

ARLINGTON COUNTY, VIRGINIA

Comprehensive Annual Financial Report

FISCAL YEAR 2002

(July 1, 2001 - June 30, 2002)



DEPARTMENT OF MANAGEMENT AND FINANCE

Barbara M. Donnellan, Director
Barbara P. Liechti, Comptroller



Vision

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

ARLINGTON COUNTY BOARD

Mission

High Quality Service

Leadership Philosophy

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

Principles of Government Service

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

***Commitment to Employees**

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

ARLINGTON COUNTY, VIRGINIA
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2002

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INTRODUCTION



BARBARA M. DONNELLAN
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October 11, 2002

Chairman Christopher Zimmerman and Members of the County Board:

Section 15.2-2511 of the Code of Virginia requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report ("CAFR") of Arlington County, Virginia ("the County") for the fiscal year ended June 30, 2002.

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

The County's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Arlington County financial statements for the fiscal year ended June 30, 2002, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

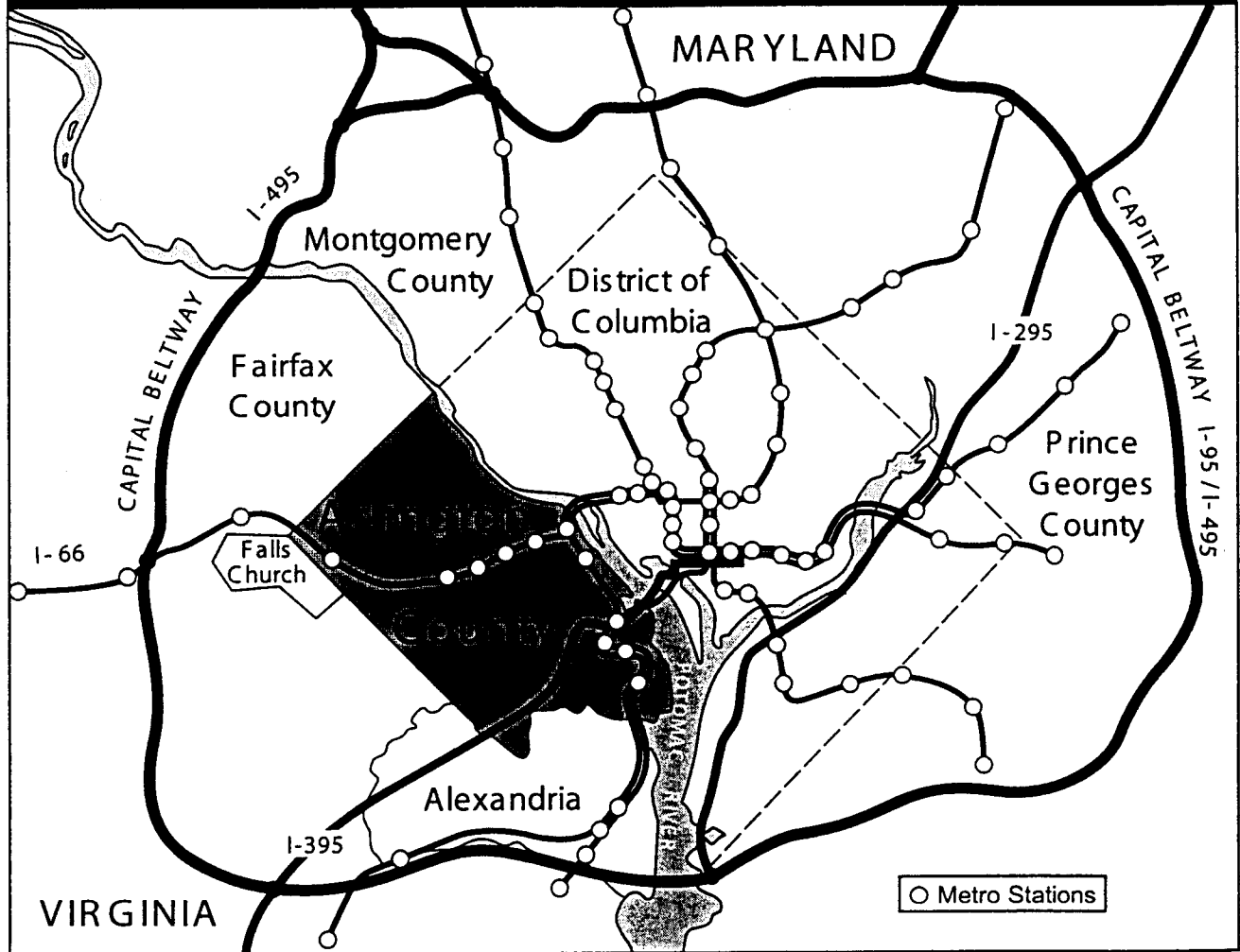
The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation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

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

Profile of the Government

Arlington County, Virginia is an urban community with a resident population of 193,639 and daytime population of approximately 278,288 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

WASHINGTON METRO AREA MAP



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, 2002 was \$27.2 billion. The County government's budget for all funds for Fiscal Year 2002 totaled \$706.5 million, which included \$273.8 million for public primary and secondary education. The legislative and policy-making body of the County is the five-member County Board whose members are elected at-large for staggered four-year terms. The County Board appoints the County Manager who serves as the chief executive and administrative officer. It is the County Manager's responsibility to appoint the department heads. Arlington County was the first county in the United States to choose by referendum the Professional County Manager form of government in 1932.

Arlington County is also financially accountable for a legally separate school system which is reported separately within the County's financial statements. The five-member School Board is elected by the citizens. The School Board appoints the Superintendent of Schools as the chief administrative officer for the County's public school system. The School Board has no taxing authority nor authority to issue debt and receives its spending authority from the County Board. Additional information on this legally separate entity can be found in Note 1.I.A in the notes to the financial statements.

In addition to the County and School Boards, other elected County officials include the Commonwealth's Attorney, the Commissioner of 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.

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

Public hearings on the proposed budget and tax rates are held in 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.

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

Factors Affecting Financial Condition

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

Local Economy

Arlington County is a financially secure community that enjoys a breadth of quality governmental and school services. 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.

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 office space in the County has increased from 33.2 million square feet in FY 2001 to almost 40 million square feet in FY 2002. This statistic excludes federally owned office buildings such as the Pentagon, which is the headquarters of the U.S. Department of Defense. In July 2002, the County's office vacancy rate was 8.2%. The 2002 census estimates show Arlington to have a residential population of 193,639 persons while its daytime population is estimated at 278,288.

In May 2002, the County's excellent economic condition and well managed financial position were cited as reasons Standard and Poor's, Moody's, and Fitch's Investor Services reaffirmed the County's top AAA/Aaa/AAA ratings. This triple AAA/Aaa/AAA rating validates that Arlington's financial position is outstanding and reflects the continued growth of high wage jobs in the technology, communications and financial services sectors, high per capita retail sales and strong operating reserves. These top ratings also establish Arlington County, as of June 30, 2002, as only one of approximately 20 counties in the United States with top bond ratings from all three major bond-rating agencies.

