



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016



ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2016

(July 1, 2015 - June 30, 2016)



DEPARTMENT OF MANAGEMENT AND FINANCE

**Maria Meredith, Acting 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, 2016

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INTRODUCTION



DEPARTMENT OF
MANAGEMENT AND FINANCE

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November 3, 2016

Libby Garvey, Chair 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, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Arlington County financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

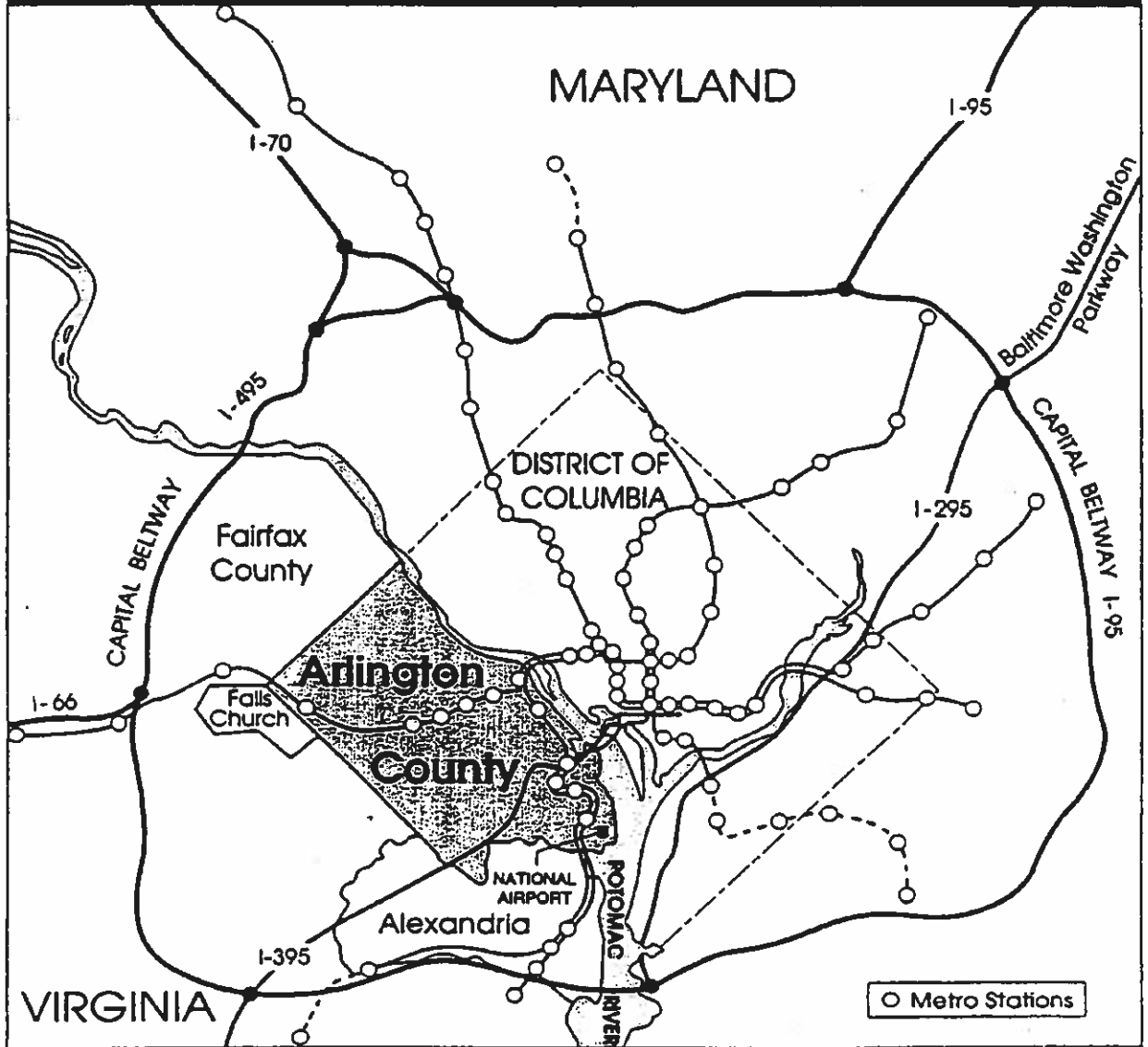
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Arlington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

Profile of the Government

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

The geographical area of the County is about 26 square miles of which 1.8 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and thereby establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land

WASHINGTON METRO AREA MAP



in Arlington County is almost totally developed. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metro corridors.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2016 was \$71.3 billion. The County government's adopted budget for all funds for Fiscal Year 2016 totaled \$1,499.1 million, which included \$555.9 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 for the following fiscal year no later than May 1 of the current fiscal year.

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

Factors Affecting Financial Condition

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

Local Economy

Beyond world-famous sites and attractions in the nation's capital, and located just across the Potomac River, Arlington is a lively hub of commerce, culture, recreation and tourism, supported by one of the most diverse, educated and affluent populations in the world. In addition, the County contains substantial office, residential, and rental development that serves to diversify its property tax base. Arlington's economy is outperforming national and regional averages, as evidenced by key metrics related to vacancy rate, retail sales, and tourism all showing stable or improved levels over the past three years. Arlington's 2016 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 2016, the tax rate (the base rate plus the county wide sanitary district tax rate) decreased from CY 2015 at \$0.996 per \$100 of assessed value to \$0.991 per \$100 of assessed value in CY 2016. CY 2016 assessments showed modest growth sustained by a stable residential market and modest growth in all commercial tax properties. Assessed valuation of real property increased 2.8% from CY 2015 to CY 2016. CY 2016 commercial assessments (including multifamily rental buildings) increased 2.6% over CY 2015. Apartment buildings showed growth of 4.8%, which included a 2.7% increase from new construction. Commercial properties increased 1.1% due in part to continuing office vacancy rates. Increases in office and hotel assessments were partially offset by a reduction in general commercial properties, which reflect a small percent of the tax base. The residential property assessment base increased 3.0% in the aggregate. Including new construction, single-family houses (including townhouses) increased 3.3%, while condominium assessment totals increased by 2.4% in CY 2016. The average value of a single-family property increased by 2.8%: from \$587,100 in CY 2015 to \$603,500 in CY 2016.

The Arlington blend of urban sophistication and neighborhood charm is unmatched in the region. Elegant high-rises, national and regional corporate and association headquarters, bustling Metro stations, upscale hotels, a dynamic and diverse retail sector, a diverse cultural scene, an exciting nightlife with more than six million square feet of retail space, over 600 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 forty-two million (42M) 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, nearly 3,000 new residential units have been delivered in the past three and one-half years and approximately 2,600 remain under construction. In the 2nd quarter of 2016, the County's office vacancy rate was 20.2%. The residential unemployment rate is very low, averaging 2.6% for FY 2016, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In April 2016, the County's conservative budgeting, timely tax increases and closely monitored expenditure controls and adherence to adopted policies 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, 2016, as only one of 39 counties in the United States with top bond ratings from all three major bond-rating agencies.

Long-Term Financial Planning

The Arlington Vision adopted by the Arlington County Board in 2001, provides the overarching framework for our strategic and operational decision making. The vision provides the continuity necessary to execute both short and long-term policy and resource decisions. The annual budget serves as Arlington's annual operations plan. Multi-year strategies are incorporated into a Management Plan, which supports the Board's vision and is updated annually. Five core themes are contained in the 2016 Management Plan that support the Board's vision:

- Affordable Housing
- Economic Sustainability

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

- Fiscal Sustainability
- Civic Engagement
- County-School Collaboration

The budget adopted by the County Board for FY 2017 preserves our community's values, gives schools an increase in resources, and adds funding for public safety, economic development and other key services with a slight decrease in the tax rate. The County government's adopted budget for all funds for FY 2017 increased 4.2% of which the General Fund increased 3.2% and Schools increased 4.7% from the FY 2016 Adopted Budget. While the FY 2017 adopted General Fund budget reduces the real estate tax rate one half-cent, the average Arlington homeowner will still see their property taxes rise due to an average increase in residential real estate assessments of 2.8%. 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. Arlington's strong employment and solid real estate market are the foundation for steady incremental growth in the County's major revenue streams.

Taxes and Fees

Under state law, the County's budget must be balanced fiscally. The Arlington County Board works equally hard to adopt a budget that also is balanced in policies, programs and values. It is committed to a diverse community, which means diverse needs and interests. The Board approved a CY 2016 real estate tax rate of \$0.991 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." The FY 2017 budget includes no increases for personal property tax, business tangible property, business and professional occupational licenses, or commercial transportation tax rates.

Economic Development

Economic development is extremely important to Arlington as we try to increase commercial occupancy in the County. Additional one-time investments of \$1.5 million was added in the FY 2017 Adopted Budget to assist in the attraction of new tenants and tenant retention in the County. The County was also successful in working with the State legislature to get authority for a transient occupancy tax add-on for investment in travel and tourism. With the adoption of this hotel occupancy tax, additional funding can be invested in marketing and attracting travelers to Arlington County.

Social Safety Net

Funding for the County's most vulnerable continues to be a priority for the community and the County Board. The FY 2017 Adopted Budget continues that commitment with increased funding to affordable housing programs as well as investments in senior and mental health services.

Public Safety and Court Services

Critical to Arlington's success is the safe and secure community our residents and visitors enjoy. The FY 2017 Adopted Budget increases our investment in a variety of areas in public safety. Twelve additional uniformed fire personnel were added to complete 4-person staffing for all fire companies ensuring safe staffing levels and an increase in medical transport staffing during peak hours. In addition, six patrol officers were added in police and five deputies as well as a position dedicated to Americas with Disabilities (ADA) compliance were added in the Sheriff's Office.

Affordable Housing

In keeping with its vision for a diverse and inclusive community, Arlington supports a variety of housing programs to ensure a range of housing choices for households of all types and income levels. The FY 2017 Adopted Budget includes \$57.3 million in funding allocated to preserve affordable housing and assist persons to meet their housing needs. Local tax dollar support for these programs totals \$38.3 million, or 5.2 percent of County government operations (General Fund excluding Schools transfer).

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 2017, the Schools will receive \$464.5 million in ongoing funding, a 2.8% over FY 2016 increase and an additional \$2.5 million in one-time funds to meet the growing needs of the Schools. The FY 2017 Adopted Budget increases School's percentage of locally generated tax generated revenue to 46.6%. The County is proud of the continuing accomplishments of its students and schools with the many notable achievements by Arlington Public Schools (APS).

- Arlington Public Schools (APS) students continue to pass the Virginia Standards of Learning (SOL) tests at higher rates than their peers across Virginia. In 2016, the APS met or exceeded the state passing rates on 28 of 29 assessments, across all grade levels and subjects.
- The combined SAT scores for Arlington's 2016 graduates continued to outpace the Virginia average by 126 points, and the national averages by 177 points.
- In 2016, the graduation rate for Arlington high schools was 97%. Countywide, 91.1% of all APS students graduated on time, and the dropout rate has declined for African American students by 5 percentage points and for economically disadvantaged students by more than 9 percentage points.
- The 2016 Washington Post Challenge Index ranked all four APS high schools in the top two percent of high schools in the U.S. This is the 15th year in a row that all APS high schools have made the list.

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, 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, the 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 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 (PAY-GO), bond financing, master lease financing, various dedicated funding from storm water, utilities and transportation sources, as well as external funding such as state and federal grants and developer contributions. Project budgets include the financial impact to the operating budget, where applicable and discernable. The County balances the use of debt financing sources against the ability to utilize PAY-GO funding for capital projects. While major capital facility projects will generally be funded through bonds, the County attempts to maintain an appropriate balance of PAY-GO 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 reviews and updates its maintenance capital needs. Complete condition assessments of maintenance assets are completed every four to five years. The CIP includes an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.

On July 19, 2016 the Arlington County Board adopted a Capital Improvement Plan (CIP) for fiscal years 2017 to 2026, totaling \$3.3 billion for the County and Arlington Public Schools. Highlights include:

- Fully funding Arlington Public Schools' \$510.29 million Capital Improvement Plan, which includes the building of new schools and expanding existing ones to address growing school enrollment.
- Improving roads, countywide bus service and trails.
- Building a scaled-down Long Bridge Park Aquatics Center and finishing its surrounding 10 acres of parkland.
- Re-building fire stations No. 8 and 10.
- Continued investment in neighborhood conservation projects.
- Creating a new online payment portal and replacing the County's tax assessment and collection system with more advanced technology.
- Buying more public land and funding costs of acquisition of the Buck property on North Quincy Street.

Financial and Debt Management

The County prudently uses debt instruments, including general obligation bonds, revenue bonds, industrial development authority (IDA) revenue bonds, and master lease financing in order to provide re-investment in public infrastructure and to meet other public purposes, including inter-generational tax equity in capital investment. In July 2014, the Board adopted revised financial and debt management policies to ensure maintenance of Arlington's triple-Aaa bond ratings. The updated policies confirm the County's operating reserve level of five percent of general government expenditures. The policies also confirm the County's debt affordability ratios, including a modified, more conservative variable rate debt policy. Finally, a new policy regarding tax increment financing areas was added.

The County adheres to the following debt affordability criteria (excluding overlapping and self-supporting debt).

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

Variable Rate Debt

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

Moral Obligation Debt or Support

On an infrequent basis, the County provides its "moral obligation" support for partners, including regional public safety agencies and affordable housing partners, among others. A moral obligation exists when the County Board has made a

commitment to support the debt of another entity to prevent a potential default. The County's moral obligation will only be authorized after an evaluation of the risk to the County's balance sheet and stress testing of the financial assumptions underlying the proposed project.

Other Post-employment Benefits (OPEB)

In addition to the pension benefits described in footnote 16, the County provides post-employment health care benefits to all permanent employees who meet the requirements under the County's or the State's pension plans. Eligibility is contingent upon the retiree being eligible for one of the County's current health plans at the time of retirement. The County Board considers and approves these benefits annually as part of the Adopted Budget process. As of June 30, 2016, 1,652, 1,634, and 2,133 retirees were both eligible and received benefits from the medical, dental and life plans, respectively. Funding for these OPEB benefits were made through a combination of pay-as-you-go contribution from the County's general fund and additional pre-funding contribution into the OPEB Trust that is sufficient to fully fund the Annual OPEB cost annually.

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

In an actuarial analysis dated June 30, 2016, the County's actuary estimated an OPEB liability of \$265.4 million (for the Fiscal Year ending June 30, 2016) with an Annual OPEB Cost (AOC) of \$18.4 million and net OPEB assets of \$2.2 million. The County Budget for FY 2017 fully funds the AOC.

In an actuarial analysis dated June 30, 2016, the Schools' actuary estimated an OPEB liability of \$137.5 million (for Fiscal Year ending June 30, 2016) with an AOC of \$9.3 million and a net OPEB liability of \$15.8 million. The Schools' Budget for FY 2017 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 general obligation bonds, to provide each nationally recognized municipal securities information repository and to any appropriate state information depositor, if any is hereafter created, certain financial information not later than 270 days after the end of each of its fiscal year, commencing with the fiscal year ended June 30, 1996. The County is currently in compliance with the arrangement to file this information through Electronic Municipal Market Access (EMMA) system operated by the Municipal Securities Rulemaking Board (MSRB). 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, 2015. This was the 30th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and

efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2017 budget. This award is the highest form of recognition in governmental budgeting.

The School Board's Adopted FY 2017 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the twelfth year in a row as well as the Association for School Business Officials International Meritorious Budget Award for the sixth 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,



Maria Meredith, Acting 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

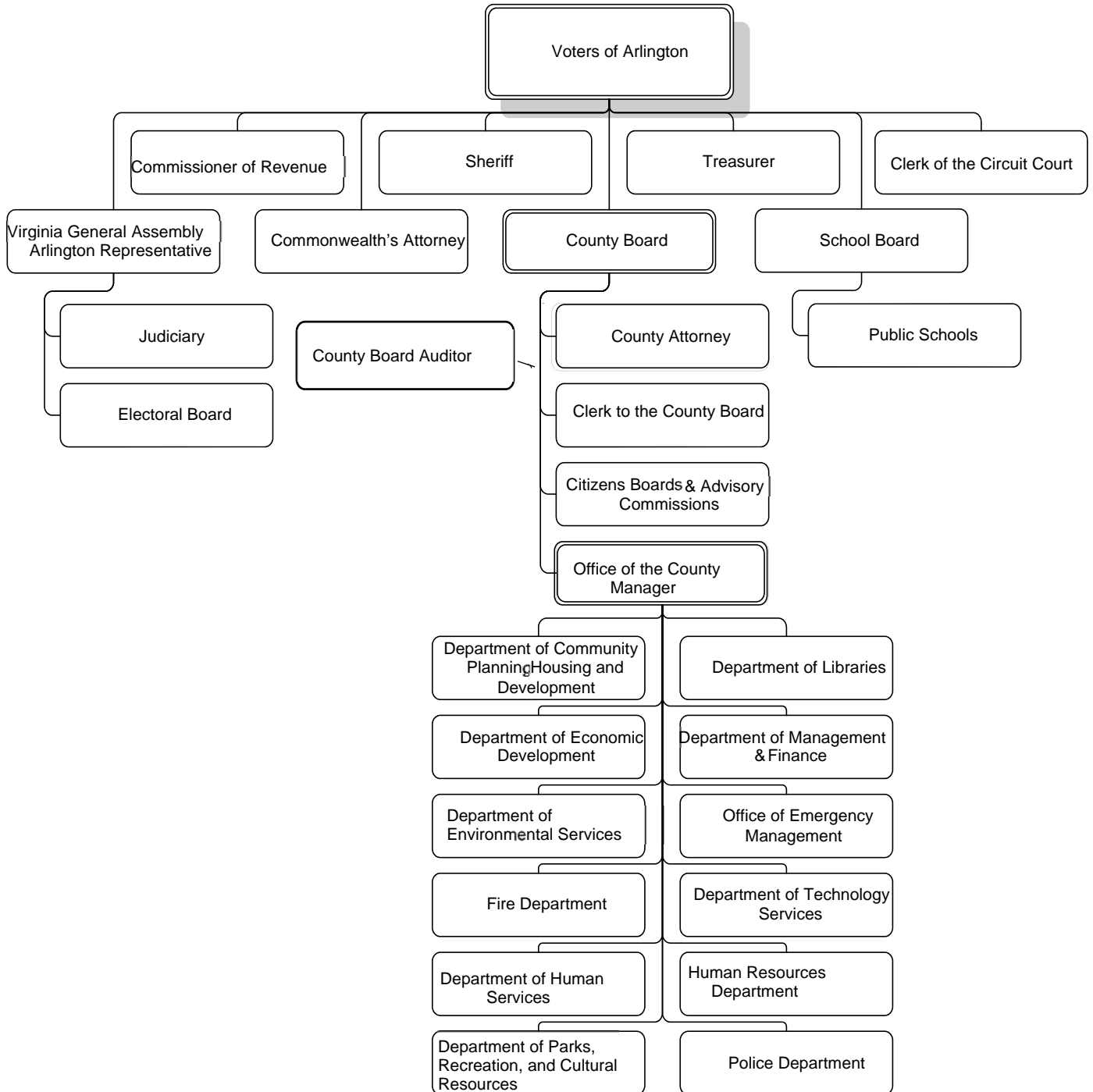
**Arlington County
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

**DIRECTORY OF OFFICIALS
June 30, 2016**

COUNTY BOARD

Libby Garvey, Chair

Jay Fisetto, Vice Chairman

Christian Dorsey
John Vihstadt
Katie Cristol

COUNTY SCHOOL BOARD

Nancy Van Doren, Chair

Dr. Barbara Kanninen, Vice Chair

James S. Lander
Reid Goldstein
Dr. Emma Violand-Sanchez

FINANCE BOARD

Libby Garvey, Chair

Carla de la Pava
Theo Stamos
Laura Triggs

JUDICIAL

Circuit Court Judges:	William T. Newman Jr. Daniel S. Fiore, II Louise M. DiMatteo
General District Court Judges:	Thomas J. Kelley, Jr. R. Frances O'Brien Richard J. McCue
Juvenile and Domestic Relations:	George D. Varoutsos Robin L. Robb

**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
Carla de la Pava

Administrative – General County

County Manager
Deputy County Manager
Deputy 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
Acting 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

Mark J. Schwartz
Michelle G. Cowan
Gabriela Acurio
Carol Mitten
James H. Schwartz
Stephen MacIsaac
Hope Halleck
Steven Cover
Jane Rudolph
James Bonzano
Anita Friedman
Diane Kresh
Maria Meredith
Marcy Foster
Jay Farr
Greg Emanuel
Jack Belcher
Victor L. Hoskins
Linda Lindberg
Jack Brown

Administrative - County School Board

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

Dr. Patrick Murphy
Melanie Elliott
Claudia Mercado
Dr. Kristi Murphy
Leslie Peterson
Raj Adusumilli
Dr. Tara Natrass
Dr. Brenda Wilks
Cintia Johnson
Linda M. Erdos
John Chadwick



FINANCIAL



Independent Auditor's Report

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

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

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the County Board
Arlington County, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (the County) as of and for the year ended June 30, 2016, 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 9 percent, 9 percent, and 1 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Gates Partnership, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Gates Partnership were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, 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 20 - 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information, as noted in the table of contents is presented for purposes of additional analysis and is 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Arlington County, Virginia as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated October 30, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The 2015 comparative totals or summarized comparative totals included in the other supplemental schedules, such as the combining and individual non-major fund financial statements, general fund financial statements and budgetary comparison statements for the year ended June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 financial statements. The other supplemental schedules containing comparative totals or summarized comparative totals have been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental schedules containing comparative totals or summarized comparative totals is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CliftonLarsonAllen LLP

Arlington, Virginia
November 3, 2016



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, 2016. 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 position presents information on all of the primary government's and its component units' assets, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 21 County governmental funds are combined into a single, aggregated presentation; data from the Schools 8 governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the report. The County adopts an annual appropriated budget for its general fund and special revenue funds, including Schools. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

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

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

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

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

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

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

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

Statement of Net Position

The following table (Table A-1) reflects the condensed statement of net position for FY 2016 and FY 2015:

Table A-1
Condensed Net Position
June 30, 2016
With Comparative Totals for June 30, 2015
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Current and other assets	\$1,141.2	\$1,218.0	\$116.8	\$119.6	\$1,258.0	\$1,337.6	\$223.6	\$209.4	\$7.6	\$8.0	\$1,489.2	\$1,555.0
Capital assets	1,106.4	1,048.1	1,036.7	1,034.7	2,143.0	2,082.8	588.6	563.5	74.8	76.8	2,806.4	2,723.1
Total assets	2,247.6	2,266.1	1,153.4	1,154.3	3,401.0	3,420.4	812.2	772.9	82.4	84.8	4,295.6	4,278.1
Deferred outflows	69.8	81.0	-	-	69.8	81.0	56.1	40.3	-	-	126.0	121.3
Total assets and deferred outflows	2,317.4	2,347.1	1,153.4	1,154.3	3,470.8	3,501.4	868.4	813.2	82.4	84.8	4,421.6	4,399.4
Long-term debt outstanding	1,011.6	1,018.5	350.4	374.2	1,362.0	1,392.7	40.2	41.0	53.9	54.8	1,456.1	1,488.5
Other liabilities	156.5	168.5	22.2	21.3	178.7	189.8	524.3	501.5	1.8	2.6	704.8	693.9
Total liabilities	1,168.1	1,187.0	372.6	395.5	1,540.7	1,582.5	564.5	542.5	55.8	57.4	2,161.0	2,182.4
Deferred inflows	62.2	173.6	2.6	1.6	64.8	175.2	34.6	47.4	-	-	99.5	222.6
Total liabilities and deferred inflows	1,230.4	1,360.6	375.2	397.1	1,605.6	1,757.7	599.1	589.9	55.8	57.4	2,260.5	2,405.0
Net position:												
Investment in capital assets	265.3	220.9	719.1	692.1	984.4	913.0	584.0	559.3	21.7	22.7	1,590.1	1,495.0
Restricted	358.6	359.8	-	-	358.6	359.8	75.8	72.8	-	-	434.4	432.6
Unrestricted	463.1	405.8	59.1	65.1	522.2	470.9	(390.5)	(408.9)	5.0	4.6	136.7	66.6
Total Net position	\$1,087.0	\$986.5	\$778.2	\$757.2	\$1,865.2	\$1,743.7	\$269.3	\$223.2	\$26.7	\$27.2	\$2,161.2	\$1,994.2

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 and deferred outflows exceeded liabilities and deferred inflows by \$1,087.0 and in the case of the business-type activities, assets exceeded liabilities and deferred inflows by \$778.2 for a primary government total of \$1,865.2 at the close of the most recent fiscal year. In the case of the Schools, assets and deferred outflows exceeded liabilities and deferred inflows by \$269.3, and in the case of the Gates Partnership, assets exceeded liabilities by \$26.7.

By far the largest portion of the primary government and component units' net position (73.6%) 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 position, (20.1%) represents resources that are subject to external restrictions on how they may be used. Any remaining net position are classified as "Unrestricted net position".

In Virginia, state law provides that a school board is a separate legal entity and has long held that school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (fixed assets) to be funded by debt financing require the local government to issue the debt. To accommodate Governmental Accounting Standards Board (GASB) Statement No. 34, a state law was passed in FY 2002 to allow the County and Schools to consider the debt-financed School assets owned by "tenancy in common" and would permit the County to display these assets in the County column. The County has chosen not to do so. Accordingly, in the government-wide financial statements, the "school debt" is reflected in the governmental activities column of the primary government, although the capital assets are reflected in the "Component-unit Schools" column. The final "Total" column, which displays the "Unrestricted capital assets" for the entire government, gives a more complete picture of debt-financed capital assets. At the end of the current fiscal year, the primary

government and component units are able to report positive balances in all three categories of net position for the government as a whole.

Statement of Changes in Net Position

The following table (Table A-2) displays the changes in net position for FY 2016 and FY 2015:

Table A-2
Changes in Net Position
Year Ended June 30, 2016
With Comparative Totals for June 30, 2015
(in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenues												
Program revenue												
Charges for services	\$73.8	\$89.0	\$126.0	\$128.7	\$199.8	\$217.7	\$27.3	\$21.4	\$7.5	\$7.5	\$234.6	\$246.6
Operating grants and contributions	136.2	129.8	-	-	136.2	129.8	54.3	505.0	-	-	190.5	634.8
Capital grants and contributions	-	-	0.9	1.1	0.9	1.1	-	-	-	-	0.9	1.1
General revenue												
Property taxes	834.3	810.9	-	-	834.3	810.9	-	-	-	-	834.3	810.9
Other local taxes	206.6	203.4	-	-	206.6	203.4	23.1	21.2	-	-	229.7	224.6
Revenue from general fund	-	-	-	-	-	-	468.4	-	-	-	468.4	-
Investment and interest earnings	9.9	7.9	0.6	0.3	10.5	8.2	0.3	0.1	-	-	10.8	8.3
Miscellaneous	53.0	27.9	-	-	53.0	27.9	-	-	-	0.1	53.0	28.0
Total revenues	1,313.8	1268.9	127.5	130.1	1,441.3	1,399.0	573.4	547.7	7.5	7.6	2,022.2	1,954.3
Expenses												
General government	231.0	231.4	-	-	231.0	231.4	-	-	-	-	231.0	231.4
Public safety	129.1	123.0	-	-	129.1	123.0	-	-	-	-	129.1	123.0
Environmental services	100.1	92.3	-	-	100.1	92.3	-	-	-	-	100.1	92.3
Health and welfare	121.1	115.5	-	-	121.1	115.5	-	-	-	-	121.1	115.5
Libraries	12.6	12.5	-	-	12.6	12.5	-	-	-	-	12.6	12.5
Parks, culture and recreation	39.2	36.4	-	-	39.2	36.4	-	-	-	-	39.2	36.4
Planning and community development	54.6	58.1	-	-	54.6	58.1	-	-	-	-	54.6	58.1
Education	507.1	457.8	-	-	507.1	457.8	527.4	487.2	-	-	1,034.5	945.0
Debt service:												
Interest and other charges	18.4	18.4	-	-	18.4	18.4	-	-	-	-	18.4	18.4
Water and sewer	-	-	83.8	85.9	83.8	85.9	-	-	-	-	83.8	85.9
Parking garage	-	-	6.2	6.3	6.2	6.3	-	-	-	-	6.2	6.3
8th Level Ballston Public Parking Garage	-	-	0.2	0.2	0.2	0.2	-	-	-	-	0.2	0.1
Rental Properties	-	-	-	-	-	-	-	-	8.3	7.5	8.3	7.5
CPHD Development Fund	-	-	16.3	14.9	16.3	14.9	-	-	-	-	16.3	14.9
Total expenses	1,213.3	1,145.4	106.5	107.3	1,319.8	1,252.7	527.4	487.2	8.3	7.5	1,855.4	1,747.3
Increase/(Decrease) in Net Position	100.5	123.5	21.0	22.8	121.5	146.3	46.0	60.5	(0.7)	0.1	166.8	207.0
Net Position-Beginning	986.5	862.9	757.2	734.4	1,743.7	1,597.3	223.3	162.8	\$27.3	27.2	1,994.3	1,787.3
Net Position-Ending	\$1,087.0	\$986.5	\$778.2	\$757.2	\$1,865.2	\$1,743.7	\$269.3	\$223.2	\$26.7	\$27.2	\$2,161.2	\$1,994.2

Note: Totals may not add due to rounding.

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

Governmental activities	\$100.5	60.2%
Business type activities	21.0	12.6%
Component-unit Schools	46.0	27.6%
Component-unit Gates Partnership	(0.7)	(0.4%)
Total	\$166.8	100.0%

Revenues. Revenues for the County's governmental activities were \$1,313.8 for fiscal year 2016. General revenues from governmental activities increased \$44.9, primarily due to increases in property tax revenue, other local taxes and investment and interest earnings. These increases were partially offset by a decrease in miscellaneous revenue.

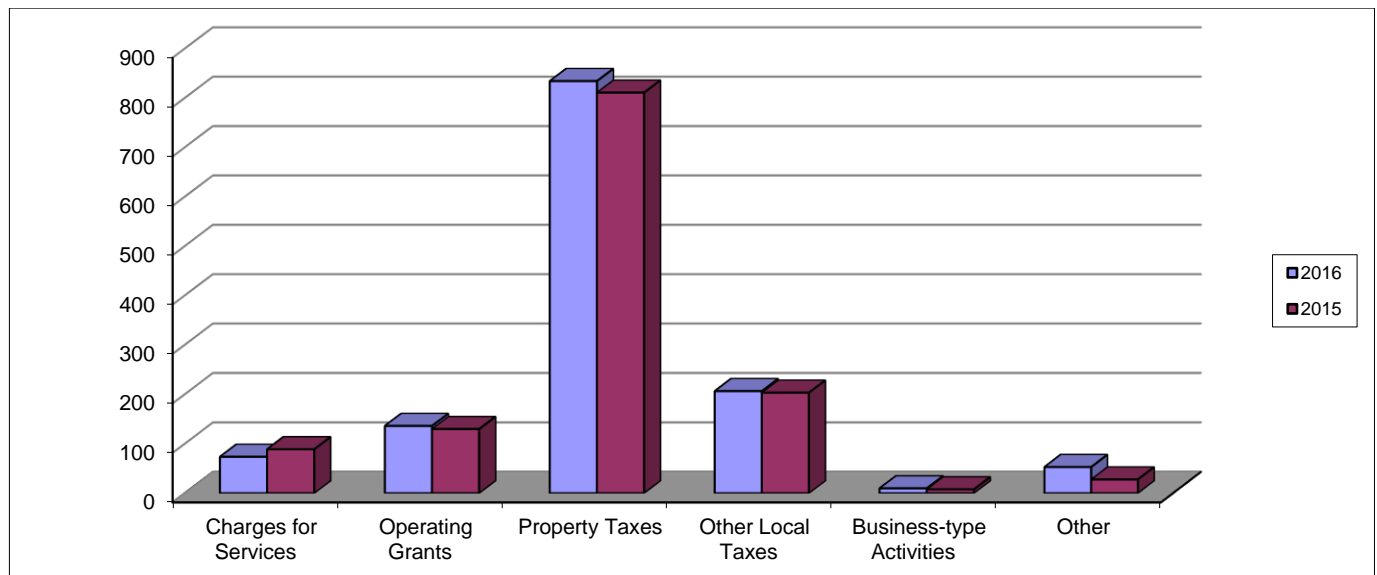
Taxes constitute the largest source of County revenues, amounting to \$1,040.9 for fiscal year 2016, an increase of \$26.6 over fiscal year 2015. Real estate taxes increased by \$20.5 to \$722.5 due to increased assessments. Personal property taxes increased by \$2.9 to \$111.8 partially due to increases in purchases of new vehicles raising the average assessed value of cars registered within the County, there was also an increase in the assessed value of business property offset by a slight increase in tax refunds.

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 \$206.6 which represents a \$3.1 increase from the previous year. This increase is primarily attributable to increases in business licenses, sales tax, meals tax, and transient tax partially offset by a decrease in utility taxes.

Program revenues are derived directly from the program itself and reduce the net cost of the function to the County. Total program revenues from governmental activities were \$210.0. Operating grants and contributions represent the most significant of these revenues, totaling \$136.2. Other program revenue category was charges for services, totaling \$73.8. For additional information and comparative results, see Table A-2.

Business-type activities generated revenues of \$126.6, primarily from charges for services, which totaled \$126.0. The total revenue decreased by \$2.5 mainly because of decrease of \$2.7 in charges of services.

Chart A-3
Primary Government Sources of Revenue
For Fiscal Years 2016 and 2015
(in millions)

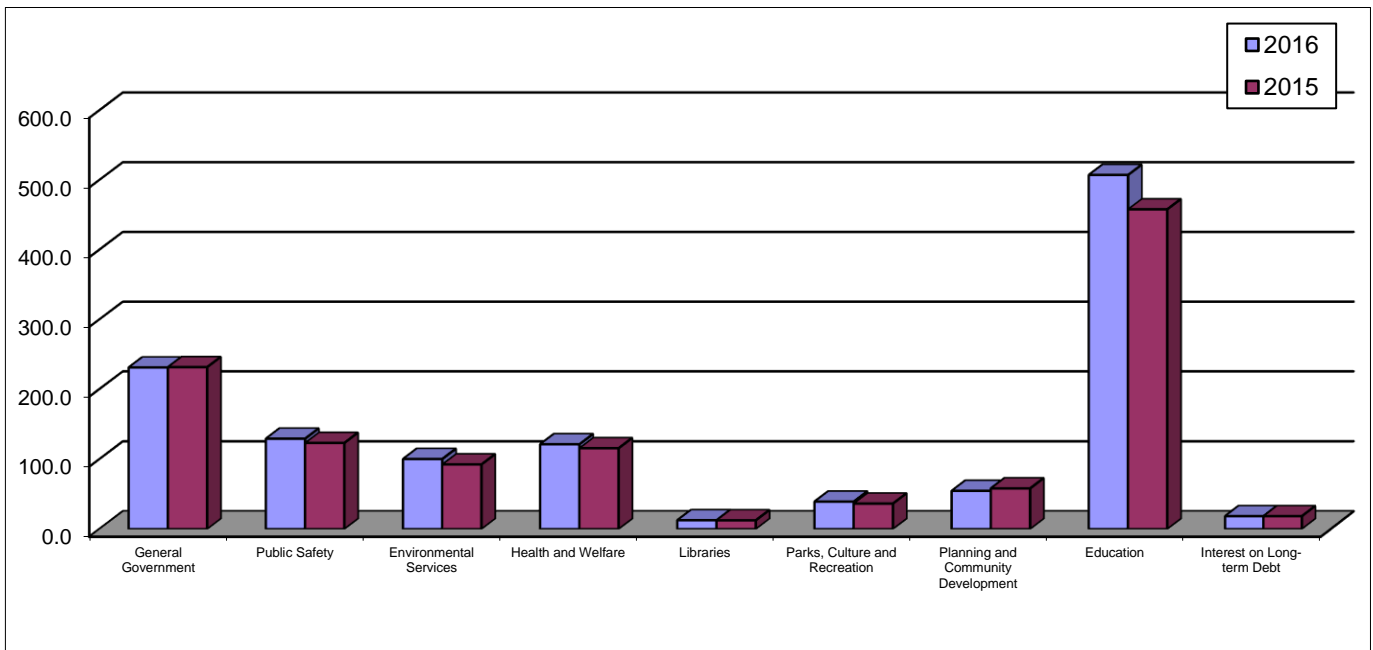


Expenses. Total cost of all the County’s governmental activities for fiscal year 2016 was \$1,213.3, representing an increase of \$67.9 from fiscal year 2015. Education expense for fiscal year 2016 was \$507.1, an increase of \$49.3 from the previous fiscal year. As the following chart indicates, education continues to be the County’s largest program. General government expenses represent the second largest expense, totaling \$231.0 in fiscal year 2016.

Expenses for the County’s business-type activities totaled \$106.5 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 2016 and 2015
(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 \$549.9 a decrease of \$10.2 in comparison with the prior year. Approximately 95.3% of this total amount (\$524.0) constitutes unrestricted fund balance and includes \$473.5 in committed fund balance which can only be used for the specific purposes imposed by formal action of the County Board and \$51.9 in assigned fund balance which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed.

The general fund is a major governmental fund of the County. At the end of the current fiscal year, committed and assigned fund balance of the general fund was \$189.7 while total fund balance reached \$191.2. As a measure of the general fund’s liquidity, it may be useful to compare both committed and assigned fund balances and total fund balance to total expenditures. In FY 2016, both committed and assigned fund balance and total fund balance represents 15.86% and 15.98% of total general fund expenditures respectively.

The fund balance of the County’s general fund decreased by \$9.0 during the current fiscal year; driven by an increase in education –Schools partially offset by higher revenue primarily due to taxes.

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 \$87.9. As a measure of the general capital project fund’s liquidity, it may be useful to compare total fund balance to total expenditures. Total fund balance represents 188.7% of total general capital project fund expenditures.

The fund balance of the County's general capital projects fund decreased by \$9.3 during the current fiscal year. This primarily was due to an increase in capital outlay.

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 position (deficits) of the Utilities Fund at the end of the fiscal year amounted to \$70.4, the Ballston Public Parking Garage Fund amounted to (\$29.0), 8th Level of the Ballston Public Parking Garage amounted to \$.8, and the CPHD Development Fund amounted to \$16.9. The total change in net position of the Utilities Fund was \$24.3, the Ballston Public Parking Garage Fund was (\$2.2), the 8th Level of the Ballston Public Parking Garage Fund was \$.2, and CPHD Development Fund was (\$1.3). 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

At the end of FY 2016, the difference in General Fund balance between the original (adopted) budget and the final budget was \$123.4, which consisted of a decrease in the revenue budget of \$13.8, an increase in the expenditure budget of \$99.8 and an increase in other financing sources/(uses) of \$9.8 in the following areas:

- \$93.1 in increases allocated to Non-Departmental for affordable housing, budget stabilization contingency, master lease financing, and incomplete projects from FY 2015. This includes \$2.4 allocated to Non-Departmental for planning projects, consultant contingent, economic development incentives, and funding for the homeless services center as a result of FY 2015 closeout.
- \$4.1 in increases from grants funding to the Police Department, Office of Emergency Management, and Fire department for staffing, safety, equipment purchases, and emergency preparedness, carryover of Police Seized Asset funding, and funding for an additional fire recruit class
- \$3.4 in increases allocated to the Department of Environmental Services for various grant funding, funding from Transportation Capital Fund and additional fare box revenue for Art service enhancements, implementation of year round yard waste, and the carryover of FreshAIRE funding.
- \$3.7 in increases allocated to the Judicial Administration. This includes grant funding relating to State Criminal Alien Assistance Program (SCAAP) and the Library of Virginia, carryover of incomplete projects from prior years for digital conversion, seized assets, funding for a salary supplement for the Public Defender's Office moved from Non-departmental, appropriation of fees charged to Drug Court participants, and a one-time FLSA payout for the Sheriff's Office,
- \$0.7 in increases allocated to Planning and Community Development from carryover of incomplete projects and grants from prior years primarily for the community facility study, affordable housing needs study, transition of the single family loan program, and CSBG grant carryover.
- \$0.1 in increases allocated to the General Government for carryover of incomplete projects from prior years, including security and reconfiguration for the Office of the Treasurer and funding and carryover for the Community Facilities Study.
- \$6.4 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, homelessness prevention, housing assistance resources, and employment and health services.
- \$0.5 in increases allocated to the Department of Parks and Recreation in grants and FY 2015 carryover funding for a variety of services, including public spaces master plan.
- \$29.7 increase in transfers out to the Schools, primarily as a result of FY 2015 closeout.

At the end of FY 2016, the difference in General Fund balance, between the final budget and actual was (\$114.6) which consisted of a \$86.2 favorable expenditure variance, a \$22.4 favorable revenue variance and a \$5.9 favorable variance of other financing sources/(uses). The total variance consisted of the following revenue and expenditure variances:

- \$3.0 revenue variance in BPOL - Business License Tax and \$6.6 variance in BPOL - Tax refunds revenue due to the county anticipating potential refunds and loss of ongoing revenue. The Virginia Supreme Court changed how multi-state professional services firms could calculate deductions to their gross receipts, the base of BPOL taxes. Evidently the County experienced lower appeals than expected from professional services firms requesting refunds. As a result, FY 2016 revenues were \$9.6 over budget.

- \$1.5 revenue variance of Other Local taxes – Car Rental Receipts was a result of a vendor repaying back taxes owed due to miscalculation of FY 2014 and 2015 taxes. In FY 2016, the vendor continued paying taxes correctly resulting in higher than anticipated revenue in this tax source.
- \$1.0 Recordation tax revenue exceeded the budget in FY 2016 due to a higher than anticipated level of sales.
- \$7.2 revenue Housing Fund and HFC Buckingham Village variance will be appropriated during FY 2016 closeout. Unpredictable project and reimbursement pipeline natural accounts are not budgeted.
- \$27.9 expenditure variance of CDBG-Other Contributions is a result of unspent allocated AHIF Funds for Bricks and Mortar projects. These funds were allocated by the County Board in FY 2016 for specific projects but have not yet been spent. These funds will be carried over to FY 2017.
- \$8.9 Non-Department. - Contingent Housing expenditure variance can be attribute to unallocated AHIF funds remaining. These funds will be carried over to FY 2017.
- \$7.4 Non-Department – Principal Lease Purchase expense variance stems from several large projects that were budgeted to be financed with lease purchase funds but were delayed and were not fully implemented in FY 2016. The debt service budget (principal and interest) for these approved projects will be carried over into the following year to be spent when the equipment is financed.
- \$3.5 Human Services – Base Pay expense variance is due to a number of extended vacancies.
- \$3.0 Non-Department. Contingent Economic Devel expense variance can be attributed to an unallocated budget stabilization contingent. \$3 is funded annually per the adopted financial policy. None of this was utilized in FY 2016, it will be carried over to fund the \$3 contingent in the FY 2017 adopted budget.
- \$2.2 Police budget for seized asset expenses and any unused funds are carried over each fiscal year
- \$2.0 Interest Lease Purchase favorable expense variance. The County has agreed to appropriate funds (\$2.4) should there be a revenue shortfall from lease payments on the Industrial Development Authority bonds financing the Ballston Garage facility. Since the issuance of the bonds the County has never been required to finance a shortfall in lease payments.
- \$1.9 VPA Federal/State Match favorable expense variance. The surplus for VPA is due to carryover and savings resulting from lower than expected client need.
- \$1.8 favorable Regional program expense variable. The surplus for regional programs is due to carryover and savings resulting from lower than expected client need.
- \$1.7 decrease in Northern VA Regional Juvenal Detention Home expense resulted from a mutual agreement between local Jurisdictions and the NVJDH in which the NVJDH agreed to spend down their reserve fund balance in FY 2016.

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, 2016 amounts to \$2,806.4 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges and intangible assets.

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

- \$8.2 for Parks and Recreation center improvements including playgrounds, land acquisition, and field and court upgrades.
- \$17.7 for Government facilities construction including the Homeless Services Center, DHS Consolidation at Sequoia phase II, Detention Center Electrical Upgrade, maintenance capital improvements at Dawson Terrace, Fort C.F. Smith, and the Adult Day Program at 3rd Street House.
- \$4.5 for Neighborhood Conservation projects to include improvements to streetlights, sidewalks, and parks, and construction of neighborhood beautification projects.
- \$10.8 for Information Technology investments including fiber optics network, PC replacement, public safety records management systems, radio system upgrades, network refreshment, remote access hardware, network security, network power backup and cable television equipment.
- \$1.7 for Capital funding contributions to regional organizations such as Northern Virginia Community College and the Northern Virginia Regional Parks which provide beneficial services to Arlington residents and visitors. Contributions also include payments for debt obligation related to regional capital projects at the Northern Virginia Criminal Justice Academy and Peumansend Creek Regional Jail Authority. \$1.8 of initial payment for acquisition of property along North Quincy Street across from Washington-Lee High School for county facilities’ needs.

- \$5.7 for locality’s share of the regional Metro projects.
- \$19.2 for the Potomac Yard Transitway, Crystal City multi-modal, Art light vehicle maintenance facility, Art Bus procurement, transit development plan updates and other transit projects.
- \$17.0 for paving.
- \$13.4 for safety and capacity improvements to arterial streets such as along Columbia Pike corridor, Old Dominion Drive and various intersections in Crystal City such as Clark-Bell.
- \$7.7 for intelligent transportation systems as well as traffic and pedestrian signal upgrades.
- \$2.9 for bicycle and pedestrian safety improvements and expansion.
- \$3.6 for various other transportation improvements such as street lighting, bridge maintenance, neighborhood traffic calming maintenance, utility undergrounding and overall transportation related program administrative costs.
- \$8.4 for Stormwater Management infrastructure.
- \$19.1 for Utilities infrastructure including water and sewer replacements.

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

Table A-5 Capital Assets
June 30, 2016
With Comparative Totals for June 30, 2015
(net of depreciation, in millions of dollars)

	Primary Government						Component Units					
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Land	\$171.9	\$166.4	\$6.2	\$6.2	\$178.1	\$172.6	\$4.7	\$4.7	\$13.4	\$13.3	\$196.2	\$190.6
Buildings	226.9	235.4	11.4	12.0	238.3	247.4	547.2	529.9	61.4	63.4	846.9	840.7
Equipment	110.9	106.9	3.2	2.2	114.1	109.1	36.7	28.8	-	-	150.8	137.9
Infrastructure	354.3	311.6	-	-	354.3	311.6	-	-	-	-	354.3	311.6
Intangible assets	2.2	2.3	0.3	0.2	2.5	2.5	-	-	-	-	2.5	2.5
Plant - sewer system	-	-	279.5	281.4	279.5	281.4	-	-	-	-	279.5	281.4
Plant - water system	-	-	702.0	703.8	702.0	703.8	-	-	-	-	702.0	703.8
Construction in progress	206.9	191.1	34	28.9	240.9	220.0	-	-	-	-	240.9	220.0
Internal service funds	33.2	34.4	-	-	33.2	34.4	-	-	-	-	33.2	34.4
Total	\$1,106.4	\$1,048.1	\$1,036.7	\$1,034.7	\$2,143.0	\$2,082.8	\$588.6	\$563.4	\$74.8	\$76.7	\$2,806.4	\$2,723.0

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 \$1,456.1. Of this amount, \$1,224.2 comprised 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) (\$156.6), workers compensation reserves (\$3.9) and accrued compensated absences (\$71.4).

