

# ARLINGTON COUNTY, VIRGINIA

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## *Comprehensive Annual Financial Report*

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*Fiscal Year Ended June 30, 2001*

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# **INTRODUCTORY SECTION**



## **Vision**

*"Arlington County is a diverse community of dynamic, secure residential and commercial neighborhoods; a learning, caring, participating community in which each person is important."*

ARLINGTON COUNTY BOARD

We, the employees, are committed to developing a far-sighted, responsive organization which will build partnerships with all people of the community to create an environment which enables Arlington residents, businesses, employees and visitors to achieve their individual and collective goals and aspirations.

## **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**

**High Quality Service • Commitment to Employees  
Diversity • Empowerment • Teamwork • Leadership**



# INTRODUCTION



BARBARA M. DONNELLAN  
DIRECTOR

## ARLINGTON COUNTY, VIRGINIA DEPARTMENT OF MANAGEMENT AND FINANCE

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October 19, 2001

Chairman Jay Fissette and Members of the County Board

Dear Board Members:

The Comprehensive Annual Financial Report ("CAFR") of Arlington County, Virginia for the fiscal year ended June 30, 2001 is presented through the publication of this report. The County's Department of Management and Finance, in accordance with Section 15.2-2511 of the Code of Virginia, prepared this Report. The responsibility for the accuracy, completeness, and fairness of data presented, including all disclosures, rests with the County's management. We believe that the data presented is accurate in all material respects. It is presented in a manner designed to fairly show the financial position and results of the operations of the County as measured by the financial activity of its various Funds. All disclosures deemed necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included.

The financial information included in this CAFR is presented in accordance with the governmental accounting, auditing and financial reporting requirements as established at the following levels:

1. **Generally Accepted Accounting Principles (GAAP)** – Accounting and financial reporting principles for all state and local governments including standards promulgated by the Governmental Accounting Standards Board (GASB).
2. **State** – Uniform financial reporting requirements for Virginia counties and municipalities as established by the Auditor of Public Accounts of the Commonwealth of Virginia.
3. **Federal** – Audit requirements for states, local governments and non-profit organizations which receive federal awards as established by the Federal Office of Management and Budget (OMB) under Revised Circular A-133. The general requirements for the implementation of this single audit concept were enacted as Federal law in 1996 and the revised guidelines were issued in July of 1997.

The governmental accounting, auditing, and financial reporting requirements which have been incorporated in this CAFR are designed to provide a high level of efficiency and readability to present a broad range of financial information in one comprehensive report for the fiscal year ended June 30, 2001.

### **The Financial Reporting Entity**

The financial reporting entity includes all the funds and account groups of the primary government, Arlington County, Virginia, as well as its discretely presented component unit. A discretely presented component unit is a legally separate entity for which the primary government is financially accountable.

It is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the primary government and to differentiate its financial position, results of operations and cash flows from those of the primary government. The Arlington County Public Schools is reported as a discretely presented component unit.

### **CAFR Structure**

The CAFR is divided into four major sections: an Introduction Section, a Financial Section, a Statistical Section, and a Federally Assisted Programs Section.

The Financial Section includes the General Purpose Financial Statements which summarize all the activity in the funds and account groups, and includes the Notes to the Financial Statements. This section may be “liftable” for use in other documents such as official statements for bond offerings as it reflects all the information described later in detail in the CAFR. The Financial Section also includes the detailed financial statements and schedules of individual funds and account groups for those readers who require an additional level of information. The Statistical Section provides users with trend data reflecting the County’s performance over the past 10 years.

The Federally Assisted Programs Section provides information on all federal grant activity within the County for the fiscal year ending June 30, 2001.

### **FY 2001 Highlights**

- The County Board has established a number of strategic priorities for FY 2001 and beyond. They are:
  - ☐ E-government
  - ☐ Preserving the environment
  - ☐ Maintaining excellence in public education
  - ☐ Improving the quality of community life
  - ☐ Fostering economic and fiscal sustainability
- FY 2001 results were positive with most major funds completing the year consistent with or better than expectations.
- The County’s Pension Fund continued to be fully funded with assets exceeding \$1 billion.

### **Governmental Structure and Services**

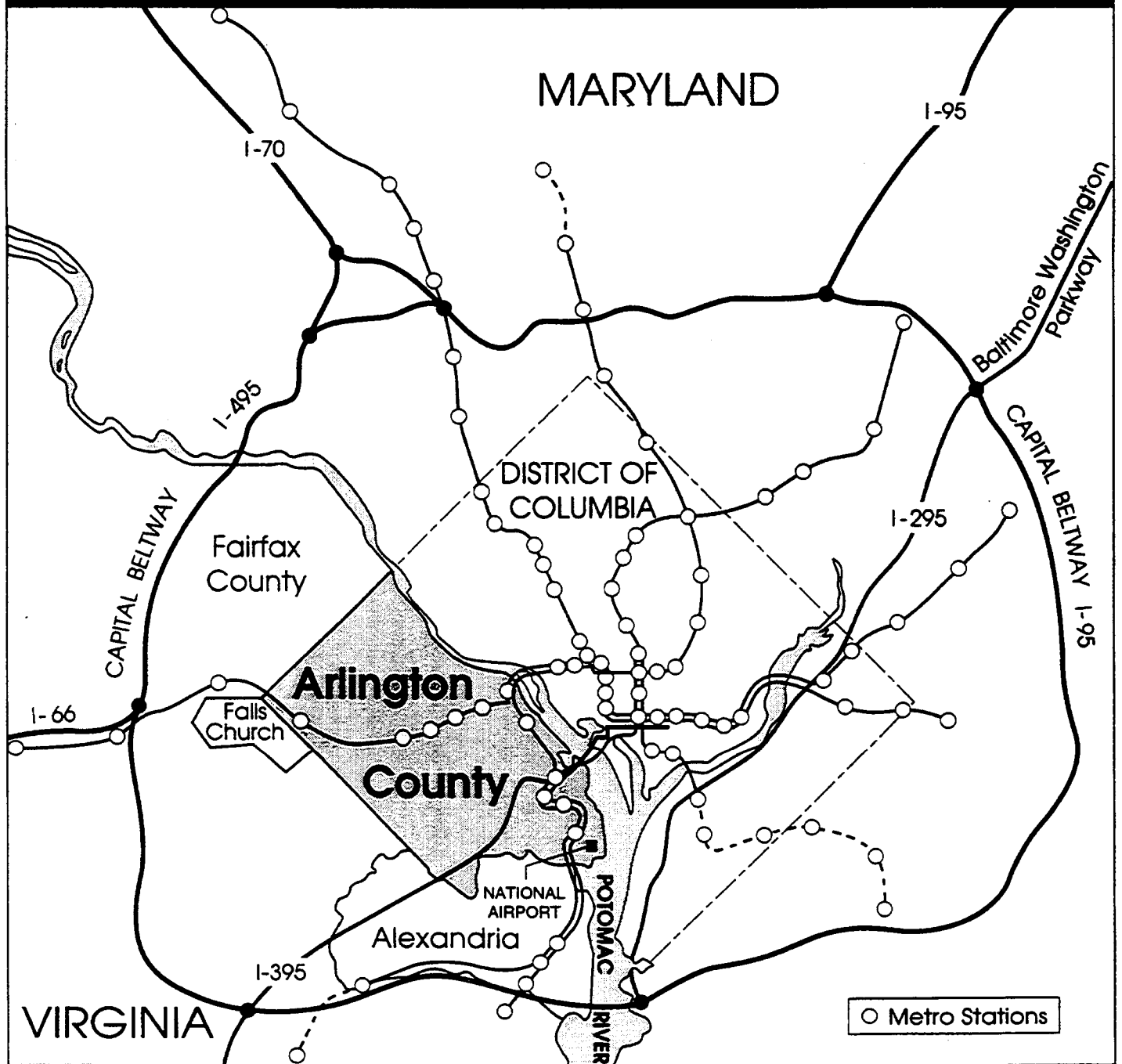
Arlington County, Virginia is an urban community with a resident population of 190,848 and daytime population of approximately 278,155 located across the Potomac River from the District of Columbia. The area was originally ceded by Virginia in 1801 to be included in the ten-mile square Federal District. From 1801 until 1847, Arlington County and part of the City of Alexandria were known as Alexandria County of the District of Columbia. Congress retroceded Alexandria County to the Commonwealth of Virginia in 1847. In 1870, the City of Alexandria was formally separated from Alexandria County, and in 1920 the County was renamed Arlington to eliminate the confusion between these two adjacent jurisdictions. The name “Arlington” was chosen because General Robert E. Lee’s home of the same name was located within the County on the grounds of the Arlington National Cemetery.

The geographical area of the County is 25.7 square miles of which 4.6 square miles is under the control of the Federal Government. There are no cities or towns within the County giving Arlington County both city and county functions, and thereby establishing Arlington County as one of the few urban unitary forms of government in the United States. The Virginia Supreme Court held in 1923 that the County is a continuous, contiguous, homogeneous entity and therefore cannot be subdivided for the establishment of towns, nor can any part of the County be annexed by neighboring jurisdictions. The land in Arlington County is almost totally developed; there are no farms and few areas of vacant land. In addition to single family neighborhoods, there are sizable concentrations of high-rise commercial and office space, especially in the Rosslyn-Ballston and Jefferson Davis/Crystal City Metrorail subway corridors.

As required by Virginia Law, the County seeks to have real property in the County assessed annually at 100% of fair market value. The assessed value of taxable real property on January 1, 2001 was \$23.5 billion. The County government’s budget for all funds for Fiscal Year 2001 totaled \$658.9 million, which included \$246.0 million for public primary and secondary education.

The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager’s responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932. 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. In addition to the County Board, other

# WASHINGTON METRO AREA MAP



elected County officials include the Commonwealth's Attorney, the Commissioner of the 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-six counties in the Commonwealth of Virginia which are responsible for street and highway construction and maintenance; in the other counties, the Virginia Department of Transportation is the responsible entity. Also, the County is one of the few jurisdictions in Virginia that has fully melded the State health function into its County government organization.

### **Economic Condition**

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. Through deliberate long-range land use, transportation and service planning, the County has been transformed from a largely suburban bedroom community to one with a more urban center, while concurrent public and private conservation of and improvement to the County's residential neighborhoods has occurred. This transformation has permitted the County to serve its citizens well, has made Arlington a sought-after place to live, work and do business, and has created a business and residential taxation level that is among the lowest in the Washington, D.C. metropolitan area. In June 2001, the County's excellent economic condition and well managed financial position were cited as reasons Standard and Poor's and Moody's reaffirmed the County's top AAA/Aaa ratings and Fitch's Investor Services granted for the first time its top AAA rating. These top ratings establish Arlington County, as of June 30, 2001, as only one of 20 counties in the United States with top bond ratings from all three major bond-rating agencies.

With a location directly across the Potomac River from the nation's capital, Arlington County has been at the center of the Washington metropolitan area's growing economy. The County contains substantial office, residential, and rental development that serves to diversify its property tax base. The amount of commercial office space in the County has increased from \$32.3 million in FY 2000 to \$33.2 million square feet in FY 2001. This statistic excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In July 2001, the County's office vacancy rate was 1.9%. The 2001 census figures show Arlington to have a residential population of 190,848 persons while its daytime population is estimated at 278,155.

### **Future Outlook – FY 2002 and Beyond**

In 2001, Arlington County's Bicentennial year, the same solid principles underpin the annual budget as those that have guided Arlington officials for two centuries--fiscal prudence paired with wise spending for the public good. This has allowed the County to continue the delivery of high quality services and maintain a top-notch public education system for its citizens. These proven values and goals combine to meet the needs of a vibrant 21st century urban village with a commitment to smart growth and protection of all resources--natural and human.

Arlington is indeed a healthy community in a variety of ways. The FY 2002 Budget seeks to ensure and enhance the quality of community life through goals such as smart, well-managed growth, an ongoing focus on the environment and continued strong support for the best education for our children. E-government, in this day of e-commerce and e learning, presents an additional opportunity to provide public services. Successful implementation of e-government carries with it the obligation to ensure barrier-free access to Internet technology and computer awareness for all Arlingtonians, to preclude any potential "digital divide."

Key elements of "smart growth", include continued emphasis on pedestrian safety throughout the County with more people-oriented streets designed intentionally for easy access and livability. Preservation of a rich historical past, in tandem with vital current-day neighborhood conservation efforts are also important components of how the County manages growth to support a higher quality of life for Arlington residents in the years to come.

The FY 2002 Budget continues the support of initiatives to address the current deficit in affordable housing, a problem Arlington shares with all area jurisdictions and which has an adverse impact on the most economically vulnerable in our populations. Additionally, to help improve delivery of social services to County residents, the base budget includes



substantial support for Arlington's nonprofit human service agencies to continue to meet the pressing needs facing service providers in a community which never has backed away from helping the disenfranchised or disabled.

The County has improved its enviable AAA/Aaa bond rating to AAA/Aaa/AAA, shared by only 20 counties in the country. Arlington's unemployment rate is low at 1.7 percent, and the office vacancy rate--an important economic indicator in this region--is 1.9 percent. The County's Capital Improvement Program continues to grow. Real estate value has increased, and economic investment in the County is strong. One of the historic bases for Arlington's economic position has been the willingness and ability to invest in the future--such as investments needed to support e-government and other initiatives which will improve today and enhance tomorrow for Arlington.

## **Taxes and Fees**

Undoubtedly, Arlington's leaders of 200 years ago looked carefully to the state of the economy before making any changes to the public purse. Today its citizens can also share a sense of civic pride in the fact that the County retains its sound economic position. Arlington has the lowest real estate tax rate of any major jurisdiction in the Washington Metropolitan region \$1.023 cents per \$100 of valuation.

Real estate revenues are up an overall 6.8 percent. The average single family homeowner's assessment increased about 10.7 percent. Personal property tax revenues are projected to increase significantly assuming the governor's plan for the fourth year of the phase-in of car tax relief is revenue-neutral to the County. In addition, the FY 2002 budget continues to maintain at least a 2 percent reserve of \$12.5 million.

As authorized by the 1998 General Assembly, Arlington County continues to implement a telecommunications right-of-way user fee. The current water/sewer rate of \$4.46 per thousand gallons will increase by \$0.12 due to increased costs to the County and the County's share of capital improvements to the Dalecarlia Reservoir, which provides water to Arlington and several other regional jurisdictions.

Several user fee increases will recover service delivery costs, routine increases also are projected in fees for building permits, site plans, and swimming pool licenses to reflect the current costs of providing these services.

## **Expenditures**

The FY 2002 budget provides a balance across all the needs of the community while targeting five areas the county considered most critical: schools, employees, housing and human services, public safety, and the environment.

- **Education.** This budget reaffirmed the County Board's long-standing and consistent prioritization of public education in our budget deliberations. For FY 2002, Arlington Public Schools will receive the largest dollar increase in funding ever. This was brought about by an innovative revenue-sharing agreement for this year struck between the County and School Boards that provides 47.8 percent of local tax revenue for public education. The County Board also agreed to a request from the Schools for an additional \$1 million for the one-time purchase of textbooks.
- **Employees.** The Board adopted several compensation enhancements in this year's budget which reflect the Board's commitment to keep Arlington competitive in the regional job market and recognizes the dedicated efforts of a workforce that genuinely cares about the community they serve. The enhancements include a three- percent cost of living adjustment, a market adjustment of one percent, pay steps changed from two to one year, three new steps added to the end of each pay grade, and an increase in tuition reimbursement.
- **Housing and Human Services.** This budget makes significant contributions to housing and human service efforts. Additional funds were provided to bolster our partnerships with numerous health and human services nonprofit organizations, including the Affordable Housing Investment Fund (AHIF). This funding will assist our nonprofit agencies and help leverage federal and state funds to retain and enhance our affordable housing stock. An additional \$1 million was added to our highly successful paratransit program for those residents entitled to transportation services through the Americans with Disabilities Act.
- **Public Safety.** Several public safety enhancements were adopted to ensure that Arlington remains a safe community. These include: authorization for seven new full-time Fire Department positions, including full year funding for an additional EMS unit; an increase in additional overtime funding for the Fire Department; a

technology initiative for the Police Department; an additional Sheriff's deputy; and significant pay plan enhancements for Police and Sheriff.

- **Environment.** While the federal government is considering a 10 percent reduction in funding for efforts to clean and preserve the Chesapeake Bay, Arlington has added \$800,000 for this program. The Board recently adopted the County's Chesapeake Bay Preservation Plan and Watershed Management Plan, as recommended by our Chesapeake Bay Task Force, putting us in the forefront of protecting water quality in the Washington region and preserving the Chesapeake Bay for future generations.

Other highlights of the FY 2002 budget include funds: to provide a catalyst for infrastructure investment on Columbia Pike, for master planning including the North Tract of Potomac Yard, for the Neighborhood Conservation Program, for new voting machines, for increased funding for park maintenance, and for our public art and arts grants programs. In addition, the County continues to make a significant investment in technology. This investment has several purposes: to improve service delivery; to increase access for ALL residents; and to broaden participation in the decision-making processes of the County.

### **Capital Investments**

Arlington County's Capital Improvement Program (CIP) Budget is a planning tool, which provides funding guidelines for the future infrastructure needs of our community. It is designed to be used in conjunction with the County and School's operating budgets to most effectively serve our citizens and be responsible and responsive stewards of the public trust. In FY 2002, the Board made a conscious decision to incur as few new, long-term, recurring costs as possible and to concentrate on investments that support our infrastructure development. This increase reflects the importance of increasing pay-as-you-go funding in good economic times, which will help the budget structure should a downturn occur in the economic cycle. The achievement of this goal is reflected in a 69 percent increase in our Pay-As-You-Go capital funding for FY 2002.

Funding for County government pay-as-you-go capital projects is adopted at \$31.2 million in the FY 2002 Budget. Projects include parks and recreation center facilities and athletic fields, traffic signal, infrastructure and pedestrian systems, improvements to government facilities, including roof replacements, and investment in technology to provide a base for e-government. It includes further progress on the Columbia Pike Initiative, work on several recreation centers and projects, design funds for the human services program, various energy conservation projects and future fire station planning and design. The FY 2002 budget is one that moves the County forward while enhancing our fiscal sustainability. It is a plan that provides a balanced approach to our diverse and dynamic community.

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

In developing and maintaining the County's overall accounting and financial management system, the adequacy of internal accounting controls has been considered. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. In this regard, we believe the County's internal accounting controls are adequate. In addition, the external auditors have evaluated these controls during the course of their annual audit. The County is committed to deriving maximum benefits from this review process and will continue to actively pursue the implementation of all such recommended policy and procedural changes where deemed practicable.

In addition, the Internal Audit Unit operates as a program of the Department of Management and Finance. The objective of the Unit is to assist County management to ensure that administrative and accounting systems' controls are operating as intended. The Unit is organized to also give more attention to the areas of information systems auditing and construction management auditing. Having these critical areas receive more audit attention in the early stages of projects will ensure that good controls are maintained throughout the life of the projects. In addition, the Unit reviews the overall financial management processes to determine that the County continues to provide accurate, relevant, and timely financial information to meet the needs of all users of the County's financial information - as well as to the citizens of Arlington County.

Budgetary control is maintained at the department level by the encumbrance of estimated purchase amounts. All County operating expense purchase orders are reviewed for adequate appropriations by the responsible department prior to their release to vendors. The Department of Management and Finance monitors the financial conditions of each department including encumbrances. Open encumbrances, which represent commitments for the purchase of goods or services in a future period, are reported as reservations of governmental fund balances at the end of the fiscal year.

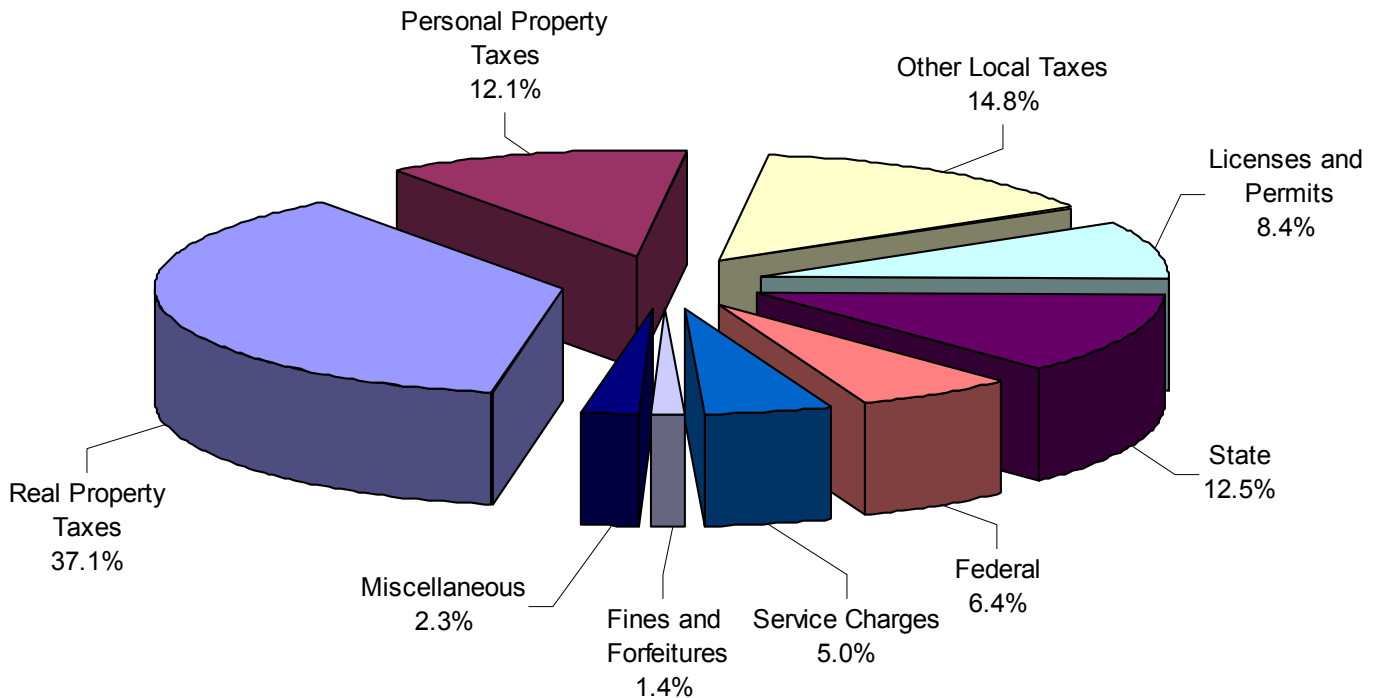
## General Governmental Functions

Revenues for general governmental functions, which include operations of the General, Special Revenue, and School Funds, totaled \$626.6 million in FY 2001, an increase of \$44.3 million or 7.6% over FY 2000. Combined total FY 2001 revenues in the General, Special Revenue and School Funds and changes from FY 2000 are shown below.

### General, Special Revenue and School Fund Revenues

	Total FY 2001		Total FY 2000	Increase (Decrease) from FY 2000	
Revenue Source	Amount (millions)	Percent of Total	Amount (millions)	Amount (millions)	Percent Change
Real Property Taxes	\$232.4	37.1%	\$208.6	\$21.8	10.4%
Personal Property Taxes	76.1	12.1%	74.8	3.3	4.4%
Other Local Taxes	92.9	14.8%	85.9	6.9	8.0%
Licenses and Permits	52.4	8.4%	48.1	4.4	9.1%
State	78.5	12.5%	73.5	5.0	6.8%
Federal	39.9	6.4%	40.2	(0.3)	0.7%
Service Charges	31.4	5.0%	29.7	1.7	5.7%
Fines and Forfeitures	8.7	1.4%	8.3	0.4	4.8%
Miscellaneous	14.3	2.3%	13.2	1.1	8.3%
<b>Total</b>	<b>\$626.6</b>	<b>100%</b>	<b>\$582.3</b>	<b>\$44.3</b>	<b>7.6%</b>

### GENERAL, SPECIAL REVENUE AND SCHOOL FUND REVENUES - FY 2001

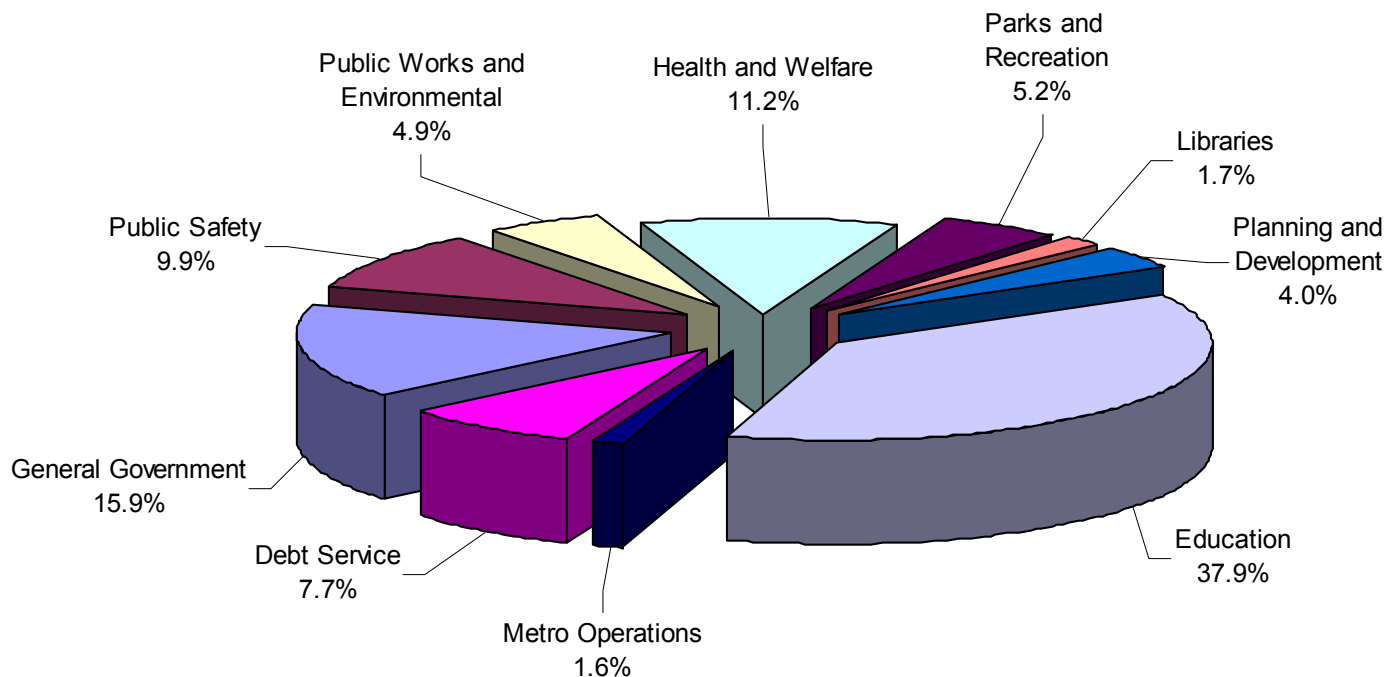


Expenditures for general governmental functions, which include operations of the General, Special Revenue, and School Funds, totaled \$594.9 million in FY 2001, an increase of \$36.8 million or 6.6% over FY 2000. A summary of expenditures by major functional areas and the increase or decrease over the preceding fiscal year is shown below.

#### General, Special Revenue and School Fund Expenditures

Function	Total FY 2001		Total FY 2000	Increase (Decrease) from FY 2000	
	Amount (millions)	Percent of Total	Amount (millions)	Amount (millions)	Percent Change
General Government	\$94.8	15.9%	\$81.5	\$13.3	16.3%
Public Safety	58.6	9.9%	59.7	(1.1)	0.2%
Public Works and Environmental	28.9	4.9%	26.5	2.4	9.0%
Health and Welfare	66.9	11.2%	63.9	3.0	4.7%
Parks and Recreation	31.0	5.2%	29.1	1.9	6.5%
Libraries	10.0	1.7%	9.6	0.4	4.2%
Planning and Development	23.7	4.0%	24.0	(0.3)	0.1%
Education	225.7	37.9%	212.8	12.9	6.1%
Metro Operations	9.3	1.6%	7.0	2.3	32.8%
Debt Service	46.0	7.7%	44.0	2.0	4.5%
<b>Total</b>	<b>\$594.9</b>	<b>100%</b>	<b>\$558.1</b>	<b>\$36.8</b>	<b>6.6%</b>

#### GENERAL, SPECIAL REVENUE AND SCHOOL FUND EXPENDITURES - FY 2001



As the major source of County revenues, taxes provided 64.0% of total general revenues in FY 2001 compared with 63.4% in FY 2000. These revenues primarily include real and personal property tax collections, with the County's share of State sales taxes comprising approximately one-half of the other tax revenues. Delinquent property tax collections for FY 2001, which include taxes, penalties and interest from all prior levies and are a responsibility of the Treasurer's Office, continue the status of improved tax collections that commenced in 1984. The resultant outstanding delinquent property taxes (exclusive of deferred taxes) as a percent of the total current levy was 1.62% as of June 30, 2001.

The total estimated actual value or assessed valuation of taxable County property, which includes real, personal and public service corporation's property, was \$26.1 billion for 2001 representing an increase of \$2.2 billion from 2000. The calendar year tax rate on real property was \$1.023 and on personal property was \$4.40 per one hundred dollars of assessed valuation, respectively, in FY 2001. Fund balances and retained earnings balances in the major operating funds were maintained at adequate levels. The County had a General Fund balance in the amount of \$66,045,556 at June 30, 2001. This fund balance is either reserved or designated to finance future County expenses, to protect the County in the event of a major financial crisis, or to fulfill contractual obligations.

### Proprietary Operations

The proprietary operations of the County include the water and sewer system reported in the Utilities Fund and the parking garage operations reported in the Ballston Public Parking Garage Fund. Selected comparative data for FY 2001 and FY 2000 are presented below as detailed further in Exhibit D-1 to D-3 and Tables IX and X.

	FY 2001		FY 2000	
	Utilities Fund	Ballston Public Parking Garage Fund	Utilities Fund	Ballston Public Parking Garage Fund
Gross Revenue	\$47,233,296	\$4,732,975	\$46,895,562	\$4,509,638
Direct Operating Expenses	30,192,015	3,583,026	27,244,943	1,952,953
Income Available for				
Debt Service	17,041,281	1,149,949	19,650,619	2,556,685
<b>Total Debt Service</b>	<b>\$6,385,828</b>	<b>\$1,329,929</b>	<b>\$6,043,964</b>	<b>\$1,810,400</b>
Coverage (1)	2.67	0.86	3.25	1.41

(1) Income available for debt service divided by total debt service.

### **Fiduciary Operations**

The County participates in two separate pension systems. The Virginia Retirement System (VRS) covers most School Board employees and some County employees affiliated with State agencies. VRS is administered by the State, which bills the County for a portion of the employer's share of contributions. The Arlington County Employee's Supplemental Retirement System ("the System") covers all other County employees. The Arlington County Code requires the System to have an actuarial valuation at least biennially. The last valuation was performed as of July 1, 2000. For the year ended June 30, 2001, the County's annual pension cost of \$6.4 million exceeded 100% of the required contributions due to the excellent economic climate.

### **Debt Administration**

Outstanding general obligation bonds supported by the General Fund and School Bond Funds at June 30, 2001 totaled \$425,075,792. Outstanding general obligation bonds of \$46,281,713 were issued for the County's water and sewer system (Utilities Fund) and, although this debt is double-barrel financed also as a general obligation of the County, it is considered to be and has historically been self-supporting from user fees. The General and School debt is considered to be net direct tax supported debt, which includes \$160,930,518 of School bonds serviced by the School Debt Service Fund. Debt service payments for general obligation debt in FY 2001 with comparative figures for FY 2000 follow.

#### **Summary of Debt Service**

	<u>FY 2001</u>	<u>FY 2000</u>
<b>Net direct tax supported debt:</b>		
Principal	\$26,820,862	\$24,661,771
Interest	<u>19,194,143</u>	<u>19,316,142</u>
Total	46,015,005	43,977,853
<b>Self Supporting debt:</b>		
Principal	3,797,788	3,429,539
Interest	<u>2,588,040</u>	<u>2,614,425</u>
Total	6,385,828	6,043,964
<b>Total Debt Service</b>	<u>\$52,400,833</u>	<u>\$50,021,817</u>

Arlington County is not subject to any fixed limitation as to the amount of general obligation bonds that can be issued. The County, however, is prohibited from issuing general obligation bonds or notes unless approved by public referendum or unless purchased by an approved state agency.

At the November 5, 1996 election, referenda were approved by the voters for the issuance of \$72,905,000 in General Obligation Public Improvement Bonds to be used for the purpose of providing funds for public improvements made pursuant to County Board approved capital projects for the school system; improving public parks, recreation and community facilities; and improving street highways, bridges, pedestrian ways, bikeways and relocating utilities.

In June of 1997, May of 1998, June of 1999, and June of 2000, the County Board authorized the issuance of \$30,600,000 General Obligation Public Improvement Bonds, \$23,405,000 General Obligation Public Improvement Bonds, \$12,440,000 General Obligation Public Improvement Bonds, and \$6,460,000 General Obligation Bond Anticipation Notes all of which were bonds authorized pursuant to the 1996 referendum.

At the November 3, 1998 election, referenda were approved by the voters for the issuance of \$99,815,000 in General Obligation Public Improvement Bonds to be used for the purpose of providing funds for public improvements made pursuant to the County Board, approved capital projects for the school system, improving parks, recreation and community facilities.

In June of 1999 and in June 2000, the County Board authorized the issuance of \$63,310,000 General Obligation Public Improvement Bonds and \$17,325,000 General Obligation Public Improvement Bond Anticipation Notes authorized pursuant to the 1998 referendum. In June of 2001, \$9,075,000 General Obligation Public Improvement Bonds were issued.

At the November 7, 2000 election, referenda were approved by the voters for the issuance of \$122,058,500 in General Obligation Public Improvement Bonds to be used for the purpose of providing funds for public improvements made pursuant to the County Board, approved capital projects for the school system, improving parks, recreation and community facilities, streets and public transportation.

In June of 2001, the County Board authorized the issuance of \$57,465,000 General Obligation Public Improvement Bonds authorized pursuant to the 2000 referendum. An additional \$23,785,000 of the bond proceeds were used to pay off \$6,460,000 General Obligation Public Improvement Bond Anticipation Notes authorized pursuant to the 1996 referendum and \$17,325,000 General Obligation Public Improvement Bond Anticipation Notes authorized pursuant to the 1998 referendum.

On September 26, 1984, the County issued \$22,300,000 of revenue bonds to finance the acquisition, construction, equipping and improving of a public parking garage. The bonds were issued in the form of Variable Rate Revenue Bonds to mature on August 1, 2017. Principal and interest on the Revenue Bonds are payable solely from gross revenues arising from the operation of the garage facilities, an irrevocable Letter of Credit, and other funds which may be available from the project. Revenue bonds do not constitute general obligation debt of the County.

The County's bond rating at June 30, 2001 was "Aaa" by Moody's Investors Service, Inc., "AAA" by Standard & Poor's Corporation and "AAA" by Fitch's Investors Service, Inc. These high ratings have been maintained since 1978, 1989, and received in 2001 respectively, are indicative of the County's strong financial position. Additional information concerning the County's debt position is presented in Tables VII, VIII, IX, and X of this Report.

### **Cash Management**

The Code of Virginia, Sections 2.1-327 through 329, and the investment policy of the County as endorsed by the County Finance Board on January 30, 1987, authorize the County Treasurer to invest County funds in obligations of the United States Treasury, U.S. Government agencies, obligations of the Commonwealth and its subdivisions, obligations of other states and of other counties, cities, etc. of such states upon which there is no default, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, municipal bonds, and the Local Government Investment Pool. The investment policy specifies that no investment may have maturity greater than one year from the date of purchase, except for funds invested in the Capital Reserve Fund. The Capital Reserve Fund consists of monies which the Treasurer may designate for longer term investment since these funds are not currently required to meet the County's working capital needs. The Pension Trust Fund is also authorized to make investments as deemed appropriate by its Board of Trustees and in compliance with the U.S. Department of Labor regulations. It is required by County ordinance to maintain at least twenty-five percent of its portfolio in fixed income investments.

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP") and the Commonwealth Cash Reserve Fund ("AIM"). SNAP and AIM are 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, 2001, the County had \$118,830,184 in SNAP short-term investment pool and \$15,148,897 in the AIM short-term investment pool.

Investments in the Pension Trust Fund are carried at fair value and 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 \$100,000 for each Retirement System participant.



## **Risk Management and Reserves**

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives accomplish 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 policies.

In addition, the County has designated a General Fund self-insurance reserve of \$3.5 million as of June 30, 2001. Finally, the County maintained and increased the General Fund operating reserve that totaled \$12.5 million as of June 30, 2001. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased to its current funding level.

## **Annual Disclosure**

As required by the U.S. Securities and Exchange Commission Rule 15c2-12, the County has agreed, for the benefit of the owners of County bonds, to provide to each nationally recognized municipal securities information repository ("NRMSIR") and to any appropriate state information depository ("SID"), if any is hereafter created, certain financial information (the "Annual Report") not later than 270 days after the end of each of its fiscal years, commencing with the fiscal year ending June 30, 1996. The financial information which the County has agreed to annually provide includes "Debt Statement," "Total General Obligation Debt Service," "Five-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," and "Business and Professional License Tax Revenues." These are included as Exhibit S-3 and Note to the Financial Statements #9, Exhibits S-8, S-9, and G-2, and Table I, Table II, Table III, Table IV, Table V, Table VI, Table XVII, and Table XVIII.

## **Independent Audit**

The County's financial statements are audited each year by independent certified public accountants selected by the County Board. The scope of this annual audit includes the "single audit" for federally assisted programs. The County's annual audit for the fiscal year ended June 30, 2001 and was performed by the independent public accounting firm of KPMG LLP.

## **DEPARTMENTAL ACCOMPLISHMENTS IN FY 2001**

The County is proud of the accomplishments of its various departments and offices in FY 2001. Some of the unique contributions of these units in alphabetical order follow:

### **DEPARTMENT OF ECONOMIC DEVELOPMENT**

#### **OFFICE OF BUSINESS INVESTMENT (OBI)**

- In January 2001, Arlington had some 2,135,000 square feet of office and retail space under construction along with 151 hotel rooms and nearly 3,000 residential units. In addition, some 5,530,000 square feet of office and retail space was in the near-term development pipeline comprised of 3,126 housing units and 1,857 hotel rooms.
- During FY 2001 a number of major Arlington-based firms opened new and expanded offices, including E\*TRADE Bank (145,108 sq. ft.), ANSER (106,607 sq. ft.), Washingtonpost.com (85,002 sq. ft.), Verizon (85,606 sq. ft.), and Sapient (63,192 sq. ft.).

#### **OFFICE OF DEVELOPMENT (OD)**

- Arlington's office vacancy rate increased marginally during FY 2001, from 3.6% to 4.3% in a market that was softening. The market peaked at year-end 2000. There was approximately 235,000 more square feet of office space

occupied at the end of the fiscal year than at the beginning. Some 872,705 square feet of office space was added to the office base during FY2001.

- At-place employment was up by 2.8% during calendar year 2000, with wages up by more than 9%. The unemployment rate in June 2001 was 1.7%.
- Housing sales were up by 7.5% for single family detached units in July 2001 over the same month the previous year, with condo sales up by 22.3%. Sales prices were also up, roughly 18 over the year.

