



# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2017



# ARLINGTON COUNTY, VIRGINIA

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## *Comprehensive Annual Financial Report*

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**FISCAL YEAR 2017**

(July 1, 2016 - June 30, 2017)



**DEPARTMENT OF MANAGEMENT AND FINANCE**

**Stephen J. Agostini, Director  
Bhavana Nichani, 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, 2017**

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# INTRODUCTORY SECTION

The Introductory Section includes the letter of transmittal, which provides a profile of the government, local economic conditions and outlook, long-term financial planning goals, and major initiatives. In addition, included in this section is the Government Finance Officers Certificate of Achievement for Excellence in Financial Reporting, an organizational chart, and a directory of officials.

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**DEPARTMENT OF MANAGEMENT AND FINANCE**

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October 31, 2017

To the Honorable Chairman, Members of the County Board and Citizens of Arlington County, Virginia:

We are pleased to present the Comprehensive Annual Financial Report (the “CAFR”) of Arlington County, Virginia (the “County”) for the fiscal year ended June 30, 2017. The CAFR marks the County’s continued adherence to and refinement of guidelines set forth by the County Board. This report prepared by the Accounting Division identifies the County’s financial position and financial activities over the past year.

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. This report is therefore designed to present fairly the financial position of the County, including its discretely presented component units in all material respects to demonstrate compliance with applicable legal and contractual provisions reported as a financial reporting entity.

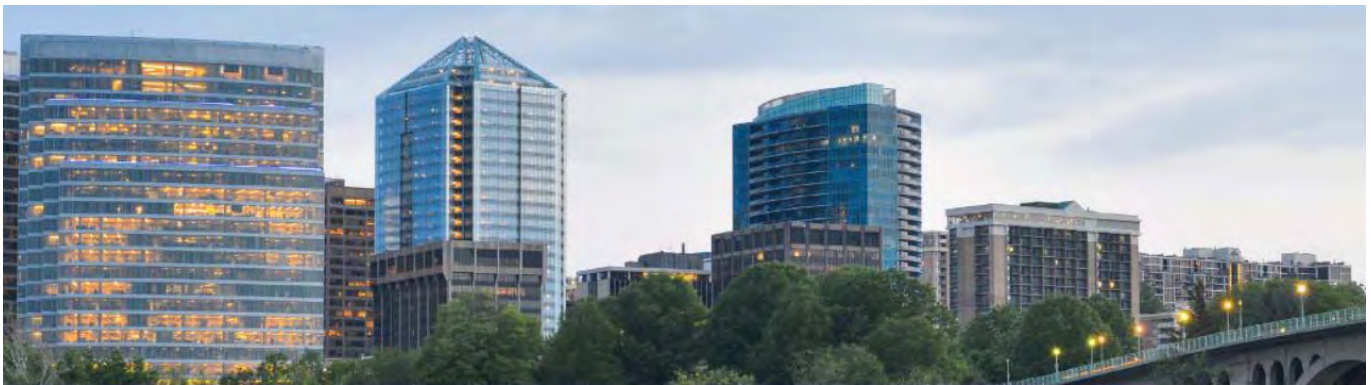
This report consists of management’s representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report, based on the framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of material misstatements. The County’s internal control framework 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, 2017, 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 (“clean”) opinion that the Arlington County financial statements for the fiscal year ended June 30, 2017, 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.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements and the County’s fiscal performance. The MD&A complements this letter and should be read in conjunction with it.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit,” also known as OMB A-133 audit, designed to meet the requirements of federal grantor agencies. The audit is conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, and 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). The auditing standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also to perform the audit to obtain reasonable assurance on the audited government’s internal controls with special emphasis on internal controls over compliance, contractual and legal requirements involving the administration of federal awards. The audited reports are available in the last section of the CAFR under the heading “Federally Assisted Programs.”

## **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 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.

Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932. In accordance with Section 15.2-602, 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. The County Manager serves at the direction of the Board, implements the Board’s policies, directs business and administrative procedures and appoints department directors. The County Board also appoints a Board Auditor and the County Attorney.

Arlington County is also financially accountable for a legally separate school system, Arlington Public Schools (“Schools”) which is reported separately as a discretely presented component unit 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 Schools can be found in Note 1.B in the notes to the financial statements.

In addition to the County Board and School Board, other elected Arlington 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 other counties, the Virginia Department of Transportation is generally 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 operational and financial planning. 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's 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 the RSI section following the notes. 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, B-8, and B-9. For the discrete component unit Schools, these comparisons are presented in Exhibit G-3.

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, 2017 was \$73.4 billion. The County government's adopted budget for all funds for Fiscal Year 2017 totaled \$1,561.0 million, which included \$581.9 million for public primary and secondary education.

### **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 retail sales and tourism, all showing stable or improved levels over the past three years. Arlington's 2017 real property 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 D.C. region. In CY 2017, the tax rate (the base rate plus the county wide sanitary district tax rate) increased from CY 2016 at \$0.991 per \$100 of assessed value to \$1.006 per \$100 of assessed value. In the aggregate, CY 2017 real estate assessments increased 3.0% over CY 2016 levels, reflecting modest growth in the residential and commercial properties, with a slight increase in value. Excluding apartments, CY 2017 existing commercial assessments were up slightly (2.1%) compared to CY 2016, due to strength in the hotel market. An additional .9% of growth came from new construction. Apartment assessments grew 4.1% with 2.4% of that growth attributable to new construction. The residential property assessment base increased 2.5% in the aggregate. Detached home and townhome assessments gained 3.0%, while condominiums saw slightly less growth at 1.0%. The average single-family home value in Arlington continued to increase – gaining 2.3% in 2017 – increasing from \$603,500 in CY 2016 to \$617,200 in CY 2017.

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 650 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 nearly 89.2% of Arlington's over 11,000 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 5,300 new residential units have been delivered in the past three years and approximately 2,000 remain under construction. In the 2nd quarter of 2017, the County's office vacancy rate was 17.8% and 18.0% for the third quarter. The residential unemployment rate is very low, averaging 2.6% for FY 2017, below regional, state, and national averages. Arlington's per capita income and property wealth indicators are among the highest in the nation.

In May 2017, 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, 2017, as only one of 45 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 2002, 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. Arlington's Comprehensive Plan consists of eleven elements that guide the County's decisions in areas such as land use, economic development, community character, natural resources, parks and recreation, transportation, housing and historic preservation. These Plan elements have been adopted and

### 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

amended by the County Board over the course of nearly six decades. The annual budget serves as Arlington's annual operations plan. The budget continues the multi-year focus on three priorities: economic development, service delivery and transparency, and strategic financial planning and fiscal sustainability.

The budget adopted by the County Board for FY 2018 represents a compromise and a consensus of the Board, and reflects the values of Arlington's community – protecting the health and safety of our residents as well as providing quality public education, a safety net for those in need, affordable housing, and environmental sustainability. The County government's adopted budget for all funds for FY 2018 increased 4.4% of which the General Fund increased 4.3% and Schools increased 5.6% from the FY 2017 Adopted Budget. The FY 2018 adopted General Fund budget includes a modest one and a half cent real estate increase on the property tax rate needed to fund the extraordinary needs of Metro and Arlington Public Schools. The FY 2018 adopted General Fund budget includes select budget reductions and reallocations to mitigate the real estate tax rate increase. The tax rate increase is 100 percent dedicated to Metro and Schools reflecting that the FY 2018 adopted budget fully funded the continuing service demand increases within the existing tax rate. The average Arlington homeowner will still see their property taxes increase roughly \$277, reflecting the higher tax rate and rising property assessments of 2.3%. 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 and CY 2017 saw growth in the 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 2017 real estate tax rate of \$1.006 cents per hundred dollars of assessed value (including the sanitary district tax). Arlington continues to have one of the lowest real estate tax rates in the Northern Virginia region, maintaining its history of providing excellent value.

A slightly greater share of the tax burden is carried by the commercial sector, relative to homeowners, especially compared to neighboring jurisdictions. This is the fiscal benefit of "smart growth". The FY 2018 budget includes no increases to the tax rates of personal property, business tangible property, or business and professional occupational licenses.

## **Metro**

Metro is key to Arlington's commercial corridors and our economic development strategies. The FY 2018 Adopted Budget includes a substantial \$14 million increase in funding for Metro. Including local sources and Arlington's share of state transit aid, this brings Arlington's total operating support for Metro to \$71 million annually.

## **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 2018, funding for Schools will increase \$23.3 million to \$490.3 million in ongoing and one-time funding, which includes the portion of the tax rate increase approved by the County Board. The County is proud of the continuing accomplishments of its students and schools with the many notable achievements by Arlington Public Schools (APS).

- In 2017, 93.0% of all APS students and 97% of students in the comprehensive high schools graduated on time.
- Since 2009, the dropout rate has declined by 52%.
- 94% of all APS graduates attend a 2- or 4-year college, and received over \$32 million in scholarships.



- Since 2015, all 32 APS schools have been fully accredited by the Virginia Department of Education according to state and federal accountability ratings.
- APS received the prestigious Medallion of Excellence Award from the U.S. Senate Productivity and Quality Awards for Virginia and the District of Columbia, the first Virginia school division to receive it in more than a decade.
- The 2017 Washington Post Challenge Index listed all APS high schools in the Top 100 high schools in the metropolitan area. This is the ninth year in a row all APS high schools made the list.
- Niche.com named APS the #1 school district in Virginia and #58 among all school districts in the nation on their 2018 rankings of top schools and school divisions.

Arlington's commitment to schools is especially significant given that this County gets less help than other jurisdictions; under the state funding formula, approximately 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 around 80 percent of the cost of educating our students.

### **Public Safety and Court Services**

Critical to Arlington's success is the safe and secure community our residents and visitors enjoy. The FY 2018 Adopted Budget increased funding for public safety, adding seven new Sheriffs, three more Emergency Communications Center call takers and three police patrol officers. The FY 2018 Adopted Budget also funded two large recruit classes for the Fire Department to meet current needs and projected attrition.

### **Columbia Pike and Lee Highway**

The FY 2018 Adopted Budget increases funding into Columbia Pike revitalization and Lee Highway planning, noting the importance of these two corridors that lie outside the County's Metro corridors. The adopted budget includes \$200,000 in new funding for the Columbia Pike Revitalization Organization (CPRO) non-profit, which partners with the County to spearhead revitalization along the Pike. The new funding brings Arlington's total support for the CPRO to \$400,000 for FY 2018. The adopted budget also includes \$150,000 for a County retail and marketing study to identify strategies for stimulating economic development along the Pike. The County Board allocated \$60,500 for the non-profit Lee Highway Alliance, a grassroots partner with Arlington in long-term planning efforts along Lee Highway.

### **Funding Land Acquisition, Road Paving and Infrastructure Maintenance**

The FY 2018 Adopted Budget includes \$4 million for land acquisition and a \$0.540 million increase in funding for road paving with Pay-As-You-Go funds, and a total paving program of \$14.5 million including GO Bond funds. The adopted budget also funded \$3.5 million for county facility maintenance and synthetic turf fields. Arlington will significantly improve its streetlight program in FY 2018 adding three positions, equipment and supplies to improve repair time for streetlights across Arlington.

### **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 2018 Adopted Budget continues that commitment with \$1.3 million increased funding of the Affordable Housing Investment Fund (AHIF) bringing the total AHIF funding to just over \$15 million.

### **Internal Controls and Budgetary Accounting**

The County's management 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 principles. 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 outweigh 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 Capital Improvement 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 Plan 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 versus debt, particularly considering 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 April 2017, the Board adopted revised financial and debt management policies to ensure maintenance of Arlington's triple-Aaa bond ratings. The updates to the County policies included expanding the Economic & Revenue Stabilization Contingent to include budget events, as well as increasing the contingent to \$4 million. The policies also confirm the County's debt affordability ratios, including, variable rate debt. Finally, new policies were adopted regarding Ballston Garage and Ballston Garage 8<sup>th</sup> Level Funds.

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

- The ratio of net tax-supported debt service to general expenditures should not exceed ten percent within the ten-year projection.
- The ratio of net tax-supported debt to full market value should not exceed three percent within the ten-year projection.
- The ratio of net tax-supported debt to income should not exceed six percent within the ten-year projection.
- 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.
- 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.
- 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**

- Variable rate debt exposure should not exceed twenty percent of total outstanding debt.
- Debt service on variable rate bonds will be budgeted at a conservative rate.
- Before issuing variable rate bonds, the County will determine how potential spikes in the debt service will be funded.
- 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 July 1, 2016, there were 1,681 retiree participants in the OPEB plan. Funding for these OPEB benefits was 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. In June 2015, the Government Accounting Standards Board (GASB) issued Statement Number 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. In June 2015, GASB also issued Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The financial reporting impact resulting from the implementation of GASB 75 included a restatement of FY 2016 net position from \$1,865,203,303 to \$1,701,706,126 for the County and from \$269,316,799 to \$193,649,567 for Schools.

In an actuarial analysis dated June 30, 2017, the County's actuary estimated a total OPEB liability of \$305.4 million (for the Fiscal Year ending June 30, 2017) with an Actuarially Determined Contribution (ADC) of \$17.8 million and net OPEB liability of \$190.4 million. The County contributed \$19.5 million for FY 2017.

In an actuarial analysis dated June 30, 2017, the Schools' actuary estimated a total OPEB liability of \$176.4 million (for Fiscal Year ending June 30, 2017) with an ADC of \$9.4 million and a net OPEB liability of \$125 million. The Schools' contributed \$8.8 million for FY 2017. 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 depository, 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”, and “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” and “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, 2016. This was the 31st 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 in

accordance with standards established by the Governmental Accounting Standards Board (GASB), Generally Accepted Accounting Principles (GAAP) and applicable legal and compliance requirements established by law.

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 2018 budget. This award is the highest form of recognition in governmental budgeting.

The School Board's Adopted FY 2018 Budget received the Government Finance Officers Association Distinguished Budget Presentation Award for the thirteenth year in a row as well as the Association for School Business Officials International Meritorious Budget Award for the seventh 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,



**Stephen J. Agostini, Director**  
Department of Management and Finance



**Bhavana Nichani, Comptroller**  
Department of Management and Finance



Government Finance Officers Association

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

Presented to

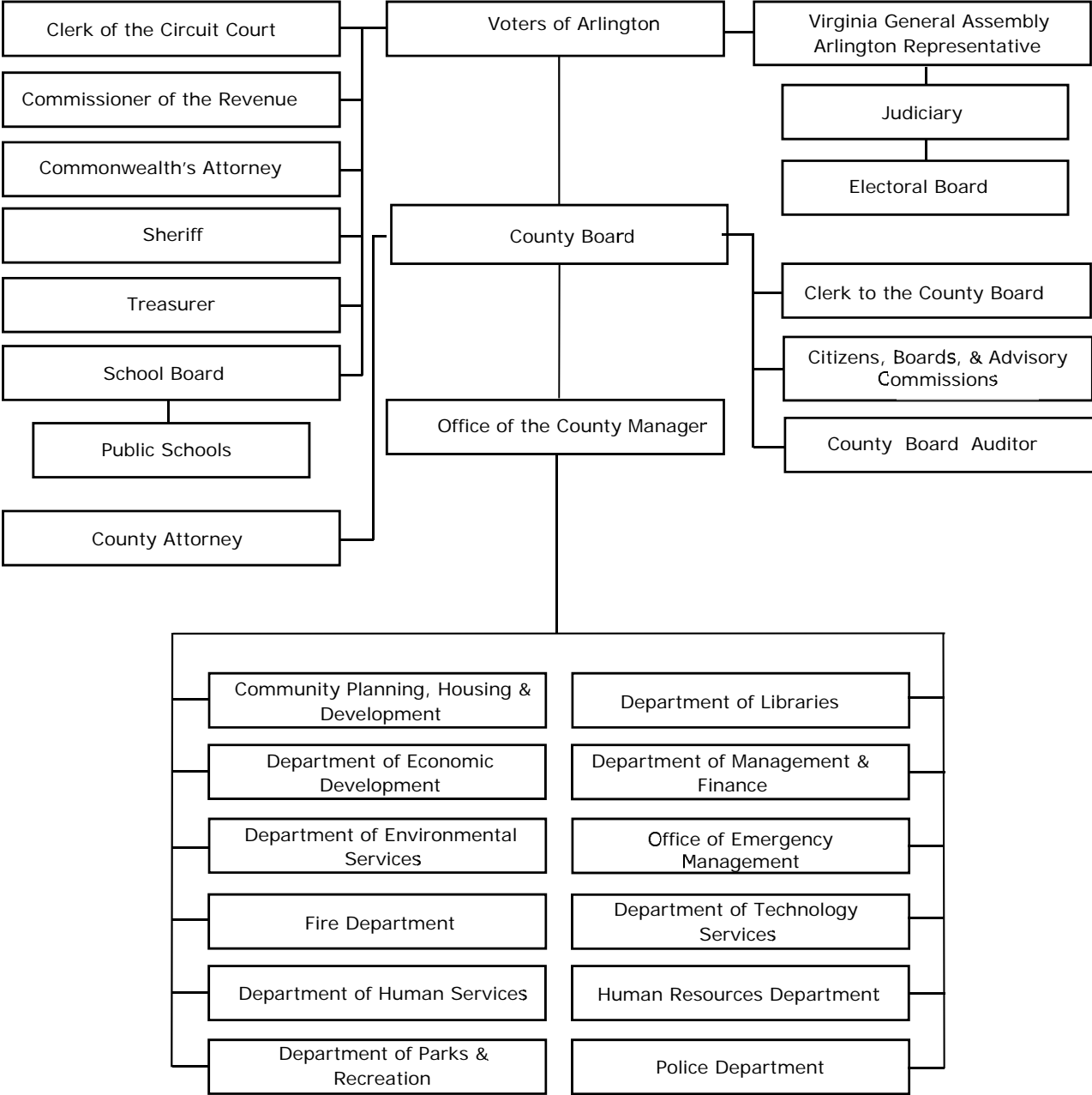
**Arlington County  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



**ARLINGTON COUNTY, VIRGINIA  
DIRECTORY OF OFFICIALS  
June 30, 2017**

**COUNTY BOARD**

Jay Fiset, Chair

Katie Cristol, Vice Chairman

Christian Dorsey

John Vihstadt

Libby Garvey

**COUNTY SCHOOL BOARD**

Dr. Barbara Kanninen, Chair

Reid Goldstein, Vice Chair

James S. Lander

Tannia Talento

Nancy Van Doren

**FINANCE BOARD**

Jay Fiset, 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:

R. Frances O'Brien

Thomas J. Kelley, Jr.

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

Mark J. Schwartz  
Samia Byrd  
Michelle G. Cowan  
Carol Mitten  
James H. Schwartz  
Stephen MacIsaac  
Hope Halleck  
Dr. Chris Horton  
Claude Williamson  
Jane Rudolph  
James Bonzano  
Anita Friedman  
Diane Kresh  
Stephen J. Agostini  
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  
Internal Auditor Director  
Interim Assistant Superintendent, Human Resources  
Assistant Superintendent, Finance & Management Services  
Assistant Superintendent, Information Services  
Assistant Superintendent, Instruction  
Assistant Superintendent, Student Services  
Assistant Superintendent, Administrative Services  
Assistant Superintendent, School & Community Relations  
Assistant Superintendent Operations and Facilities

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



## **FINANCIAL SECTION**

The Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.

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# 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:

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**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, 2017, 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 8 percent, 9 percent, and 0 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, 2017, 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, the pension information, and OPEB information, as noted on the table of contents, 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, 2016 (not presented herein), and have issued our report thereon dated November 3, 2016, 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 2016 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, 2017 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 2016 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 2016 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, 2016.

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 October 31, 2017, 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  
October 31, 2017



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# **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 annual financial statements this overview and analysis of the financial activities of the County and its component units, Arlington Public Schools (“Schools”), and Gates Partnership for the fiscal year ended June 30, 2017.

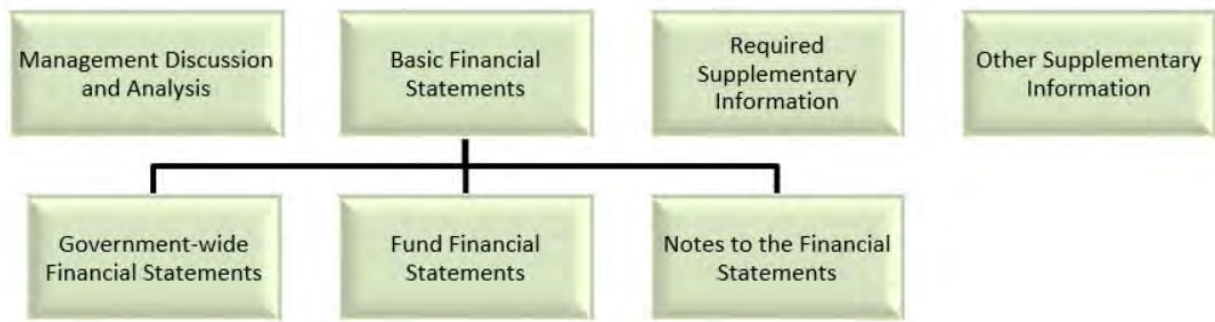
This report is intended to provide accountability and insight into the County’s financials in alignment with operational performance, in light of economic factors and overall goals and objectives adopted by the County Board. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found within the “Introductory Section” at the front of this report, as well as the County’s financial statements that follow this section.

Throughout this report, the “County” is also referred to as the “Primary Government.” The “Total Reporting Entity” represents the entity as a whole, comprised of the County and its component units. Since Arlington Public Schools and the County have a material relationship, the Total Reporting Entity presents a more accurate and comprehensive picture of the fiscal operations of the County.

## FINANCIAL HIGHLIGHTS

- In June 2015, GASB issued Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement was to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. GASB 75 resulted in a restatement of FY 2016 net position from \$1,865.2 million to \$1,701.7 million for the County and from \$269.3 million to \$193.6 million for Schools, respectively. Additional disclosures are included in Note 17 and the RSI section following the notes to the financial statements.
- The Total Reporting Entity, which includes component units (Schools and Gates Partnership), continues to have a positive net position of \$2,012.8 million at June 30, 2017, an increase of \$90.8 million from FY 2016. This is primarily a result of an increase in school’s assets and offset partly by the increase in OPEB liability as a result of the impact of the GASB 75 implementation. The implementation of GASB 75 reduced beginning net position for the Total Reporting Entity by \$239.2 million.
- The County and School’s net investment in capital assets that are not available to liquidate represents 79.3% of net position of the total reporting entity. Additionally, 15.4% of the net position represents resources that are subject to external restrictions imposed by law, such as grants.
- Revenue for the Total Reporting Entity was \$2,206.7 million, comprised of 65.0% generated from governmental activities, 5.9% generated from business type activities and 29.1% of component unit revenues. The Primary Government’s total revenue was \$1,563.9 million, of which general revenue was \$1,228.1 million, program revenue from governmental activities was \$205.1 million and revenue from business type activities was \$130.7 million. The Component Unit revenue was \$642.8 million, of which 98.8% represents revenue generated by schools. Primary Government’s general revenue from governmental activities was 55.7% of the revenue for the Total Reporting Entity.
- The Primary Government’s revenue exceeded expenses by \$33.6 million or 2.2%, which includes revenue generated from governmental and business-type activities, while the Component Unit revenue exceeded expenses by \$57.2 million or 8.9%.
- Expenses for the Total Reporting Entity were \$2,115.9 million comprised of 67.2% from governmental activities, 5.1% from business type activities and 27.7% from Component Units, substantially represented by Schools. The expenses for the reporting entity as a whole, increased by 1.0% from FY 2016, while the County’s total revenues increased by 9.1% from FY 2016.
- The Primary Government’s total expenses were \$1,530.3 million, comprised of expenses from governmental activities of \$1,422.6 million and expenses from business-type activities of \$107.7 million, representing 72.3% of Total Reporting Entity.
- Taxes continue to be the largest source of revenue for the Total Reporting Entity, amounting to 50.4% of government-wide total revenue, while education is the largest expense, representing 56.5% of Total Reporting Entity’s expenses.
- Total fund balance for the County’s Governmental Funds increased by \$99.5 million to \$649.3 million from FY 2016, an overall increase of 18.1%.

## Components of the Financial Section



## Overview of the Financial Statements

This section is intended to serve as an introduction to the layout of the Comprehensive Annual Financial Report. The Governmental Accounting Standards Board (GASB) Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” (“GASB 34”) as amended, established that the financial section should consist of the following:

- *Management’s Discussion and Analysis (MD&A)*
  - MD&A introduces the basic financial statements and provides an analytical overview of the government’s financial activities.
- *Basic Financial Statements*
  - 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, enterprise and fiduciary funds, including its blended component units.
  - Notes to the financial statements consisting of disclosures required for better transparency that provide information that is essential to a user’s understanding of the basic financial statements.
- *Required Supplementary Information (RSI)*
  - The RSI statement is supplementary to the notes and presented in Exhibit 11 and contains budgetary comparison schedules along with other types of required disclosures in accordance with the Governmental Accounting Standards Board (GASB) pronouncements. The other required disclosures include schedules related to County and Schools, pension and OPEB plans. The details include information on net pension liability, net OPEB liability, employer contribution information, and notes detailing assumptions made related to each plan.
- *Other Supplementary Information*
  - This is an optional section presenting combined statements for non-major governmental funds, internal service funds, component units and budget and actual schedules.

**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 presented as a Total Reporting Entity. These 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 where the organization has fiscal dependency on the Primary Government. Financial information for these component units is reported in separate columns presented within Exhibit 1 and Exhibit 2.

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 as shown in Exhibit 1. Over time, increases or decreases in net position serve as a useful indicator to demonstrate whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* as shown in Exhibit 2, presents information on 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 include items that will only result in cash flows in future fiscal periods when benefits are expected (e.g., uncollected taxes and compensated absences i.e., earned but unused vacation leave).

Government-wide financial statements distinguish functions of the County and its Component Units that are principally supported by taxes, licenses, fees, charges for services 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 the general administrative services, public safety (police and fire protection), environmental services, judicial (courts, prosecuting offices and detention center), health, welfare and social services, public improvements, streets and highways, planning and community development, libraries, parks and recreation, and education. The business-type activities of the County include the utilities, the public parking garage operations, planning and community development.

The government-wide financial statements can be found in Exhibit 1, Exhibit 2, and Exhibits 5 through 7 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 of the County in accordance with GASB requirements. The County and Schools, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal and reporting requirements. All 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. Reconciliation between the government-wide financial statements and governmental activities is shown on Exhibits 3-A and Exhibits 4-A.

The County reports 21 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 County governmental funds are combined into a single, aggregated presentation; data from the Schools governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law and as required by GASB standards. Individual fund data for each of non-major governmental funds is provided in the form of combining statements. The County adopts an annual appropriated budget for its general fund, special revenue funds, capital projects fund and internal service fund, including Schools operating expenses within separate funds established. Budgetary comparison statements have been provided as a part of the RSI section 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). General fund, special revenue fund and capital projects fund financial statements can be found in Exhibit A-1 through Exhibit C-2. Non-major governmental fund financial statements can be found in Exhibit X and Exhibit Y of this report.

### *Proprietary Funds*

The County maintains two different types of proprietary funds, enterprise funds and internal service 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 utilities (water and sewer operations), its public parking garage operations, including the Eighth-Level Ballston Public Parking Garage, and the Community Planning and Housing Development (CPHD) Fund. Internal service funds are created as 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, automotive and printing operation. Since these services predominantly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements, as required by GASB standards.

The County reports 5 proprietary funds. 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 are considered to be a major fund 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.

The basic proprietary fund financial statements can be found in Exhibit 5 through Exhibit 7. Combining statement for enterprise funds can be found in Exhibit D-1, through Exhibit D-3. Combining Statements of internal service funds are shown on Exhibit E-1 through Exhibit E-3 of this report.

### *Fiduciary Funds*

The County reports 4 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. Fiduciary funds account for pensions, OPEB, and Private Purpose Trust funds. OPEB trust funds are used to account for the assets held in trust by the County and Schools for other post-employment benefits other than pensions such as health care and life insurance. 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 8 and 9. Combining fiduciary financial statements are presented on Exhibit F-1 through Exhibit F-5. Schools OPEB trust funds are presented as a part of the discretely presented combining statements of this report.

**Discretely Presented Component Unit:** Schools combining statements are presented in Exhibit G-1 through Exhibit G-3. Additional information is presented on various exhibits and schedules of the Comprehensive Financial Annual Report.

**Notes to the Financial Statements:** The notes to the financial statements provide additional disclosures that are 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 Exhibit 10 of this report.

## Government-wide Financial Analysis

### Net Position

Net position may serve over time as a useful indicator of government's financial position. As of June 30, 2017, net position for the Total Reporting Entity was \$2,012.8 million. The following table (Table A-1) reflects the condensed statement of net position for FY 2017 and FY 2016:

**Table A-1**  
**Condensed Statement of Net Position**  
**June 30, 2017**  
**With Comparative Totals for June 30, 2016**  
(in millions of dollars)

	Primary Government				Component Units				Gates		Total Reporting Entity	
	Governmental Activities		Business-type Activities		Total		Schools		Partnership		Total Reporting Entity	
	2017	(Restated) * 2016	2017	2016	2017	(Restated) * 2016	2017	(Restated) * 2016	2017	2016	2017	(Restated) * 2016
Current and other assets	\$1,273.1	\$1,141.2	\$116.4	\$116.8	\$1,389.5	\$1,258.0	\$287.6	\$223.6	\$6.4	\$7.6	\$1,683.5	\$1,489.2
Capital assets	1,166.0	1,106.4	1,041.1	1,036.7	2,207.1	2,143.1	616.1	588.6	72.8	74.8	2,896.0	2,806.5
<b>Total assets</b>	<b>2,439.1</b>	<b>2,247.6</b>	<b>1,157.4</b>	<b>1,153.4</b>	<b>3,596.6</b>	<b>3,401.1</b>	<b>903.7</b>	<b>812.2</b>	<b>79.2</b>	<b>82.4</b>	<b>4,579.4</b>	<b>4,295.7</b>
Deferred outflows	201.4	69.8	-	-	201.4	81.0	109.6	56.1	-	-	311.0	137.1
<b>Total assets and deferred outflows</b>	<b>2,640.4</b>	<b>2,317.4</b>	<b>1,157.4</b>	<b>1,153.4</b>	<b>3,798.0</b>	<b>3,482.1</b>	<b>1,013.3</b>	<b>868.4</b>	<b>79.2</b>	<b>82.4</b>	<b>4,890.4</b>	<b>4,432.8</b>
Long-term debt outstanding	1,148.6	1,011.6	328.1	350.4	1,476.7	1,362.0	42.8	40.2	51.7	53.9	1,571.2	1,456.1
Other liabilities	449.5	156.5	25.6	22.2	475.1	178.7	699.8	524.3	1.7	1.8	1,176.6	704.8
<b>Total liabilities</b>	<b>1,598.1</b>	<b>1,168.1</b>	<b>353.7</b>	<b>372.6</b>	<b>1,951.8</b>	<b>1,540.7</b>	<b>742.6</b>	<b>564.5</b>	<b>53.4</b>	<b>55.8</b>	<b>2,747.9</b>	<b>2,161.0</b>
Deferred inflows	108.3	62.2	2.4	2.6	110.8	64.8	18.9	34.6	-	-	129.7	99.4
<b>Total liabilities and deferred inflows</b>	<b>1,706.4</b>	<b>1,230.3</b>	<b>356.1</b>	<b>375.2</b>	<b>2,062.6</b>	<b>1,605.5</b>	<b>761.5</b>	<b>599.1</b>	<b>53.4</b>	<b>55.8</b>	<b>2,877.5</b>	<b>2,260.4</b>
<b>Net Position:</b>												
Investment in capital assets	682.8	637.4	747.8	719.1	1,430.6	1,356.5	611.8	583.9	22.0	21.7	1,595.4	1,962.1 **
Restricted for:												
Capital projects	157.30	358.6	-	-	157.3	358.6	132.8	75.8	-	-	290.1	434.4
Seized assets	1.6	-	-	-	1.6	-	-	-	-	-	1.6	-
Grants	0.7	-	-	-	0.7	-	4.0	-	-	-	4.7	-
Debt Service	13.5	-	-	-	13.5	-	-	-	-	-	13.5	-
Unrestricted	78.1	(72.5)	53.5	59.1	131.6	(13.4)	(496.8)	(466.1)	3.8	5.0	107.5	(474.5) **
<b>Total Net Position</b>	<b>\$934.0</b>	<b>\$923.5</b>	<b>\$801.3</b>	<b>\$778.2</b>	<b>\$1,735.3</b>	<b>\$1,701.7</b>	<b>\$251.8</b>	<b>\$193.6</b>	<b>\$25.8</b>	<b>\$26.7</b>	<b>\$2,012.8</b>	<b>\$1,922.0</b>

Note: Totals may not add due to rounding.

\* FY 2016 restated columns were a result of implementation of GASB 75

\*\* In accordance with GASB 34, Net Investment in Capital Assets must be presented net of related debt, in order to reflect the true position of the Primary Government and Component Units. Therefore, the Net Investment in Capital Assets of Governmental Activities does not include the Component Unit - School's debt issued by the Primary Government for a total of \$468,880,314 in its calculation. This debt is reflected in the Total Reporting Entity column, since the debt is owned by the County. However, capital assets obtained with the debt are included in the Net Investment in Capital Assets for Schools. The sum of the columns between the Primary Government and Component units does not equal the Total Reporting Entity column by a difference of \$468,880,314 because the debt related to the Schools is reduced from Net Investment in Capital Assets of the Total Reporting Entity. The Unrestricted net position balance of the Total Reporting Entity therefore reflects the impact of the debt for Schools. The Total Reporting Entity column matches the assets with the debt and reports the net amounts on the Net Investment in Capital Assets. Additional information on the reclassification is provided in Note 10.

For governmental activities, assets and deferred outflows (outflows that are expected to benefit future periods) exceeded liabilities and deferred inflows (inflows that are for future periods) by \$934.0 million.

For business-type activities, assets exceeded liabilities and deferred inflows by \$801.3 million for a Primary Government total of \$1,735.3 million 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 \$251.8 million, and in the case of the Gates Partnership, assets exceeded liabilities by \$25.8 million.

By far the largest portion of the Primary Government and Component Units' net position, reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment, infrastructure, capitalized projects), less any related



debt used to acquire those assets. This represents 79.3% of the total net position. The Primary Government and Schools use these capital assets to provide services to citizens. Consequently, these assets are long-term in nature and not available for future spending. Although the Primary Government 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 liquid sources of funds, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position of the Primary Government and Schools represents resources that are subject to external restrictions on how they may be used. The restricted net position was 15.4% of the net position of the total reporting entity as of June 30, 2017. The unrestricted net position was 5.3% of the net position of the total reporting entity.

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 (capital 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. However, in accordance with GASB 34, School's debt shown in the government-wide financial statements has been excluded in the calculation of "Net Investment in Capital Assets" within the governmental activities column of the Primary Government and has been included in the calculation for the "Total Reporting Entity" column. The "Total Reporting Entity" column, which displays the "Unrestricted capital assets" for the entire government therefore gives a more complete picture of debt-financed capital assets for the County. Additional information is provided in Note 10.

As of June 30, 2017, the Total Reporting Entity reported a positive net position comprised of the Primary Government with a positive net position and offset with a negative unrestricted net position for Schools, partly due to the resulting impact of the implementation of GASB 75. Additional information is provided in Note 17.

### Changes in Net Position

The activities of the Primary Government and Component Units as of June 30, 2017 increased in net position from FY 2016 as follows:

<b>Total Reporting Entity</b>	<b><u>Increase/Decrease in Net Position</u></b>	
	<i>(\$ In millions)</i>	<i>Percentage</i>
Governmental activities	\$10.5	11.6%
Business type activities	\$23.1	25.4%
Component unit - Schools	\$58.1	64.0%
Component unit - Gates Partnership	(\$0.9)	-1.0%
<b>Change in Net Position</b>	<b><u>\$90.8</u></b>	<b><u>100.0%</u></b>

The following table (Table A-2) displays the changes in net position for FY 2017 and FY 2016:

**Table A-2**  
**Statement of Changes in Net Position**  
**Year Ended June 30, 2017**  
**With Comparative Totals for June 30, 2016**  
(in millions of dollars)

	Primary Government						Component Units				Total Reporting Entity (Restated)*	
	Governmental Activities (Restated)*		Business-type Activities		Total		Schools (Restated)*		Gates Partnership			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>												
Program revenue												
Charges for services	\$81.1	\$73.8	\$129.4	\$126.0	\$210.5	\$199.8	\$33.4	\$27.3	\$7.6	\$7.5	\$251.5	\$234.6
Operating grants and contributions	124.0	136.1	-	-	124.0	136.1	58.2	54.3	-	-	182.2	190.4
Capital grants and contributions	-	-	1.0	0.9	1.0	0.9	-	-	-	-	1.0	0.9
General revenue												
Property taxes	868.8	834.3	-	-	868.8	834.3	-	-	-	-	868.8	834.3
Other local taxes	217.8	206.6	-	-	217.8	206.6	24.5	23.1	-	-	242.3	229.7
Revenue from general fund	-	-	-	-	-	-	518.6	468.4	-	-	518.6	468.4
Investment and interest earnings	8.0	9.9	0.4	0.6	8.4	10.5	0.3	0.3	-	-	8.7	10.8
Miscellaneous	133.4	53.0	-	-	133.4	53.0	-	-	-	-	133.5	53.0
<b>Total revenues</b>	<b>1,433.1</b>	<b>1,313.7</b>	<b>130.8</b>	<b>127.5</b>	<b>1,563.9</b>	<b>1,441.2</b>	<b>635.0</b>	<b>573.4</b>	<b>7.6</b>	<b>7.5</b>	<b>2,206.6</b>	<b>2,022.1</b>
<b>Expenses</b>												
General government	267.8	394.5	-	-	267.8	394.5	-	-	-	-	267.8	394.5 *
Public safety	144.6	129.1	-	-	144.6	129.1	-	-	-	-	144.6	129.1
Environmental services	112.3	100.1	-	-	112.3	100.1	-	-	-	-	112.3	100.1
Health and welfare	139.9	121.1	-	-	139.9	121.1	-	-	-	-	139.9	121.1
Libraries	14.5	12.6	-	-	14.5	12.6	-	-	-	-	14.5	12.6
Parks, culture and recreation	45.6	39.2	-	-	45.6	39.2	-	-	-	-	45.6	39.2
Planning and community development	63.9	54.6	-	-	63.9	54.6	-	-	-	-	63.9	54.6
Education	617.5	507.1	-	-	617.5	507.1	576.9	603.1	-	-	1,194.4	1,110.2 *
Debt service:												
Interest and other charges	16.5	18.4	-	-	16.5	18.4	-	-	-	-	16.5	18.4
Water and sewer	-	-	83.8	83.8	83.8	83.8	-	-	-	-	83.8	83.8
Parking garage	-	-	6.2	6.2	6.2	6.2	-	-	-	-	6.2	6.2
8th Level Ballston Public Parking Garage	-	-	0.2	0.2	0.2	0.2	-	-	-	-	0.2	0.2
Rental Properties	-	-	-	-	-	-	-	-	8.6	8.3	8.6	8.3
CPHD Development Fund	-	-	17.5	16.3	17.5	16.3	-	-	-	-	17.5	16.3
<b>Total expenses</b>	<b>1,422.6</b>	<b>1,376.7</b>	<b>107.7</b>	<b>106.5</b>	<b>1,530.3</b>	<b>1,483.2</b>	<b>576.9</b>	<b>603.1</b>	<b>8.6</b>	<b>8.3</b>	<b>2,115.9</b>	<b>2,094.6</b>
<b>Increase/(Decrease) in Net Position</b>	<b>10.5</b>	<b>(63.0)</b>	<b>23.1</b>	<b>21.0</b>	<b>33.6</b>	<b>(42.0)</b>	<b>58.1</b>	<b>(29.7)</b>	<b>(0.9)</b>	<b>(0.7)</b>	<b>90.8</b>	<b>(72.2)</b>
<b>Net Position-Beginning</b>	<b>923.5</b>	<b>986.5</b>	<b>778.2</b>	<b>757.2</b>	<b>1,701.7</b>	<b>1,743.7</b>	<b>193.6</b>	<b>223.3</b>	<b>26.7</b>	<b>27.3</b>	<b>1,922.0</b>	<b>1,994.3</b>
<b>Net Position-Ending</b>	<b>\$934.0</b>	<b>\$923.5</b>	<b>\$801.3</b>	<b>\$778.2</b>	<b>\$1,735.3</b>	<b>\$1,701.7</b>	<b>\$251.8</b>	<b>\$193.6</b>	<b>\$25.8</b>	<b>\$26.7</b>	<b>\$2,012.8</b>	<b>\$1,922.0</b>

Note: Totals may not add due to rounding.

\* Restated FY 2016 as a result of GASB 75 implementation

## Revenues

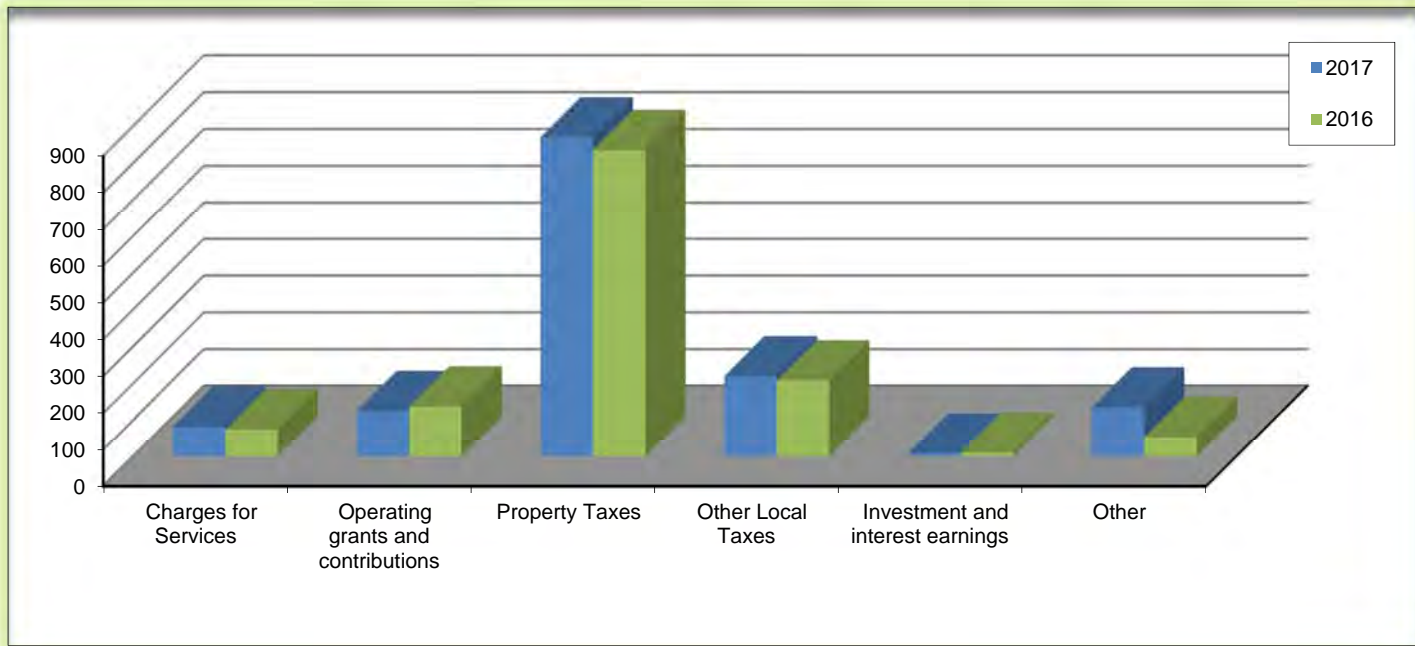
Overall revenues for the County's governmental activities were \$1,433.1 million for Fiscal Year 2017 representing an increase of \$119.3 million from the prior year. General revenues were a major contributing factor for the increase in governmental activity revenue of \$124.4 million, primarily due to increases in property tax revenue, other local taxes and other revenue. These increases were partially offset by a decrease in operating grants and contributions. Taxes constitute the largest source of County revenues, amounting to \$1,086.6 million for fiscal year 2017, an increase of \$45.8 million over fiscal year 2016. Real estate taxes increased by \$31.5 million to \$754.0 million due to increased assessments and real estate growth in the County. Personal property taxes increased by \$3.0 million to \$114.8 million. Higher personal property tax revenue is driven primarily by higher than anticipated business tangible property and vehicle personal property tax receipts. Other local tax revenue which includes taxes on business licenses, general sales tax, hotel rooms, restaurant meals, utility purchases, car rentals, cigarettes and other totaled \$217.8 million

which represents a \$11.3 million increase from FY 2016. Increase in recordation tax revenue was due to a higher level of real estate sales and refinancing. In addition, there was an increase in bank stock tax, partially offset by decreased communications tax.

Program revenues are derived directly from the programs run by various departments and reduce the net cost for various functions. Total program revenues from governmental activities were \$205.1 million. Operating grants and contributions represent the most significant of these revenues, totaling \$124.0 million. Charges for services totaled \$81.1 million. For additional information and comparative results, refer to Table A-2.

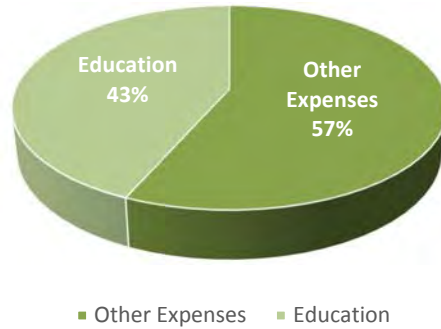
Business-type activities generated revenues of \$130.8 million, primarily from charges for services, which totaled \$129.4 million. The total revenue increased from FY 2016 by \$3.3 million mainly because of an increase of \$3.4 million in charges for services.

**Chart A-3**  
**Sources of Revenue from Governmental Activities**  
**For Fiscal Years 2017 and 2016**  
(in millions)



**Expenses**

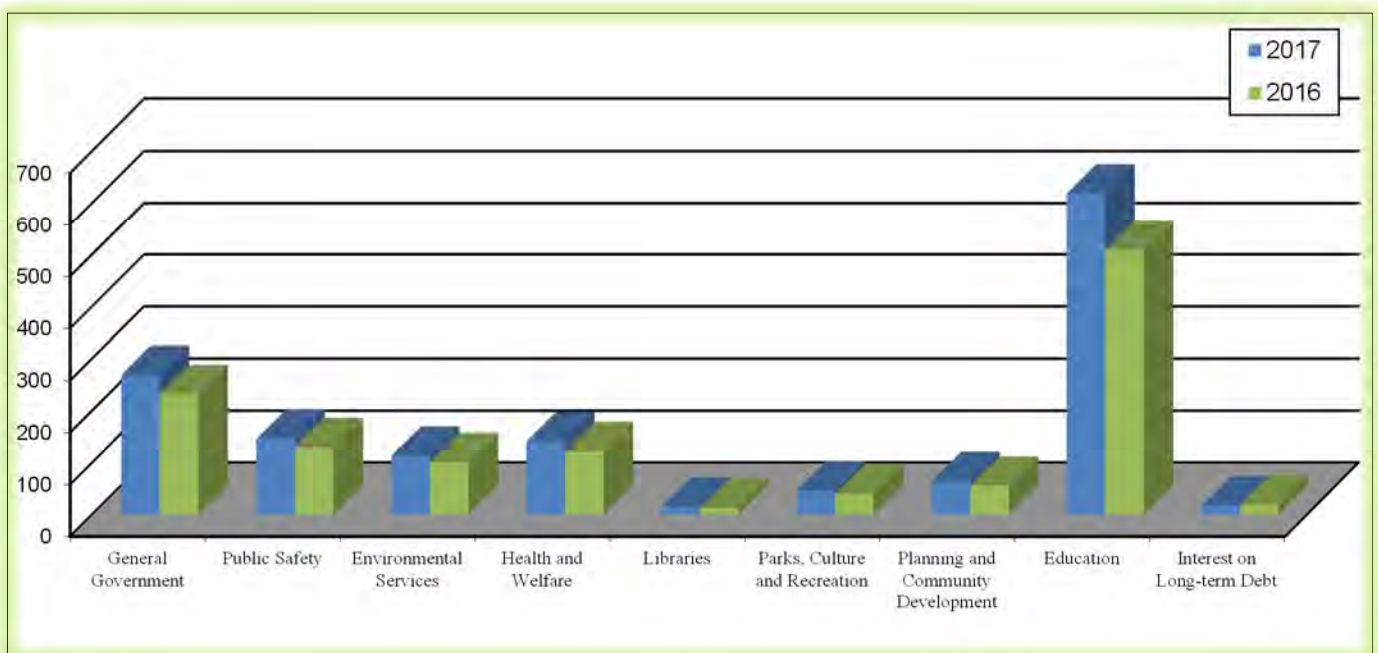
Total cost of all the County’s governmental activities for fiscal year 2017 was \$1,422.6 million, representing an increase of \$45.8 million from fiscal year 2016. Education expense for fiscal year 2017 was \$617.5 million, an increase of \$110.4 million from the previous fiscal year. As the following chart indicates, education continues to be the County’s largest program. General government expenses represent the second largest expense, totaling \$267.8 million in Fiscal Year 2017.



Expenses for the County’s business-type activities totaled \$107.7 million which provided water and sewer utility services, parking garage operations and planning and zoning services.

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

**Chart A-4**  
**Net Expense of Governmental Activities**  
**For Fiscal Years 2017 and 2016**  
 (in millions of dollars)



### Financial Analysis of Governmental Funds

The County and Schools use fund accounting in accordance with GASB standards to ensure and demonstrate compliance finance-related legal requirements.

#### Governmental Fund Balance

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, committed, assigned and unrestricted fund balances serve as a useful measure of a government's net resources that have been Board appropriated or designated by the County Manager that may be leveraged for spending at the end of the fiscal year. As of the end of Fiscal Year 2017, the County's governmental funds reported combined ending fund balances of \$649.3 million for governmental funds. This represents an overall increase of \$99.5 million in comparison with the prior year.

Non-spendable and restricted fund balance equates to 26.9% or \$174.5 million of the total governmental fund balance and is comprised of inventories and pre-paid items or restricted funds related to seized assets, debt service, bond funds and grants that cannot be used for other purposes.

Committed fund balance constitutes to 68.3% or \$443.6 million of the total governmental fund balance. This constitutes committed funds which can only be used for specific purposes already imposed by a formal action of the County Board. \$151.8 million or 34.2% of the total committed fund balance is from the general fund. The remaining fund balance of \$291.7 million is primarily appropriated for ongoing capital projects.

The combined assigned fund balance of 5.0% applies to funds that are intended for specific purposes designated and proposed by the County Manager and set aside for appropriation by the County Board as a part of the County's year-end close out process.

### **General Fund**

The general fund is one of the major governmental funds of the County. At the end of Fiscal Year 2017, the general fund balance was \$186.4 million or 28.7% of the total fund balance. \$71.6 million of the committed general fund balance represents reserves from the general fund that is set aside in accordance to the board's policy for unexpected critical and unpredictable financial needs. These reserves include an operating reserve of \$62.6 million which is set at 5.0% of the next year's general fund revenue, an economic stabilization reserve of \$4.0 million and a self-insurance reserve of \$5.0 million. Total reserves represent 47.2% of the total committed fund balance and equate to 38.4% of the general fund balance.