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

Table A-6
Arlington County Outstanding Debt
June 30, 2016
With Comparative Totals for June 30, 2015
(in millions of dollars)

	Primary Government						Component Units				Total	
	Governmental		Business-type		Total		Schools		Gates Partnership			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
General obligation bonds**	\$850.4	\$853.3	\$102.4	\$112.2	\$952.8	\$965.5	\$-	\$-	\$-	\$-	\$952.8	965.5
Revenue bonds	-	-	5.8	7.0	5.8	\$7.0	-	-	-	-	5.8	7.0
IDA Revenue Bonds	101.9	106.9	-	-	101.9	\$106.9	-	-	-	-	101.9	106.9
Mortgage payable	-	-	3.4	3.4	3.4	\$3.4	-	-	19.4	19.6	22.8	23.0
VRA Note payable	-	-	205.8	219.8	205.8	\$219.8	-	-	8.4	8.5	214.2	228.3
Obligations under capital lease	21.5	20.5	0.1	0.1	21.6	\$20.6	4.6	4.1	-	-	26.2	24.7
Worker's compensation claims	3.9	3.6	-	-	3.9	\$3.6	-	-	-	-	3.9	3.6
Accrued compensated absences	33.9	34.3	1.8	1.9	35.8	\$36.2	35.6	36.9	-	-	71.4	73.1
Mortgage and bond interest payable	-	-	31.0	29.7	31.0	\$29.7	-	-	-	-	31.0	29.7
Bonds Payable	-	-	-	-	-	-	-	-	26.1	26.6	26.1	26.6
Development fee payable	-	-	-	-	-	-	-	-	-	1.0	-	1.0
Total	\$1,011.6	\$1,018.5	\$350.4	\$374.2	\$1,362.0	\$1,392.7	\$40.2	\$41.0	\$53.9	\$55.8	\$1,456.1	\$1,489.4

Note: Totals may not add due to rounding

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

The County's total debt decreased by \$33.3 during the current fiscal year. The key factors that contributed to this change include decreases of \$12.7 on General Obligation (GO) bonds, \$14.1 on VRA note payable and \$5.0 on IDA revenue bonds. The County maintains a "AAA" rating from Standard & Poor's and Fitch Investor Services and a "Aaa" rating from Moody's Investor Service for general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 2.4%, which is a decrease of 0.7% from a year ago. This compares favorably to the Northern Virginia's average unemployment rate of 3.2% and the national average rate of 5.0%.
- The vacancy rate of the County's office buildings decreased from 21.3% to 20.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2017 fiscal year.

Requests for Information

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



Basic Financial Statements

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

- Government-wide financial statements which include the Statement of Net Position 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, 2016

	Primary Government			Component Units		Total Government
	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership	
ASSETS:						
Equity in pooled cash and investments	\$676,297,465	\$96,313,779	\$772,611,244	\$144,958,340	\$1,820,205	\$919,389,789
Petty cash	1,650	-	1,650	915	-	2,565
Cash with fiscal agents	272,426	25,221	297,647	-	-	297,647
Receivables, net	423,518,979	16,204,934	439,723,913	4,068,694	75,067	443,867,674
Receivable from primary government	-	-	-	74,441,813	-	74,441,813
Receivable from other governments	12,476,382	-	12,476,382	-	-	12,476,382
Inventory	-	1,599,635	1,599,635	174,054	-	1,773,689
Other assets	2,924,416	2,635,744	5,560,160	-	1,671,692	7,231,852
Reserves and escrow deposits	-	-	-	-	4,052,752	4,052,752
OPEB asset	2,174,246	-	2,174,246	-	-	2,174,246
Net pension asset	23,500,000	-	23,500,000	-	-	23,500,000
Capital assets:						
Land	171,889,437	6,161,255	178,050,692	4,697,946	13,400,870	196,149,508
Intangible assets, net	2,226,731	276,739	2,503,470	-	-	2,503,470
Depreciable, net	725,348,224	996,265,826	1,721,614,050	583,881,709	61,420,534	2,366,916,293
Construction in progress	206,903,057	33,962,093	240,865,150	-	-	240,865,150
Total capital assets, net	1,106,367,449	1,036,665,913	2,143,033,362	588,579,655	74,821,404	2,806,434,421
Total assets	2,247,533,013	1,153,445,226	3,400,978,239	812,223,471	82,441,120	4,295,642,830
Deferred outflows	69,820,934	-	69,820,934	56,139,487	-	125,960,421
Total assets and deferred outflows	2,317,353,947	1,153,445,226	3,470,799,173	868,362,958	82,441,120	4,421,603,251
LIABILITIES:						
Accounts payable	30,329,242	8,043,856	38,373,098	7,802,398	72,575	46,248,071
Unearned revenue	7,670,325	-	7,670,325	415,796	-	8,086,121
Due to component unit	74,441,813	-	74,441,813	-	-	74,441,813
Accrued liabilities	28,066,670	14,191,651	42,258,321	47,584,165	1,276,647	91,119,133
Other liabilities	15,998,029	-	15,998,029	7,646,768	473,171	24,117,968
Non-current liabilities:						
OPEB liability	-	-	-	15,662,990	-	15,662,990
Net pension liability	-	-	-	445,159,950	-	445,159,950
Due within one year	91,919,245	58,081,741	150,000,986	5,808,761	788,090	156,597,837
Due in more than one year	919,690,941	292,313,040	1,212,003,981	34,360,111	53,155,911	1,299,520,003
Total liabilities	1,168,116,265	372,630,288	1,540,746,553	564,440,939	55,766,394	2,160,953,886
Deferred inflows	62,247,588	2,601,729	64,849,317	34,605,220	-	99,454,537
Total liabilities and deferred inflows	1,230,363,853	375,232,017	1,605,595,870	599,046,159	55,766,394	2,260,408,423
NET POSITION:						
Net investment in capital assets	265,340,924	719,133,543	984,474,467	583,990,484	21,665,493	1,590,130,444
Restricted for:						
Capital projects	358,347,806	-	358,347,806	72,212,556	-	430,560,362
Other projects	261,829	-	261,829	3,587,376	-	3,849,205
Unrestricted	463,039,535	59,079,666	522,119,201	(390,473,617)	5,009,233	136,654,817
Total net position	\$1,086,990,094	\$778,213,209	\$1,865,203,303	\$269,316,799	\$26,674,726	\$2,161,194,828

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, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Asset			Component Units	
	Expenses	Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership
Primary Government:									
Governmental Activities:									
General government	\$230,987,144	\$18,696,900	\$29,812,466	\$-	(\$182,477,778)	\$-	(\$182,477,778)	\$-	\$-
Public safety	129,088,522	11,010,776	10,868,093	-	(107,209,653)	-	(107,209,653)	-	-
Environmental services	100,110,934	27,222,714	11,168,423	-	(61,719,797)	-	(61,719,797)	-	-
Health & welfare	121,129,960	3,751,085	36,137,168	-	(81,241,707)	-	(81,241,707)	-	-
Libraries	12,570,917	472,180	176,777	-	(11,921,960)	-	(11,921,960)	-	-
Parks, recreation & culture	39,197,586	9,012,354	103,233	-	(30,081,999)	-	(30,081,999)	-	-
Planning & community development	54,600,221	3,675,884	47,892,930	-	(3,031,407)	-	(3,031,407)	-	-
Education	507,079,426	-	-	-	(507,079,426)	-	(507,079,426)	-	-
Interest and other charges	18,435,458	-	-	-	(18,435,458)	-	(18,435,458)	-	-
Total governmental activities	1,213,200,168	73,841,893	136,159,090	-	(1,003,199,185)	-	(1,003,199,185)	-	-
Business-type activities:									
Utilities	83,764,431	106,693,535	-	906,855	-	23,835,959	23,835,959	-	-
Ballston Public Parking Garage	6,215,496	3,994,636	-	-	-	(2,220,860)	(2,220,860)	-	-
8th Level Ballston Public Parking Garage	193,955	374,269	-	-	-	180,314	180,314	-	-
CPHD Development Fund	16,355,916	14,942,802	-	-	-	(1,413,114)	(1,413,114)	-	-
Total business-type activities	106,529,798	126,005,242	-	906,855	-	20,382,299	20,382,299	-	-
Total Primary government	1,319,729,966	199,847,135	136,159,090	906,855	(1,003,199,185)	20,382,299	(982,816,886)	-	-
Component unit:									
Schools	527,362,951	27,296,367	54,346,672	-	-	-	-	(445,719,912)	-
Gates Partnership	8,268,201	7,542,843	-	-	-	-	-	-	(725,358)
Total component units	535,631,152	34,839,210	54,346,672	-	-	-	-	(445,719,912)	(725,358)
General Revenues:									
Property Taxes:									
Real estate property taxes					722,486,477	-	722,486,477	-	-
Personal property taxes					111,768,494	-	111,768,494	-	-
Other Local taxes:									
Business, professional occupancy license taxes					60,181,386	-	60,181,386	-	-
Sales tax					39,683,462	-	39,683,462	23,067,985	-
Meals tax					37,332,584	-	37,332,584	-	-
Transient tax					24,106,373	-	24,106,373	-	-
Utility tax					11,459,469	-	11,459,469	-	-
Recordation, car rental and other local taxes					33,795,030	-	33,795,030	-	-
Revenue from general fund					-	-	-	468,424,753	-
Investment and interest earnings					9,852,799	621,879	10,474,678	255,240	11,122
Miscellaneous					53,010,555	-	53,010,555	-	58,262
Total general revenues					1,103,676,629	621,879	1,104,298,508	491,747,978	69,384
Change in net position					100,477,444	21,004,178	121,481,622	46,028,066	(655,974)
Net position, beginning					986,512,650	757,209,031	1,743,721,681	223,288,733	27,330,700
Net position, ending					\$1,086,990,094	\$778,213,209	\$1,865,203,303	\$269,316,799	\$26,674,726

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

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

ASSETS	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
Equity in pooled cash and investments	\$274,397,190	\$102,610,695	\$282,347,646	\$659,355,531
Petty cash	1,650	-	-	1,650
Cash with fiscal agents	272,426	-	-	272,426
Receivables, net	397,882,151	1,689,820	22,847,580	422,419,551
Due from other funds	1,099,428	-	-	1,099,428
Receivables from other governments	4,911,704	2,937,937	4,626,741	12,476,382
Other assets	833,638	-	1,387,003	2,220,641
Totals assets	\$679,398,187	\$107,238,452	\$311,208,970	\$1,097,845,609
LIABILITIES				
Accounts payable	\$7,124,724	\$11,171,154	\$10,608,050	\$28,903,928
Unearned revenue	238,831	6,791,636	639,858	7,670,325
Due to component unit	74,441,813	-	-	74,441,813
Accrued liabilities	28,066,670	-	-	28,066,670
Other liabilities	2,752,780	1,368,479	11,698,925	15,820,184
Total liabilities	112,624,818	19,331,269	22,946,833	154,902,920
Deferred inflows	375,529,510	-	17,559,685	393,089,195
Total liabilities and deferred inflows	488,154,328	19,331,269	40,506,518	547,992,115
FUND BALANCES				
<u>Non spendable:</u>				
Prepaid expenses	-	-	1,387,003	1,387,003
<u>Restricted for:</u>				
Seized assets	1,515,487	-	-	1,515,487
Debt service	-	-	22,682,341	22,682,341
Grants	-	-	261,829	261,829
<u>Unassigned</u>	-	-	(1,473,600)	(1,473,600)
<u>Committed to:</u>				
Self insurance reserve	5,000,000	-	-	5,000,000
Subsequent years' County budget	7,165,939	-	-	7,165,939
Capital projects	2,057,099	87,907,183	247,844,879	337,809,161
Operating reserve	57,997,382	-	-	57,997,382
Economic & revenue stabilization contingent	3,000,000	-	-	3,000,000
Incomplete projects	562,321	-	-	562,321
Affordable Housing Investment Fund	36,834,387	-	-	36,834,387
Subsequent years' School budget	25,164,263	-	-	25,164,263
<u>Assigned to:</u>				
Subsequent years' County budgets	5,950,000	-	-	5,950,000
Subsequent years' County capital projects	17,248,521	-	-	17,248,521
Operating reserves	1,887,880	-	-	1,887,880
Fresh AIRE program	652,621	-	-	652,621
Incomplete projects	2,531,501	-	-	2,531,501
Affordable Housing Investment Fund	23,676,458	-	-	23,676,458
Total fund balances	191,243,859	87,907,183	270,702,452	549,853,494
Total liabilities, deferred inflows and fund balance	\$679,398,187	\$107,238,452	\$311,208,970	\$1,097,845,609

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, 2016

Total governmental fund balances		\$549,853,494
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		1,073,199,875
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds		369,951,607
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds		(1,006,172,282)
Deferred outflows of resources not available to pay for current period expenditures and are not reported in the funds:		
Advance refunding	\$570,934	
Pension	<u>69,250,000</u>	69,820,934
Net pension assets are not available to pay for current period expenditures and are not reported in the funds.		23,500,000
OPEB assets are not available to pay for current period expenditures and are not reported in the funds		2,174,246
Deferred inflows of resources of resources from pension are not due and payable in the current period and are not reported in the funds		(39,110,000)
Internal service funds		43,772,220
Net position of governmental activities		<u><u>\$1,086,990,094</u></u>

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

ARLINGTON COUNTY, VIRGINIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	General Capital Projects Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes:				
Real estate property taxes	\$675,717,875	\$-	\$37,725,830	\$713,443,705
Personal property taxes	111,768,494	-	-	111,768,494
Other local taxes:				
Business, professional and occupancy license (BPOL) tax	60,181,386	-	-	60,181,386
Sales tax	39,683,462	-	-	39,683,462
Meals tax	37,332,584	-	-	37,332,584
Transient tax	24,106,373	-	-	24,106,373
Utility tax	11,459,469	-	-	11,459,469
Recordation, car rental and other local taxes	26,236,117	-	7,558,913	33,795,030
Fines and forfeitures	7,059,138	-	-	7,059,138
Licenses, permits and fees	9,846,558	-	-	9,846,558
Intergovernmental	88,826,353	7,798,409	39,534,328	136,159,090
Charges for services	54,490,980	1,528,052	917,165	56,936,197
Interest and rent	9,451,264	-	401,535	9,852,799
Miscellaneous revenues	5,127,747	3,035,323	1,824,118	9,987,188
Total revenues	1,161,287,800	12,361,784	87,961,889	1,261,611,473
EXPENDITURES:				
Current operating:				
General government	215,280,493	808,762	11,422,370	227,511,625
Public safety	132,465,844	425,441	-	132,891,285
Environmental services	90,475,552	-	-	90,475,552
Health and welfare	127,311,224	-	-	127,311,224
Libraries	12,934,327	-	-	12,934,327
Parks, recreation and culture	37,784,731	54,997	-	37,839,728
Planning and community development	21,466,460	248,917	26,361,484	48,076,861
Principal	39,843,463	-	334,688	40,178,151
Interest and other charges	18,366,005	-	337,760	18,703,765
Cost of refunding bonds	212,373	-	(268,307)	(55,934)
Intergovernmental				
Community development	-	1,333,992	6,262,584	7,596,576
Education - Schools	497,281,408	-	-	497,281,408
Capital outlay	3,196,481	43,704,962	56,627,673	103,529,116
Total expenditures	1,196,618,361	46,577,071	101,078,252	1,344,273,684
Excess expenditures over revenues	(35,330,561)	(34,215,287)	(13,116,363)	(82,662,211)
OTHER FINANCING SOURCES(USES):				
Transfers in	1,658,087	19,890,523	-	21,548,610
Transfers out	(20,178,358)	(400,000)	(1,128,087)	(21,706,445)
Issuance of capital leases	-	5,418,570	-	5,418,570
Issuance of refunding bonds	72,220,000	-	78,890,000	151,110,000
Payments to refunded bond escrow agent	(72,007,627)	-	(79,158,307)	(151,165,934)
Bond premium	12,072,242	-	-	12,072,242
Issuance of general obligation debt	32,550,000	-	22,650,000	55,200,000
Total other financing sources and (uses)	26,314,344	24,909,093	21,253,606	72,477,043
Net change in fund balances	(9,016,217)	(9,306,194)	8,137,243	(10,185,168)
Fund balances, beginning	200,260,076	97,213,377	262,565,209	560,038,662
Fund balances, ending	\$191,243,859	\$87,907,183	\$270,702,452	\$549,853,494

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, 2016

Net change in fund balances - total governmental funds		(\$10,185,168)
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	\$97,055,690	
Less: Depreciation expense	<u>(37,555,657)</u>	59,500,033
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		9,042,772
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	227,029,459	
Less: Proceeds from bonds and capital leases	(211,728,570)	
Bond premium to be amortized	<u>(8,103,115)</u>	7,197,774
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:		
Deferred outflows of resources from advance refunding		(174,498)
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		38,187
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		1,269,692
Pension 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		
Add: FY 2016 pension contributions deferred	54,500,000	
Less: Pension expense	<u>(22,200,000)</u>	32,300,000
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	484,323	
Net operating loss internal service funds	<u>1,004,329</u>	<u>1,488,652</u>
Change in net position of governmental activities		<u>\$100,477,444</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, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES:				
General Property taxes:				
Real estate	\$667,774,330	\$667,774,330	\$675,717,875	\$7,943,545
Personal	110,152,147	110,152,147	111,768,494	1,616,347
Other Local taxes	192,575,000	186,975,623	198,999,391	12,023,768
Licenses, permits and fees	10,617,350	10,617,350	9,846,558	(770,792)
Charges for services	53,114,249	54,137,841	54,490,980	353,139
Fines and forfeitures	8,627,748	8,823,148	7,059,138	(1,764,010)
Grants:				
State grants	72,287,214	78,548,041	71,790,714	(6,757,327)
Federal grants	15,170,563	17,316,742	17,035,639	(281,103)
Use of money and property	6,281,895	6,281,895	9,451,264	3,169,369
Miscellaneous revenue	23,347,157	5,528,154	12,436,983	6,908,829
Total revenues	1,159,947,653	1,146,155,271	1,168,597,036	22,441,765
EXPENDITURES:				
General Government Administration				
County Board	1,435,718	1,435,718	1,326,700	109,018
County Manager	5,591,692	5,650,692	5,578,990	71,702
Financial Management	7,218,591	7,218,591	6,480,030	738,561
Human Resources	8,876,977	8,876,977	8,783,654	93,323
Technology Services	19,474,602	19,474,602	19,805,807	(331,205)
County Attorney	2,774,029	2,774,029	2,766,821	7,208
Commissioner of Revenue	5,409,167	5,409,167	5,409,558	(391)
Treasurer	6,733,923	6,835,923	6,820,769	15,154
Electoral Board	1,299,736	1,299,736	1,129,861	169,875
Total General Government	58,814,435	58,975,435	58,102,190	873,245
Judicial Administration				
Circuit Court & Circuit Court Judiciary	4,091,490	4,154,253	4,144,938	9,315
General District Court	386,820	386,820	345,061	41,759
Juvenile & Domestic Relations Court	6,367,799	6,367,799	6,211,080	156,719
Commonwealth Attorney	4,330,529	4,405,375	4,152,655	252,720
Sheriff & Jail	39,814,347	43,308,332	43,702,573	(394,241)
Office of the Public Defender	-	80,000	81,927	(1,927)
Magistrate's Office	43,746	43,746	39,688	4,058
Total Judicial Administration	55,034,731	58,746,325	58,677,922	68,403
Public Safety				
Police	65,526,653	68,273,243	65,439,095	2,834,148
Office of Emergency Management	11,730,135	12,122,281	11,341,831	780,450
Fire	54,958,124	55,964,622	56,348,894	(384,272)
Total Public Safety	132,214,912	136,360,146	133,129,820	3,230,326
Environmental Services	84,902,760	88,310,428	90,929,047	(2,618,619)
Health & Welfare	130,578,629	136,938,477	127,949,353	8,989,124
Libraries	13,258,393	13,258,393	12,999,158	259,235

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, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development				
Economic Development	11,924,880	10,624,205	10,522,630	101,575
Community Planning, Housing & development	11,277,959	11,956,553	11,051,427	905,126
Total Planning & Community Development	23,202,839	22,580,758	21,574,057	1,006,701
Parks and Recreation	38,846,696	39,326,392	37,974,121	1,352,271
Education	451,866,545	481,535,652	464,731,408	16,804,244
Non-Departmental				
Non-Departmental	63,540,765	115,838,613	63,067,532	52,771,081
Debt Service				
Principal payment	39,541,131	39,541,131	39,843,463	(302,332)
Interest payment	20,323,869	20,323,869	18,360,273	1,963,596
Other costs	35,000	35,000	5,732	29,268
Regionals/Contributions	7,817,883	7,947,666	6,182,977	1,764,689
METRO	30,328,935	30,328,935	30,328,935	-
Total Non-Departmental	161,587,583	214,015,214	157,788,912	56,226,302
Total expenditures	1,150,307,523	1,250,047,220	1,163,855,988	86,191,232
Excess (deficiency) of revenues over expenditures	9,640,130	(103,891,949)	4,741,048	108,632,997
OTHER FINANCING SOURCES (USES):				
Transfers in	-	1,186,143	1,658,087	471,944
Transfers out	(9,640,130)	(20,656,887)	(20,278,358)	378,529
Premium from sale of bonds	-	-	4,863,006	4,863,006
Total other financing sources/(uses)	(9,640,130)	(19,470,744)	(13,757,265)	5,713,479
Net change in fund balance	-	(123,362,693)	(9,016,217)	114,346,476
Fund Balance - beginning of year	200,260,076	200,260,076	200,260,076	-
Fund Balance - end of year	\$200,260,076	\$76,897,383	\$191,243,859	\$114,346,476

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016

	Business-type activities - Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
ASSETS:						
Current assets:						
Equity in pooled cash and investments	\$64,431,053	\$12,734,203	\$824,337	\$18,324,186	\$96,313,779	\$16,941,934
Cash with fiscal agents	25,221	-	-	-	25,221	-
Receivables, net	16,204,934	-	-	-	16,204,934	-
Inventory, at cost	1,599,635	-	-	-	1,599,635	703,775
Other current Assets	2,447,864	187,880	-	-	2,635,744	-
Total current assets	<u>84,708,707</u>	<u>12,922,083</u>	<u>824,337</u>	<u>18,324,186</u>	<u>116,779,313</u>	<u>17,645,709</u>
Non-current assets:						
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	982,248,304	9,742,323	3,333,563	941,636	996,265,826	33,167,574
Intangible assets, net	231,650	-	-	45,089	276,739	-
Construction in progress	33,945,093	17,000	-	-	33,962,093	-
Total capital assets, net	<u>1,022,586,302</u>	<u>9,759,323</u>	<u>3,333,563</u>	<u>986,725</u>	<u>1,036,665,913</u>	<u>33,167,574</u>
Total non current assets	<u>1,022,586,302</u>	<u>9,759,323</u>	<u>3,333,563</u>	<u>986,725</u>	<u>1,036,665,913</u>	<u>33,167,574</u>
Total assets	<u>1,107,295,009</u>	<u>22,681,406</u>	<u>4,157,900</u>	<u>19,310,911</u>	<u>1,153,445,226</u>	<u>50,813,283</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	6,950,537	206,312	53,957	833,050	8,043,856	1,425,314
Accrued liabilities	236,028	13,955,623	-	-	14,191,651	177,845
Due within one year	26,322,976	31,697,142	-	61,623	58,081,741	1,255,907
Total current liabilities	<u>33,509,541</u>	<u>45,859,077</u>	<u>53,957</u>	<u>894,673</u>	<u>80,317,248</u>	<u>2,859,066</u>
Non-current liabilities:						
Due in more than one year	<u>286,458,435</u>	<u>5,300,000</u>	<u>-</u>	<u>554,605</u>	<u>292,313,040</u>	<u>4,181,997</u>
Deferred Inflows						
Deferred cost of refunding	<u>2,601,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,601,729</u>	<u>-</u>
Total liabilities	<u>322,569,705</u>	<u>51,159,077</u>	<u>53,957</u>	<u>1,449,278</u>	<u>375,232,017</u>	<u>7,041,063</u>
NET POSITION:						
Net investment in capital assets	714,283,611	529,644	3,333,563	986,725	719,133,543	28,284,949
Unrestricted	<u>70,441,693</u>	<u>(29,007,315)</u>	<u>770,380</u>	<u>16,874,908</u>	<u>59,079,666</u>	<u>15,487,271</u>
Total net position (deficit)	<u>\$784,725,304</u>	<u>(\$28,477,671)</u>	<u>\$4,103,943</u>	<u>\$17,861,633</u>	<u>\$778,213,209</u>	<u>\$43,772,220</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, 2016

	Business-type activities-Enterprise Funds				Total Business-type Activities	Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund		
OPERATING REVENUES:						
Water-sewer service charges	\$93,056,953	\$-	\$-	\$-	\$93,056,953	\$-
Water-service hook-up charges	5,474,991	-	-	-	5,474,991	-
Water-service connection charges	1,357,997	-	-	-	1,357,997	-
Sewage treatment service charges	3,841,764	-	-	-	3,841,764	-
Permits and Fees	-	-	-	14,942,802	14,942,802	-
Other charges for services	2,961,830	-	-	-	2,961,830	23,551,976
Parking charges	-	3,994,636	374,269	-	4,368,905	-
Total Operating revenues	106,693,535	3,994,636	374,269	14,942,802	126,005,242	23,551,976
OPERATING EXPENSES:						
Personnel services	15,146,567	-	-	7,082,239	22,228,806	4,339,637
Fringe benefits	5,499,334	-	-	2,702,142	8,201,476	1,875,068
Cost of store issuances	-	-	-	-	-	3,991,792
Contractual services	13,343,117	1,765,014	42,556	3,271,725	18,422,412	-
Purchases of water	7,006,946	-	-	-	7,006,946	-
Materials and supplies	8,901,401	368,562	60,533	780,780	10,111,276	2,774,680
Utilities	-	-	-	-	-	194,166
Operating Equipment	-	-	-	-	-	13,758
Outside services	-	-	-	-	-	2,873,127
Depreciation and Amortization	15,585,867	542,913	90,866	404,175	16,623,821	6,485,419
Deferred rent	-	1,279,992	-	-	1,279,992	-
Equipment (Construction Contracts)	2,253,064	-	-	222,557	2,475,621	-
Internal Services	-	-	-	1,892,298	1,892,298	-
Miscellaneous	5,843,346	321,130	-	-	6,164,476	-
Total Operating expenses	73,579,642	4,277,611	193,955	16,355,916	94,407,124	22,547,647
Operating income (Loss)	33,113,893	(282,975)	180,314	(1,413,114)	31,598,118	1,004,329
NON-OPERATING REVENUES(EXPENSES)						
Interest income and other income	464,454	4,431	-	152,994	621,879	-
Interest expense and fiscal charges	(10,081,122)	(1,937,885)	-	-	(12,019,007)	-
Interest payment on capital lease	(3,043)	-	-	-	(3,043)	(114,214)
Gain on disposal of assets	-	-	-	-	-	396,429
Total non-operating revenues(expenses)	(9,619,711)	(1,933,454)	-	152,994	(11,400,171)	282,215
Net Income(loss) before contributions and transfers	23,494,182	(2,216,429)	180,314	(1,260,120)	20,197,947	1,286,544
CONTRIBUTIONS AND NET TRANSFERS						
Contributions from developers and other sources	906,855	-	-	-	906,855	-
Transfers in	-	-	-	-	-	332,108
Transfers out	(100,624)	-	-	-	(100,624)	(130,000)
Total contributions and net transfers	806,231	-	-	-	806,231	202,108
Change in net position	24,300,413	(2,216,429)	180,314	(1,260,120)	21,004,178	1,488,652
Net position - beginning of year	760,424,891	(26,261,242)	3,923,629	19,121,753	757,209,031	42,283,568
Net position - end of year	\$784,725,304	(\$28,477,671)	\$4,103,943	\$17,861,633	\$778,213,209	\$43,772,220

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, 2016

	Business-type activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$105,805,287	\$4,072,427	\$374,269	\$14,942,802	\$125,194,785	\$23,555,124
Cash paid to suppliers	(37,068,455)	(3,305,967)	(53,294)	(6,162,890)	(46,590,606)	(10,120,530)
Cash paid to employees	(20,665,691)	-	-	(9,816,703)	(30,482,394)	(6,186,350)
Net cash flows from (used by) operating activities	<u>48,071,141</u>	<u>766,460</u>	<u>320,975</u>	<u>(1,036,791)</u>	<u>48,121,785</u>	<u>7,248,244</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	<u>464,454</u>	<u>4,431</u>	<u>-</u>	<u>152,995</u>	<u>621,880</u>	<u>-</u>
Net cash flows from investing activities	<u>464,454</u>	<u>4,431</u>	<u>-</u>	<u>152,995</u>	<u>621,880</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfer out to other funds	(100,624)	-	-	-	(100,624)	(130,000)
Contributions from developers and other sources	-	-	-	-	-	332,108
Net cash flows from (used by) non-capital financing activities	<u>(100,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,624)</u>	<u>202,108</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(8,423,257)	(1,200,000)	-	-	(9,623,257)	-
Payments to bonds redeemed	(11,489,065)	-	-	-	(11,489,065)	-
Proceeds of bond refunding	10,419,999	-	-	-	10,419,999	-
Cost of refunding bonds	1,069,066	-	-	-	1,069,066	-
Proceeds from capital lease	-	-	-	-	-	1,535,518
Payment of principal on capital lease	(31,368)	-	-	-	(31,368)	(1,177,814)
Payment of interest on capital lease	(3,043)	-	-	-	(3,043)	(114,214)
Payment of VRA loan	(14,016,627)	-	-	-	(14,016,627)	-
Interest and other loan expenses paid	(10,595,245)	(113,435)	-	-	(10,708,680)	-
Purchases of property	(17,144,255)	(834,498)	(73,900)	-	(18,052,653)	(5,533,082)
Proceeds from sale of equipment	-	-	-	-	-	678,700
Net cash flows from (used by) capital and related financing activities	<u>(50,213,795)</u>	<u>(2,147,933)</u>	<u>(73,900)</u>	<u>-</u>	<u>(52,435,628)</u>	<u>(4,610,892)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,778,824)</u>	<u>(1,377,042)</u>	<u>247,075</u>	<u>(883,796)</u>	<u>(3,792,587)</u>	<u>2,839,460</u>
Cash and cash equivalents at beginning of year	<u>66,209,877</u>	<u>14,111,245</u>	<u>577,262</u>	<u>19,207,982</u>	<u>100,106,366</u>	<u>14,102,474</u>
Cash and cash equivalents at end of year	<u>\$64,431,053</u>	<u>\$12,734,203</u>	<u>\$824,337</u>	<u>\$18,324,186</u>	<u>\$96,313,779</u>	<u>\$16,941,934</u>
Reconciliation of operating income to net cash flow from operations:						
Operating Income (Loss)	\$33,113,893	(\$282,975)	\$180,314	(\$1,413,114)	\$31,598,118	\$1,004,329
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	15,585,867	542,913	90,866	404,175	16,623,821	6,485,419
(Increase) Decrease in accounts receivable	(808,548)	77,791	-	-	(730,757)	3,148
(Increase) Decrease in inventories	(244,804)	-	-	-	(244,804)	(77,502)
Increase (Decrease) in vouchers payable	639,200	(851,261)	49,795	(27,852)	(190,118)	(195,505)
Increase (Decrease) in compensated absences	(19,790)	-	-	-	(19,790)	28,355
Increase (Decrease) in contract retainage	(114,977)	-	-	-	(114,977)	-
Increase (Decrease) in accrued rent liability	-	1,279,992	-	-	1,279,992	-
Increase (Decrease) in deferred revenue	(79,700)	-	-	-	(79,700)	-
Net cash flows from operations	<u>\$48,071,141</u>	<u>\$766,460</u>	<u>\$320,975</u>	<u>(\$1,036,791)</u>	<u>\$48,121,785</u>	<u>\$7,248,244</u>
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$906,855	\$-	\$-	\$-	\$906,855	\$-

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, 2016

	Pension Trust Fund	OPEB	All Other Private Purpose Trust Funds	Agency Funds
ASSETS:				
Equity in pooled cash and investments	\$24,459,779	\$96,384,743	\$2,180,103	\$14,753,924
Contributions receivable:				
Employer	2,729,667	-	-	-
Employee	656,688	-	-	-
Accrued interest and other receivables	3,935,218	-	5,072,532	-
Capital assets, net	-	-	22,765,870	-
Receivable from other government	-	-	-	2,361
Investments, at fair value				
Foreign, Municipal and U.S. Government				
Obligations, including Fixed				
Instruments in Pooled Funds	40,562,043	-	-	-
Corporate Fixed Income Obligations	178,654,734	-	-	-
Domestic and Foreign Equities, including				
Equities in Pooled Funds	549,030,348	-	-	-
Other investments	79,184,576	-	-	-
Real estate funds	12,506,611	-	-	-
Pooled Equity	695,565,189	-	-	-
Pooled Fixed Income	363,874,744	-	-	-
Convertible	14,350,077	-	-	-
Total assets	<u>1,965,509,674</u>	<u>96,384,743</u>	<u>30,018,505</u>	<u>14,756,285</u>
Deferred Outflows				
Loss on refunding bonds, net	-	-	218,136	-
Total assets and deferred outflows	<u>1,965,509,674</u>	<u>96,384,743</u>	<u>30,236,641</u>	<u>\$14,756,285</u>
LIABILITIES:				
Accounts payable and				
accrued liabilities	2,010,843	-	5,069,695	14,756,285
Bonds payable	-	-	25,255,000	-
Total liabilities	<u>2,010,843</u>	<u>-</u>	<u>30,324,695</u>	<u>\$14,756,285</u>
NET POSITION (DEFICIT)	<u>\$1,963,498,831</u>	<u>\$96,384,743</u>	<u>(\$88,054)</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, 2016

	Pension Trust Fund	OEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	\$54,450,272	\$6,850,000	\$-
Employee contributions	12,193,255	-	-
Other contributions	65,529	56,351	-
Shared revenues	-	-	2,494,403
Private donations	-	-	81,485
Total contributions	<u>66,709,056</u>	<u>6,906,351</u>	<u>2,575,888</u>
Investment earnings:			
Interest and other	40,372,286	5,470,130	49,317
Gross income from securities lending	286,834	-	-
Bank fees and expenses from securities lending	(71,702)	-	-
Commissions recapture, gross	755	-	-
Net change in fair value of investments	<u>(34,634,792)</u>	<u>(1,337,622)</u>	<u>-</u>
Total investment earnings	5,953,381	4,132,508	49,317
Less investment expenses	<u>7,233,306</u>	<u>-</u>	<u>1,398,653</u>
Net investment earnings (loss)	<u>(1,279,925)</u>	<u>4,132,508</u>	<u>(1,349,336)</u>
Total additions	<u>65,429,131</u>	<u>11,038,859</u>	<u>1,226,552</u>
DEDUCTIONS:			
Administrative expenses	1,703,574	30,028	833,963
Retirees pension expense	<u>95,258,866</u>	<u>-</u>	<u>-</u>
Total deductions	<u>96,962,440</u>	<u>30,028</u>	<u>833,963</u>
Change in net position	(31,533,309)	11,008,831	392,589
Net position - Beginning of the year	<u>1,995,032,140</u>	<u>85,375,912</u>	<u>(480,643)</u>
Net position - End of the year	<u>\$1,963,498,831</u>	<u>\$96,384,743</u>	<u>(\$88,054)</u>

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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 County government has financial accountability to the Schools 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 financial accountability mandate the inclusion as a discrete component unit.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net 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”) as amended 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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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.

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

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

The **Capital Projects Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). Major capital projects include Transportation Infrastructure, Capital Asset Preservation Program (CAPP), Information Technology CAPP, Parks & Recreation CAPP, Neighborhood Conservation (NC) Program, Neighborhood Traffic Calming (NTC) Programs and Stormwater Drainage Infrastructure. Transportation Capital Funds provide funding for County's Transportation Capital Improvement Program and Metro Matters capital program. Crystal City Tax Increment Financing will provide funding for Crystal City Sector Plan and infrastructure and Columbia Pike Tax Incremental Financing will provide funding for Columbia Pike Neighborhoods Plan to support affordable housing. The IDA Bond Funds provide funding for the Emergency

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Communications Center, the Trade Center, the George Mason Center, the Enterprise Resource Planning (ERP), Arlington Mill, and Buckingham Park.

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

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

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

The *Private-purpose Trust Funds* are used to account for resources legally held in trust to provide for costs to oversee the operation of the waste-to-energy plant and other related expenses, resources used for the construction of the IDA Skating facility on the eighth level of the Ballston Public Parking Garage, to account for the loan between the IDA and Signature Theater to pay off existing debt of Signature Theater 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

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

E. Budgets

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County Manager biennially submits a ten year Capital Improvement Plan (CIP) to the County Board. Starting with the FY 2013 – FY 2022, this CIP presented a ten year planning period instead of six years presented previously. This shift to a longer planning horizon has many benefits including facilitating better planning and financing of major multi-year transportation and utility projects, and analyzing operating budget impacts. The Budget presentation displayed in Exhibit 5 is formatted differently than the governmental fund statements, but the overall ending balance is identical.

F. Equity in Pooled Cash and Investments

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

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

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

Investments in the Pension Trust Fund consist of investment instruments, domestic and international stocks and bonds, U.S. Treasury notes and bonds, and real estate and real estate notes, which are held in the County's name by the Fund's Trustee who serves as the Pension System's agent. Temporary investment funds on deposit with financial

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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.

"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

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capital assets are provided by capital outlays from the Street and Highway bond funds. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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

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, 2016, the County had no arbitrage rebate liability.

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L. Long-Term Obligations

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

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

M. Fund Equity

In accordance with Government Accounting Standards Board statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

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

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

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

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Manager. The County Board will review the recommendations at the November Board meeting. If approved by a resolution of the County board, the assigned funds become committed. Amendments must follow guidance described in Note 1.I.E. By State law, funds cannot be spent unless appropriated by the County Board.

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

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

N. Comparative data/reclassifications

Comparative total data for the prior year have been presented in the accompanying combining other supplemental information of the financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2015 amounts have been

ARLINGTON COUNTY, VIRGINIA

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reclassified to conform to the FY 2016 presentation. These reclassifications did not affect the FY 2015 net position, fund balances or changes therein.

O. Cash and Cash Equivalents

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

P. Use of Estimates

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

Q. Deferred Outflows

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

R. Deferred Inflows

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

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Trust Fund and the additions to/deductions from the Pension Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the Arlington County Employees' Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Retirement Plan and the Political Subdivision's Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan and the Political Subdivision's Retirement Plan's fiduciary net position have been determined on the same basis as they are reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Implementation of New GASB Pronouncements

In February 2015, the Governmental Accounting Standard Board ("GASB") issued GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value application guidance, and enhancing disclosures about fair value measurements. The requirements of the new Statement became effective for fiscal periods after June 15, 2015. The County adopted GASB 72 during the year ended June 30, 2016. See Note 3.I.F and 3.II.H for the disclosures related to the implementation of this new standard.

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In June 2015, GASB issued Statement No. 76 (“GASB 76”), *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (“GAAP”) and the framework for selecting those principles. The requirements of the new Statement became effective for fiscal periods after June 15, 2015. The County adopted GASB 76 during the year ended June 30, 2016. The implementation of this new standard had no impact on the County’s fiscal year 2016 financial statements.

In December 2015, GASB issued Statement No. 79 (“GASB 79”), *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. The statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The requirements of the new Statement became effective for fiscal periods after June 15, 2015. See Note 3.I.G for the disclosure related to the implementation of this new standard.

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$1,006,172,282) difference are as follows:

General obligation bonds - general government	(\$159,570,663)
Refunding bonds - general government	(238,987,475)
General obligation bonds - Schools	(162,153,339)
Refunding bonds - Schools	(219,893,786)
Compensated absences - general government	(33,380,561)
Worker’s compensation - general government	(3,923,280)
Capital leases - general government	(16,585,370)
Bond premium to be amortized – County	(35,298,440)
Bond premium to be amortized – Schools	(34,454,368)
IDA – Metro and Buckingham Village 1	(34,060,000)
IDA Revenue Bonds - 2011	(9,315,000)
IDA Revenue Bonds - 2013	(58,550,000)
	<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>(\$1,006,172,282)</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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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 \$59,500,033 difference are as follows:

Capital acquisitions	\$97,055,690
Depreciation expense	<u>(37,555,657)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$59,500,033</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:

Unearned property tax revenue 6/30/15	(\$360,908,835)
Unearned property tax revenue 6/30/16	<u>(369,951,607)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> arrive at <i>changes in net position of governmental activities</i>	<u>\$9,042,772</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 \$7,197,774 difference are as follows:

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Debt issued or incurred:	
Issuance of general obligation bonds – County	(\$22,650,000)
Issuance of general obligation bonds - Schools	(32,550,000)
Issuance of refunding bonds - County	(78,890,000)
Issuance of refunding bonds - Schools	(72,220,000)
Capital leases	<u>(5,418,570)</u>
Capital financing – General Government	<u>(211,728,570)</u>
Principal repayments:	
General obligation debt – County	96,507,692
General obligation debt – Schools	87,459,296
Payment to refunded bonds - County	18,638,766
Payment to refunded bonds - Schools	14,721,922
Payment to IDA – Metro and Buckingham Village 1	1,265,000
Payment to IDA Revenue Bonds - 2011	625,000
Payment to IDA Revenue Bonds - 2013	3,040,000
Capital leases	<u>4,771,783</u>
Total principal repayments	<u>227,029,459</u>
Bond premium to be amortized	<u>(8,103,115)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$7,197,774</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 (\$38,187) difference is as follows:

Compensated absences	\$403,420
Worker’s compensation	<u>(365,233)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of government activities</i>	<u>\$38,187</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” \$1,269,692

Another element of the reconciliation that states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds such as pension expenses. The detail of this \$32,300,000 difference is as follows:

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FY 2016 pension contributions deferred	\$54,500,000
Pension expense	<u>(22,200,000)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$32,300,000</u>

Another element of the reconciliation that states that “some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds such as deferred outflows/inflows of resources. The detail of this (\$174,498) difference is as follows:

Deferred outflows of resources from advance refunding	<u>\$174,498</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>(\$174,498)</u>

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	\$484,323
Net operating loss – internal service funds	<u>1,004,329</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$1,488,652</u>

NOTE 2. Legal Compliance

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

Supplemental appropriations may be approved by the County Board subsequent to the adoption of the original budget. In FY 2016 such appropriation amendments totaled \$110,756,454 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 significantly exceeded the level of control in FY 2016 for the Fire Department due to a higher than normal number of retirements and other separations of employment resulting in leave payments and overtime costs, Sheriff's Office due to overtime costs, Department of Environmental Services due to the cost of snow removal in February 2016, and Department of Technology Services due to required software upgrades and contractual increases.

The Office of the Public Defender (OPD) as well as Office of the Commissioner of Revenue (COR) both experienced fund overages. OPB's actual salary supplement for the public defender came in slightly higher than projected while COR had higher postage and operating supply expenses.

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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 a negative net position of \$28,477,671 at June 30, 2016. 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 Ballston Skating Facility (a Trust Fund) is owned by IDA and is currently leased to the Washington Capitals. The Capitals are making payments of rent that are equal to debt service on the Bonds. The Trust has generated sufficient positive cash flow since inception on November 10, 2006 to meet its operating and revenue bond debt service requirements. It also financed the capital project for the 8th Level Ballston Public Garage and expensed its Bond issuance cost in the past. The Facility has a negative net position of \$200,092 at June 30, 2016 and County management believes that rent payments will result in a positive net position soon.

The Printing Fund (an Internal Service Fund), incurred a decrease in net position of \$71,945 in FY 2016, resulting in an ending net deficit of (\$263,226). Management will evaluate measures to continue reducing the deficit in FY 2017.

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 \$263,417,663 and the bank balance was \$272,063,803. Of the bank balance, \$11,018,602 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.

C. Investment Policy

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

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D. Credit Risk

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

E. Concentrations of Credit Risk

The County's policy defines limits on the amounts that may be invested in various investments. The portfolio is in compliance with each of the stated limits as of June 30, 2016.

F. Interest Rate Risk and Fair Value Hierarchy

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, 2016, the County had the following investments and maturities:

	<u>Investment Maturity (in years)</u>				
	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>Greater than 5 years</u>
Corporate Notes	\$102,104,691	\$18,909,466	\$26,135,438	\$57,059,787	\$-
Commercial Paper	209,724,415	209,724,415	-	-	-
Government Agency Bonds	82,686,710	13,215,849	21,385,365	48,085,496	-
Virginia VIP	40,963,159	40,963,159	-	-	-
Municipal Obligations	21,666,625	4,704,065	9,108,860	7,853,700	-
Total	<u>\$457,145,600</u>	<u>\$287,516,954</u>	<u>\$56,629,663</u>	<u>\$112,998,983</u>	<u>\$-</u>

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$220,074
Virginia State Non-Arbitrage Program	<u>192,720,319</u>
Total	<u>192,940,393</u>
 Total Investments	 <u>\$650,085,993</u>

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has recurring fair value measurements as of June 30, 2016 for \$457,145,600 commercial paper, corporate notes, U.S. Treasury and agency securities, municipal obligations and the Virginia Investment Pools ("VIP") are valued using quoted market prices (Level 1 inputs).

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US Bank, as trustee for holders of bonds for the Ballston Parking Garage, is authorized to invest in all investment instruments for the County. As of June 30, 2016, the Trustee Bank had \$18,149,613 in a U.S. government money market fund consisting of securities approved for direct investment.

First Virginia Community Bank is the trustee for Alexandria/Arlington Waste to Energy- Monitoring Group Trust Fund. Investments in the amount of \$109,709 at fair value were held by First Virginia Community Bank at June 30, 2016.

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, 2016, the Bank of New York Mellon Bank (BNYM) had \$451,792 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, 2016, the Trustee Banks had \$2,175,902 in the Bank of New York Mellon Bank (BNYM).

SunTrust Bank is the trustee for the Ballston Parking Garage. Daily and monthly parking fees collected at the Garage are deposited in SunTrust Bank and every month SunTrust transfers money to US Bank for investment. As of June 30, 2016 the Trust Bank had \$54,254. SunTrust is also the bank for Arlington Mill Community Center Parking Garage as of June 30, 2016 there was \$39,306 in the trust account.

G. External Investment Pools

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, 2016, the County had \$192,720,320 in the SNAP short term investment. SNAP is administered by the Virginia Treasury Board. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- SNAP is rated 'AAAm' by Standard and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- SNAP is managed in accordance with GASB Statement No. 79.
- The portfolio securities are valued by the amortized cost method, and on a daily basis this valuation is compared to current market to monitor any variance.
- Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

The County is a participant in the Local Government Investment Pool (LGIP), which is administered by the Virginia Treasury Board. As of June 30, 2016, the County had \$220,074 in the LGIP short term investment. The Board is committed to managing certain risk limiting provisions to maintain a stable net asset value (NAV) at \$1.00 per share, which is determined at the close of each business day. The goal of maintaining NAV is facilitated as follows:

- The LGIP is rated 'AAAm' by Standard and Poor's and managed in a manner to comply with their 'AAAm' rating requirements.
- The LGIP is managed in accordance with GASB Statement No. 79.
- The portfolio securities are valued by the amortized cost method, and on a weekly basis this valuation is compared to current market to monitor any variance.