During this period, the County Board:

- established new affordable housing policy principles and goals to direct the implementation of affordable housing programs and related programs including code enforcement, fair housing and rent assistance programs.
- allocated \$3,915,400 to assist with the development or acquisition and/or substantial renovation of 160 affordable housing. These projects included 129 affordable units at the Quebec apartments property (172 total units), the acquisition of 11 affordable units at the Cameron Commons property and the 20 unit Bowman's Hill Townhouse project.
- approved a site plan for 7 affordable units as part of the 190 unit Metropolitan at Arlington project, which is the redeveloped National Orthopedic Hospital site.
- approved the Village at Shirlington PDSP that includes 195,000-sq. ft. of office, 400 residential apartments, 52,500-sq. ft. of retail, and a 150-room hotel. FRIT will lease land from the County and will construct a 750-car garage. A new library and theater will be constructed at the central plaza of the project.
- approved a \$1million Economic Development Fund for Columbia Pike and similar areas of the County for economic development studies, strategic land acquisitions or public-private joint ventures that will result in new development opportunities.
- adopted the Retail Action Plan for the Rosslyn-Ballston Corridor that establishes guidelines for the location of retail stores and provides urban design guidelines to enhance the physical environment.

During this period construction was completed on 463 units of affordable housing at Arna Valley view, Avalon at Arlington Square, Patrick Henry Apartments and Columbia Commons. A total of 1,915,000 square feet of commercial office and retail space was under construction in Arlington during this period.

#### **ARLINGTON CONVENTION AND VISITORS SERVICE (ACVS)**

- Arlington's international high-technology conference center plan moved ahead as the Phase One and Phase Two Feasibility Studies were completed. The studies covered economic impact, a preliminary building program, initial site selection and the development of financing options. Findings have been presented to the County Manager and to planning and finance staff.
- Arlington maintained its leading position in Virginia when the Virginia Tourism Corporation released the 1999 statistics. Gross travel earnings reached a total of \$2.14 billion. For FY 2001, Arlington hotels increased occupancy to 74% (a one percent increase over FY 2000) with an average daily rate of \$118.85 (a four percent increase over FY 2000).
- The Virginia Tourism Corporation has awarded a \$10,000 matching grant to the Arlington Convention and Visitors Service along with its partners, the Arlington Chamber of Commerce and the Arlington Black Heritage Foundation. The grant is for the development of the first ever four-color brochure on Arlington's African American heritage and attractions. The brochure is designed to attract African American visitors and conferences.
- Arlington successfully hosted the year 2000 annual meeting of the Virginia Municipal League at the Hyatt Regency Crystal City.

- A public-private committee that includes DED staff was delegated by the County Board to work on the replacement of the Newseum, the wildly successful attraction in Rosslyn that will be moving into Washington DC in about three years.
- Hotel lodging receipts and occupancy were up marginally during FY 2001, however average daily rates were up by 4.7%.

## **DEPARTMENT OF ENVIRONMENTAL SERVICES**

### **Environmental Planning Office (EPO)**

In April 2001, the Arlington County Board adopted the County's Watershed Management Plan and Chesapeake Bay Preservation Plan, which include major recommendations to protect and restore local streams and to help protect downstream water quality in the Potomac River and Chesapeake Bay. The Environmental Planning Office (EPO) took the lead role in preparing both the Watershed Management Plan and Chesapeake Bay Preservation Plan.

EPO staff successfully completed the wet weather sampling and dry weather inspections required under the County's Municipal Separate Storm Sewer System (MS4) permit from DEQ.

EPO also has the lead role in a comprehensive revision of the County's Chesapeake Bay Preservation Ordinance (CBPO), which began in FY 2001 and is expected to be presented to the County Board during FY 2002. In May 2001, the County Board adopted an initial amendment to the CBPO incorporating the "other lands" provision contained in the Chesapeake Bay Local Assistance Department regulations. This provision substantially increases the County's ability to protect streams and environmentally sensitive areas under the County's CBPO.

In October 2000, the U.S. Congress appropriated \$1 million to Arlington County and the City of Alexandria "for demonstration of environmental improvements to Four-Mile Run." This funding will be used to analyze the hydrology of the watershed and to determine and recommend appropriate use(s) (e.g., recreation, habitat, commercial, etc.) and designs for the Four Mile Run flood control channel. EPO staff worked closely with PRCR staff to develop a scope of work and obtain the funding for this project, which is expected to begin during FY 2002.

In FY 2001, EPO actively participated in several development projects, such as educating private developers about the benefits of building "green" and working with the Navy League on their proposed green building in the Courthouse area. EPO also worked with county staff in the review of the proposed development for the South Tract as well as the review of the environmental issues of the North Tract. Lead and PCBs in the soil provide particular challenges to the use of the latter site.

EPO continues to provide staff support to the Environment and Energy Conservation Commission. EPO staff also provided technical expertise for several County projects including the review of the Open Space Master Plan, development of an environmentally preferable purchasing policy, consideration of a replacement for the Newseum, and serving as liaison with citizens on aircraft noise.

EPO staff developed a volunteer stream-monitoring program that began in FY 2001. Staff arranged training classes and organizational meetings for volunteers, created monitoring teams for four sites, and led the first monitoring sessions at four sites in April 2001. EPO staff also worked with PRCR staff and Arlingtonians for a Clean Environment to better coordinate stream volunteer projects, including the creation of a new "combined" brochure to advertise all stream volunteer activities and coordination of the Project Watershed Watch summer picnic.

### **Solid Waste Division**

The consolidation of the customer services portions of the Solid Waste Division and the Utilities Services Office was completed during FY 2001. The two staffs are located at the Solid Waste Division offices because of the call center technology that is available there. The combining of the offices allows customers to address most of the water and refuse billing and work order request issues with one phone call. Specialized training and streamlining of services has been made more practical by this action.

The Solid Waste Division assisted in the cleanup efforts associated with a severe storm that arrived August 7, 2000. Most of the major damage was isolated in four areas of the County (Dominion Hills, Boulevard Manor, Yorktown, and

Donaldson Run). Solid Waste crews worked for three weeks on the cleanup effort completing 2,477 service requests, which is twice the number normally completed during regular operations.

Constructed a new full-service North County recycling drop-off center in the Ballston area to replace the drop-off center formerly located in the Clarendon Fresh Fields parking lot, which closed due to redevelopment.

Sponsored a successful collection for computers, television sets, and other electronic waste, recovering more than 12,000 pounds of materials for reuse, recycling, and proper disposal.

Completed the three-year recycling implementation plan compliance inspection for multi-family and business properties in County.

Jointly prepared the first DES Outreach Plan to help guide the education and outreach efforts of department staff.

Participated in Clean Your Files Day, an annual campaign sponsored by the U.S. Conference of Mayors and the National Office Paper Recycling Project. This year's Clean Your Files Day effort resulted in more than 18,000 pounds being recycled from County government offices.

### **Water Pollution Control Division**

The State Department of Environmental Quality (DEQ) issued a new permit in August 1998. This permit covers a 5-year span and requires the construction of nitrogen removal facilities.

The multi-year plant expansion and upgrade program continues. The computer system (Distributed Control System, or DCS) for the plant continues to be expanded as facilities are constructed or upgraded. The DCS now covers 75% of the plant and is a great aid in operating the facility. The percentage remains the same as FY 2000 because the DCS for Phase IVA construction has not been completed at this time. The design was completed on the Phase IVA Biological Nutrient Removal project and a \$10,816,973 grant was awarded by the State to assist in building this facility. Construction began in FY 2000 and it is anticipated to be completed in FY 2003. The construction of the Phase IVA equalization tank was completed in October 2000.

To significantly reduce the odor problems related to the operation of the new dewatering building, an extension to the building was approved with additional odor control equipment including two phase scrubbing. This will significantly reduce the odors generated by the truck loading operation. This construction effort is anticipated to be completed in FY 2003.

As the 1988 master plan was nearing construction completion, a new master plan was determined to be necessary to lay the basis for capital improvements for the next 20 years. The master plan takes into account regulatory, local, and other factors that could impact the facility

## **FIRE DEPARTMENT**

### **DEPARTMENTAL SERVICE ACCOMPLISHMENTS**

During FY 2001, the Arlington County Fire Department (ACFD) responded to a total of 23,619 Fire/EMS Emergencies: 7,518 Fire, 15,164 EMS and 937 public service.

#### **Fire Prevention and Community Services**

The ACFD focused on inspecting retail occupancies, day care facilities, new construction sites, hotels and malls, investigating significant fires, assisting in fire evacuation drills at high rise buildings and updating the Arlington County Fire Prevention Code. Fire Marshals attended courses at the National Fire Academy and the semi-annual firearm qualification training at the Northern Virginia Criminal Justice Academy range. They also assisted with instruction at the Virginia Fire Marshal's Academy and Virginia State Police in Richmond, and taught explosives and fire death investigation classes in a police agents course. The full time public educator administered the Public Education Program and the "Riskwatch" Program, and the "Remembering When" injury prevention program to over 2,000 seniors. Under this program, fire safety awareness training and presentations were delivered to over 54,000 citizens of all ages at various community events, civic and citizens organizations and functions including, residential care facilities, schools, day care centers, fire drills, fire extinguisher demonstrations, career fairs, and community home inspections. During the past year, the Department also initiated an Explosives Ordinance Disposal team. They also continued with the Systems Testing Program, Assembly Permit Program, Hazardous Use Permit Program, and Engine Company Fire Safety Survey Programs. Fire Marshal services and building fire plans review for Falls Church continues and Deputy Fire Marshals are assigned to each of the 4 police districts, and the City of Falls Church.

Key Events: "Operation Firesafe" - a free smoke detector program co-sponsored by COG, Radioshack and Channel 9 TV. Partnered with the Department of Human Services to distribute 800 free smoke detectors. Fire Prevention and Operations Divisions expanded the "Smoke Detector Survey Program" of all multi-family residential properties to ensure the presence of properly functioning detectors that resulted in the examination of over 23,000 smoke detectors. Partnered with the Arlington Volunteer Fireman's Association, coordinated Fire Prevention Week Displays and Open Houses at Fire Station 9 and Fire Station 6. Participated in the Annual Charles E. Smith Company Picnic and raised funds for the Aluminum Cans for Burned Children Program. Partnered with the Arlington Professional Firefighters and Paramedics Association, Local 2800, International Association of Firefighters to sponsor the Annual National Burn Camp Picnic.

### **DEPARTMENTAL AWARDS**

Fire/EMS Captain Mark Penn received the "2000 Sons of the American Revolution Fire Safety Medal of Honor for providing 28 years of service and his work with the Neighborhood Service areas of Arlington

Fire/EMS Captain Mathew Herbert received the "Arlington Chamber of Commerce Valor/Lifesaving" award for rescuing two trapped occupants from a vehicle while it was on fire on I66.

Fire/EMS I Keith Young and Fire/EMS I Kramer received the "Arlington Chamber of Commerce Valor" award for a Technical Rescue of a family from a collapsed home during a storm.

Assistant Chief Shawn S. Kelley received the "Arlington Chamber of Commerce Lifesaving" award for stopping a moving vehicle while the occupant was unconscious.

Firefighter/EMT II Robert Halsall received the Arlington Jaycees "2001 Distinguished Young Firefighter and Emergency Medical Technician" award for improving with the EMS Bike Team and Fire Department Honor Guard. (March, 2001)

### **AWARDS TO CITIZENS**

Mr. Alex Phillip, a lifeguard at Ft. Myer, received the Arlington County Fire Department's Life Safety Award for his efforts in saving the life of a 3-year-old child. (June 21, 2001)

## **HUMAN RESOURCES DEPARTMENT**

In FY 2001, the department became a true business partner in support of County operations. All employees in the department completed training in business partner concepts and were encouraged to continue building relationships with their counterparts throughout the County. Specific accomplishments include:

- Completing a full analysis of the County's pay plan to ensure we were meeting our goal of maintaining pay at the 75th percentile when compared to other local jurisdictions (Fairfax, Montgomery, and Prince George counties and Alexandria City). When the analysis showed that Arlington County was slipping significantly below our pay goals, the department recommended the following actions to the County Manager which were approved by the Board during the FY 2002 budget process:
  - adding 3 steps to the end of the salary range;
  - changing two year steps (step eight and above) to one-year steps which allows employees to move through each grade in 16 years when hired at step one;
  - adding a one percent market adjustment in addition to a three percent cost-of-living increase for FY 2002.
- Finalizing the competency model that links the Principles of Government Service to twenty-four competencies as the framework for training, development and learning opportunities and emphasizes Arlington County's commitment to be a learning organization. This commitment was supported by issuing a new contract for training and organizational development vendors. In addition, a conference for County executives and managers that focused on leadership as the first competency area was held in April 2001.
  - Streamlining the employee grievance procedure to accelerate resolution of complaints, modifying the employment discrimination complaint procedure to reflect how conflicts of interest are to be handled and clarifying management's discretion to investigate any matter whether a complaint is filed or is open.
  - Assuming lead responsibility for the County's Intranet system. When fully operational, the Intranet will enhance communication with employees, facilitate transactions related to benefits and reduce printing expenses when the ACE, training, benefit and retirement newsletters are no longer distributed in hard copy.
- Successfully implementing the Defined Contribution plan in January 2001. Actions included calculating start-up accounts for all current employees and ensuring the successful transfer of funds from the defined benefit account to defined contribution accounts for each employee.

## **DEPARTMENT OF LIBRARIES**

Libraries continued their strong, overall performance with a 4% increase in patron visits and a 5% rise in circulation. More than 16,000 hours were volunteered to support library service. A major program initiative was "Services to New Americans". This initiative focused programs, services and material collections to meet the needs of Arlington's recent immigrant population. Materials in all formats on learning to read, speak and write English were added in quantity to the collection; a Spanish language book club and bilingual story times for children were ongoing and very popular; 47 tours of the library were held for ESL classes with more than 600 participants. The heritage and language of other ethnic groups living in Arlington were celebrated in cultural programs throughout the year.

Libraries made great strides in making e-government a reality in Arlington. Through its website, the Library provides 22 full text databases accessible 24/7 by anyone with an Arlington County Library card. The information ranges from encyclopedias and business information to full text periodical databases and dictionaries. The County website had more than 40,000 unique visitors every month and overall increased the number of page views 69%. A second Cyber Center was opened at the Central Library with more than 800 users in its first two months. The Cyber Center at Columbia Pike continued successful operation serving more than 12,000 patrons. Additionally, the Cyber Center at Columbia Pike hosted many computer proficiency classes, including 34 classes taught in Spanish with 297 participants.

## **DEPARTMENTAL AWARDS**

Libraries received a grant of approximately \$70,000 from the Bill and Melinda Gates Foundation for the establishment of a Cyber Center at Central Library and for additional computers at the Glencarlyn and Aurora Hills branches.

A grant from the Library of Virginia in the amount of \$81,200 purchased Gates computers for the Cherrydale, Columbia Pike, Shirlington and Westover branches and the Children's Room in Central Library.

*One Vision, Many Voices*, a Virginia Humanities Foundation grant with Fairfax County, explored contemporary Latino literature in English. A Humanities scholar from George Mason University led these public discussions.

## **DEPARTMENT OF MANAGEMENT AND FINANCE**

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 CAFR for the fiscal year ended June 30, 2000. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The department believes the FY 2001 CAFR continues to meet Certificate of Achievement program requirements, and has submitted it to GFOA to determine its eligibility for another certificate. The Certificate of Achievement has been awarded to the County for its annual financial report for each of the past 15 fiscal years.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2001 budget. This award is the highest form of recognition in governmental budgeting. To be given an Award for Distinguished Budget Presentation, a governmental unit's budget document must be judged proficient in four areas: as a policy document, operating guide, financial plan, and communications document. An Award for Distinguished Budget Presentation is valid for a period of one year only. An Award for Distinguished Budget Presentation has been presented to the County for each of the past 15 fiscal years.

In addition, in FY 2001 the Department:

- ◆ Participated in the development of salary enhancements for County employees.
- ◆ Successfully completed the implementation of the new real estate assessment computer assisted mass appraisal system. Also, provided assessment data on the Internet for easy access to citizens. It is now readily available on our County Web page: [www.co.arlington.va.us/dmf/realest.htm](http://www.co.arlington.va.us/dmf/realest.htm).
- ◆ Enhanced the new check system to assist in payments to vendors.
- ◆ Achieved third AAA Bond rating from Fitch Investment Services.
- ◆ Sold Bonds in the amount of \$90.3 million at a TIC of 4.6% the lowest interest rate in over 15 years.
- ◆ Developed a balanced FY 2001 Budget which the County Board ultimately revised and adopted to include enhancements for a total budget of \$658.9 million (General Fund = \$537.8 million).
- ◆ Achieved a revenue sharing agreement with Schools for the coming fiscal year.
- ◆ Postponed revising six-year Capital Improvement Program, while taskforce evaluated New Best Practices Process for coming years.
- ◆ IDA approved five inducement resolutions that resulted in financing \$7.3 million to the Berkeley apartment project in fiscal year 2001. The other four projects, the Arlington View Terrace for \$3.0 million, the Colonial Village for \$4.7 million, Harvey Hall Housing Corporation for \$0.9 million and Virginia Hospital Center – Arlington Health System for \$150.0 million were approved in fiscal year 2001, however, the Bond sale was executed during the first three months of fiscal year 2002.
- ◆ Developed an online purchasing process where vendors can register and retrieve contract implemented in fiscal year 2002.

## **DEPARTMENT OF PARKS, RECREATION AND COMMUNITY RESOURCES (PRCR)**

Arlington County was the recipient of the Helen Hayes/ Washington Post Award for Distinguished Community Service for the Arts Incubator Program developed by the Department. The Helen Hayes Awards are the area's most prestigious arts awards and are presented annually at a gala ceremony at the Kennedy Center. As a result of this program, arts activities in

Arlington have grown by over 600% since 1990 and Arlington has become a national model for innovative and cost effective local government support of the arts.

A Public Art Policy was adopted by the County Board during FY 2001 in recognition of the importance of integrating public art into the daily lives of the residents of Arlington. Goals of the policy include creating exciting, appealing, and harmonious public spaces by integrating art into architecture, urban design and the planning of infrastructure; celebrating our community's heritage, ethnicity, commonality and civic pride by stimulating collaboration and understanding between artists and Arlington's diverse community; fostering the public's understanding and enjoyment of public art; and encouraging artists to live and to work in Arlington and to participate in public presentations of their art in the County.

As part of a comprehensive athletic field maintenance program, Bermuda grass was installed on eight different playing fields. Because of its growth characteristics (including high tolerance of heat and drought, quick recovery, greater resistance to wear, high density, and less unevenness), Bermuda grass fields offer the potential of a higher quality playing surface able to withstand the high usage demands to accommodate play for many different sports.

PRCR, as the lead agency in partnership with Arlington Public Schools, the Department of Human Services, and Juvenile Court Services, has completed the first year of a Bullying Prevention and Reduction program grant funded by the Virginia Department of Criminal Justice Services. The grant provided \$54,425 with county in-kind match funding. A subcommittee of the Arlington Partnership for Children, Youth and Families serves as the Prevention Policy Board that provides general oversight of the project. The project, Positive Attitudes in Learning and Leisure (PALL) serves four recreation after-school programs and one school site program. The pilot is modeled from the "Blueprint" methodology from the Center for the Study and Prevention of Violence. The main components include staff training, student development, parent education, support of bullying targets, and intervention with bullies. PRCR has received a second year of grant funding to continue this pilot project.

In the spring of 2001 the Arlington Mill Center became the third site to pilot a female multicultural Rites of Passage program. The Recreation Division started its first pilot Rites of Passage program at the Drew Community Center in 1998 with adolescent African American females, with the Langston-Brown Community Center implementing a second program in 1999 targeting African American males and females. The Rites of Passage program goal is to build a culturally relevant program that addresses developmental needs of the community's youth. The purpose of weekly sessions is to improve self-worth, cultural awareness, academic achievement, life management, and elder appreciation using traditional cultural practices integrated with recreation and community based components. The program components include leader training, community parent/mentor training and workshops, and a 12-15 week program for youth.

A \$1.6 million renovation of the Lee Center was completed on the 76-year-old structure. It provides more and improved space for senior and children's activities and master arts studios, a new lobby, central air conditioning, safer walking surfaces, a new elevator for increased access for people with disabilities, and better lighting. All areas of the building are now wheelchair accessible. On the newly renovated first floor, a "cyber center" offers four public access computers where young volunteers from the 4-H Club will show elder citizens the basics of computers and internet with the purpose of helping to bridge the "digital divide".

Several initiatives were undertaken in FY 2001 to protect and improve the County's tree canopy. Resources were added for additional tree planting and tree maintenance. Pruning young trees to form strong scaffold-limb structures will help ensure proper growth and development. Such trees will suffer less storm damage later in life, when a broken branch could result in serious personal injury and property loss. Over time, this program will result in a healthier urban forest, increasing the longevity of trees, improving canopy cover and increasing public safety. Approximately 800 new trees were planted during the year, with a two-year guarantee and two years of maintenance and watering. This was about a 50% net gain in the number of trees that were planted to the number that are removed in a typical year. Increased tree planting efforts are necessary to prevent tree canopy loss in County parks, open space and street right-of-ways. Additionally, in order to combat increasing gypsy moth infestation, approximately 1,700 acres were sprayed.

As part of its commitment to preserving open space, Arlington became a member of the Northern Virginia Conservation Trust (NVCT) during FY 2001. The NVCT is a private, non-profit organization that works to protect and expand natural, cultural, historical and recreational land resources in Northern Virginia. The NVCT protects and preserves land through various ways, including outright purchase, the holding of conservation easements and donations of land from private citizens. Being an autonomous, private group, the NVCT is able to move quickly, with the pace of the market, to preserve valuable parcels for open space.



## **POLICE DEPARTMENT**

During the past year, the Arlington County Police Department continued to implement its community-based policing strategy for Arlington County. The level of Policing in Arlington has greatly improved because of the empowerment of police officers as well as the development of mutually beneficial partnerships with Arlington County citizens that continue to produce lasting solutions to quality of life issues and the identification of areas for improvement within the community.

An important component of community policing is to not only involve the police in the day to day environment of the neighborhoods they serve, but to also improve the perception of the Police Department by bringing the community into the day to day operations of their law enforcement agency.

We are proud of the relationship we have formed with the neighborhoods of Arlington. As our community-based problem oriented strategy continues to evolve, we believe that partnerships, problem solving, and prevention will provide the foundation for the “urban village” of the future.

### **ENHANCED COMMUNITY INTERACTION AND COMMITMENT**

#### **Racial Profiling Statement**

The Arlington County Police Department has historically been, and continues to be, committed to the following ideals: integrity, teamwork, diversity, empowerment, high quality service, commitment to employees, and the protection of constitutional rights. Building on our proud traditions we recognize our obligation to acknowledge, discuss, and confront current issues that have an impact on the law enforcement profession. One such issue is “racial profiling.”

Racial profiling should not be confused with criminal profiling, which is a legitimate tool in the fight against crime. Criminal profiling is an investigative method in which an officer, through observation of activities and environment, identifies suspicious people and develops a legal basis to stop them for questioning. Racial profiling refers to the decision by police to randomly stop and question people when the race of the person is used as an indicator of suspicious activity.

We recognize that crime disproportionately afflicts some of our communities. It is an unfortunate paradox that vulnerable neighborhoods that most need police are often inhabited by racial and ethnic minorities who feel unfairly targeted by police. Yet our experience tells us that the intelligent, assertive use of police authority to stop people and vehicles can be an invaluable tool that reduces crime and enhances safety in these neighborhoods.

We must understand that proper police tactics can be experienced by innocent people as frightening and alienating. We must recognize that many of the people we stop will be released without further action. In this context, we believe that how our authority is employed is as important as the results of its use.

We know that the act of stopping an unknown subject frequently occurs under ambiguous and dangerous circumstances. Our commitment to employees requires, in our profession, a commitment to officer safety. One of the strongest guarantees of officer safety is community support and acceptance.

We are the inheritors of a social history that has been marked by racial and ethnic discord and distrust. Our profession has a duty not to contribute to that discord; instead, we must establish relationships based on trust with all our communities.

Our integrity demands of us that we reject expedient tactics. We pledge to focus our energies on smart policing strategies based on probable cause, the judicious use of police discretion, and partnerships with the community, while rejecting any tactics even partly based on assumptions about race or ethnicity.

#### **Police Activities League**

The Police Department began participating in the Police Activities League during the summer months of June, July and August of 2000. The School Resource Officers assigned to the patrol districts conducted much of the work preparing for and implementing four Patrol Camps and three Teen Academies. These programs were successful in creating an atmosphere of positive interactions between the police and the county’s youth.

#### **Hotel Interdiction Program**

A hotel/motel interdiction program was expanded to all four-patrol districts. There were 26 hotels and motels involved in this program. Officers train hotel and motel employees to identify and report suspicious activity to the Police Department. A training video has been prepared to train new hotel and motel employees, and a monthly newsletter is published to keep hotels and motels abreast of criminal activity. As a result of information received from the hotels and motels, approximately 75 narcotic and other miscellaneous arrests have been made. Intelligence has been gathered and disseminated to other sections of the Department, including Vice, Robbery/Homicide, Financial Crimes, Sex and Auto Crime Units. Officers Meincke and Mathews were recognized by the Multi-jurisdictional Counter-drug Task Force Valuable Training Unit for their success with this program

### **Holiday Program**

Over 300 holiday gifts were distributed by Santa Claus and McGruff to the children of Buckingham and Langston-Brown communities in a collaborative effort with other county agencies, local merchants, and community groups.

### **Child Safety Seat Programs**

In partnership with the Arlington Red Top Cab Company, Arlington Police Detective Icolari, Corporals Binckley, Carrig, D. Guenther and Officer R. Wilson conducted a 'Child Safety Seat Inspection Checkpoint' at Red Top's Communications Center. Of the 40 child safety seats inspected, only 3 were installed correctly. The ACPD's Hack Inspector, Detective Icolari, worked with Red Top's executive team on the issue of safety for young vehicular passengers. From this collaboration, the idea of a 'Child Safety Seat Checkpoint' emerged. It is partnerships such as these that formulate the core of effective community policing.

### **Police at Lunch (PAL) Program**

Police at Lunch (PAL) program - Officers from the Third District ate lunch at elementary schools, allowing the students to interact with the police in an informal, positive setting.

### **Outreach Efforts**

Third District supervisors conducted an outreach effort identifying and meeting with leaders of the five largest ethnic communities in the District. They continue to meet periodically, exchanging information and discussing areas of mutual concern.

### **Safe Routes to School**

The 'Safe Routes to Schools' program placed cellular telephones in the hands of all school crossing guards as part of a new emphasis on student safety in the County.

### **Citizen's Police Academy**

The Arlington County Citizen's Police Academy is a thirteen-week program for the residents of Arlington County to better understand and participate in the daily operations of the Police Department. Each session accommodates up to 25 citizens who meet in a classroom environment one night a week to learn the function of the law enforcement agency serving their community. Skilled police instructors discuss assorted topics from the most interesting and most mundane, to the most exasperating aspects of law enforcement operations. The laws of arrest, search and seizure, the administration of police polygraph examinations, agency policies and procedures, training and recruitment programs, dispatching calls for services, internal investigations, management's deployment of staff, K-9 and SWAT teams, and a host of other law enforcement topics are openly discussed with citizens.

## **ENHANCED LAW ENFORCEMENT PROGRAMS**

### **Weekly Crime Review Conferences**

In July of 2000, the Operations Division of the Police Department, in conjunction with the Systems Management Division, the Criminal Investigations Division, and the Chief of Police, began conducting a weekly Crime Review Conference. The purpose of these conferences is to facilitate the exchange of information between divisions through the use of crime statistics and crime mapping to prioritize the use of resources available for problem solving efforts, and to ensure

accountability for crime trends within the Police Districts. These weekly meetings are an example of a true Department-wide commitment to combat crime in our community. The Information Management Unit is utilizing Geographic Information Systems (GIS) to evaluate community policing efforts and help both the Operations and Criminal Investigations Divisions zero in on information they need to work smarter and make better deployment decisions.

### **Enhanced 9-1-1 Services**

In November 2000, a contract was signed with Verizon to provide the County, through the Emergency Communications Center (ECC), a new 9-1-1-telephone system. The new system is based on the latest technology and will allow more efficient handling of wireless 9-1-1 calls, improve the ability to receive TTD 9-1-1 calls, accommodate multiple area code numbers, and will provide a more exact location of a wireless 9-1-1 caller via Global Position Satellite (GPS) technology.

### **Enhanced Automated Fingerprint Identification System**

A new Automated Fingerprint Identification System was installed at the Northern Virginia Regional Identification System (NOVARIS) laboratory expanding the Northern Virginia database to include Montgomery and Prince George's County, Maryland. This has effectively doubled the size of the database used to compare latent fingerprints left at crime scenes, to known offenders in the database. The number of prints/persons processed at NOVARIS increased from 59,518 in FY 2000, to a total of 208,370 in FY 2001 and was due in part, to the success of the new technology. Examiners are now comparing an increased number of possible hits per entry.

### **Aggressive Driving Enforcement Program**

The Arlington County Police Department participated in "Smooth Operator 2000", a regional law enforcement effort to curb aggressive driving. Over 25 participating law enforcement agencies throughout the Capital region stopped aggressive drivers during Smooth Operator 2000, which ran intermittently through August – with a 144 citations issued for aggressive driving.

### **ABC Enforcement Programs**

The ABC Enforcement Teams conducted over 241 ABC sting investigations and subsequently made over 55 arrests for selling alcohol to minors. The Tobacco Enforcement Team likewise conducted thirteen tobacco stings and made nine arrests for the sale of tobacco to minors.

### **Traffic Accident Reduction Program**

Implementation of the Traffic Accident Reduction Program (TARP) will enable SOS and District officers to target high accident intersections so as to reduce the number of accidents.

### **False Alarm Enforcement Unit**

False Alarm Unit was created to administer and enforce the County's alarm ordinance. The FAU registers alarm users, sends notifications of false alarms and bills alarm users for excessive false alarms. The goal of the ordinance, which formed this unit, is to reduce the number of false alarm calls requiring a police response, and since its introduction there has been a noticed reduction of the number of false alarm calls. In the Year 2000, there were a total of 10,507 false alarm calls. Since the establishment of the Unit in January 2001, through September 2001, only 5,117 alarm calls have been recorded. To date, Fines and Penalties totaling \$52,450 have been assessed against alarm users, of which \$26,750 has been collected. These figures represent the 3,852 alarm systems registered in Arlington County.

### **Enhanced Reporting Equipment and Software**

Field Training Officers were issued Palm Pilots that utilize Automated Daily Observation Report and Evaluation (ADORE) software. The software automates the Daily Observation Reports (DOR), thereby shortening the time it takes to complete and receive DORs, compile a trainee's daily rating chart, and generate comparison charts and reports which assist in analyzing trainees, trainers and the training program as a whole.

The Support Management Section has initiated the development of on-line police reporting, which will allow citizens to report certain crimes via the Internet at their convenience.

The Records Management Unit implemented Incident Based Reporting (IBR) program in Arlington County that involves the collection and submission of detailed information about crime incidents and arrests. The police department received its IBR certification from the Virginia State Police in December of 2000, and discontinued all Uniform Crime Reporting methods on June 30, 2001. All crime statistical reports are now produced using IBR reporting guidelines, which counts all crimes reported in a single incident, as opposed to the most serious offense under UCR guidelines.

## **DEPARTMENT OF PUBLIC WORKS**

The Department of Public Works (DPW) enhances the quality of life in the County by building and maintaining the County's water, sewer (storm and sanitary), street systems, and transportation systems by providing related emergency services in the most effective, efficient, and environmentally responsible way possible.

In FY 2001 the department continued to identify creative and effective ways of implementing County Board initiatives. Listed below are some highlights of the activities and recent accomplishments by program:

### **Safe Routes to Schools Initiative**

The Department of Public Works along with staff from Schools, Police Department, Fire Department and for Public Information, developed actions which would enhance the safety of Arlington school children en route to school. Several components of this program will require continuing efforts by County and Schools staff. In FY 2001, engineering design began on the first eight sidewalk/median construction projects under the new Safe Routes to Schools program. Construction of the projects will begin occurring in FY 2002.

The Safe Routes to Schools program site visits, of which 20 occurred during FY 2001, identified more than 150 short-term to mid-term improvements (such as new signs, crosswalks and traffic signal adjustments) around County schools. Most of those actions were implemented in the last part of FY 2001 or the first two months of FY 2002, in advance of the beginning of the new school year in September 2001.

### **Commuter Assistance Programs**

- The Commuter Stores and Commuter Direct.com sold almost \$6 million in tickets, tokens and passes or a 19 percent increase over FY 2000. Twenty-three percent of the total sales or nearly \$1.3 million were made on the Internet with the balance in the three retail stores in Ballston, Rosslyn and Crystal City. The Commuter Store retail outlets served approximately 150,000 customers over-the-counter.
- CommuterPage.com continued to be the region's best one-stop for commuting news and information with a projected 50,000 "visitor sessions" per month by the end of the year, equivalent to 600,000 annually.
- Arlington Transportation Partners employer services program grew from 127 "member" companies in 1998 to 325 companies in 2001. These companies represent nearly 70,000 employees, or about one out of three of Arlington's at-place employees. Member companies participate in Metrochek and other on-site Traffic Demand Management (TDM) programs.
- An increase in Metrobus ridership was realized during the year, as part of Arlington's Metrobus marketing campaign. The campaign provided free trial rides, maps and information on riding Metrobus through a quarterly direct mail to all Arlington households. 15 percent of rides using coupons were by first-time riders.

### **Neighborhood Traffic Calming**

- Obtained County Board approval for the first five traffic calming projects being worked through the new Neighborhood Traffic Calming (NTC) program. These projects are estimated to cost \$900,000.
- Responded to 91 requests for traffic calming on neighborhood streets, placed the speed trailer at 54 locations and processed 41 requests for all way stop signs, which resulted in 10 new all way stop signs being installed.

### **Parking Task Force**

- The Parking Task Force completed the study addressing future parking needs for the Rosslyn-Ballston Corridor. The study was presented to the Transportation Commission, Planning Commission and the County Board for feedback and adoption. The Traffic Engineering Division (TED) is currently reviewing recommendation for future implementation.

### **Traffic Signals Team**

The traffic signals team spent much of its time in this fiscal year dealing with preventative maintenance. In all, the team performed 317 such tasks, totaling 638.25 personal hours. In addition, the team responded to 248 emergency calls and 882 trouble calls.

With regards to streetlights, the team responded to 501 outage calls, performed 415 repairs to streetlights and completed 7 construction projects.

### **Sign Shop**

The sign shop processed 2230 orders to add, remove, or relocate signs, repaired 2241 signs and replaced 2514 signs. The shop also repaired 29 signs damaged by graffiti.

1721 signs were fabricated by the shop during the year. In addition, 8655 temporary signs were erected, 8361 were removed, and 179 were replaced.

Lastly, sign shop employees were responsible for drilling 285 holes and banding 1042 signs.

### **LED Pilot Project**

DPW–TED has begun installation of Light Emitting Diode (LED)-equipped traffic signals. Preliminary studies suggest that LED technology reduces electricity usage by as much as 70% and reduces maintenance calls by over 75%. Currently, five intersections are equipped with LED traffic signals:

### **Water Sewer Systems Improvement**

- Contract to install the automated controls for the water system was awarded. This project will automate the tracking of pressures, flows, and operation of the water distribution system. The initial phases are expected to be completed in 2002. There will be future efforts to expand the automation of the system. This will give operators the ability to capture real-time data as well as to operate tanks, pumps, and eventually valves in the system to manage flows and pressures during both normal and emergency operations.
- The sewer relining program continued with fifty-five thousand feet being relined during fiscal year 2001. The relining process is trenchless technology in which a new liner is inserted into the existing sewers. On occasion spot repairs must be made prior to the relining, and these are generally performed by County crews through an open excavation.
- The TV inspection of the sanitary sewer line continued both with in-house crews and contract crews. One hundred sixty-six thousand feet were televised by contract and one hundred forty thousand feet by County crews. Typically the contractor is given a neighborhood or area of the County to TV a large volume of lines in a short period of time. These tapes are then inspected by County staff, deficiencies identified, and programmed for repair. County crews typically focus their efforts on inspecting isolated segments that have been identified as problem areas or potentially having problems. This combination of in-house and contract services takes advantage of the best of both. Contract prices remain low when the contractor has large volumes of work that do not require much mobilization or moving. County crews are available for quick response to investigate isolated areas throughout the County on an ongoing basis.
- Work was completed on the Chain Bridge vault project. This is replacement of the water valves on Chain Bridge that serve all the main transmission lines from the water treatment plant across the Potomac into Virginia. Most of these valves were well over fifty years old, many were not operational, and crews were unable to replace them. With replacement of these valves we are now able to isolate each crossing of the river as well as each of the feeds from the treatment plant and each of the lines coming into Arlington County. Part of this project also included a technology new to the County. Internal joint seals were installed on the old joints in the cast iron pipes. These joints over the years have experienced many leaks; some having significant impact on both water delivery as well as traffic flows. By

planning, scheduling and sealing from inside, excavation was not required and we anticipate that it will significantly extend the life of the pipe.

- During fiscal year 2001 the County's drinking water met federal and state drinking water standards at all times.
- In November of 2000, the water treatment process was switched from free chlorine to chloramines. Chloramines provide a longer residual disinfectant as well as reduce the by-products from the chlorine reacting with organic material, which form trihalomethanes (THMs).
- Cold weather and precipitation were well coordinate in fiscal year 2001. County staff mobilized for several winter's storms, which were predicted to be quite significant, but never materialized.

### **OTHER ORGANIZATIONAL UNITS**

In addition to the above, the offices of the Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, Clerk of the Courts, Treasurer, County Attorney, County Board, Juvenile and Domestic Relations District Court, General District Court, Department of Community Planning, Housing and Development, Department of Human Services, Department of Technology Services, Arlington Public Schools, Emergency Communications Center, Office of Support Services, and Voter Registration/Electoral Board, have made progress on the continuous process of improvement in the quality, efficiency, and responsiveness of government services.

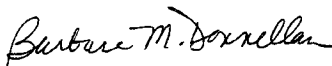
### **Acknowledgments**

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 provide, in the County's opinion, a sound framework for a truly "comprehensive" annual financial report.

A 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 the Revenue's Office, and the staff of the County's Retirement Office.

We would like to express our sincere thanks to these individuals; Aurea Esquivel, Ngan Vo, Dejene Negash, Edda Vergara, Mieko French, Soralla Facey, Charles Boateng-Addai, Abiodun Ijaola, the other staff of the Accounting Division of the Department of Management and Finance, and to all others who have contributed to the preparation of this report.