At the end of Fiscal Year 2017, committed and assigned fund balance for the general fund was \$184.5 million or 99.0% of the total general fund balance. \$57.9 million or 31.1% of the general fund represents the County's commitment to provide affordable housing incentives that ultimately benefit low income households.

As a measure of the general fund's liquidity, it is useful to compare both committed and assigned fund balances and total fund balance to total expenditures. In FY 2017, committed and assigned fund balance equated to 14.3% of general fund expenditures. Total general fund balance represents 14.5% of total general fund expenditures.

As of June 30, 2017, the total general fund balance dropped from FY 2016 by 2.5% to \$186.4 million. The fund balance of the County's general fund decreased by \$4.8 million during the current fiscal year; driven primarily by an increase in education expenditures for Schools and health and welfare services and were partially offset by an increase in real estate tax revenues.

### **General Fund Budgetary Variances**

At the end of FY 2017, the difference in general fund balance between the original (adopted) budget and the final budget was \$115.1 million, which consisted of a decrease in the revenue budget of \$10.1 million, an increase in the expenditure budget of \$98.2 million and an increase in other financing sources/(uses) of (\$6.7) million in the following areas:

- \$60.1 million in increases was allocated to Non-Departmental for affordable housing, economic and revenue budget stabilization contingency, master lease financing, and incomplete projects from FY 2017. This includes \$1.8 million allocated to Non-Departmental for planning projects, consultant projects, the operating contingent, and funding for the Northern Virginia Emergency Response System, as a result of the FY 2017 closeout.

- \$5.4 million in increases allocated to the Department of Environmental Services primarily for various grant funding, additional fare box revenue for Art service enhancements, and the carryover of FreshAIRE funding.
- \$5.3 million in increases allocated to the Department of Human Services through carryover of incomplete projects for prior years as well as new grants and funding for a wide variety of services for persons with mental illness, substance abuse services, emergency assistance, homelessness prevention, housing assistance resources, and employment and health services.
- \$3.3 million in increases from grants funding for public safety for the Police Department, Office of Emergency Management, and Fire department for FY 2016 encumbrance / purchase order carryover, Fire compensation adjustments, safety, equipment purchases, and emergency preparedness, and carryover of Seized Asset funding.
- \$0.8 million in increases allocated to the Department of Parks and Recreation in grants and FY 2016 carryover funding for a variety of services, including public spaces master plan and facility and repair improvements.
- \$0.6 million in increases allocated to the Judicial Administration. This primarily includes grant funding paid to State Criminal Alien Assistance Program (SCAAP), Virginia Department of Criminal Justice Services for the Victim Witness Program, and the Library of Virginia, carryover of incomplete projects from prior years for digital conversion, seized assets, appropriation of fees charged to Drug Court participants, and a supplemental appropriation for an amendment to the agreement with the City of Falls Church for judicial and public safety services provided by the County.
- \$0.2 million in increases allocated to the general government for carryover of incomplete projects from prior years, including funding for the County Board auditor and completion of the barrier analysis as well as a transfer of funds from Non-Departmental to the Department of Technology Services for open data.
- \$0.4 million in decreases to Planning and Community Development from transferring Arlington County Visitor Services funding from Arlington Economic Development to the Travel and Tourism Promotion Fund and from transferring local single family program funds from Community Planning Housing and Developing to Non-Departmental, partially offset by increases from FY 2016 carryover funding primarily for the transition of the single-family loan program and a variety of grant funding.
- \$22.7 million increase in transfers out to the Schools, primarily as a result of FY 2016 closeout.

At the end of FY 2017, the general fund balance, exceeded the final budget by \$110.2 million which consisted of \$83.6 million of favorable expenditure variance, \$25.3 million of favorable revenue variance and a \$1.4 million favorable variance of other financing sources/(uses). The total variances were a result of the following revenue and expenditure variances:

- \$5.5 million revenue variance in Real Estate taxes due to the tax rate increase from \$0.978 per \$100 of value to \$0.993.
- \$6.9 million variance in BPOL due to higher than anticipated revenue and lower than anticipated refunds.
- \$2.8 million variance in Personal Property due primarily to higher than anticipated vehicle personal property taxes.
- \$2.0 million variance in Recordation tax revenue due to a higher than anticipated level of real estate sales.
- \$1.0 million variance in Sales tax due to higher than anticipated level of sales.
- \$0.9 million variance in Car Rental tax revenue due in part to increases in non-traditional car rental activity.
- \$5.2 million revenue Housing Fund and HFC Buckingham Village variance will be appropriated during FY 2017 closeout. Unpredictable project and reimbursement pipeline natural accounts are not budgeted.
- \$33.4 million 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 2017 for specific projects but have not yet been spent. These funds will be carried over to FY 2018.
- \$19.3 million Non-Departmental - Contingent Housing expenditure variance can be attribute to unallocated AHIF funds remaining. These funds will be carried over to FY 2018.
- \$9.2 million Non-Departmental – 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 2017. 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.

- \$4.0 million Non-Departmental in Revenue and Economic Budget Stabilization Contingent savings. \$4.0 million is funded annually per the adopted financial policy. None of this was utilized in FY 2017, it will be carried over to fund the contingent in the FY 2018 adopted budget.
- \$3.1 million VPA Federal/State Match and VPA Local favorable expense variance. The surplus for VPA is due to carryover and savings resulting from lower than expected client need.
- \$2.8 million– in Department of Environmental favorable expense savings from unspent grant appropriations.
- \$2.4 million Interest Lease Purchase favorable expense variance. The County has agreed to appropriate funds (\$2.4 million) 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.
- \$2.0 million Human Services – favorable expense variance is due to a number of extended vacancies.
- \$1.6 million Police and Commonwealth Attorney budget for seized asset expenses and any unused funds are carried over each fiscal year.
- \$1.5 million favorable Regional program expense variable. The surplus for regional programs is due to carryover and savings resulting from lower than expected client need.

Additional information on the County’s statement of revenues, expenditures and changes in fund balance, budget and actual can be found in the RSI section of this report.

### **Special Revenue and Capital Projects Funds**

Special revenue funds and capital projects fund balance was \$462.9 million and represents 71.3% of the total governmental fund balance. The transportation capital projects fund is a major fund of the County and contributes to 26.0% of the total fund balance. At the end of the current fiscal year, total fund balance of the transportation capital fund was \$168.6 million and general capital projects fund was \$102.6 million. All other funds combined were \$191.7 million.

As a measure of the capital project fund’s liquidity, it may be useful to compare total fund balance to total expenditures. Total capital projects fund balance represents 364.0% of total capital project fund expenditures, of which \$155.0 million represents the fund balance for various bond funded projects such as metro, government facility, public recreation, neighborhood conservation, street and highway and storm water projects.

The fund balance of the County’s general capital projects fund increased by \$14.7 million during the current fiscal year. This is primarily attributed to general obligation bond premiums that are now accounted for within the general capital projects fund instead of the general fund and offset by a decrease in capital outlay. The fund balance for the transit facility bond fund has increased by \$38.3 million during the current fiscal year and it is mainly due to higher bond proceeds.

Additional information on the Special Revenue and Capital Projects Funds can be found on Exhibit 3, Exhibit 4, Exhibit B-1 through Exhibit C-2

### **Capital Asset and Capital Projects**

The County’s investment in capital assets for its governmental, business type activities, and component units as of June 30, 2017 amounted to \$1,595.4 million (net of related debt). The net book value of capital assets was \$2,896.0 million which 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:

- \$7.2 million for Parks and Recreation center improvements including playgrounds, land acquisition, and field and court upgrades.

- \$17.8 million for Government facilities construction including Barcroft gymnasium, Trades Center Parking Garage, and maintenance capital improvements at the Justice Center, Lee Community Center, Central Library, 2020 14<sup>th</sup> Street North, Fire Station 6 and acquisition of land for the replacement of Fire Station 8.
- \$4.6 million for Neighborhood Conservation projects to include improvements to streetlights, sidewalks, and parks, and construction of neighborhood beautification projects.
- \$13.1 million 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.
- \$1.6 million 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.
- \$8.4 million for locality's share of the regional Metro projects.
- \$14.5 million for the Potomac Yard Transitway, Crystal City multi-modal, Columbia Pike Transit Stations, Art light vehicle maintenance facility, Art Bus procurement, transit development plan updates and other transit projects.
- \$13.4 million for paving.
- \$15.9 million for safety and capacity improvements to arterial streets such as along the Columbia Pike and Rosslyn-Ballston corridors, and various intersections in Crystal City such as Clark-Bell.
- \$4.9 million for intelligent transportation systems as well as traffic and pedestrian signal upgrades.
- \$2.9 million for bicycle and pedestrian safety improvements and expansion.
- \$5.0 million for various other transportation improvements such as street lighting, bridge maintenance, neighborhood traffic calming maintenance, utility undergrounding and overall transportation related program administrative costs.
- \$15.0 million for Stormwater Management infrastructure.
- \$23.6 million for Utilities infrastructure including water and sewer replacements.

Capital assets increased by \$89.6 million for the reporting entity as a whole and by \$64.2 million for the Primary Government. Majority of the spend was for the building and improvements for schools, County infrastructure improvements and capital projects in progress within the County.

Table A-5 below displays the capital assets of the Total Reporting Entity.

**Table A-5 Net Capital Assets**  
**June 30, 2017**  
**With Comparative Totals for June 30, 2016**  
(in millions of dollars)

	Primary Government						Component Units				Total	
	Governmental Activities		Business-type Activities		Total		Schools		Gates Partnership		Reporting Entity	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Land	\$176.8	\$171.9	\$6.2	\$6.2	\$183.0	\$178.1	\$4.7	\$4.7	\$13.4	\$13.4	\$201.1	\$196.2
Buildings	226.6	226.9	10.9	11.4	237.5	238.3	571.3	547.2	59.4	61.4	868.2	846.9
Equipment	110.1	110.9	2.6	3.2	112.7	114.1	40.1	36.7	-	-	152.8	150.8
Infrastructure	385.2	354.3	-	-	385.2	354.3	-	-	-	-	385.2	354.3
Intangible assets	3.4	2.2	0.2	0.3	3.6	2.5	-	-	-	-	3.6	2.5
Plant -sewer system	-	-	280.3	279.5	280.3	279.5	-	-	-	-	280.3	279.5
Plant - water system	-	-	693.1	702.0	693.1	702.0	-	-	-	-	693.1	702.0
Construction in progress	233.9	206.9	47.8	34	281.7	240.9	-	-	-	-	281.7	240.9
Internal service funds	30.0	33.2	-	-	30.0	33.2	-	-	-	-	30.0	33.2
<b>Total</b>	<b>\$1,166.0</b>	<b>\$1,106.4</b>	<b>\$1,041.1</b>	<b>\$1,036.7</b>	<b>\$2,207.1</b>	<b>\$2,142.9</b>	<b>\$616.1</b>	<b>\$588.6</b>	<b>\$72.8</b>	<b>\$74.8</b>	<b>\$2,896.0</b>	<b>\$2,806.4</b>

Note: Totals may not add due to rounding



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

## Debt Administration

**Long-term debt.** At the end of the current fiscal year, the Total Reporting Entity had total long-term liabilities outstanding of \$1,571.2 million. This amount comprised of \$1,343.6 million for general obligation bonds, notes payable and related accrued interest and capital leases backed by the full faith credit of the government.

The remainder of the County’s debt of \$227.6 million represents bonds secured solely by specified revenue sources i.e., revenue bonds of \$148.4 million, worker’s compensation reserves of \$4.7 million and accrued compensated absences of \$74.5 million.

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

**Table A-6**  
**Arlington County Outstanding Debt**  
**June 30, 2017**  
**With Comparative Totals for June 30, 2016**  
(in millions of dollars)

	Primary Government						Component Units				Total Reporting Entity	
	Governmental		Business-type		Total		Schools		Gates Partnership			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
General obligation bonds**	\$988.0	\$850.4	\$94.0	\$102.4	\$1,082.0	\$952.8	\$-	\$-	\$-	\$-	\$1,082.0	952.8
Revenue bonds	-	-	4.6	5.8	4.6	\$5.8	-	-	-	-	4.6	5.8
IDA Revenue Bonds	97.0	101.9	-	-	97.0	\$101.9	-	-	-	-	97.0	101.9
Mortgage payable	-	-	3.4	3.4	3.4	\$3.4	-	-	18.9	19.4	22.3	22.8
VRA Note payable	-	-	191.3	205.8	191.3	\$205.8	-	-	8.3	8.4	199.6	214.2
Obligations under capital lease	24.8	21.5	0.1	0.1	24.9	\$21.6	4.3	4.6	-	-	29.2	26.2
Worker's compensation claims	4.7	3.9	-	-	4.7	\$3.9	-	-	-	-	4.7	3.9
Accrued compensated absences	34.1	33.9	1.9	1.8	36.0	\$35.8	38.5	35.6	-	-	74.5	71.4
Mortgage and bond interest payable	-	-	32.8	31.0	32.8	\$31.0	-	-	-	-	32.8	31.0
Bonds Payable	-	-	-	-	-	-	-	-	24.4	26.1	24.4	26.1
Development fee payable	-	-	-	-	-	-	-	-	0.1	-	0.1	0.0
<b>Total</b>	<b>\$1,148.6</b>	<b>\$1,011.6</b>	<b>\$328.1</b>	<b>\$350.4</b>	<b>\$1,476.7</b>	<b>\$1,362.0</b>	<b>\$42.8</b>	<b>\$40.2</b>	<b>\$51.7</b>	<b>\$53.9</b>	<b>\$1,571.2</b>	<b>\$1,456.1</b>

Note: Totals may not add due to rounding

\*\* Bond-financed capital assets for schools is accounted through the General Fund

The County’s total debt increased by \$115.1 million during the current fiscal year. The key factors that contributed to this change include increase of \$129.2 million for issuance of GO bonds and increase of \$14.6 million obligations under capital leases and decrease of \$4.9 million 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.

## Proprietary Funds

The County’s Proprietary Funds Financial Statements provide the same type of information found in the Government-wide Financial Statements, but in more detail.

Unrestricted net position of the Utilities Fund at the end of the fiscal year amounted to \$70.8 million, the Ballston Public Parking Garage Fund amounted to a deficit of (\$32.5 million) and the CPHD Development Fund amounted to

\$15.2 million. The total change in net position for the Utilities Fund included a surplus of \$27.4 million, the Ballston Public Parking Garage Fund had a deficit of (\$2.9 million), and CPHD Development Fund had a deficit of (\$1.5 million). Other factors concerning the finances of these funds have been addressed in the discussion of the County’s business-type activities and Exhibit 5.

### Economic Factors

The June 2017 unemployment rate for the County was 2.6%, This compares favorably to the Northern Virginia’s average unemployment rate of 3.3% and the national average rate of 4.4% for June 2017 per the Bureau of Labor Statistics.

#### LABOR FORCE

<b>Civilian Labor Force*</b>	<b>Reporting Period</b>	<b>Current</b>	<b>Last Period</b>	<b>Last Year</b>	<b>Annual Change</b>
Arlington County	Jun-17	151,740	150,739	146,948	2.5% ▲
Northern Virginia	Jun-17	1,643,765	1,628,906	1,594,379	2.3% ▲
<b>Unemployment Rate</b>					
Arlington County	Jun-17	2.6%	2.7%	2.6%	0.0 pp
Northern Virginia	Jun-17	3.3%	3.2%	3.4%	-0.1 pp ▼

pp = percentage points

\* readjusted monthly

Source: Virginia Employment Commission, Local Area Unemployment Statistics (LAUS)

The vacancy rate of the County’s office buildings decreased from 19.3% to 17.8% at the end of FY 2017. Economic development continues to grow in the County with the addition of new businesses, including the move of Nestle USA’s headquarters to Arlington and closed sales of the housing market demonstrating the retention and expansion of employers and County citizenry population and growth.

#### HOUSING

<b>Housing</b>	<b>Reporting Period</b>	<b>Current</b>	<b>Year To Date</b>	<b>Last Year To Date</b>	<b>Annual Change</b>
New Listings	Jun-17	434	2,400	2,303	4.2% ▲
New Pendings	Jun-17	339	1,829	1,687	8.4% ▲
Closed Sales	Jun-17	357	1,570	1,421	10.5% ▲

Source: Real Estate Business Intelligence

#### TOURISM

<b>Tourism</b>	<b>Reporting Period</b>	<b>Current</b>	<b>Year To Date</b>	<b>Last Year To Date</b>	<b>Annual Change</b>
Hotel Occupancy	Jun-17	86.0%	79.8%	79.5%	0.4% ▲
Average Daily Room Rate	Jun-17	\$180.65	\$178.41	\$169.69	5.1% ▲

Source: Smith Travel Research

Inflationary trends in the region compare favorably to national indices. The County factors in the above metrics in preparation of the following year’s budget.

## **Requests for Information**

This Comprehensive Annual Financial Report (CAFR) is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Additional information on the County's activities are available at [www.arlingtonva.us](http://www.arlingtonva.us).

Questions concerning any of the information provided in the CAFR or requests for additional financial information should be addressed to:

Comptroller, Department of Management and Finance  
Arlington County Government  
2100 Clarendon Boulevard, Suite 501,  
Arlington, Virginia, 22201  
[www.arlingtonva.us/dmf](http://www.arlingtonva.us/dmf)



# Basic Financial Statements

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

- Government-wide financial statements which include the Statement of Net 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.

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ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Primary Government			Component Units		Total Reporting Entity <i>Restated</i>
	Governmental Activities <i>Restated</i>	Business-Type Activities	Total <i>Restated</i>	Schools <i>Restated</i>	Gates Partnership	
<b>ASSETS:</b>						
Equity in pooled cash and investments	\$786,815,562	\$92,920,518	\$879,736,080	\$190,574,105	\$2,099,289	\$1,072,409,474
Petty cash	1,150	-	1,150	915	-	2,065
Cash with fiscal agents	270,456	25,221	295,677	-	-	295,677
Receivables, net	462,274,637	19,243,867	481,518,504	4,420,871	93,832	486,033,207
Receivable from primary government	-	-	-	92,356,331	-	92,356,331
Receivable from other governments	21,554,442	-	21,554,442	-	-	21,554,442
Inventory	-	1,761,374	1,761,374	213,956	-	1,975,330
Other assets	2,162,157	2,447,864	4,610,021	-	34,487	4,644,508
Reserves and escrow deposits	-	-	-	-	4,130,532	4,130,532
Capital assets:						
Land	176,794,701	6,161,255	182,955,956	4,697,946	13,359,110	201,013,012
Intangible assets, net	3,406,383	187,877	3,594,260	-	-	3,594,260
Depreciable assets, net	751,862,112	987,010,339	1,738,872,451	611,408,597	59,454,586	2,409,735,634
Construction in progress	233,906,927	47,796,454	281,703,381	-	-	281,703,381
Total capital assets, net	1,165,970,123	1,041,155,925	2,207,126,048	616,106,543	72,813,696	2,896,046,287
Total assets	2,439,048,527	1,157,554,769	3,596,603,296	903,672,721	79,171,836	4,579,447,853
Deferred outflows	201,375,845	-	201,375,845	109,562,154	-	310,937,999
Total assets and deferred outflows	2,640,424,372	1,157,554,769	3,797,979,141	1,013,234,875	79,171,836	4,890,385,852
<b>LIABILITIES:</b>						
Accounts payable	25,226,411	9,537,134	34,763,545	8,427,088	113,408	43,304,041
Unearned revenue	13,305,019	-	13,305,019	85,734	-	13,390,753
Due to component unit	92,356,331	-	92,356,331	-	-	92,356,331
Accrued liabilities	22,640,958	16,111,992	38,752,950	54,068,010	1,124,450	93,945,410
Other liabilities	15,549,983	-	15,549,983	10,690,508	510,962	26,751,453
Non-current liabilities:						
Net OPEB liability	190,413,430	-	190,413,430	125,564,970	-	315,978,400
Net pension liability	90,000,000	-	90,000,000	500,915,926	-	590,915,926
Due within one year	97,206,895	64,016,462	161,223,357	5,939,227	840,475	168,003,059
Due in more than one year	1,051,393,427	264,128,426	1,315,521,853	36,866,447	50,817,184	1,403,205,484
Total liabilities	1,598,092,454	353,794,014	1,951,886,468	742,557,910	53,406,479	2,747,850,857
Deferred inflows	108,336,613	2,438,496	110,775,109	18,911,470	-	129,686,579
Total liabilities and deferred inflows	1,706,429,067	356,232,510	2,062,661,577	761,469,380	53,406,479	2,877,537,436
<b>NET POSITION:</b>						
Net investment in capital assets	682,757,711	747,776,393	1,430,534,104	611,776,750	21,996,512	1,595,427,052 **
Restricted for:						
Capital projects	157,256,606	-	157,256,606	132,830,419	-	290,087,025
Seized assets	1,599,616	-	1,599,616	-	-	1,599,616
Grants	744,947	-	744,947	3,955,671	-	4,700,618
Debt service	13,529,817	-	13,529,817	-	-	13,529,817
Unrestricted	78,106,608	53,545,866	131,652,474	(496,797,345)	3,768,845	107,504,288 **
Total net position	\$933,995,305	\$801,322,259	\$1,735,317,564	\$251,765,495	\$25,765,357	\$2,012,848,416

\*\* In accordance with GASB 34, Net Investment in Capital Assets must be presented net of related debt, in order to reflect the true position of the Primary Government and Component Units. Therefore, the Net Investment in Capital Assets of Governmental Activities does not include the Component Unit - School's debt issued by the Primary Government for a total of \$468,880,314 in its calculation. This debt is reflected in the Total Reporting Entity column, since the debt is owned by the County. However, capital assets obtained with the debt are included in the Net Investment in Capital Assets for Schools. The sum of the columns between the Primary Government and Component units does not equal the Total Reporting Entity column by a difference of \$468,880,314 because the debt related to the Schools is reduced from Net Investment in Capital Assets of the Total Reporting Entity. The Unrestricted net position balance of the Total Reporting Entity therefore reflects the impact of the debt for Schools. The Total Reporting Entity column matches the assets with the debt and reports the net amounts on the Net Investment in Capital Assets. Additional information on the reclassification is provided in Note 10.

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, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Component Units		Total Reporting Entity	Functions/Programs
	Expenses	Charges for services (Includes Licenses, Permits & Fees)	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total	Schools	Gates Partnership		
<b>Primary Government:</b>											
<b>Governmental Activities:</b>											
General government	\$267,798,619	\$20,352,884	\$32,266,417	\$-	(\$215,179,318)	\$-	(\$215,179,318)	\$-	\$-	(\$215,179,318)	General government
Public safety	144,637,250	11,064,477	11,065,798	-	(122,506,975)	-	(122,506,975)	-	-	(\$122,506,975)	Public safety
Environmental services	112,310,807	29,865,144	11,512,205	-	(70,933,458)	-	(70,933,458)	-	-	(\$70,933,458)	Environmental services
Health & welfare	139,912,548	3,612,699	37,863,720	-	(98,436,129)	-	(98,436,129)	-	-	(\$98,436,129)	Health & welfare
Libraries	14,451,289	433,302	182,231	-	(13,835,756)	-	(13,835,756)	-	-	(\$13,835,756)	Libraries
Parks, recreation & culture	45,591,640	9,145,595	303,512	-	(36,142,533)	-	(36,142,533)	-	-	(\$36,142,533)	Parks, recreation & culture
Planning & community development	63,855,173	6,578,681	30,819,921	-	(26,456,571)	-	(26,456,571)	-	-	(\$26,456,571)	Planning & community development
Education	617,535,503	-	-	-	(617,535,503)	-	(617,535,503)	-	-	(\$617,535,503)	Education
Interest and other charges	16,537,709	-	-	-	(16,537,709)	-	(16,537,709)	-	-	(\$16,537,709)	Interest and other charges
<b>Total governmental activities</b>	<b>1,422,630,538</b>	<b>81,052,782</b>	<b>124,013,804</b>	<b>-</b>	<b>(1,217,563,952)</b>	<b>-</b>	<b>(1,217,563,952)</b>	<b>-</b>	<b>-</b>	<b>(\$1,217,563,952)</b>	<b>Total governmental activities</b>
<b>Business-type activities:</b>											
Utilities	83,798,393	109,908,071	-	985,385	-	27,095,063	27,095,063	-	-	\$27,095,063	Utilities
Ballston Public Parking Garage	6,218,247	3,272,841	-	-	-	(2,945,406)	(2,945,406)	-	-	(\$2,945,406)	Ballston Public Parking Garage
8th Level Ballston Public Parking Garage	172,755	267,492	-	-	-	94,737	94,737	-	-	\$94,737	8th Level Ballston Public Parking Garage
CPHD Development Fund	17,484,785	15,928,767	-	-	-	(1,556,018)	(1,556,018)	-	-	(1,556,018)	CPHD Development Fund
<b>Total business-type activities</b>	<b>107,674,180</b>	<b>129,377,171</b>	<b>-</b>	<b>985,385</b>	<b>-</b>	<b>22,688,376</b>	<b>22,688,376</b>	<b>-</b>	<b>-</b>	<b>22,688,376</b>	<b>Total business-type activities</b>
<b>Total primary government</b>	<b>1,530,304,718</b>	<b>210,429,953</b>	<b>124,013,804</b>	<b>985,385</b>	<b>(1,217,563,952)</b>	<b>22,688,376</b>	<b>(1,194,875,576)</b>	<b>-</b>	<b>-</b>	<b>(\$1,194,875,576)</b>	<b>Total primary government</b>
<b>Component unit:</b>											
Schools	576,931,200	33,408,214	58,222,744	-	-	-	-	(485,300,242)	-	(485,300,242)	Schools
Gates Partnership	8,625,732	7,643,170	-	-	-	-	-	-	(982,562)	(982,562)	Gates Partnership
<b>Total component units</b>	<b>585,556,932</b>	<b>41,051,384</b>	<b>58,222,744</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(485,300,242)</b>	<b>(982,562)</b>	<b>(486,282,804)</b>	<b>Total component units</b>
<b>General Revenues:</b>											
<b>Property Taxes:</b>											
Real estate property taxes					753,992,522	-	753,992,522	-	-	753,992,522	Real estate property taxes
Personal property taxes					114,836,050	-	114,836,050	-	-	114,836,050	Personal property taxes
<b>Other Local Taxes:</b>											
Business, professional occupancy license taxes					63,837,926	-	63,837,926	-	-	63,837,926	Business, professional occupancy license taxes
Sales tax					41,197,357	-	41,197,357	24,458,713	-	65,656,070	Sales tax
Meals tax					39,047,018	-	39,047,018	-	-	39,047,018	Meals tax
Transient tax					25,267,916	-	25,267,916	-	-	25,267,916	Transient tax
Utility tax					11,426,615	-	11,426,615	-	-	11,426,615	Utility tax
Recordation, car rental and other local taxes					37,043,298	-	37,043,298	-	-	37,043,298	Recordation, car rental and other local taxes
Revenue from general fund					-	-	-	518,585,081	-	518,585,081	Revenue from general fund
Investment and interest earnings					7,998,391	420,674	8,419,065	372,376	3,487	8,794,928	Investment and interest earnings
Miscellaneous					133,419,247	-	133,419,247	-	69,706	133,488,953	Miscellaneous
<b>Total general revenues</b>					<b>1,228,066,340</b>	<b>420,674</b>	<b>1,228,487,014</b>	<b>543,416,170</b>	<b>73,193</b>	<b>1,771,976,377</b>	<b>Total general revenues</b>
<b>Change in net position</b>					<b>10,502,388</b>	<b>23,109,050</b>	<b>33,611,438</b>	<b>58,115,928</b>	<b>(909,369)</b>	<b>90,817,997</b>	<b>Change in net position</b>
<b>Restated net position (GASB 75), beginning</b>					<b>923,492,917</b>	<b>778,213,209</b>	<b>1,701,706,126</b>	<b>193,649,567</b>	<b>26,674,726</b>	<b>1,922,030,419</b>	<b>Restated net position (GASB 75), beginning</b>
<b>Net position, ending</b>					<b>\$933,995,305</b>	<b>\$801,322,259</b>	<b>\$1,735,317,564</b>	<b>\$251,765,495</b>	<b>\$25,765,357</b>	<b>\$2,012,848,416</b>	<b>Net position, ending</b>

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

ARLINGTON COUNTY, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

ASSETS	General Fund	General Capital Projects Fund	Transportation Capital Funds	All Other Governmental Funds	Total Governmental Funds
Equity in pooled cash and investments	\$279,068,488	\$118,452,663	\$162,975,757	\$206,702,090	\$767,198,998
Petty cash	1,150	-	-	-	1,150
Cash with fiscal agents	270,456	-	-	-	270,456
Receivables, net	437,263,583	189,148	2,405,935	21,287,581	461,146,247
Due from other funds	1,120,470	-	-	-	1,120,470
Receivables from other governments	11,320,992	1,423,359	7,230,181	1,579,910	21,554,442
Prepaid items and other assets	35,036	-	-	1,356,097	1,391,133
<b>Totals assets</b>	<b>\$729,080,175</b>	<b>\$120,065,170</b>	<b>\$172,611,873</b>	<b>\$230,925,678</b>	<b>\$1,252,682,896</b>
<b>LIABILITIES</b>					
Accounts payable	\$7,867,241	\$3,399,420	\$2,842,155	\$9,435,944	\$23,544,760
Unearned revenue	240,181	12,564,011	500,827	-	13,305,019
Due to component unit	92,356,331	-	-	-	92,356,331
Accrued liabilities	22,640,958	-	-	-	22,640,958
Other liabilities	2,714,479	1,484,970	703,361	10,647,173	15,549,983
<b>Total liabilities</b>	<b>125,819,190</b>	<b>17,448,401</b>	<b>4,046,343</b>	<b>20,083,117</b>	<b>167,397,051</b>
<b>DEFERRED INFLOWS</b>					
Deferred revenue - Dev. Loan	28,804,099	-	-	12,388,636	41,192,735
Deferred revenue - Other	388,026,698	-	-	6,745,125	394,771,823
<b>Total liabilities and deferred inflows</b>	<b>542,649,987</b>	<b>17,448,401</b>	<b>4,046,343</b>	<b>39,216,878</b>	<b>603,361,609</b>
<b>FUND BALANCES</b>					
<u>Non spendable:</u>					
Prepaid items	35,036	-	-	1,356,097	1,391,133
<u>Restricted for:</u>					
Seized assets	1,599,616	-	-	-	1,599,616
Grants	255,110	-	-	489,837	744,947
Debt service	-	-	13,529,817	-	13,529,817
Capital project	-	2,240,060	-	155,016,546	157,256,606
<u>Committed to:</u>					
Self insurance reserve	5,000,000	-	-	-	5,000,000
Economic & revenue stabilization contingent	4,000,000	-	-	-	4,000,000
Operating reserve	62,635,601	-	-	-	62,635,601
Subsequent years' County budget	4,643,563	-	-	-	4,643,563
Capital projects	6,636,589	100,376,709	155,035,713	36,289,014	298,338,025
Incomplete projects	664,991	-	-	-	664,991
Affordable Housing Investment Fund - Allocated	44,073,880	-	-	-	44,073,880
Subsequent years' School budget	24,217,093	-	-	-	24,217,093
<u>Assigned to:</u>					
Contingency funds	5,860,000	-	-	-	5,860,000
Subsequent years' County capital projects	10,279,343	-	-	-	10,279,343
Fresh AIRE program	156,301	-	-	-	156,301
Planned Projects	2,532,004	-	-	-	2,532,004
Affordable Housing Investment Fund - Unallocated	13,841,061	-	-	-	13,841,061
<u>Unassigned:</u>					
	-	-	-	(1,442,694)	(1,442,694)
<b>Total fund balances</b>	<b>186,430,188</b>	<b>102,616,769</b>	<b>168,565,530</b>	<b>191,708,800</b>	<b>649,321,287</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b>\$729,080,175</b>	<b>\$120,065,170</b>	<b>\$172,611,873</b>	<b>\$230,925,678</b>	<b>\$1,252,682,896</b>

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



ARLINGTON COUNTY, VIRGINIA  
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET POSITION  
 JUNE 30, 2017

Total governmental fund balances		\$649,321,287
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		1,136,011,052
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds		384,737,205
Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds		(1,144,352,018)
Deferred outflows of resources are not available to pay for current period expenditures and are not reported in the funds:		
Advance refunding	\$455,659	
Pension	180,950,000	
OPEB	<u>19,970,186</u>	201,375,845
Net pension liabilities are not available to pay for current period expenditures and are not reported in the funds.		(90,000,000)
Net OPEB liabilities are not available to pay for current period expenditures and are not reported in the funds		(190,413,430)
Deferred inflows of resources from pension are not due and payable in the current period and are not reported in the funds		(46,110,000)
Deferred inflows of resources from OPEB are not due and payable in the current period and are not reported in the funds		(10,999,260)
Internal service funds		44,424,624
Net position of governmental activities		<u><u>\$933,995,305</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, 2017

	General Fund	General Capital Projects Fund	Transportation Capital Fund	All Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
General property taxes:					
Real estate property taxes	\$698,901,529	\$-	\$25,031,363	\$15,274,032	\$739,206,924
Personal property taxes	114,836,050	-	-	-	114,836,050
Other local taxes:					
Business, professional and occupancy license (BPOL) tax	63,837,926	-	-	-	63,837,926
Sales tax	41,197,357	-	-	-	41,197,357
Meals tax	39,047,018	-	-	-	39,047,018
Transient tax	25,267,916	-	-	-	25,267,916
Utility tax	11,426,615	-	-	-	11,426,615
Recordation, car rental and other local taxes	28,028,994	-	-	9,014,304	37,043,298
Fines and forfeitures	7,059,743	-	-	-	7,059,743
Licenses, permits and fees	11,459,159	-	-	-	11,459,159
Intergovernmental	93,373,113	1,867,215	5,045,009	23,728,467	124,013,804
Charges for services	57,520,846	690,849	3,084,202	1,237,983	62,533,880
Interest and rent	7,415,759	-	-	582,632	7,998,391
Miscellaneous revenues	12,990,761	7,168,481	15,108,169	1,167,669	36,435,080
<b>Total revenues</b>	<b>1,212,362,786</b>	<b>9,726,545</b>	<b>48,268,743</b>	<b>51,005,087</b>	<b>1,321,363,161</b>
<b>EXPENDITURES:</b>					
Current operating:					
General government	226,299,141	3,915,786	4,097,146	7,937,373	242,249,446
Public safety	135,291,491	618,911	-	-	135,910,402
Environmental services	92,794,551	-	-	-	92,794,551
Health and welfare	134,083,906	-	-	-	134,083,906
Libraries	13,604,095	-	-	-	13,604,095
Parks, recreation and culture	39,950,181	151,941	-	-	40,102,122
Planning and community development	19,438,935	239,849	-	32,386,095	52,064,879
Principal	43,967,972	-	342,626	-	44,310,598
Interest and other charges	16,284,182	-	253,527	-	16,537,709
Intergovernmental:					
Community development	-	-	-	8,300,000	8,300,000
Education - Schools	562,773,691	-	-	-	562,773,691
Capital outlay	2,179,712	34,999,366	22,034,613	43,525,265	102,738,956
<b>Total expenditures</b>	<b>1,286,667,857</b>	<b>39,925,853</b>	<b>26,727,912</b>	<b>92,148,733</b>	<b>1,445,470,355</b>
Excess expenditures over revenues	(74,305,071)	(30,199,308)	21,540,831	(41,143,646)	(124,107,194)
<b>OTHER FINANCING SOURCES(USES):</b>					
Transfers in	3,976,455	20,191,849	-	626,148	24,794,452
Transfers out	(21,560,266)	(2,500,000)	(691,561)	(654,894)	(25,406,721)
Issuance of capital leases	-	9,530,658	-	-	9,530,658
Bond premium	11,875,211	17,686,387	-	-	29,561,598
Issuance of general obligation debt	75,200,000	-	-	109,895,000	185,095,000
<b>Total other financing sources and (uses)</b>	<b>69,491,400</b>	<b>44,908,894</b>	<b>(691,561)</b>	<b>109,866,254</b>	<b>223,574,987</b>
Net change in fund balances	(4,813,671)	14,709,586	20,849,270	68,722,608	99,467,793
Fund balances, beginning	191,243,859	87,907,183	147,716,260	122,986,192	549,853,494
Fund balances, ending	<u>\$186,430,188</u>	<u>\$102,616,769</u>	<u>\$168,565,530</u>	<u>\$191,708,800</u>	<u>\$649,321,287</u>

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

ARLINGTON COUNTY, VIRGINIA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds		\$99,467,793
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	\$102,738,956	
Less: Retirements	(68,192)	
Less: Depreciation expense	<u>(39,859,586)</u>	62,811,178
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		14,785,598
Bond proceeds provide current financial resources to the 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.		
Add: Debt repayment- principal	82,360,214	
Less: Proceeds from bonds and capital leases	(194,625,658)	
Bond premium on debt	<u>(24,988,858)</u>	(137,254,302)
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		(115,275)
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		
		(925,435)
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		
		(20,119,573)
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 2017 pension contributions deferred	51,800,000	
Less: Pension expense	<u>(60,600,000)</u>	(8,800,000)
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 income for internal service	509,197	
Net operating income internal service funds	<u>143,207</u>	<u>652,404</u>
Change in net position of governmental activities		<u><u>\$10,502,388</u></u>

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2017

	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		
<b>ASSETS:</b>						
Current assets:						
Equity in pooled cash and investments	\$62,312,253	\$12,571,166	\$961,900	\$17,075,199	\$92,920,518	\$19,616,564
Cash with fiscal agents	25,221	-	-	-	25,221	-
Receivables, net	19,243,867	-	-	-	19,243,867	7,920
Inventory, at cost	1,761,374	-	-	-	1,761,374	771,024
Other current Assets	2,447,864	-	-	-	2,447,864	-
Total current assets	<u>85,790,579</u>	<u>12,571,166</u>	<u>961,900</u>	<u>17,075,199</u>	<u>116,398,844</u>	<u>20,395,508</u>
Non-current assets:						
Capital assets:						
Land	6,161,255	-	-	-	6,161,255	-
Depreciable, net	974,043,279	9,081,652	3,238,386	647,022	987,010,339	29,959,071
Intangible assets, net	187,587	-	-	290	187,877	-
Construction in progress	46,248,938	1,008,084	-	539,432	47,796,454	-
Total capital assets, net	<u>1,026,641,059</u>	<u>10,089,736</u>	<u>3,238,386</u>	<u>1,186,744</u>	<u>1,041,155,925</u>	<u>29,959,071</u>
Total non current assets	<u>1,026,641,059</u>	<u>10,089,736</u>	<u>3,238,386</u>	<u>1,186,744</u>	<u>1,041,155,925</u>	<u>29,959,071</u>
Total assets	<u>1,112,431,638</u>	<u>22,660,902</u>	<u>4,200,286</u>	<u>18,261,943</u>	<u>1,157,554,769</u>	<u>50,354,579</u>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	7,592,856	1,085,556	1,606	857,116	9,537,134	1,681,651
Accrued liabilities	438,854	15,297,201	-	375,937	16,111,992	-
Due within one year	26,276,632	37,675,991	-	63,839	64,016,462	1,061,711
Total current liabilities	<u>34,308,342</u>	<u>54,058,748</u>	<u>1,606</u>	<u>1,296,892</u>	<u>89,665,588</u>	<u>2,743,362</u>
Non-current liabilities:						
Due in more than one year	263,553,879	-	-	574,547	264,128,426	3,186,593
Deferred Inflows:						
Deferred cost of refunding	2,438,496	-	-	-	2,438,496	-
Total liabilities	<u>300,300,717</u>	<u>54,058,748</u>	<u>1,606</u>	<u>1,871,439</u>	<u>356,232,510</u>	<u>5,929,955</u>
<b>NET POSITION:</b>						
Net investment in capital assets	741,291,206	2,060,057	3,238,386	1,186,744	747,776,393	26,276,824
Unrestricted	70,839,715	(33,457,903)	960,294	15,203,760	53,545,866	18,147,800
Total net position (deficit)	<u>\$812,130,921</u>	<u>(\$31,397,846)</u>	<u>\$4,198,680</u>	<u>\$16,390,504</u>	<u>\$801,322,259</u>	<u>\$44,424,624</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, 2017

	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		
<b>OPERATING REVENUES:</b>						
Water-sewer service charges	\$97,263,095	\$-	\$-	\$-	\$97,263,095	\$-
Water-service hook-up charges	4,822,363	-	-	-	4,822,363	-
Water-service connection charges	1,176,940	-	-	-	1,176,940	-
Sewage treatment service charges	3,647,333	-	-	-	3,647,333	-
Permits and fees	-	-	-	15,928,767	15,928,767	-
Other charges for services	2,998,340	-	-	-	2,998,340	23,352,513
Parking charges	-	3,272,841	267,492	-	3,540,333	-
<b>Total operating revenues</b>	<b>109,908,071</b>	<b>3,272,841</b>	<b>267,492</b>	<b>15,928,767</b>	<b>129,377,171</b>	<b>23,352,513</b>
<b>OPERATING EXPENSES:</b>						
Personnel services	15,618,571	-	-	7,437,682	23,056,253	4,636,878
Fringe benefits	5,657,156	-	-	2,813,966	8,471,122	1,968,425
Cost of store issuances	-	-	-	-	-	4,555,970
Contractual services	11,060,370	1,544,048	35,418	4,648,019	17,287,855	-
Purchases of water	6,919,628	-	-	-	6,919,628	-
Materials and supplies	9,219,673	388,068	19,470	85,199	9,712,410	3,093,342
Utilities	-	-	-	-	-	189,801
Operating equipment	-	-	-	-	-	13,712
Outside services	-	-	-	-	-	2,593,177
Depreciation and amortization	15,636,478	660,671	95,177	339,413	16,731,739	6,158,001
Deferred rent	-	1,279,992	-	-	1,279,992	-
Equipment (Construction Contracts)	4,513,032	-	-	(189,925)	4,323,107	-
Internal services	-	-	-	2,350,431	2,350,431	-
Miscellaneous	6,275,010	349,759	22,690	-	6,647,459	-
<b>Total operating expenses</b>	<b>74,899,918</b>	<b>4,222,538</b>	<b>172,755</b>	<b>17,484,785</b>	<b>96,779,996</b>	<b>23,209,306</b>
Operating income (loss)	35,008,153	(949,697)	94,737	(1,556,018)	32,597,175	143,207
<b>NON-OPERATING REVENUES(EXPENSES):</b>						
Interest income and other income	310,554	25,231	-	84,889	420,674	-
Interest expense and fiscal charges	(9,296,338)	(1,995,709)	-	-	(11,292,047)	-
Interest payment on capital lease	(2,136)	-	-	-	(2,136)	(99,782)
Gain on disposal of assets	-	-	-	-	-	396,710
<b>Total non-operating revenues (expenses)</b>	<b>(8,987,921)</b>	<b>(1,970,478)</b>	<b>-</b>	<b>84,889</b>	<b>(10,873,510)</b>	<b>296,928</b>
<b>Net Income(loss) before contributions and transfers</b>	<b>26,020,232</b>	<b>(2,920,175)</b>	<b>94,737</b>	<b>(1,471,129)</b>	<b>21,723,665</b>	<b>440,135</b>
<b>CONTRIBUTIONS AND NET TRANSFERS:</b>						
Contributions from developers and other sources	985,385	-	-	-	985,385	-
Transfers in	400,000	-	-	-	400,000	342,269
Transfers out	-	-	-	-	-	(130,000)
<b>Total contributions and net transfers</b>	<b>985,385</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,385,385</b>	<b>212,269</b>
<b>Change in net position</b>	<b>27,405,617</b>	<b>(2,920,175)</b>	<b>94,737</b>	<b>(1,471,129)</b>	<b>23,109,050</b>	<b>652,404</b>
<b>Net position - beginning of year</b>	<b>784,725,304</b>	<b>(28,477,671)</b>	<b>4,103,943</b>	<b>17,861,633</b>	<b>778,213,209</b>	<b>43,772,220</b>
<b>Net position - end of year</b>	<b>\$812,130,921</b>	<b>(\$31,397,846)</b>	<b>\$4,198,680</b>	<b>\$16,390,504</b>	<b>\$801,322,259</b>	<b>\$44,424,624</b>

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

ARLINGTON COUNTY, VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	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		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$106,929,238	\$3,272,841	\$267,492	\$15,928,767	\$126,398,338	\$23,344,593
Cash received for refund of working capital advance	-	187,880	-	-	187,880	-
Cash paid to suppliers	(37,364,408)	(1,301,090)	(129,929)	(6,493,721)	(45,289,148)	(10,434,759)
Cash paid to employees	(21,160,708)	(39,955)	-	(10,229,490)	(31,430,153)	(6,594,524)
Net cash flows from (used by) operating activities	48,404,122	2,119,676	137,563	(794,444)	49,866,917	6,315,310
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received	310,554	25,231	-	84,889	420,674	-
Net cash flows from investing activities	310,554	25,231	-	84,889	420,674	-
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Transfer out to other funds	400,000	-	-	-	400,000	(130,000)
Contributions from developers and other sources	-	-	-	-	-	342,269
Net cash flows from (used by) non-capital financing activities	400,000	-	-	-	400,000	212,269
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal payments - bonds	(8,101,003)	(1,200,000)	-	-	(9,301,003)	-
Payment of principal on capital lease	(32,276)	-	-	-	(32,276)	(1,200,379)
Payment of interest on capital lease	(2,135)	-	-	-	(2,135)	(99,782)
Payment of VRA loan	(14,501,642)	-	-	-	(14,501,642)	-
Interest and other loan expenses paid	(9,409,421)	(116,860)	-	-	(9,526,281)	-
Purchases of property	(19,186,999)	(991,084)	-	(539,432)	(20,717,515)	(3,081,438)
Proceeds from sale of equipment	-	-	-	-	-	528,650
Net cash flows from (used by) capital and related financing activities	(51,233,476)	(2,307,944)	-	(539,432)	(54,080,852)	(3,852,949)
Net increase (decrease) in cash and cash equivalents	(2,118,800)	(163,037)	137,563	(1,248,987)	(3,393,261)	2,674,630
Cash and cash equivalents at beginning of year	64,431,053	12,734,203	824,337	18,324,186	96,313,779	16,941,934
Cash and cash equivalents at end of year	\$62,312,253	\$12,571,166	\$961,900	\$17,075,199	\$92,920,518	\$19,616,564
Reconciliation of operating income to net cash flow from operations:						
Operating Income (Loss)	\$35,008,153	(\$949,697)	\$94,737	(\$1,556,018)	\$32,597,175	\$143,207
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	15,636,478	660,671	95,177	339,413	16,731,739	6,158,001
Effect of changes in operating assets and liabilities:						
Accounts receivable	(3,038,933)	-	-	-	(3,038,933)	(7,920)
Inventories	(161,740)	-	-	-	(161,740)	(67,249)
Vouchers payable	642,319	940,830	(52,351)	400,003	1,930,801	78,492
Compensated absences	115,019	-	-	22,158	137,177	10,779
Contract retainage	142,726	-	-	-	142,726	-
Accrued rent liability	-	1,279,992	-	-	1,279,992	-
Unearned revenue	60,100	-	-	-	60,100	-
Working capital advance	-	187,880	-	-	187,880	-
Net cash flows from operations	\$48,404,122	\$2,119,676	\$137,563	(\$794,444)	\$49,866,917	\$6,315,310
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$985,385	\$-	\$-	\$-	\$985,385	\$-

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, 2017

	Pension Trust Fund	OPEB	All Other Private Purpose Trust Funds	Agency Funds
<b>ASSETS:</b>				
Equity in pooled cash and investments	\$7,091,977	\$33,734	\$2,215,697	\$16,562,618
Contributions receivable:				
Employer	3,035,329	-	-	-
Employee	722,625	-	-	-
Accrued interest and other receivables	2,517,354	-	4,820,030	-
Capital assets, net	-	-	22,125,033	-
Receivable from other government	-	-	-	4,549
Investments, at fair value:				
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	65,318,345	40,271,256	-	-
Corporate Fixed Income Obligations	86,351,251	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	577,249,359	74,789,476	-	-
Other investments	62,639,056	-	-	-
Real estate funds	7,718,263	-	-	-
Pooled Equity	785,925,912	-	-	-
Pooled Fixed Income	570,727,082	-	-	-
Convertible	6,600,095	-	-	-
Total assets	<u>2,175,896,648</u>	<u>115,094,466</u>	<u>29,160,760</u>	<u>16,567,167</u>
Deferred Outflows:				
Loss on refunding bonds, net	-	-	202,872	-
Total assets and deferred outflows	<u>2,175,896,648</u>	<u>115,094,466</u>	<u>29,363,632</u>	<u>16,567,167</u>
<b>LIABILITIES:</b>				
Accounts payable and accrued liabilities	2,077,480	33,734	4,832,378	16,567,167
Bonds payable	-	-	24,195,000	-
Total liabilities	<u>2,077,480</u>	<u>33,734</u>	<u>29,027,378</u>	<u>\$16,567,167</u>
<b>NET POSITION</b>	<u>\$2,173,819,168</u>	<u>\$115,060,732</u>	<u>\$336,254</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, 2017

	Pension Trust Fund	OEB Trust Fund	All Other Private Purpose Trust Funds
ADDITIONS:			
Contributions and Revenues:			
Employer contributions	\$51,782,007	\$6,850,000	\$-
Employee contributions	12,498,591	-	-
Other contributions	176,460	33,734	-
Shared revenues	-	-	2,490,420
Private donations	-	-	82,297
Total contributions	<u>64,457,058</u>	<u>6,883,734</u>	<u>2,572,717</u>
Investment earnings:			
Interest and other	35,527,917	4,606,102	51,909
Gross income from securities lending	354,176	-	-
Bank fees and expenses from securities lending	(88,539)	-	-
Commissions recapture, gross	103	-	-
Net change in fair value of investments	<u>217,354,326</u>	<u>7,219,887</u>	<u>-</u>
Total investment earnings	253,147,983	11,825,989	51,909
Less investment expenses	<u>5,853,260</u>	<u>-</u>	<u>1,356,575</u>
Net investment earnings (loss)	<u>247,294,723</u>	<u>11,825,989</u>	<u>(1,304,666)</u>
Total additions	<u>311,751,781</u>	<u>18,709,723</u>	<u>1,268,051</u>
DEDUCTIONS:			
Administrative expenses	1,755,198	33,734	843,743
Retirees pension expense	<u>99,676,247</u>	<u>-</u>	<u>-</u>
Total deductions	<u>101,431,445</u>	<u>33,734</u>	<u>843,743</u>
Change in net position	210,320,336	18,675,989	424,308
Net position - Beginning of the year	<u>1,963,498,832</u>	<u>96,384,743</u>	<u>(88,054)</u>
Net position - End of the year	<u>\$2,173,819,168</u>	<u>\$115,060,732</u>	<u>\$336,254</u>

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





# Notes to the Financial Statements

The notes to the financial statements are part of the basic financial statements and provide additional information and disclosures pertaining to the County's operational and financial position.