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- Investments are limited to short-term, high quality credits that can be readily converted into cash with limited price variation.

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

A. Legal Provisions and Investment Policy

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

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

- Convertible securities
- Cash, money market funds and other short term investment funds
- Common stocks, preferred stocks, warrants and similar rights of U.S. and non-U.S. companies.
- Private equity. The System invests in private equity via a fund-of-funds and direct approach to maximize diversification by vintage year and investment type.
- Open and closed end pooled real estate funds and real estate investment trust securities
- Fixed income obligations of the U.S. government and its agencies, mortgage-backed securities, corporate bonds, and asset backed securities. In addition, fixed income obligations of non-U.S. Governments, companies and supernational organizations, in other developed and emerging markets. Limits on concentration, credit quality and duration are governed by each investment manager’s contract.

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

<u>Asset Class</u>	<u>10 Year Average Allocation</u>
Domestic Equity	46.5%
International Equity	17.8%
Fixed Income	29.1%
Cash/Short Term	1.9%
Non-Traditional	4.7%
Total	<u>100%</u>

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

B. Investment Restrictions

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

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

No new commitment to illiquid investments can be made which causes the allocation to illiquid investments, including existing market value and commitments, to exceed 15% of the System's market value.

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

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

Investment managers are prohibited from:

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

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

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

The System's Investment Policy provides external investment managers with discretion to take actions, within approved guidelines, regarding each portfolio's foreign currency exposures using forward currency contracts. These contracts are agreements to exchange one currency for another currency at an agreed upon price and date. Investment managers use such contracts primarily to settle pending trades at a future date. Key risks include counter party non-performance and currency fluctuations. As of June 30, 2016, the System had \$35,951 in open net forward currency contracts.

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C. Cash and Cash Equivalents

At June 30, 2016, the System had cash and cash equivalents of \$24,459,779. Cash deposits in bank accounts totaled \$491,058. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$23,968,721 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized.

D. Investments and Risk

The System's investments are recorded at fair value based on the methodology described in Note 1. 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, 2016:

<u>Investment Type</u>	<u>Fair Value (in \$000s)</u>
Common Stock	376,913
Convertible Equity	1,362
Preferred Stock	2,380
Government and Government Agency Debt	38,057
Government State and Local Debt	2,799
Corporate Bonds	166,273
Corporate Convertible Bonds	13,055
Commercial Mortgaged Backed Securities	2,438
Collateralized Mortgage Obligations	261
Asset Backed Securities	7,568
Bank Loans	4,697
Pooled Equity Funds	885,699
Pooled Bond Funds	364,198
Cash and Short Term	24,078
REITs	6,047
Private Equity	53,078
Real Estate	12,507
Other	405
Total ⁽¹⁾	<u>\$1,961,815</u>

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

Interest Rate Risk

Interest rate risk is driven by changes in general interest rate levels. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The System has interest rate exposure on \$235.1 million of directly owned fixed income securities and on \$363.9 million invested in three pooled US fixed income funds. The System's directly owned fixed income investments and maturities at June 30, 2016 are:

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Investment Type:	Fair Value	Investment Maturities (years)			
	(\$000s)	Under 1	1-5	6-10	Over-10
Asset backed Securities	\$7,568	\$-	\$2,167	\$162	\$5,239
Bank Loans	4,697	-	4,434	263	-
Commercial Mortgage-Backed	2,438	-	-	212	2,226
Corporate Bonds	166,273	2,303	47,868	51,395	64,707
Corporate Convertible Bonds	13,055	-	4,904	-	8,151
Government & Government Agencies	38,057	5,331	25,468	4,757	2,501
Government State & Local Debt	2,799	-	-	-	2,799
Collateralized Mortgage Obligations	261	-	-	-	261
Total	<u>\$235,148</u>	<u>\$7,634</u>	<u>\$84,841</u>	<u>\$56,789</u>	<u>\$85,884</u>

Interest rate sensitivity of a fixed income portfolio is best measured by effective duration which reflects the average percentage change in portfolio value due to a 1% change in interest rates. The effective duration for the System's directly held fixed income portfolio at June 30, 2016 is shown below:

Investment Type <i>(in \$ 000s)</i>	Fair Value	Effective Duration (Yrs)
Asset backed Securities	\$7,568	1.79
Bank Loans	4,697	-
Commercial Mortgage-Backed	2,438	2.88
Corporate Loans	166,273	6.12
Corporate Convertible Bonds	13,055	9.75
Government & Government Agencies	38,057	3.33
Government State & Local Debt	2,799	1.50
Collateralized Mortgage Obligations	261	1.24
Total	<u>\$235,148</u>	<u>5.66</u>

Custodial Credit Risk

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

Credit Risk

The System's credit quality distribution for the System's directly held fixed income investments of \$235.1 million at June 30, 2016 is shown below:

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Fixed Income Credit Quality Distribution

Investment Type <i>(in \$ 000s)</i>	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
Asset backed Securities	\$863	\$1,129	\$2,148	\$2,453	\$-	\$-	\$-	974
Bank Loans	-	-	-	-	1,062	1,888	661	1,086
Commercial Mortgage-Backed	897	504	547	-	-	-	-	278
Corporate Bonds	-	2,098	12,974	68,419	44,862	30,447	5,555	1,917
Corporate Convertible Bonds	-	-	7,073	1,384	770	1,113	422	2,295
Government & Government Agencies	22,253	3,375	5,728	-	2,464	-	-	22
Government State & Local Debt	4,427	-	-	-	-	2,799	-	-
Collateralized Mortgage Obligations	-	261	-	-	-	-	-	-
Total	\$28,440	\$7,367	\$28,470	\$72,256	\$49,158	\$36,247	\$6,638	\$6,572

Note: Ratings based on S&P Quality Ratings.

Foreign Currency Risk

Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2016 was as follows:

<i>Currency (in \$ 000s)</i>	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$1,787	\$4,670	\$-	\$6,457
Brazilian Real	908	-	-	908
British Pound	13,425	1,000	-	14,425
Canadian Dollar	659	11,793	-	12,452
Danish Krone	2,483	-	-	2,483
Euro	16,628	-	35	16,663
Hong Kong Dollar	10,773	-	-	10,773
Indonesian Rupiah	7,351	-	46	7,397
Japanese Yen	5,646	-	18	5,664
Malaysian Ringgit	405	-	6	411
Mexican Peso	2,693	5,074	-	7,767
New Zealand Dollar	-	7,024	-	7,024
Nigerian Naira	252	-	1	253
Norwegian Krone	-	-	-	-
Philippines Peso	4,765	-	-	4,765
Singapore Dollar	-	-	-	-
South African Rand	444	-	-	444
South Korean Won	1,159	-	-	1,159
Swedish Krona	5,520	486	-	6,006
Swiss Franc	3,278	231	-	3,509
Thailand Baht	1,165	-	-	1,165
Turkish Lira	1,402	-	-	1,402
Total	\$80,743	\$30,278	\$106	\$111,127

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

E. Securities Lending

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

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

The fair value of securities on loan decreased from \$23.4 million at the beginning of the year to \$19.3 million at June 30, 2016.

The following table details the net income from securities lending for the fiscal year ended June 30, 2016:

Gross Income from Securities Lending	\$286,834
<u>Less: Bank Management Fees</u>	<u>(71,702)</u>
Net Income from Securities Lending	<u>\$215,132</u>

The following table presents the fair value of underlying securities and the value of the collateral pledged at June 30, 2016:

Type of Securities Lent (in \$ 000s)	Fair Value	Value of Collateral
Total	\$19,280,197	\$19,603,959

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, 2016 were \$755.

G. Fair Value Hierarchy

The System categorizes their fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1	Unadjusted quoted prices for identical instruments in active markets.
Level 2	Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

ARLINGTON COUNTY, VIRGINIA

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Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset. The table on the next page shows the fair value leveling on the investments for the System.

Equity securities classified on Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 and Level 3 are valued using either a bid evaluation, mid evaluation, or last trade or official close. Bid evaluations are when a bid and ask evaluation are both present. Last trade is the most recent trade price of a security at market close time. Office close is the closing price as defined by the exchange.

Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 2 debt securities use proprietary information or single source pricing. Equity securities classified in Level 2 are securities whose values are derived daily from associated trade securities.

Fixed income securities classified in Level 3 of the fair value hierarchy were valued using a single broker indicative quote.

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Investments Instruments Measured at Fair Value

	06/30/2016	Fair Value Measurements Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Government debt securities	\$32,071,512	\$-	\$32,071,512	\$-
Government agencies	1,383,669	-	1,383,669	-
State or Local governments	7,106,875	-	7,106,875	-
Corporate debt securities	163,730,446	-	163,730,446	-
Corporate convertible	13,001,236	-	13,001,236	-
Government issued commerical mortgage- backed	209,585	-	209,585	-
Commercial mortgage backed	2,218,341	-	2,218,341	-
Collateralized mortgage obligations	260,420	-	260,420	-
Other asset backed securities	7,550,962	-	7,504,874	46,088
Bank loans	4,684,979	-	4,684,979	-
Total debt securities	<u>232,218,025</u>		<u>232,171,937</u>	<u>46,088</u>
Equity Securities				
Common stock	445,525,804	444,563,068	962,736	-
Convertible equity	1,348,841	1,158,016	190,825	-
Preferred stock	2,366,876	2,045,166	321,710	-
Equity funds	491,312	491,312	-	-
Total equity securities	<u>449,732,833</u>	<u>448,257,562</u>	<u>1,475,271</u>	
Total investments by fair value level	<u>681,950,858</u>	<u>\$448,257,562</u>	<u>\$233,647,208</u>	<u>\$46,088</u>
Investments measured at the net asset value (NAV)				
Real estate	12,506,611			
Private equity	<u>53,078,105</u>			
Total alternative assets measured at the NAV	65,584,716			
Co-mingled global equity funds	171,422,803			
Co-mingled commodities equity fund	27,745,879			
Co-mingled equity fund	26,106,471			
Large cap equity mutual funds	<u>597,042,864</u>			
Total equity investments measured at the NAV	822,318,017			
Aggregate bond mutual fund	254,343,248			
Short term federal funds mutual fund	27,877,922			
Bank loan mutual fund	<u>81,653,561</u>			
Total debt investments measured at the NAV	363,874,731			
Total investments measured at the NAV	<u>1,251,777,464</u>			
Total investments measured at fair value	<u>\$1,933,728,322</u>			

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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	Total Assets at Net Asset Value		Redemption Frequency	Redemption Notice Period
	Fair Value	Unfunded Commitments		
Alternative investments				
Real estate	\$12,506,611	\$-	Not eligible	N/A
Private equity	53,078,105	46,800,000	Not eligible	N/A
Total alternative investments	<u>65,584,716</u>	<u>46,800,000</u>		
Equity investments				
Co-mingled global funds equity	171,422,803	-	Monthly	15-45 days
Co-mingled commodities equity fund	27,745,879	-	Daily	None
Co-mingled equity fund	26,106,471	-	Quarterly	65-90 days
Large cap equity mutual fund	597,042,864	-	Daily	None
Total equity investments	<u>822,318,017</u>	<u>-</u>		
Debt Securities				
Aggregate bond mutual fund	254,343,248	-	Daily	None
Short term federal funds mutual fund	27,877,922	-	Daily	None
Bank loan mutual fund	81,653,561	-	Daily	None
Total debt investments	<u>363,874,731</u>	<u>-</u>		
Total investments measured at the NAV	<u>\$1,251,777,464</u>	<u>\$46,800,000</u>		

- Alternative Investments. Real estate fund includes an investment in land in the United States. Private equity investments included fund of funds, buyouts and venture capital. All of these funds have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized.
- Equity Investments. The fair values of co-mingled funds have been determined using the NAV per share of the investment. The global equity consist of two funds that invest in global equities diversified across all sectors. The equity fund invests in the long only portion of a hedge fund while the other fund invests in large cap securities.
- Debt Securities. The fair values have been determined using the NAV per share of the investments. The aggregate bond fund is an index fund which approximates the Barclays U.S. Aggregate Bond Fund. The short term federal fund is a cash like investment in U.S. government securities. The bank loan fund is invested in floating rate loans and debt securities.

NOTE 4. Receivables and Unearned Revenues

Receivables at June 30, 2016 are summarized below:

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	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Real estate taxes	\$372,478,924	\$-
Personal property taxes	4,496,241	-
Business license taxes	3,557,856	-
Meal tax	926,101	-
Accounts receivable	42,592,569	16,738,296
Interest	789,016	-
Total	<u>424,840,707</u>	<u>16,738,296</u>
Less: Allowance for uncollectible accounts	<u>(1,321,728)</u>	<u>(533,362)</u>
Net receivables	<u><u>\$423,518,979</u></u>	<u><u>\$16,204,934</u></u>

Real Estate assessments are based on 100% of the fair market value of land and improvements as of January 1 of each year; January 1 has also been established as the lien date for real property by state law.

The County Board establishes the tax rates on or about April 1 of each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes receivable is the unbilled October 5 installment. This October due amount, totaling \$369,951,607, has also been recorded as deferred inflow in the general fund 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.

The County provided residual receipt loans through subordinate deeds of trust in order to make the financing of affordable multifamily projects feasible. Outstanding principal balances of \$194 million and accrued interest of approximately \$22 million at June 30, 2016 are not reflected in the accompanying statement of net position since payments are due only if the properties have sufficient cash flow. When loans are closed and proceeds disbursed to the non-profit developers, the loan amount is immediately expensed on the County's financial statements. When loan repayments or interest are received, the County recognizes such payments as revenue. Outstanding balances may be reinvested during future capital transactions including refinancing, recapitalizing or redeveloping the property.

Governmental funds report deferred inflows in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Special revenues funds and Capital project fund also report deferred inflows recognition in connection with resources that have been received, but not yet earned. At June 30, 2016, the revenues components of unearned revenues reported were as follows:

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<u>Governmental Funds</u>	<u>Unearned Revenue</u>
<u>General Fund</u>	
Household Credits	\$238,831
<u>Capital Project Fund</u>	
Master lease	2,013,649
Developer's contributions	5,417,845
	<u>\$7,670,325</u>

<u>Deferred Inflows</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total Government</u>	<u>Business Type Activities</u>	<u>Total Primary Government</u>
Taxes	\$3,767,803	\$3,900,858	\$7,668,661	\$-	\$7,668,661
Grants	1,810,100	3,779,751	5,589,851	-	5,589,851
Pension	39,110,000	-	39,110,000	-	39,110,000
Housing development loans	-	9,879,076	9,879,076	-	9,879,076
Refunding of debt	-	-	-	2,601,729	2,601,729
	<u>\$44,687,903</u>	<u>\$17,559,685</u>	<u>\$62,247,588</u>	<u>\$2,601,729</u>	<u>\$64,849,317</u>

<u>Deferred Outflows</u>	<u>Governmental Activities</u>
Refunding of debt	\$570,934
Pension	69,250,000
Total Governmental Funds	<u>\$69,820,934</u>

*Deferred outflows/inflows in Government funds include \$369,951,607 October installment of Real Estate taxes.

NOTE 5. Capital Assets and Intangible Assets
Capital asset activity for the year ended June 30, 2016:

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Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental and Internal Service activities:				
Capital assets, not being depreciated:				
Land	\$166,368,885	\$5,520,552	\$-	\$171,889,437
Construction in progress	191,069,264	86,699,027	70,865,234	206,903,057
Total capital assets, not being depreciated	<u>357,438,149</u>	<u>92,219,579</u>	<u>70,865,234</u>	<u>378,792,494</u>
Capital assets, being depreciated:				
Infrastructure	625,022,573	62,230,100	6,473,426	680,779,247
Buildings	349,395,132	639,135	-	350,034,267
Furniture, fixtures and equipment	268,321,976	26,534,091	4,211,798	290,644,269
Intangible	4,948,927	555,655	-	5,504,582
Total capital assets being depreciated	<u>1,247,688,608</u>	<u>89,958,981</u>	<u>10,685,224</u>	<u>1,326,962,365</u>
Less accumulated depreciation for:				
Infrastructure	313,376,868	13,065,084	-	326,441,952
Buildings	114,091,571	9,032,863	-	123,124,434
Furniture, fixtures and equipment	126,941,109	21,280,462	1,678,398	146,543,173
Intangible	2,615,184	662,667	-	3,277,851
Total accumulated depreciation	<u>557,024,732</u>	<u>44,041,076</u>	<u>1,678,398</u>	<u>599,387,410</u>
Total capital assets, being depreciated, net	<u>690,663,876</u>	<u>45,917,905</u>	<u>9,006,826</u>	<u>727,574,955</u>
Governmental and Internal Service activities capital assets, net	<u>\$1,048,102,025</u>	<u>\$138,137,484</u>	<u>\$79,872,060</u>	<u>1,106,367,449</u>
Business-type Activities				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$6,161,255	\$-	\$-	\$6,161,255
Construction in progress	28,939,235	17,800,655	12,777,797	33,962,093
Total capital assets, not being depreciated	<u>35,100,490</u>	<u>17,800,655</u>	<u>12,777,797</u>	<u>40,123,348</u>
Capital assets, being depreciated:				
Sewer system	384,465,085	136,552	-	384,601,637
Water system	778,186,933	12,159,595	59,711	790,286,817
Building	25,827,358	28,880	-	25,856,238
Furniture, Equipments	5,822,240	1,452,620	-	7,274,860
Intangible	1,149,969	-	-	1,368,617
Total capital assets being depreciated	<u>1,195,451,585</u>	<u>13,996,295</u>	<u>59,711</u>	<u>1,209,388,169</u>
Less accumulated depreciation for:				
Sewer system	103,079,518	2,000,917	-	105,080,435
Water system	74,357,588	13,893,995	66	88,251,517
Building	13,784,970	587,305	-	14,372,275
Furniture, fixtures and equipment	3,616,433	433,066	-	4,049,499
Intangible	965,077	126,801	-	1,091,878
Total accumulated depreciation	<u>195,803,586</u>	<u>17,042,084</u>	<u>66</u>	<u>212,845,670</u>
Total capital assets, being depreciated, net	<u>999,647,999</u>	<u>(3,045,789)</u>	<u>59,645</u>	<u>996,542,499</u>
Business-type activities capital assets, net	<u>\$1,034,748,489</u>	<u>\$14,754,866</u>	<u>\$12,837,442</u>	<u>\$1,036,665,913</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Discretely presented component units

Schools:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$4,697,946	\$-	\$-	\$4,697,946
Capital assets, being depreciated:				
Buildings	724,206,882	35,284,682	-	759,491,564
Furniture, fixtures, and equipment	87,689,706	12,184,427	-	99,874,133
Total capital assets being depreciated	<u>811,896,588</u>	<u>47,469,109</u>	<u>-</u>	<u>859,365,697</u>
Less accumulated depreciation for:				
Buildings	194,229,602	18,105,172	-	212,334,774
Furniture, Equipments	58,904,943	4,244,271	-	63,149,214
Total accumulated depreciation	<u>253,134,545</u>	<u>22,349,443</u>	<u>-</u>	<u>275,483,988</u>
Total capital assets, being depreciated, net	<u>558,762,043</u>	<u>25,119,666</u>	<u>-</u>	<u>583,881,709</u>
Schools activities capital assets, net	<u>\$563,459,989</u>	<u>\$25,119,666</u>	<u>\$-</u>	<u>\$588,579,655</u>

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

Function and Activity	Depreciation Expense
Primary government:	
Government activities:	
General Government	\$14,976,545
Public Safety	2,915,074
Public works, including depreciation of infrastructure assets	14,491,261
Health and welfare	254,494
Libraries	290,438
Parks, recreation and culture	3,270,709
Planning and community development	1,357,136
Total Depreciation Expense - Government Activities	<u>37,555,657</u>
Internal Services	6,485,419
Total Depreciation Expense - Governmental & Internal Services	<u>\$44,041,076</u>
Business-type activities:	
Utilities	\$16,004,064
Ballston Public Parking Garage	542,913
8th level Ballston Public Parking Garage	90,866
CPHD Development Fund	404,175
Total Depreciation Expense - Business-type Activities	<u>\$17,042,018</u>
Component unit	
Schools	<u>\$22,349,443</u>
Total Depreciation Expense - Component units	<u>\$22,349,443</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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. Settled claims resulting from these risks have not exceeded the commercial reinsurance coverage for the past three years. At June 30, 2016 the current portion of these liabilities was \$7.47 million which represent an estimate of health insurance claims that have been incurred but not reported of \$7.08 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.39 million. The non-current portion was \$3.53 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, 2014 resulted from the following:

	<u>Beginning of Fiscal</u> <u>Year Liability</u>	<u>Current Year Claims</u> <u>and Changes in</u> <u>Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal</u> <u>Year-End</u>
2014 – 2015				
Current	\$6,961,531	\$54,088,700	\$54,354,077	\$6,696,154
Long Term	\$3,026,809	\$2,750,002	\$2,574,569	\$3,202,242
2015 – 2016				
Current	\$6,696,154	\$58,671,618	\$57,894,037	\$7,473,735
Long Term	\$3,202,242	\$3,416,214	\$3,087,504	\$3,530,952

In addition, the County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2016. The County maintains a General Fund operating reserve, of committed and assigned funds, that totaled \$59,885,262 as of June 30, 2016. 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:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$19,320,200
2018	20,034,101
2019	12,819,629
2020	9,300,318
2021-2030	<u>92,549,428</u>
	<u>\$154,023,676</u>

In FY 2003, the County renewed and amended the operating lease agreement of the Court House Plaza to include the ninth floor premises. Total square feet of office space under the new 15 year agreement is 208,433. As part of the Court House Plaza lease agreement, the County receives 50% of the net cash flow generated by office and residential buildings located in the Court House area, subject to a minimum of \$150,000 annually. During the fiscal year ended June 30, 2016, the County received \$2,547,062 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 on a real property owned by Arlington County. The County (Landlord) leases the land to the LLC (Tenant), in return, the LLC made a one-time lump sum payment of \$150,000 upon receipt of the first certificate of occupancy and pays rent in the amount equal to 2% of annual gross revenues thereafter. The total payments received from the LLC during FY 2016 were \$216,086. 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, 2016, the lease liability \$13,955,623 has been accrued in the Ballston Public Parking Garage Fund.

NOTE 8. Capital Leases

The County has financed the acquisitions of capital assets, including 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, 2016 are summarized below:

	<u>Primary Government</u>	<u>Schools</u>
Building	\$1,395,842	\$-
Equipment	45,156,664	15,690,135
Equipment CIP	2,737,910	-
Auto	<u>2,802,688</u>	<u>-</u>
Total Assets, at cost	\$52,093,104	15,690,135
Accumulated depreciation	<u>(18,838,959)</u>	<u>(6,299,592)</u>
Total Assets, net	<u>\$33,254,145</u>	<u>\$9,390,543</u>

The annual future minimum lease payments as of June 30, 2016 are as follows:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

General Government:

Year Ending June 30,	Technology Services	Environmental Services	Public Safety	Total General Government
2017	\$2,856,421	\$952,992	\$1,551,507	\$5,360,920
2018	2,625,040	727,122	1,340,170	4,692,332
2019	1,588,463	484,045	745,517	2,818,025
2020	618,120	466,840	653,373	1,738,333
2021	342,866	466,840	653,373	1,463,079
2022	-	466,840	653,373	1,120,213
2023	-	466,839	362,081	828,920
2024	-	466,839	362,081	828,920
2025	-	-	362,081	362,081
Total Minimum Lease payments	<u>\$8,030,910</u>	<u>\$4,498,357</u>	<u>\$6,683,556</u>	<u>\$19,212,822</u>
Less Imputed Interest	(219,808)	(576,732)	(457,122)	(1,253,662)
Amount deferred	<u>(754,643)</u>	-	<u>(619,148)</u>	<u>(1,373,791)</u>
Present Value of Minimum Payments	<u>\$7,056,459</u>	<u>\$3,921,625</u>	<u>\$5,607,286</u>	<u>\$16,585,369</u>

Internal Service Fund:

Year Ending June 30,	Auto Equipment
2017	\$1,300,162
2018	1,076,972
2019	1,076,966
2020	616,603
2021	616,603
2022	231,322
2023	231,321
Total Minimum Lease Payments	<u>5,149,949</u>
Less Imputed Interest	<u>(267,324)</u>
Present Value of Minimum Payments	<u>\$4,882,625</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Enterprise Fund:

<u>Year Ending June 30,</u>	<u>Utilities</u>
2017	\$34,411
2018	34,412
2019	17,206
Total Minimum Lease Payments	<u>86,029</u>
Less Imputed Interest	<u>(3,583)</u>
Present Value of Minimum Payments	<u><u>\$82,446</u></u>

Component Unit – Schools:

<u>Year Ending June 30,</u>	<u>Schools</u>
2017	\$2,308,695
2018	1,465,532
2019	907,600
Total Minimum Lease Payments	<u>4,681,827</u>
Less Imputed Interest	<u>(92,656)</u>
Present Value of Minimum Payments	<u><u>\$4,589,171</u></u>

NOTE 9. Long-Term Debt

A. General Obligation Bonds

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

**ARLINGTON COUNTY, VIRGINIA
GENERAL OBLIGATION AND IDA BONDS**

Fiscal Year	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL GO BOND		IDA		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2017	\$40,110,598	\$14,684,109	\$32,313,399	\$14,357,866	\$8,101,003	\$4,003,168	\$80,525,000	\$33,045,144	\$4,945,000	\$4,287,478	\$9,232,478
2018	34,884,298	13,867,971	30,987,054	13,711,287	7,703,648	4,072,190	73,575,000	31,651,447	4,960,000	4,169,275	9,129,275
2019	31,379,171	12,628,023	30,224,215	12,635,526	7,671,614	3,491,148	69,275,000	28,754,697	5,005,000	4,018,259	9,023,259
2020	29,303,185	11,450,149	27,316,714	11,605,351	7,490,101	3,154,691	64,110,000	26,210,192	5,055,000	3,838,130	8,893,130
2021	28,851,034	10,332,617	26,823,751	10,528,269	7,750,216	2,863,365	63,425,000	23,724,251	5,110,000	3,648,546	8,758,546
2022	27,360,352	9,203,409	24,761,492	9,490,471	7,343,155	2,460,590	59,465,000	21,154,470	5,170,000	3,448,715	8,618,715
2023	26,219,501	7,968,089	23,700,499	8,375,467	7,620,000	2,124,466	57,540,000	18,468,021	5,235,000	3,239,199	8,474,199
2024	24,625,000	6,817,362	23,425,000	7,348,186	7,735,000	1,751,176	55,785,000	15,916,723	5,295,000	3,022,555	8,317,555
2025	22,920,000	5,717,704	23,400,000	6,280,426	8,100,000	1,372,591	54,420,000	13,370,722	5,370,000	2,797,157	8,167,157
2026	20,195,000	4,733,409	21,200,000	5,272,261	8,130,000	999,957	49,525,000	11,005,627	4,310,000	2,585,787	6,895,787
2027	19,965,000	3,849,565	23,815,000	4,276,290	6,295,000	683,455	50,075,000	8,809,311	4,410,000	2,387,120	6,797,120
2028	17,290,000	3,001,164	18,820,000	3,101,509	4,465,000	447,286	40,575,000	6,549,959	4,510,000	2,178,525	6,688,525
2029	15,125,000	2,383,707	15,165,000	2,439,576	2,380,000	302,986	32,670,000	5,126,269	4,620,000	1,963,675	6,583,675
2030	14,985,000	1,906,424	15,035,000	1,950,606	2,365,000	214,624	32,385,000	4,071,654	4,730,000	1,735,950	6,465,950
2031	14,080,000	1,437,654	13,705,000	1,469,985	2,345,000	126,437	30,130,000	3,034,076	4,860,000	1,494,195	6,354,195
2032	12,700,000	989,913	12,045,000	1,027,363	1,355,000	61,725	26,100,000	2,079,000	4,370,000	1,243,338	5,613,338
2033	9,015,000	599,669	9,615,000	637,681	740,000	28,506	19,370,000	1,265,856	4,505,000	1,016,251	5,521,251
2034	4,880,000	329,563	4,945,000	355,750	235,000	11,625	10,060,000	696,938	3,585,000	802,896	4,387,896
2035	3,490,000	131,813	3,125,000	150,000	150,000	2,813	6,765,000	284,625	3,730,000	602,391	4,332,391
2036	1,180,000	29,500	1,625,000	40,625	-	-	2,805,000	70,125	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
	<u>\$398,558,138</u>	<u>\$112,061,813</u>	<u>\$382,047,125</u>	<u>\$115,054,495</u>	<u>\$97,974,737</u>	<u>\$28,172,800</u>	<u>\$878,580,000</u>	<u>\$255,289,107</u>	<u>\$101,925,000</u>	<u>\$50,586,426</u>	<u>\$152,511,426</u>

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

B. Advance Refunding

On May 04, 2016 the County issued \$161,530,000 in Refunding Bonds (2016B) with an average interest rate of 3.526 percent. The bonds were issued to advance refund \$162,655,000 of outstanding 2006 Series, 2009 Series, 2011 Series, 2012 Series, 2013 Series and 2014 Series (“Old Bonds”) with an average rate of 3.526 percent. The net proceeds, of \$183,244,649 including the premium of \$22,371,478 were used to purchase U.S Government securities which were deposited with an agent in an irrevocable escrow account to provide for the resources to redeem the Old Bonds. As a result, the Old Bonds are considered to be defeased and the liabilities for those bonds have been removed from the Statement of Net Position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,125,000. 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 \$15,764,410 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$13,415,340.

Refunding Bonds

	Total Refunding Bonds	Percent of Allocations	Savings from Refunding	PV of Savings from Refunding
2016B Refunding				
General Government	\$78,890,000	48.84%	\$7,699,216	\$6,551,948
Schools	<u>72,220,000</u>	<u>44.71%</u>	<u>7,048,262</u>	<u>5,997,993</u>
Total	151,110,000	93.55%	14,747,477	12,549,941
Utilities	10,420,000	6.45%	1,016,933	865,399
Grand total	<u><u>\$161,530,000</u></u>	<u><u>100.00%</u></u>	<u><u>\$15,764,410</u></u>	<u><u>\$13,415,340</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, 2016, \$5,800,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, and at no time can exceed 15%. The weekly interest averaged approximately 0.1532% in FY 2016. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. The direct pay letter of credit is substantially collateralized by the assignment of the land lease and other agreements. On September 22, 2011, a three-year Letter of Credit (LOC) was issued by PNC Bank, N.A. The expiration date was on September 6, 2014. On August 5, 2014, subsequent to the end of FY 2013, the LOC was signed to extend the expiration date to August 6, 2017.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Using a usual and customary direct-pay letter of credit mechanism, during FY 2016, the County drew from the letter of credit \$10,087 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 fee associated with the letter of credit was \$72,300 in FY 2016. During FY 2016, \$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 portion of mortgage and ground lease interest payable was \$27,767,463. As of June 30, 2016, 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, 2016 was \$57,630,472. These bonds mature in fiscal year 2026.

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 is charged at a rate of 3.00 percent and 2.52 percent respectively. The proceeds from those bonds were received by the County prior to fiscal year 2012. The principal outstanding on these bonds at June 30, 2016 was \$2,728,512 on Series A bonds and \$51,628,482 on Series B bonds. These bonds mature in fiscal year 2028.

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 ranges from 3.55 percent to 2.72 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, 2016 was \$37,882,070. These bonds mature in fiscal year 2030.

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 ranges from 3.35 percent to 2.65 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2016, principal outstanding on these bonds was \$28,019,178. These bonds mature in fiscal year 2031.

In May 2010, the County entered into a Financing Agreement with VRA. VRA agreed to issue \$1,856,428 (Series 2008), \$16,795,849 (Series 2009), and \$16,347,723 (Series 2010) Wastewater System Revenue Bonds and lend the proceeds to the County to continue the improvements to the water pollution control plant. The interest rate on these bonds ranges from 3.35 percent to 2.65 percent. At June 30, 2016, the principal outstanding on these bonds was \$1,486,575 on Series 2008 bonds, \$13,445,882 on Series 2009 bonds and \$12,995,110 on Series 2010 bonds. These bonds mature in fiscal year 2031.

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

F. 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 Bond is due in annual instalments of \$1,145,000 to 2,475,000 through 2034, interest from 2% to 6.2% and 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, 2016 was \$34,060,000.

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 is due in annual instalments of \$250,000 to 620,000 through 2031, interest from 2% to 5% and 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, 2016, \$9,315,000 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 is due in annual instalments of \$1,205,000 to \$3,005,000 through 2042, interest from 4% to 5% and 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, 2016, \$58,550,000 remains outstanding.

G. Changes in Long-Term Liabilities

During the year ended June 30, 2016, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
General Government:					
Compensated absences*	\$33,783,981	\$32,449,646	(\$32,853,066)	\$33,380,561	\$3,338,056
Workers compensation	3,558,047	3,795,793	(3,430,560)	3,923,280	392,328
GO Bonds - County**	233,343,894	22,650,000	(96,423,231)	159,570,663	22,323,500
Refunding Bonds - County**	178,820,702	78,890,000	(18,723,227)	238,987,475	17,787,098
GO Bonds - Schools**	217,513,507	32,550,000	(87,910,168)	162,153,339	18,730,500
Refunding Bonds - Schools**	161,944,836	72,220,000	(14,271,050)	219,893,786	13,582,899
IDA - Metro and Buckingham Village 1	35,325,000	-	(1,265,000)	34,060,000	1,295,000
IDA Revenue Bonds - 2011	9,940,000	-	(625,000)	9,315,000	625,000
IDA Revenue Bonds - 2013	61,590,000	-	(3,040,000)	58,550,000	3,025,000
Capital leases	15,938,583	5,418,570	(4,771,783)	16,585,370	4,991,217
Bond premiums - County	32,594,598	4,863,006	(2,159,164)	35,298,440	2,402,315
Bond premiums - Schools	29,055,095	7,209,236	(1,809,963)	34,454,368	2,170,425
Totals General Government	<u>1,013,408,243</u>	<u>260,046,251</u>	<u>(267,282,212)</u>	<u>1,006,172,282</u>	<u>\$90,663,338</u>
Internal service:					
Compensated Absence	526,923	577,531	(549,176)	555,278	55,528
Capital lease	4,524,922	1,535,518	(1,177,814)	4,882,626	1,200,379
Total Governmental Activities	<u>\$1,018,460,088</u>	<u>\$262,159,300</u>	<u>(\$269,009,202)</u>	<u>\$1,011,610,186</u>	<u>\$91,919,245</u>
Component Unit - Schools:					
Compensated absences	\$36,885,787	\$-	(\$1,306,086)	\$35,579,701	\$3,557,971
Capital lease	4,111,404	2,663,295	(2,185,528)	4,589,171	2,250,790
	<u>\$40,997,191</u>	<u>\$2,663,295</u>	<u>(\$3,491,614)</u>	<u>\$40,168,872</u>	<u>\$5,808,761</u>
Business-Type Activities					
Compensated absences-Utilities	\$1,225,306	\$1,770,892	(\$1,790,682)	\$1,205,516	\$120,552
Compensated absences-CPHD	648,550	818,960	(851,282)	616,228	61,623
GO Bonds - Utilities **	42,992,599	-	(17,376,600)	25,615,999	3,621,000
Refunding Bonds - Utilities **	64,474,461	10,420,000	(2,535,723)	72,358,738	4,480,003
Revenue Bonds - Ballston	7,000,000	-	(1,200,000)	5,800,000	500,000
Mortgage Payable - Ballston	3,429,679	-	-	3,429,679	3,429,679
Mortgage and Interest Payable - Ballston	25,943,013	1,824,450	-	27,767,463	27,767,463
VRA Loan Payable	219,832,909	-	(14,016,627)	205,816,282	14,478,026
Bond and mortgage interest payable - Utilities	3,787,326	3,273,204	(3,787,326)	3,273,204	3,273,204
Capital Leases	113,814	-	(31,368)	82,446	32,275
Bond Premium - Utilities	4,747,140	-	(317,916)	4,429,224	317,915
Total business-type activities	<u>\$374,194,797</u>	<u>\$18,107,506</u>	<u>(\$41,907,524)</u>	<u>\$350,394,779</u>	<u>\$58,081,740</u>

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

** The reduction numbers for GO and Refunding Bonds of County & Schools include transfers between new and refunding bonds to adjust the split between GO and Refunding Bonds.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia’s local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (capital assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the “school debt” is reflected in Exhibit 1 “Statement of Net Position” in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for “Non-current liabilities” and “Net investment in capital assets” is \$416,501,493 for the Primary Government and the Schools. The effect on the Statement of Activities includes \$7,988,055 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. 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, 2016 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	\$1,099,428	\$-
IDA Bond Fund	-	75,155
Section 8 Housing	-	920,865
Printing Fund	-	103,408
	<u>\$1,099,428</u>	<u>\$1,099,428</u>

Due to/from primary government and component unit

	<u>Receivables</u>	<u>Payables</u>
	<u>Entity</u>	<u>Entity</u>
General Fund	(\$274,678)	\$74,716,491
School Funds:		
Operating		
Primary Government	63,301,232	-
Community Activities		
Primary Government	1,312,275	-
Pay-As-You-Go		
Primary Government	10,102,984	-
CSA		
Primary Government	-	(274,678)
	<u>\$74,441,813</u>	<u>\$74,441,813</u>

ARLINGTON COUNTY, VIRGINIA

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The primary purpose of interfund transfers is to provide funding for operations and capital projects. Interfund transfers for the year ended June 30, 2016 are as follows:

Transfer	General Fund	Capital Projects Fund	Internal Service Fund	Total Transfers Out
General Fund	\$-	\$19,890,523	\$231,484	\$20,122,007
Capital Projects Fund	400,000	-	-	400,000
Special Revenue Fund	75,589	-	-	75,589
Non-major Capital Projects Fund	1,052,498	-	-	1,052,498
Internal Service Fund	130,000	-	-	130,000
Total Transfers In	<u>\$1,658,087</u>	<u>\$19,890,523</u>	<u>\$231,484</u>	<u>\$21,780,094</u>

NOTE 12. Fund Balance

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

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

\$1,382,728	Section 8 Housing
<u>4,275</u>	Neighborhood Conservation Bond Fund
<u>\$1,387,003</u>	

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

\$5,000,000	Self-insurance reserve
2,057,099	Capital projects
57,997,382	Operating reserve
562,321	Incomplete Projects
36,834,387	Affordable Housing Investment Fund
25,164,263	Subsequent years' budget – Schools
7,165,939	Subsequent years' County budget
3,000,000	Economic & revenue stabilization contingent

The County has committed a General Fund balance self-insurance reserve of \$5,000,000 as of June 30, 2016. The County maintains a General Fund operating reserve, of committed and assigned funds, that totaled \$59,885,262 as of June 30, 2016. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily. By adopted County Board policy, the operating reserve, will be maintained at no less than three percent of the General Fund budget, with a goal of increasing the reserve to five percent.

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

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

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

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 2016 – 2021 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 \$105 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 2016, the County paid \$30.3 million from its General Fund to subsidize WMATA's Metrobus, Metrorail and MetroAccess operating costs.

B. Construction Commitments

As of June 30, 2016 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Project Funds	\$60,983,547
Utilities Funds	<u>9,276,469</u>
	<u><u>\$70,260,016</u></u>

These projects include the Transportation Infrastructure, Government Facilities, Parks and Playgrounds, Technology Equipment and Systems, Utility Water Distribution System Improvements, Sanitary Sewer System Improvements, Wastewater Treatment Plant Improvements, and Stormwater Capital Programs.

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C. Waste-to-Energy Facility

Arlington Solid Waste Authority

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

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

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA

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On December 31, 2012 Arlington County and the City of Alexandria entered into a new Inter-local agreement and established the Waste To Energy Facility Monitoring Group Trust “WTE-FMG” and terminated the Alexandria/Arlington Waste Disposal Trust fund. The new trust oversees the operation of the facility and it has been used to pay consulting fees to the engineering firm for operations and maintenance audits of the facility, professional association fees and other payments related to the WTE facility. The Trust derives its revenue mainly from contributions by both jurisdictions and interest on invested funds. The funds are invested by Arlington County in First Virginia Community Bank, the carrying value of the funds totaled \$97,007 and \$61,536 and the bank balance totaled \$109,709 and \$65,436 at June 30, 2016 and June 30, 2015 respectively. During FY 2016 the Fund had \$118,492 as revenues and project-related expenditures of \$87,891.

E. 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 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

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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 2016, \$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.

F. Industrial Development Authority Affordable Housing Project

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

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

State and federal laws and regulations require the County to pay for the closure and processing/removal of any medical waste on site at the DHS laboratory when it stops accepting waste to be processed by the steam sterilizer at the laboratory. Although closure costs will be paid only near or after the date that the laboratory is closed, the County reports a portion of the closure costs as an operating expense in each period based on a formula provided by the Virginia Department of Environmental Quality. The County has chosen the use of the annual operating budget as the method for funding the closure cost. Because the County satisfies the requirements of section 9VAC20-70-210 of the Virginia General Assembly legislative Information System administrative code, the reported liability for the closure at June 30, 2016 is \$4,036.

H. Litigation

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

NOTE 14. Joint Ventures

A. Northern Virginia Criminal Justice Academy

The County participates in a joint venture with Loudoun County and the Cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park to provide training for sworn law enforcement and correctional officers to satisfy requirements mandated by the Commonwealth of Virginia. The Industrial Development Authority of Loudoun County, Virginia issued \$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993, to finance the acquisition, renovation, and equipment of the Academy Training Center. The County, the City of Alexandria, and Loudoun County have entered into a capital lease with the Industrial Development Authority of Loudoun County. The County maintains an equity interest only in the

ARLINGTON COUNTY, VIRGINIA

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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 2006, the County Board approved a resolution which committed the County to enter into an Agreement with the Academy. The Counties of Arlington, Loudoun and Prince William and the City of Alexandria (Principal Members) agreed to facilitate the financing of the acquisition and construction of an Emergency Vehicle Operating Center ("EVOCC") on property to be owned by the Academy; refinance existing indebtedness (\$6,585,000 Northern Virginia Criminal Justice Academy Lease Revenue Bonds, Series 1993) issued by the Industrial Development Authority of Loudoun County; establish a debt service reserve fund, if needed and finance costs of issuance related to the transaction. The financing of the EVOC was accomplished by the issuance of lease revenue bonds (the "Academy Bonds") by the Loudoun IDA in the aggregate principal amount of \$18,650,000.

The Academy Bonds are payable solely from the revenues derived by the Loudoun IDA from a financing lease between the Authority and the Principal members. The Loudoun IDA leases the EVOC to the Principal Members who have agreed to make rental payment, subject to annual appropriations sufficient to pay the principal and interest on the Academy Bonds, maintain certain reserve requirements and apply other costs, if any associated with the EVOC. In 2011, \$4M of the outstanding bonds was advance refunded.

The Academy Bonds do not constitute a debt or a pledge of the credit or taxing powers of Arlington County and the Loudoun IDA is not obligated to make any payments on the Academy Bonds except from payments made on behalf of the County and other Principal Members under the financing lease.

In addition, the County pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained as well as capital costs in the form of debt service payments associated with the bond financing of the construction of the Emergency Vehicle Operations Center (EVOC). In FY 2016, the County paid \$680,988 in combined 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. 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 2016, the County paid \$750,517 in combined 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

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

NOTE 16. Employee Retirement Systems

The County maintains a single-employer, defined benefit pension plan, the Arlington County Employees' Retirement System ("System"), which covers substantially all employees of the County Board. The County also participates in two Virginia Retirement System ("VRS") plans that covers most School Board employees and some County employees associated with state agencies. The two VRS plans are cost-sharing employer plans – VRS Teacher Retirement Plan and an agent Political Subdivision Arlington Public Schools plan. The System was established under Chapters 46, 35, and 21 of the Arlington County Code.

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 plans may be obtained from the Virginia Retirement System, Attn: William Sullivan, P. O. Box 2500, Richmond, Virginia, 23218.

A. Arlington County Employees' Retirement System

Plan Description

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

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

Plan Administration

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

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

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

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

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

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

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

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Plan Membership

At June 30, 2016, System membership consisted of the following:

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Active Employees:				
Vested	1,711	620	24	2,355
Non-vested	<u>1,004</u>	<u>207</u>	-	<u>1,211</u>
Total Active Employees	2,715	827	24	3,566
Vested Deferred	436	73	50	559
Retirees and Beneficiaries	2,131	797	981	3,909

Benefits Provided

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

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

All normal retirement benefits vest after five years of credited service. If an employee leaves covered employment before five years of credited service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary. A summary of member contribution rates, normal service retirement and average final compensation for the employees covered under the various Chapters of the Arlington County Code for the period ending June 30, 2016 is provided in the next section below.

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

The System also provides a DROP (Deferred Retirement Option Plan) for employees eligible for retirement. Retirement benefits are paid into a stable value investment fund for DROP participants.

Member Contributions and Retirement Benefits

	<u>Participants Covered Under Arlington County Code Chapter</u>		
	<u>21</u>	<u>35</u>	<u>46</u>
Covers Employees Hired:	Before 2/8/81	Before 2/8/81	2/8/81 or After
Contribution Rates:			
<i>General Employees</i>	4%	N/A	4%
<i>School Board Employees</i> <i>(Covered by VRS)</i>	0%	0%	0%
<i>Uniformed Employees:</i>			
- Management	5.62%	N/A	5% through 1/3/09,
- Non-Management	6.62%	N/A	5% through 1/3/09, 7.5% thereafter
Normal Retirement Age:			

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

Contributions

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

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

For the year ended June 30, 2016, the active member contribution rate was 4% of pay for general employees and 7.5% of pay for uniformed employees. The County’s blended contribution rate was 21.9% of annual covered payroll.