Respectfully submitted,



Barbara M. Donnellan, Director  
Department of Management and Finance



Barbara P. Liechti, Comptroller  
Department of Management and Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Arlington County,  
Virginia

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2000

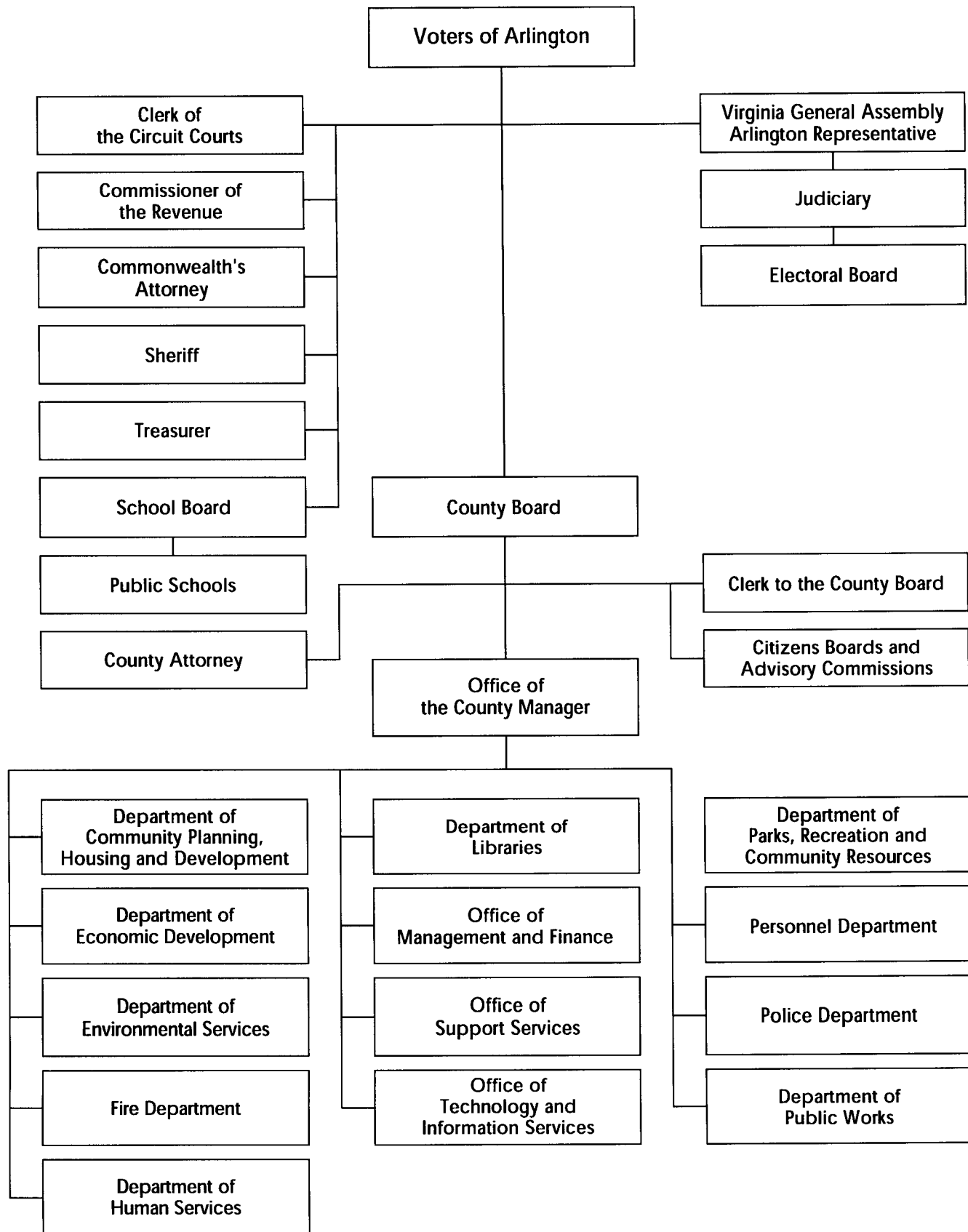
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



*Imelda Chave*  
President

*Jeffrey L. Esser*  
Executive Director

# ARLINGTON COUNTY





# **ARLINGTON COUNTY, VIRGINIA**

## **DIRECTORY OF OFFICIALS**

**June 30, 2001**

### **COUNTY BOARD**

Jay Fisette, Chairman

Christopher E. Zimmerman, Vice Chairman

Barbara A. Favola  
Paul Ferguson  
Charles Monroe

### **COUNTY SCHOOL BOARD**

Libby Garvey, Chair

Frank K. Wilson, Vice Chair

Mary Hughes Hynes  
David M. Foster  
Elaine Furlow

### **FINANCE BOARD**

Jay Fisette, Chairman

Francis X. O'Leary, Jr.  
Marshall H. Brooks  
Richard Trodden

### **JUDICIAL**

Circuit Court Judges:

Paul F. Sheridan  
William T. Newman Jr.  
Benjamin N.A. Kendrick

General District Court Judge:

Joanne F. Alper  
Dorothy Clark

Juvenile and Domestic Relations –  
General District Court Judges:

Karen A. Henenberg  
Thomas J. Kelley Jr.  
Esther L. Wiggins  
George D. Varoutsos

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

**COUNTY OFFICIALS**

**Elective**

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

Richard Trodden  
David A. Bell  
Geraldine M. Whiting  
Beth Arthur  
Francis X. O'Leary, Jr.

**Administrative – General County**

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

Ron Carlee  
Stephen MacIsaac  
Toni Copeland  
Susan Bell  
Toni Hubbard  
Edward Plaugher  
Marsha Allgeier  
Ann M. Friedman  
Barbara M. Donnellan  
Hank Leavitt  
Sheryl D. Phillips  
Edward A. Flynn  
Jill F. Neuville  
R.S. Kem  
Jack Belcher  
Adam Wasserman  
Charlotte Cleary

**Administrative – County School Board**

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

Robert G. Smith  
Maria Voultsides  
Jean Allhoff/Karen Allen  
Betty Hobbs  
Susan G. Robinson  
Kathleen F. Grove  
Alvin Crawley  
Meg Tuccillo  
Linda Erdos  
Alton C. Hlavin



# FINANCIAL



## **Independent Auditors’ 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 auditors’ 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.”



2001 M Street, N.W.  
Washington, D.C. 20036

## **Independent Auditors' Report**

The Honorable Members of the County Board  
Arlington County, Virginia:

We have audited the general purpose financial statements and the combining and individual fund statements of Arlington County, Virginia (County), as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Arlington County, Virginia, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the combining and individual fund statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the County, as of June 30, 2001, and the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is  
a member of KPMG International, a Swiss association.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund statements. The financial information listed as Supplemental Schedules in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Arlington County, Virginia. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and the combining and individual fund statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds.

The introduction and statistical sections of the report are presented for purposes of additional analysis and are not required parts of the financial statements of the County. Such additional information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

KPMG LLP

October 19, 2001



# **Combined Financial Statements – Overview**

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

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

ARLINGTON COUNTY, VIRGINIA  
COMBINED BALANCE SHEET-ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNIT  
June 30, 2001

	Governmental Fund Types			Proprietary Fund Types	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS:					
Equity in Pooled Cash and Investments	\$88,217,484	\$2,425,464	\$113,902,487	\$48,965,030	\$2,852,786
Other Investments	-	-	-	-	-
Petty Cash	13,465	-	-	-	-
Cash with Fiscal Agent	255,257	-	-	25,221	-
Receivables, net of allowances for uncollectibles:					
Taxes, Assessments and Service Charges	128,646,848	-	-	-	87,959
Other	14,138,152	16,815,450	140,674	9,992,800	-
Due from Other Funds	5,573,371	-	-	-	-
Due from Primary Government	-	-	-	-	-
Due from Component Unit	512,375	-	-	-	493,463
Prepaid Expenses	-	-	-	1,633,023	-
Inventories	-	-	-	845,103	617,111
Restricted Assets:					
Cash and Investments with Trustee	-	-	-	-	-
Property, Plant and Equipment (net, where applicable, of accumulated depreciation)	-	-	-	253,726,006	14,254,173
Construction in Progress	-	-	-	57,630,865	-
Other Assets	190,420	664,817	-	171,954	-
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-	-
Total Assets and Other Debits	<u>\$237,547,372</u>	<u>\$19,905,731</u>	<u>\$114,043,161</u>	<u>\$372,990,002</u>	<u>\$18,305,492</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS					
LIABILITIES:					
Accrued Payroll Liabilities	11,514,413	-	-	-	-
Vouchers Payable	7,425,261	7,954	1,935,723	3,353,914	570,886
Contracts Payable-Retainage	-	-	116,413	1,185,750	-
Current Maturities of					
Bonds and Interest Payable	269,601	-	-	13,620,546	-
Other Current Liabilities	2,045,040	866,908	1,274,590	5,658,476	462,085
Deferred Revenue	127,117,766	17,226,601	-	-	-
Due to Other Funds	-	461,564	-	-	83,503
Due to Component Unit	23,129,735	-	-	-	-
Due to Primary Government	-	-	-	-	-
Long-Term Liabilities	-	-	-	61,663,010	-
Total Liabilities	<u>171,501,816</u>	<u>18,563,027</u>	<u>3,326,726</u>	<u>85,481,696</u>	<u>1,116,474</u>
FUND EQUITY AND OTHER CREDITS:					
Contributed Capital	-	-	-	148,089,900	-
Investment in General Fixed Assets	-	-	-	-	-
Retained Earnings-	-	-	-	139,418,406	17,189,018
Fund Balance-					
Reserved:					
For Encumbrances	4,649,576	233,546	16,692,496	-	-
For Inventories	-	-	-	-	-
For Section 8 Housing	-	927,741	-	-	-
For Construction	-	-	94,023,939	-	-
For Employees' Retirement System	-	-	-	-	-
For Four Mile Run	500,000	-	-	-	-
For Trusts	-	-	-	-	-
Unreserved:					
Designated for Operating Reserve	12,500,000	-	-	-	-
Designated for Self Insurance	3,500,000	-	-	-	-
Designated for FY2002 Schools	1,366,623	-	-	-	-
Designated for Incomplete Projects	7,705,538	-	-	-	-
Designated for FY 2002 Budget	15,746,738	-	-	-	-
Designated for Capital Projects	7,920,250	-	-	-	-
Designated for CIP/Economic Relief	12,156,831	-	-	-	-
Unreserved/Undesignated	-	181,417	-	-	-
Total Fund Equity and other Credits	<u>66,045,556</u>	<u>1,342,704</u>	<u>110,716,435</u>	<u>287,508,306</u>	<u>17,189,018</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$237,547,372</u>	<u>\$19,905,731</u>	<u>\$114,043,161</u>	<u>\$372,990,002</u>	<u>\$18,305,492</u>



ARLINGTON COUNTY, VIRGINIA  
COMBINED BALANCE SHEET-ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNIT  
June 30, 2001

Fiduciary Fund Types	Account Groups		Totals	Component Unit	Totals
	General Fixed Assets	General Long-Term Obligations	Primary Government (Memorandum Only)	School Board	Reporting Entity (Memorandum Only)
Trust and Agency					
\$8,553,499	\$ -	\$ -	\$264,916,750	\$30,299,586	\$295,216,336
10,363,209	-	-	10,363,209	-	10,363,209
-	-	-	13,465	273	13,738
-	-	-	280,478	-	280,478
-	-	-	128,734,807	-	128,734,807
12,419,730	-	-	53,506,806	2,741,684	56,248,490
-	-	-	5,573,371	273,842	5,847,213
-	-	-	-	23,129,735	23,129,735
-	-	-	1,005,838	-	1,005,838
-	-	-	1,633,023	-	1,633,023
-	-	-	1,462,214	286,000	1,748,214
1,079,672,425	-	-	1,079,672,425	-	1,079,672,425
-	249,162,644	-	517,142,823	278,471,738	795,614,561
-	-	-	57,630,865	-	57,630,865
-	-	-	1,027,191	-	1,027,191
-	-	298,005,550	298,005,550	182,490,239	480,495,789
<u>\$1,111,008,863</u>	<u>\$249,162,644</u>	<u>\$298,005,550</u>	<u>\$2,420,968,815</u>	<u>\$517,693,097</u>	<u>\$2,938,661,912</u>
-	-	-	11,514,413	16,826,251	28,340,664
209,711	-	-	13,503,449	5,887,451	19,390,900
-	-	-	1,302,163	-	1,302,163
-	-	-	13,890,147	-	13,890,147
7,373,903	-	-	17,681,002	2,081,922	19,762,924
-	-	-	144,344,367	641,433	144,985,800
5,028,304	-	-	5,573,371	273,842	5,847,213
-	-	-	23,129,735	-	23,129,735
-	-	-	-	1,005,838	1,005,838
-	-	298,005,550	359,668,560	182,490,239	542,158,799
<u>12,611,918</u>	<u>-</u>	<u>298,005,550</u>	<u>590,607,207</u>	<u>209,206,976</u>	<u>799,814,183</u>
-	-	-	148,089,900	-	148,089,900
-	249,162,644	-	249,162,644	278,471,738	527,634,382
-	-	-	156,607,424	-	156,607,424
-	-	-	21,575,618	24,169,006	45,744,624
-	-	-	-	286,000	286,000
-	-	-	927,741	-	927,741
-	-	-	94,023,939	3,988,951	98,012,890
1,080,101,523	-	-	1,080,101,523	-	1,080,101,523
-	-	-	500,000	-	500,000
18,295,422	-	-	18,295,422	-	18,295,422
-	-	-	12,500,000	-	12,500,000
-	-	-	3,500,000	-	3,500,000
-	-	-	1,366,623	-	1,366,623
-	-	-	7,705,538	-	7,705,538
-	-	-	15,746,738	-	15,746,738
-	-	-	7,920,250	-	7,920,250
-	-	-	12,156,831	-	12,156,831
-	-	-	181,417	1,570,426	1,751,843
<u>1,098,396,945</u>	<u>249,162,644</u>	<u>-</u>	<u>1,830,361,608</u>	<u>308,486,121</u>	<u>2,138,847,729</u>
<u>\$1,111,008,863</u>	<u>\$249,162,644</u>	<u>\$298,005,550</u>	<u>\$2,420,968,815</u>	<u>\$517,693,097</u>	<u>\$2,938,661,912</u>

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

ARLINGTON COUNTY, VIRGINIA  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNIT**  
**FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals Primary Government (Memorandum Only)	Component Unit School Board	Totals Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trusts			
REVENUES:							
Taxes	\$387,578,864	\$763,782	\$ -	\$ -	\$388,342,646	\$12,957,854	\$401,300,500
Licenses and permits	52,458,599	-	-	-	52,458,599	-	52,458,599
From the Commonwealth of Virginia	54,543,211	-	644,656	-	55,187,867	23,942,138	79,130,005
From the Federal government	17,134,565	12,937,494	-	-	30,072,059	9,888,434	39,960,493
Charges for services	23,288,647	-	2,263,639	3,872,591	29,424,877	8,101,422	37,526,299
Fines and forfeitures	8,687,912	-	-	-	8,687,912	-	8,687,912
Use of money and property	9,929,565	-	3,747,009	-	13,676,574	1,287,707	14,964,281
Miscellaneous	3,141,705	-	1,144,646	3,483,188	7,769,539	-	7,769,539
Total Revenues	556,763,068	13,701,276	7,799,950	7,355,779	585,620,073	56,177,555	641,797,628
EXPENDITURES:							
Current -							
General government	65,602,564	-	-	-	65,602,564	-	65,602,564
Public safety	58,605,311	-	-	-	58,605,311	-	58,605,311
Public works	18,894,514	-	-	-	18,894,514	-	18,894,514
Environmental services	10,061,780	-	-	3,685,314	13,747,094	-	13,747,094
Health and welfare	66,893,055	-	-	270,355	67,163,410	-	67,163,410
Parks and recreation	21,402,632	-	-	210,931	21,613,563	9,578,534	31,192,097
Libraries	9,919,199	-	-	53,403	9,972,602	-	9,972,602
Planning and community development	10,232,083	3,348,324	-	-	13,580,407	-	13,580,407
Housing	-	9,304,101	-	-	9,304,101	-	9,304,101
Education	-	-	-	-	-	225,705,274	225,705,274
Travel and Tourism	-	824,373	-	110,773	935,146	-	935,146
Non-departmental	24,125,346	-	-	-	24,125,346	-	24,125,346
Contributions to regional agencies	14,363,328	-	-	-	14,363,328	-	14,363,328
Debt service							
Principal	18,611,413	-	-	-	18,611,413	8,209,449	26,820,862
Interest and other costs	12,065,563	-	-	-	12,065,563	7,128,580	19,194,143
Capital outlay	-	-	23,476,926	-	23,476,926	37,038,976	60,515,902
Total Expenditures	330,776,788	13,476,798	23,476,926	4,330,776	372,061,288	287,660,813	659,722,101
Revenues Over (Under) Expenditures	225,986,280	224,478	(15,676,976)	3,025,003	213,558,785	(231,483,258)	(17,924,473)
OTHER FINANCING SOURCES (USES):							
Operating transfers in	4,728,175	247,000	11,154,381	-	16,129,556	198,749,610	214,879,166
Operating transfers from Component Unit	1,287,707	-	-	-	1,287,707	-	1,287,707
Operating transfers (out)	(11,691,084)	-	(4,588,175)	(10,000)	(16,289,259)	(1,287,707)	(17,576,966)
Operating transfers to Component Unit	(198,536,430)	(3,585)	(209,595)	-	(198,749,610)	-	(198,749,610)
Proceeds from sale of bonds	-	-	48,216,000	-	48,216,000	39,605,000	87,821,000
Repayments of BANS	-	-	(11,880,000)	-	(11,880,000)	(11,905,000)	(23,785,000)
Proceeds from capital leases	-	-	3,138,900	-	3,138,900	1,416,488	4,555,388
Proceeds from sale of land	328,314	-	-	-	328,314	-	328,314
Total Other Financing Sources (Uses)	(203,883,318)	243,415	45,831,511	(10,000)	(157,818,392)	226,578,391	68,759,999
Revenues and Other Sources Over (Under) Expenditures and Other Uses	22,102,962	467,893	30,154,535	3,015,003	55,740,393	(4,904,867)	50,835,526
FUND BALANCES, beginning of year, as rest	43,942,594	874,811	80,561,900	15,280,419	140,659,724	34,919,250	175,578,974
FUND BALANCES, end of year	\$66,045,556	\$1,342,704	\$110,716,435	\$18,295,422	\$196,400,117	\$30,014,383	\$226,414,500

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

ARLINGTON COUNTY, VIRGINIA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GENERAL FUND, SPECIAL REVENUE FUNDS, AND DISCRETELY PRESENTED COMPONENT UNIT  
 BUDGET(GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2001

	General Fund			Special Revenue Funds			School Board		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Taxes	\$370,184,290	\$387,578,864	\$17,394,574	\$690,476	\$763,782	\$73,306	\$13,254,309	\$12,957,854	(\$296,455)
Licenses and permits	47,622,912	52,458,599	4,835,687	-	-	-	-	-	-
From the Commonwealth of Virginia	55,584,551	54,543,211	(1,041,340)	-	-	-	24,512,639	23,942,138	(570,501)
From the Federal government	17,730,206	17,134,565	(595,641)	16,814,738	12,937,494	(3,877,244)	11,011,298	9,888,434	(1,122,864)
Charges for services	24,829,812	23,288,647	(1,541,165)	-	-	-	9,456,870	8,101,422	(1,355,448)
Fines and forfeitures	9,009,120	8,687,912	(321,208)	-	-	-	-	-	-
Use of money and property	12,043,344	9,929,565	(2,113,779)	-	-	-	-	1,287,707	1,287,707
Miscellaneous revenues	1,269,061	3,141,705	1,872,644	-	-	-	-	-	-
Total Revenues	538,273,296	556,763,068	18,489,772	17,505,214	13,701,276	(3,803,938)	58,235,116	56,177,555	(2,057,561)
EXPENDITURES:									
Current -									
General government	67,337,613	65,602,564	1,735,049	-	-	-	-	-	-
Public safety	60,631,746	58,605,311	2,026,435	-	-	-	-	-	-
Public works	20,414,458	18,894,514	1,519,944	-	-	-	-	-	-
Environmental services	10,133,992	10,061,780	72,212	-	-	-	-	-	-
Health and welfare	74,604,441	66,893,055	7,711,386	-	-	-	-	-	-
Parks and recreation	21,752,287	21,402,632	349,655	-	-	-	9,771,793	9,578,534	193,259
Libraries	10,212,854	9,919,199	293,655	-	-	-	-	-	-
Travel and tourism promotion	-	-	-	1,120,125	824,373	295,752	-	-	-
Planning and community development	11,294,274	10,232,083	1,062,191	5,150,275	3,348,324	1,801,951	-	-	-
Housing	-	-	-	11,664,463	9,304,101	2,360,362	-	-	-
Education	-	-	-	-	-	-	230,256,935	225,705,274	4,551,661
Non-departmental	30,542,336	24,125,346	6,416,990	-	-	-	-	-	-
Contributions to regional agencies	15,104,832	14,363,328	741,504	-	-	-	-	-	-
Debt service -									
Principal	18,611,413	18,611,413	-	-	-	-	8,209,450	8,209,450	-
Interest	12,102,188	12,065,563	36,625	-	-	-	7,135,131	7,128,579	6,552
Capital Outlay	-	-	-	-	-	-	63,637,591	37,038,976	26,598,615
Total Expenditures	352,742,434	330,776,788	21,965,646	17,934,863	13,476,798	4,458,065	319,010,900	287,660,813	31,350,087
Revenues Over (Under) Expenditures	185,530,862	225,986,280	40,455,418	(429,649)	224,478	654,127	(260,775,784)	(231,483,258)	29,292,526
OTHER FINANCING SOURCES (USES):									
Operating transfers in	130,000	4,728,175	4,598,175	247,000	247,000	-	200,300,504	198,749,610	(1,550,894)
Operating transfers from Component unit	-	1,287,707	1,287,707	-	-	-	-	-	-
Operating transfers out	(11,656,331)	(11,691,084)	(34,753)	-	(3,585)	(3,585)	-	(1,287,707)	(1,287,707)
Operating transfers to Component unit	(199,305,235)	(198,536,430)	768,805	-	-	-	-	-	-
Proceeds of capital leases	-	-	-	-	-	-	-	1,416,488	1,416,488
Proceeds from sale of bonds	-	-	-	-	-	-	57,964,279	39,605,000	(18,359,279)
Repayment of BANS	-	-	-	-	-	-	-	(11,905,000)	(11,905,000)
Proceeds from sale of land	25,000	328,314	303,314	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(210,806,566)	(203,883,318)	6,923,248	247,000	243,415	(3,585)	258,264,783	226,578,391	(31,686,392)
Revenue and Other Financing Sources Over (Under) Expenditures and Other Uses	(25,275,704)	22,102,962	47,378,666	(182,649)	467,893	650,542	(2,511,001)	(4,904,867)	(2,393,866)
FUND BALANCES, beginning of year, as rest	43,942,594	43,942,594	-	874,811	874,811	-	34,919,250	34,919,250	-
FUND BALANCES, end of year	\$18,666,890	\$66,045,556	\$47,378,666	\$692,162	\$1,342,704	\$650,542	\$32,408,249	\$30,014,383	(\$2,393,866)

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

ARLINGTON COUNTY, VIRGINIA  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN EQUITY  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2001

	Enterprise Funds	Internal Service Funds	Totals Primary Government (Memorandum Only)
<b>OPERATING REVENUES:</b>			
Charges for services	\$ -	\$ 12,520,795	\$ 12,520,795
Water-sewer charges	33,618,049	-	33,618,049
Water hook-up charges	4,162,396	-	4,162,396
Water connection charges	210,955	-	210,955
Sewage treatment charges	5,258,168	-	5,258,168
Other	1,608,001	-	1,608,001
Parking	4,264,211	-	4,264,211
Total Operating Revenues	49,121,780	12,520,795	61,642,575
<b>OPERATING EXPENSES:</b>			
Cost of stores issuances	-	3,163,661	3,163,661
Personnel services	9,299,458	3,354,473	12,653,931
Fringe benefits	1,858,959	691,398	2,550,357
Materials and supplies	3,851,128	643,574	4,494,702
Utilities	-	106,909	106,909
Contractual services and repairs	10,321,679	1,050,672	11,372,351
Purchases of water	5,242,392	-	5,242,392
Depreciation	4,647,477	2,806,134	7,453,611
Insurance	-	5,391	5,391
Other	3,201,425	-	3,201,425
Total Operating Expenses	38,422,518	11,822,212	50,244,730
Operating Income	10,699,262	698,583	11,397,845
<b>NON-OPERATING REVENUES(EXPENSES):</b>			
Interest income and other income	2,844,491	-	2,844,491
Interest expense and fiscal charges	(4,028,811)	-	(4,028,811)
Contributions from developers and other sources	3,949,640	-	3,949,640
Gain on disposal of fixed assets	-	120,106	120,106
State grant	7,413,946	-	7,413,946
Net Non-Operating Revenues (Expenses)	10,179,266	120,106	10,299,372
Net Income Before Operating Transfers	20,878,528	818,689	21,697,217
<b>OPERATING TRANSFERS:</b>			
Operating transfers in	-	303,703	303,703
Operating transfers out	(14,000)	(130,000)	(144,000)
Net Operating Transfers	(14,000)	173,703	159,703
Net Income	20,864,528	992,392	21,856,920
<b>EQUITY:</b>			
Retained earnings beginning of year, as restated	118,553,878	16,196,626	134,750,504
Retained earnings end of year	139,418,406	17,189,018	156,607,424
CONTRIBUTED CAPITAL, beginning and end of the year	148,089,900	-	148,089,900
Total Equity, end of year	\$ 287,508,306	\$ 17,189,018	\$ 304,697,324

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

ARLINGTON COUNTY, VIRGINIA  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

	Enterprise Funds	Internal Service Funds	Totals Primary Government (Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$49,499,192	\$423,113	\$49,922,305
Cash received from interfund charges	-	12,168,461	12,168,461
Cash paid to suppliers	(23,614,952)	(5,249,857)	(28,864,809)
Cash paid to employees	(11,311,990)	(4,015,115)	(15,327,105)
Net cash provided by operating activities	14,572,250	3,326,602	17,898,852
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	2,876,572	-	2,876,572
Net cash provided by investing activities	2,876,572	-	2,876,572
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Cash received from temporary loan to other funds	165,243	78,500	243,743
Cash received for temporary loan from other funds	-	11,503	11,503
State grant	7,413,946	-	7,413,946
Operating transfers in	-	303,703	303,703
Operating transfers out	(14,000)	(130,000)	(144,000)
Net cash provided by noncapital financing activities	7,565,189	263,706	7,828,895
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Principal payments on bonds	(4,297,788)	-	(4,297,788)
Contributions from developers and other sources	3,949,640	-	3,949,640
Interest and other financial expenses paid	(3,417,969)	-	(3,417,969)
Purchases of property and fixed assets	(21,979,635)	(3,981,209)	(25,960,844)
Proceeds from sale of equipment	-	251,685	251,685
Proceeds from sale of bonds	2,504,000	-	2,504,000
Proceeds from capital lease	34,196	-	34,196
Payments on Notes Payable	(9,203,387)	-	(9,203,387)
Net cash provided (used) by capital and related financing activities	(32,410,943)	(3,729,524)	(36,140,467)
Net decrease in cash and cash equivalents	(7,396,932)	(139,216)	(7,536,148)
Cash and cash equivalents at beginning of year	56,387,183	2,992,002	59,379,185
Cash and cash equivalents at end of year	\$48,990,251	\$2,852,786	\$51,843,037
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating Income	\$10,699,262	\$698,583	\$11,397,845
Depreciation	4,647,477	2,806,134	7,453,611
(Increase)Decrease in accounts receivable	377,412	70,779	448,191
(Increase)Decrease in inventories	(7,781)	194,006	186,225
Increase(Decrease) in vouchers payable	(1,881,306)	(473,657)	(2,354,963)
Increase(Decrease) in compensated absences	(153,573)	30,757	(122,816)
Increase(Decrease) in contract retainage	410,363	-	410,363
Increase(Decrease) in other accrued liabilities	480,396	-	480,396
Net cash provided by operating activities	\$14,572,250	\$3,326,602	\$17,898,852

ARLINGTON COUNTY, VIRGINIA  
PENSION TRUST FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>2001</u>
ADDITIONS:	
Member contributions	\$8,348,185
Employer contributions	6,418,294
Other contributions	190,304
Investment income:	
Interest and dividends	39,238,399
Net depreciation in fair value	(45,955,125)
Commission recapture	131,509
Securities lending	147,284
Investment Expense	<u>(5,181,044)</u>
Total Additions	<u>3,337,806</u>
DEDUCTIONS:	
Members' benefits	37,830,165
Refund of members' contributions	1,850,979
Administrative expenses	726,572
Aetna 401(a) start-up	15,535,237
Other operating expenses	<u>444,116</u>
Total Deductions	<u>56,387,069</u>
Net Increase (Decrease) in Net Assets	<u>(53,049,263)</u>
Net Assets Held in Trust for Plan Benefits, beginning of year	<u>1,133,150,786</u>
Net Assets Held in Trust for Plan Benefits, end of year:	
Undesignated	<u>1,080,101,523</u>
Total	<u>\$1,080,101,523</u>

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

# ARLINGTON COUNTY, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2001**

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. The Financial Reporting Entity**

**Arlington County, Virginia (the "County")** is a jurisdiction of the Commonwealth of Virginia and is governed by a five-member County Board. As required by GAAP, these financial statements present the County (primary government) and its component unit, an entity for which the primary government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the County. The Arlington County Public Schools has a June 30 year-end.

#### **Discretely Presented Component Units**

**Arlington County Public Schools (the "Schools")** is a legally separate entity that provides educational services to citizens of the County. It is administered by a five-member School Board that is elected by the citizens. The Schools are fiscally dependent on the County since they are 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.

#### **B. Fund Accounting**

Financial operations of the County and the Schools are organized and maintained on the basis of separate Funds and Account Groups. Each Fund is considered a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities, and the changes which occur in these accounts during a given fiscal year. The use of different Funds is designed to enhance the accounting and control for specific activities or to obtain certain objectives in accordance with special regulations, restrictions or limitations. The Funds and Account Groups used by the County and the Schools are organized under the following broad categories.

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

**General Fund** - This Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another Fund. Revenues are 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.

**Special Revenue Funds** - These 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 school operations include the school cafeteria, school special grants, school debt service and school community activities funds. County travel and tourism promotion, community development block grants, and Section 8 housing grants are also accounted for in these funds.

## ARLINGTON COUNTY, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2001**

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**Capital Projects Funds** - These 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), including general capital projects and various construction bond funds.

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

**Enterprise Funds** - These Funds 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 activities. Enterprise Funds consist of the Utilities (water and sewer) and the Ballston Public Parking Garage Funds.

**Internal Service Funds** - These Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the County. Internal Service Funds consist of the Automotive Equipment, Printing and Jail Industries Funds.

**Fiduciary Fund Types** - Fiduciary Funds are used to account for assets held by the County in a trustee capacity, or as an agent for individuals, private organizations, other governmental units and/or Funds. The measurement focus for Expendable Trust Funds is the same as Governmental Funds, while Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Pension Trust Fund is accounted for and reported in a manner similar to Proprietary Funds since capital maintenance is critical.

**Account Groups:** Account Groups are used to establish accounting control and accountability for the general fixed assets and general long-term obligations for the County and the Schools.

**General Fixed Asset Account Groups** - These Account Groups are used to account for all fixed assets of the County and the Schools other than those accounted for in the Proprietary Funds.

**General Long-Term Obligations Account Groups** - These Account Groups are used to account for long-term obligations of the County and the Schools except those accounted for in the Proprietary Funds.

#### **C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental and Expendable Trust Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All Proprietary and Pension Trust Funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) for the Proprietary Funds are segregated into contributed capital and retained earnings components. Proprietary Fund Type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting generally defines the timing for recording and reporting revenues and expenditures or expenses and the related assets and liabilities in the appropriate accounts and financial statements. The modified accrual basis of accounting is used for the County and Schools' Governmental Fund Types and for the Expendable Trust and Agency Funds.

Under this method of accounting, revenues that include taxes, charges for services, use of money and property (interest), intergovernmental and miscellaneous are recorded when they become both measurable and available to finance expenditures of the current fiscal year. "Measurable" means the amount of the transaction that can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and exchange type revenues as available if due



# ARLINGTON COUNTY, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2001**

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at fiscal year-end and received in cash within 45 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund expenditures when due. Capital leases are recorded as liabilities in the General Long Term Debt Account Group and another financing source and expenditure is recorded in the appropriate fund where the liability is incurred.

In FY 2001, the County implemented Governmental Accounting Standards Board Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" ("GASB 33"). Accordingly all revenues from non-exchange transactions are recognized in the accounting period when they become available and measurable. Derived tax revenues (sales taxes) are recognized in the period when the sale has occurred. Imposed non-exchange revenues (property taxes) are recognized in the period for which the taxes are levied. Imposed non-exchange revenues for other taxes than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available. Government mandated non-exchange transaction and voluntary non-exchange transaction revenues (grants) are recognized in the period when all applicable eligibility requirements have been met and the resources are available. Contributed capital additions are now reported as a component of net income and are closed to retained earnings.

The County's Proprietary Fund Types and the Pension Trust Fund are accounted for using the accrual basis of accounting. Under this method of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, the County has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board Statements, in accounting for proprietary funds.

### **D. Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and Special Revenue Funds. All appropriations are legally controlled at the departmental level. The School Board prepares a separate operations budget for approval by the County Board. The proposed budget includes a recommended program of County and School capital expenditures to be financed from current operations. The County Board also approves a separate six-year Capital Improvement Program.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because commitments will be honored in the subsequent year. All appropriations lapse at the end of the fiscal year.

### **E. Equity in Pooled Cash and Investments**

The County pools substantially all cash and investments, including those held by the Schools, except for separate cash and investment accounts that are maintained in accordance with 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." Investments are recorded at cost which approximates fair value except for investments in the Capital Reserve Fund and investments, other than real estate notes, reported in the Pension Trust Fund which are recorded at fair value, based on quoted closing market prices. Investments in real estate notes in the Pension Trust Fund are stated at their remaining balance due, which approximates market. In accordance with its adopted investment policy, the Retirement System has invested in foreign currency forward contracts, which are valued at fair market value, as a risk management tool. All interest earned on cash and investments pooled by the County is recorded in the County's General Fund as legally allowed, except for separate cash and investments accounts or funds legally entitled to interest earned.

### **F. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds, and between the primary government and component units, for goods provided or services rendered. These receivables and payables are classified as "Due from /to Other Funds" or "Due from/to Primary Government/Component Unit" on the combined balance sheet.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**G. Inventories**

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

**H. Restricted Assets**

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the combined balance sheet because their use is limited by applicable bond covenants.

**I. Fixed Assets**

Capital acquisition and construction are reflected as expenditures in Governmental Funds, and the related assets, except infrastructure, are reported in the General Fixed Assets Account Groups of the County and the Schools. Expenditures for infrastructure assets, such as sidewalks, roads and bridges, are not capitalized in the General Fixed Assets Account Groups, as these assets are immovable and of value only to the government, nor has interest been capitalized. Property is recorded at historical cost or estimated historical cost except for donated property that is recorded at fair market value at the date of donation. Depreciation is not provided on assets recorded in the General Fixed Assets Account Groups. Fixed assets of Proprietary Funds are recorded at cost. These fixed assets are depreciated on a straight-line basis over their average estimated useful lives, with one-half year depreciation in the year of acquisition and retirement, as follows:

<b>Assets</b>	<b>Years</b>
Water system	75
Sanitary sewer system	75
Parking garage	45
Furniture and fixtures	10
Other Fixed Asset Items	3-20

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**J.      Compensated Absences**

County employees are granted vacation leave based upon length of employment; a total of 35 days of vacation may be carried over from one year to the next. Teachers do not earn vacation leave. Compensatory leave is granted to some County employees for overtime work on an hour-to-hour basis; no more than 80 hours of compensatory leave may be carried over from one year to the next. The County and the School Board 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 School Board are not expected to be liquidated with expendable available financial resources; therefore, they are recorded in the General Long-Term Obligations Account Groups. No expenditure for unused compensated absences is reported for the governmental funds. Compensated absences of the Proprietary Funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

**K.      Arbitrage Rebate Liability**

The U.S. Treasury has issued regulations on calculating the rebate due the Federal government on arbitrage profits and determining compliance with the arbitrage rebate provisions of the Tax Reform Act of 1986. Arbitrage profits arise when the County temporarily invests the proceeds of tax exempt debt in securities with higher yields. The County treats the estimated rebate payable as a reduction of available financial resources in the fund that earned the arbitrage profit. Accordingly, interest earnings are reduced by the amount of the increase in the estimated rebate payable and a liability is reported in the appropriate fund. At June 30, 2001, \$713,236 was recorded as an arbitrage rebate liability in the General Fund.

**L.      Long-term Obligations**

General long-term debt is recognized as an expenditure in the County or School's Governmental Funds when due. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The unmatured balance of general long-term debt and the remaining portion of such obligations are reported in the General Long-term Obligations Account Group. Long-term debt expected to be financed from Proprietary Fund operations is accounted for in those funds.

**M.      Fund Equity**

Contributed capital is recorded in Proprietary Funds that have received capital grants or contributions from developers, customers, or other funds. Prior to FY 2001, contributed capital from developers was recorded only to the extent that revenues from connection charges substantially exceeded the actual cost for physical connection to the system. As discussed previously, beginning in FY 2001, such revenues are no longer reported as additions to contributed capital but are now reported as a component of net income and are closed into retained earnings. Contributed capital previously reported will continue to be reported as such until the County implements GASB 34 in FY 2002. Reserves represent those portions of fund equity not appropriated for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**N.      Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Effective July 1, 2001, the Internal Services Fund Technology and Information Systems was eliminated. The assets, liabilities and remaining retained earnings were transferred to the General Fund. The Department of Technology Services was created in the General Fund to provide information systems services for the County. As a result, the

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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effect of this transfer on the General Fund was an increase of \$1,193,680 in cash and retained earnings. The effect on the General Long Term Debt Account Group was an increase in capital leases of \$7,184,798 and compensated absences of \$146,959 and the increase in general fixed assets in the General Fixed Assets Account Group was \$3,281,353.

**O. Memorandum Only-Total Columns**

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**P. Comparative Data**

Comparative total data for the prior year have been presented in the accompanying combining financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Certain FY 2000 amounts have been reclassified to conform to the FY 2001 presentation.

**Q. 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 investment pools, certificates of deposit, repurchase agreements and commercial paper with initial maturities of three months or less.

**R. 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.

**NOTE 2. Legal Compliance - Budgets**

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 2001 such appropriation amendments totaled \$5,437,898 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 2001 for the following departments; the Fire Department, the Electoral Board, the Treasurer's Office, the Juvenile and Domestic Relations Court, the County's Manager's Office and the Office of the Sheriff. The County Board re-appropriated funds to increase these budgets in the annual closeout package in October of FY 2002. Management will work to ensure these departments develop better budget estimates in future years.

The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements, however when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has a retained deficit of \$9,463,180 at

## ARLINGTON COUNTY, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2001**

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June 30, 2001. 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 May Company (Center Mark Properties, 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) experienced a loss in FY 2001, resulting in a retained deficit of \$74,354. User fees which have not kept up with expenses will be raised in subsequent years to reduce this deficit.

#### **NOTE 3. 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. Deposits**

At year-end, the carrying amount of the County and School deposits was (\$2,487,196) and the bank balance was \$12,976,391. Of the bank balance, \$693,351 was covered by Federal depository insurance. The bank balances exceeding those covered by Federal insurance are protected under the provisions of the Virginia Security for Public Deposits Act ("the Act"). Pension Trust funds on deposits with financial institutions of \$268,269 at June 30, 2001 were fully insured by the Federal Deposit Insurance Corporation up to \$100,000 for each Retirement System participant. None of the bank balance was uninsured or uncollateralized in banks or savings and loans associations not qualifying under the Act at June 30, 2001. The deposit balance in the Alexandria/ Arlington Waste Disposal Trust Fund at June 30, 2001 was \$1,739,845.