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**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

Arlington County, Virginia prepares its financial statements in conformity with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the primary standard-setting body for governmental accounting and financial reporting. The GASB updates its codification of existing governmental accounting and financial reporting standards periodically. The codification along with subsequent GASB pronouncements (statements and interpretations) constitutes GAAP for governmental units. The accounting and reporting framework and significant accounting principles and practices utilized by the County are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the County's financial activities for the fiscal year ended June 30, 2017.

**I. Accounting Policies**

**A. The Financial Reporting Entity**

**Arlington County, Virginia (the "County")** is a political subdivision of the Commonwealth of Virginia. The County is governed by the County Board, comprised of five-members elected at-large and serving staggered four-year terms, and the board appointed County Manager, who serves as the administrative head of the County. In accordance with Section 15.2-600 through Section 15.2-642, the County Board serves as the policymaking body of the County, as a whole, as specified in state law under the "County Manager Form" of government and County organization.

The accompanying financial statements include the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial benefit/burden relationships with the County as opposed to legal relationships. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

Due to restrictions by State Constitution on the issuance of municipal debt, the County created public trusts to finance County services with revenue and refunding bonds or other non-general obligation financing. Public trusts created to provide financing services are blended into the County's primary government, although retaining separate legal entity. Component units that do not meet the criteria for blending have been reported discretely.

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. The discretely presented component units, on the other hand, are reported in separate columns in the government-wide financial statements.

**B. 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.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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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. Gates Partnership issues separately audited financial statements and has a December 31 fiscal year-end.

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.

**C. Basis of Presentation**

The basic financial statements include both government-wide financial statements and fund financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to display the financial position of the primary government (governmental and business-type activities) to report information on all of the non-fiduciary activities of the primary government as well as its component units. The focus on the government-wide financial statements is more on sustainability of the County as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. As a general rule, the effect of inter-fund activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues 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 governmental and business-type activity columns are presented on a consolidated basis by using the economic resources measurement focus or accrual basis of accounting, which incorporates long-term assets, deferred outflow of resources as well as long-term debt and obligations and deferred inflow of resources, with the resulting difference reported as net position. Inter-fund balances between governmental funds and inter-fund balances between enterprise funds are included in the government-wide statement of net position. 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.

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of the County functions or programs and demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Program revenues include direct expenses that are clearly identifiable with a specific function or segment, charges for services to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meet 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.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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**Fund Financial Statements**

The fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories comprising Governmental Funds, Proprietary Funds, and Fiduciary Funds. Governmental funds and Proprietary Funds are included in the government-wide financial statements, while Fiduciary Funds are excluded. Separate financial statements are provided for each fund, which serves as a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflow of resources, reserves, fund equity, revenues and expenditures/expenses.

GASB Statement 34 set forth minimum criteria for the determination of major funds. The County has elected to present additional funds as major for better transparency. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The non-major funds in each category are combined in a column on the fund financial statements and detailed in the section Other Supplementary Information. The Budgetary Comparison Schedule for the General Fund is presented under Required Supplementary Information following the notes to the financial statements.

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.

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

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 County and the Schools use the following governmental funds:

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. The Ballston

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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Quarter CDA, County travel and tourism promotion, the Rosslyn, Ballston, and Crystal City business improvement districts, community development block grants, and Section 8 housing grants are 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, Metro, Maintenance Capital Program (MC), Information Technology, Parks & Recreation, Neighborhood Conservation (NC) Program, and Stormwater Drainage Infrastructure. Transportation Capital Funds provide funding for the County's Transportation Capital Improvement Program and Metro Matters capital program. Crystal City Tax Increment Financing will provide funding for the Crystal City Sector Plan and infrastructure and Columbia Pike Tax Incremental Financing will provide funding for Columbia Pike Neighborhoods Plan to support affordable housing. General Obligation Public Improvement Bonds are used to fund Street and Highways, Community Conservation, Government Facility, Parks and Recreation, Metro and Schools. The IDA Bond Funds provide funding for the Emergency 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. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The County uses the following 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 8<sup>th</sup> Level Ballston Public Parking Garage funds, and the Community Planning Housing Development (CPHD) Development Fund.

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

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

**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.

The principal operating revenues of the utilities fund, of the Ballston Public Parking Garage fund, the 8<sup>th</sup> Level Ballston Public Parking Garage fund and CPHD Development fund are charges to customers for sales and services. The utilities fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**Fiduciary Fund Types:**

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 uses 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 (the "System"), which accumulates resources for pension benefit payments to qualified employees.

The **Other Post-Employment Benefits (OPEB) 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.

**D. Budgets**

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the general, enterprise, internal service, capital projects, 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, the CIP plan presented a ten-year 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 Budgetary Comparison Schedule is presented after the section following the notes.

**E. 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 April 4, 2017. 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.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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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. Fixed income investments must be at least 20% of the System'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.

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

The System's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The System utilizes independent pricing vendor services, quotations from market makers and alternative valuation methods when market quotations are either not readily available or not deemed representative of fair value. Investment transactions are recorded as of the trade date. These transactions are not finalized until the settlement date. Unrealized appreciation and depreciation of investments is reflected in the Statement of Changes in Fiduciary Net Position for the year. 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.

**F. 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" (i.e., the current portion of inter-fund loans to the primary government or schools) or "due to/from other funds" or "advances to/from other funds" (i.e., the non-current portion of the inter-fund 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.



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**G. 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 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.

**H. 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. Tangible capital assets for both primary government and component unit Schools are defined by the government as capital 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. Land and easements are not depreciated. 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, the maintenance is carried in the General Capital Projects (Pay-Go) fund. Additions to infrastructure capital assets are provided by capital outlays from the Street and Highway Bond fund, Neighborhood Conservation fund, Stormwater fund and General Capital Projects fund. 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.

Capital assets of the primary government, as well as of the component unit Schools are 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
Vehicles	5-20
Equipment and other capital assets	5-10
Intangibles	5

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 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.

**I. 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

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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 employee benefits accrue.

**J. Arbitrage Rebate Liability**

The U.S. Treasury has issued regulations on calculating the rebate due to 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, 2017, the County had no arbitrage rebate liability.

**K. 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.

**L. Fund Balance**

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 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 items.

**Restricted Fund Balance** – The portion of fund equity appropriated for expenditures or legally segregated for a specific future use and 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. The County's restricted fund balance includes, seized assets, unspent bond proceeds, grants and revenues restricted in the Special Revenue funds.

**Committed Fund Balance** – 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. The County's committed fund balance includes items such as, self-insurance reserve, operating reserves, economic stabilization reserve, subsequent year's budgets for County and Schools, such as items appropriated and committed during the prior year closeout as well as other incomplete projects. The self-insurance reserve is generally a minimum reserve equivalent to one or two month's claim payments based on a five-year rolling average. For FY 2017, this reserve is currently set at \$5 million. In accordance with the

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County's Financial and Debt Management policies, the operating reserve is currently set at 5% of the FY 18 general fund revenue budget. The economic stabilization reserve is currently set at \$4 million.

**Assigned Fund Balance** – Fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The County classifies fund balance in this category that are assigned by the County Manager. The County Board will review the recommendations of the County Manager during close out during 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 Fund Balance** – Unassigned fund balance includes the residual fund balance within the general fund that has not been classified as restricted, committed or assigned. In accordance with GASB 54, a deficit in unassigned fund balance resulting from overspending for specific purposes is shown in governmental funds other than the general fund. An Unassigned Fund Balance can only be used when 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. Committed balances are applied next, followed by assigned after which unassigned balances are consumed.

**M. Comparative data/reclassifications and restatement**

Comparative total data for the prior year has 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 has not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2016 amounts have been reclassified to conform to the FY 2017 presentation for better transparency and reporting. These reclassifications did not affect the FY 2016 net position, fund balances or changes therein.

The balances for FY 2016 were restated as a result of implementing GASB 74 and 75. Additional information is included in Note 17 and the RSI section following the notes.

**N. 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.

**O. 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.

**P. 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.

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**Q. 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.

**R. 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.

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan is a multi-employer, agent plan. 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 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 net fiduciary position have been determined on the same basis as they were 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.

**S. Implementation of New GASB Pronouncements**

The County implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

In June 2015, the GASB issued GASB Statement No. 73 ("GASB 73") *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not with the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of the new Statement became effective for fiscal periods beginning after June 15, 2016. The County adopted GASB 73 during the year ended June 30, 2017. The implementation of this standard had no impact on the County's fiscal year 2017 financial statements.

In June 2015, GASB issued Statement No. 74 ("GASB 74"), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57 *OPEB Measurements by Agent Employers and Agent Multi-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50 *Pension Disclosures*. The requirements of the new Statement became effective for fiscal periods beginning after June 15, 2016, The County adopted GASB 74 during the year ended June 30, 2017.

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In June 2015, GASB also issued Statement No. 75 (“GASB 75”), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The County early adopted GASB 75. The financial reporting impact resulting from the implementation of GASB 75 included a restatement of the FY 2016 net position from \$1,865,203,303 to \$1,701,706,126 for the County and from \$269,316,799 to \$193,649,567 for Schools. In FY 17, the County recognized an OPEB expense of \$20,119,573, net OPEB liability of \$190,413,430, deferred inflows of \$10,999,260, and deferred outflows of \$19,970,186. In FY 2017 Schools recognized OPEB expense of \$11,965,400, net OPEB liability of \$125,564,970, deferred inflows of \$1,662,803 and deferred outflows of \$23,932,151. Additional disclosures are included in Note 17 and the RSI following the notes to the financial statements.

In August 2015, GASB issued Statement No. 77 (“GASB 77”), *Tax Abatement Disclosures*. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The County adopted GASB 77 during the year ended June 30, 2017. The County evaluated its existing agreements and does not have any that meet the tax abatement criteria for reporting in FY 2017.

In December 2015, GASB issued Statement No. 78 (“GASB 78”), *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local government employers whose employees are provided with such pensions. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The County adopted GASB 78 during the year ended June 30, 2017. The County has a Single Employer Public Employee Defined Benefit Plan. This Statement does not apply to the County. Schools participate in a VRS cost-sharing multiple employer plan, however the scope of GASB 78 does not apply.

In January 2016, GASB issued Statement No. 80 (“GASB 80”), *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. This Statement amends the blending requirements for the financial statement presentation of component units of all state and

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local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County adopted GASB 80 during the year ended June 30, 2017. The County has evaluated its position in accordance with this standard. The implementation of this standard had no impact on the County's fiscal year 2017 financial statements.

In March 2016, GASB issued Statement No. 82 *Pension Issues an amendment of GASB Statements No 67, No. 68, and No 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The County adopted GASB 82 during the year ended June 30, 2017. The County early adopted GASB 82. GASB 82 clarifies that the selection of assumptions for calculating the amounts should not deviate from the guidance in the Actuarial Standards of Practice. The County's assumptions are in line with the principles outlined in the standard. The implementation of this standard had no impact on the County's fiscal year 2017 financial statements.

**T. Subsequent Events**

The County evaluated subsequent events through October 31, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to October 31, 2017 that provided additional evidence about conditions that existed at June 30, 2017, have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017, but arose before the financial statements were available to be issued are noted below.

The revenue bond that was issued in 1984 for Ballston Parking Garage has retired and the last debt payment was made on August 1, 2017. All rights and obligations under the indenture of trust ceased upon payment of the final maturity. As part of the County's FY18 Adopted Budget, financial policies were added for the Ballston garage to the garage's operating expenditures, a replacement from the previous \$2 million operating and maintenance reserve to an economic stability reserve equivalent to 3 months of annual parking revenues. A full description of the new policies is available on the County's website at <https://budget.arlingtonva.us/fy-2018-adopted-budget/>. The trustee held debt service reserve account, operating and maintenance reserve account and operating account at U.S Bank will be liquidated in fiscal year 2018. The total balance remaining in these accounts will be transferred to the main Ballston Garage operating account - Sun Trust bank.

The County issued \$58 million of Series 2017 IDA Revenue Bonds in October, 2017, including \$32 million for new projects and \$26 million for refunding, in a negotiated sale led by senior underwriter J.P. Morgan Securities LLC, and co-manager Wells Fargo Securities. The bonds were sold to investors at a 3.24 percent average interest rate. \$8.4 million for the 2009 IDA principal payment, that was expected to come from the transportation investment fund, was also paid off in October, 2017.

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**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 Reconciliation of the Balance Sheet of Governmental Fund Balance to the Statement of Net Position shows the difference 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 breakdown showing the difference of (\$1,144,352,018) is as follows:

General obligation bonds - general government	(\$247,142,163)
Refunding bonds - general government	(221,200,377)
General obligation bonds - Schools	(218,622,839)
Refunding bonds - Schools	(206,310,887)
Compensated absences - general government	(33,500,387)
Worker’s compensation - general government	(4,728,888)
Capital leases - general government	(21,124,811)
Bond premium to be amortized – County	(50,582,512)
Bond premium to be amortized – Schools	(44,159,154)
IDA – Metro and Buckingham Village 1	(32,765,000)
IDA Revenue Bonds - 2011	(8,690,000)
IDA Revenue Bonds - 2013	(55,525,000)
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position of governmental activities</i>	<u>(\$1,144,352,018)</u>

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

The Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities shows the difference 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 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 breakdown showing the difference of \$14,785,598 is as follows:

Unearned property tax revenue 6/30/16	(\$369,951,607)
Unearned property tax revenue 6/30/17	<u>(384,737,205)</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>\$14,785,598</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. Also, government funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net activities.” The details of this (\$137,254,302) difference are as follows:

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Debt issued or incurred:	
Issuance of general obligation bonds – County	(\$109,895,000)
Issuance of general obligation bonds - Schools	(75,200,000)
Capital leases	<u>(9,530,658)</u>
Capital financing – General Government	<u>(194,625,658)</u>
Principal repayments:	
General obligation debt – County	22,323,500
General obligation debt – Schools	18,730,500
Payment to refunded bonds - County	17,787,098
Payment to refunded bonds - Schools	13,582,899
Payment to IDA – Metro and Buckingham Village 1	1,295,000
Payment to IDA Revenue Bonds - 2011	625,000
Payment to IDA Revenue Bonds - 2013	3,025,000
Capital leases	<u>4,991,217</u>
Total principal repayments	<u>82,360,214</u>
Bond premium on debt	<u>(24,988,858)</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>(\$137,254,302)</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 (\$925,434) difference is as follows:

Compensated absences	(\$119,826)
Worker’s compensation	<u>(805,608)</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>(\$925,434)</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 2017, such appropriation amendments totaled \$108,393,486 and are reflected in the amounts presented in the financial statements. In addition, the County Board can approve transfers of appropriations between County departments and the County Manager can approve budget transfers within a department's appropriation. The level of budgetary control in the County is at the department level. Expenditures exceeded the level of control in FY 2017 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, the Sheriff’s Office due to overtime costs, the County Attorney primarily due to consultant costs and higher than budgeted personnel costs, including leave payments from employment separations, and the Department of Technology Services due to required software upgrades and contractor increases.



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The Circuit Court Judiciary (CCTJ), the Clerk of the Circuit Court (CCT), the County Manager's Office (CMO) and the Department of Management and Finance (DMF) experienced overages as well. CCTJ came in higher than projected on salaries due to unexpected temporary pay and higher operating supplies, the Clerk of the Circuit Court came in slightly over budget due to unexpected temporary pay and salaries higher than budgeted, while CMO and DMF came in higher than projected due to low vacancy rates combined with salaries higher than budgeted and leave payments.

The Ballston Public 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 \$31,397,846 at June 30, 2017. The deferred ground rent and deferred mortgage payable are limited liabilities and are only payable under certain net operating income circumstances. The deficiency has been caused by slower than anticipated commercial development of the areas adjacent to the garage and limitations on parking rates. Under its agreement with The Federated Department Stores Inc., the County was precluded from initially increasing some key parking rates. Management of the County believes that the most recent rate increases and subsequent rate increases in future fiscal years coupled with the completion of adjacent development projects will result in the eventual achievement of a positive equity position.

The printing fund (an internal service fund), had an increase in net position of \$70,835 in FY 2017, resulting in an ending net deficit of (\$192,391). Management will evaluate measures to continue reducing the deficit in FY 2018.

**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 \$120,358,860 and the bank balance was \$131,739,091. Of the bank balance, \$10,731,553 was either covered by Federal depository insurance or protected under the provisions of the Virginia Security for Public Deposits Act ("the Act").

**B. Custodial Credit Risk Investment Securities**

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 Pool (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).

**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.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**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, 2017.

**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, 2017, the County had the following investments and maturities:

	Fair Value	Investment Maturity (in years)			
		Less than 1 year	1-3 years	3-5 years	Greater than 5 years
Corporate Notes	\$138,220,673	\$12,553,138	\$41,276,323	\$84,391,211	\$-
Government Agency Bonds	77,797,339	862,804	12,942,893	63,991,642	-
Virginia VIP	40,974,806	-	40,974,806	-	-
Municipal Obligations	31,559,240	629,873	7,088,539	23,840,828	-
Total	<u>\$288,552,058</u>	<u>\$14,045,815</u>	<u>\$102,282,561</u>	<u>\$172,223,681</u>	<u>\$-</u>

Investment not subject to Interest Rate Risk:

Virginia LGIP	\$221,737
VIP Daily Liquidity Pool	322,426,637
Virginia State Non-Arbitrage Program	<u>338,179,591</u>
Total	<u>660,827,965</u>
Total Investments	<u>\$949,380,023</u>

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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, 2017, for \$138,220,673 in corporate notes and \$77,797,339 in U.S. Treasury and agency securities valued using quoted market prices (Level 1 inputs). In addition, the County has recurring fair value measurements as of June 30, 2017 for \$31,559,240 in municipal obligations and \$40,974,806 invested in VIP 1-3 Year Pool valued using significant other observable inputs (Level 2 inputs).

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, 2017, the Trustee Bank had \$16,198,088 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 \$118,743 at fair value were held by First Virginia Community Bank at June 30, 2017. 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, 2017, the Trustee Banks had \$2,178,007. Bank of New York Mellon Bank, as the trustee for the Industrial Development

**ARLINGTON COUNTY, VIRGINIA**

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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, 2017, BNYM had \$454,866. 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, 2017, the Trust Bank had \$96,727. SunTrust is also the bank for Arlington Mill Community Center Parking Garage as of June 30, 2017, there was \$68,540 in the trust account. John Marshall Bank is the trustee for the World Cities Alliance a trust and agency account of Arlington County. As of June 30, 2017, there was \$49,260 deposited in the trust account.

**G. External Investment Pools (SNAP, LGIP, VIP Daily Liquidity Pool)**

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, 2017, the County had \$338,179,591 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, 2017, the County had \$221,737 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.
- 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 Virginia Investment Pool (VIP) Stable NAV Liquidity Pool (Daily Liquidity Pool), administrated by VACo/VML Virginia Investment Pool. As of June 30, 2017, the County had \$322,426,637 in the Stable NAV Liquidity Pool short term investment.

The VACo/VML Virginia Investment Pool 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:

- VIP Stable NAV Liquidity Pool is rated AAAM by Standard and Poor’s and managed in a manner to comply with their AAAM rating requirements.
- VIP Liquidity Pool is managed in accordance with GASB Statement No. 79.

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- 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.
  - 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 super national 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	46.7%
International Equity	17.2%
Fixed Income	29.9%
Cash/Short Term	1.8%
Non-Traditional	4.4%
	<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.

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**B. Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of 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 an asset allocation percentage which is based on the nature and mix of current and expected pension plan investments, and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's expected asset allocation as of June 30, 2017 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	6.6%
International Equity	7.1%
Fixed Income	2.9%
Cash/Short Term	1.7%
Non-Traditional	9.6%

**C. 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.

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

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- 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, 2017, the System had \$93,575 in open net forward currency contracts.

**D. Cash and Cash Equivalents**

At June 30, 2017, the System had cash and cash equivalents of \$7,091,977. Cash deposits in bank accounts totaled \$415,428. This amount was insured by the Federal Deposit Insurance Corporation up to \$250,000 for each System participant. Cash totaling \$6,676,549 is invested in the custodian's Short-Term Investment Fund. This account is uninsured and uncollateralized

**E. 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, 2017:

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<b><u>System Investment</u></b>	
Investment Type	Investment Value (in \$000s)
Foreign, Municipal and U.S Governments	
Government and Government Agency Debt	\$62,490
Government State and Local Debt	2,829
Total Foreign, Municipal, and U.S Governments	65,319
Corporate Fixed Income Obligations	
Corporate Bonds	86,326
Asset Backed Securities	25
Bank Loans	1
Total Corporate Fixed Income Obligations	86,352
Domestic and Foreign Equities	
Common Stock	473,059
REITs	5,436
Preferred Stock	11
Total Domestic and Foreign Equities	478,506
Private Equity	
Private Equity	62,639
Real Estate Funds	
Real Estate	7,718
Pooled Equity	
Pooled Equity Funds	884,669
Pooled Fixed Income	
Pooled Bond Funds	570,727
Convertibles	
Convertible Equity	1,477
Corporate Convertible Bonds	5,123
	6,600
	\$2,162,530
Total <sup>(1)</sup>	

(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 \$156.8 million of directly owned fixed income securities and on \$570.7 million invested in three pooled US fixed income funds.

**ARLINGTON COUNTY, VIRGINIA**

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The System's directly owned fixed income investments and maturities at June 30, 2017 are:

Investment Type:	<b><u>Investment Maturities</u></b>				
	<u>Fair Value</u>	<u>Investment Maturities (years)</u>			
	<u>(\$000s)</u>	<u>Under 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Over-10</u>
Asset backed Securities	\$25	\$25	\$-	\$-	\$-
Bank Loans	1	-	1	-	-
Corporate Bonds	86,326	1,035	23,058	22,065	40,168
Corporate Convertible Bonds	5,123	848	1,840	678	1,757
Government & Government Agencies	58,210	19,015	32,471	4,529	2,195
Government State & Local Debt	7,109	4,280	-	-	2,829
<b>Total</b>	<b>\$156,794</b>	<b>\$25,203</b>	<b>\$57,370</b>	<b>\$27,272</b>	<b>\$46,949</b>

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, 2017 is shown below:

<b><u>Investment Durations</u></b>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration (Yrs)</u>
<i>(in \$ 000s)</i>		
Asset backed Securities	\$25	0.90
Bank Loans	1	-
Corporate Loans	86,326	7.12
Corporate Convertible Bonds	5,123	5.27
Government & Government Agencies	58,210	2.50
Government State & Local Debt	7,109	2.99
<b>Total</b>	<b>\$156,794</b>	<b>5.11</b>

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

**Credit Risk:** The System's credit quality distribution for the System's directly held fixed income investments of \$156.8 million at June 30, 2017 is shown in the following table:

<u>Investment Type</u>	<b><u>Fixed Income Credit Quality Distribution</u></b>							
	<u>Credit Quality</u>							
<i>(in \$ 000s)</i>	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>Below B</u>	<u>Unrated</u>
Asset backed Securities	\$25	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Bank Loans	-	-	-	-	-	-	-	1
Corporate Bonds	-	8,420	8,275	24,116	27,500	14,285	3,264	465
Corporate Convertible Bonds	-	-	1,049	1,403	711	320	678	962
Government & Government Agencies	51,485	-	4,557	-	2,168	-	-	-
Government State & Local Debt	4,281	-	-	-	-	2,829	-	-
<b>Total</b>	<b>\$55,791</b>	<b>\$8,420</b>	<b>\$13,881</b>	<b>\$25,519</b>	<b>\$30,379</b>	<b>\$17,434</b>	<b>\$3,942</b>	<b>\$1,428</b>

Note: Ratings based on S&P Quality Ratings.



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**Foreign Currency Risk:** Foreign investments include equity and fixed income securities, including convertible securities and cash. The Board has authorized specific investment managers to invest in non-dollar denominated securities. These managers have the ability to hedge a portion of their portfolio's foreign currency exposure. The System's exposure to foreign currency risk at June 30, 2017 was as follows:

<i>Currency (in \$ 000s)</i>	Equity	Fixed Income & Convertible	Cash	Total
Australian Dollar	\$570	\$4,631	\$-	\$5,201
Brazilian Real	1,862	-	-	1,862
British Pound Sterling	7,917	414	30	8,361
Canadian Dollar	3,084	9,673	-	12,757
Danish Krone	1,497	-	-	1,497
Euro	22,211	-	22	22,233
Hong Kong Dollar	14,966	-	35	15,001
Indonesian Rupiah	7,374	-	-	7,374
Japanese Yen	7,405	-	29	7,434
Mexican Peso	1,474	3,616	-	5,090
New Zealand Dollar	-	6,170	-	6,170
Nigerian Naira	342	-	71	413
Philippines Peso	5,489	-	2	5,491
Singapore Dollar	776	-	-	776
South Korean Won	308	-	-	308
Swedish Krona	5,157	-	1	5,158
Swiss Franc	5,137	-	1	5,138
Thailand Baht	1,290	-	-	1,290
Turkish Lira	1,559	-	10	1,569
Total	\$88,418	\$24,504	\$201	\$113,123

**F. 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 increased from \$19.3 million at the beginning of the year to \$50.8 million at June 30, 2017.

The following table details the net income from securities lending for the fiscal year ended June 30, 2017:

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Gross Income from Securities Lending	\$354,176
Less: Bank Management Fees	<u>(88,539)</u>
Net Income from Securities Lending	<u><u>\$265,637</u></u>

At June 30, 2017, the fair value of underlying securities lent was \$50,752,810 and the fair value of the non-cash collateral pledged was \$51,845,466. None of the System's pooled fund investments have material realized or unrealized securities lending related losses.

**G. 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, 2017 were \$103.

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

For investments that do not have a readily determinable fair value, the System establishes fair value by using the Net Asset Value (NAV) per share (or its equivalent), such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed. These investments 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 in Level 1 of the fair value hierarchy are valued at the last sale price or official close price as of the close of trading on the applicable exchange where the security principally trades.

Equity and fixed income securities classified in Level 2 of the fair value hierarchy are valued at prices provided by independent pricing vendors. The vendors provide these prices after evaluating observable inputs including, but not limited to: quoted prices for similar securities, the mean between the last reported bid and ask prices (or the last bid price in the absence of an asked price), yield curves, yield spreads, credit ratings, deal terms, tranche level attributes, default rates, cash flows, prepayment speeds, broker/dealer quotations, inflation and reported trades.

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 and Derivative Instruments Measured at Fair Value**

	6/30/2017	Fair Value Measurements		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Debt securities				
Foreign, Municipal and U.S. Governments				
Government and Government Agency Debt	\$58,209,908	\$-	\$58,209,908	\$-
Government State and Local Debt	7,108,437	-	7,108,437	-
Corporate Fixed Income Obligations				
Corporate Bonds	86,325,688	-	86,325,688	-
Asset Backed Securities	24,702	-	24,702	-
Bank Loans	862	-	862	-
Pooled Fixed Income				
Pooled Bond Funds	144,263,832	144,263,832	-	-
Convertibles				
Corporate Convertible Bonds	5,123,316	-	5,123,316	-
Total debt securities measured at fair value	301,056,745	144,263,832	156,792,913	-
Equity Securities				
Domestic and Foreign Equities				
Common stock	478,495,417	478,495,417	-	10,946
Preferred stock	10,946	-	-	-
Pooled Equity				
Pooled Equity Funds	544,645,649	544,645,649	-	-
Convertibles				
Convertibles Equity	1,476,779	1,053,552	423,228	-
Total equity securities measured at fair value	1,024,628,791	1,024,194,618	423,228	10,946
Total investments by fair value level	<u>\$1,325,685,536</u>	<u>\$1,168,458,450</u>	<u>\$157,216,141</u>	<u>\$10,946</u>
<b>Investments measured at the net asset value (NAV)</b>				
Debt Securities				
Pooled Fixed Income				
Pooled Bond Funds	\$426,463,250			
Total Debt Securities measured at the NAV	426,463,250			
Equity Securities				
Domestic and Foreign Equities				
Pooled Equity Funds	98,742,995			
Pooled Equity				
Pooled Equity Funds	241,280,263			
Total equity securities measured at the NAV	340,023,258			
Alternative investments				
Private Equity				
Private Equity	62,639,056			
	62,639,056			
Real Estate Funds				
Real Estate	7,718,263			
Total alternative investments measured at the NAV	70,357,319			
Total investments measured at fair value	<u>\$836,843,827</u>			
Total investments	<u>\$2,162,529,363</u>			

**ARLINGTON COUNTY, VIRGINIA**

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	Total Assets at Net Asset Value			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Debt Securities				
Pooled Fixed Income	\$426,463,250	\$-	Daily	N/A
Total Debt Securities	<u>426,463,250</u>	<u>-</u>		
Equity Securities				
Domestic and Foreign Equities	98,742,995	-	Monthly	15-45 days
Global Pooled Equity	86,312,147	-	Monthly	15-45 days
Large Cap Domestic Equity	154,968,116	-	Daily	None
Total equity investments	<u>340,023,258</u>	<u>-</u>		
Alternative Investments				
Private Equity	62,639,056	93,000,000	N/A	N/A
Real Estate	7,718,263	1,400,000	N/A	N/A
Total alternative investments	<u>70,357,319</u>	<u>94,400,000</u>		
Total investments measured at the NAV	<u>\$836,843,827</u>	<u>\$94,400,000</u>		

- **Unfunded Commitments.** At June 30<sup>th</sup>, the System had committed to fund certain alternative investment partnerships in the amount of \$253.0 million. Funding of \$158.6 million has been provided leaving an unfunded commitment of \$94.4 million.
- **Equity Focused Funds.** Global Equity and Global Pooled Equity includes global equity funds that invest in both U.S. and non-U.S. equities, seeking quality companies that are attractively valued and have growth potential. Large Cap Domestic Equity includes funds that invest primarily in large cap domestic equity securities.
- **Alternative Investments.** Real estate includes two funds, structured as limited partnerships, which invest primarily in land in the United States. Private Equity includes ten funds, structured as limited partnerships, which employ multiple investment strategies including buy-out, venture capital and fund-of-funds. These investments can never be redeemed with the funds. Instead, the nature of the investments of these types is that distributions are received through the liquidation of the underlying assets of the funds. It is expected that the underlying assets of the funds will be liquidated over the next 10 years.
- **Fixed Income Focused Funds.** Aggregate Bond Index Tracking includes one fund that maintains a portfolio constructed to match or track the components of the Barclays Capital U.S. Aggregate Index.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**NOTE 4. Receivables and Unearned Revenues**

Receivables at June 30, 2017 are summarized below:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Real estate taxes	\$387,689,270	\$-
Personal property taxes	3,470,240	-
Business license taxes	2,117,100	-
Meal tax	1,080,897	-
Accounts receivable	67,952,867	19,829,262
Interest	1,230,417	-
Total	<u>463,540,791</u>	<u>19,829,262</u>
Less: Allowance for uncollectible accounts	<u>(1,266,154)</u>	<u>(585,395)</u>
Net receivables	<u><u>\$462,274,637</u></u>	<u><u>\$19,243,867</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 \$384,737,205, 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 Affordable Housing Investment Fund (AHIF) is the County's main financing program for affordable housing development. The County provided residual receipt loans that benefit low and moderate income households through subordinate deeds of trust to make the financing of affordable multifamily projects feasible. AHIF is a revolving loan fund that provides low interest loans for new construction, acquisition and rehabilitation of affordable housing. Outstanding principal balances for the AHIF loans of \$214 million and accrued interest of approximately \$27 million at June 30, 2017 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.

Other affordable housing receivables include HOME loans provided by the County. Outstanding principal balances for the HOME loans of \$22M and accrued interest of approximately \$5M have been accounted for as receivables and are included in the accompanying Statement of Net Position.

Governmental funds report deferred inflows in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Special revenue 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, 2017, the revenues components of unearned revenues reported were as follows:

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

<u>Governmental Funds</u>	<u>Unearned Revenue</u>
<u>General Fund</u>	
Household Credits	\$225,001
Rental Income	15,180
	<u>240,181</u>
<u>Capital Project Fund</u>	
Master lease	8,896,721
Developer's contributions	3,667,290
	<u>12,564,011</u>
<u>Transportation Capital Fund</u>	
FTA deferred grant revenue	500,827
	<u><u>\$13,305,019</u></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	\$1,933,857	\$3,919,494	\$5,853,351	\$-	\$5,853,351
Grants	1,355,635	2,825,632	4,181,267	-	4,181,267
Pension	46,110,000	-	46,110,000	-	46,110,000
OPEB	10,999,260	-	10,999,260	-	10,999,260
Housing development loans	28,804,099	12,388,636	41,192,735	-	41,192,735
Refunding of debt	-	-	-	2,438,496	2,438,496
	<u>\$89,202,851</u>	<u>\$19,133,762</u>	<u>\$108,336,613</u>	<u>\$2,438,496</u>	<u>\$110,775,109</u>

<u>Deferred Outflows</u>	<u>Governmental Activities</u>
Refunding of debt	\$455,659
Pension	180,950,000
OPEB	19,970,186
Total Governmental Funds	<u><u>\$201,375,845</u></u>

\*Deferred outflows/inflows in government funds include \$384,737,205 October installment of real estate taxes.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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

Capital asset activity for the year ended June 30, 2017

	<b>Governmental and Internal Service activities</b>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$171,889,437	\$4,905,264	\$-	\$176,794,701
Construction in progress	<u>206,903,057</u>	<u>87,655,738</u>	<u>60,651,868</u>	<u>233,906,927</u>
Total capital assets, not being depreciated	<u>378,792,494</u>	<u>92,561,002</u>	<u>60,651,868</u>	<u>410,701,628</u>
Capital assets, being depreciated:				
Infrastructure	680,779,247	45,518,628	43,226	726,254,649
Buildings	350,034,267	8,550,217	-	358,584,484
Furniture, fixtures and equipment	290,644,269	17,898,977	1,575,189	306,968,057
Intangible	<u>5,504,582</u>	<u>1,926,928</u>	<u>-</u>	<u>7,431,510</u>
Total capital assets being depreciated	<u>1,326,962,365</u>	<u>73,894,750</u>	<u>1,618,415</u>	<u>1,399,238,700</u>
Less accumulated depreciation for:				
Infrastructure	326,441,952	14,627,549	-	341,069,501
Buildings	123,124,434	8,837,330	-	131,961,764
Furniture, fixtures and equipment	146,543,173	21,805,432	1,434,792	166,913,813
Intangible	<u>3,277,851</u>	<u>747,276</u>	<u>-</u>	<u>4,025,127</u>
Total accumulated depreciation	<u>599,387,410</u>	<u>46,017,587</u>	<u>1,434,792</u>	<u>643,970,205</u>
Total capital assets, being depreciated, net	<u>727,574,955</u>	<u>27,877,163</u>	<u>183,623</u>	<u>755,268,495</u>
Governmental and Internal Service activities, net	<u>\$1,106,367,449</u>	<u>\$120,438,165</u>	<u>\$60,835,491</u>	<u>\$1,165,970,123</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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	<b>Business-type Activities</b>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$6,161,255	\$-	\$-	\$6,161,255
Construction in progress	33,962,093	20,717,515	6,883,154	47,796,454
Total capital assets, not being depreciated	<u>40,123,348</u>	<u>20,717,515</u>	<u>6,883,154</u>	<u>53,957,709</u>
Capital assets, being depreciated:				
Sewer system	384,601,637	2,830,726	-	387,432,363
Water system	790,286,817	5,037,813	-	795,324,630
Building	25,856,238	-	-	25,856,238
Furniture, Equipments	7,274,860	-	-	7,274,860
Intangible	1,368,617	-	-	1,368,617
Total capital assets being depreciated	<u>1,209,388,169</u>	<u>7,868,539</u>	<u>-</u>	<u>1,217,256,708</u>
Less accumulated depreciation for:				
Sewer system	105,080,435	2,000,917	-	107,081,352
Water system	88,251,517	13,971,288	-	102,222,805
Building	14,372,275	584,418	-	14,956,693
Furniture, fixtures and equipment	4,049,499	567,403	-	4,616,902
Intangible	1,091,878	88,862	-	1,180,740
Total accumulated depreciation	<u>212,845,604</u>	<u>17,212,888</u>	<u>-</u>	<u>230,058,492</u>
Total capital assets, being depreciated, net	<u>996,542,565</u>	<u>(9,344,349)</u>	<u>-</u>	<u>987,198,216</u>
Business-type activities, net	<u>\$1,036,665,913</u>	<u>\$11,373,166</u>	<u>\$6,883,154</u>	<u>\$1,041,155,925</u>



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**Discretely presented component unit - Schools**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$4,697,946	\$-	\$-	\$4,697,946
Capital assets, being depreciated:				
Buildings	759,491,564	43,093,241	-	802,584,805
Furniture, fixtures, and equipment	99,874,133	8,860,241	-	108,734,374
Total capital assets being depreciated	859,365,697	51,953,482	-	911,319,179
Less accumulated depreciation for:				
Buildings	212,334,774	18,987,289	-	231,322,063
Furniture, Equipments	63,149,214	5,439,305	-	68,588,519
Total accumulated depreciation	275,483,988	24,426,594	-	299,910,582
Total capital assets, being depreciated, net	583,881,709	27,526,888	-	611,408,597
Schools activities capital assets, net	<u>\$588,579,655</u>	<u>\$27,526,888</u>	<u>\$-</u>	<u>\$616,106,543</u>

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

<u>Function and Activity</u>	<u>Depreciation Expense</u>
Primary government:	
Government activities:	
General Government	\$15,319,087
Public Safety	3,025,670
Public works, including depreciation of infrastructure assets	15,920,632
Health and welfare	204,082
Libraries	276,529
Parks, recreation and culture	3,807,312
Planning and community development	1,306,274
Total Depreciation Expense - Government Activities	39,859,586
Internal Services	6,158,001
Total Depreciation Expense - Governmental & Internal Services	<u>\$46,017,587</u>
Business-type activities:	
Utilities	\$16,117,627
Ballston Public Parking Garage	660,671
8th level Ballston Public Parking Garage	95,177
CPHD Development Fund	339,413
Total Depreciation Expense - Business-type Activities	<u>\$17,212,888</u>
Total Depreciation Expense - Component unit - Schools	<u>\$24,426,594</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**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, 2017 the current portion of these liabilities was \$7.71 million which represents an estimate of health insurance claims that have been incurred but not reported of \$7.24 million, and are included in the accrued payroll liabilities and the current portion of workers' compensation of \$.47 million. The non-current portion was \$4.25 million which represents 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, 2015 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>
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
2016 – 2017				
Current	\$7,473,735	\$58,969,132	\$58,729,261	\$7,713,606
Long Term	\$3,530,952	\$4,533,833	\$3,808,786	\$4,255,999

The County's policy for self-insurance reserve is \$5M. The County has committed in the general fund a self-insurance reserve of \$5,000,000 as of June 30, 2017.

The County maintains an operating reserve of 5% of the general fund revenue operating budget for the following fiscal year. The County has committed an operating reserve in the general fund of \$62,635,601 for FY 2018. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased steadily to cover working capital needs and unexpected contingencies.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**NOTE 7. Operating Leases**

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

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$20,722,246
2019	20,104,809
2020	19,894,130
2021	20,469,867
2022-2034	232,353,638
	<u>\$313,544,688</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 fifteen-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, 2017, the County received \$2,547,062 under these lease agreements. The lease agreement of the Court House Plaza was extended for 15 more years in FY 2017. The County entered into a seventy-five-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 2017 were \$229,319. 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, 2017, the lease liability \$15,235,615, 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, 2017 are summarized below:

	<u>Primary Government</u>	<u>Schools</u>
Building	\$1,395,842	\$-
Equipment	51,732,911	17,681,547
Equipment CIP	4,821,529	-
Auto	2,802,688	-
Total Assets, at cost	<u>\$60,752,970</u>	<u>17,681,547</u>
Accumulated depreciation	<u>(23,413,244)</u>	<u>(7,868,605)</u>
Total Assets, net	<u>\$37,339,726</u>	<u>\$9,812,942</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

The annual future minimum lease payments as of June 30, 2017 are as follows:

**General Government:**

Year Ending June 30,	Technology Services	Environmental Services	Public Safety	Total General Government
2018	\$3,705,592	\$727,122	\$3,685,063	\$8,117,776
2019	2,669,021	484,045	3,090,412	6,243,478
2020	1,698,690	466,840	2,998,268	5,163,798
2021	1,079,808	466,840	2,174,963	3,721,611
2022	736,942	466,840	2,174,963	3,378,745
2023	122,372	466,839	1,847,592	2,436,803
2024	122,372	466,839	1,847,592	2,436,803
2025	-	-	362,081	362,081
Total Minimum Lease payments	<u>\$10,134,798</u>	<u>\$3,545,365</u>	<u>\$18,180,933</u>	<u>\$31,861,095</u>
Less Imputed Interest	(343,828)	(437,852)	(1,102,884)	(1,884,564)
Amount deferred	<u>(2,928,461)</u>	-	<u>(5,923,260)</u>	<u>(8,851,721)</u>
Present Value of Minimum Payments	<u>\$6,862,509</u>	<u>\$3,107,513</u>	<u>\$11,154,789</u>	<u>\$21,124,811</u>

**Internal Service Fund:**

Year Ending June 30,	Auto Equipment
2018	\$1,076,972
2019	1,076,967
2020	616,604
2021	616,604
2022	231,321
2023	231,321
Total Minimum Lease Payments	<u>3,849,789</u>
Less Imputed Interest	<u>(167,542)</u>
Present Value of Minimum Payments	<u>\$3,682,247</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**Enterprise Fund:**

<u>Year Ending June 30,</u>	<u>Utilities</u>
2018	\$34,411
2019	17,206
Total Minimum Lease Payments	<u>51,617</u>
Less Imputed Interest	<u>(1,447)</u>
Present Value of Minimum Payments	<u><u>\$50,170</u></u>

**Component Unit – Schools:**

<u>Year Ending June 30,</u>	<u>Schools</u>
2018	\$2,149,820
2019	1,591,880
2020	684,269
Total Minimum Lease Payments	<u>4,425,969</u>
Less Imputed Interest	<u>(96,176)</u>
Present Value of Minimum Payments	<u><u>\$4,329,793</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, 2017**

ARLINGTON COUNTY, VIRGINIA  
GENERAL OBLIGATIONS BONDS

Fiscal Year	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL GO BOND	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$39,124,298	\$17,039,674	\$34,747,054	\$15,863,574	\$7,703,648	\$4,072,190	\$81,575,000	\$36,975,437
2019	36,569,171	17,240,573	33,984,215	15,756,326	7,671,614	3,491,148	78,225,000	36,488,047
2020	35,503,185	15,803,899	31,076,715	14,556,951	7,490,101	3,154,691	74,070,001	33,515,542
2021	32,616,034	14,437,242	30,583,751	13,291,869	7,750,216	2,863,365	70,950,001	30,592,476
2022	32,105,352	13,095,284	28,521,492	12,066,071	7,343,155	2,460,590	67,969,999	27,621,945
2023	31,939,500	11,684,139	27,460,499	10,819,467	7,620,000	2,124,466	67,019,999	24,628,071
2024	30,345,000	10,333,212	27,185,000	9,660,586	7,735,000	1,751,176	65,265,000	21,744,973
2025	28,640,000	8,947,554	27,160,000	8,404,826	8,100,000	1,372,591	63,900,000	18,724,972
2026	25,915,000	7,677,259	24,960,000	7,208,661	8,130,000	999,957	59,005,000	15,885,877
2027	25,685,000	6,507,415	27,575,000	6,024,690	6,295,000	683,455	59,555,000	13,215,561
2028	23,010,000	5,373,014	22,580,000	4,661,909	4,465,000	447,286	50,055,000	10,482,209
2029	20,840,000	4,469,682	18,925,000	3,811,976	2,380,000	302,986	42,145,000	8,584,644
2030	20,700,000	3,706,649	18,795,000	3,135,006	2,365,000	214,624	41,860,000	7,056,279
2031	19,795,000	2,952,129	17,465,000	2,466,385	2,345,000	126,437	39,605,000	5,544,951
2032	18,415,000	2,247,213	15,805,000	1,854,563	1,355,000	61,725	35,575,000	4,163,500
2033	14,730,000	1,628,369	13,375,000	1,314,481	740,000	28,506	28,845,000	2,971,356
2034	10,595,000	1,129,663	8,705,000	882,150	235,000	11,625	19,535,000	2,023,438
2035	9,205,000	703,313	6,885,000	526,000	150,000	2,813	16,240,000	1,232,125
2036	6,895,000	372,400	5,385,000	266,225	-	-	12,280,000	638,625
2037	5,715,000	114,300	3,760,000	75,200	-	-	9,475,000	189,500
	<u>\$468,342,540</u>	<u>\$145,462,981</u>	<u>\$424,933,726</u>	<u>\$132,646,915</u>	<u>\$89,873,734</u>	<u>\$24,169,632</u>	<u>\$983,150,000</u>	<u>\$302,279,528</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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Fiscal Year	ARLINGTON COUNTY, VIRGINIA		
	IDA BONDS		
	Principal	Interest	Total
2018	\$4,960,000	\$4,169,275	\$9,129,275
2019	5,005,000	4,018,259	9,023,259
2020	5,055,000	3,838,130	8,893,130
2021	5,110,000	3,648,546	8,758,546
2022	5,170,000	3,448,715	8,618,715
2023	5,235,000	3,239,199	8,474,199
2024	5,295,000	3,022,555	8,317,555
2025	5,370,000	2,797,157	8,167,157
2026	4,310,000	2,585,787	6,895,787
2027	4,410,000	2,387,120	6,797,120
2028	4,510,000	2,178,525	6,688,525
2029	4,620,000	1,963,675	6,583,675
2030	4,730,000	1,735,950	6,465,950
2031	4,860,000	1,494,195	6,354,195
2032	4,370,000	1,243,338	5,613,338
2033	4,505,000	1,016,251	5,521,251
2034	3,585,000	802,896	4,387,896
2035	3,730,000	602,391	4,332,391
2036	1,310,000	472,904	1,782,904
2037	1,365,000	417,880	1,782,880
2038	1,420,000	360,592	1,780,592
2039	1,480,000	300,939	1,780,939
2040	1,545,000	238,715	1,783,715
2041	1,610,000	173,817	1,783,817
2042	1,675,000	106,244	1,781,244
2043	1,745,000	35,895	1,780,895
	<u>\$96,980,000</u>	<u>\$46,298,948</u>	<u>\$143,278,948</u>

**B. Revenue Bonds – Ballston Public Parking Garage**

Revenue Bonds of \$22,300,000 were issued by the County in 1984 to provide for the acquisition and construction of a public parking garage facility. The bonds were issued in the form of Variable Rate Revenue Bonds to mature on August 1, 2017, and are subject to redemption as a whole or in part, at any time, at the principal amount thereof, plus accrued interest at the County's discretion. The bonds are not general obligations of the County and are payable solely from gross revenues arising from the operations of the garage facilities, an irrevocable direct pay letter of credit in the initial principal amount of \$25,648,055 and other funds which may be available to the project. As "credit support" for the project, the County has agreed to consider appropriating funds should a shortfall in revenues affect the payments to the bondholders. Debt service payments on the bonds are further secured by a deed of trust on the garage facilities and related assets. As of June 30, 2017, \$4,600,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, and at no time can exceed 15%. The weekly interest averaged approximately 0.7419% in FY 2017. 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

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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.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2017, the County drew from the letter of credit \$41,288 to pay bondholders for the interest accrued on the revenue bonds. The letter of credit drawdowns was 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 \$59,398 in FY 2017. During FY 2017, \$1,200,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

**C. 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 \$29,646,312. As of June 30, 2017, all payments have been deferred.

**D. 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, 2017 was \$52,631,982. 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, 2017 was \$2,536,501 on Series A bonds and \$47,893,664 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 is 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, 2017 was \$35,524,981. 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 is 2.65 percent. The proceeds from those bonds were received by the County prior to fiscal year 2011. On June 30, 2017, principal outstanding on these bonds was \$26,411,155. 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 is 2.72 percent, 2.65 percent, and 2.05 percent, respectively. At June 30, 2017, the principal outstanding on these bonds was \$1,401,684 on Series 2008 bonds, \$12,674,222 on Series 2009 bonds and \$12,240,450 on Series 2010 bonds. These bonds mature in fiscal year 2031.



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

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

On August 13, 2009, the Industrial Development Authority of Arlington County, Virginia (the "Authority") issued \$41,280,000 in Revenue Bonds for the benefit of Arlington County (the "2009 IDA Bonds"). The 2009 IDA Bonds are due in annual installments 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, 2017 was \$32,765,000.

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 are due in annual installments 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, 2017, \$8,690,000 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 are due in annual installments 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, 2017, \$55,525,000 remains outstanding.

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

During the year ended June 30, 2017, the following changes occurred in liabilities reported in the County and Schools Long-term Obligations:

	Balance July 1	Additions	Reductions	Balance June 30	Due in one Year
<b>General Government:</b>					
Compensated absences*	\$33,380,561	\$34,300,492	(\$34,180,666)	\$33,500,387	\$3,350,039
Workers compensation	3,923,280	5,037,591	(4,231,983)	4,728,888	472,889
GO Bonds - County**	159,570,663	109,895,000	(22,323,500)	247,142,163	20,328,675
Refunding Bonds - County**	238,987,475	-	(17,787,098)	221,200,377	18,795,623
GO Bonds - Schools**	162,153,339	75,200,000	(18,730,500)	218,622,839	19,071,325
Refunding Bonds - Schools**	219,893,786	-	(13,582,899)	206,310,887	15,675,729
IDA - Metro and Buckingham Village 1	34,060,000	-	(1,295,000)	32,765,000	1,330,000
IDA Revenue Bonds - 2011	9,315,000	-	(625,000)	8,690,000	625,000
IDA Revenue Bonds - 2013	58,550,000	-	(3,025,000)	55,525,000	3,005,000
Capital leases	16,585,370	9,530,658	(4,991,217)	21,124,811	7,440,084
Bond premiums - County	35,298,440	17,686,387	(2,402,315)	50,582,512	3,286,634
Bond premiums - Schools	34,454,368	11,875,211	(2,170,425)	44,159,154	2,764,186
<b>Totals General Government</b>	<b>\$1,006,172,282</b>	<b>\$263,525,339</b>	<b>(\$125,345,603)</b>	<b>\$1,144,352,018</b>	<b>\$96,145,184</b>
<b>Internal service:</b>					
Compensated Absence	555,278	605,230	(594,451)	566,057	56,606
Capital lease	4,882,626	-	(1,200,379)	3,682,247	1,005,105
<b>Total Governmental Activities</b>	<b>\$1,011,610,186</b>	<b>\$264,130,569</b>	<b>(\$127,140,433)</b>	<b>\$1,148,600,322</b>	<b>\$97,206,895</b>
<b>Component Unit - Schools:</b>					
Compensated absences	\$35,579,701	\$19,603,570	(\$16,707,390)	\$38,475,881	\$3,847,589
Capital lease	4,589,171	1,991,412	(2,250,790)	4,329,793	2,091,638
	<b>\$40,168,872</b>	<b>\$21,594,982</b>	<b>(\$18,958,180)</b>	<b>\$42,805,674</b>	<b>\$5,939,227</b>
<b>Business-Type Activities</b>					
Compensated absences-Utilities	\$1,205,516	\$1,901,222	(\$1,786,203)	\$1,320,535	\$132,054
Compensated absences-CPHD	616,228	858,103	(835,945)	638,386	63,839
GO Bonds - Utilities **	25,615,999	-	(3,621,000)	21,994,999	2,370,000
Refunding Bonds - Utilities **	72,358,738	-	(4,480,003)	67,878,735	5,333,648
Revenue Bonds - Ballston	5,800,000	-	(1,200,000)	4,600,000	4,600,000
Mortgage Payable - Ballston	3,429,679	-	-	3,429,679	3,429,679
Mortgage and Interest Payable - Ballston	27,767,463	1,878,849	-	29,646,312	29,646,312
VRA Loan Payable	205,816,282	-	(14,501,642)	191,314,640	14,929,684
Bond and mortgage interest payable - Utilities	3,273,204	3,160,123	(3,273,204)	3,160,123	3,160,123
Capital Leases	82,446	-	(32,276)	50,170	33,208
Bond Premium - Utilities	4,429,224	-	(317,915)	4,111,309	317,915
<b>Total business-type activities</b>	<b>\$350,394,779</b>	<b>\$7,798,297</b>	<b>(\$30,048,188)</b>	<b>\$328,144,888</b>	<b>\$64,016,462</b>

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

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**JUNE 30, 2017**

**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. The County is liable for this debt and reports this debt as a liability, which represents a total of \$468,880,314 net of deferred cost of refunding for Schools, whereas Schools reports the capital assets and unspent bond proceeds. In accordance with GASB 34, Net investment in capital assets must be presented net of related debt, in order to reflect the true position of the Primary Government and Component Units. Therefore, the Net Investment in Capital Assets of Governmental Activities does not include the Component Unit - School's debt issued by the Primary Government for a total of \$468,880,314 in its calculation. This debt is reflected in the Total Reporting Entity column, since the debt is owned by the County. The sum of the columns between the Primary Government and Component units does not equal the Total Reporting Entity column by a difference of \$468,880,314 because the debt related to the Schools is reduced from net investment in capital assets of the Total Reporting Entity. The unrestricted net position balance of the total reporting entity therefore reflects the impact of the reclassification for Schools as shown in the table below. The Total Reporting Entity column provides a true picture and matches the County’s assets with the debt and reports the net amounts on the Net Investment in Capital Assets.