Rate of Return

For the year ending June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 0.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability/ (Asset)

The County’s net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions:

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

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions will be made at rates determined by the Retirement Board, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the actuarial assumed rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was decreased from 7.5% as of June 30, 2014.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease) (\$ in millions)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/2014	\$1,888.1	\$1,979.6	(\$91.5)
Changes for the year:			
Service cost	54.8	-	54.8
Interest	135.6	-	135.6
Differences between expected and actual experience	(16.2)	-	(16.2)
Contributions - employer	-	58.2	(58.2)
Contributions - employee	-	12.2	(12.2)
Net investment income	-	37.3	(37.3)
Benefit payments, including refunds of employee contributions	(90.8)	(90.8)	0.0
Administrative expense	-	(1.5)	1.5
Net changes	<u>83.4</u>	<u>15.4</u>	<u>68.0</u>
Balances at 6/30/2015	<u>\$1,971.5</u>	<u>\$1,995.0</u>	<u>(\$23.5)</u>

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

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

	<u>1.00% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County's net pension liability/ (asset)	\$246.0	(\$23.5)	(\$245.1)

The System's Fiduciary Net Position

Detailed information about the System's fiduciary net position is available in a separately issued Arlington County Employees' Retirement System financial report.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the County recognized pension expense of \$22.2 million. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$-	\$17,700,000
Changes of assumptions	14,600,000	-
Net difference between projected and actual earning on the System's investments	-	21,600,000
Total	<u>\$14,600,000</u>	<u>\$39,300,000</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30 (\$ in millions):

2017	(\$13.7)
2018	(13.9)
2019	(18.3)
2020	21.2
Thereafter	-

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Schedule of Changes in the Political Subdivision's Net Pension Liability (Asset) and Related Ratios

(\$ in millions)

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$54.8	\$52.1
Interest	135.6	131.6
Differences between expected and actual experience	(16.20)	(11.0)
Changes of assumptions	-	29.4
Benefit payments, including refunds of employee contributions	<u>(90.80)</u>	<u>(86.3)</u>
Net change in total pension liability	83.4	115.8
Total pension liability -- beginning	<u>1,888.1</u>	<u>1,772.3</u>
Total pension liability -- ending	<u>\$1,971.5</u>	<u>\$1,888.1</u>
Plan fiduciary net position		
Contributions - employer	58.2	\$53.7
Contributions - employee	12.2	11.9
Net investment income	37.3	304.2
Benefit payments, including refunds of employee contributions	(90.80)	(86.3)
Administrative expense	<u>(1.50)</u>	<u>(0.7)</u>
Net change in plan fiduciary net position	15.4	282.8
Plan fiduciary net position - beginning	<u>1,979.6</u>	<u>1,696.8</u>
Plan fiduciary net position - ending	<u>\$1,995.0</u>	<u>\$1,979.6</u>
County's net pension liability (asset) - ending	<u>(\$23.5)</u>	<u>(\$91.5)</u>
Plan fiduciary net position as a percentage of the total pension liability	101.2%	104.85%
Covered- employee payroll	243.5	\$252.4
County's net position liability as a percentage of covered-employee payroll	9.7%	(0.4)

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Last 10 Fiscal Years
(\$ in millions)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$54.5	\$58.2	\$53.7	\$48.0	\$46.3	\$43.2	\$42.0	\$37.1	\$28.4	\$24.5
County contributions in relation to the actuarially determined contributions	54.5	58.2	53.7	48.0	46.3	43.2	42.0	37.1	28.4	24.5
Contribution deficiency/ (excess)	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Contributions as a percentage of covered-employee payroll	21.9%	23.9%	22.6%	20.6%	20.7%	20.5%	19.9%	13.8%	12.6%	10.5%

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employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 18.20%, however, it was reduced to 17.64% as a result of the transfer. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contribution to the pension plan from the school division were \$41,585,000 and \$44,475,000 for the years ended June 30, 2016 and June 30, 2015, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the school division reported a liability of \$441,730,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was 3.50% as compared to 3.41% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$35,162,000. Since there was a change in proportionate share between measurement dates, a portion of the expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2016, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$-	\$6,083,000
Net difference between projected and actual earnings on pension plan investments	-	27,050,000
Changes in proportion and differences between Employer contributions and proportionate share of contributions	12,533,000	-
Employer contributions subsequent to the measurement date	41,585,000	-
Total	<u>\$54,118,000</u>	<u>\$33,133,000</u>

The \$41,585,000 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30, (\$ in thousands):

2017	(\$9,165)
2018	(9,165)
2019	(9,165)
2020	6,375
Thereafter	520

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation:	2.5 percent
Salary increases, including Inflation:	3.5 percent – 5.95 percent
Investment rate of return:	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System

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investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long- Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		* Expected arithmetic nominal return	<u>8.33%</u>

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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	<u>1.00% Decrease (6.00%)</u>	<u>Current Discount Rate(7.00%)</u>	<u>1.00% Increase (8.00%)</u>
School division's proportionate share of their VRS Teacher Employee Retirement Plan Net Pension Liability	\$646,431,000	\$441,730,000	\$273,219,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Schedule of Employer's Share of Net Pension Liability
VRS Teacher Retirement Plan
For the Year Ended June 30, 2016 and 2015 ***

	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	3.50960%	3.41217%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$441,730,000 ¹	\$412,350,000
Employer's Covered-Employee Payroll	\$278,505,978 ²	\$264,893,277
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	158.61%	155.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

**Schedule of Employer Contributions
For the Year Ended June 30, 2016 and 2015**

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Date	(1)	(2)	(3)	(4)	(5)
2016	\$39,157,940	\$41,585,081	(\$2,427,141)	\$278,505,978	14.06%
2015	38,409,525	37,194,010	1,215,515	264,893,277	14.04%

Schedule is intended to show information for 10 years. Since 2016 is the second year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this

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was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four- year period ending June 30, 2012:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

C. Virginia Retirement System (VRS) Political Subdivision Plan

Plan Description

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by VRS Retirement Plan upon employment. This cost sharing plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria a defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria.

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries curenly receiving benefits	72
Inactive Member:	
Vested inactive members	43
Non-vested inactive members	171
Inactive members active elsewhere in VRS	-
VRS Total inactive members	<u>286</u>
Active Members	<u>510</u>
Total Covered employees	<u><u>796</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the

ARLINGTON COUNTY, VIRGINIA

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employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The political subdivision's contractually required contribution rate for the year ended June 30, 2016 was 6.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the pension plan from the political subdivision were \$954,339 and \$1,709,102 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

At June 30, 2016, the political subdivision reported a liability of \$3.4 million for its proportionate share of the Net Pension Liability. The political subdivisions net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation:	2.5 percent
Salary increases, including Inflation:	3.5 percent – 5.35%
Investment rate of return:	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 14 % of deaths are assumed to be service related

Largest 10 – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) – Non-LEOS:

Pre-Retirement:

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RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		* Expected arithmetic nominal return	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the political subdivision using the discount rate of 7.00%, as well as what the political subdivision's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's Net Pension Liability/(Asset)	\$9,398,000	\$3,429,950	(\$1,473,000)

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For the year ended June 30, 2016, the political subdivision recognized pension expense of \$1,119,000. At June 30, 2016, the political subdivision reported deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$954,339	\$-
Difference between expected and actual experience	190,000	-
Net difference between projected and actual earnings on plan investments	632,000	-
Net difference between projected and actual earnings on plan investments	-	1,472,000
Total	<u>\$1,776,339</u>	<u>\$1,472,000</u>

The amount \$954,339 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2017	(\$286,000)
2018	(286,000)
2019	(286,000)
2020	205,000
Thereafter	1,000

For the Year Ended June 30, 2016

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Date	(1)	(2)	(3)	(4)	(5)
2016	\$1,234,142	\$1,199,863	\$34,279	\$17,912,069	6.70%
2015	\$1,302,210	\$1,709,102	(\$423,396)	\$18,922,234	9.12%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, only one additional year of data is available. However, additional years will be included as they become available.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material. of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four- year period ending June 30, 2012:

Largest 10 – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

NOTE 17. Other Post-Employment Benefits (OPEB)

A. County OPEB

Plan Description

In addition to the pension benefits described in Note 16, the County administers a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the County Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the County intends to fund the annual required contribution (ARC) in future years. For full career employees, the County currently contributes between 16% and 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. For FY 2016 the County contributed \$12,307,062 and \$549,789 towards health and life plans respectively. Plan members receiving benefits contributed \$3,696,000 and \$344,847 towards health and life plans respectively. The County contributed an additional \$6,850,000 in pre-funding contributions towards health and life plans for retirees.

Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if

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it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components to the plan, and changes in the County's net OPEB obligations:

Annual required contribution	\$18,448,969
Interest on net OPEB obligation	(65,580)
Adjustment to annual required contribution	<u>53,770</u>
Annual OPEB cost (expense)	18,437,159
Contributions made	<u>19,706,851</u>
Increase in net OPEB assets	(1,269,692)
Net OPEB assets - beginning of year	<u>(904,554)</u>
Net OPEB assets - end of year	<u><u>(\$2,174,246)</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, 2016, 2015 and 2014 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
06/30/2014	\$19,885,274	105.3%	(\$352,496)
06/30/2015	\$18,928,794	102.9%	(\$904,554)
06/30/2016	\$18,437,159	106.9%	(\$2,174,246)

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$265.4 million and the actuarial value of assets was \$85.4 million, resulting in an unfunded actuarial accrued liability of \$180.0 million.

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

Actuarial Methods and Assumptions

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

In the June 30, 2016, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included salary increases of 3.5 percent for general salary inflation as well as additional increases for merit and seniority:

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<u>Service</u>	<u>General</u>	<u>Uniform</u>
0	4.15%	6.50%
5	3.65%	5.12%
10	3.15%	4.07%
15	2.75%	3.18%
20	2.45%	2.80%
25+	2.00%	2.80%

The annual healthcare cost trend rate is 8.0 percent, grading to 5.0 percent by 2027. The annual dental trend rate is assumed to be a constant 5.0 percent in the future. 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 a closed group over thirty years. The remaining amortization period as of June 30, 2016 is twenty-seven years.

Three years of 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.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
07/01/2013	\$58.15	\$263.87	\$205.72	22.0%	N/A	N/A
07/01/2014	\$75.21	\$255.66	\$180.45	29.4%	N/A	N/A
07/01/2015	\$85.38	\$265.39	\$180.02	32.2%	N/A	N/A

B. Schools OPEB

Plan Description

In addition to the pension benefits described in Note 16, the Schools administer a single-employer defined benefit healthcare plan. The plan provides post-employment health care benefits to all eligible permanent employees who meet the requirements under the Schools' pension plans. The plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members are established and may be amended by the School Board. Funding for these benefits is currently made on a pay-as-you-go basis; however, the School Board intends to fund the annual required contribution (ARC) in future years. For full career employees, the Schools currently contributes between 10% and 77%, based on coverage selected, towards the cost of medical premiums. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2016 the Schools' contributed \$5,871,804 and an additional \$2,161,252 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$1,409,565 towards health plans.

Annual OPEB Cost and Net OPEB Obligation

The Schools' annual OPEB cost (expense) is calculated based on the ARC of the employer, by using the Entry Age Actuarial Cost Method, an amount actuarially determined in accordance with the parameters of GASB Statement 45. Under this method, the normal cost rate is the percentage of pay contribution which would be sufficient to fund the plan benefits if it were paid from each member's entry into the plan until termination or retirement. The ARC represents a level of funding

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JUNE 30, 2016

that, if paid on an ongoing basis, is projected to cover normal cost each year. Management has chosen to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components to the plan, and changes in the School's net OPEB obligations:

Annual required contribution	\$9,072,082
Interest on net OPEB obligation	1,044,205
Adjustment to annual required contribution	<u>(823,067)</u>
Annual OPEB cost (expense)	9,293,220
Contributions made	<u>(8,033,056)</u>
Increase in net OPEB obligation	1,260,164
Net OPEB liability-beginning of year	<u>14,402,826</u>
Net OPEB liability- end of year	<u><u>\$15,662,990</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, 2016, 2015 and 2014 were as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
06/30/2014	\$7,891,736	100.2%	\$14,626,895
06/30/2015	\$7,776,639	102.9%	\$14,402,826
06/30/2016	\$9,293,220	86.4%	\$15,662,990

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$135.6 million, of which \$38.9 million was funded. The covered payroll (annual payroll of active employees covered by the plan) was \$275.6 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 35.1 percent. The Schools contributed an additional \$2.2 million into the Retiree Welfare Benefit Trust during FY 2016.

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 2015/2016 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included an 7.25 percent investment return, salary increases of 3.50 percent, and an annual healthcare cost trend rate of 8.25 percent initially, grading to 5.0 percent over fifteen years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period as of June 30, 2016 is thirty years.

Three years of 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.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
07/01/2013	\$26.59	\$107.78	\$81.19	24.70%	\$204.26	39.80%
07/01/2014	\$34.55	\$111.57	\$77.02	31.00%	\$211.92	36.30%
07/01/2015	\$38.98	\$135.60	\$96.68	28.70%	\$275.63	35.80%



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, 2016

ASSETS	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS											Total Non-Major Governmental Funds
	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund	
Equity in pooled cash and investments	\$141,051	\$886,534	\$1,954,673	\$1,321,479	\$3,319,982	\$-	\$10,433,901	\$9,828,271	\$31,914,391	\$22,436,919	\$31,706,767	\$4,625	\$44	\$155,635,179	\$12,246,293	\$517,537	\$-	\$282,347,646
Receivables, net	-	-	-	-	19,994,874	-	-	-	-	68,554	-	-	-	2,784,152	-	-	-	22,847,580
Receivables from other governments	-	-	-	-	254,994	66,500	-	-	-	-	-	-	-	4,250,916	54,331	-	-	4,626,741
Prepaid	-	-	-	-	-	1,382,728	-	4,275	-	-	-	-	-	-	-	-	-	1,387,003
Total assets	\$141,051	\$886,534	\$1,954,673	\$1,321,479	\$23,569,850	\$1,449,228	\$10,433,901	\$9,832,546	\$31,914,391	\$22,505,473	\$31,706,767	\$4,625	\$44	\$162,670,247	\$12,300,624	\$517,537	\$-	\$311,208,970
LIABILITIES AND DEFERRED INFLOWS																		
LIABILITIES																		
Accounts Payable	\$141,051	\$-	\$-	\$-	\$227,494	\$1,016,958	\$3,784,546	\$760,270	\$703,457	\$400,743	\$196,322	\$-	\$-	\$3,279,899	\$81,593	\$-	\$15,717	\$10,608,050
Other liabilities	-	-	-	-	10,115,798	-	-	3,200	253,127	-	-	-	-	1,891,503	-	-	75,155	12,338,783
Total liabilities	141,051	-	-	-	10,343,292	1,016,958	3,784,546	763,470	956,584	400,743	196,322	-	-	5,171,402	81,593	-	90,872	22,946,833
Deferred Inflows	-	815,283	1,801,495	1,284,079	13,226,558	432,270	-	-	-	-	-	-	-	-	-	-	-	17,559,685
Total Liabilities and Deferred Inflows	141,051	815,283	1,801,495	1,284,079	23,569,850	1,449,228	3,784,546	763,470	956,584	400,743	196,322	-	-	5,171,402	81,593	-	90,872	40,506,518
FUND BALANCES																		
Nonspendable	-	-	-	-	-	1,382,728	-	4,275	-	-	-	-	-	-	-	-	-	1,387,003
Restricted	-	71,251	153,178	37,400	-	-	-	-	-	-	-	-	-	22,682,341	-	-	-	22,944,170
Unrestricted	-	-	-	-	-	(1,382,728)	-	-	-	-	-	-	-	-	-	-	(90,872)	(1,473,600)
Committed	-	-	-	-	-	-	6,649,355	9,064,801	30,957,807	22,104,730	31,510,445	4,625	44	134,816,504	12,219,031	517,537	-	247,844,879
Total fund balances	-	71,251	153,178	37,400	-	-	6,649,355	9,069,076	30,957,807	22,104,730	31,510,445	4,625	44	157,498,845	12,219,031	517,537	(90,872)	270,702,452
Total liabilities and fund balances	\$141,051	\$886,534	\$1,954,673	\$1,321,479	\$23,569,850	\$1,449,228	\$10,433,901	\$9,832,546	\$31,914,391	\$22,505,473	\$31,706,767	\$4,625	\$44	\$162,670,247	\$12,300,624	\$517,537	\$-	\$311,208,970

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS										Total Non-Major Governmental Funds	
	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Columbia Pike TIF		IDA Bond Fund
REVENUES:																	
Other local taxes	\$1,538,056	\$3,492,808	\$2,528,049	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$7,558,913
Real estate taxes	-	-	-	-	-	-	-	9,013,936	-	-	-	-	24,423,284	3,980,241	308,369	-	37,725,830
Intergovernmental	-	-	-	1,467,802	17,490,977	-	-	171,104	-	-	-	-	21,105,627	215,983	-	-	40,451,493
Interest income	636	1,469	634	-	-	60,579	39,675	122,416	-	124,490	-	-	50,312	-	-	1,324	401,535
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	1,824,118	-	-	-	-	1,824,118
Total revenues	1,538,692	3,494,277	2,528,683	1,467,802	17,490,977	60,579	39,675	122,416	9,185,040	124,490	-	-	47,403,341	4,196,224	308,369	1,324	87,961,889
EXPENDITURES:																	
Planning and community development	1,499,413	3,414,382	2,488,910	1,467,802	17,490,977	-	-	-	-	-	-	-	-	-	-	-	26,361,484
Intergovernmental:																	
Community development	-	-	-	-	-	562,584	-	-	8,129,930	-	-	-	8,730,445	261,995	-	-	17,684,954
Debt Service																	
Principal	-	-	-	-	-	-	-	-	-	-	-	-	334,688	-	-	-	334,688
Interest	-	-	-	-	-	-	-	-	-	-	-	-	337,760	-	-	-	337,760
Capital outlay	-	-	-	-	-	12,617,107	3,962,711	7,474,429	300,142	4,019,965	-	-	27,272,246	981,073	-	-	56,627,673
Total expenditures	1,499,413	3,414,382	2,488,910	1,467,802	17,490,977	13,179,691	3,962,711	7,474,429	8,430,072	4,019,965	-	-	36,675,139	1,243,068	-	-	101,346,559
Revenues over (under) expenditures	39,279	79,895	39,773	-	-	(13,119,112)	(3,923,036)	(7,352,013)	754,968	(3,895,475)	-	-	10,728,202	2,953,156	308,369	1,324	(13,384,670)
OTHER FINANCING SOURCES(USES):																	
Proceeds from sale of bonds	-	-	-	-	-	3,075,000	4,000,000	8,365,000	-	5,610,000	-	-	1,600,000	-	-	-	22,650,000
Payments to refunded bond escrow agent	-	-	-	-	-	(13,804,924)	(9,470,368)	(7,117,973)	-	(27,680,240)	(2,533,451)	(1,072,517)	17,419,589	-	-	-	(44,259,884)
Proceeds from sale of refunding bonds	-	-	-	-	-	13,758,132	9,438,268	7,093,846	-	27,586,418	2,524,864	1,068,883	(17,478,833)	-	-	-	43,991,578
Deferred cost of refunding	-	-	-	-	-	46,792	32,100	24,127	-	93,822	8,587	3,634	59,244	-	-	-	268,306
Transfers out	(15,381)	(34,928)	(25,280)	-	-	(60,579)	(39,675)	(122,416)	-	(124,490)	-	-	(704,014)	-	-	(1,324)	(1,128,087)
Total Other financing sources (uses)	(15,381)	(34,928)	(25,280)	-	-	3,014,421	3,960,325	8,242,584	-	5,485,510	-	-	895,986	-	-	(1,324)	21,521,913
Net change in fund balances	23,898	44,967	14,493	-	-	(10,104,691)	37,289	890,571	754,968	1,590,035	-	-	11,624,188	2,953,156	308,369	-	8,137,243
FUND BALANCE, beginning of year	47,353	108,211	22,907	-	-	16,754,046	9,031,787	30,067,236	21,349,762	29,920,410	4,625	44	145,874,657	9,265,875	209,168	(90,872)	262,565,209
FUND BALANCE, end of year	\$71,251	\$153,178	\$37,400	\$-	\$-	\$6,649,355	\$9,069,076	\$30,957,807	\$22,104,730	\$31,510,445	\$4,625	\$44	\$157,498,845	\$12,219,031	\$517,537	(\$90,872)	\$270,702,452



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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016	2015
ASSETS		
Equity in pooled cash and investments	\$274,397,190	\$278,467,444
Petty cash	1,650	1,650
Cash with fiscal agents	272,426	270,426
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	380,137,394	370,304,643
Accounts	16,955,741	22,683,366
Accrued interest	789,016	792,495
Due from other governments	4,911,704	5,181,483
Temporary loan to fund	1,099,428	1,925,681
Due from component unit	274,678	129,645
Other assets	833,638	15,900,631
	\$679,672,865	\$695,657,464
LIABILITIES AND DEFERRED INFLOWS		
LIABILITIES:		
Accrued payroll liabilities	\$28,066,670	\$24,373,293
Vouchers payable	7,124,724	6,088,630
Current maturities of interest payable	267,304	267,304
Other current liabilities	2,485,476	2,546,340
Unearned revenue	238,831	15,505,500
Due to component unit	74,716,491	80,125,408
Total Liabilities	112,899,496	128,906,475
Deferred Inflows	375,529,510	366,490,913
Total Liabilities and Deferred Inflows	488,429,006	495,397,388
FUND BALANCE:		
<u>Restricted for:</u>		
Seized assets	1,515,487	2,459,482
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Subsequent years' County budget	7,165,939	4,529,331
Capital projects	2,057,099	2,833,146
Operating reserve	57,997,382	57,385,360
Economic & revenue stabilization contingent	3,000,000	8,599,377
Incomplete projects	562,321	281,390
Affordable Housing Investment Fund	36,834,387	36,914,040
Subsequent years' School's budget	25,164,263	29,898,607
<u>Assigned to:</u>		
Subsequent years' County budgets	5,950,000	8,904,967
Subsequent years' County capital projects	17,248,521	16,289,709
Operating reserve	1,887,880	612,022
Fresh AIRE program	652,621	1,029,381
Incomplete projects	2,531,501	2,562,778
Affordable Housing Investment Fund	23,676,458	22,960,486
	191,243,859	200,260,076
Total Fund Balance	191,243,859	200,260,076
Total Liabilities, Deferred Inflows and Fund Balance	\$679,672,865	\$695,657,464

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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	2016		VARIANCE POSITIVE (NEGATIVE)	2015 ACTUALS
	BUDGET	ACTUAL		
REVENUES:				
Taxes	\$964,902,100	\$986,485,760	\$21,583,660	\$956,794,531
Licenses and permits	10,617,350	9,846,558	(770,792)	11,231,202
From the Commonwealth of Virginia	78,548,041	71,790,714	(6,757,327)	68,398,285
From the federal government	17,316,742	17,035,639	(281,103)	16,786,473
Charges for services	54,137,841	54,490,980	353,139	52,682,001
Fines and forfeitures	8,823,148	7,059,138	(1,764,010)	7,941,007
Use of money and property	6,281,895	9,451,264	3,169,369	7,765,181
Miscellaneous revenues	2,914,494	12,255,370	9,340,876	14,023,060
Total Revenues	1,143,541,611	1,168,415,423	24,873,812	1,135,621,740
EXPENDITURES:				
Current:				
General government	58,975,435	58,102,190	873,245	55,727,326
Judicial administration	58,746,325	58,677,922	68,403	55,442,490
Public safety	136,360,146	133,129,820	3,230,326	128,820,489
Environmental services	88,310,428	90,929,047	(2,618,619)	85,161,962
Health and welfare	136,938,477	127,949,353	8,989,124	122,965,470
Parks and recreation	39,326,392	37,974,121	1,352,271	35,939,966
Libraries	13,258,393	12,999,158	259,235	13,007,081
Planning and community development	22,580,758	21,574,057	1,006,701	22,202,027
Non-departmental	115,838,613	63,067,532	52,771,081	73,575,715
Contributions to regional agencies	38,276,601	36,511,912	1,764,689	37,706,701
Debt service:				
Principal	39,541,131	39,843,463	(302,332)	40,845,031
Interest on serial bonds	20,323,869	18,360,273	1,963,596	18,004,307
Other costs	35,000	5,732	29,268	30,403
Total Expenditures	768,511,568	699,124,580	69,386,988	689,428,968
Revenues over Expenditures	375,030,043	469,290,843	94,260,800	446,192,772
OTHER FINANCING SOURCES(USES):				
Transfers in	3,799,803	1,839,700	(1,960,103)	1,119,433
Transfers from component unit	-	255,240	255,240	87,699
Transfers out	(20,656,887)	(20,278,358)	378,529	(30,265,942)
Transfers to component unit	(481,535,652)	(464,986,648)	16,549,004	(453,343,649)
Premium on sales of bonds	-	4,863,006	4,863,006	3,415,826
Total Other Financing Sources(Uses)	(498,392,736)	(478,307,060)	20,085,676	(478,986,633)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(123,362,693)	(9,016,217)	114,346,476	(32,793,861)
FUND BALANCE, beginning of year	200,260,076	200,260,076	-	233,053,937
FUND BALANCE, end of year	\$76,897,383	\$191,243,859	\$114,346,476	\$200,260,076



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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals	
							June 30, 2016	June 30, 2015
ASSETS								
Equity in pooled cash and investments	\$141,051	\$886,534	\$1,954,673	\$1,321,479	\$3,319,982	\$-	\$7,623,719	\$6,906,357
Receivable from other government	-	-	-	-	254,994	66,500	321,494	435,429
Long-term receivables	-	-	-	-	19,994,874	-	19,994,874	20,812,115
Prepaid expenses	-	-	-	-	-	1,382,728	1,382,728	1,265,793
Total Assets	\$141,051	\$886,534	\$1,954,673	\$1,321,479	\$23,569,850	\$1,449,228	\$29,322,815	\$29,419,694
LIABILITIES AND DEFERRED INFLOWS								
LIABILITIES								
Vouchers payable	\$141,051	\$-	\$-	\$-	\$227,494	\$96,093	\$464,638	\$414,123
Temporary Loan - G. Fund	-	-	-	-	-	920,865	\$920,865	797,505
Long-term liabilities	-	-	-	-	10,115,798	-	10,115,798	10,445,602
Total Liabilities	141,051	-	-	-	10,343,292	1,016,958	11,501,301	11,657,230
Deferred Inflows	-	815,283	1,801,495	1,284,079	13,226,558	432,270	17,559,685	17,583,993
Total Liabilities and Deferred Inflows	141,051	815,283	1,801,495	1,284,079	23,569,850	1,449,228	29,060,986	29,241,223
FUND BALANCES								
- Nonspendable	-	-	-	-	-	1,382,728	1,382,728	1,265,793
- Restricted	-	71,251	153,178	37,400	-	-	261,829	178,471
- Unrestricted	-	-	-	-	-	(1,382,728)	(1,382,728)	(1,265,793)
Total Fund Balances	-	71,251	153,178	37,400	-	-	261,829	178,471
Total Liabilities and Fund Balances	\$141,051	\$886,534	\$1,954,673	\$1,321,479	\$23,569,850	\$1,449,228	\$29,322,815	\$29,419,694

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Dev. Grants	Section 8 Housing Program	Totals	
						June 30, 2016	June 30, 2015
REVENUES:							
Other local taxes	\$1,538,056	\$3,492,808	\$2,528,049	\$-	\$-	\$7,558,913	\$7,672,624
From the federal government	-	-	-	1,467,802	17,490,977	18,958,779	16,372,155
Total revenues	1,538,056	3,492,808	2,528,049	1,467,802	17,490,977	26,517,692	24,044,779
EXPENDITURES:							
Current -							
Community development	1,499,413	3,414,382	2,488,910	1,467,802	-	8,870,507	8,863,557
Housing program	-	-	-	-	17,490,977	17,490,977	17,219,017
Total expenditures	1,499,413	3,414,382	2,488,910	1,467,802	17,490,977	26,361,484	26,082,574
Revenues over (under) expenditures	38,643	78,426	39,139	-	-	156,208	(2,037,795)
OTHER FINANCING SOURCES(USES):							
Interest	636	1,469	634	-	-	2,739	2,302
Transfers out	(15,381)	(34,928)	(25,280)	-	-	(75,589)	(76,726)
Total other financing sources(uses)	(14,745)	(33,459)	(24,646)	-	-	(72,850)	(74,424)
Revenues and other financing sources (uses) over expenditures	23,898	44,967	14,493	-	-	83,358	(2,112,219)
FUND BALANCES, beginning of year	47,353	108,211	22,907	-	-	178,471	2,290,690
FUND BALANCES, end of year	\$71,251	\$153,178	\$37,400	\$-	\$-	\$261,829	\$178,471

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$1,544,770</u>	<u>\$1,538,056</u>	<u>(\$6,714)</u>
Total revenue	<u>1,544,770</u>	<u>1,538,056</u>	<u>(6,714)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>1,529,322</u>	<u>1,499,413</u>	<u>29,909</u>
Revenues over(under) expenditures	<u>15,448</u>	<u>38,643</u>	<u>23,195</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	636	636
Transfers out	<u>(15,448)</u>	<u>(15,381)</u>	<u>67</u>
Total other financing sources(uses)	<u>(15,448)</u>	<u>(14,745)</u>	<u>703</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>23,898</u>	<u>23,898</u>
FUND BALANCE, beginning of year	<u>47,353</u>	<u>47,353</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$47,353</u></u>	<u><u>\$71,251</u></u>	<u><u>\$23,898</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$3,621,495</u>	<u>\$3,492,808</u>	<u>(\$128,687)</u>
Total revenue	<u>3,621,495</u>	<u>3,492,808</u>	<u>(128,687)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>3,585,294</u>	<u>3,414,382</u>	<u>170,912</u>
Revenues over(under) expenditures	<u>36,201</u>	<u>78,426</u>	<u>42,225</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	1,469	1,469
Transfers out	<u>(36,201)</u>	<u>(34,928)</u>	<u>1,273</u>
Total other financing sources(uses)	<u>(36,201)</u>	<u>(33,459)</u>	<u>2,742</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>44,967</u>	<u>44,967</u>
FUND BALANCE, beginning of year	<u>108,211</u>	<u>108,211</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$108,211</u></u>	<u><u>\$153,178</u></u>	<u><u>\$44,967</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$2,579,181</u>	<u>\$2,528,049</u>	<u>(\$51,132)</u>
Total revenue	<u>2,579,181</u>	<u>2,528,049</u>	<u>(51,132)</u>
EXPENDITURES:			
Special real estate tax assessments	<u>2,553,389</u>	<u>2,488,910</u>	<u>64,479</u>
Revenues over(under) expenditures	<u>25,792</u>	<u>39,139</u>	<u>13,347</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	634	634
Transfers out	<u>(25,792)</u>	<u>(25,280)</u>	<u>512</u>
Total other financing sources(uses)	<u>(25,792)</u>	<u>(24,646)</u>	<u>1,146</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>14,493</u>	<u>14,493</u>
FUND BALANCE, beginning of year	<u>22,907</u>	<u>22,907</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$22,907</u></u>	<u><u>\$37,400</u></u>	<u><u>\$14,493</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$5,491,055</u>	<u>\$1,467,802</u>	<u>(\$4,023,253)</u>
Total Revenues	<u>5,491,055</u>	<u>1,467,802</u>	<u>(4,023,253)</u>
EXPENDITURES:			
Community development	<u>5,491,055</u>	<u>1,467,802</u>	<u>4,023,253</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
SPECIAL REVENUE FUNDS
SECTION 8 HOUSING PROGRAM
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE
BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$18,259,867</u>	<u>\$17,490,977</u>	<u>(\$768,890)</u>
EXPENDITURES:			
Housing program	<u>18,459,963</u>	<u>17,490,977</u>	<u>968,986</u>
Revenues over (under) expenditures	<u>(200,096)</u>	<u>-</u>	<u>200,096</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>(\$200,096)</u></u>	<u><u>\$-</u></u>	<u><u>\$200,096</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, 2016
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Colubia Pike TIF	IDA Bond Fund	Totals	
													June 30, 2016	June 30, 2015
ASSETS:														
Equity in pooled cash and investments	\$102,610,695	\$10,433,901	\$9,828,271	\$31,914,391	\$22,436,919	\$31,706,767	\$4,625	\$44	\$155,635,179	\$12,246,293	\$517,537	\$-	\$377,334,622	\$374,262,211
Receivables	1,689,820	-	-	-	68,554	-	-	-	2,784,152	-	-	-	4,542,526	8,183,215
Receivables from other governments	2,937,937	-	-	-	-	-	-	-	4,250,916	54,331	-	-	7,243,184	3,443,299
Prepaid expenses	-	-	4,275	-	-	-	-	-	-	-	-	-	4,275	4,275
Total Assets	\$107,238,452	\$10,433,901	\$9,832,546	\$31,914,391	\$22,505,473	\$31,706,767	\$4,625	\$44	\$162,670,247	\$12,300,624	\$517,537	\$-	\$389,124,607	\$385,893,000
LIABILITIES AND FUND BALANCES														
LIABILITIES:														
Vouchers payable	\$11,171,154	\$3,784,546	\$760,270	\$703,457	\$400,743	\$196,322	\$-	\$-	\$3,279,899	\$81,593	\$-	\$15,717	\$20,393,701	\$13,730,793
Contracts payable-retainage	373,451	-	-	253,127	-	-	-	-	1,251,645	-	-	-	1,878,223	1,660,288
Unearned revenue	6,791,636	-	-	-	-	-	-	-	639,858	-	-	-	7,431,494	10,225,822
Other liabilities	995,028	-	3,200	-	-	-	-	-	-	-	-	\$75,155	1,073,383	675,982
Total Liabilities	19,331,269	3,784,546	763,470	956,584	400,743	196,322	-	-	5,171,402	81,593	-	90,872	30,776,801	26,292,885
FUND BALANCES:														
<u>Non-spendable</u>														
Prepaid	-	-	4,275	-	-	-	-	-	-	-	-	-	4,275	4,275
<u>Restricted:</u>														
Debt service	-	-	-	-	-	-	-	-	22,682,341	-	-	-	22,682,341	27,117,029
<u>Unrestricted:</u>														
<u>Committed to:</u>														
Capital projects	87,907,183	6,649,355	9,064,801	30,957,807	22,104,730	31,510,445	4,625	44	134,816,504	12,219,031	517,537	-	335,752,062	332,569,683
Total Fund Balances	87,907,183	6,649,355	9,069,076	30,957,807	22,104,730	31,510,445	4,625	44	157,498,845	12,219,031	517,537	(90,872)	358,347,806	359,600,115
Total Liabilities and Fund Balances	\$107,238,452	\$10,433,901	\$9,832,546	\$31,914,391	\$22,505,473	\$31,706,767	\$4,625	\$44	\$162,670,247	\$12,300,624	\$517,537	\$-	\$389,124,607	\$385,893,000

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transportation Capital Funds	Crystal City TIF	Colubia Pike TIF	IDA Bond Fund	Totals	
													June 30, 2016	June 30, 2015
REVENUES:														
From the Commonwealth of Virginia	\$7,787,831	\$-	\$-	\$-	\$31,295	\$-	\$-	\$-	\$20,328,271	\$215,983	\$-	\$-	\$28,363,380	\$28,242,013
From the federal government	10,578	-	-	-	-	-	-	-	-	-	-	-	10,578	20,000
Charges for services	1,528,052	-	-	-	139,809	-	-	-	777,356	-	-	-	2,445,217	17,165,907
Real estate taxes	-	-	-	-	9,013,936	-	-	-	24,423,284	3,980,241	308,369	-	37,725,830	36,706,161
Interest	-	60,579	39,675	122,416	-	124,490	-	-	50,312	-	-	1,324	398,796	128,438
Miscellaneous revenue	3,035,323	-	-	-	-	-	-	-	1,824,118	-	-	-	4,859,441	3,947,858
Total Revenues	12,361,784	60,579	39,675	122,416	9,185,040	124,490	-	-	47,403,341	4,196,224	308,369	1,324	73,803,242	86,210,377
EXPENDITURES:														
Inter Governmental:														
Community development	1,333,992	562,584	-	-	-	-	-	-	5,700,000	-	-	-	7,596,576	11,286,794
Current operating:														
General Government	808,762	-	-	-	8,129,930	-	-	-	3,030,445	261,995	-	-	12,231,132	9,608,390
Planning and Community Developm	248,917	-	-	-	-	-	-	-	-	-	-	-	248,917	254,890
Parks, recreation and Cultural Devel	54,997	-	-	-	-	-	-	-	-	-	-	-	54,997	34,090
Public Safety	425,441	-	-	-	-	-	-	-	-	-	-	-	425,441	27,372
Debt service:														
Principal	-	-	-	-	-	-	-	-	334,688	-	-	-	334,688	328,074
Interest	-	-	-	-	-	-	-	-	337,760	-	-	-	337,760	345,544
Capital outlay	43,704,962	12,617,107	3,962,711	7,474,429	300,142	4,019,965	-	-	27,272,246	981,073	-	-	100,332,635	83,994,332
Total Expenditures	46,577,071	13,179,691	3,962,711	7,474,429	8,430,072	4,019,965	-	-	36,675,139	1,243,068	-	-	121,562,146	105,879,486
Revenues Over/(Under) Expenditures	(34,215,287)	(13,119,112)	(3,923,036)	(7,352,013)	754,968	(3,895,475)	-	-	10,728,202	2,953,156	308,369	1,324	(47,758,904)	(19,669,109)
OTHER FINANCING SOURCES/(USES):														
Proceeds from lease purchase	5,418,570	-	-	-	-	-	-	-	-	-	-	-	5,418,570	6,383,803
Proceeds from sale of general obligation	-	3,075,000	4,000,000	8,365,000	-	5,610,000	-	-	1,600,000	-	-	-	22,650,000	44,440,000
Proceeds from sale of refunding bonds	-	13,758,132	9,438,268	7,093,846	-	27,586,418	2,524,864	1,068,883	17,419,589	-	-	-	78,890,000	-
Payments to refunded bond escrow age	-	(13,804,924)	(9,470,368)	(7,117,973)	-	(27,680,240)	(2,533,451)	(1,072,517)	(17,478,833)	-	-	-	(79,158,306)	-
Cost of refunding bonds	-	46,792	32,100	24,127	-	93,822	8,587	3,634	59,244	-	-	-	268,306	-
Transfers in	19,890,523	-	-	-	-	-	-	-	-	-	-	-	19,890,523	29,993,113
Transfers out	(400,000)	(60,579)	(39,675)	(122,416)	-	(124,490)	-	-	(704,014)	-	-	(1,324)	(1,452,498)	(2,415,256)
Total Other Financing Sources/(Uses)	24,909,093	3,014,421	3,960,325	8,242,584	-	5,485,510	-	-	895,986	-	-	(1,324)	46,506,595	78,401,660
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	(9,306,194)	(10,104,691)	37,289	890,571	754,968	1,590,035	-	-	11,624,188	2,953,156	308,369	-	(1,252,309)	58,732,551
FUND BALANCE, beginning of year	97,213,377	16,754,046	9,031,787	30,067,236	21,349,762	29,920,410	4,625	44	145,874,657	9,265,875	209,168	(90,872)	359,600,115	300,867,564
FUND BALANCE, end of year	\$87,907,183	\$6,649,355	\$9,069,076	\$30,957,807	\$22,104,730	\$31,510,445	\$4,625	\$44	\$157,498,845	\$12,219,031	\$517,537	(\$90,872)	\$358,347,806	\$359,600,115



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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

A S S E T S

					<u>Totals</u>	
	<u>Utilities</u>	<u>Ballston Public Parking Garage</u>	<u>8th Level Ballston Public Parking Garage</u>	<u>CPHD Development Fund</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
CURRENT ASSETS:						
Equity in pooled cash and investments	\$64,431,053	\$12,734,203	\$824,337	\$18,324,186	\$96,313,779	\$100,106,366
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	599,160	-	-	-	599,160	1,058,740
Estimated unbilled service charges	13,071,812	-	-	-	13,071,812	11,978,626
Other	2,533,962	-	-	-	2,533,962	2,436,811
Prepaid expenses	2,447,864	187,880	-	-	2,635,744	2,635,744
Inventories	1,599,635	-	-	-	1,599,635	1,354,831
Total current assets	<u>84,708,707</u>	<u>12,922,083</u>	<u>824,337</u>	<u>18,324,186</u>	<u>116,779,313</u>	<u>119,596,339</u>
CAPITAL ASSETS:						
Land	6,161,255	-	-	-	6,161,255	6,161,255
Sewer system	384,601,637	-	-	-	384,601,637	384,465,085
Water system	790,286,817	-	-	-	790,286,817	778,186,933
Equipment	2,625,765	1,652,860	73,900	2,922,335	7,274,860	5,822,240
Building	-	22,344,767	3,511,471	-	25,856,238	25,827,358
Intangible assets	251,648	-	-	1,116,969	1,368,617	1,149,969
Construction in progress	33,945,093	17,000	-	-	33,962,093	28,939,235
Less accumulated depreciation-Intangible	(19,998)	-	-	(1,071,880)	(1,091,878)	(965,077)
Less accumulated depreciation	<u>(195,265,915)</u>	<u>(14,255,304)</u>	<u>(251,808)</u>	<u>(1,980,699)</u>	<u>(211,753,726)</u>	<u>(194,838,509)</u>
Total capital assets (net of accumulated depreciation)	<u>1,022,586,302</u>	<u>9,759,323</u>	<u>3,333,563</u>	<u>986,725</u>	<u>1,036,665,913</u>	<u>1,034,748,489</u>
Total assets	<u>\$1,107,295,009</u>	<u>\$22,681,406</u>	<u>\$4,157,900</u>	<u>\$19,310,911</u>	<u>\$1,153,445,226</u>	<u>\$1,154,344,828</u>

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

LIABILITIES AND EQUITY

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2016	June 30, 2015
CURRENT LIABILITIES:						
Payable from current assets:						
General obligation bonds payable	\$8,418,919	\$-	\$-	\$-	\$8,418,919	\$8,741,173
VRA loan payable	14,478,026	-	-	-	14,478,026	13,955,488
Interest payable	3,273,204	27,767,463	-	-	31,040,667	29,730,339
Vouchers payable	6,950,537	206,312	53,957	833,050	8,043,856	8,022,224
Contracts payable - retainage	50,943	-	-	-	50,943	165,920
Revenue bonds payable-current	-	500,000	-	-	500,000	500,000
Mortgage /notes payable	-	3,429,679	-	-	3,429,679	3,429,679
Capital leases	32,275	-	-	-	32,275	31,368
Other accrued liabilities	185,085	13,955,623	-	-	14,140,708	13,119,844
Compensated absences	120,552	-	-	61,623	182,175	187,386
Total current liabilities	33,509,541	45,859,077	53,957	894,673	80,317,248	77,883,421
LONG-TERM LIABILITIES:						
Compensated absences	1,084,964	-	-	554,605	1,639,569	1,686,471
Revenue bonds payable	-	5,300,000	-	-	5,300,000	6,500,000
Capital leases	50,171	-	-	-	50,171	82,446
VRA Loan payable	191,338,256	-	-	-	191,338,256	205,877,421
General obligation bonds payable	93,985,044	-	-	-	93,985,044	103,473,028
Total long-term liabilities	286,458,435	5,300,000	-	554,605	292,313,040	317,619,366
Deferred Inflows	2,601,729	-	-	-	2,601,729	1,633,010
Total liabilities	322,569,705	51,159,077	53,957	1,449,278	375,232,017	397,135,797
NET POSITION:						
Net investment in capital assets	714,283,611	529,644	3,333,563	986,725	719,133,543	692,157,886
Unrestricted (Deficit)	70,441,693	(29,007,315)	770,380	16,874,908	59,079,666	65,051,145
Total net position	784,725,304	(28,477,671)	4,103,943	17,861,633	778,213,209	757,209,031
Total liabilities and net position	\$1,107,295,009	\$22,681,406	\$4,157,900	\$19,310,911	\$1,153,445,226	\$1,154,344,828

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2016	June 30, 2015
OPERATING REVENUES:						
Water-sewer service charges	\$93,056,953	\$-	\$-	\$-	\$93,056,953	\$94,542,664
Water-service hook-up charges	5,474,991	-	-	-	5,474,991	6,273,269
Water-service connection charges	1,357,997	-	-	-	1,357,997	1,210,839
Sewage treatment service charges	3,841,764	-	-	-	3,841,764	4,850,055
Permits and fees	-	-	-	14,942,802	14,942,802	13,892,608
Other	2,961,830	-	-	-	2,961,830	3,265,148
Parking charges	-	3,994,636	374,269	-	4,368,905	4,707,209
Total Operating Revenues	106,693,535	3,994,636	374,269	14,942,802	126,005,242	128,741,792
OPERATING EXPENSES:						
Personnel services	15,146,567	-	-	7,082,239	22,228,806	20,619,172
Fringe benefits	5,499,334	-	-	2,702,142	8,201,476	7,681,283
Contractual services	13,343,117	1,765,014	42,556	3,271,725	18,422,412	18,134,791
Purchases of water	7,006,946	-	-	-	7,006,946	7,533,971
Materials and supplies	8,901,401	368,562	60,533	780,780	10,111,276	10,347,812
Deferred rent	-	1,279,992	-	-	1,279,992	1,279,992
Depreciation and Amortization	15,585,867	542,913	90,866	404,175	16,623,821	15,697,681
Equipment (Construction Contracts)	2,253,064	-	-	222,557	2,475,621	4,997,957
Internal Services	-	-	-	1,892,298	1,892,298	1,778,882
Miscellaneous	5,843,346	321,130	-	-	6,164,476	6,006,079
Total Operating Expenses	73,579,642	4,277,611	193,955	16,355,916	94,407,124	94,077,620
Operating Income (Loss)	33,113,893	(282,975)	180,314	(1,413,114)	31,598,118	34,664,172
NON-OPERATING REVENUES(EXPENSES):						
Interest income and other income	464,454	4,431	-	152,994	621,879	365,014
Interest expense and fiscal charges	(10,081,122)	(1,937,885)	-	-	(12,019,007)	(13,313,849)
Interest payment on capital lease	(3,043)	-	-	-	(3,043)	(3,924)
Total non-operating revenues (expenses)	(9,619,711)	(1,933,454)	-	152,994	(11,400,171)	(12,952,759)
Net Income before contributions and transfers	23,494,182	(2,216,429)	180,314	(1,260,120)	20,197,947	21,711,413
CONTRIBUTIONS AND NET TRANSFERS						
Contributions from developers and other sources	906,855	-	-	-	906,855	1,065,000
TRANSFERS						
Transfers out	(100,624)	-	-	-	(100,624)	-
Change in net position	24,300,413	(2,216,429)	180,314	(1,260,120)	21,004,178	22,776,413
Net position, beginning of year	760,424,891	(26,261,242)	3,923,629	19,121,753	757,209,031	734,432,618
Net position, end of year	\$784,725,304	(\$28,477,671)	\$4,103,943	\$17,861,633	\$778,213,209	\$757,209,031

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2016	June 30 2015
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$105,805,287	\$4,072,427	\$374,269	\$14,942,802	\$125,194,785	\$132,122,018
Cash paid to suppliers	(37,068,455)	(3,305,967)	(53,294)	(6,162,890)	(46,590,606)	(51,349,521)
Cash paid to employees	(20,665,691)	-	-	(9,816,703)	(30,482,394)	(28,309,779)
Net cash flows from operating activities	48,071,141	766,460	320,975	(1,036,791)	48,121,785	52,462,718
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	464,454	4,431	-	152,995	621,880	380,567
Net cash flows from investing activities	464,454	4,431	-	152,995	621,880	380,567
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Transfers out	(100,624)	-	-	-	(100,624)	-
Net cash flows from non-capital financing activities	(100,624)	-	-	-	(100,624)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Principal payments - bonds	(8,423,257)	(1,200,000)	-	-	(9,623,257)	(10,063,452)
Proceeds from sale of general obligation bonds	-	-	-	-	-	3,000,000
Payments to bonds redeemed	(11,489,065)	-	-	-	(11,489,065)	-
Proceeds from sale of refunding bonds	10,419,999	-	-	-	10,419,999	-
Cost of refunding bonds	1,069,066	-	-	-	1,069,066	-
Bond premium	-	-	-	-	-	207,596
Principal payments - capital lease	(31,368)	-	-	-	(31,368)	(30,487)
Interest payments - capital lease	(3,043)	-	-	-	(3,043)	(3,924)
Payment of VRA loan	(14,016,627)	-	-	-	(14,016,627)	(13,450,026)
Interest and other loan expenses	(10,595,245)	(113,435)	-	-	(10,708,680)	(11,810,493)
Purchases of property	(17,144,255)	(834,498)	(73,900)	-	(18,052,653)	(17,159,932)
Net cash flows from capital and related financing activities	(50,213,795)	(2,147,933)	-	-	(52,435,628)	(49,310,718)
Net increase(decrease) in cash and cash equivalents	(1,778,824)	(1,377,042)	247,075	(883,796)	(3,792,587)	3,532,567
Cash and cash equivalents at beginning of year	66,209,877	14,111,245	577,262	19,207,982	100,106,366	96,573,799
Cash and cash equivalents at end of year	\$64,431,053	\$12,734,203	\$824,337	\$18,324,186	\$96,313,779	\$100,106,366
Reconciliation of operating income to net cash flow from operations:						
Operating Income (Loss)	\$33,113,893	(\$282,975)	\$180,314	(\$1,413,114)	\$31,598,118	\$34,664,172
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	15,585,867	542,913	90,866	404,175	16,623,821	15,697,681
(Increase)Decrease in accounts receivable	(808,548)	77,791	-	-	(730,757)	3,344,526
(Increase)Decrease in inventories	(244,804)	-	-	-	(244,804)	10,562
Increase(Decrease) in vouchers payable	639,200	(851,261)	49,795	(27,852)	(190,118)	(2,471,735)
Increase(Decrease) in compensated absences	(19,790)	-	-	-	(19,790)	(75,693)
Increase(Decrease) in contract retainage	(114,977)	-	-	-	(114,977)	(22,487)
Increase(Decrease) in accrued rent liability	-	1,279,992	-	-	1,279,992	1,279,992
Increase(Decrease) in unearned revenue	(79,700)	-	-	-	(79,700)	35,700
Net cash provided (used) by operating activities	\$48,071,141	\$766,460	\$320,975	(\$1,036,791)	\$48,121,785	\$52,462,718
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$906,855	\$-	\$-	\$-	\$906,855	\$1,065,000