Long-Term Financial Planning

Revenues

Revenue projections for Fiscal Year 2003 and beyond cannot be addressed without mentioning the tragedy of September 11, 2001. Prior to the event, the nation was already seeing a trend towards a recession. The cumulative affect was a shrinking of economic activity as consumers pulled back, directly impacting the

services and retail businesses. Hotels, airlines and travel agencies reported sharp declines in business and vacation travel. Retail sales softened from direct affects of September 11 but also as a result of higher unemployment and lower stock prices. This has made forecasting revenues very difficult, particularly because of the uncertainty about the recession and the current and future impact of terrorism.

On the local level, Arlington saw reductions in consumer activity from lower hotel, restaurant and retail receipts. The result was a revision downward of most local taxes for FY 2002. Certain areas of growth were seen where the Federal Reserve Board repeatedly lowered the interest rates. Examples are the recordation tax from the sale and refinancing of homes and the increase in auto sales which partially funds the amount of State highway aid. A major component of the revenue picture is real estate assessments where Arlington reported very healthy increases for calendar year 2002. The high demand for housing is the result of the low interest rates and Arlington's advantageous location in the Washington area. While most local taxes shift the revenue picture downward, real estate taxes and other revenue sources helped to maintain moderate revenue growth. The effects in FY 2002 are projected to carry over with slow economic recovery. With this analysis, a more conservative growth in revenues has been projected for FY 2003.

General Fund revenues (excluding fund balance) for FY 2003 are anticipated to increase by 5.9 percent over FY 2002 re-estimates. Given that real estate taxes comprise 45 percent of General Fund revenues, this growth in real estate materially affects total revenue growth. While some increases in the real property base is the result of new construction, appreciation in values of existing real properties is the primary factor influencing the growth in the real estate assessments for 2002. Tourist generated taxes are projected to be lower than prior years as a direct effect of the slowing economy and September 11 event. All other tax revenues are projected to mirror the flattening of economic growth. The largest unknown in revenue projections is from the state. The deficits faced by the state will inevitably result in reductions of funds to Arlington and other localities. It is uncertain by how much and in what categories state revenues will be cut.

Taxes and Fees

Arlington County continues to have a tax structure that is competitive with the region and with the nation. The County's \$0.993 real estate tax rate in calendar year 2002 is one of the lowest in the Washington metropolitan area. Arlington's personal property tax rate of \$4.40 (effective rate for vehicles is \$3.96) is lower than that of the Cities of Alexandria and Falls Church, and Fairfax County. Arlington does not have a residential consumer's utility tax, unlike all surrounding Northern Virginia jurisdictions. Changes throughout the past several years have reduced the business license tax liability for many small and medium-sized businesses. In addition, the Commissioner of the Revenue lowered the depreciation schedule for computer equipment beginning in calendar year 2000 (FY 2001), reducing business tangible tax bills for most businesses.

The FY 2003 Adopted Budget includes the following changes in taxes and fees:

- Reduced the real estate tax rate by three cents to \$0.993 for each \$100 of assessed valuation.
- Imposed a fee for application for partial real estate tax exemption of certain rehabilitated structures.
- Implemented changes to the street development and construction charges. These fees are primarily for the review of private improvement plans. The change is a result of evaluating the fees to determine if they recover the cost of service and to add and delete particular fees to meet current market needs. These fees were last increased for FY 1994.
- Increased fees for review of subdivision plats and the administration of public improvement bonds. The change is a result of evaluating the fees to determine if they recover the cost of service and to modify fees to meet current market needs. These fees were last increased for FY 1999.
- Increased the household solid waste rate due to increased disposal costs at the Waste to Energy facility and increased cost of recycling contracts. The fee is charged per refuse unit and is set to recover the full cost of refuse collection and disposal, including administrative costs.
- Increased the transportation fee to the Madison Adult Day Health Care Center. Fees are set on a sliding fee scale basis and are charged for each one-way trip to and from the Center.

- Increased the plan review – walk through fee. This fee varies based on the type of construction and is taken with the review of all building permits for compliance with the Zoning Ordinance.
- Increased recreation services fees for summer camp programs, summer playground, competitive swimming, rentals for athletic fields and playgrounds and membership to the Thomas Jefferson Community Center and Barcroft Sports and Fitness Center. The increase will cover the direct costs of running the programs in the Department of Parks, Recreation, and Community Resources.
- Implemented a Chain Bridge Road Service District tax rate of \$0.126 to fund the extension of a sanitary sewer line along Chain Bridge Road. This service district tax rate is in addition to the real estate tax rate.
- Implemented a new fee for non-mandated vaccinations. The amount is charged to fully recover the cost of the vaccine, clinic supplies and staff time and
- Increased the water/sewer rate from \$4.58 to \$4.70 per thousand gallons.

Expenditures

Overall, continuing services are provided at an increase of 2.8 percent. The continuing services budget (sometimes referred to as the base budget) contains no new initiatives. Additionally, the County Board will fund the affordable housing fund contingent and the contribution for mass transit at levels consistent with past practice and commitments. This budget maintains all of the reserves at targeted levels and creates no unfunded future liabilities.

In addition to meeting current services, the proposed budget includes contingent funding for strategic options, including initiatives for trees, transit, public safety, and community partnerships. The proposals are intended to respond to community priorities explicitly identified by the County Board as part of its Calendar Year 2002 goals and to further the vision recently approved by the County Board. Unfortunately, the ability to fund these initiatives could be placed in jeopardy by actions of the Commonwealth of Virginia to deal with the state's budget deficit.

A compensation contingent is recommended to address a range of options to further Arlington's commitment to be an employer of choice. The contingent level is at an amount to advance the following goals:

- Cost-of-living increase competitive with surrounding jurisdictions.
- Maintenance of the County's pay-scale within the top 25 percent of jurisdictions against which Arlington benchmarks.
- Initial implementation of new employer of choice proposals that are in development.

The compensation recommendations also will address competitiveness issues related to retirement for public safety employees with 25 years of service and general employees with 30 years of service. In the current fiscal year, there have been compensation increases for firefighters and crossing guards and approval for a pilot, pay-for-performance system in the Department of Economic Development.

Capital Investments

The proposed Pay-As-You-Go ("PAYGO") budget is funded with one-time funds that were placed in reserve at the closeout of FY 2001. These funds were held in the fund balance with the expressed intent to reserve them for September 11 contingencies or for FY 2003 capital needs. It is the County's assessment that any consequences from September 11 can be handled within FY 2002 resources, freeing the reserve funds for one-time capital investments.

The recommended PAYGO would fund continuing commitments in the existing Capital Improvement Program (CIP) including funding for Neighborhood Conservation. If there are additional one-time funds available from the FY 2002 budget – which are expected – additional funding will be recommended. These funds would be used to create a capital contingency from which the County Board could make appropriations for projects previously identified, but for which cost projections are not finalized. These projects include economic development for Columbia Pike and Shirlington.

A new CIP was submitted to the County Board in the spring, along with an update on the County's current six-year capital program. A major thrust of the revised CIP was to require that CIP projects be driven by master plans that have had community review and County Board approval. To help move the County in this direction, funds have been included in the operating budget to fund consultants to assist in the master planning process, continuing the effort initiated by the County Board in the FY 2002 budget.

