 17,453,735</u>    | <u>\$3,261,960</u> | <u>\$5,965,172</u> | <u>\$ 14,750,523</u>     |
| LIABILITIES:                                 |                         |                    |                    |                          |
| Accounts payable and accrued liabilities     | \$17,453,735            | \$535,151          | \$3,238,363        | \$14,750,523             |
| Total Liabilities                            | <u>\$17,453,735</u>     | <u>\$535,151</u>   | <u>\$3,238,363</u> | <u>\$14,750,523</u>      |
| <b><u>Total All Agency Funds</u></b>         |                         |                    |                    |                          |
| ASSETS:                                      |                         |                    |                    |                          |
| Cash   | \$17,497,538            | \$5,264,916        | \$7,974,127        | \$14,788,327             |
| Receivable from other government             | 353,881                 | 134,005            | 353,881            | 134,005                  |
| Total Assets                                 | <u>\$17,851,419</u>     | <u>\$5,398,921</u> | <u>\$8,328,008</u> | <u>\$14,922,332</u>      |
| LIABILITIES:                                 |                         |                    |                    |                          |
| Vouchers payable                             | \$17,851,419            | \$553,984          | \$3,483,071        | \$14,922,332             |
| Total Liabilities                            | <u>\$17,851,419</u>     | <u>\$553,984</u>   | <u>\$3,483,071</u> | <u>\$14,922,332</u>      |



# Discretely Presented Component Unit – Schools

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

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA  
 COMBINING BALANCE SHEET  
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
 JUNE 30, 2013  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|   | Governmental Funds          |                             |   |                                     |  |  |                                   |  | Totals               |                      |
|---|-----------------------------|-----------------------------|---|-------------------------------------|--|--|-----------------------------------|--|----------------------|----------------------|
|   | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Community<br>Activities<br>Fund | School<br>Special<br>Grants<br>Fund | School<br>Capital<br>Projects<br>Bond Fund | School<br>Capital<br>Projects<br>(Pay-as-you<br>go Fund) | School<br>Debt<br>Service<br>Fund | School<br>Comprehensive<br>Services<br>Act | June 30,<br>2013     | June 30,<br>2012     |
| <b>ASSETS</b>   |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| Equity in pooled cash and investments                   | \$31,955,984                | \$1,331,865                 | \$-                                       | \$-                                 | \$49,595,154                               | \$27,345,319   | \$-                               | \$-  | \$110,228,322        | \$109,878,561        |
| Petty cash  | 200                         | 240                         | 375                                       | -                                   | -  | -  | -                                 | 815  | 1,015                | 1,015                |
| Accounts receivable                                     | 573,509                     | 289,247                     | 28,490                                    | 4,236,845                           | -  | 12,076   | -                                 | 422,225                                    | 5,562,392            | 5,945,556            |
| Due from other funds                                    | 805,959                     | -                           | -   | 57,663                              | -  | -  | -                                 | -  | 863,622              | 296,558              |
| Due from primary government                             | 66,414,075                  | -                           | 916,848                                   | -                                   | -  | 8,638,761  | -                                 | -  | 75,969,684           | 56,596,639           |
| Inventories   | 82,637                      | 45,227                      | -   | -                                   | -  | -  | -                                 | -  | 127,864              | 110,984              |
| <b>Total Assets</b>                                     | <b>\$99,832,364</b>         | <b>\$1,666,579</b>          | <b>\$945,713</b>                          | <b>\$4,294,508</b>                  | <b>\$49,595,154</b>                        | <b>\$35,996,156</b>                                      | <b>\$-</b>                        | <b>\$422,225</b>                           | <b>\$192,752,699</b> | <b>\$172,829,313</b> |
| <b>LIABILITIES AND FUND BALANCES</b>                    |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| <b>LIABILITIES</b>                                      |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| Accrued salaries payable                                | \$50,052,188                | \$377,188                   | \$673,766                                 | \$1,313,651                         | \$2,306                                    | \$78   | \$-                               | \$-  | \$52,419,177         | \$41,724,806         |
| Vouchers payable  | 4,781,892                   | 429,580                     | 132,862                                   | 91,446                              | 4,427,954                                  | 812,215  | -                                 | -  | 10,675,949           | 18,608,054           |
| Contracts payable - retainage                           | -                           | -                           | -   | -                                   | 5,946,246                                  | -  | -                                 | -  | 5,946,246            | -                    |
| Other liabilities                                       | 5,496,084                   | -                           | -   | -                                   | -  | -  | -                                 | -  | 5,496,084            | 5,249,338            |
| Deferred revenue  | 558,092                     | -                           | 89,968                                    | -                                   | -  | -  | -                                 | -  | 648,060              | 641,332              |
| Due to other funds                                      | 57,663                      | -                           | -   | 805,959                             | -  | -  | -                                 | -  | 863,622              | 296,558              |
| Due to primary government                               | -                           | -                           | -   | -                                   | -  | -  | -                                 | 422,225                                    | 422,225              | 357,506              |
| <b>Total Liabilities</b>                                | <b>60,945,919</b>           | <b>806,768</b>              | <b>896,596</b>                            | <b>2,211,056</b>                    | <b>10,376,506</b>                          | <b>812,293</b>   | <b>-</b>                          | <b>422,225</b>                             | <b>76,471,363</b>    | <b>66,877,594</b>    |
| <b>FUND EQUITY AND OTHER CREDITS</b>                    |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| <u>Restricted for:</u>                                  |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| Capital projects  | -                           | -                           | -   | -                                   | 27,238,506                                 | 27,345,319   | -                                 | -  | 54,583,825           | 47,055,029           |
| Grants  | -                           | -                           | -   | 2,009,337                           | -  | -  | -                                 | -  | 2,009,337            | 2,109,001            |
| <u>Committed to:</u>                                    |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| Incomplete projects                                     | 6,124,502                   | 16,385                      | 49,117                                    | 74,115                              | 11,980,142                                 | 7,838,544  | -                                 | -  | 26,082,805           | 26,987,189           |
| Next years' School budget                               | 16,749,704                  | -                           | -   | -                                   | -  | -  | -                                 | -  | 16,749,704           | 7,975,000            |
| <u>Assigned to:</u>                                     |                             |                             |   |                                     |  |  |                                   |  |                      |                      |
| Operating reserve                                       | 2,000,000                   | 843,426                     | -   | -                                   | -  | -  | -                                 | -  | 2,843,426            | 2,413,261            |
| Unfunded liabilities                                    | 2,000,000                   | -                           | -   | -                                   | -  | -  | -                                 | -  | 2,000,000            | 2,000,000            |
| Subsequent years' debt service                          | 3,625,000                   | -                           | -   | -                                   | -  | -  | -                                 | -  | 3,625,000            | 5,025,000            |
| Health insurance reserve                                | 1,000,000                   | -                           | -   | -                                   | -  | -  | -                                 | -  | 1,000,000            | 1,000,000            |
| General reserve   | -                           | -                           | -   | -                                   | -  | -  | -                                 | -  | -                    | 4,000,000            |
| VRS reserve   | 7,387,239                   | -                           | -   | -                                   | -  | -  | -                                 | -  | 7,387,239            | 7,387,239            |
| <b>Total Fund Equity and Other Credits</b>              | <b>38,886,445</b>           | <b>859,811</b>              | <b>49,117</b>                             | <b>2,083,452</b>                    | <b>39,218,648</b>                          | <b>35,183,863</b>  | <b>-</b>                          | <b>-</b>                                   | <b>116,281,336</b>   | <b>105,951,719</b>   |
| <b>Total Liabilities, Fund Equity and Other Credits</b> | <b>\$99,832,364</b>         | <b>\$1,666,579</b>          | <b>\$945,713</b>                          | <b>\$4,294,508</b>                  | <b>\$49,595,154</b>                        | <b>\$35,996,156</b>                                      | <b>\$-</b>                        | <b>\$422,225</b>                           | <b>\$192,752,699</b> | <b>\$172,829,313</b> |

ARLINGTON COUNTY, VIRGINIA  
 Reconciliation of the Fund Balances of Component Unit - Schools  
 to Net Position of Component Unit - Schools  
 JUNE 30, 2013

|  |  |
|--|--|
| Total-component unit-Schools fund balances   | \$116,281,336  |
| Amounts reported for governmental activities in the Statement of<br>Net Position are different because:                                |  |
| Capital assets used in governmental activities<br>are not financial resources and are not<br>reported in the funds                     | 525,291,917  |
| OPEB liabilities are not due and payable in the<br>current period and are not reported<br>in the funds                                 | (14,645,888)   |
| Long-term liabilities, including capital leases, are<br>not due and payable in the current period and<br>are not reported in the funds | (39,983,708)   |
| Net position of component unit-Schools   | <hr style="border: 1px solid black;"/> <u><u>\$586,943,657</u></u> |

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2012)

|  | Governmental Funds          |                             |   |                                     |  |  |                                   | Totals                                     |                      |
|--|-----------------------------|-----------------------------|---|-------------------------------------|--|--|-----------------------------------|--|----------------------|
|  | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Community<br>Activities<br>Fund | School<br>Special<br>Grants<br>Fund | School<br>Capital<br>Projects<br>Bond Fund | School<br>Capital Projects<br>(Pay-as-you-<br>go) Fund | School<br>Debt<br>Service<br>Fund | School<br>Comprehensive<br>Services<br>Act | June 30,<br>2013     |
| REVENUES:  |                             |                             |   |                                     |  |  |                                   |  |                      |
| Sales tax  | \$18,171,301                | \$-                         | \$-                                       | \$-                                 | \$-  | \$-  | \$-                               | \$18,171,301                               | \$17,782,467         |
| State/local government   | 31,439,865                  | 82,961                      | -   | 3,328,119                           | -  | -  | 2,241,727                         | 37,092,672                                 | 33,398,360           |
| Federal  | 115,474                     | 4,118,654                   | -   | 9,438,504                           | -  | -  | -                                 | 13,672,632                                 | 14,701,151           |
| Charges for services   | 8,515,738                   | 3,325,576                   | 9,003,233                                 | 3,075,411                           | -  | -  | -                                 | 23,919,958                                 | 16,766,101           |
| Use of money and property  | 8,607                       | -                           | -   | -                                   | \$140,846                                  | -  | -                                 | 149,453                                    | 48,744               |
| Total revenues   | <u>58,250,985</u>           | <u>7,527,191</u>            | <u>9,003,233</u>                          | <u>15,842,034</u>                   | <u>140,846</u>                             | <u>-</u>   | <u>-</u>                          | <u>93,006,016</u>                          | <u>82,696,823</u>    |
| EXPENDITURES:  |                             |                             |   |                                     |  |  |                                   |  |                      |
| Current -  |                             |                             |   |                                     |  |  |                                   |  |                      |
| Community Activities   | -                           | -                           | 14,526,043                                | -                                   | -  | -  | -                                 | 14,526,043                                 | 14,304,086           |
| Education  | 402,194,091                 | 7,283,176                   | -   | 16,270,409                          | -  | -  | 4,775,699                         | 430,523,375                                | 393,832,257          |
| Capital projects   | -                           | -                           | -   | -                                   | 66,563,247                                 | 12,113,257   | -                                 | 78,676,504                                 | 70,544,566           |
| Debt service -   |                             |                             |   |                                     |  |  |                                   |  |                      |
| Principal  | -                           | -                           | -   | -                                   | -  | -  | 23,759,623                        | 23,759,623                                 | 23,129,716           |
| Interest   | -                           | -                           | -   | -                                   | -  | -  | 13,663,773                        | 13,663,773                                 | 11,696,591           |
| Total expenditures   | <u>402,194,091</u>          | <u>7,283,176</u>            | <u>14,526,043</u>                         | <u>16,270,409</u>                   | <u>66,563,247</u>                          | <u>12,113,257</u>                                      | <u>37,423,396</u>                 | <u>561,149,318</u>                         | <u>513,507,216</u>   |
| Excess (deficiency) of revenues over expenditures                                  | <u>(343,943,106)</u>        | <u>244,015</u>              | <u>(5,522,810)</u>                        | <u>(428,375)</u>                    | <u>(66,422,401)</u>                        | <u>(12,113,257)</u>                                    | <u>(37,423,396)</u>               | <u>(468,143,302)</u>                       | <u>(430,810,393)</u> |
| Other financing sources(uses):   |                             |                             |   |                                     |  |  |                                   |  |                      |
| Transfers in   | 357,365,958                 | -                           | 5,438,115                                 | -                                   | -  | 40,972,045   | 35,448,396                        | 2,533,972                                  | 441,758,486          |
| Transfers out  | (3,631,427)                 | -                           | -   | -                                   | (140,846)                                  | -  | -                                 | -  | (3,772,273)          |
| Interfund transfers  | (5,975,000)                 | -                           | -   | -                                   | -  | 4,000,000  | 1,975,000                         | -  | (4,566,373)          |
| Bond proceeds  | -                           | -                           | -   | -                                   | 38,380,000                                 | -  | -                                 | -  | 38,380,000           |
| Proceeds from leases   | 2,106,706                   | -                           | -   | -                                   | -  | -  | -                                 | -  | 2,106,706            |
| Total other financing sources(uses)  | <u>349,866,237</u>          | <u>-</u>                    | <u>5,438,115</u>                          | <u>-</u>                            | <u>\$38,239,154</u>                        | <u>44,972,045</u>                                      | <u>37,423,396</u>                 | <u>2,533,972</u>                           | <u>478,472,919</u>   |
| Excess (deficiency) of Revenues and other sources over expenditures and other uses | <u>5,923,131</u>            | <u>244,015</u>              | <u>(84,695)</u>                           | <u>(428,375)</u>                    | <u>(28,183,247)</u>                        | <u>32,858,788</u>                                      | <u>-</u>                          | <u>10,329,617</u>                          | <u>573,943</u>       |
| FUND BALANCES, beginning of year   | <u>32,963,314</u>           | <u>615,796</u>              | <u>133,812</u>                            | <u>2,511,827</u>                    | <u>67,401,895</u>                          | <u>2,325,075</u>                                       | <u>-</u>                          | <u>105,951,719</u>                         | <u>105,377,776</u>   |
| FUND BALANCES, end of year   | <u>\$38,886,445</u>         | <u>\$859,811</u>            | <u>\$49,117</u>                           | <u>\$2,083,452</u>                  | <u>\$39,218,648</u>                        | <u>\$35,183,863</u>                                    | <u>\$-</u>                        | <u>\$116,281,336</u>                       | <u>\$105,951,719</u> |

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, 2013

|   |                     |                            |
|---|---------------------|----------------------------|
| Net change in fund balances - component unit-Schools  |                     | \$10,329,617               |
| 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   | 73,866,780          |                            |
| Less Depreciation expense   | <u>(18,141,483)</u> | 55,725,297                 |
| Lease proceeds provide current financial resources to the governmental funds, but capital leases increases long-term liabilities in the Statement of Net Assets. Repayment of capital leases is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the Statement of Net Position. |                     |                            |
| Add: Repayment of capital leases  | 1,912,584           |                            |
| Less Proceeds from capital leases   | <u>(2,106,706)</u>  | (194,122)                  |
| 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  |                     | 913,290                    |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation  |                     | <u>(2,591,964)</u>         |
| Change in net position of component unit-Schools  |                     | <u><u>\$64,182,118</u></u> |

ARLINGTON COUNTY, VIRGINIA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES- BUDGET(GAAP BASIS) AND ACTUAL  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
FOR THE YEAR ENDED JUNE 30, 2013

|  | 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) |
| <b>REVENUES:</b>   |                       |                     |                              |                       |                  |                              |                                  |                   |                              |
| Sales tax  | \$18,229,625          | \$18,171,301        | (\$58,324)                   | \$-                   | \$-              | \$-                          | \$-                              | \$-               | \$-                          |
| Intergovernmental  |                       |                     |                              |                       |                  |                              |                                  |                   |                              |
| State  | 30,783,037            | 31,439,865          | 656,828                      | 74,091                | 82,961           | 8,870                        | -                                | -                 | -                            |
| Federal  | -                     | 115,474             | 115,474                      | 3,828,000             | 4,118,654        | 290,654                      | -                                | -                 | -                            |
| Charges for services   | 2,183,692             | 8,515,738           | 6,332,046                    | 3,041,385             | 3,325,576        | 284,191                      | 8,122,600                        | 9,003,233         | 880,633                      |
| Use of money and property  | -                     | 8,607               | 8,607                        | -                     | -                | -                            | -                                | -                 | -                            |
| <b>Total revenues</b>  | <b>51,196,354</b>     | <b>58,250,985</b>   | <b>7,054,631</b>             | <b>6,943,476</b>      | <b>7,527,191</b> | <b>583,715</b>               | <b>8,122,600</b>                 | <b>9,003,233</b>  | <b>880,633</b>               |
| <b>EXPENDITURES:</b>   |                       |                     |                              |                       |                  |                              |                                  |                   |                              |
| Education  | 430,126,713           | 402,194,091         | 27,932,622                   | 7,146,010             | 7,283,176        | (137,166)                    | -                                | -                 | -                            |
| Community Activities   | -                     | -                   | -                            | -                     | -                | -                            | 15,920,021                       | 14,526,043        | 1,393,978                    |
| Capital projects   | -                     | -                   | -                            | -                     | -                | -                            | -                                | -                 | -                            |
| Debt service:  |                       |                     |                              |                       |                  |                              |                                  |                   |                              |
| Principal retirement   | -                     | -                   | -                            | -                     | -                | -                            | -                                | -                 | -                            |
| Interest and fiscal charges  | -                     | -                   | -                            | -                     | -                | -                            | -                                | -                 | -                            |
| <b>Total expenditures</b>  | <b>430,126,713</b>    | <b>402,194,091</b>  | <b>27,932,622</b>            | <b>7,146,010</b>      | <b>7,283,176</b> | <b>(137,166)</b>             | <b>15,920,021</b>                | <b>14,526,043</b> | <b>1,393,978</b>             |
| Excess (deficiency) of revenues over expenditures                                  | (378,930,359)         | (343,943,106)       | 34,987,253                   | (202,534)             | 244,015          | 446,549                      | (7,797,421)                      | (5,522,810)       | 2,274,611                    |
| <b>Other financing sources(uses):</b>  |                       |                     |                              |                       |                  |                              |                                  |                   |                              |
| Transfers in   | 369,354,284           | 357,365,958         | (11,988,326)                 | -                     | -                | -                            | 7,663,609                        | 5,438,115         | (2,225,494)                  |
| Transfers out  | -                     | (3,631,427)         | (3,631,427)                  | -                     | -                | -                            | -                                | -                 | -                            |
| Interfund transfers  | (5,975,000)           | (5,975,000)         | -                            | -                     | -                | -                            | -                                | -                 | -                            |
| Proceeds from sale of bonds  | -                     | -                   | -                            | -                     | -                | -                            | -                                | -                 | -                            |
| Proceeds from capital leases   | -                     | 2,106,706           | 2,106,706                    | -                     | -                | -                            | -                                | -                 | -                            |
| <b>Total other financing sources(uses)</b>   | <b>363,379,284</b>    | <b>349,866,237</b>  | <b>(13,513,047)</b>          | <b>-</b>              | <b>-</b>         | <b>-</b>                     | <b>7,663,609</b>                 | <b>5,438,115</b>  | <b>(2,225,494)</b>           |
| Excess (deficiency) of Revenues and other sources over expenditures and other uses | (15,551,075)          | 5,923,131           | 21,474,206                   | (202,534)             | 244,015          | 446,549                      | (133,812)                        | (84,695)          | 49,117                       |
| <b>FUND BALANCES, beginning of year</b>  | <b>32,963,314</b>     | <b>32,963,314</b>   | <b>-</b>                     | <b>615,796</b>        | <b>615,796</b>   | <b>-</b>                     | <b>133,812</b>                   | <b>133,812</b>    | <b>-</b>                     |
| <b>FUND BALANCES, end of year</b>  | <b>\$17,412,239</b>   | <b>\$38,886,445</b> | <b>\$21,474,206</b>          | <b>\$413,262</b>      | <b>\$859,811</b> | <b>\$446,549</b>             | <b>\$-</b>                       | <b>\$49,117</b>   | <b>\$49,117</b>              |

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, 2013

|  | 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) |
| <b>REVENUES:</b>   |                            |                    |                              |                          |                     |                              |                                   |                     |                              |
| Sales tax  | \$-                        | \$-                | \$-                          | \$-                      | \$-                 | \$-                          | \$-                               | \$-                 | \$-                          |
| Intergovernmental  |                            |                    |                              |                          |                     |                              |                                   |                     |                              |
| State  | 3,331,509                  | 3,328,119          | (3,390)                      | -                        | -                   | -                            | -                                 | -                   | -                            |
| Federal  | 10,011,383                 | 9,438,504          | (572,879)                    | -                        | -                   | -                            | -                                 | -                   | -                            |
| Charges for services   | 3,084,972                  | 3,075,411          | (9,561)                      | -                        | -                   | -                            | -                                 | -                   | -                            |
| Use of money and property  | -                          | -                  | -                            | -                        | -                   | -                            | -                                 | 140,846             | (140,846)                    |
| Total revenues   | <u>16,427,864</u>          | <u>15,842,034</u>  | <u>(585,830)</u>             | <u>-</u>                 | <u>-</u>            | <u>-</u>                     | <u>-</u>                          | <u>140,846</u>      | <u>(140,846)</u>             |
| <b>EXPENDITURES:</b>   |                            |                    |                              |                          |                     |                              |                                   |                     |                              |
| Education  | 18,939,691                 | 16,270,409         | 2,669,282                    | -                        | -                   | -                            | -                                 | -                   | -                            |
| Community Activities   | -                          | -                  | -                            | -                        | -                   | -                            | -                                 | -                   | -                            |
| Capital projects   | -                          | -                  | -                            | -                        | -                   | -                            | 105,781,895                       | 66,563,247          | 39,218,648                   |
| Debt service:  |                            |                    |                              |                          |                     |                              |                                   |                     |                              |
| Principal retirement   | -                          | -                  | -                            | 27,016,993               | 23,759,623          | 3,257,370                    | -                                 | -                   | -                            |
| Interest and fiscal charges  | -                          | -                  | -                            | 14,914,645               | 13,663,773          | 1,250,872                    | -                                 | -                   | -                            |
| Total expenditures   | <u>18,939,691</u>          | <u>16,270,409</u>  | <u>2,669,282</u>             | <u>41,931,638</u>        | <u>37,423,396</u>   | <u>4,508,242</u>             | <u>105,781,895</u>                | <u>66,563,247</u>   | <u>39,218,648</u>            |
| Excess (deficiency) of revenues over expenditures                                  | <u>(2,511,827)</u>         | <u>(428,375)</u>   | <u>2,083,452</u>             | <u>(41,931,638)</u>      | <u>(37,423,396)</u> | <u>4,508,242</u>             | <u>(105,781,895)</u>              | <u>(66,422,401)</u> | <u>39,077,802</u>            |
| <b>Other financing sources(uses):</b>  |                            |                    |                              |                          |                     |                              |                                   |                     |                              |
| Transfers in   | -                          | -                  | -                            | 39,956,618               | 35,448,396          | (4,508,222)                  | -                                 | -                   | -                            |
| Transfers out  | -                          | -                  | -                            | -                        | -                   | -                            | -                                 | (140,846)           | (140,846)                    |
| Interfund transfers  | -                          | -                  | -                            | \$1,975,000              | \$1,975,000         | -                            | -                                 | -                   | -                            |
| Proceeds of sale of bonds  | -                          | -                  | -                            | -                        | -                   | -                            | 38,380,000                        | 38,380,000          | -                            |
| Proceeds of capital lease  | -                          | -                  | -                            | -                        | -                   | -                            | -                                 | -                   | -                            |
| Total other financing sources(uses)  | <u>-</u>                   | <u>-</u>           | <u>-</u>                     | <u>41,931,618</u>        | <u>37,423,396</u>   | <u>(4,508,222)</u>           | <u>38,380,000</u>                 | <u>38,239,154</u>   | <u>(140,846)</u>             |
| Excess (deficiency) of Revenues and other sources over expenditures and other uses | <u>(2,511,827)</u>         | <u>(428,375)</u>   | <u>2,083,452</u>             | <u>-</u>                 | <u>-</u>            | <u>-</u>                     | <u>(67,401,895)</u>               | <u>(28,183,247)</u> | <u>39,218,648</u>            |
| FUND BALANCES, beginning of year   | <u>2,511,827</u>           | <u>2,511,827</u>   | <u>-</u>                     | <u>-</u>                 | <u>-</u>            | <u>-</u>                     | <u>67,401,895</u>                 | <u>67,401,895</u>   | <u>-</u>                     |
| FUND BALANCES, end of year   | <u>\$-</u>                 | <u>\$2,083,452</u> | <u>\$2,083,452</u>           | <u>\$-</u>               | <u>\$-</u>          | <u>\$-</u>                   | <u>\$-</u>                        | <u>\$39,218,648</u> | <u>\$39,218,648</u>          |



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, 2013

|  | 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  | \$-  | \$-          | \$-                          | \$-                               | \$-         | \$-                          | \$18,229,625  | \$18,171,301  | (\$58,324)                   |
| Intergovernmental  |  |              |                              |                                   |             |                              |               |               |                              |
| State  | -  | -            | -                            | 1,342,500                         | 2,241,727   | 899,227                      | 35,531,137    | 37,092,672    | 1,561,535                    |
| Federal  | -  | -            | -                            | -                                 | -           | -                            | 13,839,383    | 13,672,632    | (166,751)                    |
| Charges for services   | -  | -            | -                            | -                                 | -           | -                            | 16,432,649    | 23,919,958    | 7,487,309                    |
| Use of money and property  | -  | -            | -                            | -                                 | -           | -                            | -             | 149,453       | 149,453                      |
| Total revenues   | -  | -            | -                            | 1,342,500                         | 2,241,727   | 899,227                      | 84,032,794    | 93,006,016    | 8,973,222                    |
| EXPENDITURES:  |  |              |                              |                                   |             |                              |               |               |                              |
| Education  | -  | -            | -                            | 3,650,000                         | 4,775,699   | (1,125,699)                  | 459,862,414   | 430,523,375   | 29,339,039                   |
| Community Activities   | -  | -            | -                            | -                                 | -           | -                            | 15,920,021    | 14,526,043    | 1,393,978                    |
| Capital projects   | 48,070,599                                   | 12,113,257   | 35,957,342                   | -                                 | -           | -                            | 153,852,494   | 78,676,504    | 75,175,990                   |
| Debt service:  |  |              |                              |                                   |             |                              |               |               |                              |
| Principal retirement   | -  | -            | -                            | -                                 | -           | -                            | 27,016,993    | 23,759,623    | 3,257,370                    |
| Interest and fiscal charges  | -  | -            | -                            | -                                 | -           | -                            | 14,914,645    | 13,663,773    | 1,250,872                    |
| Total expenditures   | 48,070,599                                   | 12,113,257   | 35,957,342                   | 3,650,000                         | 4,775,699   | (1,125,699)                  | 671,566,567   | 561,149,318   | 110,417,249                  |
| Excess (deficiency) of revenues over expenditures                                  | (48,070,599)                                 | (12,113,257) | 35,957,342                   | (2,307,500)                       | (2,533,972) | (226,472)                    | (587,533,773) | (468,143,302) | 119,390,471                  |
| Other financing sources(uses):   |  |              |                              |                                   |             |                              |               |               |                              |
| Transfers in   | 45,745,524                                   | 40,972,045   | (4,773,479)                  | 2,307,500                         | 2,533,972   | 226,472                      | 465,027,535   | 441,758,486   | (23,269,049)                 |
| Transfers out  | -  | -            | -                            | -                                 | -           | -                            | -             | (3,772,273)   | (3,772,273)                  |
| Interfund transfers  | 4,000,000                                    | 4,000,000    | -                            | -                                 | -           | -                            | -             | -             | -                            |
| Proceeds of sale of bonds  | -  | -            | -                            | -                                 | -           | -                            | \$38,380,000  | 38,380,000    | -                            |
| Proceeds from capital lease  | -  | -            | -                            | -                                 | -           | -                            | -             | 2,106,706     | 2,106,706                    |
| Total other financing sources(uses)  | 49,745,524                                   | 44,972,045   | (4,773,479)                  | 2,307,500                         | 2,533,972   | 226,472                      | 503,407,535   | 478,472,919   | (24,934,616)                 |
| Excess (deficiency) of Revenues and other sources over expenditures and other use: | 1,674,925                                    | 32,858,788   | 31,183,863                   | -                                 | -           | -                            | (84,126,238)  | 10,329,617    | 94,455,855                   |
| FUND BALANCES, beginning of year   | 2,325,075                                    | 2,325,075    | -                            | -                                 | -           | -                            | 105,951,719   | 105,951,719   | -                            |
| FUND BALANCES, end of year   | \$4,000,000                                  | \$35,183,863 | \$31,183,863                 | \$-                               | \$-         | \$-                          | \$21,825,481  | \$116,281,336 | \$94,455,855                 |

ARLINGTON COUNTY, VIRGINIA  
 OPEB TRUST FUND - SCHOOLS  
 BALANCE SHEET  
 JUNE 30, 2013  
 (WITH COMPARATIVE TOTALS FOR 2012)

|                      | <u>2013</u>                | <u>2012</u>                |
|----------------------|----------------------------|----------------------------|
| ASSETS               |                            |                            |
| Cash and Investments | <u>\$26,586,157</u>        | <u>\$19,980,772</u>        |
| Total Assets         | <u>26,586,157</u>          | <u>19,980,772</u>          |
| LIABILITIES          | <u>-</u>                   | <u>-</u>                   |
| NET POSITION         | <u><u>\$26,586,157</u></u> | <u><u>\$19,980,772</u></u> |

## EXHIBIT G-5

ARLINGTON COUNTY, VIRGINIA  
 OPEB TRUST FUND - SCHOOLS  
 STATEMENT OF CHANGES IN PLAN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2013  
 (WITH COMPARATIVE TOTALS FOR 2012)

|  | <u>2013</u>                | <u>2012</u>                |
|--|----------------------------|----------------------------|
| ADDITIONS:   |                            |                            |
| Employer contributions   | \$3,631,427                | \$4,533,078                |
| Investment Income:   |                            |                            |
| Interest and dividends   | 899,211                    | 485,773                    |
| Net Appreciation (depreciation) in fair value                      | <u>2,074,747</u>           | <u>449,491</u>             |
| Total Additions  | 6,605,385                  | 5,468,342                  |
| DEDUCTIONS:  | <u>-</u>                   | <u>-</u>                   |
| Net Increase   | 6,605,385                  | 5,468,342                  |
| Net Position Held in Trust for Plan Benefits,<br>beginning of year | <u>19,980,772</u>          | <u>14,512,430</u>          |
| Net Position Held in Trust for Plan Benefits,<br>end of year:      |                            |                            |
| Undesignated   | <u><u>\$26,586,157</u></u> | <u><u>\$19,980,772</u></u> |



## **Supplemental Schedules**

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

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY TO THE COUNTY- ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

|  | Governmental Funds |                 |                  | Proprietary Funds |                  | Fiduciary Fund   | Component Units | Total<br>(Memorandum Only) |
|--|--------------------|-----------------|------------------|-------------------|------------------|------------------|-----------------|----------------------------|
|  | General            | Special Revenue | Capital Projects | Enterprise        | Internal Service | Trust and Agency | Schools         |                            |
| BALANCE, beginning of year             | \$257,724,573      | \$10,343,145    | \$269,711,001    | \$113,453,701     | \$11,353,243     | \$21,176,072     | \$109,878,561   | \$793,640,296              |
| Receipts (net):                        |                    |                 |                  |                   |                  |                  |                 |                            |
| Taxes                                  | 901,222,811        | 7,526,120       | 35,890,299       | -                 | -                | -                | 18,171,301      | 962,810,531                |
| Licenses and permits                   | 10,502,137         | -               | -                | -                 | -                | -                | -               | 10,502,137                 |
| Fines and forfeitures                  | 8,468,253          | -               | -                | -                 | -                | -                | -               | 8,468,253                  |
| Revenue from use of money and property | 3,998,537          | 2,810           | 285,997          | 39,733            | -                | -                | 149,453         | 4,476,530                  |
| Charges for services                   | 51,656,429         | -               | 589,317          | 127,035,544       | 22,026,918       | 1,757,110        | 23,919,958      | 226,985,276                |
| Miscellaneous                          | 21,518,373         | -               | 1,342,805        | 2,612,398         | -                | 4,090,213        | -               | 29,563,789                 |
| Intergovernmental                      | 80,069,686         | 20,940,137      | 19,754,712       | 3,710,025         | -                | 7,475,731        | 50,765,304      | 182,715,595                |
| Proceeds from indebtedness             | -                  | -               | 158,721,348      | 20,266,152        | -                | -                | -               | 178,987,500                |
| Proceeds from sale of assets           | -                  | -               | -                | -                 | 1,391,173        | -                | 2,106,706       | 3,497,879                  |
| Total Receipts                         | 1,077,436,226      | 28,469,067      | 216,584,478      | 153,663,852       | 23,418,091       | 13,323,054       | 95,112,722      | 1,608,007,490              |
| Total Receipts and Balance             | 1,335,160,799      | 38,812,212      | 486,295,479      | 267,117,553       | 34,771,334       | 34,499,126       | 204,991,283     | 2,401,647,786              |
| Disbursements (net):                   |                    |                 |                  |                   |                  |                  |                 |                            |
| Warrants(checks)issued                 | 531,274,586        | 30,841,240      | 155,054,189      | 116,568,948       | 22,276,571       | 17,312,740       | 495,325,778     | 1,368,654,052              |
| Retirement of indebtedness             | 35,526,687         | -               | -                | 33,274,327        | 1,023,911        | -                | 23,759,623      | 93,584,548                 |
| Interest and other debt costs          | 18,682,005         | -               | 82,002,545       | 14,247,365        | 165,282          | -                | 13,663,773      | 128,760,970                |
| Total Disbursements                    | 585,483,278        | 30,841,240      | 237,056,734      | 164,090,640       | 23,465,764       | 17,312,740       | 532,749,174     | 1,590,999,570              |
| Interfund Transfers:                   |                    |                 |                  |                   |                  |                  |                 |                            |
| Transfers in                           | 1,460,100          | -               | 36,136,616       | -                 | 844,683          | -                | 441,758,486     | 480,199,885                |
| Transfers out                          | (473,199,854)      | (574,958)       | (1,510,857)      | (569,960)         | (130,000)        | -                | (3,772,273)     | (479,757,902)              |
| BALANCE, end of year                   | \$277,937,767      | \$7,396,014     | \$283,864,504    | \$102,456,953     | \$12,020,253     | \$17,186,386     | \$110,228,322   | \$811,090,199              |