Internal Service Funds

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

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

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

			Totals	
	Automotive Equipment	Printing	June 30, 2016	June 30, 2015
ASSETS				
CURRENT ASSETS:				
Equity in pooled cash and investments	\$16,941,934	\$-	\$16,941,934	\$14,102,474
Accounts receivable	-	-	-	3,148
Inventories	653,629	50,146	703,775	626,273
Total Current Assets	17,595,563	50,146	17,645,709	14,731,895
CAPITAL ASSETS:				
Equipment and other capital assets	76,380,349	35,633	76,415,982	72,843,569
Less-allowance for depreciation	(43,241,445)	(6,963)	(43,248,408)	(38,441,387)
Net Capital Assets	33,138,904	28,670	33,167,574	34,402,182
Total Assets	\$50,734,467	\$78,816	\$50,813,283	\$49,134,077
LIABILITIES AND NET POSITION:				
CURRENT LIABILITIES:				
Vouchers payable	\$1,287,430	\$137,884	\$1,425,314	\$1,524,712
Compensated absences	45,453	10,075	55,528	52,692
Obligations under capital lease	1,200,379	-	1,200,379	1,177,809
Accounts payable	74,438	103,407	177,845	273,952
Total Current Liabilities	2,607,700	251,366	2,859,066	3,029,165
LONG-TERM LIABILITIES				
Compensated absences	409,074	90,676	499,750	474,231
Obligations under capital lease	3,682,247	-	3,682,247	3,347,113
Total Long-Term Liabilities	4,091,321	90,676	4,181,997	3,821,344
Total Liabilities	6,699,021	342,042	7,041,063	6,850,509
NET POSITION:				
Net investment in capital assets	28,256,278	28,670	28,284,948	29,877,260
Unrestricted	15,779,168	(291,896)	15,487,272	12,406,308
Total Net Position	44,035,446	(263,226)	43,772,220	42,283,568
Total Liabilities and Net Position	\$50,734,467	\$78,816	\$50,813,283	\$49,134,077

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

			Totals	
	Automotive Equipment	Printing	June 30, 2016	June 30, 2015
OPERATING REVENUES:				
Charges for services	\$21,187,317	\$2,364,659	\$23,551,976	\$22,780,518
OPERATING EXPENSES:				
Cost of store issuances	3,624,287	367,505	3,991,792	5,097,954
Personnel services	3,936,665	402,972	4,339,637	4,135,759
Fringe benefits	1,665,312	209,756	1,875,068	1,810,612
Material and supplies	2,520,080	254,600	2,774,680	3,132,693
Utilities	149,323	44,843	194,166	294,945
Operating equipment	13,758	-	13,758	118,712
Outside services	1,488,278	1,384,849	2,873,127	2,622,406
Depreciation	6,481,856	3,563	6,485,419	6,419,085
Total Operating Expenses	19,879,559	2,668,088	22,547,647	23,632,166
Operating Income (Loss)	1,307,758	(303,429)	1,004,329	(851,648)
NON-OPERATING REVENUES (EXPENSES):				
Interest payment on capital lease	(114,214)	-	(114,214)	(148,793)
Gain/(Loss) on disposal of assets	396,429	-	396,429	91,581
Total Non-operating Revenues (Expenses)	282,215	-	282,215	(57,212)
Income (Loss) Before Transfers	1,589,973	(303,429)	1,286,544	(908,860)
CONTRIBUTIONS AND NET TRANSFERS				
Transfers in	100,624	231,484	332,108	268,499
Transfers out	(130,000)	-	(130,000)	(130,000)
Total Operating Transfers	(29,376)	231,484	202,108	138,499
Change in Net Position	1,560,597	(71,945)	1,488,652	(770,361)
Net Position, beginning of year	42,474,849	(191,281)	42,283,568	43,053,929
Net Position, end of year	\$44,035,446	(\$263,226)	\$43,772,220	\$42,283,568

ARLINGTON COUNTY, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

			Totals	
	Automotive Equipment	Printing	June 30, 2016	June 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$21,187,317	\$2,367,807	\$23,555,124	\$24,934,415
Cash paid to suppliers	(8,083,296)	(2,037,234)	(10,120,530)	(12,806,701)
Cash paid to employees	(5,585,336)	(601,014)	(6,186,350)	(5,946,642)
Net cash provided (used) by operating activities	<u>7,518,685</u>	<u>(270,441)</u>	<u>7,248,244</u>	<u>6,181,072</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Operating transfers in	100,624	231,484	332,108	268,499
Operating transfers out	(130,000)	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	<u>(29,376)</u>	<u>231,484</u>	<u>202,108</u>	<u>138,499</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital lease	1,535,518	-	1,535,518	-
Principal payment on capital lease	(1,177,814)	-	(1,177,814)	(1,143,236)
Payment of interest on capital lease	(114,214)	-	(114,214)	(148,793)
Purchases of equipment	(5,533,082)	-	(5,533,082)	(4,116,199)
Proceeds from sale of equipment	678,700	-	678,700	748,345
Net cash used by capital and related financing activities	<u>(4,610,892)</u>	<u>-</u>	<u>(4,610,892)</u>	<u>(4,659,883)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,878,417</u>	<u>(38,957)</u>	<u>2,839,460</u>	<u>1,659,688</u>
Cash and cash equivalents at beginning of year	<u>14,063,517</u>	<u>38,957</u>	<u>14,102,474</u>	<u>12,442,786</u>
Cash and cash equivalents at end of period	<u>\$16,941,934</u>	<u>\$-</u>	<u>\$16,941,934</u>	<u>\$14,102,474</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$1,307,758	(\$303,429)	\$1,004,329	(\$851,648)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	6,481,856	3,563	6,485,419	6,419,085
(Increase)Decrease in accounts receivable	-	3,148	3,148	2,153,897
(Increase)Decrease in inventories	(76,787)	(715)	(77,502)	(1,084)
Increase(Decrease) in payables	(210,783)	15,278	(195,505)	(1,538,907)
Increase(Decrease) in compensated absences	16,641	11,714	28,355	(271)
Net cash provided (used) by operating activities	<u>\$7,518,685</u>	<u>(\$270,441)</u>	<u>\$7,248,244</u>	<u>\$6,181,072</u>

Fiduciary Funds

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

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

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

Private Purpose Trust Funds:

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

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

IDA- Signature Fund – to account for the loan to the Industrial Development Authority “IDA” for the sole purpose of funding the loan agreement to Signature Theater.

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, 2016

	Private Purpose Trust						Total Private Purpose Trust
	Pension Trust	OPEB Trust	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	IDA Signature	Other Private Purpose Trusts	
ASSETS							
Equity in pooled cash and investments	\$24,459,779	\$96,384,743	\$97,007	\$2,075,902	\$-	\$7,194	\$2,180,103
Contributions Receivable:							
Employer	2,729,667	-	-	-	-	-	-
Employee	656,688	-	-	-	-	-	-
Accrued Interest and Other Receivables	3,935,218	-	-	555,684	4,496,352	20,496	5,072,532
Capital Assets, net	-	-	-	22,765,870	-	-	22,765,870
Investments, at fair value							
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	40,562,043	-	-	-	-	-	-
Corporate Fixed Income Obligations	178,654,734	-	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	549,030,348	-	-	-	-	-	-
Other Investments	79,184,576	-	-	-	-	-	-
Real Estate Funds	12,506,611	-	-	-	-	-	-
Pooled Equity	695,565,189	-	-	-	-	-	-
Pooled Fixed Income	363,874,744	-	-	-	-	-	-
Convertibles	14,350,077	-	-	-	-	-	-
Total assets	1,965,509,674	96,384,743	97,007	25,397,456	4,496,352	27,690	30,018,505
DEFERRED OUTFLOWS RESOURCES							
Loss on refunding bonds, net	-	-	-	218,136	-	-	218,136
Total assets and deferred outflows of resources	1,965,509,674	96,384,743	97,007	25,615,592	4,496,352	27,690	30,236,641
LIABILITIES							
Accounts payable and accrued liabilities	2,010,843	-	12,659	560,684	4,496,352	-	5,069,695
Bonds Payable	-	-	-	25,255,000	-	-	25,255,000
Obligations under Security Lending Program	-	-	-	-	-	-	-
Total liabilities	2,010,843	-	12,659	25,815,684	-	-	30,324,695
NET POSITION	\$1,963,498,831	\$96,384,743	\$84,348	(\$200,092)	\$-	\$27,690	(\$88,054)

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Private Purpose Trusts				
	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	IDA Signature	Other Private Purpose Trusts	Total Private Purpose Trusts
ADDITIONS					
Contributions and Revenues					
Shared revenues	\$118,000	\$2,376,403	\$-	\$-	\$2,494,403
Private donations- Others	-	-	-	81,485	81,485
Total contributions	<u>118,000</u>	<u>2,376,403</u>	<u>-</u>	<u>81,485</u>	<u>2,575,888</u>
Investment earnings:					
Interest and other	492	1,575	47,250	-	49,317
Total investment earnings	<u>492</u>	<u>1,575</u>	<u>47,250</u>	<u>-</u>	<u>49,317</u>
Less investment expenses	-	1,351,403	47,250	-	1,398,653
Net investment earnings	<u>492</u>	<u>(1,349,828)</u>	<u>-</u>	<u>-</u>	<u>(1,349,336)</u>
Total additions	<u>118,492</u>	<u>1,026,575</u>	<u>-</u>	<u>81,485</u>	<u>1,226,552</u>
DEDUCTIONS					
Administrative expenses/ other	87,891	661,101	-	84,971	833,963
Total deductions	<u>87,891</u>	<u>661,101</u>	<u>-</u>	<u>84,971</u>	<u>833,963</u>
Change in net position	30,601	365,474	-	(3,486)	392,589
Net position- Beginning of the year	53,747	(565,566)	-	31,176	(480,643)
Net position- Ending of the year	<u>\$84,348</u>	<u>(\$200,092)</u>	<u>\$-</u>	<u>\$27,690</u>	<u>(\$88,054)</u>

ARLINGTON COUNTY, VIRGINIA
PENSION AND OPEB TRUST FUNDS
STATEMENT OF CHANGES IN PLAN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Pension Trust	OPEB Trust	June 30, 2016	June 30, 2015
ADDITIONS:				
Employer contributions	\$54,450,272	\$6,850,000	\$61,300,272	\$65,679,634
Member contributions	12,193,255	-	12,193,255	11,928,228
Other contributions	65,529	56,351	121,880	250,346
Investment income:				
Interest and dividends	40,372,286	5,470,130	45,842,416	46,119,008
Net appreciation (depreciation) in fair value	(34,634,792)	(1,337,622)	(35,972,414)	2,162,516
Commission recapture	755	-	755	1,147
Gross income from securities lending	286,834	-	286,834	243,691
Bank fees and income/expenses from securities lending	(71,702)	-	(71,702)	(60,917)
Investment expense	(7,233,306)	-	(7,233,306)	(8,422,344)
Total Additions	<u>65,429,131</u>	<u>11,038,859</u>	<u>76,467,990</u>	<u>117,901,309</u>
DEDUCTIONS:				
Members' benefits	93,988,777	-	93,988,777	88,926,633
Refund of members' contributions	1,270,089	-	1,270,089	1,829,697
Administrative expenses	761,474	-	761,474	609,586
Other consulting expenses	942,100	30,028	972,128	906,597
Total Deductions	<u>96,962,440</u>	<u>30,028</u>	<u>96,992,468</u>	<u>92,272,513</u>
Net Increase/(Decrease)	(31,533,309)	11,008,831	(20,524,478)	25,628,796
Net Position Held in Trust for Plan Benefits, beginning of year	<u>1,995,032,140</u>	<u>85,375,912</u>	<u>2,080,408,052</u>	<u>2,054,779,254</u>
Net Position Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$1,963,498,831</u>	<u>\$96,384,743</u>	<u>\$2,059,883,574</u>	<u>\$2,080,408,050</u>

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 JUNE 30, 2016

	Commonwealth of Virginia	Urban Area Security Initiative	Other Agency Funds	Total Agency Funds
ASSETS				
Equity in pooled cash and investments	\$52,142	\$263,507	\$14,438,275	\$14,753,924
Receivable from other government	2,361	-	-	2,361
Total assets	<u>54,503</u>	<u>263,507</u>	<u>14,438,275</u>	<u>14,756,285</u>
LIABILITIES				
Accounts payable and accrued liabilities	54,503	263,507	14,438,275	14,756,285
Total liabilities	<u>54,503</u>	<u>263,507</u>	<u>14,438,275</u>	<u>14,756,285</u>
NET POSITION	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$53,988	\$-	\$1,846	\$52,142
Receivable from other government	4,440	-	2,079	2,361
Total Assets	<u>\$58,428</u>	<u>\$-</u>	<u>\$3,925</u>	<u>\$54,503</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$58,428	\$-	\$3,925	\$54,503
Total Liabilities	<u>\$58,428</u>	<u>\$-</u>	<u>\$3,925</u>	<u>\$54,503</u>
<u>Urban Area Security Initiative</u>				
ASSETS:				
Cash & cash equivalents	\$-	\$263,507	\$-	\$263,507
Receivable from other government	1,307,605	-	1,307,605	-
Total Assets	<u>\$1,307,605</u>	<u>\$2,321,251</u>	<u>\$1,307,605</u>	<u>\$263,507</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$1,307,605	\$6,602	\$1,050,700	\$263,507
Total Liabilities	<u>\$1,307,605</u>	<u>\$6,602</u>	<u>\$1,050,700</u>	<u>\$263,507</u>
<u>Other Agency Fund</u>				
ASSETS:				
Cash & cash equivalents	\$14,495,714	\$1,573,935	\$1,631,374	\$14,438,275
Receivable from other government	7,423	-	7,423	-
Total Assets	<u>\$14,503,137</u>	<u>\$1,573,935</u>	<u>\$1,638,797</u>	<u>\$14,438,275</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$14,503,137	\$93,906	\$158,768	\$14,438,275
Total Liabilities	<u>\$14,503,137</u>	<u>\$93,906</u>	<u>\$158,768</u>	<u>\$14,438,275</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$14,549,702	\$1,837,442	\$1,633,220	\$14,753,924
Receivable from other government	1,319,468	-	1,317,107	2,361
Total Assets	<u>\$15,869,170</u>	<u>\$1,837,442</u>	<u>\$2,950,327</u>	<u>\$14,756,285</u>
LIABILITIES:				
Vouchers payable	\$15,869,170	\$100,508	\$1,213,393	\$14,756,285
Total Liabilities	<u>\$15,869,170</u>	<u>\$100,508</u>	<u>\$1,213,393</u>	<u>\$14,756,285</u>



Discretely Presented Component Unit – Schools

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

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
 COMBINING STATEMENT OF NET POSITION
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 JUNE 30, 2016
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Governmental Funds							Totals		
	School Operating Fund	School Food & Nutrition Service Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you go Fund)	School Debt Service Fund	School Comprehensive Services Act	June 30, 2016	June 30, 2015
ASSETS										
Equity in pooled cash and investments	\$57,730,696	\$3,150,423	\$-	\$2,138,433	\$60,586,257	\$21,352,531	\$-	\$-	\$144,958,340	\$124,503,397
Petty cash	200	340	375	-	-	-	-	-	915	815
Accounts receivable	766,684	413,134	19,609	2,567,409	-	-	-	301,858	4,068,694	4,701,370
Due from primary government	63,301,232	-	1,312,275	-	-	10,102,984	-	-	74,716,491	80,125,408
Inventories	125,551	48,503	-	-	-	-	-	-	174,054	183,854
Total Assets	\$121,924,363	\$3,612,400	\$1,332,259	\$4,705,842	\$60,586,257	\$31,455,515	\$-	\$301,858	\$223,918,494	\$209,514,844
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$45,440,580	\$344,175	\$786,118	\$1,008,746	\$-	\$4,546	\$-	\$-	\$47,584,165	\$52,724,006
Vouchers payable	3,451,896	796,114	243,536	109,720	2,658,999	514,953	-	27,180	7,802,398	8,833,101
Contracts payable - retainage	-	-	-	-	2,344,481	-	-	-	2,344,481	2,599,430
Other liabilities	5,239,803	-	62,484	-	-	-	-	-	5,302,287	8,006,823
Deferred revenue	415,796	-	-	-	-	-	-	-	415,796	608,560
Due to primary government	-	-	-	-	-	-	-	274,678	274,678	129,645
Total Liabilities	54,548,075	1,140,289	1,092,138	1,118,466	5,003,480	519,499	-	301,858	63,723,805	72,901,565
FUND EQUITY AND OTHER CREDITS										
<u>Restricted for:</u>										
Capital projects	-	-	-	-	44,679,725	27,532,831	-	-	72,212,556	69,833,117
Grants	-	-	-	3,587,376	-	-	-	-	3,587,376	3,010,014
<u>Committed to:</u>										
Incomplete projects	9,645,592	42,599	240,121	-	10,903,052	3,403,185	-	-	24,234,549	16,152,851
Next years' School budget	16,689,537	-	-	-	-	-	-	-	16,689,537	7,179,001
<u>Assigned to:</u>										
Operating reserve	2,000,000	2,429,512	-	-	-	-	-	-	4,429,512	3,716,159
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000
Subsequent years' debt service	4,610,000	-	-	-	-	-	-	-	4,610,000	5,260,000
Health insurance reserve	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000
General reserve	21,593,920	-	-	-	-	-	-	-	21,593,920	20,824,898
VRS reserve	4,637,239	-	-	-	-	-	-	-	4,637,239	5,637,239
Compensation Reserve	5,200,000	-	-	-	-	-	-	-	5,200,000	2,000,000
Total Fund Equity and Other Credits	67,376,288	2,472,111	240,121	3,587,376	55,582,777	30,936,016	-	-	160,194,689	136,613,279
Total Liabilities, Fund Equity and Other Credits	\$121,924,363	\$3,612,400	\$1,332,259	\$4,705,842	\$60,586,257	\$31,455,515	\$-	\$301,858	\$223,918,494	\$209,514,844

ARLINGTON COUNTY, VIRGINIA
 RECONCILIATION OF THE FUND BALANCES OF COMPONENT UNIT - SCHOOLS TO
 NET POSITION OF COMPONENT UNIT - SCHOOLS
 JUNE 30, 2016

Total-component unit-Schools fund balances	\$160,194,689
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	588,579,655
OPEB liabilities are not due and payable in the current period and are not reported in the funds	(15,662,990)
Deferred outflows of resources from pensions are not available to pay for current period expenditures and are not reported in the funds:	56,139,487
Net pension liabilities are not due and payable in the current period and are not reported in the funds.	(445,159,950)
Deferred inflows of resources from pension are not due and payable in the current period and are not reported in the funds	(34,605,220)
Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	<u>(40,168,872)</u>
Net position of component unit - Schools	<u><u>\$269,316,799</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, 2016
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

	Governmental Funds							Totals	
	School Operating Fund	School Food & Nutrition Service Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you-go) Fund	School Debt Service Fund	School Comprehensive Services Act	June 30, 2016
REVENUES:									
Sales tax	\$23,067,985	\$-	\$-	\$-	\$-	\$-	\$-	\$23,067,985	\$21,198,389
State/local government	35,122,440	97,425	-	3,604,498	-	-	1,747,556	40,571,919	39,288,003
Federal	-	4,828,771	-	8,945,982	-	-	-	13,774,753	12,467,016
Charges for services	9,903,997	4,044,090	10,498,647	2,849,633	-	-	-	27,296,367	21,453,261
Use of money and property	-	-	-	-	255,240	-	-	255,240	87,699
Total revenues	68,094,422	8,970,286	10,498,647	15,400,113	255,240	-	1,747,556	104,966,264	94,494,368
EXPENDITURES:									
Current -									
Community Activities	-	-	15,724,188	-	-	-	-	15,724,188	14,894,156
Education	448,976,963	8,393,676	-	14,822,751	-	-	3,653,488	475,846,878	440,895,526
Capital projects	-	-	-	-	30,849,037	12,217,351	-	43,066,388	57,174,069
Debt service -									
Principal	-	-	-	-	-	-	28,856,655	28,856,655	30,008,443
Interest	-	-	-	-	-	-	15,674,196	15,674,196	14,090,557
Total expenditures	448,976,963	8,393,676	15,724,188	14,822,751	30,849,037	12,217,351	44,530,851	579,168,305	557,062,751
Excess (deficiency) of revenues over expenditures	(380,882,541)	576,610	(5,225,541)	577,362	(30,593,797)	(12,217,351)	(44,530,851)	(474,202,041)	(462,568,383)
Other financing sources(uses):									
Transfers in	402,201,167	-	5,232,404	-	-	11,216,294	44,430,851	1,905,932	464,986,648
Transfers out	(2,161,252)	-	-	-	(\$255,240)	-	-	(2,416,492)	(3,242,716)
Interfund transfers	(8,441,947)	-	-	-	-	8,341,947	100,000	-	-
Bond proceeds	-	-	-	-	32,550,000	-	-	32,550,000	30,000,000
Proceeds from leases	2,663,295	-	-	-	-	-	-	2,663,295	1,630,162
Total other financing sources(uses)	394,261,263	-	5,232,404	-	\$32,294,760	19,558,241	44,530,851	497,783,451	481,731,095
Excess (deficiency) of Revenues and other sources over expenditures and other uses	13,378,722	576,610	6,863	577,362	1,700,963	7,340,890	-	23,581,410	19,162,712
FUND BALANCES, beginning of year	53,997,566	1,895,501	233,258	3,010,014	53,881,814	23,595,126	-	136,613,279	117,450,567
FUND BALANCES, end of year	\$67,376,288	\$2,472,111	\$240,121	\$3,587,376	\$55,582,777	\$30,936,016	\$-	\$160,194,689	\$136,613,279

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, 2016

Net change in fund balances - component unit-Schools		\$23,581,410
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	\$47,469,109	
Less Depreciation expense	<u>(22,349,443)</u>	25,119,666
Lease proceeds provide current financial resources to the governmental funds, but capital leases increases long-term liabilities in the Statement of Net Position. 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	2,185,528	
Less Proceeds from capital leases	<u>(2,663,295)</u>	(477,767)
OPEB expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds		(1,260,164)
Deferred outflows/inflows of resources from pension reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:		(15,271,600)
Pension 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		
Add: FY 2016 pension contributions deferred	42,784,863	
Less: Pension expense	<u>(29,754,428)</u>	13,030,435
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds such as compensated absences and workers compensation		<u>1,306,086</u>
Change in net position of component unit-Schools		<u><u>\$46,028,066</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, 2016

	School Operating Fund			School Food & Nutrition Service Fund			School Community Activities Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$22,774,729	\$23,067,985	\$293,256	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	35,908,117	35,122,440	(785,677)	90,246	97,425	7,179	-	-	-
Federal	-	-	-	4,223,000	4,828,771	605,771	-	-	-
Charges for services	2,782,000	9,903,997	7,121,997	3,706,118	4,044,090	337,972	9,955,760	10,498,647	542,887
Use of money and property	-	-	-	-	-	-	-	-	-
Total revenues	61,464,846	68,094,422	6,629,576	8,019,364	8,970,286	950,922	9,955,760	10,498,647	542,887
EXPENDITURES:									
Education	491,708,938	448,976,963	42,731,975	8,198,706	8,393,676	(194,970)	-	-	-
Community Activities	-	-	-	-	-	-	16,455,664	15,724,188	731,476
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	491,708,938	448,976,963	42,731,975	8,198,706	8,393,676	(194,970)	16,455,664	15,724,188	731,476
Excess (deficiency) of revenues over expenditures	(430,244,092)	(380,882,541)	49,361,551	(179,342)	576,610	755,952	(6,499,904)	(5,225,541)	1,274,363
Other financing sources(uses):									
Transfers in	416,328,263	402,201,167	(14,127,096)	-	-	-	6,266,646	5,232,404	(1,034,242)
Transfers out	-	(2,161,252)	(2,161,252)	-	-	-	-	-	-
Interfund transfers	(8,441,947)	(8,441,947)	-	-	-	-	-	-	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	2,663,295	2,663,295	-	-	-	-	-	-
Total other financing sources(uses)	407,886,316	394,261,263	(13,625,053)	-	-	-	6,266,646	5,232,404	(1,034,242)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(22,357,776)	13,378,722	35,736,498	(179,342)	576,610	755,952	(233,258)	6,863	240,121
FUND BALANCES, beginning of year	53,997,566	53,997,566	-	1,895,501	1,895,501	-	233,258	233,258	-
FUND BALANCES, end of year	\$31,639,790	\$67,376,288	\$35,736,498	\$1,716,159	\$2,472,111	\$755,952	\$-	\$240,121	\$240,121

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, 2016

	School Special Grants Fund			School Debt Service Fund			School Capital Projects Bond Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	4,382,305	3,604,498	(777,807)	-	-	-	-	-	-
Federal	10,352,312	8,945,982	(1,406,330)	-	-	-	-	-	-
Charges for services	2,880,264	2,849,633	(30,631)	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	255,240	-
Total revenues	<u>17,614,881</u>	<u>15,400,113</u>	<u>(2,214,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,240</u>	<u>-</u>
EXPENDITURES:									
Education	20,624,895	14,822,751	5,802,144	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	86,431,814	30,849,037	55,582,777
Debt service:									
Principal retirement	-	-	-	30,173,592	28,856,655	1,316,937	-	-	-
Interest and fiscal charges	-	-	-	15,265,857	15,674,196	(408,339)	-	-	-
Total expenditures	<u>20,624,895</u>	<u>14,822,751</u>	<u>5,802,144</u>	<u>45,439,449</u>	<u>44,530,851</u>	<u>908,598</u>	<u>86,431,814</u>	<u>30,849,037</u>	<u>55,582,777</u>
Excess (deficiency) of revenues over expenditures	<u>(3,010,014)</u>	<u>577,362</u>	<u>3,587,376</u>	<u>(45,439,449)</u>	<u>(44,530,851)</u>	<u>908,598</u>	<u>(86,431,814)</u>	<u>(30,593,797)</u>	<u>55,582,777</u>
Other financing sources(uses):									
Transfers in	-	-	-	45,339,449	44,430,851	(908,598)	-	-	-
Transfers out	-	-	-	-	-	-	-	(255,240)	-
Interfund transfers	-	-	-	100,000	100,000	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	32,550,000	32,550,000	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,439,449</u>	<u>44,530,851</u>	<u>(908,598)</u>	<u>32,550,000</u>	<u>32,294,760</u>	<u>-</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(3,010,014)</u>	<u>577,362</u>	<u>3,587,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,881,814)</u>	<u>1,700,963</u>	<u>55,582,777</u>
FUND BALANCES, beginning of year	<u>3,010,014</u>	<u>3,010,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,881,814</u>	<u>53,881,814</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$3,587,376</u>	<u>\$3,587,376</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$55,582,777</u>	<u>\$55,582,777</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, 2016

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$22,774,729	\$23,067,985	\$293,256
Intergovernmental									
State	-	-	-	2,115,000	1,747,556	(367,444)	42,495,668	40,571,919	(1,923,749)
Federal	-	-	-	-	-	-	14,575,312	13,774,753	(800,559)
Charges for services	-	-	-	-	-	-	19,324,142	27,296,367	7,972,225
Use of money and property	-	-	-	-	-	-	-	255,240	255,240
Total revenues	-	-	-	2,115,000	1,747,556	(367,444)	99,169,851	104,966,264	5,796,413
EXPENDITURES:									
Education	-	-	-	4,500,000	3,653,488	846,512	525,032,539	475,846,878	49,185,661
Community Activities	-	-	-	-	-	-	16,455,664	15,724,188	731,476
Capital projects	36,071,020	12,217,351	23,853,669	-	-	-	122,502,834	43,066,388	79,436,446
Debt service:									
Principal retirement	-	-	-	-	-	-	30,173,592	28,856,655	1,316,937
Interest and fiscal charges	-	-	-	-	-	-	15,265,857	15,674,196	(408,339)
Total expenditures	36,071,020	12,217,351	23,853,669	4,500,000	3,653,488	846,512	709,430,486	579,168,305	130,262,181
Excess (deficiency) of revenues over expenditures	(36,071,020)	(12,217,351)	23,853,669	(2,385,000)	(1,905,932)	479,068	(610,260,635)	(474,202,041)	136,058,594
Other financing sources(uses):									
Transfers in	11,216,294	11,216,294	-	2,385,000	1,905,932	(479,068)	481,535,652	464,986,648	(16,549,004)
Transfers out	-	-	-	-	-	-	-	(2,416,492)	(2,416,492)
Interfund transfers	1,259,600	8,341,947	-	-	-	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	\$32,550,000	32,550,000	-
Proceeds from capital lease	-	-	-	-	-	-	-	2,663,295	2,663,295
Total other financing sources(uses)	12,475,894	19,558,241	-	2,385,000	1,905,932	(479,068)	514,085,652	497,783,451	(16,302,201)
Excess (deficiency) of Revenues and other sources over expenditures and other use:	(23,595,126)	7,340,890	30,936,016	-	-	-	(96,174,983)	23,581,410	119,756,393
FUND BALANCES, beginning of year	23,595,126	23,595,126	-	-	-	-	136,613,279	136,613,279	-
FUND BALANCES, end of year	\$-	\$30,936,016	\$30,936,016	\$-	\$-	\$-	\$40,438,296	\$160,194,689	\$119,756,393

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 BALANCE SHEET
 JUNE 30, 2016
 (WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and Investments	\$42,987,187	\$35,782,748
Accounts Receivable	-	3,155,017
	<u>42,987,187</u>	<u>38,937,765</u>
Total Assets		
	<u>42,987,187</u>	<u>38,937,765</u>
LIABILITIES	-	-
	<u>-</u>	<u>-</u>
NET POSITION	<u>\$42,987,187</u>	<u>\$38,937,765</u>

ARLINGTON COUNTY, VIRGINIA
 OPEB TRUST FUND - SCHOOLS
 STATEMENT OF CHANGES IN PLAN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016
 (WITH COMPARATIVE TOTALS FOR 2015)

	<u>2016</u>	<u>2015</u>
ADDITIONS:		
Employer contributions	\$2,161,252	\$3,155,017
Investment Income:		
Interest and dividends	2,495,176	2,223,545
Net Appreciation (depreciation) in fair value	(607,006)	(986,931)
	<u>4,049,422</u>	<u>4,391,631</u>
Total Additions		
DEDUCTIONS:	<u>-</u>	<u>-</u>
Net Increase	4,049,422	4,391,631
Net Position Held in Trust for Plan Benefits, beginning of year	<u>38,937,765</u>	<u>34,546,134</u>
Net Position Held in Trust for Plan Benefits, end of year:		
Undesignated	<u>\$42,987,187</u>	<u>\$38,937,765</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, 2016

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Component Units	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	Schools	
BALANCE, beginning of year	\$278,467,444	\$6,906,357	\$374,262,211	\$100,198,976	\$14,102,474	\$16,578,787	\$124,503,397	\$915,019,646
Receipts (net):								
Taxes	986,485,760	7,558,913	37,725,830	-	-	-	23,067,985	1,054,838,488
Licenses and permits	9,846,558	-	-	-	-	-	-	9,846,558
Fines and forfeitures	7,059,138	-	-	-	-	-	-	7,059,138
Revenue from use of money and property	9,451,264	2,739	398,796	621,879	-	-	255,240	10,729,918
Charges for services	54,490,980	-	2,445,217	126,005,242	23,551,976	9,688,827	27,296,367	243,478,609
Miscellaneous	12,255,370	-	4,859,441	906,855	-	1,377,086	-	19,398,752
Intergovernmental	88,826,353	18,958,779	28,373,958	-	-	325,492	54,346,672	190,831,254
Proceeds from indebtedness	-	-	107,226,876	10,419,999	-	-	-	117,646,875
Proceeds from sale of assets	-	-	-	-	678,700	-	2,663,295	3,341,995
Total Receipts	1,168,415,423	26,520,431	181,030,118	137,953,975	24,230,676	11,391,405	107,629,559	1,657,171,587
Total Receipts and Balance	1,446,882,867	33,426,788	555,292,329	238,152,951	38,333,150	27,970,192	232,132,956	2,572,191,233
Disbursements (net):								
Warrants(checks)issued	631,106,143	25,727,480	117,505,732	95,869,551	20,301,296	11,244,102	505,213,921	1,406,968,225
Retirement of indebtedness	39,843,463	-	-	35,160,317	1,177,814	-	28,856,655	105,038,249
Interest and other debt costs	18,366,005	-	78,890,000	10,708,680	114,214	-	15,674,196	123,753,095
Total Disbursements	689,315,611	25,727,480	196,395,732	141,738,548	21,593,324	11,244,102	549,744,772	1,635,759,569
Interfund Transfers:								
Transfers in	2,094,940	-	19,890,523	-	332,108	-	464,986,648	487,304,219
Transfers out	(485,265,006)	(75,589)	(1,452,498)	(100,624)	(130,000)	-	(2,416,492)	(489,440,209)
BALANCE, end of year	\$274,397,190	\$7,623,719	\$377,334,622	\$96,313,779	\$16,941,934	\$16,726,090	\$144,958,340	\$934,295,674

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
ADJUSTED CASH IN BANKS
JUNE 30, 2016

Assets held by the Treasurer	
Cash on hand	<u>\$15,000</u>
Cash in banks:	
Checking	
First Virginia Community Bank	
John Marshall	
Wells Fargo	165,976,355
SunTrust	63,979
Citibank	736,912
Bank of America	57,843
United Bank	1,223,467
PNC Bank	
Burke and Herbert Bank	131,731.00
Total Checking Account	<u>168,190,287</u>
Savings :	
Wells Fargo	4,611,691
Bank of America	<u>3,689,067</u>
Total Savings Account	<u>8,300,758</u>
Certificates of Deposit :	
John Marshall	27,902,791
WashingtonFirst	5,020,641
Cardinal Bank	2,013,580
United Bank	<u>2,015,887</u>
Total Certificates of Deposit	<u>36,952,899</u>
Held with Trustee :	
Corporate Notes	102,104,691
Commercial Paper	209,724,415
Federal Agency Bonds/ Notes	82,686,710
Municipal Investments	<u>21,666,625</u>
Total Held with Trustee	<u>416,182,441</u>
State Treasurer's Local Government Investment Pool	220,074
Chain Bridge Money Market	1,017,835
John Marshall Money Market	6,461,735
First Virginia Community Bank Money Market	17,281,358
United Bank Money Market	14,960,423
Cardinal Bank Money Market	1,006,986
Washington First Money Market	2,000,945
Eagle Bank Money Market	7,040,878
Virginia Investment Pool	40,963,159
State Non Arbitrage Investment Program (SNAP)	192,720,319
Total Cash and Investments held by the Treasurer	<u>913,315,097</u>
Cash and Investments with Trustees :	
US Bank, Ballston Garage Accounts	18,149,613
SunTrust, Ballston Parking Garage	54,254
Mellon- IDA Ballston Skating Facility	2,175,903
First Virginia Community Bank	109,709
Arlington Mill Garage	39,306
Mellon- IDA Lease Revenue Bonds (Capital)	<u>451,792</u>
Total Cash and Investments with Trustee	<u>20,980,577</u>
Total Cash & Investment Balances, June 30, 2016	<u><u>\$934,295,674</u></u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
CASH IN BANKS
JUNE 30, 2016

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
Wells Fargo	174,630,635
SunTrust	63,979
Citibank	736,912
Bank of America	57,843
United Bank	1,215,768
Burke and Herbert Bank	131,731
Total Checking Account	<u>176,836,868</u>
Savings:	
Wells Fargo	4,611,691
Bank of America	3,689,067.00
Total Savings Account	<u>8,300,758</u>
Certificates of Deposit:	
John Marshall	27,902,791
WashingtonFirst	5,020,641
Cardinal Bank	2,013,580
United Bank	2,015,887
Total Certificates of Deposit	<u>36,952,899</u>
Held with Trustee:	
Corporate Notes	102,104,692
Commercial Paper	209,724,415
Federal Agency Bonds/ Notes	82,686,710
Municipal Investments	21,666,624
Total Held with Trustee	<u>416,182,441</u>
State Treasurer's Local Government Investment Pool	220,074
Chain Bridge Money Market	1,017,835
John Marshall Money Market	6,461,735
Bank of Georgetown Money Market	
First Virginia Community Bank Money Market	17,281,358
United Bank Money Market	14,960,422
Cardinal Bank Money Market	1,006,986
Washington First Money Market	2,000,945
Eagle Bank Money Market	7,040,878
Virginia Investment Pool	40,963,159
State Non Arbitrage Investment Program (SNAP)	192,720,320
Total Cash and Investments held by the Treasurer	<u>921,961,678</u>
Cash and Investments with Trustees:	
US Bank, Ballston Garage Accounts	18,149,613
SunTrust, (Ballston Parking Garage)	54,254
Mellon- IDA Ballston Skating Facility	2,175,903
First Virginia Community Bank	109,709
Mellon- IDA Lease Revenue Bonds (Capital)	451,792
Total Cash and Investments with Trustee	<u>20,941,271</u>
Total Cash & Investment Balances, June 30, 2016	<u><u>\$942,902,949</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2016

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Certificate of Deposit			
JOHN MARSHALL BANK	0.60%	08/25/2016	\$1,010,526
CARDINAL BANK	0.80%	09/18/2016	1,006,252
JOHN MARSHALL BANK	0.85%	09/30/2016	5,107,842
JOHN MARSHALL BANK	1.00%	10/01/2016	5,135,321
JOHN MARSHALL BANK	0.60%	10/20/2016	3,082,792
WASHINGTON FIRST BANK	0.90%	10/20/2016	1,004,517
JOHN MARSHALL BANK	0.75%	10/24/2016	2,053,044
JOHN MARSHALL BANK	0.80%	12/08/2016	2,120,278
JOHN MARSHALL BANK	1.00%	12/13/2016	2,057,856
JOHN MARSHALL BANK	1.00%	02/07/2017	2,069,127
UNITED BANK	1.14%	04/27/2017	1,007,480
UNITED BANK	1.24%	04/27/2017	1,008,408
CARDINAL BANK	0.55%	05/07/2017	1,007,329
WASHINGTON FIRST BANK	0.70%	05/19/2017	2,015,084
WASHINGTON FIRST BANK	0.70%	06/08/2017	1,000,441
JOHN MARSHALL BANK	1.10%	09/30/2017	5,266,002
WASHINGTON FIRST BANK	0.95%	12/08/2017	1,000,599
			<hr/>
	Total Certificates of Deposits		<u>36,952,899</u>

Corporate Notes			
TORONTO DOMINION BANK	2.500%	07/14/2016	2,000,880
WESTPAC BANKING CORP	1.092%	11/25/2016	6,757,886
WELLS FARGO BANK NA	0.830%	01/11/2017	10,150,700
WESTPAC BKG CORP	1.128%	08/17/2017	1,744,925
TORONTO DOMINION BANK	1.625%	03/13/2018	5,024,445
DNB BOLIGKREDITT AS BOND 144A	1.450%	03/21/2018	5,022,800
HSBC BANK PLC	1.500%	05/15/2018	2,542,455
COMMONWEALTH BK AUSTR NY	2.500%	09/20/2018	5,630,295
BANK OF NOVA SCOTIA SR NT	2.050%	10/30/2018	1,102,469
WESTPAC BKG CORP 144A	1.850%	11/26/2018	5,068,050
ROYAL BK OF CDA BD CDS	1.350%	07/16/2019	1,745,271
ROYAL BANK OF CANADA	1.500%	09/30/2019	991,000
TORONTO DOMINION BANK	2.250%	11/05/2019	5,130,900
WESTPAC BKG CORP SR GLBL NT	4.875%	11/19/2019	5,531,700
ROYAL BANK OF CANADA	2.000%	07/14/2020	5,080,300
WELLS FARGO & COMPANY	2.000%	07/20/2020	6,568,331
NATIONAL AUSTRALIA BANK	2.000%	07/28/2020	14,300,000
HSBC BANK PLC	4.125%	08/12/2020	4,726,700
ROYAL BANK OF CANADA	2.350%	10/30/2020	3,596,250
ROYAL BANK OF CANADA	2.000%	11/30/2020	4,255,735
TORONTO DOMINION BANK	2.500%	12/14/2020	2,585,875
CHEVRON CORP	2.100%	05/16/2021	2,547,725
			<hr/>
	Total Corporate Notes		<u>102,104,692</u>

Commercial Paper

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2016

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
ATMOS ENERGY CORPORATION		07/01/2016	4,997,292
INTERCONTINENTAL EXCHANGE		07/08/2016	4,996,806
ATMOS ENERGY CORPORATION		07/12/2016	4,997,900
DCAT LLC		07/14/2016	4,995,799
MITSUI & CO USA INC		07/15/2016	4,995,100
BAYERISCHE LANDESBK GIRO		07/29/2016	4,994,882
MITSUI & CO USA INC		08/01/2016	4,994,361
ATMOS ENERGY CORPORATION		08/02/2016	4,297,556
DCAT LLC		08/03/2016	4,992,649
BAYERISCHE LANDESBK GIRO		08/05/2016	4,994,332
DCAT LLC		08/05/2016	4,994,775
BANK TOKYO MIT UFJ NY		08/08/2016	1,892,032
BANK TOKYO MIT UFJ NY		08/11/2016	3,775,243
STANDARD CHARTERED BANK		08/12/2016	4,992,688
BANK TOKYO MIT UFJ NY		08/15/2016	4,992,796
SOCIETE GENERALE		08/15/2016	4,993,428
INSTIT SECD FNDG LLC		08/17/2016	1,898,285
KOOKMIN BANK NY BRANCH		08/17/2016	2,780,009
KOOKMIN BANK NY BRANCH		08/17/2016	4,992,833
SINOPEC CENTURY BRIGHT C		08/19/2016	4,990,764
BANK TOKYO MIT UFJ NY		09/01/2016	4,992,121
RIDGEFIELD FUNDING CO LLC		09/19/2016	4,989,208
CREDIT SUISSE NEW YORK		10/27/2016	4,982,556
BANK TOKYO MIT UFJ NY		11/01/2016	4,981,513
STANDARD CHARTERED BANK		11/04/2016	4,984,400
SOCIETE GENERALE		11/14/2016	4,983,864
MITSUBISHI UFJ TR&BK NY		11/16/2016	4,981,917
CREDIT SUISSE NEW YORK		11/23/2016	4,976,363
BAYERISCHE LANDESBK GIRO		11/30/2016	4,981,222
NATIXIS NY BRANCH		12/01/2016	4,978,875
NATL SEC CLEARING CORP		12/01/2016	4,985,028
TOYOTA MOTOR CREDIT CORP		12/05/2016	946,031
SOCIETE GENERALE		12/16/2016	4,978,533
STANDARD CHARTERED BANK		12/16/2016	4,973,875
BANK TOKYO MIT UFJ NY		01/03/2017	4,974,413
DEXIA CREDIT LOCAL SA NY		01/03/2017	4,972,272
PRUDENTIAL PLC		01/03/2017	4,979,482
SOCIETE GENERALE		01/03/2017	4,970,900
PIPER JAFFRAY & CO		01/10/2017	3,952,200
BAYERISCHE LANDESBK GIRO		01/13/2017	4,973,079
CREDIT SUISSE FB USA INC		01/13/2017	4,969,861
TOYOTA MOTOR CREDIT CORP		01/17/2017	770,773
CREDIT AGRICOLE CIB NY		01/31/2017	4,974,021
COCA COLA CO		02/15/2017	4,977,000
CREDIT AGRICOLE CIB NY		02/28/2017	4,969,625
TOYOTA MOTOR CREDIT CORP		03/24/2017	4,965,756

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2016

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
Total Commercial Paper			<u>209,724,415</u>
Government Agency Bonds			
FEDERAL HOME LOAN MTG CORP	0.00%	08/31/2016	9,994,192
FEDERAL HOME LOAN BANK	0.63%	10/14/2016	765,459
FEDERAL NATIONAL MTG ASSN	1.25%	01/30/2017	2,456,198
FEDERAL FARM CREDIT BANK	0.70%	08/09/2017	3,500,000
FEDERAL HOME LOAN MTG CORP	0.90%	12/28/2017	5,001,000
FEDERAL HOME LOAN MTG CORP	0.88%	01/03/2018	1,000,000
FEDERAL FARM CREDIT BANK	1.03%	03/12/2018	3,000,090
FEDERAL HOME LOAN MTG CORP	1.02%	04/30/2018	6,001,380
FEDERAL FARM CREDIT BANK	0.95%	05/08/2018	500,055
FEDERAL NATIONAL MTG ASSN	1.05%	05/25/2018	2,000,380
FEDERAL NATIONAL MTG ASSN	3.59%	06/01/2018	382,460
FEDERAL HOME LOAN MTG CORP	0.00%	11/29/2019	1,434,169
FEDERAL FARM CREDIT BANK	1.59%	03/23/2020	4,665,763
FEDERAL HOME LOAN MTG CORP	1.13%	10/29/2020	7,502,100
FEDERAL HOME LOAN MTG CORP	1.25%	01/29/2021	6,300,945
FEDERAL HOME LOAN BANK	1.00%	02/26/2021	999,940
FEDERAL HOME LOAN BANK	1.00%	02/26/2021	1,119,933
FEDERAL HOME LOAN MTG CORP	1.25%	02/26/2021	1,100,396
FEDERAL HOME LOAN MTG CORP	0.70%	04/19/2021	1,002,290
FEDERAL HOME LOAN MTG CORP	1.13%	04/28/2021	2,181,286
FEDERAL HOME LOAN MTG CORP	1.00%	04/28/2021	2,439,317
FEDERAL HOME LOAN BANK	1.00%	05/25/2021	3,673,751
FEDERAL HOME LOAN BANK	1.00%	05/25/2021	5,160,568
FEDERAL HOME LOAN MTG CORP	1.50%	06/07/2021	6,006,480
FEDERAL HOME LOAN MTG CORP	1.13%	06/30/2021	4,498,560
Total Government Agency Bonds			<u>82,686,710</u>
Municipal Obligations			
NEWPORT NEWS VA ECON DEV REV TXLB	1.06%	07/01/2016	1,130,000
VIRGINIA ST PORT AUTH PORT FAC REV	1.02%	07/01/2016	200,000
ITHACA CITY NY	1.50%	07/29/2016	2,000,560
VIRGINIA ST HSG DEV AUTH	1.10%	08/01/2016	725,239
VIRGINIA ST RESOURCES AUTH INFRAS REV	4.47%	11/01/2016	136,681
NORFOLK VA BUILD AMERI BONDS	4.04%	03/01/2017	511,585
VIENNA VA	2.50%	08/01/2017	25,540
HAMDEN CONN GO BDS SER. 2009B	5.00%	08/15/2017	170,452
NORFOLK VA	3.00%	10/01/2017	51,507
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	1,888,887
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	50,505
Denver Co Public Schs cops	1.44%	12/15/2017	176,209
ARLINGTON CNTY VA GOPUB IMPT BDS SER	4.00%	01/15/2018	254,623
VIRGINIA COLLEGE BLDG AUTH VA EDL	4.25%	02/01/2018	563,719
HAWAII CNTY HAWAII GO BDS SER. 2010B	4.46%	03/01/2018	52,817
NORFOLK VA GO CAP IMPT BDS SER. 2010 B	4.40%	03/01/2018	1,593,330
KENTUCKY ASSET / LIABILITY COMMN GEN	1.69%	04/01/2018	201,178