Overall, Arlington will continue to be fiscally sound and will benefit from its abundant economic, cultural and educational resources. Arlington's unemployment rate remains low and per capita income remains high in comparison to other counties and cities in the nation. Residential properties experience strong market activity due to Arlington's strategic location. Commercial office properties exhibit low vacancy rates attributable to Arlington's commercial development near metro station areas. While the state and federal governments are facing deficits and service reductions, the County is able to meet its commitments to the public within current tax rates and consider a limited number of high-priority, strategic investments.

Cash Management Policies and Practices

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 that 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. 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, 2002. Finally, the County maintained and increased the General Fund operating reserve that totaled \$12.6 million as of June 30, 2002. Since its establishment in FY 1986, this operating reserve has not been used, but has been increased to its current funding level.

Pension and other Post-employment Benefits

The County participates in two separate pension systems. The Virginia Retirement System (VRS) covers most School Board employees and some County employees affiliated with State agencies. VRS is administered by the State, which bills the County for a portion of the employer's share of contributions. The Arlington County Employees' 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, 2001. For the year ended June 30, 2002, the County's annual pension cost of \$6.1 million equaled 100% of the required contributions due.

In addition to the pension benefits described above, the County provides post-employment health care benefits to permanent employees who meet the requirements under the County's or the State's pension plans. Eligibility is contingent to 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, 2002, 863 and 1,194 retirees were 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. Additional information on the System's and VRS' pension arrangements and post-employment benefits can be found in Note 17 and Note 18 in the notes to the financial statements.

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.

DEPARTMENTAL ACCOMPLISHMENTS IN FY 2002

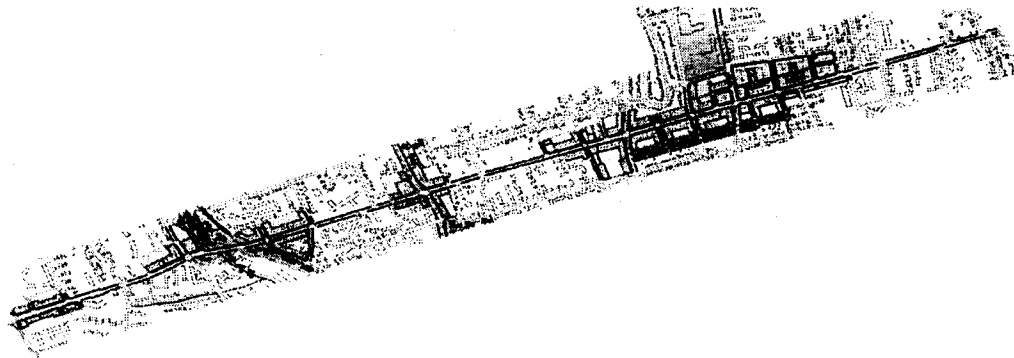
The County is proud of the accomplishments of its various departments and offices in FY 2002. Some of the unique contributions of these units in alphabetical order follow:

DEPARTMENT OF COMMUNITY PLANNING, HOUSING & DEVELOPMENT

- Development project review—application, permits and inspections--consumed a significant amount of staff resources in FY 2002. 11,445 permits were issued during the year, with a total estimated value of \$388,184,082. A number of projects were approved in the Rosslyn-Ballston Corridor, as well as on key sites outside the Corridor. Staff coordinated the review of 3,045,644 square feet of office space, 7,406 dwelling units, 160 hotel rooms, and 423,242 square feet of retail space. During the year, 19 new site plans, 42 site plan amendments, 39 use permits and 59 use permit and site plan amendment reviews were approved. Among the most significant projects were a practice facility for the Washington Capitals on the County-owned Ballston Common parking garage, the Shirlington Library/Signature Theater complex at the Village at Shirlington, the Navy League building, the second phase of the Market Common in Clarendon, the redevelopment of Ballston Center, an office building for George Mason University, and an affordable elderly project in the Cherrydale Revitalization District.



- Over 100 Certificates of Occupancy were approved each month in FY 2002, signaling continuing demand for office and retail space in Arlington.
- The County Board approved the Columbia Pike Initiative Plan in March. The Plan is culmination of a multi-year effort that included extensive outreach into the community. The plan sets forth a vision for the entire length of Columbia Pike and suggests some specific strategies for



implementing the vision. The Plan also sets the stage for development of a form-based code ordinance to encourage development consistent with the urban design principles enumerated in the Plan.

- Long-range planning efforts were undertaken in Virginia Square, Nauck and Shirlington-Four Mile Run. The Virginia Square effort updates an existing sector plan; the other planning efforts began with development of the community's vision for these places, and development of the associated land use and development concepts, implementation tools and action plan.
- Special studies were completed in response to specific development applications, including an analysis of the area between the Rosslyn and Courthouse Metro Station Areas. Staff, working with the community, developed three development concepts for discussion, solicited feedback and developed a series of urban design guidelines for this area.
- Code Enforcement efforts throughout the County included handling of over 4,300 cases, and the issuance of nearly 400 warning and monetary tickets.
- Home Ownership Program staff and AHOME received an award for Arlington's Home Ownership Education Workshops as the "Most Innovative Housing Service, Program or Development Project." from the Virginia Department of Housing and Community Development at the Virginia Housing Conference held in Williamsburg. The Workshops also received a 2002 Achievement Award from the National Association of Counties (NACo).
- The Virginia Housing and Development Authority's (VHDA) Sponsoring Partnerships and Revitalizing Communities program (SPARC) approved Arlington's request for \$7 million of first trust mortgage money for participants in two new initiatives for first-time home buyers, the

Section 8 Housing Choice Voucher / Home Ownership Program and a program to assist income eligible Arlington County and School Board employees to purchase homes near their work. To date, twelve School Board and County employees have signed up to participate in the SPARC program.

- The County produced 112 Community Benefit Units in FY 2002. As part of the effort to maintain the supply of affordable units in the County, the report, "Proposed Outcome Measures for Affordable Housing Goals" was released for community review. The report proposes key outcome measures for each of the County Board's adopted housing goals.
- Staff drafted an expanded "Live Near Your Work" work program, which was approved by the County Board as part of the "Employer of Choice" initiative.
- The Neighborhood Conservation (NC) Program completed 25 capital projects, benefiting 16 neighborhoods. These included neighborhood sign projects, parks projects, traffic management and beautification projects, streetlight projects, sidewalk, curb, gutter and street improvement projects, and planting of Commemorative Neighborhood Trees county-wide marking the 35th anniversary of the Neighborhood Conservation Program. Eighteen neighborhoods are currently working on new plans or major plan updates with technical assistance provided by staff. The NC Program completed two funding rounds in FY 2002, approving 28 projects at an estimated cost of \$3,166,500. 61 projects are qualified and awaiting funding, leading the NCAC to develop new program policies affecting capital projects. Neighborhoods are now limited to three (3) projects in the scoping process at one time and the maximum project cost is \$250,000.
- Efforts to strengthen contact between residents, elected officials and staff continued throughout FY 2002 through the Walking Town Meetings, the Arlington Neighborhood College (ANC) and the Continuing Education Program. ANC and its Continuing Education program was awarded a 2002 NACo Achievement Award. NACo provided a certificate of recognition of an innovative program, which contributes to and enhances county government in the United States.
- During the year, staff completed a Community Visioning Session in Nauck that reflected resident consensus on future land use development along the Shirlington Road Corridor in Nauck. Staff in the Office of Neighborhood Services, Planning Division, Arlington Economic Development-REDG and consultant architects met with residents in four separate community meetings to identify issues, brainstorm development opportunities and future land uses and synthesize the community vision. The Nauck Commercial Revitalization Project Advisory Board and the Nauck Saturday Academy Program hosted a small business workshop "Make It Your Business" on Saturday, June 15, 2002. Over fifty participants attended the all-day workshop. The event was aimed at current business owners and those actively considering starting a new business.
- The Historic Preservation Program staff completed Preliminary Information Forms for National Register nominations for buildings and neighborhoods in Arlington. The Lyon Village Neighborhood was named to the National Register of Historic Places. Six Historic site markers were installed.
- Streetscape improvements were completed along major arterials for three commercial areas using Business Conservation funds. Landscaping, lighting, erosion controls and other improvements were completed at three apartment projects using Apartment Conservation funds. Four new projects were initiated in FY 2002.