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY  
ADJUSTED CASH IN BANKS  
JUNE 30, 2013

|  |                             |
|--|-----------------------------|
| Assets held by the Treasurer                       |                             |
| Cash on hand                                       | <u>\$15,000</u>             |
| Cash in banks:                                     |                             |
| Checking   |                             |
| First Virginia Community Bank                      | 1,925                       |
| John Marshall                                      | 16,415                      |
| Wells Fargo  | 73,425,773                  |
| SunTrust   | 100,937                     |
| Citibank   | 550,027                     |
| Bank of America                                    | 4,176,356                   |
| United Bank  | 170,833                     |
| PNC Bank   | 32,909                      |
| Virginia Commerce Bank                             | 696,830                     |
| Total Checking Account                             | <u>79,172,005</u>           |
| Savings :  |                             |
| Wells Fargo  | 7,981                       |
| Virginia Commerce Bank                             | 4,518,971                   |
| Total Savings Account                              | <u>4,526,952</u>            |
| Certificates of Deposit :                          |                             |
| Bank of Georgetown                                 | -                           |
| John Marshall                                      | 27,239,509                  |
| Total Certificates of Deposit                      | <u>27,239,509</u>           |
| Held with Trustee :                                |                             |
| Corporate Notes                                    | 99,807,642                  |
| Commercial Paper                                   | 151,864,505                 |
| Federal Agency Bonds/ Notes                        | 53,711,617                  |
| Municipal Investments                              | 67,984,309                  |
| Total Held with Trustee                            | <u>373,368,073</u>          |
| State Treasurer's Local Government Investment Pool | 535,007                     |
| BB&T Money Market                                  | 10,002,811                  |
| Chain Bridge Money Market                          | 1,002,675                   |
| John Marshall Money Market                         | 5,322,221                   |
| Bank of Georgetown Money Market                    | 19,571,108                  |
| State Non Arbitrage Investment Program (SNAP)      | 252,659,649                 |
| Total Cash and Investments held by the Treasurer   | <u>773,415,010</u>          |
| Cash and Investments with Trustees :               |                             |
| US Bank, Ballston Garage Accounts                  | 16,089,439                  |
| SunTrust, Ballston Parking Garage                  | 99,769                      |
| LGIP Solid Waste                                   | 233,434                     |
| Mellon- IDA Ballston Skating Facility              | 3,051,839                   |
| First Virginia Community Bank                      | 131,305                     |
| U.S. Bank-IDA Lease Revenue Bonds (County)         | 6,140,207                   |
| Mellon- IDA Lease Revenue Bonds (Capital)          | 11,929,196                  |
| Total Cash and Investments with Trustee            | <u>37,675,189</u>           |
| Total Cash & Investment Balances, June 30, 2013    | <u><u>\$811,090,199</u></u> |

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY  
CASH IN BANKS  
JUNE 30, 2013

|  |                             |
|--|-----------------------------|
| Assets Held by the Treasurer                       |                             |
| Cash on Hand                                       | <u>\$15,000</u>             |
| Cash in Banks:                                     |                             |
| Checking   |                             |
| First Virginia Community Bank                      | 1,925                       |
| John Marshall                                      | 16,415                      |
| Wells Fargo  | 78,089,657                  |
| SunTrust   | 100,937                     |
| Citibank   | 550,027                     |
| Bank of America                                    | 4,176,356                   |
| United Bank  | 170,833                     |
| PNC Bank   | 32,909                      |
| Virginia Commerce Bank                             | 672,867                     |
| Total Checking Account                             | <u>83,811,926</u>           |
| Savings:   |                             |
| Wells Fargo  | 7,981                       |
| Virginia Commerce Bank                             | 4,518,971                   |
| Total Savings Account                              | <u>4,526,952</u>            |
| Certificates of Deposit:                           |                             |
| John Marshall                                      | 27,239,509                  |
| Total Certificates of Deposit                      | <u>27,239,509</u>           |
| Held with Trustee:                                 |                             |
| Corporate Notes                                    | 99,807,642                  |
| Commercial Paper                                   | 151,864,505                 |
| Federal Agency Bonds/ Notes                        | 53,711,617                  |
| Municipal Investments                              | 67,984,309                  |
| Total Held with Trustee                            | <u>373,368,073</u>          |
| State Treasurer's Local Government Investment Pool | 535,007                     |
| BB&T Money Market                                  | 10,002,811                  |
| Chain Bridge Money Market                          | 1,002,675                   |
| John Marshall Money Market                         | 5,322,221                   |
| Bank of Georgetown Money Market                    | 19,571,108                  |
| State Non Arbitrage Investment Program (SNAP)      | 252,659,649                 |
| Total Cash and Investments held by the Treasurer   | <u>778,054,931</u>          |
| Cash and Investments with Trustees:                |                             |
| US Bank, Ballston Garage Accounts                  | 16,089,439                  |
| SunTrust, (Ballston Parking Garage)                | 77,753                      |
| LGIP Solid Waste                                   | 233,434                     |
| Mellon- IDA Ballston Skating Facility              | 3,051,839                   |
| First Virginia Community Bank                      | 131,305                     |
| U.S. Bank - IDA Lease Revenue Bonds (County)       | 6,139,369                   |
| Mellon- IDA Lease Revenue Bonds (Capital)          | 11,927,567                  |
| Total Cash and Investments with Trustee            | <u>37,650,706</u>           |
| Total Cash & Investment Balances, June 30, 2013    | <u><u>\$815,705,637</u></u> |

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2013

|                                  | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> | <u>Market<br/>Value</u>  |
|----------------------------------|--------------------------|--------------------------|--------------------------|
| <b>Certificate of Deposit</b>    |                          |                          |                          |
| JOHN MARSHALL BANK               | 0.60%                    | 08/29/2013               | \$1,000,000              |
| JOHN MARSHALL BANK               | 0.75%                    | 10/01/2013               | 15,085,528               |
| JOHN MARSHALL BANK               | 0.50%                    | 10/24/2013               | 3,040,050                |
| JOHN MARSHALL BANK               | 0.60%                    | 10/25/2013               | 2,008,315                |
| JOHN MARSHALL BANK               | 0.50%                    | 12/12/2013               | 2,088,797                |
| JOHN MARSHALL BANK               | 0.80%                    | 12/14/2013               | 2,008,861                |
| JOHN MARSHALL BANK               | 1.00%                    | 02/08/2015               | 2,007,957                |
| Total Certificates of Deposits   |                          |                          | <u><b>27,239,508</b></u> |
| <b>Corporate Notes</b>           |                          |                          |                          |
| CME GROUP INC NOTE               | 5.400%                   | 08/01/2013               | 3,011,490                |
| TOYOTA MTR CRD CORP MTN BE       | 0.880%                   | 07/17/2015               | 2,006,980                |
| PROCTER & GAMBLE CO NOTE         | 1.800%                   | 11/15/2015               | 2,410,442                |
| RABOBANK NEDERLAND GLOBAL        | 3.380%                   | 01/19/2017               | 1,575,345                |
| RABOBANK NEDERLAND GLOBAL        | 3.380%                   | 01/19/2017               | 2,100,460                |
| CHICAGO SKYWAY                   | 0.560%                   | 06/30/2017               | 1,800,000                |
| CHICAGO SKYWAY                   | 0.560%                   | 06/30/2017               | 2,700,000                |
| ROYAL BK OF CDA MTN              | 2.000%                   | 07/31/2017               | 6,902,700                |
| ROYAL BK OF CDA MTN              | 2.000%                   | 07/31/2017               | 493,050                  |
| NATIONAL AUSTRALIA BANK          | 1.250%                   | 09/20/2017               | 6,426,154                |
| WESTPAC BANK                     | 1.380%                   | 10/05/2017               | 11,011,000               |
| RABOBANK NEDERLAND               | 1.100%                   | 11/14/2017               | 2,000,000                |
| RABOBANK NEDERLAND               | 1.100%                   | 11/14/2017               | 3,000,000                |
| RABOBANK NEDERLAND               | 1.100%                   | 11/14/2017               | 2,000,000                |
| MICROSOFT CORP NT                | 0.880%                   | 11/15/2017               | 4,834,036                |
| CANADIAN IMPERIAL BANK           | 1.500%                   | 11/16/2017               | 2,996,250                |
| CANADIAN IMPERIAL BANK           | 1.500%                   | 11/16/2017               | 4,993,750                |
| CANADIAN IMPERIAL BANK           | 1.500%                   | 11/16/2017               | 6,491,875                |
| ROYAL BK OF CDA                  | 2.000%                   | 01/22/2018               | 4,863,300                |
| INTL BK RECON & DEVELOP          | 0.800%                   | 01/30/2018               | 5,000,000                |
| DNB BOLIGKREDITT AS BOND 144A    | 1.450%                   | 03/21/2018               | 4,854,500                |
| GENERAL ELEC CAP CORP MTN BE     | 1.630%                   | 04/02/2018               | 8,766,810                |
| SPAREBANK 1 BOLIGKREDITT AS BOND | 1.250%                   | 05/02/2018               | 4,768,000                |
| APPLE INC                        | 1.000%                   | 05/03/2018               | 4,801,500                |
| Total Corporate Bonds            |                          |                          | <u><b>99,807,642</b></u> |
| <b>Commercial Paper</b>          |                          |                          |                          |
| BANCO SANTANDER CH               | 0.00%                    | 07/24/2013               | 4,997,472                |
| PIPER JAFFRAY & CO.              | 0.00%                    | 08/30/2013               | 4,947,333                |
| ANGLESEA FUNDING LLC             | 0.00%                    | 10/15/2013               | 4,993,681                |
| BANCO SANTANDER CHILE            | 0.00%                    | 10/25/2013               | 4,990,250                |
| PIPER JAFFRAY & CO               | 0.00%                    | 11/15/2013               | 1,975,790                |
| SHINHAN BANK NY                  | 0.00%                    | 11/25/2013               | 4,984,917                |
| PIPER JAFFRAY & CO               | 0.00%                    | 11/26/2013               | 2,964,675                |
| INSTIT SECD FNDG LLC             | 0.00%                    | 11/27/2013               | 9,975,694                |
| ABBAY NATL NA                    | 0.00%                    | 11/29/2013               | 4,990,618                |
| SUNCORP METWAY LTD               | 0.00%                    | 12/11/2013               | 4,989,889                |
| NATIXIS US FINANCE CO            | 0.00%                    | 12/12/2013               | 4,990,288                |
| ABBAY NATL N AMERICA LLC         | 0.00%                    | 12/13/2013               | 4,990,889                |
| NATIXIS US FINANCE CO            | 0.00%                    | 12/17/2013               | 4,990,082                |
| BPCE                             | 0.00%                    | 12/19/2013               | 4,990,236                |
| ABBAY NATL N AMERICA LLC         | 0.00%                    | 12/23/2013               | 5,415,060                |



ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2013

|                                       | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> | <u>Market<br/>Value</u> |
|---------------------------------------|--------------------------|--------------------------|-------------------------|
| BANCO SANTANDER CHILE                 | 0.00%                    | 12/30/2013               | 4,985,200               |
| BANCO SANTANDER CHILE                 | 0.00%                    | 12/30/2013               | 4,985,200               |
| ABBEY NATL N AMERICA LLC              | 0.00%                    | 12/31/2013               | 4,988,029               |
| PIPER JAFFRAY & CO                    | 0.00%                    | 01/02/2014               | 2,972,315               |
| PIPER JAFFRAY & CO                    | 0.00%                    | 01/17/2014               | 2,965,198               |
| BANCO SANTANDER CHILE                 | 0.00%                    | 01/31/2014               | 2,989,400               |
| BANCO SANTANDER CHILE                 | 0.00%                    | 02/07/2014               | 7,976,044               |
| NATIXIS US FINANCE CO                 | 0.00%                    | 02/11/2014               | 4,986,389               |
| SOCIETE GENERALE N AMER               | 0.00%                    | 02/13/2014               | 4,983,615               |
| SOCIETE GENERALE N AMER               | 0.00%                    | 02/14/2014               | 4,984,796               |
| SOCIETE GENERALE N AMER               | 0.00%                    | 02/18/2014               | 4,982,000               |
| NATIXIS US FINANCE CO                 | 0.00%                    | 03/03/2014               | 4,984,250               |
| SOCIETE GENERALE N AMER               | 0.00%                    | 03/03/2014               | 4,983,500               |
| PIPER JAFFRAY & CO                    | 0.00%                    | 03/11/2014               | 4,949,750               |
| BPCE                                  | 0.00%                    | 03/13/2014               | 4,980,972               |
| BPCE                                  | 0.00%                    | 03/14/2014               | 4,980,972               |
| Total Commercial Paper                |                          |                          | <u>151,864,504</u>      |
| <b>Government Agency Bonds</b>        |                          |                          |                         |
| FEDERAL FARM CREDIT BANK              | 0.65%                    | 01/17/2017               | 6,413,875               |
| FEDERAL AGRICULTURAL MTG CORP         | 5.13%                    | 04/19/2017               | 2,276,700               |
| FEDERAL FARM CREDIT BANK              | 0.70%                    | 08/09/2017               | 3,407,215               |
| FEDERAL FARM CREDIT BANK              | 1.10%                    | 08/22/2017               | 3,065,156               |
| FEDERAL HOME LOAN BANK                | 1.00%                    | 09/18/2017               | 1,961,380               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 12/26/2017               | 2,562,638               |
| FEDERAL HOME LOAN MTG CORP            | 0.90%                    | 12/28/2017               | 4,885,200               |
| FEDERAL HOME LOAN MTG CORP            | 0.88%                    | 01/03/2018               | 971,620                 |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 01/30/2018               | 2,945,134               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 01/30/2018               | 1,729,525               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 01/30/2018               | 1,961,380               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 01/30/2018               | 1,961,380               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 02/13/2018               | 1,531,109               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 02/13/2018               | 4,907,400               |
| FEDERAL NATIONAL MTG ASSN             | 0.70%                    | 02/28/2018               | 1,960,020               |
| FEDERAL FARM CREDIT BANK              | 1.03%                    | 03/12/2018               | 2,927,160               |
| FEDERAL HOME LOAN MTG CORP            | 1.02%                    | 04/30/2018               | 5,815,200               |
| FEDERAL FARM CREDIT BANK              | 0.95%                    | 05/08/2018               | 483,825                 |
| FEDERAL NATIONAL MTG ASSN             | 1.05%                    | 05/25/2018               | 1,945,700               |
| Total Government Agency Bonds         |                          |                          | <u>53,711,617</u>       |
| <b>Municipal Obligations</b>          |                          |                          |                         |
| LOUISIANA LOCAL GOVT                  | 3.00%                    | 07/01/2013               | 815,000                 |
| PRINCE WILLIAM COUNTY - VA            | 0.27%                    | 08/01/2013               | 385,019                 |
| BLOOMFIELD TOWNSHIP NJ                | 1.50%                    | 08/08/2013               | 850,578                 |
| ENGLAND DIST #1                       | 2.00%                    | 08/15/2013               | 2,139,163               |
| VIRGINIA COLLEGE BLDG AUTH VA EDL     | 2.50%                    | 09/01/2013               | 100,348                 |
| PENNSAUKEN TWP NJ                     | 1.25%                    | 09/12/2013               | 8,010,080               |
| SUFFOLK COUNTY NY                     | 2.00%                    | 09/12/2013               | 1,003,400               |
| LOUISVILLE NY                         | 1.50%                    | 11/08/2013               | 630,680                 |
| NEW HANOVER NC LTD                    | 4.00%                    | 12/01/2013               | 101,392                 |
| ILLINOIS ST GO BDS SERIES OF JAN 2010 | 4.07%                    | 01/01/2014               | 1,425,738               |
| HENRICO COUNTY VA W&S                 | 2.25%                    | 05/01/2014               | 50,848                  |
| VIRGINIA BEACH VA                     | 2.00%                    | 07/15/2014               | 101,842                 |

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2013

|  | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u> | <u>Market<br/>Value</u> |
|--|--------------------------|--------------------------|-------------------------|
| PRINCE WILLIAM COUNTY - VA                     | 0.42%                    | 08/01/2014               | 390,043                 |
| VA ST RESOURCES AUTH.                          | 3.00%                    | 11/01/2014               | 237,661                 |
| VIRGINIA ST RES AUTHINFRASTRUCTURE REV         | 2.00%                    | 11/01/2014               | 664,196                 |
| CHESTERFIELD ECO                               | 2.26%                    | 01/01/2015               | 429,169                 |
| NEVADA ST                                      | 0.50%                    | 02/01/2015               | 539,060                 |
| VIRGINIA HSG DEV AUTH                          | 5.12%                    | 02/01/2015               | 210,470                 |
| VIRGINIA BEACH VA DEV AUTH                     | 5.00%                    | 05/01/2015               | 176,020                 |
| NEWPORT NEWS VA ECON DEV                       | 5.20%                    | 07/01/2015               | 1,557,953               |
| SOUTH CAROLINA ST HSG FIN & DEV                | 1.11%                    | 07/01/2015               | 249,118                 |
| SOUTH CAROLINA ST HSG FIN & DEV                | 1.11%                    | 07/01/2015               | 139,506                 |
| VIRGINIA BEACH VA DEV AUTH PUB FAC REV         | 4.00%                    | 08/01/2015               | 213,204                 |
| FAIRFAX CNTY VA PUB IMPT                       | 3.10%                    | 10/01/2015               | 52,921                  |
| NEW JERSEY ST HSG                              | 3.95%                    | 10/01/2015               | 407,390                 |
| VIRGINIA BEACH VA                              | 5.00%                    | 10/01/2015               | 400,401                 |
| LAS VIRGENES CA SCHOOL DIST.                   | 1.12%                    | 11/01/2015               | 100,158                 |
| VIRGINIA ST RES AUTHINFRASTRUCTURE REV         | 4.00%                    | 11/01/2015               | 1,121,026               |
| WAYNE CNTY MI                                  | 2.50%                    | 12/01/2015               | 3,011,850               |
| DU PAGE & COOK COUNTY IL                       | 4.00%                    | 01/01/2016               | 107,501                 |
| SOUTH CAROLINA ST HSG FIN & DEV                | 1.41%                    | 01/01/2016               | 94,387                  |
| SOUTH CAROLINA ST HSG FIN & DEV                | 1.41%                    | 01/01/2016               | 99,355                  |
| VIRGINIA BEACH VA                              | 5.00%                    | 01/15/2016               | 331,296                 |
| VIRGINIA COLLEGE BLDG AUTH VA EDL              | 5.00%                    | 02/01/2016               | 292,335                 |
| FOND DU LAC WI                                 | 1.63%                    | 04/01/2016               | 607,998                 |
| FAIRFAX ECON DEV AUTH                          | 5.00%                    | 06/01/2016               | 1,113,250               |
| VIRGINIA POLYTECH INST & UNV REVENUE           | 5.00%                    | 06/01/2016               | 104,769                 |
| FLORIDA HURRICANE SER A                        | 1.30%                    | 07/01/2016               | 495,025                 |
| LOUDOUN CNTY VA GO                             | 4.00%                    | 07/01/2016               | 409,388                 |
| VIRGINIA STATE PORT AUTH                       | 1.55%                    | 07/01/2016               | 1,064,942               |
| RICHMOND VA                                    | 5.00%                    | 07/15/2016               | 163,031                 |
| SAN BERNARDINO CITY CA                         | 1.72%                    | 08/01/2016               | 143,391                 |
| METROPOLITAN WASH D C ARPTS AUTH ARPT          | 4.00%                    | 10/01/2016               | 538,770                 |
| UNIVERSITY CONN REV                            | 3.00%                    | 11/15/2016               | 528,925                 |
| MONTGOMERY COUNTY PA                           | 5.20%                    | 12/15/2016               | 112,682                 |
| ROANOKE VA                                     | 5.00%                    | 02/01/2017               | 110,830                 |
| VIRGINIA ST CLG BLDG AUTH EDUCTNL FACS REVENUE | 2.70%                    | 02/01/2017               | 517,280                 |
| ILLINOIS ST GO BDS SER. 2010-2                 | 5.00%                    | 03/01/2017               | 1,339,163               |
| MARYLAND STATE                                 | 5.00%                    | 03/15/2017               | 628,848                 |
| ILLINOIS ST                                    | 5.09%                    | 04/01/2017               | 3,529,565               |
| RHODE ISLAND ST HSG & MTGE FIN CORP            | 1.45%                    | 04/01/2017               | 222,086                 |
| VIRGINIA ST TAXABLE GO                         | 3.45%                    | 06/01/2017               | 295,402                 |
| PULASKI CO DEV A                               | 1.97%                    | 06/15/2017               | 161,366                 |
| ALEXANDRIA VA GO CAPIMPT BDS SER. 2009A        | 4.00%                    | 07/01/2017               | 166,833                 |
| NORTH CAROLINA HSG FIN AGY                     | 1.97%                    | 07/01/2017               | 463,173                 |
| LOUISIANA ST TAXABLEGO REF BDS SER             | 1.65%                    | 07/15/2017               | 999,930                 |
| MARYLAND ST GO REF BDS SER. 2013B              | 4.50%                    | 08/01/2017               | 8,561,172               |
| SAN BERNARDINO CITY CA UN                      | 2.24%                    | 08/01/2017               | 98,253                  |
| HAMDEN CONN GO BDS SER. 2009B                  | 5.00%                    | 08/15/2017               | 177,486                 |
| NEWPORT NEWS VA                                | 2.00%                    | 09/01/2017               | 503,009                 |
| HONOLULU HAWAII CITY& CNTY GO BDS SER          | 1.26%                    | 11/01/2017               | 49,385                  |
| HONOLULU HAWAII CITY& CNTY GO BDS SER          | 1.26%                    | 11/01/2017               | 1,846,980               |
| MASSACHUSETTS ST HSGFIN AGY HSG REV HSG        | 1.39%                    | 12/01/2017               | 393,176                 |
| ARLINGTON CNTY IDA REV                         | 1.02%                    | 12/15/2017               | 1,768,792               |
| DENVER CO PUBLIC SCHS COPS                     | 1.44%                    | 12/15/2017               | 171,215                 |
| ARLINGTON CNTY VA GOPUB IMPT BDS SER           | 4.00%                    | 01/15/2018               | 275,880                 |
| VIRGINIA COLLEGE BLDG AUTH VA EDL              | 3.20%                    | 02/01/2018               | 315,909                 |
| HAWAII CNTY HAWAII GO BDS SER. 2010B           | 4.46%                    | 03/01/2018               | 54,461                  |
| NORFOLK VA GO CAP IMPT BDS SER. 2010 B         | 4.40%                    | 03/01/2018               | 775,341                 |