The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and report requirements of the Act and for notifying local governments of compliance by banks and savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

##### **B. Investments**

The Code of Virginia authorizes the County Treasurer to invest County funds in obligations of the United States Treasury, U.S. Government agencies, obligations of the Commonwealth and its subdivisions, obligations of other states and of other counties, cities, etc. of such states upon which there is no default, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, municipal bonds, and the Local Government Investment Pool ("the LGIP"). Pursuant to Sec.2.1-234.7 Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings and the fair value of the position in the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset value of \$1 per share. The investment policy specifies that except for the Capital Reserve Fund, at no time shall an investment bear a maturity greater than twelve months from the date of purchase.

The Capital Reserve Fund is that portion of the County's investment portfolio which the County Treasurer may designate for longer term investment, since these funds are not currently required to meet the County's working capital needs. Investments in the Capital Reserve Fund may be invested for periods greater than one year. The Capital Reserve Fund, which is managed by Public Financial Management, Inc., must comply with the requirements of the Code of Virginia with respect to the investment of local funds. The Capital Reserve Funds investment portfolio consists of corporate notes and bonds and notes of federal agencies. The Pension Trust Fund is authorized to make investments as deemed appropriate by its Board of Trustees

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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and in compliance with the U.S. Department of Labor regulations. It is required by County ordinance to maintain at least twenty-five percent of its portfolio in fixed income investments.

SunTrust Bank, formerly Crestar Bank, (the "Trustee Bank") as trustee for holders of bonds for the Ballston Public Parking Garage is authorized to invest in all investment instruments for the County Treasurer. As of June 30, 2001, the Trustee Bank had \$9,032,177 in a U.S. government money market fund consisting of securities approved for direct investment. The Trustee Bank is also the trustee for the Alexandria/Arlington Waste Disposal Trust Fund and Arlington Solid Waste Authority. Investments in the amount of \$10,363,209 in U.S. government securities and agency obligations at fair value were held by the Trustee Bank at June 30, 2001.

The County has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program ("SNAP") and the Commonwealth Cash Reserve Fund ("AIM"). SNAP and AIM are 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, 2001, the County had \$118,830,184 in the SNAP short-term investment pool and \$15,148,897 in the AIM short-term investment pool.

The County's other investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are held in the County's name by the Trust Department of the Chase Manhattan Bank as the County's agent, or in the case of the Capital Reserve Fund, held in the County's name by State Street Bank as the County agent. Category 2 includes investments which are uninsured or unregistered with securities held by a counter-party's agent or trust department in the County's name. Category 3 includes uninsured or unregistered securities held by a counter-party or its agent or its trust department but not in the County's name. The Retirement System categorizes its investments in the same manner as the County. Category 1 includes investments that are held in the Retirement System's name by the Trust Department of First Union Bank as the County's agent. Category 2 includes investments that are uninsured with securities held by a counter-party's agent or trust department in the County's name. Category 3 includes uninsured or unregistered securities held by a counter-party or its agent or its trust department but not in the County's name. The following tables summarize the amount in the respective categories.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

	Categories (in thousands)			Carrying Value	Fair Value
	1	2	3		
County Pooled Investments:					
US government securities	\$7,958	-\$-	-\$-	\$7,958	\$7,958
Repurchase agreements	-	-	6,902	6,902	6,902
Commercial paper	2,862	-	-	2,862	2,862
Capital Reserve Fund	12,584			12,584	12,584
Total	<u>\$23,404</u>	<u>-\$-</u>	<u>\$6,902</u>	<u>\$30,306</u>	<u>\$30,306</u>

Investments not subject to categorization:

State Treasurer's Local Government Investment Pool	\$115,697
State Non-Arbitrage Program (SNAP)	118,830
Commonwealth Cash Reserve (AIM)	15,149
Commonwealth Cash Reserve (Capital Reserve Fund)	6,943
Asset T-Fund James Monroe Bank	7
Total County Investments	<u>\$286,932</u>

	Categories (in thousands)			Carrying Amount (at fair value)
	1	2	3	
Pension Trust Fund				
Corporate obligations	\$143,670	-\$-	-\$-	\$143,670
Domestic & foreign equities	425,777	-	-	425,777
Foreign, municipal and U.S. government obligations	27,371	-	10,791	10,791
Cash	-	-	10,791	10,791
Total	<u>\$596,818</u>	<u>-\$-</u>	<u>\$10,791</u>	<u>\$607,609</u>

Investments not subject to categorization:

Real estate funds and notes	66,188
Pooled equity and fixed income	405,608
Total	<u>471,796</u>
Total Pension Trust Fund Investment	<u>\$1,079,405</u>

As permitted by the Arlington County Code, the System invests in various derivative instruments on a limited basis in accordance with the Systems investment policy. At June 30, 2001, the System held derivative securities valued at \$66.9 million, approximately 6.5% of the total value of the pension investments. During FY 2001, the System invested directly in foreign currency forward contracts. The System entered into these investments either to increase earnings or to hedge against potential losses. Investments in foreign currency forward contracts generally contain market risk resulting from fluctuations in currency rates. The credit risk of these investments results from the creditworthiness of the counter-parties to the contracts.

The System engages in securities lending transactions through the Bank of New York (BoNY). In accordance with the contract, BoNY may lend any securities held in the Fund. Maturity matched collateral of cash, cash equivalents or irrevocable letters of credit are held at the minimum rate of 102% for domestic securities and 105% for international. The collateral is maintained by

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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BoNY and all securities on loan are callable at any time. The System does not have the ability to invest, pledge, or sell the collateral. The System did not impose any restriction during the period on the amounts of loans BoNY made on its behalf and BoNY indemnifies the System by agreeing to purchase replacement securities, or to remit the cash collateral held in the event that the borrower fails to return loaned securities. At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeds the amounts the borrowers owe the System. Credit risk is mitigated both by the collateral and by the credit of BoNY. There were no such failures by any borrower during the fiscal year nor were there any losses during the year resulting from default of the borrower or lending agent.

**NOTE 4. Receivables**

General Fund receivables at June 30, 2001 are summarized below.

Real estate taxes	\$120,135,972
Personal property taxes	4,840,439
Omitted business licenses tax	7,689,762
Omitted meals tax	498,702
Intergovernmental	9,020,676
Accounts receivable	4,962,852
Interest	<u>154,624</u>
Total	\$147,303,027
Less: Allowance for uncollectible accounts	<u>(4,518,027)</u>
Net receivables	<u>\$142,785,000</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 \$119,347,952, has also been recorded as deferred revenue since these revenues are not considered to be available to finance current year expenditures.

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

The County's allowance for uncollectible taxes is based upon historic non-collection percentages.



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

**NOTE 5. Fixed Assets**

**Primary Government**

The following is a summary of the changes in the General Fixed Assets Account Group during the year.

	<u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Land	\$75,117,611	\$968,773	-\$-	\$76,086,384
Building/ Improvements	128,760,757	912,036	-	129,672,793
Furniture/ Equipment	38,429,753	5,053,714	80,000	43,403,467
	<u>\$242,308,121</u>	<u>\$6,934,523</u>	<u>\$80,000</u>	<u>\$249,162,644</u>

**Component Units: School Board**

The following is a summary of the changes in Fixed Assets of the Component Unit School Board during the year.

	<u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2001</u>
Land	\$4,697,946	-\$-	-\$-	\$4,697,946
Building/ Improvements	183,152,753	31,033,979	-	214,186,732
Furniture/ Equipment	50,907,883	8,679,177	-	59,587,060
	<u>\$238,758,582</u>	<u>\$39,713,156</u>	<u>-\$-</u>	<u>\$278,471,738</u>

**Proprietary Funds:**

The following is a summary of Proprietary Fund type property, plant and equipment, at June 30, 2001:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Land	\$1,792,817	-\$-	\$1,792,817
Sewer system	203,924,242	-	203,924,242
Water system	96,491,170	-	96,491,170
Parking garage	22,315,887	-	22,315,887
Furniture and fixtures	4,503,745	-	4,503,745
Equipment	253,504	30,542,535	30,796,039
Construction in progress	57,630,865	-	57,630,865
	<u>386,912,230</u>	<u>30,542,535</u>	<u>417,454,765</u>
Accumulated depreciation	<u>(75,555,359)</u>	<u>(16,288,362)</u>	<u>(91,843,721)</u>
	<u>\$311,356,871</u>	<u>\$14,254,173</u>	<u>\$325,611,044</u>

The propriety enterprise fund operations of the County include the water and sewer system reported in the Utilities Fund and the parking garage operations reported in the Ballston Public Parking Garage Fund. As of June 30, 2001, the Construction in Progress in the various enterprises funds of the County are:

Utilities Pay-as-You Go Projects	\$49,244,857
Utilities Water Bond Fund Projects	855,776
Utilities Waste Water Treatment Facilities	<u>7,530,232</u>
Total Construction in Progress	<u>\$57,630,865</u>

**Restatement of Prior Year Balances**

**Auto Equipment**

**ARLINGTON COUNTY, VIRGINIA**

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Fixed Assets and Accumulated Depreciation balances in the Automotive Equipment Internal Service Fund were misstated in prior years. Accordingly, the beginning FY 2000 balances in these accounts and the related expense and equity were restated. The table below describes this restatement.

Automotive Equipment Fund

	As Previously Reported	Adjustments	As Restated
As of June 30, 2000:			
Fixed Assets	\$27,904,695	\$(179,878)	\$27,724,817
Accumulated Depreciation	12,752,828	1,816,374	14,569,202
Net Book Value	15,151,867	(1,996,252)	13,155,615
Retained Earnings - Beginning Balance	18,005,907	(1,996,252)	16,009,655
Depreciation Expense - FY 2000	3,053,565	(475,786)	2,577,779

**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. The current portion of risk financing activities is reported in the General Fund and the remainder in the General Long-Term Obligations Account Group. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The amount of settlement did not exceed the insurance coverage for each of the last three years. At June 30, 2001 the current portion of these liabilities was \$1.908 million; the non-current portion was \$3.057 million. These liabilities are the County's best estimate based on available information. Changes in the reported liabilities since July 1, 1999 resulted from the following:

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year- End
1999 – 2000				
Current	\$1,788,317	\$18,826,364	\$18,788,081	\$1,826,600
Long Term	3,092,858	2,257,444	2,189,308	3,160,994
2000 – 2001				
Current	1,826,600	21,380,864	21,299,464	1,908,000
Long Term	3,160,994	1,798,314	1,902,480	3,056,828

In addition, the County has designated a General Fund balance self-insurance reserve of \$3,500,000 as of June 30, 2001. The County maintains a General Fund operating reserve that totaled \$12,500,000 as of June 30, 2001. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased to its current funding level which is greater than or equal to 2% of the General Fund budget.

**NOTE 7. Operating Leases**

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

<u>Fiscal Year</u>	<u>Amount</u>
2002	\$19,577,998
2003	9,968,812
2004	10,078,320
2005	10,190,572
2006	10,305,628
	<u>\$60,121,330</u>

The lease payments for FY 2002 include rental of building and garage space as well as short-term vehicle and equipment rentals, whereas the subsequent fiscal years' payments only reflect the longer term operating lease payments for building and garage space. 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. In a separately executed agreement, the land on which the office and residential buildings are situated was sold by the County via a fee interest. During the fiscal year ended June 30, 2001, the County received \$1,028,542 under these lease agreements. The County has also entered into a 45-year lease agreement for approximately 4.41 acres of land for the construction and operation of the Ballston Public Parking Garage. Cumulative lease payments are payable only when the garage attains certain cash flow targets which have not occurred since the inception of the lease. This liability amounts to \$3,261,932 and is accrued in the General Fund as of June 30, 2001. In FY 2000, the County entered into a long term operating lease agreement for 145,777 square feet of office space and additional garage space to consolidate the operations of its Department of Human Services at 3033 Clarendon Boulevard.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8. Capital Leases**

The annual future minimum lease payments as of June 30, 2001 are as follows:

**PRIMARY GOVERNMENT**

<u>Year Ending June 30,</u>	<u>DTS</u>	<u>Criminal Justice Academy</u>	<u>DHS</u>	<u>Fire</u>	<u>DPW</u>
2002	\$2,630,365	\$196,134	\$828,305	\$132,570	\$66,841
2003	1,638,055	196,134	819,194	132,570	66,841
2004	124,272	196,134	819,194	-	66,841
2005	-	196,134	497,278	-	66,842
2006	-	196,134	497,278	-	66,842
Thereafter	-	<u>392,273</u>	-	-	-
Total Minimum Lease Payments	4,392,692	1,372,943	3,461,249	265,140	334,207
Less Imputed Interest	<u>(255,057)</u>	<u>(434,639)</u>	<u>(313,548)</u>	<u>(15,702)</u>	<u>(34,207)</u>
Present Value of Minimum Lease Payments	<u>\$4,137,635</u>	<u>\$938,304</u>	<u>\$3,147,701</u>	<u>\$249,438</u>	<u>\$300,000</u>

<u>Year Ending June 30,</u>	<u>OSS</u>	<u>ECC</u>	<u>Treasurer's</u>	<u>DES</u>	<u>Total Governmental Funds</u>
2002	\$12,163	\$257,188	\$25,555	\$87,978	\$4,237,099
2003	12,163	257,187	25,555	87,978	3,235,677
2004	12,163	257,188	25,554	87,978	1,589,324
2005	-	257,187	-	87,979	1,105,420
2006	-	257,187	-	-	1,017,441
Thereafter	-	-	-	-	<u>392,273</u>
Total Minimum Lease Payments	36,489	1,285,937	76,664	351,913	11,577,234
Less Imputed Interest	<u>(2,220)</u>	<u>(131,618)</u>	<u>(4,664)</u>	<u>(35,890)</u>	<u>(1,227,545)</u>
Present Value of Minimum Lease Payments	<u>\$34,269</u>	<u>\$1,154,319</u>	<u>\$72,000</u>	<u>\$316,023</u>	<u>\$10,349,689</u>

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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**COMPONENT UNIT: SCHOOL BOARD**

<u>Year Ending June 30,</u>	
2002	\$1,573,842
2003	1,273,752
2004	<u>502,747</u>
Total Minimum Lease Payments	3,350,341
Less Imputed Interest	<u>(199,620)</u>
Present Value of Minimum Lease Payments	<u>\$3,150,721</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 referenda before authorization for sale and issuance. Maturities of general obligation bonds currently outstanding, including interest, excluding premiums, are as follows:

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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ARLINGTON COUNTY, VIRGINIA  
GENERAL OBLIGATION BONDS

FISCAL YEAR	GENERAL FUND		SCHOOL FUND		UTILITY FUND		TOTAL G.O. BONDS	
	P	I	P	I	P	I	P	I
2002	20,211,368	12,103,145	9,350,106	7,326,403	3,597,276	2,219,259	33,158,750	21,648,807
2003	21,085,630	11,854,190	10,141,429	7,490,314	3,636,691	2,094,523	34,863,750	21,439,027
2004	20,946,969	10,694,573	10,418,888	7,208,485	3,434,143	1,894,558	34,800,000	19,797,616
2005	19,856,910	9,680,033	10,393,135	6,719,971	3,314,955	1,725,495	33,565,000	18,125,499
2006	18,680,707	8,712,365	10,369,401	6,227,159	3,184,892	1,561,062	32,325,000	16,500,586
2007	18,665,863	7,754,672	10,349,153	5,708,257	3,134,984	1,448,919	32,150,000	14,911,848
2008	17,339,908	7,109,820	10,546,261	5,033,729	3,498,831	1,311,011	31,385,000	13,454,560
2009	17,258,840	6,270,461	10,533,304	4,514,566	3,512,856	1,132,786	31,305,000	11,917,813
2010	16,003,380	5,415,913	10,072,195	3,990,529	3,359,428	950,984	29,435,003	10,357,426
2011	15,969,555	4,613,815	10,070,055	3,461,548	3,355,390	760,163	29,395,000	8,835,526
2012	15,605,674	3,821,340	9,878,779	2,936,641	3,145,547	574,704	28,630,000	7,332,685
2013	12,373,479	3,009,673	8,687,482	2,424,531	2,764,039	407,778	23,825,000	5,841,982
2014	10,952,304	2,425,832	8,693,659	1,983,764	2,764,038	263,743	22,410,001	4,673,339
2015	10,134,555	1,894,018	7,346,332	1,574,332	769,113	172,308	18,250,000	3,640,658
2016	7,490,711	1,431,363	5,725,315	1,198,856	768,974	133,598	13,985,000	2,763,817
2017	7,494,534	1,049,977	5,726,492	908,278	768,974	94,729	13,990,000	2,052,984
2018	5,224,059	693,974	4,870,856	623,858	695,085	55,693	10,790,000	1,373,525
2019	4,444,261	447,266	4,138,089	392,984	347,650	29,362	8,930,000	869,612
2020	2,554,261	220,328	2,098,089	180,979	132,650	11,442	4,785,000	412,749
2021	<u>1,852,306</u>	<u>92,615</u>	<u>1,521,498</u>	<u>76,075</u>	<u>96,197</u>	<u>4,810</u>	<u>3,470,001</u>	<u>173,500</u>
	264,145,274	99,295,373	160,930,518	69,981,259	46,281,713	16,846,927	471,357,505	186,123,559

**B. Bond Anticipation Notes**

On June 13, 2000, the County issued \$23,785,000 of General Obligation Public Improvement Bond Anticipation Notes (BANs) with a maturity date of July 1, 2001. They were repaid with proceeds from General Obligation Bonds on June 18, 2001.

**C. Advance Refunding**

At June 30, 2001, \$88,460,000 of outstanding General Obligation Bonds are considered to be defeased and are not reflected on the balance sheet..

**D. Revenue Bonds**

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 loans 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. The County has a "moral" obligation 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, 2001, \$16,800,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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initial interest rate was 6.9%, at no time can exceed 15%, and averaged approximately 3.87% in FY 2001. Interest is payable quarterly prior to conversion to a fixed interest rate, and on June 1 and December 1 of each year thereafter until maturity, purchase or earlier redemption. The direct pay letter of credit is substantially collateralized by the assignment of the land lease and other agreements, and will expire in September of 2003. Interest on drawings is payable at an interest rate publicly announced by the bank. When interest is due to the bondholders, the direct pay letter of credit pays the bondholders by drawing down on the letter of credit and then immediately seeking reimbursement from garage revenues.

Using a usual and customary direct-pay letter of credit mechanism, during FY 2001, the County drew from the letter of credit \$672,818 to pay bondholders for the interest accrued on the revenue bonds. The letter of credit drawdowns were immediately repaid by the County from garage revenues held in trust at the time of the drawdowns. The fees associated with the letter of credit were \$70,158 in FY 2001. Also in FY 2001, \$500,000 of bond principal was repaid from garage revenues in accordance with the terms of the letter of credit agreement.

**E. Mortgage Debt**

The County entered into an agreement (the "Agreement") dated August 1, 1984, for the purchase of an existing parking garage facility at a total purchase price of \$3,929,679. An initial payment of \$500,000 was made on October 22, 1986, with the remaining balance of \$3,429,679 payable annually with 8% interest per annum beginning in FY 1988. Principal and interest are payable solely from revenues derived from garage operations, at \$275,000 and \$375,000 for the first 10 years and the next 17 years, respectively. In any year that there is not sufficient cash flow, payments under the note shall be deferred; however, the note shall be due and payable in full, 45 years from the date of the note. At June 30, 2001, all payments have been deferred. The long-term portion of this mortgage payable at June 30, 2001 was \$2,627,318.

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

During the year ended June 30, 2001, the following changes occurred in liabilities reported in the County and Schools General Long-term Obligations Account Groups.

**Primary Government**

	Balance July 1	Additions	Reductions	Balance June 30
Compensated absences	\$20,009,307	\$444,452	\$ -	\$20,453,759
Workers' compensation	3,160,994	-	(104,166)	3,056,828
General obligation bonds	246,420,687	48,216,000	(30,491,413)	264,145,274
Capital leases	8,408,298	3,138,900	(1,197,509)	10,349,689
	<u>\$277,999,286</u>	<u>\$51,799,352</u>	<u>(\$31,793,088)</u>	<u>\$298,005,550</u>

**Component Unit: School Board**

	Balance July 1	Additions	Reductions	Balance June 30
Compensated absences	\$17,345,738	\$1,063,262	\$ -	\$18,409,000
General obligation bonds	141,439,966	39,605,000	(20,114,448)	160,930,518
Capital lease	3,083,817	1,416,488	(1,349,584)	3,150,721
	<u>\$161,869,521</u>	<u>\$42,084,750</u>	<u>(\$21,464,032)</u>	<u>\$182,490,239</u>

**NOTE 10. Interfund Receivables and Payables**

The County has numerous transactions among Funds and Component Units to finance operations, provide services, and construct assets. The amounts of such transactions not received or paid at June 30, 2001 are reflected in current due to/from accounts of each Fund/Component Unit, as summarized below:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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	Interfund	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$5,573,371	\$ -
Special Revenue Funds		
CDBG	-	461,564
Internal Service Funds		
Jail Industries	-	72,000
Printing Fund		11,503
Trust & Agency Funds		
Drug Task Force	-	5,028,304
	<u>\$5,573,371</u>	<u>\$5,573,371</u>
<u>Primary Government/Component Unit</u>		
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$512,375	\$23,129,735
Internal Services Funds		
Auto Equipment	493,463	-
School Funds		
Operating	21,894,053	530,525
School Cafeteria	1,886	7,444
Community Activities	636,057	93,621
Special Grants	4,675	134,357
Construction		1,358
Pay-as-you-go	866,906	-
Comprehensive Services Act	-	512,375
	<u>\$24,409,415</u>	<u>\$24,409,415</u>



**ARLINGTON COUNTY, VIRGINIA**

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**NOTE 11. Reservations and Designations of Fund Balances**

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

- a. **General Fund** - Four Mile Run - \$500,000 reserved by the County Board related to the Four Mile Run Maintenance Agreement with U.S. Army Corps of Engineers.
- b. **General Fund** - Designated for Operating Reserve - \$12,500,000 designated by the County Board in its "General Fund Operating Reserve" resolution to protect the County's financial position in the event of major "severe unforeseen financial problems" that could cause "severe financial hardship". The amount designated for these purposes was increased from \$11,500,000 to \$12,500,000 during FY 2001.
- c. **General Fund** - Designated for Self-insurance - \$3,500,000 designated by the County Board related to the County's self-insurance program for workers' compensation, general liability and automobile liability where purchased insurance coverage is insufficient to pay claims which may become due.
- d. **General Fund** - Designated for FY 2002 Budget - \$15,746,738 designated by the County Board at the time of the adoption of the FY 2002 budget to be one of the elements that financed the FY 2002 Adopted General Fund budget.
- e. **General Fund** - Designated for Incomplete Projects - \$7,705,538 designated by the County Board to fund in FY 2002 projects approved by the County Board in FY 2001 but not yet completed at the close of FY 2001.
- f. **General Fund** - Designated for Schools - \$1,366,623 designated by the County Board at the time of the reappropriation to the FY 2001 budget to be one of the elements most of which is planned to finance part of the FY 2002 Adopted School Fund budgets.
- g. **General Fund** - Designated for Capital Projects - \$7,920,250 designated by the County Board to fund new capital projects including redevelopment efforts in Shirlington and other future capital needs.
- h. **General Fund** - Designated for Capital Improvements/ Economic Recovery - \$12,156,831 designated by the County Board to deal with any revenue losses from the closure of Reagan National Airport.
- i. **School Funds** - Construction funds - \$3,988,951 reserved for project construction expenditures and encumbrances.
- j. **Special Revenue Funds** - Section 8 Housing - \$927,741 reserve equivalent to the net difference between earned Section 8 Housing administrative revenues and actual administrative expenditures since inception of the program.
- k. **Capital Projects Funds** - Construction funds - \$94,023,939 reserved for project construction expenditures and encumbrances. Of these funds, \$68,552,325 are reserved in construction bond funds and represent bond proceeds.
- l. **Trust Fund** - Reserved for Trusts - \$18,258,841 of which \$11,557,343 is reserved to be held by the Alexandria/Arlington Waste Disposal Trust fund for future plant expenditures and cover any shortfalls should they occur. The remainder is reserved for other expendable trust activities (Special Welfare, Library, and miscellaneous trusts).
- m. **Trust Fund** - Net Assets held in trust for Pension Benefits - \$1,080,101,523 reserved to fund the Arlington County Employee's Supplemental Retirement System.

**NOTE 12. Segment Information - Enterprise Funds**

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

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The County is involved in enterprise activities including the Water and Sewer Utilities and Ballston Public Parking Garage. Segment information for the year ended June 30, 2001, for these activities follows:

	<u>Utilities</u>	<u>Ballston Public Parking Garage</u>	<u>Total</u>
Operating revenues	\$44,857,569	\$4,264,211	\$49,121,780
Depreciation	4,144,182	503,295	4,647,477
Operating income	10,521,732	177,890	10,699,262
Net income	21,930,995	(1,052,467)	20,878,528
Contributions from developers and other sources	3,949,640	-	3,949,640
Property, plant & equipment additions	5,100,310	-	5,100,310
Construction in Progress	57,630,865	-	57,630,865
Equity in pooled cash and investments	39,866,624	9,123,627	48,990,251
Bond & other long-term liabilities payable from operating revenues	42,735,692	18,927,318	61,663,010
Contributed capital, end of year	145,587,475	2,502,425	148,089,900
Net working capital	41,409,545	(3,767,054)	37,642,491
Total assets	347,835,604	25,154,398	372,990,002
Total equity (deficit), end of year	294,469,061	(6,960,755)	287,508,306

**NOTE 13. Commitments and Contingencies**

**A. Washington Metropolitan Area Transit Authority**

The County and other local participating jurisdictions entered into a series of Capital Contributions Agreements with the Washington Metropolitan Area Transit Authority ("WMATA") agreeing to share in the cost of a regional rapid transit rail system. During January of 1992, Arlington County, other regional and state governmental signatories and WMATA agreed to a Fifth Interim Capital Contributions Agreement (ICCA-V) which plans and details the proposed financing of the completion of the last 13.5 miles of the regional Metrorail system (to 103 miles). Arlington and other signatories agreed to provide the 37.5% local share of the \$2.1 billion total cost of these 13 miles of Metrorail. The federal government has approved authorizing legislation for the remaining 62.5% federal share of the \$2.1 billion project. The local funding requirement is limited to "faithful cooperation and best efforts" and is subject to "discretionary appropriations" by the local and state signatories. Arlington's share of this \$2.1 billion program over a seven year period is estimated to be \$48.2 million. In August 1993, January 1995, November 1996 and November 1999, the Commonwealth sold recordation tax- backed transportation bonds; a total of \$25.9 million of which are for the County's Metro capital expenses including ICCA-V.

In June 1992 the County, and other signatories to the ICCA-V agreement, signed a Local Funding Agreement (LFA) with WMATA. This LFA details the terms and conditions for the County fulfilling its planned funding obligation under ICCA-V. The LFA establishes an annual budget and notification process by which Arlington's capital share of the Metrorail construction program in each year becomes a legally binding obligation as of July 1 of that fiscal year. As of June 30, 2001, the County has paid \$46.1 million. It is the County's plan to finance the remaining balance, through the issuance of general obligation bonds, pay-as-you-go capital appropriations and with funds from bonds sold by the Commonwealth of Virginia for the County's Metro capital expenses.

In addition, the County shares the costs of capital expenditures for the WMATA bus system as well as 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 2001, the County paid \$9.3 million from its General Fund to subsidize WMATA's bus and rail operating costs.

In August 1998, the County signed an Inter-jurisdictional Funding Agreement (IFA). This Agreement delineates the policy the Washington Metropolitan Area Transit Authority ("WMATA") should put in place in order to implement a

## ARLINGTON COUNTY, VIRGINIA

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plan (a) to stabilize and enhance bus serviced in the metropolitan Washington region and (b) to execute an action plan to ensure long-term, reliable, predictable, and adequate funding for the WMATA Rehabilitation and Replacement Plan.

The IFA established a new regional bus subsidy allocation formula that is more equitable and simply distributes regional bus subsidies among the WMATA member jurisdictions. The new formula will be phased in over a four-year period beginning in FY 1999, and will result in approximately \$1.7 million in annual subsidy savings for Arlington at full phase-in.

#### **B. Construction Commitments**

As of June 30, 2001, contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Projects Funds	\$ 2,214,559
Utilities Fund	<u>9,643,378</u>
	<u>\$11,857,937</u>

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

##### **Arlington Solid Waste Authority**

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

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

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

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

In July 1998, the Authorities advance refunded \$55,025,000 of the outstanding revenue bonds (Series 1998 A bonds) for the Facility to take advantage of lower interest rates. In November 1998, the Arlington Industrial Development Authority issued \$48,550,000 in new retrofit revenue bonds (Series 1998 B bonds) to cover the cost of new pollution abatement equipment at the Facility required by federal law. The proceeds of the Series 1998 B revenue 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.

Because the ASWA Board is essentially the same as the Arlington County Board and the financing agreements require the fixed 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 FY2000. Cash, fixed 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

## ARLINGTON COUNTY, VIRGINIA

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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 fixed assets completed and covered by the lease and the promissory note are removed from the County records and are now considered a part of the plant. In FY 2001 they have been recorded in the same manner, as is the rest of the plant.

#### **Alexandria/Arlington Waste Disposal Trust Fund**

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

The Trust Fund derives its revenue from the following sources: a portion of the annual property tax assessment by the City of Alexandria, interest on invested funds and a portion of special revenues generated on contract waste. Revenues of \$3,588,877 were collected and project-related expenditures of \$2,787,014 were incurred in FY 2001.

Expenditures such as capital costs of repairs, replacement/changes to the facility, and waste recycling programs/activities which benefit the two jurisdictions are eligible for reimbursement through the Trust. In addition, in FY 2001 the Trust has been used to pay consulting fees to an engineering firm for operations and maintenance audits of the facility, for oversight of the new construction and for legal consulting fees paid for services related to the issuance of retrofit financing.

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

#### **D. Arlington Regional Jail**

On June 22, 1994, the County and the Treasury Board of the Commonwealth of Virginia signed a regional jail financing agreement. In this agreement, the Commonwealth agreed to provide, subject to appropriation by the General Assembly, reimbursement of certain debt service costs of the new Arlington Regional Jail, totaling \$35,400,000 through the year 2013. In FY 2001, \$1.8 million was received from the Commonwealth. The Arlington Regional Jail's assets and debt are recorded in the financial statements of the County.

#### **E. 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 and the City of Alexandria, and Loudoun County have entered into a capital lease with the Industrial Development Authority of Loudoun County. The County maintains an equity interest only in the

## ARLINGTON COUNTY, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2001**

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land and building of the Academy, which is reflected in the County's General Fixed Assets Account Group. The County does not maintain an equity interest in the Academy's operations.

In addition, the County pays the Northern Virginia Criminal Justice Academy for operating costs based on the pro-rata share of officers trained. In FY 2001, the County paid \$489,351 for capital and operating costs. Financial statements for the Academy may be obtained from the Northern Virginia Criminal Justice Academy, 45299 Research Place, Ashburn, Virginia, 22011-2600.

#### **B. Peumansend Creek Regional Jail Authority**

In 1992, the County entered into an agreement with the Counties of Caroline, Prince William and Loudoun, and the City of Alexandria to form an Authority that will construct and operate a regional jail in Caroline County. The regional jail will be 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 378 prisoners. The County is guaranteed a minimum of 60 beds. Current cost projections anticipate a total project cost of approximately \$27 million with 50% of the eligible construction cost (\$23.8 million) to be reimbursed by the Commonwealth. The Authority issued \$10.22 million in revenue bonds and \$12 million in grant anticipation notes in March 1997. The County has no equity in the jail and is not responsible for repayment of the bonds or notes. The County's portion of the project costs includes approximately \$3.8 million over the 20-year period of debt (1997-2017). In FY 2001, the County paid \$ 806,018 for capital and operating costs. Financial statements may be obtained from the Peumansend Creek Regional Jail Authority, P. O. Box 1460, Bowling Green, Virginia, 22427.

#### **NOTE 15. Deferred Compensation Plan**

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

All amounts of compensation deferred under the plan, 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.

#### **NOTE 16. Employee Retirement Systems**

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

Complete financial statements of the system may be obtained from the Arlington County Employee Retirement System, 2100 Clarendon Boulevard, Suite 504, Arlington, Virginia, 22201. Complete financial statements of the VRS may be obtained from the Virginia Retirement System, Attn: William Sullivan, P. O. Box 2500, Richmond, Virginia, 23218.

#### **A. Arlington County Employees' Retirement System**

##### **Plan Description and Provisions**

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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

All benefits vest after 5 years of credited service. Accumulated employee contributions plus related investment earnings are usually refunded to the employee or designated beneficiary. Benefits are calculated as a percentage of average annual compensation, as defined by employee type.

At July 1, 2000, the date of the most recent actuarial valuation, System membership consisted of the following:

	<b>General</b>	<b>Uniformed</b>	<b>School</b>	<b>Total</b>
Current Employees:				
Vested	1,843	576	1,530	3,949
Non-Vested	927	199	1,022	2,148
Total	2,770	775	2,552	6,097
Retirees and Beneficiaries	1,219	524	1,188	2,931

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

**Funding Policy**

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

Contributions totaling \$14,766,479 (\$6,418,294 of Employer contributions and \$8,348,185 of Employee contributions) were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2000. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2001, the member contribution rates varied up to 6.62% of their salary depending on the chapter of the plan they were covered under.

**Annual Pension Cost**

Net pension obligation represents the difference between the annual pension costs and the actuarially required contributions. The County has no pension obligation at June 30, 2001. Three-year trend information is presented below.

**Schedule of Employer Contributions**

<b><u>Year Ended</u></b> <b><u>June 30</u></b>	<b><u>Annual Pension</u></b> <b><u>Cost (APC) (in million)</u></b>	<b><u>Percentage of</u></b> <b><u>APC Contributed</u></b>
1999	\$14.6	144.4%
2000	14.0	111.3%
2001	6.4	100.0%

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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The Arlington County Code requires the System to have an actuarial valuation at least biannually. The annual required contribution for the current year was determined as part of the July 1, 2000 actuarial valuation.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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**Actuarial Assumptions**

The information presented below are the significant actuarial assumptions.

Valuation date	07/01/00
Actuarial cost method	Aggregate Entry Age (Interim)
Remaining amortization period	15 year rolling
Treated as a level percentage of payroll	
Negative amortization is applied when funding exceeds 110%	
Asset valuation method	5 year, smoothed
Actuarial assumptions	
Investment rate of return <sup>1</sup>	8.0%
Projected salary increases <sup>1</sup>	4.5%
<sup>1</sup> Includes inflation at	4.5%
Cost of living adjustments	
Chapter 21	1.5%
Chapter 46	100% CPI-U increase to a maximum of 3% plus ½ CPI-U increase for net 9% (max 7 ½% increase for 12% increase in CPI-U)



**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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**Required Supplementary Information**

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liabilities (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/98	\$812.8	\$688.7	\$(124.2)	118.0%	\$252.2	(49.2)%
7/1/99	974.5	742.2	(227.3)	130.4%	272.5	(83.4)%
7/1/00	1,068.7	828.2	(240.5)	129.0%	282.9	(85.0)%

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

**Subsequent Event**

Effective September 1, 2001, certain school employees were transferred to the Virginia Retirement System. Approximately \$6.5 million will be transferred to VRS or to self-directed accounts established for each participating employee.

**Concentration**

The System does not have investments, other than U.S. Government and U.S. Government guaranteed obligations, in any one organization in excess of 5% of the System's net assets held in trust for pension benefits.

**New Defined Contribution Plan**

Effective January 1, 2001, a new Defined Contribution Plan was provided for employees under Chapter 46 of the Arlington County code (employees hired on or after February 8, 1981). The County made an initial contribution to the plan of approximately \$15.5 million. The initial contribution was transferred from current defined benefit plan assets to self directed accounts established for each participating employee. New plan assets will be administered in trust by ING Aetna Financial Services and will not be recorded in the financial statements of the County.

**ARLINGTON COUNTY, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2001**

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

**Plan Description**

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

**Funding Policy**

Plan members are required by State statute to contribute 5 percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, the County is required to contribute at an actuarially determined rate. The rate for FY 2001 was 10.04 percent of annual covered payroll. State statute may be amended only by the Commonwealth of Virginia General Assembly. The County's contributions to the VRS for the years ended June 30, 2001, 2000 and 1999 were \$22.9 million, \$10.7 million, and \$12.3 million respectively, which were equal to the required contributions for each year.

**NOTE 17. Post-Employment Benefits**

In addition to the pension benefits described in Note 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 participating in one of the County's current health plans at the time of retirement. The County Board considers and approves these benefits annually as part of the Adopted Budget process. As of June 30, 2001 1,149 and 1,196 retirees were both eligible and received benefits from the health and life plans, respectively. For full career employees, the County currently contributes 80% towards the cost of medical and dental health premiums and 100% of premiums for a fixed coverage for life and accidental death insurance. Funding for these benefits is made on a pay-as-you-go basis. During the year, County expenditures of \$4,225,027 were recognized for post-employment health care benefits.

# **GENERAL PURPOSE FINANCIAL STATEMENTS**



## **Combining and Individual Fund Statements**

The combining and individual fund statements provide basic financial information for each of the separate funds of the generic fund types presented in the combined financial statements. These statements include budgetary comparisons for individual governmental fund types and prior year comparative data for proprietary fund types.



## 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 (bonds and other long-term debt not serviced by the Utilities Operating or School Debt Service Funds) are included in this fund.

The major sources of revenue include: property taxes, other local taxes, licenses, permits, fees and other miscellaneous charges. Revenues and expenditures under a variety of State and Federal grant programs are also accounted for in this fund.