DEPARTMENT OF ENVIRONMENTAL SERVICES

Environmental Planning Office (EPO)

One of the major accomplishments in FY 2002 was the recognition of Arlington's Watershed Management Program by the National Association of Counties (NACo), which selected it for an innovative program

award. The program includes major recommendations to protect and restore local streams and to help protect downstream water quality in the Potomac River and Chesapeake Bay. As a result, an expanded street sweeping program that now includes residential areas, as well as catch basin cleaning and storm sewer inspection programs were implemented. Consequently, in FY 2002, the amount of material collected by street sweepers increased over FY 2001 levels (from 4,786 cubic yards to 6,380 cubic yards). For the 2,503 catch basins cleaned in FY 2002 (compared with 237 in FY 2001), 283 tons of material were removed. In addition, 55,583 feet of storm sewer were TV inspected in FY 2002, with 86 tons of material removed from storm sewer pipes.

In FY 2002, EPO staff with its contractor successfully completed the wet weather sampling and dry weather inspections required under the County's Municipal Separate Storm Sewer System (MS4) permit from the Virginia Department of Environmental Quality (DEQ). In addition, EPO staff worked with DEQ to renew the MS4 permit for the next five-year permit term (August 2002 through August 2007). Key changes to the permit include flexibility to monitor storm-water outfalls and in-stream locations, as well as inclusion of volunteer biological monitoring data in the revised storm-water permit for the County.

EPO staff continued managing the volunteer stream-monitoring program that began in FY 2001. Staff arranged training classes and organizational meetings for volunteers and created three additional monitoring teams. Two major accomplishments of the stream monitors were the identification of a "fishkill" resulting from herbicide application at a golf course in August 2001, and the problems resulting from a leaking drinking water pipe in January 2002.

EPO coordinated several new outreach projects related to storm-water and water quality such as the display of a poster with water quality messages in all Arlington County Metro stations. Approximately 186,800 people circulate through the Arlington metro stations daily (almost a million per week), thus guaranteeing large exposure for the outreach message. In addition, EPO staff worked with the Northern Virginia Regional Commission, the City of Falls Church, the City of Alexandria, and Fairfax County in the design of a Four Mile Run storm drain marker. Approximately 350 markers in English and Spanish have been installed on storm drains in the Four Mile Run watershed.

EPO staff also worked with Arlingtonians for a Clean Environment, the Potomac Conservancy, the U.S. Fish and Wildlife Service, and the City of Falls Church to begin a stream restoration project on Four-Mile Run. Initially the repair of an eroding stream bank was undertaken to improve the riparian buffer along the stream. Ninety volunteers helped plant over 500 trees and shrubs along the stream. Next, the project will include bioengineering work on the stream bank itself, which is expected to be completed by spring 2003. Another Watershed Management Plan implementation initiative that began in FY 2002 includes planning for stream restoration in Zachary Taylor Park, a priority watershed identified in the plan.

EPO also is actively leading the comprehensive revision of the County's Chesapeake Bay Preservation Ordinance (CBPO), which is expected to be presented to the County Board for approval during FY 2003. Late in Fiscal Year 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 has substantially increased 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. During FY 2002, EPO staff worked closely with the staff of the Department of Parks, Recreation, and Community Resources (PRCR) to develop a scope of work and began discussions with the U.S. Army Corps of Engineers about possible collaborative efforts throughout the study.

Throughout FY 2002, EPO actively participated in several "green" development projects, educated private developers about the benefits of building "green" and worked with the Navy League on their proposed

“green” building in the Courthouse area. EPO also managed the completion of an environmental assessment for the North Tract site, near Crystal City.

Solid Waste Division (SWD)

The Solid Waste Division provided response support and performed onsite duties at the Pentagon following the terrorist attack on 9/11. SWD staff provided onsite fueling for fire equipment, portable lighting, and generators. SWD staff also provided small equipment support and repair, trash collection, sweeping services, litter collection, and other various support services on site. The SWD staff supported the Trades Operation Center with phone operators, delivery staff, and other logistical support.

A change in the residential curbside recycling collection service provider allowed for bidding the expansion of the recycling program to include the curbside collection of corrugated cardboard. The addition of corrugated cardboard matches the County’s program to what has become the regional standard for curbside recycling programs.

Water Pollution Control Division

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 approximately 80% of the plant, up 5% from FY 2001, and is a great aid in operating the facility. Construction of Phase IVA Biological Nutrient Removal project that started in FY 2000, continued through FY 2002 and is anticipated to be completed in FY 2003.

Starting in FY 2001 steps were taken to significantly reduce the odor problems related to the operation of the new dewatering building, specifically near the truck loading operation. An extension to the building was approved with additional odor control equipment including two phase scrubbing. This construction effort continued through FY 2002 and 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. During FY 2002 staff worked on The Master Plan 2001 Update. The final draft that was completed in September 2002 takes into account regulatory, local, and other factors that could impact the facility.

The plant received no Notices of Violation (NOVs) for FY 2002 having met its performance measures goal, which is zero NOVs.

FIRE DEPARTMENT

During FY 2002 the Arlington County Fire Department (ACFD) responded to a total of 24,073 Fire/EMS emergencies - 7,374 Fire, 15,702 EMS and 997 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, the Federal Law Enforcement Training Center and semi-annual 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 to police agents.

The full-time public educator administered the Public Education Program and the “Risk Watch” Program, along with 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 events, civic and citizen’s 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 has continued to develop the capability of the Explosives Ordnance Disposal team including providing instruction to local law-enforcement agencies concerning hazardous device identification and related emergency procedures. The division continued the Fire Protection System Testing, Assembly Permit, Hazardous Use Permit and Suppression Company Fire Safety Survey Programs. Fire Marshal services and building fire plans review for the City of Falls Church continues and Deputy Fire Marshals are assigned to the four police districts and the City of Falls Church.

Key Events: The Fire Prevention and Operations Divisions expanded the "Smoke Detector Survey Program" of multi-family residential properties to ensure the presence of properly functioning detectors that resulted in examination of over 23,000 smoke detectors. The divisions, partnered with the Arlington Volunteer Fireman's Association, coordinated Fire Prevention Week Displays and Open Houses at Fire Station 9 and Fire Station 6. They participated in annual Charles E. Smith Company picnic and raised funds for Aluminum Cans for Burned Children Program. They 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

The Fire Department received numerous awards throughout the year due to their response to the attack on the Pentagon on September 11, 2001. In addition, three Fire Department members were honored with the "Valor Award with Lifesaving" from the Arlington County Chamber of Commerce for their heroic efforts at the Pentagon incident. Two Fire Department members received the Valor Award for a house fire, and one received the Lifesaving Award. The Sons of the American Revolution honored Fire Chief Edward Plaugher. Firefighter EMT Robert Halsall was selected by the Jaycees as the Emergency Medical Technician of the year for the entire state of Virginia.