	<u>Primary Government</u>			<u>Component Units</u>			<u>Total Reporting Entity</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Schools</u>	<u>Gates Partnership</u>	<u>School's Debt Reclassification</u>	
<b>NET POSITION:</b>							
Net investment in capital assets	\$682,757,711	\$747,776,393	\$1,430,534,104	\$611,776,750	\$21,996,512	(\$468,880,314)	\$1,595,427,052
Restricted							
Capital projects	157,256,606	-	157,256,606	132,830,419	-	-	290,087,025
Seized assets	1,599,616	-	1,599,616	-	-	-	1,599,616
Debt Services	13,529,817	-	13,529,817	-	-	-	13,529,817
Grants	744,947	-	744,947	3,955,671	-	-	4,700,618
Unrestricted	78,106,608	53,545,866	131,652,474	(496,797,345)	3,768,845	468,880,314	107,504,288
<b>Total net position</b>	<b>\$933,995,305</b>	<b>\$801,322,259</b>	<b>\$1,735,317,564</b>	<b>\$251,765,495</b>	<b>\$25,765,357</b>	<b>-</b>	<b>\$2,012,848,416</b>

**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 inter-fund loans). The amounts of such transactions not received or paid at June 30, 2017 are reflected in current due to/from accounts of each fund/component unit, as summarized below:

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Due to/ from other funds

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$1,120,470	\$-
IDA Bond Fund	-	75,155
Section 8 Housing	-	1,045,315
	<u>\$1,120,470</u>	<u>\$1,120,470</u>

Due to/from primary government and component unit

	<u>Receivables Entity</u>	<u>Payables Entity</u>
General Fund	(\$418,342)	\$92,774,673
School Funds:		
Operating		
Primary Government	70,055,503	-
Community Activities		
Primary Government	1,268,158	-
Pay-As-You-Go		
Primary Government	21,451,012	-
CSA		
Primary Government	-	(418,342)
	<u>\$92,356,331</u>	<u>\$92,356,331</u>

The primary purpose of inter-fund transfers is to provide funding for operations and capital projects. Inter-fund transfers for the year ended June 30, 2017 are as follows:

Transfer	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Internal Service Fund	Total Transfers Out
General Fund	\$-	\$626,148	\$20,191,849	\$400,000	\$342,269	\$21,560,266
Special Revenue Fund	76,395	-	-	-	-	76,395
Capital Projects Fund	2,500,000	-	-	-	-	2,500,000
Transportation Project Fund	691,561	-	-	-	-	691,561
Non-major Capital Projects Fund	578,499	-	-	-	-	578,499
Internal Service Fund	130,000	-	-	-	-	130,000
Total Transfers In	<u>\$3,976,455</u>	<u>\$626,148</u>	<u>\$20,191,849</u>	<u>\$400,000</u>	<u>\$342,269</u>	<u>\$25,536,721</u>

ARLINGTON COUNTY, VIRGINIA

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**NOTE 12. Fund Balance**

The County uses restricted and committed amounts of fund balance 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.

Majority of the fund balance is set aside from the general fund and capital projects fund. The fund balance for each special revenue fund is restricted or non-spendable. The revenue source for special revenue funds is listed below:

<u>Special Revenue Funds</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
Travel & Tourism Promotion	Transient Taxes
Ballston Quarter Community Dev. Authority	Real Estate Taxes

Certain portions of fund balances are non-spendable, restricted or committed by the County Board for specific purposes and are therefore not available for general appropriation as summarized below. Future disbursements of the fund balances are accounted for as expenditures in the year in which they are incurred.

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

\$1,351,822	Section 8 Housing
4,275	Neighborhood Conservation Bond Fund
35,036	General Fund
<u>\$1,391,133</u>	

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

\$5,000,000	Self-insurance reserve
4,000,000	Economic & revenue stabilization contingent
62,635,601	Operating reserve
4,643,563	Subsequent years' County budget
6,636,589	Capital projects
664,991	Incomplete Projects
44,073,880	Affordable Housing Investment Fund - Allocated
24,217,093	Subsequent years' budget – Schools
<u>\$151,871,717</u>	

The County has committed a general fund balance self-insurance reserve of \$5,000,000 and an economic and revenue stabilization contingent of \$4,000,000 as of June 30, 2017. Additionally, the County maintains a general fund operating reserve at five percent of the County's general fund budget. Since its establishment in FY 1986, the operating reserve has not been used, but has been increased steadily. Appropriations from the operating reserve require County Board approval and may only be made to meet critical and unforeseen financial needs. Any draw on the operating reserve will be replenished within the subsequent three (3) fiscal years.

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**NOTE 13. Commitments and Contingencies**

**A. Washington Metropolitan Area Transit Authority**

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

In July 2010, the Metro Matters Program was succeeded by the WMATA Capital Funding Agreement (the "Agreement"). This Agreement covered \$5.0 billion in capital funding needs throughout fiscal years 2011 – 2016 and served as a master agreement to support future capital needs presented in annually updated Capital Improvement Programs (CIP's). The current FY 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, 2017 contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Project Funds	\$60,427,340
Utilities Funds	8,621,042
	<u>\$69,048,382</u>

These projects include 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.

**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 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,

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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”**

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 \$118,743 and \$97,007 and the bank balance totaled \$118,743 and \$109,709 at June 30, 2017 and June 30, 2016 respectively. During FY 2017 the WTE-FMG had \$118,649 as revenues and project-related expenditures of \$91,602.

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

The County is committed to encouraging continuing economic development, including the area around Ballston, inducing the relocation to the County of private businesses to strengthen the business climate, and to making sports and recreation facilities available to the citizens of the County. To further these ends, on December 14, 2004, the County Board approved a resolution to

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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 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. As of June 30, 2017, \$24,195,000 was outstanding under these Taxable Revenue Refunding bonds.

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

The IDA owns the Skating Facility and is currently leasing it to the Capitals, or an affiliate, pursuant to a Deed of Lease (the "Capitals Lease"), between the IDA and the Capitals, under which the Capitals have furnished, equip and operate the Skating Facility. Under the Capitals Lease, the Capitals will make payments of rent that are equal to debt service on the Bonds. Under the Cooperation Agreement, the IDA will agree to remit to the County all revenues received from the leasing of the Skating Facility, including those derived under the Capitals Lease. In FY 2017, \$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.



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**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, 2017 is \$4,088.

**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 arrangement with the Industrial Development Authority of Loudoun County. The County maintains an equity interest only in the land and building of the Academy, which is reflected in the County's General Capital Leases. The County does not maintain an equity interest in the Academy's operations. In 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 and 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 EVOCC 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 EVOCC 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

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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 2017, the County paid \$673,740 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 2017, the County paid \$774,366 in combined capital and operating costs. In FY 2018, the Regional Jail facility is scheduled to permanently close and will be ending its relationship with Arlington County. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

**NOTE 15. Deferred Compensation Plan**

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

All amounts of compensation under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the plan participants and their beneficiaries. Participants' rights under the plan are in an amount equal to the fair market value of the deferred account for each participant. Investments in the plan are valued at market. All defined contribution plan assets are invested as directed by the individual employee and the plan is administered by 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 System was established under Chapters 46, 35, and 21 of the Arlington County Code.

The Schools participate in two Virginia Retirement System ("VRS") plans. The two VRS plans are cost-sharing employer plans – VRS Teacher Retirement Plan and an agent Political Subdivision Arlington Public Schools plan.

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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 (ACERS)**

**Plan Description**

The Arlington County Employees' Retirement System (ACERS), also referenced as "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 providing retirement benefits to Arlington County Uniformed and General employees and to certain School Board employees

**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, 2017, System membership consisted of the following:

	<u>General</u>	<u>Uniformed</u>	<u>School</u>	<u>Total</u>
Active Employees:				
Vested	1,686	603	17	2,306
Non-vested	<u>1,037</u>	<u>233</u>	-	<u>1,270</u>
Total Active Employees	2,723	836	17	3,576
Vested Deferred	462	83	39	584
Retirees and Beneficiaries	2,227	821	956	4,004

**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, 2017 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:			
General Employees	4%	N/A	4%
School Board Employees (Covered by VRS)	0%	0%	0%
Uniformed Employees:			
- Management	5.62%	N/A	5% through 1/3/09,
- Non-Management	6.62%	N/A	5% through 1/3/09, 7.5% thereafter

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Normal Retirement Age:

General County Employees	60	N/A	62
School Board Employees	60	62	62
Uniformed Employees	50	N/A	52
“Rule of 80” Applies	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, 2017, 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 20.3% of annual covered payroll.

**Rate of Return**

For the year ending June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**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.

**Actuarial Assumptions**

The total pension liability as of June 30, 2017 was determined by an actuarial valuation and measurement date as of June 30, 2016, using the following actuarial assumptions:

Investment rate of return	6.75%
Assumed inflation rate	3.00%
Projected salary increases	3.00%

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

The actuarial assumptions used in the June 30, 2016 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 as of June 30, 2017 was 6.75%. 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 7.25% to 6.75% as of June 30, 2016.

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**Changes in the Net Pension Liability (Asset)**

	<u>Increase (Decrease) (\$ in millions)</u>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Beginning balance - Valuation at 6/30/2015	\$1,971.5	\$1,995.0	(\$23.5)
Changes for the year:			
Service cost	53.8	-	53.8
Interest	143.6	-	143.6
Changes in assumptions	27.2	-	27.2
Differences between expected and actual experience	(47.3)	-	(47.3)
Contributions - employer	-	54.5	(54.5)
Contributions - employee	-	12.3	(12.3)
Net investment income	-	(1.3)	1.3
Benefit payments, including refunds of employee contributions	(95.3)	(95.3)	0.0
Administrative expense	-	(1.7)	1.7
Net changes	<u>82.0</u>	<u>(31.5)</u>	<u>113.5</u>
Ending Balance - Valuation at 6/30/2016	<u>\$2,053.5</u>	<u>\$1,963.5</u>	<u>\$90.0</u>

**Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate**

The following presents the net pension asset of the County, calculated using the discount rate of 6.75%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>Current</u>		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
County's net pension liability/ (asset)	\$371.3	\$90.0	(\$245.1)

**The System's Fiduciary Net Position as of June 30, 2017 and June 30, 2016 Measurement Date**

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, 2017, the County recognized pension expense of \$60.6 million. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$-	\$46,100,000
Changes of assumptions	27,700,000	-
Net difference between projected and actual earning on the System's investments	101,400,000	-
Employer contributions subsequent to measurement date	51,800,000	-
Total	<u>\$180,900,000</u>	<u>\$46,100,000</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)	
2018	\$8.6
2019	4.0
2020	43.3
2021	27.1
Thereafter	-

Additional disclosures on changes in net pension liability, related ratios, and employer contributions can be found in the Required Supplementary Information following the notes to the financial statements.

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

**Plan Description**

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher 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 pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as 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 in the VRS Teacher Retirement Plan – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has a different eligibility criteria.

**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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% 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% 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, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer



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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 16.32%. 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 89.84% of the actuarial rate for the year ended June 30, 2017. Contribution to the pension plan from the school division were \$41,192,000 and \$41,585,000 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$497,158,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability 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. 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, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was 3.55% as compared to 3.51% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$46,396,000. 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, 2017, 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>
Net difference between projected and actual earnings on pension plan investments	\$12,289,000	\$-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	13,829,000	-
Employer contributions subsequent to the measurement date	<u>41,192,000</u>	<u>-</u>
Total	<u>\$67,310,000</u>	<u>\$-</u>

The \$41,192,000 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, 2018. 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, (\$ in thousands):

2018	\$319
2019	319
2020	16,029
2021	10,129
2022	(678)

**Actuarial Assumptions**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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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, 2015 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

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement NO. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

**ARLINGTON COUNTY, VIRGINIA**

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	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$44,182,326
Plan Fiduciary Net Position	<u>30,168,211</u>
Employers' Net Pension Liability (Asset)	<u>\$14,014,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

**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	<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</u> <u>(6.00%)</u>	<u>Current Discount</u> <u>Rate(7.00%)</u>	<u>1.00% Increase</u> <u>(8.00%)</u>
School division's proportionate share of their VRS Teacher Employee Retirement Plan Net Pension Liability	\$708,700,000	\$497,158,000	\$322,898,000

**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 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Additional disclosures on employers share of net pension liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

**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:

Inactive members or their beneficiaries curently receiving benefits	<u>Number</u> 72
Inactive Members:	
Vested inactive members	43
Non-vested inactive members	171
Inactive members active elsewhere in VRS	<u>94</u>
VRS Total inactive members	380
Active Members	<u>510</u>
Total Covered employees	<u><u>890</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% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the

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5% 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% 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.

The political subdivision's contractually required contribution rate for the year ended June 30, 2017 was 5.81% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$1,082,587 and \$1,225,860 for the years ended June 30, 2017 and June 30, 2016, respectively.

**Net Pension Liability**

The political subdivisions net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

**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, 2015, 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, 2016.

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

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**All Others (Non 10 Largest) – 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

The actuarial assumptions used in the June 30, 2015 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	<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 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.



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**Changes in Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	<u>\$39,105,889</u>	<u>\$35,675,939</u>	<u>\$3,429,950</u>
Changes for the year:			
Service cost	1,828,396	-	1,828,396
Interest	2,699,983	-	2,699,983
Differences between expected and actual expemeice	(1,444,760)	-	(1,444,760)
Contributions - employer	-	1,225,860	(1,225,860)
Contributions - employee	-	884,066	(884,066)
Net investment income	-	667,328	(667,328)
Benefit payments, including refunds	(1,069,403)	(1,069,403)	-
Administrative expenses	-	(21,338)	21,338
Other changes	-	(273)	273
Net changes	<u>2,014,216</u>	<u>1,686,240</u>	<u>327,976</u>
Balances at June 30, 2016	<u>\$41,120,105</u>	<u>\$37,362,179</u>	<u>\$3,757,926</u>

**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)	\$9,873,285	\$3,757,926	(\$1,280,589)

For the year ended June 30, 2017, the political subdivision recognized pension expense of \$914,373. At June 30, 2017, the political subdivision reported deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions subsequent to the measurement date	\$1,082,587	\$-
Difference between expected and actual experience	142,627	-
Net difference between projected and actual earnings on plan investments	984,789	-
Net difference between projected and actual earnings on plan investments	-	1,138,667
Total	<u>\$2,210,003</u>	<u>\$1,138,667</u>

The amount \$1,082,587 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, 2018. 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,	
2018	(\$218,573)
2019	(218,571)
2020	272,205
2021	153,688

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdg/publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA. 23218-2500.

Additional disclosures on changes in net pension liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

**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 Arlington County Retiree Welfare Benefit Trust. 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.

**Plan Administration**

Investments for the County's OPEB Plan are the responsibility of the Arlington County Employee's Retirement System Board of Trustees (the Retirement Board.) The Retirement Board consists of seven voting and three substitute trustees as follows:

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- 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 uniformed employees
- One trustee and one substitute trustee elected by retired employees

Additional details regarding the Retirement Board can be found in Note 16.

**Plan Membership**

At July 1, 2016 (measurement date), the following employees were covered by the benefit terms:

Total Active employees with coverage	2,992
Total Active employees without coverage	634
Total Retirees with coverage	1,681
Total Retirees without coverage	<u>245</u>
	<u>5,552</u>

**Benefits Provided**

Post-employment benefits are provided to eligible retirees include Medical, Dental, and Life insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. In addition, the County provides a fixed basic death benefit for all retirees.

**Contributions**

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 Actuarially Determined Contributions 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 2017, the County contributed \$12,672,328 and \$561,604 towards health and life plans respectively. Plan members receiving benefits contributed \$4,090,476 and \$339,322 towards health and supplemental life plans respectively. The County contributed an additional \$6,850,000 in pre-funding contributions towards health and life plans for retirees.

**Investment Policy**

The investment policy for the County OPEB plan was adopted in April 2009 and most recently revised in September 2016. The investment objective is to earn an average annual rate of return for the Trust of at least 8% or 3% over the CPI-U, whichever is greater, over rolling five-year periods, net of all investment management fees and direct investment expense. The following is the Board's adopted allocation policy:

<u>Asset Class</u>	<u>Target Percentage</u>
Equities	60%-70%
Fixed Income	30%-40%
Total:	100%

**Concentrations**

The Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

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**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on the County's OPEB investments, net of investment expense was 12.25%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

**Schedule of Investment Returns**

**Last 10 Fiscal Years**

	<u>06/30/2017</u>
Annual Money-Weighted Rate of Return	
Net of Investment Expense	12.25%

*The chart is intended to show information for 10 years. More data will be added as it become available.*

**Net OPEB Liability**

The County's net OPEB liability was measured as of July 1, 2016. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50% per year as of July 1, 2016 3.00% per year as of June 30, 2017
Salary Increases	3.50% and 3.00% per year for general salary inflations as of July 1, 2016 and June 30, 2017 respectively.
Discount Rate	7.25% for accounting and funding disclosures as of July 1, 2016 6.75% for accounting and funding disclosures as of June 30, 2017
Investment Rate of Return	7.25% as of July 1, 2016 6.75% as of June 30, 2017

Mortality rates for Active employees and healthy retirees were based on a RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015 while mortality rates for disabled retirees were based on a RPH-2015 Disabled Mortality Table fully generational using scale MP-15. The RPH-2015 table is calculated based on RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2015 using scale MP-2015.

The date of the most recent actuarial experience study for which significant assumptions were based is not available.

The Long-Term Expected Rate of Return on OPEB Plan investments is 7.25% as of July 1, 2016 and 6.75% as of June 30, 2017.

**Discount rate**

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is selected from a range of 20-Year Municipal Bond Indices and include the Bond Buyer 11-Bond GO Index, the S&P Municipal Bond 20-Year High Grade Rate Index, and the Fidelity 20-Year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 6.75% as of the end of the fiscal year with the expectation that the County will continue contributing the Actuarially Determined Contribution and paying the pay-go cost from the OPEB Trust.

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	Changes in Net OPEB Liability-County		
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	\$277,230,002	\$96,384,743	\$180,845,259
Changes for the year:			
Service Cost	6,789,601	-	6,789,601
Interest	19,577,252	-	19,577,252
Difference between expected and actual experience	(7,417,570)	-	(7,417,570)
Changes in Assumptions	21,967,205	-	21,967,205
Contributions-Employer	-	19,522,328	(19,522,328)
Net Investment Income	-	11,825,989	(11,825,989)
Benefit Payments	(12,672,328)	(12,672,328)	-
Net Changes:	28,244,160	18,675,989	9,568,171
Balances at June 30, 2017	\$305,474,162	\$115,060,732	\$190,413,430

**Sensitivity of the net OPEB Liability to changes in the Discount Rate**

The following amounts present the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
\$228,849,494	\$190,413,430	\$158,688,610

**Sensitivity of the net OPEB Liability to changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (7.00% decreasing by 0.25% annually to an ultimate rate of 4%) or 1- percentage-point higher (9.00% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

1% Decrease 7.00% decreasing to 4.00%	Healthcare Cost Trend Rates 8.00% decreasing to 5.00%	1% Increase 9.00% decreasing to 6.00%
\$170,678,559	\$190,413,430	\$212,976,370

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**OPEB expense and deferred outflows of resources and deferred inflows of resources**

For the year ended June 30, 2017, the County will recognize OPEB expense in the amount of \$20,119,573. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between Expected and Actual Experience	\$-	\$6,743,245
Changes of Assumptions	19,970,186	-
Net difference between Projected and Actual Earnings on on OPEB Plan investments	-	4,256,015
Total:	<u>\$19,970,186</u>	<u>\$10,999,260</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

Fiscal Year Ending June 30th	Balance
2018	\$258,690
2019	258,690
2020	258,690
2021	258,691
2022	1,322,694
Thereafter	6,613,471

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

**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 Arlington County School Board Retiree Welfare Benefit Trust. 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.

**Plan Administration**

Investments for the Schools OPEB Plan are the responsibility of the Arlington County Employee's Retirement System 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 uniformed employees
- One trustee and one substitute trustee elected by retired employees

Additional details regarding the Retirement Board can be found in Note 16.

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**Plan Membership**

*At July 1, 2017, the following employees were covered by the benefit terms:*

Total Active employees with coverage	3,317
Total Active employees without coverage	1,325
<u>Total Retirees with coverage</u>	<u>1,353</u>
	5,995

**Benefits Provided**

The benefits provided are the same as those provided to active employees, and include Medical, Dental, and Life insurance. At age 65, coverage is provided under Medicare Advantage plans. Employees hired on/after January 1, 2009 must have at least 10 years of service at retirement to be eligible for retiree health coverage through Arlington Public Schools. There is no age or service requirement for disability health benefits. A surviving spouse can continue coverage after the death of the retiree but the School subsidy ceases and the surviving spouse is responsible for the full premium.

**Contributions**

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 Actuarially Determined Contribution in future years. For full career employees, the Schools currently contributes between 10% and 77% towards the cost of medical premiums based on coverage selected. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System. For FY 2017 the Schools' contributed \$6,227,027 and an additional \$2,600,000 in pre-funding contributions towards health plans for retirees. Plan members receiving benefits contributed \$1,409,565 towards health plans.

**Investment Policy**

The Schools OPEB investment policy was adopted in April 2009 and most recently revised in September 2016. The investment objective is to earn an average annual rate of return for the Trust of at least 8% or 3% over the CPI-U, whichever is greater, over rolling five-year periods, net of all investment management fees and direct investment expense. The following is the Board's adopted allocation policy:

<u>Asset Class</u>	<u>Target Percentage</u>
Equities	60%-70%
Fixed Income	<u>30%-40%</u>
Total:	100%

**Concentrations**

For the Schools OPEB Plan, the Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense for the Schools Trust was 12.30%. The money weighted rate of return expresses investment performance, adjusted for the changing amounts actually invested.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

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**Schedule of Investment Returns**

**Last 10 Fiscal Years**

	<u>06/30/2017</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	12.30%

*The chart is intended to show information for 10 years. More data will be added as it become available.*

**Net OPEB Liability**

The Schools' net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total OPEB liability in the June 30 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50% per year as of July 1, 2016 3.00% per year as of June 30, 2017
Salary Increases	3.50% and 3.00% per year for general salary inflation as of July 1, 2016 and June 30, 2017 respectively.
Discount Rate	7.25% for accounting and funding disclosures as of July 1, 2016 6.75% for accounting and funding disclosures as of June 30, 2017
Investment Rate of Return	7.25% as of July 1, 2016 6.75% as of June 30, 2017

Mortality rates for healthy inactive members were based on the RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2015. Mortality rates for disabled members were based on the RPH-2014 Disabled Retiree Mortality Table fully generational using Scale MP-2015.

The most recent actuarial experience study on which significant assumptions were based was completed in 2013.

The Long-Term expected rate of return was 7.25% as of July 1, 2016 and 6.75% as of June 30, 2017.

**Discount rate**

The discount rate used when the OPEB plan investments are insufficient to pay for future benefits is selected from a range of 20-year Municipal Bond Indices and include the Bond Buyer GO 20-Bond Municipal Bond Index, the S&P Municipal Bond 20-year High Grade Rate Index, and the Fidelity 20-year GO Municipal Bond Index. The final equivalent single discount rate used for this year's valuation is 6.75% as of the end of the fiscal year with the expectation that the Schools will contribute the pay-go cost from the general operating asset and deposit \$2.6 million into the OPEB Trust until such time when the sum of pay-go cost and \$2.6 million exceed the Actuarially Determined Contribution. At that time the School will deposit the ADC into the OPEB Trust and pay pay-go costs from the Trust.



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2017**

**Changes in Net OPEB Liability-Arlington Public Schools**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	\$143,144,436	\$42,987,187	\$100,157,249
Changes for the year:			
Service Cost	3,724,642	-	3,724,642
Interest	10,156,192	-	10,156,192
Difference between expected and actual experience	7,411,499	-	7,411,499
Changes in Assumptions	18,230,091	-	18,230,091
Contributions-Employer	-	8,827,027	(8,827,027)
Net Investment Income	-	5,287,676	(5,287,676)
Benefit Payments	(6,227,027)	(6,227,027)	-
Net Changes:	33,295,397	7,887,676	25,407,721
Balances at June 30, 2017	\$176,439,833	\$50,874,863	\$125,564,970

**Sensitivity of the net OPEB Liability to changes in the Discount Rate**

The following amounts present the net OPEB liability of the Schools, as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current discount rate:

1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
\$151,460,207	\$125,564,970	\$104,375,677

**Sensitivity of the net OPEB Liability to changes in the Healthcare Cost Trend Rates:**

The following presents the net OPEB liability of the Schools, as well as what the Schools' net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (7.50% decreasing by 0.25% annually to an ultimate rate of 4%) or 1- percentage-point higher (9.50% decreasing by 0.25% annually to an ultimate rate of 6.00%) than the current healthcare cost trend rates:

1% Decrease 7.50% decreasing to 4.00%	Healthcare Cost Trend Rates 8.50% decreasing to 5.00%	1% Increase 9.50% decreasing to 6.00%
\$108,343,197	\$125,564,970	\$142,963,474

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

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**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2017, the Schools will recognize OPEB expense in the amount of \$11,965,400. At June 30, 2017, the Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$6,917,399	\$-
Changes of Assumptions	17,014,752	-
Net difference between Projected and Actual Earnings on OPEB Plan Investments	-	1,662,803
Total:	<u>\$23,932,151</u>	<u>\$1,662,803</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years as noted below:

Fiscal Year Ending June 30th	Balance
2018	\$ 1,293,738
2019	1,293,738
2020	1,293,738
2021	1,293,738
2022	1,709,439
Thereafter	15,384,956

Additional disclosures on changes in Schools net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.



## **Required Supplementary Information**

In accordance with GASB 34, the exhibits included are required to supplement the basic financial statements. This information is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context.

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**ARLINGTON COUNTY, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-A

Page 1 of 2

**Budgetary Comparison Schedule-General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
General Property taxes:				
Real estate	\$687,171,555	\$687,171,555	\$698,901,529	\$11,729,974
Personal	112,052,147	112,052,147	114,836,050	2,783,903
Other local taxes	197,795,000	197,795,000	208,805,826	11,010,826
Licenses, permits and fees	10,217,950	10,217,950	11,459,159	1,241,209
Charges for services	56,404,254	56,777,504	57,520,846	743,342
Fines and forfeitures	8,317,748	8,317,748	7,059,743	(1,258,005)
Grants:				
State grants	72,877,877	78,981,487	75,076,003	(3,905,484)
Federal grants	14,455,320	16,468,845	18,297,110	1,828,265
Use of money and property	6,993,139	6,993,139	7,415,759	422,620
Miscellaneous revenue	31,420,247	12,809,607	13,465,455	655,848
<b>Total revenues</b>	<b>1,197,705,237</b>	<b>1,187,584,982</b>	<b>1,212,837,480</b>	<b>25,252,498</b>
<b>EXPENDITURES:</b>				
General Government Administration:				
County Board	1,509,416	1,559,416	1,405,569	153,847
County Manager	5,257,227	5,257,227	5,425,724	(168,497)
Financial Management	7,347,047	7,357,600	7,428,284	(70,684)
Human Resources	9,308,291	9,338,291	8,919,460	418,831
Technology Services	19,985,285	20,115,285	20,459,334	(344,049)
County Attorney	2,772,065	2,772,065	3,141,596	(369,531)
Commissioner of Revenue	5,572,714	5,572,714	5,457,960	114,754
Treasurer	6,900,367	6,900,367	6,879,063	21,304
Electoral Board	1,788,646	1,788,646	1,479,070	309,576
<b>Total General Government</b>	<b>60,441,058</b>	<b>60,661,611</b>	<b>60,596,060</b>	<b>65,551</b>
Judicial Administration:				
Circuit Court & Circuit Court Judiciary	4,194,817	4,219,272	4,247,348	(28,076)
General District Court	388,115	388,115	332,851	55,264
Juvenile & Domestic Relations Court	6,400,759	6,483,759	6,003,989	479,770
Commonwealth Attorney	4,066,913	4,155,984	4,049,552	106,432
Sheriff & Jail	41,585,320	42,007,067	44,118,172	(2,111,105)
Office of the Public Defender	166,111	166,111	157,137	8,974
Magistrate's Office	42,616	42,616	39,044	3,572
<b>Total Judicial Administration</b>	<b>56,844,651</b>	<b>57,462,924</b>	<b>58,948,093</b>	<b>(1,485,169)</b>
Public Safety:				
Police	65,823,027	67,712,326	66,040,676	1,671,650
Office of Emergency Management	11,756,311	12,272,411	11,662,065	610,346
Fire	56,453,836	57,325,229	58,034,572	(709,343)
<b>Total Public Safety</b>	<b>134,033,174</b>	<b>137,309,966</b>	<b>135,737,313</b>	<b>1,572,653</b>
Environmental Services	91,211,853	96,611,306	93,100,334	3,510,972
Health & Welfare	135,395,857	140,699,257	134,525,749	6,173,508
Libraries	13,858,945	13,858,945	13,648,924	210,021

**ARLINGTON COUNTY, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-A

Page 2 of 2

**Budgetary Comparison Schedule-General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Planning & Community Development:				
Economic Development	9,105,462	8,558,568	8,524,531	34,037
Community Planning, Housing & development	11,337,792	11,511,872	10,978,461	533,411
Total Planning & Community Development	20,443,254	20,070,440	19,502,992	567,448
Parks and Recreation	39,977,087	40,753,221	40,081,828	671,393
Education	466,964,233	489,675,094	475,698,480	13,976,614
Non-Departmental:				
Non-Departmental	66,108,535	126,229,618	69,607,342	56,622,276
Debt Service				
Principal payment	41,514,549	40,471,357	43,967,972	(3,496,615)
Interest payment	19,628,270	20,671,462	16,280,240	4,391,222
Other costs	125,000	125,000	3,942	121,058
Regionals/Contributions	8,090,741	8,228,441	7,550,062	678,379
METRO	30,343,315	30,343,315	30,343,315	-
Total Non-Departmental	165,810,410	226,069,193	167,752,873	58,316,320
Total expenditures	1,184,980,522	1,283,171,957	1,199,592,646	83,579,311
Excess (deficiency) of revenues over expenditures	12,724,715	(95,586,975)	13,244,834	108,831,809
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,457,246	3,976,455	519,209
Transfers out	(12,724,715)	(22,926,766)	(22,034,960)	891,806
Total other financing sources/(uses)	(12,724,715)	(19,469,520)	(18,058,505)	1,411,015
Net change in fund balance	-	(115,056,495)	(4,813,671)	110,242,824
Fund Balance - beginning of year	191,243,859	191,243,859	191,243,859	-
Fund Balance - end of year	\$191,243,859	\$76,187,364	\$186,430,188	\$110,242,824

**ARLINGTON COUNTY, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-B

**Schedule of Changes in the County's Net Pension Liability (Asset) and Related Ratios**  
(\$ in millions)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$53.8	\$54.8	\$52.1
Interest	143.6	135.6	131.6
Differences between expected and actual experience	(47.3)	(16.2)	(11.0)
Changes of assumptions	27.2	-	29.4
Benefit payments, including refunds of employee contributions	(95.3)	(90.8)	(86.3)
<b>Net change in total pension liability</b>	<u>82.0</u>	<u>83.4</u>	<u>115.8</u>
Total pension liability -- beginning	<u>1,971.5</u>	<u>1,888.1</u>	<u>1,772.3</u>
Total pension liability -- ending	<u><u>\$2,053.5</u></u>	<u><u>\$1,971.5</u></u>	<u><u>\$1,888.1</u></u>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$54.5	\$58.2	\$53.7
Contributions - employee	12.3	12.2	11.9
Net investment income	(1.3)	37.3	304.2
Benefit payments, including refunds of employee contributions	(95.3)	(90.8)	(86.3)
Administrative expense	(1.7)	(1.5)	(0.7)
<b>Net change in plan fiduciary net position</b>	<u>(31.5)</u>	<u>15.4</u>	<u>282.8</u>
 Plan fiduciary net position - beginning	<u>1,995.0</u>	<u>1,979.6</u>	<u>1,696.8</u>
Plan fiduciary net position - ending	<u><u>\$1,963.5</u></u>	<u><u>\$1,995.0</u></u>	<u><u>\$1,979.6</u></u>
 <b>County's net pension liability (asset) - ending</b>	<u><u>\$90.0</u></u>	<u><u>(\$23.5)</u></u>	<u><u>(\$91.5)</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	95.6%	101.2%	104.85%
 Covered- employee payroll	\$248.9	\$243.5	\$252.4
 County's net position liability as a percentage of covered-employee payroll	36.2%	9.7%	(0.4)

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





**ARLINGTON COUNTY, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-E

**Schedule of Employer's Share of Net Pension Liability  
VRS Teacher Retirement Plan  
For the Year Ended June 30, 2017, 2016 and 2015 \***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	3.54755%	3.50960%	3.41217%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$497,158,000	\$441,730,000	\$412,350,000
Employer's Covered-Employee Payroll	\$295,036,838	\$278,505,978	\$264,893,277
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	168.51%	158.61%	155.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2017 is the third 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.

Exhibit 11-F

**Schedule of Employer Contributions-VRS Teachers Retirement Plan  
For the Year Ended June 30, 2017, 2016 and 2015**

	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>Date</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
2017	\$43,252,400	\$41,192,000	2,060,400	\$295,036,838	14.66%
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 2017 is the third 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 is still a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

**ARLINGTON COUNTY, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**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

Exhibit 11-G

**Schedule of Changes in the Political Subdivision's Net Pension Liability  
and Related Ratios**

	<u>2016</u>	<u>2015</u>
<b>Total pension liability</b>		
Service cost	\$1,828,396	\$2,027,449
Interest	2,699,983	2,439,032
Differences between expected and actual experience	(1,444,760)	237,081
Benefit payments, including refunds of employee contributions	(1,069,403)	(881,977)
Net change in total pension liability	<u>2,014,216</u>	<u>3,821,585</u>
Total pension liability - beginning	<u>39,105,889</u>	<u>35,284,304</u>
Total pension liability - ending (a)	<u><u>\$41,120,105</u></u>	<u><u>\$39,105,889</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$1,225,860	\$954,339
Contributions - employee	884,066	722,556
Net investment income	667,328	1,570,563
Benefit payments, including refunds of employee contributions	(1,069,403)	(881,977)
Administrative expense	(21,338)	(20,294)
Other	(273)	(332)
Net change in plan fiduciary net position	<u>1,686,240</u>	<u>2,344,855</u>
Plan fiduciary net position - beginning	<u>35,675,939</u>	<u>33,331,084</u>
Plan fiduciary net position - ending (b)	<u><u>\$37,362,179</u></u>	<u><u>\$35,675,939</u></u>
<b>Political subdivision's net pension liability - ending (a) - (b)</b>	<u><u>\$3,757,926</u></u>	<u><u>\$3,429,950</u></u>
Plan fiduciary net position as a percentage of the total pension liability	90.86%	91.23%
Covered payroll	\$17,912,069	\$18,922,234
Political subdivision's net pension liability as a percentage of covered payroll	20.98%	18.13%

*This table is intended to show 10 years-worth of data. Additional years will be included as they become available.*

**ARLINGTON COUNTY, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-H

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

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(5)</b>
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 is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is 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:

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

**ARLINGTON COUNTY, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-I

**Schedule of Changes County's in Net OPEB Liability and Related Ratios**

<b>Total OPEB Liability</b>	<b>2017</b>
Service cost	\$6,789,601
Interest	19,577,252
Changes in assumptions	21,967,205
Difference between expected and actual experience	(7,417,570)
Benefit Payments	<u>(12,672,328)</u>
Net change in total OPEB liability	28,244,160
Total OPEB liability-beginning	<u>277,230,002</u>
Total OPEB liability-ending (a)	\$305,474,162
<b>Plan fiduciary net position</b>	
Contributions-employer	19,522,328
Net investment income	11,825,989
Benefit payments	(12,672,328)
Net change in plan fiduciary net position	18,675,989
Plan fiduciary net position-beginning	<u>96,384,743</u>
Plan fiduciary net position-ending (b)	<u>115,060,732</u>
<b>Net OPEB Liability-ending</b>	<u><u>\$190,413,430</u></u>
Plan Fiduciary net position as % of total OPEB liability	37.7%
Covered employee payroll	N/A
Net OPEB liability as % of covered payroll	N/A

*This schedule is intended to show 10 years worth of data. Additional years will be included as they become available.*

**ARLINGTON COUNTY, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-J

**Schedule of Employer Contributions - County OPEB Plan**

<b>Date</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions in relation to ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
06/30/2017	\$17,836,375	\$19,522,328	(\$1,685,953)	N/A	N/A
06/30/2016	18,448,969	19,706,851	(1,257,882)	N/A	N/A
06/30/2015	18,935,237	19,480,852	(545,615)	N/A	N/A
06/30/2014	19,871,609	20,942,046	(1,070,437)	N/A	N/A
06/30/2013	20,013,479	19,879,203	134,276	257,540,000	7.72%
06/30/2012	18,314,275	19,018,775	(704,500)	247,630,000	7.68%
06/30/2011	17,311,380	16,334,196	977,184	231,930,000	7.04%
06/30/2010	16,698,955	16,758,937	(59,982)	221,950,000	7.55%
06/30/2009	15,500,000	23,632,512	(8,132,512)	243,400,000	9.71%
06/30/2008	15,300,000	8,664,381	6,635,619	152,300,000	5.69%

Exhibit 11-K

**Notes to Schedules-County OPEB**

Valuation Date: 07/01/2016  
Actuarially determined contribution rates are calculated as of July 1, 2016, prior to the fiscal year in when they are reported, and have been projected to June 30, 2017 on a “no gain / no loss” basis.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry age normal level % of salary
Amortization method/period	Level % of salary, 26 years
Asset valuation method	Fair market value of assets
Inflation:	3.50% per year as of July 1, 2016 3.00% per year as of June 30, 2017
Medical trend rate:	The medical trend rate assumption starts at 8.0% in 2017 and gradually declines to 5.0% by the year 2029.
Salary increases	3.50% salary scale as of July 1, 2016 3.00% salary scale as of July 1, 2017
Investment rate of return	7.25% per year as of July 1, 2016 6.75% per year as of July 1, 2017
Retirement age	The average age at retirement is 62.
Mortality rates:	The mortality rates for active and healthy retirees was calculated using the RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. The mortality rates for disabled retirees and calculated using the PRH-2015 Disabled Mortality Table fully generational using scale MP-2015.

**ARLINGTON COUNTY, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-L

**Schedule of Changes in the School's Net OPEB Liability and Related Ratios**

<b>Total OPEB Liability</b>	<b>2017</b>
Service cost	\$3,724,642
Interest	10,156,192
Changes in assumptions	18,230,091
Difference between expected and actual experience	7,411,499
Benefit payments	(6,227,027)
Net change in total OPEB liability	33,295,397
Total OPEB liability - beginning	143,144,436
Total OPEB liability - ending (a)	\$176,439,833
<b>Plan fiduciary net position</b>	
Contributions-employer	\$8,827,027
Contributions-retired members	-
Net investment income	5,287,676
Benefit payments	(6,227,027)
Net change in plan fiduciary net position	7,887,676
Plan fiduciary net position - beginning	42,987,187
Plan fiduciary net position - ending (b)	\$50,874,863
<b>Net OPEB Liability-ending (a) - (b)</b>	<b>\$125,564,970</b>
Plan Fiduciary net position as % of total OPEB liability	28.8%
Covered employee payroll	\$294,660,463
Net OPEB liability as % of covered payroll	42.6%

*This schedule is intended to show 10 years worth of data. Additional years will be included as they become available.*

**ARLINGTON COUNTY, VIRGINIA**

**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 11-M

<b>Schedule of Employer Contributions - Arlington County Public Schools</b>					
<b>Date</b>	<b>Actuarially Determined Contribution (ADC)</b>	<b>Contributions in relation to ADC</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Employee Payroll</b>	<b>Contribution as a Percentage of Covered Payroll</b>
06/30/2017	\$9,448,250	\$8,827,027	\$621,223	\$294,660,463	3.0%
06/30/2016	9,072,082	8,033,056	1,039,026	275,631,084	2.9%
06/30/2015	7,516,603	8,000,708	(484,105)	211,917,981	3.8%
06/30/2014	7,631,362	7,910,729	(279,367)	204,258,295	3.9%
06/30/2013	8,062,374	9,352,970	(1,290,596)	267,192,229	3.5%
06/30/2012	9,248,589	10,293,067	(1,044,478)	255,686,344	4.0%
06/30/2011	9,373,969	12,217,684	(2,843,715)	244,675,927	5.0%
06/30/2010	8,986,982	9,830,945	(843,963)	234,139,643	4.2%
06/30/2009	15,000,000	7,473,320	7,526,680	221,800,000	3.4%
06/30/2008	20,900,000	9,639,994	11,260,006	221,800,000	4.3%

Exhibit 11-N

**Notes to Schedules-Arlington Public Schools**

Valuation Date:	06/30/2017
<i>Methods and assumptions used to determine contribution rates:</i>	
Actuarial cost method:	Entry age normal level % of salary
Amortization method	Level % of salary
Amortization period	30 years
Asset valuation method	Fair market value of assets
Inflation:	3.50% per year as of July 1, 2016 3.00% per year as of June 30, 2017
Medical trend rate:	The medical trend rate assumption starts at 8.5% in 2017 and gradually declines to 5.0% by the year 2031.
Salary increases	3.50% salary scale as of July 1, 2016 3.00% salary scale as of July 1, 2017
Investment rate of return	7.50% per year as of July 1, 2016 6.75% per year as of July 1, 2017
Retirement age	The average retirement age is 62.
Mortality rates:	The mortality rates for active and healthy retirees was calculated using the RPH-2014 Total Dataset Mortality Table fully generational using scale MP-2015. The mortality rates for disabled retirees was calculated using the PRH-2014 Disabled Mortality Table fully generational using scale MP-2015.

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# **OTHER SUPPLEMENTARY INFORMATION**

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

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# 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, 2017

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUNDS											Total Non-Major Governmental Funds	ASSETS
	Ballston Quarter Community Development Authority	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	Transit Facility Bond Fund	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund		
<b>ASSETS</b>																				
Equity in pooled cash and investments	\$111,785	\$454,871	\$867,332	\$1,973,179	\$1,390,569	\$2,626,241	\$-	\$14,428,031	\$14,651,251	\$45,729,854	\$19,487,433	\$39,473,450	\$4,625	\$44	\$48,082,585	\$16,724,929	\$695,911	\$-	\$206,702,090	Equity in pooled cash and investments
Receivables, net	-	-	-	-	-	21,227,548	-	-	-	-	60,033	-	-	-	-	-	-	-	21,287,581	Receivables, net
Receivables from other governments	-	-	-	-	-	159,778	19,288	-	-	178,021	-	-	-	-	1,222,823	-	-	-	1,579,910	Receivables from other governments
Prepaid	-	-	-	-	-	-	1,351,822	-	4,275	-	-	-	-	-	-	-	-	-	1,356,097	Prepaid
<b>Total assets</b>	<b>\$111,785</b>	<b>\$454,871</b>	<b>\$867,332</b>	<b>\$1,973,179</b>	<b>\$1,390,569</b>	<b>\$24,013,567</b>	<b>\$1,371,110</b>	<b>\$14,428,031</b>	<b>\$14,655,526</b>	<b>\$45,729,854</b>	<b>\$19,725,487</b>	<b>\$39,473,450</b>	<b>\$4,625</b>	<b>\$44</b>	<b>\$48,082,585</b>	<b>\$17,947,752</b>	<b>\$695,911</b>	<b>\$-</b>	<b>\$230,925,678</b>	<b>Total assets</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>																				
<b>LIABILITIES</b>																				
Accounts payable	\$111,785	\$276,621	\$-	\$-	\$-	\$170,432	\$1,161,065	\$3,717,795	\$1,036,225	\$2,069,489	\$1,406,659	\$228,753	\$-	\$-	\$-	\$77,313	\$209,405	\$15,717	\$10,481,259	Accounts Payable
Other liabilities	-	-	-	-	-	8,838,912	-	-	3,200	233,203	335,887	59,960	-	-	-	55,541	-	75,155	9,601,858	Other liabilities
<b>Total liabilities</b>	<b>111,785</b>	<b>276,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,009,344</b>	<b>1,161,065</b>	<b>3,717,795</b>	<b>1,039,425</b>	<b>2,302,692</b>	<b>1,742,546</b>	<b>288,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,854</b>	<b>209,405</b>	<b>90,872</b>	<b>20,083,117</b>	<b>Total liabilities</b>
Deferred revenue-Dev. Loan	-	-	-	-	-	12,388,636	-	-	-	-	-	-	-	-	-	-	-	-	12,388,636	Deferred Loan
Deferred inflows	-	-	790,422	1,791,936	1,337,135	2,615,587	210,045	-	-	-	-	-	-	-	-	-	-	-	6,745,125	Deferred Inflows
<b>Total liabilities and deferred inflows</b>	<b>\$111,785</b>	<b>276,621</b>	<b>790,422</b>	<b>1,791,936</b>	<b>1,337,135</b>	<b>24,013,567</b>	<b>1,371,110</b>	<b>3,717,795</b>	<b>1,039,425</b>	<b>2,302,692</b>	<b>1,742,546</b>	<b>288,713</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,854</b>	<b>209,405</b>	<b>90,872</b>	<b>39,216,878</b>	<b>Total Liabilities and Deferred Inflows</b>
<b>FUND BALANCES</b>																				
Nonspendable	-	-	-	-	-	-	1,351,822	-	4,275	-	-	-	-	-	-	-	-	-	1,356,097	Nonspendable
Restricted	-	178,250	76,910	181,243	53,434	-	-	10,710,236	13,611,826	43,427,162	-	39,184,737	-	-	48,082,585	-	-	-	155,506,383	Restricted
Committed	-	-	-	-	-	-	-	-	-	-	17,982,941	-	4,625	44	17,814,898	486,506	-	-	36,289,014	Committed
Unrestricted	-	-	-	-	-	-	(1,351,822)	-	-	-	-	-	-	-	-	-	(90,872)	(1,442,694)	Unrestricted	
<b>Total fund balances</b>	<b>-</b>	<b>178,250</b>	<b>76,910</b>	<b>181,243</b>	<b>53,434</b>	<b>-</b>	<b>-</b>	<b>10,710,236</b>	<b>13,616,101</b>	<b>43,427,162</b>	<b>17,982,941</b>	<b>39,184,737</b>	<b>4,625</b>	<b>44</b>	<b>48,082,585</b>	<b>17,814,898</b>	<b>486,506</b>	<b>(90,872)</b>	<b>191,708,800</b>	<b>Total fund balances</b>
<b>Total liabilities and fund balances</b>	<b>\$111,785</b>	<b>\$454,871</b>	<b>\$867,332</b>	<b>\$1,973,179</b>	<b>\$1,390,569</b>	<b>\$24,013,567</b>	<b>\$1,371,110</b>	<b>\$14,428,031</b>	<b>\$14,655,526</b>	<b>\$45,729,854</b>	<b>\$19,725,487</b>	<b>\$39,473,450</b>	<b>\$4,625</b>	<b>\$44</b>	<b>\$48,082,585</b>	<b>\$17,947,752</b>	<b>\$695,911</b>	<b>\$-</b>	<b>\$230,925,678</b>	<b>Total liabilities and fund balances</b>

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS							CAPITAL PROJECTS FUNDS											REVENUES:	
	Ballston Quarter Community Development Authority	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Government Facility Bond Fund	Stormwater Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transit Fund	Crystal City TIF	Columbia Pike TIF	IDA Bond Fund		Total Non-Major Governmental Funds
REVENUES:																				
Other local taxes	\$111,785	\$1,262,988	\$1,586,520	\$3,515,040	\$2,537,971	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$9,014,304	Other local taxes
Real estate taxes	-	-	-	-	-	-	-	-	-	-	9,276,016	-	-	-	-	5,396,172	601,844	-	15,274,032	Real estate taxes
Intergovernmental	-	-	-	-	-	3,621,791	18,791,247	-	-	-	1,143,567	-	-	-	-	171,862	-	-	23,728,467	Intergovernmental
Interest income	-	-	1,076	2,058	999	-	-	20,434	62,019	205,711	-	224,079	-	-	63,183	-	3,073	-	582,632	Interest income
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	457,983	-	-	-	-	1,947,669	-	-	2,405,652	Miscellaneous revenue
<b>Total revenues</b>	<b>111,785</b>	<b>1,262,988</b>	<b>1,587,596</b>	<b>3,517,098</b>	<b>2,538,970</b>	<b>3,621,791</b>	<b>18,791,247</b>	<b>20,434</b>	<b>62,019</b>	<b>205,711</b>	<b>10,877,566</b>	<b>224,079</b>	<b>-</b>	<b>-</b>	<b>63,183</b>	<b>7,515,703</b>	<b>601,844</b>	<b>3,073</b>	<b>51,005,087</b>	<b>Total revenues</b>
EXPENDITURES:																				
Planning and community development	111,785	1,710,886	1,566,072	3,453,883	2,497,556	3,621,791	18,791,247	-	-	-	7,750,318	-	-	-	187,055	632,875	-	40,323,468	Planning and community development	
Intergovernmental:																				
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,300,000	-	-	-	8,300,000	Community development
Capital outlay	-	-	-	-	-	-	-	11,609,119	5,052,975	13,655,645	7,249,037	4,225,708	-	-	-	1,732,781	-	-	43,525,265	Capital outlay
<b>Total expenditures</b>	<b>111,785</b>	<b>1,710,886</b>	<b>1,566,072</b>	<b>3,453,883</b>	<b>2,497,556</b>	<b>3,621,791</b>	<b>18,791,247</b>	<b>11,609,119</b>	<b>5,052,975</b>	<b>13,655,645</b>	<b>14,999,355</b>	<b>4,225,708</b>	<b>-</b>	<b>-</b>	<b>8,300,000</b>	<b>1,919,836</b>	<b>632,875</b>	<b>-</b>	<b>92,148,733</b>	<b>Total expenditures</b>
Revenues over (under) expenditures	-	(447,898)	21,524	63,215	41,414	-	-	(11,588,685)	(4,990,956)	(13,449,934)	(4,121,789)	(4,001,629)	-	-	(8,236,817)	5,595,867	(31,031)	3,073	(41,143,646)	Revenues over (under) expenditures
OTHER FINANCING SOURCES(USES):																				
Proceeds from sale of bonds	-	-	-	-	-	-	-	15,670,000	9,600,000	26,125,000	-	11,900,000	-	-	46,600,000	-	-	-	109,895,000	Proceeds from sale of bonds
Transfers in (out)	-	626,148	(15,865)	(35,150)	(25,380)	-	-	(20,434)	(62,019)	(205,711)	-	(224,079)	-	-	(63,183)	-	-	(3,073)	(28,746)	Transfers in (out)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>626,148</b>	<b>(15,865)</b>	<b>(35,150)</b>	<b>(25,380)</b>	<b>-</b>	<b>-</b>	<b>15,649,566</b>	<b>9,537,981</b>	<b>25,919,289</b>	<b>-</b>	<b>11,675,921</b>	<b>-</b>	<b>-</b>	<b>46,536,817</b>	<b>-</b>	<b>-</b>	<b>(3,073)</b>	<b>109,866,254</b>	<b>Total Other financing sources (uses)</b>
Net change in fund balances	-	178,250	5,659	28,065	16,034	-	-	4,060,881	4,547,025	12,469,355	(4,121,789)	7,674,292	-	-	38,300,000	5,595,867	(31,031)	-	68,722,608	Net change in fund balances
FUND BALANCE, beginning 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	9,782,585	12,219,031	517,537	(90,872)	122,986,192	FUND BALANCE, beginning of year
FUND BALANCE, end of year	\$-	\$178,250	\$76,910	\$181,243	\$53,434	\$-	\$-	\$10,710,236	\$13,616,101	\$43,427,162	\$17,982,941	\$39,184,737	\$4,625	\$44	\$48,082,585	\$17,814,898	\$486,506	(\$90,872)	\$191,708,800	FUND BALANCE, end of year
	0	178,250	76,910	181,243	53,434	-	-	10,710,236	13,616,101	43,427,162	17,982,941	39,184,737	4,625	44	48,082,585	17,814,898	486,506	(90,872)	191,708,800	

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## 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.