ARLINGTON COUNTY, VIRGINIA  
GENERAL FUND  
BALANCE SHEET  
JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Equity in pooled cash and investments	\$88,217,484	\$66,171,067
Petty cash	13,465	13,465
Cash with fiscal agents	255,257	255,257
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	128,646,848	109,255,046
Accounts	4,962,852	5,779,565
Accrued interest	154,624	331,377
Due from other governments	9,020,676	8,510,868
Due from other funds	5,573,371	1,489,098
Due from component unit	512,375	155,429
Other assets	<u>190,420</u>	<u>411,884</u>
Total Assets	<u><u>\$237,547,372</u></u>	<u><u>\$192,373,056</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accrued payroll liabilities	\$11,514,413	\$11,653,633
Vouchers payable	7,425,261	6,722,224
Current maturities of interest payable	269,601	212,039
Other current liabilities	2,045,040	573,138
Deferred revenue	127,117,766	108,311,594
Due to component unit	<u>23,129,735</u>	<u>22,151,196</u>
Total Liabilities	<u>171,501,816</u>	<u>149,623,824</u>
<b>FUND BALANCE:</b>		
Reserved -		
For Encumbrances	4,649,576	6,424,347
For Self Insurance	3,500,000	3,000,000
For Four Mile Run	500,000	500,000
Unreserved -		
Designated for operating reserve	12,500,000	11,500,000
Designated for incomplete projects	7,705,538	7,459,447
Designated for FY 2002 budget	15,746,738	6,683,515
Designated for FY2002 schools	1,366,623	2,620,895
Designated for capital projects	7,920,250	3,678,109
Designated for technology projects	-	882,919
Designated for CIP/economic relief	<u>12,156,831</u>	<u>-</u>
Total Fund Balance	<u>66,045,556</u>	<u>42,749,232</u>
Total Liabilities and Fund Balance	<u><u>\$237,547,372</u></u>	<u><u>\$192,373,056</u></u>

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

ARLINGTON COUNTY, VIRGINIA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	2001			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUALS
REVENUES:				
Taxes	\$370,184,290	\$387,578,864	\$17,394,574	\$356,418,948
Licenses and permits	47,622,912	52,458,599	4,835,687	48,065,489
From the Commonwealth of Virginia	55,584,551	54,543,211	(1,041,340)	50,829,916
From the federal government	17,730,206	17,134,565	(595,641)	18,047,952
Charges for services	24,829,812	23,288,647	(1,541,165)	21,832,088
Fines and forfeitures	9,009,120	8,687,912	(321,208)	8,264,814
Use of money and property	12,043,344	9,929,565	(2,113,779)	9,201,709
Miscellaneous revenues	1,269,061	3,141,705	1,872,644	2,380,452
Total Revenues	538,273,296	556,763,068	18,489,772	515,041,368
EXPENDITURES:				
Current:				
General government	67,337,613	65,602,564	1,735,049	54,228,208
Public safety	60,631,746	58,605,311	2,026,435	59,726,299
Environmental services	10,133,992	10,061,780	72,212	8,512,915
Public works	20,414,458	18,894,514	1,519,944	17,957,573
Health and welfare	74,604,441	66,893,055	7,711,386	63,957,515
Parks and recreation	21,752,287	21,402,632	349,655	21,028,076
Libraries	10,212,854	9,919,199	293,655	9,578,802
Planning and community development	11,294,274	10,232,083	1,062,191	10,183,468
Non-departmental	30,542,336	24,125,346	6,416,990	22,582,602
Contributions to regional agencies	15,104,832	14,363,328	741,504	11,758,919
Debt service:				
Principal	18,611,413	18,611,413	-	17,772,138
Interest on serial bonds	12,027,188	12,048,420	(21,232)	12,448,292
Other costs	75,000	17,143	57,857	79,111
Total Expenditures	352,742,434	330,776,788	21,965,646	309,813,918
Revenues over Expenditures	185,530,862	225,986,280	40,455,418	205,227,450
OTHER FINANCING SOURCES(USES):				
Operating transfers in	130,000	4,728,175	4,598,175	4,271,130
Operating transfers from component unit	-	1,287,707	1,287,707	1,617,581
Operating transfers out	(11,656,331)	(11,691,084)	(34,753)	(13,915,027)
Operating transfers to component unit	(199,305,235)	(198,536,430)	768,805	(183,794,456)
Proceeds from sale of land	25,000	328,314	303,314	946,596
Total Other Financing Sources(Uses)	(210,806,566)	(203,883,318)	6,923,248	(190,874,176)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(25,275,704)	22,102,962	47,378,666	14,353,274
FUND BALANCE, beginning of year	43,942,594	43,942,594	-	28,395,958
FUND BALANCE, end of year	\$18,666,890	\$66,045,556	\$47,378,666	\$42,749,232

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



## Special Revenue Funds

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

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

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



ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

				Totals	
	Travel & Tourism Promotion	Community Dev. Grants	Section 8 Housing Program	June 30, 2001	June 30, 2000
<b>ASSETS</b>					
Equity in pooled cash and investments	\$418,949	\$ -	\$2,006,515	\$2,425,464	\$2,825,510
Accounts receivable - other	-	16,790,034	25,416	16,815,450	16,102,991
Other assets	-	-	664,817	664,817	816,020
<b>Total Assets</b>	<b>\$418,949</b>	<b>\$16,790,034</b>	<b>\$2,696,748</b>	<b>\$19,905,731</b>	<b>\$19,744,521</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Vouchers payable	\$3,986	\$ -	\$3,968	\$7,954	\$118,957
Other current liabilities	-	85,691	781,217	866,908	1,486,354
Deferred revenue	-	16,242,779	983,822	17,226,601	17,264,399
Due to other funds	-	461,564	-	461,564	-
<b>Total Liabilities</b>	<b>3,986</b>	<b>16,790,034</b>	<b>1,769,007</b>	<b>18,563,027</b>	<b>18,869,710</b>
<b>FUND BALANCES</b>					
Reserved for encumbrances	233,546	-	-	233,546	36,237
Operating reserve - Section 8 Housing	-	-	927,741	927,741	192,317
Unreserved	181,417	-	-	181,417	646,257
<b>Total Fund Balances</b>	<b>414,963</b>	<b>-</b>	<b>927,741</b>	<b>1,342,704</b>	<b>874,811</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$418,949</b>	<b>\$16,790,034</b>	<b>\$2,696,748</b>	<b>\$19,905,731</b>	<b>\$19,744,521</b>

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

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

				Totals	
	Travel & Tourism Promotion	Community Dev. Grants	Section 8 Housing Program	June 30, 2001	June 30, 2000
REVENUES:					
Other local taxes	\$763,782	\$ -	\$ -	\$763,782	\$755,875
From the federal government	-	3,351,909	9,585,585	12,937,494	13,007,611
Total revenues	<u>763,782</u>	<u>3,351,909</u>	<u>9,585,585</u>	<u>13,701,276</u>	<u>13,763,486</u>
EXPENDITURES:					
Current -					
Community development	-	3,348,324	-	3,348,324	2,151,738
Housing program	-	-	9,304,101	9,304,101	10,621,987
Travel and tourism	<u>824,373</u>	<u>-</u>	<u>-</u>	<u>824,373</u>	<u>998,380</u>
Total expenditures	<u>824,373</u>	<u>3,348,324</u>	<u>9,304,101</u>	<u>13,476,798</u>	<u>13,772,105</u>
Revenues over (under) expenditures	<u>(60,591)</u>	<u>3,585</u>	<u>281,484</u>	<u>224,478</u>	<u>(8,619)</u>
OTHER FINANCING SOURCES(USES):					
Operating transfers in	247,000	-	-	247,000	247,000
Operating transfers out	<u>-</u>	<u>(3,585)</u>	<u>-</u>	<u>(3,585)</u>	<u>(5,500)</u>
Total Other Financing Sources(Uses)	<u>247,000</u>	<u>(3,585)</u>	<u>-</u>	<u>243,415</u>	<u>241,500</u>
Revenues and other financing sources (uses) over expenditures	186,409	-	281,484	467,893	232,881
FUND BALANCES, beginning of year	<u>228,554</u>	<u>-</u>	<u>646,257</u>	<u>874,811</u>	<u>641,930</u>
FUND BALANCES, end of year	<u>\$414,963</u>	<u>\$ -</u>	<u>\$927,741</u>	<u>\$1,342,704</u>	<u>\$874,811</u>

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

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
TRAVEL AND TOURISM PROMOTION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
Other local taxes	\$690,476	\$763,782	\$73,306
EXPENDITURES:			
Travel and tourism promotion	<u>1,120,125</u>	<u>824,373</u>	<u>295,752</u>
Revenues over(under) expenditures	(429,649)	(60,591)	369,058
OTHER FINANCING SOURCES:			
Operating transfers in	<u>247,000</u>	<u>247,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	(182,649)	186,409	369,058
FUND BALANCE, beginning of year	<u>228,554</u>	<u>228,554</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$45,905</u></u>	<u><u>\$414,963</u></u>	<u><u>\$369,058</u></u>

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

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
COMMUNITY DEVELOPMENT GRANTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
From the federal government	<u>\$5,150,275</u>	<u>\$3,351,909</u>	<u>(\$1,798,366)</u>
Total Revenues	<u>5,150,275</u>	<u>3,351,909</u>	<u>(1,798,366)</u>
EXPENDITURES:			
Community development	<u>5,150,275</u>	<u>3,348,324</u>	<u>1,801,951</u>
Revenues over expenditures	-	3,585	3,585
Operating transfers out	<u>-</u>	<u>(3,585)</u>	<u>(3,585)</u>
Revenues and other financing sources over expenditures	-	-	-
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>

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

ARLINGTON COUNTY, VIRGINIA  
SPECIAL REVENUE FUNDS  
SECTION 8 HOUSING PROGRAM  
STATEMENT OF REVENUES, EXPENDITURE AND CHANGES IN FUND BALANCE  
BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
From the federal government	<u>\$11,664,463</u>	<u>\$9,585,585</u>	<u>(\$2,078,878)</u>
EXPENDITURES:			
Housing program	<u>11,664,463</u>	<u>9,304,101</u>	<u>2,360,362</u>
Revenues over expenditures	-	281,484	281,484
FUND BALANCE, beginning of year	<u>646,257</u>	<u>646,257</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$646,257</u></u>	<u><u>\$927,741</u></u>	<u><u>\$281,484</u></u>

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



## 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 program are accounted for in the General Capital Projects Fund. As required by law, separate funds are used to account for the capital project expenditures financed by the proceeds of general obligation bonds.

ARLINGTON COUNTY, VIRGINIA  
CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	General Capital Projects Fund	Street and Highway Bond Fund	Courts/Police Facilities Bond Fund	Neighborhood Conservation Bond Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transit Facilities Bond Fund	Totals	
									June 30, 2001	June 30, 2000
<b>ASSETS</b>										
Equity in pooled cash and inve	\$ 32,744,476	\$ 21,662,027	\$ -	\$ 21,481,194	\$ 24,498,423	\$ 2,795,844	\$ 1,297,722	\$ 9,422,801	\$ 113,902,487	\$ 84,267,570
Accounts receivable - other	140,674	-	-	-	-	-	-	-	140,674	55,806
<b>Total Assets</b>	<b>\$32,885,150</b>	<b>\$21,662,027</b>	<b>\$ -</b>	<b>\$21,481,194</b>	<b>\$24,498,423</b>	<b>\$2,795,844</b>	<b>\$1,297,722</b>	<b>\$9,422,801</b>	<b>\$114,043,161</b>	<b>\$84,323,376</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>LIABILITIES:</b>										
Vouchers payable	\$ 451,696	\$ 467,954	\$ -	\$ 62,017	\$ 948,056	\$ -	\$ 6,000	\$ -	\$ 1,935,723	\$ 1,948,750
Contracts payable-retainage	5,317	68,443	-	-	42,653	-	-	-	116,413	595,584
Other liabilities	1,274,590	-	-	-	-	-	-	-	1,274,590	1,217,142
<b>Total Liabilities</b>	<b>1,731,603</b>	<b>536,397</b>	<b>-</b>	<b>62,017</b>	<b>990,709</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>3,326,726</b>	<b>3,761,476</b>
<b>FUND BALANCES:</b>										
Reserved for encumbrances	5,681,933	3,133,745	-	2,850,519	5,017,299	-	9,000	-	16,692,496	9,875,934
Reserved for construction	25,471,614	17,991,885	-	18,568,658	18,490,415	2,795,844	1,282,722	9,422,801	94,023,939	70,685,966
<b>Total Fund Balances</b>	<b>31,153,547</b>	<b>21,125,630</b>	<b>-</b>	<b>21,419,177</b>	<b>23,507,714</b>	<b>2,795,844</b>	<b>1,291,722</b>	<b>9,422,801</b>	<b>110,716,435</b>	<b>80,561,900</b>
<b>Total Liabilities and Fund Ba</b>	<b>\$ 32,885,150</b>	<b>\$ 21,662,027</b>	<b>\$ -</b>	<b>\$ 21,481,194</b>	<b>\$ 24,498,423</b>	<b>\$ 2,795,844</b>	<b>\$ 1,297,722</b>	<b>\$ 9,422,801</b>	<b>\$ 114,043,161</b>	<b>\$ 84,323,376</b>

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

ARLINGTON COUNTY, VIRGINIA  
CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	General Capital Projects Fund	Street and Highway Bond Fund	Courts/Police Facilities Bond Fund	Neighborhood Conservation Bond Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transit Facilities Bond Fund	Totals	
									June 30, 2001	June 30, 2000
REVENUES:										
From the Commonwealth of Virginia	\$644,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$644,656	\$1,253,564
Charges for services	2,263,639	-	-	-	-	-	-	-	2,263,639	1,210,817
Use of money and property	-	1,124,108	44,538	1,100,941	1,009,765	149,885	28,608	289,164	3,747,009	4,141,130
Miscellaneous revenue	1,144,646	-	-	-	-	-	-	-	1,144,646	882,684
Total Revenues	4,052,941	1,124,108	44,538	1,100,941	1,009,765	149,885	28,608	289,164	7,799,950	7,488,195
EXPENDITURES-Capital outlay	5,924,952	4,675,724	78,625	3,718,874	6,947,346	-	8,890	2,122,515	23,476,926	31,073,648
Revenues Over/(Under) Expenditures	(1,872,011)	(3,551,616)	(34,087)	(2,617,933)	(5,937,581)	149,885	19,718	(1,833,351)	(15,676,976)	(23,585,453)
OTHER FINANCING SOURCES/(USES):										
Proceeds from sale of bonds	-	8,222,000	-	10,823,000	16,294,000	400,000	1,001,000	11,476,000	48,216,000	11,880,000
Proceeds from capital lease	3,138,900	-	-	-	-	-	-	-	3,138,900	-
Repayment of BANS	-	(3,000)	-	(1,997,000)	(3,220,000)	-	(200,000)	(6,460,000)	(11,880,000)	-
Operating transfers in	11,154,381	-	-	-	-	-	-	-	11,154,381	10,283,000
Operating transfers out	(209,595)	(1,124,108)	(885,704)	(1,100,941)	(1,009,765)	(149,885)	(28,608)	(289,164)	(4,797,770)	(4,462,286)
Total Other Financing Sources/(Uses)	14,083,686	7,094,892	(885,704)	7,725,059	12,064,235	250,115	772,392	4,726,836	45,831,511	17,700,714
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	12,211,675	3,543,276	(919,791)	5,107,126	6,126,654	400,000	792,110	2,893,485	30,154,535	(5,884,739)
FUND BALANCE, beginning of year	18,941,872	17,582,354	919,791	16,312,051	17,381,060	2,395,844	499,612	6,529,316	80,561,900	86,446,639
FUND BALANCE, end of year	\$31,153,547	\$21,125,630	\$ -	\$21,419,177	\$23,507,714	\$2,795,844	\$1,291,722	\$9,422,801	110,716,435	\$80,561,900

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





## Enterprise Funds

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

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

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001

EXHIBIT D-1  
Page 1 of 2

A S S E T S

			Totals	
	Utilities	Ballston Public Parking Garage	June 30, 2001	June 30, 2000
CURRENT ASSETS:				
Equity in pooled cash and investments	\$39,841,403	\$9,123,627	\$48,965,030	\$47,158,574
Cash with fiscal agents	25,221	-	25,221	25,221
Accounts receivable:				
Water-sewer charges	1,889,471	-	1,889,471	3,183,644
Estimated unbilled service	5,708,195	-	5,708,195	4,690,405
Other	2,195,847	151,995	2,347,842	2,448,872
Interest receivable	47,292	-	47,292	79,373
Due from other funds	-	-	-	165,243
Prepaid expenses	1,487,864	145,159	1,633,023	1,633,023
Inventories	845,103	-	845,103	837,322
Total Current Assets	<u>52,040,396</u>	<u>9,420,781</u>	<u>61,461,177</u>	<u>60,221,677</u>
RESTRICTED ASSETS:				
Cash and investments with trustees	-	-	-	9,203,388
PLANT IN SERVICE:				
Land	1,792,817	-	1,792,817	1,792,817
Sewer system	203,924,242	-	203,924,242	202,121,460
Water system	96,491,170	-	96,491,170	93,417,926
Furniture and fixtures	4,503,745	-	4,503,745	4,279,461
Parking garage	-	22,315,887	22,315,887	22,315,886
Garage equipment	-	253,504	253,504	253,504
Total plant in service	306,711,974	22,569,391	329,281,365	324,181,054
Less-Allowance for depreciation	<u>(68,621,594)</u>	<u>(6,933,765)</u>	<u>(75,555,359)</u>	<u>(70,913,179)</u>
Net plant in service	<u>238,090,380</u>	<u>15,635,626</u>	<u>253,726,006</u>	<u>253,267,875</u>
Construction in progress	57,630,865	-	57,630,865	47,053,631
Deferred bond issuance costs	73,963	97,991	171,954	181,645
Total Assets	<u>\$347,835,604</u>	<u>\$25,154,398</u>	<u>\$372,990,002</u>	<u>\$369,928,216</u>

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

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001

EXHIBIT D-1  
Page 2 of 2

LIABILITIES AND EQUITY

			Totals	
		Ballston Public Parking Garage	June 30, 2001	June 30, 2000
	Utilities			
CURRENT LIABILITIES:				
Payable from current assets:				
General obligation bonds payable	\$3,597,277	\$ -	\$3,597,277	\$3,797,888
Bond and mortgage interest	1,396,906	8,126,363	9,523,269	8,909,461
Vouchers payable	2,856,735	497,179	3,353,914	5,235,221
Compensated absences	1,006,938	-	1,006,938	1,160,511
Contracts payable-retainage	1,185,750	-	1,185,750	775,387
Revenue bonds payable-current	-	500,000	500,000	1,000,000
Mortgage /notes payable	-	802,361	802,361	16,125,331
Other accrued liabilities	587,245	3,261,932	3,849,177	3,368,781
Total Current Liabilities	10,630,851	13,187,835	23,818,686	40,372,580
LONG-TERM LIABILITIES:				
General obligation bonds payable	3,652,546	-	3,652,546	4,657,646
Bonds premium payable	51,256	-	51,256	54,222
Revenue bonds payable	-	16,300,000	16,300,000	16,300,000
Mortgage payable	-	2,627,318	2,627,318	2,779,923
Bonds payable	39,031,890	-	39,031,890	39,120,067
Total Long-Term Liabilities	42,735,692	18,927,318	61,663,010	62,911,858
Total Liabilities	53,366,543	32,115,153	85,481,696	103,284,438
EQUITY (DEFICIT):				
Contributed capital-				
Contributions from local sources	88,832,663	2,502,425	91,335,088	91,335,088
Contributions from federal and state governments	56,754,812	-	56,754,812	56,754,812
Total Contributed Capital	145,587,475	2,502,425	148,089,900	148,089,900
Retained earnings (deficit) -				
Unreserved	148,881,586	(9,463,180)	139,418,406	118,553,878
Total Retained Earnings (Deficit)	148,881,586	(9,463,180)	139,418,406	118,553,878
Total Equity (Deficit)	294,469,061	(6,960,755)	287,508,306	266,643,778
Total Liabilities and Equity	\$347,835,604	\$25,154,398	\$372,990,002	\$369,928,216

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

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	Utilities	Ballston Public Parking Garage	Totals	
			June 30, 2001	June 30, 2000
OPERATING REVENUES:				
Water-sewer service charges	\$ 33,618,049	\$ -	\$ 33,618,049	\$ 34,311,705
Water-service hook-up charges	4,162,396	-	4,162,396	3,145,053
Water-service connection charges	210,955	-	210,955	1,301,576
Sewage treatment service charges	5,258,168	-	5,258,168	5,001,243
Other	1,608,001	-	1,608,001	1,146,907
Parking charges	-	4,264,211	4,264,211	4,146,642
Total Operating Revenues	44,857,569	4,264,211	49,121,780	49,053,126
OPERATING EXPENSES:				
Personnel services	9,299,458	-	9,299,458	8,292,121
Fringe benefits	1,858,959	-	1,858,959	2,117,479
Contractual services	7,457,211	2,864,468	10,321,679	7,402,786
Purchases of water	5,242,392	-	5,242,392	5,117,494
Materials and supplies	3,781,306	69,822	3,851,128	3,479,115
Deferred rent	-	279,996	279,996	279,996
Depreciation	4,144,182	503,295	4,647,477	4,515,173
Miscellaneous	2,552,689	368,740	2,921,429	2,508,905
Total Operating Expenses	34,336,197	4,086,321	38,422,518	33,713,069
Operating Income	10,521,372	177,890	10,699,262	15,340,057
NON-OPERATING REVENUES(EXPENSES):				
Interest income and other income	2,375,727	468,764	2,844,491	2,352,074
Interest expense and fiscal charges	(2,329,690)	(1,699,121)	(4,028,811)	(4,139,813)
Contributions from developers and other	3,949,640	-	3,949,640	-
State grant	7,413,946	-	7,413,946	-
Total Non-Operating Revenues(Expenses)	11,409,623	(1,230,357)	10,179,266	(1,787,739)
Net Income (loss) before Operating Transfers	21,930,995	(1,052,467)	20,878,528	13,552,318
OPERATING TRANSFERS:				
Operating transfer out	(14,000)	-	(14,000)	-
Net Income (loss) after Operating Transfers	21,916,995	(1,052,467)	20,864,528	13,552,318
EQUITY:				
Retained earnings (deficit), beginning of year	126,964,591	(8,410,713)	118,553,878	105,001,560
Retained earnings (deficit), end of year	148,881,586	(9,463,180)	139,418,406	118,553,878
Contributed capital, beginning of year	145,587,475	2,502,425	148,089,900	148,089,900
Total Equity (Deficit), end of year	\$ 294,469,061	\$ (6,960,755)	\$ 287,508,306	\$ 266,643,778

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

ARLINGTON COUNTY, VIRGINIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	Totals			
	Utilities	Ballston Public Parking Garage	June 30 2001	June 30 2000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$45,230,476	\$4,268,716	\$49,499,192	\$47,578,319
Cash paid to suppliers	(20,531,326)	(3,083,626)	(23,614,952)	(14,491,544)
Cash paid to employees	(11,311,990)	-	(11,311,990)	(10,191,795)
Net cash flows from operating activities	13,387,160	1,185,090	14,572,250	22,894,980
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	2,407,808	468,764	2,876,572	2,421,374
Net cash flows from investing activities	2,407,808	468,764	2,876,572	2,421,374
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfer out to other funds	(14,000)	-	(14,000)	-
State grant	7,413,946	-	7,413,946	-
Cash received temporary loan to schools	165,243	-	165,243	157,225
Net cash flows from non-capital financing activities	7,565,189	-	7,565,189	157,225
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments - bonds	(3,797,788)	(500,000)	(4,297,788)	(4,429,539)
Proceeds from sale of bonds	2,504,000	-	2,504,000	-
Proceeds from lease	34,196	-	34,196	-
Contributions from other sources	3,949,640	-	3,949,640	1,013,940
Interest and other loan expenses paid	(2,588,040)	(829,929)	(3,417,969)	(3,424,825)
Purchases of property	(21,979,635)	-	(21,979,635)	(16,955,121)
Transfer of notes payable to third party	(9,203,387)	-	(9,203,387)	(12,175,424)
Net cash flows from capital and related financing activities	(31,081,014)	(1,329,929)	(32,410,943)	(35,970,969)
Net increase(decrease) in cash and cash equivalent:	(7,720,857)	323,925	(7,396,932)	(10,497,390)
Cash and cash equivalents at beginning of year	47,587,481	8,799,702	56,387,183	66,884,573
Cash and cash equivalents at end of year	\$39,866,624	\$9,123,627	\$48,990,251	\$56,387,183
Reconciliation of operating income to net cash flow from operations:				
Operating Income	\$10,521,372	\$177,890	\$10,699,262	\$15,340,057
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,144,182	503,295	4,647,477	4,515,173
(Increase)Decrease in accounts receivable	372,907	4,505	377,412	(1,474,807)
(Increase)Decrease in inventories	(7,781)	-	(7,781)	143,699
Increase(Decrease) in vouchers payable	(2,100,710)	219,404	(1,881,306)	3,181,715
Increase(Decrease) in compensated absences	(153,573)	-	(153,573)	217,806
Increase(Decrease) in contract retainage	410,363	-	410,363	606,342
Increase(Decrease) in other accrued liabilities	200,400	279,996	480,396	364,995
Net cash flows from operations	\$13,387,160	\$1,185,090	\$14,572,250	\$22,894,980

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



## Internal Service Funds

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

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

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

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

				Totals	
	Automotive Equipment	Printing	Jail Industries	June 30 2001	June 30 2000
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Equity in pooled cash and invest	\$2,584,395	\$2,600	\$265,791	\$2,852,786	5,045,272
Accounts receivable	40,754	47,205	-	87,959	158,737
Due from component unit	493,463	-	-	493,463	571,963
Inventories	589,781	27,330	-	617,111	811,118
Total Current Assets	3,708,393	77,135	265,791	4,051,319	6,587,090
<b>FIXED ASSETS, at cost:</b>					
Equipment and other fixed assets	30,336,324	206,211	-	30,542,535	34,255,594
Less-allowance for depreciation	(16,118,796)	(169,566)	-	(16,288,362)	(17,763,563)
Net Fixed Assets	14,217,528	36,645	-	14,254,173	16,492,031
Total Assets	<u>\$17,925,921</u>	<u>\$113,780</u>	<u>\$265,791</u>	<u>\$18,305,492</u>	<u>\$23,079,121</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES:</b>					
Vouchers payable	\$468,896	\$81,740	\$20,250	\$570,886	\$1,904,134
Current portion- capital leases	-	-	-	-	3,070,951
Compensated absences	360,455	94,891	6,739	462,085	578,287
Due to other funds	-	11,503	72,000	83,503	72,000
Total Current Liabilities	829,351	188,134	98,989	1,116,474	5,625,372
LONG-TERM LIABILITIES-capital le	-	-	-	-	4,113,647
Total liabilities	829,351	188,134	98,989	1,116,474	9,739,019
<b>EQUITY:</b>					
Retained earnings/(deficit)	17,096,570	(74,354)	166,802	17,189,018	13,340,102
Total Equity	17,096,570	(74,354)	166,802	17,189,018	13,340,102
Total Liabilities and Equit	<u>\$17,925,921</u>	<u>\$113,780</u>	<u>\$265,791</u>	<u>\$18,305,492</u>	<u>\$23,079,121</u>

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

ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	<u>Totals</u>				
	Automotive Equipment	Printing	Jail Industries	June 30 2001	June 30 2000
OPERATING REVENUES:					
Charges for services	\$ 10,847,356	\$ 1,468,992	\$ 204,447	\$ 12,520,795	\$ 22,151,893
OPERATING EXPENSES:					
Cost of store issuances	2,670,299	493,362	-	3,163,661	1,728,233
Personnel services	2,770,533	445,847	138,093	3,354,473	6,205,993
Fringe benefits	572,167	87,177	32,054	691,398	1,447,230
Material and supplies	315,655	327,698	221	643,574	5,086,431
Utilities	99,048	7,728	133	106,909	1,145,994
Outside services	770,882	264,084	15,706	1,050,672	5,177,998
Depreciation	2,787,716	18,418	-	2,806,134	3,640,704
Insurance and other	-	2,423	2,968	5,391	31,797
Total Operating Expenses	9,986,300	1,646,737	189,175	11,822,212	24,464,380
Operating Income (Loss)	861,056	(177,745)	15,272	698,583	(2,312,487)
NON-OPERATING REVENUES (EXPENSES):					
Interest expense	-	-	-	-	(204,207)
Gain on disposal of assets	120,106	-	-	120,106	99,012
Total Non-operating Revenues (Expenses)	120,106	-	-	120,106	(105,195)
Income Before Operating Transfers	981,162	(177,745)	15,272	818,689	(2,417,682)
OPERATING TRANSFERS IN (OUT):					
Operating transfers in	235,753	67,950	-	303,703	3,385,027
Operating transfers out	(130,000)	-	-	(130,000)	(130,000)
Total Operating Transfers	105,753	67,950	-	173,703	3,255,027
Net Income (Loss)	1,086,915	(109,795)	15,272	992,392	837,345
Retained earnings beginning of year, as	16,009,655	35,441	151,530	16,196,626	12,502,757
Retained earnings (deficit), end of year	\$ 17,096,570	\$ (74,354)	\$ 166,802	\$ 17,189,018	\$ 13,340,102

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



ARLINGTON COUNTY, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	Totals				
	Automotive Equipment	Printing	Jail Industries	June 30, 2001	June 30, 2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 205,074	\$ 13,592	\$ 204,447	\$ 423,113	\$ 1,349,503
Cash received from interfund charges	10,755,864	1,412,597	-	12,168,461	20,770,475
Cash paid to suppliers	(4,140,334)	(1,088,955)	(20,568)	(5,249,857)	(12,222,132)
Cash paid to employees	(3,310,508)	(534,696)	(169,911)	(4,015,115)	(7,843,054)
Net cash provided (used) by operating activities	<u>3,510,096</u>	<u>(197,462)</u>	<u>13,968</u>	<u>3,326,602</u>	<u>2,054,792</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Payment received from loan to schools	78,500	-	-	78,500	-
Temporary loan from general fund	-	11,503	-	11,503	(571,963)
Operating transfers in	235,753	67,950	-	303,703	3,385,027
Operating transfers out	(130,000)	-	-	(130,000)	(130,000)
Net cash provided by financing activities	<u>184,253</u>	<u>79,453</u>	<u>-</u>	<u>263,706</u>	<u>2,683,064</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Principal payments under capital leases	-	-	-	-	(2,006,042)
Purchases of equipment and other fixed assets	(3,981,209)	-	-	(3,981,209)	(6,571,822)
Proceeds from capital lease	-	-	-	-	4,145,034
Interest paid	-	-	-	-	(204,206)
Proceeds from sale of equipment	251,685	-	-	251,685	-
Net cash used by capital and related financing activities	<u>(3,729,524)</u>	<u>-</u>	<u>-</u>	<u>(3,729,524)</u>	<u>(4,637,036)</u>
Net increase (decrease) in cash and cash equivalents	(35,175)	(118,009)	13,968	(139,216)	100,820
Cash and cash equivalents at beginning of year	<u>2,619,570</u>	<u>120,609</u>	<u>251,823</u>	<u>2,992,002</u>	<u>4,944,452</u>
Cash and cash equivalents at end of period	<u><u>\$2,584,395</u></u>	<u><u>\$2,600</u></u>	<u><u>\$265,791</u></u>	<u><u>\$2,852,786</u></u>	<u><u>\$5,045,272</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ 861,056	\$ (177,745)	\$ 15,272	\$ 698,583	\$ (2,312,487)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	2,787,716	18,418	-	2,806,134	3,640,704
(Increase)Decrease in accounts receivable	113,582	(42,803)	-	70,779	(31,916)
(Increase)Decrease in inventories	192,935	1,071	-	194,006	(158,814)
Increase(Decrease) in vouchers payable	(477,385)	5,269	(1,541)	(473,657)	1,107,135
Increase(Decrease) in compensated absence	32,192	(1,672)	237	30,757	(189,830)
Net cash provided (used) by operating activities	<u><u>\$ 3,510,096</u></u>	<u><u>\$ (197,462)</u></u>	<u><u>\$ 13,968</u></u>	<u><u>\$ 3,326,602</u></u>	<u><u>\$ 2,054,792</u></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.

### **Expendable Trust Funds:**

*Special Welfare Trust Fund* – to account for monies provided through the State and from private donors which is restricted to use for emergency welfare purposes. This fund is also used to account for the monies received and disbursed by the County acting in a trustee capacity for foster care children.

*Library Trust Funds* – to account for monies provided by private donors and other miscellaneous sources, restricted to use for library purposes.

*Community Housing Corp. Fund* – to account for contributions from the federal government to provide housing for a very low income households in economically integrated developments.

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

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

### **Other Trust Funds:**

*Pension Trust Funds* – to account for and report in a manner similar to Proprietary Fund Types since capital maintenance is critical.

### **Agency Funds:**

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

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

ARLINGTON COUNTY, VIRGINIA  
FIDUCIARY FUNDS  
COMBINING BALANCE SHEET  
June 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	Expendable Trust					Agency			Totals	
	Special Welfare Trust	Library Trust	Community Housing Corp. Trust	Miscellaneous Trusts	Alex/Arlington Waste Disposal Trust Fund	Pension Trust	Commonwealth of Virginia	Drug Task Force	June 30, 2001	June 30, 2000
ASSETS										
Equity in pooled cash and investments	\$168,365	\$309,156	\$275,671	\$6,046,540	\$ -	\$ -	\$13,922	\$ -	\$6,813,654	\$4,647,446
Cash and investments with trustee	-	-	-	-	1,739,845	1,079,672,425	-	-	1,081,412,270	1,128,598,074
Accrued receivables/prepaid insurance	476	-	-	5,677	-	4,744,112	-	5,189,656	9,939,921	6,929,331
Contributions receivable	-	-	-	-	-	2,479,809	-	-	2,479,809	4,142,481
Investments	-	-	-	-	10,363,209	-	-	-	10,363,209	10,450,131
Total Assets	\$168,841	\$309,156	\$275,671	\$6,052,217	\$12,103,054	\$1,086,896,346	\$13,922	\$5,189,656	\$1,111,008,863	\$1,154,767,463
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Vouchers payable	\$ -	\$ -	\$ -	\$62,316	\$ -	\$ -	\$ -	\$147,395	\$209,711	\$372,690
Accrued liabilities	-	-	-	5,490	545,711	6,794,823	-	13,957	7,359,981	4,546,370
Due to the general fund	-	-	-	-	-	-	-	5,028,304	5,028,304	1,417,098
Due to the Commonwealth	-	-	-	-	-	-	13,922	-	13,922	100
Total liabilities	-	-	-	67,806	545,711	6,794,823	13,922	5,189,656	12,611,918	6,336,258
FUND BALANCES:										
Reserved for pension plan benefits	-	-	-	-	-	1,080,101,523	-	-	1,080,101,523	1,133,150,786
Reserved for trusts	168,841	309,156	275,671	5,984,411	11,557,343	-	-	-	18,295,422	15,280,419
Total Fund Balances (Deficit)	168,841	309,156	275,671	5,984,411	11,557,343	1,080,101,523	-	-	1,098,396,945	1,148,431,205
Total Liabilities and Fund Balances	\$168,841	\$309,156	\$275,671	\$6,052,217	\$12,103,054	\$1,086,896,346	\$13,922	\$5,189,656	\$1,111,008,863	\$1,154,767,463

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

ARLINGTON COUNTY, VIRGINIA  
 ALL EXPENDABLE TRUST FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2001  
 (WITH COMPARATIVE TOTALS FOR 2000)

	Special Welfare Trust	Library Trust	Community Housing Corp. Trust	Miscellaneous Trusts	Alex/Arlington Waste Disposal Trust Fund	Totals	
						June 30, 2001	June 30, 2000
REVENUES:							
Contributions and bequests	\$ -	\$106,107	\$15,408	\$3,361,673	\$ -	\$3,483,188	\$2,962,863
Charges for services	283,714	-	-	-	3,588,877	3,872,591	2,716,185
Total Revenues	283,714	106,107	15,408	3,361,673	3,588,877	7,355,779	5,679,048
EXPENDITURES:							
Special welfare payments	270,355	-	-	-	-	270,355	189,007
Library books/educational	-	53,403	-	-	-	53,403	111,422
Sports/arts development	-	-	-	210,931	-	210,931	224,161
Travel & related activities	-	-	-	110,773	-	110,773	105,433
Recycling expenses	-	-	-	-	-	-	734,121
Administrative expenses	-	-	-	898,300	2,787,014	3,685,314	4,218,163
Total Expenditures	270,355	53,403	-	1,220,004	2,787,014	4,330,776	5,582,307
Revenues Over Expenditures	13,359	52,704	15,408	2,141,669	801,863	3,025,003	96,741
OTHER FINANCING SOURCES (USES):							
Operating transfers out	-	-	-	(10,000)	-	(10,000)	-
Revenues and other financing sources (uses) over expenditures	13,359	52,704	15,408	2,131,669	801,863	3,015,003	96,741
FUND BALANCES beginning of the Year	155,482	256,452	260,263	3,852,742	10,755,480	15,280,419	15,183,678
FUND BALANCES, end of year	\$168,841	\$309,156	\$275,671	\$5,984,411	\$11,557,343	\$18,295,422	\$15,280,419

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

ARLINGTON COUNTY, VIRGINIA  
PENSION TRUST FUND  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	<u>2001</u>	<u>2000</u>
ADDITIONS:		
Member contributions	\$8,348,185	\$7,647,020
Employer contributions	6,418,294	15,576,894
Other contributions	190,304	12,255
Investment income:		
Interest and dividends	39,238,399	39,181,361
Net appreciation ( depreciation) in fair value	(45,955,125)	33,448,800
Commission recapture	131,509	207,217
Securities lending	147,284	126,268
Investment expense	<u>(5,181,044)</u>	<u>(4,529,004)</u>
Total Additions	<u>3,337,806</u>	<u>91,670,811</u>
DEDUCTIONS:		
Members' benefits	37,830,165	35,016,690
Refund of members' contributions	1,850,979	1,796,344
Administrative expenses	726,572	591,572
Aetna 401a start-up	15,535,237	-
Other operating expenses	<u>444,116</u>	<u>434,308</u>
Total Deductions	<u>56,387,069</u>	<u>37,838,914</u>
Net Increase	(53,049,263)	53,831,897
Net Assets Held in Trust for Plan Benefits, beginning	<u>1,133,150,786</u>	<u>1,079,318,889</u>
Net Assets Held in Trust for Plan Benefits, end of year:		
Designated	-	13,500,000
Undesignated	<u>1,080,101,523</u>	<u>1,119,650,786</u>
Total	<u><u>\$1,080,101,523</u></u>	<u><u>\$1,133,150,786</u></u>

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

ARLINGTON COUNTY, VIRGINIA  
ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2001

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$ 100	\$ 13,822	\$ -	\$13,922
Due from the Commonwealth	21,245	-	21,245	-
Total Assets	<u>\$21,345</u>	<u>\$13,822</u>	<u>\$21,245</u>	<u>\$13,922</u>
LIABILITIES:				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to general fund	21,245	-	21,245	-
Due to the Commonwealth	100	13,822	-	13,922
Total Liabilities	<u>\$21,345</u>	<u>\$13,822</u>	<u>\$21,245</u>	<u>\$13,922</u>
<u>Drug Task Force Fund</u>				
ASSETS:				
Accrued receivables	\$1,667,469	\$3,522,187	\$ -	\$5,189,656
Total Assets	<u>\$1,667,469</u>	<u>\$3,522,187</u>	<u>\$ -</u>	<u>\$5,189,656</u>
LIABILITIES:				
Vouchers payable	\$ 271,616	\$ -	\$ 110,264	\$ 161,352
Due to general fund	1,395,853	3,632,451	-	5,028,304
Total Liabilities	<u>\$1,667,469</u>	<u>\$3,632,451</u>	<u>\$ 110,264</u>	<u>\$5,189,656</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$ 100	\$ 13,822	\$ -	\$ 13,922
Accrued receivables	1,688,714	3,522,187	21,245	5,189,656
Total Assets	<u>\$1,688,814</u>	<u>\$3,536,009</u>	<u>\$ 21,245</u>	<u>\$5,203,578</u>
LIABILITIES:				
Due to general fund	\$1,417,098	\$3,632,451	\$ 21,245	\$5,028,304
Due to the Commonwealth	100	13,822	-	13,922
Vouchers payable	271,616	-	110,264	161,352
Total Liabilities	<u>\$1,688,814</u>	<u>\$3,646,273</u>	<u>\$ 131,509</u>	<u>\$5,203,578</u>