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.

HUMAN RESOURCES DEPARTMENT

During FY 2002, the Human Resources Department was actively involved in the Employer of Choice (EOC) study. The purpose of the study was to identify those qualities, services and benefits that make an organization an EOC. The study culminated in the development of multiple monetary and non-monetary proposals that would serve as recruitment and retention tools and promote Arlington as County as an Employer of Choice. As part of the FY 2003 budget process, the County Manager gained County Board approval on 29 recommendations.

During the 2002 legislative session, the County was successful in having legislation enacted that modified State code to allow fingerprinting and national criminal searches on all new permanent employees. Originally identified as an initiative of the recruitment reengineering study, the need for more in depth background screening gained momentum after September 11, 2001.

The County received a 2002 Achievement Award from the National Association of Counties for the "Learning Journey - A New Approach to Learning" developed under the sponsorship of the Office of Training and Organizational Development. The Learning Journey, which is tied to the County's Principles of Government Service, is the framework for all training and development competencies. In November and December 2001, 450 first line supervisors and mid-level managers participated in conferences focused on the leadership principle.

A Deferred Retirement Option Plan (DROP) was added as a benefit during FY 2002. Employees who participate in the DROP must be eligible for retirement and may continue working for up to three years. During their DROP period, the County no longer makes retirement contributions for the employee and the

employee's retirement annuity is paid into an investment account. During FY 2002, 14 employees elected to participate in DROP.

DEPARTMENT OF LIBRARIES

Public Libraries continue their strong performance with a 5% increase in circulation of materials and a 6% increase in customer visits. More than 18,000 hours were volunteered to support library services. Two new libraries (Westover and Shirlington) moved closer to becoming a reality. The current Shirlington Library was moved into a temporary location in the Village at Shirlington in anticipation of the new library in the Village that will open in 2005. The site plan and architecture for the new permanent library, theatre and plaza were approved, and design has begun on the interior. Both the County and School Boards approved a site for the new Westover Library on Washington Boulevard on the Reed/Westover property. Design has begun on the interior and exterior of the building that will house the library on the first floor and school activities on the second floor. To continue development of community outreach Libraries began a Community Partnership program and designated Cultural Ambassadors to the Hispanic community. The focus of these programs is outreach to organizations in the community with all professional staff members linking to at least one community organization.

Libraries continue to contribute to 24/7 e-government services. Through the Library website, 22 full text databases are available 24/7 to anyone with a library card. The information ranges from encyclopedias to business information and a searchable United States phone book. Materials may be renewed and reserved online. There were almost 525,000 Internet sessions in the library and over 55 thousand users of the databases. A second Cyber Center was opened at the Central Library with more than 21,000 users in the first year. The County website and Info 31 transformed themselves into an almost "all news" format during the 9/11 incident with immediate information on the emergency. Both formats continue to increase their news and information format. There were more than 600,000 unique visitors to the website and more than 10 million page views, a 45% increase in views over the previous year.

DEPARTMENTAL AWARDS

"Presidents, Politics and Prose," a series of programs on famous American presidents, were presented in conjunction with the Fairfax County Public Libraries. The series was supported by a grant from the National Endowment for Humanities.

Info 31 and the County Website received a NACo achievement award for their 9/11 response, "Crisis Communications Responding to the Pentagon Attack."

"Understanding Islam," a series of programs that followed 9/11, received a Community Recognition Award from the American Islamic Information Center for the program, "Women in Islam".

The Arlington County Public Libraries website was named Library Website of the Year by the Virginia Public Library Directors' Association.

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, 2001. 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 Certificate of Achievement has been awarded to the County for its annual financial report for each of the past 16 fiscal years.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2002 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.

The implementation of a new performance measurement system was initiated in 2002 based on the "Balanced Scorecard" model. This new system provides more detailed information regarding results-based outcomes throughout the County than has been available in the past.

DEPARTMENT OF PARKS, RECREATION AND COMMUNITY RESOURCES (PRCR)

- The REACH Senior Adult program won a National Association of Counties (NACo) award. The REACH program emphasizes activities that help to decrease isolation for the immigrant and refugee senior population. It addresses needs for socialization and recreation, and fosters strong neighborhood bonds for the residents of the Columbia Heights West community. Recreation, education, access to service, celebrating community and health education and fitness comprise the basis and themes for the program that has demonstrated improved quality of life for this senior population.
- Three former DHS senior nutrition site programs successfully transitioned to PRCR in July 2002. Seamless service and program leadership was continued at the Dawson Terrace, Gunston, and Drew Community Centers during the transfer. The new Langston and Walter Reed centers have been designed as multi-service senior centers incorporating nutrition and transportation programs and an Adult Daycare facility within the Walter Reed Center.
- In recognition and honor of the heroic men and women of Arlington County and others who risked their lives at the Pentagon on September 11, 2001, Arlington County hosted "Arlington's Day of Remembrance and Appreciation" in October. Over 8,000 people came together to grieve and remember those who lost their lives as well as to honor those who gave unselfishly to help others.
- As a continuation of a comprehensive athletic field maintenance program, Bermuda grass was installed at five additional rectangular fields. Prior installations of Bermuda grass continue to sustain heavy athletic field usage while providing a level playing surface. Additionally, all new installations of Bermuda grass have in-ground irrigation systems as well as an aggressive program of fertilization to insure that the grass will mature in time for fall sports season usage.
- Synthetic grass was installed on the competitive rectangular field at Gunston-Shirley Park in the spring of 2002. The field has received very positive feedback from both adult and youth soccer teams who initially used the field. This new field will allow virtually an unlimited amount of play without any decrease in field turf quality.
- The U. S. Soccer Foundation awarded Arlington County a \$100,000 grant for athletic field lighting equipment at Gunston-Shirley Park in May 2002. This grant will partially fund athletic field lighting for both the synthetic grass field and the community field.
- The Virginia Recreation and Park Society presented the Department of Parks, Recreation and Community Resources an award for "The Best Promotional Effort-Electronic Media (over 150,000 population)". This recognized the Department's excellent web-site design.
- PRCR has been working with a task force since November 2001 to update the 1994 Open Space Master Plan. The final report, due in 2003, will incorporate broad-based, countywide input and will cover many different areas of our open space system. An Open Space Resident Survey, published in June 2002, was conducted as part of this plan update. The survey illustrated the heavy use of and the great value placed on our parks and recreation system.
- As a result of the County Board approval of the Public Art Policy, the department began developing a Public Art Master Plan, which will be part of the updated Open Space Master Plan. A consultant team was selected and a series of meeting were initiated to begin the planning process. A work session with

the County Board was held this past May. As a result of this activity the community's interest in public art continues to grow. A public forum followed by a design charrette will be held this fall to provide further information for the Master Plan. The process will be completed in September 2003