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ARLINGTON COUNTY, VIRGINIA  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017	2016
<b>ASSETS</b>		
Equity in pooled cash and investments	\$279,068,488	\$274,397,190
Petty cash	1,150	1,650
Cash with fiscal agents	270,456	272,426
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	393,091,354	380,137,394
Accounts Receivable - Other	14,137,713	16,955,741
Accounts Receivable - Development Loan	28,804,099	-
Accrued interest	1,230,417	789,016
Due from other governments	11,320,992	4,911,704
Temporary loan to fund	1,120,470	1,099,428
Due from component unit	418,342	274,678
Prepaid items and other assets	35,036	833,638
	<u>\$729,498,517</u>	<u>\$679,672,865</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
<b>LIABILITIES:</b>		
Accrued payroll liabilities	\$22,640,958	\$28,066,670
Vouchers payable	7,867,241	7,124,724
Current maturities of interest payable	267,304	267,304
Other current liabilities	2,447,175	2,485,476
Unearned revenue	240,181	238,831
Due to component unit	92,774,673	74,716,491
Total liabilities	<u>126,237,532</u>	<u>112,899,496</u>
<b>DEFERRED INFLOWS:</b>		
Deferred Revenue - Development Loan	28,804,099	-
Deferred Revenue - Other	388,026,698	375,529,510
Total liabilities and deferred inflows	<u>543,068,329</u>	<u>488,429,006</u>
<b>FUND BALANCE:</b>		
<u>Non spendable:</u>		
Prepaid items	35,036	-
<u>Restricted for:</u>		
Grants	255,110	-
Seized assets	1,599,616	1,515,487
<u>Committed to:</u>		
Self insurance reserve	5,000,000	5,000,000
Economic & revenue stabilization contingent	4,000,000	3,000,000
Operating reserve	62,635,601	59,885,262
Subsequent years' County budget	4,643,563	7,165,939
Capital projects	6,636,589	2,057,099
Incomplete projects	664,991	562,321
Affordable Housing Investment Fund - Allocated	44,073,880	36,834,387
Subsequent years' School's budget	24,217,093	25,164,263
<u>Assigned to:</u>		
Contingency funds	5,860,000	5,950,000
Subsequent years' County capital projects	10,279,343	17,248,521
Fresh AIRE program	156,301	652,621
Planned projects	2,532,004	2,531,501
Affordable Housing Investment Fund - Unallocated	13,841,061	23,676,458
	<u>186,430,188</u>	<u>191,243,859</u>
Total fund balance	<u>186,430,188</u>	<u>191,243,859</u>
Total liabilities, deferred inflows and fund balance	<u>\$729,498,517</u>	<u>\$679,672,865</u>

ARLINGTON COUNTY, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	2017		VARIANCE POSITIVE (NEGATIVE)	2016 ACTUALS
	BUDGET	ACTUAL		
<b>REVENUES:</b>				
Taxes	\$997,018,702	\$1,022,543,405	\$25,524,703	\$986,485,760
Licenses and permits	10,217,950	11,459,159	1,241,209	9,846,558
From the Commonwealth of Virginia	78,981,487	75,076,003	(3,905,484)	71,790,714
From the federal government	16,468,845	18,297,110	1,828,265	17,035,639
Charges for services	56,777,504	57,520,846	743,342	54,490,980
Fines and forfeitures	8,317,748	7,059,743	(1,258,005)	7,059,138
Use of money and property	6,993,139	7,415,759	422,620	9,451,264
Miscellaneous revenues	10,290,647	13,380,229	3,089,582	12,255,370
<b>Total revenues</b>	<b>1,185,066,022</b>	<b>1,212,752,254</b>	<b>27,686,232</b>	<b>1,168,415,423</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	60,661,611	60,596,060	65,551	58,102,190
Judicial administration	57,462,924	58,948,093	(1,485,169)	58,677,922
Public safety	137,309,966	135,737,313	1,572,653	133,129,820
Environmental services	96,611,306	93,100,334	3,510,972	90,929,047
Health and welfare	140,699,257	134,525,749	6,173,508	127,949,353
Parks and recreation	40,753,221	40,081,828	671,393	37,974,121
Libraries	13,858,945	13,648,924	210,021	12,999,158
Planning and community development	20,070,440	19,502,992	567,448	21,574,057
Non-departmental	126,229,618	69,607,342	56,622,276	63,067,532
Contributions to regional agencies	38,571,756	37,893,377	678,379	36,511,912
<b>Debt service:</b>				
Principal	40,471,357	43,967,972	(3,496,615)	39,843,463
Interest on serial bonds	20,671,462	16,280,240	4,391,222	18,360,273
Other costs	125,000	3,942	121,058	5,732
<b>Total expenditures</b>	<b>793,496,863</b>	<b>723,894,166</b>	<b>69,602,697</b>	<b>699,124,580</b>
<b>Revenues over expenditures</b>	<b>391,569,159</b>	<b>488,858,088</b>	<b>97,288,929</b>	<b>469,290,843</b>
<b>OTHER FINANCING SOURCES(USES):</b>				
Transfers in	3,476,206	4,095,415	619,209	1,839,700
Transfers from component unit	2,500,000	372,376	(2,127,624)	255,240
Transfers out	(22,926,766)	(22,068,694)	858,072	(20,278,358)
Transfers to component unit	(489,675,094)	(476,070,856)	13,604,238	(464,986,648)
Premium on sales of bonds	-	-	-	4,863,006
<b>Total other financing sources(uses)</b>	<b>(506,625,654)</b>	<b>(493,671,759)</b>	<b>12,953,895</b>	<b>(478,307,060)</b>
<b>Revenues over (under) expenditures and other sources(uses)</b>	<b>(115,056,495)</b>	<b>(4,813,671)</b>	<b>110,242,824</b>	<b>(9,016,217)</b>
<b>FUND BALANCE, beginning of year</b>	<b>191,243,859</b>	<b>191,243,859</b>	<b>-</b>	<b>200,260,076</b>
<b>FUND BALANCE, end of year</b>	<b>\$76,187,364</b>	<b>\$186,430,188</b>	<b>\$110,242,824</b>	<b>\$191,243,859</b>



## Special Revenue Funds

*Ballston Quarter Community Development Authority* – to account for the operations of the Ballston Quarter redevelopment project. This will be funded by a CDA bond and backed with incremental tax revenues.

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

*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

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

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

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

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

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ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
AS OF JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Ballston Quarter Community Development Authority	Travel & Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Totals	
								June 30, 2017	June 30, 2016
<b>ASSETS</b>									
Equity in pooled cash and investments	\$111,785	\$454,871	\$867,332	\$1,973,179	\$1,390,569	\$2,626,241	\$-	\$7,423,977	\$7,623,719
Receivable from other government	-	-	-	-	-	159,778	19,288	179,066	321,494
Long-term receivables	-	-	-	-	-	21,227,548	-	21,227,548	19,994,874
Prepaid expenses	-	-	-	-	-	-	1,351,822	1,351,822	1,382,728
<b>Total assets</b>	<b>\$111,785</b>	<b>\$454,871</b>	<b>\$867,332</b>	<b>\$1,973,179</b>	<b>\$1,390,569</b>	<b>\$24,013,567</b>	<b>\$1,371,110</b>	<b>\$30,182,413</b>	<b>\$29,322,815</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>									
<b>LIABILITIES</b>									
Vouchers payable	\$111,785	\$276,621	\$-	\$-	\$-	\$170,432	\$115,750	\$674,588	\$464,638
Temporary loan - General Fund	-	-	-	-	-	-	1,045,315	1,045,315	920,865
Long-term liabilities	-	-	-	-	-	8,838,912	-	8,838,912	10,115,798
<b>Total liabilities</b>	<b>111,785</b>	<b>276,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,009,344</b>	<b>1,161,065</b>	<b>10,558,815</b>	<b>11,501,301</b>
Deferred revenue-Dev. Loan	-	-	-	-	-	12,388,636	-	12,388,636	9,879,076
Deferred inflows	-	-	790,422	1,791,936	1,337,135	2,615,587	210,045	6,745,125	7,680,609
<b>Total liabilities and deferred inflows</b>	<b>111,785</b>	<b>276,621</b>	<b>790,422</b>	<b>1,791,936</b>	<b>1,337,135</b>	<b>24,013,567</b>	<b>1,371,110</b>	<b>29,692,576</b>	<b>29,060,986</b>
<b>FUND BALANCES</b>									
Nonspendable-prepays	-	-	-	-	-	-	1,351,822	1,351,822	1,382,728
Restricted	-	178,250	76,910	181,243	53,434	-	-	489,837	261,829
Unrestricted	-	-	-	-	-	-	(1,351,822)	(1,351,822)	(1,382,728)
<b>Total fund balances</b>	<b>-</b>	<b>178,250</b>	<b>76,910</b>	<b>181,243</b>	<b>53,434</b>	<b>-</b>	<b>-</b>	<b>489,837</b>	<b>261,829</b>
<b>Total liabilities and fund balances</b>	<b>\$111,785</b>	<b>\$454,871</b>	<b>\$867,332</b>	<b>\$1,973,179</b>	<b>\$1,390,569</b>	<b>\$24,013,567</b>	<b>\$1,371,110</b>	<b>\$30,182,413</b>	<b>\$29,322,815</b>

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Ballston Quarter Community Development Authority	Travel and Tourism Promotion	Ballston Business Improvement District	Rosslyn Business Improvement District	Crystal City Business Improvement District	Community Development Grants	Section 8 Housing Program	Totals	
								June 30, 2017	June 30, 2016
<b>REVENUES:</b>									
Other local taxes	\$111,785	\$1,262,988	\$1,586,520	\$3,515,040	\$2,537,971	\$-	\$-	\$9,014,304	\$7,558,913
From the federal government	-	-	-	-	-	3,621,791	18,791,247	22,413,038	18,958,779
<b>Total revenues</b>	<b>111,785</b>	<b>1,262,988</b>	<b>1,586,520</b>	<b>3,515,040</b>	<b>2,537,971</b>	<b>3,621,791</b>	<b>18,791,247</b>	<b>31,427,342</b>	<b>26,517,692</b>
<b>EXPENDITURES:</b>									
Current -									
Community development	111,785	-	1,566,072	3,453,883	2,497,556	3,621,791	-	11,251,087	8,870,507
Travel & tourism promotion	-	1,710,886	-	-	-	-	-	1,710,886	-
Housing program	-	-	-	-	-	-	18,791,247	18,791,247	17,490,977
<b>Total expenditures</b>	<b>111,785</b>	<b>1,710,886</b>	<b>1,566,072</b>	<b>3,453,883</b>	<b>2,497,556</b>	<b>3,621,791</b>	<b>18,791,247</b>	<b>31,753,220</b>	<b>26,361,484</b>
Revenues over (under) expenditures	-	(447,898)	20,448	61,157	40,415	-	-	(325,878)	156,208
<b>OTHER FINANCING SOURCES (USES):</b>									
Interest	-	-	1,076	2,058	999	-	-	4,133	2,739
Transfers out	-	-	(15,865)	(35,150)	(25,380)	-	-	(76,395)	(75,589)
Transfers in	-	626,148	-	-	-	-	-	626,148	-
<b>Total other financing sources(uses)</b>	<b>-</b>	<b>626,148</b>	<b>(14,789)</b>	<b>(33,092)</b>	<b>(24,381)</b>	<b>-</b>	<b>-</b>	<b>553,886</b>	<b>(72,850)</b>
Revenues and other financing sources (uses) over expenditures	-	178,250	5,659	28,065	16,034	-	-	228,008	83,358
FUND BALANCES, beginning of year	-	-	71,251	153,178	37,400	-	-	261,829	178,471
FUND BALANCES, end of year	\$-	\$178,250	\$76,910	\$181,243	\$53,434	\$-	\$-	\$489,837	\$261,829

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
BALLSTON QUARTER COMMUNITY DEVELOPMENT AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$-</u>	<u>\$111,785</u>	<u>\$111,785</u>
Total revenue	<u>-</u>	<u>111,785</u>	<u>111,785</u>
EXPENDITURES:			
Community development	<u>-</u>	<u>111,785</u>	<u>(111,785)</u>
Revenues over(under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
TRAVEL AND TOURISM PROMOTION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$1,250,000</u>	<u>\$1,262,988</u>	<u>\$12,988</u>
Total revenue	<u>1,250,000</u>	<u>1,262,988</u>	<u>12,988</u>
EXPENDITURES:			
Travel & tourism promotion	<u>1,876,148</u>	<u>1,710,886</u>	<u>165,262</u>
Revenues over (under) expenditures	<u>(626,148)</u>	<u>(447,898)</u>	<u>178,250</u>
OTHER FINANCING SOURCES(USES):			
Transfers in	<u>626,148</u>	<u>626,148</u>	<u>-</u>
Total other financing sources (uses)	<u>626,148</u>	<u>626,148</u>	<u>-</u>
Revenues and other financing sources (uses) over (under) expenditures	<u>-</u>	<u>178,250</u>	<u>178,250</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$-</u></u>	<u><u>\$178,250</u></u>	<u><u>\$178,250</u></u>



ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
BALLSTON BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$1,610,085</u>	<u>\$1,586,520</u>	<u>(\$23,565)</u>
Total revenue	<u>1,610,085</u>	<u>1,586,520</u>	<u>(23,565)</u>
EXPENDITURES:			
Community development	<u>1,593,984</u>	<u>1,566,072</u>	<u>27,912</u>
Revenues over(under) expenditures	<u>16,101</u>	<u>20,448</u>	<u>4,347</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	1,076	1,076
Transfers out	<u>(16,101)</u>	<u>(15,865)</u>	<u>236</u>
Total other financing sources(uses)	<u>(16,101)</u>	<u>(14,789)</u>	<u>1,312</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>5,659</u>	<u>5,659</u>
FUND BALANCE, beginning of year	<u>71,251</u>	<u>71,251</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$71,251</u>	<u>\$76,910</u>	<u>\$5,659</u>

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
ROSSLYN BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$3,614,586</u>	<u>\$3,515,040</u>	<u>(\$99,546)</u>
Total revenue	<u>3,614,586</u>	<u>3,515,040</u>	<u>(99,546)</u>
EXPENDITURES:			
Community development	<u>3,579,909</u>	<u>3,453,883</u>	<u>126,026</u>
Revenues over (under) expenditures	<u>34,677</u>	<u>61,157</u>	<u>26,480</u>
OTHER FINANCING SOURCES (USES):			
Interest	-	2,058	2,058
Transfers out	<u>(36,146)</u>	<u>(35,150)</u>	<u>996</u>
Total other financing sources (uses)	<u>(36,146)</u>	<u>(33,092)</u>	<u>3,054</u>
Revenues and other financing sources (uses) over (under) expenditures *	<u>(1,469)</u>	<u>28,065</u>	<u>29,534</u>
FUND BALANCE, beginning of year	<u>153,178</u>	<u>153,178</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$151,709</u></u>	<u><u>\$181,243</u></u>	<u><u>\$29,534</u></u>

\* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
CRYSTAL CITY BUSINESS IMPROVEMENT DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$2,588,141</u>	<u>\$2,537,971</u>	<u>(\$50,170)</u>
Total revenue	<u>2,588,141</u>	<u>2,537,971</u>	<u>(50,170)</u>
EXPENDITURES:			
Community development	<u>2,562,260</u>	<u>2,497,556</u>	<u>64,704</u>
Revenues over(under) expenditures	<u>25,881</u>	<u>40,415</u>	<u>14,534</u>
OTHER FINANCING SOURCES(USES):			
Interest	-	999	999
Transfers out	<u>(25,881)</u>	<u>(25,380)</u>	<u>501</u>
Total other financing sources(uses)	<u>(25,881)</u>	<u>(24,381)</u>	<u>1,500</u>
Revenues and other financing sources(uses) over (under) expenditures	<u>-</u>	<u>16,034</u>	<u>16,034</u>
FUND BALANCE, beginning of year	<u>37,400</u>	<u>37,400</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$37,400</u></u>	<u><u>\$53,434</u></u>	<u><u>\$16,034</u></u>

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMMUNITY DEVELOPMENT GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$6,779,314</u>	<u>\$3,621,791</u>	<u>(\$3,157,523)</u>
Total revenues	<u>6,779,314</u>	<u>3,621,791</u>	<u>(3,157,523)</u>
EXPENDITURES:			
Community development	<u>6,779,314</u>	<u>3,621,791</u>	<u>3,157,523</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
SECTION 8 HOUSING PROGRAM  
SCHEDULE OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCES  
BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
From the federal government	<u>\$18,770,976</u>	<u>\$18,791,247</u>	<u>\$20,271</u>
EXPENDITURES:			
Housing program	<u>18,953,470</u>	<u>18,791,247</u>	<u>162,223</u>
Revenues over (under) expenditures *	<u>(182,494)</u>	<u>-</u>	<u>182,494</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u>(\$182,494)</u>	<u>\$-</u>	<u>\$182,494</u>

\* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

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## 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, 2017  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	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 Fund	Transit Facility Bond Fund	Crystal City TIF	Colubia Pike TIF	IDA Bond Fund	Totals		
														June 30, 2017	June 30, 2016	
<b>ASSETS:</b>																
Equity in pooled cash and investments	\$118,452,663	\$14,428,031	\$14,651,251	\$45,729,854	\$19,487,433	\$39,473,450	\$4,625	\$44	\$162,975,757	\$48,082,585	\$16,724,929	\$695,911	\$-	\$480,706,533	\$377,334,622	Equity in pooled cash and investments
Receivables	189,148	-	-	-	60,033	-	-	-	2,405,935	-	-	-	-	2,655,116	4,542,526	Receivables
Receivables from other governments	1,423,359	-	-	-	178,021	-	-	-	7,230,181	-	1,222,823	-	-	10,054,384	7,243,184	Receivables from other governments
Prepaid expenses	-	-	4,275	-	-	-	-	-	-	-	-	-	-	4,275	4,275	Prepaid expenses
<b>Total assets</b>	<b>\$120,065,170</b>	<b>\$14,428,031</b>	<b>\$14,655,526</b>	<b>\$45,729,854</b>	<b>\$19,725,487</b>	<b>\$39,473,450</b>	<b>\$4,625</b>	<b>\$44</b>	<b>\$172,611,873</b>	<b>\$48,082,585</b>	<b>\$17,947,752</b>	<b>\$695,911</b>	<b>\$-</b>	<b>\$493,420,308</b>	<b>\$389,124,607</b>	<b>Total assets</b>
<b>LIABILITIES AND FUND BALANCES</b>																
<b>LIABILITIES:</b>																
Vouchers payable	\$3,399,420	\$3,717,795	\$1,036,225	\$2,069,489	\$1,406,659	\$228,753	\$-	\$-	\$2,842,155	\$-	\$77,313	\$209,405	\$15,717	\$15,002,931	\$20,393,701	Vouchers payable
Contracts payable-retainage	634,950	-	-	233,203	335,887	59,960	-	-	703,361	-	55,541	-	-	2,022,902	1,878,223	Contracts payable-retainage
Unearned revenue	12,564,011	-	-	-	-	-	-	-	500,827	-	-	-	-	13,064,838	7,431,494	Deferred revenue
Other liabilities	850,020	-	3,200	-	-	-	-	-	-	-	-	-	75,155	928,375	1,073,383	Other liabilities
<b>Total liabilities</b>	<b>17,448,401</b>	<b>3,717,795</b>	<b>1,039,425</b>	<b>2,302,692</b>	<b>1,742,546</b>	<b>288,713</b>	<b>-</b>	<b>-</b>	<b>4,046,343</b>	<b>-</b>	<b>132,854</b>	<b>209,405</b>	<b>90,872</b>	<b>31,019,046</b>	<b>30,776,801</b>	<b>Total liabilities</b>
<b>FUND BALANCES:</b>																
<u>Non-spendable</u>																
Prepaid	-	-	4,275	-	-	-	-	-	-	-	-	-	-	4,275	4,275	Prepaid
<u>Restricted</u>																
Debt service	-	-	-	-	-	-	-	-	13,529,817	-	-	-	-	13,529,817	22,682,341	Debt service
Capital projects	2,240,060	10,710,236	13,611,826	43,427,162	-	39,184,737	-	-	-	48,082,585	-	-	-	157,256,606	-	Capital projects
<u>Committed to</u>																
Capital projects	100,376,709	-	-	-	17,982,941	-	4,625	44	155,035,713	-	17,814,898	486,506	-	291,701,436	335,752,062	Capital projects
<u>Unrestricted</u>																
Unrestricted	-	-	-	-	-	-	-	-	-	-	-	-	(90,872)	(90,872)	(90,872)	Unrestricted
<b>Total fund balances</b>	<b>102,616,769</b>	<b>10,710,236</b>	<b>13,616,101</b>	<b>43,427,162</b>	<b>17,982,941</b>	<b>39,184,737</b>	<b>4,625</b>	<b>44</b>	<b>168,565,530</b>	<b>48,082,585</b>	<b>17,814,898</b>	<b>486,506</b>	<b>(90,872)</b>	<b>462,401,262</b>	<b>358,347,806</b>	<b>Total fund balances</b>
<b>Total liabilities and fund balances</b>	<b>\$120,065,170</b>	<b>\$14,428,031</b>	<b>\$14,655,526</b>	<b>\$45,729,854</b>	<b>\$19,725,487</b>	<b>\$39,473,450</b>	<b>\$4,625</b>	<b>\$44</b>	<b>\$172,611,873</b>	<b>\$48,082,585</b>	<b>\$17,947,752</b>	<b>\$695,911</b>	<b>\$-</b>	<b>\$493,420,308</b>	<b>\$389,124,607</b>	<b>Total liabilities and fund balances</b>



ARLINGTON COUNTY, VIRGINIA  
CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	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 Fund	Transit Facility Bond Fund	Crystal City TIF	Colubia Pike TIF	IDA Bond Fund	Totals		
														June 30, 2017	June 30, 2016	
<b>REVENUES:</b>																
From the Commonwealth of Virginia	\$996,057	\$-	\$-	\$-	\$1,143,567	\$-	\$-	\$-	\$4,617,465	\$-	\$3,612	\$-	\$-	\$6,760,701	\$28,363,380	From the Commonwealth of Virginia
From the federal government	871,158	-	-	-	-	-	-	-	427,544	-	168,250	-	-	1,466,952	10,578	From the federal government
Charges for services	690,849	-	-	-	457,983	-	-	-	3,084,202	-	780,000	-	-	5,013,034	2,445,217	Charges for services
Real estate taxes	-	-	-	-	9,276,016	-	-	-	25,031,363	-	5,396,172	601,844	-	40,305,395	37,725,830	Real estate taxes
Interest	-	20,434	62,019	205,711	-	224,079	-	-	-	63,183	-	-	3,073	578,499	398,796	Interest
Miscellaneous revenue	7,146,831	-	-	-	-	-	-	-	15,108,169	-	1,167,669	-	-	23,422,669	4,859,441	Miscellaneous revenue
<b>Total revenues</b>	<b>9,704,895</b>	<b>20,434</b>	<b>62,019</b>	<b>205,711</b>	<b>10,877,566</b>	<b>224,079</b>	<b>-</b>	<b>-</b>	<b>48,268,743</b>	<b>63,183</b>	<b>7,515,703</b>	<b>601,844</b>	<b>3,073</b>	<b>77,547,250</b>	<b>73,803,242</b>	<b>Total Revenues</b>
<b>EXPENDITURES:</b>																
<b>Inter Governmental:</b>																<b>Inter Governmental:</b>
Community development	-	-	-	-	-	-	-	-	-	8,300,000	-	-	-	8,300,000	7,596,576	Community development
<b>Current operating:</b>																<b>Current operating:</b>
General Government	3,915,786	-	-	-	7,750,318	-	-	-	4,097,146	-	187,055	-	-	15,950,305	12,231,132	General Government
Planning and Community Development	239,849	-	-	-	-	-	-	-	-	-	-	632,875	-	872,724	248,917	Planning and Community Development
Parks, Recreation and Cultural Development	151,941	-	-	-	-	-	-	-	-	-	-	-	-	151,941	54,997	Parks, Recreation and Cultural Development
Public Safety	618,911	-	-	-	-	-	-	-	-	-	-	-	-	618,911	425,441	Public Safety
<b>Debt service:</b>																<b>Debt Service:</b>
Principal	-	-	-	-	-	-	-	-	342,626	-	-	-	-	342,626	334,688	Principal
Interest	-	-	-	-	-	-	-	-	253,527	-	-	-	-	253,527	337,760	Interest
Capital outlay	34,999,366	11,609,119	5,052,975	13,655,645	7,249,037	4,225,708	-	-	22,034,613	-	1,732,781	-	-	100,559,244	100,332,635	Capital outlay
<b>Total expenditures</b>	<b>39,925,853</b>	<b>11,609,119</b>	<b>5,052,975</b>	<b>13,655,645</b>	<b>14,999,355</b>	<b>4,225,708</b>	<b>-</b>	<b>-</b>	<b>26,727,912</b>	<b>8,300,000</b>	<b>1,919,836</b>	<b>632,875</b>	<b>-</b>	<b>127,049,278</b>	<b>121,562,146</b>	<b>Total expenditures</b>
Revenues over/ (under) expenditures	(30,220,958)	(11,588,685)	(4,990,956)	(13,449,934)	(4,121,789)	(4,001,629)	-	-	21,540,831	(8,236,817)	5,595,867	(31,031)	3,073	(49,502,028)	(47,758,904)	Revenues over/ (under) expenditures
<b>OTHER FINANCING SOURCES/(USES):</b>																<b>OTHER FINANCING SOURCES/(USES):</b>
Proceeds from lease purchase	9,530,658	-	-	-	-	-	-	-	-	-	-	-	-	9,530,658	5,418,570	Proceeds from lease purchase
Proceeds for bond premium	17,686,387	-	-	-	-	-	-	-	-	-	-	-	-	17,686,387	-	Proceeds for bond premium
Proceeds from sale of general obligation bonds	-	15,670,000	9,600,000	26,125,000	-	11,900,000	-	-	-	46,600,000	-	-	-	109,895,000	22,650,000	Proceeds from sale of general obligation bonds
Proceeds from sale of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,890,000	Proceeds from sale of refunding bonds
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,158,306)	Payments to refunded bond escrow agent
Cost of refunding bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	268,306	Deferred cost of refunding
Transfers in	20,213,499	-	-	-	-	-	-	-	-	-	-	-	-	20,213,499	19,890,523	Transfers in
Transfers out	(2,500,000)	(20,434)	(62,019)	(205,711)	-	(224,079)	-	-	(691,561)	(63,183)	-	-	(3,073)	(3,770,060)	(1,452,498)	Transfers out
<b>Total other financing sources/ (uses)</b>	<b>44,930,544</b>	<b>15,649,566</b>	<b>9,537,981</b>	<b>25,919,289</b>	<b>-</b>	<b>11,675,921</b>	<b>-</b>	<b>-</b>	<b>(691,561)</b>	<b>46,536,817</b>	<b>-</b>	<b>-</b>	<b>(3,073)</b>	<b>153,555,484</b>	<b>46,506,595</b>	<b>Total other financing sources/ (uses)</b>
Revenues and other financing sources/ (uses) over/(under) expenditures	14,709,586	4,060,881	4,547,025	12,469,355	(4,121,789)	7,674,292	-	-	20,849,270	38,300,000	5,595,867	(31,031)	-	104,053,456	(1,252,309)	Revenues and other financing sources/ (uses) over/ (under) expenditures
FUND BALANCE, beginning of year	87,907,183	6,649,355	9,069,076	30,957,807	22,104,730	31,510,445	4,625	44	147,716,260	9,782,585	12,219,031	517,537	(90,872)	358,347,806	359,600,115	FUND BALANCE, beginning of year
FUND BALANCE, end of year	\$102,616,769	\$10,710,236	\$13,616,101	\$43,427,162	\$17,982,941	\$39,184,737	\$4,625	\$44	\$168,565,530	\$48,082,585	\$17,814,898	\$486,506	(\$90,872)	\$462,401,262	\$358,347,806	FUND BALANCE, end of year
	\$102,616,769	\$10,710,236	\$13,616,101	\$43,427,162	\$17,982,941	\$39,184,737	\$4,625	\$44	\$168,565,530	\$48,082,585	\$17,814,898	\$486,506	(\$90,872)	\$462,401,262	\$358,347,806	

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## 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, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

A S S E T S

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2017	June 30, 2016
<b>CURRENT ASSETS:</b>						
Equity in pooled cash and investments	\$62,312,253	\$12,571,166	\$961,900	\$17,075,199	\$92,920,518	\$96,313,779
Cash with fiscal agents	25,221	-	-	-	25,221	25,221
Accounts receivable:						
Water-sewer charges	604,531	-	-	-	604,531	599,160
Estimated unbilled service charges	12,810,360	-	-	-	12,810,360	13,071,812
Other	5,828,976	-	-	-	5,828,976	2,533,962
Prepaid expenses	2,447,864	-	-	-	2,447,864	2,635,744
Inventories	1,761,374	-	-	-	1,761,374	1,599,635
<b>Total current assets</b>	<b>85,790,579</b>	<b>12,571,166</b>	<b>961,900</b>	<b>17,075,199</b>	<b>116,398,844</b>	<b>116,779,313</b>
<b>CAPITAL ASSETS:</b>						
Land	6,161,255	-	-	-	6,161,255	6,161,255
Sewer system	387,432,363	-	-	-	387,432,363	384,601,637
Water system	795,324,630	-	-	-	795,324,630	790,286,817
Equipment	2,625,765	1,652,860	73,900	2,922,335	7,274,860	7,274,860
Building	-	22,344,767	3,511,471	-	25,856,238	25,856,238
Intangible assets	251,648	-	-	1,116,969	1,368,617	1,368,617
Construction in progress	46,248,938	1,008,084	-	539,432	47,796,454	33,962,093
Less accumulated depreciation-intangible assets	(64,061)	-	-	(1,116,679)	(1,180,740)	(1,091,878)
Less accumulated depreciation	(211,339,479)	(14,915,975)	(346,985)	(2,275,313)	(228,877,752)	(211,753,726)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>1,026,641,059</b>	<b>10,089,736</b>	<b>3,238,386</b>	<b>1,186,744</b>	<b>1,041,155,925</b>	<b>1,036,665,913</b>
<b>Total assets</b>	<b>\$1,112,431,638</b>	<b>\$22,660,902</b>	<b>\$4,200,286</b>	<b>\$18,261,943</b>	<b>\$1,157,554,769</b>	<b>\$1,153,445,226</b>

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

LIABILITIES AND EQUITY

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2017	June 30, 2016
<b>CURRENT LIABILITIES:</b>						
Payable from current assets:						
General obligation bonds payable	\$8,021,563	\$-	\$-	\$-	\$8,021,563	\$8,418,919
VRA loan payable	14,929,684	-	-	-	14,929,684	14,478,026
Interest payable	3,160,123	29,646,312	-	-	32,806,435	31,040,667
Vouchers payable	7,592,856	1,085,556	1,606	857,116	9,537,134	8,043,856
Contracts payable - retainage	193,669	61,586	-	-	255,255	50,943
Revenue bonds payable-current	-	4,600,000	-	-	4,600,000	500,000
Mortgage /notes payable	-	3,429,679	-	-	3,429,679	3,429,679
Capital leases	33,208	-	-	-	33,208	32,275
Other accrued liabilities	245,185	15,235,615	-	375,937	15,856,737	14,140,708
Compensated absences	132,054	-	-	63,839	195,893	182,175
<b>Total current liabilities</b>	<b>34,308,342</b>	<b>54,058,748</b>	<b>1,606</b>	<b>1,296,892</b>	<b>89,665,588</b>	<b>80,317,248</b>
<b>LONG-TERM LIABILITIES:</b>						
Compensated absences	1,188,481	-	-	574,547	1,763,028	1,639,569
Revenue bonds payable	-	-	-	-	-	5,300,000
Capital leases	16,962	-	-	-	16,962	50,171
VRA loan payable	176,384,956	-	-	-	176,384,956	191,338,256
General obligation bonds payable	85,963,480	-	-	-	85,963,480	93,985,044
<b>Total long-term liabilities</b>	<b>263,553,879</b>	<b>-</b>	<b>-</b>	<b>574,547</b>	<b>264,128,426</b>	<b>292,313,040</b>
Deferred inflows	2,438,496	-	-	-	2,438,496	2,601,729
<b>Total liabilities</b>	<b>300,300,717</b>	<b>54,058,748</b>	<b>1,606</b>	<b>1,871,439</b>	<b>356,232,510</b>	<b>375,232,017</b>
<b>NET POSITION:</b>						
Net investment in capital assets	741,291,206	2,060,057	3,238,386	1,186,744	747,776,393	719,133,543
Unrestricted (deficit)	70,839,715	(33,457,903)	960,294	15,203,760	53,545,866	59,079,666
<b>Total net position</b>	<b>812,130,921</b>	<b>(31,397,846)</b>	<b>4,198,680</b>	<b>16,390,504</b>	<b>801,322,259</b>	<b>778,213,209</b>
<b>Total liabilities and net position</b>	<b>\$1,112,431,638</b>	<b>\$22,660,902</b>	<b>\$4,200,286</b>	<b>\$18,261,943</b>	<b>\$1,157,554,769</b>	<b>\$1,153,445,226</b>

ARLINGTON COUNTY, VIRGINIA  
 ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS  
 FOR THE YEAR ENDED JUNE 30, 2017  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Totals					
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30, 2017	June 30, 2016
<b>OPERATING REVENUES:</b>						
Water-sewer service charges	\$97,263,095	\$-	\$-	\$-	\$97,263,095	\$93,056,953
Water-service hook-up charges	4,822,363	-	-	-	4,822,363	5,474,991
Water-service connection charges	1,176,940	-	-	-	1,176,940	1,357,997
Sewage treatment service charges	3,647,333	-	-	-	3,647,333	3,841,764
Permits and fees	-	-	-	15,928,767	15,928,767	14,942,802
Other	2,998,340	-	-	-	2,998,340	2,961,830
Parking charges	-	3,272,841	267,492	-	3,540,333	4,368,905
<b>Total operating revenues</b>	<b>109,908,071</b>	<b>3,272,841</b>	<b>267,492</b>	<b>15,928,767</b>	<b>129,377,171</b>	<b>126,005,242</b>
<b>OPERATING EXPENSES:</b>						
Personnel services	15,618,571	-	-	7,437,682	23,056,253	22,228,806
Fringe benefits	5,657,156	-	-	2,813,966	8,471,122	8,201,476
Contractual services	11,060,370	1,544,048	35,418	4,648,019	17,287,855	18,422,412
Purchases of water	6,919,628	-	-	-	6,919,628	7,006,946
Materials and supplies	9,219,673	388,068	19,470	85,199	9,712,410	10,111,276
Deferred rent	-	1,279,992	-	-	1,279,992	1,279,992
Depreciation and amortization	15,636,478	660,671	95,177	339,413	16,731,739	16,623,821
Equipment (construction contracts)	4,513,032	-	-	(189,925)	4,323,107	2,475,621
Internal services	-	-	-	2,350,431	2,350,431	1,892,298
Miscellaneous	6,275,010	349,759	22,690	-	6,647,459	6,164,476
<b>Total operating expenses</b>	<b>74,899,918</b>	<b>4,222,538</b>	<b>172,755</b>	<b>17,484,785</b>	<b>96,779,996</b>	<b>94,407,124</b>
<b>Operating income (loss)</b>	<b>35,008,153</b>	<b>(949,697)</b>	<b>94,737</b>	<b>(1,556,018)</b>	<b>32,597,175</b>	<b>31,598,118</b>
<b>NON-OPERATING REVENUES(EXPENSES):</b>						
Interest income and other income	310,554	25,231	-	84,889	420,674	621,879
Interest expense and fiscal charges	(9,296,338)	(1,995,709)	-	-	(11,292,047)	(12,019,007)
Interest payment on capital lease	(2,136)	-	-	-	(2,136)	(3,043)
<b>Total non-operating revenues (expenses)</b>	<b>(8,987,921)</b>	<b>(1,970,478)</b>	<b>-</b>	<b>84,889</b>	<b>(10,873,510)</b>	<b>(11,400,171)</b>
<b>Net Income before contributions and transfers</b>	<b>26,020,232</b>	<b>(2,920,175)</b>	<b>94,737</b>	<b>(1,471,129)</b>	<b>21,723,665</b>	<b>20,197,947</b>
<b>CONTRIBUTIONS AND NET TRANSFERS</b>						
Contributions from developers and other sources	985,385	-	-	-	985,385	1,065,000
<b>TRANSFERS</b>						
Transfers in	400,000	-	-	-	400,000	(100,624)
<b>Change in net position</b>	<b>27,405,617</b>	<b>(2,920,175)</b>	<b>94,737</b>	<b>(1,471,129)</b>	<b>23,109,050</b>	<b>21,004,178</b>
<b>Net position, beginning of year</b>	<b>784,725,304</b>	<b>(28,477,671)</b>	<b>4,103,943</b>	<b>17,861,633</b>	<b>778,213,209</b>	<b>757,209,031</b>
<b>Net position, end of year</b>	<b>\$812,130,921</b>	<b>(\$31,397,846)</b>	<b>\$4,198,680</b>	<b>\$16,390,504</b>	<b>\$801,322,259</b>	<b>\$778,213,209</b>

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

					Totals	
	Utilities	Ballston Public Parking Garage	8th Level Ballston Public Parking Garage	CPHD Development Fund	June 30 2017	June 30 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$106,929,238	\$3,272,841	\$267,492	\$15,928,767	\$126,398,338	\$125,194,785
Cash received for refund of working capital advance	-	187,880	-	-	187,880	-
Cash paid to suppliers	(37,364,408)	(1,301,090)	(129,929)	(6,493,721)	(45,289,148)	(46,590,606)
Cash paid to employees	(21,160,708)	(39,955)	-	(10,229,490)	(31,430,153)	(30,482,394)
Net cash flows from operating activities	<u>48,404,122</u>	<u>2,119,676</u>	<u>137,563</u>	<u>(794,444)</u>	<u>49,866,917</u>	<u>48,121,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest received	310,554	25,231	-	84,889	420,674	621,880
Net cash flows from investing activities	<u>310,554</u>	<u>25,231</u>	<u>-</u>	<u>84,889</u>	<u>420,674</u>	<u>621,880</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Transfers in/out	400,000	-	-	-	400,000	(100,624)
Net cash flows from non-capital financing activities	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>(100,624)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Principal payments - bonds	(8,101,003)	(1,200,000)	-	-	(9,301,003)	(9,623,257)
Payments to bonds redeemed	-	-	-	-	-	(11,489,065)
Proceeds from sale of refunding bonds	-	-	-	-	-	10,419,999
Cost of refunding bonds	-	-	-	-	-	1,069,066
Principal payments - capital lease	(32,276)	-	-	-	(32,276)	(31,368)
Interest payments - capital lease	(2,135)	-	-	-	(2,135)	(3,043)
Payment of VRA loan	(14,501,642)	-	-	-	(14,501,642)	(14,016,627)
Interest and other loan expenses	(9,409,421)	(116,860)	-	-	(9,526,281)	(10,708,680)
Purchases of property	(19,186,999)	(991,084)	-	(539,432)	(20,717,515)	(18,052,653)
Net cash flows from capital and related financing activities	<u>(51,233,476)</u>	<u>(2,307,944)</u>	<u>-</u>	<u>(539,432)</u>	<u>(54,080,852)</u>	<u>(52,435,628)</u>
Net increase(decrease) in cash and cash equivalents	<u>(2,118,800)</u>	<u>(163,037)</u>	<u>137,563</u>	<u>(1,248,987)</u>	<u>(3,393,261)</u>	<u>(3,792,587)</u>
Cash and cash equivalents at beginning 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>100,106,366</u>
Cash and cash equivalents at end of year	<u>\$62,312,253</u>	<u>\$12,571,166</u>	<u>\$961,900</u>	<u>\$17,075,199</u>	<u>\$92,920,518</u>	<u>\$96,313,779</u>
Reconciliation of operating income to net cash flow from operations:						
Operating Income (loss)	\$35,008,153	(\$949,697)	\$94,737	(\$1,556,018)	\$32,597,175	\$31,598,118
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	15,636,478	660,671	95,177	339,413	16,731,739	16,623,821
(Increase)Decrease in accounts receivable	(3,038,933)	-	-	-	(3,038,933)	(730,757)
(Increase)Decrease in inventories	(161,740)	-	-	-	(161,740)	(244,804)
Increase(Decrease) in vouchers payable	642,319	940,830	(52,351)	400,003	1,930,801	(190,118)
Increase(Decrease) in compensated absences	115,019	-	-	22,158	137,177	(19,790)
Increase(Decrease) in contract retainage	142,726	-	-	-	142,726	(114,977)
Increase(Decrease) in accrued rent liability	-	1,279,992	-	-	1,279,992	1,279,992
Increase(Decrease) in unearned revenue	60,100	-	-	-	60,100	(79,700)
Increase(Decrease) working capital advance	-	187,880	-	-	187,880	-
Net cash provided (used) by operating activities	<u>\$48,404,122</u>	<u>\$2,119,676</u>	<u>\$137,563</u>	<u>(\$794,444)</u>	<u>\$49,866,917</u>	<u>\$48,121,785</u>
Noncash investing, capital, and financing activities:						
Contributions from developers and other sources	\$985,385	\$-	\$-	\$-	\$985,385	\$906,855

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## 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, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

			<u>Totals</u>	
	<u>Automotive Equipment</u>	<u>Printing</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Equity in pooled cash and investments	\$19,497,371	\$119,193	\$19,616,564	\$16,941,934
Accounts receivable	7,920	-	7,920	-
Inventories	713,119	57,905	771,024	703,775
	<u>20,218,410</u>	<u>177,098</u>	<u>20,395,508</u>	<u>17,645,709</u>
<b>CAPITAL ASSETS:</b>				
Equipment and other capital assets	77,895,055	35,633	77,930,688	76,415,982
Less-accumulated depreciation	<u>(47,961,091)</u>	<u>(10,526)</u>	<u>(47,971,617)</u>	<u>(43,248,408)</u>
	<u>29,933,964</u>	<u>25,107</u>	<u>29,959,071</u>	<u>33,167,574</u>
<b>Total assets</b>	<u><u>\$50,152,374</u></u>	<u><u>\$202,205</u></u>	<u><u>\$50,354,579</u></u>	<u><u>\$50,813,283</u></u>
<b>LIABILITIES AND NET POSITION:</b>				
<b>CURRENT LIABILITIES:</b>				
Vouchers payable	\$1,407,117	\$274,534	\$1,681,651	\$1,425,314
Compensated absences	44,600	12,006	56,606	55,528
Obligations under capital lease	1,005,105	-	1,005,105	1,200,379
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,845</u>
	<u>2,456,822</u>	<u>286,540</u>	<u>2,743,362</u>	<u>2,859,066</u>
<b>LONG-TERM LIABILITIES</b>				
Compensated absences	401,395	108,056	509,451	499,750
Obligations under capital lease	<u>2,677,142</u>	<u>-</u>	<u>2,677,142</u>	<u>3,682,247</u>
	<u>3,078,537</u>	<u>108,056</u>	<u>3,186,593</u>	<u>4,181,997</u>
<b>Total liabilities</b>	<u>5,535,359</u>	<u>394,596</u>	<u>5,929,955</u>	<u>7,041,063</u>
<b>NET POSITION:</b>				
Net investment in capital assets	26,251,717	25,107	26,276,824	28,284,948
Unrestricted	<u>18,365,298</u>	<u>(217,498)</u>	<u>18,147,800</u>	<u>15,487,272</u>
	<u>44,617,015</u>	<u>(192,391)</u>	<u>44,424,624</u>	<u>43,772,220</u>
<b>Total liabilities and net position</b>	<u><u>\$50,152,374</u></u>	<u><u>\$202,205</u></u>	<u><u>\$50,354,579</u></u>	<u><u>\$50,813,283</u></u>

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONS  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

			Totals	
	Automotive Equipment	Printing	June 30, 2017	June 30, 2016
<b>OPERATING REVENUES:</b>				
Charges for services	\$20,537,132	\$2,815,381	\$23,352,513	\$23,551,976
<b>OPERATING EXPENSES:</b>				
Cost of store issuances	3,758,038	797,932	4,555,970	3,991,792
Personnel services	4,154,417	482,461	4,636,878	4,339,637
Fringe benefits	1,740,286	228,139	1,968,425	1,875,068
Material and supplies	2,841,649	251,693	3,093,342	2,774,680
Utilities	165,713	24,088	189,801	194,166
Operating equipment	13,712	-	13,712	13,758
Outside services	1,394,738	1,198,439	2,593,177	2,873,127
Depreciation	6,154,438	3,563	6,158,001	6,485,419
Total operating expenses	20,222,991	2,986,315	23,209,306	22,547,647
Operating income (loss)	314,141	(170,934)	143,207	1,004,329
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest payment on capital lease	(99,782)	-	(99,782)	(114,214)
Gain/(loss) on disposal of assets	396,710	-	396,710	396,429
Total non-operating revenues (expenses)	296,928	-	296,928	282,215
Income (loss) before transfers	611,069	(170,934)	440,135	1,286,544
<b>CONTRIBUTIONS AND NET TRANSFERS</b>				
Transfers in	100,500	241,769	342,269	332,108
Transfers out	(130,000)	-	(130,000)	(130,000)
Total operating transfers	(29,500)	241,769	212,269	202,108
Change in net position	581,569	70,835	652,404	1,488,652
Net position, beginning of year	44,035,446	(263,226)	43,772,220	42,283,568
Net position, end of year	\$44,617,015	(\$192,391)	\$44,424,624	\$43,772,220

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Totals			
	Automotive Equipment	Printing	June 30, 2017	June 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$20,529,212	\$2,815,381	\$23,344,593	\$23,555,124
Cash paid to suppliers	(8,188,091)	(2,246,668)	(10,434,759)	(10,120,530)
Cash paid to employees	(5,903,235)	(691,289)	(6,594,524)	(6,186,350)
Net cash provided (used) by operating activities	<u>6,437,886</u>	<u>(122,576)</u>	<u>6,315,310</u>	<u>7,248,244</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Operating transfers in	100,500	241,769	342,269	332,108
Operating transfers out	(130,000)	-	(130,000)	(130,000)
Net cash provided by non-capital financing activities	<u>(29,500)</u>	<u>241,769</u>	<u>212,269</u>	<u>202,108</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from capital lease	-	-	-	1,535,518
Principal payment on capital lease	(1,200,379)	-	(1,200,379)	(1,177,814)
Payment of interest on capital lease	(99,782)	-	(99,782)	(114,214)
Purchases of equipment	(3,081,438)	-	(3,081,438)	(5,533,082)
Proceeds from sale of equipment	528,650	-	528,650	678,700
Net cash used by capital and related financing activities	<u>(3,852,949)</u>	<u>-</u>	<u>(3,852,949)</u>	<u>(4,610,892)</u>
Net increase (decrease) in cash and cash equivalents	<u>2,555,437</u>	<u>119,193</u>	<u>2,674,630</u>	<u>2,839,460</u>
Cash and cash equivalents at beginning of year	<u>16,941,934</u>	<u>-</u>	<u>16,941,934</u>	<u>14,102,474</u>
Cash and cash equivalents at end of period	<u>\$19,497,371</u>	<u>\$119,193</u>	<u>\$19,616,564</u>	<u>\$16,941,934</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$314,141	(\$170,934)	\$143,207	\$1,004,329
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	6,154,438	3,563	6,158,001	6,485,419
(Increase)Decrease in accounts receivable	(7,920)	-	(7,920)	3,148
(Increase)Decrease in inventories	(59,490)	(7,759)	(67,249)	(77,502)
Increase(Decrease) in payables	45,249	33,243	78,492	(195,505)
Increase(Decrease) in compensated absences	(8,532)	19,311	10,779	28,355
Net cash provided (used) by operating activities	<u>\$6,437,886</u>	<u>(\$122,576)</u>	<u>\$6,315,310</u>	<u>\$7,248,244</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 FIDUCIARY NET POSITION  
TRUST FUNDS  
JUNE 30, 2017