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



## Discretely Presented Component Unit – School Board

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

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

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

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

*School Capital Projects Funds* – to account for the 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 Program 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, VIRGINIA  
COMBINING BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
June 30, 2001  
(WITH COMPARATIVE TOTALS FOR 2000)

	Governmental Funds								Account Groups		Totals	
	School Operating Fund	School Cafeteria Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you go Fund)	School Debt Service Fund	School Comprehensive Services Act	General Fixed Assets	General Long-Term Debt	June 30, 2001	June 30, 2000
<b>ASSETS</b>												
Equity in pooled cash and inves	\$ -	\$ 79,137	\$ -	\$ 311,961	\$ 29,908,488	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,299,586	\$ 32,591,702
Petty cash	198	-	75	-	-	-	-	-	-	-	273	415
Accounts receivable	218,854	151,694	45,977	1,812,784	-	-	-	512,375	-	-	2,741,684	3,433,431
Due from other funds	234,050	1,886	33,231	4,675	-	-	-	-	-	-	273,842	373,092
Due from primary government	21,660,003	-	602,826	-	-	866,906	-	-	-	-	23,129,735	22,151,196
Inventories	-	286,000	-	-	-	-	-	-	-	-	286,000	321,976
Property, plant & equipment	-	-	-	-	-	-	-	-	278,471,738	-	278,471,738	238,758,582
Amount to be provided for compensated absences	-	-	-	-	-	-	-	-	-	18,409,000	18,409,000	17,345,738
General long-term liabilities	-	-	-	-	-	-	-	-	-	164,081,239	164,081,239	144,523,784
<b>Total Assets</b>	<b>\$22,113,105</b>	<b>\$ 518,717</b>	<b>\$ 682,109</b>	<b>\$ 2,129,420</b>	<b>\$29,908,488</b>	<b>\$ 866,906</b>	<b>\$ -</b>	<b>\$ 512,375</b>	<b>\$ 278,471,738</b>	<b>\$ 182,490,239</b>	<b>\$ 517,693,097</b>	<b>\$ 459,499,916</b>
<b>LIABILITIES AND FUND BALANCES</b>												
<b>LIABILITIES</b>												
Accrued salaries payable	\$16,249,984	\$ 141,531	\$ 374,657	\$ 59,334	\$ 745	\$ -	\$ -	\$ -	\$ -	\$ -	\$16,826,251	\$ 15,592,046
Vouchers payable	1,197,336	63,748	50,538	186,823	4,327,915	61,091	-	-	-	-	5,887,451	5,371,821
Other liabilities	2,081,922	-	-	-	-	-	-	-	-	-	2,081,922	1,244,705
Deferred revenue	504,364	-	137,069	-	-	-	-	-	-	-	641,433	478,263
Due to other funds	37,062	7,444	93,621	134,357	1,358	-	-	-	-	-	273,842	373,092
Due to primary government	493,463	-	-	-	-	-	-	512,375	-	-	1,005,838	892,635
Long-term liabilities	-	-	-	-	-	-	-	-	-	182,490,239	182,490,239	161,869,522
<b>Total Liabilities</b>	<b>20,564,131</b>	<b>212,723</b>	<b>655,885</b>	<b>380,514</b>	<b>4,330,018</b>	<b>61,091</b>	<b>-</b>	<b>512,375</b>	<b>-</b>	<b>182,490,239</b>	<b>209,206,976</b>	<b>185,822,084</b>
<b>FUND EQUITY AND OTHER CREDITS</b>												
Investment in general fixed ass	-	-	-	-	-	-	-	-	278,471,738	-	278,471,738	238,758,582
Reserved for encumbrances	1,548,974	-	26,224	198,474	21,589,519	805,815	-	-	-	-	24,169,006	32,404,464
Reserved for inventories	-	286,000	-	-	-	-	-	-	-	-	286,000	321,976
Reserved for construction	-	-	-	-	3,988,951	-	-	-	-	-	3,988,951	758,644
Unreserved	-	19,994	-	1,550,432	-	-	-	-	-	-	1,570,426	1,434,166
<b>Total Fund Equity and Othe</b>	<b>1,548,974</b>	<b>305,994</b>	<b>26,224</b>	<b>1,748,906</b>	<b>25,578,470</b>	<b>805,815</b>	<b>-</b>	<b>-</b>	<b>278,471,738</b>	<b>-</b>	<b>308,486,121</b>	<b>273,677,832</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$22,113,105</b>	<b>\$ 518,717</b>	<b>\$ 682,109</b>	<b>\$ 2,129,420</b>	<b>\$29,908,488</b>	<b>\$ 866,906</b>	<b>\$ -</b>	<b>\$ 512,375</b>	<b>\$ 278,471,738</b>	<b>\$ 182,490,239</b>	<b>\$ 517,693,097</b>	<b>\$ 459,499,916</b>

The notes to the financial statements are an integral part of thi



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, 2001  
 (WITH COMPARATIVE TOTALS FOR 2000)

	Governmental Funds							Totals		
	School Operating Fund	School Cafeteria Fund	School Community Activities Fund	School Special Grants Fund	School Capital Projects Bond Fund	School Capital Projects (Pay-as-you- go) Fund	School Debt Service Fund	School Comprehensive Services Act	June 30, 2001	June 30, 2000
REVENUES:										
Sales tax	\$12,957,854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	12,957,854	\$12,087,653
State/local government	19,215,547	76,237	3,800	1,865,461	-	1,074,940	-	1,706,153	23,942,138	22,683,836
Federal	-	2,666,166	-	7,222,268	-	-	-	-	9,888,434	9,178,248
Charges for services	1,249,557	1,790,960	3,122,546	1,938,359	-	-	-	-	8,101,422	7,929,867
Use of money and property	-	-	-	-	1,287,707	-	-	-	1,287,707	1,617,581
Total revenues	33,422,958	4,533,363	3,126,346	11,026,088	1,287,707	1,074,940	-	1,706,153	56,177,555	53,497,185
EXPENDITURES:										
Current -										
Parks and recreation	-	-	9,578,534	-	-	-	-	-	9,578,534	8,066,049
Education	206,262,204	4,598,897	-	11,742,076	-	-	-	3,102,097	225,705,274	212,818,415
Capital projects	-	-	-	-	32,666,653	4,372,323	-	-	37,038,976	28,657,206
Debt service -										
Principal	-	-	-	-	-	-	8,209,449	-	8,209,449	6,889,573
Interest	-	-	-	-	-	-	7,128,580	-	7,128,580	6,788,739
Total expenditures	206,262,204	4,598,897	9,578,534	11,742,076	32,666,653	4,372,323	15,338,029	3,102,097	287,660,813	263,219,982
Excess (deficiency) of revenues over expenditures	(172,839,246)	(65,534)	(6,452,188)	(715,988)	(31,378,946)	(3,297,383)	(15,338,029)	(1,395,944)	(231,483,258)	(209,722,797)
Other financing sources(uses):										
Operating transfers in	170,978,783	-	6,412,318	973,296	-	3,651,240	15,338,029	1,395,944	198,749,610	184,121,112
Operating transfers out	-	-	-	-	(1,287,707)	-	-	-	(1,287,707)	(1,617,581)
Repayment of BANS	-	-	-	-	(11,905,000)	-	-	-	(11,905,000)	-
Proceeds of sales of bonds	-	-	-	-	39,605,000	-	-	-	39,605,000	11,905,000
Proceeds from capital leases	1,416,488	-	-	-	-	-	-	-	1,416,488	2,111,455
Total other financing sources	172,395,271	-	6,412,318	973,296	26,412,293	3,651,240	15,338,029	1,395,944	226,578,391	196,519,986
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(443,975)	(65,534)	(39,870)	257,308	(4,966,653)	353,857	-	-	(4,904,867)	(13,202,811)
FUND BALANCES, beginning of year	1,992,949	371,528	66,094	1,491,598	30,545,123	451,958	-	-	34,919,250	48,122,061
FUND BALANCES, end of year	\$1,548,974	\$305,994	\$26,224	\$1,748,906	\$25,578,470	\$805,815	\$ -	\$ -	30,014,383	\$34,919,250

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

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, 2001

	School Operating Fund			School Cafeteria Fund			School Community Activities Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:									
Sales tax	\$13,254,309	\$12,957,854	(\$296,455)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental									
State	19,308,990	19,215,547	(93,443)	89,000	76,237	(12,763)	3,800	3,800	-
Federal	-	-	-	2,927,000	2,666,166	(260,834)	-	-	-
Charges for services	1,294,550	1,249,557	(44,993)	1,891,900	1,790,960	(100,940)	3,254,119	3,122,546	(131,573)
Others	-	-	-	-	-	-	-	-	-
Total revenues	33,857,849	33,422,958	(434,891)	4,907,900	4,533,363	(374,537)	3,257,919	3,126,346	(131,573)
EXPENDITURES:									
Education	207,605,770	206,262,204	1,343,566	4,907,900	4,598,897	309,003	-	-	-
Parks & recreation	-	-	-	-	-	-	9,771,793	9,578,534	193,259
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	207,605,770	206,262,204	1,343,566	4,907,900	4,598,897	309,003	9,771,793	9,578,534	193,259
Excess (deficiency) of revenues over expenditures	(173,747,921)	(172,839,246)	908,675	-	(65,534)	(65,534)	(6,513,874)	(6,452,188)	61,686
Other financing sources(uses):									
Operating transfers in	171,754,972	170,978,783	(776,189)	-	-	-	6,447,780	6,412,318	(35,462)
Operating transfers out	-	-	-	-	-	-	-	-	-
Proceeds sale of bonds	-	-	-	-	-	-	-	-	-
Repayment of BANS	-	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	1,416,488	1,416,488	-	-	-	-	-	-
Total other financing s	171,754,972	172,395,271	640,299	-	-	-	6,447,780	6,412,318	(35,462)
Excess (deficiency) of Revenues and other sources over expenditures and ot	(1,992,949)	(443,975)	1,548,974	-	(65,534)	(65,534)	(66,094)	(39,870)	26,224
FUND BALANCES, beginning of year	1,992,949	1,992,949	-	371,528	371,528	-	66,094	66,094	-
FUND BALANCES, end of year	\$ -	\$1,548,974	\$1,548,974	\$371,528	\$305,994	(\$65,534)	\$ -	\$26,224	\$26,224

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

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, 2001

	School Special Grants Fund			School Debt Service Fund			School Capital Projects Bond Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:									
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental									
State	2,142,221	1,865,461	(276,760)	-	-	-	-	-	-
Federal	8,084,298	7,222,268	(862,030)	-	-	-	-	-	-
Charges for services	3,016,301	1,938,359	(1,077,942)	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	1,287,707	1,287,707
Total revenues	13,242,820	11,026,088	(2,216,732)	-	-	-	-	1,287,707	1,287,707
EXPENDITURES:									
Education	14,278,265	11,742,076	2,536,189	-	-	-	-	-	-
Parks & recreation	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	57,964,279	32,666,653	25,297,626
Debt service:									
Principal retirement	-	-	-	8,209,450	8,209,450	-	-	-	-
Interest and fiscal charges	-	-	-	7,135,131	7,128,579	6,552	-	-	-
Total expenditures	14,278,265	11,742,076	2,536,189	15,344,581	15,338,029	6,552	57,964,279	32,666,653	25,297,626
Excess (deficiency) of revenues over expenditures	(1,035,445)	(715,988)	319,457	(15,344,581)	(15,338,029)	6,552	(57,964,279)	(31,378,946)	26,585,333
Other financing sources(uses):									
Operating transfers in	1,035,445	973,296	(62,149)	15,344,581	15,338,029	(6,552)	-	-	-
Operating transfers out	-	-	-	-	-	-	-	(1,287,707)	(1,287,707)
Proceeds sale of bonds	-	-	-	-	-	-	57,964,279	39,605,000	(18,359,279)
Repayment of BANS	-	-	-	-	-	-	-	(11,905,000)	(11,905,000)
Proceeds of capital lease	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	1,035,445	973,296	(62,149)	15,344,581	15,338,029	(6,552)	57,964,279	26,412,293	(31,551,986)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	-	257,308	257,308	-	-	-	-	(4,966,653)	(4,966,653)
FUND BALANCES, beginning of year	1,491,598	1,491,598	-	-	-	-	30,545,123	30,545,123	-
FUND BALANCES, end of year	\$1,491,598	\$1,748,906	\$257,308	\$ -	\$ -	\$ -	\$30,545,123	\$25,578,470	(\$4,966,653)

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

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, 2001

	School Capital Projects (Pay-as-you-go) Fund			School Comprehensive Services Act			Totals		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:									
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$13,254,309	\$12,957,854	(\$296,455)
Intergovernmental									
State	1,078,628	1,074,940	(3,688)	1,890,000	1,706,153	(183,847)	24,512,639	23,942,138	(570,501)
Federal	-	-	-	-	-	-	11,011,298	9,888,434	(1,122,864)
Charges for services	-	-	-	-	-	-	9,456,870	8,101,422	(1,355,448)
Others	-	-	-	-	-	-	-	1,287,707	1,287,707
Total revenues	1,078,628	1,074,940	(3,688)	1,890,000	1,706,153	(183,847)	58,235,116	56,177,555	(2,057,561)
EXPENDITURES:									
Education	-	-	-	3,465,000	3,102,097	362,903	230,256,935	225,705,274	4,551,661
Parks & recreation	-	-	-	-	-	-	9,771,793	9,578,534	193,259
Capital projects	5,673,312	4,372,323	1,300,989	-	-	-	63,637,591	37,038,976	26,598,615
Debt service:									
Principal retirement	-	-	-	-	-	-	8,209,450	8,209,450	-
Interest and fiscal charges	-	-	-	-	-	-	7,135,131	7,128,579	6,552
Total expenditures	5,673,312	4,372,323	1,300,989	3,465,000	3,102,097	362,903	319,010,900	287,660,813	31,350,087
Excess (deficiency) of revenues over expenditures	(4,594,684)	(3,297,383)	1,297,301	(1,575,000)	(1,395,944)	179,056	(260,775,784)	(231,483,258)	29,292,526
Other financing sources(uses):									
Operating transfers in	4,142,726	3,651,240	(491,486)	1,575,000	1,395,944	(179,056)	200,300,504	198,749,610	(1,550,894)
Operating transfers out	-	-	-	-	-	-	-	(1,287,707)	(1,287,707)
Proceeds sale of bonds	-	-	-	-	-	-	57,964,279	39,605,000	(18,359,279)
Repayment of BANS	-	-	-	-	-	-	-	(11,905,000)	(11,905,000)
Proceeds from capital lease	-	-	-	-	-	-	-	1,416,488	1,416,488
Total other financing sources(uses)	4,142,726	3,651,240	(491,486)	1,575,000	1,395,944	(179,056)	258,264,783	226,578,391	(31,686,392)
Excess (deficiency) of Revenues and other sources over expenditures and other use	(451,958)	353,857	805,815	-	-	-	(2,511,001)	(4,904,867)	(2,393,866)
FUND BALANCES, beginning of year	451,958	451,958	-	-	-	-	34,919,250	34,919,250	-
FUND BALANCES, end of year	\$ -	\$805,815	\$805,815	\$ -	\$ -	\$ -	\$32,408,249	\$30,014,383	(\$2,393,866)

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

# **SUPPLEMENTAL DATA SECTION**



## **Supplemental Schedules**

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

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY TO THE COUNTY- ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Funds			Proprietary Funds		Fiduciary Fund	Component Units	
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	Schools	Total (Memorandum Only)
BALANCE, beginning of year	\$66,171,067	\$2,825,510	\$84,267,570	\$56,361,962	\$5,045,272	\$16,092,452	\$32,591,702	\$263,355,535
Receipts (net):								
Taxes	387,578,864	763,782	-	-	-	-	12,957,854	401,300,500
Licenses and permits	52,458,599	-	-	-	-	-	-	52,458,599
Fines and forfeitures	8,687,912	-	-	-	-	-	-	8,687,912
Revenue from use of money and property	9,929,565	-	3,747,009	2,844,491	-	-	1,287,707	17,808,772
Charges for services	23,288,647	-	2,263,639	49,121,780	12,520,795	3,872,591	8,101,422	99,168,874
Miscellaneous	3,141,705	-	1,144,646	3,949,640	-	3,483,188	-	11,719,179
Intergovernmental	71,677,776	12,937,494	644,656	7,413,946	-	-	33,830,572	126,504,444
Proceeds from indebtedness	-	-	48,216,000	165,243	-	-	39,605,000	87,986,243
Repayment of BANS	-	-	(11,880,000)	-	-	-	(11,905,000)	(23,785,000)
Proceeds from capital lease	-	-	3,138,900	34,196	-	-	1,416,488	4,589,584
Proceeds from sale of land	328,314	-	-	-	120,106	-	-	448,420
Total Receipts	557,091,382	13,701,276	47,274,850	63,529,296	12,640,901	7,355,779	85,294,043	786,887,527
Total Receipts and Bal	623,262,449	16,526,786	131,542,420	119,891,258	17,686,173	23,448,231	117,885,745	1,050,243,062
Disbursements (net):								
Warrants(checks)issued	300,156,357	14,344,737	23,996,544	62,585,629	15,007,090	4,750,677	269,710,033	690,551,067
Retirement of indebtedness	18,611,413	-	-	4,297,788	-	-	8,209,449	31,118,650
Interest and other debt co	12,065,563	-	-	4,028,811	-	-	7,128,580	23,222,954
Total Disbursements	330,833,333	14,344,737	23,996,544	70,912,228	15,007,090	4,750,677	285,048,062	744,892,671
Interfund Transfers:								
Transfers in	6,015,882	247,000	11,154,381	-	303,703	-	198,749,610	216,470,576
Transfers out	(210,227,514)	(3,585)	(4,797,770)	(14,000)	(130,000)	(10,000)	(1,287,707)	(216,470,576)
BALANCE, end of year	\$88,217,484	\$2,425,464	\$113,902,487	\$48,965,030	\$2,852,786	\$18,687,554	\$30,299,586	\$305,350,391

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF TREASURER'S ACCOUNTABILITY  
June 30, 2001

Assets held by the Treasurer	
Cash on hand	<u>\$31,792</u>
Cash in banks:	
Checking	
BB&T	12,011
Burke & Herbert	16,050
James Monroe Bank	68,104
SunTrust	1,133,077
First Union Bank	(12,671,546)
First Virginia Bank	75,483
Bank of America	999,271
United Bank	15,145
F & M Bank	1,490
Virginia Commerce Bank	16,506
Wachovia Bank	<u>36,093</u>
Total Checking Account	<u>(10,298,315)</u>
Savings :	
First Union Bank	4,831
SunTrust Bank	<u>7,225</u>
Total Savings Account	<u>12,056</u>
Certificates of Deposit :	
James Monroe Bank	2,500,000
Virginia Commerce Bank	<u>5,000,000</u>
Total Certificates of Deposit	<u>7,500,000</u>
Held with Trustee :	
Commercial Paper & Corporate Notes	2,861,902
Federal Agency Bonds & Municipal Securit	7,957,523
Repurchase Agreements	6,901,680
Capital Reserve Fund	<u>12,584,565</u>
Total Held with Trustee	<u>30,305,670</u>
Cash and Investments with Trustees :	
SunTrust, Ballston Garage Accounts	9,032,177
BB&T, (Ballston Parking Garage)	38,309
SunTrust Solid Waste	<u>12,103,053</u>
Total Cash and Investments with Trustee	<u>21,173,539</u>
State Treasurer's Local Government Investr	115,697,212
James Monroe T-Fund	6,739
State Non Arbitrage Investment Program (SI	118,830,184
Commonwealth Cash Reserve (Cap. Res. Fund	6,942,617
Commonwealth Cash Reserve (AIM)	15,148,897
Total Cash & Investment Balances, June 30, 2001	<u><u>\$305,350,391</u></u>



ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS  
June 30, 2001

	INTEREST RATE	MATURITY DATE	COST
Repurchase Agreements :			
Bank of America	3.15%	07/02/01	\$ 2,650,680
First Union Bank	3.84%	07/02/01	<u>4,251,000</u>
TOTAL REPURCHASE AGREEMENTS			<u>6,901,680</u>
Certificates of Deposit :			
James Monroe Bank	6.90%	07/16/01	500,000
James Monroe Bank	7.00%	08/28/01	500,000
Virginia Commerce Bank	6.82%	08/29/01	1,000,000
Virginia Commerce Bank	6.82%	10/29/01	500,000
Virginia Commerce Bank	6.50%	01/04/02	500,000
James Monroe Bank	6.50%	01/08/02	500,000
Virginia Commerce Bank	6.50%	01/10/02	500,000
Virginia Commerce Bank	6.16%	01/21/02	500,000
James Monroe Bank	6.00%	01/25/02	1,000,000
Virginia Commerce Bank	5.00%	04/09/02	500,000
Virginia Commerce Bank	5.00%	04/09/02	500,000
Virginia Commerce Bank	4.50%	05/14/02	500,000
Virginia Commerce Bank	4.50%	06/26/02	<u>500,000</u>
TOTAL CERTIFICATES OF DEPOSIT			<u>7,500,000</u>
Commercial Paper :			
Daimler Chrysler	6.23%	08/08/01	2,861,902
TOTAL COMMERCIAL PAPER			<u>2,861,902</u>
Federal Agency Bonds & Municipal Securities :			
FNMA	4.87%	07/19/01	1,957,523
FHLB	4.30%	05/23/02	3,000,000
FHLB	4.03%	06/28/02	<u>3,000,000</u>
TOTAL FEDERAL AGENCIES AND MUNICIPAL SECURITIES			<u>7,957,523</u>

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS  
June 30, 2001

	INTEREST RATE	MATURITY DATE	COST
Capital Reserve Fund:			
Corporate Notes:			
Citigroup Global Notes	7.45%	06/06/02	\$ 514,407
Associates Corp of NA Corporate	7.57%	07/22/02	258,496
General Electric Cap. Corp. Globa	5.37%	01/15/03	505,565
Merrill Lynch & Co. Inc. Notes	7.18%	02/11/03	516,452
Associates Corp. NA SR Notes	6.87%	08/01/03	200,977
Morgan Stanley Dean Witter Notes	6.75%	03/04/03	514,626
Federal Agency Bond/Notes:			
FHLB Tap Notes	6.00%	08/15/02	3,060,937
FHLB Tap Notes	6.87%	08/15/03	2,082,500
FHLM Global Reference Notes	6.37%	11/15/03	2,066,250
FHLB Tap Notes	5.25%	02/13/04	1,006,875
FHLmc Notes	5.50%	04/30/04	526,603
US Treasury Bond/Notes:			
US Treasury Bond	6.12%	08/31/02	1,330,875
TOTAL CAPITAL RESERVE FUND			<u>12,584,565</u>
Virginia State Non-Arbitrage Program			118,830,184
James Monroe T-Fund			6,739
Commonwealth Investment Fund(AIM)			15,148,897
Commonwealth Investment Fund (Cap. Res. Fund)			6,942,617
State Treasurer's Local Government Investment Pool			<u>115,697,212</u>
TOTAL			<u>\$294,431,319</u>

ARLINGTON COUNTY, VIRGINIA  
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS  
JUNE 30, 2001

EXHIBIT S-3  
Page 1 of 8

			Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
	Amount Authorized and Sold	Date of Bonds	Interest Rate- %	Principal	Annual Amount	Maturity Date
General Obligation Debt:						
<u>Serviced by General Fund:</u>						
G.O. Public Improvement (\$21,790,000)		03/01/83	2.00	826,250	826,250	06/01/02
Human Resources Facilities	950,000		0.05	816,250	816,250	06/01/03
Street & Highway	7,665,000					
Community Conservation	1,000,000			<u>\$1,642,500</u>		
Jail Expansion	2,100,000					
Local & Regional Parks	3,000,000					
Storm Water Drainage	1,800,000					
	<u>\$16,515,000</u>					
G.O. Public Improvement (\$11,000,000)		01/17/87				
Central Library	3,462,000		5.70	550,000	550,000	06/01/02
Community Conservation	1,440,000		5.80	550,000	550,000	06/01/03
Local & Regional Parks	4,170,000		5.90	2,200,000	550,000	06/01-04-07
Street & Highway	1,928,000					
	<u>\$11,000,000</u>			<u>\$3,300,000</u>		
G.O. Public Improvement (\$23,870,000)		08/01/92	5.00	960,326	960,327	08/01/01-04
Jail	2,400,000		5.10	960,326	963,720	08/01/05
Central Library	2,900,000		5.15	960,326		
Community Conservation	7,000,000		5.25	960,326		
Local & Regional Parks	3,900,000		5.40	963,720		
	<u>\$16,200,000</u>			<u>\$4,805,024</u>		
G.O. Public Improvement (\$94,500,000)		10/01/91	5.70	3,783,069	3,783,069	12/01/01
Police & Jail Facilities	39,603,967		5.80	3,783,069	3,783,069	12/01/02
Local & Regional Parks	3,103,598					
Street & Highway	8,038,465					
Fire Station	1,838,624					
	<u>\$52,584,654</u>			<u>\$7,566,138</u>		
G.O. Refunding (\$36,585,000)		04/15/92	5.75	2,302,729	2,302,729	06/01/02
Human Resources Facilities	366,790		5.80	2,226,420	2,226,420	06/01/03
Jail Expansion	810,799		6.00	2,150,111	2,150,111	06/01/04
Street & Highway	8,052,314		6.00	1,126,675	1,126,675	06/01/05
Community Conservation	5,210,652					
Metrorail	14,323,121					
Local & Regional Parks	3,384,680					
Storm Water Drainage	695,829					
	<u>\$32,844,185</u>			<u>\$7,805,935</u>		

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			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement ( \$74,890,000)		06/01/93	5.10	5,543,405	791,915	07/15/01-07
Higher Education	125,000		5.125	4,809,432	801,572	07/15/08-13
Local & Regional Parks	4,936,000		5.25			
Metrorail	3,900,000		5.30			
Streets & Highways	5,504,000					
	<u>\$14,465,000</u>			<u>\$10,352,837</u>		
G.O. Refunding ( \$42,075,000)		11/15/93				
Police & Jail	17,449,353		4.30	1,401,492	1,401,492	06/01/02
Local & Regional Parks	1,299,365		4.40	1,381,423	1,381,423	06/01/03
Community Conservation	467,340		4.50	1,364,699	1,364,699	06/01/04
Streets & Highways	3,754,697		4.60	1,347,975	1,347,975	06/01/05
Fire Station	814,316		4.70	1,331,250	1,331,250	06/01/06
Central Library	4,361,839		4.80	1,311,181	1,311,181	06/01/07
	<u>\$28,146,910</u>		4.75	4,538,961	4,538,961	06/01/08
			5.00	4,468,720	4,468,720	06/01/09
			6.00	9,643,202	3,227,780	06/01/10
					3,214,401	06/01/11
					3,201,021	06/01/12
				<u>\$26,788,903</u>		
G.O. Public Improvement (\$54,745,000)		07/12/94	5.40	8,370,000	2,790,000	08/01/01-03
Higher Education	3,000,000		5.40	2,785,000	2,785,000	08/01/04
Local & Regional Parks	6,934,000		5.50	2,785,000	2,785,000	08/01/05
Metrorail	13,900,000		5.60	2,785,000	2,785,000	08/01/06
Streets & Highway	7,911,000					
Jail	23,000,000					
	<u>\$54,745,000</u>			<u>\$16,725,000</u>		
G.O. Public Improvement (\$41,700,000)		06/01/95				
Street & Highway	4,500,000					
Community & Conservation	1,027,800		5.00	2,440,000	610,000	06/01/02-05
Community & Conservation (DPW)	1,672,200		5.00	615,000	615,000	06/01/06
Local & Regional Parks	4,500,000		5.05	615,000	615,000	06/01/07
	<u>\$11,700,000</u>		5.15	615,000	615,000	06/01/08
			5.20	620,000	620,000	06/01/09
			5.25	620,000	620,000	06/01/10
			5.30	625,000	625,000	06/01/11
			5.40	1,250,000	625,000	06/01/12-13
			5.40	630,000	630,000	06/01/14
			5.40	635,000	635,000	06/01/15
				<u>\$8,665,000</u>		

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			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$25,955,000)		10/15/96				
Street & Highway	6,237,000					
Community & Conservation	3,097,200		5.00	2,057,790	1,028,895	12/01/01-02
Community & Conservation (DPW)	1,155,800		5.00	3,098,160	1,032,720	12/01/03-05
Local & Regional Parks	9,365,000		5.00	1,036,545	1,036,545	12/01/06
			5.00	1,040,370	1,040,370	12/01/07
			5.15	1,040,370	1,040,370	12/01/08
			5.25	1,044,195	1,044,195	12/01/09
			5.25	2,096,040	1,048,020	12/01/10-11
			5.375	1,051,846	1,051,846	12/01/12
			5.375	1,055,670	1,055,670	12/01/13
			5.375	1,059,494	1,059,494	12/01/14
			5.375	1,063,319	1,063,319	12/01/15
			5.375	1,067,142	1,067,142	12/01/16
				<b>\$16,710,941</b>		
G.O. Public Improvement (\$34,200,000)		06/30/97				
Street & Highway	5,900,000					
Community & Conservation	2,700,000		5.00	12,033,331	1,203,333	06/01/02-11
Community & Conservation (DPW)	3,800,000		5.00	3,610,002	1,203,334	06/01/12-14
Local & Regional Parks	8,200,000		5.10	3,610,002	1,203,334	06/01/15-17
Metrorail	2,200,000					
	<b>\$22,800,000</b>			<b>\$19,253,335</b>		
G.O. Public Improvement & Refunding (\$87,740,000)		05/01/98				
Street & Highway	3,630,000		4.25	1,097,170	1,097,170	10/01/01
Community Conservation	2,215,000		4.25	1,114,290	1,114,290	10/01/02
Local & Regional Parks	4,000,000		4.25	5,034,265	5,034,265	10/01/03
Metro Rail	4,800,000		4.25	4,989,366	4,989,366	10/01/04
			4.75	4,948,170	4,948,170	10/01/05
			4.75	5,913,290	5,913,290	10/01/06
			4.75	4,690,730	4,690,730	10/01/07
			5.00	4,667,915	4,667,915	10/01/08
			5.00	4,649,570	4,649,570	10/01/09
			5.00	4,620,299	4,620,299	10/01/10
			5.00	4,269,799	4,269,799	10/01/11
			5.00	4,234,799	4,234,799	10/01/12
			5.00	2,804,799	2,804,799	10/01/13
			5.00	2,779,799	2,779,799	10/01/14
			5.00	2,309,400	769,799	10/01/15-17
	<b>\$14,645,000</b>			<b>\$58,123,661</b>		
G.O. Public Improvement & Refunding (\$79,750,000)		06/17/99				
Street & Highway	15,807,000		4.50	1,900,000	1,900,000	06/01/02
Central Library	300,000		4.50	5,700,000	1,900,000	06/01/03-05
Community Conservation	6,423,000		5.00	7,600,000	1,900,000	06/01/06-09
Local & Regional Parks	10,760,000		5.125	3,800,000	1,900,000	06/01/10-11
Metro Rail	3,100,000		5.25	13,300,000	1,900,000	06/01/12-18
	<b>\$36,390,000</b>		5.25	1,890,000	1,890,000	06/01/19
				<b>\$34,190,000</b>		

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			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$90,325,000)		06/18/01				
Street & Highway	8,222,000		4.00	966,188	966,188	02/01/02
Central Library	1,001,000		4.00	1,929,708	1,919,708	02/01/03
Community Conservation	5,558,000		4.50	12,797,992	2,559,598	02/01/04-08
Community Conservation-DPW	5,265,000		4.50	12,784,647	2,556,929	02/01/09-13
Local & Regional Parks	16,294,000		4.70	2,556,929	2,556,929	02/01/14
Metro Rail	11,476,000		4.75	2,556,929	2,556,929	02/01/15
Fire Station	400,000		4.875	2,554,260	2,554,260	02/01/16
	<u>\$48,216,000</u>		5.00	10,217,041	2,554,260	02/01/17-20
				1,852,306	1,852,306	02/01/21
				<b>\$ 48,216,000</b>		
Total bonds serviced by General Fund				<b>\$264,145,274</b>		
Compensated absences				<b>20,453,759</b>		
Estimated liability for workers' comp claims & other judgments				<b>3,056,828</b>		
Serviced by General Fund-capital leases				<b>10,349,689</b>		
Total general obligation debt serviced by general fund				<b>\$298,005,550</b>		
Serviced by School Operating Fund:						
State Literary Fund Special Issue	<u>\$675,089</u>	05/01/83	3.00	<b>\$67,500</b>	33,750	05/01/02-03
School share of \$94,500,000 School Improvements	<u>\$16,915,345</u>	10/01/91	5.80	1,216,931 1,216,931 <b>\$2,433,862</b>	1,216,931	12/01/01 12/01/02
School share of \$23,870,000 School Improvements	<u>\$3,670,000</u>	08/01/92	5.00 5.10 5.15 5.25 5.40	217,556 217,555 217,555 217,555 218,325 <b>\$1,088,546</b>	217,556 217,555 218,325	08/01/01 08/01/02-04 08/01/05
School share of \$74,890,000 School Improvements	<u>\$24,425,000</u>	06/01/93	5.10 5.125 5.25 5.30	6,685,970 1,337,194 1,337,194 8,121,012 <b>\$17,481,370</b>	1,337,194 1,337,194 1,337,194 1,353,502	07/15/01-05 07/15/06 07/15/07 07/15/08-13
School share of refunding \$42,075,000 School Improvements	<u>\$10,573,454</u>	11/15/93	4.30 4.40 4.50 4.60 4.70 4.80 4.75 5.00 6.00 6.00 6.00	526,474 518,935 512,652 506,370 500,087 492,548 1,705,071 1,678,684 1,212,523 1,207,497 1,202,471 <b>\$ 10,063,312</b>	526,474 518,935 512,652 506,370 500,087 492,548 1,705,071 1,678,684 1,212,523 1,207,497 1,202,471	06/01/02 06/01/03 06/01/04 06/01/05 06/01/06 06/01/07 06/01/08 06/01/09 06/01/10 06/01/11 06/01/12

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Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)		Maturity Date
		Interest Rate- %	Principal	Annual Amount		
School share of \$41,700,000 School Improvements	<u>\$30,000,000</u>	06/01/95				
		5.00	1,560,000	1,560,000		06/01/02
		5.00	3,130,000	1,565,000		06/01/03-04
		5.00	1,570,000	1,570,000		06/01/05
		5.00	1,575,000	1,575,000		06/01/06
		5.05	1,575,000	1,575,000		06/01/07
		5.15	1,580,000	1,580,000		06/01/08
		5.20	1,585,000	1,585,000		06/01/09
		5.25	1,590,000	1,590,000		06/01/10
		5.30	1,595,000	1,595,000		06/01/11
		5.40	1,600,000	1,600,000		06/01/12
		5.40	1,610,000	1,610,000		06/01/13
		5.40	1,615,000	1,615,000		06/01/14
		5.40	1,620,000	1,620,000		06/01/15
			<u>\$22,205,000</u>			
School share of \$25,955,000 School Improvements	<u>\$6,100,000</u>	10/15/96				
		5.00	632,210	316,105		12/01/01-02
		5.00	951,840	317,280		12/01/03-05
		5.00	318,455	318,455		12/01/06
		5.00	319,630	319,630		12/01/07
		5.15	319,630	319,630		12/01/08
		5.25	320,805	320,805		12/01/09
		5.25	643,960	321,980		12/01/10-11
		5.375	323,154	323,154		12/01/12
		5.375	324,330	324,330		12/01/13
		5.375	325,506	325,506		12/01/14
		5.375	326,681	326,681		12/01/15
		5.375	327,858	327,858		12/01/16
			<u>\$5,134,059</u>			
School share of \$34,200,000 School Improvements	<u>\$10,000,000</u>	06/01/97				
		5.00	6,861,114	527,778		06/01/02-14
		5.10	1,583,334	527,778		06/01/15-17
			<u>\$8,444,448</u>			
School share of \$87,740,000 School Improvements	<u>\$13,560,000</u>	05/01/98				
		4.25	760,684	760,684		10/01/01
		4.25	763,103	763,103		10/01/02
		4.25	1,778,953	1,778,953		10/01/03
		4.25	1,754,483	1,754,483		10/01/04
		4.75	1,731,263	1,731,263		10/01/05
		4.75	1,935,704	1,935,704		10/01/06
		4.75	914,114	914,114		10/01/07
		5.00	908,428	908,428		10/01/08
		5.00	907,303	907,303		10/01/09
		5.00	904,017	904,017		10/01/10
		5.00	712,767	712,767		10/01/11
		5.00	712,767	712,767		10/01/12
		5.00	712,767	712,767		10/01/13
		5.00	712,767	712,767		10/01/14
		5.00	2,138,301	712,767		10/01/15-17
			<u>\$17,347,421</u>			

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			Interest Rate- %	Principal	Annual Amount	Maturity Date
School share of refunding \$79,750,000 School Improvements	\$39,360,000	06/17/99				
			4.50	8,240,000	2,060,000	06/01/02-05
			5.00	8,240,000	2,060,000	06/01/06-09
			5.125	4,120,000	2,060,000	06/01/10-11
			5.25	14,420,000	2,060,000	06/01/12-18
			5.25	2,040,000	2,040,000	06/01/19
				<u>37,060,000</u>		
School share of \$90,325,000 School Improvements	\$39,605,000	06/18/01				
			4.00	793,635	793,635	02/01/02
			4.00	1,585,077	1,585,077	02/01/03
			4.50	10,512,371	2,102,474	02/01/04-08
			4.50	10,501,409	2,100,282	02/01/09-13
			4.70	2,100,282	2,100,282	02/01/14
			4.75	2,100,282	2,100,282	02/01/15
			4.875	2,098,089	2,098,089	02/01/16
			5.00	8,392,358	2,098,089	02/01/17-20
			5.00	1,521,497	1,521,497	02/01/21
				<u>\$39,605,000</u>		
Total serial bonds serviced by School Operating Fund				<u>\$160,930,518</u>		
Compensated absences				<u>\$18,409,000</u>		
Capital leases serviced by schools				<u>\$3,150,721</u>		
Total General Obligation Debt serviced by School Operating Fund:				<u>\$182,490,239</u>		
Total General Obligation Debt serviced by the General Fund and the School Operating Fund				<u>\$480,495,789</u>		
<u>Serviced by Utilities Fund:</u>						
Sewer Share of \$21,790,000		03/01/83				
Advanced Waste Water Treatment	3,290,000		2.00	263,750		06/01/02
Sanitary Sewer Construction	1,985,000		0.05	263,750		06/01/03
	<u>\$5,275,000</u>			<u>\$527,500</u>		
Sewer Share of \$36,585,000		04/15/92				
G.O. Refunding Bonds	<u>\$2,035,589</u>		5.75	142,717	142,717	06/01/02
			5.80	137,987	137,987	06/01/03
			6.00	133,258	133,258	06/01/04
			6.00	69,828	69,828	06/01/05
				<u>\$483,790</u>		
Sewer Share of \$74,890,000		06/01/93				
Advanced Waste Water Treatment	<u>\$36,000,000</u>		5.00	7,883,564	1,970,891	07/15/01-04
			5.10	1,970,891	1,970,891	07/15/05
			5.125	1,970,891	1,970,891	07/15/06
			5.25	1,970,891	1,970,891	07/15/07
			5.30	11,969,550	1,994,925	07/15/08-13
				<u>\$25,765,787</u>		



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			Interest Rate- %	Principal	Annual Amount	Maturity Date
Sewer share of \$42,075,000 Sewage	<u>\$3,354,635</u>	11/15/93	4.30	167,034	167,034	06/01/02
			4.40	164,642	164,642	06/01/03
			4.50	162,649	162,649	06/01/04
			4.70	160,656	160,656	06/01/05
			4.80	158,663	158,663	06/01/06
			4.75	156,271	156,271	06/01/07
			5.00	540,968	540,968	06/01/08
			6.00	532,596	532,596	06/01/09
			6.00	384,697	384,697	06/01/10
			6.00	383,102	383,102	06/01/11
			6.00	381,508	381,508	06/01/12
				<u>\$3,192,786</u>		
Water Share of \$23,870,000 Public Improvement Bonds	<u>\$4,000,000</u>	08/01/92	5.00	237,118	237,118	08/01/01
			5.10	237,118	237,118	08/01/02
			5.15	237,118	237,118	08/01/04
			5.25	237,118	237,118	08/01/04
			5.40	237,955	237,955	08/01/05
				<u>\$1,186,427</u>		
Water Share of \$36,585,000 GO Refunding Bonds	<u>\$1,705,227</u>	04/15/92				
			5.75	119,555	119,555	06/01/02
			5.80	115,593	115,593	06/01/03
			6.00	111,631	111,631	06/01/04
			6.00	58,497	58,497	06/01/05
				<u>\$405,276</u>		
Water Share of \$34,200,000 Public Improvement Bonds	<u>\$1,400,000</u>	08/01/97	5.00	960,557	73,889	06/01/02-14
			5.10	221,667	73,889	06/01/15-17
				<u>\$1,182,224</u>		
Water/Sewer share of \$87,740,000		05/01/98				
Water Share	1,800,000					
Advanced Water Treatment	<u>5,000,000</u>		4.25	367,146	367,146	10/01/01
			4.25	367,606	367,606	10/01/02
			4.25	406,781	406,781	10/01/03
			4.25	406,151	406,151	10/01/04
			4.75	405,566	405,566	10/01/05
			4.75	596,006	596,006	10/01/06
			4.75	575,156	575,156	10/01/07
			5.00	573,656	573,656	10/01/08
			5.00	568,126	568,126	10/01/09
			5.00	565,685	565,685	10/01/10
			5.00	357,435	357,435	10/01/11
			5.00	357,435	357,435	10/01/12
			5.00	357,435	357,435	10/01/13
			5.00	357,435	357,435	10/01/14
			5.00	1,072,304	357,435	10/01/15-17
				<u>\$7,333,923</u>		

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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
Water/Sewer share of \$79,750,000		06/15/99				
Water Share	500,000		4.50	820,000	205,000	06/01/02-05
Advanced Water Treatment	3,500,000		5.00	820,000	205,000	06/01/06-09
	<u>\$4,000,000</u>		5.125	410,000	205,000	06/01/10-11
			5.25	1,435,000	205,000	06/01/12-18
			5.25	215,000	215,000	06/01/19
				<u>\$3,700,000</u>		
Water share of \$99,815,000		06/18/01				
Water share	<u>\$2,504,000</u>		4.00	50,177	50,177	02/01/02
			4.00	100,215	100,215	02/01/03
			4.50	664,638	132,928	02/01/04-08
			4.50	663,945	132,789	02/01/09-13
			4.70	132,789	132,789	02/01/14
			4.75	132,789	132,789	02/01/15
			4.875	132,650	132,650	02/01/16
			5.00	530,601	132,650	02/01/17-20
			5.00	96,196	96,196	02/01/21
				<u>\$2,504,000</u>		
Total Long Term Obligations Serviced by Utilities Fund				<u>\$46,281,713</u>		
 SUBTOTAL:				<u>\$526,777,502</u>		
Revenue Bonds- Serviced by Ballston Public Garage Fund				<u>16,800,000</u>		
Mortgage Payable- Ballston Public Garage Fund				<u>3,429,679</u>		
SUBTOTAL:				<u>\$547,007,181</u>		
Less: Current Portion of Long-Term Obligations- Proprietary Fund Types				<u>(4,097,277)</u>		
TOTAL LONG TERM OBLIGATIONS				<u>\$542,909,904</u>		

ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE  
 June 30, 2001

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2001	\$77,469	\$1,505,028	\$1,582,497
2000	54,568	1,184,534	1,239,102
1999	14,253	787,184	801,437
1998	5,891	710,568	716,459
1997	1,498	653,125	654,623
1996	1,315	-	1,315
1995	695	-	695
1994	913	-	913
1993	232	-	232
1992	1,770	-	1,770
1991	1,992	-	1,992
1990	591	-	591
1989	591	-	591
TOTAL	<u>\$161,778</u>	<u>\$4,840,439</u>	<u>\$5,002,217</u>

## NOTES:

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

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

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

The amounts of delinquent taxes include the original levy and subsequent for penalties. The penalty balances for real and personal property taxes \$13,525 and \$830,601.