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS
JUNE 30, 2016

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
VIRGINIA ST HSG DEV AUTH	4.80%	04/01/2018	103,009
DANE CNTY BUILD AMERICA BOND	3.00%	06/01/2018	361,078
MONTGOMERY CNTY VA ECONOMIC DEV AUTI	2.58%	06/01/2018	775,103
VIRGINIA ST HSG DEV AUTH	1.60%	08/01/2018	1,798,156
CITY OF BALTIMORE MD	1.55%	10/15/2018	445,606
NEW BRITAIN CT	2.78%	02/01/2019	597,143
VIRGINIA PORT AUTH COMWLTH PORT FD RE\	1.82%	07/01/2019	112,147
VIRGINIA ST HSG DEV AUTH	5.00%	07/01/2019	260,813
VIRGINIA ST HSG DEV AUTH	5.00%	07/01/2019	104,325
VIRGINIA ST HSG DEV AUTH	1.85%	08/01/2019	1,019,770
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	6.32%	08/01/2019	37,892
NORFOLK VA	4.00%	11/01/2019	55,161
CHESAPEAKE VA BUILD AMERI BONDS	3.59%	12/01/2019	542,450
PORTSMOUTH VA	2.40%	02/01/2020	522,115
FLORIDA ST HURRICANE	3.00%	07/01/2020	104,695
UPPER OCCOQUAN VA SEWAGE AUTH	4.25%	07/01/2020	737,691
PORTSMOUTH VA SER C	5.92%	07/15/2020	1,147,200
PORTSMOUTH VA	2.00%	08/01/2020	1,811,793
VIRGINIA ST HSG DEV AUTH	6.47%	08/01/2020	540,430
DULLUTH MN TXBL REF	2.00%	02/01/2021	857,219
			<hr/>
		Total Municipal Obligations	<u>21,666,625</u>
Money Market Funds			
CARDINAL BANK	0.60%		1,006,986
Chainbridge	0.50%		1,017,835
Eagle Bank	0.06%		7,040,878
John Marshall Bank	0.65%		6,461,735
United Bank (Bank of GTown)	0.80%		14,960,423
WashingtonFirst Bank	0.75%		2,000,945
First Virginia Community Bank	0.85%		17,281,358
			<hr/>
		Total Money Market Funds	<u>49,770,160</u>
Virginia State Non-Arbitrage Program (SNAP)			192,720,320
Virginia Investment Pool (VIP)			40,963,159
State Treasurer's Local Government Investment Pool			220,074
			<hr/>
TOTAL SECURITIES			<u><u>\$736,809,052</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)		Maturity Date
			Interest Rate- %	Principal	Annual Amount		
General Obligation Debt: Serviced by General Fund:							
G.O. Public Improvement (\$61,335,000)		3/21/06					
Street & Highway	\$9,251,218		5.00	2,290,000	2,290,000	08/01/16	
Parks and Recreation	13,600,000						
Neighborhood Conservation	5,690,578			<u>\$2,290,000</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						
Neighborhood Conservation	4,964,155		5.00	5,119,615	5,119,615	08/01/16	
Parks and Recreation	17,209,390						
Libraries	1,920,866						
Higher Education	2,028,391			<u>\$5,119,615</u>			
Fire Station	2,638,292						
Metrorail	12,758,305						
	<u>\$47,686,632</u>						
G.O. Public Improvement (\$111,185,000)		6/18/08					
Street & Highway	\$9,000,572		5.00	1,704,000	1,704,000	01/15/17	
Neighborhood Conservation	2,019,854						
Parks and Recreation	6,700,000			<u>\$1,704,000</u>			
Library	6,000,000						
Metro	8,980,574						
	<u>\$32,701,000</u>						
G.O. Public Improvement (\$39,217,322)		8/15/10					
Neighborhood Conservation	\$4,817,322						
Parks and Recreation	2,050,000		4.00	775,000	775,000	08/15/16	
Metro	8,000,000		5.00	775,000	775,000	08/15/17	
	<u>\$14,867,322</u>		3.00	195,313	195,313	08/15/18	
				<u>\$1,745,313</u>			
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09					
Street & Highway	\$9,122,919		4.00	1,638,500	1,638,500	08/15/16	
Neighborhood Conservation	2,195,414		5.00	1,247,000	1,247,000	08/15/16	
Parks and Recreation	10,465,543		5.00	2,882,600	2,882,600	08/15/17	
Fire	1,575,576		3.00	1,145,500	1,145,500	08/15/18	
Library	145,744		5.00	1,377,500	1,377,500	08/15/18	
Metro	4,401,924						
	<u>\$27,907,120</u>			<u>\$8,291,100</u>			
G.O. Public Improvement (\$65,650,000)		8/15/09					
Street & Highway	\$5,519,144						
Neighborhood Conservation	2,769,159		5.00	1,514,633	1,514,633	08/01/16	
Government Facility Bond	653,173		5.00	3,480,479	3,480,479	08/01/17	
Parks and Recreation	10,466,863		5.00	4,666,617	4,666,617	08/01/18	
Fire	1,686,726		5.00	1,694,502	1,694,502	08/01/19	
Library	1,130,373		5.00	1,695,615	1,695,615	08/01/20	
Metro	4,934,823						
	<u>\$27,160,261</u>			<u>\$13,051,846</u>			

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public Improvement Refunding (\$30,320,000)	5/9/13					
Street & Highway	\$2,411,674	4.00	230,000	230,000	08/01/24	
Neighborhood Conservation	982,015	5.00	2,830,000	2,830,000	08/01/25	
Government Facility Bond	380,957	5.00	4,980,000	4,980,000	08/01/26	
Parks and Recreation	3,618,568	4.00	3,000,000	3,000,000	08/01/27	
Fire station	164,926					
Library	457,644					
Metro	3,024,216					
	<u>\$11,040,000</u>			<u>\$11,040,000</u>		
G.O. Public Improvement Refunding (\$81,255,000)	5/9/13					
Street & Highway	\$10,194,261					
Neighborhood Conservation	6,878,456	0.606	6,005,000	6,005,000	08/01/16	
Parks and Recreation	15,956,083	0.776	2,430,000	2,430,000	08/01/17	
Fire station	1,564,102	1.076	6,610,000	6,610,000	08/01/18	
Library	1,591,281	1.339	6,335,000	6,335,000	08/01/19	
Metro	8,060,817	1.659	6,275,000	6,275,000	08/01/20	
	<u>\$44,245,000</u>	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>\$36,930,000</u>		
G.O. Public Improvement (\$64,910,000)	5/28/14					
Street & Highway	\$7,405,000					
Neighborhood Conservation	5,000,000	5.000	8,370,000	1,395,000	02/15/17-22	
Parks and Recreation	3,640,000	3.000	1,395,000	1,395,000	02/15/24	
Government Facility Bond	5,705,000	3.000	1,390,000	1,390,000	02/15/25	
Metro	5,000,000	3.000	2,790,000	1,395,000	02/15/26-27	
	<u>\$26,750,000</u>	3.000	1,395,000	1,395,000	02/15/29	
		3.750	6,950,000	1,390,000	02/15/30-34	
				<u>\$22,290,000</u>		
G.O. Public Improvement Refunding (\$40,455,000)	5/28/14					
Street & Highway	\$3,177,905	5.000	1,940,000	1,940,000	02/15/21	
Neighborhood Conservation	1,633,800	5.000	1,885,000	1,885,000	02/15/22	
Parks and Recreation	7,423,080	5.000	8,720,000	4,360,000	02/15/23-24	
Government Facility Bond	2,326,465	5.000	1,875,000	1,875,000	02/15/25	
Metro	3,403,750	5.000	3,545,000	3,545,000	02/15/27	
	<u>\$17,965,000</u>			<u>\$17,965,000</u>		
G.O. Public Improvement (\$77,440,000)	6/17/15					
Street & Highway	\$9,370,000					
Neighborhood Conservation	3,000,000	4.000	1,860,000	1,860,000	08/15/16	
Parks and Recreation	5,705,000	4.000	20,835,000	2,315,000	08/15/17-25	
Government Facility Bond	18,365,000	3.000	4,630,000	2,315,000	08/15/26-27	
Metro	8,000,000	4.000	2,315,000	2,315,000	08/15/28	
	<u>\$44,440,000</u>	3.500	4,630,000	2,315,000	08/15/29-30	
		3.500	2,310,000	2,310,000	08/15/31	
		3.750	6,930,000	2,310,000	08/15/32-34	
				<u>\$43,510,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

		Bonds Outstanding:	Payments:		
		(Relates to total amount	(Relates to total amount		
G.O. Public Improvement (\$55,200,000)		5/4/16			
Street & Highway	\$3,075,000	4.000	3,300,000	3,300,000	08/15/16
Neighborhood Conservation	4,000,000	4.000	1,850,000	1,850,000	08/15/17
Parks and Recreation	5,610,000	5.000	980,000	980,000	08/15/21
Government Facility Bond	8,365,000	5.000	16,520,000	1,180,000	08/15/22-35
Metro	1,600,000				
	<u>\$22,650,000</u>				
			<u>\$22,650,000</u>		
G.O. Public Improvement Refunding (\$161,530,000)		5/4/16			
Street & Highway	\$13,758,132	4.000	595,000	595,000	08/15/16
Neighborhood Conservation	9,438,268	4.000	5,270,000	5,270,000	08/15/17
Parks and Recreation	27,586,418	5.000	680,000	680,000	08/15/18
Government Facility Bond	7,093,846	3.000	4,370,000	4,370,000	08/15/20
Metro	17,419,589	5.000	3,505,000	3,505,000	08/15/21
Higher Education	548,993	5.000	3,730,000	3,730,000	08/15/22
Fire Station	2,524,864	5.000	3,520,000	3,520,000	08/15/23
Libraries	519,890	5.000	4,120,000	4,120,000	08/15/24
	<u>\$78,890,000</u>	5.000	6,190,000	6,190,000	08/15/25
		5.000	8,195,000	8,195,000	08/15/26
		5.000	5,985,000	5,985,000	08/15/27
		2.500	8,970,000	8,970,000	08/15/28
		2.500	8,835,000	8,835,000	08/15/29
		2.500	7,930,000	7,930,000	08/15/30
		2.750	5,340,000	5,340,000	08/15/31
		2.750	1,655,000	1,655,000	08/15/32
			<u>\$78,890,000</u>		
SUBTOTAL:			<u>\$398,558,138</u>		
FY 2004 Bond Premium to be amortized			\$884,936		
FY 2005 Bond Premium to be amortized			1,897,701		
FY 2006 Bond Premium to be amortized			822,173		
FY 2007 Bond Premium to be amortized			247,772		
FY 2008 Bond Premium to be amortized			894,900		
FY 2010 Bond Premium to be amortized			657,559		
FY 2011 Bond Premium to be amortized			4,844,081		
FY 2012 Bond Premium to be amortized			5,167,241		
FY 2013 Bond Premium to be amortized			9,576,172		
FY 2014 Bond Premium to be amortized			2,197,865		
FY 2015 Bond Premium to be amortized			3,245,034		
FY 2016 Bond Premium to be amortized			4,863,006		
Total GO Bonds Serviced by General Fund:			<u>\$433,856,578</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
IDA Revenue Bond (\$41,280,000)		12/15/10				
Metro Matters	\$26,000,000					
Buckingham Village I	<u>15,280,000</u>					
	<u>\$41,280,000</u>					
			2.75	1,295,000	1,295,000	12/15/16
			4.70	1,330,000	1,330,000	12/15/17
			4.90	1,370,000	1,370,000	12/15/18
			5.00	1,415,000	1,415,000	12/15/19
			5.10	1,460,000	1,460,000	12/15/20
			5.20	1,510,000	1,510,000	12/15/21
			5.30	1,560,000	1,560,000	12/15/22
			5.40	1,615,000	1,615,000	12/15/23
			6.00	1,670,000	1,670,000	12/15/24
			6.00	1,735,000	1,735,000	12/15/25
			6.00	1,805,000	1,805,000	12/15/26
			6.00	1,875,000	1,875,000	12/15/27
			6.00	1,950,000	1,950,000	12/15/28
			6.00	2,025,000	2,025,000	12/15/29
			6.20	2,110,000	2,110,000	12/15/30
			6.20	2,195,000	2,195,000	12/15/31
			6.20	2,285,000	2,285,000	12/15/32
			6.20	2,380,000	2,380,000	12/15/33
			6.20	2,475,000	2,475,000	12/15/34
				<u>\$34,060,000</u>		
IDA Revenue Bond (\$11,940,000)		12/15/10				
FS #3, Arlington Mill and Buckingham Park	<u>\$11,940,000</u>					
			3.00	1,250,000	625,000	2/15/17-18
			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>\$9,315,000</u>		
IDA Revenue Bond (\$76,315,000)		6/3/13				
Refunding 2004 IDA	\$23,930,000					
\$2,020	20,250,000					
Buckingham Village 3	<u>32,135,000</u>					
	<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>\$58,550,000</u>		
Total IDA Revenue Bonds Serviced by General Fund				<u>\$101,925,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

		Bonds Outstanding:	Payments:		
		(Relates to total amount)	(Relates to total amount)		
Compensated Absences		33,380,561			
Estimated Liability for Workers' Comp Claims & Other Judgments		3,923,280			
Serviced by General Fund-Capital Leases		16,585,370			
Total General Obligation Debt Serviced by General Fund:		589,670,789			
Due in one year		(56,179,514)			
Total Long Term Liabilities -General Fund		\$533,491,275			
<u>Serviced by School Operating Fund:</u>					
G.O. Public Improvement (\$61,335,000)	3/21/06				
School Improvements		<u>\$17,500,000</u>	5.00	875,000	875,000 08/01/16
				\$875,000	
G.O. Public Improvement Refunding (\$89,970,000)	3/21/06				
School Improvements		<u>\$39,169,607</u>	5.00	4,007,190	4,007,190 08/01/16
				\$4,007,190	
G.O. Public Improvement (\$111,185,000)	6/18/08				
School Improvements		<u>\$51,076,000</u>	5.00	2,555,000	2,555,000 01/15/17
				\$2,555,000	
G.O. Public Improvement (\$39,217,322)	8/15/09				
School Improvements		<u>\$24,350,000</u>	4.00	1,220,000	1,220,000 08/15/16
			5.00	1,220,000	1,220,000 08/15/17
			3.00	304,688	304,688 08/15/18
				\$2,744,688	
G.O. Public Improvement Refunding (\$41,262,678)	8/15/09				
School Improvements		<u>\$11,455,110</u>	4.00	1,186,500	1,186,500 08/15/16
			5.00	903,000	903,000 08/15/16
			5.00	2,087,400	2,087,400 08/15/17
			5.00	997,500	997,500 08/15/18
			3.00	829,500	829,500 08/15/18
				\$6,003,900	
G.O. Public Improvement Refunding (\$65,650,000)	8/15/09				
School Improvements		<u>\$27,608,536</u>	5.00	1,471,267	1,471,267 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
				\$13,839,443	
Schools- QSCB (\$3,390,000)	7/6/10				
School Improvements		<u>\$3,390,000</u>	5.31	2,200,000	200,000 08/01/16-27
				\$2,200,000	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public Improvement (\$73,415,000)		7/27/10				
School Improvements	<u>\$30,703,000</u>		5.00	3,070,000	1,535,000	08/15/16-17
			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>\$23,025,000</u>		
G.O. Public Improvement Refunding (\$65,870,000)		7/27/10				
School Improvements	<u>\$25,408,254</u>		4.00	799,942	799,942	08/15/16
			4.00	4,991,847	4,991,847	08/15/17
			5.00	2,713,871	2,713,871	08/15/18
			4.00	2,734,043	2,734,043	08/15/19
			5.00	5,201,560	5,201,560	08/15/20
			5.00	6,061,492	6,061,492	08/15/21
			3.00	1,550,499	1,550,499	08/15/22
			3.125	1,355,000	1,355,000	08/15/23
				<u>\$25,408,254</u>		
G.O. Public Improvement (\$127,000,000)		6/28/11				
School Improvements	<u>\$44,450,000</u>		4.00	2,225,000	2,225,000	08/15/16
			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
				<u>\$8,900,000</u>		
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12				
School Improvements	<u>\$39,255,000</u>		4.00/3.00	3,065,000	3,065,000	08/01/19
			4.00/3.00	3,125,000	3,125,000	08/01/21
			5.00	9,015,000	9,015,000	08/01/22
			5.00	7,650,000	7,650,000	08/15/23
			5.00	7,525,000	7,525,000	08/15/24
			5.00	3,365,000	3,365,000	08/15/25
				3,770,000	3,770,000	08/15/26
				1,740,000	1,740,000	08/15/27
				<u>\$39,255,000</u>		
G.O. Public Improvement (\$108,140,000)		6/20/12				
School Improvements	<u>\$65,145,000</u>		5.00	3,255,500	3,255,500	08/15/16
			5.00	3,256,325	3,256,325	08/15/17
			5.00	9,771,825	3,257,275	08/15/18-20
				<u>\$16,283,650</u>		
G.O. Public Improvement (\$93,975,000)		5/9/13				
School Improvements	<u>\$38,380,000</u>		4.00	1,915,000	1,915,000	08/01/16
			5.00	9,600,000	1,920,000	08/01/17-21
			4.00	1,920,000	1,920,000	08/01/31
			4.00	1,915,000	1,915,000	08/01/32
				<u>\$15,350,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

		Bonds Outstanding:	Payments:	
		(Relates to total amount	(Relates to total amount	
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>	0.606	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>\$27,845,000</u>	
G.O. Public Improvement (\$64,910,000)	5/28/14			
School Improvements	<u>\$36,460,000</u>	5.000	10,950,000	1,825,000 02/15/2017-22
		3.000	1,825,000	1,825,000 02/15/24
		3.000	1,825,000	1,825,000 02/15/25
		3.000	3,650,000	1,825,000 02/15/2026-27
		3.000	1,820,000	1,820,000 02/15/29
		3.750	9,100,000	1,820,000 02/15/2030-34
			<u>\$29,170,000</u>	
G.O. Public Improvement Refunding (\$40,455,000)	5/28/14			
School Improvements	\$19,725,000	5.000	1,170,000	1,170,000 02/15/21
		5.000	3,135,000	3,135,000 02/15/22
		5.000	10,170,000	5,085,000 02/15/2023-24
		5.000	3,115,000	3,115,000 02/15/25
		5.000	2,135,000	2,135,000 02/15/27
			<u>\$19,725,000</u>	
G.O. Public Improvement (\$77,440,000)	6/17/15			
School Improvements	\$30,000,000	4.000	1,500,000	1,500,000 08/15/16
		4.000	13,500,000	1,500,000 08/15/17-25
		3.000	3,000,000	1,500,000 08/15/26-27
		4.000	1,500,000	1,500,000 08/15/28
		3.500	3,000,000	1,500,000 08/15/29-30
		3.500	1,500,000	1,500,000 08/15/31
		3.750	4,500,000	1,500,000 08/15/32-34
			<u>\$28,500,000</u>	
G.O. Public Improvement (\$55,200,000)	5/4/16			
School Improvements	\$32,550,000	4.000	1,625,000	1,625,000 08/15/16
		4.000	3,260,000	1,630,000 08/15/17-18
		3.000	1,630,000	1,630,000 08/15/19
		5.000	11,410,000	1,630,000 08/15/20-26
		5.000	14,625,000	1,625,000 08/15/27-35
			<u>\$32,550,000</u>	

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

		Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement Refunding (\$161,530,000)	5/4/16	4.000	570,000	570,000 08/15/16
School Improvements	\$72,220,000	4.000	3,315,000	3,315,000 08/15/17
		5.000	810,000	810,000 08/15/18
		3.000	3,370,000	3,370,000 08/15/20
		5.000	4,140,000	4,140,000 08/15/21
		5.000	3,810,000	3,810,000 08/15/22
		5.000	2,120,000	2,120,000 08/15/23
		5.000	2,935,000	2,935,000 08/15/24
		5.000	4,155,000	4,155,000 08/15/25
		5.000	7,460,000	7,460,000 08/15/26
		5.000	7,135,000	7,135,000 08/15/27
		2.500	8,685,000	8,685,000 08/15/28
		2.500	8,555,000	8,555,000 08/15/29
		2.500	7,225,000	7,225,000 08/15/30
		2.750	5,180,000	5,180,000 08/15/31
		2.750	2,755,000	2,755,000 08/15/32
			<u>\$72,220,000</u>	
				<u>\$72,220,000</u>
SUB TOTAL				<u>\$382,047,125</u>
FY 2004 Bond Premium to be amortized				\$580,952
FY 2005 Bond Premium to be amortized				1,317,227
FY 2006 Bond Premium to be amortized				291,333
FY 2007 Bond Premium to be amortized				141,459
FY 2008 Bond Premium to be amortized				1,444,704
FY 2010 Bond Premium to be amortized				1,038,034
FY 2011 Bond Premium to be amortized				3,253,417
FY 2012 Bond Premium to be amortized				8,747,756
FY 2013 Bond Premium to be amortized				5,375,620
FY 2014 Bond Premium to be amortized				2,934,714
FY 2015 Bond Premium to be amortized				2,119,916
FY 2015 Bond Premium to be amortized				7,209,236
Total Serial Bonds Serviced by School Operating Fund:				<u>416,501,493</u>
Compensated Absences				35,579,701
Capital Leases Serviced by Schools				<u>4,589,171</u>
Total General Obligation Debt Serviced by School Operating Fund:				<u>456,670,365</u>
Due in one year				<u>(40,292,585)</u>
Total Long Term Liabilities - Schools				<u>416,377,780</u>
Total General Obligation Debt Serviced by General Fund and School Operating Fund:				<u>\$949,869,055</u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

		Bonds Outstanding:		Payments:	
		(Relates to total amount)		(Relates to total amount)	
Serviced by Utilities Fund:					
G.O. Public Improvement Refunding (\$89,970,000)		3/21/06			
Water share	\$1,211,244				
Sewer share	487,761	5.00	433,194	433,194	08/01/16
Advanced Water Treatment	1,414,755				
	<u>\$3,113,760</u>				
			<u>\$433,194</u>		
G.O. Public Improvement (\$111,185,000)		6/18/08			
Advanced Water Treatment	<u>\$27,408,000</u>	5.00	1,251,000	1,251,000	01/15/17
			<u>\$1,251,000</u>		
G.O. Public Improvement Refunding (\$65,650,000)		8/15/09			
Water share	\$1,765,156				
Sewer share	953,197	4.00	234,101	234,101	08/01/16
Advanced Water Treatment	8,162,851	5.00	3,343,039	3,343,039	08/01/17
	<u>\$10,881,204</u>	3.00	1,502,001	1,502,001	08/01/18
		4.00	1,430,101	1,430,101	08/01/19
		3.125	1,499,469	1,499,469	08/01/20
			<u>\$8,008,711</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10			
Water share	\$4,000,000	5.00	1,910,000	955,000	08/15/16-17
Advanced Water Treatment	14,350,000	2.00	960,000	960,000	08/15/18
	<u>\$18,350,000</u>	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>\$14,330,000</u>		
G.O. Public Improvement Refunding (\$65,870,000)		7/27/10			
Water share	\$1,211,039	4.00	3,387,708	3,387,708	08/15/16
Sewer share	1,243,833	4.00	1,505,609	1,505,609	08/15/17
Advanced Water Treatment	9,881,960	5.00	3,449,613	3,449,613	08/15/18
	<u>\$12,336,832</u>	5.00	3,685,746	3,685,746	08/15/20
		5.00	308,156	308,156	08/15/21
			<u>\$12,336,832</u>		
G.O. Public Improvement (\$127,000,000)		6/28/11			
Advanced Water Treatment	<u>\$11,800,000</u>	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
			<u>\$2,460,000</u>		
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12			
Water share	\$2,696,098	4.00/3.00	3,440,000	3,440,000	08/01/19
Sewer share	2,944,245	4.00/3.00	4,700,000	4,700,000	08/01/21
Advanced Water Treatment	21,974,657	5.00	5,910,000	5,910,000	08/01/22
	<u>\$27,615,000</u>	5.00	5,390,000	5,390,000	08/15/23
		5.00	4,975,000	4,975,000	08/15/24
		5.00	3,200,000	3,200,000	08/15/25
			<u>\$27,615,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

			Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement Refunding (\$108,140,000)	6/20/12				
Advanced Water Treatment	<u>\$7,400,000</u>	5.00	1,925,000	385,000	08/15/2016-20
			<u>\$1,925,000</u>		
G.O. Public Improvement (\$93,975,000)	5/9/13				
Water share	<u>\$3,600,000</u>	4.00	180,000	180,000	08/01/16
		5.00	900,000	180,000	08/01/17-21
		4.00	360,000	180,000	08/01/31-32
			<u>\$1,440,000</u>		
G.O. Public Improvement Refunding (\$30,320,000)	5/9/13				
Water share	\$380,262	4.00	160,000	160,000	08/01/24
Sewer share	422,514	5.00	1,975,000	1,975,000	08/01//25
Advanced Water Treatment	<u>6,887,224</u>	5.00	3,465,000	3,465,000	08/01/26
	<u>\$7,690,000</u>	4.00	2,090,000	2,090,000	08/01/27
			<u>\$7,690,000</u>		
G.O. Public Improvement Refunding (\$81,255,000)	5/9/13				
Water share	\$697,476	1.076	345,000	345,000	08/01/18
Sewer share	1,641,858	0.606	340,000	340,000	08/01/16
Advanced Water Treatment	<u>1,165,666</u>	0.776	265,000	265,000	08/01/17
	<u>\$3,505,000</u>	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>\$3,090,000</u>		
G.O. Public Improvement (\$64,910,000)	5/28/14				
Water share	<u>\$1,700,000</u>	5.000	510,000	85,000	02/15/2017-22
		3.000	85,000	85,000	02/15/24
		3.000	85,000	85,000	02/15/25
		3.000	170,000	85,000	02/15/2026-27
		3.000	85,000	85,000	02/15/29
		3.750	425,000	85,000	02/15/2030-34
			<u>\$1,360,000</u>		
G.O. Public Improvement Refunding (\$40,455,000)	5/28/14				
Water share	<u>\$2,765,000</u>	5.000	325,000	325,000	02/15/21
		5.000	370,000	370,000	02/15/22
		5.000	1,110,000	555,000	02/15/2023-24
		5.000	370,000	370,000	02/15/25
		5.000	590,000	590,000	02/15/27
			<u>\$2,765,000</u>		
G.O. Public Improvement (\$77,440,000)	6/17/15				
Water share	<u>\$3,000,000</u>	4.000	150,000	150,000	08/15/16
		4.000	1,350,000	150,000	08/15/17-25
		3.000	300,000	150,000	08/15/26-27
		4.000	150,000	150,000	08/15/28
		3.500	300,000	150,000	08/15/29-30
		3.500	150,000	150,000	08/15/31
		3.750	450,000	150,000	08/15/32-34
			<u>\$2,850,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 216

		Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public Improvement Refunding (\$161,530,000)	5/4/16				
Water share	\$1,987,360	4.000	85,000	85,000	08/15/16
Sewer share	31,547	4.000	220,000	220,000	08/15/17
Advanced Water Treatment	8,401,093	3.000	600,000	600,000	08/15/20
	<u>\$10,420,000</u>	5.000	640,000	640,000	08/15/21
		5.000	235,000	235,000	08/15/22
		5.000	585,000	585,000	08/15/23
		5.000	605,000	605,000	08/15/24
		5.000	795,000	795,000	08/15/25
		5.000	1,190,000	1,190,000	08/15/26
		5.000	680,000	680,000	08/15/27
		2.500	1,190,000	1,190,000	08/15/28
		2.500	1,175,000	1,175,000	08/15/29
		2.500	1,155,000	1,155,000	08/15/30
		2.750	940,000	940,000	08/15/31
		2.750	325,000	325,000	08/15/32
			<u>\$10,420,000</u>		
SUBTOTAL:			<u>\$97,974,737</u>		
FY 2005 Bond Premium to be amortized			\$225,156		
FY 2007 Bond Premium to be amortized			502,845		
FY 2008 Bond Premium to be amortized			659,532		
FY 2011 Bond Premium to be amortized			1,165,963		
FY 2012 Bond Premium to be amortized			1,022,922		
FY 2013 Bond Premium to be amortized			504,076		
FY 2014 Bond Premium to be amortized			136,739		
FY 2015 Bond Premium to be amortized			211,992		
Total Serial Bonds Serviced by Utilities Fund:			102,403,961		
Compensated Absences - Utilities Fund			1,205,516		
Bond and VRA interest payable - Utilities Fund			3,273,204		
Capital Leases serviced by Utilities Fund			82,445		
VRA Loans payable			<u>205,816,282</u>		
Total Long Term Obligations Serviced by Utilities Fund:			312,781,408		
Compensated Absences - Internal Service funds			555,278		
Compensated Absences - CPHD Development Fund			616,228		
Capital Leases serviced by Auto Equipment Fund			<u>4,882,626</u>		
SUBTOTAL:			318,835,540		
Revenue Bonds-Serviced by Ballston Public Garage Fund			5,800,000		
Bond and mortgage interest payable			27,767,463		
Mortgage Payable-Ballston Public Garage Func			<u>3,429,679</u>		
Total Business-type Activities Obligations:			355,832,682		
Due in one year			<u>(59,337,647)</u>		
Total Business-type Activities long Term Obligations:			<u>\$296,495,035</u>		
TOTAL LONG TERM OBLIGATIONS:			<u>\$1,246,364,090</u>		

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 JUNE 30, 2016

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2016	\$79,506	\$617,857	\$697,364
2015	58,000	389,196	447,196
2014	21,414	328,904	350,318
2013	12,120	266,884	279,004
2012	553	259,668	260,222
2011	-	-	-
2010	21	-	21
2009	-	-	-
2008	-	-	-
2007	-	-	-
2006	-	-	-
2005	-	-	-
TOTAL	<u>\$171,614</u>	<u>\$1,862,509</u>	<u>\$2,034,123</u>

NOTES:

Figures are rounded to the nearest dollar.

The amounts of delinquent real and personal property taxes receivable at June 30, 2016 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 \$14,269 and \$409,800 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
2007	528,570,144	2,707,065	525,863,079	99.49%	3,264,676	529,127,755	100.11%	1,045,194	1,069,831	4,861,433	0.92%
2008	577,353,341	2,881,468	574,471,873	99.50%	3,285,410	577,757,283	100.07%	829,482	1,259,192	4,645,017	0.80%
2009	620,724,099	3,508,418	617,215,681	99.43%	3,555,509	620,771,190	100.01%	885,868	1,476,023	4,445,528	0.72%
2010	631,481,234	2,753,079	628,728,155	99.56%	2,965,008	631,693,163	100.03%	1,074,788	1,450,150	4,107,640	0.65%
2011	653,198,268	2,147,274	651,050,994	99.67%	3,259,661	654,310,655	100.17%	924,343	1,391,658	3,596,781	0.55%
2012	701,019,137	1,585,301	699,433,836	99.77%	3,158,923	702,592,759	100.22%	1,016,583	1,362,159	3,358,566	0.48%
2013	754,569,203	4,983,622	749,585,581	99.34%	2,803,775	752,389,356	99.71%	1,016,583	1,362,159	3,107,347	0.41%
2014	787,485,043	2,623,869	786,541,395	99.88%	1,427,125	787,968,521	100.06%	822,356	2,496,535	2,623,869	0.33%
2015	812,023,501	2,197,169	811,226,437	99.90%	2,036,061	813,262,498	100.15%	817,426	2,830,484	2,197,169	0.27%
2016	837,718,155	2,034,123	835,684,031	99.76%	2,197,169	837,881,200	100.02%	566,223	3,052,244	2,034,123	0.24%

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, 2016

	<u>Governmental Funds</u>
Governmental funds capital assets:	
Land	171,889,437
Infrastructure	680,779,247
Buildings	350,034,267
Furniture, fixtures and equipment	214,228,287
Construction in Progress	206,903,057
Intangibles	<u>5,504,582</u>
 Total governmental funds capital assets	 <u><u>\$1,629,338,877</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$240,235,473
Special revenue funds	135,506
Capital projects funds	1,381,437,803
State literary loans	1,680,040
Donated assets	<u>5,850,055</u>
 Total Investment in General Capital Assets	 <u><u>\$1,629,338,877</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, 2016

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2016 Beginning Balance	Additions	Deletions	06/30/2016 Ending Balance
Primary Government:				
General Government	\$313,818,568	\$11,098,269	\$-	\$324,916,837
Public Safety	105,466,716	2,082,868	-	107,549,584
Environmental Services	792,110,242	78,319,626	7,189,037	863,240,831
Health and Public Welfare	33,916,914	73,319	-	33,990,233
Libraries	30,420,141	12,751	-	30,432,892
Parks and Recreation	206,999,824	8,365,159	-	215,364,983
Planning and Community Development	49,550,782	4,292,735	-	53,843,517
Total primary government	<u>1,532,283,187</u>	<u>104,244,727</u>	<u>7,189,037</u>	<u>1,629,338,877</u>
Internal Services Fund				
Auto Equipment Fund	72,843,569	7,068,599	3,496,186	76,415,982
Total Internal Services Fund	<u>72,843,569</u>	<u>7,068,599</u>	<u>3,496,186</u>	<u>76,415,982</u>
Component Unit: School Board				
Schools	816,594,534	47,469,109	-	864,063,643
Total Capital Assets	<u>\$2,421,721,290</u>	<u>\$158,782,435</u>	<u>\$10,685,223</u>	<u>\$2,569,818,502</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY
JUNE 30, 2016

EXHIBIT S-8

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles	CIP
General Government:							
Control-							
Legislative	\$694,222	\$-	\$-	\$-	\$694,222	\$-	\$-
Executive	532,598	-	-	-	532,598	-	-
Judicial	5,738,322	-	-	-	4,792,890	899,576	45,856
Total Control	6,965,142	-	-	-	\$6,019,710	899,576	45,856
Staff Agencies-							
Elections	1,129,595	-	-	-	1,129,595	-	-
Management and Finance	1,610,532	-	-	-	1,610,532	-	-
Human Resources	414,403	-	-	-	331,135	83,268	-
Office of County Attorney	1,092,069	-	-	-	972,247	119,822	-
Commissioner of the Revenue	607,454	-	-	-	607,454	-	-
Treasurer	283,967	-	-	-	39,291	32,086	212,590
Department of Technology Services	45,702,921	-	421,153	991,860	31,820,190	1,314,387	11,155,331
General government	267,110,754	140,919,088	82,261,846	25,877,382	10,713,349	1,001,390	6,337,699
Total Staff Agencies	317,951,695	140,919,088	82,682,999	26,869,242	47,223,793	2,550,953	17,705,620
Total General Government	324,916,837	140,919,088	82,682,999	26,869,242	53,243,503	3,450,529	17,751,476
Public Safety:							
Police	18,117,833	-	958,127	9,087,613	6,037,685	-	2,034,408
Fire	79,644,908	5,499,264	32,569,290	7,125,394	34,434,960	-	16,000
Emergency management	9,786,843	-	-	-	8,954,390	-	832,453
Total Public Safety	107,549,584	5,499,264	33,527,417	16,213,007	49,427,035	-	2,882,861
Community Services:							
Environmental Services	863,240,831	6,723,967	464,735,239	193,765,936	83,794,280	1,051,345	113,170,064
Health and Public Welfare	33,990,233	-	-	14,127,700	19,192,804	636,104	33,625
Libraries	30,432,892	-	11,857,686	18,349,791	225,415	-	-
Recreation	215,364,983	17,349,830	64,023,040	65,469,813	7,753,240	-	60,769,060
Community Development	53,843,517	1,397,288	23,952,866	15,238,778	592,010	366,604	12,295,971
Total Community Service	1,196,872,456	25,471,085	564,568,831	306,952,018	111,557,749	2,054,053	186,268,720
Total General Capital Assets	\$1,629,338,877	\$171,889,437	\$680,779,247	\$350,034,267	\$214,228,287	\$5,504,582	\$206,903,057
Internal Services Fund:							
Auto Equipment Fund	\$76,415,982	\$-	\$-	\$-	\$76,415,982	\$-	\$-
Total Internal Services Fund	\$76,415,982	\$-	\$-	\$-	\$76,415,982	\$-	\$-
Component Unit: School Board Schools	\$864,063,643	\$4,697,946	\$-	\$759,491,564	\$99,874,133	\$-	\$-
GRAND TOTALS	\$2,569,818,502	\$176,587,383	\$680,779,247	\$1,109,525,831	\$390,518,402	\$5,504,582	\$206,903,057

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	2016			2015 Actuals
	Budget	Actual	Variance - Positive (Negative)	
GENERAL FUND				
General property taxes:				
Real estate	\$667,774,330	\$675,717,875	\$7,943,545	\$652,135,009
Personal	110,152,147	111,768,494	1,616,347	108,913,548
Total general property taxes	<u>777,926,477</u>	<u>787,486,369</u>	<u>9,559,892</u>	<u>761,048,557</u>
Other local taxes:				
Business, professional and occupational license (BPOL) tax	50,920,623	60,181,386	9,260,763	58,970,752
Sales tax	40,600,000	39,683,462	(916,538)	39,590,910
Meals tax	37,080,000	37,332,584	252,584	36,508,911
Transient tax	22,800,000	24,106,373	1,306,373	23,343,314
Utility tax	11,800,000	11,459,469	(340,531)	12,007,700
Recordation, car rental and other local taxes	23,775,000	26,236,117	2,461,117	25,324,387
Total other local taxes	<u>186,975,623</u>	<u>198,999,391</u>	<u>12,023,768</u>	<u>195,745,974</u>
Total taxes	<u>964,902,100</u>	<u>986,485,760</u>	<u>21,583,660</u>	<u>956,794,531</u>
License, permits and fees	10,617,350	9,846,558	(770,792)	11,231,202
Fines and forfeitures	8,823,148	7,059,138	(1,764,010)	7,941,007
Charges for services	54,137,841	54,490,980	353,139	52,682,001
Grants:				
State grants	78,548,041	71,790,714	(6,757,327)	68,398,285
Federal grants	17,316,742	17,035,639	(281,103)	16,786,473
Total grants	<u>95,864,783</u>	<u>88,826,353</u>	<u>(7,038,430)</u>	<u>85,184,758</u>
Use of money and property	6,281,895	9,451,264	3,169,369	7,765,181
Bond premiums	-	4,863,006	4,863,006	3,415,826
Miscellaneous revenue	2,914,494	12,255,370	9,340,876	14,023,060
GRAND TOTALS FOR GENERAL FUND	<u>\$1,143,541,611</u>	<u>\$1,173,278,429</u>	<u>\$29,736,818</u>	<u>\$1,139,037,566</u>
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Rosslyn Business Improvement District	\$36,201	\$34,928	(\$1,273)	\$35,818
Crystal City Business Improvement District	25,792	25,280	(512)	25,502
Automotive Equipment Fund	130,000	130,000	-	130,000
General Capital Projects	400,000	400,000	-	-
Street & Highway Bond Fund	-	60,579	60,579	23,441
Neighborhood Conservation Bond Fund	-	39,675	39,675	14,926
Government Facility Bond	-	122,416	122,416	28,527
Ballston Business Improvement District	15,448	15,381	(67)	15,406
Public Recreation Bond Fund	-	124,490	124,490	41,176
TCF - NVTA 30%	578,702	578,702	-	-
TCF C&I Tax	-	75,000	75,000	-
Transit Facilities Bond Fund	-	50,312	50,312	19,049
IDA Bond Funds	-	1,324	1,324	1,238
IDA Skating Facility	2,400,000	-	(2,400,000)	-
Emergency Community Center	-	-	-	82
School Capital Improvement Bond Fund	-	255,240	255,240	87,699
Trust & Agency Fund	213,660	181,613	(32,047)	784,268
Total transfers	<u>\$3,799,803</u>	<u>\$2,094,940</u>	<u>(\$1,704,863)</u>	<u>\$1,207,132</u>
GRAND TOTALS	<u>\$1,147,341,414</u>	<u>\$1,175,373,369</u>	<u>\$28,031,955</u>	<u>\$1,140,244,698</u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	2016			2015 Actuals
	Budget	Actual	Variance - Positive (Negative)	
SPECIAL REVENUE FUNDS:				
Ballston BID	\$1,544,770	\$1,538,692	(\$6,078)	\$1,540,925
Rosslyn BID	3,621,495	3,494,278	(127,217)	3,583,191
Crystal City BID	2,579,181	2,528,683	(50,498)	2,550,810
Community Development Block Grant Fund	5,491,055	1,467,801	(4,023,254)	1,185,786
Section 8 Housing	18,459,963	17,490,977	(968,986)	15,186,369
Total Special Revenue Funds	\$31,696,464	\$26,520,431	(\$5,176,033)	\$24,047,081

BREAKDOWN OF REVENUE BY FUNCTION:

	Charges for services Includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General government	\$18,696,900	\$29,530,294	\$282,172	\$-
Public safety	11,010,776	10,044,591	823,502	-
Environmental services	27,222,714	11,168,423	-	-
Health & welfare	3,751,085	20,473,364	15,663,804	-
Libraries	472,180	176,777	-	-
Economic development	259,094	359,500	-	-
Planning & community development	971,573	-	200,693	-
Parks & recreation	9,012,354	37,765	65,468	-
Total General Fund	\$71,396,676	\$71,790,714	\$17,035,639	\$-

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	2016		Variance - Positive (Negative)	2015 Actuals
	Budget	Actual		
General Government Administration:				
County Board	\$1,435,718	\$1,326,700	\$109,018	\$1,234,996
County Manager	5,650,692	5,578,990	71,702	5,287,208
Financial Management	7,218,591	6,480,030	738,561	6,780,618
Human Resources	8,876,977	8,783,654	93,323	8,353,836
Technology Services	19,474,602	19,805,807	(331,205)	18,875,695
County Attorney	2,774,029	2,766,821	7,208	2,542,357
Commissioner of Revenue	5,409,167	5,409,558	(391)	5,176,362
Treasurer	6,835,923	6,820,769	15,154	6,516,237
Electoral Board	1,299,736	1,129,861	169,875	960,017
Total General Government	58,975,435	58,102,190	873,245	55,727,326
Judicial Administration:				
Circuit Court Judiciary	987,279	977,960	9,319	703,358
Circuit Court	3,166,974	3,166,978	(4)	3,129,404
District Court	386,820	345,061	41,759	352,578
Juvenile & Domestic Relations Court	6,367,799	6,211,080	156,719	5,994,885
Commonwealth Attorney	4,405,375	4,152,655	252,720	4,214,727
Sheriff & Jail	43,308,332	43,702,573	(394,241)	41,005,297
Magistrate's Office	43,746	39,688	4,058	42,241
Office of the Public Defender	80,000	81,927	(1,927)	-
Total Judicial Administration	58,746,325	58,677,922	68,403	55,442,490
Public Safety:				
Police	68,273,243	65,439,095	2,834,148	64,188,293
Office of Emergency Management	12,122,281	11,341,831	780,450	11,242,487
Fire	55,964,622	56,348,894	(384,272)	53,389,709
Total Public Safety	136,360,146	133,129,820	3,230,326	128,820,489
Department of Environmental Services:				
DES-Environmental Services	88,310,428	90,929,047	(2,618,619)	85,161,962
Health & Welfare:				
Human Services	136,938,477	127,949,353	8,989,124	122,965,470
Libraries:				
	13,258,393	12,999,158	259,235	13,007,081
Planning & Community Development:				
Economic Development	10,624,205	10,522,630	101,575	11,085,839
Community Planning Housing & Development	11,956,553	11,051,427	905,126	11,116,188
Total Planning & Community Development	22,580,758	21,574,057	1,006,701	22,202,027
Parks & Recreation:				
	39,326,392	37,974,121	1,352,271	35,939,966
Non-Departmental:				
Non-Departmental	115,838,613	63,067,532	52,771,081	73,575,715
Debt Service				
Principal payment	39,541,131	39,843,463	(302,332)	40,845,031
Interest payment	20,323,869	18,360,273	1,963,596	18,004,307
Other costs	35,000	5,732	29,268	30,403
Regionals/Contributions	7,947,666	6,182,977	1,764,689	7,821,061
METRO	30,328,935	30,328,935	-	29,885,640
Total Non-Departmental	214,015,214	157,788,912	56,226,302	170,162,157
Total Expenditures before transfers-out	768,511,568	699,124,580	69,386,988	689,428,968

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	2016			2015 Actuals
	Budget	Actual	Variance - Positive (Negative)	
Transfers -Out				
Auto Equipment Fund	-	-	-	42,000
Printing Fund	231,484	231,484	-	226,499
General Capital Projects Fund	19,890,523	19,890,523	-	29,993,113
CPHD Development Fund	34,880	-	34,880	-
OPEB Trust Projects Fund	-	56,351	(56,351)	-
Schools				
General Operating	419,910,263	402,201,167	17,709,096	388,426,214
Community Activities/Cable TV	6,266,646	5,232,404	1,034,242	5,299,491
Pay-As-You-Go	7,634,294	11,216,294	(3,582,000)	13,874,780
Debt Service	45,339,449	44,430,851	908,598	43,834,000
Comprehensive Services Act	2,385,000	1,905,932	479,068	1,909,164
Trust & Agency	500,000	100,000	400,000	4,330
Total Transfers-Out	502,192,539	485,265,006	16,927,533	483,609,591
GRAND TOTALS EXPENDITURES	\$1,270,704,107	\$1,184,389,586	\$86,314,521	\$1,173,038,559
SPECIAL REVENUE FUNDS:				
Ballston Business Improvement District	\$1,529,322	\$1,499,413	\$29,909	\$1,524,695
Rosslyn Business Improvement District	3,585,294	3,414,382	170,912	3,618,118
Crystal City Business Improvement District	2,553,389	2,488,910	64,479	2,534,958
Community Development Block Grant	5,491,055	1,467,802	4,023,253	1,185,786
Section 8 Housing	18,459,963	17,490,977	968,986	17,219,017
Total Special Revenue Funds	\$31,619,023	\$26,361,484	\$5,257,539	\$26,082,574
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	\$1,302,323,130	\$1,210,751,070	\$91,572,060	\$1,199,121,133

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2016

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	\$360,322
Public Safety	1,008,696
Public Works	1,270,998
Health & Public Welfare	73,319
Libraries	12,751
Parks & Recreation	389,916
Planning & Community development	80,479
Total General Fund	\$3,196,481
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	3,403,986
Government Facilities	32,922,783
Cultural & Recreation - Community Affairs:	
Government Facilities	1,466,906
Parks	5,911,287
Total General Capital Projects Funds	43,704,962
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	12,617,107
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	3,962,711
Government Facility Bond	7,474,429
Stormwater Fund	300,142
Public Recreation Bond Fund:	
Public Recreation	4,019,965
Fire Station Bond Fund:	
Fire Station Facilities	-
Library Bond Fund:	
Public Library Facilities	-
NVTA	
NOVA Transportation Authority	28,253,319
IDA Bond Fund:	
	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	56,627,673
GRAND TOTAL	\$103,529,116



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 C1, Table D, Table D1, Table D2, 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 I1, 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, Table O, and Table P.)