	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	
<b>ASSETS</b>							
Equity in pooled cash and investments	\$7,091,977	\$33,734	\$118,743	\$2,078,007	\$-	\$18,947	\$2,215,697
Contributions Receivable:							
Employer	3,035,329	-	-	-	-	-	-
Employee	722,625	-	-	-	-	-	-
Accrued Interest and Other Receivables	2,517,354	-	-	539,052	4,280,978	-	4,820,030
Capital Assets, net	-	-	-	22,125,033	-	-	22,125,033
Investments, at fair value							
Foreign, Municipal and U.S. Government Obligations, including Fixed Instruments in Pooled Funds	65,318,345	40,271,256	-	-	-	-	-
Corporate Fixed Income Obligations	86,351,251	-	-	-	-	-	-
Domestic and Foreign Equities, including Equities in Pooled Funds	577,249,359	74,789,476	-	-	-	-	-
Other Investments	62,639,056	-	-	-	-	-	-
Real Estate Funds	7,718,263	-	-	-	-	-	-
Pooled Equity	785,925,912	-	-	-	-	-	-
Pooled Fixed Income	570,727,082	-	-	-	-	-	-
Convertibles	6,600,095	-	-	-	-	-	-
Total assets	<u>2,175,896,648</u>	<u>115,094,466</u>	<u>118,743</u>	<u>24,742,092</u>	<u>4,280,978</u>	<u>18,947</u>	<u>29,160,760</u>
<b>DEFERRED OUTFLOWS RESOURCES</b>							
Loss on refunding bonds, net	-	-	-	202,872	-	-	202,872
Total assets and deferred outflows of resources	<u>2,175,896,648</u>	<u>115,094,466</u>	<u>118,743</u>	<u>24,944,964</u>	<u>4,280,978</u>	<u>18,947</u>	<u>29,363,632</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	2,077,480	33,734	7,348	544,052	4,280,978	-	4,832,378
Bonds payable	-	-	-	24,195,000	-	-	24,195,000
Total liabilities	<u>2,077,480</u>	<u>33,734</u>	<u>7,348</u>	<u>24,739,052</u>	<u>4,280,978</u>	<u>-</u>	<u>29,027,378</u>
<b>NET POSITION</b>	<u><u>\$2,173,819,168</u></u>	<u><u>\$115,060,732</u></u>	<u><u>\$111,395</u></u>	<u><u>\$205,912</u></u>	<u><u>\$-</u></u>	<u><u>\$18,947</u></u>	<u><u>\$336,254</u></u>

ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trusts				
	Alex/Arlington Facility Monitoring Group Trust	IDA - Ballston Skating Facility	IDA Signature	Other Private Purpose Trusts	Total Private Purpose Trusts
<b>ADDITIONS</b>					
Contributions and Revenues					
Shared revenues	\$118,000	\$2,372,420	\$-	\$-	\$2,490,420
Private donations- Others	-	-	-	82,297	82,297
Total contributions	<u>118,000</u>	<u>2,372,420</u>	<u>-</u>	<u>82,297</u>	<u>2,572,717</u>
Investment earnings:					
Interest and other	649	7,104	44,156	-	51,909
Total investment earnings	<u>649</u>	<u>7,104</u>	<u>44,156</u>	<u>-</u>	<u>51,909</u>
Less investment expenses	-	1,312,419	44,156	-	1,356,575
Net investment earnings	<u>649</u>	<u>(1,305,315)</u>	<u>-</u>	<u>-</u>	<u>(1,304,666)</u>
Total additions	<u>118,649</u>	<u>1,067,105</u>	<u>-</u>	<u>82,297</u>	<u>1,268,051</u>
<b>DEDUCTIONS</b>					
Administrative expenses/ other	91,602	661,101	-	91,040	843,743
Total deductions	<u>91,602</u>	<u>661,101</u>	<u>-</u>	<u>91,040</u>	<u>843,743</u>
Change in net position	27,047	406,004	-	(8,743)	424,308
Net position- beginning of the year	84,348	(200,092)	-	27,690	(88,054)
Net position- ending of the year	<u>\$111,395</u>	<u>\$205,912</u>	<u>\$-</u>	<u>\$18,947</u>	<u>\$336,254</u>

ARLINGTON COUNTY, VIRGINIA  
PENSION AND OPEB TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Pension Trust	OPEB Trust	June 30, 2017	June 30, 2016
ADDITIONS:				
Employer contributions	\$51,782,007	\$6,850,000	\$58,632,007	\$61,300,272
Member contributions	12,498,591	-	12,498,591	12,193,255
Other contributions	176,460	33,734	210,194	121,880
Investment income:				
Interest and dividends	35,527,917	4,606,102	40,134,019	45,842,416
Net appreciation ( depreciation) in fair value	217,354,326	7,219,887	224,574,213	(35,972,414)
Commission recapture	103	-	103	755
Gross income from securities lending	354,176	-	354,176	286,834
Bank fees and income/expenses from securities lending	(88,539)	-	(88,539)	(71,702)
Investment expense	(5,853,260)	-	(5,853,260)	(7,233,306)
<b>Total Additions</b>	<b>311,751,781</b>	<b>18,709,723</b>	<b>330,461,504</b>	<b>76,467,990</b>
DEDUCTIONS:				
Members' benefits	98,729,853	-	98,729,853	93,988,777
Refund of members' contributions	946,394	-	946,394	1,270,089
Administrative expenses	796,901	-	796,901	761,474
Other consulting expenses	958,297	33,734	992,031	972,128
<b>Total Deductions</b>	<b>101,431,445</b>	<b>33,734</b>	<b>101,465,179</b>	<b>96,992,468</b>
<b>Net Increase/(Decrease)</b>	<b>210,320,336</b>	<b>18,675,989</b>	<b>228,996,325</b>	<b>(20,524,478)</b>
Net Position Held in Trust for Plan Benefits, beginning of year	1,963,498,832	96,384,743	2,059,883,575	2,080,408,052
Net Position Held in Trust for Plan Benefits, end of year:				
Undesignated	<u>\$2,173,819,168</u>	<u>\$115,060,732</u>	<u>\$2,288,879,900</u>	<u>\$2,059,883,574</u>



ARLINGTON COUNTY, VIRGINIA  
 COMBINING STATEMENT OF NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2017

	<u>Commonwealth of Virginia</u>	<u>Urban Area Security Initiative</u>	<u>Other Agency Funds</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Equity in pooled cash and investments	\$46,344	\$282,005	\$16,234,269	\$16,562,618
Receivable from other government	4,549	-	-	4,549
Total assets	<u>50,893</u>	<u>282,005</u>	<u>16,234,269</u>	<u>16,567,167</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	<u>50,893</u>	<u>282,005</u>	<u>16,234,269</u>	<u>16,567,167</u>
Total liabilities	<u>50,893</u>	<u>282,005</u>	<u>16,234,269</u>	<u>16,567,167</u>
<b>NET POSITIONS</b>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>

ARLINGTON COUNTY, VIRGINIA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b><u>Commonwealth of Virginia</u></b>				
ASSETS:				
Cash	\$52,142	\$-	\$5,798	\$46,344
Receivable from other government	2,361	2,188	-	4,549
Total assets	<u>\$54,503</u>	<u>\$2,188</u>	<u>\$5,798</u>	<u>\$50,893</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$54,503	\$5	\$3,615	\$50,893
Total liabilities	<u>\$54,503</u>	<u>\$5</u>	<u>\$3,615</u>	<u>\$50,893</u>
<b><u>Urban Area Security Initiative</u></b>				
ASSETS:				
Cash & cash equivalents	\$263,507	\$54,715	\$36,217	\$282,005
Total assets	<u>\$263,507</u>	<u>\$2,321,251</u>	<u>\$36,217</u>	<u>\$282,005</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$263,507	\$31,057	\$12,559	\$282,005
Total liabilities	<u>\$263,507</u>	<u>\$31,057</u>	<u>\$12,559</u>	<u>\$282,005</u>
<b><u>Other Agency Fund</u></b>				
ASSETS:				
Cash & cash equivalents	\$14,438,275	\$9,410,600	\$7,614,606	\$16,234,269
Total assets	<u>\$14,438,275</u>	<u>\$9,410,600</u>	<u>\$7,614,606</u>	<u>\$16,234,269</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$14,438,275	\$113,630	(\$1,682,364)	\$16,234,269
Total liabilities	<u>\$14,438,275</u>	<u>\$113,630</u>	<u>(\$1,682,364)</u>	<u>\$16,234,269</u>
<b><u>Total All Agency Funds</u></b>				
ASSETS:				
Cash	\$14,753,924	\$9,465,315	\$7,656,621	\$16,562,618
Receivable from other government	2,361	2,188	-	4,549
Total assets	<u>\$14,756,285</u>	<u>\$9,467,503</u>	<u>\$7,656,621</u>	<u>\$16,567,167</u>
LIABILITIES:				
Vouchers payable	\$14,756,285	\$144,692	(\$1,666,190)	\$16,567,167
Total liabilities	<u>\$14,756,285</u>	<u>\$144,692</u>	<u>(\$1,666,190)</u>	<u>\$16,567,167</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, 2017  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	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, 2017	June 30, 2016
<b>ASSETS</b>										
Equity in pooled cash and investments	\$51,994,561	\$4,234,790	\$-	\$1,878,007	\$98,266,374	\$34,200,373	\$-	\$-	\$190,574,105	\$144,958,340
Petty cash	200	340	375	-	-	-	-	-	915	915
Accounts receivable	227,629	421,805	30,907	3,280,516	-	-	-	460,014	4,420,871	4,068,694
Due from other funds	-	-	-	62,667	-	-	-	-	62,667	-
Due from primary government	70,055,503	-	1,268,158	-	-	21,451,012	-	-	92,774,673	74,716,491
Inventories	165,406	48,550	-	-	-	-	-	-	213,956	174,054
<b>Total assets</b>	<b>\$122,443,299</b>	<b>\$4,705,485</b>	<b>\$1,299,440</b>	<b>\$5,221,190</b>	<b>\$98,266,374</b>	<b>\$55,651,385</b>	<b>\$-</b>	<b>\$460,014</b>	<b>\$288,047,187</b>	<b>\$223,918,494</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES</b>										
Accrued salaries payable	\$51,729,625	\$352,689	\$880,589	\$1,103,929	\$351	\$827	\$-	\$-	\$54,068,010	\$47,584,165
Vouchers payable	2,899,029	810,077	191,957	161,590	3,645,096	677,667	-	41,672	8,427,088	7,802,398
Contracts payable - retainage	-	-	-	-	2,501,060	-	-	-	2,501,060	2,344,481
Other liabilities	8,189,448	-	-	-	-	-	-	-	8,189,448	5,302,287
Deferred revenue	44,425	-	41,309	-	-	-	-	-	85,734	415,796
Due to other funds	62,667	-	-	-	-	-	-	-	62,667	-
Due to primary government	-	-	-	-	-	-	-	418,342	418,342	274,678
<b>Total liabilities</b>	<b>62,925,194</b>	<b>1,162,766</b>	<b>1,113,855</b>	<b>1,265,519</b>	<b>6,146,507</b>	<b>678,494</b>	<b>-</b>	<b>460,014</b>	<b>73,752,349</b>	<b>63,723,805</b>
<b>FUND EQUITY AND OTHER CREDITS</b>										
<b>Restricted for:</b>										
Capital projects	-	-	-	-	82,497,481	50,332,938	-	-	132,830,419	72,212,556
Grants	-	-	-	3,955,671	-	-	-	-	3,955,671	3,587,376
<b>Committed to:</b>										
Incomplete projects	7,523,544	8,609	185,585	-	9,622,386	4,639,953	-	-	21,980,077	24,234,549
Next years' School budget	17,317,655	-	-	-	-	-	-	-	17,317,655	16,689,537
<b>Assigned to:</b>										
Operating reserve	2,000,000	3,534,110	-	-	-	-	-	-	5,534,110	4,429,512
Unfunded liabilities	2,000,000	-	-	-	-	-	-	-	2,000,000	2,000,000
Subsequent years' debt service	3,310,000	-	-	-	-	-	-	-	3,310,000	4,610,000
Health insurance reserve	1,000,000	-	-	-	-	-	-	-	1,000,000	1,000,000
General reserve	19,204,667	-	-	-	-	-	-	-	19,204,667	21,593,920
VRS reserve	2,512,239	-	-	-	-	-	-	-	2,512,239	4,637,239
Compensation reserve	4,650,000	-	-	-	-	-	-	-	4,650,000	5,200,000
<b>Total fund equity and other credits</b>	<b>59,518,105</b>	<b>3,542,719</b>	<b>185,585</b>	<b>3,955,671</b>	<b>92,119,867</b>	<b>54,972,891</b>	<b>-</b>	<b>-</b>	<b>214,294,838</b>	<b>160,194,689</b>
<b>Total liabilities, fund equity and other credits</b>	<b>\$122,443,299</b>	<b>\$4,705,485</b>	<b>\$1,299,440</b>	<b>\$5,221,190</b>	<b>\$98,266,374</b>	<b>\$55,651,385</b>	<b>\$-</b>	<b>\$460,014</b>	<b>\$288,047,187</b>	<b>\$223,918,494</b>

ARLINGTON COUNTY, VIRGINIA  
RECONCILIATION OF THE FUND BALANCES OF COMPONENT UNIT - SCHOOLS TO  
NET POSITION OF COMPONENT UNIT - SCHOOLS  
JUNE 30, 2017

Total-component unit-Schools fund balances	\$214,294,838
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	616,106,543
Net OPEB liabilities are not due and payable in the current period and are not reported in the funds	(125,564,970)
Deferred outflows of resources from pensions are not available to pay for current period expenditures and are not reported in the funds.	85,630,003
Deferred outflows of resources from OPEB are not available to pay for current period expenditures and are not reported in the funds	23,932,151
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(500,915,926)
Deferred inflows of resources from pension are not due and payable in the current period and are not reported in the funds	(17,248,667)
Deferred inflows of resources from OPEB are not due and payable in the current period and are not reported in the funds	(1,662,803)
Long-term liabilities, including capital leases, are not due and payable in the current period and are not reported in the funds	<u>(42,805,674)</u>
Net position of component unit - Schools	<u>\$251,765,495</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, 2017  
 (WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	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, 2017	June 30, 2016
<b>REVENUES:</b>										
Sales tax	\$24,458,713	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$24,458,713	\$23,067,985
State/local government	37,206,066	231,007	-	3,490,772	-	131,429	-	1,972,245	43,031,519	40,571,919
Federal	309,052	5,444,180	-	9,437,993	-	-	-	-	15,191,225	13,774,753
Charges for services	3,027,954	4,503,088	11,344,954	2,817,486	-	11,714,732	-	-	33,408,214	27,296,367
Use of money and property	-	-	-	-	372,376	-	-	-	372,376	255,240
<b>Total revenues</b>	<b>65,001,785</b>	<b>10,178,275</b>	<b>11,344,954</b>	<b>15,746,251</b>	<b>372,376</b>	<b>11,846,161</b>	<b>-</b>	<b>1,972,245</b>	<b>116,462,047</b>	<b>104,966,264</b>
<b>EXPENDITURES:</b>										
Current -										
Community Activities	-	-	16,909,533	-	-	-	-	-	16,909,533	15,724,188
Education	470,819,601	9,107,667	-	15,377,956	-	-	-	4,223,511	499,528,735	475,846,878
Capital projects	-	-	-	-	38,662,910	11,307,483	-	-	49,970,393	43,066,388
Principal	-	-	-	-	-	-	32,313,399	-	32,313,399	28,856,655
Interest	-	-	-	-	-	-	13,929,730	-	13,929,730	15,674,196
<b>Total expenditures</b>	<b>470,819,601</b>	<b>9,107,667</b>	<b>16,909,533</b>	<b>15,377,956</b>	<b>38,662,910</b>	<b>11,307,483</b>	<b>46,243,129</b>	<b>4,223,511</b>	<b>612,651,790</b>	<b>579,168,305</b>
Excess (deficiency) of revenues over expenditures	(405,817,816)	1,070,608	(5,564,579)	368,295	(38,290,534)	538,678	(46,243,129)	(2,251,266)	(496,189,743)	(474,202,041)
<b>Other financing sources(uses):</b>										
Transfers in	401,688,697	-	5,490,043	-	-	21,047,721	45,593,129	2,251,266	476,070,856	464,986,648
Transfers out	(2,600,000)	-	-	-	(372,376)	-	-	-	(2,972,376)	(2,416,492)
Interfund transfers	(3,120,476)	-	20,000	-	-	2,450,476	650,000	-	-	-
Bond proceeds	-	-	-	-	75,200,000	-	-	-	75,200,000	32,550,000
Proceeds from leases	1,991,412	-	-	-	-	-	-	-	1,991,412	2,663,295
<b>Total other financing sources(uses)</b>	<b>397,959,633</b>	<b>-</b>	<b>5,510,043</b>	<b>-</b>	<b>\$74,827,624</b>	<b>23,498,197</b>	<b>46,243,129</b>	<b>2,251,266</b>	<b>550,289,892</b>	<b>497,783,451</b>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(7,858,183)	1,070,608	(54,536)	368,295	36,537,090	24,036,875	-	-	54,100,149	23,581,410
<b>FUND BALANCES, beginning of year</b>	<b>67,376,288</b>	<b>2,472,111</b>	<b>240,121</b>	<b>3,587,376</b>	<b>55,582,777</b>	<b>30,936,016</b>	<b>-</b>	<b>-</b>	<b>160,194,689</b>	<b>136,613,279</b>
<b>FUND BALANCES, end of year</b>	<b>\$59,518,105</b>	<b>\$3,542,719</b>	<b>\$185,585</b>	<b>\$3,955,671</b>	<b>\$92,119,867</b>	<b>\$54,972,891</b>	<b>\$-</b>	<b>\$-</b>	<b>\$214,294,838</b>	<b>\$160,194,689</b>

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, 2017

Net change in fund balances - component unit-Schools		\$54,100,149
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	\$51,953,482	
Less Depreciation expense	<u>(24,426,594)</u>	27,526,888
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	2,250,790	
Less Proceeds from capital leases	<u>(1,991,412)</u>	259,378
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		(11,965,400)
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 2017 pension contributions deferred	42,274,587	
Less: Pension expense	<u>(51,183,494)</u>	(8,908,907)
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		<u>(2,896,180)</u>
Change in net position of component unit-Schools		<u><u>\$58,115,928</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, 2017

	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)
<b>REVENUES:</b>									
Sales tax	\$24,864,250	\$24,458,713	(\$405,537)	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	38,151,699	37,206,066	(945,633)	87,287	231,007	143,720	-	-	-
Federal	-	309,052	309,052	4,361,000	5,444,180	1,083,180	-	-	-
Charges for services	2,795,500	3,027,954	232,454	4,013,143	4,503,088	489,945	10,368,528	11,344,954	976,426
Use of money and property	-	-	-	-	-	-	-	-	-
Total revenues	<u>65,811,449</u>	<u>65,001,785</u>	<u>(809,664)</u>	<u>8,461,430</u>	<u>10,178,275</u>	<u>1,716,845</u>	<u>10,368,528</u>	<u>11,344,954</u>	<u>976,426</u>
<b>EXPENDITURES:</b>									
Education	500,654,453	470,819,601	29,834,852	8,504,029	9,107,667	(603,638)	-	-	-
Community Activities	-	-	-	-	-	-	16,959,028	16,909,533	49,495
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>500,654,453</u>	<u>470,819,601</u>	<u>29,834,852</u>	<u>8,504,029</u>	<u>9,107,667</u>	<u>(603,638)</u>	<u>16,959,028</u>	<u>16,909,533</u>	<u>49,495</u>
Excess (deficiency) of revenues over expenditures	<u>(434,843,004)</u>	<u>(405,817,816)</u>	<u>29,025,188</u>	<u>(42,599)</u>	<u>1,070,608</u>	<u>1,113,207</u>	<u>(6,590,500)</u>	<u>(5,564,579)</u>	<u>1,025,921</u>
<b>Other financing sources(uses):</b>									
Transfers in	414,081,750	401,688,697	(12,393,053)	-	-	-	6,330,379	5,490,043	(840,336)
Transfers out	-	(2,600,000)	(2,600,000)	-	-	-	-	-	-
Interfund transfers	(3,120,476)	(3,120,476)	-	-	-	-	20,000	20,000	-
Proceeds from sale of bonds	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	1,991,412	1,991,412	-	-	-	-	-	-
Total other financing sources(uses)	<u>410,961,274</u>	<u>397,959,633</u>	<u>(13,001,641)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,350,379</u>	<u>5,510,043</u>	<u>(840,336)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(23,881,730)</u>	<u>(7,858,183)</u>	<u>16,023,547</u>	<u>(42,599)</u>	<u>1,070,608</u>	<u>1,113,207</u>	<u>(240,121)</u>	<u>(54,536)</u>	<u>185,585</u>
FUND BALANCES, beginning of year	<u>67,376,288</u>	<u>67,376,288</u>	<u>-</u>	<u>2,472,111</u>	<u>2,472,111</u>	<u>-</u>	<u>240,121</u>	<u>240,121</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$43,494,558</u>	<u>\$59,518,105</u>	<u>\$16,023,547</u>	<u>\$2,429,512</u>	<u>\$3,542,719</u>	<u>\$1,113,207</u>	<u>\$-</u>	<u>\$185,585</u>	<u>\$185,585</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, 2017

	School Special Grants Fund			School Debt Service Fund			School Capital Projects Bond Fund		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:									
Sales tax	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Intergovernmental									
State	3,499,108	3,490,772	(8,336)	-	-	-	-	-	-
Federal	15,312,055	9,437,993	(5,874,062)	-	-	-	-	-	-
Charges for services	2,604,295	2,817,486	213,191	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	372,376	-
Total revenues	<u>21,415,458</u>	<u>15,746,251</u>	<u>(5,669,207)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,376</u>	<u>-</u>
EXPENDITURES:									
Education	25,002,834	15,377,956	9,624,878	-	-	-	-	-	-
Community Activities	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	130,782,777	38,662,910	92,119,867
Debt service:									
Principal retirement	-	-	-	31,543,636	32,313,399	(769,763)	-	-	-
Interest and fiscal charges	-	-	-	15,201,608	13,929,730	1,271,878	-	-	-
Total expenditures	<u>25,002,834</u>	<u>15,377,956</u>	<u>9,624,878</u>	<u>46,745,244</u>	<u>46,243,129</u>	<u>502,115</u>	<u>130,782,777</u>	<u>38,662,910</u>	<u>92,119,867</u>
Excess (deficiency) of revenues over expenditures	<u>(3,587,376)</u>	<u>368,295</u>	<u>3,955,671</u>	<u>(46,745,244)</u>	<u>(46,243,129)</u>	<u>502,115</u>	<u>(130,782,777)</u>	<u>(38,290,534)</u>	<u>92,119,867</u>
Other financing sources(uses):									
Transfers in	-	-	-	46,095,244	45,593,129	(502,115)	-	-	-
Transfers out	-	-	-	-	-	-	-	(\$372,376)	-
Interfund transfers	-	-	-	650,000	650,000	-	-	-	-
Proceeds of sale of bonds	-	-	-	-	-	-	75,200,000	75,200,000	-
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,745,244</u>	<u>46,243,129</u>	<u>(502,115)</u>	<u>75,200,000</u>	<u>74,827,624</u>	<u>-</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(3,587,376)</u>	<u>368,295</u>	<u>3,955,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,582,777)</u>	<u>36,537,090</u>	<u>92,119,867</u>
FUND BALANCES, beginning of year	<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>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$3,955,671</u>	<u>\$3,955,671</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$92,119,867</u>	<u>\$92,119,867</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, 2017

	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	\$-	\$-	\$-	\$-	\$-	\$-	\$24,864,250	\$24,458,713	(\$405,537)
Intergovernmental									
State	131,585	131,429	(156)	1,880,000	1,972,245	92,245	43,749,679	43,031,519	(718,160)
Federal	-	-	-	-	-	-	19,673,055	15,191,225	(4,481,830)
Charges for services	-	11,714,732	-	-	-	-	19,781,466	33,408,214	13,626,748
Use of money and property	-	-	-	-	-	-	-	372,376	372,376
Total revenues	<u>131,585</u>	<u>11,846,161</u>	<u>(156)</u>	<u>1,880,000</u>	<u>1,972,245</u>	<u>92,245</u>	<u>108,068,450</u>	<u>116,462,047</u>	<u>8,393,597</u>
EXPENDITURES:									
Education	-	-	-	4,000,000	4,223,511	(223,511)	538,161,316	499,528,735	38,632,581
Community Activities	-	-	-	-	-	-	16,959,028	16,909,533	49,495
Capital projects	66,280,530	11,307,483	54,973,047	-	-	-	197,063,307	49,970,393	147,092,914
Debt service:									
Principal retirement	-	-	-	-	-	-	31,543,636	32,313,399	(769,763)
Interest and fiscal charges	-	-	-	-	-	-	15,201,608	13,929,730	1,271,878
Total expenditures	<u>66,280,530</u>	<u>11,307,483</u>	<u>54,973,047</u>	<u>4,000,000</u>	<u>4,223,511</u>	<u>(223,511)</u>	<u>798,928,895</u>	<u>612,651,790</u>	<u>186,277,105</u>
Excess (deficiency) of revenues over expenditures	<u>(66,148,945)</u>	<u>538,678</u>	<u>66,687,623</u>	<u>(2,120,000)</u>	<u>(2,251,266)</u>	<u>(131,266)</u>	<u>(690,860,445)</u>	<u>(496,189,743)</u>	<u>194,670,702</u>
Other financing sources(uses):									
Transfers in	21,047,721	21,047,721	-	2,120,000	2,251,266	131,266	489,675,094	476,070,856	(13,604,238)
Transfers out	-	-	-	-	-	-	-	(2,972,376)	(2,972,376)
Interfund transfers	2,450,476	2,450,476	-	-	-	-	-	-	-
Proceeds of sale of bonds	11,714,732	-	-	-	-	-	\$86,914,732	75,200,000	-
Proceeds from capital lease	-	-	-	-	-	-	-	1,991,412	1,991,412
Total other financing sources(uses)	<u>35,212,929</u>	<u>23,498,197</u>	<u>-</u>	<u>2,120,000</u>	<u>2,251,266</u>	<u>131,266</u>	<u>576,589,826</u>	<u>550,289,892</u>	<u>(14,585,202)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other use:	<u>(30,936,016)</u>	<u>24,036,875</u>	<u>54,972,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(114,270,619)</u>	<u>54,100,149</u>	<u>180,085,500</u>
FUND BALANCES, beginning of year	<u>30,936,016</u>	<u>30,936,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,194,689</u>	<u>160,194,689</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$-</u>	<u>\$54,972,891</u>	<u>\$54,972,891</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$45,924,070</u>	<u>\$214,294,838</u>	<u>\$180,085,500</u>

EXHIBIT G-4

ARLINGTON COUNTY, VIRGINIA  
 OPEB TRUST FUND - SCHOOLS  
 BALANCE SHEET  
 JUNE 30, 2017  
 (WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Investments	\$48,274,863	\$42,987,187
Accounts Receivable	<u>2,600,000</u>	<u>-</u>
Total assets	<u>50,874,863</u>	<u>42,987,187</u>
LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION	<u><u>\$50,874,863</u></u>	<u><u>\$42,987,187</u></u>

## EXHIBIT G-5

ARLINGTON COUNTY, VIRGINIA  
 OPEB TRUST FUND - SCHOOLS  
 STATEMENT OF CHANGES IN PLAN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017  
 (WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
ADDITIONS:		
Employer contributions	\$2,600,000	\$2,161,252
Investment Income:		
Interest and dividends	2,054,302	2,495,176
Net appreciation (depreciation) in fair value	<u>3,233,374</u>	<u>(607,006)</u>
Total additions	7,887,676	4,049,422
Net Increase	<u>7,887,676</u>	<u>4,049,422</u>
Net Position Held in Trust for Plan Benefits, beginning of year	<u>42,987,187</u>	<u>38,937,765</u>
Net Position Held in Trust for Plan Benefits, end of year:		
Undesignated	<u><u>\$50,874,863</u></u>	<u><u>\$42,987,187</u></u>



## **Supplemental Schedules**

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

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CASH AND INVESTMENTS - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	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	\$274,397,190	\$7,623,719	\$377,334,622	\$96,313,779	\$16,941,934	\$16,726,090	\$144,958,340	\$934,295,674
Receipts (net):								
Taxes	1,022,543,405	9,014,304	40,305,395	-	-	-	24,458,713	1,096,321,817
Licenses and permits	11,459,159	-	-	-	-	-	-	11,459,159
Fines and forfeitures	7,059,743	-	-	-	-	-	-	7,059,743
Revenue from use of money and property	7,415,759	4,133	578,499	420,674	-	-	372,376	8,791,441
Charges for services	57,520,846	-	5,013,034	129,377,171	23,352,513	10,278,565	33,408,214	258,950,343
Miscellaneous	13,380,229	-	23,422,669	985,385	-	9,997,940	-	47,786,223
Intergovernmental	93,373,113	22,413,038	8,227,653	-	-	71,611	58,222,744	182,308,159
Proceeds from indebtedness	-	-	119,425,658	-	-	-	-	119,425,658
Proceeds from sale of assets	-	-	-	-	528,650	-	1,991,412	2,520,062
Total Receipts	1,212,752,254	31,431,475	196,972,908	130,783,230	23,881,163	20,348,116	118,453,459	1,734,622,605
Total Receipts and Balance	1,487,149,444	39,055,194	574,307,530	227,097,009	40,823,097	37,074,206	263,411,799	2,668,918,279
Disbursements (net):								
Warrants (checks) issued	654,157,043	32,180,970	110,044,436	101,217,426	20,118,641	18,262,157	499,693,045	1,435,673,718
Retirement of indebtedness	43,967,972	-	-	23,834,921	1,200,379	-	32,313,399	101,316,671
Interest and other debt costs	16,284,182	-	-	9,524,146	99,782	-	13,929,730	39,837,840
Total Disbursements	714,409,197	32,180,970	110,044,436	134,576,493	21,418,802	18,262,157	545,936,174	1,576,828,229
Interfund Transfers:								
Transfers in	4,467,791	626,148	20,213,499	-	342,269	-	476,070,856	501,720,563
Transfers out	(498,139,550)	(76,395)	(3,770,060)	400,000	(130,000)	-	(2,972,376)	(504,688,381)
BALANCE, end of year	\$279,068,488	\$7,423,977	\$480,706,533	\$92,920,516	\$19,616,564	\$18,812,049	\$190,574,105	\$1,089,122,232

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CASH AND INVESTMENTS  
ADJUSTED CASH IN BANKS (BOOK BALANCE)  
JUNE 30, 2017

Assets held by the Treasurer	
Cash on hand	<u>\$15,000</u>
Cash in banks:	
Checking	
Wells Fargo	32,883,649
SunTrust	129,071
Citibank	909,815
Bank of America	120,824
United Bank	860,814
Burke and Herbert Bank	104,273
Total Checking Account	<u>35,008,446</u>
Savings :	
Wells Fargo	5,489,004
Bank of America	3,627,841
Total Savings Account	<u>9,116,845</u>
Certificates of Deposit :	
John Marshall	26,019,368
WashingtonFirst	4,047,510
United Bank	4,068,521
EagleBank	1,000,000
Total Certificates of Deposit	<u>35,135,399</u>
Money Markets :	
Chain Bridge Money Market	1,022,930
John Marshall Money Market	6,555,166
First Virginia Community Bank Money Market	17,428,670
United Bank Money Market	7,030,122
Washington First Money Market	7,051,263
Eagle Bank Money Market	2,010,019
Total Money Markets	<u>41,098,170</u>
Total Cash in Banks	<u>120,358,860</u>
Investments:	
Held with Trustee :	
Corporate Notes	138,220,673
Federal Agency Bonds/ Notes	77,797,339
Municipal Investments	31,559,240
Total Held with Trustee	<u>247,577,252</u>
State Treasurer's Local Government Investment Pool	221,737
Virginia Investment Pool	40,974,806
Virginia Investment Pool Daily Liquidity	322,426,637
State Non Arbitrage Investment Program (SNAP)	338,179,591
Total Investments	<u>949,380,023</u>
Total Cash and Investments held by the Treasurer	<u>1,069,753,883</u>
Assets held with Trustees	
SunTrust, Ballston Parking Garage	96,727
First Virginia Community Bank - Solid Waste	118,743
Arlington Mill Garage	68,837
US Bank, Ballston Garage Accounts	16,198,088
Mellon- IDA Ballston Skating Facility	2,178,007
John Marshall World Cities Alliance	49,260
Mellon- IDA Lease Revenue Bonds (Capital)	454,866
Total Assets held with Trustees	<u>19,164,528</u>
Total Cash & Investment Balances, June 30, 2017	<u>\$1,088,918,411</u>

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CASH AND INVESTMENTS  
CASH IN BANKS  
JUNE 30, 2017

Assets Held by the Treasurer	
Cash on Hand	<u>\$15,000</u>
Cash in Banks:	
Checking	
Wells Fargo	44,286,385
SunTrust	129,071
Citibank	909,815
Bank of America	120,824
United Bank	838,308
Burke and Herbert Bank	104,274
Total Checking Account	<u>46,388,677</u>
Savings:	
Wells Fargo	5,489,004
Bank of America	3,627,841
Total Savings Account	<u>9,116,845</u>
Certificates of Deposit:	
John Marshall	26,019,368
WashingtonFirst	4,047,510
United Bank	4,068,521
Eagle Bank	1,000,000
Total Certificates of Deposit	<u>35,135,399</u>
Money Markets:	
Chain Bridge Money Market	1,022,930
John Marshall Money Market	6,555,166
First Virginia Community Bank Money Market	17,428,670
United Bank Money Market	7,030,122
Washington First Money Market	7,051,263
Eagle Bank Money Market	2,010,019
Total Money Markets	<u>41,098,170</u>
Total Cash in Banks	<u>131,739,091</u>
Investments:	
Held with Trustee :	
Corporate Notes	138,220,673
Federal Agency Bonds/ Notes	77,797,339
Municipal Investments	31,559,240
Total Held with Trustee	<u>247,577,252</u>
State Treasurer's Local Government Investment Pool	221,737
Virginia Investment Pool	40,974,806
Virginia Investment Pool Daily Liquidity	322,426,637
State Non Arbitrage Investment Program (SNAP)	338,179,591
Total Investments	<u>949,380,023</u>
Total Cash and Investments held by the Treasurer	<u>1,081,134,114</u>
Assets held with Trustees	
SunTrust, (Ballston Parking Garage)	96,727
First Virginia Community Bank - Solid Waste	118,743
Suntrust Arlington Mill Garage	68,540
US Bank, Ballston Garage Accounts	16,198,088
Mellon- IDA Ballston Skating Facility	2,178,007
John Marshall World Cities Alliance	49,260
Mellon- IDA Lease Revenue Bonds (Capital)	454,866
Total Assets held with Trustees	<u>19,164,231</u>
Total Cash & Investment Balances, June 30, 2017	<u>\$1,100,298,345</u>



ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2017

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<b>Certificate of Deposit</b>			
JOHN MARSHALL BANK	0.70%	08/24/2017	\$974,000
UNITED BANK	0.55%	09/18/2017	1,012,350
JOHN MARSHALL BANK	0.85%	09/30/2017	5,151,398
JOHN MARSHALL BANK	1.10%	09/30/2017	5,324,140
JOHN MARSHALL BANK	0.75%	10/19/2017	3,101,293
JOHN MARSHALL BANK	0.85%	10/24/2017	2,070,278
JOHN MARSHALL BANK	1.19%	12/07/2017	2,128,796
WASHINGTON FIRST BANK	0.95%	12/08/2017	1,009,538
JOHN MARSHALL BANK	1.19%	12/13/2017	2,080,656
JOHN MARSHALL BANK	1.05%	04/01/2018	5,188,806
UNITED BANK	1.59%	04/26/2018	1,019,034
UNITED BANK	1.59%	04/26/2018	1,025,086
UNITED BANK	1.58%	05/07/2018	1,012,051
WASHINGTON FIRST BANK	1.00%	05/19/2018	2,030,950
WASHINGTON FIRST BANK	1.10%	06/08/2018	1,007,023
EAGLE BANK	1.49%	06/30/2018	1,000,000
Total Certificates of Deposits			<u><b>35,135,399</b></u>

**Corporate Notes**

STANDARD CHARTERED BK	1.720%	03/16/2018	5,007,000
DNB BOLIGKREDITT AS BOND 144A	1.450%	03/21/2018	4,994,000
HSBC BANK PLC	1.500%	05/15/2018	2,552,138
ROYAL BANK OF CANADA	1.800%	07/30/2018	2,503,225
TOYOTA MOTOR CREDIT CORP	2.000%	10/24/2018	2,010,860
WESTPAC BANKING CORP	1.950%	11/23/2018	1,736,397
ROYAL BANK OF CANADA	3.000%	01/30/2019	1,511,250
SVENSKA HANDELSBANKEN AB	2.250%	06/17/2019	2,011,480
SVENSKA HANDELSBANKEN AB	2.250%	06/17/2019	2,852,279
ROYAL BANK OF CANADA	1.500%	07/29/2019	2,004,486
BERKSHIRE HATHAWAY	2.100%	08/14/2019	2,720,628
WESTPAC BANKING GROUP	1.600%	08/19/2019	1,984,460
COMMONWEALTH BK AUSTR NY	2.300%	09/06/2019	2,012,920
TOYOTA MOTOR CREDIT CORP	1.550%	10/18/2019	2,489,025
TORONTO DOMINION BANK	2.250%	11/05/2019	5,037,100
WESTPAC BKG CORP SR GLBL NT	4.875%	11/19/2019	5,324,450
NATIONAL AUSTRALIA BK/NY	2.250%	01/10/2020	2,006,140
MICROSOFT CORP	1.850%	02/12/2020	3,005,280
MET LIFE GLOB FUNDING	2.000%	04/14/2020	2,066,343
ROYAL BANK OF CANADA	2.000%	07/14/2020	5,041,050
WELLS FARGO & COMPANY	1.576%	07/20/2020	6,569,512
USAA CAPITAL CORP	2.450%	08/01/2020	1,992,558
ROYAL BANK OF CANADA	2.350%	10/30/2020	3,515,575
ROYAL BANK OF CANADA	2.350%	10/30/2020	4,419,580
ROYAL BANK OF CANADA	2.350%	10/30/2020	2,008,900
MASSMUTUAL GLOBAL FUNDING	2.450%	11/23/2020	1,661,847
WESTPAC BANKING CORP	2.600%	11/23/2020	2,526,925
TORONTO DOMINION BANK	2.500%	12/14/2020	2,528,850
TOYOTA MOTOR CREDIT CORP	4.250%	01/11/2021	2,673,375

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2017

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
COMMONWEALTH BK AUSTR NY	2.550%	03/15/2021	5,013,000
APPLE INC	2.850%	05/06/2021	5,140,850
TORONTO DOMINION BANK	1.800%	07/13/2021	2,507,827
TORONTO DOMINION BANK	1.800%	07/13/2021	4,898,100
BANK OF MONTREAL	1.550%	09/21/2021	4,908,200
BAYLOR SCOTT & WHITE HOL	1.947%	11/15/2021	4,164,363
TORONTO DOMINION BANK	1.500%	11/28/2021	4,888,450
ROYAL BANK OF CANADA	2.000%	03/30/2022	5,021,800
ROYAL BANK OF CANADA	2.000%	05/05/2022	4,991,050
Toyota Motor Credit Corp	2.125%	06/29/2022	9,919,400
<b>Total Corporate Notes</b>			<b>138,220,673</b>
<b>Government Agency Bonds</b>			
FEDERAL FARM CREDIT BANK	0.95%	05/08/2018	498,425
FEDERAL NATIONAL MTG ASSN	3.59%	06/01/2018	364,379
FEDERAL NATIONAL MTG ASSN	0.00%	10/09/2019	5,935,693
FEDERAL NATIONAL MTG ASSN	0.00%	10/09/2019	2,374,277
FEDERAL FARM CREDIT BANK	1.59%	03/23/2020	4,632,923
FEDERAL HOME LOAN MTG CORP	1.13%	10/29/2020	7,469,250
FEDERAL FARM CREDIT BANK	1.44%	01/19/2021	4,849,950
FEDERAL HOME LOAN BANK	1.00%	02/26/2021	992,610
FEDERAL HOME LOAN BANK	1.00%	02/26/2021	1,111,723
FEDERAL HOME LOAN MTG CORP	1.25%	02/26/2021	1,091,112
FEDERAL HOME LOAN MTG CORP	1.13%	04/28/2021	2,158,549
FEDERAL HOME LOAN MTG CORP	1.25%	04/28/2021	2,428,175
FEDERAL HOME LOAN BANK	1.00%	05/25/2021	3,637,809
FEDERAL HOME LOAN BANK	1.00%	05/25/2021	5,093,436
FEDERAL HOME LOAN MTG CORP	1.50%	06/07/2021	5,919,900
FEDERAL HOME LOAN MTG CORP	1.13%	06/30/2021	4,425,840
FEDERAL HOME LOAN MTG CORP	1.50%	06/30/2021	1,489,440
FEDERAL FARM CREDIT BANK	1.50%	07/06/2021	5,902,920
FEDERAL HOME LOAN MTG CORP	1.00%	07/27/2021	1,474,890
FEDERAL NATIONAL MTG ASSN	1.25%	07/27/2021	6,379,962
FEDERAL HOME LOAN BANK	1.13%	11/23/2021	8,393,920
FEDERAL HOME LOAN MTG CORP	1.85%	12/14/2021	1,172,156
<b>Total Government Agency Bonds</b>			<b>77,797,339</b>
<b>Municipal Obligations</b>			
VIENNA VA	2.50%	08/01/2017	25,030
NORFOLK VA	3.00%	10/01/2017	50,250
HONOLULU HAWAII CITY& CNTY GO BDS SER	1.26%	11/01/2017	49,983
HAWAII CNTY HAWAII GO BDS SER. 2010B	4.46%	03/01/2018	50,921
VIRGINIA ST HSG DEV AUTH	4.80%	04/01/2018	100,000
DANE CNTY BUILD AMERICA BOND	3.00%	06/01/2018	353,689
RIVERSIDE VA REGL AUTH JAIL	4.00%	07/01/2018	283,239
PRINCE WILLIAM CNTY VA	1.74%	10/01/2018	933,943
VIRGINIA ST CLG BLDG AUTH	3.35%	02/01/2019	945,886

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS-ALL FUNDS  
JUNE 30, 2017

	Interest Rate	Maturity Date	Market Value
RIVERSIDE VA REGL AUTH JAIL	4.00%	07/01/2019	204,896
CITY OF NEW YORK NY	2.30%	08/01/2019	2,872,461
VIRGINIA ST HSG DEV AUTH RENTAL HSG BDS	6.32%	08/01/2019	35,934
BURLINGTON VT TXBL REF SER D	1.70%	11/01/2019	391,816
NORFOLK VA	4.00%	11/01/2019	53,216
PORTSMOUTH VA	2.40%	02/01/2020	510,035
VIRGINIA ST CLG BLDG AUTH	4.50%	02/01/2020	527,550
VIRGINIA ST BUILD AMER BOND	3.05%	06/01/2020	329,562
FLORIDA ST HURRICANE	3.00%	07/01/2020	2,552,100
FLORIDA ST HURRICANE	3.00%	07/01/2020	2,516,371
UPPER OCCOQUAN VA SEWAGE AUTH	4.25%	07/01/2020	535,020
UPPER OCCOQUAN VA SEWAGE AUTH	4.25%	07/01/2020	176,557
VIRGINIA ST PORT AUTH CMWLTH	2.15%	07/01/2020	498,505
PORTSMOUTH VA SER C	5.92%	07/15/2020	1,087,100
PORTSMOUTH VA	2.00%	08/01/2020	1,755,005
VIRGINIA ST HSG DEV AUTH	6.47%	08/01/2020	513,645
NORFOLK VA BUILD AMERICAN BOND	4.85%	03/01/2021	272,272
FLORIDA ST REV BOND	2.64%	07/01/2021	2,505,500
FLORIDA ST REV BOND	2.64%	07/01/2021	3,006,600
UPPER OCCOQUAN SEWAGE AUTH	2.05%	07/01/2021	500,010
SPOTSYLVANIA CNTY VA	5.30%	07/15/2021	1,073,090
VIRGINIA ST PUBLIC BLDG	5.30%	08/01/2021	549,122
VIRGINIA ST PUBLIC BLDG AUTH	4.20%	08/01/2021	1,023,616
VIRGINIA ST PUBLIC BLDG AUTH	4.20%	08/01/2021	538,745
FAIRFAX CNTY VA ECON DEV AUTHFAC	2.90%	10/01/2021	515,590
CONNECTICUT ST TXBL-SER B	2.40%	10/15/2021	992,240
CONNECTICUT ST TXBL-SER B	2.40%	10/15/2021	3,229,741
Total Municipal Obligations			<b>31,559,240</b>
<b>Money Market Funds</b>			
WASHINGTON FIRST BANK	0.75%		7,051,263
FIRST VIRGINIA COMMUNITY BANK	0.85%		17,428,670
CHAIN BRIDGE BANK	0.50%		1,022,930
EAGLE BANK	0.60%		2,010,019
JOHN MARSHALL BANK	0.65%		6,555,166
UNITED BANK	0.80%		6,017,084
UNITED BANK	0.60%		1,013,037
Total Money Market Funds			<b>41,098,169</b>
Virginia State Non-Arbitrage Program (SNAP)			338,179,591
Virginia Investment Pool (VIP)			40,974,806
State Treasurer's Local Government Investment Pool			221,737
Virginia Investment Pool Daily Liquidity			322,426,637
<b>TOTAL SECURITIES</b>			<b>\$1,025,613,591</b>

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
<b>General Obligation Debt: Serviced by General Fund:</b>						
G.O. Public Improvement (\$39,217,322)		8/15/09				
Neighborhood Conservation	\$4,817,322					
Parks and Recreation	2,050,000					
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>\$970,313</u>		
G.O. Public Improvement Refunding (\$41,262,678)		8/15/09				
Street & Highway	\$9,122,919					
Neighborhood Conservation	2,195,414					
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>\$5,405,600</u>		
G.O. Public Improvement (\$65,650,000)		8/15/09				
Street & Highway	\$5,519,144					
Neighborhood Conservation	2,769,159					
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>\$11,537,213</u>		
G.O. Public Improvement (\$73,415,000)		7/27/10				
Street & Highway	\$7,150,000		5.00	1,270,000	1,270,000	08/15/17
Neighborhood Conservation	6,900,000		2.00	1,270,000	1,270,000	08/15/18
Government Facility Bond	1,270,000		2.125	1,270,000	1,270,000	08/15/19
Parks and Recreation	1,500,000		3.693	1,270,000	1,270,000	08/15/20
Metro	7,542,000		3.993	1,270,000	1,270,000	08/15/21
	<u>\$24,362,000</u>		4.193	1,270,000	1,270,000	08/15/22
			4.393	1,270,000	1,270,000	08/15/23
			4.593	1,270,000	1,270,000	08/15/24
			4.693	1,270,000	1,270,000	08/15/25
			5.301	6,325,000	1,265,000	08/15/26-30
				<u>\$17,755,000</u>		
G.O. Public Improvement Refunding (65,870,000)		7/27/10				
Street & Highway	\$5,661,131					
Neighborhood Conservation	2,906,731		4.00	4,732,544	4,732,544	08/15/17
Government Facility Bond	1,167,608		5.00	3,596,516	3,596,516	08/15/18
Parks and Recreation	11,120,617		4.00	2,405,957	2,405,957	08/15/19
Fire	1,486,736		5.00	7,087,694	7,087,694	08/15/20
Library	2,204,188		5.00	6,995,352	6,995,352	08/15/21
Metro	3,577,903		3.00	1,639,501	1,639,501	08/15/22
	<u>\$28,124,914</u>			<u>\$26,457,564</u>		

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

			Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public Improvement (\$127,000,000)		6/28/11				
Street & Highway	\$10,669,428					
Neighborhood Conservation	6,400,000					
Government Facility Bond	4,675,000	4.00/5.00	3,685,000	3,685,000	08/15/17	
Parks and Recreation	39,005,572	4.00	3,685,000	3,685,000	08/15/18	
Metro	10,000,000	5.00	3,685,000	3,685,000	08/15/19	
	<u>\$70,750,000</u>					
				<u>\$11,055,000</u>		
G.O. Public Improvement Refunding (\$106,445,000)		2/22/12				
Street & Highway	\$6,073,372	4.00/3.00	5,760,000	5,760,000	08/01/19	
Neighborhood Conservation	4,851,013	4.00/3.00	3,165,000	3,165,000	08/01/21	
Government Facility Bond	959,373	5.00	11,955,000	11,955,000	08/01/22	
Parks and Recreation	15,124,026	5.00	9,240,000	9,240,000	08/15/23	
Fire Station	1,349,591	5.00	7,175,000	7,175,000	08/15/24	
Library	1,152,494	5.00	2,280,000	2,280,000	08/15/25	
Metro	10,065,131					
	<u>\$39,575,000</u>			<u>\$39,575,000</u>		
G.O. Public Improvement Refunding (\$108,140,000)		6/20/12				
Street & Highway	\$6,150,000					
Neighborhood Conservation	4,000,000					
Government Facility Bond	4,435,000	5.00	2,313,675	2,313,675	08/15/17	
Parks and Recreation	11,010,000	5.00	5,873,175	1,957,725	08/15/18-20	
Metro	10,000,000					
	<u>\$35,595,000</u>			<u>\$8,186,850</u>		
G.O. Public Improvement (\$93,975,000)		5/9/13				
Street & Highway	\$11,190,000					
Neighborhood Conservation	4,000,000					
Government Facility Bond	11,395,000	5.00	12,425,000	2,485,000	08/01/17-21	
Parks and Recreation	15,410,000	4.00	4,960,000	2,480,000	08/01/31-32	
Metro	10,000,000					
	<u>\$51,995,000</u>			<u>\$17,385,000</u>		
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					
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>\$30,925,000</u>		

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

			Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement (\$64,910,000)	5/28/14				
Street & Highway	\$7,405,000				
Neighborhood Conservation	5,000,000	5.000	6,975,000	1,395,000	02/15/18-22
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>\$20,895,000</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				
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>\$41,650,000</u>		
G.O. Public Improvement (\$55,200,000)	5/4/16				
Street & Highway	\$3,075,000				
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>\$19,350,000</u>		
G.O. Public Improvement Refunding (\$161,530,000)	5/4/16				
Street & Highway	\$13,758,132				
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>\$78,295,000</u>		

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

		Bonds Outstanding: (Relates to total amount)		Payments: (Relates to total amount)	
G.O. Public improvement (\$185,095,000)		5/31/17			
Street & highway	\$15,670,000	2.000	4,240,000	4,240,000	08/15/17
Neighborhood conservation	9,600,000	4.000	5,190,000	5,190,000	08/15/18
Parks and recreation	11,900,000	5.000	6,200,000	6,200,000	05/15/19
Government facility bond	26,125,000	5.000	3,765,000	3,765,000	08/15/20
Metro	46,600,000	5.000	4,745,000	4,745,000	08/15/21
	<u>\$109,895,000</u>	2.000	5,720,000	5,720,000	08/15/22
		5.000	28,600,000	5,720,000	08/15/23-27
		5.000	17,145,000	5,715,000	08/15/28-30
		4.000	34,290,000	5,715,000	08/15/31-36
<b>SUBTOTAL:</b>			<b><u>\$468,342,540</u></b>		
FY 2004 Bond Premium to be amortized			\$774,319		
FY 2005 Bond Premium to be amortized			1,686,845		
FY 2006 Bond Premium to be amortized			739,956		
FY 2007 Bond Premium to be amortized			225,248		
FY 2008 Bond Premium to be amortized			820,325		
FY 2010 Bond Premium to be amortized			610,590		
FY 2011 Bond Premium to be amortized			4,521,143		
FY 2012 Bond Premium to be amortized			4,844,288		
FY 2013 Bond Premium to be amortized			8,903,551		
FY 2014 Bond Premium to be amortized			2,075,761		
FY 2015 Bond Premium to be amortized			3,074,243		
FY 2016 Bond Premium to be amortized			4,619,856		
FY 2017 Bond Premium to be amortized			17,686,387		
Total GO Bonds Serviced by General Fund:			<b><u>\$518,925,052</u></b>		
IDA Revenue Bond (\$41,280,000)		12/15/10			
Metro Matters	\$26,000,000				
Buckingham Village I	15,280,000				
	<u>\$41,280,000</u>	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
			<b><u>\$32,765,000</u></b>		