ARLINGTON COUNTY, VIRGINIA  
 SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE  
 June 30, 2001

Primary Government

## General Fixed Assets:

Land	\$76,086,384
Buildings	129,672,793
Furniture, fixtures and equipment	43,403,467
	<hr/>
Total General Fixed Assets	<u><u>\$249,162,644</u></u>

## Investment in General Fixed Assets by Source:

General obligation bonds	\$146,473,976
Federal grants	14,907,105
State literary loans	1,664,496
Donated assets	5,795,926
General fund revenues	80,321,141
	<hr/>
Total Investment in General Fixed Assets	<u><u>\$249,162,644</u></u>

## NOTE:

The general fixed assets account group includes the fixed assets of the county which are used in the general operations, other than those accounted for in the enterprise or internal service funds, or in the component unit schools.

Component Unit: School Board

## School Fixed Assets:

Land	\$4,697,946
Buildings	214,186,732
Furniture, fixtures and equipment	59,587,060
	<hr/>
Total school fixed assets	<u><u>\$278,471,738</u></u>

## Investment in School Fixed Assets by Source:

General obligations bonds	\$231,751,259
Federal grants	5,179,592
State literary loans	484,498
General fund revenues	41,056,389
	<hr/>
Total investment in school fixed assets	<u><u>\$278,471,738</u></u>

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS- BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2001

Primary Government

FUNCTION AND ACTIVITY:	General Fixed Assets July 1, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
<b>General Government:</b>				
Control-				
Legislative	\$ 12,424	\$ -	\$ -	\$ 12,424
Executive	214,926	-	-	214,926
Judicial	602,221	62,560	-	664,781
Total Control	829,571	62,560	-	892,131
<b>Staff Agencies-</b>				
Election	120,906	-	-	120,906
Management Finance and Budget	209,227	-	-	209,227
Office of Support Services	109,914,116	305,270	-	110,219,386
Real Estate Assessment	45,717	-	-	45,717
Civil Service	704	-	-	704
Personnel Department	146,253	-	-	146,253
Office of County Attorney	7,354	-	-	7,354
Commissioner of the Revenue	42,503	-	-	42,503
Treasurer	663,419	-	-	663,419
General government buildings	14,933,216	912,036	-	15,845,252
Other	2,842,639	-	-	2,842,639
Total Staff Agencies	128,926,054	1,217,306	-	130,143,360
Total General Government	129,755,625	1,279,866	-	131,035,491
<b>Public Safety:</b>				
Police protection	11,250,863	80,095	-	11,330,958
Fire protection	4,067,817	312,542	35,000	4,345,359
Emergency communication	37,578	-	-	37,578
Total Public Safety	15,356,258	392,637	35,000	15,713,895
<b>Public Works</b>				
Public Works	33,497,925	341,417	-	33,839,342
Environmental Services	297,417	-	-	297,417
Health	3,269,782	235,550	45,000	3,460,332
Public Welfare	649,983	-	-	649,983
Libraries	3,227,623	46,077	-	3,273,700
Recreation	43,810,222	993,973	-	44,804,195
Department of Technology Services	-	3,615,443	-	3,615,443
Community Development	12,443,286	29,560	-	12,472,846
Total General Fixed Assets	\$ 242,308,121	\$ 6,934,523	\$ 80,000	\$ 249,162,644
<u>Component Unit: School Board</u>				
Schools	\$ 238,758,582	\$ 39,713,156	\$ -	\$ 278,471,738

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY  
June 30, 2001

Primary Government

FUNCTION AND ACTIVITY:	Total	Land	Buildings	Equipment
General Government:				
Control-				
Legislative	\$ 12,424	\$ -	\$ -	\$ 12,424
Executive	214,926	-	-	214,926
Judicial	664,781	-	-	664,781
Total Control	892,131	-	-	892,131
Staff Agencies-				
Elections	120,906	-	-	120,906
Management Finance and Budget	209,227	-	-	209,227
Office of Support Services	110,219,386	11,780,043	77,172,838	21,266,505
Real Estate Assessment	45,717	-	-	45,717
Civil Service	704	-	-	704
Personnel Department	146,253	-	-	146,253
Office of County Attorney	7,354	-	-	7,354
Commissioner of the Revenue	42,503	-	-	42,503
Treasurer	663,419	-	-	663,419
General government buildings	15,845,252	3,997,113	10,936,103	912,036
Other	2,842,639	2,818,480	-	24,159
Total Staff Agencies	130,143,360	18,595,636	88,108,941	23,438,783
Total General Government	131,035,491	18,595,636	88,108,941	24,330,914
Public Safety:				
Police protection	11,330,958	-	6,196,552	5,134,406
Fire protection	4,345,359	429,296	2,147,533	1,768,530
Emergency communication	37,578	-	-	37,578
Total Public Safety	15,713,895	429,296	8,344,085	6,940,514
Public Works	33,839,342	16,480,427	13,500,548	3,858,367
Environmental Services	297,417	-	-	297,417
Health	3,460,332	43,862	1,742,624	1,673,846
Public Welfare	649,983	200,000	130,415	319,568
Libraries	3,273,700	133,552	2,493,153	646,995
Recreation	44,804,195	40,200,979	3,280,812	1,322,404
Department of Technology Services	3,615,443	-	-	3,615,443
Community Development	12,472,846	2,632	12,072,215	397,999
Total General Fixed Assets	\$249,162,644	\$76,086,384	\$129,672,793	\$43,403,467
Component Unit: School Board				
Schools	\$ 278,471,738	\$ 4,697,946	\$ 214,186,732	\$ 59,587,060

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

EXHIBIT S-8  
Page 1 of 3

	2001			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUALS
GENERAL FUND				
Current -				
Real estate	\$221,789,523	\$230,375,898	\$8,586,375	\$208,457,369
Personal	71,076,429	75,993,964	4,917,535	72,020,688
Delinquent	3,192,832	2,117,712	(1,075,120)	2,804,419
Total General Property Taxes	296,058,784	308,487,574	12,428,790	283,282,476
Other Local Taxes:				
Car rental taxes	4,608,950	5,102,470	493,520	4,642,029
Local sales taxes	27,235,988	29,398,278	2,162,290	26,747,767
Bank stock taxes	1,260,844	1,165,841	(95,003)	1,208,122
Recordation taxes	1,522,943	1,781,317	258,374	1,444,117
Cigarette taxes	572,000	662,578	90,578	594,342
Transient taxes	14,091,612	15,190,562	1,098,950	14,317,386
Sidewalk taxes	540,000	123,805	(416,195)	206,428
Commercial utility taxes	7,100,000	7,249,558	149,558	6,930,552
Meals tax	16,830,127	17,995,106	1,164,979	16,919,947
Consumption taxes	230,000	287,254	57,254	-
Short term rental tax	63,042	65,278	2,236	60,311
Estate tax	70,000	69,243	(757)	65,471
Total Other Local Taxes	74,125,506	79,091,290	4,965,784	73,136,472
Total Taxes	370,184,290	387,578,864	17,394,574	356,418,948
Permits, privilege fees and Regulatory licenses:				
Business and professional	37,996,637	41,749,809	3,753,172	41,018,179
Motor vehicle	3,465,790	3,513,362	47,572	214,331
Other	6,880	3,230	(3,650)	2,561
Permits	3,741,000	5,023,885	1,282,885	4,628,758
Fees	2,412,605	2,168,313	(244,292)	2,201,660
Total Permits, Privilege Fees and Regulatory Licenses	47,622,912	52,458,599	4,835,687	48,065,489
Fines and Forfeitures	9,009,120	8,687,912	(321,208)	8,264,814
Charges for Services:				
Refuse collection	6,990,504	7,063,096	72,592	6,344,310
Other charges for services	17,839,308	16,225,551	(1,613,757)	15,487,778
Total Charges for Services	24,829,812	23,288,647	(1,541,165)	21,832,088
Use of Money and Property:				
Interest-temporary investments	7,368,466	4,560,195	(2,808,271)	4,199,706
Rents and concessions	1,464,978	2,105,655	640,677	2,047,290
Parking meter rents	3,209,900	3,263,715	53,815	2,954,713
Total Use of Money and Property	12,043,344	9,929,565	(2,113,779)	9,201,709
Miscellaneous Revenues:				
Arlington Health Foundation grants	164,559	122,061	(42,498)	109,263
Other	1,104,502	3,019,644	1,915,142	2,271,189
Total Miscellaneous Revenues	1,269,061	3,141,705	1,872,644	2,380,452
Total Revenue from Local Sources	464,958,539	485,085,292	20,126,753	446,163,500

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

EXHIBIT S-8  
Page 2 of 3

	2001			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUALS
From the Commonwealth of Virginia:				
Non-categorical Aid:				
A.B.C. profits	659,240	725,394	66,154	784,981
Gasoline tax and other transportati	13,100,000	12,728,559	(371,441)	12,778,177
Tax on grantor's tax	700,000	731,387	31,387	663,423
Rolling stock tax	10,000	31,305	21,305	26,197
Total Non-categorical Aid	<u>14,469,240</u>	<u>14,216,645</u>	<u>(252,595)</u>	<u>14,252,778</u>
Categorical Aid:				
Shared Expenses:				
Reimbursement of constitutional				
Officers' expenses	15,736,933	15,999,231	262,298	16,381,706
Other categorical aid:				
Health reimbursements	3,115,062	3,012,979	(102,083)	2,965,070
Prisoner expense reimbursements	1,415,000	1,418,258	3,258	1,479,932
Pre-trial diversion	375,840	318,490	(57,350)	134,883
Library supplements	409,779	390,493	(19,286)	260,235
Fire programs	242,707	242,707	-	220,001
Juvenile detention homes	767,668	767,668	-	767,668
Juvenile court reimbursements	521,525	605,493	83,968	511,866
Substance abuse	928,772	956,554	27,782	920,716
Social services	4,301,780	3,537,032	(764,748)	3,367,553
Mental health and retardation	5,550,729	5,347,043	(203,686)	4,888,344
Signal reimbursement	821,762	664,446	(157,316)	1,031,624
Miscellaneous state grant	363,842	464,981	101,139	290,266
Transit aid	259,590	-	(259,590)	(217,004)
State transportation grants	2,294,284	3,182,888	888,604	(692,227)
Jail reimbursements	1,800,000	1,806,766	6,766	1,806,349
Comprehensive services act	2,044,300	1,444,657	(599,643)	2,296,851
Other	165,738	166,880	1,142	163,305
Total Categorical Aid	<u>41,115,311</u>	<u>40,326,566</u>	<u>(788,745)</u>	<u>36,577,138</u>
Total from the Commonwealth	<u>55,584,551</u>	<u>54,543,211</u>	<u>(1,041,340)</u>	<u>50,829,916</u>
From the Federal Government-				
Non-Categorical Aid:				
Job training partnership act	1,425,164	640,752	(784,412)	1,537,016
HUD home rehab/home	2,002,099	791,000	(1,211,099)	1,587,638
Total Non-Categorical Aid	<u>3,427,263</u>	<u>1,431,752</u>	<u>(1,995,511)</u>	<u>3,124,654</u>
Categorical Aid:				
Older americans act	381,266	371,235	(10,031)	305,486
U.S. marshalls prisoners' reimburse	430,750	1,006,250	575,500	752,652
Drug enforcement reimbursements	15,000	-	(15,000)	623
FBI narcotics law enforcement	-	137,925	137,925	507,624
HIDTA grant	100,000	85,262	(14,738)	65,403
Federal health reimbursements	293,113	239,296	(53,817)	248,839
Mental health/retardation	225,818	254,575	28,757	245,918
Substance abuse	955,410	785,786	(169,624)	743,272
Social service	8,135,594	9,797,071	1,661,477	10,070,142
WIC program	443,199	423,620	(19,579)	427,176
Miscellaneous federal grants	3,322,793	2,601,793	(721,000)	1,556,163
Total Categorical Aid	<u>14,302,943</u>	<u>15,702,813</u>	<u>1,399,870</u>	<u>14,923,298</u>
Total from the Federal Governmen	<u>17,730,206</u>	<u>17,134,565</u>	<u>(595,641)</u>	<u>18,047,952</u>
Total General Fund Revenues	<u>538,273,296</u>	<u>556,763,068</u>	<u>18,489,772</u>	<u>515,041,368</u>
Proceed from sale of land	25,000	328,314	303,314	946,596
Total Other Financing Sources	<u>25,000</u>	<u>328,314</u>	<u>303,314</u>	<u>946,596</u>
Total General Fund Revenues and Other Financing Sources	<u>\$538,298,296</u>	<u>\$557,091,382</u>	<u>\$18,793,086</u>	<u>\$515,987,964</u>



ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

EXHIBIT S-8  
Page 3 of 3

	2001		VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUALS
	BUDGET	ACTUAL		
SPECIAL REVENUE FUNDS:				
Travel and Tourism Fund- Transient occupancy tax	690,476	763,782	73,306	718,376
Total Travel and Tourism Promoti	690,476	763,782	73,306	718,376
Community Development Block Grant- Revenues from federal government and Other	5,150,275	3,351,909	(1,798,366)	2,157,238
Total Community Development Block Grant Fund	5,150,275	3,351,909	(1,798,366)	2,157,238
Section 8 Housing- Revenues from federal government and Other	11,664,463	9,585,585	(2,078,878)	10,850,373
Total Section 8 Housing	11,664,463	9,585,585	(2,078,878)	10,850,373
Total Special Revenue Funds	\$17,505,214	\$13,701,276	(\$3,803,938)	\$13,725,987
Total General and Special Revenue	\$555,803,510	\$570,792,658	\$14,989,148	\$529,713,951
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Automotive Equipment Fund	\$130,000	\$130,000	\$ -	\$130,000
Street and Highway Bond Fund	-	1,124,108	1,124,108	1,271,238
Courts/Police Facilities Bond	-	885,704	885,704	88,582
Neighborhood Conservation Bond Fund	-	1,100,941	1,100,941	1,286,602
Public Recreation Bond Fund	-	1,009,765	1,009,765	1,268,944
Fire Facitities Bond Fund	-	149,885	149,885	151,194
Library Bond Fund	-	28,608	28,608	-
Technology Services	-	-	-	2,866,077
Transit Facilities Bond Fund	-	289,164	289,164	74,570
School Capital Improvement Fund	-	1,287,707	1,287,707	1,617,581
Trust and Agency Funds	-	10,000	10,000	-
	\$130,000	\$6,015,882	\$5,885,882	\$8,754,788

\*Columns may not add due to rounding.

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

EXHIBIT S-9  
Page 1 of 4

	2001		VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUALS
	BUDGET	ACTUAL		
General Government Administration:				
Legislative:				
County Board	\$535,549	\$471,906	\$63,643	\$474,794
General and Financial Administration:				
County Manager	949,845	1,109,167	(159,322)	897,636
Public Affairs	641,327	554,600	86,727	635,159
Management and Finance-				
Financial Management	2,308,783	2,132,550	176,233	2,375,620
Real Estate Assessment	1,375,435	1,240,011	135,424	1,571,212
Technology Services	12,327,245	11,803,521	523,724	-
Office of Support Services	7,738,366	7,262,797	475,569	7,387,134
Civil Service	17,970	14,675	3,295	14,244
Human Resources	3,599,895	3,437,700	162,195	3,693,586
Office of the County Attorney	1,208,044	1,037,220	170,824	1,020,787
Commissioner of the Revenue	3,166,164	2,921,347	244,817	3,279,497
Treasurer	4,289,150	4,418,403	(129,253)	4,714,116
Total Gen. and Fin. Administration	37,622,224	35,931,991	1,690,233	25,588,991
Board of Elections:				
Electoral Board	424,156	443,965	(19,809)	409,934
Judicial Administration:				
Courts:				
Circuit Court:				
Judges' office	324,708	301,531	23,177	282,781
Clerk of the Circuit Court	2,035,097	1,737,638	297,459	1,764,978
District Court:				
Judges' office	175,723	229,061	(53,338)	237,202
Clerk of the District Court & Community Cc	376,952	303,134	73,818	38,321
Magistrates	7,004	11,506	(4,502)	8,621
Juvenile and Domestic Relations				
Judges' office	53,871	52,509	1,362	54,234
Clerk of the Juvenile & Domestic Relations	22,129	14,492	7,637	15,387
Probation office	2,035,748	2,072,802	(37,054)	1,972,321
Community based office	1,472,370	1,483,118	(10,748)	1,414,878
Sheriff and Jail				
Sheriff's office	4,087,270	4,173,392	(86,122)	4,407,053
Jail	15,172,270	15,450,559	(278,289)	14,724,578
Total Courts	25,763,142	25,829,742	(66,600)	24,920,354
Commonwealth Attorney:				
Commonwealth attorney's office	2,636,167	2,538,511	97,656	2,474,914
Alcohol Safety Action Program	356,375	386,449	(30,074)	359,221
Total Commonwealth Attorney	2,992,542	2,924,960	67,582	2,834,135
Total Judicial Administration	28,755,684	28,754,702	982	27,754,489
Total General Govt. Administration	67,337,613	65,602,564	1,735,049	54,228,208
Public Safety:				
Law Enforcement and Traffic Control:				
Police Department	35,045,086	32,535,801	2,509,285	33,551,012
Fire and Rescue Services:				
Fire administration services	1,141,952	1,183,449	(41,497)	1,534,302
Fire prevention	865,832	774,983	90,849	941,829
Fire operations & technical services	19,175,887	20,040,090	(864,203)	19,404,258
Total Fire and Rescue Services	21,183,671	21,998,522	(814,851)	21,880,389

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

	2001		VARIANCE FAVORABLE (UNFAVORABLE)	2000 ACTUALS
	BUDGET	ACTUAL		
Other Protection:				
Emergency Communications	4,402,989	4,070,988	332,001	4,294,898
Total Public Safety	60,631,746	58,605,311	2,026,435	59,726,299
Public Works:				
Maintenance of highways, streets				
Bridges and sidewalks				
Traffic engineering	8,157,621	7,025,420	1,132,201	6,751,569
Total Maintenance	8,157,621	7,025,420	1,132,201	6,751,569
Other:				
Administration	754,795	350,645	404,150	595,913
Planning and engineering	6,205,464	6,488,997	(283,533)	5,740,605
Operations	5,296,578	5,029,452	267,126	4,869,486
Total Other	12,256,837	11,869,094	387,743	11,206,004
Total Public Works	20,414,458	18,894,514	1,519,944	17,957,573
Environmental Services:				
Sanitation, waste disposal and recycling:				
Solid waste collection	5,724,236	5,720,784	3,452	4,397,216
Recycling	4,128,474	4,051,464	77,010	3,758,132
Total Sanitation and Waste Disposal	9,852,710	9,772,248	80,462	8,155,348
Administration	281,282	289,532	(8,250)	357,567
Total Environmental Services	10,133,992	10,061,780	72,212	8,512,915
Health and Welfare:				
Economic independence/assistance	6,907,424	7,051,528	(144,104)	5,834,640
Administration	6,888,158	4,947,055	1,941,103	6,095,893
Health services	12,726,388	12,293,392	432,996	10,753,713
Aging & disability services	3,860,809	3,857,516	3,293	3,338,810
Mental health services	7,469,530	7,019,371	450,159	6,271,906
Agency on aging	805,078	762,990	42,088	728,486
Child & family services	6,744,284	6,333,234	411,050	5,174,953
SS assistance & purchase services	10,106,526	9,001,089	1,105,437	9,398,999
Comprehensive services act	3,909,405	3,656,130	253,275	4,031,928
Employment center	4,167,113	2,144,411	2,022,702	2,586,526
Welfare reform	1,313,386	1,134,820	178,566	1,074,974
Mental retardation services	3,935,438	3,544,703	390,735	3,486,984
Mental health services board	1,276,957	1,190,891	86,066	1,346,804
Substance abuse	4,493,945	3,955,925	538,020	3,832,899
Total Health and Welfare	74,604,441	66,893,055	7,711,386	63,957,515

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

EXHIBIT S-9  
Page 3 of 4

	2001		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
			2000 ACTUALS
Parks, Recreation and Cultural:			
Parks, Recreation and Community Resources:			
Administration	1,448,836	1,902,657	(453,821)
Parks	7,381,846	7,374,044	7,802
Sports division	2,358,180	2,380,896	(22,716)
Recreation	3,021,099	3,001,527	19,572
Community services	1,788,109	1,579,428	208,681
County-wide services	1,945,915	1,811,859	134,056
Cultural affairs	1,625,864	1,584,785	41,079
Special program - director's office	411,299	-	411,299
Fee programs	1,771,139	1,767,436	3,703
Total Parks, Recreation and Community Resources	21,752,287	21,402,632	349,655
Library Department	10,212,854	9,919,199	293,655
Total Parks, Recreation and Cultural	31,965,141	31,321,831	643,310
Community Development:			
Planning and Community Development:			
Administration	893,446	639,316	254,130
Planning	3,060,084	3,024,388	35,696
Community development	1,918,119	1,360,068	558,051
Inspection services	2,626,228	2,566,346	59,882
Economic development:			
Director's office	756,236	811,778	(55,542)
Office of business investment	1,039,820	911,271	128,549
Office of development	1,000,341	918,916	81,425
Total Community Development	11,294,274	10,232,083	1,062,191
Non-Departmental:			
Employee benefits	829,531	608,329	221,202
Risk management/insurance	3,961,642	3,627,061	334,581
Other	25,751,163	19,889,956	5,861,207
Total Non-Departmental	30,542,336	24,125,346	6,416,990
Debt Service:			
Principal retirement	18,611,413	18,611,413	-
Interest serial bond	12,027,188	12,048,420	(21,232)
Other costs	75,000	17,143	57,857
Total Debt Service	30,713,601	30,676,976	36,625
Contributions to Regional Agencies:			
Regional resources development	5,104,832	5,031,548	73,284
Metro	10,000,000	9,331,780	668,220
Total Contrib. to Reg. Agencies	15,104,832	14,363,328	741,504
Total General Fund Expenditures	352,742,434	330,776,788	21,965,646
			309,813,918

ARLINGTON COUNTY, VIRGINIA  
GENERAL AND SPECIAL REVENUE FUNDS  
DETAIL SCHEDULE OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2001

	2001		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
			2000 ACTUALS
Special Revenue Funds:			
Travel and Tourism Promotion	1,120,125	824,373	295,752
Community Development Block Grant- Community Development	5,150,275	3,348,324	1,801,951
Section 8 Housing	11,664,463	9,304,101	2,360,362
Total Special Revenue Funds	17,934,863	13,476,798	4,458,065
Total General and Special Revenue Funds	\$370,677,297	\$344,253,586	\$26,423,711
GENERAL FUND TRANSFERS TO OTHER FUNDS:			
General Capital Projects Fund	\$11,154,381	\$11,154,381	\$
Travel & Tourism Promotion Fund	247,000	247,000	-
Printing Fund	67,950	67,950	-
Technology & Info Systems Fund	-	-	-
Automotive Equipment Fund	187,000	221,753	(34,753)
School Operating Fund	171,800,314	170,978,783	821,531
School Community Activities	6,432,924	6,412,318	20,606
School CBTV	100,000	103,683	(3,683)
School Special Grants Fund	-	656,433	(656,433)
School Construction	4,142,725	3,651,240	491,485
School Debt Service	15,254,272	15,338,029	(83,757)
School Comprehensive Service Act	1,575,000	1,395,944	179,056
Total General Fund			
Transfers to Other Funds	\$210,961,566	\$210,227,514	\$734,052

\* Columns may not add due to rounding.

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001

EXHIBIT S-10

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlay:	
General Government	\$ 1,153,522
Public Safety	718,016
Public Works	392,979
Environmental Services	203,729
Health and Human Services	854,861
Cultural & Recreational	
Library	362,189
Library Books	1,229,778
Community Affairs	340,066
Total General Fund	<u>\$ 5,255,140</u>
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public works:	
Transportation Projects	1,905,402
Government Facilities	1,710,306
Cultural & Recreation - Community Affairs	
Government Facilities	2,121,680
Parks	74,491
Contributions to Regional Agencies	113,073
Total General Capital Projects Funds	<u>5,924,952</u>
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation	
Street & Highway Improvements	4,675,724
Courts/Police Facilities Bond Fund:	
Courthouse/Police Station Project	78,625
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	3,718,874
Public Recreation Bond Fund:	
Capital Projects Parks & Recreation facilities	6,947,346
Transit Facilities Bond Fund:	
Capital Projects - Transit facilities	2,122,515
SCHOOL BOARD:	
School Capital Projects Bond Fund:	32,666,653
Capital Projects - Education Facilities	<u>4,372,323</u>
TOTAL CAPITAL PROJECTS FUNDS	<u>60,507,012</u>
GRAND TOTAL	<u><u>\$ 65,762,152</u></u>

# **STATISTICAL DATA SECTION**



## **STATISTICAL (Unaudited)**



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

TABLE I

Fiscal Year	General Government	Public Safety	Public Works/ Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non- Depart- mental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
1992	39,380,960	47,591,800	22,185,898	46,364,457	45,593,406	131,158,710	14,849,534	21,878,259	6,746,000	4,980,371	380,729,395
1993	43,318,476	49,269,768	22,786,161	48,952,625	45,457,198	139,975,409	13,318,348	24,549,185	8,772,000	4,436,319	400,835,489
1994	46,945,017	50,980,253	23,402,891	54,782,949	47,480,554	146,475,072	12,752,403	23,968,722	9,900,000	4,754,668	421,442,529
1995	49,604,703	53,994,269	24,537,461	59,774,295	52,008,169	160,246,190	18,158,578	27,955,949	8,801,103	7,142,466	462,223,183
1996	49,850,265	53,801,668	24,753,204	60,947,297	48,768,959	165,953,881	21,514,090	33,325,025	8,499,999	10,946,601	478,360,989
1997	52,295,069	56,264,061	24,295,803	62,353,877	52,778,277	175,477,281	16,534,672	34,312,104	6,800,000	10,435,437	491,546,581
1998	52,507,401	55,803,956	24,741,982	58,758,808	58,283,472	185,114,708	16,915,459	36,696,621	8,925,000	3,968,888	501,716,295
1999	55,582,978	59,558,807	26,345,066	61,248,081	60,501,139	198,435,631	21,126,245	38,127,637	6,667,076	4,741,372	532,334,032
2000	54,228,208	59,726,299	26,470,488	63,957,515	62,628,500	212,818,415	22,582,602	43,977,853	7,020,365	4,738,554	558,148,799
2001	65,602,564	58,605,311	28,956,294	66,893,055	64,609,246	225,705,274	24,125,346	46,015,005	9,331,780	5,031,548	594,875,423

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
- (3) Includes all debt service for the General and Special Revenue Funds of the County and School Board
- (4) Reflects budgeting and expensing of a portion of the Comprehensive Services Act Funds within the Education Category.

ARLINGTON COUNTY, VIRGINIA  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
Last Ten Fiscal Years

TABLE II

Fiscal Year	Taxes	Licenses and Permits	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
1992	252,131,033	30,782,076	74,828,824	17,961,177	7,069,367	8,081,288	390,853,765
1993	266,417,496	33,482,409	76,009,351	18,710,447	7,129,086	6,136,926	407,885,715
1994	278,858,429	37,501,656	82,047,491	19,598,846	6,886,059	5,638,225	430,530,706
1995	292,045,127	38,579,603	92,148,882	19,256,773	7,133,621	9,502,084	458,666,090
1996	302,040,849	38,320,489	99,232,946	22,235,236	7,071,879	9,363,927	478,265,326
1997	319,453,873	39,125,537	105,780,935	23,622,491	8,447,673	6,770,717	503,201,226
1998	331,868,850	40,362,470	99,433,931	25,051,214	8,522,820	8,737,739	513,977,024
1999	346,548,301	41,242,844	108,118,048	26,199,338	8,716,479	11,119,497	541,944,507
2000	369,262,476	48,065,489	113,747,563	29,761,955	8,264,814	13,199,742	582,302,039
2001	401,300,500	52,458,599	118,445,842	31,390,069	8,687,912	14,358,977	626,641,899

NOTES:

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

ARLINGTON COUNTY, VIRGINIA  
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE  
Last Ten Fiscal Years

TABLE III

Fiscal Year	General Property (1)	Local Sales	Local Cigarette	Transient (2)	Bank Stock	Recordation	Car Rental	Commercial Utility	Short Term		Estate Taxes	Total
									Meals	Rental		
1992	193,697,453	18,477,591	597,595	9,591,998	492,084	1,019,815	1,572,547	7,263,366	11,683,795	53,572	36,450	244,486,266
1993	203,381,384	19,378,535	581,707	10,080,343	627,212	1,039,382	2,693,845	7,510,522	12,628,467	53,298	47,740	258,022,435
1994	212,222,584	19,635,312	568,201	11,032,519	1,070,153	1,326,758	3,599,638	6,474,651	13,090,290	62,672	53,679	269,136,457
1995	222,353,795	21,784,558	712,745	10,952,615	1,106,336	874,412	3,739,632	6,557,000	13,473,420	58,656	49,090	281,662,259
1996	229,667,033	22,438,640	680,626	11,216,628	1,264,134	957,272	3,788,483	7,079,091	14,120,686	56,781	52,753	291,322,127
1997	243,077,055	23,928,258	667,810	12,531,316	1,244,670	1,108,127	4,591,434	6,921,431	14,731,340	56,867	59,726	308,918,034
1998	253,253,825	24,758,041	637,912	13,355,887	1,166,413	1,273,248	4,134,543	7,349,992	15,566,447	54,838	69,441	321,620,587
1999	265,296,810	25,835,931	613,199	13,998,663	1,421,760	1,847,738	4,571,080	6,359,817	15,546,488	56,356	59,978	335,607,820
2000	283,488,904	26,747,767	594,342	15,035,762	1,208,122	1,444,117	4,642,029	6,930,552	16,919,947	60,311	65,471	357,137,324
2001	308,487,574	29,398,278	662,578	15,954,344	1,165,841	1,781,317	5,102,470	7,249,558	17,995,106	65,278	69,243	387,931,587

NOTES:

(1) Includes Sidewalk Assessments

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

TABLE IV

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
1992	196,185,246	2,052,284	194,132,962	98.95%	2,135,864	196,268,826	100.04%	515,448	559,108	4,028,105	2.05%
1993	202,248,847	1,982,153	200,266,694	99.02%	761,294	201,027,988	99.40%	486,804	599,515	4,292,996	2.12%
1994	213,874,198	1,752,144	212,122,054	99.18%	836,770	212,958,824	99.57%	882,166	603,969	3,907,607	1.83%
1995	220,824,238	1,411,697	219,412,541	99.36%	773,661	220,186,202	99.71%	581,954	612,321	3,733,959	1.69%
1996	231,105,324	1,850,816	229,254,508	99.20%	816,226	230,070,734	99.55%	703,309	674,783	3,716,673	1.61%
1997	242,045,913	2,076,421	239,969,492	99.14%	1,472,963	241,442,455	99.75%	1,278,402	755,524	3,991,193	1.65%
1998	256,629,325	1,973,283	254,656,042	99.23%	1,781,706	256,437,748	99.93%	709,475	765,452	4,275,180	1.67%
1999	263,965,348	1,999,162	261,966,186	99.24%	1,876,592	263,842,778	99.95%	663,641	813,860	4,321,567	1.64%
2000	283,767,875	2,968,825	280,799,050	98.95%	2,420,898	283,219,948	99.81%	820,752	797,274	4,753,609	1.68%
2001	309,676,367	2,962,538	306,713,829	99.04%	2,756,158	309,469,987	99.93%	568,475	798,198	5,002,218	1.62%

## NOTES:

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

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

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

"Total Taxes Collected" reflects "Current Taxes Collected" plus collection of prior year's taxes and penalties in the current year.

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

TABLE V

ARLINGTON COUNTY, VIRGINIA  
 ASSESSED AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY (1)  
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Public Property		Total		Ratio of Total Assessed to Total Estimated Actual
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1992	18,034,542,200	18,034,542,200	994,732,361	994,732,361	792,275,248	792,275,248	19,821,549,809	19,821,549,809	100%
1993	17,862,637,650	17,862,637,650	1,002,571,077	1,002,571,077	828,279,443	828,279,443	19,693,488,170	19,693,488,170	100%
1994	17,832,515,250	17,832,515,250	1,056,396,483	1,056,396,483	843,639,375	843,639,375	19,732,551,108	19,732,551,108	100%
1995	17,808,388,000	17,808,388,000	1,110,204,490	1,110,204,490	858,131,766	858,131,766	19,776,724,256	19,776,724,256	100%
1996	18,150,077,200	18,150,077,200	1,227,189,540	1,227,189,540	828,010,705	828,010,705	20,205,277,445	20,205,277,445	100%
1997	18,545,587,900	18,545,587,900	1,359,844,756	1,359,844,756	826,704,180	826,704,180	20,732,136,836	20,732,136,836	100%
1998	19,049,629,300	19,049,629,300	1,362,069,818	1,362,069,818	878,118,532	878,118,532	21,289,817,650	21,289,817,650	100%
1999	19,987,442,600	19,987,442,600	1,444,383,443	1,444,383,443	927,234,534	927,234,534	22,359,060,577	22,359,060,577	100%
2000	21,366,860,900	21,366,860,900	1,562,454,963	1,562,454,963	914,769,846	914,769,846	23,844,085,709	23,844,085,709	100%
2001	23,509,214,100	23,509,214,100	1,701,074,975	1,701,074,975	865,677,147	865,677,147	26,075,966,222	26,075,966,222	100%

## NOTE:

(1) The amounts shown for assessed and estimated actual value of taxable property represent valuations for County tax years which end December 31st.

TABLE VI

ARLINGTON COUNTY, VIRGINIA  
PROPERTY TAX RATES (1)  
Last Ten Fiscal Years

Tax Rates (2)

Public Service Corporations

Fiscal Year	Real Property	Personal Property	Real Property	Personal Property Vehicles	Other
1992	.765/.82	4.40	.765/.82	4.40	1
1993	.82/.86	4.40	.82/.86	4.40	0.820
1994	.86/.897	4.40	.86/.897	4.40	0.860
1995	.897/.94	4.40	.897/.94	4.40	1
1996	.94/.96	4.40	.94/.96	4.40	0.940
1997	.96/.986	4.40	.96/.986	4.40	0.960
1998	.986/.998	4.40	.986/.998	4.40	1
1999	.998/.998	4.40	.998/.998	4.40	1
2000	.998/1.023	4.40	.998/1.023	4.40	1
2001	1.023/1.023	4.40	1.023/1.023	4.40	1

NOTES:

(1) Tax rates applicable to each \$100.00 of assessed value. There are no overlapping governments with regard to the taxation of property.