Other

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

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

	Restated 2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015	2016
Governmental Activities										
Invested in capital assets, net of related debt	(\$48,931,768)	(\$32,045,987)	(\$4,473,221)	\$3,326,233	\$85,911,369	\$106,482,421	\$113,408,961	\$170,891,751	\$220,958,287	\$265,340,924
Restricted for:										
Capital projects	142,422,852	10,418,820	118,951,943	148,562,047	219,717,828	254,592,361	264,758,831	300,867,564	359,600,115	358,347,806
Other projects	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402	2,557,084	2,290,690	178,471	261,829
Unrestricted	184,167,995	332,536,404	294,264,704	315,395,737	240,953,482	296,869,258	371,505,711	388,828,867	405,775,777	463,039,535
Total governmental activities net position	<u>\$286,853,610</u>	<u>\$319,019,820</u>	<u>\$414,259,110</u>	<u>\$472,570,393</u>	<u>\$552,153,832</u>	<u>\$661,986,442</u>	<u>\$752,230,587</u>	<u>\$862,878,872</u>	<u>\$986,512,650</u>	<u>\$1,086,990,094</u>
Business-Type Activities										
Invested in capital assets, net of related debt	\$275,868,117	\$355,750,043	\$446,066,559	\$531,452,315	\$552,113,257	\$603,252,038	\$640,920,418	\$671,143,524	\$692,157,867	\$719,133,545
Restricted for:										
Capital projects	18,847,502	12,307,036	6,945,927	3,432,530	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	107,317,205	105,289,754	101,416,280	76,726,708	98,488,340	84,916,280	69,103,784	63,289,095	65,051,144	59,079,666
Total business-type activities net position	<u>\$402,032,824</u>	<u>\$473,346,833</u>	<u>\$554,428,766</u>	<u>\$611,611,553</u>	<u>\$650,601,597</u>	<u>\$688,168,318</u>	<u>\$710,024,202</u>	<u>\$734,432,619</u>	<u>\$757,209,011</u>	<u>\$778,213,211</u>
Primary government										
Invested in capital assets, net of related debt	\$226,936,349	\$323,704,056	\$441,593,338	\$534,778,548	\$638,024,626	\$709,734,459	\$754,329,379	842,035,275	\$913,116,154	\$984,474,469
Restricted for:										
Capital projects	161,270,354	22,725,856	125,897,870	151,994,577	219,717,828	254,592,361	264,758,831	300,867,564	359,600,115	358,347,806
Other projects	9,194,531	8,110,583	5,515,684	5,286,376	5,571,153	4,042,402	2,557,084	2,290,690	178,471	261,829
Unrestricted	291,485,200	437,826,158	395,680,984	392,122,445	339,441,822	381,785,538	440,609,495	452,117,962	470,826,921	522,119,201
Total primary government activities net position	<u>\$688,886,434</u>	<u>\$792,366,653</u>	<u>\$968,687,876</u>	<u>\$1,084,181,946</u>	<u>\$1,202,755,429</u>	<u>\$1,350,154,760</u>	<u>\$1,462,254,789</u>	<u>\$1,597,311,491</u>	<u>\$1,743,721,661</u>	<u>\$1,865,203,305</u>
School Component Unit										
Invested in capital assets, net of related debt	\$313,005,331	\$332,700,082	\$356,757,290	\$386,599,276	\$404,050,823	\$464,751,903	\$520,283,078	\$535,315,558	\$559,348,585	\$583,990,484
Restricted for:										
Capital projects	21,143,761	53,652,410	15,008,543	4,549,397	52,726,465	47,055,029	54,583,825	57,977,311	69,833,117	72,212,556
Other projects	-	-	-	-	3,180,528	10,954,607	12,076,754	11,446,474	3,010,014	3,587,376
Unrestricted	(6,369,783)	(21,749,122)	(29,729,500)	(32,814,262)	-	-	-	(441,907,246)	(408,902,983)	(390,473,617)
Total schools component unit activities net position	<u>\$327,779,309</u>	<u>\$364,603,370</u>	<u>\$342,036,333</u>	<u>\$358,334,411</u>	<u>\$459,957,816</u>	<u>\$522,761,539</u>	<u>\$586,943,657</u>	<u>\$162,832,097</u>	<u>\$223,288,733</u>	<u>\$269,316,799</u>
Other Component Units										
Invested in capital assets, net of related debt	\$20,624,884	\$29,344,880	\$29,978,738	\$27,878,594	\$27,962,471	\$26,577,683	\$24,576,817	\$23,811,868	\$22,749,656	\$21,665,493
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,123,376	(4,918,215)	(5,578,810)	(554,073)	(982,778)	428,056	2,476,291	\$3,361,665	4,581,044	5,009,233
Total other component units activities net position	<u>\$28,748,260</u>	<u>\$24,426,665</u>	<u>\$24,399,928</u>	<u>\$27,324,521</u>	<u>\$26,979,693</u>	<u>\$27,005,739</u>	<u>\$27,053,108</u>	<u>\$27,173,533</u>	<u>\$27,330,700</u>	<u>\$26,674,726</u>

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

Expenses	Restated 2007	2008	2009	2010	2011	2012	2013	Restated 2014	2015	2016
Primary government:										
Governmental activities:										
General government	\$170,050,920	\$183,532,881	\$157,913,828	\$195,846,347	\$180,060,339	\$212,776,822	\$197,890,282	\$246,530,409	\$231,359,735	\$230,987,144
Public safety	105,294,735	114,536,445	101,207,180	110,207,376	116,211,459	118,391,330	120,977,618	130,260,142	122,974,380	129,088,522
Environmental services	69,902,804	73,697,836	74,059,602	76,327,661	76,871,992	80,272,770	84,444,970	92,633,746	92,336,816	100,110,934
Health & welfare	100,775,893	109,949,551	100,667,830	108,035,699	109,078,189	115,139,323	113,901,082	121,333,852	115,512,691	121,129,960
Libraries	13,167,711	14,426,350	12,828,135	11,946,021	11,313,749	12,134,689	12,464,589	13,191,542	12,479,621	12,570,917
Parks, recreation & culture	35,953,363	38,592,964	35,355,942	37,291,412	36,866,666	34,180,696	36,105,159	38,608,095	36,436,310	39,197,586
Planning & community development	40,556,577	46,279,307	67,595,397	46,833,700	42,986,854	54,626,473	60,359,027	63,669,222	58,062,841	54,600,221
Education	338,962,527	390,921,262	341,109,269	343,067,722	417,655,490	411,415,097	462,562,274	418,066,409	457,765,814	507,079,426
Interest and other charges	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	28,131,683	16,786,171	18,380,254	18,435,458
Total governmental activities expenses	892,762,603	990,367,352	909,167,130	948,087,547	1,009,595,950	1,057,219,530	1,116,836,685	1,141,079,588	1,145,308,461	1,213,200,168
Business-type activities:										
Utilities	51,515,377	57,904,261	59,052,176	64,616,867	68,006,236	76,050,327	93,564,517	85,448,387	85,965,153	83,764,431
Ballston Public Parking Garage	5,937,745	9,517,231	5,626,403	5,577,545	5,234,038	6,062,024	5,750,518	5,315,660	6,307,728	6,215,496
IDA Revenue Bond Fund	34,170	1,519,061	1,695,732	1,701,967	-	-	-	-	-	-
8th Level Ballston Public Parking Garage	28,927	35,947	52,808	88,383	132,027	50,496	53,085	157,097	174,141	193,955
CPHD Development Fund	-	-	9,554,317	9,824,617	10,556,125	11,598,557	12,173,696	13,762,118	14,948,371	16,355,916
Total business-type activities expenses	57,516,219	68,976,500	75,981,436	81,809,379	83,928,426	93,761,404	111,541,816	104,683,282	107,395,393	106,529,798
Total primary government expenses	\$950,278,822	\$1,059,343,852	\$985,148,566	\$1,029,896,926	\$1,093,524,376	\$1,150,980,934	\$1,228,378,501	\$1,245,762,870	\$1,252,703,854	\$1,319,729,966
Component units:										
Schools	388,148,161	412,953,520	422,055,027	412,450,899	407,401,980	431,308,198	485,061,915	930,311,090	487,285,239	527,362,951
Other	6,199,663	7,777,236	8,189,092	7,702,100	7,505,677	7,317,002	7,375,441	7,468,573	7,480,926	8,268,201
Total component units activities expenses	\$394,347,824	\$420,730,756	\$430,244,119	\$420,152,999	\$414,907,657	\$438,625,200	\$492,437,356	\$937,779,663	\$494,766,165	\$535,631,152
Program Revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	\$20,079,042	\$18,106,488	\$20,158,108	\$17,968,134	\$19,911,198	\$20,870,357	\$20,219,252	\$20,009,810	\$20,223,240	\$18,696,900
Environmental services	16,550,927	19,684,727	20,133,391	20,973,628	26,728,203	28,408,484	26,049,002	26,811,532	25,683,556	27,222,714
Public safety	7,676,160	5,049,238	6,365,373	8,581,235	10,204,341	9,949,039	10,793,294	11,590,616	10,621,445	11,010,776
Other activities	17,950,390	21,509,731	12,111,147	10,665,194	13,056,130	16,750,057	14,154,588	20,447,573	32,491,876	16,911,503
Operating grants and contributions	118,055,710	105,661,179	102,379,382	106,770,638	113,012,048	136,827,855	120,764,535	134,856,589	129,818,926	136,159,090
Capital grants and contributions	1,810,516	1,811,566	1,812,817	1,807,735	1,822,203	1,818,130	-	-	-	-
Total governmental activities program revenues	182,122,745	171,822,929	162,960,218	166,766,564	184,734,123	214,623,922	191,980,671	213,716,120	218,839,043	210,000,983
Business-type activities:										
Charges for services										
Water-sewer service charges	56,850,491	67,434,401	72,457,575	77,806,563	81,641,099	86,840,829	86,768,619	88,880,766	94,542,664	93,056,953
Water-service hook-up charges	3,345,476	4,810,598	4,627,014	2,390,390	3,165,075	4,419,474	5,672,805	5,499,780	6,273,269	5,474,991
Other activities	20,369,401	33,946,120	46,804,145	41,260,025	34,258,022	35,828,391	34,594,120	30,649,078	27,925,859	27,473,298
Capital grants and contributions	21,162,994	28,033,520	26,845,784	16,319,975	5,626,019	3,317,976	6,322,423	3,789,066	1,065,000	906,855
Total business-type activities program revenues	101,728,362	134,224,639	150,734,518	137,776,953	124,690,215	130,406,670	133,357,967	128,818,690	129,806,792	126,912,097
Total primary government program revenues	\$283,851,107	\$306,047,568	\$313,694,736	\$304,543,517	\$309,424,338	\$345,030,592	\$325,338,638	\$342,534,810	\$348,645,835	\$336,913,080
Component units:										
Charges for services	\$16,849,867	\$20,328,889	\$20,561,183	\$26,743,790	\$27,358,213	\$23,945,689	\$31,354,968	\$28,565,024	\$28,974,950	\$34,839,210
Operating grants and contributions	365,255,205	417,046,873	368,136,757	395,178,524	471,380,848	459,514,609	507,003,321	465,682,654	505,002,526	54,346,672
Capital grants and contributions	-	1,428,953	500,000	586,833	-	-	-	-	-	-
Total component units program revenues	\$382,105,072	\$438,804,715	\$389,197,940	\$422,509,147	\$498,739,061	\$483,460,298	\$538,358,289	\$494,247,678	\$533,977,476	\$89,185,882

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

	Restated 2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Primary government:										
Governmental activities	(\$710,639,858)	(\$818,544,423)	(\$746,206,912)	(\$781,320,983)	(\$824,851,827)	(\$842,595,608)	(\$924,856,014)	(\$927,363,468)	(\$926,469,418)	(\$1,003,199,185)
Business-type activities	44,212,143	65,248,139	74,753,082	55,967,574	40,761,789	36,645,266	21,816,151	24,135,428	22,411,399	20,382,299
Total primary government net expense	(\$666,427,715)	(\$753,296,284)	(\$671,453,830)	(\$725,353,409)	(\$784,090,038)	(\$805,950,342)	(\$903,039,863)	(\$903,228,040)	(\$904,058,019)	(\$982,816,886)
Component units:										
Component unit activities	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098	\$45,920,933	(\$443,531,985)	\$39,211,311	(\$446,445,270)
Total component units net expense	(\$12,242,752)	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098	\$45,920,933	(\$443,531,985)	\$39,211,311	(\$446,445,270)
General Revenues and Changes in Net Position										
Governmental activities:										
Property taxes:										
Real estate property taxes	\$441,047,242	\$509,933,075	\$523,725,497	\$527,562,107	\$572,591,637	\$619,748,841	\$648,659,020	\$683,987,883	\$701,941,723	\$722,486,477
Personal property taxes	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065	106,957,213	110,688,939	108,913,548	111,768,494
Other local taxes:										
Business, professional occupancy license taxes	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108	61,939,212	61,341,154	62,752,491	58,970,752	60,181,386
Other local taxes	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610	143,631,442	139,621,783	144,447,846	146,376,918
Investment and interest earnings	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855	4,287,344	6,578,889	7,895,921	9,852,799
Miscellaneous	33,453,869	23,985,005	18,480,331	21,000,027	11,505,318	27,112,773	50,223,986	34,381,768	27,933,406	53,010,555
Total governmental activities	\$761,638,145	\$830,953,288	\$841,446,202	\$839,632,256	\$883,700,493	\$954,812,356	\$1,015,100,159	1,038,011,753	\$1,050,103,196	\$1,103,676,629
Business-type activities:										
Investment and interest earnings	\$3,617,839	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013	\$621,879
Total business-type activities	\$3,617,839	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013	\$621,879
Total primary government	\$765,255,984	\$837,019,158	\$844,893,542	\$840,847,469	\$884,391,849	\$955,560,179	\$1,015,139,892	\$1,038,284,742	\$1,050,468,209	\$1,104,298,508
Component units activities:										
Other local taxes										
Other local taxes	\$18,242,576	\$16,906,350	\$16,163,026	\$16,332,840	\$17,134,732	\$17,782,467	\$18,171,301	\$19,368,052	\$21,198,389	\$23,067,985
Investment and interest earnings/Miscellaneous	3,063,000	681,544	1,319,336	533,684	312,440	212,204	137,253	172,798	204,103	324,624
Total primary government	\$21,305,576	\$17,587,894	\$17,482,362	\$16,866,524	\$17,447,172	\$17,994,671	\$18,308,554	\$19,540,850	\$21,402,492	\$23,392,609
Changes in Net Position										
Primary government:										
Governmental activities	\$50,998,287	\$12,408,864	\$95,239,289	\$58,311,273	\$58,848,666	\$112,216,748	\$90,244,145	\$110,648,285	\$123,633,778	\$100,477,444
Business-type activities	47,829,982	71,314,009	78,200,422	57,182,787	41,453,145	37,393,089	21,855,884	24,408,417	22,776,412	21,004,178
Total primary government net expense	\$98,828,269	\$83,722,873	\$173,439,711	\$115,494,060	\$100,301,811	\$149,609,837	\$112,100,029	\$135,056,702	\$146,410,190	\$121,481,622
Component units:										
Component units activities	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	\$64,229,487	(\$423,991,135)	\$60,613,803	\$45,372,092
Total component units net expense	\$9,062,823	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	\$64,229,487	(\$423,991,135)	\$60,613,803	\$45,372,092

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

	2007	2008	2009
General Fund Balance:			
Reserved for			
Encumbrances	\$4,570,757	\$2,517,374	\$270,619
Four Mile Run	500,000	500,000	-
Unreserved			
Designated for Self Insurance	3,500,000	3,500,000	5,000,000
Designated for Operating Reserve	17,800,000	28,262,153	30,769,734
Designated for Subsequent Years Budget	36,691,920	29,928,475	44,666,386
Designated for Incomplete Projects	52,428,554	49,107,897	57,713,108
Designated for Retirement	-	3,880,000	-
Total General Fund Balance	115,491,231	117,695,899	138,419,847
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	13.49%	12.93%	14.98%
All Other Governmental Funds			
Special revenue funds			
Reserved	-	53,706	-
Unreserved	9,919,740	8,526,238	6,121,704
Capital Project funds			
Reserved	32,282,131	26,259,487	23,836,818
Unreserved	110,140,721	133,844,803	95,115,125
Total all other governmental funds	152,342,592	168,684,234	125,073,647
Component unit - Schools:			
Reserved	35,019,015	65,672,036	28,788,084
Unreserved	6,589,059	7,799,312	7,155,183
Total component unit - Schools	41,608,074	73,471,348	35,943,267

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

	2010	2011	2012	2013	2014	2015	2016
General Fund							
<u>Restricted for:</u>							
Seized assets	\$3,032,049	\$2,385,573	\$2,436,464	\$2,272,448	\$2,522,979	\$2,459,482	\$1,515,487
Grants	45,206	-	-	-	-	-	-
<u>Committed to:</u>							
Self insurance reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Subsequent years' County budget	17,061,007	11,151,929	10,488,080	5,208,794	4,860,024	4,529,331	7,165,939
Capital projects	-	4,946,013	1,902,323	8,403,862	14,831,642	2,833,146	2,057,099
Operating reserve	32,377,943	40,192,725	50,240,906	52,605,487	54,575,340	57,385,360	57,997,382
Economic & revenue stabilization continge	-	-	-	3,000,000	3,000,000	8,599,377	3,000,000
Incomplete projects	150,176	230,734	171,861	130,223	412,220	281,390	562,321
Affordable Housing Investment Fund	17,656,893	19,163,965	7,050,422	21,838,549	45,631,924	36,914,040	36,834,387
Subsequent years' school budgets	33,218,860	32,481,838	64,669,485	26,269,900	46,735,944	29,898,607	25,164,263
<u>Assigned to:</u>							
Subsequent years' operating budgets	-	10,913,573	12,565,023	19,649,922	15,593,759	8,904,967	5,950,000
Subsequent years' capital projects	13,942,559	6,135,259	18,978,462	12,162,577	11,782,428	16,289,709	17,248,521
Economic Stabilization reserve	-	-	3,000,000	5,000,000	-	-	-
Employee furlough day restoration	1,012,911	-	-	-	-	-	-
Operating reserve	2,672,083	10,048,181	2,364,581	1,969,853	2,810,020	612,022	1,887,880
Fresh AIRE program	663,804	354,877	1,244,577	1,224,867	1,480,249	1,029,381	652,621
Incomplete projects	6,610,975	933,856	2,416,189	5,215,352	3,772,275	2,562,778	2,531,501
Affordable Housing Investment Fund	3,564,742	3,717,920	8,930,790	29,647,093	20,045,133	22,960,486	23,676,458
Total General Fund Balance	\$137,009,208	\$160,754,645	\$191,459,163	\$199,598,927	\$233,053,937	\$200,260,076	\$191,243,859
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses							
	14.40%	16.62%	19.02%	18.44%	21.16%	17.07%	16.15%
All Other Governmental Funds							
<u>Special Revenue funds</u>							
<u>Nonspendable:</u>							
Prepaid	\$1,223,394	\$1,252,930	\$1,286,469	\$1,299,658	\$1,288,591	\$1,265,793	\$1,382,728
<u>Restricted for:</u>							
Grants	4,673,397	4,318,223	2,755,933	1,257,426	1,002,099	178,471	261,829
<u>Unassigned:</u>							
	-	-	-	-	-	(1,356,665)	(1,473,600)
<u>Capital Project funds</u>							
<u>Nonspendable:</u>							
Prepaid	-	-	-	4,275	4,275	4,275	4,275
<u>Restricted for:</u>							
Grants	1,423,044	1,380,184	-	-	-	-	-
Debt Service	5,735,926	18,383,560	20,743,558	35,790,356	29,790,565	27,117,029	22,682,341
<u>Committed to:</u>							
Capital Projects	155,615,078	199,954,084	233,848,803	228,964,200	271,072,724	332,569,683	335,752,062
Total all other governmental funds	\$168,670,839	\$225,288,981	\$258,634,763	\$267,315,915	\$303,158,254	\$361,135,251	\$358,609,635
Component unit - Schools							
<u>Restricted for:</u>							
Capital projects	\$4,549,397	\$52,726,465	\$47,055,029	\$54,583,825	\$57,977,311	\$69,833,117	\$72,212,556
Grants	-	2,077,853	2,109,001	2,009,337	2,439,196	3,010,014	3,587,376
<u>Committed to:</u>							
Incomplete projects	14,294,085	18,077,449	26,987,189	26,082,805	25,505,075	16,152,851	24,234,549
Subsequent years' School budget	-	6,545,000	7,975,000	16,749,704	15,121,892	7,179,001	16,689,537
<u>Assigned to:</u>							
Operating reserve	4,235,289	2,363,770	2,413,261	2,843,426	3,208,571	3,716,159	4,429,512
Unfunded liabilities	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Subsequent years' debt service	-	7,000,000	5,025,000	3,625,000	3,360,000	5,260,000	4,610,000
OPEB reserve	695,565	-	-	-	-	-	-
Health insurance reserve	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
General reserve	-	3,000,000	4,000,000	-	1,201,283	20,824,898	21,593,920
VRS reserve	-	11,587,239	7,387,239	7,387,239	5,637,239	5,637,239	4,637,239
Compensation reserve	-	-	-	-	-	2,000,000	5,200,000
Total component unit - Schools	\$23,774,336	\$105,377,776	\$105,951,719	\$116,281,336	\$117,450,567	\$136,613,279	\$160,194,689

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
General property taxes:										
Real Estate property taxes	\$425,982,688	\$473,501,869	\$514,518,691	\$528,220,762	\$548,838,350	\$592,363,670	\$632,709,421	\$668,556,176	\$688,841,170	\$713,443,705
Personal property taxes	100,682,324	93,870,189	99,844,289	93,046,854	95,246,129	100,928,065	106,957,213	110,688,939	108,913,548	111,768,494
Other Local taxes:										
BPOL	50,898,687	57,266,956	57,272,629	58,611,239	60,460,108	61,939,212	61,341,154	62,752,491	58,970,752	60,181,386
Other local taxes	118,628,548	128,615,218	130,617,472	129,262,316	135,568,319	139,639,610	143,631,442	139,621,783	144,447,846	146,376,918
Fines and forfeitures	8,338,582	8,049,910	8,720,950	7,851,193	9,590,928	10,641,659	8,468,253	8,113,863	7,941,007	7,059,138
Licenses, permits and fees	13,687,394	17,022,701	7,768,974	7,362,947	9,929,105	10,606,117	10,502,137	12,396,844	11,231,202	9,846,558
Intergovernmental	119,866,226	107,472,746	104,192,200	108,578,373	114,834,250	138,645,985	124,506,820	130,888,641	129,818,926	136,159,090
Charges for services	40,230,543	39,277,573	42,278,095	42,974,051	50,379,839	52,346,023	52,245,746	58,348,824	69,847,908	56,936,197
Interest and rent	16,927,475	17,282,845	11,505,984	10,149,713	8,328,982	5,443,855	4,287,344	6,578,890	7,895,921	9,852,799
Miscellaneous revenues	15,414,677	6,938,710	16,378,642	25,950,164	12,891,977	19,008,738	23,192,304	31,320,765	16,519,366	9,987,188
Total revenues	910,657,144	949,298,717	993,097,926	1,012,007,612	1,046,067,987	1,131,562,934	1,167,841,834	1,229,267,216	1,244,427,646	1,261,611,473
EXPENDITURES:										
Current operating:										
General government	155,765,913	162,318,710	155,243,762	182,074,416	168,558,845	200,088,702	184,333,469	225,143,159	231,403,533	227,511,625
Public safety	100,650,601	105,760,328	102,791,792	109,550,701	112,925,159	117,033,171	118,725,350	123,709,905	128,312,548	132,891,285
Environmental services	58,491,391	62,420,185	64,803,607	72,315,850	71,924,393	74,921,125	76,672,481	80,154,573	84,449,239	90,475,552
Health and welfare	96,536,913	101,695,722	102,804,509	107,892,357	109,509,790	115,330,415	113,418,239	117,309,171	122,873,986	127,311,224
Libraries	12,339,879	13,062,000	12,855,344	11,630,740	11,074,270	11,880,873	12,366,401	12,486,165	13,007,081	12,934,327
Parks, recreation and culture	33,512,601	35,000,210	34,801,755	35,871,582	35,652,708	32,849,180	32,686,242	34,197,295	35,811,989	37,839,728
Planning and community development	38,835,189	42,796,892	35,308,979	36,252,223	36,154,777	45,056,535	48,773,039	48,990,317	48,475,367	48,076,861
Debt service										
Principal	27,595,301	28,950,071	33,046,404	33,813,374	36,310,305	36,160,046	35,841,532	38,600,630	41,173,105	40,178,151
Interest and other charges	18,098,073	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	19,715,860	17,958,561	18,380,254	18,703,765
Bond issuance costs	-	-	-	358,995	273,649	-	8,415,823	(1,172,390)	-	(55,934)
Community development	-	-	32,985,081	10,190,869	6,372,169	8,804,947	10,052,960	11,504,210	11,286,794	7,596,576
Education	338,962,527	390,921,262	341,109,269	343,067,722	364,633,453	423,610,118	479,997,640	443,783,010	485,542,768	497,281,408
Capital outlay	61,004,743	60,137,617	113,133,467	86,792,008	111,378,633	92,185,904	144,985,816	77,111,549	86,217,132	103,529,116
Total expenditures	941,793,131	1,021,493,753	1,047,313,916	1,048,342,446	1,083,319,363	1,176,203,346	1,285,984,852	1,229,776,155	1,306,933,796	1,344,273,684
Excess(deficiency) of revenues over expenditures	(31,135,987)	(72,195,036)	(54,215,990)	(36,334,834)	(37,251,376)	(44,640,412)	(118,143,018)	(508,939)	(62,506,150)	(82,662,211)
OTHER FINANCING SOURCES(USES):										
Transfers in	21,171,707	29,370,998	22,225,678	22,028,499	26,716,715	30,385,999	33,382,459	29,921,732	30,328,278	21,548,610
Transfers out	(20,941,333)	(29,663,941)	(40,383,849)	(22,133,809)	(26,794,414)	(30,582,672)	(33,527,183)	(30,054,131)	(30,466,776)	(21,706,445)
Capital leases	975,020	5,704,728	13,524,783	7,418,179	4,287,958	1,435,230	4,473,803	5,459,005	6,383,803	5,418,570
Proceeds from refunding of note	-	-	-	35,666,099	-	-	-	-	-	-
Payment on refunded note	-	-	-	(35,962,739)	-	-	-	-	-	-
Refunding bonds issued	-	-	-	55,067,382	53,533,168	41,885,000	127,097,545	37,690,000	-	151,110,000
Payments to refunded bond escrow agent	-	-	-	(56,747,745)	(54,922,067)	(44,350,490)	(118,681,722)	(38,862,390)	-	(151,165,934)
Deferred cost of refunding	-	-	-	1,680,363	1,388,899	2,465,490	-	-	-	-
Premium from sale of bonds	650,489	1,491,507	-	1,145,925	6,458,775	6,712,155	11,594,033	2,442,072	5,647,316	12,072,242
Issuance of revenue bonds	-	-	-	41,280,000	11,940,000	-	-	-	-	-
Issuance of debt	49,860,000	83,777,000	35,962,739	14,867,322	173,655,000	100,740,000	110,625,000	63,210,000	74,440,000	55,200,000
Bond proceeds Schools	-	-	-	-	(78,543,000)	-	-	-	-	-
Total other financing sources and uses	51,715,883	90,680,292	31,329,351	64,309,476	117,721,034	108,690,712	134,963,935	69,806,288	86,332,621	72,477,043
Net change in fund balances	\$20,579,896	\$18,485,256	(\$22,886,639)	\$27,974,642	\$80,469,658	\$64,050,300	\$16,820,917	\$69,297,349	\$23,826,471	(\$10,185,168)
Debt service as a percentage of noncapital expenditures	5.2%	4.9%	5.5%	5.4%	5.6%	5.0%	4.9%	4.9%	4.7%	4.7%

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

Fiscal Year	General Government	Public Safety	Public Works/ Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non-Departmental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
2007	86,449,237	100,650,601	58,491,391	96,536,913	97,241,733	346,674,412	46,959,849	72,664,483	14,700,000	7,656,827	928,025,446
2008	91,871,133	105,760,328	62,420,185	101,695,722	84,965,631	356,461,219	45,179,813	76,238,801	17,400,000	7,867,764	949,860,596
2009	92,272,385	106,701,887	67,845,515	103,057,795	96,883,233	370,854,547	37,354,073	83,573,363	18,394,223	8,117,301	985,054,322
2010	93,880,098	110,184,753	73,187,350	108,138,231	97,922,803	365,864,891	60,696,417	83,776,203	20,518,770	8,062,884	1,022,232,400
2011	95,464,852	112,696,379	72,721,915	109,677,751	96,741,115	363,204,699	43,769,131	88,099,570	21,473,703	8,149,062	1,011,998,177
2012	98,637,205	119,356,254	75,750,178	115,347,313	103,765,797	393,832,257	68,114,014	89,268,683	24,510,207	8,186,444	1,096,768,352
2013	102,029,048	119,744,336	77,419,666	113,479,716	108,495,964	430,523,375	43,851,605	92,980,788	25,475,000	8,352,183	1,122,351,681
2014	105,703,611	124,205,497	80,533,785	117,358,298	110,126,685	436,028,377	76,452,328	99,504,576	28,194,000	7,854,224	1,185,961,381
2015	111,169,816	128,820,489	85,161,962	122,965,470	112,125,804	440,895,526	73,575,715	103,652,359	29,885,640	7,821,061	1,216,073,842
2016	116,780,112	133,129,820	90,929,047	127,949,353	114,633,008	475,846,878	63,067,532	103,412,767	30,328,935	6,182,977	1,262,260,429

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.

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

Fiscal Year	Taxes	Licenses and Permits (2)	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
2007	714,434,824	13,687,394	158,249,103	50,359,269	8,338,582	18,455,600	963,524,772
2008	756,859,824	17,022,701	131,541,624	53,645,287	8,049,910	19,554,790	986,674,136
2009	792,159,244	7,768,974	150,311,253	55,115,142	8,720,950	24,892,171	1,038,967,734
2010	798,707,195	7,362,947	152,874,209	59,634,597	7,851,193	28,463,122	1,054,893,263
2011	828,985,623	9,929,105	159,329,241	70,094,896	9,590,928	23,152,911	1,101,082,704
2012	879,404,041	10,606,117	154,376,886	67,754,260	10,641,659	29,126,756	1,151,909,719
2013	926,920,232	10,502,137	151,775,127	75,576,387	8,468,253	37,260,396	1,210,502,532
2014	963,946,680	12,396,844	156,810,777	74,212,578	8,113,863	37,374,435	1,252,855,177
2015	985,665,544	11,231,202	153,311,932	74,135,262	7,941,007	25,291,766	1,257,576,713
2016	1,017,112,658	9,846,558	162,131,804	81,787,347	7,059,138	26,824,880	1,304,762,385

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		
2007	526,727,265	34,448,601	2,697,319	20,850,841	1,670,817	9,086,824	4,764,836	9,741,922	28,788,942	77,341	73,655	638,928,363
2008	554,127,644	35,299,283	2,621,265	22,124,454	1,477,629	6,941,848	5,279,450	10,024,166	28,453,021	76,643	74,414	666,499,817
2009	588,145,875	38,392,636	2,812,428	22,238,054	1,934,989	4,402,916	5,065,320	10,058,084	28,855,113	65,491	64,614	702,035,520
2010	594,540,616	35,954,703	2,916,152	21,863,421	2,847,946	5,048,400	5,180,239	10,931,030	29,182,443	55,975	67,519	708,588,444
2011	615,862,280	36,889,985	2,928,357	22,913,832	3,313,327	6,011,781	5,279,343	11,341,864	31,425,804	46,513	109,483	736,122,569
2012	660,105,238	38,630,486	3,125,075	21,789,115	3,079,109	6,536,109	5,630,079	10,433,639	33,409,536	41,857	72,779	782,853,022
2013	703,847,389	39,447,636	3,109,154	22,270,627	2,915,557	6,974,187	6,173,823	10,093,508	34,707,200	47,895	64,011	829,650,987
2014	742,255,176	39,046,328	2,902,811	20,784,241	3,275,105	5,318,784	5,270,912	10,310,369	34,951,030	50,698	67,790	864,233,244
2015	761,105,054	39,590,910	2,503,451	23,343,314	3,523,174	5,298,205	5,936,666	10,256,548	36,508,911	51,292	72,860	888,190,385
2016	787,537,662	39,683,462	2,412,071	24,116,070	3,341,220	6,049,810	6,222,399	9,869,041	37,332,584	64,907	69,902	916,699,128

NOTES:

(1) Includes Sidewalk Assessments

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

TABLE F

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

Fiscal Year	Real Property		Personal Property		Public Property		Total		Real Property Tax Rate (2)(3)	Personal Property Tax Rate
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value		
2007	54,292,837,200	54,292,837,200	1,926,492,868	1,926,492,868	939,132,732	939,132,732	57,158,462,800	57,158,462,800	.818/.818	5.00
2008	57,469,500,000	57,469,500,000	1,931,899,776	1,931,899,776	884,773,303	884,773,303	60,286,173,079	60,286,173,079	.818/.848	5.00
2009	57,781,547,100	57,781,547,100	2,014,144,083	2,014,144,083	718,898,384	718,898,384	60,514,589,567	60,514,589,567	.848/.875	5.00
2010	53,985,515,000	53,985,515,000	1,916,920,257	1,916,920,257	716,299,020	716,299,020	56,618,734,277	56,618,734,277	.875/.958	5.00
2011	57,459,163,400	57,459,163,400	1,892,908,108	1,892,908,108	709,218,039	709,218,039	60,061,289,547	60,061,289,547	.958/.958	5.00
2012	61,672,361,900	61,672,361,900	1,947,478,083	1,947,478,083	774,586,506	774,586,506	64,394,426,489	64,394,426,489	.958/.971	5.00
2013	62,891,330,300	62,891,330,300	2,134,754,992	2,134,754,992	758,819,988	758,819,988	65,784,905,280	65,784,905,280	.971/1.006	5.00
2014	66,399,525,600	66,399,525,600	2,222,369,095	2,222,369,095	801,404,536	801,404,536	69,423,299,231	69,423,299,231	1.006/.996	5.00
2015	69,269,138,400	69,269,138,400	2,152,448,649	2,152,448,649	823,361,286	823,361,286	72,244,948,335	72,244,948,335	.996/.996	5.00
2016	71,275,163,280	71,275,163,280	2,187,502,318	2,187,502,318	915,737,900	915,737,900	74,378,403,498	74,378,403,498	.996/.991	5.00

NOTES:

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

TABLE G

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

2016				2007			
Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxpayer/ Type of Business	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Vornado Realty Trust Office buildings, apartments, hotel, land	\$3,653,632,600	1	5.12%	Charles E. Smith Interests Office buildings, apartments, hotel, land	\$4,425,136,800	1	8.15%
Albrittain Interests Apartments, general commercial	1,326,908,500	2	1.86%	Cafritz Interests Apartments, warehouses, land	980,660,700	2	1.81%
JBG Companies Office buildings, apartments, hotel, land	1,202,748,600	3	1.68%	Arland Towers Company Office buildings, land	849,257,900	3	1.56%
Paradigm Managed Properties Apartments, general commercial	1,184,318,500	4	1.66%	Albrittain Interests Apartments, general commercial	830,431,200	4	1.53%
Arland Towers Company Office Building, land	1,123,079,800	5	1.57%	JBG/Trizechahn Office building Land	755,516,900	5	1.39%
Shirley Park Leasing Office buildings, land	894,529,100	6	1.25%	Crystal Holding Office Building	633,229,200	6	1.17%
Beacon Office buildings, land	860,244,600	7	1.20%	Shirley Park Leasing LP Office Bldg/Apartments	578,127,100	7	1.06%
Street Retail Inc Office buildings, hotel, land	791,273,000	8	1.11%	Paradigm Managed Properties Apartment General Comm	569,478,400	8	1.05%
Fashion Centre Associates Mixed use retail	784,840,400	9	1.09%	Fashion Centre Assoc Mixed use retail	563,550,400	9	1.04%
Caruthers Retail, Office Apartment	678,580,700	10	0.95%	Caruthers Interest Retail, Office Apartment	325,347,700	10	0.60%
Total	<u>\$12,500,155,800</u>		<u>17.49%</u>		<u>\$10,510,736,300</u>		<u>19.36%</u>

NOTES:

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

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

Combined Real Estate and Personal Property Tax

	Total adjusted Tax Levy*	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	528,570,999	525,863,079	99.49%	2,437,387	528,300,466	99.95%
2008	577,382,185	574,471,873	99.50%	2,512,795	576,984,668	99.93%
2009	620,931,913	617,215,681	99.40%	3,175,541	620,391,222	99.91%
2010	632,119,138	628,272,902	99.39%	3,467,852	631,740,754	99.94%
2011	655,037,161	650,965,303	99.38%	3,812,190	654,777,492	99.96%
2012	696,336,706	697,633,240	100.19%	(1,563,972)	696,069,268	99.96%
2013	753,008,210	748,656,079	99.42%	4,011,107	752,667,187	99.95%
2014	788,086,107	784,483,188	99.54%	3,192,309	787,675,498	99.95%
2015	812,537,113	809,269,205	99.60%	2,881,005	812,150,210	99.95%
2016	837,718,155	835,542,405	99.74%	-	835,542,405	99.74%

Real Estate Taxes

	Total adjusted Tax Levy*	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	432,985,748	431,396,444	99.63%	1,589,304	432,985,748	100.00%
2008	481,450,469	479,931,389	99.68%	1,519,080	481,450,469	100.00%
2009	522,711,091	521,181,642	99.71%	1,529,448	522,711,091	100.00%
2010	535,672,226	533,974,360	99.68%	1,697,845	535,672,205	100.00%
2011	556,660,968	554,896,565	99.68%	1,764,404	556,660,968	100.00%
2012	596,237,959	599,088,319	100.48%	(2,850,914)	596,237,406	100.00%
2013	644,486,567	642,101,576	99.63%	2,372,872	644,474,448	100.00%
2014	676,543,061	674,587,922	99.71%	1,933,725	676,521,647	100.00%
2015	701,721,289	699,630,645	99.70%	2,032,644	701,663,289	99.99%
2016	725,283,948	723,726,055	99.79%	-	723,726,055	99.79%

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

Personal Property Taxes

	Total adjusted Tax Levy*	Collected in Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	95,585,251	94,466,635	98.83%	848,083	95,314,718	99.72%
2008	95,931,716	94,540,484	98.55%	993,714	95,534,198	99.59%
2009	98,220,823	96,034,039	97.77%	1,646,093	97,680,132	99.45%
2010	96,446,913	94,298,542	97.77%	1,770,007	96,446,913	99.61%
2011	98,376,192	96,068,738	97.65%	2,047,786	98,116,524	99.74%
2012	100,098,747	98,544,921	98.45%	1,286,941	99,831,863	99.73%
2013	108,521,642	106,554,504	98.19%	1,638,235	108,192,739	99.70%
2014	111,543,047	109,895,266	98.52%	1,258,584	111,153,851	99.65%
2015	110,815,824	109,638,560	98.94%	848,361	110,486,921	99.70%
2016	112,434,207	111,816,350	99.45%	-	111,816,350	99.45%

* Levy adjusted to reflect supplemental assessments included in the applicable tax year less taxes deferred, not due.

Source: Arlington County Treasurer's Office

TABLE I

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

Fiscal Year	Governmental Activities					Business-type activities					Total Primary Government	Pct. Of Personal Income (1)	Debt Per Capita (1)
	General Obligation Bonds (2)	IDA Revenue Bonds (3)	IDA Lease Revenue Bonds (2)	IDA Note s Payable (3)	Capital Leases	Utilities General Obligation Bonds (4)	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases			
2007	585,786,533	-	55,215,000	-	6,760,154	97,473,471	13,800,000	3,429,679	61,164,960	4,000,715	827,630,512	6.36%	4,041
2008	625,498,345	-	52,180,000	-	8,636,047	119,701,657	13,300,000	3,429,679	146,074,542	3,045,844	971,866,114	6.92%	4,672
2009	576,842,463	-	47,120,000	35,962,739	18,436,505	112,617,553	12,800,000	3,429,679	216,152,600	2,120,767	1,025,482,306	6.91%	4,900
2010	566,435,124	41,280,000	41,900,000	35,666,099	20,556,593	105,459,880	12,300,000	3,429,679	256,458,344	3,450,321	1,086,936,040	7.14%	5,122
2011	687,933,174	40,135,000	48,455,000	35,016,099	18,933,209	127,396,828	11,800,000	3,429,679	263,158,039	3,119,963	1,239,376,991	7.89%	5,894
2012	730,532,411	38,970,000	42,635,000	35,016,099	14,368,663	124,517,591	10,600,000	3,429,679	253,204,991	2,467,919	1,255,742,353	7.27%	5,814
2013	776,934,905	125,285,000	-	-	13,175,010	119,765,096	9,400,000	3,429,679	246,193,772	4,261,192	1,298,444,654	7.12%	5,874
2014	779,454,489	116,500,000	-	-	14,315,564	112,630,511	8,900,000	3,429,679	233,282,935	5,812,459	1,274,325,637	6.99%	5,765
2015	791,622,939	106,855,000	-	-	15,938,583	107,467,060	7,000,000	3,429,679	219,832,909	4,638,736	1,256,784,906	6.89%	5,686
2016	780,605,263	101,925,000	-	-	16,585,370	97,974,737	5,800,000	3,429,679	205,816,282	4,965,071	1,217,101,402	6.67%	5,506

NOTES:

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

TABLE I-1

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

Fiscal Year	Population (1)	Assessed Value (2)	General Bonded Debt				Total Primary Government	Pct. Of Actual Taxable Value of Real Property	Debt Per Capita
			General Obligation Bonds Debt (3)	IDA Revenue Bonds (4)	IDA Lease Revenue Bonds (4)	IDA Notes Payable (4)			
2007	204,800	56,369,131,443	585,786,533	-	55,215,000	-	641,001,533	1.14%	3,130
2008	208,000	60,286,173,079	625,498,345	-	52,180,000	-	677,678,345	1.12%	3,258
2009	209,300	60,514,589,567	576,842,463	-	47,120,000	35,962,739	659,925,202	1.09%	3,153
2010	212,200	56,618,734,277	566,435,124	41,280,000	41,900,000	35,666,099	685,281,223	1.21%	3,229
2011	210,280	60,061,289,547	687,933,174	40,135,000	42,635,000	35,016,099	805,719,273	1.34%	3,832
2012	216,004	64,394,426,489	730,532,413	50,660,000	30,945,000	35,016,099	847,153,512	1.32%	3,922
2013	221,045	65,627,006,417	776,934,905	125,285,000	-	-	902,219,905	1.37%	4,082
2014	215,000	69,423,299,231	779,454,489	116,500,000	-	-	895,954,489	1.29%	4,167
2015	216,700	72,244,948,335	791,622,939	106,855,000	-	-	898,477,939	1.24%	4,146
2016	220,400	74,378,403,498	780,605,263	101,925,000	-	-	882,530,263	1.19%	4,004

NOTES:

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

TABLE J-1

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

Fiscal Year	Gross Revenue	Total Expenses (1)	Less Capital Exp	Less Deferred Rent	Cash Basis		Net Revenue Available for Debt Service	Total Debt Service	Coverage
					Direct Operating Expenses				
2007	4,368,809	3,659,703	(319,997)	(654,996)	2,684,710		1,684,099	1,118,158	1.51
2008	4,318,862	7,268,910	(3,695,305)	(654,996)	2,918,609		1,400,253	1,021,719	1.37
2009	3,770,271	3,551,444	(176,871)	(654,996)	2,719,577		1,050,694	794,264	1.32
2010	3,963,512	3,510,857	(201,882)	(654,996)	2,653,979		1,309,533	724,316	1.81
2011	4,318,389	3,117,191	-	(654,996)	2,462,195		1,856,194	707,210	2.62
2012	4,528,050	3,401,220	(67,000)	(904,992)	2,429,228		2,098,822	1,413,109	1.49
2013	4,811,697	3,476,857	(53,216)	(904,992)	2,518,649		2,293,048	1,368,601	1.68
2014	4,411,414	3,259,670	-	(773,747)	2,485,923		1,925,491	629,401	3.06
2015	4,337,754	3,938,272	-	(1,279,992)	2,658,280		1,679,474	2,031,398	0.83
2016	3,994,636	3,413,568	-	(1,279,992)	2,133,576		1,861,060	1,313,435	1.42

(1) Excludes depreciation and amortization

TABLE J-2

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

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement			
				Principal	Interest	Total	Coverage
2007	76,874,765	41,373,056	35,501,709	3,487,382	2,670,385	6,157,767	5.77
2008	102,270,725	42,983,162	59,287,563	5,179,814	6,142,614	11,322,428	5.24
2009	106,771,787	42,908,573	63,863,214	7,084,109	9,634,224	16,718,333	3.82
2010	105,141,066	45,960,228	59,180,838	7,987,869	11,897,384	19,885,253	2.98
2011	101,182,400	47,186,908	53,995,492	7,956,950	14,055,589	22,012,539	2.45
2012	105,787,143	52,382,893	53,404,250	8,295,238	14,030,986	22,326,224	2.39
2013	107,453,634	59,471,356	47,982,278	8,523,845	14,061,159	22,585,004	2.12
2014	105,668,151	58,743,860	46,924,291	8,741,975	12,863,094	21,605,069	2.17
2015	110,141,975	59,505,522	50,636,453	8,163,452	11,679,095	19,842,547	2.55
2016	106,693,535	57,993,775	48,699,760	8,423,257	10,595,245	19,018,502	2.56

NOTES:

- (1) The bonds issued to finance construction of the County's water and sewer system are recorded as a liability of the County's Utilities Fund (Exhibit D-1). The debt service on these bonds is financed by the operation of the Utilities Fund while these bonds are also classified as a general obligation of the County.
- (2) Excludes depreciation.