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

		Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
IDA Revenue Bond (\$11,940,000)	12/15/10			
FS #3, Arlington Mill and Buckingham Park	<u>\$11,940,000</u>	3.00	625,000	625,000 2/15/118
		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>\$8,690,000</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>	5.00/1.02	3,005,000	3,005,000 12/15/17
	<u>\$76,315,000</u>	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>\$55,525,000</u>	
Total IDA Revenue Bonds Serviced by General Fund			<u>\$96,980,000</u>	
Compensated Absences			<u>33,500,387</u>	
Estimated Liability for Workers' Comp Claims & Other Judgments			<u>4,728,888</u>	
Serviced by General Fund-Capital Leases			<u>21,124,811</u>	
Total General Obligation Debt Serviced by General Fund:			<u>675,259,138</u>	
Due in one year			<u>(58,633,944)</u>	
Total Long Term Liabilities -General Fund			<u>\$616,625,194</u>	



ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

		Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
<b><u>Serviced by School Operating Fund:</u></b>				
G.O. Public Improvement (\$39,217,322)				8/15/09
School Improvements	<u>\$24,350,000</u>			
		5.00	1,220,000	1,220,000 08/15/17
		3.00	304,688	304,688 08/15/18
			<u>\$1,524,688</u>	
G.O. Public Improvement Refunding (\$41,262,678)				8/15/09
School Improvements	<u>\$11,455,110</u>			
		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
			<u>\$3,914,400</u>	
G.O. Public Improvement Refunding (\$65,650,000)				8/15/09
School Improvements	<u>\$27,608,536</u>			
		5.00	2,651,482	2,651,482 08/15/17
		5.00	4,631,381	4,631,381 08/15/18
		5.00	2,540,397	2,540,397 08/15/19
		5.00	2,544,916	2,544,916 08/15/20
			<u>\$12,368,176</u>	
Schools- QSCB (\$3,390,000)				7/6/10
School Improvements	<u>\$3,390,000</u>	5.31	2,000,000	200,000 08/01/17-27
			<u>\$2,000,000</u>	
G.O. Public Improvement (\$73,415,000)				7/27/10
School Improvements	<u>\$30,703,000</u>			
		5.00	1,535,000	1,535,000 08/15/17
		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>\$21,490,000</u>	
G.O. Public Improvement Refunding (\$65,870,000)				7/27/10
School Improvements	<u>\$25,408,254</u>			
		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>\$24,608,312</u>	
G.O. Public Improvement (\$127,000,000)				6/28/11
School Improvements	<u>\$44,450,000</u>			
		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>\$6,675,000</u>	

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

			Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
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	3,256,325	3,256,325 08/15/17
			5.00	9,771,825	3,257,275 08/15/18-20
				<u>\$13,028,150</u>	
G.O. Public Improvement (\$93,975,000)		5/9/13			
School Improvements	<u>\$38,380,000</u>		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>\$13,435,000</u>	
G.O. Public Improvement Refunding (\$30,320,000)		5/9/13			
School Improvements	<u>\$11,590,000</u>		4.00	240,000	240,000 08/01/24
			5.00	2,975,000	2,975,000 08/01/25
			5.00	5,225,000	5,225,000 08/01/26
			4.00	3,150,000	3,150,000 08/01/27
				<u>\$11,590,000</u>	
G.O. Public Improvement Refunding (\$81,255,000)		5/9/13			
School Improvements	<u>\$33,505,000</u>		0.776	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>\$23,200,000</u>	
G.O. Public Improvement (\$64,910,000)		5/28/14			
School Improvements	<u>\$36,460,000</u>		5.000	9,125,000	1,825,000 02/15/2018-22
			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>\$27,345,000</u>	

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

		Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement Refunding (\$40,455,000)				5/28/14
School Improvements	<u>\$19,725,000</u>	5.000	1,170,000	02/15/21
		5.000	3,135,000	02/15/22
		5.000	10,170,000	02/15/2023-24
		5.000	3,115,000	02/15/25
		5.000	2,135,000	02/15/27
			<u>\$19,725,000</u>	
G.O. Public Improvement (\$77,440,000)				6/17/15
School Improvements	<u>\$30,000,000</u>	4.000	13,500,000	08/15/17-25
		3.000	3,000,000	08/15/26-27
		4.000	1,500,000	08/15/28
		3.500	3,000,000	08/15/29-30
		3.500	1,500,000	08/15/31
		3.750	4,500,000	08/15/32-34
			<u>\$27,000,000</u>	
G.O. Public Improvement (\$55,200,000)				5/4/16
School Improvements	<u>\$32,550,000</u>	4.000	3,260,000	08/15/17-18
		3.000	1,630,000	08/15/19
		5.000	11,410,000	08/15/20-26
		5.000	14,625,000	08/15/27-35
			<u>\$30,925,000</u>	
G.O. Public Improvement Refunding (\$161,530,000)				5/4/16
School Improvements	<u>\$72,220,000</u>	4.000	3,315,000	08/15/17
		5.000	810,000	08/15/18
		3.000	3,370,000	08/15/20
		5.000	4,140,000	08/15/21
		5.000	3,810,000	08/15/22
		5.000	2,120,000	08/15/23
		5.000	2,935,000	08/15/24
		5.000	4,155,000	08/15/25
		5.000	7,460,000	08/15/26
		5.000	7,135,000	08/15/27
		2.500	8,685,000	08/15/28
		2.500	8,555,000	08/15/29
		2.500	7,225,000	08/15/30
		2.750	5,180,000	08/15/31
		2.750	2,755,000	08/15/32
			<u>\$71,650,000</u>	
G.O. Public improvement (\$185,095,000)				5/31/17
School improvements	<u>\$75,200,000</u>	2.000	3,760,000	08/15/17
		4.000	3,760,000	08/15/18
		5.000	11,280,000	05/15/19-21
		2.000	3,760,000	08/15/22
		5.000	30,080,000	08/15/23-30
		2.000	22,560,000	08/15/31-36
			<u>\$75,200,000</u>	

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

	Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)
SUB TOTAL	<u><b>\$424,933,726</b></u>	
FY 2004 Bond Premium to be amortized	\$508,333	
FY 2005 Bond Premium to be amortized	1,170,869	
FY 2006 Bond Premium to be amortized	262,200	
FY 2007 Bond Premium to be amortized	128,600	
FY 2008 Bond Premium to be amortized	1,324,312	
FY 2010 Bond Premium to be amortized	963,888	
FY 2011 Bond Premium to be amortized	3,036,522	
FY 2012 Bond Premium to be amortized	8,201,022	
FY 2013 Bond Premium to be amortized	5,059,407	
FY 2014 Bond Premium to be amortized	2,771,675	
FY 2015 Bond Premium to be amortized	2,008,341	
FY 2016 Bond Premium to be amortized	6,848,774	
FY 2017 Bond Premium to be amortized	11,875,211	
Total Serial Bonds Serviced by School Operating Fund:	<b>469,092,880</b>	
Compensated Absences	<b>38,475,881</b>	
Capital Leases Serviced by Schools	<u><b>4,329,793</b></u>	
Total General Obligation Debt Serviced by School Operating Fund:	<b>511,898,554</b>	
Due in one year	<u><b>(43,450,467)</b></u>	
Total Long Term Liabilities - Schools	<b>468,448,087</b>	
Total General Obligation Debt Serviced by General Fund and School Operating Fund:	<u><u><b>\$1,085,073,281</b></u></u>	

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

		Bonds Outstanding:	Payments:	
		(Relates to total amount	(Relates to total amount	
<b><u>Serviced by Utilities Fund:</u></b>				
G.O. Public Improvement Refunding (\$65,650,000)	8/15/09			
Water share	\$1,765,156			
Sewer share	953,197			
Advanced Water Treatment	<u>8,162,851</u>	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>\$7,774,610</u>	
G.O. Public Improvement (\$73,415,000)	7/27/10			
Water share	\$4,000,000	5.00	955,000	955,000 08/15/17
Advanced Water Treatment	<u>14,350,000</u>	2.00	960,000	960,000 08/15/18
		2.125	955,000	955,000 08/15/19
		3.693	955,000	955,000 08/15/20
		3.993	955,000	955,000 08/15/21
		4.193	955,000	955,000 08/15/22
		4.393	955,000	955,000 08/15/23
		4.593	955,000	955,000 08/15/24
		4.693	955,000	955,000 08/15/25
		5.301	4,775,000	955,000 08/15/26-30
			<u>\$13,375,000</u>	
G.O. Public Improvement Refunding (\$65,870,000)	7/27/10			
Water share	\$1,211,039			
Sewer share	1,243,833	4.00	1,505,609	1,505,609 08/15/17
Advanced Water Treatment	<u>9,881,960</u>	5.00	3,449,613	3,449,613 08/15/18
	<u>\$12,336,832</u>	5.00	3,685,746	3,685,746 08/15/20
		5.00	308,156	308,156 08/15/21
			<u>\$8,949,124</u>	
G.O. Public Improvement (\$127,000,000)	6/28/11			
Advanced Water Treatment	<u>\$11,800,000</u>	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>\$1,845,000</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	<u>21,974,657</u>	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>	
G.O. Public Improvement Refunding (\$108,140,000)	6/20/12			
Advanced Water Treatment	<u>\$7,400,000</u>	5.00	1,540,000	385,000 08/15/2017-20
			<u>\$1,540,000</u>	

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

			Bonds Outstanding: (Relates to total amount)	Payments: (Relates to total amount)	
G.O. Public Improvement (\$93,975,000)		5/9/13			
Water share	<u>\$3,600,000</u>				
			5.00	900,000	180,000 08/01/17-21
			4.00	360,000	180,000 08/01/31-32
				<u>\$1,260,000</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				
Sewer share	1,641,858				
Advanced Water Treatment	<u>1,165,666</u>		0.776	265,000	265,000 08/01/17
	<u>\$3,505,000</u>		1.076	345,000	345,000 08/01/18
			1.339	250,000	250,000 08/01/19
			1.659	210,000	210,000 08/01/20
			2.225	15,000	15,000 08/01/23
			2.320	615,000	615,000 08/01/24
			2.470	600,000	600,000 08/01/25
			2.620	450,000	450,000 08/01/26
				<u>\$2,750,000</u>	
G.O. Public Improvement (\$64,910,000)		5/28/14			
Water share	<u>\$1,700,000</u>				
			5.000	425,000	85,000 02/15/2018-22
			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>\$1,275,000</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	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>\$2,700,000</u>	

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2017

		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		
Sewer share	31,547	4.000	220,000 08/15/17
Advanced Water Treatment	8,401,093	3.000	600,000 08/15/20
	<u>\$10,420,000</u>	5.000	640,000 08/15/21
		5.000	235,000 08/15/22
		5.000	585,000 08/15/23
		5.000	605,000 08/15/24
		5.000	795,000 08/15/25
		5.000	1,190,000 08/15/26
		5.000	680,000 08/15/27
		2.500	1,190,000 08/15/28
		2.500	1,175,000 08/15/29
		2.500	1,155,000 08/15/30
		2.750	940,000 08/15/31
		2.750	325,000 08/15/32
			<u>\$10,335,000</u>
SUBTOTAL:			<u>\$89,873,734</u>
FY 2005 Bond Premium to be amortized			\$197,983
FY 2007 Bond Premium to be amortized			457,133
FY 2008 Bond Premium to be amortized			604,571
FY 2011 Bond Premium to be amortized			1,088,232
FY 2012 Bond Premium to be amortized			958,989
FY 2013 Bond Premium to be amortized			474,425
FY 2014 Bond Premium to be amortized			129,142
FY 2015 Bond Premium to be amortized			200,834
Total Serial Bonds Serviced by Utilities Fund:			<u>93,985,043</u>
Compensated Absences - Utilities Fund			1,320,535
Bond and VRA interest payable - Utilities Fund			3,160,123
Capital Leases serviced by Utilities Fund			50,170
VRA Loans payable			<u>191,314,640</u>
Total Long Term Obligations Serviced by Utilities Fund:			<u>289,830,511</u>
Compensated Absences - Internal Service funds			566,057
Compensated Absences - CPHD Development Fund			638,386
Capital Leases serviced by Auto Equipment Fund			<u>3,682,247</u>
SUBTOTAL:			<u>294,717,201</u>
Revenue Bonds-Serviced by Ballston Public Garage Fund			4,600,000
Bond and mortgage interest payable			29,646,312
Mortgage Payable-Ballston Public Garage Fund			<u>3,429,679</u>
Total Business-type Activities Obligations:			<u>332,393,192</u>
Due in one year			<u>(65,078,173)</u>
Total Business-type Activities Long Term Obligations:			<u>\$267,315,019</u>
TOTAL LONG TERM OBLIGATIONS:			<u>\$1,352,388,300</u>

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE  
JUNE 30, 2017

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2017	\$53,950	\$549,790	\$603,740
2016	58,258	308,560	366,819
2015	27,150	288,969	316,120
2014	12,390	282,635	295,025
2013	12,029	228,366	240,395
2012	835		835
2011	1,818	-	1,818
2010	6,994	-	6,994
2009	10,327	-	10,327
2008	12,958	-	12,958
2007	9,478	-	9,478
2006	9,436	-	9,436
2005	6,560	-	6,560
2004	2,144	-	2,144
2003	1,005	-	1,005
2002	2,806	-	2,806
2001	8,451	-	8,451
2000	11,836	-	11,836
1999	12,427	-	12,427
1998	9,620	-	9,620
1989-1997 *	35,990	-	35,990
TOTAL	<u>\$306,461</u>	<u>\$1,658,320</u>	<u>\$1,964,782</u>

## NOTES:

Figures are rounded to the nearest dollar.

The amounts of delinquent real and personal property taxes receivable at June 30, 2017 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 real estate tax for fiscal years 1989-1997 were deferred pursuant to Arlington County's Real Estate Tax Relief Program. Such deferred taxes are due upon sale of the property or within one year of the death of the last owner who qualified for relief.

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 \$13,196 and \$366,078 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
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%	720,244	2,097,357	3,107,347	0.41%
2014	787,485,043	1,730,821	785,754,221	99.78%	2,736,519	788,490,740	100.13%	1,016,011	2,303,573	2,623,869	0.33%
2015	812,023,501	1,379,131	810,644,370	99.83%	2,588,689	813,233,059	100.15%	848,789	2,394,515	2,197,169	0.27%
2016	837,718,155	1,297,393	836,420,761	99.85%	1,544,871	837,965,632	100.03%	599,182	3,052,244	2,034,123	0.24%
2017	868,874,581	1,380,080	867,494,501	99.84%	2,194,749	869,689,250	100.09%	903,604	3,158,640	1,964,782	0.23%

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.collected during each fiscal year.

"Current Taxes Collected" reflects the amount of a fiscal year's tax levy

"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  
NET BOOK VALUE OF CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS SCHEDULE BY SOURCE (1)  
JUNE 30, 2017

	Governmental Funds <u>Net Book Value</u>
Governmental funds capital assets:	
Land	176,794,701
Infrastructure	726,254,649
Buildings	358,584,484
Furniture, fixtures and equipment	229,037,369
Construction in Progress	233,906,927
Intangibles	<u>7,431,510</u>
Total governmental funds capital assets	<u><u>\$1,732,009,640</u></u>
Investments in governmental funds capital assets by source:	
General fund	\$242,415,185
Special revenue funds	135,506
Capital projects funds	1,481,928,854
State literary loans	1,680,040
Donated assets	<u>5,850,055</u>
Total Investment in General Capital Assets	<u><u>\$1,732,009,640</u></u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the 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, 2017

FUNCTION AND ACTIVITY:	General Capital Assets			
	FY 2017 Beginning Balance	Additions	Deletions	06/30/2017 Ending Balance
Primary Government:				
General Government	\$324,916,837	\$5,590,194	\$-	\$330,507,031
Public Safety	107,549,584	6,865,754	8,457	114,406,881
Environmental Services	863,240,830	76,656,628	40,674	939,856,784
Health and Public Welfare	33,990,233	270,352	-	34,260,585
Libraries	30,432,892	32,718	-	30,465,610
Parks and Recreation	215,364,983	7,844,012	-	223,208,995
Planning and Community Development	53,843,518	5,487,754	27,518	59,303,754
Total primary government	<u>1,629,338,877</u>	<u>102,747,412</u>	<u>76,649</u>	<u>1,732,009,640</u>
Internal Services Fund				
Auto Equipment Fund	76,415,982	3,081,438	1,566,732	77,930,688
Total Internal Services Fund	<u>76,415,982</u>	<u>3,081,438</u>	<u>1,566,732</u>	<u>77,930,688</u>
Component Unit: School Board				
Schools	864,063,643	51,953,482	-	916,017,125
Total Capital Assets	<u>\$2,569,818,502</u>	<u>\$157,782,332</u>	<u>\$1,643,381</u>	<u>\$2,725,957,453</u>

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF GENERAL CAPITAL ASSETS - BY FUNCTION AND ACTIVITY  
JUNE 30, 2017

EXHIBIT S-8

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment	Intangibles	CIP
<b>General Government:</b>							
<b>Control-</b>							
Legislative	\$1,190,662	\$-	\$-	\$-	\$1,190,662	\$-	\$-
Executive	532,598	-	-	-	532,598	-	-
Judicial	5,822,409	-	-	-	4,870,829	899,576	52,004
<b>Total Control</b>	<b>7,545,669</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$6,594,089</b>	<b>899,576</b>	<b>52,004</b>
<b>Staff Agencies-</b>							
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	349,169	-	-	244,884	72,199	32,086	-
Department of Technology Services	50,630,621	-	421,153	991,860	33,025,248	1,314,387	14,877,973
General government	267,127,519	140,919,088	82,261,846	25,877,382	10,730,114	1,001,390	6,337,699
<b>Total Staff Agencies</b>	<b>322,961,362</b>	<b>140,919,088</b>	<b>82,682,999</b>	<b>27,114,126</b>	<b>48,478,524</b>	<b>2,550,953</b>	<b>21,215,672</b>
<b>Total General Government</b>	<b>330,507,031</b>	<b>140,919,088</b>	<b>82,682,999</b>	<b>27,114,126</b>	<b>55,072,613</b>	<b>3,450,529</b>	<b>21,267,676</b>
<b>Public Safety:</b>							
Police	18,892,893	-	958,127	9,087,613	6,197,110	-	2,650,043
Fire	81,537,998	5,499,264	32,569,290	7,125,394	36,225,940	-	118,110
Emergency management	13,975,990	-	-	-	13,074,500	794,936	106,554
<b>Total Public Safety</b>	<b>114,406,881</b>	<b>5,499,264</b>	<b>33,527,417</b>	<b>16,213,007</b>	<b>55,497,550</b>	<b>794,936</b>	<b>2,874,707</b>
<b>Community Services:</b>							
Environmental Services	939,856,784	9,213,646	502,078,806	201,888,566	85,999,675	2,183,337	138,492,754
Health and Public Welfare	34,260,585	-	-	14,127,700	19,368,269	636,104	128,512
Libraries	30,465,610	-	11,857,686	18,349,791	258,133	-	-
Recreation	223,208,995	18,959,398	67,781,444	65,652,516	12,074,932	-	58,740,705
Community Development	59,303,754	2,203,305	28,326,297	15,238,778	766,197	366,604	12,402,573
<b>Total Community Service</b>	<b>1,287,095,728</b>	<b>30,376,349</b>	<b>610,044,233</b>	<b>315,257,351</b>	<b>118,467,206</b>	<b>3,186,045</b>	<b>209,764,544</b>
<b>Total General Capital Assets</b>	<b>\$1,732,009,640</b>	<b>\$176,794,701</b>	<b>\$726,254,649</b>	<b>\$358,584,484</b>	<b>\$229,037,369</b>	<b>\$7,431,510</b>	<b>\$233,906,927</b>
<b>Internal Services Fund:</b>							
Auto Equipment Fund	\$77,930,688	\$-	\$-	\$-	\$77,930,688	\$-	\$-
<b>Total Internal Services Fund</b>	<b>\$77,930,688</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$77,930,688</b>	<b>\$-</b>	<b>\$-</b>
Component Unit: School Board Schools	\$916,017,125	\$4,697,946	\$-	\$802,584,805	\$108,734,374	\$-	\$-
<b>GRAND TOTALS</b>	<b>\$2,725,957,453</b>	<b>\$181,492,647</b>	<b>\$726,254,649</b>	<b>\$1,161,169,289</b>	<b>\$415,702,431</b>	<b>\$7,431,510</b>	<b>\$233,906,927</b>

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	2017			2016 Actuals
	Budget	Actual	Variance - Positive (Negative)	
<b>GENERAL FUND</b>				
General property taxes:				
Real estate	\$687,171,555	\$698,901,529	\$11,729,974	\$675,717,875
Personal	112,052,147	114,836,050	2,783,903	111,768,494
Total general property taxes	<u>799,223,702</u>	<u>813,737,579</u>	<u>14,513,877</u>	<u>787,486,369</u>
Other local taxes:				
Business, professional and occupational license (BPOL) tax	57,020,000	63,837,926	6,817,926	60,181,386
Sales tax	40,200,000	41,197,357	997,357	39,683,462
Meals tax	38,500,000	39,047,018	547,018	37,332,584
Transient tax	25,000,000	25,267,916	267,916	24,106,373
Utility tax	11,950,000	11,426,615	(523,385)	11,459,469
Recordation, car rental and other local taxes	25,125,000	28,028,994	2,903,994	26,236,117
Total other local taxes	<u>197,795,000</u>	<u>208,805,826</u>	<u>11,010,826</u>	<u>198,999,391</u>
Total taxes	<u>997,018,702</u>	<u>1,022,543,405</u>	<u>25,524,703</u>	<u>986,485,760</u>
License, permits and fees	10,217,950	11,459,159	1,241,209	9,846,558
Fines and forfeitures	8,317,748	7,059,743	(1,258,005)	7,059,138
Charges for services	56,777,504	57,520,846	743,342	54,490,980
Grants:				
State grants	78,981,487	75,076,003	(3,905,484)	71,790,714
Federal grants	16,468,845	18,297,110	1,828,265	17,035,639
Total grants	<u>95,450,332</u>	<u>93,373,113</u>	<u>(2,077,219)</u>	<u>88,826,353</u>
Use of money and property	6,993,139	7,415,759	422,620	9,451,264
Bond premiums	-	-	-	4,863,006
Miscellaneous revenue	10,290,647	13,380,229	3,089,582	12,255,370
<b>GRAND TOTALS FOR GENERAL FUND</b>	<u><u>\$1,185,066,022</u></u>	<u><u>\$1,212,752,254</u></u>	<u><u>\$27,686,232</u></u>	<u><u>\$1,173,278,429</u></u>
<b>GENERAL FUND TRANSFERS FROM OTHER FUNDS:</b>				
Rosslyn Business Improvement District	\$36,146	\$35,150	(\$996)	\$34,928
Crystal City Business Improvement District	25,881	25,380	(501)	25,280
Community Development Block Grant Fund	57,557	-	(57,557)	-
Automotive Equipment Fund	130,000	130,000	-	130,000
General Capital Projects	-	2,500,000	2,500,000	400,000
Street & Highway Bond Fund	-	20,434	20,434	60,579
Neighborhood Conservation Bond Fund	-	62,019	62,019	39,675
Government Facility Bond	-	205,711	205,711	122,416
Ballston Business Improvement District	16,101	15,865	(236)	15,381
Public Recreation Bond Fund	-	224,079	224,079	124,490
TCF – NVTA 30%	-	594,340	594,340	578,702
TCF C&I Tax	691,561	97,221	(594,340)	75,000
Transit Facilities Bond Fund	-	63,183	63,183	50,312
IDA Bond Funds	-	3,073	3,073	1,324
IDA Skating Facility	2,400,000	-	(2,400,000)	-
School Capital Improvement Bond Fund	-	372,376	372,376	255,240
School Construction	2,500,000	-	(2,500,000)	-
Trust & Agency Fund	118,960	118,960	-	181,613
Total transfers	<u><u>\$5,976,206</u></u>	<u><u>\$4,467,791</u></u>	<u><u>(\$1,508,415)</u></u>	<u><u>\$2,094,940</u></u>
<b>GRAND TOTALS</b>	<u><u>\$1,191,042,228</u></u>	<u><u>\$1,217,220,045</u></u>	<u><u>\$26,177,817</u></u>	<u><u>\$1,175,373,369</u></u>

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	2017		Variance - Positive (Negative)	2016 Actuals
	Budget	Actual		
<b>SPECIAL REVENUE FUNDS:</b>				
Ballston BID	\$1,610,085	\$1,587,597	(\$22,488)	\$1,538,692
Ballston Quarter CDA	-	111,785	111,785	-
Travel & Tourism Fund	1,250,000	1,262,988	12,988	-
Rosslyn BID	3,616,055	3,517,098	(98,957)	3,494,278
Crystal City BID	2,588,141	2,538,970	(49,171)	2,528,683
Community Development Block Grant Fund	6,779,314	3,621,791	(3,157,523)	1,467,801
Section 8 Housing	18,953,470	18,791,247	(162,223)	17,490,977
<b>Total Special Revenue Funds</b>	<b>\$34,797,065</b>	<b>\$31,431,476</b>	<b>(\$3,365,589)</b>	<b>\$26,520,431</b>

**BREAKDOWN OF REVENUE BY FUNCTION:**

	Charges for services Includes licenses & fees	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General government	\$20,352,884	\$31,335,992	\$930,425	\$-
Public safety	11,064,477	10,155,655	910,143	-
Environmental services	29,865,144	11,512,205	-	-
Health & welfare	3,612,699	21,746,633	16,117,087	-
Libraries	433,302	182,231	-	-
Economic development	271,348	9,500	-	-
Planning & community development	1,294,299	-	169,730	-
Parks & recreation	9,145,595	133,787	169,725	-
<b>Total General Fund</b>	<b>\$76,039,748</b>	<b>\$75,076,003</b>	<b>\$18,297,110</b>	<b>\$-</b>

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	2017			2016 Actuals
	Budget	Actual	Variance - Positive (Negative)	
<b>General Government Administration:</b>				
County Board	\$1,559,416	\$1,405,569	\$153,847	\$1,326,700
County Manager	5,257,227	5,425,724	(168,497)	5,578,990
Management and Finance	7,357,600	7,428,284	(70,684)	6,480,030
Human Resources	9,338,291	8,919,460	418,831	8,783,654
Technology Services	20,115,285	20,459,334	(344,049)	19,805,807
County Attorney	2,772,065	3,141,596	(369,531)	2,766,821
Commissioner of Revenue	5,572,714	5,457,960	114,754	5,409,558
Treasurer	6,900,367	6,879,063	21,304	6,820,769
Electoral Board	1,788,646	1,479,070	309,576	1,129,861
<b>Total General Government</b>	<b>60,661,611</b>	<b>60,596,060</b>	<b>65,551</b>	<b>58,102,190</b>
<b>Judicial Administration:</b>				
Circuit Court Judiciary	1,024,871	1,052,604	(27,733)	977,960
Circuit Court Clerk	3,194,401	3,194,744	(343)	3,166,978
District Court	388,115	332,851	55,264	345,061
Juvenile & Domestic Relations Court	6,483,759	6,003,989	479,770	6,211,080
Commonwealth Attorney	4,155,984	4,049,552	106,432	4,152,655
Sheriff & Jail	42,007,067	44,118,172	(2,111,105)	43,702,573
Magistrate's Office	42,616	39,044	3,572	39,688
Office of the Public Defender	166,111	157,137	8,974	81,927
<b>Total Judicial Administration</b>	<b>57,462,924</b>	<b>58,948,093</b>	<b>(1,485,169)</b>	<b>58,677,922</b>
<b>Public Safety:</b>				
Police	67,712,326	66,040,676	1,671,650	65,439,095
Office of Emergency Management	12,272,411	11,662,065	610,346	11,341,831
Fire	57,325,229	58,034,572	(709,343)	56,348,894
<b>Total Public Safety</b>	<b>137,309,966</b>	<b>135,737,313</b>	<b>1,572,653</b>	<b>133,129,820</b>
<b>Department of Environmental Services:</b>				
DES-Environmental Services	96,611,306	93,100,334	3,510,972	90,929,047
<b>Health &amp; Welfare:</b>				
Human Services	140,699,257	134,525,749	6,173,508	127,949,353
<b>Libraries:</b>				
	13,858,945	13,648,924	210,021	12,999,158
<b>Planning &amp; Community Development:</b>				
Economic Development	8,558,568	8,524,531	34,037	10,522,630
Community Planning Housing & Development	11,511,872	10,978,461	533,411	11,051,427
<b>Total Planning &amp; Community Development</b>	<b>20,070,440</b>	<b>19,502,992</b>	<b>567,448</b>	<b>21,574,057</b>
<b>Parks &amp; Recreation:</b>				
	40,753,221	40,081,828	671,393	37,974,121
<b>Non-Departmental:</b>				
Non-Departmental Debt Service	126,229,618	69,607,342	56,622,276	63,067,532
Principal payment	40,471,357	43,967,972	(3,496,615)	39,843,463
Interest payment	20,671,462	16,280,240	4,391,222	18,360,273
Other costs	125,000	3,942	121,058	5,732
Regionals/Contributions	8,228,441	7,550,062	678,379	6,182,977
METRO	30,343,315	30,343,315	-	30,328,935
<b>Total Non-Departmental</b>	<b>226,069,193</b>	<b>167,752,873</b>	<b>58,316,320</b>	<b>157,788,912</b>
<b>Total expenditures before transfers-out</b>	<b>793,496,863</b>	<b>723,894,166</b>	<b>69,602,697</b>	<b>699,124,580</b>

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS - DETAIL SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	2017			2016 Actuals
	Budget	Actual	Variance - Positive (Negative)	
<b>Transfers-Out</b>				
Travel & Tourism	626,148	626,148	-	-
Community Development Block Grant	-	-	-	-
Auto Equipment Fund	-	100,500	(100,500)	-
Printing Fund	241,769	241,769	-	231,484
General Capital Projects Fund	20,191,849	20,191,849	-	19,890,523
Utilities - Construction (Pay as U Go)	-	400,000	(400,000)	-
OPEB Trust Fund	-	33,734	(33,734)	56,351
Schools				
General Operating	489,675,094	401,688,697	87,986,397	402,201,167
Community Activities/Cable TV	-	5,490,043	(5,490,043)	5,232,404
Pay-As-You-Go	-	21,047,721	(21,047,721)	11,216,294
Debt Service	-	45,593,129	(45,593,129)	44,430,851
Comprehensive Services Act	-	2,251,266	(2,251,266)	1,905,932
Trust & Agency	1,867,000	474,694	1,392,306	100,000
<b>Total transfers-out</b>	<b>512,601,860</b>	<b>498,139,550</b>	<b>14,462,310</b>	<b>485,265,006</b>
<b>GRAND TOTALS EXPENDITURES</b>	<b>\$1,306,098,723</b>	<b>\$1,222,033,716</b>	<b>\$84,065,007</b>	<b>\$1,184,389,586</b>
<b>SPECIAL REVENUE FUNDS:</b>				
Ballston Quarter CDA	\$-	\$111,785	(\$111,785)	\$-
Travel & Tourism Promotion	1,876,148	1,710,886	165,262	-
Ballston Business Improvement District	1,593,984	1,566,072	27,912	1,499,413
Rosslyn Business Improvement District	3,579,909	3,453,883	126,026	3,414,382
Crystal City Business Improvement District	2,562,260	2,497,556	64,704	2,488,910
Community Development Block Grant	6,721,757	3,621,791	3,099,966	1,467,802
Section 8 Housing	18,953,470	18,791,247	162,223	17,490,977
<b>Total Special Revenue Funds</b>	<b>\$35,287,528</b>	<b>\$31,753,220</b>	<b>\$3,534,308</b>	<b>\$26,361,484</b>
<b>TOTAL GENERAL AND SPECIAL REVENUE FUNDS</b>	<b>\$1,341,386,251</b>	<b>\$1,253,786,936</b>	<b>\$87,599,315</b>	<b>\$1,210,751,070</b>



ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS  
 GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2017

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlays:	
General Government	\$173,983
Public Safety	284,690
Public Works	885,406
Health & Public Welfare	141,840
Libraries	32,718
Parks & Recreation	582,553
Planning & Community development	<u>78,522</u>
Total General Fund	\$2,179,712
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public Works:	
Transportation Projects	10,271,516
Government Facilities	15,023,476
Cultural & Recreation - Community Affairs:	
Government Facilities	6,913,570
Parks	<u>2,790,804</u>
Total General Capital Projects Funds	34,999,366
NVTA	22,034,613
NOVA Transportation Authority	
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation/ Street & Highway Improvements	11,609,119
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	5,052,975
Government Facility Bond	13,655,645
Stormwater Fund	7,249,037
Public Recreation Bond Fund:	
Public Recreation	4,225,708
TIF Tax Increment Finance Fund:	
Crystal City	1,732,781
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>43,525,265</u>
GRAND TOTAL	<u><u>\$102,738,956</u></u>

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# 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, and Table D2.)

## **Revenue Capacity**

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

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

	2008	2009	2010	2011	2012	2013	Restated 2014	2015	Restated (Per GASB 75) 2016	2017
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt *	(\$32,045,987)	(\$4,473,221)	\$3,326,233	\$85,911,369	\$106,482,421	\$113,408,961	\$170,891,751	\$220,958,287	\$637,425,082	\$682,757,711
Restricted for:										
Capital projects	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	157,256,606
Other projects	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	-
Seized assets	-	-	-	-	-	-	-	-	-	1,599,616
Grants	-	-	-	-	-	-	-	-	-	744,947
Debt service	-	-	-	-	-	-	-	-	-	13,529,817
Unrestricted *	332,536,404	294,264,704	315,395,737	240,953,482	296,869,258	371,505,711	388,828,867	405,775,777	(72,541,800)	78,106,608
<b>Total governmental activities net position</b>	<b>\$319,019,820</b>	<b>\$414,259,110</b>	<b>\$472,570,393</b>	<b>\$552,153,832</b>	<b>\$661,986,442</b>	<b>\$752,230,587</b>	<b>\$862,878,872</b>	<b>\$986,512,650</b>	<b>\$923,492,917</b>	<b>\$933,995,305</b>
										* FY16 reclassified
<b>Business-Type Activities</b>										
Invested in capital assets, net of related debt	\$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	\$747,776,393
Restricted for:										
Capital projects	12,307,036	6,945,927	3,432,530	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	53,545,866
<b>Total business-type activities net position</b>	<b>\$473,346,833</b>	<b>\$554,428,766</b>	<b>\$611,611,553</b>	<b>\$650,601,597</b>	<b>\$688,168,318</b>	<b>\$710,024,202</b>	<b>\$734,432,619</b>	<b>\$757,209,011</b>	<b>\$778,213,211</b>	<b>\$801,322,259</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$323,704,056	\$441,593,338	\$534,778,548	\$638,024,626	\$709,734,459	\$754,329,379	\$842,035,275	\$913,116,154	\$1,356,558,627	\$1,430,534,104
Restricted for:										
Capital projects	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	157,256,606
Other projects	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	-
Seized assets	-	-	-	-	-	-	-	-	-	1,599,616
Grants	-	-	-	-	-	-	-	-	-	744,947
Debt service	-	-	-	-	-	-	-	-	-	13,529,817
Unrestricted	437,826,158	395,680,984	392,122,445	339,441,822	381,785,538	440,609,495	452,117,962	470,826,921	(13,462,134)	131,652,474
<b>Total primary government activities net position</b>	<b>\$792,366,653</b>	<b>\$968,687,876</b>	<b>\$1,084,181,946</b>	<b>\$1,202,755,429</b>	<b>\$1,350,154,760</b>	<b>\$1,462,254,789</b>	<b>\$1,597,311,491</b>	<b>\$1,743,721,661</b>	<b>\$1,701,706,128</b>	<b>\$1,735,317,564</b>
<b>School Component Unit</b>										
Invested in capital assets, net of related debt	\$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	\$611,776,750
Restricted for:										
Capital projects	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	132,830,419
Other projects/Grants	-	-	-	3,180,528	10,954,607	12,076,754	11,446,474	3,010,014	3,587,376	3,955,671
Unrestricted	(21,749,122)	(29,729,500)	(32,814,262)	-	-	-	(441,907,246)	(408,902,983)	(466,140,849)	(496,797,345)
<b>Total schools component unit activities net position</b>	<b>\$364,603,370</b>	<b>\$342,036,333</b>	<b>\$358,334,411</b>	<b>\$459,957,816</b>	<b>\$522,761,539</b>	<b>\$586,943,657</b>	<b>\$162,832,097</b>	<b>\$223,288,733</b>	<b>\$193,649,567</b>	<b>\$251,765,495</b>
										*restated
<b>Other Component Units</b>										
Invested in capital assets, net of related debt	\$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	\$21,996,512
Restricted for:										
Capital projects	-	-	-	-	-	-	-	-	-	-
Other projects	-	-	-	-	-	-	-	-	-	-
Unrestricted	(4,918,215)	(5,578,810)	(554,073)	(982,778)	428,056	2,476,291	3,361,665	4,581,044	5,009,233	3,768,845
<b>Total other component units activities net position</b>	<b>\$24,426,665</b>	<b>\$24,399,928</b>	<b>\$27,324,521</b>	<b>\$26,979,693</b>	<b>\$27,005,739</b>	<b>\$27,053,108</b>	<b>\$27,173,533</b>	<b>\$27,330,700</b>	<b>\$26,674,726</b>	<b>\$25,765,357</b>

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

	2008	2009	2010	2011	2012	2013	Restated 2014	2015	Restated 2016	2017
<b>Expenses</b>										
<b>Primary government:</b>										
<b>Governmental activities:</b>										
General government	\$183,532,881	\$157,913,828	\$195,846,347	\$180,060,339	\$212,776,822	\$197,890,282	\$246,530,409	\$231,359,735	\$394,484,321	\$267,798,619
Public safety	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	144,637,250
Environmental services	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	112,310,807
Health & welfare	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	139,912,548
Libraries	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	14,451,289
Parks, recreation & culture	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	45,591,640
Planning & community development	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	63,855,173
Education	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	617,535,503
Interest and other charges	18,430,756	18,429,947	18,531,609	18,551,212	18,282,330	18,131,683	16,786,171	18,380,254	18,435,458	16,537,709
Total governmental activities expenses	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	1,376,697,345	1,422,630,538
<b>Business-type activities:</b>										
Utilities	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	83,798,393
Ballston Public Parking Garage	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	6,218,247
IDA Revenue Bond Fund	1,519,061	1,695,732	1,701,967	-	-	-	-	-	-	-
8th Level Ballston Public Parking Garage	35,947	52,808	88,383	132,027	50,496	53,085	157,097	174,141	193,955	172,755
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	17,484,785
Total business-type activities expenses	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	107,674,180
<b>Total primary government expenses</b>	<b>\$1,059,343,852</b>	<b>\$985,148,566</b>	<b>\$1,029,896,926</b>	<b>\$1,093,524,376</b>	<b>\$1,150,980,934</b>	<b>\$1,228,378,501</b>	<b>\$1,245,762,870</b>	<b>\$1,252,703,854</b>	<b>\$1,483,227,143</b>	<b>\$1,530,304,718</b>
<b>Component units:</b>										
Schools	412,953,520	422,055,027	412,450,899	407,401,980	431,308,198	485,061,915	930,311,090	487,285,239	603,030,183	576,931,200
Other	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	8,625,732
Total component units activities expenses	\$420,730,756	\$430,244,119	\$420,152,999	\$414,907,657	\$438,625,200	\$492,437,356	\$937,779,663	\$494,766,165	\$611,298,384	\$585,556,932
<b>Program Revenues</b>										
<b>Primary government:</b>										
<b>Governmental activities:</b>										
Charges for services										
General government	\$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	\$20,352,884
Environmental services	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	29,865,144
Public safety	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	11,064,477
Other activities	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	19,770,277
Operating grants and contributions	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	124,013,804
Capital grants and contributions	1,811,566	1,812,817	1,807,735	1,822,203	1,818,130	-	-	-	-	-
Total governmental activities program revenues	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	205,066,586
<b>Business-type activities:</b>										
Charges for services										
Water-sewer service charges	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	97,263,095
Water-service hook-up charges	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	4,822,363
Other activities	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	27,291,713
Capital grants and contributions	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	985,385
Total business-type activities program revenues	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	130,362,556
<b>Total primary government program revenues</b>	<b>\$306,047,568</b>	<b>\$313,694,736</b>	<b>\$304,543,517</b>	<b>\$309,424,338</b>	<b>\$345,030,592</b>	<b>\$325,338,638</b>	<b>\$342,534,810</b>	<b>\$348,645,835</b>	<b>\$336,913,080</b>	<b>\$335,429,142</b>
<b>Component units:</b>										
Charges for services	\$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	\$41,051,384
Operating grants and contributions	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	58,222,744
Capital grants and contributions	1,428,953	500,000	586,833	-	-	-	-	-	-	-
Total component units program revenues	\$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	\$99,274,128

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense) Revenue</b>										
<b>Primary government:</b>										
Governmental activities	(\$818,544,423)	(\$746,206,912)	(\$781,320,983)	(\$824,851,827)	(\$842,595,608)	(\$924,856,014)	(\$927,363,468)	(\$926,469,418)	(\$1,166,696,362)	(\$1,217,563,952)
Business-type activities	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	22,688,376
<b>Total primary government net expense</b>	<b>(\$753,296,284)</b>	<b>(\$671,453,830)</b>	<b>(\$725,353,409)</b>	<b>(\$784,090,038)</b>	<b>(\$805,950,342)</b>	<b>(\$903,039,863)</b>	<b>(\$903,228,040)</b>	<b>(\$904,058,019)</b>	<b>(\$1,146,314,063)</b>	<b>(\$1,194,875,576)</b>
<b>Component units:</b>										
Component unit activities	\$17,798,673	(\$41,046,179)	\$2,356,148	\$83,831,404	\$44,835,098	\$45,920,933	(\$443,531,985)	\$39,211,311	(\$522,112,502)	(\$486,282,804)
<b>Total component units net expense</b>	<b>\$17,798,673</b>	<b>(\$41,046,179)</b>	<b>\$2,356,148</b>	<b>\$83,831,404</b>	<b>\$44,835,098</b>	<b>\$45,920,933</b>	<b>(\$443,531,985)</b>	<b>\$39,211,311</b>	<b>(\$522,112,502)</b>	<b>(\$486,282,804)</b>
<b>General Revenues and Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes:										
Real estate property taxes	\$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	\$753,992,522
Personal property taxes	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	114,836,050
Other local taxes:										
Business, professional occupancy license taxes	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	63,837,926
Other local taxes	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	153,982,204
Investment and interest earnings	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	7,998,391
Miscellaneous	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	133,419,247
<b>Total governmental activities</b>	<b>\$830,953,288</b>	<b>\$841,446,202</b>	<b>\$839,632,256</b>	<b>\$883,700,493</b>	<b>\$954,812,356</b>	<b>\$1,015,100,159</b>	<b>1,038,011,753</b>	<b>\$1,050,103,196</b>	<b>\$1,103,676,629</b>	<b>\$1,228,066,340</b>
<b>Business-type activities:</b>										
Investment and interest earnings	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013	\$621,879	420,674
Total business-type activities	\$6,065,870	\$3,447,340	\$1,215,213	\$691,356	\$747,823	\$39,733	\$272,989	\$365,013	\$621,879	\$420,674
<b>Total primary government</b>	<b>\$837,019,158</b>	<b>\$844,893,542</b>	<b>\$840,847,469</b>	<b>\$884,391,849</b>	<b>\$955,560,179</b>	<b>\$1,015,139,892</b>	<b>\$1,038,284,742</b>	<b>\$1,050,468,209</b>	<b>\$1,104,298,508</b>	<b>\$1,228,487,014</b>
<b>Component units activities:</b>										
Other local taxes										
Other local taxes	\$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	\$24,458,713
Investment and interest earnings/Miscellaneous	681,544	1,319,336	533,684	312,440	212,204	137,253	172,798	204,103	324,524	445,569
<b>Total primary government</b>	<b>\$17,587,894</b>	<b>\$17,482,362</b>	<b>\$16,866,524</b>	<b>\$17,447,172</b>	<b>\$17,994,671</b>	<b>\$18,308,554</b>	<b>\$19,540,850</b>	<b>\$21,402,492</b>	<b>\$23,392,509</b>	<b>\$24,904,282</b>
<b>Changes in Net Position</b>										
<b>Primary government:</b>										
Governmental activities	\$12,408,864	\$95,239,289	\$58,311,273	\$58,848,666	\$112,216,748	\$90,244,145	\$110,648,285	\$123,633,778	(\$63,019,733)	\$10,502,388
Business-type activities	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	23,109,050
<b>Total primary government net expense</b>	<b>\$83,722,873</b>	<b>\$173,439,711</b>	<b>\$115,494,060</b>	<b>\$100,301,811</b>	<b>\$149,609,837</b>	<b>\$112,100,029</b>	<b>\$135,056,702</b>	<b>\$146,410,190</b>	<b>(\$42,015,555)</b>	<b>\$33,611,438</b>
<b>Component units:</b>										
Component units activities	\$35,386,567	(\$23,563,817)	\$19,222,672	\$101,278,576	\$62,829,769	\$64,229,487	(\$423,991,135)	\$60,613,803	(\$30,295,140)	\$57,206,559
<b>Total component units net expense</b>	<b>\$35,386,567</b>	<b>(\$23,563,817)</b>	<b>\$19,222,672</b>	<b>\$101,278,576</b>	<b>\$62,829,769</b>	<b>\$64,229,487</b>	<b>(\$423,991,135)</b>	<b>\$60,613,803</b>	<b>(\$30,295,140)</b>	<b>\$57,206,559</b>

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

	2008	2009
<b>General Fund</b>		
Reserved for		
Encumbrances	\$2,517,374	\$270,619
Four Mile Run	500,000	-
Unreserved		
Designated for Self Insurance	3,500,000	5,000,000
Designated for Operating Reserve	28,262,153	30,769,734
Designated for Subsequent Years Budget	29,928,475	44,666,386
Designated for Incomplete Projects	49,107,897	57,713,108
Designated for Retirement	3,880,000	-
Total General Fund Balance	<u>117,695,899</u>	<u>138,419,847</u>
General Fund Balance as Percent of General Fund Expenditures and Other Financing Uses	12.93%	14.98%
<b>Other Governmental Funds</b>		
Special revenue funds		
Reserved	53,706	-
Unreserved	8,526,238	6,121,704
Capital Project funds		
Reserved	26,259,487	23,836,818
Unreserved	133,844,803	95,115,125
Total Other Governmental Funds	<u>168,684,234</u>	<u>125,073,647</u>
<b>Component Unit - Schools</b>		
Reserved	65,672,036	28,788,084
Unreserved	7,799,312	7,155,183
Total Component Unit - Schools	<u>73,471,348</u>	<u>35,943,267</u>



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

	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>								
<u>Nonspendable:</u>								
Prepaid	\$-	\$-	\$-	\$-	\$-	\$-	\$-	35,036
<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	\$1,599,616
Grants	45,206	-	-	-	-	-	-	255,110
<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	5,000,000
Economic & revenue stabilization contingent	-	-	-	3,000,000	3,000,000	8,599,377	3,000,000	4,000,000
Operating reserve	32,377,943	40,192,725	50,240,906	52,605,487	54,575,340	57,385,360	57,997,382	62,635,601
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	4,643,563
Capital projects	-	4,946,013	1,902,323	8,403,862	14,831,642	2,833,146	2,057,099	6,636,589
Incomplete projects	150,176	230,734	171,861	130,223	412,220	281,390	562,321	664,991
Affordable Housing Investment Fund-Allocated	17,656,893	19,163,965	7,050,422	21,838,549	45,631,924	36,914,040	36,834,387	44,073,880
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	24,217,093
<u>Assigned to:</u>								
Contingency funds	-	10,913,573	12,565,023	19,649,922	15,593,759	8,904,967	5,950,000	5,860,000
Subsequent years' County capital projects	13,942,559	6,135,259	18,978,462	12,162,577	11,782,428	16,289,709	17,248,521	10,279,343
Economic Stabilization reserve	-	-	3,000,000	5,000,000	-	-	-	-
Operating reserve	2,672,083	10,048,181	2,364,581	1,969,853	2,810,020	612,022	1,887,880	-
Employee furlough day restoration	1,012,911	-	-	-	-	-	-	-
Fresh AIRE program	663,804	354,877	1,244,577	1,224,867	1,480,249	1,029,381	652,621	156,301
Planned projects	6,610,975	933,856	2,416,189	5,215,352	3,772,275	2,562,778	2,531,501	2,532,004
Affordable Housing Investment Fund-Unallocated	3,564,742	3,717,920	8,930,790	29,647,093	20,045,133	22,960,486	23,676,458	13,841,061
<b>Total General Fund Balance</b>	<b>\$137,009,208</b>	<b>\$160,754,645</b>	<b>\$191,459,163</b>	<b>\$199,598,927</b>	<b>\$233,053,937</b>	<b>\$200,260,076</b>	<b>\$191,243,859</b>	<b>\$186,430,188</b>
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%	15.26%
<b>Other Governmental Funds</b>								
Special Revenue funds								
<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	\$1,351,822
<u>Restricted for:</u>								
Grants	4,673,397	4,318,223	2,755,933	1,257,426	1,002,099	178,471	261,829	489,837
<u>Unassigned:</u>								
	-	-	-	-	-	(1,265,793)	(1,382,728)	(1,351,822)
<b>Capital Project funds</b>								
<u>Nonspendable:</u>								
Prepaid	-	-	-	4,275	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	13,529,817
Capital Project	-	-	-	-	-	-	-	157,256,606
<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	291,701,436
<u>Unassigned:</u>								
	-	-	-	-	-	(90,872)	(90,872)	(90,872)
<b>Total Other Governmental Fund Balance</b>	<b>\$168,670,839</b>	<b>\$225,288,981</b>	<b>\$258,634,763</b>	<b>\$267,315,915</b>	<b>\$303,158,254</b>	<b>\$361,135,251</b>	<b>\$358,609,635</b>	<b>\$462,891,099</b>
<b>Component unit - Schools</b>								
<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	\$132,830,419
Grants	-	2,077,853	2,109,001	2,009,337	2,439,196	3,010,014	3,587,376	3,955,671
<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	21,980,077
Subsequent years' School budget	-	6,545,000	7,975,000	16,749,704	15,121,892	7,179,001	16,689,537	17,317,655
<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	5,534,110
Unfunded liabilities	-	2,000,000	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	3,310,000
OPEB reserve	695,565	-	-	-	-	-	-	-
Health insurance reserve	-	-	1,000,000	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	19,204,667
VRS reserve	-	11,587,239	7,387,239	7,387,239	5,637,239	5,637,239	4,637,239	2,512,239
Compensation reserve	-	-	-	-	-	2,000,000	5,200,000	4,650,000
<b>Total Component Unit - Schools</b>	<b>\$23,774,336</b>	<b>\$105,377,776</b>	<b>\$105,951,719</b>	<b>\$116,281,336</b>	<b>\$117,450,567</b>	<b>\$136,613,279</b>	<b>\$160,194,689</b>	<b>\$214,294,838</b>