(2) Tax rates shown for each fiscal year reflect the rates applicable to those taxes which became due during the fiscal year i.e. Real Property rates apply to amounts due in May of the current calendar (tax) year and October of the prior calendar (tax) year. Personal property rates in any fiscal year reflect the rate applicable to amounts which became due in September of the prior calendar (tax) year.

TABLE VII

ARLINGTON COUNTY, VIRGINIA  
 PERCENTAGE OF NET GENERAL OBLIGATION BONDED DEBT  
 TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
 Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Net Bonded Debt (3)	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1992	178,500	19,821,549,809	222,433,177	1.12%	1,246
1993	180,100	19,693,488,170	249,751,061	1.27%	1,387
1994	183,400	19,732,551,108	241,071,861	1.22%	1,314
1995	184,000	19,776,724,256	300,546,595	1.52%	1,633
1996	185,500	20,205,277,445	283,303,309	1.40%	1,527
1997	186,400	20,732,136,836	323,712,875	1.56%	1,737
1998	187,100	21,289,817,650	334,926,746	1.57%	1,790
1999	188,100	22,359,060,577	388,737,364	1.74%	2,067
2000	189,000	23,844,085,709	387,860,653	1.73%	2,052
2001	190,848	26,075,966,222	425,075,792	1.63%	2,227

## NOTES:

- (2) The assessed value figures are based on County tax years which end December 31st.
- (3) The value of the general obligation serial bonds for the General Board and the School Fund equal the Net Bond Debt. The value of the general obligation serial bonds for the Utilities Funds are excluded due to the self supporting nature of these funds.

TABLE VIII

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
1992	9,403,967		12,472,561	21,876,528		380,729,395	5.75%
1993	11,499,600	(3)	13,046,493	24,546,093	(3)	400,835,489	6.12%
1994	11,370,444		12,598,278	23,968,722		421,442,530	5.69%
1995	13,970,267		13,985,681	27,955,948		463,432,245	6.03%
1996	17,243,286		16,081,739	33,325,025		478,360,989	6.97%
1997	18,345,435		15,966,669	34,312,104		491,546,581	6.98%
1998	20,258,251		16,188,256	36,446,507		500,546,672	7.28%
1999	21,939,381		16,188,256	38,127,637		532,334,032	7.16%
2000	24,661,711		19,316,142	43,977,853		558,148,799	7.88%
2001	26,820,862		19,194,143	46,015,005		594,875,423	7.74%

## 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  
 (3) Excludes retirement of \$23,870,000 in Bond Anticipation Notes financed by the sale of serial bonds.



TABLE IX

ARLINGTON COUNTY, VIRGINIA  
REVENUE BOND COVERAGE  
BALLSTON PUBLIC PARKING GARAGE  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	<u>Debt Service Requirements</u>			Coverage
				Principal	Interest	Total	
1992	3,182,423	1,497,729	1,684,694	-	1,028,159	1,028,159	1.639
1993	2,944,118	1,778,580	1,165,538	-	724,400	724,400	1.609
1994	2,889,927	1,594,767	1,295,160	-	690,615	690,615	1.875
1995	3,333,448	1,531,254	1,802,194	-	890,767	890,767	2.023
1996	3,571,375	1,716,978	1,854,397	1,000,000	926,931	1,926,931	0.962
1997	3,665,118	1,772,917	1,893,201	1,000,000	876,352	1,876,352	1.009
1998	3,771,522	1,793,090	1,978,432	1,000,000	921,358	1,921,358	1.03
1999	3,941,202	2,072,851	1,868,351	1,000,000	739,784	1,739,784	1.074
2000	4,509,638	1,952,953	2,556,685	1,000,000	810,400	1,810,400	1.412
2001	4,732,975	3,583,026	1,149,949	500,000	829,929	1,329,929	0.865

## NOTES:

- (1) Includes operating and non-operating revenues  
(2) Includes operating expenses, excluding depreciation.

TABLE X

ARLINGTON COUNTY, VIRGINIA  
UTILITIES BOND COVERAGE  
Last Ten Fiscal Years

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirement			Coverage
				Principal	Interest	Total	
1992	33,909,768	23,248,529	10,661,239	3,316,840	1,882,041	5,198,881	2.05
1993	33,051,765	25,197,830	7,853,935	3,406,206	1,497,254	4,903,460	1.60
1994	37,607,760	27,743,682	9,864,078	2,932,508	3,130,656	6,063,164	1.63
1995	40,134,807	28,703,119	11,431,688	3,750,983	3,839,842	7,590,825	1.51
1996	44,678,384	28,368,485	16,309,899	4,407,964	2,769,148	7,177,112	2.27
1997	39,590,983	27,187,448	12,403,535	3,575,815	2,586,177	6,161,992	2.01
1998	40,360,537	26,813,364	13,547,173	4,007,999	2,425,547	6,433,546	2.11
1999	43,152,479	27,759,811	15,392,668	2,941,870	2,629,714	5,571,584	2.76
2000	46,895,562	27,244,943	19,650,619	3,429,539	2,614,425	6,043,964	3.25
2001	47,233,296	30,192,015	17,041,281	3,797,788	2,588,040	6,385,828	2.67

## NOTES:

- (1) The bonds issued to finance construction of the County's water and sewer system are recorded as 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.

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
June 30, 2001

Type of Coverage & Insurance Compan	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
<b>PROPERTY POLICIES</b>					
<b>{Primary Property}</b> Royal Insurance Co./ Aon	PTL 442882	7/10/01	7/1/02	All Risk Package Policy coverage on real and personal property, valuable papers and records Inland Marine equipments, extra expense and business interruptions, Theatrical Equipment Floater, Fine Arts, Property Floater, EDP, Voting Machines and off premises power failures & boiler & machinery. \$25,000 deductible. Policy limits \$747+ million, also includes flood earth- quates, sewer backup & primary garage keepers.	\$ 305,703  <i>Premium is based on total insured values (TIV)</i>  <i>DES 5%</i> <i>DPW 46%</i> <i>OSS/RM 49%</i>
<b>1</b>					
<b>{Crime &amp; Fidelity Bonds} Aon</b> Hartford Fire Insurance Co./Aon	PEB AZ9446	7/1/01	7/1/20021	Public Employee Dishonesty, Forgery or Alteration Theft, Disappearance and Destruction and Computer Fraud. Faithful performance of duty a covered cause of loss. Volunteer workers includes as employees. Limit: \$ 1 million Deductible :\$25,000	\$ 11,685  <i>Policy covers countywide operations</i> <i>OSS/RM will pay premium</i>
<b>2</b>					
<b>{Fine Art Insurance} Aon</b> CIGNA Fire Insurance Company	MPV I2 01 45 78A	7/1/01	7/1/02	Exhibition property at scheduled locations and while in transit. Limits: \$150,000 at locations; \$2,500 in transit. Deductible \$1,000.	\$ 1,000  <i>PRCR</i>
<b>3</b>					
<b>{Performing Arts Group}</b> Hanover Insurance Company/ A&R Association	ZDR 541 6094 03	7/1/01	7/1/02	Tenants improvements limits \$850,000. Insured's business property limits \$100,000. Deductible \$250.	\$ 2,480  <i>PRCR</i>
<b>4</b>					
<b>Woodmont School Project:</b> {Property/ Liability Policy} Aon	42 UUN BF6896	7/1/01	7/1/02	Business Personal Property at Fillmore St. location. Limits: \$7,300 Deductible \$250.	\$ 110  <i>Split between DHS&amp;PRCR</i>
<b>5</b>					
<b>{Wash/Balt HIDTA Task Force}</b> Hartford/Aon	42 UUN BF6895	7/1/01	7/1/02	Business Personal Property - Replacement Cost. Agreed Value, Special Cause of Loss, Computer Equipment at Annandale, VA; Baltimore, MD; and Greenbelt, MD. BPP total limits -\$1,566,900. Extra expenses \$100K per location. Computer Eq. Total limits - \$385K. Deductible \$250.	\$ 3,734
<b>6</b>					

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
June 30, 2001

Type of Coverage & Insurance Compan	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
<b>{Const. Officers- Bus. Prop.}</b> Hartford Insurance Company/ Aon	42 BE8483	7/1/01	7/1/02	Constitutional Officers Business Personal Property at 2100 Clarendon, 1425 & 1435 N. Courthouse. Limits: \$114,400 Deductible:\$250	\$589 <i>Policy covers property of Sheriff, Treasurer, Commonwealth Attorney and comm. Of Revenue. Equal distribution</i>
7				Limits: \$114,400. Deductible \$250	

**AUTOMOBILE POLICIES**

<b>{Physical Damage except Collision}</b> Royal/Aon	TBD	7/1/01	7/1/02	All Risk Physical Damage excluding collision, includes fire units & portable equipment. Limits:\$30 million Deductible: Varies by peril	\$43,000 <i>This policy covers the off road or garaging exposure</i>
8					OSS/RM
<b>{Garage Keepers - Primary}</b> Royal /Aon	PTL 422882	7/1/01	7/1/02	Primary coverage at Taylor Street location, and Glebe, Uhle, Quincy and Courthouse locations. Liability, Physical Damage, and Medical Payments. Limits \$1 mil/250K/\$2K Deductible \$500/\$250	\$2,986 <i>OSS/RM</i>
9					
<b>{Ballston Excess Garage Keepers Legal Liability} Aon</b> Federal Insurance Company /Aon	7971-26-51	7/1/01	7/1/02	Excess coverage for Ballston Garage over Royal Limits \$9 million over \$1 million.	\$12,500 <i>DPW</i>
10					
<b>{Const. Officers - Auto Liability}</b> Hartford/ Aon	42 UEN DE2638	7/1/01	7/1/02	For the Sheriff Department Covers liability, Uninsured Motorist and Medical Payments: \$1,000,000 each occurrence for Liability, \$1,000 for medical payments lity. \$1,000 for Medical payments.	\$44,995 <i>Sheriff</i>
11					

**LIABILITY POLICIES**

<b>{Primary General Liability}</b> Self-Insured Retention Program County Office of Risk Management	County Resolution Continuous			County retains the first \$1 million exposure to risk incident to liability arising from the conduct of covered persons in the discharge of County duties	
12					

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
June 30, 2001

Type of Coverage & Insurance Compan	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
<b>{Excess General Liability} Aon</b> Gensis/Aon  <b>13</b>	TBD	7/1/01	7/1/02	Excess Liability Program for limits \$20 million AL, GL and LEL. Excess over \$1 million retention. Metro easements	<b>\$ 269,000</b>  <i>OSS/RM</i>
<b>{Excess Pub. Off &amp; Employee Liability}</b> USF & G Aon  <b>14</b>	TBD	7/1/01	7/1/02	Excess public officials and employments practices liability. Discrimination and EEO related practices included. Excess over \$1 million retention	<b>Included</b>  <i>OSS/RM</i>
<b>{Prof. Liability-Medical Clinics}</b> Evanston Insurance Company/Aon  <b>15</b>	SM-804111	7/1/01	7/1/02	Professional liability to \$2 million limit. Aggregate limit \$6 million. Deductible \$2,500 per claim	<b>\$ 28,450</b>  <i>DHS</i>
<b>{Prof. Liability-Employed Physicians}</b> Evanston/Aon  <b>16</b>	SM 804113	7/1/01	7/1/02	Professional liability to \$2 million limit. Aggregate limit \$6 million. Deductible \$100,000	<b>\$ 57,316</b>  <i>DHS</i>
<b>{Prof. Liability-Emerg.Med. Services}</b> <b>Evanston/ Aon</b>  <b>17</b>	MM 801464	7/1/01	7/1/02	Professional liability to \$2 million limit. Aggregate limit \$6 million. Deductible :\$5,000	<b>\$ 25,178</b>  <i>Fire Dept/ EMS</i>
<b>{Easement Liability - Primary}</b> Royal/ Aon  <b>18</b>	PTL 442882	7/1/01	7/1/02	Primary \$1 million liability required by easements. Wilson, N.Quincy, 15th & Veitch, Fairfax,N.Adams	<b>TBD</b>  <i>OSS/ RM</i>
<b>{Volunteer Liability}</b> Insurance Company of N. America/ Aon  <b>19</b>	G09909655	7/1/01	7/1/02	Personal injury and property damage liability of volunteer doing County business. Coordinated with any personal coverage. Limits: \$1 million occurrence. \$ 3 million annual aggregate.	<b>\$ 2,085</b>  <i>JDRC</i>

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
June 30, 2001

Type of Coverage & Insurance Compan	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
<b>{Group Accident Coverage}</b>					
Philadelphia Life Insurance Co./Aon	SR19869-XBYKA-04	7/1/01	7/1/02	Group Accident coordinated with personal coverage.	OSS: <b>4,339</b>
	SR19869-ZBQKA-04			Volunteers and association members.	PRCR: <b>11,618</b>
	SR19869-YBQKA-04			Camping program participants.	PRCR: <b>5,500</b>
	SR19869-XBQKA-04			Recreational sports activities.	JDRG: <b>350</b>
	SR19869-LBKTG-04			Community service program.	OSS: <b>350</b>
				Auxiliary Police.	
<b>20</b>					
<b>{Performing Arts Group}</b>					
Hanover Insurance Company/ A&R Assoc.	ZDR5416094-03	7/1/01	7/1/02	General liability and medical expense.	\$ <b>424</b>
				Limits:\$1 million/ \$ 3 million	
<b>21</b>					
<b>{Personal Services Contractors}</b>					
The Hartford Insurance Group/Aon	42 UEN BE1845	7/1/01	6/30/02	Contract cook and printer. CGL mimits \$1 million	\$ <b>350</b>
				Fire Damage \$300,000; Medical Expense \$10,000	
				General Aggregate:\$2 million	OSS/ RM
<b>22</b>					
<b>{Woodmont School Project}</b>					
The Hartford Ins. Group/ Aon	42 UEN BE1845	7/1/01	7/1/02	General liability limit \$1 million. Aggregate \$2 million.	\$ <b>240</b>
				Fire damage limit \$300,000.	
					50% split PRCR & DHS
<b>23</b>					
<b>{Wash/Balt HIDTA Task Force}</b>					
Hartford Insurance Grp/ Aon	42UUN BF6895	7/1/01	7/1/02	Personal and advertising injury limit \$1 million.	\$ <b>5,450</b>
				Fire damage limit \$300,000	
				Medical expense limit \$10,000.	
				General Aggregate \$2 million	Police
<b>24</b>					
<b>{VDOT Permit Bond}</b>					
Travelers - Aetna Casualty/Aon	53 S 101062299 B (Continuous)			Virginia highways permit bond for facilities located on the VDOT right-of-way.	\$ <b>100</b>
				Limit \$100,000	
<b>25</b>					
<b>{County Board Surety Bond}</b>					
	P. Ferguson	continuous until cancelled			Bond Limit \$2,500.00
	B. Favola				
	J. Fisette				
	C. Zimmerman				
	C. Monroe				
<b>26</b>					

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
June 30, 2001

Type of Coverage & Insurance Company	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
<b><u>Fiduciary Liability Policy- Arlington Co. Employee's Suppl. Retirement Sys 2}</u></b>	8145-32-16/15AEP1	3/8/00	3/8/01	Fiduciary liability to \$10 million	<b>Pre-\$32,052</b>
Chubb/Alton Ins. Agency	8146-32-15B	3/8/00	3/8/01	ERISA Fidelity bond	<b>Prem- \$750</b>
National Union Fire/Alton Ins. Agency	857-58-81	12/8/98	3/8/02	D&O, Trustees liab to \$3 million	<b>Prem- \$30,010</b>
<b>27</b>				*** These policies are handled by the Retirement Board Risk Management is not involved with the purchase of these coverages.	
<b><u>Rocca Land Purchase</u></b>	PLS 2672194	6/23/98	6/23/03	Environmental pollution liability coverage provided by seller of property to County. Limits \$2 million/\$5 million. Deductible \$5,000	
AIG/Aon					
<b>28</b>					
<b><u>DHS Volunteers Liability</u></b>	Info.Bull.#97-18	Continuous		Personal liability and excess auto liability coverage for services. Purchased by Commonwealth.	
INA/Common.of Virginia Social Services					
<b>29</b>					
<b><u>Public Official Position Scheduled Bond</u></b>				Bond is now Self-Insured by the State covers failure to discharge duties faithfully. Self Insurance Fund per loss	
Fidelity & Deposit Co.	30096304	Continuous			State Self Insured
	30096303				
<b>30</b>					
<b><u>Const.Officers Liability</u></b>	42 UUN BE 8483	7/1/01	7/1/02	General & Employee Benefits liability limits \$1 million Fire damage limit \$300,000 Medical expense limit \$10,000 Aggregate Limits: \$3 million.	<b>\$ 13,721</b>
Hartford Insurance Company/Aon					Constitutional Officers equal split
<b>31</b>					
<b><u>Const. Officers Liability Plan Virginia Risk Coverage</u></b>					
Commonwealth of Virginia (SIR)				Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongful Act, rendered in the discharge of the duties of the Public Entity	
Clerk of Court	Virginia Risk	Continuous		Limits: \$ 1 million per loss, \$1 million aggregate	
Sheriff	Virginia Risk	Continuous		Limits: \$ 1 million per loss, \$1 million aggregate	
Commissioner of Revenue	Virginia Risk	Continuous		Limits: \$ 1 million per loss, \$1 million aggregate	
Commonwealth's Attorney	Virginia Risk	Continuous		Limits: \$ 1 million per loss, \$1 million aggregate	
Registrar of Voters	Commonwealth of Virginia (SIR)				
Arlington County Treasurer	Virginia Risk	Continuous		Limits: \$ 1 million per loss, \$1 million aggregate	
<b>32</b>					

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF INSURANCE  
June 30, 2001

Type of Coverage & Insurance Compan	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
<b>WORKER'S COMPENSATION POLICIES</b>					
<u>{Primary Workers' Compensation}</u>		Continuous		County self-insures its workers' compensation exposure to statutory limits.	
33					
<u>{Woodmont School Project}</u>	42 WE IE6844	7/1/01	7/1/02	Virginia Statutory Benefits for Remunerated Non-County Employees of Project. Policy Indemnifies Clients of Project in the event of injury.	\$ 1,860
Hartford Underwriters Insurance Co./Aon				OSS/RM	
34					
<u>{Personal Services Contractors}</u>	42 WE EF4632	7/1/01	7/1/02	Virginia Statutory Benefits for contracted cook for community services program and contracted printer	\$ 783
Hartford/ Aon				PRCR	
34					
<b>TOTAL PREMIUMS</b>					<b>\$ 855,896</b>



TABLE XII

ARLINGTON COUNTY, VIRGINIA  
SALARIES AND SURETY BONDS  
OF PRINCIPAL OFFICIALS  
June 30, 2001

Official Title	Annual Salary Range Minimum	Maximum	Bond (1)
County Board:			
Chairman	-	28,750	2,500
Vice Chairman	-	26,136	2,500
Members	-	26,136	2,500
Clerk	45,610	68,858	20,000
County Manager	-	126,175	20,000
Commissioner of the Revenue	70,123	105,860	30,000
Commonwealth's Attorney	73,320	110,687	-
Sheriff	70,123	105,860	30,000
Treasurer	70,123	105,860	1,000,000
County Attorney		118,000	20,000
Director of Community Housing, Planning & Development	73,320	110,687	20,000
Director of Economic Development	73,320	110,687	20,000
Director of Environmental Services	73,320	110,687	20,000
Fire Chief	70,123	105,860	20,000
Director of Human Services	78,647	118,756	20,000
Director of Libraries	70,123	105,860	20,000
Director of Management and Finance	73,320	110,687	20,000
Director of Human Resources	70,123	105,860	20,000
Chief of Police	73,320	110,687	20,000
Director of Public Works	78,647	118,756	20,000
Director of Park, Recreation and Community Resources	70,123	105,860	20,000
Director, Office of Technology and Information Services	77,135	116,445	20,000
Director, Office of Support Services	70,123	105,860	20,000
Clerk of the Circuit Courts	70,123	105,860	25,000

## NOTE:

- (1) Arlington County Employees and Constitutional Officers are covered under Blanket Crime and Fidelity Bond up to a limit of \$1,000,000. Constitutional Officers are also covered under a Blanket Faithful Performance Bond per limits set by the Commonwealth of Virginia.

TABLE XIII

ARLINGTON COUNTY, VIRGINIA  
CONSTRUCTION ACTIVITY, BANK DEPOSITS  
AND REAL PROPERTY VALUE  
Last Ten Fiscal Years

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Miscellaneous Construction (1)		Bank Deposits (2) (thousands)	Real Property Value (3)		
	Permits	Valuation	Permits	Valuation	Permits	Valuation		Residential	Commercial	Non-Taxable
1992	149	17,166,269	10	88,073,962	4,156	196,633,557	3,115,199(4)	9,173,789,600	8,860,752,600	2,763,699,900
1993	149	18,656,199	8	45,064,720	4,229	147,408,994	3,021,818(4)	9,198,529,250	8,664,108,400	2,738,040,150
1994	185	18,747,305	12	41,507,000	5,703	73,317,415	3,033,774(4)	9,173,163,750	8,659,351,500	2,713,212,100
1995	346	36,858,322	8	39,851,050	7,302	93,712,560	2,891,305(4)	9,344,559,800	8,463,928,200	2,884,098,700
1996	284	25,490,180	19	52,857,849	6,821	145,544,517	N/A	9,381,092,300	8,768,984,900	2,898,939,000
1997	135	14,351,706	18	68,341,798	5,806	124,621,332	N/A	9,431,041,500	9,114,546,400	2,898,523,300
1998	139	16,751,130	20	128,865,279	5,796	245,736,406	N/A	9,432,953,000	9,616,676,300	3,051,485,400
1999	218	21,379,776	14	122,135,417	5,414	161,905,110	N/A	9,732,182,800	10,255,259,800	3,054,099,600
2000	165	61,047,327	48	254,556,487	9,245	489,227,649	N/A	10,351,328,800	11,015,532,100	3,063,878,000
2001	309	46,686,600	47	197,959,044	10,343	451,924,246	N/A	11,517,298,400	11,991,915,700	3,222,980,000

## NOTES:

- (1) Department of Community Planning, Housing and Development, Planning Division-- Inspection Services  
(2) Source -- Colgate-Darden School of Business, University of Virginia  
(3) Estimated actual value. Excludes public service corporations  
(4) Includes Credit Union balances in addition to Commercial Banks and Savings and Loans.

TABLE XIV

ARLINGTON COUNTY, VIRGINIA  
DEMOGRAPHIC STATISTICS  
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capital Income (2)	School Enrollment (3)	Unemployment Rate (4)
1992	178,500	34,792	15,483	4.5%
1993	180,100	36,226	16,051	4.4%
1994	183,400	37,671	16,669	3.5%
1995	184,000	39,606	16,921	3.5%
1996	185,500	41,549	17,383	3.2%
1997	186,400	43,665	17,863	2.5%
1998	187,100	47,062	18,120	1.7%
1999	188,100	50,118	18,277	1.5%
2000	189,543	50,222	18,871	1.1%
2001	190,848	N/A (5)	18,808	1.7%

## NOTES:

- (1) Population figures are from Arlington County Planning Division. The 1992-1999 and 2001 data are estimates from the MWCOG Round 6.2 Cooperative Forecasts while the 2000 figure is from the 2000 Census.
- (2) Source - U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data.  
(<http://www.bea.doc.gov/bea/regional/reis>)
- (3) Source - Arlington County School Board, Office of Planning, Management and Budget.
- (4) Source - Virginia Employment Commission-- Figures for 1992-2000 are annual averages. The 2001 figure is for June. Due to revised VEC methodology, figures are not comparable to figures from previous years.  
(<http://www.vec.state.va.us/lbrmkt/velma.htm>)
- (5) Not available.

TABLE XV

ARLINGTON COUNTY, VIRGINIA  
PRINCIPAL TAXPAYERS (1)  
June 30, 2001

Taxpayer/ Type of Business	2001 Assessed Valuation	Percentage of Total Assessed Valuation
Charles E. Smith Interests Office buildings, apartment, hotel, land	\$2,726,238,600	11.63%
Arland Towers Company Office buildings, land	511,140,600	2.18%
Fashion Centre Associates Mixed use retail, hotel	430,417,700	1.84%
Crystal Holdings Office buildings	383,510,600	1.64%
Albrittain Interests Apartments, general commercial	341,686,600	1.46%
Cafritz Interests Apartments, warehouses, land	311,737,200	1.33%
Paradigm Management Apartments	218,822,900	0.93%
JBG/Trizechahn Land	208,000,400	0.89%
Caruthers Interests Retail, office buildings, apartments, hotel	181,350,700	0.77%
Kingdom Gould/Airport Plaza Associates Office buildings. hotel, land	158,508,400	0.68%
Total	<u>\$5,471,413,700</u>	<u>23.35%</u>

## NOTE:

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

ARLINGTON COUNTY, VIRGINIA  
MISCELLANEOUS STATISTICS  
June 30, 2001

TABLE XVI

Form of Government	County Manager Plan
Date of Adoption	January 1, 1932
Area (square miles)	26
Miles of Street	365
Number of Street Lights	14,373
<u>Fire Protection:</u>	
Number of Stations	10
Training Academy	1
Number of Employees	268
<u>Police Protection</u>	
Number of Employees: Police Department	467
Number of Employees: Sheriff/ Jail and Courts	268
<u>Education:</u>	
Attendance Centers	35
Number of Classrooms	1,510
Number of Teachers	1,737
Number of Students	18,808
<u>County Water System:</u>	
Number of consumer service locations	36,300
Average daily consumption (gallons)	23,164,000
Miles of water mains	475
<u>County Sewer System:</u>	
Miles of sanitary sewers	470
Average gallons per day treated	28,400,000
System capacity under construction (gallons per day)	30,000,000
<u>Building Permits:</u>	
Construction Permits	2,950
Plumbing, Electrical & Mechanical Permits	5,691
<u>Recreation and Culture:</u>	
Number of Parks and Mini-Parks	113
Number of Libraries	8
Number of Items (Print and Audiovisual)	578,104
Number of Recreation Centers	14
Number of Nature Centers	3
<u>Employees:</u>	
General Government	3,563
School System	3,265

ARLINGTON COUNTY, VIRGINIA  
GENERAL FUND BALANCE  
Fiscal Year 1995 - 2001  
Ending June 30, 2001

TABLE XVII

	1995	1996	1997	1998	1999	2000	2001
General Fund Balance:							
Reserved for							
Encumbrances	3,327,992	2,614,224	1,501,400	2,267,661	3,832,468	6,424,347	4,649,576
Woodbury Park	200,000	200,000	200,000	200,000	(1)	(1)	(1)
Four Mile Run	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Unreserved							
Designated for Self Insurance	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	3,000,000	3,500,000
Designated for Operating Reserve	6,000,000	6,500,000	7,600,000	8,600,000	10,100,000	11,500,000	12,500,000
Designated for Subsequent Years Budget	12,450,039	8,088,784	7,315,694	4,496,233	1,534,371	6,683,515	15,746,738
Designated for Incomplete Projects	8,224,087	7,144,384	11,500,298	14,816,480	9,829,119	14,641,370	29,149,242
Total General Fund Balance	33,302,118	27,647,392	31,217,392	33,480,374	28,395,958	42,749,232	66,045,556
General Fund Balance as Percent of General Fund Expenditures and Other Financing Sources	8.08%	6.42%	7.04%	7.37%	5.61%	9.64%	12.21%

(1) Woodbury Park obligation satisfied in FY 1999.

ARLINGTON COUNTY, VIRGINIA  
BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES  
Fiscal Years 1993 - 2001

TABLE XVIII

Fiscal Year	Revenues	Percent Change
1993	30,171,298	7.94%
1994	34,191,530	13.32%
1995	34,841,487	1.90%
1996	34,572,393	-0.77%
1997	35,145,120	1.66%
1998	35,879,079	2.09%
1999	35,883,073	0.01%
2000	41,018,179	14.31%
2001	41,749,809	1.78%



# FEDERALLY ASSISTED PROGRAMS

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

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

- Schedule of Expenditures of Federal Awards;
- Compliance and on Internal Control over Financial Reporting; and
- Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.





2001 M Street, N.W.  
Washington, D.C. 20036

## **Independent Auditors' Report on the Schedule of Expenditures of Federal Awards**

The Honorable Members of the County Board  
Arlington County, Virginia:

We have audited the general purpose financial statements and the combining and individual fund statements of Arlington County, Virginia (County) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 19, 2001. These financial statements are the responsibility of the County. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and the combining and individual fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds.

**KPMG LLP**

October 19, 2001



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2001 M Street, N.W.  
Washington, D.C. 20036

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

The Honorable Members of the County Board  
Arlington County, Virginia:

We have audited the general purpose financial statements and the combining and individual fund statements of Arlington County, Virginia (County) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 19, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. In addition, the Auditor of Public Accounts of the Commonwealth of Virginia requires us to test the County's compliance with certain matters specified in the Code of Virginia including: budget and appropriation laws; cash and investment laws; conflicts of interest; debt provisions; procurement laws; local retirement systems; unclaimed property; and State Agency requirements for education, comprehensive services for at-risk youth and families, and social services.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements referred to above are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards* and *Specifications for Audits of Counties, Cities, and Towns*.



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### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

KPMG LLP

October 19, 2001



2001 M Street, N.W.  
Washington, D.C. 20036

## **Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133**

The Honorable Members of the County Board  
Arlington County, Virginia:

### **Compliance**

We have audited the compliance of Arlington County, Virginia (County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

### **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is  
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Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weaknesses is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

KPMG LLP

October 19, 2001

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

DEPARTMENT OR FEDERAL PROGRAM	Federal Catalogue Number	Expenditures
Department of Health and Human Services		
Pass Through Payments:		
Department of Social Services:		
Refugee Programs - Indo-Chinese Refugee Relief (765/452-04)	93.566	\$ 42,168
Statewide Fraud Program-Free	93.000	26,011
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	1,519,986
(Administrative Matching Grants for Food Stamps)	10.561	1,210,754
(Medical Assistance)	93.778	618,099
(Child Care Purchased Services)	93.596	1,063,962
(View Purchased Services)	93.558	511,551
Child Care Development Block Grant (102-586)	93.575	1,304,701
Family Preservation	93.556	66,229
Independent Living	93.674	12,191
Children Medical Insurance	93.767	33,512
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	1,386,868
Adoption	93.659	346,999
Fuel Assistance Program(765/452-06)	93.568	6,010
Total Department of Social Services		8,149,041
Department of Health Services:		
AIDS Grant	93.216	62,321
Immunization Grant	93.268	59,877
Ryan White Care Grant	93.153	26,949
Refugee Grant	93.576	29,155
TB Outreach Grant	93.116	101,633
Partners in Prevention	93.978	23,386
WIC Grant	10.577	488,769
Total Department of Health Services		792,090
Department of Mental Health and Mental Retardation		
Alcohol and Drug Abuse and Mental Health Services Block Grant(790/445-01/455-02)		
Alcohol & Drug Abuse	93.959	331,441
Homeless-Mental Health	93.150	25,699
Mental Health	93.958	39,769
SA HIV Aids FBG	93.959	74,316
SA SARPOS FBG	93.959	94,197
SA Primary Prevention	93.959	174,600
SA One time Federal Grant	93.959	10,000
Early Intervention Plan (ICEE)	84.181	157,088
Total MHMRAS		907,110
Department for the Aging		
Older Americans Act		
Patrol	93.048	12,734
Title III-B-Area Plan	93.044	138,528
Title III-C-Nutrition	93.045	128,032
Title III-D-Disease Prevention & Health Promotion	93.043	2,000
Title III-G-Elder Abuse Prevention	93.041	1,598
VICAP	93.779	13,887
Total Department for the Aging - OAA		296,779
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		\$ 10,145,020

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

	Federal Catalogue Number	<u>Expenditures</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants	14.218	
Nineteenth Entitlement(B93UC51002)	14.218	\$ 1,132
Twentieth Entitlement(B94UC51002)	14.218	75,042
Twenty-first Entitlement(B95UC51002)	14.218	103,301
Twenty-second Entitlement(B96UC51002)	14.218	265,503
Twenty-third Entitlement(B97UC51002)	14.218	293,517
Twenty-fourth Entitlement(B98UC51002)	14.218	254,261
Twenty-fifth Entitlement(B99UC51002)	14.218	411,098
Twenty-sixth Entitlement(B00UC51002)	14.218	<u>1,945,843</u>
Total Community Development Grants		3,349,697
Section 8 Housing Assistance-		
New Construction(VAO28NCOO04)	14.182	122,717
Existing Housing(VAO28CE007-032)	14.857	1,489,475
Substantial Rehab(VAO28SBOO3)	14.182	621,091
Moderate Rehab(VAO28MROO1-OO5)	14.856	2,578,230
Voucher Prog(VAO28VO015-023)	14.855	<u>4,626,801</u>
Total Section 8 Housing Assistance		9,438,314
Federal Emergency Shelter Grant	14.231	81,994
Transitional Housing Grant	14.235	37,528
Supportive Housing Grant	14.235	287,826
HOPWA	14.240	142,817
HOME	14.239	<u>692,300</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u><u>\$ 14,030,476</u></u>

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education		
Elementary and Secondary Education Act- Title I (197/171/01)	84.010	\$1,783,457
Public Law 94-142 Handicapped Program (197/171-02)	84.027	2,158,940
Adult Basic Education(197/192-02)	84.002	234,424
Learning and Library Resources- Title VI (Elementary & Secondary Education Act) (197/171/01)	84.298	192,945
Pre-School Incentive	84.173	119,111
Emergency Immigration Assistance Program (197/171-06)	84.162	786,923
Title IIEESA, Teacher Education (197/560-11)	84.281	89,942
Drug Free Schools-Communities Act(1986) (197/171-05)	84.186	80,316
Vocational Education Act - Carl D Perkins PL-101-392	84.048	239,499
Education for Homeless Children & Youth (Stuart B McKinney)	84.196	26,595
Technology Literacy Challenge	84.318	63,121
Goal 2000	84.276	4,870
Assist Technology	84.027	1,500
School to Work Program	17.249	161,999
Title VI Class Size Reduction	83.340	338,710
Refugee School Impact	93.576	38,070
Education for Independence	17.255	34,733
Advance Placement Incentive	84.330	10,700
Total State Pass Through Payments		<u>6,365,855</u>
Total Department of Education		<u>\$ 6,365,855</u>

See accompanying notes to Schedule of Federal Awards.



ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

	Federal Catalogue Number	Expenditures
DEPARTMENT OF LABOR		
Pass Through Payments:		
Governor's Employment and Training Department		
Job Training Partnership Act-		
Title IIA(916/462-01)	17.250	\$ 34,451
Title IIB(916/462-01)		4,286
Title IIC(916/462-01)		27,814
Title III(916/462-01)		<u>255,244</u>
Total JTPA Grant Programs		321,795
Equal Employment Opportunity Commission	16.101	76,000
Department of Social Services		
Food Stamps Employment and Training(FSET)	10.561	78,529
VA Initiative For Employment Not Welfare(VIEW)	93.558	643,538
Work Investment Act		
WIA-Adult	17.258	138,907
WIA-Youth	17.259	110,500
WIA-Dislocated	17.260	249,596
H-1B Technical Skills Training	17.261	124,050
Virginia Refugee Assist. Program(765/452-04)	93.128	290,538
Welfare-to-Work	17.253	<u>164,603</u>
Total Department of Social Services		1,800,261
Department for the Aging		
Older Workers Program-5%(163/455-04)	93.633	4,412
Senior Community Services Employment		
Program-Title V, OAA(163/455-04)	17.235	<u>33,546</u>
Total Department of Labor		<u>\$ 2,236,014</u>

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE		
Direct Federal Payments:		
Food Stamps Program-		
Cash Issuance Demonstration(F62-052)	10.551	\$ 372,436
Non Cash	10.551	<u>3,135,934</u>
		3,508,370
Pass Through Payments:		
Department of Education-		
National School Lunch Program		
(197/457-02)	10.555	2,059,246
School Breakfast Program	10.553	398,483
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	249,540
Department for the Aging		
Older Americans Act Title III USDA		
(163/457-02)	10.570	<u>40,910</u>
Total Pass Through Payments		<u>2,748,179</u>
Total Department of Agriculture		<u>\$ 6,256,549</u>
DEPARTMENT OF JUSTICE		
Direct Federal Payments:		
Functional Family Therapy Program	16.000	81,432
Seized Assets	16.000	20,246
Metropolitan Area Task Force (MATF)	16.000	2,642,421
High Intensity Drug Trafficking Area (HIDTA)	16.000	6,110,992
High Intensity Drug Residential Treatment	16.000	144,790
Community Policing Grant	16.710	<u>894,267</u>
Total Department of Justice		<u>\$ 9,894,148</u>

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	\$     38,370
T7-K-3 Bilingual Education Act	84.288	169,744
Energy Management	12.000	11,741
Gear up Program	84.344	<u>629,701</u>
Total Direct Federal Payments		<u>849,556</u>
Pass Through Payments:		
Department of Fire Programs		
Emergency Management Assistance (127/701-04 & 960/728-07)	83.503	<u>33,113</u>
Total State Pass Through Payments		<u>33,113</u>
Total Other Federal Assistance		<u>882,669</u>
TOTAL FEDERALLY ASSISTED PROGRAMS		<u><u>\$ 49,810,731</u></u>

See accompanying notes to Schedule of Federal Awards.

**ARLINGTON COUNTY, VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2001**

**NOTE 1. BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting in all material respects and includes all expenditures of federal awards administered by the County. Several programs are funded jointly by the Commonwealth of Virginia and the County in accordance with matching requirements of the various federal grants. Costs incurred for such programs are applied to Federal grant funds in accordance with the terms of the related Federal grants with the remainder applied to funds provided by the Commonwealth of Virginia and the County.

All costs charged to Federal Awards are determined based on the applicable Federal grants and OMB Circular A-87, Costs Principles Applicable to Grants and Contracts with State and Local Governments. The County's Federal grants are also managed in accordance with the requirements of OMB Circular A-102, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments.

**NOTE 2. FEDERAL COGNIZANT AGENCY**

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

**NOTE 3. PAYMENTS TO SUBRECEIPIENTS**

Payments made to subrecipients for FY 2001 included AHC, Inc. \$1,832,688.

**ARLINGTON COUNTY, VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2001**

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

The type of report issued on the financial statements: Unqualified opinion

Reportable conditions and/ or material weaknesses in internal control disclosed by the audit of the financial statements: None reported

Non-compliance which is material to the financial statements: None

Reportable conditions in internal control over major programs: None reported

Material weaknesses in internal control over major programs: None

Type of report issued on compliance for major programs: Unqualified opinion

Any audit findings which are required to be reported under section 510(a) of OMB Circular A-133: None

Major programs: DOJ – High Intensity Drug Trafficking Area (HIDTA) (CFDA # 16.000)  
HUD – Section 8 Project-Based Cluster (CFDA # 14.182 and 14.856)  
HHS – Foster Care Title IV-E (CFDA# 93.658)  
DOA – Child Nutrition Cluster (CFDA # 10.553 and 10.555)

Dollar threshold used to distinguish between Type A and Type B programs: 1,494,322

Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: Yes

**II. Findings relating to the Financial Statement Reported in Accordance with Government Auditing Standards:** None

**III. Findings and Questioned Costs relating to Federal Awards:** None