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2013

|   | <u>Interest<br/>Rate</u> | <u>Maturity<br/>Date</u>    | <u>Market<br/>Value</u>     |
|---|--------------------------|-----------------------------|-----------------------------|
| TULSA OK  | 4.00%                    | 03/01/2018                  | 4,444,080                   |
| IRVINGTON TWP NJ B REF                                    | 4.50%                    | 04/01/2018                  | 521,537                     |
| KENTUCKY ASSET / LIABILITY COMMN GEN                      | 1.69%                    | 04/01/2018                  | 194,414                     |
| KENTUCKY ASSET / LIABILITY COMMN GEN                      | 1.69%                    | 04/01/2018                  | 1,312,295                   |
| ARIZONA BRD REGENTS CTFS PARTN REF COPS                   | 2.48%                    | 06/01/2018                  | 1,096,500                   |
| PULASKI CO DEV A  | 2.37%                    | 06/15/2018                  | 231,872                     |
| FLORIDA HURRICANE SER A                                   | 2.11%                    | 07/01/2018                  | 4,836,800                   |
| CHESTERFIELD COUNTY VA                                    | 0.35%                    | 08/01/2024                  | 100,000                     |
| CHESTERFIELD COUNTY VA                                    | 0.35%                    | 08/01/2024                  | 100,000                     |
|   |                          |                             | <hr/>                       |
|   |                          | Total Municipal Obligations | <b><u>67,984,312</u></b>    |
| <b>Money Market Funds</b>                                 |                          |                             |                             |
| BANK OF GEORGETOWN  | 0.80%                    |                             | 19,571,108                  |
| JOHN MARSHALL BANK  | 0.65%                    |                             | 5,322,221                   |
| BB&T  | 0.27%                    |                             | 10,002,811                  |
| CHAIN BRIDGE BANK   | 0.50%                    |                             | 1,002,675                   |
|   |                          |                             | <hr/>                       |
|   |                          | Total Money Market Funds    | <b><u>35,898,815</u></b>    |
| <b>Virginia State Non-Arbitrage Program (SNAP)</b>        |                          |                             | 252,659,649                 |
| <b>State Treasurer's Local Government Investment Pool</b> |                          |                             | 535,007                     |
|   |                          |                             | <hr/>                       |
| <b>TOTAL SECURITIES</b>                                   |                          |                             | <b><u>\$689,701,054</u></b> |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|   | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |  |
|---|----------------------------------|------------------|--|---------------------|---|------------------|--|
|   |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |  |
| <b>General Obligation Debt:<br/>Serviced by General Fund:</b> |                                  |                  |  |                     |   |                  |  |
| G.O. Public Improvement (\$60,070,000)                        |                                  | 05/15/04         |  |                     |   |                  |  |
| Fire Station  | \$2,760,000                      |                  | 5.00   | \$1,675,000         | 1,675,000   | 05/15/14         |  |
| Higher Education  | 3,000,000                        |                  |  |                     |   |                  |  |
| Community Conservation  | 3,010,000                        |                  |  | <u>\$1,675,000</u>  |   |                  |  |
| Parks and Recreation  | 12,267,000                       |                  |  |                     |   |                  |  |
| Metrorail   | 11,033,000                       |                  |  |                     |   |                  |  |
|   | <u>\$32,070,000</u>              |                  |  |                     |   |                  |  |
| G.O. Public Improvement Refunding (\$81,005,000)              |                                  | 5/15/04          |  |                     |   |                  |  |
| Street & Highway  | \$14,619,000                     |                  | 5.00   | 4,209,126           | 4,209,126   | 11/1/13          |  |
| Neighborhood Conservation                                     | 9,027,730                        |                  | 5.00   | 5,278,940           | 5,278,940   | 11/1/14          |  |
| Libraries   | 1,056,200                        |                  |  |                     |   |                  |  |
| Fire Station  | 282,150                          |                  |  | <u>\$9,488,066</u>  |   |                  |  |
| Higher Education  | 113,500                          |                  |  |                     |   |                  |  |
| Parks and Recreation  | 15,694,000                       |                  |  |                     |   |                  |  |
| Metrorail   | 3,696,802                        |                  |  |                     |   |                  |  |
|   | <u>\$44,489,382</u>              |                  |  |                     |   |                  |  |
| G.O. Public Improvement (\$94,525,000)                        |                                  | 05/19/05         |  |                     |   |                  |  |
| Parks and Recreation  | \$29,810,850                     |                  | 5.00   | 5,460,000           | 2,730,000   | 5/15/14-15       |  |
| Neighborhood Conservation                                     | 13,030,962                       |                  |  |                     |   |                  |  |
| Higher Education  | 1,000,000                        |                  |  | <u>\$5,460,000</u>  |   |                  |  |
| Fire Station  | 2,935,000                        |                  |  |                     |   |                  |  |
| Metrorail   | 5,518,188                        |                  |  |                     |   |                  |  |
|   | <u>\$52,295,000</u>              |                  |  |                     |   |                  |  |
| G.O. Public Improvement (\$61,335,000)                        |                                  | 3/21/06          |  |                     |   |                  |  |
| Street & Highway  | \$9,251,218                      |                  | 5.00   | 11,450,000          | 2,290,000   | 8/1/13-17        |  |
| Parks and Recreation  | 13,600,000                       |                  |  |                     |   |                  |  |
| Neighborhood Conservation                                     | 5,690,578                        |                  |  | <u>\$11,450,000</u> |   |                  |  |
| Fire Station  | 6,690,455                        |                  |  |                     |   |                  |  |
| Metrorail   | 8,602,749                        |                  |  |                     |   |                  |  |
|   | <u>\$43,835,000</u>              |                  |  |                     |   |                  |  |
| G.O. Public Improvement Refunding (\$89,970,000)              |                                  | 3/21/06          |  |                     |   |                  |  |
| Street & Highway  | \$6,167,233                      |                  | 5.00   | 855,385             | 855,385   | 08/01/13         |  |
| Neighborhood Conservation                                     | 4,964,155                        |                  | 5.00   | 3,419,214           | 3,419,214   | 08/01/14         |  |
| Parks and Recreation  | 17,209,390                       |                  | 5.00   | 5,112,625           | 5,112,625   | 08/01/15         |  |
| Libraries   | 1,920,866                        |                  | 5.00   | 5,119,616           | 5,119,616   | 08/01/16         |  |
| Higher Education  | 2,028,391                        |                  | 5.00   | 3,050,565           | 3,050,565   | 08/01/17         |  |
| Fire Station  | 2,638,292                        |                  |  |                     |   |                  |  |
| Metrorail   | 12,758,305                       |                  |  | <u>\$17,557,405</u> |   |                  |  |
|   | <u>\$47,686,632</u>              |                  |  |                     |   |                  |  |
| G.O. Public Improvement (\$117,360,000)                       |                                  | 6/6/07           |  |                     |   |                  |  |
| Street & Highway  | \$12,530,000                     |                  | 4.00   | 1,730,000           | 1,730,000   | 03/15/14         |  |
| Neighborhood Conservation                                     | 4,000,000                        |                  | 5.00   | 3,460,000           | 1,730,000   | 3/15/15-16       |  |
| Government Facility Bond                                      | 2,200,000                        |                  |  |                     |   |                  |  |
| Parks and Recreation  | 14,500,000                       |                  |  | <u>\$5,190,000</u>  |   |                  |  |
|   | <u>\$33,230,000</u>              |                  |  |                     |   |                  |  |
| G.O. Public Improvement (\$111,185,000)                       |                                  | 6/18/08          |  |                     |   |                  |  |
| Street & Highway  | \$9,000,572                      |                  | 5.00   | 6,816,000           | 1,704,000   | 01/15/14-17      |  |
| Neighborhood Conservation                                     | 2,019,854                        |                  |  |                     |   |                  |  |
| Parks and Recreation  | 6,700,000                        |                  |  | <u>\$6,816,000</u>  |   |                  |  |
| Library   | 6,000,000                        |                  |  |                     |   |                  |  |
| Metro   | 8,980,574                        |                  |  |                     |   |                  |  |
|   | <u>\$32,701,000</u>              |                  |  |                     |   |                  |  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|  | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|--|----------------------------------|------------------|--|---------------------|---|------------------|
|  |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |
| G.O. Public Improvement (\$39,217,322)           |                                  | 8/15/10          |  |                     |   |                  |
| Neighborhood Conservation                        | \$4,817,322                      |                  | 3.00   | 775,000             | 775,000   | 08/15/13         |
| Parks and Recreation                             | 2,050,000                        |                  | 2.25   | 775,000             | 775,000   | 08/15/14         |
| Metro  | 8,000,000                        |                  | 5.00   | 775,000             | 775,000   | 08/15/15         |
|  | <u>\$14,867,322</u>              |                  | 4.00   | 775,000             | 775,000   | 08/15/16         |
|  |                                  |                  | 5.00   | 775,000             | 775,000   | 08/15/17         |
|  |                                  |                  | 3.00   | 595,312             | 595,312   | 08/15/18         |
|  |                                  |                  | 3.125  | 775,000             | 775,000   | 08/15/20         |
|  |                                  |                  | 3.625  | 475,000             | 775,000   | 08/15/24         |
|  |                                  |                  | 4.00   | 770,000             | 770,000   | 08/15/28         |
|  |                                  |                  | 4.00   | 770,000             | 770,000   | 08/15/29         |
|  |                                  |                  |  | <u>\$7,260,312</u>  |   |                  |
| G.O. Public Improvement Refunding (\$41,262,678) |                                  | 8/15/09          |  |                     |   |                  |
| Street & Highway                                 | \$9,122,919                      |                  | 3.00   | 4,525,801           | 4,525,801   | 08/15/13         |
| Neighborhood Conservation                        | 2,195,414                        |                  | 2.25   | 1,597,871           | 1,597,871   | 08/15/14         |
| Parks and Recreation                             | 10,465,543                       |                  | 4.00   | 2,797,477           | 2,797,477   | 08/15/16         |
| Fire   | 1,575,576                        |                  | 5.00   | 2,794,665           | 2,794,665   | 08/15/17         |
| Library  | 145,744                          |                  | 3.00   | 2,783,419           | 2,783,419   | 08/15/18         |
| Metro  | 4,401,924                        |                  |  |                     |   |                  |
|  | <u>\$27,907,120</u>              |                  |  | <u>\$14,499,233</u> |   |                  |
| G.O. Public Improvement (\$65,650,000)           |                                  | 8/15/09          |  |                     |   |                  |
| Street & Highway                                 | \$5,519,144                      |                  | 3.00   | 3,556,317           | 3,556,317   | 08/01/13         |
| Neighborhood Conservation                        | 2,769,159                        |                  | 4.00   | 2,863,081           | 2,863,081   | 08/01/14         |
| Government Facility Bond                         | 653,173                          |                  | 4.00   | 4,240,576           | 4,240,576   | 08/01/15         |
| Parks and Recreation                             | 10,466,863                       |                  | 5.00   | 1,514,633           | 1,514,633   | 08/01/16         |
| Fire   | 1,686,726                        |                  | 5.00   | 3,480,479           | 3,480,479   | 08/01/17         |
| Library  | 1,130,373                        |                  | 5.00   | 4,666,617           | 4,666,617   | 08/01/18         |
| Metro  | 4,934,823                        |                  | 5.00   | 1,694,502           | 1,694,502   | 08/01/19         |
|  | <u>\$27,160,261</u>              |                  | 5.00   | 1,695,616           | 1,695,616   | 08/01/20         |
|  |                                  |                  |  | <u>\$23,711,821</u> |   |                  |
| G.O. Public Improvement (\$73,415,000)           |                                  | 7/27/10          |  |                     |   |                  |
| Street & Highway                                 | \$7,150,000                      |                  | 5.00   | 1,270,000           | 1,270,000   | 08/15/13         |
| Neighborhood Conservation                        | 6,900,000                        |                  | 4.00   | 1,270,000           | 1,270,000   | 08/15/14         |
| Government Facility Bond                         | 1,270,000                        |                  | 5.00   | 3,810,000           | 1,270,000   | 08/15/15-17      |
| Parks and Recreation                             | 1,500,000                        |                  | 2.00   | 1,270,000           | 1,270,000   | 08/15/18         |
| Metro  | 7,542,000                        |                  | 2.125  | 1,270,000           | 1,270,000   | 08/15/19         |
|  | <u>\$24,362,000</u>              |                  | 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>\$22,835,000</u> |   |                  |
| G.O. Public Improvement Refunding (65,870,000)   |                                  | 7/27/10          |  |                     |   |                  |
| Street & Highway                                 | \$5,661,131                      |                  | 4.00   | 1,667,350           | 1,667,350   | 08/15/16         |
| Neighborhood Conservation                        | 2,906,731                        |                  | 4.00   | 4,732,544           | 4,732,544   | 08/15/17         |
| Government Facility Bond                         | 1,167,608                        |                  | 5.00   | 3,596,516           | 3,596,516   | 08/15/18         |
| Parks and Recreation                             | 11,120,617                       |                  | 4.00   | 2,405,957           | 2,405,957   | 08/15/19         |
| Fire   | 1,486,736                        |                  | 5.00   | 7,087,694           | 7,087,694   | 08/15/20         |
| Library  | 2,204,188                        |                  | 5.00   | 6,995,352           | 6,995,352   | 08/15/21         |
| Metro  | 3,577,903                        |                  | 3.00   | 1,639,501           | 1,639,501   | 08/15/22         |
|  | <u>\$28,124,914</u>              |                  |  | <u>\$28,124,914</u> |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|  | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |  |
|--|----------------------------------|------------------|--|---------------------|---|------------------|--|
|  |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |  |
| <b>G.O. Public Improvement (\$127,000,000)</b>           |                                  |                  |  |                     |   |                  |  |
|  |                                  | 6/28/11          |  |                     |   |                  |  |
| Street & Highway   | \$10,669,428                     |                  | 3.00   | 2,945,000           | 2,945,000   | 08/15/13         |  |
| Neighborhood Conservation                                | 6,400,000                        |                  | 4.00   | 3,685,000           | 3,685,000   | 08/15/14         |  |
| Government Facility Bond                                 | 4,675,000                        |                  | 2.00/4.00  | 3,685,000           | 3,685,000   | 08/15/15         |  |
| Parks and Recreation                                     | 39,005,572                       |                  | 4.00   | 3,685,000           | 3,685,000   | 08/15/16         |  |
| Metro  | 10,000,000                       |                  | 4.00/5.00  | 3,685,000           | 3,685,000   | 08/15/17         |  |
|  | <u>\$70,750,000</u>              |                  | 4.00   | 3,685,000           | 3,685,000   | 08/15/18         |  |
|  |                                  |                  | 5.00   | 3,685,000           | 3,685,000   | 08/15/19         |  |
|  |                                  |                  | 3.00/5.00  | 3,685,000           | 3,685,000   | 08/15/20         |  |
|  |                                  |                  | 4.00/5.00  | 3,685,000           | 3,685,000   | 08/15/21         |  |
|  |                                  |                  | 4.00/5.00  | 3,614,352           | 3,614,352   | 08/15/23         |  |
|  |                                  |                  | 3.00/3.25  | 3,685,000           | 3,685,000   | 08/15/24         |  |
|  |                                  |                  | 3.40   | 3,685,000           | 3,685,000   | 08/15/25         |  |
|  |                                  |                  | 3.55   | 3,685,000           | 3,685,000   | 08/15/26         |  |
|  |                                  |                  | 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>\$65,519,352</u> |   |                  |  |
| <b>G.O. Public Improvement Refunding (\$106,445,000)</b> |                                  |                  |  |                     |   |                  |  |
|  |                                  | 2/22/12          |  |                     |   |                  |  |
| Street & Highway   | \$6,073,372                      |                  | 4.00/3.00  | 5,760,000           | 5,760,000   | 08/01/19         |  |
| Neighborhood Conservation                                | 4,851,013                        |                  | 4.00/3.00  | 3,165,000           | 3,165,000   | 08/01/21         |  |
| Government Facility Bond                                 | 959,373                          |                  | 5.00   | 11,955,000          | 11,955,000  | 08/01/22         |  |
| Parks and Recreation                                     | 15,124,026                       |                  | 5.00   | 9,240,000           | 9,240,000   | 08/15/23         |  |
| Fire Station   | 1,349,591                        |                  | 5.00   | 7,175,000           | 7,175,000   | 08/15/24         |  |
| Library  | 1,152,494                        |                  | 5.00   | 2,280,000           | 2,280,000   | 08/15/25         |  |
| Metro  | 10,065,131                       |                  |  |                     |   |                  |  |
|  | <u>\$39,575,000</u>              |                  |  | <u>\$39,575,000</u> |   |                  |  |
| <b>G.O. Public Improvement Refunding (\$4,535,000)</b>   |                                  |                  |  |                     |   |                  |  |
|  |                                  | 2/22/12          |  |                     |   |                  |  |
| Street & Highway   | \$521,221                        |                  | 0.40   | 1,190,000           | 1,190,000   | 01/15/14         |  |
| Neighborhood Conservation                                | 436,906                          |                  | 0.50   | 1,120,000           | 1,120,000   | 01/15/15         |  |
| Parks and Recreation                                     | 1,221,550                        |                  |  |                     |   |                  |  |
| Fire Station   | 68,750                           |                  |  | <u>\$2,310,000</u>  |   |                  |  |
| Library  | 60,527                           |                  |  |                     |   |                  |  |
| Metro  | 1,046                            |                  |  |                     |   |                  |  |
|  | <u>\$2,310,000</u>               |                  |  |                     |   |                  |  |
| <b>G.O. Public Improvement Refunding (\$108,140,000)</b> |                                  |                  |  |                     |   |                  |  |
|  |                                  | 6/20/12          |  |                     |   |                  |  |
| Street & Highway   | \$6,150,000                      |                  | 5.00   | 355,950             | 355,950   | 08/15/15         |  |
| Neighborhood Conservation                                | 4,000,000                        |                  | 5.00   | 3,559,500           | 3,559,500   | 08/15/16         |  |
| Government Facility Bond                                 | 4,435,000                        |                  | 5.00   | 2,313,675           | 2,313,675   | 08/15/17         |  |
| Parks and Recreation                                     | 11,010,000                       |                  | 5.00   | 17,619,525          | 1,957,725   | 08/15/18-26      |  |
| Metro  | 10,000,000                       |                  | 4.00   | 7,830,900           | 1,957,725   | 08/15/27-30      |  |
|  | <u>\$35,595,000</u>              |                  | 5.00   | 3,915,450           | 1,957,725   | 08/15/31-32      |  |
|  |                                  |                  |  | <u>\$35,595,000</u> |   |                  |  |
| <b>G.O. Public Improvement (\$93,975,000)</b>            |                                  |                  |  |                     |   |                  |  |
|  |                                  | 5/9/13           |  |                     |   |                  |  |
| Street & Highway   | \$11,190,000                     |                  | 2.00   | 1,085,000           | 1,085,000   | 08/01/13         |  |
| Neighborhood Conservation                                | 4,000,000                        |                  | 3.00   | 2,165,000           | 2,165,000   | 08/01/14         |  |
| Government Facility Bond                                 | 11,395,000                       |                  | 4.00   | 6,545,000           | 6,545,000   | 08/01/15         |  |
| Parks and Recreation                                     | 15,410,000                       |                  | 4.00   | 2,485,000           | 2,485,000   | 08/01/16         |  |
| Metro  | 10,000,000                       |                  | 5.00   | 17,395,000          | 2,485,000   | 08/01/17-23      |  |
|  | <u>\$51,995,000</u>              |                  | 5.00   | 9,920,000           | 2,480,000   | 08/01/24-27      |  |
|  |                                  |                  | 4.00   | 12,400,000          | 2,480,000   | 08/01/28-32      |  |
|  |                                  |                  |  | <u>\$51,995,000</u> |   |                  |  |
| <b>G.O. Public Improvement Refunding (\$30,320,000)</b>  |                                  |                  |  |                     |   |                  |  |
|  |                                  | 5/9/13           |  |                     |   |                  |  |
| Street & Highway   | \$2,411,674                      |                  | 4.00   | 230,000             | 230,000   | 08/01/24         |  |
| Neighborhood Conservation                                | 982,015                          |                  | 5.00   | 2,830,000           | 2,830,000   | 08/01/25         |  |
| Government Facility Bond                                 | 380,957                          |                  | 5.00   | 4,980,000           | 4,980,000   | 08/01/26         |  |
| Parks and Recreation                                     | 3,618,568                        |                  | 4.00   | 3,000,000           | 3,000,000   | 08/01/27         |  |
| Fire station   | 164,926                          |                  |  |                     |   |                  |  |
| Library  | 457,644                          |                  |  | <u>\$11,040,000</u> |   |                  |  |
| Metro  | 3,024,216                        |                  |  |                     |   |                  |  |
|  | <u>\$11,040,000</u>              |                  |  |                     |   |                  |  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|   | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                      | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|---|----------------------------------|------------------|--|----------------------|---|------------------|
|   |                                  |                  | Interest<br>Rate - %   | Principal            | Annual<br>Amount  | Maturity<br>Date |
| G.O. Public Improvement Refunding (\$81,255,000)                  |                                  | 5/9/13           |  |                      |   |                  |
| Street & Highway  | \$10,194,261                     |                  | 0.320  | 1,080,000            | 1,080,000   | 08/01/14         |
| Neighborhood Conservation   | 6,878,456                        |                  | 0.450  | 6,235,000            | 6,235,000   | 08/01/15         |
| Parks and Recreation  | 15,956,083                       |                  | 0.606  | 6,005,000            | 6,005,000   | 08/01/16         |
| Fire station  | 1,564,102                        |                  | 0.776  | 2,430,000            | 2,430,000   | 08/01/17         |
| Library   | 1,591,281                        |                  | 1.076  | 6,610,000            | 6,610,000   | 08/01/18         |
| Metro   | 8,060,817                        |                  | 1.339  | 6,335,000            | 6,335,000   | 08/01/19         |
|   | <u>\$44,245,000</u>              |                  | 1.659  | 6,275,000            | 6,275,000   | 08/01/20         |
|   |                                  |                  | 1.925  | 3,310,000            | 3,310,000   | 08/01/21         |
|   |                                  |                  | 2.075  | 2,245,000            | 2,245,000   | 08/01/22         |
|   |                                  |                  | 2.225  | 1,345,000            | 1,345,000   | 08/01/23         |
|   |                                  |                  | 2.320  | 880,000              | 880,000   | 08/01/24         |
|   |                                  |                  | 2.470  | 860,000              | 860,000   | 08/01/25         |
|   |                                  |                  | 2.620  | 635,000              | 635,000   | 08/01/26         |
|   |                                  |                  |  | <u>\$44,245,000</u>  |   |                  |
| <br>SUBTOTAL:   |                                  |                  |  | <u>\$404,347,103</u> |   |                  |
| <br>FY 2004 Bond premium to be amortized                          |                                  |                  |  | 1,216,787            |   |                  |
| FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | 2,585,116            |   |                  |
| FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | 252,832              |   |                  |
| FY 2007 Bond premium to be amortized                              |                                  |                  |  | 315,344              |   |                  |
| FY 2008 Bond premium to be amortized                              |                                  |                  |  | 1,118,627            |   |                  |
| FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | 2,226,773            |   |                  |
| FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | 6,325,739            |   |                  |
| FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | 8,478,314            |   |                  |
| FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | 6,838,666            |   |                  |
| Total GO Bonds Serviced by General Fund:                          |                                  |                  |  | <u>\$433,705,301</u> |   |                  |
| <br>IDA Revenue Bond (\$41,280,000)                               |                                  | 12/15/10         |  |                      |   |                  |
| Metro Matters   | \$26,000,000                     |                  | 2.00   | 1,215,000            | 1,215,000   | 12/15/13         |
| Buckingham Village I  | 15,280,000                       |                  | 2.00   | 1,240,000            | 1,240,000   | 12/15/14         |
|   | <u>\$41,280,000</u>              |                  | 2.50   | 1,265,000            | 1,265,000   | 12/15/15         |
|   |                                  |                  | 2.75   | 1,295,000            | 1,295,000   | 12/15/16         |
|   |                                  |                  | 4.70   | 1,330,000            | 1,330,000   | 12/15/17         |
|   |                                  |                  | 4.90   | 1,370,000            | 1,370,000   | 12/15/18         |
|   |                                  |                  | 5.00   | 1,415,000            | 1,415,000   | 12/15/19         |
|   |                                  |                  | 5.10   | 1,460,000            | 1,460,000   | 12/15/20         |
|   |                                  |                  | 5.20   | 1,510,000            | 1,510,000   | 12/15/21         |
|   |                                  |                  | 5.30   | 1,560,000            | 1,560,000   | 12/15/22         |
|   |                                  |                  | 5.40   | 1,615,000            | 1,615,000   | 12/15/23         |
|   |                                  |                  | 6.00   | 1,670,000            | 1,670,000   | 12/15/24         |
|   |                                  |                  | 6.00   | 1,735,000            | 1,735,000   | 12/15/25         |
|   |                                  |                  | 6.00   | 1,805,000            | 1,805,000   | 12/15/26         |
|   |                                  |                  | 6.00   | 1,875,000            | 1,875,000   | 12/15/27         |
|   |                                  |                  | 6.00   | 1,950,000            | 1,950,000   | 12/15/28         |
|   |                                  |                  | 6.00   | 2,025,000            | 2,025,000   | 12/15/29         |
|   |                                  |                  | 6.20   | 2,110,000            | 2,110,000   | 12/15/30         |
|   |                                  |                  | 6.20   | 2,195,000            | 2,195,000   | 12/15/31         |
|   |                                  |                  | 6.20   | 2,285,000            | 2,285,000   | 12/15/32         |
|   |                                  |                  | 6.20   | 2,380,000            | 2,380,000   | 12/15/33         |
|   |                                  |                  | 6.20   | 2,475,000            | 2,475,000   | 12/15/34         |
|   |                                  |                  |  | <u>\$37,780,000</u>  |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|   | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                      | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|---|----------------------------------|------------------|--|----------------------|---|------------------|
|   |                                  |                  | Interest<br>Rate - %   | Principal            | Annual<br>Amount  | Maturity<br>Date |
| IDA Revenue Bond (\$11,940,000)<br>FS #3, Arlington Mill and Buckingham Park                              | <u>\$11,940,000</u>              | 12/15/10         | 3.00   | 3,125,000            | 625,000   | 2/15/14-18       |
|   |                                  |                  | 4.00   | 625,000              | 625,000   | 2/15/19          |
|   |                                  |                  | 4.00   | 2,480,000            | 620,000   | 2/15/20-23       |
|   |                                  |                  | 4.125  | 620,000              | 620,000   | 2/15/24          |
|   |                                  |                  | 4.375  | 620,000              | 620,000   | 2/15/25          |
|   |                                  |                  | 4.50   | 620,000              | 620,000   | 2/15/26          |
|   |                                  |                  | 4.625  | 620,000              | 620,000   | 2/15/27          |
|   |                                  |                  | 4.75   | 620,000              | 620,000   | 2/15/28          |
|   |                                  |                  | 5.00   | 1,860,000            | 620,000   | 2/15/29-31       |
|   |                                  |                  |  | <u>\$11,190,000</u>  |   |                  |
| IDA Revenue Bond (\$76,315,000)   |                                  | 6/3/13           |  |                      |   |                  |
| Refunding 2004 IDA  | \$23,930,000                     |                  | 4.00/44  | 6,945,000            | 6,945,000   | 12/15/13         |
| 2020  | 20,250,000                       |                  | 5.00/50  | 7,780,000            | 7,780,000   | 12/15/14         |
| Buckingham Village 3  | <u>\$32,135,000</u>              |                  | 3.00/75  | 3,040,000            | 3,040,000   | 12/15/15         |
|   | <u>\$76,315,000</u>              |                  | 3.00/832   | 3,025,000            | 3,025,000   | 12/15/16         |
|   |                                  |                  | 5.00/1.02  | 3,005,000            | 3,005,000   | 12/15/17         |
|   |                                  |                  | 5.00/1.37  | 3,010,000            | 3,010,000   | 12/15/18         |
|   |                                  |                  | 5.00/1.74  | 3,020,000            | 3,020,000   | 12/15/19         |
|   |                                  |                  | 5.00/1.99  | 3,030,000            | 3,030,000   | 12/15/20         |
|   |                                  |                  | 5.00/2.43  | 3,040,000            | 3,040,000   | 12/15/21         |
|   |                                  |                  | 5.00/2.58  | 3,055,000            | 3,055,000   | 12/15/22         |
|   |                                  |                  | 5.00/2.73  | 3,060,000            | 3,060,000   | 12/15/23         |
|   |                                  |                  | 5.00/2.93  | 3,080,000            | 3,080,000   | 12/15/24         |
|   |                                  |                  | 3.08   | 1,955,000            | 1,955,000   | 12/15/25         |
|   |                                  |                  | 3.48   | 1,985,000            | 1,985,000   | 12/15/26         |
|   |                                  |                  | 3.48   | 2,015,000            | 2,015,000   | 12/15/27         |
|   |                                  |                  | 3.48   | 2,050,000            | 2,050,000   | 12/15/28         |
|   |                                  |                  | 4.01   | 2,085,000            | 2,085,000   | 12/15/29         |
|   |                                  |                  | 4.01   | 2,130,000            | 2,130,000   | 12/15/30         |
|   |                                  |                  | 4.01   | 2,175,000            | 2,175,000   | 12/15/31         |
|   |                                  |                  | 4.01   | 2,220,000            | 2,220,000   | 12/15/32         |
|   |                                  |                  | 4.11   | 1,205,000            | 1,205,000   | 12/15/33         |
|   |                                  |                  | 4.11   | 1,255,000            | 1,255,000   | 12/15/34         |
|   |                                  |                  | 4.11   | 1,310,000            | 1,310,000   | 12/15/35         |
|   |                                  |                  | 4.11   | 1,365,000            | 1,365,000   | 12/15/36         |
|   |                                  |                  | 4.11   | 1,420,000            | 1,420,000   | 12/15/37         |
|   |                                  |                  | 4.11   | 1,480,000            | 1,480,000   | 12/15/38         |
|   |                                  |                  | 4.11   | 1,545,000            | 1,545,000   | 12/15/39         |
|   |                                  |                  | 4.11   | 1,610,000            | 1,610,000   | 12/15/40         |
|   |                                  |                  | 4.11   | 1,675,000            | 1,675,000   | 12/15/41         |
|   |                                  |                  | 4.11   | 1,745,000            | 1,745,000   | 12/15/42         |
|   |                                  |                  |  | <u>\$76,315,000</u>  |   |                  |
| SUBTOTAL:   |                                  |                  |  | <u>\$125,285,000</u> |   |                  |
| Total IDA Revenue Bonds Serviced by General Fund  |                                  |                  |  | <u>125,285,000</u>   |   |                  |
| Compensated Absences  |                                  |                  |  | <u>32,435,962</u>    |   |                  |
| Estimated Liability for Workers' Comp Claims & Other Judgments<br>Serviced by General Fund-Capital Leases |                                  |                  |  | <u>3,747,842</u>     |   |                  |
|   |                                  |                  |  | <u>13,175,010</u>    |   |                  |
| Total General Obligation Debt Serviced by General Fund:   |                                  |                  |  | <u>608,349,115</u>   |   |                  |
| Due in one year   |                                  |                  |  | <u>(49,065,209)</u>  |   |                  |
| Total Long Term Liabilities -General Fund   |                                  |                  |  | <u>\$559,283,906</u> |   |                  |



ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|   | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |  |
|---|----------------------------------|------------------|--|---------------------|---|------------------|--|
|   |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |  |
| <b><u>Serviced by School Operating Fund:</u></b>                        |                                  |                  |  |                     |   |                  |  |
| G.O. Public Improvement (\$60,070,000)<br>School Improvements           | <u>\$28,000,000</u>              | 05/12/04         | 5.00   | \$1,120,000         | 1,120,000   | 05/15/2014       |  |
|   |                                  |                  |  | <u>\$1,120,000</u>  |   |                  |  |
| G.O. Public Improvement Refunding (\$81,005,000)<br>School Improvements | <u>\$33,598,820</u>              | 08/19/04         | 5.00   | 3,050,562           | 3,050,562   | 11/01/13         |  |
|   |                                  |                  | 5.00   | 4,082,829           | 4,082,829   | 11/01/14         |  |
|   |                                  |                  |  | <u>\$7,133,391</u>  |   |                  |  |
| G.O. Public Improvement (\$94,525,000)<br>School Improvements           | <u>\$36,230,000</u>              | 06/01/05         | 5.00   | \$3,620,000         | 1,810,000   | 5/15/14-15       |  |
|   |                                  |                  |  | <u>\$3,620,000</u>  |   |                  |  |
| G.O. Public Improvement (\$61,335,000)<br>School Improvements           | <u>\$17,500,000</u>              | 3/21/06          | 5.00   | 4,375,000           | 875,000   | 8/1/12-17        |  |
|   |                                  |                  |  | <u>\$4,375,000</u>  |   |                  |  |
| G.O. Public Improvement Refunding (\$89,970,000)<br>School Improvements | <u>\$39,169,607</u>              | 3/21/06          | 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         |  |
|   |                                  |                  |  | <u>\$13,988,791</u> |   |                  |  |
| G.O. Public Improvement (\$117,360,000)<br>School Improvements          | <u>\$16,630,000</u>              | 6/6/07           | 4.00   | 835,000             | 835,000   | 03/15/14         |  |
|   |                                  |                  | 5.00   | 1,660,000           | 830,000   | 3/15/15-16       |  |
|   |                                  |                  |  | <u>\$2,495,000</u>  |   |                  |  |
| G.O. Public Improvement (\$111,185,000)<br>School Improvements          | <u>\$51,076,000</u>              | 6/18/08          | 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    |  |
|   |                                  |                  |  | <u>\$10,218,000</u> |   |                  |  |
| G.O. Public Improvement (\$39,217,322)<br>School Improvements           | <u>\$24,350,000</u>              | 8/15/09          | 3.00   | 1,220,000           | 1,220,000   | 08/15/13         |  |
|   |                                  |                  | 2.25   | 1,220,000           | 1,220,000   | 08/15/14         |  |
|   |                                  |                  | 5.00   | 1,220,000           | 1,220,000   | 08/15/15         |  |
|   |                                  |                  | 4.00   | 1,220,000           | 1,220,000   | 08/15/16         |  |
|   |                                  |                  | 5.00   | 1,220,000           | 1,220,000   | 08/15/17         |  |
|   |                                  |                  | 3.00   | 939,688             | 939,688   | 08/15/18         |  |
|   |                                  |                  | 3.125  | 1,215,000           | 1,215,000   | 08/15/20         |  |
|   |                                  |                  | 3.625  | 745,000             | 1,215,000   | 08/15/24         |  |
|   |                                  |                  | 4.00   | 1,215,000           | 1,215,000   | 08/15/28         |  |
|   |                                  |                  | 4.00   | 1,215,000           | 1,215,000   | 08/15/29         |  |
|   |                                  |                  |  | <u>\$11,429,688</u> |   |                  |  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|  | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|--|----------------------------------|------------------|--|---------------------|---|------------------|
|  |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |
| G.O. Public Improvement Refunding (\$41,262,678) |                                  | 8/15/09          |  |                     |   |                  |
| School Improvements                              | <u>\$11,455,110</u>              |                  | 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>\$7,878,196</u>  |   |                  |
| G.O. Public Improvement Refunding (\$65,650,000) |                                  | 8/15/09          |  |                     |   |                  |
| School Improvements                              | <u>\$27,608,536</u>              |                  | 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>\$24,429,043</u> |   |                  |
| Schools- QSCB (\$3,390,000)                      |                                  | 07/06/10         |  |                     |   |                  |
| School Improvements                              | <u>\$3,390,000</u>               |                  | 5.31   | 2,800,000           | 200,000   | 08/01/13-27      |
|  |                                  |                  |  | <u>\$2,800,000</u>  |   |                  |
| G.O. Public Improvement (\$73,415,000)           |                                  | 7/27/10          |  |                     |   |                  |
| School Improvements                              | <u>\$30,703,000</u>              |                  | 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>\$27,630,000</u> |   |                  |
| G.O. Public Improvement Refunding (\$65,870,000) |                                  | 7/27/10          |  |                     |   |                  |
| School Improvements                              | <u>\$25,408,254</u>              |                  | 4.00   | 799,942             | 799,942   | 08/15/16         |
|  |                                  |                  | 4.00   | 4,991,847           | 4,991,847   | 08/15/17         |
|  |                                  |                  | 5.00   | 2,713,871           | 2,713,871   | 08/15/18         |
|  |                                  |                  | 4.00   | 2,734,043           | 2,734,043   | 08/15/19         |
|  |                                  |                  | 5.00   | 5,201,560           | 5,201,560   | 08/15/20         |
|  |                                  |                  | 5.00   | 6,061,492           | 6,061,492   | 08/15/21         |
|  |                                  |                  | 3.00   | 1,550,499           | 1,550,499   | 08/15/22         |
|  |                                  |                  | 3.125  | 1,355,000           | 1,355,000   | 08/15/23         |
|  |                                  |                  |  | <u>\$25,408,254</u> |   |                  |
| G.O. Public Improvement (\$127,000,000)          |                                  | 6/28/11          |  |                     |   |                  |
| School Improvements                              | <u>\$44,450,000</u>              |                  | 3.00   | 2,225,000           | 2,225,000   | 08/15/13         |
|  |                                  |                  | 4.00   | 2,225,000           | 2,225,000   | 08/15/14         |
|  |                                  |                  | 2.00/4.00  | 2,225,000           | 2,225,000   | 08/15/15         |
|  |                                  |                  | 4.00   | 2,225,000           | 2,225,000   | 08/15/16         |
|  |                                  |                  | 4.00/5.00  | 2,225,000           | 2,225,000   | 08/15/17         |
|  |                                  |                  | 4.00   | 2,225,000           | 2,225,000   | 08/15/18         |
|  |                                  |                  | 5.00   | 2,225,000           | 2,225,000   | 08/15/19         |
|  |                                  |                  | 3.00/5.00  | 2,225,000           | 2,225,000   | 08/15/20         |
|  |                                  |                  | 4.00/5.00  | 2,225,000           | 2,225,000   | 08/15/21         |
|  |                                  |                  | 4.00/5.00  | 2,177,439           | 2,177,439   | 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>\$39,962,439</u> |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|   | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|---|----------------------------------|------------------|--|---------------------|---|------------------|
|   |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |
| G.O. Public Improvement Refunding (\$106,445,000) |                                  | 2/22/12          |  |                     |   |                  |
| School Improvements                               | <u>\$39,255,000</u>              |                  | 4.00/3.00  | 3,065,000           | 3,065,000   | 08/01/19         |
|   |                                  |                  | 4.00/3.00  | 3,125,000           | 3,125,000   | 08/01/21         |
|   |                                  |                  | 5.00   | 9,015,000           | 9,015,000   | 08/01/22         |
|   |                                  |                  | 5.00   | 7,650,000           | 7,650,000   | 08/15/23         |
|   |                                  |                  | 5.00   | 7,525,000           | 7,525,000   | 08/15/24         |
|   |                                  |                  | 5.00   | 3,365,000           | 3,365,000   | 08/15/25         |
|   |                                  |                  |  | 3,770,000           | 3,770,000   | 08/15/26         |
|   |                                  |                  |  | 1,740,000           | 1,740,000   | 08/15/27         |
|   |                                  |                  |  | <u>\$39,255,000</u> |   |                  |
| G.O. Public Improvement Refunding (\$4,535,000)   |                                  | 2/22/12          |  |                     |   |                  |
| School Improvements                               | <u>\$2,225,000</u>               |                  | 0.40   | 1,130,000           | 1,130,000   | 01/15/14         |
|   |                                  |                  | 0.50   | 1,095,000           | 1,095,000   | 01/15/15         |
|   |                                  |                  |  | <u>\$2,225,000</u>  |   |                  |
| G.O. Public Improvement Refunding (\$108,140,000) |                                  | 6/20/12          |  |                     |   |                  |
| School Improvements                               | <u>\$65,145,000</u>              |                  | 3.00   | 3,260,000           | 3,260,000   | 08/15/13         |
|   |                                  |                  | 5.00   | 3,255,000           | 3,255,000   | 08/15/14         |
|   |                                  |                  | 5.00   | 3,259,050           | 3,259,050   | 08/15/15         |
|   |                                  |                  | 5.00   | 3,255,500           | 3,255,500   | 08/15/16         |
|   |                                  |                  | 5.00   | 3,256,325           | 3,256,325   | 08/15/17         |
|   |                                  |                  | 5.00   | 29,315,475          | 3,257,275   | 08/15/18-26      |
|   |                                  |                  | 4.00   | 13,029,100          | 3,257,275   | 08/15/27-30      |
|   |                                  |                  | 5.00   | 6,514,550           | 3,257,275   | 08/15/31-32      |
|   |                                  |                  |  | <u>\$65,145,000</u> |   |                  |
| G.O. Public Improvement (\$93,975,000)            |                                  | 5/9/13           |  |                     |   |                  |
| School Improvements                               | <u>\$38,380,000</u>              |                  | 2.00   | 1,915,000           | 1,915,000   | 08/01/13         |
|   |                                  |                  | 3.00   | 1,920,000           | 1,920,000   | 08/01/14         |
|   |                                  |                  | 4.00   | 3,830,000           | 1,915,000   | 08/01/15-16      |
|   |                                  |                  | 5.00   | 21,120,000          | 1,920,000   | 08/01/17-27      |
|   |                                  |                  | 4.00   | 7,680,000           | 1,920,000   | 08/01/28-31      |
|   |                                  |                  | 4.00   | 1,915,000           | 1,915,000   | 08/01/32         |
|   |                                  |                  |  | <u>\$38,380,000</u> |   |                  |
| G.O. Public Improvement Refunding (\$30,320,000)  |                                  | 5/9/13           |  |                     |   |                  |
| School Improvements                               | <u>\$11,590,000</u>              |                  | 4.00   | 240,000             | 240,000   | 08/01/24         |
|   |                                  |                  | 5.00   | 2,975,000           | 2,975,000   | 08/01/25         |
|   |                                  |                  | 5.00   | 5,225,000           | 5,225,000   | 08/01/26         |
|   |                                  |                  | 4.00   | 3,150,000           | 3,150,000   | 08/01/27         |
|   |                                  |                  |  | <u>\$11,590,000</u> |   |                  |
| G.O. Public Improvement Refunding (\$81,255,000)  |                                  | 5/9/13           |  |                     |   |                  |
| School Improvements                               | <u>\$33,505,000</u>              |                  | 0.320  | 835,000             | 835,000   | 08/01/14         |
|   |                                  |                  | 0.450  | 4,825,000           | 4,825,000   | 08/01/15         |
|   |                                  |                  | 0.606  | 4,645,000           | 4,645,000   | 08/01/16         |
|   |                                  |                  | 0.776  | 2,630,000           | 2,630,000   | 08/01/17         |
|   |                                  |                  | 1.076  | 5,845,000           | 5,845,000   | 08/01/18         |
|   |                                  |                  | 1.339  | 4,885,000           | 4,885,000   | 08/01/19         |
|   |                                  |                  | 1.659  | 3,840,000           | 3,840,000   | 08/01/20         |
|   |                                  |                  | 1.925  | 1,655,000           | 1,655,000   | 08/01/21         |
|   |                                  |                  | 2.075  | 1,325,000           | 1,325,000   | 08/01/22         |
|   |                                  |                  | 2.225  | 525,000             | 525,000   | 08/01/23         |
|   |                                  |                  | 2.320  | 925,000             | 925,000   | 08/01/24         |
|   |                                  |                  | 2.470  | 900,000             | 900,000   | 08/01/25         |
|   |                                  |                  | 2.620  | 670,000             | 670,000   | 08/01/26         |
|   |                                  |                  |  | <u>\$33,505,000</u> |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|  | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Interest<br>Rate - % | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold)<br>Principal | Payments:<br>(Relates to total amount<br>authorized and sold)<br>Annual<br>Amount | Maturity<br>Date |
|--|----------------------------------|------------------|----------------------|---|---|------------------|
| SUB TOTAL  |                                  |                  |                      | <b><u><u>\$372,587,802</u></u></b>  |   |                  |
| FY 2004 Bond premium to be amortized   |                                  |                  |                      | 798,806   |   |                  |
| FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net)                    |                                  |                  |                      | 1,160,564   |   |                  |
| FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)                    |                                  |                  |                      | 278,754   |   |                  |
| FY 2007 Bond premium to be amortized   |                                  |                  |                      | 180,036   |   |                  |
| FY 2008 Bond premium to be amortized   |                                  |                  |                      | 1,805,883   |   |                  |
| FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)                    |                                  |                  |                      | 697,067   |   |                  |
| FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)                    |                                  |                  |                      | 4,641,268   |   |                  |
| FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net)                    |                                  |                  |                      | 13,589,946  |   |                  |
| FY 2013 Deferred cost of refunding/Premium on bond Issuance (Net)                    |                                  |                  |                      | 2,663,802   |   |                  |
| Total Serial Bonds Serviced by School Operating Fund:                                |                                  |                  |                      | 398,403,928   |   |                  |
| Compensated Absences   |                                  |                  |                      | 34,974,869  |   |                  |
| Capital Leases Serviced by Schools   |                                  |                  |                      | <u>5,008,839</u>  |   |                  |
| Total General Obligation Debt Serviced by School Operating Fund:                     |                                  |                  |                      | 438,387,636   |   |                  |
| Due in one year  |                                  |                  |                      | <u>(35,541,822)</u>   |   |                  |
| Total Long Term Liabilities - Schools  |                                  |                  |                      | 402,845,814   |   |                  |
| Total General Obligation Debt Serviced by General Fund<br>and School Operating Fund: |                                  |                  |                      | <b><u><u>\$962,129,720</u></u></b>  |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|  | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |  |
|--|----------------------------------|------------------|--|---------------------|---|------------------|--|
|  |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |  |
| <b><u>Serviced by Utilities Fund:</u></b>        |                                  |                  |  |                     |   |                  |  |
| G.O. Public Improvement Refunding (\$81,005,000) |                                  | 08/19/04         |  |                     |   |                  |  |
| Water/sewer share                                | <u>\$2,916,798</u>               |                  | 5.00   | 285,312             | 285,312   | 11/01/13         |  |
|  |                                  |                  | 5.00   | 298,231             | 298,231   | 11/01/14         |  |
|  |                                  |                  |  | <u>\$583,543</u>    |   |                  |  |
| G.O. Public Improvement (\$94,525,000)           |                                  | 06/01/05         |  |                     |   |                  |  |
| Water share                                      | <u>\$6,000,000</u>               |                  | 5.00   | \$630,000           | 315,000   | 5/15/13-15       |  |
|  |                                  |                  |  | <u>\$630,000</u>    |   |                  |  |
| G.O. Public Improvement Refunding (\$89,970,000) |                                  | 3/21/06          |  |                     |   |                  |  |
| Water share                                      | \$1,211,244                      |                  | 5.00   | 140,680             | 140,680   | 08/01/13         |  |
| Sewer share                                      | 487,761                          |                  | 5.00   | 377,779             | 377,779   | 08/01/14         |  |
| Advanced Water Treatment                         | <u>1,414,755</u>                 |                  | 5.00   | 435,096             | 435,096   | 08/01/15         |  |
|  | <u>\$3,113,760</u>               |                  | 5.00   | 433,194             | 433,194   | 08/01/16         |  |
|  |                                  |                  | 5.00   | 222,055             | 222,055   | 08/01/17         |  |
|  |                                  |                  |  | <u>\$1,608,804</u>  |   |                  |  |
| G.O. Public Improvement (\$117,360,000)          |                                  | 6/6/07           |  |                     |   |                  |  |
| Water share                                      | \$9,000,000                      |                  | 4.00   | 3,515,000           | 3,515,000   | 03/15/14         |  |
| Sewer share                                      | 10,000,000                       |                  | 5.00   | 7,030,000           | 3,515,000   | 3/15/15-16       |  |
| Advanced Water Treatment                         | <u>48,500,000</u>                |                  |  |                     |   |                  |  |
|  | <u>\$67,500,000</u>              |                  |  | <u>\$10,545,000</u> |   |                  |  |
| G.O. Public Improvement (\$111,185,000)          |                                  | 6/18/08          |  |                     |   |                  |  |
| Advanced Water Treatment                         | <u>\$27,408,000</u>              |                  | 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         |  |
|  |                                  |                  |  | <u>\$4,656,000</u>  |   |                  |  |
| G.O. Public Improvement Refunding (\$41,262,678) |                                  | 8/15/09          |  |                     |   |                  |  |
| Water share                                      | \$1,327,147                      |                  | 3.00   | 171,446             | 171,446   | 08/15/13         |  |
| Advanced Water Treatment                         | <u>573,301</u>                   |                  | 2.25   | 39,714              | 39,714  | 08/15/14         |  |
|  | <u>\$1,900,448</u>               |                  | 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>\$1,177,571</u>  |   |                  |  |
| G.O. Public Improvement Refunding (\$65,650,000) |                                  | 8/15/09          |  |                     |   |                  |  |
| Water share                                      | \$1,765,156                      |                  | 3.00   | 1,449,538           | 1,449,538   | 08/01/13         |  |
| Sewer share                                      | 953,197                          |                  | 2.25   | 273,727             | 273,727   | 08/01/14         |  |
| Advanced Water Treatment                         | <u>8,162,851</u>                 |                  | 5.00   | 557,161             | 557,161   | 08/01/15         |  |
|  | <u>\$10,881,204</u>              |                  | 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>\$10,289,137</u> |   |                  |  |
| G.O. Public Improvement (\$73,415,000)           |                                  | 7/27/10          |  |                     |   |                  |  |
| Water share                                      | \$4,000,000                      |                  | 5.00   | 955,000             | 955,000   | 08/15/13         |  |
| Advanced Water Treatment                         | <u>14,350,000</u>                |                  | 4.00   | 960,000             | 960,000   | 08/15/14         |  |
|  | <u>\$18,350,000</u>              |                  | 5.00   | 2,865,000           | 955,000   | 08/15/15-17      |  |
|  |                                  |                  | 2.00   | 960,000             | 960,000   | 08/15/18         |  |
|  |                                  |                  | 2.125  | 955,000             | 955,000   | 08/15/19         |  |
|  |                                  |                  | 3.693  | 955,000             | 955,000   | 08/15/20         |  |
|  |                                  |                  | 3.993  | 955,000             | 955,000   | 08/15/21         |  |
|  |                                  |                  | 4.193  | 955,000             | 955,000   | 08/15/22         |  |
|  |                                  |                  | 4.393  | 955,000             | 955,000   | 08/15/23         |  |
|  |                                  |                  | 4.593  | 955,000             | 955,000   | 08/15/24         |  |
|  |                                  |                  | 4.693  | 955,000             | 955,000   | 08/15/25         |  |
|  |                                  |                  | 5.301  | 4,775,000           | 955,000   | 08/15/26-30      |  |
|  |                                  |                  |  | <u>\$17,200,000</u> |   |                  |  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|  | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                     | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|--|----------------------------------|------------------|--|---------------------|---|------------------|
|  |                                  |                  | Interest<br>Rate - %   | Principal           | Annual<br>Amount  | Maturity<br>Date |
| <b>G.O. Public Improvement Refunding (\$65,870,000)</b>  |                                  |                  |  |                     |   |                  |
|  |                                  | 7/27/10          |  |                     |   |                  |
| Water share  | \$1,211,039                      |                  | 4.00   | 3,387,708           | 3,387,708   | 08/15/16         |
| Sewer share  | 1,243,833                        |                  | 4.00   | 1,505,609           | 1,505,609   | 08/15/17         |
| Advanced Water Treatment                                 | 9,881,960                        |                  | 5.00   | 3,449,613           | 3,449,613   | 08/15/18         |
|  | <u>\$12,336,832</u>              |                  | 5.00   | 3,685,746           | 3,685,746   | 08/15/20         |
|  |                                  |                  | 5.00   | 308,156             | 308,156   | 08/15/21         |
|  |                                  |                  |  | <u>\$12,336,832</u> |   |                  |
| <b>G.O. Public Improvement (\$127,000,000)</b>           |                                  |                  |  |                     |   |                  |
|  |                                  | 6/28/11          |  |                     |   |                  |
| Advanced Water Treatment                                 | <u>\$11,800,000</u>              |                  | 3.00   | 490,000             | 490,000   | 08/15/13         |
|  |                                  |                  | 4.00   | 615,000             | 615,000   | 08/15/14         |
|  |                                  |                  | 2.00/4.00  | 615,000             | 615,000   | 08/15/15         |
|  |                                  |                  | 4.00   | 615,000             | 615,000   | 08/15/16         |
|  |                                  |                  | 4.00/5.00  | 615,000             | 615,000   | 08/15/17         |
|  |                                  |                  | 4.00   | 615,000             | 615,000   | 08/15/18         |
|  |                                  |                  | 5.00   | 615,000             | 615,000   | 08/15/19         |
|  |                                  |                  | 3.00/5.00  | 615,000             | 615,000   | 08/15/20         |
|  |                                  |                  | 4.00/5.00  | 615,000             | 615,000   | 08/15/21         |
|  |                                  |                  | 4.00/5.00  | 603,209             | 603,209   | 08/15/23         |
|  |                                  |                  | 3.00/3.25  | 615,000             | 615,000   | 08/15/24         |
|  |                                  |                  | 3.40   | 615,000             | 615,000   | 08/15/25         |
|  |                                  |                  | 3.55   | 615,000             | 615,000   | 08/15/26         |
|  |                                  |                  | 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>\$10,928,209</u> |   |                  |
| <b>G.O. Public Improvement Refunding (\$106,445,000)</b> |                                  |                  |  |                     |   |                  |
|  |                                  | 2/22/12          |  |                     |   |                  |
| Water share  | \$2,696,098                      |                  | 4.00/3.00  | 3,440,000           | 3,440,000   | 08/01/19         |
| Sewer share  | 2,944,245                        |                  | 4.00/3.00  | 4,700,000           | 4,700,000   | 08/01/21         |
| Advanced Water Treatment                                 | 21,974,657                       |                  | 5.00   | 5,910,000           | 5,910,000   | 08/01/22         |
|  | <u>\$27,615,000</u>              |                  | 5.00   | 5,390,000           | 5,390,000   | 08/15/23         |
|  |                                  |                  | 5.00   | 4,975,000           | 4,975,000   | 08/15/24         |
|  |                                  |                  | 5.00   | 3,200,000           | 3,200,000   | 08/15/25         |
|  |                                  |                  |  | <u>\$27,615,000</u> |   |                  |
| <b>G.O. Public Improvement Refunding (\$108,140,000)</b> |                                  |                  |  |                     |   |                  |
|  |                                  | 6/20/12          |  |                     |   |                  |
| Advanced Water Treatment                                 | <u>\$7,400,000</u>               |                  | 3.00   | 160,000             | 160,000   | 08/15/13         |
|  |                                  |                  | 5.00   | 310,000             | 310,000   | 08/15/14         |
|  |                                  |                  | 5.00   | 4,620,000           | 385,000   | 08/15/2015-26    |
|  |                                  |                  | 4.00   | 1,540,000           | 385,000   | 08/15/27-30      |
|  |                                  |                  | 5.00   | 770,000             | 385,000   | 08/15/31-32      |
|  |                                  |                  |  | <u>\$7,400,000</u>  |   |                  |
| <b>G.O. Public Improvement (\$93,975,000)</b>            |                                  |                  |  |                     |   |                  |
|  |                                  | 5/9/13           |  |                     |   |                  |
| Water share  | <u>\$3,600,000</u>               |                  | 2.00   | 180,000             | 180,000   | 08/01/13         |
|  |                                  |                  | 3.00   | 180,000             | 180,000   | 08/01/14         |
|  |                                  |                  | 4.00   | 360,000             | 180,000   | 08/01/15-16      |
|  |                                  |                  | 5.00   | 1,980,000           | 180,000   | 08/01/17-27      |
|  |                                  |                  | 4.00   | 900,000             | 180,000   | 08/01/28-32      |
|  |                                  |                  |  | <u>\$3,600,000</u>  |   |                  |
| <b>G.O. Public Improvement Refunding (\$30,320,000)</b>  |                                  |                  |  |                     |   |                  |
|  |                                  | 5/9/13           |  |                     |   |                  |
| Water share  | \$380,262                        |                  | 4.00   | 160,000             | 160,000   | 08/01/24         |
| Sewer share  | 422,514                          |                  | 5.00   | 1,975,000           | 1,975,000   | 08/01/25         |
| Advanced Water Treatment                                 | 6,887,224                        |                  | 5.00   | 3,465,000           | 3,465,000   | 08/01/26         |
|  | <u>\$7,690,000</u>               |                  | 4.00   | 2,090,000           | 2,090,000   | 08/01/27         |
|  |                                  |                  |  | <u>\$7,690,000</u>  |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
 JUNE 30, 2013

|   | Amount<br>Authorized<br>and Sold | Date of<br>Bonds | Bonds Outstanding:<br>(Relates to total amount<br>authorized and sold) |                            | Payments:<br>(Relates to total amount<br>authorized and sold) |                  |
|---|----------------------------------|------------------|--|----------------------------|---|------------------|
|   |                                  |                  | Interest<br>Rate - %   | Principal                  | Annual<br>Amount  | Maturity<br>Date |
| G.O. Public Improvement Refunding (\$81,255,000)                      |                                  | 5/9/13           |  |                            |   |                  |
| Water share   | \$697,476                        |                  | 0.320  | 60,000                     | 60,000  | 08/01/14         |
| Sewer share   | 1,641,858                        |                  | 0.450  | 355,000                    | 355,000   | 08/01/15         |
| Advanced Water Treatment  | <u>1,165,666</u>                 |                  | 0.606  | 340,000                    | 340,000   | 08/01/16         |
|   | <u>\$3,505,000</u>               |                  | 0.776  | 265,000                    | 265,000   | 08/01/17         |
|   |                                  |                  | 1.076  | 345,000                    | 345,000   | 08/01/18         |
|   |                                  |                  | 1.339  | 250,000                    | 250,000   | 08/01/19         |
|   |                                  |                  | 1.659  | 210,000                    | 210,000   | 08/01/20         |
|   |                                  |                  | 2.225  | 15,000                     | 15,000  | 08/01/23         |
|   |                                  |                  | 2.320  | 615,000                    | 615,000   | 08/01/24         |
|   |                                  |                  | 2.470  | 600,000                    | 600,000   | 08/01/25         |
|   |                                  |                  | 2.620  | 450,000                    | 450,000   | 08/01/26         |
|   |                                  |                  |  | <u>\$3,505,000</u>         |   |                  |
| <br>SUBTOTAL:   |                                  |                  |  | <br><u>\$119,765,096</u>   |   |                  |
| <br>FY 2005 Deferred cost of refunding/Premium on bond Issuance (Net) |                                  |                  |  | <br>256,148                |   |                  |
| FY 2006 Deferred cost of refunding/Premium on bond Issuance (Net)     |                                  |                  |  | 548,723                    |   |                  |
| FY 2007 Bond premium to be amortized                                  |                                  |                  |  | 639,981                    |   |                  |
| FY 2008 Bond premium to be amortized                                  |                                  |                  |  | 824,415                    |   |                  |
| FY 2010 Deferred cost of refunding/Premium on bond Issuance (Net)     |                                  |                  |  | (705,666)                  |   |                  |
| FY 2011 Deferred cost of refunding/Premium on bond Issuance (Net)     |                                  |                  |  | 1,629,646                  |   |                  |
| FY 2012 Deferred cost of refunding/Premium on bond Issuance (Net)     |                                  |                  |  | 3,099,520                  |   |                  |
| FY 2013 Deferred cost of refunding/Premium on bond Issuance (Net)     |                                  |                  |  | 421,681                    |   |                  |
| <br>Total Serial Bonds Serviced by Utilities Fund:                    |                                  |                  |  | <br><u>126,479,544</u>     |   |                  |
| Compensated Absences - Utilities Fund                                 |                                  |                  |  | 1,436,340                  |   |                  |
| Bond and VRA interest payable - Utilities Fund                        |                                  |                  |  | 4,036,465                  |   |                  |
| Capital Leases serviced by Utilities Fund                             |                                  |                  |  | 173,932                    |   |                  |
| VRA Loans payable   |                                  |                  |  | <u>246,193,772</u>         |   |                  |
| <br>Total Long Term Obligations Serviced by Utilities Fund:           |                                  |                  |  | <br><u>378,320,053</u>     |   |                  |
| Compensated Absences - Internal Service funds                         |                                  |                  |  | 558,829                    |   |                  |
| Compensated Absences - CPHD Development Fund                          |                                  |                  |  | 597,455                    |   |                  |
| Capital Leases serviced by Auto Equipment Fund                        |                                  |                  |  | <u>4,087,260</u>           |   |                  |
| <br>SUBTOTAL:   |                                  |                  |  | <br><u>383,563,597</u>     |   |                  |
| Revenue Bonds-Serviced by Ballston Public Garage Fund                 |                                  |                  |  | 9,400,000                  |   |                  |
| Bond and mortgage interest payable                                    |                                  |                  |  | 22,844,807                 |   |                  |
| Mortgage Payable-Ballston Public Garage Fund                          |                                  |                  |  | <u>3,429,679</u>           |   |                  |
| <br>Total Business-type Activities Obligations:                       |                                  |                  |  | <br>419,238,083            |   |                  |
| Due in one year   |                                  |                  |  | (54,038,030)               |   |                  |
| Total Business-type Activities long Term Obligations:                 |                                  |                  |  | <u>\$365,200,053</u>       |   |                  |
| <br>TOTAL LONG TERM OBLIGATIONS:                                      |                                  |                  |  | <br><u>\$1,327,329,773</u> |   |                  |

ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE  
 JUNE 30, 2013

| <u>FISCAL<br/>YEAR</u> | <u>REAL<br/>ESTATE</u>  | <u>PERSONAL<br/>PROPERTY</u> | <u>TOTAL</u>              |
|------------------------|-------------------------|------------------------------|---------------------------|
| 2013                   | \$120,423               | \$934,139                    | \$1,054,562               |
| 2012                   | 68,896                  | 560,236                      | 629,132                   |
| 2011                   | 36,905                  | 402,106                      | 439,011                   |
| 2010                   | 11,418                  | 430,098                      | 441,516                   |
| 2009                   | 4,043                   | 533,572                      | 537,615                   |
| 2008                   | 3,570                   | -                            | 3,570                     |
| 2007                   | 1,592                   | -                            | 1,592                     |
| 2006                   | 64                      | -                            | 64                        |
| 2005                   | -                       | -                            | -                         |
| 2004                   | 115                     | -                            | 115                       |
| 2003                   | 170                     | -                            | 170                       |
| <b>TOTAL</b>           | <b><u>\$247,196</u></b> | <b><u>\$2,860,151</u></b>    | <b><u>\$3,107,347</u></b> |

## NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2013 are presented on the basis of the County's fiscal years during which such taxes became due.

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

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

The amounts of delinquent taxes include the original levy and subsequent adjustment for penalties. The penalty balances for real and personal property taxes totaled \$17,580 and \$624,094 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 |
|-------------|------------------------|-----------------------------|-------------------------|---------------------------|--|-----------------------|--|----------------------------|----------------|------------------------------|---|
| 2004        | 406,389,307            | 3,305,311                   | 403,083,996             | 99.19%                    | 3,172,229  | 406,256,225           | 99.97%                                 | 1,194,439                  | 750,170        | 5,664,046                    | 1.39%   |
| 2005        | 435,567,836            | 2,953,943                   | 432,613,894             | 99.32%                    | 3,139,508  | 435,753,402           | 100.04%                                | 1,003,191                  | 874,009        | 5,413,308                    | 1.24%   |
| 2006        | 479,686,828            | 3,152,135                   | 476,534,693             | 99.34%                    | 3,077,161  | 479,611,854           | 99.98%                                 | 1,176,489                  | 882,123        | 5,472,146                    | 1.14%   |
| 2007        | 528,570,144            | 2,707,065                   | 525,863,079             | 99.49%                    | 3,264,676  | 529,127,755           | 100.11%                                | 1,045,194                  | 1,069,831      | 4,861,433                    | 0.92%   |
| 2008        | 577,353,341            | 2,881,468                   | 574,471,873             | 99.50%                    | 3,285,410  | 577,757,283           | 100.07%                                | 829,482                    | 1,259,192      | 4,645,017                    | 0.80%   |
| 2009        | 620,724,099            | 3,508,418                   | 617,215,681             | 99.43%                    | 3,555,509  | 620,771,190           | 100.01%                                | 885,868                    | 1,476,023      | 4,445,528                    | 0.72%   |
| 2010        | 631,481,234            | 2,753,079                   | 628,728,155             | 99.56%                    | 2,965,008  | 631,693,163           | 100.03%                                | 1,074,788                  | 1,450,150      | 4,107,640                    | 0.65%   |
| 2011        | 653,198,268            | 2,147,274                   | 651,050,994             | 99.67%                    | 3,259,661  | 654,310,655           | 100.17%                                | 924,343                    | 1,391,658      | 3,596,781                    | 0.55%   |
| 2012        | 700,019,137            | 1,585,301                   | 698,433,836             | 99.77%                    | 3,158,923  | 701,592,759           | 100.22%                                | 1,016,583                  | 1,362,159      | 3,358,566                    | 0.48%   |
| 2013        | 754,569,203            | 4,983,622                   | 749,585,581             | 99.34%                    | 2,803,775  | 752,389,386           | 99.71%                                 | 1,016,583                  | 1,362,159      | 3,107,347                    | 0.41%   |

## NOTES:

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

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

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

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

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

Source: Arlington County Treasurer's Office

ARLINGTON COUNTY, VIRGINIA  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE (1)  
 JUNE 30, 2013

|   | <u>Governmental Funds</u>     |
|---|-------------------------------|
| Governmental funds capital assets:                          |                               |
| Land  | \$160,998,177                 |
| Infrastructure  | 495,503,178                   |
| Buildings   | 321,239,039                   |
| Furniture, fixtures and equipment                           | 156,569,117                   |
| Construction in Progress                                    | 232,067,880                   |
| Intangibles   | <u>2,577,117</u>              |
| Total governmental funds capital assets                     | <u><u>\$1,368,954,508</u></u> |
| Investments in governmental funds capital assets by source: |                               |
| General fund  | \$233,558,477                 |
| Special revenue funds                                       | 135,506                       |
| Capital projects funds                                      | 1,127,730,430                 |
| State literary loans  | 1,680,040                     |
| Donated assets  | <u>5,850,055</u>              |
| Total Investment in General Capital Assets                  | <u><u>\$1,368,954,508</u></u> |

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

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS- BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2013

Primary Government

| FUNCTION AND ACTIVITY:             | General Capital Assets       |                      |                    |                              |
|------------------------------------|------------------------------|----------------------|--------------------|------------------------------|
|                                    | FY 2013<br>Beginning Balance | Additions            | Deletions          | 06/30/2013<br>Ending Balance |
| Primary Government:                |                              |                      |                    |                              |
| General Government                 | \$349,494,051                | \$8,427,814          | \$-                | \$357,921,865                |
| Public Safety                      | 103,846,136                  | 3,522,882            | -                  | 107,369,018                  |
| Environmental Services             | 526,053,112                  | 102,313,900          | 9,814              | 628,357,198                  |
| Health and Public Welfare          | 33,105,155                   | 217,475              | -                  | 33,322,630                   |
| Libraries                          | 30,413,627                   | 29,061               | -                  | 30,442,688                   |
| Parks and Recreation               | 143,004,838                  | 26,001,075           | -                  | 169,005,913                  |
| Planning and Community Development | 38,051,773                   | 4,483,423            | -                  | 42,535,196                   |
| Total primary government           | <u>1,223,968,692</u>         | <u>144,995,630</u>   | <u>-</u>           | <u>1,368,954,508</u>         |
| Internal Services Fund             |                              |                      |                    |                              |
| Auto Equipment Fund                | 63,781,962                   | 7,092,901            | 5,918,893          | 64,955,970                   |
| Total Internal Services Fund       | <u>63,781,962</u>            | <u>7,092,901</u>     | <u>5,918,893</u>   | <u>64,955,970</u>            |
| Component Unit - Schools           | <u>663,053,770</u>           | <u>73,866,780</u>    | <u>-</u>           | <u>736,920,550</u>           |
| Total Capital Assets               | <u>\$1,950,804,424</u>       | <u>\$225,955,311</u> | <u>\$5,918,893</u> | <u>\$2,170,831,028</u>       |

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
JUNE 30, 2013

EXHIBIT S-8

Primary Government

| FUNCTION AND ACTIVITY:              | <u>Total</u>           | <u>Land</u>          | <u>Infrastructure</u> | <u>Buildings</u>     | <u>Equipment</u>     | <u>Intangibles</u> | <u>CIP</u>           |
|-------------------------------------|------------------------|----------------------|-----------------------|----------------------|----------------------|--------------------|----------------------|
| General Government:                 |                        |                      |                       |                      |                      |                    |                      |
| Control-                            |                        |                      |                       |                      |                      |                    |                      |
| Legislative                         | \$114,522              | \$-                  | \$-                   | \$-                  | \$114,522            | \$-                | \$-                  |
| Executive                           | 480,663                | -                    | -                     | -                    | 480,663              | -                  | -                    |
| Judicial                            | 4,700,614              | -                    | -                     | -                    | 4,523,479            | 67,226             | 109,909              |
| <b>Total Control</b>                | <b>5,295,799</b>       | <b>-</b>             | <b>-</b>              | <b>-</b>             | <b>\$5,118,664</b>   | <b>67,226</b>      | <b>109,909</b>       |
| Staff Agencies-                     |                        |                      |                       |                      |                      |                    |                      |
| Elections                           | 270,396                | -                    | -                     | -                    | 270,396              | -                  | -                    |
| Management and Finance              | 1,588,298              | -                    | -                     | -                    | 467,918              | -                  | 1,120,380            |
| Human Resources                     | 414,403                | -                    | -                     | -                    | 331,135              | 83,268             | -                    |
| Office of County Attorney           | 953,687                | -                    | -                     | -                    | 953,687              | -                  | -                    |
| Commissioner of the Revenue         | 595,054                | -                    | -                     | -                    | 595,054              | -                  | -                    |
| Treasurer                           | 65,114                 | -                    | -                     | -                    | 33,028               | 32,086             | -                    |
| Department of Technology Services   | 18,195,395             | -                    | -                     | -                    | 15,926,800           | 148,513            | 2,120,082            |
| General government                  | 327,604,012            | 139,119,088          | 80,674,226            | 26,417,982           | 9,570,942            | 1,001,390          | 70,820,384           |
| <b>Total Staff Agencies</b>         | <b>349,686,359</b>     | <b>139,119,088</b>   | <b>80,674,226</b>     | <b>26,417,982</b>    | <b>28,148,960</b>    | <b>1,265,257</b>   | <b>74,060,846</b>    |
| <b>Total General Government</b>     | <b>354,982,158</b>     | <b>139,119,088</b>   | <b>80,674,226</b>     | <b>26,417,982</b>    | <b>33,267,624</b>    | <b>1,332,483</b>   | <b>74,170,755</b>    |
| Public Safety:                      |                        |                      |                       |                      |                      |                    |                      |
| Police                              | 15,073,584             | -                    | 648,580               | 9,087,613            | 3,401,089            | -                  | 1,936,302            |
| Fire                                | 85,829,937             | 5,499,264            | 32,569,290            | 7,125,394            | 33,852,130           | -                  | 6,783,859            |
| Emergency management                | 5,681,058              | -                    | -                     | -                    | 4,712,330            | -                  | 968,728              |
| <b>Total Public Safety</b>          | <b>106,584,579</b>     | <b>5,499,264</b>     | <b>33,217,870</b>     | <b>16,213,007</b>    | <b>41,965,549</b>    | <b>-</b>           | <b>9,688,889</b>     |
| Community Services:                 |                        |                      |                       |                      |                      |                    |                      |
| Environmental Services              | 632,215,203            | 4,699,300            | 304,941,153           | 176,270,362          | 58,095,962           | 717,825            | 87,490,601           |
| Health and Public Welfare           | 33,322,630             | -                    | -                     | 14,127,700           | 19,012,498           | 160,205            | 22,227               |
| Libraries                           | 30,442,689             | -                    | 11,857,686            | 18,349,791           | 205,430              | -                  | 29,782               |
| Recreation                          | 168,516,013            | 10,283,237           | 48,457,880            | 54,621,419           | 3,627,710            | -                  | 51,525,767           |
| Community Development               | 42,891,236             | 1,397,288            | 16,354,363            | 15,238,778           | 394,344              | 366,604            | 9,139,859            |
| <b>Total Community Service</b>      | <b>907,387,771</b>     | <b>16,379,825</b>    | <b>381,611,082</b>    | <b>278,608,050</b>   | <b>81,335,944</b>    | <b>1,244,634</b>   | <b>148,208,236</b>   |
| <b>Total General Capital Assets</b> | <b>1,368,954,508</b>   | <b>160,998,177</b>   | <b>495,503,178</b>    | <b>321,239,039</b>   | <b>156,569,117</b>   | <b>2,577,117</b>   | <b>232,067,880</b>   |
| Internal Services Fund:             |                        |                      |                       |                      |                      |                    |                      |
| Auto Equipment Fund                 | 64,955,970             | -                    | -                     | -                    | 64,955,970           | -                  | -                    |
| <b>Total Internal Services Fund</b> | <b>64,955,970</b>      | <b>-</b>             | <b>-</b>              | <b>-</b>             | <b>64,955,970</b>    | <b>-</b>           | <b>-</b>             |
| Component Unit: School Board        |                        |                      |                       |                      |                      |                    |                      |
| Schools                             | 736,920,550            | 4,697,946            | -                     | 654,977,367          | 77,245,237           | -                  | -                    |
| <b>GRAND TOTALS</b>                 | <b>\$2,170,831,028</b> | <b>\$165,696,123</b> | <b>\$495,503,178</b>  | <b>\$976,216,406</b> | <b>\$298,770,324</b> | <b>\$2,577,117</b> | <b>\$232,067,880</b> |