(1) Required disclosure 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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES:</b>										
General property taxes:										
Real Estate property taxes	\$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	\$739,206,924
Personal property taxes	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	114,836,050
Other Local taxes:										
BPOL	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	63,837,926
Other local taxes	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	153,982,204
Fines and forfeitures	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	7,059,743
Licenses, permits and fees	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	11,459,159
Intergovernmental	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	124,013,804
Charges for services	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	62,533,880
Interest and rent	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	7,998,391
Miscellaneous revenues	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	36,435,080
<b>Total revenues</b>	<b>949,298,717</b>	<b>993,097,926</b>	<b>1,012,007,612</b>	<b>1,046,067,987</b>	<b>1,131,562,934</b>	<b>1,167,841,834</b>	<b>1,229,267,216</b>	<b>1,244,427,646</b>	<b>1,261,611,473</b>	<b>1,321,363,161</b>
<b>EXPENDITURES:</b>										
Current operating:										
General government	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	242,249,446
Public safety	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	135,910,402
Environmental services	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	92,794,551
Health and welfare	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	134,083,906
Libraries	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	13,604,095
Parks, recreation and culture	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	40,102,122
Planning and community development	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	52,064,879
Debt service										
Principal	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	44,310,598
Interest and other charges	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	16,537,709
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	8,300,000
Education	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	562,773,691
Capital outlay	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	102,738,956
<b>Total expenditures</b>	<b>1,021,493,753</b>	<b>1,047,313,916</b>	<b>1,048,342,446</b>	<b>1,083,319,363</b>	<b>1,176,203,346</b>	<b>1,285,984,852</b>	<b>1,229,776,155</b>	<b>1,306,933,796</b>	<b>1,344,273,684</b>	<b>1,445,470,355</b>
Excess(deficiency) of revenues over expenditures	(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)	(124,107,194)
<b>OTHER FINANCING SOURCES(USES):</b>										
Transfers in	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	24,794,452
Transfers out	(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)	(25,406,721)
Capital leases	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	9,530,658
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	1,491,507	-	1,145,925	6,458,775	6,712,155	11,594,033	2,442,072	5,647,316	12,072,242	29,561,598
Issuance of revenue bonds	-	-	41,280,000	11,940,000	-	-	-	-	-	-
Issuance of debt	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	185,095,000
Bond proceeds Schools	-	-	-	(78,543,000)	-	-	-	-	-	-
<b>Total other financing sources and uses</b>	<b>90,680,292</b>	<b>31,329,351</b>	<b>64,309,476</b>	<b>117,721,034</b>	<b>108,690,712</b>	<b>134,963,935</b>	<b>69,806,288</b>	<b>86,332,621</b>	<b>72,477,043</b>	<b>223,574,987</b>
<b>Net change in fund balances</b>	<b>\$18,485,256</b>	<b>(\$22,886,639)</b>	<b>\$27,974,642</b>	<b>\$80,469,658</b>	<b>\$64,050,300</b>	<b>\$16,820,917</b>	<b>\$69,297,349</b>	<b>\$23,826,471</b>	<b>(\$10,185,168)</b>	<b>\$99,467,793</b>
Debt service as a percentage of noncapital expenditures	4.9%	5.5%	5.4%	5.6%	5.0%	4.9%	4.9%	4.7%	4.7%	4.5%

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	
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
2017	119,544,153	135,737,313	93,100,334	134,525,749	121,896,497	499,528,735	69,607,342	107,091,436	30,343,315	7,550,062	1,318,924,936

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, Special Revenue and Capital Project 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	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
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
2017	1,056,016,422	11,459,159	174,008,895	90,929,060	7,059,743	21,168,364	1,360,641,643

## NOTES:

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

TABLE E

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

Fiscal Year	General Property	Local Sales	Local Cigarette	Transient (1)	Bank Stock	Recordation	Car Rental	Commercial Utility	Meals	Short Term Rental	Estate Taxes	Total
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	2,412,224	24,106,373	3,341,220	6,049,810	6,222,399	9,869,041	37,332,584	64,907	69,902	916,689,584
2017	813,816,937	41,197,357	2,384,533	26,530,904	3,699,383	7,048,071	6,890,584	9,773,431	39,047,018	52,244	64,757	950,505,219

## NOTES:

(1) 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		
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
2017	73,388,290,300	73,388,290,300	2,233,412,227	2,233,412,227	949,109,098	949,109,098	76,570,811,625	76,570,811,625	.991/1.006	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

2017				2008			
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	\$3,722,627,200	1	5.07%	Vornado Realty Trust Office buildings, apartments, hotel, land	\$5,492,715,000	1	9.56%
Albrittain Interests Apartments, general commercial	1,344,635,000	2	1.83%	JBG/ Trize Chahn Office building land	970,750,800	2	1.69%
Paradigm Managed Properties Apartments, general commercial	1,222,909,200	3	1.66%	Albrittain interests Apartment, general commercial	965,111,600	3	1.68%
Arland Towers Company Office Building, land	1,208,065,900	4	1.64%	Paradigm Managed Properties Apartments, general commercial	687,674,200	4	1.20%
JBG Companies Office buildings, apartments, hotel, land	1,078,276,100	5	1.49%	Shirley Park Leasing Lp Office building Land	609,308,000	5	1.06%
Fashion Centre Associates Mixed use retail	894,847,200	6	1.21%	Fashion Centre Assoc Mixed Use retail	601,308,000	6	1.05%
Shirley Park Leasing Office buildings, land	873,105,800	7	1.18%	Beacon Capital Partners Office Bldg	540,177,900	7	0.94%
Beacon Office buildings, land	781,314,500	8	1.06%	Arland Towers Co Office building land	418,140,400	8	0.73%
Caruthers Retail, Office Apartment	703,618,800	9	0.95%	Kingdon Gould/Airport Plaza Assoc Office Buildings, hotel land	344,153,000	9	0.60%
Street Retail Inc Office buildings, hotel, land	668,334,000	10	0.91%	FDIC Office Building	294,421,300	10	0.51%
Total	<u>\$12,497,733,700</u>		<u>17.00%</u>		<u>\$10,923,760,200</u>		<u>19.02%</u>

## NOTES:

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

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

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
2008	577,382,502	574,471,873	99.50%	2,499,837	576,971,710	99.93%
2009	620,932,072	617,215,681	99.40%	3,165,413	620,381,094	99.91%
2010	632,119,546	628,272,902	99.39%	6,462,384	631,735,287	99.94%
2011	655,037,161	650,965,303	99.38%	3,805,352	654,770,655	99.96%
2012	696,343,133	697,633,240	100.19%	(1,556,717)	696,076,524	99.96%
2013	753,003,967	748,656,079	99.42%	4,107,492	752,763,571	99.97%
2014	788,220,268	784,483,188	99.53%	3,442,055	787,925,243	99.96%
2015	812,776,470	809,269,205	99.57%	3,191,146	812,460,350	99.96%
2016	838,653,711	835,542,405	99.63%	2,744,488	838,286,893	99.96%
2017	868,874,581	867,494,501	99.84%	-	867,494,501	99.84%

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
2008	481,450,469	479,931,389	99.68%	1,506,123	481,437,512	100.00%
2009	522,711,290	521,181,642	99.71%	1,519,320	522,700,963	100.00%
2010	535,673,731	533,974,360	99.68%	1,692,377	535,666,737	100.00%
2011	556,655,948	554,896,565	99.68%	1,757,566	556,654,131	100.00%
2012	596,245,497	599,088,319	100.48%	(2,843,658)	596,244,662	100.00%
2013	644,487,043	642,101,576	99.63%	2,373,438	644,475,014	100.00%
2014	676,543,753	674,587,922	99.71%	1,943,441	676,531,362	100.00%
2015	701,721,141	699,630,645	99.70%	2,063,346	701,693,991	100.00%
2016	725,537,709	723,726,055	99.78%	1,573,396	725,299,451	99.99%
2017	752,487,560	751,657,270	99.89%	-	751,657,270	99.89%

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
2008	95,932,033	94,540,484	98.55%	993,714	95,534,198	99.59%
2009	98,220,783	96,034,039	97.77%	1,646,093	97,680,132	99.45%
2010	96,445,815	94,298,542	97.77%	1,770,007	96,068,549	99.61%
2011	98,370,468	96,068,738	97.66%	2,047,786	98,116,524	99.74%
2012	100,097,636	98,544,921	98.45%	1,286,941	99,831,862	99.73%
2013	108,516,923	106,554,504	98.19%	1,734,054	108,288,557	99.79%
2014	111,676,516	109,895,266	98.40%	1,498,615	111,393,881	99.75%
2015	111,055,629	109,638,560	98.72%	1,127,799	110,766,359	99.74%
2016	113,296,002	111,816,350	98.69%	1,171,092	112,987,442	99.73%
2017	116,387,021	115,837,231	99.53%	-	115,837,231	99.53%

\* 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)	Bond Premiums	IDA Revenue Bonds (3)	IDA Lease Revenue Bonds (2)	IDA Note s Payable (3)	Capital Leases	Utilities General Obligation Bonds (4)	Bond Premiums	BPPG Revenue Bonds (4)	BPPG Note Payable	VRA Bonds (4)	Capital Leases			
2008	625,498,345	15,580,360	-	52,180,000	-	8,636,047	119,701,657	3,533,627	13,300,000	3,429,679	146,074,542	3,045,844	990,980,101	6.92%	4,672
2009	576,842,463	14,698,208	-	47,120,000	35,962,739	18,436,505	112,617,553	3,280,753	12,800,000	3,429,679	216,152,600	2,120,767	1,043,461,267	6.91%	4,900
2010	566,435,124	16,238,342	41,280,000	41,900,000	35,666,099	20,556,593	105,459,880	2,154,622	12,300,000	3,429,679	256,458,344	3,450,321	1,105,329,004	7.14%	5,122
2011	687,933,174	27,954,839	40,135,000	48,455,000	35,016,099	18,933,209	127,396,828	3,581,390	11,800,000	3,429,679	263,158,039	3,119,963	1,270,913,220	7.89%	5,894
2012	730,532,411	43,491,622	38,970,000	42,635,000	35,016,099	14,368,663	124,517,591	4,654,464	10,600,000	3,429,679	253,204,991	2,467,919	1,303,888,439	7.27%	5,814
2013	776,934,905	57,387,895	125,285,000	-	-	13,175,010	119,765,096	4,977,984	9,400,000	3,429,679	246,193,772	4,261,192	1,360,810,533	7.12%	5,874
2014	779,454,489	59,689,141	116,500,000	-	-	14,315,564	112,630,511	4,830,753	8,900,000	3,429,679	233,282,935	5,812,459	1,274,325,637	6.99%	5,765
2015	791,622,939	61,649,694	106,855,000	-	-	15,938,583	107,467,060	4,747,140	7,000,000	3,429,679	219,832,909	4,638,736	1,256,784,906	6.89%	5,686
2016	780,605,263	69,752,807	101,925,000	-	-	16,585,370	97,974,737	4,429,224	5,800,000	3,429,679	205,816,282	4,965,071	1,217,101,402	6.67%	5,506
2017	893,276,266	94,741,666	96,980,000	-	-	21,124,811	89,873,734	4,111,309	4,600,000	3,429,679	191,314,640	3,732,417	1,403,184,522	6.56%	5,854

## NOTES:

- (1) Population and personal Income estimates are from Arlington County Planning Division presented in Table I
- (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 Revenue

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 Debt (3)	Utilities General Obligation Bonds (3)	IDA Revenue Bonds (4)	IDA Lease Revenue Bonds (4)	IDA Notes Payable (4)			
2008	208,000	60,286,173,079	625,498,345	119,701,657	-	52,180,000	-	797,380,002	1.32%	3,834
2009	209,300	60,514,589,567	576,842,463	112,617,553	-	47,120,000	35,962,739	772,542,755	1.28%	3,691
2010	212,200	56,618,734,277	566,435,124	105,459,880	41,280,000	41,900,000	35,666,099	790,741,103	1.40%	3,726
2011	210,280	60,061,289,547	687,933,174	127,396,828	40,135,000	42,635,000	35,016,099	933,116,101	1.55%	4,437
2012	216,004	64,394,426,489	730,532,413	124,517,591	50,660,000	30,945,000	35,016,099	971,671,103	1.51%	4,498
2013	221,045	65,627,006,417	776,934,905	119,765,096	125,285,000	-	-	1,021,985,001	1.56%	4,623
2014	215,000	69,423,299,231	779,454,489	112,630,511	116,500,000	-	-	1,008,585,000	1.45%	4,691
2015	216,700	72,244,948,335	791,622,939	107,467,060	106,855,000	-	-	898,477,939	1.24%	4,146
2016	220,400	74,378,403,498	780,605,263	97,974,737	101,925,000	-	-	980,505,000	1.36%	4,449
2017	222,800	76,570,811,625	893,276,266	89,873,734	96,980,000	-	-	1,080,130,000	1.45%	4,848

## NOTES:

- (1) Population estimates are from Arlington County Planning Division
- (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				
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
2017	3,272,841	3,561,867	-	(1,279,992)	2,281,875		990,966	1,316,860	0.75

(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
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
2017	109,908,071	59,263,440	50,644,631	8,101,003	9,409,421	17,510,424	2.89

## 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)
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%
2017	222,800	19,896,040	89,300	26,405	2.6%

## NOTES:

- 1) The 2011-2013 population figures are estimates from the US Census Bureau.  
The 2008-2010, & 2014-2017 population figures are estimates from the Arlington County Planning Division.
- (2) Source - 2014 -2017 estimates from the Arlington County Planning Division. 2008-2013 figures reported by U.S. Dept of Commerce
- (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 2014-2017 U.S. Bureau of Labor Statistics, Figures 2008-2013 Virginia Employment Commission

TABLE L

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

<u>Employers</u>	<u>2017*</u>			<u>Employers</u>	<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Department of Defense	28,000	1	12.60%	Department of Defense	29,500	1	14.73%
Arlington County Government & Schools	10,000	2	4.50%	Arlington County Government	10,264	2	5.12%
Department of Homeland Security	5,600	3	2.52%	Virginia Hospital Center	2,127	3	1.06%
Department of Justice	5,300	4	2.38%	Marriott International Inc.	1,720	4	0.86%
State Department	5,300	5	2.38%	Corporate Executive Board	1,659	5	0.83%
Accenture	4,600	6	2.07%	Lockheed Martin Group	1,533	6	0.77%
Deloitte	3,200	7	1.44%	SAIC	1,448	7	0.72%
Virginia Hospital Center	3,000	8	1.35%	US Airways	1,294	8	0.65%
FDIC	2,900	9	1.30%	CACI	1,246	9	0.62%
National Science Foundation	2,200	10	0.99%	Booz Allen Hamilton	1,203	10	0.60%
Booz Allen Hamilton	1,600	11	0.72%	Verizon	995	11	0.50%
CEB	1,500	12	0.67%	SRA International, Inc.	954	12	0.48%
Bloomberg BNA	1,200	13	0.54%	Marymount University	651	13	0.33%
Environmental Protection Agency	1,000	14	0.45%	Virginia State Government	646	14	0.32%
PAE Government Services	800	15	0.36%	Bureau of National Affairs (BN)	600	15	0.30%
Lockheed Martin	650	16	0.29%	Nordstrom	593	16	0.30%
Marymount University	600	17	0.27%	The Boeing Company	579	17	0.29%
Marriott	600	18	0.27%	Macy's	550	18	0.27%
NRECA	550	19	0.25%	E*Trade Financial	500	19	0.25%
CACI	500	20	0.22%	NRECA	500	20	0.25%
<b>Total</b>	<b>79,100</b>		<b>35.58%</b>	<b>Total</b>	<b>58,562</b>		<b>29.24%</b>
<b>Total At-Place Employment</b>	<b>222,300</b>			<b>Total At-Place Employment</b>	<b>200,300</b>		

Source: Arlington County Planning Division; Arlington Economic Development  
\* 1st Quarter Estimates

TABLE M

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

<u>Department</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>	<u>2017</u>
County Board	8.0	8.0	7.8	7.8	8.0	8.0	7.8	8.3	9.3	10.0
County Manager	35.0	34.5	37.9	36.9	36.9	37.1	35.9	35.9	37.4	33.4
Management and Finance	55.0	57.0	50.0	54.0	55.0	55.0	55.5	56.5	57.5	57.5
Technology Services	67.8	67.8	70.0	71.0	72.0	74.0	73.0	72.0	78.0	78.0
Human Resources	50.5	51.5	53.5	50.0	51.0	52.0	52.0	52.0	52.0	53.0
Civil Service Commission	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
County Attorney	11.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	15.0
Circuit Court	34.4	35.8	33.8	32.3	32.3	32.3	32.3	33.8	36.8	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	56.3	55.8	55.8	55.8	55.8	55.8	55.8	55.8
Commonwealth's Attorney	40.0	39.0	35.5	34.0	35.0	35.0	35.0	35.0	36.0	34.0
Sheriff	277.8	277.8	268.4	266.0	267.0	271.0	271.0	272.0	279.0	286.0
Commissioner of Revenue	56.0	56.0	54.0	53.0	53.0	52.0	52.0	52.0	52.0	52.0
Treasurer	63.2	63.2	61.8	60.8	60.8	59.8	61.8	61.8	62.4	62.7
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	72.5	72.5	71.5	71.5	79.5	76.5	74.5	74.5	74.5
Police	476.0	476.0	475.0	465.0	466.0	466.0	466.0	470.0	472.0	478.0
Fire	314.7	321.3	317.3	316.0	317.0	320.0	321.0	321.0	319.0	332.0
Public Works/Environmental Services	676.7	699.7	688.7	694.7	700.2	721.2	730.2	765.0	774.5	783.5
Human Services	703.5	712.2	703.3	694.7	699.7	685.8	680.5	681.5	705.9	717.9
Libraries	157.8	157.8	142.4	125.1	127.6	135.6	133.9	133.9	133.9	133.9
Economic Development	32.8	31.8	28.8	28.8	28.8	61.6	61.6	63.6	56.7	60.0
Community Planning, Housing & Developme	156.5	181.1	179.0	176.0	177.0	197.1	198.6	198.6	184.5	188.5
Parks, Recreation & Cultural Resources	411.3	400.5	378.2	355.8	360.3	345.9	365.9	371.2	370.9	379.0
Total County Positions	3,762.1	3,824.8	3,737.8	3,672.9	3,698.7	3,768.6	3,790.0	3,838.2	3,872.8	3,931.3
Total School Positions	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	4,544.9
<b>TOTAL POSITIONS</b>	<b>7,375.8</b>	<b>7,501.4</b>	<b>7,508.1</b>	<b>7,460.4</b>	<b>7,636.1</b>	<b>7,815.7</b>	<b>7,898.9</b>	<b>7,997.5</b>	<b>8,244.5</b>	<b>8,476.2</b>

Sources: Arlington County FY2017 Adopted Budget and Arlington County School Board's Adopted Budget FY 2017

TABLE N

ARLINGTON COUNTY, VIRGINIA  
OPERATING INDICATORS BY FUNCTION-PROGRAM  
JUNE 30, 2017

Form of Government Date of Adoption January 1, 1932	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Area (square miles)	26	26	26	26	26	26	26	26	26	26
Lane Miles	961	961	961	974	974	974	974	974	974	974
Number of Street Lights	14,620	14,657	16,580	16,723	17,267	17,796	18,708	19,642	18,349	18,493
<u>Fire Protection:</u>										
Number of Stations	10	10	10	10	10	10	10	10	10	10
Training Academy	1	1	1	1	1	1	1	1	1	1
<u>Education:</u>										
Attendance Centers	34	35	37	37	37	37	37	38	39	39
Number of Classrooms	1,720	1,720	1,720	1,720	1,720	1,740	1,760	1,780	1,851	1,913
Number of Teachers	1,962	2,046	2,096	2,105	2,241	2,295	2,406	2,501	2,628	2,736
Number of Students	18,684	19,420	20,233	21,168	21,853	22,763	23,612	24,664	25,463	26,405
<u>County Water System:</u>										
Number of consumer service locations	36,828	36,877	37,228	37,574	37,151	37,189	37,343	37,464	37,658	37,577
Average daily consumption (gallons)	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	22,040,000
Miles of water mains	525	525	525	525	525	525	525	525	525	525
<u>County Sewer System:</u>										
Miles of sanitary sewers	470	470	470	470	470	470	470	470	470	470
Average gallons per day treated	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	21,590,000
System capacity under construction (gallons per day)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-
<u>Building Permits:</u>										
Construction Permits	3,289	2,473	2,543	2,939	3,074	3,019	3,035	3,250	3,702	3,376
Plumbing, Electrical & Mechanical Permits	7,132	7,232	6,531	7,834	7,907	8,264	8,338	8,873	10,288	9,477
Fire Permits	974	842	804	982	1,052	953	997	1,064	1,214	1,192
Elevator Permits	103	75	116	72	77	99	95	115	106	110
<u>Recreation and Culture:</u>										
Number of Parks and Playgrounds	212	212	212	212	219	236	236	*210	213	214
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Number of Items (Print and Audiovisual)	629,808	635,284	643,950	662,757	632,517	653,092	633,127	675,924	687,584	690,700
Number of Community Centers	14	14	14	14	14	14	14	14	14	13
Number of Nature Centers	2	2	2	2	2	2	2	2	2	2
Number of Historical Districts	30	30	31	31	32	34	34	36	38	40

\*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, 2017

Primary Government

FUNCTION AND ACTIVITY:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government:										
Control-										
Legislative	\$58,579	\$81,144	\$92,430	\$114,522	\$114,522	\$114,522	\$114,522	\$694,222	\$694,222	\$1,190,662
Executive	245,864	340,573	387,942	480,663	480,663	480,663	492,215	497,308	532,598	532,598
Judicial	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	5,822,409
Total Control	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	7,545,669
Staff Agencies-										
Elections	138,310	191,588	218,235	270,396	270,396	270,396	1,129,595	1,129,595	1,129,595	1,129,595
Management and Finance	239,344	331,542	377,655	467,918	1,077,827	1,588,298	1,610,532	1,610,532	1,610,532	1,610,532
Human Resources	167,306	231,753	347,256	410,350	414,403	414,403	414,403	414,403	414,403	414,403
Office of County Attorney	38,971	53,983	61,491	876,188	923,699	953,687	966,128	1,092,069	1,092,069	1,092,069
Commissioner of the Revenue	48,621	67,350	76,718	595,054	595,054	595,054	595,054	595,054	607,454	607,454
Treasurer	835,309	1,157,077	1,350,098	65,114	65,114	65,114	65,114	65,114	283,967	349,169
Department of Technology Service:	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	50,630,621
General government buildings	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	267,127,519
Total Staff Agencies	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	322,961,362
Total General Government	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	330,507,031
Public Safety:										
Police	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	18,892,893
Fire	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	81,537,998
Emergency management	922,734	1,278,179	1,455,957	4,086,134	5,405,411	5,681,058	5,864,294	9,088,294	9,876,843	13,975,990
Total Public Safety	31,680,458	29,978,011	43,393,520	97,667,385	103,846,136	106,584,579	100,506,669	105,466,716	107,639,584	114,406,881
Environmental Services	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	939,856,784
Health and Public Welfare	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	34,260,585
Libraries	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	30,465,610
Recreation	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	223,208,995
Community Development	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	59,303,754
Total General Capital Assets	\$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	\$1,732,009,640
Internal Services Fund										
Auto Equipment Fund	\$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	\$77,930,688
Total Internal Services Fund	\$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	\$77,930,688
Component Unit: School Board										
Schools	\$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	\$916,017,125
GRAND TOTALS	\$1,281,258,277	\$1,436,919,964	\$1,573,538,896	\$1,775,361,576	\$1,950,804,424	\$2,170,831,028	\$2,289,381,545	\$2,421,721,290	\$2,569,818,502	\$2,725,957,453

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
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%
2017	76,623,997	30,463,497	107,087,494	1,318,924,936	8.12%

## 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, 2016 - JUNE 30, 2017					
Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Property</u> VACorp  1	VA-AR-006-17	07/01/16	07/01/17	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	<b>\$521,979.00</b>  Includes TRIA
<u>Crime Policy</u> VaCorp  2	VA-AR-006-17	07/01/16	07/01/17	Public Employee Dishonesty , Forgery or Alteration, Theft, Disappearance and Destruction and computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers included as employees Limit: \$1 million, Deductible: \$25,000	<b>\$8,850.00</b> Excludes TRIA
<u>Fine Arts Policy</u> VACorp  3	VA-AR-006-17	07/01/16	07/01/17	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	<b>Included in Property</b>
<u>Performing Arts</u> Package Business Policy Liquor Liability Rosslyn Theater 4	MRC4102701 HBD 10010727	07/01/16 07/01/16	07/01/17 07/01/17	Package Ins. Policy for Performing Arts Group DBA Rosslyn Theater Incl. \$ 1/2 million GL \$ 850,000 Property	Package Policy <b>\$5,972.00</b> <b>Included</b>
<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> VACoRP 6	VA-AR-006-17	07/01/16	07/01/17	Excess Public Entity Liability Policy Excess of \$ 1,000,000 self-insured retention \$ 10 million limits excess of SIR	<b>\$341,815.00</b>

ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2016 - JUNE 30, 2017					
Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<b><u>Constitutional Officers Business Auto Package Policy</u></b> VACorp 7	VA-AR-006-17	07/01/16	07/01/17	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	<b>\$32,372.00</b>
<b><u>Medical Prof. Liability</u></b> Arch Speciality Insurance 8	FLP0022336	07/01/16	07/01/17	Professional Liability Insurance Employed and Contracted Physicians Clinic Staf and EMS Limits: \$ 2/6 million \$ 25,000 DED. Each claim	<b>\$223,384.00</b>
<b><u>Group Accident Coverage</u></b> 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	07/01/16 07/01/16 07/01/16 07/01/16 07/01/16	07/01/17 07/01/17 07/01/17 07/01/17 07/01/17	Coverage coordinated with pers. Coverage AD&D for volunteers AD&D for Campers AD& D for Recreational Sports AD&D for Community Service Program AD&D for Auxiliary Police	<b>\$10,500.00</b> <b>\$9,958.00</b> <b>\$12,792.00</b> <b>\$1,000.00</b> <b>\$1,000.00</b>
TOTAL PREMIUM					<b>\$35,250.00</b>
<b><u>County Board Surety Bond</u></b> 10	L. Garvey J. Fisette J. Vihstadt	Continuous until Cancelled		Bond limit \$ 2,500	<b>3 yr. policy</b>
<b><u>VDOT Permit Bond</u></b> Travelers 11	53 S 101062299	Continuous		Virginia highways permit bond for facilities located on the VDOT right-of-way Limit \$ 100,000	<b>\$0</b>
<b><u>Excess Liability Ballston Garage</u></b> Torus/First Mercury Travelers 12	03076C153ALI ZUP-10T21909-15-NF	07/01/16 07/01/16	07/01/17 07/01/17	Excess liability coverage required by May Co. regarding ice rink at Ballston Garage.	<b>\$48,250.00</b> <b>\$29,000.00</b>

ARLINGTON COUNTY, VIRGINIA SCHEDULE OF INSURANCE JULY 1, 2016 - JUNE 30, 2017					
Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Liability Limits	Premium Costs
<u>Fiduciary Liability Policy</u> 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 <u>Risk Management is not involved in the purchase of these policies.</u>	<b>Premium not incl. in total</b>
<u>Constitutional Officers' Liability Plan</u> <u>Risk Coverage</u> Commonwealth of Virginia (SIR)  Clerk of Court Sheriff Commissioner of Revenue Commonwealth's Attorney Registrar of Voters Arlington County Treasurer 14	Virginia Risk	Continuous		Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the duties of the  Limits: \$1 million per loss  Limits: \$1.5 million per loss  Limits: \$1 million per loss  Limits: \$1 million per loss  Limits: \$1 million per loss  Limits: \$1 million per loss	
<u>Fire and Rescue Auto Physical Damage</u> VaCorp  15	VA-AR-006-16	07/01/16	07/01/17	Provides comprehensive and collision coverage on vehicles owned or operated by ACFD  \$ 1,000 Ded. Per unit	<b>\$63,966.00 Incl. TRIA</b>
<u>Police Command Vehicle</u>  Hartford Fire Insurance Company 16	VA-AR-006-16	07/01/16	07/01/17	Inland Marine policy covering portable Police equipment and Command Vehicle	<b>Incl Incl. TRIA</b>
<u>Portable Equipment-Fire Command Vehicle</u> VFIS American Alternative Insurance 17	VA-AR-006-16	07/01/16	07/01/17	Inland Marine policy covering ACFD equipment & Command Veh.	<b>\$1,222.00</b>
<u>Blanket Volunteer Liability</u> VaCorp 18	VA-AR-006-16	07/01/16	07/01/17	Covers Liability of Volunteers	<b>\$4,760.00</b>
<b>TOTAL</b>					<b>\$1,316,820.00</b>

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
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
2017	209	89,329,019	134	411,319,170	17,051	618,650,872	37,377,857,200	36,010,433,100	8,413,261,200

## 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
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%
2017	63,837,926	6.08%

ARLINGTON COUNTY, VIRGINIA  
CERTIFICATE OF NO DEFAULT  
June 30, 2017

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, 2017, 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-515396-02, Loan Number C-515413-01, Loan Number C-515413-02, and Loan Number C-515413-02b.



Stephen Agostini  
Director  
Department of Management & Finance

Date



TABLE U

ARLINGTON COUNTY, VIRGINIA  
LARGEST USERS OF THE WATER & SEWER SYSTEM  
FOR THE TWELVE MONTHS ENDING JUNE 30, 2017

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	7,400	Reagan National Airport Aviation	12,350
Gates Hudson - 1600 S. Eads Residential	4,828	Pentagon Military	11,047
Pentagon City Mall Associates Retail	4,025	Joint Base Myer-Henderson Hall Military	7,400
Avalon Ballston Square- 850 N. Randolph Apartments	3,453	Gates Hudson - 1600 S. Eads Residential	4,828
Vornado - 1600 S. Joyce Street Retail	3,116	Pentagon City Mall Associates Retail	4,025
Dittmar Company - 5550 S. Columbia Pike Apartments	2,592	Avalon Ballston Square- 850 N. Randolph Apartments	3,453
Vornado - 1111 S. Army Navy Drive Apartments	2,582	Vornado - 1600 S. Joyce Street Retail	3,116
RP Washington Buchanan - 320 S. 23rd Steet Residential	2,574	Dittmar Company - 5550 S. Columbia Pike Apartments	2,592
River Place East - 1021 N Arlington Blvd. Apartments	2,532	Vornado - 1111 S. Army Navy Drive Apartments	2,582
Marriott Crystal City Hotel	2,509	RP Washington Buchanan - 320 S. 23rd St Residential	2,574

## NOTE:

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

ARLINGTON COUNTY, VIRGINIA  
DESCRIPTION OF THE WASTEWATER & WATER SYSTEM  
& WASTEWATER & WATER RATES  
JUNE 30, 2017

### 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 21.59 MGD.

#### *Plant Upgrade & Expansion*

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

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

#### *Major Customers*

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

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

**Water Distribution System**

*Description of System*

Arlington County purchases water on a wholesale basis from the Washington Aqueduct, a branch of the U.S. Army Corps of Engineers. The water system was established in 1927 after an Act of Congress, approved April 14, 1926, authorized Arlington County to receive water from a water supply pumping station at the Dalecarlia Reservoir Water Treatment Plant in northwest Washington, D.C. Average daily production for the entire Washington Aqueduct system, which includes two water treatment plants in the District of Columbia, Dalecarlia and McMillan, is 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 22.0 MGD to approximately 37,577 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 2013 through 2018 are shown in the following table. The typical residential customer pays \$79.45 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 2013 – FY 2018 Wastewater & Water Rates  
Per 1,000 Gallons of Metered Water Usage**

Fiscal Year	Water	Wastewater	Total	Percent Change
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%
2018	\$4.53	\$9.09	\$13.62	3%

The County also charges a variety of other water and wastewater fees to its retail customers, including infrastructure availability fees, connection fees, pretreatment fees, late charges, and new account fees, among others.

## **Outstanding Debt**

As of June 30, 2017, general obligation debt outstanding attributable to the Utilities Fund totaled \$89,873,734. As of June 30, 2017, outstanding debt for Wastewater System and Water System Revenue Bonds issued through the VWFRF to the VRA totaled \$191,314,640. 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
2018	7,703,648	4,072,190	11,775,838	14,929,684	5,103,533	20,033,218	22,633,332	9,175,723	31,809,055
2019	7,671,614	3,491,148	11,162,763	15,344,080	4,689,138	20,033,218	23,015,695	8,180,286	31,195,981
2020	7,490,101	3,154,691	10,644,792	15,770,108	4,263,109	20,033,218	23,260,209	7,417,801	30,678,010
2021	7,750,216	2,863,365	10,613,580	16,208,098	3,825,120	20,033,218	23,958,314	6,688,484	30,646,798
2022	7,343,155	2,460,590	9,803,746	16,658,389	3,374,829	20,033,218	24,001,544	5,835,419	29,836,964
2023	7,620,000	2,124,466	9,744,466	17,121,330	2,911,888	20,033,218	24,741,330	5,036,353	29,777,683
2024	7,735,000	1,751,176	9,486,176	17,597,281	2,435,937	20,033,218	25,332,281	4,187,113	29,519,393
2025	8,100,000	1,372,591	9,472,591	18,086,610	1,946,608	20,033,218	26,186,610	3,319,199	29,505,809
2026	8,130,000	999,957	9,129,957	18,589,698	1,443,520	20,033,218	26,719,698	2,443,476	29,163,175
2027	6,295,000	683,455	6,978,455	12,308,055	978,568	13,286,623	18,603,055	1,662,023	20,265,078
2028	4,465,000	447,286	4,912,286	12,627,446	659,177	13,286,623	17,092,446	1,106,463	18,198,908
2029	2,380,000	302,986	2,682,986	7,636,635	365,078	8,001,713	10,016,635	668,064	10,684,699
2030	2,365,000	214,624	2,579,624	6,150,916	165,016	6,315,932	8,515,916	379,640	8,895,556
2031	2,345,000	126,437	2,471,437	2,286,309	28,767	2,315,076	4,631,309	155,204	4,786,513
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
	89,873,734	24,169,632	114,043,366	191,314,639	32,190,286	223,504,926	281,188,374	56,359,918	337,548,292

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.



**ROSS  
TECHNICAL  
SERVICES, INC.**

TABLE W

April 19, 2017

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 consulting for Arlington County at the Water Pollution Control Bureau (WPCB).
2. For the fiscal year that will end on June 30, 2018, 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: April 19, 2017

By: Dennis W. Cobbs  
Professional Engineer, 0402037947  
Representative of Ross Technical Services, Inc.

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

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# 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:

- Compliance with requirements applicable for each major program and internal control over compliance in accordance with OMB Circular A-133; and
- The Schedule of Expenditures of Federal Awards

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**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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 31, 2017. 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 "Clifton Larson Allen LLP".

Arlington, Virginia  
October 31, 2017



**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, 2017. 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, 2017. 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, 2017.

## 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.



Arlington, Virginia  
October 31, 2017

**ARLINGTON COUNTY, VIRGINIA  
SECHEDULE OF EXPENDITURES OF FEDERAL AWARD  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<b>Child Nutrition Cluster:</b>				
<b>Direct Payments</b>				
National School Lunch Program	10.555		-	1,579
<b>Pass Through State of Virginia</b>				
<b>Department of Education:</b>				
National School Lunch Program	10.555		-	4,406,850
School Breakfast Program	10.553		-	1,037,330
Total Child Nutrition Cluster			-	5,445,759
Child and Adult Care Food Program	10.558		-	410,285
<b>Department of Agriculture and Consumer Services:</b>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		-	592,312
<b>SNAP Cluster:</b>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		-	2,681,885
Total SNAP Cluster			-	2,681,885
<b>Department for the Aging:</b>				
Older Americans Act Title III USDA (163/457-02)	10.570		-	183,031
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	<b>9,313,272</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<b>Direct Payments</b>				
<b>Community Development Block Grants/ Entitlement Grants:</b>				
Thirty-seventh Entitlement (B11UC510002)	14.218		-	537
Thirty-eight Entitlement(B12UC510002)	14.218		-	38,236
Thirty-ninth Entitlement (B13UC510002)	14.218		1,909,750	1,923,426
Fortieth Entitlement (B14UC510002)	14.218		64,851	64,851
Fortieth Entitlement (B14UC510002)	14.218		542,784	542,784
Forty-first Entitlement (B15UC510002)	14.218		25,789	25,789
Forty-first Entitlement (B15UC510002)	14.218		100,794	100,794
Forty-second Entitlement (B16UC510002)	14.218		673,678	673,678
Forty-second Entitlement (B16UC510002)	14.218		240,372	240,372
Total Community Development Block Grants/ Entitlement Grants			3,558,018	3,610,467
Shelter Plus Care	14.238		-	315,091
Housing Opportunities for Persons with AIDS	14.241		-	68,265
Continuum of Care Program	14.267		-	37,112
<b>Section 8 Housing Choice Vouchers Cluster:</b>				
Rental Assistance Demonstration 2 - Rental Assistance	14.871		-	384,488
Family Unification Program - Rental Assistance	14.871		-	577,612
Voucher Program (VAO28VO015-023)	14.871		-	16,109,441
Voucher Program - Administrative Expenses	14.871		-	1,336,350
Total Section 8 Housing Choice Vouchers Cluster			-	18,407,891
Home Investment Partnerships Program	14.239		-	82,498
Home Investment Partnerships Program	14.239		4,728,367	4,782,556
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>8,286,385</b>	<b>27,303,880</b>

See accompanying notes to Schedule of Federal Awards

**ARLINGTON COUNTY, VIRGINIA  
 SECHEDULE OF EXPENDITURES OF FEDERAL AWARD  
 FOR THE YEAR ENDED JUNE 30, 2017**

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>				
<b>Pass Through State of Virginia</b>				
<b>Virginia Community College System:</b>				
<b>Workforce Investment Act Cluster:</b>				
WIOA Adult Program-Admin. (Adult)	17.258	LWA-12-01T	7,881	24,694
WIOA Youth Activities -Admin. (Youth)	17.259	LWA 12-16-01T	9,758	24,629
Veterans Housing Rehabilitation and Modification Program -Admin. (Dislocated)	17.278	LWA 12-15-01T LWA 12-16-01T	25,727	25,727
WIOA Adult Program-Adult	17.258	LWA 12-16-01T	124,427	272,788
Community Compass Technical Assistance and Capacity Building -Youth	17.259	LWA 12-16-01T	60,070	187,889
Veterans Housing Rehabilitation and Modification Program - Dislocated - Incentive awards - Culinary skills training	17.278	LWA-12-15-01T	19,833	45,427
Veterans Housing Rehabilitation and Modification Program - Dislocated	17.278	LWA 12-16-01T	113,201	228,486
Veterans Housing Rehabilitation and Modification Program - PY14 WIOA Transitional Activities award	17.278	LWA 12-14-04TN, LWA 12-15-01NR	-	16,725
Total Workforce Investment Act Cluster			<u>360,897</u>	<u>826,365</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b><u>360,897</u></b>	<b><u>826,365</u></b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<b>Direct Payments</b>				
Community Service Block Grant CVS-17-001-03	93.569		90,000	113,578
Community Service Block Grant CVS-16-001-03	93.569		-	23,892
Community Service Block Grant CVS-17-001-03	93.569		-	32,260
Total 477 Cluster			<u>90,000</u>	<u>169,730</u>
<b>Pass Through State of Virginia</b>				
<b>Department of Social Services:</b>				
Refugee Programs - Indo-Chinese Refugee Relief	93.566		-	28,651
Social Services Block Grant (Purchased Services)	93.667		-	950,159
			<u>-</u>	<u>978,810</u>
<b>Medicaid Cluster:</b>				
Medical Assistance	93.778		-	3,556,313
Total Medicaid Cluster			<u>-</u>	<u>3,556,313</u>
<b>Child Care and Development Fund Cluster:</b>				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.596		-	210,436
Total Child Care and Development Fund Cluster			<u>-</u>	<u>210,436</u>
<b>Temporary Assistance to Needy Families Cluster:</b>				
Temporary Assistance for Needy Families-View Purchased Services	93.558		-	1,150,186
Total Temporary Assistance to Needy Families Cluster			<u>-</u>	<u>1,150,186</u>
Children's Health Insurance Program-FAMIS Outreach Grant	93.767		-	100,422
Chafee Education and Training Vouchers Program-ILP Education & Training Vouchers	93.599		-	17,492
Promoting Safe and Stable Families	93.556		-	65,202
Chafee Foster Care Independence Program	93.674		-	16,974
Foster Care Title IV-E	93.658		-	1,431,608
Adoption Assistance	93.659		-	739,162
Stephanie Tubbs Jones Child Welfare Services Program -Admin Title IV-B1	93.645		-	2,265
Low-Income Home Energy Assistance (765/452-06)	93.568		-	112,847
Adoption and Legal Guardianship Incentive Payments	93.603		-	4,160
Total Department of Social Services			<u>-</u>	<u>8,385,877</u>

See accompanying notes to Schedule of Federal Awards

ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARD  
 FOR THE YEAR ENDED JUNE 30, 2017

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. Department of Health and Human Services (cont.)</b>				
<b>Pass Through State of Virginia</b>				
<b>Department of Health Services:</b>				
Capacity Building Assistance to Strengthen PublicHealth Immunization Infrastructure and Performance	93.539		-	75,012
Public Health Emergency Preparedness Grant	93.074		-	91,587
Family Planning Services	93.217		-	100,306
Maternal and ChildHealth Services Block Grant to the States	93.994		-	89,977
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		-	45,000
Total Department of Health Services			-	401,882
<b>Pass Through State of Virginia</b>				
<b>Department of Mental Health and Mental Retardation</b>				
Alcohol and Drug Abuse and Mental Health Services Block Grant(790/445-01/455-02)				
Projects for Assistance in Transition from Homelessness	93.150		-	80,950
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		-	311,721
Block Grants for Community Mental Health Services	93.958		-	519,056
Block Grants for Prevention and Treatment of Substance Abuse	93.959		-	579,696
Total Alcohol and Drug Abuse and Mental Health Services			-	1,491,423
<b>Pass Through State of Virginia</b>				
<b>Department for the Aging:</b>				
<b>Aging Cluster:</b>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		-	325,716
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		-	121,222
Total Aging Cluster			-	446,938
Title III-D-Disease Prevention Area Plan	93.046		-	173
Senior Medicare Patrol Project	93.048		-	5,196
Title III-E- National Family Caregiver Support	93.052		-	60,526
Title VII-Elder Abuse Prevention	93.041		-	1,479
Health Insurance Counseling & Assistance	93.779		-	65,210
Total Department for the Aging			-	132,584
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>90,000</b>	<b>11,028,434</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Pass Through State of Virginia</b>				
<b>Department of Mental Health and Mental Retardation:</b>				
Special Education-Grants for Infants and Families (PIE-PART C)	84.181		-	349,378
<b>Department of Education:</b>				
<b>Elementary and Secondary Education Act:</b>				
Title I Grants to Local Educational Agencies (197/171/01)	84.010		-	2,686,454
<b>Special Education Cluster:</b>				
Special Education Preschool Grants	84.173		-	86,259
Special Education Grants to States	84.027		-	4,680,929
Total Special Education Cluster			-	4,767,188

See accompanying notes to Schedule of Federal Awards

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD  
FOR THE YEAR ENDED JUNE 30, 2017

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION (cont.)</b>				
<b>Pass Through State of Virginia</b>				
<b>Department of Education (cont.)</b>				
Twenty-First Century Community Learning Centers	84.287		-	4,101
English Language Acquisition State Grants	84.365		-	522,922
Career and Technical Education -- Basic Grants to States	84.048		-	262,508
Education for Homeless Children & Youth (Stuart B McKinney)	84.196		-	28,846
Supporting Effective Instruction State Grants	84.367		-	611,826
Safe Routes to School	84.205		-	56,455
Adult Education - Basic Grants to States	84.002		-	181,724
Total			-	9,122,024
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			-	<b>9,471,402</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<b>Direct Payments</b>				
High Intensity Drug Trafficking Area (HIDTA)	16.000		-	256,171
VOCA Victim Witness Grant	16.575		-	155,224
Joint Terrorism Task Force	16.579		-	12,116
DEA Task Force	16.579		-	37,626
Metropolitan Area Fraud Task Force	16.579		-	1,829
Electronic Crimes Task Force	16.579		-	2,888
<b>JAG Program Cluster:</b>				
2016 Justice Assistance Grant	16.738		-	24,915
2013 Justice Assistance Grant	16.738		-	1,574
Total JAG Program Cluster			-	26,489
Adult Drug Court Discretionary Grant Program	16.585		-	36,775
2013 COPS Hiring Grant	16.710		-	58,724
ODJ- Seized Assets	16.922		-	298,672
High Intensity Drug Trafficking Area (HIDTA)			-	
HIDTA Task Force	95.001		-	6,157
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			-	<b>892,671</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<b>Direct Payments</b>				
Treasury- Seized Assets	21.000		-	224,794
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			-	<b>224,794</b>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>				
<b>Direct Payments</b>				
Air Force Junior Reserve Officer Training	12.000		-	134,138
Language Grant Program -NSA Research Grant & Cooperative Agreement	12.900		-	63,367
<b>TOTAL U.S. DEPARTMENT OF THE INTERIOR</b>			-	<b>197,505</b>

See accompanying notes to Schedule of Federal Awards



**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD  
FOR THE YEAR ENDED JUNE 30, 2047**

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>Direct Payments</b>				
AMERICORPS	94.006		-	98,465
<b>CORP. FOR NATIONAL &amp; COMMUNITY SERVICE</b>			-	<b>98,465</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>				
<b>Direct Payments</b>				
Chesapeake Bay Studies	11.457		-	67,553
<b>U.S. DEPARTMENT OF COMMERCE</b>			-	<b>67,553</b>
<b>U.S. DEPARTMENT OF THE ENVIRONMENT</b>				
<b>Pass-through State of Virginia</b>				
<b>Department of Environmental Quality:</b>				
Congressionally Mandated Projects- Four Mile Run Restoration	66.202	XP-973615-01	-	1,143,567
<b>TOTAL U.S. DEPARTMENT OF THE ENVIRONMENT</b>			-	<b>1,143,567</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>Direct Payments</b>				
<b>Federal Transit Cluster:</b>				
Federal Transit Capital Investment Grants	20.500		-	111,998
Federal Transit - Formula Grants	20.507		-	314,656
Total			-	426,654
<b>Pass Through Payment</b>				
WMATA	20.500	DC-03-0039	-	139,031
Total Federal Transit Cluster			-	565,685
<b>Pass-through State of Virginia</b>				
<b>Department of Motor Vehicle Administration:</b>				
<b>Highway Safety Cluster:</b>				
Protection	20.616		-	3,604
2017 DMV Highway Safety Program Selective Enforcement - Speed	20.600		-	14,310
2017 DMV Highway Safety Program Selective Enforcement - Pedestrian/Bicycle	20.600		-	3,296
2016 DMV Highway Safety Program Selective Enforcement - Speed	20.600		-	2,713
2016 DMV Highway Safety Program Selective Enforcement - Pedestrian/Bicycle	20.600		-	874
Total Highway Safety Cluster			-	24,797
<b>Department of Motor Vehicle Administration:</b>				
2017 DMV Highway Safety Program Selective Enforcement - Alcohol	20.607		-	19,866
2016 DMV Highway Safety Program Selective Enforcement - Alcohol	20.607		-	3,616
2016 DMV Highway Safety Program Selective Enforcement - Occupant Protection	20.607		-	911
Total Department of Motor Vehicle Administration			-	24,393

See accompanying notes to Schedule of Federal Awards

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARD  
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Granting Agency / Pass-Through Entity / Program / Cluster	CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION (cont.)</b>				
<b>Virginia Department of Transportation</b>				
Highway Planning and Construction-Safe Routes to School Quick start Mini-Grant Fall 2016	20.205		-	836
Highway Planning and Construction-Safe Routes to School Quick start Mini-Grant Spring 2017	20.205		-	947
Total Safe Routes			-	1,783
<b>Federal Transit Administration:</b>				
Roadway Improvements	20.205	DTFH6116H00003	-	55,601
<b>Pass-through State of Virginia</b>				
<b>Department of Rail and Public Transportation:</b>				
Highway Planning and Construction-CMAQ	20.205	T100	-	3,801,533
<b>Pass-through State of Virginia</b>				
<b>Department of Transportation:</b>				
Highway Planning and Construction-Roadway Improvements	20.205	various	-	977,043
Total Highway Planning and Construction Cluster			-	4,835,960
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			-	<b>5,450,835</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<b>Direct Payments</b>				
Disaster Grants - Public Assistance	97.036		-	84,700
<b>Direct Payments</b>				
<b>District of Columbia Homeland Security Agency (DCHSEMA)</b>				
Rescue Team Respiratory Protection Equip. (VA 5%) UASI	97.067	EMW-2015-SS-00019	8,954	8,954
Exercise and Training Program (2015)	97.067	15UASI879-01	59,910	59,910
Exercise and Training Program (2016)	97.067	16UASI879-01	65,414	65,414
Regional Planner Grant Program (2015)	97.067	15UASI879-04	55,220	55,220
Volunteer Management Grant (2015)	97.067	15UASI879-03	121,965	121,965
Volunteer Management Grant (2016)	97.067	16UASI879-03	10,846	10,846
National Incident Management System (NIMS) Grant (2016)	97.067	16UASI879-02	65,088	65,088
National Incident Management System (NIMS) Grant (2015)	97.067	15UASI879-02	72,780	72,780
Regional Planner Grant Program (2016)	97.067	14UASI879-04	63,436	63,436
Total			523,613	523,613
2016 Local Emergency Management Performance Grant (LEMPG)	97.073	16LEMPG	68,015	68,015
Urban Area Security Initiative (UASI)	97.067		-	107,640
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<b>591,628</b>	<b>783,968</b>
<b>TOTAL FEDERAL ASSISTED PROGRAMS</b>			<b>9,328,910</b>	<b>66,802,711</b>

See accompanying notes to Schedule of Federal Awards

**ARLINGTON COUNTY, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2017**

**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, 2017**

**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: Unmodified

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>
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnerships Program	14.239
Highway Planning and Construction Cluster	20.205
Title I Grants to Local Educational Agencies	84.010
Adoption Assistance	93.659
Medical Assistance Program	93.778

Dollar threshold used to distinguish between type A and type B programs \$2,004,081

Auditee qualified as low-risk auditee?	_____	X	Yes	_____	No
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**ARLINGTON COUNTY, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2017**

**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, 2017**

**IV. Schedule of Prior Year Findings and Questioned Costs**

None noted

# 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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