- PRCR won a NACo award for its "ArtsWork" program. ArtsWork, a job training program, provides opportunities for young people interested in the arts to explore potential employment opportunities in the arts and to develop their talents. Over 50 teens and young adults have been employed through this program. Each summer, participants design and create various projects designed to benefit the wider community. Projects have included murals, photography, and folklore research. Participants work with a master artist to design and implement projects. The participants also receive specific job training throughout the summer, which includes resume development, interview skills, and developing strong work habits.
- PRCR established a program to control invasive plants in County parks through coordinated volunteer efforts and public education. Virginia Cooperative Extension staff coordinated volunteer efforts, prioritized project areas, and publicized the need to control invasive plants and proper control methods. During Fiscal year 2002, 161 volunteers donated a total of 654 hours of their time by participating in 13 invasive plant removal projects in County parks. An educational display and two informational brochures were produced. A volunteer organization was also formed to assist with surveying parks for invasive plants, invasive plant removal projects, and public education efforts.
- PRCR is striving to increase the tree canopy in the County and has planted 854 trees along County streets, in street medians, and on park and community center grounds. Over 2,000 County-owned trees were also pruned to establish strong scaffold-limb structures that will ensure proper growth, development and longevity of trees. Properly pruned trees will suffer less storm damage as they mature. Also, free trees and educational materials were distributed on Neighborhood day.
- The SmartScape program has increased seasonal flower change outs on Wilson Boulevard and Fairfax Drive to four times a year, provided upgraded landscaping and maintenance to North Meade Street Park. This program has provided additional trashcans and benches in the Rosslyn-Clarendon-Ballston corridor.

POLICE DEPARTMENT

Presentations to Arlington Police relating to 9-11 Terrorist Attack on the Pentagon

- Plaque from the Arlington County community to the Arlington County Police Department for leadership in the Pentagon recovery effort.
- Plaque from the Arlington County Chamber of Commerce to the Arlington County Police Department for the extraordinary effort on September 11, and the ongoing recovery effort.
- Declaration of Valor from James Gilmore, Governor of Virginia, to the Arlington County Police Department.
- Plaque from the Metropolitan Police Department, Washington D.C., to the Arlington County Police Department in recognition of outstanding service at the Pentagon during the tragic events of September 11.
- Plaque from the Department of the Army to the Arlington County Police Department for their response to the Pentagon on September 11, 2001.
- Plaque from the Arlington County Civic Federation to the Arlington County Police Department, Sheriff's Department, Emergency 911 Center, numerous Arlington County Staff and School Employees, the Virginia Hospital Center--Arlington, local Red Cross and neighboring jurisdictions who came to Arlington's aid during the emergency at the Pentagon.
- Plaque from the Mt. Zion Baptist Church, Arlington, Virginia, to Chief Edward A. Flynn for outstanding leadership, professional conduct and untiring service above and beyond the call of duty during the search, rescue and recovery mission following the attack on the Pentagon.

- The Arlington County Police Department and Emergency Communications presented a check, in the amount of \$16,500, to the Deputy Commissioner of the NYPD during the week of December 3, 2001, to assist the families of public safety personnel victimized by the terrorist attack of September 11, 2001. These funds resulted from donations by Police employees, as well as from citizens who attended a fund-raising event hosted by the Police Department at a local restaurant.

Presentations to Arlington Emergency Communications Center (ECC) relating to 9-11 Terrorist Attack on the Pentagon

- Department of Criminal Justice Services - Victims Assistance Network Award
- National Emergency Numbers Association - September 11th Memorial Telecommunicators Award
- APCO – Association of Public Communications Officers
 - International Award of Excellence
 - Virginia Chapter Award – Individual Performance During Significant Event (Kyra Pulliam / September 11th)
 - Virginia Chapter Award – Group Performance During Significant Event (ECC / September 11th)
 - International Communications Center of the Year Award
 - Civic Association and Service Organization Awards for Outstanding Service
- On April 11, 2002, the Arlington Chamber of Commerce honored eighteen officers of the Arlington County Police Department. Members of the Crisis Negotiation Unit (CNU) were awarded the Life-Saving Award for their response to an incident on June 10, 2001, in which a man was seen standing on the edge of a hotel balcony. Threatening suicide, the man was leaning out from the balcony railing with only a bath towel holding him in place. After more than five hours of face-to-face negotiation, members of the CNU were able to persuade the man to climb inside the railing where he was taken into custody without injury. Members of the CNU who were honored include: Lieutenants Terry Murray and Dave Dailey, Sergeants Jim Daly and Steve Smith, Corporals Rick Schoembs, Joe Wilson, Leo Bello, Tom Jessup, and Rick Rodriguez, Detective Mike Rudy and Officer Janet Rowe.
- The Meritorious Service Award was presented to seven members of the Arlington Police Department's Special Operations Section (SOS) for their actions as first responders to the attack on the Pentagon on September 11, 2001. SOS officers were among the first to report a jetliner flying over the County and outside the normal flight paths for National Airport. Immediately after making these initial reports, the SOS went into action by closing streets into and around the pentagon and clearing traffic for the massive rescue effort that ensued. SOS Officers awarded the Meritorious Service Award were Lieutenant Bruce Hackert, Sergeant Donald Grinder, and Officers Ralph Rice, Kim Jones, Richard Thomasson, Richard Cox and Mark DiGeronimo.

Homeland Security

On September 11, 2001, the theoretical became real for the members of the Arlington County Police Department. Terrorism was no longer an abstraction, part of training classes, table top exercises or promotional assessment centers. It became suddenly, viscerally real. Arlington learned that while terrorists may think globally, they act locally. When they did, "Homeland Security" was the Arlington County Police Department.

We in the police department were privileged to fulfill our responsibility to create an environment in which the Fire Department could function unimpeded by assisting with the evacuation, and by providing crowd control, traffic control, perimeter control and site security. We were also honored by the FBI's request that our officers, highly trained in crime scene processing, assist its agents with the evidence recovery operation. The residents of Arlington can take great pride in the professional performance of their police department during a stressful time. Equally proud and grateful were the members of our police department due to the relentless support and unification offered our staff by members of the community, both young

and old. Food, beverages, clothing, and blankets were delivered in overwhelming quantities to our various staging posts. Cards, letters and banners of encouragement were received on a daily basis for months following the attacks to lift our spirits and keep us focused on our mission.

In addition to new responsibilities regarding the national security effort, the Arlington County Police Department remains responsible for reducing crime, apprehending offenders, reducing fear, regulating public spaces, ensuring traffic safety and responding effectively to an array of social problems. We are obligated to operate in an efficient manner, using our authority fairly and in a manner consistent with constitutional safeguards. We continue to institutionalize our community-based, problem-oriented policing strategy.

It is a challenging time; however, the men and women of the Arlington County Police Department are equal to the task. Our core values of integrity, courage, compassion, commitment, competence, respect and restraint will guide us and bind us to the community we are sworn to serve.

Safe Routes to School

The Safe Routes to School Program, implemented during the 2000 school year, placed cellular telephones in the hands of all school crossing guards in Arlington County. This program continues to be beneficial in that it enables School Crossing Guards to quickly report hazards that may adversely affect the safety of students, i.e., unattended school crossings, traffic light power outages, suspicious vehicles, passing a stopped school bus, and illegal parking in cross-walks.