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

|  | 2013                   |                        | VARIANCE<br>POSITIVE<br>(NEGATIVE) | 2012<br>ACTUALS        |
|--|------------------------|------------------------|------------------------------------|------------------------|
|  | BUDGET                 | ACTUAL                 |                                    |                        |
| <b>GENERAL FUND</b>  |                        |                        |                                    |                        |
| General property taxes:                                    |                        |                        |                                    |                        |
| Real estate  | \$581,557,977          | \$596,819,122          | \$15,261,145                       | \$559,114,687          |
| Personal   | 99,152,359             | 106,957,213            | 7,804,854                          | 100,928,065            |
| Total general property taxes                               | 680,710,336            | 703,776,335            | 23,065,999                         | 660,042,752            |
| Other local taxes:   |                        |                        |                                    |                        |
| Business, professional and occupational license (BPOL) tax | 61,520,000             | 61,341,154             | (178,846)                          | 61,939,212             |
| Sales tax  | 38,519,000             | 39,447,636             | 928,636                            | 38,630,486             |
| Meals tax  | 32,804,000             | 34,707,200             | 1,903,200                          | 33,409,536             |
| Transient tax  | 21,845,000             | 22,270,627             | 425,627                            | 21,789,115             |
| Utility tax  | 12,930,000             | 11,815,946             | (1,114,054)                        | 11,947,382             |
| Recordation, car rental and other local taxes              | 24,990,000             | 27,863,913             | 2,873,913                          | 26,693,276             |
| Total other local taxes                                    | 192,608,000            | 197,446,476            | 4,838,476                          | 194,409,007            |
| Total taxes  | 873,318,336            | 901,222,811            | 27,904,475                         | 854,451,759            |
| License, permits and fees                                  | 9,975,755              | 10,502,137             | 526,382                            | 10,606,117             |
| Fines and forfeitures                                      | 10,102,548             | 8,468,253              | (1,634,295)                        | 10,641,659             |
| Charges for services                                       | 49,206,905             | 51,656,429             | 2,449,524                          | 50,988,159             |
| Grants:  |                        |                        |                                    |                        |
| State grants   | 67,774,244             | 64,473,930             | (3,300,314)                        | 67,385,986             |
| Federal grants   | 19,683,843             | 15,595,756             | (4,088,087)                        | 21,088,340             |
| Total grants   | 87,458,087             | 80,069,686             | (7,388,401)                        | 88,474,326             |
| Use of money and property                                  | 7,371,377              | 3,998,537              | (3,372,840)                        | 5,278,004              |
| Bond premiums  | -                      | 11,594,033             | 11,594,033                         | 6,712,155              |
| Miscellaneous revenue                                      | 6,166,682              | 21,518,373             | 15,351,691                         | 17,087,853             |
| <b>GRAND TOTALS FOR GENERAL FUND</b>                       | <b>\$1,043,599,690</b> | <b>\$1,089,030,259</b> | <b>\$45,430,569</b>                | <b>\$1,044,240,032</b> |
| <b>GENERAL FUND TRANSFERS FROM OTHER FUNDS:</b>            |                        |                        |                                    |                        |
| Rosslyn Business Improvement District                      | \$35,365               | \$34,919               | (\$446)                            | \$31,426               |
| Crystal City Business Improvement District                 | 26,064                 | 25,310                 | (754)                              | 22,689                 |
| Community Development Block Grant Fund                     | 500,000                | 500,000                | -                                  | -                      |
| Automotive Equipment Fund                                  | 130,000                | 130,000                | -                                  | 130,000                |
| Street & Highway Bond Fund                                 | -                      | 40,067                 | -                                  | 19,063                 |
| Neighborhood Conservation Bond Fund                        | -                      | 27,792                 | -                                  | 19,730                 |
| Ballston Business Improvement District                     | 14,826                 | 14,729                 | (97)                               | 12,346                 |
| Public Recreation Bond Fund                                | -                      | 119,701                | -                                  | 25,291                 |
| Fire Facilities Bond Fund                                  | -                      | 5,017                  | -                                  | 13,077                 |
| Library Bond Fund  | -                      | 894                    | -                                  | 8,800                  |
| Transit Facilities Bond Fund                               | -                      | 41,644                 | -                                  | 23,365                 |
| IDA Bond Funds   | -                      | 29,761                 | -                                  | 30,333                 |
| IDA Skating Facility                                       | 2,478,600              | -                      | (2,478,600)                        | -                      |
| Emergency Community Center                                 | -                      | 18,294                 | -                                  | 21,919                 |
| School Capital Improvement Bond Fund                       | -                      | 140,846                | -                                  | 33,295                 |
| School Operating Fund                                      | -                      | -                      | -                                  | -                      |
| Trust & Agency Fund  | 331,126                | 331,126                | -                                  | 584,500                |
| Total transfers  | \$3,515,981            | \$1,460,100            | (\$2,479,872)                      | \$975,834              |
| <b>GRAND TOTALS</b>  | <b>\$1,047,115,671</b> | <b>\$1,090,490,359</b> | <b>\$42,950,697</b>                | <b>\$1,045,215,866</b> |

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

|  | 2013                |                     | VARIANCE<br>POSITIVE<br>(NEGATIVE) | 2012<br>ACTUALS     |
|--|---------------------|---------------------|------------------------------------|---------------------|
|  | BUDGET              | ACTUAL              |                                    |                     |
| SPECIAL REVENUE FUNDS:                 |                     |                     |                                    |                     |
| Travel & Tourism Fund                  | 251,711             | \$-                 | (251,711)                          | 523,744             |
| Ballston BID                           | 1,482,632           | 1,473,351           | (9,281)                            | 1,234,912           |
| Rosslyn BID                            | 3,539,552           | 3,523,816           | (15,736)                           | 3,145,636           |
| Crystal City BID                       | 2,606,340           | 2,531,764           | (74,576)                           | 2,269,798           |
| Community Development Block Grant Fund | 6,694,486           | 4,492,167           | (2,202,319)                        | 1,436,718           |
| Section 8 Housing                      | 17,519,400          | 16,447,901          | (1,071,499)                        | 16,366,331          |
| Total Special Revenue Funds            | <u>\$32,094,121</u> | <u>\$28,468,999</u> | <u>(\$3,625,122)</u>               | <u>\$24,977,139</u> |

BREAKDOWN OF REVENUE BY FUNCTION:

|                                  | Charges for services<br>Includes licenses & fees | Operating grants/Contributions |                     | Capital Grants<br>Contributions |
|----------------------------------|--|--------------------------------|---------------------|---------------------------------|
|                                  |  | State                          | Federal             |                                 |
| General government               | \$20,219,252                                     | \$27,686,381                   | \$348,729           | \$-                             |
| Public safety                    | 10,793,294                                       | 10,134,839                     | 1,340,476           | -                               |
| Environmental services           | 26,049,002                                       | 8,870,903                      | -                   | -                               |
| Health & welfare                 | 2,644,295  | 17,498,389                     | 13,448,865          | -                               |
| Libraries                        | 512,857  | 163,077                        | -                   | -                               |
| Economic development             | 1,022,736  | 5,931                          | 33,635              | -                               |
| Planning & community development | 1,259,408  | -                              | 342,447             | -                               |
| Parks & recreation               | 8,125,975  | 114,410                        | 81,604              | -                               |
| Total General Fund               | <u>\$70,626,819</u>                              | <u>\$64,473,930</u>            | <u>\$15,595,756</u> | <u>\$-</u>                      |

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

|   | 2013               |                    | VARIANCE<br>POSITIVE<br>(NEGATIVE) | 2012<br>ACTUALS    |
|---|--------------------|--------------------|------------------------------------|--------------------|
|   | BUDGET             | ACTUAL             |                                    |                    |
| <b>General Government Administration:</b>         |                    |                    |                                    |                    |
| County Board                                      | \$1,059,742        | \$1,032,905        | \$26,837                           | \$1,012,807        |
| County Manager                                    | 5,514,492          | 5,199,180          | 315,312                            | 4,946,572          |
| Financial Management                              | 6,285,795          | 5,797,208          | 488,587                            | 5,810,052          |
| Human Resources                                   | 8,286,565          | 7,818,477          | 468,088                            | 7,383,972          |
| Technology Services                               | 17,400,320         | 16,908,318         | 492,002                            | 16,203,671         |
| County Attorney                                   | 2,530,359          | 3,015,985          | (485,626)                          | 2,306,055          |
| Commissioner of Revenue                           | 5,153,477          | 4,959,817          | 193,660                            | 5,085,299          |
| Treasurer   | 5,920,954          | 6,067,685          | (146,731)                          | 5,942,745          |
| Electoral Board                                   | 1,564,695          | 1,172,317          | 392,378                            | 1,164,003          |
| <b>Total General Government</b>                   | <b>53,716,399</b>  | <b>51,971,892</b>  | <b>1,744,507</b>                   | <b>49,855,176</b>  |
| <b>Judicial Administration:</b>                   |                    |                    |                                    |                    |
| Circuit Court                                     | 3,785,774          | 3,667,342          | 118,432                            | 3,124,406          |
| District Court                                    | 310,158            | 261,084            | 49,074                             | 197,640            |
| Juvenile & Domestic Relations Court               | 5,806,233          | 5,570,161          | 236,072                            | 5,448,998          |
| Commonwealth Attorney                             | 3,943,777          | 3,790,505          | 153,272                            | 3,809,084          |
| Sheriff & Jail                                    | 36,865,005         | 36,727,925         | 137,080                            | 36,147,859         |
| Magistrate's Office                               | 58,361             | 40,139             | 18,222                             | 54,042             |
| <b>Total Judicial Administration</b>              | <b>50,769,308</b>  | <b>50,057,156</b>  | <b>712,152</b>                     | <b>48,782,029</b>  |
| <b>Public Safety:</b>                             |                    |                    |                                    |                    |
| Police  | 63,305,767         | 59,295,645         | 4,010,122                          | 58,157,730         |
| Office of Emergency Management                    | 11,401,183         | 11,070,721         | 330,462                            | 10,385,946         |
| Fire  | 50,929,301         | 49,377,970         | 1,551,331                          | 50,812,578         |
| <b>Total Public Safety</b>                        | <b>125,636,251</b> | <b>119,744,336</b> | <b>5,891,915</b>                   | <b>119,356,254</b> |
| <b>Department of Environmental Services:</b>      |                    |                    |                                    |                    |
| DES-Environmental Services                        | 79,702,044         | 77,419,666         | 2,282,378                          | 75,750,178         |
| <b>Health &amp; Welfare:</b>                      |                    |                    |                                    |                    |
| Human Services                                    | 125,801,222        | 113,479,716        | 12,321,506                         | 115,347,313        |
| Libraries:  | 12,529,434         | 12,395,463         | 133,971                            | 11,888,751         |
| <b>Planning &amp; Community Development:</b>      |                    |                    |                                    |                    |
| Economic Development                              | 9,734,132          | 9,817,779          | (83,647)                           | 9,577,190          |
| Community Planning Housing & Development          | 11,175,550         | 9,908,497          | 1,267,053                          | 9,174,411          |
| <b>Total Planning &amp; Community Development</b> | <b>20,909,682</b>  | <b>19,726,276</b>  | <b>1,183,406</b>                   | <b>18,751,601</b>  |
| Parks & Recreation:                               | 33,476,790         | 32,468,756         | 1,008,034                          | 31,634,930         |
| <b>Non-Departmental:</b>                          |                    |                    |                                    |                    |
| Non-Departmental Debt Service                     | 89,907,797         | 43,851,605         | 46,056,192                         | 68,114,014         |
| Principal payment                                 | 34,862,892         | 35,526,687         | (663,795)                          | 35,851,815         |
| Interest payment                                  | 22,256,004         | 18,676,454         | 3,579,550                          | 17,924,176         |
| Other costs                                       | 200,000            | 5,551              | 194,449                            | 5,412              |
| Regionals/Contributions                           | 8,360,140          | 8,352,183          | 7,957                              | 8,186,444          |
| METRO   | 25,475,000         | 25,475,000         | -                                  | 24,510,207         |
| <b>Total Non-Departmental</b>                     | <b>181,061,833</b> | <b>131,887,480</b> | <b>49,174,353</b>                  | <b>154,592,068</b> |

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2013

|  | 2013                   |                        | VARIANCE<br>POSITIVE<br>(NEGATIVE) | 2012<br>ACTUALS        |
|--|------------------------|------------------------|------------------------------------|------------------------|
|  | BUDGET                 | ACTUAL                 |                                    |                        |
| Total Expenditures before transfers-out    | <u>683,602,963</u>     | <u>609,150,741</u>     | <u>74,452,222</u>                  | <u>625,958,300</u>     |
| Transfers -Out                             |                        |                        |                                    |                        |
| Travel & Tourism                           | -                      | -                      | -                                  | 247,000                |
| Community Development Block Grant          | -                      | -                      | -                                  | 500,000                |
| Auto Equipment Fund                        | -                      | 102,520                | (102,520)                          | 171,374                |
| Printing Fund                              | 172,203                | 172,203                | -                                  | 155,421                |
| General Capital Projects Fund              | 31,166,645             | 31,166,645             | -                                  | 28,980,839             |
| Schools                                    |                        |                        |                                    |                        |
| General Operating                          | 461,527,535            | 357,365,958            | 104,161,577                        | 317,025,006            |
| Community Activities/Cable TV              | -                      | 5,438,115              | (5,438,115)                        | 6,550,552              |
| Pay-As-You-Go                              | -                      | 40,972,045             | (40,972,045)                       | (2,267,054)            |
| Debt Service                               | -                      | 35,448,396             | (35,448,396)                       | 34,826,307             |
| Comprehensive Services Act                 | -                      | 2,533,972              | (2,533,972)                        | 2,363,602              |
| Total Transfers-Out                        | <u>492,866,383</u>     | <u>473,199,854</u>     | <u>19,666,529</u>                  | <u>388,553,047</u>     |
| GRAND TOTALS EXPENDITURES                  | <u>\$1,176,469,346</u> | <u>\$1,082,350,595</u> | <u>\$94,118,751</u>                | <u>\$1,014,511,347</u> |
| SPECIAL REVENUE FUNDS:                     |                        |                        |                                    |                        |
| Travel & Tourism Promotion                 | \$251,711              | \$251,711              | \$-                                | \$862,155              |
| Ballston BID                               | 1,467,806              | 1,430,740              | 37,066                             | 1,198,297              |
| Rosslyn Business Improvement District      | 3,504,187              | 3,455,788              | 48,399                             | 3,178,755              |
| Crystal City Business Improvement District | 2,580,276              | 2,515,118              | 65,158                             | 2,272,044              |
| Community Development Block Grant          | 6,194,486              | 3,992,236              | 2,202,250                          | 1,936,718              |
| Section 8 Housing                          | <u>17,883,678</u>      | <u>17,733,833</u>      | <u>149,845</u>                     | <u>17,738,460</u>      |
| Total Special Revenue Funds                | <u>\$31,882,144</u>    | <u>\$29,379,426</u>    | <u>\$2,502,718</u>                 | <u>\$27,186,429</u>    |
| TOTAL GENERAL AND SPECIAL REVENUE FUNDS    | <u>\$1,208,351,490</u> | <u>\$1,111,730,021</u> | <u>\$96,621,469</u>                | <u>\$1,041,697,776</u> |



ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2013

| FUND AND FUNCTION  | AMOUNT        |
|--|---------------|
| GENERAL FUND:  |               |
| Capital Outlays:   |               |
| General Government   | 476,635       |
| Public Safety  | 1,530,776     |
| Public Works   | 747,185       |
| Health & Public Welfare  | 61,477        |
| Libraries  | 29,062        |
| Parks & Recreation   | 43,677        |
| Planning & Community development   | 89,843        |
| Total General Fund   | \$2,978,655   |
| CAPITAL PROJECTS FUNDS:  |               |
| General Capital Projects Fund:   |               |
| Public Works:  |               |
| Transportation Projects  | 9,748,939     |
| Government Facilities  | 36,246,566    |
| Cultural & Recreation - Community Affairs:                                       |               |
| Government Facilities  | 2,718,220     |
| Parks  | 3,059,571     |
| Total General Capital Projects Funds   | 51,773,296    |
| Street & Highway Bond Fund:  |               |
| Capital Projects - Public Works/Transportation/<br>Street & Highway Improvements | 11,975,283    |
| Neighborhood Conservation Bond Fund:   |               |
| Neighborhood Capital Projects  | 5,257,139     |
| Government Facility Bond   | 3,885,225     |
| Stormwater Fund  | 1,191,145     |
| Public Recreation Bond Fund:   |               |
| Public Recreation  | 22,608,829    |
| Fire Station Bond Fund:  |               |
| Fire Station Facilities  | 3,064,299     |
| Library Bond Fund:   |               |
| Public Library Facilities  | 346,595       |
| NVTA   |               |
| NOVA Transportation Authority  | 14,214,715    |
| IDA Bond Fund:   | 27,690,635    |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS   | 90,233,865    |
| GRAND TOTAL  | \$144,985,816 |



# STATISTICAL (Unaudited)

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

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

### **Demographic and Economic Information**

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

### **Operating Information**

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

### **Other**

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

TABLE A

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

|  | <u>2006</u>          | <u>Restated<br/>2007</u> | <u>2008</u>          | <u>2009</u>          | <u>2010</u>            | <u>2011</u>            | <u>2012</u>            | <u>2013</u>            |
|--|----------------------|--------------------------|----------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities                              |                      |                          |                      |                      |                        |                        |                        |                        |
| Invested in capital assets,<br>net of related debt   | \$62,305,816         | \$95,993,859             | \$97,725,017         | \$184,914,106        | \$225,913,383          | \$296,199,550          | \$359,395,370          | \$476,442,158          |
| Restricted for:                                      |                      |                          |                      |                      |                        |                        |                        |                        |
| Capital projects                                     | 143,283,542          | 142,422,852              | 160,104,290          | 118,951,943          | 148,562,047            | 219,717,828            | 254,592,361            | 264,758,831            |
| Other projects                                       | 2,982,755            | 9,194,531                | 8,110,583            | 5,515,684            | 5,286,376              | 5,571,153              | 4,042,402              | 2,557,084              |
| Unrestricted   | 27,283,211           | 58,999,714               | 60,938,963           | 104,877,377          | 92,808,577             | 30,665,301             | 43,956,309             | 8,472,514              |
| Total governmental activities net position           | <u>\$235,855,324</u> | <u>\$306,610,956</u>     | <u>\$326,878,853</u> | <u>\$414,259,110</u> | <u>\$472,570,383</u>   | <u>\$552,153,832</u>   | <u>\$661,986,442</u>   | <u>\$752,230,587</u>   |
| Business-Type Activities                             |                      |                          |                      |                      |                        |                        |                        |                        |
| Invested in capital assets,<br>net of related debt   | \$285,517,682        | \$274,619,788            | \$354,626,738        | \$445,068,277        | \$531,409,247          | \$551,956,062          | \$610,182,040          | \$648,350,443          |
| Restricted for:                                      |                      |                          |                      |                      |                        |                        |                        |                        |
| Capital projects                                     | 22,473,812           | 10,222,745               | 12,307,036           | 6,945,927            | 3,432,530              | -                      | -                      | -                      |
| Other projects                                       | -                    | -                        | -                    | -                    | -                      | -                      | -                      | -                      |
| Unrestricted   | 46,211,348           | 117,190,291              | 106,413,059          | 102,414,562          | 76,769,776             | 98,645,535             | 77,986,278             | 61,673,759             |
| Total business-type activities net position          | <u>\$354,202,842</u> | <u>\$402,032,824</u>     | <u>\$473,346,833</u> | <u>\$554,428,766</u> | <u>\$611,611,553</u>   | <u>\$650,601,597</u>   | <u>\$688,168,318</u>   | <u>\$710,024,202</u>   |
| Primary government                                   |                      |                          |                      |                      |                        |                        |                        |                        |
| Invested in capital assets,<br>net of related debt   | \$347,823,498        | \$370,613,647            | \$452,905,637        | \$370,322,979        | \$757,322,630          | \$848,155,612          | \$969,577,410          | \$1,124,792,601        |
| Restricted for:                                      |                      |                          |                      |                      |                        |                        |                        |                        |
| Capital projects                                     | 165,757,354          | 152,645,597              | 172,411,326          | 125,897,870          | 151,994,577            | 219,717,828            | 254,592,361            | 264,758,831            |
| Other projects                                       | 2,982,755            | 9,194,531                | 8,110,583            | 5,515,684            | 5,286,376              | 5,571,153              | 4,042,402              | 2,557,084              |
| Unrestricted   | 73,494,559           | 175,739,518              | 159,492,990          | 466,951,343          | 169,578,353            | 129,310,836            | 121,942,587            | 70,146,273             |
| Total primary government activities net position     | <u>\$590,058,166</u> | <u>\$708,193,293</u>     | <u>\$792,920,536</u> | <u>\$968,687,876</u> | <u>\$1,084,181,936</u> | <u>\$1,202,755,429</u> | <u>\$1,350,154,760</u> | <u>\$1,462,254,789</u> |
| School Component Unit                                |                      |                          |                      |                      |                        |                        |                        |                        |
| Invested in capital assets,<br>net of related debt   | \$280,567,468        | \$313,005,332            | \$332,700,082        | \$356,757,290        | \$386,599,276          | \$404,050,823          | \$464,751,903          | \$520,283,078          |
| Restricted for:                                      |                      |                          |                      |                      |                        |                        |                        |                        |
| Capital projects                                     | 5,968,595            | 21,143,761               | 53,652,410           | 15,008,543           | 4,549,397              | 52,726,465             | 47,055,029             | 54,583,825             |
| Other projects                                       | -                    | -                        | -                    | -                    | -                      | 3,180,528              | 10,954,607             | 12,076,754             |
| Unrestricted   | 30,823,237           | (6,369,784)              | (21,749,122)         | (29,729,500)         | (32,814,262)           | -                      | -                      | -                      |
| Total schools component unit activities net position | <u>\$317,359,300</u> | <u>\$327,779,309</u>     | <u>\$364,603,370</u> | <u>\$342,036,333</u> | <u>\$358,334,411</u>   | <u>\$459,957,816</u>   | <u>\$522,761,539</u>   | <u>\$586,943,657</u>   |
| Other Component Units                                |                      |                          |                      |                      |                        |                        |                        |                        |
| Invested in capital assets,<br>net of related debt   | (\$5,634,995)        | \$20,624,884             | \$29,344,880         | \$29,978,738         | \$27,878,594           | \$27,962,471           | \$26,577,683           | \$24,576,817           |
| Restricted for:                                      |                      |                          |                      |                      |                        |                        |                        |                        |
| Capital projects                                     | -                    | -                        | -                    | -                    | -                      | -                      | -                      | -                      |
| Other projects                                       | -                    | -                        | -                    | -                    | -                      | -                      | -                      | -                      |
| Unrestricted   | 32,025,503           | 8,123,376                | (4,918,215)          | (5,578,810)          | (554,073)              | (982,778)              | 428,056                | 2,476,291              |
| Total other component units activities net position  | <u>\$26,390,508</u>  | <u>\$28,748,260</u>      | <u>\$24,426,665</u>  | <u>\$24,399,928</u>  | <u>\$27,324,521</u>    | <u>\$26,979,693</u>    | <u>\$27,005,739</u>    | <u>\$27,053,108</u>    |

## 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 eight years of data presented in

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

|  | Fiscal Year          |                      |                        |                      |                        |                        |                        |                        |
|--|----------------------|----------------------|------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2006                 | Restated<br>2007     | 2008                   | 2009                 | 2010                   | 2011                   | 2012                   | 2013                   |
| <b>Expenses</b>                                  |                      |                      |                        |                      |                        |                        |                        |                        |
| <b>Primary government:</b>                       |                      |                      |                        |                      |                        |                        |                        |                        |
| <b>Governmental activities:</b>                  |                      |                      |                        |                      |                        |                        |                        |                        |
| General government                               | \$144,413,158        | \$170,050,920        | \$183,532,881          | \$157,913,828        | \$195,846,347          | \$180,060,339          | \$212,776,822          | \$197,890,282          |
| Public safety                                    | 94,152,505           | 105,294,735          | 114,536,445            | 101,207,180          | 110,207,376            | 116,211,459            | 118,391,330            | 120,977,618            |
| Environmental services                           | 66,712,584           | 69,902,804           | 73,697,836             | 74,059,602           | 76,327,661             | 76,871,992             | 80,272,770             | 84,444,970             |
| Health & welfare                                 | 104,638,605          | 100,775,893          | 109,949,551            | 100,667,830          | 108,035,699            | 109,078,189            | 115,139,323            | 113,901,082            |
| Libraries  | 13,002,989           | 13,167,711           | 14,426,350             | 12,828,135           | 11,946,021             | 11,313,749             | 12,134,689             | 12,464,589             |
| Parks, recreation & culture                      | 34,366,540           | 35,953,363           | 38,592,964             | 35,355,942           | 37,291,412             | 36,866,666             | 34,180,696             | 36,105,159             |
| Planning & community development                 | 35,865,238           | 40,556,577           | 46,279,307             | 67,595,397           | 46,833,700             | 42,986,854             | 54,626,473             | 60,359,027             |
| Education  | 310,810,349          | 338,962,527          | 390,921,262            | 341,109,269          | 343,067,722            | 417,655,490            | 411,415,097            | 462,562,274            |
| Interest and other charges                       | 18,031,216           | 18,098,073           | 18,430,756             | 18,429,947           | 18,531,609             | 18,551,212             | 18,282,330             | 28,131,683             |
| Total governmental activities expenses           | <u>821,993,184</u>   | <u>892,762,603</u>   | <u>990,367,352</u>     | <u>909,167,130</u>   | <u>948,087,547</u>     | <u>1,009,595,950</u>   | <u>1,057,219,530</u>   | <u>1,116,836,685</u>   |
| <b>Business-type activities:</b>                 |                      |                      |                        |                      |                        |                        |                        |                        |
| Utilities  | 47,321,964           | 51,515,377           | 57,904,261             | 59,052,176           | 64,616,867             | 68,006,236             | 76,050,327             | 93,564,517             |
| Ballston Public Parking Garage                   | 5,732,832            | 5,937,745            | 9,517,231              | 5,626,403            | 5,577,545              | 5,234,038              | 6,062,024              | 5,750,518              |
| IDA Revenue Bond Fund                            | -                    | 34,170               | 1,519,061              | 1,695,732            | 1,701,967              | -                      | -                      | -                      |
| 8th Level Ballston Public Parking Garage         | -                    | 28,927               | 35,947                 | 52,808               | 88,383                 | 132,027                | 50,496                 | 53,085                 |
| Total business-type activities expenses          | <u>53,054,796</u>    | <u>57,516,219</u>    | <u>68,976,500</u>      | <u>75,981,436</u>    | <u>81,809,379</u>      | <u>83,928,426</u>      | <u>93,761,404</u>      | <u>111,541,816</u>     |
| <b>Total primary government expenses</b>         | <u>\$875,047,980</u> | <u>\$950,278,822</u> | <u>\$1,059,343,852</u> | <u>\$985,148,566</u> | <u>\$1,029,896,926</u> | <u>\$1,093,524,376</u> | <u>\$1,150,980,934</u> | <u>\$1,228,378,501</u> |
| <b>Component units:</b>                          |                      |                      |                        |                      |                        |                        |                        |                        |
| Schools  | \$352,921,809        | \$388,148,161        | \$412,953,520          | \$422,055,027        | \$412,450,899          | 407,401,980            | 431,308,198            | 485,061,915            |
| Other  | 2,446,253            | 6,199,663            | 7,777,236              | 8,189,092            | 7,702,100              | 7,505,677              | 7,317,002              | 7,375,441              |
| Total component units activities expenses        | <u>\$355,368,062</u> | <u>\$394,347,824</u> | <u>\$420,730,756</u>   | <u>\$430,244,119</u> | <u>\$420,152,999</u>   | <u>\$414,907,657</u>   | <u>\$438,625,200</u>   | <u>\$492,437,356</u>   |
| <b>Program Revenues</b>                          |                      |                      |                        |                      |                        |                        |                        |                        |
| <b>Primary government:</b>                       |                      |                      |                        |                      |                        |                        |                        |                        |
| <b>Governmental activities:</b>                  |                      |                      |                        |                      |                        |                        |                        |                        |
| Charges for services                             |                      |                      |                        |                      |                        |                        |                        |                        |
| General government                               | \$21,333,168         | \$20,079,042         | \$18,106,488           | \$20,158,108         | \$17,968,134           | \$19,911,198           | \$20,870,357           | \$20,219,252           |
| Environmental services                           | 14,997,675           | 16,550,927           | 19,684,727             | 20,133,391           | 20,973,628             | 26,728,203             | 28,408,484             | 26,049,002             |
| Public safety                                    | 9,281,843            | 7,676,160            | 5,049,238              | 6,365,373            | 8,581,235              | 10,204,341             | 9,949,039              | 10,793,294             |
| Other activities                                 | 16,851,289           | 17,950,390           | 21,509,731             | 12,111,147           | 10,665,194             | 13,056,130             | 16,750,057             | 14,154,588             |
| Operating grants and contributions               | 110,686,562          | 118,055,710          | 105,661,179            | 102,379,382          | 106,770,638            | 113,012,048            | 136,827,855            | 120,764,535            |
| Capital grants and contributions                 | 1,809,521            | 1,810,516            | 1,811,566              | 1,812,817            | 1,807,735              | 1,822,203              | 1,818,130              | -                      |
| Total governmental activities program revenues   | <u>174,960,058</u>   | <u>182,122,745</u>   | <u>171,822,929</u>     | <u>162,960,218</u>   | <u>166,766,564</u>     | <u>184,734,123</u>     | <u>214,623,922</u>     | <u>191,980,671</u>     |
| <b>Business-type activities:</b>                 |                      |                      |                        |                      |                        |                        |                        |                        |
| Charges for services                             |                      |                      |                        |                      |                        |                        |                        |                        |
| Water-sewer service charges                      | 52,362,162           | 56,850,491           | 67,434,401             | 72,457,575           | 77,806,563             | 81,641,099             | 86,840,829             | 86,768,619             |
| Water-service hook-up charges                    | 6,468,463            | 3,345,476            | 4,810,598              | 4,627,014            | 2,390,390              | 3,165,075              | 4,419,474              | 5,672,805              |
| Other activities                                 | 9,800,525            | 20,369,401           | 33,946,120             | 46,804,145           | 41,260,025             | 34,258,022             | 35,828,391             | 34,594,120             |
| Operating grants and contributions               | -                    | -                    | -                      | -                    | -                      | -                      | -                      | -                      |
| Capital grants and contributions                 | 1,190,249            | 21,162,994           | 28,033,520             | 26,845,784           | 16,319,975             | 5,626,019              | 3,317,976              | 6,322,423              |
| Total business-type activities program revenues  | <u>69,821,399</u>    | <u>101,728,362</u>   | <u>134,224,639</u>     | <u>150,734,518</u>   | <u>137,776,953</u>     | <u>124,690,215</u>     | <u>130,406,670</u>     | <u>133,357,967</u>     |
| <b>Total primary government program revenues</b> | <u>\$244,781,457</u> | <u>\$283,851,107</u> | <u>\$306,047,568</u>   | <u>\$313,694,736</u> | <u>\$304,543,517</u>   | <u>\$309,424,338</u>   | <u>\$345,030,592</u>   | <u>\$325,338,638</u>   |
| <b>Component units:</b>                          |                      |                      |                        |                      |                        |                        |                        |                        |
| Charges for services                             | \$15,122,958         | \$16,849,867         | \$20,328,889           | \$20,561,183         | \$26,743,790           | \$27,358,213           | \$23,945,689           | \$31,354,968           |
| Operating grants and contributions               | 332,115,611          | 365,255,205          | 417,046,873            | 368,136,757          | 395,178,524            | 471,380,848            | 459,514,609            | 507,003,321            |
| 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>   | <u>\$483,460,298</u>   | <u>\$538,358,289</u>   |

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

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

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 eight 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)

|   | 2004        | 2005        | 2006        | 2007        | 2008        | 2009            |
|---|-------------|-------------|-------------|-------------|-------------|-----------------|
| General Fund Balance:   |             |             |             |             |             |                 |
| Reserved for  |             |             |             |             |             |                 |
| Encumbrances  | \$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     | -               |
| Unreserved  |             |             |             |             |             |                 |
| Designated for Self Insurance   | 3,500,000   | 3,500,000   | 3,500,000   | 3,500,000   | 3,500,000   | 5,000,000       |
| Designated for Operating Reserve  | 14,400,000  | 15,200,000  | 16,600,000  | 17,800,000  | 28,262,153  | 30,769,734      |
| Designated for Subsequent Years Budget  | 26,701,595  | 29,109,808  | 34,575,639  | 36,691,920  | 29,928,475  | 44,666,386      |
| Designated for Incomplete Projects  | 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  | 62,175,555  | 69,069,939  | 100,514,544 | 115,491,231 | 117,695,899 | 138,419,847     |
| General Fund Balance as Percent<br>of General Fund Expenditures<br>and Other Financing Uses | 9.14%       | 9.41%       | 12.88%      | 13.49%      | 12.93%      | 14.98%          |
| All Other Governmental Funds  |             |             |             |             |             |                 |
| Special revenue funds   |             |             |             |             |             |                 |
| Reserved  | -           | -           | -           | -           | 53,706      | -               |
| Unreserved  | -           | -           | 3,516,894   | 9,919,740   | 8,526,238   | 6,121,704 (1)   |
| Capital Project funds   |             |             |             |             |             |                 |
| Reserved  | -           | -           | 32,427,146  | 32,282,131  | 26,259,487  | 23,836,818 (1)  |
| Unreserved  | -           | -           | 110,856,397 | 110,140,721 | 133,844,803 | 95,115,125 (1)  |
| Total all other governmental funds  | -           | -           | 146,800,437 | 152,342,592 | 168,684,234 | 125,073,647 (1) |
| Component unit - Schools:   |             |             |             |             |             |                 |
| Reserved  |             |             | 58,709,912  | 35,019,015  | 65,672,036  | 28,788,084 (1)  |
| Unreserved  |             |             | 4,916,017   | 6,589,059   | 7,799,312   | 7,155,183 (1)   |
| Total component unit - Schools  |             |             | 63,625,929  | 41,608,074  | 73,471,348  | 35,943,267 (1)  |