TABLE K

ARLINGTON COUNTY, VIRGINIA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2007	204,800	13,004,800	63,500	18,451	2.3%
2008	208,000	14,040,000	67,500	18,684	2.6%
2009	209,300	14,841,044	70,908	19,534	4.7%
2010	212,200	15,217,499	71,713	20,233	4.3%
2011	210,280	15,707,916	74,700	21,168	3.9%
2012	216,004	17,273,192	79,967	21,853	3.5%
2013	221,045	18,234,223	82,491	22,763	4.0%
2014	215,000	18,554,500	86,300	23,612	3.5%
2015	216,700	18,614,530	85,900	24,664	3.4%
2016	220,400	18,601,760	84,400	25,463	2.9%

NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.
The 2007-2010, & 2014-2016 population figures are estimates from the Arlington County Planning Division.
- (2) Source - 2014 -2016 estimates from the Arlington County Planning Division. 2007-2013 figures reported by U.S. Dept of Co
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget. Data is for pre K-12 only.
All figures are as of June 30.
- (4) Source Figures for 2014-2016 U.S. Bureau of Labor Statistics, Figures 2007-2013 Virginia Employment Commission

TABLE L

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

Employers	2016*			Employers	2007		
	Employees	Rank	Percentage of Total County Employment		Employees	Rank	Percentage of Total County Employment
Department of Defense	24,000	1	11.37%	Department of Defense	40,900	1	20.42%
Arlington County Government & Schools	10,100	2	4.79%	Arlington County Government	7,014	2	3.50%
Department of Homeland Security	7,300	3	3.46%	State Department	4,100	3	2.05%
Deloitte	7,000	4	3.32%	Virginia Hospital Center	2,363	4	1.18%
Department of Justice	5,300	5	2.51%	Drug Enforcement Administrat	2,090	5	1.04%
State Department	5,000	6	2.37%	National Science Foundation	2,000	6	1.00%
Accenture	4,000	7	1.90%	Verizon	1,850	7	0.92%
FDIC	2,900	8	1.37%	Lockheed Martin Group	1,800	8	0.90%
Virginia Hospital Center	2,700	9	1.28%	Marriott International Inc.	1,720	9	0.86%
National Science Foundation	2,200	10	1.04%	Transportation Security Admin	1,720	10	0.86%
CEB	1,500	11	0.71%	SAIC	1,448	11	0.72%
Booz Allen Hamilton	1,300	12	0.62%	Environmental Protection Age	1,400	12	0.70%
CACI	1,200	13	0.57%	CACI	1,297	13	0.65%
Environmental Protection Agency	1,000	14	0.47%	US Airways	1,136	14	0.57%
Bloomberg BNA	1,000	15	0.47%	US Marshalls Service	1,080	15	0.54%
SRA International	860	16	0.41%	Booz Allen Hamilton	952	16	0.48%
General Dynamics	830	17	0.39%	Federal Supply Service	900	17	0.45%
PAE Government Services	770	18	0.36%	United States Postal Service -	900	18	0.45%
Lockheed Martin	770	19	0.36%	FDIC	800	19	0.40%
Marymount University	650	20	0.31%	Defense Information Systems	800	20	0.40%
Total	80,380		38.09%		76,270		38.08%
Total At-Place Employment	211,000				200,300		

Source: Arlington County Planning Division; Arlington Economic Development

* 1st Quarter Estimates

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

<u>Department</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County Board	8.0	8.0	8.0	7.8	7.8	8.0	8.0	7.8	8.3	9.3
County Manager	35.0	35.0	34.5	37.9	36.9	36.9	37.1	35.9	35.9	36.4
Management and Finance	55.0	55.0	57.0	50.0	54.0	55.0	55.0	55.5	56.5	57.5
Technology Services	65.7	67.8	67.8	70.0	71.0	72.0	74.0	73.0	72.0	78.0
Human Resources	49.5	50.5	51.5	53.5	50.0	51.0	52.0	52.0	52.0	52.0
Civil Service Commission	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
County Attorney	11.0	11.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0
Circuit Court	33.8	34.4	35.8	33.8	32.3	32.3	32.3	32.3	33.8	36.8
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	57.5	57.5	57.5	56.3	55.8	55.8	55.8	55.8	55.8	55.8
Commonwealth's Attorney	40.0	40.0	39.0	35.5	34.0	35.0	35.0	35.0	35.0	36.0
Sheriff	277.8	277.8	277.8	268.4	266.0	267.0	271.0	271.0	272.0	279.0
Commissioner of Revenue	56.0	56.0	56.0	54.0	53.0	53.0	52.0	52.0	52.0	52.0
Treasurer	63.2	63.2	63.2	61.8	60.8	60.8	59.8	61.8	61.8	62.4
Electoral Board	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Office of Emergency Management	66.5	66.5	72.5	72.5	71.5	71.5	79.5	76.5	74.5	74.5
Police	475.0	476.0	476.0	475.0	465.0	466.0	466.0	466.0	470.0	472.0
Fire	314.7	314.7	321.3	317.3	316.0	317.0	320.0	321.0	321.0	319.0
Public Works/Environmental Services	670.2	676.7	699.7	688.7	694.7	700.2	721.2	730.2	765.0	774.5
Human Services	718.5	703.5	712.2	703.3	694.7	699.7	685.8	680.5	681.5	688.8
Libraries	157.3	157.8	157.8	142.4	125.1	127.6	135.6	133.9	133.9	133.9
Economic Development	32.8	32.8	31.8	28.8	28.8	28.8	61.6	61.6	63.6	56.7
Community Planning, Housing & Development	156.5	156.5	181.1	179.0	176.0	177.0	197.1	198.6	198.6	201.6
Parks, Recreation & Cultural Resources	412.4	411.3	400.5	378.2	355.8	360.3	345.9	365.9	371.2	370.9
Total County Positions	3,766.7	3,762.1	3,824.8	3,737.8	3,672.9	3,698.7	3,768.6	3,790.0	3,838.2	3,871.8
Total School Positions	3,588.3	3,613.7	3,676.6	3,770.3	3,787.5	3,937.4	4,047.1	4,109.0	4,159.3	4,371.7
TOTAL POSITIONS	7,355.0	7,375.8	7,501.4	7,508.1	7,460.4	7,636.1	7,815.7	7,898.9	7,997.5	8,243.5

Sources: Arlington County FY2016 Adopted Budget and Arlington County School Board's Adopted Budget FY 2016.

TABLE N

ARLINGTON COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION-PROGRAM
JUNE 30, 2016

Form of Government Date of Adoption January 1, 1932	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	961	961	961	961	974	974	974	974	974	974
Number of Street Lights	14,873	14,620	14,657	16,580	16,723	17,267	17,796	18,708	19,642	18,349
Fire Protection:										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
Education:										
Attendance Centers	34	34	35	37	37	37	37	37	38	39
Number of Classrooms	1,720	1,720	1,720	1,720	1,720	1,720	1,740	1,760	1,780	1,851
Number of Teachers	1,980	1,962	2,046	2,096	2,105	2,241	2,295	2,406	2,501	2,628
Number of Students	18,451	18,684	19,420	20,233	21,168	21,853	22,763	23,612	24,664	25,463
County Water System:										
Number of consumer service locations	36,758	36,828	36,877	37,228	37,574	37,151	37,189	37,343	37,464	37,658
Average daily consumption (gallons)	24,800,000	24,066,000	23,498,000	23,217,000	23,217,000	22,500,000	22,220,000	22,010,000	22,190,000	22,390,000
Miles of water mains	525	525	525	525	525	525	525	525	525	525
County Sewer System:										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	470
Average gallons per day treated	24,900,000	24,700,000	24,620,000	26,470,000	26,470,000	22,000,000	20,273,507	23,139,205	23,019,096	23,320,000
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	-	-	-	-
Building Permits:										
Construction Permits	3,629	3,289	2,473	2,543	2,939	3,074	3,019	3,035	3,250	3,702
Plumbing, Electrical & Mechanical Permits	6,967	7,132	7,232	6,531	7,834	7,907	8,264	8,338	8,873	10,288
Fire Permits	1,022	974	842	804	982	1,052	953	997	1,064	1,214
Elevator Permits	127	103	75	116	72	77	99	95	115	106
Recreation and Culture:										
Number of Parks and Playgrounds	212	212	212	212	212	219	236	236	*210	213
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Number of Items (Print and Audiovisual)	579,729	629,808	635,284	643,950	662,757	632,517	653,092	633,127	675,924	687,584
Number of Community Centers	14	14	14	14	14	14	14	14	14	14
Number of Nature Centers	2	2	2	2	2	2	2	2	2	2
Number of Historical Districts	29	30	30	31	31	32	34	34	36	38

*Prior to FY2015, the parks and playground count included 26 areas not under the Department of Parks and Recreation maintenance responsibilities such as playgrounds owned and maintained by Arlington Public Schools. In FY 2015, the count was updated to include only parks and playgrounds maintained by the Department of Parks and Recreation.

ARLINGTON COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION/ PROGRAM
JUNE 30, 2016

Primary Government

FUNCTION AND ACTIVITY:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government:										
Control-										
Legislative	\$62,401	\$58,579	\$81,144	\$92,430	\$114,522	\$114,522	\$114,522	\$114,522	\$694,222	\$694,222
Executive	261,906	245,864	340,573	387,942	480,663	480,663	480,663	492,215	497,308	532,598
Judicial	1,377,339	1,292,973	1,791,038	2,107,374	2,594,988	3,934,611	4,700,614	5,334,523	5,622,649	5,738,322
Total Control	1,701,646	1,597,416	2,212,755	2,587,746	3,190,173	4,529,796	5,295,799	5,941,260	6,814,179	6,965,142
Staff Agencies-										
Elections	147,335	138,310	191,588	218,235	270,396	270,396	270,396	1,129,595	1,129,595	1,129,595
Management and Finance	254,962	239,344	331,542	377,655	467,918	1,077,827	1,588,298	1,610,532	1,610,532	1,610,532
Human Resources	178,222	167,306	231,753	347,256	410,350	414,403	414,403	414,403	414,403	414,403
Office of County Attorney	41,514	38,971	53,983	61,491	876,188	923,699	953,687	966,128	1,092,069	1,092,069
Commissioner of the Revenue	51,794	48,621	67,350	76,718	595,054	595,054	595,054	595,054	595,054	607,454
Treasurer	889,812	835,309	1,157,077	1,350,098	65,114	65,114	65,114	65,114	65,114	283,967
Department of Technology Service	17,789,831	16,700,152	23,133,198	17,200,391	11,344,264	14,597,576	18,195,395	29,114,164	36,702,653	45,702,921
General government buildings	33,694,735	43,796,601	33,686,400	135,952,812	327,020,186	327,020,186	327,604,012	263,901,049	265,310,754	267,110,754
Total Staff Agencies	53,048,205	61,964,614	58,852,891	155,584,656	341,049,470	344,964,255	349,686,359	297,796,039	306,920,174	317,951,695
Total General Government	54,749,851	63,562,030	61,065,646	158,172,402	344,239,643	349,494,051	354,982,158	303,737,299	313,734,353	324,916,837
Public Safety:										
Police	18,439,574	24,163,161	21,722,625	23,703,421	10,138,856	13,102,757	15,073,584	15,273,434	16,965,207	18,117,833
Fire	6,375,013	6,594,563	6,977,207	18,234,142	83,442,395	85,337,968	85,829,937	79,368,941	79,413,215	79,644,908
Emergency management	982,942	922,734	1,278,179	1,455,957	4,086,134	5,405,411	5,681,058	5,864,294	9,088,294	9,786,843
Total Public Safety	25,797,529	31,680,458	29,978,011	43,393,520	97,667,385	103,846,136	106,584,579	100,506,669	105,466,716	107,549,584
Environmental Services	407,523,922	414,461,104	497,345,576	434,334,394	474,009,827	526,053,112	632,215,203	732,287,767	793,284,160	863,240,831
Health and Public Welfare	29,891,822	31,394,364	33,758,494	31,765,248	33,069,717	33,105,155	33,322,630	33,767,799	33,916,913	33,990,233
Libraries	10,585,807	12,159,862	11,184,328	18,162,154	29,731,690	30,413,627	30,442,689	30,420,141	30,420,141	30,432,892
Recreation	83,531,614	88,774,344	86,420,777	98,111,470	120,041,977	143,004,838	168,516,013	199,547,391	207,560,864	215,364,983
Community Development	15,431,139	14,644,784	52,373,433	32,837,780	33,022,546	38,051,773	42,891,236	45,798,988	47,900,040	53,843,517
Total General Capital Assets	\$729,384,655	\$764,951,857	\$878,085,322	\$964,877,331	\$1,131,782,785	\$1,223,968,692	\$1,368,954,508	\$1,446,066,054	\$1,532,283,187	\$1,629,338,877
Internal Services Fund										
Auto Equipment Fund	\$45,153,446	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962	\$64,955,970	\$71,496,453	\$72,843,569	\$76,415,982
Printing Fund	276,061	-	-	-	-	-	-	-	-	-
Total Internal Services Fund	\$45,429,507	\$45,696,573	\$47,569,216	\$51,981,340	\$56,525,607	\$63,781,962	\$64,955,970	\$71,496,453	\$72,843,569	\$76,415,982
Component Unit: School Board										
Schools	\$448,837,358	\$470,609,847	\$511,265,426	\$556,680,225	\$587,053,184	\$663,053,770	\$736,920,550	\$771,819,038	\$816,594,534	\$864,063,643
GRAND TOTALS	\$1,223,651,520	\$1,281,258,277	\$1,436,919,964	\$1,573,538,896	\$1,775,361,576	\$1,950,804,244	\$2,170,831,028	\$2,289,381,545	\$2,421,721,290	\$2,569,818,502

TABLE P

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

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Expenditures (2)	Percentage of Debt Service to Total General Expenditures
2007	43,847,619	28,816,864	72,664,483	963,524,772	7.54%
2008	47,100,186	29,138,615	76,238,801	949,860,596	8.03%
2009	53,715,890	29,857,473	83,573,363	985,054,322	8.48%
2010	53,827,131	29,949,072	83,776,203	1,022,232,400	8.20%
2011	57,645,110	29,848,250	87,493,360	1,011,998,177	8.65%
2012	59,289,762	29,978,921	89,268,683	1,096,768,352	8.14%
2013	60,281,364	32,699,424	92,980,788	1,122,351,681	8.28%
2014	67,578,026	31,926,550	99,504,576	1,185,961,381	8.39%
2015	71,181,548	32,440,408	103,621,956	1,216,073,842	8.52%
2016	69,034,806	34,372,229	103,407,035	1,262,260,429	8.19%

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, 2015 - JUNE 30, 2016

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Property</u> VACorp through Travelers Insurance 1	VA-AR-006-16	07/01/15	07/01/16	All Risk Package Policy coverage on real and personal property, valuable papers and records, Inland Marine equipment, extra expense and business interruptions, Theatrical Equipment Floater, Fine Arts, Property Floater, EDP, Voting Machines and off premises power failures & boiler & machinery. \$50,000 deductible. TIV \$636 million subject program limits of \$ 500million. Incl. earthquake, flood, boiler & mach. Garagekeeper's Liab., Physical Damage on County vehicles while garaged	\$466,234.00 Includes TRIA
<u>Crime Policy</u> VaCorp 2	VA-AR-006-16	07/01/15	07/01/16	Public Employee Dishonesty , Forgery or Alteration, Theft, Disappearance and Destruction and computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers included as employees Limit: \$1 million, Deductible: \$25,000	\$8,800.00 Excludes TRIA
<u>Fine Arts Policy</u> VACorp through Travelers Insurance Now part of blanket property policy 3	VA-AR-006-16	07/01/15	07/01/16	Museum Collection and Temporary Loans Policy-- Limits of \$ 1,000,000 on AC premises \$ 250,000 any other location \$ 1,000 Deductible/ \$ 2,500 per outdoor sculpture Legal Liability -- \$ 250,000 any one loss	\$0.00 Now part of property policy
<u>Performing Arts</u> Package Business Policy Liquor Liability Rosslyn Theater 4	MRC4102701 HBD 10010727	07/01/15 07/01/15	07/01/16 07/01/16	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl. \$ 1/2 million GL \$ 850,000 Property	Package Policy \$2,801.00 \$5,534.23
<u>General Liability, Public Officials Liab. Law Enforcement Liab, Auto Liability</u> Covers Arlington County employees and Officials conducting County business 5	County Board Resolution	Continuous	Continuous	Self Insured for Liability Exposures. AL, POL, LEL, GL - Primary \$1,000,000	
<u>Umbrella Excess Liability Policy</u> VACo/Genesis 6	VA-AR-006-16	07/01/15	07/01/16	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	\$350,493.00

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2015 - JUNE 30, 2016

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Constitutional Officers Business Auto Package Policy VACorp 7	VA-AR-006-16	07/01/15	07/01/16	Covers Owned, Hired and Non-owned Liability, Uninsured Motorists & Medical Payments. \$1,000,000 each occurrence for Liability Liability, \$1,000 for medical payments. Const. Officers and Volunteer General Liability \$ 2 million per occurrence	\$34,875.00
Medical Prof. Liability Arch Speciality Insurance 8	FLP0022336	07/01/15	07/01/16	Professional Liability Insurance Employed and Contracted Physicians Clinic Staf and EMS Limits: \$ 2/6 million \$ 25,000 DED. Each claim	\$208,000.00
Group Accident Coverage National Union Fire Ins. National Union Fire Ins. National Union Fire Ins. VaCorp VaCorp 9	SRG 0009105405 SRG 0009105406 SRG 0009105403 VA-AR-006-16 VA-AR-006-16	07/01/15 07/01/15 07/01/15 07/01/15 07/01/15	07/01/16 07/01/16 07/01/16 07/01/16 07/01/16	Coverage coordinated with pers. Coverage AD&D for volunteers AD&D for Campers AD& D for Recreational Sports AD&D for Community Service Program AD&D for Auxiliary Police	\$10,500.00 \$9,958.00 \$12,792.00 \$1,000.00 \$1,000.00
TOTAL PREMIUM					\$35,250.00
County Board Surety Bond 10	L. Garvey J. Fisetle J. Vihstadt	Continuous until Cancelled		Bond limit \$ 2,500	3 yr. policy
VDOT Permit Bond Travelers 11	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	\$0
Excess Liability Ballston Garage Torus/First Mercury Travelers 12	03076C153ALI ZUP-10T21909-15-NF	07/01/15 07/01/15	07/01/16 07/01/16	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage.	\$48,250.00 \$29,000.00

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
JULY 1, 2015 - JUNE 30, 2016

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
Fiduciary Liability Policy Employee's Suppl. Retirement Sys 2 National Union/Alton Agency 13	PLS 2672194			Fiduciary Liab. To \$ 10million ERISA Fidelity bond D&O, Trustees liab. To \$ 3million These policies handled by the Retirement Board Risk Management is not involved in the purchase of these policies	Premium not incl. in total
Constitutional Officers' Liability Plan Risk Coverage Commonwealth of Virginia (SIR) Clerk of Court Sheriff Commissioner of Revenue Commonwealth's Attorney Registrar of Voters Arlington County Treasurer 14	Virginia Risk	Continuous	Continuous	Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate Limits: \$1 million per loss, \$1 million aggregate	
Fire and Rescue Auto Physical Damage VaCorp 15	VA-AR-006-16	07/01/15	07/01/16	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD \$ 1,000 Ded. Per unit	\$69,498.00 Incl. TRIA
Police Command Vehicle Hartford Fire Insurance Company 16	VA-AR-006-16	07/01/15	07/01/16	Inland Marine policy covering portable Police equipment and Command Vehicle	Incl Incl. TRIA
Portable Equipment-Fire Command Vehicle VFIS American Alternative Insurance 17	VA-AR-006-16	07/01/15	07/01/16	Inland Marine policy covering ACFD equipment & Command Veh.	\$1,222.00
Blanket Volunteer Liability VaCorp 18	VA-AR-006-16	07/01/15	07/01/16	Covers Liability of Volunteers	\$4,760.00
TOTAL					\$1,264,717.23

TABLE R

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

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Real Property Value (2)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation	Residential	Commercial	Non-Taxable
2007	154	42,199,000	54	279,540,000	11,537	787,764,529	31,217,514,500	23,075,322,700	7,211,250,200
2008	132	32,778,000	76	295,231,000	11,331	646,663,518	31,511,540,600	25,957,959,400	7,208,720,200
2009	160	43,325,775	84	409,257,463	11,526	372,491,217	31,176,590,200	26,604,956,900	7,489,437,300
2010	172	45,497,100	50	165,948,125	12,454	363,788,580	30,395,184,100	23,590,330,900	7,079,999,000
2011	204	59,770,300	60	372,020,336	12,690	367,577,766	30,826,414,200	26,435,423,200	7,155,902,000
2012	158	49,734,782	86	487,803,163	12,003	443,979,014	31,308,133,600	30,363,228,300	7,313,610,400
2013	179	61,926,017	98	406,183,727	13,219	538,830,401	36,869,425,300	26,021,905,000	7,410,523,300
2014	188	93,344,705	83	179,141,259	15,338	466,745,648	39,564,853,200	26,835,092,400	7,936,267,300
2015	188	86,410,180	156	380,466,809	16,202	190,079,034	35,479,510,900	33,789,627,500	7,840,094,400
2016	242	146,050,201	79	456,210,899	18,451	626,573,460	36,472,113,000	34,803,050,300	8,089,795,900

NOTES:

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

TABLE S

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

Fiscal Year	Revenues	Percent Change
2007	50,898,687	-3.28%
2008	57,266,956	11.12%
2009	57,272,629	0.01%
2010	58,611,239	2.34%
2011	60,460,108	3.23%
2012	61,939,212	5.81%
2013	61,341,154	4.77%
2014	62,752,491	2.30%
2015	58,970,752	-6.03%
2016	60,181,386	1.97%

ARLINGTON COUNTY, VIRGINIA
CERTIFICATE OF NO DEFAULT
June 30, 2016

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, 2016, 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.

Maria Meredith

Maria Meredith
Acting Director
Department of Management & Finance

10/17/14

Date

ARLINGTON COUNTY, VIRGINIA
LARGEST USERS OF THE WATER & SEWER SYSTEM
FOR THE TWELVE MONTHS ENDING JUNE 30, 2016

WATER Customer / Type of Business	Monthly Average Consumption In Thousands of Gallons	SEWER Customer / Type of Business	Monthly Average Consumption In Thousands of Gallons
Joint Base Myer-Henderson Hall Military	7,455	Reagan National Airport Aviation	12,098
Gates Hudson - 1600 S. Eads Residential	5,288	Pentagon Military	12,099
Pentagon City Mall Associates Retail	3,730	Joint Base Myer-Henderson Hall Military	7,455
Vornado - 1600 S. Joyce Street Retail	3,009	Gates Hudson - 1600 S. Eads Residential	5,288
Marriott Crystal City Hotel	3,007	Pentagon City Mall Associates Retail	3,730
River Place East - 1021 N Arlington Blvd. Apartments	2,524	Vornado - 1600 S. Joyce Street Retail	3,009
The Carlton, A Condominium - 4600 S. Four Mile R Residential	2,331	Marriott Crystal City Hotel	3,007
Dittmar Company - 5550 S. Columbia Pike Apartments	2,256	River Place East - 1021 N Arlington Blvd. Apartments	2,524
Vornado - 1111 S. Army Navy Drive Apartments	2,210	The Carlton, A Condominium - 4600 S. Four Residential	2,331
RP Washington Buchanan - 320 S. 23rd Steet Residential	2,204	Dittmar Company - 5550 S. Columbia Pike Apartments	2,256

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, 2016

Wastewater System

Description of System

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

The County's system presently consists of 470 miles of gravity sewer lines, eleven pumping stations, three ejector stations, two meter stations and the Plant. The Plant has a rated capacity of 40 million gallons per day (MGD). Current flows average 23.3 MGD.

Plant Upgrade & Expansion

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

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

Major Customers

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

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

Water Distribution System

Description of System

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

The County's water distribution system presently consists of approximately 500 miles of pipes with diameters of up to 48 inches, five pumping stations, and 32 million gallons of finished storage. Current daily average flow is 21.1 MGD to approximately 37,600 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 2011 through 2016 are shown in the following table. The typical residential customer pays \$77.41 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 2012 – FY 2017 Wastewater & Water Rates
Per 1,000 Gallons of Metered Water Usage**

Fiscal Year	Water	Wastewater	Total	Percent Change
2012	\$3.68	\$8.51	\$12.19	4%
2013	\$3.98	\$8.63	\$12.61	3%
2014	\$3.98	\$8.63	\$12.61	0%
2015	\$4.10	\$8.94	\$13.04	3%
2016	\$4.21	\$9.06	\$13.27	2%
2017	\$4.21	\$9.06	\$13.27	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, 2016, general obligation debt outstanding attributable to the Utilities Fund totaled \$97,974,737. As of June 30, 2016, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$205,816,282. The following table shows future debt service on these obligations.

Fiscal Year Ended June 30	Total Existing GO Debt Service			VRA Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	8,101,003	4,003,168	12,104,171	14,478,026	5,619,123	20,097,149	22,579,028	9,622,291	32,201,320
2018	7,703,648	4,072,190	11,775,838	14,886,623	5,210,526	20,097,149	22,590,271	9,282,715	31,872,986
2019	7,671,614	3,491,148	11,162,763	15,306,837	4,790,311	20,097,149	22,978,452	8,281,460	31,259,912
2020	7,490,101	3,154,691	10,644,792	15,739,001	4,358,147	20,097,149	23,229,102	7,512,839	30,741,941
2021	7,750,216	2,863,365	10,613,580	16,183,457	3,913,691	20,097,149	23,933,673	6,777,056	30,710,729
2022	7,343,155	2,460,590	9,803,746	16,640,557	3,456,591	20,097,149	23,983,713	5,917,182	29,900,895
2023	7,620,000	2,124,466	9,744,466	17,110,664	2,986,485	20,097,149	24,730,664	5,110,950	29,841,614
2024	7,735,000	1,751,176	9,486,176	17,594,150	2,502,999	20,097,149	25,329,150	4,254,174	29,583,324
2025	8,100,000	1,372,591	9,472,591	18,091,399	2,005,750	20,097,149	26,191,399	3,378,341	29,569,740
2026	8,130,000	999,957	9,129,957	18,602,806	1,494,343	20,097,149	26,732,806	2,494,300	29,227,106
2027	6,295,000	683,455	6,978,455	12,329,895	1,020,659	13,350,554	18,624,895	1,704,114	20,329,009
2028	4,465,000	447,286	4,912,286	12,658,448	692,106	13,350,553	17,123,448	1,139,391	18,262,839
2029	2,380,000	302,986	2,682,986	7,677,245	388,398	8,065,644	10,057,245	691,385	10,748,630
2030	2,365,000	214,624	2,579,624	6,201,597	178,265	6,379,863	8,566,597	392,890	8,959,487
2031	2,345,000	126,437	2,471,437	2,315,575	31,466	2,347,041	4,660,575	157,904	4,818,478
2032	1,355,000	61,725	1,416,725	-	-	-	1,355,000	61,725	1,416,725
2033	740,000	28,506	768,506	-	-	-	740,000	28,506	768,506
2034	235,000	11,625	246,625	-	-	-	235,000	11,625	246,625
2035	150,000	2,813	152,813	-	-	-	150,000	2,813	152,813
	97,974,737	28,172,800	126,147,537	205,816,282	38,648,860	244,465,142	303,791,019	66,821,660	370,612,679

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.



DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER POLLUTION CONTROL BUREAU

3402 S Glebe Rd. Arlington, VA 22202
TEL 703-228-6820 FAX 703-228-6875 TTY 703-228-4611 www.arlingtonva.us

March 23, 2016

Mr. Tom Broderick
Arlington County Water Pollution Control Bureau
3402 S. Glebe Road
Arlington, VA 22202

Dear Mr. Broderick,

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

1. I am a Professional Engineer employed by Arlington County at the Water Pollution Control Bureau (WPCB).
2. For the fiscal year that will end on June 30, 2017, the County has prepared a budget that
 - a. contains an appropriate estimation of costs for maintenance, repair, replacement and operations, and,
 - b. establishes the proper rates in order to satisfy the rate covenant in Section 5.2 of the Financing Agreement.

Dated: March 24, 2016

By: Gerges Abdou
Professional Engineer, 049824
Arlington County WPCB

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



FEDERALLY ASSISTED PROGRAMS

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

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

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

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

The Honorable Members of the County Board
Arlington County, Virginia

We have audited the basic financial statements of Arlington County, Virginia (the County), as of and for the year ended June 30, 2016, and have issued our report thereon dated November 3, 2016, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 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 financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 3, 2016



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Members of the County Board
Arlington County, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities and aggregate discretely presented component units, each major fund, and the aggregate remaining fund of Arlington County, Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 3, 2016. Our report included a reference to other auditors who audited the financial statements of Gates Partnership as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting on compliance and other matters that are reviewed separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Arlington, Virginia
November 3, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Members of the County Board
Arlington County, Virginia

Report on Compliance for Each Major Federal Program

We have audited Arlington County, Virginia's (the County) compliance with the types of compliance requirements described in the OMB 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, 2016. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Gates Partnership, which is not included in the schedule for the year ended June 30, 2016. Our audit, described below, did not include the operations of Gates Partnership which is audited by other auditors.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Arlington, Virginia
November 3, 2016

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES FEDERAL AWARD
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Pass-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Direct Payment				
JDR Lunch Program	10.555			4,196
Pass Through State of Virginia				
Department of Education:				
National School Lunch Program	10.555			3,499,277
National School Breakfast Program	10.553			874,443
USDA Donated Commodities	10.555			439,051
Total Child Nutrition Cluster				
Parent/Teen Infant	10.558			424,646
USDA - Team Nutrition Grants	10.574			16,000
Pass Through State of Virginia				
Department of Agriculture and Consumer Services:				
WIC Grant	10.557			553,008
WIC Grant--Breastfeeding Peer Counselors	10.557			30,641
SNAP Cluster:				
FSET - Transportation & POS	10.561			11,798
Administrative Matching Grants for Food Stamps	10.561			2,486,057
Total SNAP Cluster:				<u>2,497,855</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				\$ 8,339,117
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Federal Payments				
Community Development Block Grants/ Entitlement Grants:				
B12UC510002	14.218			281,128
Thirty-fifth Entitlement (B09UC51002)	14.218		28,017	74,466
Thirty-sixth Entitlement (B10UC51002)	14.218		4,517	4,517
Thirty-seventh Entitlement (B11UC51002)	14.218		28,001	28,001
Thirty-ninth Entitlement (B13UC51002)	14.218		8,169	8,169
Fortieth Entitlement (B14UC51002)	14.218		24,633	26,510
Forty-first Entitlement (B15UC51002)	14.218		466,398	1,003,575
Total Community Development Block Grants/ Entitlement Grants:				<u>1,426,366</u>
HUD-Shelter Plus Care	14.240			279,624
HUD-HOPWA	14.241			50,303
HUD-Rental Assistance Demonstration 2 - Rental Assistance	14.181			379,312
HUD-Family Unification Program - Rental Assistance	14.880			573,169
				<u>1,282,408</u>
Section 8 Housing Choice Vouchers Cluster:				
Voucher Program (VAO28VO015-023)	14.871			14,728,499
Voucher Program - Administrative Expenses	14.871			1,480,065
Total Section 8 Housing Choice Vouchers Cluster:				<u>16,208,564</u>
HOME Administration Grant	14.239			41,437
HOME Administration Grant	14.239			23,718
				<u>65,155</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				\$ 18,982,493

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Pass-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR				
Pass Through State of Virginia				
Virginia Community College System:				
Workforce Investment Act Cluster:				
WIA-Admin. (Adult)	17.258	LWA 12-14-03 LWA 12-15-03	11,552	26,919
WIA-Admin. (Youth)	17.259	LWA 12-14-03 LWA 12-15-03	3,658	17,666
WIA-Admin. (Dislocated)	17.278	LWA 12-14-03 LWA 12-15-03	18,945	35,875
WIA-Adult	17.258	LWA 12-14-03 LWA 12-15-03	115,105	246,762
WIA-Youth	17.259	LWA 12-14-03 LWA 12-15-03	83,104	204,136
WIA - Dislocated - Incentive awards - Culinary skills training	17.278	LWA 12-15-03	5,120	5,120
WIA-Dislocated	17.278	LWA 12-14-INC02	179,824	297,428
WIA PY14 WIOA Transitional Activities award	17.278	LWA 12-14-04Tn	-	9,262
Total Workforce Investment Act Cluster:				<u>843,168</u>
TOTAL U.S. DEPARTMENT OF LABOR				\$ 843,168
U.S. Department of Health and Human Services				
Direct Federal Payments				
Community Service Block Grant CVS-16-001-03	93.569		77,893	131,303
Community Service Block Grant CVS-15-002-03	93.569			36,190
Community Service Block Grant CVS-16-001-03	93.569			<u>33,200</u>
Total Community Service Block Grant				<u>200,693</u>
Pass Through State of Virginia				
Department of Social Services:				
Refugee Programs - Indo-Chinese Refugee Relief	93.566	DSS CFDA Report		32,348
Social Services Block Grant (Purchased Services)	93.667	DSS CFDA Report		<u>957,488</u>
				989,836
Medicaid Cluster:				
Medical Assistance	93.778	DSS CFDA Report		<u>3,029,616</u>
Total Medicaid Cluster:				3,029,616
Child Care and Development Fund Cluster:				
Child Care Purchased Services	93.575	DSS CFDA Report		-
Child Care Purchased Services	93.596	DSS CFDA Report		<u>187,934</u>
Total Child Care and Development Fund:				187,934
Temporary Assistance to Needy Families Cluster:				
View Purchased Services	93.558	DSS CFDA Report		<u>1,238,623</u>
Total Temporary Assistance to Needy Families Cluster:				1,238,623
FAMIS Outreach Grant	93.767	DSS CFDA Report		94,640
ILP Education & Training Vouchers	93.599	DSS CFDA Report		15,155
Family Preservation	93.556	DSS CFDA Report		70,949
Independent Living	93.674	DSS CFDA Report		<u>21,833</u>
				202,577
Foster Care & Adoptions (765/453-01)				
Foster Care	93.658	DSS CFDA Report		1,338,870
Adoption	93.659	DSS CFDA Report		634,993
Admin Title IV-B1	93.645	DSS CFDA Report		8,150
Fuel Assistance Program(765/452-06)	93.568	DSS CFDA Report		<u>113,198</u>
				2,095,211
Total Department of Social Services				<u>7,743,797</u>

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor / Pass-Through Grantor / Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Number</u>	<u>Pass-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services (cont.)				
Pass Through State of Virginia				
Department of Health Services:				
Immunization Grant	93.268			55,667
Pandemic Flu Grant	93.268			5,567
Public Health Emergency Preparedness Grant	93.074			90,543
PHEP Ebola Virus Disease Grant	93.074			26,260
Family Planning Grant	93.217			124,924
Maternal and Child Health Grant	93.994			90,681
TB Outreach Grant	93.116			50,000
Total Department of Health Services				<u>443,642</u>
Pass Through State of Virginia				
Department of Mental Health and Mental Retardation				
Alcohol and Drug Abuse and Mental Health Services				
Block Grant(790/445-01/455-02)				
Homeless-Mental Path	93.150			96,089
Integrated Behavioral - Primary Care	93.243			342,310
Mental Health -Seriously mentally Ill	93.958			29,304
MH FMBG Geriatric Project	93.958			586,822
SA Treatment FBG	93.959			474,840
SA SARPOS FBG	93.959			133,488
Total Alcohol and Drug Abuse and Mental Health Services				<u>1,662,853</u>
Pass Through State of Virginia				
Department for the Aging				
Aging Cluster:				
Title III-B-Area Plan	93.044			483,663
Title III-C-Nutrition	93.045			56,429
Total Aging Cluster:				540,092
Senior Medicare Patrol Project	93.048			5,200
Title III-E- National Family Caregiver Support	93.052			70,434
Title VII-Elder Abuse Prevention	93.041			1,445
Health Insurance Counseling & Assistance	93.779			58,823
Total Department for the Aging				<u>675,994</u>
Pass Through State of Virginia				
Metropolitan Washington Council of Governments (MWCOG)				
Door Through Door	93.048			44,450
Total Metropolitan Washington Council of Governments (MWCOG)				<u>44,450</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 10,771,429
U.S. DEPARTMENT OF EDUCATION				
Pass Through State of Virginia				
Department of Mental Health and Mental Retardation				
Early Intervention Funds (PIE-PART C)	84.181			1,021,984
Pass Through State of Virginia				
Department of Education				
Elementary and Secondary Education Act-				
Title I (197/171/01)	84.010			2,347,959
Significant Improvement Grant Cluster:				
Title I Reading Recovery - Sub grantee (Shippensburg State) - ARRA	84.377			
Title I Part A 1003 G School Improvement- ARRA	84.377			
Total Significant Improvement Grant Cluster:				<u>2,347,959</u>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Pass-through to Sub recipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (cont.)				
Pass Through State of Virginia				
Department of Education (cont.)				
Special Education Cluster:				
Learning and Library Resources- Pre-School Incentive	84.173			82,007
IDEA Part B Section 611 (197/171-02)	84.027			4,587,867
Total Special Education Cluster:				4,669,874
21st Century Community Learning Centers	84.287			35,036
Title III, Part A (NCLB) Emergency Immigration (197/171-0	84.365			577,064
Vocational Education Act - Carl D Perkins PL-101-392	84.048			249,241
Education for Homeless Children & Youth (Stuart B McKinr	84.196			28,056
Title II, Part A Improving Teacher Quality	84.367			549,191
Safe Routes to School	84.205			17,000
AEFLA -processed through Fairfax	84.002			181,293
				1,636,881
Total State Pass Through Payments				9,676,698
TOTAL U.S. DEPARTMENT OF EDUCATION				\$ 9,676,698
U.S. DEPARTMENT OF JUSTICE				
Direct Federal Payments:				
High Intensity Drug Trafficking Area (HIDTA)	16.000			118,278
VOCA Victim Witness Grant	16.575			152,905
Joint Terrorism Task Force	16.579			13,865
DEA Task Force	16.579			18,634
Metropolitan Area Fraud Task Force	16.579			2,341
Electronic Crimes Task Force	16.579			4,698
Organized Crime Drug Enforcement Task Force	16.579			7,845
Crime Against Children Taskforce (ICAC)	16.579			29,182
				347,748
JAG Program Cluster:				
2015 Justice Assistance Grant	16.738			20,350
2014 Justice Assistance Grant	16.738			4,999
2013 Justice Assistance Grant	16.738			23,114
2012 Justice Assistance Grant	16.738			4,299
Total JAG Program Cluster:				52,762
Adult Drug Court Discretionary Grant Program	16.585			128,214
2013 COPS Hiring Grant	16.710			179,684
ODJ- Seized Assets	16.922			2,451
ODJ- Seized Assets	16.922			355,027
High Intensity Drug Trafficking Area (HIDTA)	95.001			76,887
HIDTA Task Force	95.001			9,836
				752,099
TOTAL U.S. DEPARTMENT OF JUSTICE				\$ 1,152,609
U.S. DEPARTMENT OF THE TREASURY				
Direct Federal Payments:				
Treasury- Seized Assets	21.000			205,587
TOTAL U.S. DEPARTMENT OF THE TREASURY				\$ 205,587
U.S. DEPARTMENT OF THE INTERIOR				
Direct Federal Payments:				
Air Force Junior Reserve Officer Training	12.000			68,284
NSA Research Grant & Cooperative Agreement	12.900			67,317
Department of Veterans' Services (DVS)				
Defense Community Planning Assistance Funds	12.617		87,411	262,838
Pass-through State of Virginia				
Department of Emergency Management				
2013 DOD OEA Community Planning Assistance Funds C	12.614		52,494	132,978
TOTAL U.S. DEPARTMENT OF THE INTERIOR				\$ 531,417
Direct Federal Payments:				
AMERICORPS	94.006			102,090
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				\$ 102,090

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Pass-through to Sub recipients	Federal Expenditures
U.S. DEPARTMENT OF THE ENVIRONMENT				-
Pass-through State of Virginia				
Department of Environmental Quality:				
Four Mile Run Restoration	66.202	XP-97361501-0		43,482
Pass-through State of Virginia				
Department of Rail and Transit Transportation:				
Congestion Mitigation Air Quality	66.001	47016-02		<u>3,619,561</u>
TOTAL U.S. DEPARTMENT OF THE ENVIRONMENT				\$ 3,663,043
U.S. DEPARTMENT OF TRANSPORTATION				
Pass-through State of Virginia				
Department of Motor Vehicle Administration:				
Highway Safety Cluster:				
2016 DMV Highway Safety Program Selective Enforcement - Occupant Protection	20.616			3,127
2016 DMV Highway Safety Program Selective Enforcement - Speed	20.600			7,412
2016 DMV Highway Safety Program Selective Enforcement - Pedestrian/Bicycle	20.600			3,056
2015 DMV Highway Safety Program Selective Enforcement - Speed	20.600			2,465
2015 DMV Highway Safety Program Selective Enforcement - Pedestrian/Bicycle	20.600			<u>556</u>
Total Highway Safety Cluster:				16,616
Pass-through State of Virginia				
Department of Motor Vehicle Administration:				
2016 DMV Highway Safety Program Selective Enforcement - Alcohol	20.607			19,486
2015 DMV Highway Safety Program Selective Enforcement - Alcohol	20.607			<u>867</u>
Total Department of Motor Vehicle Administration:				20,353
Direct Federal Payments:				
Federal Transit Cluster:				
Transit Program	20.500			36,962
Transit Security	20.507			<u>1,280,942</u>
Total Federal Transit Cluster:				1,317,904
Highway Planning and Construction Cluster:				
Pass Through State of Virginia				
Federal Highway Administration				
Roadway Improvements	20.205	Q680TC03008		20,370
Pass-through State of Virginia				
Department of Transportation:				
Roadway Improvements	20.205	various		<u>2,703,712</u>
Total Highway Planning and Construction Cluster:				<u>2,724,082</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				\$ 4,078,955

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-through Number	Pass-through to Sub recipients	Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Federal Payments:				
Backup Power for Traffic Signals	97.067			210,000
Bomb Team Sustainment	97.067			1,000
Bomb Team Sustainment	97.067			125,662
Swift Water Operations and Rescue	97.067			10,476
Total Direct				347,138
Pass-through State of Virginia				
Office of Emergency Management				
Local Emergency Management Program Grant	97.042	EMPG15		63,287
Pass-through State of Virginia				
DISTRICT OF COLUMBIA HOMELAND SECURITY				
Exercise and Training Program (2014)	97.067	14UASI879-01	59,448.88	59,449
Exercise and Training Program (2015)	97.067	15UASI879-01	59,383.72	59,384
Regional Planner Grant Program (2014)	97.067	14UASI879-03	55,792.65	55,793
Regional Planner Grant Program (2015)	97.067	15UASI879-03	56,292	56,292
Volunteer Management Grant (2014)	97.067	14UASI879-04	111,568	111,568
Volunteer Management Grant (2015)	97.067	15UASI879-04	8,383	8,383
National Incident Management System (NIMS) Grant (2014)	97.067	14UASI879-02	63,472	63,473
National Incident Management System (NIMS) Grant (2015)	97.067	15UASI879-02	67,480	67,480
Resource Recovery Program Grant (2014)	97.067	14UASI879-05	54,320	54,320
		2014 State Homeland Security Program (SHSP) Grant		
Citizen Corps Grant	97.073		28,345	28,345
Urban Area Security Initiative (UASI)	97.008			112,565
Total Pass-through				740,339
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				\$ 1,087,477
TOTAL FEDERALLY ASSISTED PROGRAMS				\$ 59,434,083

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2. FEDERAL COGNIZANT AGENCY

The Federal cognizant agency for the County is the U.S. Department of Health and Human Services.

NOTE 3. INDIRECT COSTS

The County did not elect to use the 10% de minimis cost rate.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016**

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?	_____	Yes	_____ X _____	None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	_____	Yes	_____ X _____	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number (s)</u>
Homeland Security	97.067
Child Nutrition Cluster	10.555, 10.553
Temporary Assistance for needy Families	93.558
Foster Care	93.658
Air Pollution Control Program	66.001

Dollar threshold used to distinguish between type A and type B programs \$1,783,022

Auditee qualified as low-risk auditee?	_____ X _____	Yes	_____ _____	No
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ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

II. Financial Statement Findings

None noted

III. Federal Award Findings and Questioned Costs

None noted

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016

Reference Number: 2015-001

Federal Agency: U.S. Department of Homeland Security

Pass-through Agency: District of Columbia Department of Homeland Security

Federal Program: UASI/Homeland Security

CFDA Number: 97.067

Compliance Requirement: Period of Availability

Type of Finding: Control, Significant Deficiency

Criteria or specific requirement:

Control: The A-102 Common Rule and its attachments found in 34 CFR 80 require that non-Federal entities receiving Federal awards (i.e., management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Condition/Context:

Arlington County Office of Emergency Management (OME) did not accurately report SEFA expenditures. Expenditures for 4 out of 9 grants were in accurately reported on the Schedule of Expenditures of Federal Awards (SEFA).

Views of responsible officials and planned corrective actions:

Arlington OEM has taken immediate correction actions for SEFA reporting on UASI grants. The corrective action was implemented in Q1 of FY 2016, and requires monthly reviews and sign-off on all general ledger transactions for federal and non-federal expenditures. Eligible federal expenses are tracked and identified as "SEFA eligible". In addition, an OEM SEFA report has been created with a process to populate and review on a quarterly basis. The internal report contains a line for each grant and grant year, thereby simplifying the reporting, analysis, and reconciliation of federal expenditures

Program Contact Name: Jeffrey Bergin
Program Contact Phone Number: 703-228-7939
Anticipated Completion Date: Completed during Q1 of FY 2016.

Current Year Status: Resolved. The program was selected a major for the FY 2016 single audit. We documented the internal controls over the compliance requirement and tested the County's compliance with the period of performance requirement.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2016

Reference Number: 2015-002

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Section 8 Housing Choice Vouchers

CFDA Number: 14.871, 14.880

Compliance Requirement: Special Testing: Rent Reasonableness

Type of Finding: Control and Compliance, Significant Deficiency

Criteria or specific requirement:

Control: The A-102 Common Rule and its attachments found in 34 CFR 80 require that non-Federal entities receiving Federal awards (i.e., management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Compliance: The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract).

Condition/Context:

The rent amount used to calculate the HAP for 1 out of 18 new tenant files reviewed was incorrect. The approved rent amount was \$1,603 instead of the documented and landlord agreed amount of \$1,423.

Views of responsible officials and planned corrective actions:

The County and landlord are in the process of revising the tenant's lease agreement to reflect the negotiated rent amount of \$1,423. The landlord has agreed to repay the overpayment of \$1,429 to the County. The County has communicated the current procedures for updating tenant files to ensure all changes are accurately reflected in the HAP calculation.

Program Contact Name: Peggy J. Pimentel, Ed.D
Program Contact Phone Number: 703-228-1455
Anticipated Completion Date: October 26, 2015

Current Year Status: Resolved, CLA selected and reviewed FY 2016 voucher client's case files. As part of the process we reviewed the County's assessment of the rent reasonableness and ensured that the voucher was accurately adjusted (if applicable).

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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