Police Activities League

The Police Department's First District, in partnership with the Department of Parks, Recreation, and Community Resources (PRCR), and the Police Department's Police Activities League (P.A.L.), sponsored several events in the Langston-Brown Civic Association, including: the Highview Park 'Invitational Fight Night' USABF sanctioned boxing tournament, the Highview Park Basketball Shoot-out, the Highview Park Pass, Punt, and Kick Competition, and the Police and Parks and Recreation Softball Tournament. These events were successful in the continued positive interactions established between the police and County youth. Additionally, the Arlington PAL has partnered with Arlington Tiger Wrestling. This partnership was developed in early 2002 and will continue through the next wrestling season. Tiger Wrestling consists of a 20 person squad with 4 coaches. The wrestlers are from all parts of Arlington and range in age from 5-18 years. Both girls and boys participate in this sport and the team travels the region for various tournaments during wrestling season (November-February).

Adopt a Building Program

The problem of office larcenies has posed significant problems for areas of Arlington, especially in the areas of Rosslyn, Clarendon, and Ballston. These areas have a high density of office building complexes. Officers routinely respond to thefts from these buildings. Sergeant Grady Jolley of the Second District developed the "Adopt-A-Building Program" to combat this problem. Officers from the Second District day work patrol and members of the Criminal Investigations Division (CID) Burglary Unit have partnered to present an office safety presentation to building tenants. The presentation is then followed up with visits from the officers. As the program progresses, officers walk into the building in plain clothes to test the employees and their awareness. The evaluations and constant feedback from the officers and the tenants have improved security awareness. The "Adopt A Building Program" has been accepted throughout the Second District and is still growing.

Section 8 Housing Criminal History Checks

Arlington Police Lieutenant John Sheridan and the Department of Human Resources (Section 8 Subsidized Housing) have collaboratively worked on project Criminal History Check. The program provides the Section 8 housing administrator with a tool to screen potential applicants, and to evict tenants who engage in criminal activity. The mission is to ensure that the participants are qualified to receive the benefits and protect the residents and County from fraud. The administrative details have been finalized and the program is due to start during the fall of 2002.

S.A.L.T (Seniors and Law Enforcement Together) Triad

The volume of complaints by senior citizens victimized in various fraud schemes prompted members of the Financial Crimes Unit to enlist other County agencies in establishing the Seniors and Law Enforcement Together (SALT) Triad. A triad is a partnership between concerned government agencies and businesses, such as the DHS Department on Aging, the Arlington and Falls Church Sheriffs Offices, the Alzheimer's Association, AARP, and senior citizens whose focus is on the well being and delivery of services to elderly residents. The Arlington/Falls Church Triad has taken a special interest in the financial exploitation of seniors, but also works to address any problems where enhanced communication between the community, government, and local businesses would result in a better quality of life for our older citizens.

Outreach to Hispanic Communities

Every Wednesday from 8:00 a.m. to 9:30 a.m., Detective Rosa Ortiz or Corporal Rick Rodriguez are guests on a radio show on Emisora Unida (1390 AM), a local radio station serving the area's Spanish-speaking community. During the show, Detectives Ortiz and Rodriguez answer questions from the audience regarding law enforcement issues. This show does a great job of helping the community understand the role and mission of law enforcement officers and other services offered by the Arlington County Police Department.

Emergency Communications Center (ECC)

ECC enhanced their already outstanding service to the County by improving their 9-1-1 capabilities during FY 2002. In October, ECC launched a new 9-1-1 system that upgraded their call intake capabilities. Specifically, the new system, VESTA, provides ECC operators with complete wireless caller information including the cell site utilized by the wireless phone, which in turn, will help determine the caller's location. To further improve their system, ECC plans to integrate their enhanced 9-1-1 system with their current Computer Aided Dispatch (CAD) System in the second quarter of FY 2003. Once integrated, ECC will not only be provided with a location from VESTA, but the CAD, utilizing a mapping system, will graphically depict the location for precise dispatch. The mobile data terminals in the police cruisers are scheduled for replacement during the third quarter of FY 2003. Upgrades to the 800 MHz Trunked Radio System, and the CAD system are anticipated during the fourth quarter of FY 2004. At that time, ECC is scheduled to relocate to the Courts/Police building. CTA Communications, Inc. has been selected to assist with these improvements.

Computer Forensics Unit

This Unit expanded its Computer Forensic function to include two full-time forensic examiners and one part-time Internet investigator. Forensic examiners are tasked with recovering electronic evidence from computers, storage devices, personal digital assistants, and other electronic devices in a scientific manner that is presentable in court. In addition, assistance is provided to other investigative units on child exploitation, pornography, larceny, theft of intellectual property, cyber stalking, threats and harassment. The examiners moved into a new laboratory facility providing secure evidence storage, analysis and work areas, and Internet access capabilities.

TREASURER'S OFFICE**E-Payment Program**

The Treasurer's Office has implemented a new no-fee program by which taxpayers can pay taxes, fees or other obligations to Arlington County on-line. Payment by e-check can be made by visiting the Treasurer's website at www.co.arlington.va.us/treas/payonline.htm and clicking on the waving \$100. Enter all required information and chose the option to pay by e-check. The payment is electronically deducted from the taxpayer's bank account at no cost. At this time, the use of the new e-check system is running 2 to 1 over on-line credit card use.

Other Organizational Units

In addition to the above, the offices of the Commissioner of the Revenue, Commonwealth's Attorney, Sheriff, Clerk of the Court, County Manager, County Attorney, County Board, Juvenile and Domestic

Relations District Court, General District Court, Department of Technology Services, Department of Public Works, Arlington Economic Development, Arlington Public Schools, 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.

Awards and Acknowledgements

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, 2001. 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 2002 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 16 fiscal years.

The GFOA presented the Award for Distinguished Budget Presentation to Arlington County, Virginia for its FY 2002 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 16 fiscal years.

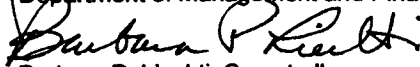
The County continues to maintain a strong financial position through responsible and progressive management of financial operations, by thorough bond official-statement disclosure practice, and sound accounting and financial reporting practices. We strongly support the efforts of the Auditor of Public 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. 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, especially Aurea Esquivel, Soralla Facey, Mieko French, Loi Thai, Ngan Vo, Dejene Negash, Charles Boateng-Addai, Abiodun Ijaola, Ligaya Asuncion, Vilma Pradier, Mary Stewart-Malcom, Americo Yabar, and Ellery Payton, Jr. 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.