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

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

|  | 2010                 | 2011                 | 2012                 | 2013                 |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>General Fund</b>  |                      |                      |                      |                      |
| <u>Restricted for:</u>   |                      |                      |                      |                      |
| Seized assets  | \$3,032,049          | \$2,385,573          | \$2,436,464          | \$2,272,448          |
| Grants   | 45,206               | -                    | -                    | -                    |
| <u>Committed to:</u>   |                      |                      |                      |                      |
| Self insurance reserve   | 5,000,000            | 5,000,000            | 5,000,000            | 5,000,000            |
| Subsequent years' County budget  | 17,061,007           | 11,151,929           | 10,488,080           | 5,208,794            |
| Capital projects   | -                    | 4,946,013            | 1,902,323            | 8,403,862            |
| Operating reserve  | 32,377,943           | 40,192,725           | 50,240,906           | 52,605,487           |
| Economic Stabilization reserve   | -                    | -                    | -                    | 3,000,000            |
| Incomplete projects  | 150,176              | 230,734              | 171,861              | 130,223              |
| Affordable Housing Investment Fund   | 17,656,893           | 19,163,965           | 7,050,422            | 21,838,549           |
| Subsequent years' school budgets   | 33,218,860           | 32,481,838           | 64,669,485           | 26,269,900           |
| <u>Assigned to:</u>  |                      |                      |                      |                      |
| Subsequent years' operating budgets  | -                    | 10,913,573           | 12,565,023           | 19,649,922           |
| Subsequent years' capital projects   | 13,942,559           | 6,135,259            | 18,978,462           | 12,162,577           |
| Economic Stabilization reserve   | -                    | -                    | 3,000,000            | 5,000,000            |
| Employee furlough day restoration  | 1,012,911            | -                    | -                    | -                    |
| Operating reserve  | 2,672,083            | 10,048,181           | 2,364,581            | 1,969,853            |
| Fresh AIRE program   | 663,804              | 354,877              | 1,244,577            | 1,224,867            |
| Incomplete projects  | 6,610,975            | 933,856              | 2,416,189            | 5,215,352            |
| Affordable Housing Investment Fund   | 3,564,742            | 3,717,920            | 8,930,790            | 29,647,093           |
| <b>Total General Fund Balance</b>  | <b>\$137,009,208</b> | <b>\$160,754,645</b> | <b>\$191,459,163</b> | <b>\$199,598,927</b> |
| <b>General Fund Balance as Percent<br/>of General Fund Expenditures<br/>and Other Financing Uses</b> | <b>14.40%</b>        | <b>12.88%</b>        | <b>31.43%</b>        | <b>32.77%</b>        |
| <b>All Other Governmental Funds</b>  |                      |                      |                      |                      |
| <b>Special Revenue funds</b>   |                      |                      |                      |                      |
| <u>Nonspendable:</u>   |                      |                      |                      |                      |
| Prepaid  | \$1,223,394          | \$1,252,930          | 1,286,469            | 1,299,658            |
| <u>Restricted for:</u>   |                      |                      |                      |                      |
| Grants   | 4,673,397            | 4,318,223            | 2,755,933            | 1,257,426            |
| <b>Capital Project funds</b>   |                      |                      |                      |                      |
| <u>Nonspendable:</u>   |                      |                      |                      |                      |
| Prepaid  | -                    | -                    | -                    | 4,275                |
| <u>Restricted for:</u>   |                      |                      |                      |                      |
| Grants   | 1,423,044            | 1,380,184            | -                    | -                    |
| Debt Service   | 5,735,926            | 18,383,560           | 20,743,558           | 35,790,356           |
| <u>Committed to:</u>   |                      |                      |                      |                      |
| Capital Projects   | 155,615,078          | 199,954,084          | 233,848,803          | 228,964,200          |
| <b>Total all other governmental funds</b>  | <b>\$168,670,839</b> | <b>\$225,288,981</b> | <b>\$258,634,763</b> | <b>\$267,315,915</b> |
| <b>Component unit - Schools</b>  |                      |                      |                      |                      |
| <u>Restricted for:</u>   |                      |                      |                      |                      |
| Capital projects   | \$4,549,397          | \$52,726,465         | \$47,055,029         | \$54,583,825         |
| Grants   | -                    | 2,077,853            | 2,109,001            | 2,009,337            |
| <u>Committed to:</u>   |                      |                      |                      |                      |
| Incomplete projects  | 14,294,085           | 18,077,449           | 26,987,189           | 26,082,805           |
| Subsequent years' School budget  | -                    | 6,545,000            | 7,975,000            | 16,749,704           |
| <u>Assigned to:</u>  |                      |                      |                      |                      |
| Operating reserve  | 4,235,289            | 2,363,770            | 2,413,261            | 2,843,426            |
| Unfunded liabilities   | -                    | 2,000,000            | 2,000,000            | 2,000,000            |
| Subsequent years' debt service   | -                    | 7,000,000            | 5,025,000            | 3,625,000            |
| OPEB reserve   | 695,565              | -                    | 1,000,000            | 1,000,000            |
| General reserve  | -                    | 3,000,000            | 4,000,000            | -                    |
| VRS reserve  | -                    | 11,587,239           | 7,387,239            | 7,387,239            |
| <b>Total component unit - Schools</b>  | <b>\$23,774,336</b>  | <b>\$105,377,776</b> | <b>\$105,951,719</b> | <b>\$116,281,336</b> |

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

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

|   | 2006                | 2007                | 2008                 | 2009                  | 2010                 | 2011                 | 2012                 | 2013                 |
|---|---------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>REVENUES:</b>  |                     |                     |                      |                       |                      |                      |                      |                      |
| General property taxes:                                 |                     |                     |                      |                       |                      |                      |                      |                      |
| Real Estate property taxes                              | \$391,213,244       | \$425,982,688       | \$473,501,869        | \$514,518,691         | \$528,220,762        | \$548,838,350        | \$592,363,670        | \$632,709,421        |
| Personal property taxes                                 | 81,498,687          | 100,682,324         | 93,870,189           | 99,844,289            | 93,046,854           | 95,246,129           | 100,928,065          | 106,957,213          |
| Other Local taxes:                                      |                     |                     |                      |                       |                      |                      |                      |                      |
| BPOL  | 52,568,059          | 50,898,687          | 57,266,956           | 57,272,629            | 58,611,239           | 60,460,108           | 61,939,212           | 61,341,154           |
| Other local taxes                                       | 109,293,301         | 118,628,548         | 128,615,218          | 130,617,472           | 129,262,316          | 135,568,319          | 139,639,610          | 143,631,442          |
| Fines and forfeitures                                   | 8,900,948           | 8,338,582           | 8,049,910            | 8,720,950             | 7,851,193            | 9,590,928            | 10,641,659           | 8,468,253            |
| Licenses, permits and fees                              | 14,692,442          | 13,687,394          | 17,022,701           | 7,768,974             | 7,362,947            | 9,929,105            | 10,606,117           | 10,502,137           |
| Intergovernmental                                       | 112,496,082         | 119,866,226         | 107,472,746          | 104,192,200           | 108,578,373          | 114,834,250          | 138,645,985          | 124,506,820          |
| Charges for services                                    | 38,870,586          | 40,230,543          | 39,277,573           | 42,278,095            | 42,974,051           | 50,379,839           | 52,346,023           | 52,245,746           |
| Interest and rent                                       | 11,792,758          | 16,927,475          | 17,282,845           | 11,505,984            | 10,149,713           | 8,328,982            | 5,443,855            | 4,287,344            |
| Miscellaneous revenues                                  | 10,891,786          | 15,414,677          | 6,938,710            | 16,378,642            | 25,950,164           | 12,891,977           | 19,008,738           | 23,192,304           |
| <b>Total revenues</b>                                   | <b>832,217,893</b>  | <b>910,657,144</b>  | <b>949,298,717</b>   | <b>993,097,926</b>    | <b>1,012,007,612</b> | <b>1,046,067,987</b> | <b>1,131,562,934</b> | <b>1,167,841,834</b> |
| <b>EXPENDITURES:</b>                                    |                     |                     |                      |                       |                      |                      |                      |                      |
| <b>Current operating:</b>                               |                     |                     |                      |                       |                      |                      |                      |                      |
| General government                                      | 130,380,468         | 155,765,913         | 162,318,710          | 155,243,762           | 182,074,416          | 168,558,845          | 200,088,702          | 184,333,469          |
| Public safety   | 88,875,217          | 100,650,601         | 105,760,328          | 102,791,792           | 109,550,701          | 112,925,159          | 117,033,171          | 118,725,350          |
| Environmental services                                  | 55,122,531          | 58,491,391          | 62,420,185           | 64,803,607            | 72,315,850           | 71,924,393           | 74,921,125           | 76,672,481           |
| Health and welfare                                      | 98,926,206          | 96,536,913          | 101,695,722          | 102,804,509           | 107,892,357          | 109,509,790          | 115,330,415          | 113,418,239          |
| Libraries   | 12,034,671          | 12,339,879          | 13,062,000           | 12,855,344            | 11,630,740           | 11,074,270           | 11,880,873           | 12,366,401           |
| Parks, recreation and culture                           | 32,012,711          | 33,512,601          | 35,000,210           | 34,801,755            | 35,871,582           | 35,652,708           | 32,849,180           | 32,686,242           |
| Planning and community development                      | 33,914,712          | 38,835,189          | 42,796,892           | 35,308,979            | 36,252,223           | 36,154,777           | 45,056,535           | 48,773,039           |
| Debt service  |                     |                     |                      |                       |                      |                      |                      |                      |
| Principal   | 26,480,421          | 27,595,301          | 28,950,071           | 33,046,404            | 33,813,374           | 36,310,305           | 36,160,046           | 35,841,532           |
| Interest and other charges                              | 18,031,216          | 18,098,073          | 18,430,756           | 18,429,947            | 18,531,609           | 18,551,212           | 18,282,330           | 19,715,860           |
| Bond issuance costs                                     | -                   | -                   | -                    | -                     | 358,995              | 273,649              | -                    | 8,415,823            |
| Community development                                   | -                   | -                   | -                    | 32,985,081            | 10,190,869           | 6,372,169            | 8,804,947            | 10,052,960           |
| Education   | 310,810,349         | 338,962,527         | 390,921,262          | 341,109,269           | 343,067,722          | 364,633,453          | 423,610,118          | 479,997,640          |
| Capital outlay  | 72,029,442          | 61,004,743          | 60,137,617           | 113,133,467           | 86,792,008           | 111,378,633          | 92,185,904           | 144,985,816          |
| <b>Total expenditures</b>                               | <b>880,027,129</b>  | <b>941,793,131</b>  | <b>1,021,493,753</b> | <b>1,047,313,916</b>  | <b>1,048,342,446</b> | <b>1,083,319,363</b> | <b>1,176,203,346</b> | <b>1,285,984,852</b> |
| <b>Excess(deficiency) of revenues over expenditures</b> | <b>(47,809,236)</b> | <b>(31,135,987)</b> | <b>(72,195,036)</b>  | <b>(54,215,990)</b>   | <b>(36,334,834)</b>  | <b>(37,251,376)</b>  | <b>(44,640,412)</b>  | <b>(118,143,018)</b> |
| <b>OTHER FINANCING SOURCES(USES):</b>                   |                     |                     |                      |                       |                      |                      |                      |                      |
| Transfers in  | 15,423,635          | 21,171,707          | 29,370,998           | 22,225,678            | 22,028,499           | 26,716,715           | 30,385,999           | 33,382,459           |
| Transfers out   | (15,812,365)        | (20,941,333)        | (29,663,941)         | (40,383,849)          | (22,133,809)         | (26,794,414)         | (30,582,672)         | (33,527,183)         |
| Capital leases  | 5,776,901           | 975,020             | 5,704,728            | 13,524,783            | 7,418,179            | 4,287,958            | 1,435,230            | 4,473,803            |
| Proceeds from refunding of note                         | -                   | -                   | -                    | -                     | 35,666,099           | -                    | -                    | -                    |
| Payment on refunded note                                | -                   | -                   | -                    | -                     | (35,962,739)         | -                    | -                    | -                    |
| Refunding bonds issued                                  | 86,856,240.00       | -                   | -                    | -                     | 55,067,382           | 53,533,168           | 41,885,000           | 127,097,545          |
| Payments to refunded bond escrow agent                  | (85,447,055.00)     | -                   | -                    | -                     | (56,747,745)         | (54,922,067)         | (44,350,490)         | (118,681,722)        |
| Deferred cost of refunding                              | -                   | -                   | -                    | -                     | 1,680,363            | 1,388,899            | 2,465,490            | -                    |
| Premium from sale of bonds                              | 1,644,345           | 650,489             | 1,491,507            | -                     | 1,145,925            | 6,458,775            | 6,712,155            | 11,594,033           |
| Issuance of revenue bonds                               | -                   | -                   | -                    | -                     | 41,280,000           | 11,940,000           | -                    | -                    |
| Issuance of debt  | 61,335,000          | 49,860,000          | 83,777,000           | 35,962,739            | 14,867,322           | 173,655,000          | 100,740,000          | 110,625,000          |
| Bond proceeds Schools                                   | -                   | -                   | -                    | -                     | -                    | (78,543,000)         | -                    | -                    |
| <b>Total other financing sources and uses</b>           | <b>69,776,701</b>   | <b>51,715,883</b>   | <b>90,680,292</b>    | <b>31,329,351</b>     | <b>64,309,476</b>    | <b>117,721,034</b>   | <b>108,690,712</b>   | <b>134,963,935</b>   |
| <b>Net change in fund balances</b>                      | <b>\$21,967,465</b> | <b>\$20,579,896</b> | <b>\$18,485,256</b>  | <b>(\$22,886,639)</b> | <b>\$27,974,642</b>  | <b>\$80,469,658</b>  | <b>\$64,050,300</b>  | <b>\$16,820,917</b>  |
| Debt service as a percentage of noncapital expenditures | 5.5%                | 5.2%                | 4.9%                 | 5.5%                  | 5.4%                 | 5.6%                 | 5.0%                 | 4.9%                 |

## Notes:

(1) GASB Statement No. 44 requires presentation of modified accrual financial information, including the changes in fund balances of governmental funds. This statement was implemented in fiscal year 2006; therefore, there are only eight 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/<br>Environmental Services | Health & Welfare | Culture/<br>Recreation (2) | Education   | Non-Departmental | Debt Service(3) | Contributions to Regional Agencies |           | Total         |
|-------------|--------------------|---------------|---|------------------|----------------------------|-------------|------------------|-----------------|------------------------------------|-----------|---------------|
|             |                    |               |   |                  |                            |             |                  |                 | Transit                            | Other     |               |
| 2004        | 79,761,708         | 76,414,954    | 38,991,550                              | 88,197,009       | 82,167,460                 | 280,654,517 | 25,299,164       | 56,920,473      | 11,050,500                         | 6,342,024 | 745,799,359   |
| 2005        | 73,554,551         | 82,055,248    | 51,312,988                              | 91,439,050       | 84,606,670                 | 295,791,800 | 35,591,400       | 60,459,248      | 11,800,000                         | 6,795,865 | 793,406,820   |
| 2006        | 82,177,157         | 88,875,217    | 55,122,531                              | 98,926,206       | 89,452,484                 | 313,487,397 | 27,998,534       | 71,349,683      | 13,000,000                         | 7,204,777 | 847,593,986   |
| 2007        | 86,449,237         | 100,650,601   | 58,491,391                              | 96,536,913       | 97,241,733                 | 346,674,412 | 46,959,849       | 72,664,483      | 14,700,000                         | 7,656,827 | 928,025,446   |
| 2008        | 91,871,133         | 105,760,328   | 62,420,185                              | 101,695,722      | 84,965,631                 | 356,461,219 | 45,179,813       | 76,238,801      | 17,400,000                         | 7,867,764 | 949,860,596   |
| 2009        | 92,272,385         | 106,701,887   | 67,845,515                              | 103,057,795      | 96,883,233                 | 370,854,547 | 37,354,073       | 83,573,363      | 18,394,223                         | 8,117,301 | 985,054,322   |
| 2010        | 93,880,098         | 110,184,753   | 73,187,350                              | 108,138,231      | 97,922,803                 | 365,864,891 | 60,696,417       | 83,776,203      | 20,518,770                         | 8,062,884 | 1,022,232,400 |
| 2011        | 95,464,852         | 112,696,379   | 72,721,915                              | 109,677,751      | 96,741,115                 | 363,204,699 | 43,769,131       | 88,099,570      | 21,473,703                         | 8,149,062 | 1,011,998,177 |
| 2012        | 98,637,205         | 119,356,254   | 75,750,178                              | 115,347,313      | 103,765,797                | 393,832,257 | 68,114,014       | 89,268,683      | 24,510,207                         | 8,186,444 | 1,096,768,352 |
| 2013        | 102,029,048        | 119,744,336   | 77,419,666                              | 113,479,716      | 108,495,964                | 430,523,375 | 43,851,605       | 92,980,788      | 25,475,000                         | 8,352,183 | 1,122,351,681 |

## 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<br>Year | Taxes       | Licenses<br>and<br>Permits<br>(2) | Inter<br>Governmental<br>Revenue | Charges<br>for<br>Services | Fines<br>and<br>Forfeitures | Miscellaneous<br>Revenues | Total         |
|----------------|-------------|-----------------------------------|----------------------------------|----------------------------|-----------------------------|---------------------------|---------------|
| 2004           | 505,225,405 | 56,334,983                        | 139,452,624                      | 38,314,445                 | 9,357,346                   | 12,186,207                | 760,871,010   |
| 2005           | 590,957,911 | 12,504,677                        | 141,477,699                      | 47,937,824                 | 8,427,464                   | 18,844,857                | 820,150,432   |
| 2006           | 651,052,481 | 14,692,442                        | 148,945,331                      | 50,482,470                 | 8,900,948                   | 22,087,157                | 896,160,829   |
| 2007           | 714,434,824 | 13,687,394                        | 158,249,103                      | 50,359,269                 | 8,338,582                   | 18,455,600                | 963,524,772   |
| 2008           | 756,859,824 | 17,022,701                        | 131,541,624                      | 53,645,287                 | 8,049,910                   | 19,554,790                | 986,674,136   |
| 2009           | 792,159,244 | 7,768,974                         | 150,311,253                      | 55,115,142                 | 8,720,950                   | 24,892,171                | 1,038,967,734 |
| 2010           | 798,707,195 | 7,362,947                         | 152,874,209                      | 59,634,597                 | 7,851,193                   | 28,463,122                | 1,054,893,263 |
| 2011           | 828,985,623 | 9,929,105                         | 159,329,241                      | 70,094,896                 | 9,590,928                   | 23,152,911                | 1,101,082,704 |
| 2012           | 879,404,041 | 10,606,117                        | 154,376,886                      | 67,754,260                 | 10,641,659                  | 29,126,756                | 1,151,909,719 |
| 2013           | 926,920,232 | 10,502,137                        | 151,775,127                      | 75,576,387                 | 8,468,253                   | 37,260,396                | 1,210,502,532 |

## 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 |              |             |
| 2004        | 405,226,269          | 34,058,784  | 691,269         | 15,745,665    | 1,269,547  | 3,619,361   | 4,687,693  | 7,632,495          | 21,928,701 | 38,885 | 68,152       | 494,966,821 |
| 2005        | 432,318,650          | 35,455,512  | 1,925,743       | 18,109,804    | 1,480,360  | 7,089,601   | 4,486,018  | 7,802,051          | 23,844,071 | 67,755 | 75,672       | 532,655,237 |
| 2006        | 472,800,506          | 33,115,455  | 2,971,784       | 19,486,597    | 1,714,466  | 7,809,210   | 5,416,995  | 9,944,398          | 25,734,571 | 69,128 | 69,773       | 579,132,884 |
| 2007        | 526,727,265          | 34,448,601  | 2,697,319       | 20,850,841    | 1,670,817  | 9,086,824   | 4,764,836  | 9,741,922          | 28,788,942 | 77,341 | 73,655       | 638,928,363 |
| 2008        | 554,127,644          | 35,299,283  | 2,621,265       | 22,124,454    | 1,477,629  | 6,941,848   | 5,279,450  | 10,024,166         | 28,453,021 | 76,643 | 74,414       | 666,499,817 |
| 2009        | 588,145,875          | 38,392,636  | 2,812,428       | 22,238,054    | 1,934,989  | 4,402,916   | 5,065,320  | 10,058,084         | 28,855,113 | 65,491 | 64,614       | 702,035,520 |
| 2010        | 594,540,616          | 35,954,703  | 2,916,152       | 21,863,421    | 2,847,946  | 5,048,400   | 5,180,239  | 10,931,030         | 29,182,443 | 55,975 | 67,519       | 708,588,444 |
| 2011        | 615,862,280          | 36,889,985  | 2,928,357       | 22,913,832    | 3,313,327  | 6,011,781   | 5,279,343  | 11,341,864         | 31,425,804 | 46,513 | 109,483      | 736,122,569 |
| 2012        | 660,082,568          | 38,630,486  | 2,928,357       | 22,351,952    | 3,313,327  | 6,011,781   | 5,279,343  | 11,341,864         | 33,409,536 | 46,513 | 109,483      | 783,505,211 |
| 2013        | 703,816,151          | 39,447,636  | 2,928,357       | 21,828,208    | 3,313,327  | 6,011,781   | 5,279,343  | 11,341,864         | 34,707,200 | 46,513 | 109,483      | 828,829,864 |

## 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   |                            |                            |
| 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/.958                  | 5.00                       |
| 2012        | 61,672,361,900 | 61,672,361,900 | 1,947,478,083     | 1,947,478,083 | 774,586,506     | 774,586,506  | 64,394,426,489 | 64,394,426,489 | .958/.958                  | 5.00                       |
| 2013        | 62,891,330,300 | 62,891,330,300 | 2,134,754,992     | 2,134,754,992 | 758,819,988     | 758,819,988  | 65,784,905,280 | 65,784,905,280 | .958/.971                  | 5.00                       |

## NOTES:

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

TABLE G

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

| 2013  |                         |      |  | 2004  |                        |      |  |
|---|-------------------------|------|--|---|------------------------|------|--|
| 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<br>Office buildings, apartments, hotel, land       | 3,710,223,700           | 1    | 5.90%                                  | Charles E. Smith Interests<br>Office buildings, apartments, hotel, land | 3,408,360,200          | 1    | 9.58%                                  |
| Albrittain Interests<br>Apartments, general commercial                  | 1,297,417,300           | 2    | 2.06%                                  | Cafritz Interests<br>Apartments, warehouses, land                       | 610,622,900            | 2    | 1.72%                                  |
| Arland Towers Company<br>Office buildings, land                         | 1,265,343,100           | 3    | 2.01%                                  | Arland Towers Company<br>Office buildings, land                         | 564,763,800            | 3    | 1.59%                                  |
| JBG Companies<br>Office building, land, apartments, retail, residential | 1,230,995,600           | 4    | 1.95%                                  | Albrittain Interests<br>Apartments, general commercial                  | 471,431,900            | 4    | 1.33%                                  |
| Paradigm Managed Properties<br>Apartments, general commercial           | 1,103,215,800           | 5    | 1.75%                                  | Crystal Holdings<br>Mixed use retail, hotel                             | 469,445,100            | 5    | 1.32%                                  |
| Beacon Capital<br>Office buildings, land                                | 808,546,800             | 6    | 1.28%                                  | Fashion Centre Associates<br>Mixed use retail, hotel                    | 438,679,100            | 6    | 1.23%                                  |
| Shirley Park Leasing<br>Office Building, apartment                      | 769,142,200             | 7    | 1.22%                                  | Paradigm Management<br>Apartments                                       | 339,248,500            | 7    | 0.95%                                  |
| Caruthers Interests<br>Retail, office building, apartments, hotel       | 653,501,100             | 8    | 1.03%                                  | Avalon Properties<br>Apartments, land                                   | 274,844,700            | 8    | 0.77%                                  |
| Fashion Centre Associates<br>Mixed use retail                           | 650,283,000             | 9    | 1.03%                                  | Caruthers Interests<br>Retail, office building, apartments, hotel       | 210,783,300            | 9    | 0.59%                                  |
| Street Retail Inc<br>Retail, office buildings, land, hotel              | 644,676,200             | 10   | 1.02%                                  | 2111 & 2039 Wilson BLVD INC<br>Office buildings, land                   | 180,681,200            | 10   | 0.51%                                  |
| Total   | <u>\$12,133,344,800</u> |      | <u>19.25%</u>                          |   | <u>\$6,968,860,700</u> |      | <u>19.59%</u>                          |

## NOTES:

(1) Source - County Department of Management &amp; 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 |                    | Collected in Subsequent Years | Total Collections to date |                    |
|------|--------------------|----------------------------------|--------------------|-------------------------------|---------------------------|--------------------|
|      |                    | Amount                           | Percentage of Levy |                               | Amount                    | Percentage of Levy |
| 2004 | 406,387,514        | 403,083,995                      | 99.19%             | 2,733,788                     | 405,817,783               | 99.86%             |
| 2005 | 435,567,836        | 432,613,894                      | 99.32%             | 2,490,863                     | 435,104,757               | 99.89%             |
| 2006 | 479,686,828        | 476,534,693                      | 99.34%             | 2,527,299                     | 479,062,992               | 99.87%             |
| 2007 | 528,571,009        | 525,863,079                      | 99.49%             | 2,438,814                     | 528,301,893               | 99.95%             |
| 2008 | 577,382,256        | 574,471,873                      | 99.50%             | 2,512,043                     | 576,983,916               | 99.93%             |
| 2009 | 620,937,151        | 617,215,681                      | 99.40%             | 3,188,088                     | 620,403,769               | 99.91%             |
| 2010 | 632,048,247        | 628,272,902                      | 99.40%             | 3,396,891                     | 631,669,793               | 99.94%             |
| 2011 | 654,837,078        | 650,965,303                      | 99.41%             | 3,413,528                     | 654,378,831               | 99.93%             |
| 2012 | 695,951,840        | 697,633,240                      | 100.24%            | (3,283,310)                   | 694,349,930               | 99.77%             |
| 2013 | 751,909,843        | 748,656,079                      | 99.57%             | -                             | 748,656,079               | 99.57%             |

\* less taxes deferred, not due

Real Estate Taxes

|      | Total Tax Levy (1) | Collected in Fiscal Year of Levy |                    | Collected in Subsequent Years | Total Collections to Date |                    |
|------|--------------------|----------------------------------|--------------------|-------------------------------|---------------------------|--------------------|
|      |                    | Amount                           | Percentage of Levy |                               | Amount                    | Percentage of Levy |
| 2004 | 327,389,375        | 325,972,250                      | 99.57%             | 1,420,719                     | 327,392,969               | 100.00%            |
| 2005 | 357,486,603        | 356,091,522                      | 99.61%             | 1,397,253                     | 357,488,775               | 100.00%            |
| 2006 | 397,011,521        | 395,632,942                      | 99.65%             | 1,380,910                     | 397,013,852               | 100.00%            |
| 2007 | 432,985,758        | 431,396,444                      | 99.63%             | 1,590,731                     | 432,987,175               | 100.00%            |
| 2008 | 481,450,541        | 479,931,389                      | 99.68%             | 1,518,329                     | 481,449,718               | 100.00%            |
| 2009 | 522,711,162        | 521,181,642                      | 99.71%             | 1,541,995                     | 522,723,637               | 100.00%            |
| 2010 | 535,604,837        | 533,974,360                      | 99.70%             | 1,628,527                     | 535,602,887               | 100.00%            |
| 2011 | 556,594,146        | 554,896,565                      | 99.70%             | 1,569,907                     | 556,466,472               | 99.98%             |
| 2012 | 596,231,771        | 599,088,319                      | 100.48%            | (3,854,113)                   | 595,234,207               | 99.83%             |
| 2013 | 644,480,768        | 642,101,576                      | 99.63%             | -                             | 642,101,576               | 99.63%             |

Personal Property Taxes

|      | Total Tax Levy (1) | Collected in Fiscal Year of Levy |                    | Collected in Subsequent Years | Total Collections to date |                    |
|------|--------------------|----------------------------------|--------------------|-------------------------------|---------------------------|--------------------|
|      |                    | Amount                           | Percentage of Levy |                               | Amount                    | Percentage of Levy |
| 2004 | 78,998,139         | 77,111,745                       | 97.61%             | 1,313,069                     | 78,424,814                | 99.27%             |
| 2005 | 78,081,233         | 76,522,371                       | 98.00%             | 1,093,610                     | 77,615,981                | 99.40%             |
| 2006 | 82,675,307         | 80,901,751                       | 97.85%             | 1,146,389                     | 82,048,140                | 99.24%             |
| 2007 | 95,585,251         | 94,466,635                       | 98.83%             | 848,083                       | 95,314,718                | 99.72%             |
| 2008 | 95,931,716         | 94,540,484                       | 98.55%             | 993,714                       | 95,534,198                | 99.59%             |
| 2009 | 98,225,989         | 96,034,039                       | 97.77%             | 1,646,093                     | 97,680,132                | 99.44%             |
| 2010 | 96,443,410         | 94,298,542                       | 97.78%             | 1,768,364                     | 96,066,906                | 99.61%             |
| 2011 | 98,242,932         | 96,068,738                       | 97.79%             | 1,843,621                     | 97,912,359                | 99.66%             |
| 2012 | 99,720,069         | 98,544,921                       | 98.82%             | 570,803                       | 99,115,724                | 99.39%             |
| 2013 | 107,429,076        | 106,554,504                      | 99.19%             | -                             | 106,554,504               | 99.19%             |

## 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 |                          |                             |                     |
| 2004        | 501,752,258                  | -                     | -                           | -                      | 8,200,000     | 5,507,995      | 34,392,756                             | 15,300,000             | 9,629,679         | 8,749,767     | 489,324        | 584,021,779              | 5.08%                       | 2,939               |
| 2005        | 554,185,294                  | -                     | 60,540,000                  | -                      | -             | 7,261,658      | 37,379,715                             | 14,800,000             | 3,429,679         | 24,933,850    | 3,218,066      | 705,748,262              | 6.03%                       | 3,560               |
| 2006        | 576,904,155                  | -                     | 58,085,000                  | -                      | -             | 9,547,302      | 33,460,851                             | 14,300,000             | 3,429,679         | 32,298,455    | 4,890,754      | 732,916,196              | 6.04%                       | 3,660               |
| 2007        | 585,786,533                  | -                     | 55,215,000                  | -                      | -             | 6,760,154      | 97,473,471                             | 13,800,000             | 3,429,679         | 61,164,960    | 4,000,715      | 827,630,512              | 6.36%                       | 4,041               |
| 2008        | 625,498,345                  | -                     | 52,180,000                  | -                      | -             | 8,636,047      | 119,701,657                            | 13,300,000             | 3,429,679         | 146,074,542   | 3,045,844      | 971,866,114              | 6.92%                       | 4,672               |
| 2009        | 576,842,463                  | -                     | 47,120,000                  | 35,962,739             | -             | 18,436,505     | 112,617,553                            | 12,800,000             | 3,429,679         | 216,152,600   | 2,120,767      | 1,025,482,306            | 6.91%                       | 4,900               |
| 2010        | 566,435,124                  | 41,280,000            | 41,900,000                  | 35,666,099             | -             | 20,556,593     | 105,459,880                            | 12,300,000             | 3,429,679         | 256,458,344   | 3,450,321      | 1,086,936,040            | 7.14%                       | 5,122               |
| 2011        | 687,933,174                  | 40,135,000            | 48,455,000                  | 35,016,099             | -             | 18,933,209     | 127,396,828                            | 11,800,000             | 3,429,679         | 263,158,039   | 3,119,963      | 1,239,376,991            | 7.89%                       | 5,894               |
| 2012        | 730,532,411                  | 38,970,000            | 42,635,000                  | 35,016,099             | -             | 14,368,663     | 124,517,591                            | 10,600,000             | 3,429,679         | 253,204,991   | 2,467,919      | 1,255,742,353            | 7.27%                       | 5,814               |
| 2013        | 776,934,905                  | 125,285,000           | -                           | -                      | -             | 13,175,010     | 119,765,096                            | 9,400,000              | 3,429,679         | 246,193,772   | 4,261,192      | 1,298,444,654            | 7.12%                       | 5,874               |

## 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) |                          |   |                 |
| 2004        | 198,739        | 38,062,505,888     | 501,752,258                       | -                     | -                           | -                     | 501,752,258              | 1.32%   | 2,525           |
| 2005        | 198,267        | 44,717,396,841     | 554,185,294                       | -                     | 60,540,000                  | -                     | 614,725,294              | 1.37%   | 3,100           |
| 2006        | 200,226        | 53,190,791,357     | 576,904,155                       | -                     | 58,085,000                  | -                     | 634,989,155              | 1.19%   | 3,171           |
| 2007        | 204,800        | 56,369,131,443     | 585,786,533                       | -                     | 55,215,000                  | -                     | 641,001,533              | 1.14%   | 3,130           |
| 2008        | 208,000        | 60,286,173,079     | 625,498,345                       | -                     | 52,180,000                  | -                     | 677,678,345              | 1.12%   | 3,258           |
| 2009        | 209,300        | 60,514,589,567     | 576,842,463                       | -                     | 47,120,000                  | 35,962,739            | 659,925,202              | 1.09%   | 3,153           |
| 2010        | 212,200        | 56,618,734,277     | 566,435,124                       | 41,280,000            | 41,900,000                  | 35,666,099            | 685,281,223              | 1.21%   | 3,229           |
| 2011        | 210,280        | 60,061,289,547     | 687,933,174                       | 40,135,000            | 42,635,000                  | 35,016,099            | 805,719,273              | 1.34%   | 3,832           |
| 2012        | 216,004        | 64,394,426,489     | 730,532,413                       | 50,660,000            | 30,945,000                  | 35,016,099            | 847,153,512              | 1.32%   | 3,922           |
| 2013        | 221,045        | 65,784,905,280     | 776,934,905                       | 125,285,000           | -                           | -                     | 902,219,905              | 1.37%   | 4,082           |

## 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<br>Year | Gross<br>Revenue | Total<br>Expenses (1) | Less Capital<br>Exp | Less<br>Deferred<br>Rent | Cash Basis                      |  | Net Revenue<br>Available for<br>Debt Service | Total Debt<br>Service | Coverage |
|----------------|------------------|-----------------------|---------------------|--------------------------|---------------------------------|--|--|-----------------------|----------|
|                |                  |                       |                     |                          | Direct<br>Operating<br>Expenses |  |  |                       |          |
| 2004           | 4,080,739        | 2,543,137             | (186,752)           | (405,000)                | 1,951,385                       |  | 2,129,354                                    | 790,122               | 2.69     |
| 2005           | 3,926,304        | 3,583,873             | (1,215,163)         | (405,000)                | 1,963,710                       |  | 1,962,594                                    | 910,044               | 2.16     |
| 2006           | 4,070,368        | 3,618,455             | (488,994)           | (654,996)                | 2,474,465                       |  | 1,595,903                                    | 1,018,955             | 1.57     |
| 2007           | 4,368,809        | 3,659,703             | (319,997)           | (654,996)                | 2,684,710                       |  | 1,684,099                                    | 1,118,158             | 1.51     |
| 2008           | 4,318,862        | 7,268,910             | (3,695,305)         | (654,996)                | 2,918,609                       |  | 1,400,253                                    | 1,021,719             | 1.37     |
| 2009           | 3,770,271        | 3,551,444             | (176,871)           | (654,996)                | 2,719,577                       |  | 1,050,694                                    | 794,264               | 1.32     |
| 2010           | 3,963,512        | 3,510,857             | (201,882)           | (654,996)                | 2,653,979                       |  | 1,309,533                                    | 724,316               | 1.81     |
| 2011           | 4,318,389        | 3,117,191             | -                   | (654,996)                | 2,462,195                       |  | 1,856,194                                    | 707,210               | 2.62     |
| 2012           | 4,528,050        | 3,401,220             | (67,000)            | (904,992)                | 2,429,228                       |  | 2,098,822                                    | 1,413,109             | 1.49     |
| 2013           | 4,811,697        | 3,476,857             | (53,216)            | (904,992)                | 2,518,649                       |  | 2,293,048                                    | 1,368,601             | 1.68     |

(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      |          |
| 2004        | 49,679,885        | 35,094,277                    | 9,481,925                              | 3,742,624                | 1,482,369  | 5,224,993  | 1.81     |
| 2005        | 59,114,705        | 41,817,417                    | 17,297,289                             | 3,130,952                | 2,033,402  | 5,164,354  | 3.35     |
| 2006        | 65,044,344        | 39,453,764                    | 25,590,580                             | 3,074,680                | 2,585,276  | 5,659,956  | 4.52     |
| 2007        | 76,874,765        | 41,373,056                    | 35,501,709                             | 3,487,382                | 2,670,385  | 6,157,767  | 5.77     |
| 2008        | 102,270,725       | 42,983,162                    | 59,287,563                             | 5,179,814                | 6,142,614  | 11,322,428 | 5.24     |
| 2009        | 106,771,787       | 42,908,573                    | 63,863,214                             | 7,084,109                | 9,634,224  | 16,718,333 | 3.82     |
| 2010        | 105,141,066       | 45,960,228                    | 59,180,838                             | 7,987,869                | 11,897,384 | 19,885,253 | 2.98     |
| 2011        | 101,182,400       | 47,186,908                    | 53,995,492                             | 7,956,950                | 14,055,589 | 22,012,539 | 2.45     |
| 2012        | 105,787,143       | 52,382,893                    | 53,404,250                             | 8,295,238                | 14,030,986 | 22,326,224 | 2.39     |
| 2013        | 107,453,634       | 59,471,356                    | 47,982,278                             | 8,523,845                | 14,061,159 | 22,585,004 | 2.12     |

## 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<br>Year | Population (1) | Personal<br>Income<br>(thousands of dollars) | Per Capita<br>Income (2) | School<br>Enrollment (3) | Unemployment<br>Rate (4) |
|----------------|----------------|--|--------------------------|--------------------------|--------------------------|
| 2004           | 198,739        | 11,497,250                                   | 57,851                   | 19,120                   | 2.6%                     |
| 2005           | 198,267        | 11,699,736                                   | 59,010                   | 18,744                   | 2.5%                     |
| 2006           | 200,226        | 12,132,694                                   | 60,595                   | 18,411                   | 2.3%                     |
| 2007           | 204,800        | 13,004,800                                   | 63,500                   | 18,451                   | 2.3%                     |
| 2008           | 208,000        | 14,040,000                                   | 67,500                   | 18,684                   | 2.6%                     |
| 2009           | 209,300        | 14,841,044                                   | 70,908                   | 19,534                   | 4.7%                     |
| 2010           | 212,200        | 15,217,499                                   | 71,713                   | 20,233                   | 4.3%                     |
| 2011           | 210,280        | 15,707,916                                   | 74,700                   | 21,168                   | 3.9%                     |
| 2012           | 216,004        | 17,273,192                                   | 79,967                   | 21,853                   | 3.5%                     |
| 2013           | 221,045        | 18,234,223                                   | 82,491                   | 22,763                   | 4.0%                     |

## NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.  
The 2004-2010 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 2004-2005 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.  
All figures are as of June 30.
- (4) Source - Virginia Employment Commission-- Figures for 2004-2006 are annual averages. The 2007 - 2008  
figures are for June. Due to revised VEC methodology, figures are not comparable to figures from previous years  
(<http://www.vawc.virginia.gov/vosnet/lmi/area/areasummary>)

TABLE L

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

| <u>Employers</u>                | <u>2013*</u>     |             |  | <u>Employers</u>              | <u>2004</u>      |             |  |
|---------------------------------|------------------|-------------|--|-------------------------------|------------------|-------------|--|
|                                 | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |                               | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
| Federal Government**            | 30,485           | 1           | 18.51%                                       | Federal Government**          | 33,031           | 1           | 21.28%                                       |
| Local Government                | 10,934           | 2           | 6.64%  | Local Government              | 9,723            | 2           | 6.26%  |
| Deloitte                        | 5,826            | 3           | 3.54%  | US Airways                    | 1,924            | 3           | 1.24%  |
| Accenture                       | 4,200            | 4           | 2.55%  | Verizon                       | 1,850            | 4           | 1.19%  |
| SAIC*                           | 2,380            | 5           | 1.45%  | Marriott Corporation          | 1,640            | 5           | 1.06%  |
| Virginia Hospital Center        | 2,268            | 6           | 1.38%  | SAIC                          | 1,557            | 6           | 1.00%  |
| Marriott International, Inc.    | 1,885            | 7           | 1.14%  | Virginia Hospital Center      | 1,333            | 7           | 0.86%  |
| Booz Allen Hamilton*            | 1,400            | 8           | 0.85%  | CACI                          | 1,270            | 8           | 0.82%  |
| Lockheed Martin Corporation     | 1,194            | 9           | 0.72%  | Lockheed Martin Corporation   | 1,073            | 9           | 0.69%  |
| Corporate Executive Board       | 1,157            | 10          | 0.70%  | Hecht Company                 | 1,027            | 10          | 0.66%  |
| CACI                            | 1,095            | 11          | 0.66%  | SRA International, Inc.       | 903              | 11          | 0.58%  |
| SRA International, Inc.         | 957              | 12          | 0.58%  | Booz Allen Hamilton           | 799              | 12          | 0.51%  |
| BNA Bloomberg                   | 950              | 13          | 0.58%  | Computer Sciences Corporatic  | 766              | 13          | 0.49%  |
| BAE Systems                     | 752              | 14          | 0.46%  | The Boeing Company            | 598              | 14          | 0.39%  |
| Marymount University            | 747              | 15          | 0.45%  | Anteon Corporation            | 575              | 15          | 0.37%  |
| State Government                | 656              | 16          | 0.40%  | E*TRADE Bank                  | 508              | 16          | 0.33%  |
| The Boeing Company              | 600              | 17          | 0.36%  | Marymount University          | 502              | 17          | 0.32%  |
| NRECA*                          | 540              | 18          | 0.33%  | Friedman, Billings, Ramsey Gi | 516              | 18          | 0.33%  |
| Starwood Hotels*                | 525              | 19          | 0.32%  | NRECA                         | 493              | 19          | 0.32%  |
| Nordstrom                       | 440              | 20          | 0.27%  | State Government              | 488              | 20          | 0.31%  |
| <b>Total</b>                    | <b>68,991</b>    |             | <b>41.89%</b>                                |                               | <b>60,576</b>    |             | <b>39.02%</b>                                |
| <b>Total Covered Employment</b> | <b>164,703</b>   |             |  |                               | <b>155,241</b>   |             |  |

Source: Quarterly Census of Employment and Wages (QCEW); Arlington Economic Development

\* 1st Quarter estimates

\*\* Excludes members of the armed forces

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

| <u>Department</u>                       | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| County Board                            | 6.0         | 8.0         | 8.0         | 8.0         | 8.0         | 8.0         | 7.8         | 7.8         | 8.0         | 8.0         |
| County Manager                          | 32.8        | 32.0        | 32.0        | 35.0        | 35.0        | 34.5        | 37.9        | 36.9        | 36.9        | 37.1        |
| Management and Finance                  | 54.0        | 54.0        | 55.0        | 55.0        | 55.0        | 57.0        | 50.0        | 54.0        | 55.0        | 55.0        |
| Office of Support Services              | 80.5        | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| Technology Services                     | 61.7        | 61.7        | 65.7        | 65.7        | 67.8        | 67.8        | 70.0        | 71.0        | 72.0        | 74.0        |
| Human Resources                         | 44.0        | 47.0        | 49.5        | 49.5        | 50.5        | 51.5        | 53.5        | 50.0        | 51.0        | 52.0        |
| Civil Service Commission                | 0.4         | 0.4         | 0.4         | 0.4         | 0.4         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| County Attorney                         | 11.0        | 11.0        | 11.0        | 11.0        | 11.0        | 14.0        | 14.0        | 14.0        | 14.0        | 14.0        |
| Circuit Court                           | 33.8        | 33.8        | 33.8        | 33.8        | 34.4        | 35.8        | 33.8        | 32.3        | 32.3        | 32.3        |
| General District Court                  | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         | 1.5         |
| Juvenile and Domestic Relations Court   | 56.0        | 56.5        | 56.5        | 57.5        | 57.5        | 57.5        | 56.3        | 55.8        | 55.8        | 55.8        |
| Commonwealth's Attorney                 | 39.0        | 39.0        | 40.0        | 40.0        | 40.0        | 39.0        | 35.5        | 34.0        | 35.0        | 35.0        |
| Sheriff                                 | 273.3       | 276.3       | 276.3       | 277.8       | 277.8       | 277.8       | 268.4       | 266.0       | 267.0       | 271.0       |
| Commissioner of Revenue                 | 56.0        | 56.0        | 56.0        | 56.0        | 56.0        | 56.0        | 54.0        | 53.0        | 53.0        | 52.0        |
| Treasurer                               | 63.2        | 63.2        | 63.2        | 63.2        | 63.2        | 63.2        | 61.8        | 60.8        | 60.8        | 59.8        |
| Electoral Board                         | 7.4         | 7.4         | 8.4         | 8.4         | 8.4         | 8.4         | 8.4         | 8.4         | 8.4         | 8.4         |
| Office of Emergency Management          | 51.5        | 55.5        | 59.5        | 66.5        | 66.5        | 72.5        | 72.5        | 71.5        | 71.5        | 79.5        |
| Police                                  | 472.0       | 472.0       | 473.0       | 475.0       | 476.0       | 476.0       | 475.0       | 465.0       | 466.0       | 466.0       |
| Fire                                    | 305.0       | 305.7       | 304.7       | 314.7       | 314.7       | 321.3       | 317.3       | 316.0       | 317.0       | 320.0       |
| Public Works/Environmental Services     | 596.3       | 673.3       | 670.2       | 670.2       | 676.7       | 699.7       | 688.7       | 694.7       | 700.2       | 721.2       |
| Human Services                          | 729.7       | 715.1       | 717.5       | 718.5       | 703.5       | 712.2       | 703.3       | 694.7       | 699.7       | 685.8       |
| Libraries                               | 155.8       | 155.8       | 157.3       | 157.3       | 157.8       | 157.8       | 142.4       | 125.1       | 127.6       | 135.6       |
| Economic Development                    | 29.8        | 30.8        | 30.8        | 32.8        | 32.8        | 31.8        | 28.8        | 28.8        | 28.8        | 61.6        |
| Community Planning, Housing & Developer | 142.6       | 145.4       | 146.5       | 156.5       | 156.5       | 181.1       | 179.0       | 176.0       | 177.0       | 197.1       |
| Parks, Recreation & Cultural Resources  | 408.6       | 413.0       | 412.4       | 412.4       | 411.3       | 400.5       | 378.2       | 355.8       | 360.3       | 345.9       |
| Total County Positions                  | 3,711.9     | 3,714.4     | 3,729.2     | 3,766.7     | 3,762.1     | 3,824.8     | 3,737.8     | 3,672.9     | 3,698.7     | 3,768.6     |
| Total School Positions                  | 3,556.7     | 3,620.7     | 3,577.1     | 3,588.3     | 3,613.7     | 3,676.6     | 3,770.3     | 3,787.5     | 3,937.4     | 4,047.1     |
| TOTAL POSITIONS                         | 7,268.6     | 7,335.1     | 7,306.3     | 7,355.0     | 7,375.8     | 7,501.4     | 7,508.1     | 7,460.4     | 7,636.1     | 7,815.7     |

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

TABLE N

ARLINGTON COUNTY, VIRGINIA  
OPERATING INDICATORS BY FUNCTION-PROGRAM  
JUNE 30, 2013

| Form of Government<br>Date of Adoption January 1, 1932 | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Area (square miles)                                    | 26         | 26         | 26         | 26         | 26         | 26         | 26         | 26         | 26         | 26         |
| Lane Miles   | 480        | 480        | 1,158      | 1,158      | 2,478      | 2,479      | 2,479      | 2,479      | 974        | 974        |
| Number of Street Lights                                | 15,185     | 15,306     | 14,753     | 14,873     | 14,620     | 14,657     | 16,580     | 16,723     | 17,267     | 17,796     |
| <u>Fire Protection:</u>                                |            |            |            |            |            |            |            |            |            |            |
| Number of Stations                                     | 10         | 10         | 10         | 10         | 10         | 10         | 10         | 10         | 10         | 10         |
| Training Academy                                       | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| <u>Education:</u>                                      |            |            |            |            |            |            |            |            |            |            |
| Attendance Centers                                     | 34         | 34         | 34         | 34         | 34         | 35         | 37         | 37         | 37         | 37         |
| Number of Classrooms                                   | 1,719      | 1,720      | 1,720      | 1,720      | 1,720      | 1,720      | 1,720      | 1,720      | 1,720      | 1,740      |
| Number of Teachers                                     | 1,965      | 1,981      | 1,946      | 1,980      | 1,962      | 2,046      | 2,096      | 2,105      | 2,241      | 2,295      |
| Number of Students                                     | 18,786     | 18,400     | 18,411     | 18,451     | 18,684     | 19,420     | 20,233     | 21,168     | 21,853     | 22,763     |
| <u>County Water System:</u>                            |            |            |            |            |            |            |            |            |            |            |
| Number of consumer service locations                   | 36,531     | 36,567     | 36,603     | 36,758     | 36,828     | 36,877     | 37,228     | 37,574     | 37,151     | 37,189     |
| Average daily consumption (gallons)                    | 29,900,000 | 26,600,000 | 26,900,000 | 24,800,000 | 24,066,000 | 23,498,000 | 23,217,000 | 23,217,000 | 22,500,000 | 22,220,000 |
| Miles of water mains                                   | 525        | 525        | 525        | 525        | 525        | 525        | 525        | 525        | 525        | 525        |
| <u>County Sewer System:</u>                            |            |            |            |            |            |            |            |            |            |            |
| Miles of sanitary sewers                               | 470        | 470        | 470        | 470        | 470        | 470        | 470        | 470        | 470        | 470        |
| Average gallons per day treated                        | 31,600,000 | 26,800,000 | 25,600,000 | 24,900,000 | 24,700,000 | 24,620,000 | 26,470,000 | 26,470,000 | 22,000,000 | 20,273,507 |
| System capacity under construction (gallons per day)   | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 0          |
| <u>Building Permits:</u>                               |            |            |            |            |            |            |            |            |            |            |
| Construction Permits                                   | 3,891      | 4,114      | 3,948      | 3,629      | 3,289      | 2,473      | 2,543      | 2,939      | 3,074      | 3,019      |
| Plumbing, Electrical & Mechanical Permits              | 7,454      | 7,807      | 7,806      | 6,967      | 7,132      | 7,232      | 6,531      | 7,834      | 7,907      | 8,264      |
| Fire Permits   | 943        | 1,096      | 1,058      | 1,022      | 974        | 842        | 804        | 982        | 1,052      | 953        |
| Elevator Permits                                       | 64         | 96         | 88         | 127        | 103        | 75         | 116        | 72         | 77         | 99         |
| <u>Recreation and Culture:</u>                         |            |            |            |            |            |            |            |            |            |            |
| Number of Parks and Playgrounds                        | 115        | 128        | 212        | 212        | 212        | 212        | 212        | 212        | 219        | 236        |
| Number of Libraries                                    | 8          | 7          | 7          | 8          | 8          | 8          | 8          | 8          | 8          | 8          |
| Number of Items (Print and Audiovisual)                | 545,776    | 554,953    | 579,729    | 579,729    | 629,808    | 635,284    | 643,950    | 662,757    | 632,517    | 653,092    |
| Number of Community Centers                            | 14         | 14         | 14         | 14         | 14         | 14         | 14         | 14         | 14         | 14         |
| Number of Nature Centers                               | 3          | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| Number of Historical Districts                         | -          | 2          | 29         | 29         | 30         | 30         | 31         | 31         | 32         | 34         |

ARLINGTON COUNTY, VIRGINIA  
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM  
JUNE 30, 2013

Primary Government

| FUNCTION AND ACTIVITY:              | 2004                 | 2005                   | 2006                   | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   | 2012                   | 2013                   |
|-------------------------------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| General Government:                 |                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Control-                            |                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Legislative                         | \$51,208             | \$51,208               | \$51,208               | \$62,401               | \$58,579               | \$81,144               | \$92,430               | \$114,522              | \$114,522              | \$114,522              |
| Executive                           | 214,926              | 214,926                | 214,926                | 261,906                | 245,864                | 340,573                | 387,942                | 480,663                | 480,663                | 480,663                |
| Judicial                            | 818,794              | 1,130,274              | 1,130,274              | 1,377,339              | 1,292,973              | 1,791,038              | 2,107,374              | 2,594,988              | 3,934,611              | 4,700,614              |
| <b>Total Control</b>                | <b>1,084,928</b>     | <b>1,396,408</b>       | <b>1,396,408</b>       | <b>1,701,646</b>       | <b>1,597,416</b>       | <b>2,212,755</b>       | <b>2,587,746</b>       | <b>3,190,173</b>       | <b>4,529,796</b>       | <b>5,295,799</b>       |
| Staff Agencies-                     |                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Elections                           | 120,906              | 120,906                | 120,906                | 147,335                | 138,310                | 191,588                | 218,235                | 270,396                | 270,396                | 270,396                |
| Management and Finance              | 209,227              | 209,227                | 209,227                | 254,962                | 239,344                | 331,542                | 377,655                | 467,918                | 1,077,827              | 1,588,298              |
| Human Resources                     | 146,253              | 146,253                | 146,253                | 178,222                | 167,306                | 231,753                | 347,256                | 410,350                | 414,403                | 414,403                |
| Office of County Attorney           | 7,354                | 34,067                 | 34,067                 | 41,514                 | 38,971                 | 53,983                 | 61,491                 | 876,188                | 923,699                | 953,687                |
| Commissioner of the Revenue         | 42,503               | 42,503                 | 42,503                 | 51,794                 | 48,621                 | 67,350                 | 76,718                 | 595,054                | 595,054                | 595,054                |
| Treasurer                           | 696,245              | 696,245                | 730,199                | 889,812                | 835,309                | 1,157,077              | 1,350,098              | 65,114                 | 65,114                 | 65,114                 |
| Department of Technology Services   | 8,900,145            | 10,279,481             | 14,598,718             | 17,789,831             | 16,700,152             | 23,133,198             | 17,200,391             | 11,344,264             | 14,597,576             | 18,195,395             |
| General government buildings        | 15,845,252           | 15,845,252             | 29,586,427             | 33,694,735             | 43,796,601             | 33,686,400             | 135,952,812            | 327,020,186            | 327,020,186            | 327,604,012            |
| <b>Total Staff Agencies</b>         | <b>25,967,885</b>    | <b>27,373,934</b>      | <b>45,468,300</b>      | <b>53,048,205</b>      | <b>61,964,614</b>      | <b>58,852,891</b>      | <b>155,584,656</b>     | <b>341,049,470</b>     | <b>344,964,255</b>     | <b>349,686,359</b>     |
| <b>Total General Government</b>     | <b>27,052,813</b>    | <b>28,770,342</b>      | <b>46,864,708</b>      | <b>54,749,851</b>      | <b>63,562,030</b>      | <b>61,065,646</b>      | <b>158,172,402</b>     | <b>344,239,643</b>     | <b>349,494,051</b>     | <b>354,982,158</b>     |
| Public Safety:                      |                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Police                              | 13,829,120           | 15,625,622             | 16,082,026             | 18,439,574             | 24,163,161             | 21,722,625             | 23,703,421             | 10,138,856             | 13,102,757             | 15,073,584             |
| Fire                                | 6,451,228            | 6,451,228              | 5,809,121              | 6,375,013              | 6,594,563              | 6,977,207              | 18,234,142             | 83,442,395             | 85,337,968             | 85,829,937             |
| Emergency management                | 37,578               | 37,578                 | 806,623                | 982,942                | 922,734                | 1,278,179              | 1,455,957              | 4,086,134              | 5,405,411              | 5,681,058              |
| <b>Total Public Safety</b>          | <b>20,317,926</b>    | <b>22,114,428</b>      | <b>22,697,770</b>      | <b>25,797,529</b>      | <b>31,680,458</b>      | <b>29,978,011</b>      | <b>43,393,520</b>      | <b>97,667,385</b>      | <b>103,846,136</b>     | <b>106,584,579</b>     |
| Environmental Services              | 371,868,088          | 381,468,410            | 392,682,485            | 407,523,922            | 414,461,104            | 497,345,576            | 434,334,394            | 474,009,827            | 526,053,112            | 632,215,203            |
| Health and Public Welfare           | 6,994,335            | 29,242,352             | 29,392,413             | 29,891,822             | 31,394,364             | 33,758,494             | 31,765,248             | 33,069,717             | 33,105,155             | 33,322,630             |
| Libraries                           | 3,294,533            | 9,731,968              | 9,781,888              | 10,585,807             | 12,159,862             | 11,184,328             | 18,162,154             | 29,731,690             | 30,413,627             | 30,442,689             |
| Recreation                          | 57,509,179           | 65,139,947             | 80,924,974             | 83,531,614             | 88,774,344             | 86,420,777             | 98,111,470             | 120,041,977            | 143,004,838            | 168,516,013            |
| Community Development               | 13,189,426           | 13,584,695             | 14,359,122             | 15,431,139             | 14,644,784             | 52,373,433             | 32,837,780             | 33,022,546             | 38,051,773             | 42,891,236             |
| <b>Total General Capital Assets</b> | <b>\$600,176,618</b> | <b>\$644,969,188</b>   | <b>\$692,311,308</b>   | <b>\$729,384,655</b>   | <b>\$764,951,857</b>   | <b>\$878,085,322</b>   | <b>\$964,877,331</b>   | <b>\$1,131,782,785</b> | <b>1,223,968,692</b>   | <b>1,368,954,508</b>   |
| Internal Services Fund              |                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Auto Equipment Fund                 | \$38,667,885         | \$39,350,707           | \$42,409,799           | \$45,153,446           | \$45,696,573           | \$47,569,216           | \$51,981,340           | \$56,525,607           | \$63,781,962           | \$64,955,970           |
| Printing Fund                       | 276,061              | 276,061                | 276,061                | 276,061                | -                      | -                      | -                      | -                      | -                      | -                      |
| <b>Total Internal Services Fund</b> | <b>\$38,943,946</b>  | <b>\$39,626,768</b>    | <b>\$42,685,860</b>    | <b>\$45,429,507</b>    | <b>\$45,696,573</b>    | <b>\$47,569,216</b>    | <b>\$51,981,340</b>    | <b>\$56,525,607</b>    | <b>\$63,781,962</b>    | <b>\$64,955,970</b>    |
| Component Unit: School Board        |                      |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Schools                             | \$350,632,439        | \$375,199,698          | \$401,017,012          | \$448,837,358          | \$470,609,847          | \$511,265,426          | \$556,680,225          | \$587,053,184          | \$663,053,770          | \$736,920,550          |
| <b>GRAND TOTALS</b>                 | <b>\$989,753,003</b> | <b>\$1,059,795,654</b> | <b>\$1,136,014,180</b> | <b>\$1,223,651,520</b> | <b>\$1,281,258,277</b> | <b>\$1,436,919,964</b> | <b>\$1,573,538,896</b> | <b>\$1,775,361,576</b> | <b>\$1,950,804,424</b> | <b>\$2,170,831,028</b> |

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<br>Year | Principal  | Interest   | Total<br>Debt<br>Service (1) | Total<br>General<br>Expenditures (2) | Percentage of<br>Debt Service to<br>Total General<br>Expenditures |
|----------------|------------|------------|------------------------------|--------------------------------------|---|
| 2004           | 36,142,375 | 20,778,098 | 56,920,473                   | 745,799,359                          | 7.63%   |
| 2005           | 37,354,049 | 23,105,199 | 60,459,248                   | 793,406,820                          | 7.62%   |
| 2006           | 42,802,784 | 28,546,899 | 71,349,683                   | 847,593,986                          | 8.42%   |
| 2007           | 43,847,619 | 28,816,864 | 72,664,483                   | 963,524,772                          | 7.54%   |
| 2008           | 47,100,186 | 29,138,615 | 76,238,801                   | 949,860,596                          | 8.03%   |
| 2009           | 53,715,890 | 29,857,473 | 83,573,363                   | 985,054,322                          | 8.48%   |
| 2010           | 53,827,131 | 29,949,072 | 83,776,203                   | 1,022,232,400                        | 8.20%   |
| 2011           | 57,645,110 | 29,848,250 | 87,493,360                   | 1,011,998,177                        | 8.65%   |
| 2012           | 59,289,762 | 29,978,921 | 89,268,683                   | 1,096,768,352                        | 8.14%   |
| 2013           | 60,281,364 | 32,699,424 | 92,980,788                   | 1,122,351,681                        | 8.28%   |

## 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, 2012-July 1, 2013

| Type of Coverage & Insurance Company   | Policy Number           | Period From | Period To  | Summary of Coverage & Liability Limits   | Premium Costs   |
|--|-------------------------|-------------|------------|--|---|
| <p><b>Property</b><br/>VACorp through Travelers Insurance</p> <p>1</p>   | VA-AR-006-13            | 07/01/12    | 07/01/13   | <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 &amp; boiler &amp; machinery. \$50,000 deductible. TIV \$636million subject program limits of \$ 500million. Incl. earthquake, flood, boiler &amp; mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged</p> | <p><b>\$424,338.00</b></p> <p>Includes TRIA</p>         |
| <p><b>Crime Policy</b><br/>Zurich American Ins. Co.</p> <p>2</p>   | VA-AR-006-13            | 07/01/12    | 07/01/13   | <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<br/>Limit: \$1 million,<br/>Deductible: \$25,000</p>   | <p><b>\$8,785.00</b></p> <p>Excludes TRIA</p>           |
| <p><b>Fine Arts Policy</b><br/>VACorp through Travelers Insurance<br/>Now part of blanket property policy</p> <p>3</p>   | VA-AR-006-13            | 07/01/12    | 01/07/13   | <p>Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location<br/>\$ 1,000 Deductible/ \$ 2,500 per outdoor sculptuer<br/>Legal Liability -- \$ 250,000 any one loss</p>   | <p><b>\$0.00</b></p> <p>Now part of property policy</p> |
| <p><b>Performing Arts</b><br/>Package Business Policy<br/>Lexington Insurance Co.</p> <p>4</p>   | AIP 0000544711303       | 07/01/12    | 07/01/13   | <p>Package Ins. Policy for Performing Arts Group<br/>DBA Rosslyn Theater<br/>Incl. \$ 1/2 million GL<br/>\$ 850,000 Property</p>   | <p>Package Policy</p> <p><b>\$10,326.00</b></p>         |
| <p><b>General Liability, Public Officials Liab.,<br/>Law Enforcement Liab<br/>Auto Liability</b><br/>Covers Arlington County employees and Officials conducting County business</p> <p>5</p> | County Board Resolution | Continuous  | Continuous | <p>Self Insured for Liability Exposures.<br/>AL, POL, LEL, GL - Primary \$1,000,000</p>  |   |

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
July 1, 2012-July 1, 2013

| Type of Coverage & Insurance Company  | Policy Number  | Period From  | Period To  | Summary of Coverage & Liability Limits  | Premium Costs  |
|---|--|--|--|---|--|
| <b>Umbrella Excess Liability Policy</b><br>VACo/Genesis<br><br>6  | VA-AR-006-13   | 07/01/12   | 07/01/13   | Excess Public Entity Liability Policy<br>Excess of \$ 1,000,000 self-insured retention<br>\$ 10 million limits excess of SIR  | <b>\$320,000.00</b>  |
| <b>Constitutional Officers<br/>Business Auto<br/>Package Policy</b><br>VACorp<br><br>7  | VA-AR-006-13   | 07/01/12   | 07/01/13   | Covers Owned, Hired and Non-owned<br>Liability, Uninsured Motorists & Medical<br>Payments. \$1,000,000 each occurrence for<br>Liability, \$1,000 for medical payments.<br>Const. Officers and Volunteer General Liability \$ 2 million per occurrence | <b>\$30,362.00</b>   |
| <b>HIDTA Task Force</b><br>Commercial Package Policy<br>Twin City Fire Insurance Company<br><br>8   | 14UUNNN5448  | 07/01/12   | 07/01/13   | Liability coverage--\$ 1million/2million<br>Business Personal Property--Ded. \$500<br><br>(includes TRIA)   | <b>\$1,183.00</b>  |
| <b>Medical Prof. Liability</b><br>Arch Speciality Insurance<br><br>9  | FLP002233605   | 07/01/12   | 07/01/13   | Professional Liability Insurance<br>Employed and Contracted Physicians<br>Clinic Staff and EMS<br>Limits: \$ 2/6 million<br>\$ 25,000 DED. Each claim   | <b>\$213,038.00</b>  |
| <b>Group Accident Coverage</b><br>National Union Fire Ins.<br>National Union Fire Ins.<br>National Union Fire Ins.<br>National Union Fire Ins.<br>ACE American Ins. Co.<br><br>10 | SRG 0009105405<br>SRG 0009105406<br>SRG 0009105403<br>SRG 0009105404<br>PTP N 04830052 | 07/01/12<br>07/01/12<br>07/01/12<br>07/01/12<br>07/01/12 | 07/01/13<br>07/01/13<br>07/01/13<br>07/01/13<br>07/01/13 | Coverage coordinated with pers. Coverage<br>AD&D for volunteers<br>AD&D for Campers<br>AD& D for Recreational Sports<br>AD&D for Community Service Program<br>AD&D for Auxiliary Police   | <b>\$9,342.00</b><br><b>\$10,837.00</b><br><b>\$6,375.00</b><br><b>\$580.00</b><br><b>\$700.00</b> |
| <b>TOTAL PREMIUM</b>  |  |  |  |   | <b>\$27,834.00</b>   |
| <b>County Board Surety Bond</b><br><br>11   | M. Hines<br>B. Favola<br>J. Fissttte<br>C. Zimmerman<br>W. Tejada                      | Continuous<br>until<br>Cancelled                         |  | Bond limit \$ 2,500   | <b>\$1,250.00</b><br>TOTAL   |

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
July 1, 2012-July 1, 2013

| Type of Coverage & Insurance Company   | Policy Number               | Period From          | Period To            | Summary of Coverage & Liability Limits   | Premium Costs                            |
|--|-----------------------------|----------------------|----------------------|--|--|
| <b>VDOT Permit Bond</b><br>Travelers<br><b>12</b>  | 53 S 101062299              | Continuous           |                      | Virginia highways permit bond for facilities located on the VDOT right-of-way<br>Limit \$ 100,000  | <b>\$0</b>                               |
| <b>EXCESS LIABILITY BALLSTON GARAGE</b><br>ARCH Ins. Group<br>Travelers<br><b>13</b>                             | UFP0034489-01<br>QIO1201900 | 07/01/12<br>07/01/12 | 07/01/13<br>07/01/13 | Excess liability coverage required by May Co. regarding ice rink at Ballston Garage. Exp. Date to be extended to 7/01/06   | <b>\$49,500.00</b><br><b>\$29,000.00</b> |
| Fiduciary Liability Policy<br>Employee's Suppl. Retirement Sys 2<br><br>National Union/Alton Agency<br><b>14</b> | PLS 2672194                 |                      |                      | Fiduciary Liab. To \$ 10million<br>ERISA Fidelity bond<br>D&O, Trustees liab. To \$ 3million<br>These p[olicies] handled by the Retirement Board<br><u>Risk Management is not involved in the purchase of these policies</u> | <b>Premium not<br/>incl. in total</b>    |
| <b>Constitutional Officers' Liability Plan</b><br><b>Risk Coverage</b><br>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<br>Limits: \$1 million per loss, \$1 million aggregate    |  |
| 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  |  |
| <b>15</b>  |                             |                      |                      |  |  |

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
July 1, 2012-July 1, 2013

| Type of Coverage & Insurance Company  | Policy Number       | Period From       | Period To         | Summary of Coverage & Liability Limits  | Premium Costs                    |
|---|---------------------|-------------------|-------------------|---|----------------------------------|
| <b>Welch Graham &amp; Ogden Agency</b>  |                     |                   |                   |   |                                  |
| <b>Fire and Rescue Auto Physical Damage</b><br>VFIS/ American Alternative Insurance   | VFISCM1054007-05    | 07/01/12          | 07/01/13          | Provides comprehensive and collision coverage on vehicles owned or operated by ACFD<br><br>\$ 1,000 Ded. Per unit | <b>\$87,562.00</b><br>Incl. TRIA |
| 16  |                     |                   |                   |   |                                  |
| <b>Police Command Vehicle</b><br>Hartford Fire Insurance Company                      | 42 MS UG3055 K3     | 07/01/12          | 07/01/13          | Inland Marine policy covering portable Police equipment<br><br>and Command Vehicle                                | <b>\$7,222.00</b><br>Incl. TRIA  |
| 17  |                     |                   |                   |   |                                  |
| <b>Portable Equipment-Fire Command Vehicle</b><br>VFIS American Alternative Insurance | TR-2056525-05       | 07/01/12          | 07/01/13          | Inland Marine policy covering ACFD equipment & Command Veh.   | <b>\$9,975.00</b>                |
| 18  |                     |                   |                   |   |                                  |
| <b>Blanket Volunteer Liability</b>  |                     |                   |                   |   |                                  |
| <b>VaCorp</b>   | <b>VA-AR-006-13</b> | <b>07/01/2012</b> | <b>07/01/2013</b> | <b>Covers Liability of Volunteers</b>   | <b>\$4,760.00</b>                |
| 19  |                     |                   |                   |   |                                  |
| <b>TOTALS</b>   |                     |                   |                   |   | <b>\$1,225,135.00</b>            |

TABLE R

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

| Fiscal<br>Year | Residential<br>Construction (1) |             | Commercial<br>Construction (1) |             | Miscellaneous<br>Construction (1) |             | Bank<br>Deposits (2)<br>(thousands) | Real Property Value (3) |                |               |
|----------------|---------------------------------|-------------|--------------------------------|-------------|-----------------------------------|-------------|-------------------------------------|-------------------------|----------------|---------------|
|                | Permits                         | Valuation   | Permits                        | Valuation   | Permits                           | Valuation   |                                     | Residential             | Commercial     | Non-Taxable   |
| 2004           | 251                             | 62,734,000  | 33                             | 269,927,000 | 12,069                            | 552,693,906 | N/A                                 | 19,819,949,800          | 15,743,338,700 | 4,611,780,600 |
| 2005           | 245                             | 65,578,000  | 58                             | 471,549,000 | 12,810                            | 410,999,470 | N/A                                 | 24,807,985,800          | 17,467,436,100 | 5,254,797,800 |
| 2006           | 309                             | 116,622,000 | 28                             | 170,648,000 | 12,570                            | 731,419,504 | N/A                                 | 30,490,616,900          | 20,142,057,000 | 6,446,120,900 |
| 2007           | 154                             | 42,199,000  | 54                             | 279,540,000 | 11,537                            | 787,764,529 | N/A                                 | 31,217,514,500          | 23,075,322,700 | 7,211,250,200 |
| 2008           | 132                             | 32,778,000  | 76                             | 295,231,000 | 11,331                            | 646,663,518 | N/A                                 | 31,511,540,600          | 25,957,959,400 | 7,208,720,200 |
| 2009           | 160                             | 43,325,775  | 84                             | 409,257,463 | 11,526                            | 372,491,217 | N/A                                 | 31,176,590,200          | 26,604,956,900 | 7,489,437,300 |
| 2010           | 172                             | 45,497,100  | 50                             | 165,948,125 | 12,454                            | 363,788,580 | N/A                                 | 30,395,184,100          | 23,590,330,900 | 7,079,999,000 |
| 2011           | 204                             | 59,770,300  | 60                             | 372,020,336 | 12,690                            | 367,577,766 | N/A                                 | 30,826,414,200          | 26,435,423,200 | 7,155,902,000 |
| 2012           | 158                             | 49,734,782  | 86                             | 487,803,163 | 12,003                            | 443,979,014 | N/A                                 | 31,308,133,600          | 30,363,228,300 | 7,313,610,400 |
| 2013           | 179                             | 61,926,017  | 98                             | 406,183,727 | 13,219                            | 538,830,401 | N/A                                 | 36,869,425,300          | 26,021,905,000 | 7,410,523,300 |

## NOTES:

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

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

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

TABLE S

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

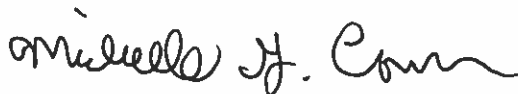
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| Fiscal Year | Revenues   | Percent Change |
|-------------|------------|----------------|
| 2004        | 45,090,463 | 4.37%          |
| 2005        | 45,699,044 | 1.35%          |
| 2006        | 52,568,059 | 15.23%         |
| 2007        | 50,898,687 | -3.28%         |
| 2008        | 57,266,956 | 11.12%         |
| 2009        | 57,272,629 | 0.01%          |
| 2010        | 58,611,239 | 2.34%          |
| 2011        | 60,460,108 | 3.23%          |
| 2012        | 61,939,212 | 5.81%          |
| 2013        | 61,341,154 | 4.77%          |

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ARLINGTON COUNTY, VIRGINIA  
CERTIFICATE OF NO DEFAULT  
June 30, 2013

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, 2013, and through the date of this certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which would constitute an Event of Default as defined in Section 11.1 of the Financing Agreements for Loan Number C-515319-02, Loan Number C-515378-02A, Loan Number C-515378-02B, Loan Number C-515396-01, Loan Number C-515413-01, Loan Number C-515396-02, Loan Number C-515413-02, and Loan Number C-515413-02B.



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Michelle G. Cowan  
Director, Department of Management and Finance  
October 14, 2013

ARLINGTON COUNTY, VIRGINIA  
LARGEST USERS OF THE WATER & SEWER SYSTEM  
For the twelve months ending June 30, 2013

| WATER<br>Customer / Type of Business                      | Monthly Average Consumption<br>In Thousands of Gallons | SEWER<br>Customer / Type of Business                      | Monthly Average Consumption<br>In Thousands of Gallons |
|---|--|---|--|
| Ft. Myer<br>Military                                      | 13,293   | Ft. Myer<br>Military                                      | 13,293   |
| Archstone Communities - 1600 S. Eads<br>Residential       | 5,746  | Pentagon<br>Military                                      | 12,576   |
| Vornado - 1400 S. Joyce Street<br>Apartments              | 3,347  | Reagan National Airport<br>Aviation                       | 9,641  |
| Vornado - 1600 S. Joyce Street<br>Apartments              | 3,097  | Archstone Communities - 1600 S. Eads<br>Residential       | 5,746  |
| Marriott Crystal City<br>Hotel                            | 2,797  | Vornado - 1400 S. Joyce Street<br>Apartments              | 3,347  |
| Archstone Communities - 320 S. 23rd Street<br>Residential | 2,664  | Vornado - 1600 S. Joyce Street<br>Apartments              | 3,097  |
| Pentagon City Mall<br>Retail                              | 2,467  | Marriott Crystal City<br>Hotel                            | 2,797  |
| Vornado - 1111 S. Army Navy Drive<br>Apartments           | 2,333  | Archstone Communities - 320 S. 23rd Street<br>Residential | 2,664  |
| Dominion Towers-1201 S Courthouse Rd<br>Apartments        | 2,181  | Pentagon City Mall<br>Retail                              | 2,467  |
| Hyatt Regency Crystal City<br>Hotel                       | 2,129  | Vornado - 1111 S. Army Navy Drive<br>Apartments           | 2,333  |

## 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, 2013

### Wastewater System

#### *Description of System*

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

The County's system presently consists of 465 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 40 million gallons per day (MGD). Current flows average 22.7 MGD.

#### *Plant Upgrade & Expansion*

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

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

#### *Major Customers*

The County's wastewater system serves residents and businesses in the County. A list of the top ten retail wastewater customers is included in Table 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.

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

## **Water Distribution System**

### *Description of System*

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

The County's water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 22.8 MGD to approximately 37,200 service accounts. The system serves residents and businesses in the County but does not provide water to the Pentagon or Reagan National Airport except under emergency situations, during construction, or other unusual circumstances.

### *Washington Aqueduct Agreement*

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

## **Wastewater & Water Rates**

Retail rates for fiscal years 2009 through 2014 are shown in the following table. The typical residential customer pays \$73.56 per month, assuming annual consumption of 70,000 gallons. Historically, rate increases have been effective on May 1 prior to the start of the fiscal year.

**FY 2009 – FY 2014 Wastewater & Water Rates  
Per 1,000 Gallons of Metered Water Usage**

| <u>Fiscal<br/>Year</u> | <u>Water</u> | <u>Wastewater</u> | <u>Total</u> | <u>Percent<br/>Change</u> |
|------------------------|--------------|-------------------|--------------|---------------------------|
| 2009                   | \$3.35       | \$7.19            | \$10.54      | 15%                       |
| 2010                   | \$3.42       | \$7.78            | \$11.20      | 6%                        |
| 2011                   | \$3.50       | \$8.24            | \$11.74      | 5%                        |
| 2012                   | \$3.68       | \$8.51            | \$12.19      | 4%                        |
| 2013                   | \$3.98       | \$8.63            | \$12.61      | 3%                        |
| 2014                   | \$3.98       | \$8.63            | \$12.61      | 0%                        |

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, 2013, general obligation debt outstanding attributable to the Utilities Fund totaled \$119,765,097. As of June 30, 2013, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$246,193,771. The following table shows future debt service on these obligations.

| Fiscal Year<br>Ended June 30 | TOTAL EXISTING GO DEBT SERVICE |                   |                    | VRA BONDS          |                   |                    | TOTAL              |                    |                    |
|------------------------------|--------------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|--------------------|
|                              | Principal                      | Interest          | Total              | Principal          | Interest          | Total              | Principal          | Interest           | Total              |
| 2014                         | 8,741,975                      | 5,253,923         | 13,995,898         | 12,882,014         | 7,766,532         | 20,648,546         | 21,623,989         | 13,020,455         | 34,644,444         |
| 2015                         | 8,078,452                      | 4,695,084         | 12,773,536         | 13,294,505         | 7,354,040         | 20,648,545         | 21,372,957         | 12,049,124         | 33,422,081         |
| 2016                         | 8,188,257                      | 4,280,018         | 12,468,275         | 13,720,259         | 6,928,286         | 20,648,545         | 21,908,516         | 11,208,304         | 33,116,820         |
| 2017                         | 8,103,789                      | 3,840,261         | 11,944,050         | 14,159,705         | 6,488,841         | 20,648,546         | 22,263,494         | 10,329,102         | 32,592,596         |
| 2018                         | 7,793,165                      | 3,819,395         | 11,612,560         | 14,613,284         | 6,035,262         | 20,648,546         | 22,406,449         | 9,854,657          | 32,261,106         |
| 2019                         | 7,757,778                      | 3,233,033         | 10,990,811         | 15,081,453         | 5,567,093         | 20,648,546         | 22,839,231         | 8,800,126          | 31,639,357         |
| 2020                         | 7,255,101                      | 2,900,467         | 10,155,568         | 15,564,683         | 5,083,862         | 20,648,545         | 22,819,784         | 7,984,329          | 30,804,113         |
| 2021                         | 7,530,216                      | 2,622,010         | 10,152,226         | 16,063,462         | 4,585,084         | 20,648,546         | 23,593,678         | 7,207,094          | 30,800,772         |
| 2022                         | 7,143,155                      | 2,239,266         | 9,382,421          | 16,578,290         | 4,070,255         | 20,648,545         | 23,721,445         | 6,309,521          | 30,030,966         |
| 2023                         | 7,430,000                      | 1,928,559         | 9,358,559          | 17,109,688         | 3,538,857         | 20,648,545         | 24,539,688         | 5,467,416          | 30,007,104         |
| 2024                         | 7,528,209                      | 1,578,929         | 9,107,138          | 17,658,191         | 2,990,354         | 20,648,545         | 25,186,400         | 4,569,283          | 29,755,683         |
| 2025                         | 7,885,000                      | 1,231,331         | 9,116,331          | 18,224,352         | 2,424,194         | 20,648,546         | 26,109,352         | 3,655,525          | 29,764,877         |
| 2026                         | 7,910,000                      | 892,418           | 8,802,418          | 18,808,741         | 1,839,805         | 20,648,546         | 26,718,741         | 2,732,223          | 29,450,964         |
| 2027                         | 6,050,000                      | 609,673           | 6,659,673          | 12,613,067         | 1,288,884         | 13,901,951         | 18,663,067         | 1,898,557          | 20,561,624         |
| 2028                         | 4,225,000                      | 407,155           | 4,632,155          | 13,023,301         | 878,649           | 13,901,950         | 17,248,301         | 1,285,804          | 18,534,105         |
| 2029                         | 2,135,000                      | 281,274           | 2,416,274          | 7,957,350          | 495,860           | 8,453,210          | 10,092,350         | 777,134            | 10,869,484         |
| 2030                         | 2,135,000                      | 201,168           | 2,336,168          | 6,441,442          | 224,267           | 6,665,709          | 8,576,442          | 425,435            | 9,001,877          |
| 2031                         | 2,135,000                      | 121,062           | 2,256,062          | 2,399,984          | 39,120            | 2,439,104          | 4,534,984          | 160,182            | 4,695,166          |
| 2032                         | 1,175,000                      | 53,730            | 1,228,730          | -                  | -                 | -                  | 1,175,000          | 53,730             | 1,228,730          |
| 2033                         | 565,000                        | 13,225            | 578,225            | -                  | -                 | -                  | 565,000            | 13,225             | 578,225            |
|                              | <u>119,765,097</u>             | <u>40,201,981</u> | <u>159,967,078</u> | <u>246,193,771</u> | <u>67,599,245</u> | <u>313,793,016</u> | <u>365,958,868</u> | <u>107,801,226</u> | <u>473,760,094</u> |

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

**Other Financial & Legal Information**

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

PM-AC-00951

September 27, 2013

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, 2013, the County satisfied the Rate Covenant.
3. For the fiscal year that will end on June 30, 2014, the projected net revenues will satisfy the Rate Covenant.

Dated: Sept. 27, 2013

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

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



# FEDERALLY ASSISTED PROGRAMS

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

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

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



## CliftonLarsonAllen

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

The Honorable Members of the County Board  
Arlington County, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 29, 2013. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Arlington County, Virginia (the County). Our report included a reference to other auditors who audited the financial statements of Gates Partnership as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting on compliance and other matters that are reviewed separately by those auditors.

#### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

We noted certain matters that we reported to management of the County in a separate letter dated October 29, 2013.

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

Arlington, Virginia  
October 29, 2013



## CliftonLarsonAllen

### **Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133**

The Honorable Members of the County Board  
Arlington County, Virginia

#### **Report on Compliance for Each Major Federal Program**

We have audited the Arlington County, Virginia's (the County) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Gates Partnership, which received \$1,284,818 in federal awards which is not included in the schedule during the year ended June 30, 2013. Our audits, described below, did not include the operations of Gates Partnership because the Partnership engaged other auditors to perform an audit in accordance with Circular A-133.

#### ***Management's Responsibility***

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

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-01. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-01 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, the budgetary comparison for the General Fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 29, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*CliftonLarsonAllen LLP*

Calverton, Maryland  
October 29, 2013

**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|   | Federal<br>Catalogue<br>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<br>(765/452-04)                      | 93.566                         | \$ 65,999           |
| Social Services Block Grant<br>(Purchased Services) (765/453-01)                    | 93.667                         | 1,030,559           |
| (Medical Assistance)  | 93.778                         | 1,129,120           |
| (Child Care Purchased Services)   | 93.596                         | 205,922             |
| (View Purchased Services)   | 93.558                         | 1,539,360           |
| Child Care Development Block Grant (102-586)  | 93.575                         | -                   |
| FAMIS Outreach Grant  | 93.767                         | 41,437              |
| ILP Education & Training Vouchers   | 93.599                         | 18,167              |
| Family Preservation   | 93.556                         | 11,006              |
| Independent Living  | 93.674                         | 23,272              |
| Foster Care & Adoptions (765/453-01)  |                                |                     |
| Foster Care   | 93.658                         | 1,029,159           |
| Adoption  | 93.659                         | 538,250             |
| Admin Title IV-B1   | 93.603                         | 5,833               |
| Fuel Assistance Program(765/452-06)   | 93.568                         | 67,605              |
|   |                                | <b>5,705,689</b>    |
| <b>Total Department of Social Services</b>  |                                |                     |
| Department of Health Services:  |                                |                     |
| Immunization Grant  | 93.268                         | 107,779             |
| Family Planning Grant   | 93.217                         | 99,245              |
| Maternal and Child Health Grant   | 93.994                         | 67,848              |
| TB Outreach Grant   | 93.116                         | 186,910             |
|   |                                | <b>461,782</b>      |
| <b>Total Department of Health Services</b>  |                                |                     |
| Department of Mental Health and Mental Retardation                                  |                                |                     |
| Alcohol and Drug Abuse and Mental Health Services<br>Block Grant(790/445-01/455-02) |                                |                     |
| Homeless-Mental Path  | 93.150                         | 16,199              |
| Integrated Behavioral - Primary Care  | 93.240                         | 134,721             |
| Mental Health -Seriously mentally III   | 93.958                         | 38,815              |
| MH FMBG Geriatric Project   | 93.958                         | 490,616             |
| SA Treatment FBG  | 93.959                         | 292,024             |
| SA SARPOS FBG   | 93.959                         | 127,778             |
| Early Intervention Funds (PIE-PART C)   | 84.181                         | 594,788             |
|   |                                | <b>1,694,941</b>    |
| <b>Total Mental Health Mental Retardation and Substance Abuse</b>                   |                                |                     |
| Department for the Aging  |                                |                     |
| Older Americans Act   |                                |                     |
| Title III-B-Area Plan   | 93.044                         | 179,877             |
| Title III-C-Nutrition   | 93.045                         | 149,524             |
| Title III-D-Disease Prevention  | 93.046                         | 1,917               |
| Title III-E- National Family Caregiver Support                                      | 93.052                         | 55,131              |
| Title VII-Elder Abuse Prevention  | 93.041                         | 1,793               |
| Senior Medicare Patrol Project  | 93.048                         | 5,800               |
| Door Through Door   | 93.048                         | 42,206              |
| Health Insurance Counseling & Assistance  | 93.779                         | 59,404              |
|   |                                | <b>495,652</b>      |
| <b>Total Department for the Aging - OAA</b>   |                                |                     |
| <b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                |                                | <b>\$ 8,358,064</b> |

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Federal<br>Catalogue<br>Number | Expenditures         |
|--|--------------------------------|----------------------|
| DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT              |                                |                      |
| Direct Federal Payments                                  |                                |                      |
| Community Development Grants                             |                                |                      |
| Twenty-third Entitlement(B97UC51002)                     | 14.218                         | 1,501                |
| Twenty-sixth Entitlement(B00UC51002)                     | 14.218                         | 21,100               |
| Twenty-seventh Entitlement(B01UC51002)                   | 14.218                         | 5,640                |
| Thirty-second Entitlement(B06UC51002)                    | 14.218                         | 5,094                |
| Thirty-third Entitlement(B07UC51002)                     | 14.218                         | 7,274                |
| Thirty-fourth Entitlement(B08UC51002)                    | 14.218                         | 6,256                |
| Thirty-fifth Entitlement(B09UC51002)                     | 14.218                         | 4,306                |
| Thirty-sixth Entitlement(B10UC51002)                     | 14.218                         | 39,360               |
| Thirty-seventh Entitlement(B11UC51002)                   | 14.218                         | 3,491                |
| Thirty-eighth Entitlement(B12UC51002)                    | 14.218                         | 1,136,822            |
| Community Development Block Grants                       |                                | <b>1,230,844</b>     |
| CDBG Program income spent                                |                                | 2,740,095            |
| HOME Administration Grant                                | 14.239                         | 21,297               |
|  |                                | <b>2,761,392</b>     |
| <b>Sub- total Community Development Grants</b>           |                                | <b>3,992,236</b>     |
| Community Service Block Grant                            | 93.569                         | <b>210,798</b>       |
| <b>Total Community Development Grants</b>                |                                | <b>4,203,034</b>     |
| <b>Section 8 Housing Assistance</b>                      |                                |                      |
| Voucher Program (VAO28VO015-023)                         | 14.871                         | 15,345,045           |
| Voucher Program - Administrative Expense                 | 14.872                         | 1,492,500            |
| HUD-Shelter Plus Care (Milestone I and II)               | 14.240                         | 239,512              |
| HUD-HOPWA  | 14.241                         | 74,149               |
| HUD-Family Unification Program                           | 14.880                         | 582,527              |
| <b>Total Section 8 Housing Assistance</b>                |                                | <b>17,733,733</b>    |
| HUD-Federal Emergency Shelter Grant                      | 14.231                         | 127,036              |
| HUD-In-Roads   | 14.235                         | 222,324              |
| <b>Total Section 8 Housing Assistance</b>                |                                | <b>349,360</b>       |
| <b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> |                                | <b>\$ 22,286,127</b> |

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | <u>Federal<br/>Catalogue<br/>Number</u> | <u>Expenditures</u>        |
|---|---|----------------------------|
| <b>DEPARTMENT OF EDUCATION</b>                                  |   |                            |
| Pass Through Payments:  |   |                            |
| Department of Education   |   |                            |
| Elementary and Secondary Education Act-<br>Title I (197/171/01) | 84.010                                  | \$ 2,666,923               |
| Title I Reading Recovery - Sub grantee (Shippensburg State)     | 84.377                                  | 63,176                     |
| Title I Part A 1003 G School Improvement                        | 84.377                                  | 917,567                    |
| ARRA - Longitudinal Study                                       | 84.384                                  | 33,750                     |
| ARRA 1003g School Improvement                                   | 84.388                                  | 250,125                    |
| 21st Century Community Learning Centers                         | 84.287                                  | 39,411                     |
| IDEA Part B Section 611 (197/171-02)                            | 84.027                                  | 3,737,387                  |
| Learning and Library Resources-                                 |   |                            |
| Pre-School Incentive  | 84.173                                  | 72,703                     |
| Title III, Part A (NCLB) Emergency Immigration<br>(197/171-06)  | 84.365                                  | 476,493                    |
| Vocational Education Act - Carl D Perkins PL-101-392            | 84.048                                  | 200,237                    |
| Education for Homeless Children & Youth (Stuart B McKinney)     | 84.196                                  | 25,827                     |
| ESL/Civics Grant  | 84.002                                  | 212,797                    |
| Title II, Part A Improving Teacher Quality                      | 84.367                                  | 426,514                    |
| Title II, Part D Ed Tech (NCLB)                                 | 84.318                                  | 2,482                      |
| Even Start  | 84.213                                  | 19,541                     |
| Project Discovery (College Access Challenge Grant)              | 84.378                                  | 12,576                     |
| <b>Total State Pass Through Payments</b>                        |   | <b><u>9,157,509</u></b>    |
| <b>Total Department of Education</b>                            |   | <b><u>\$ 9,157,509</u></b> |

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Federal<br>Catalogue<br>Number | Expenditures        |
|---|--------------------------------|---------------------|
| <b>DEPARTMENT OF LABOR</b>                  |                                |                     |
| Pass Through Payments:                      |                                |                     |
| Department of Social Services               |                                |                     |
| Work Investment Act                         |                                |                     |
| WIA-Admin. Fund                             | 17.258                         | \$ 123,452          |
| WIA-Adult                                   | 17.258                         | 323,259             |
| WIA-Youth                                   | 17.259                         | 232,670             |
| WIA-Dislocated                              | 17.260                         | 314,537             |
| WIA-Rapid Response                          | 17.260                         | 436,390             |
| WIA - Rescission Correction Grant           | 17.258                         | 1,500               |
| WIA-Loa Coordination-Hospitality Training   | 17.260                         | 20,050              |
| Department of Rehabilitative Services Grant | 17.207                         | 214,030             |
| <b>Total Department of Social Services</b>  |                                | <b>1,665,888</b>    |
| <br><b>Total Department of Labor</b>        |                                | <b>\$ 1,665,888</b> |

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | Federal<br>Catalogue<br>Number | Expenditures        |
|--|--------------------------------|---------------------|
| <b>DEPARTMENT OF AGRICULTURE</b>                   |                                |                     |
| Pass Through Payments:                             |                                |                     |
| Department of Education-                           |                                |                     |
| National School Lunch Program<br>(197/457-02)      | 10.555                         | \$ 3,096,574        |
| National School Breakfast Program                  | 10.553                         | 679,662             |
| Parent/Teen Infant                                 | 10.558                         | 20,084              |
| <b>Sub total</b>                                   |                                | <b>3,796,320</b>    |
| Dept. Agriculture and Consumer Services            |                                |                     |
| USDA Donated Commodities                           | 10.555                         | 342,419             |
| WIC Grant  | 10.577                         | 724,786             |
| WIC Grant--Breastfeeding Peer Counselors           | 10.577                         | -                   |
| WIC Grant--Operational Adjustment                  | 10.577                         | -                   |
| FSET - Transportation & POS                        | 10.561                         | 12,759              |
| Administrative Matching Grants for Food Stamps     | 10.561                         | 1,865,104           |
| <b>Sub total</b>                                   |                                | <b>2,945,068</b>    |
| Department for the Aging                           |                                |                     |
| Older Americans Act Title III USDA<br>(163/457-02) | 10.570                         | 45,098              |
| <b>Sub total</b>                                   |                                | <b>45,098</b>       |
| <b>Total Department of Agriculture</b>             |                                | <b>\$ 6,786,486</b> |
| <b>DEPARTMENT OF JUSTICE</b>                       |                                |                     |
| Direct Federal Payments:                           |                                |                     |
| ODJ- Seized Assets                                 | 16.922                         | \$ 70,693           |
| Treasury- Seized Assets                            | 21.000                         | 259,732             |
| Metropolitan Area Task Force (MATF)                | 16.579                         | 26,213              |
| High Intensity Drug Trafficking Area (HIDTA)       | 16.000                         | 189,075             |
| DEA Task Force                                     | 16.579                         | 50,172              |
| Metropolitan Area Fraud Task Force                 | 16.579                         | 5,033               |
| Electronic Crimes Task Force                       | 16.579                         | 3,030               |
| HIDTA Task Force                                   | 95.001                         | 51,820              |
| DMV Highway Safety Program                         | 20.600                         | 41,431              |
| Justice Assistance Grant                           | 16.738                         | 20,905              |
| 2009-2010 Buffer Zone Grant                        | 97.078                         | 132,080             |
| <b>Total Direct Federal</b>                        |                                | <b>850,184</b>      |
| <b>Total Department of Justice</b>                 |                                | <b>\$ 850,184</b>   |

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Federal<br>Catalogue<br>Number | Expenditures         |
|---|--------------------------------|----------------------|
| OTHER FEDERAL ASSISTANCE                          |                                |                      |
| Direct Federal Payments:                          |                                |                      |
| Air Force Junior Reserve Officer Training         | 12.000                         | \$ 76,281            |
| NSA Research Grant & Cooperative Agreement        | 12.900                         | 104,588              |
| STEM - Science, Technology, Engineering & Math    | 97.104                         | -                    |
| AMERICORPS  | 94.006                         | 120,394              |
| <b>Sub-total Direct Federal Payments</b>          |                                | <b>301,263</b>       |
| EECBG - Solar on County Buildings                 | 81.128                         | -                    |
| EECBG - Energy Efficiency in County Buildings     | 81.128                         | -                    |
| EECBG - Training and Outreach to Private Sector   | 81.128                         | 49,760               |
| EECBG - Electric Vehicle                          | 81.128                         | -                    |
| Arlington Gang Initiative Grant                   | 16.544                         | 10,000               |
| <b>Sub-total Direct Federal Payments</b>          |                                | <b>59,760</b>        |
| <b>Total Direct Federal Payments</b>              |                                | <b>361,023</b>       |
| Pass Through Payments:                            |                                |                      |
| Congestion Mitigation Air Quality                 | 66.001                         | 3,444,000            |
| TSM Communication-Fiber Optic (AARA)              | 20.205                         | 636,553              |
| TSM Communication-Upgr. UPC                       | 20.205                         | 157,349              |
| Roadway Improvements                              | 20.205                         | 13,990,540           |
| MR20 (AARA)                                       | 20.523                         | -                    |
| <b>Sub-total State Pass Through Payments</b>      |                                | <b>18,228,442</b>    |
| Fire Department Programs                          |                                |                      |
| Urban Area Security Initiative (UASI)             | 97.008                         | 68,005               |
| Urban Area Security Initiative (UASI)             | 97.067                         | 738,287              |
| Urban Area Security Initiative (10 UASI -12 USAI) | 97.067                         | 882,122              |
| UASI Training Recue Task Force                    | 97.067                         | -                    |
| <b>Sub-total State Pass Through Payments</b>      |                                | <b>1,688,414</b>     |
| FEMA Reimbursement for Emergency Preparedness     |                                |                      |
| DHS State Homeland Security Grant                 | 97.073                         | 513,728              |
| Metropolitan Medical Response System              | 97.071                         | 617,354              |
|   |                                | <b>1,131,082</b>     |
| <b>Total State Pass Through Payments</b>          |                                | <b>\$ 21,047,938</b> |
| <b>Total Other Federal Assistance</b>             |                                | <b>\$ 21,408,961</b> |
| <b>TOTAL FEDERALLY ASSISTED PROGRAMS</b>          |                                | <b>\$ 70,513,219</b> |

See accompanying notes to Schedule of Federal Awards.



**ARLINGTON COUNTY, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2013**

**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, 2013**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

**Identification of Major Programs**

| Name of Federal Program or Cluster | CFDA Number(s)         |
|------------------------------------|------------------------|
| Aging Cluster                      | 93.044, 93.045         |
| Child Nutrition Cluster            | 10.555, 10.553, 10.558 |
| Congestion Mitigation Air Quality  | 66.001                 |
| Highway Planning and Construction  | 20.205                 |

Dollar threshold used to distinguish between type A and type B programs \$2,116,864

|  |       |   |     |       |    |
|--|-------|---|-----|-------|----|
| Auditee qualified as low-risk auditee? | _____ | X | Yes | _____ | No |
|--|-------|---|-----|-------|----|

**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**II. Financial Statement Findings**

None noted

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

***Finding No 2012-01: Time and Effort***

**Finding Type:** Internal control and compliance

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

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

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

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

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

**Cause:** The County created time and effort procedures but did not implement the process until the 4<sup>th</sup> quarter of FY 2012 but did not consistently perform the procedures during FY 13.

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

**Context:** Time and effort documentation was not provided for 6 out of 15 pay periods.

**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

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

***Management's  
Response:***

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

**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

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

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

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

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

**Current Status:** Aging Cluster, CFDA 93.044, 045  
Not Resolved, Repeat finding 2013-01

# Arlington County Vision

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

— Arlington County Board



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