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, 2001

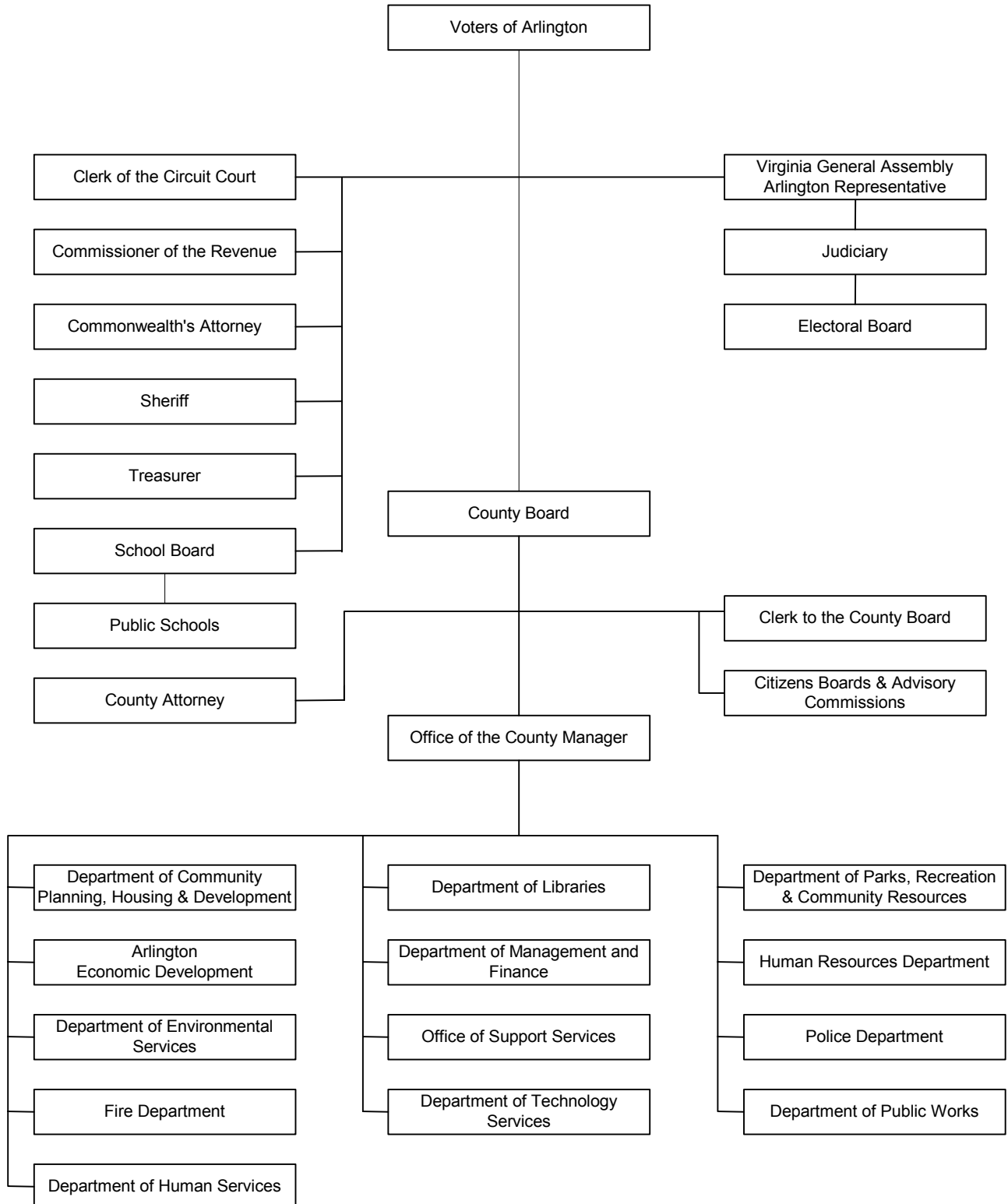
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



Thomas A. Chaw
President

Jeffrey L. Esser
Executive Director

ORGANIZATION OF ARLINGTON COUNTY GOVERNMENT



ARLINGTON COUNTY, VIRGINIA

DIRECTORY OF OFFICIALS

June 30, 2002

COUNTY BOARD

Christopher E. Zimmerman, Chairman

Charles P. Monroe, Vice Chairman

Barbara A. Favola
Paul Ferguson
Jay Fisette

COUNTY SCHOOL BOARD

Mary Hughes-Hynes, Chair

Elaine Furlow, Vice Chair

Libby Garvey
David M. Foster
Frank K. Wilson

FINANCE BOARD

Christopher E. Zimmerman, 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
Joanne F. Alper

General District Court Judges:

Dorothy Clark
Karen A. Henenberg
Thomas J. Kelley Jr.
Richard McCue

Juvenile and Domestic Relations
General District Court Judges:

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
Acting 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
Jill F. Neuville
Edward A. Flynn
Robert O. Mace
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, Schools & Community Relations
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
Clarence Stukes



FINANCIAL



Independent Auditor's Report

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

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

Independent Auditor's Report

The Honorable Members of the County Board
Arlington County, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Arlington County, Virginia (County) as of and for the year ended June 30, 2002, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Arlington County's management. Our responsibility is to express opinions 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Arlington County, Virginia, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13, the County has implemented a new financial reporting model, as required by the provisions of GASB Statements No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of June 30, 2001.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 11, 2002 and our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provision of loss regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with these report in considering the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods

of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Arlington County, Virginia's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Baltimore, Maryland
October 11, 2002



Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) is intended to provide the narrative introduction and overview that users need to interpret the Basic Financial Statements. MD&A also provides analysis of some key data presented in the Basic Financial Statements.

Management's Discussion and Analysis

As management of Arlington County, Virginia ("the County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County and its component unit-Schools for the fiscal year ended June 30, 2002. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1 of this report. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Overview of the Financial Statements

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate school system ("Schools") for which the County is financially accountable. Financial information for this "component unit-Schools" is reported in a separate column from the financial information presented for the primary government itself.

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

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

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

The government-wide financial statements can found in Exhibits 1, Exhibit 3, and Exhibits 6 through 10 of this report.

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

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

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

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

The County maintains 20 individual governmental funds; the Schools maintains 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the 19 County governmental funds are combined into a single, aggregated presentation; data from the Schools 8 governmental funds are combined into a single, aggregated presentation as a component-unit, a presentation mandated by state law. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report. The County adopts an annual appropriated budget for its general fund and special revenue funds, including Schools. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

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

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

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

The basic proprietary fund financial statements can be found in Exhibit D-1 through Exhibit E-3 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in Exhibit F-1 through Exhibit F-4 of this report.

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

In accordance with GASB Statement No. 34, the County is not required to restate prior periods for the purposes of providing comparative information. However, in future years, when prior year information is available, a comparative analysis of government-wide information will be presented.

Statement of Net Assets

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

Condensed Net Assets

Table A-1

	Arlington County Net Assets (in millions of dollars) Primary Government			Component Unit Schools	
	Governmental Activities 2002	Business Type Activities 2002	Total 2002	Schools 2002	Total 2002
Current and other assets	\$ 405.0	\$ 55.8	\$ 460.8	\$ 48.7	\$ 509.5
Capital assets	\$ 326.8	\$ 326.6	\$ 653.4	\$ 221.0	\$ 874.4
Total assets	\$ 731.8	\$ 382.4	\$ 1,114.2	\$ 269.7	\$ 1,383.9
Long-term debt outstanding	\$ 471.0	\$ 72.9	\$ 543.9	\$ 21.3	\$ 565.2
Other liabilities	\$ 77.8	\$ 8.9	\$ 86.7	\$ 25.5	\$ 112.2
Total liabilities	\$ 548.8	\$ 81.8	\$ 630.6	\$ 46.8	\$ 677.4
Net assets:					
Invested in capital assets					
net of related debt	\$ (110.3)	\$ 253.8	\$ 143.5	\$ 219.3	\$ 362.8
Restricted	\$ 127.1	\$ -	\$ 127.1	\$ 11.2	\$ 138.3
Unrestricted	\$ 166.2	\$ 46.8	\$ 213.0	\$ (7.6)	\$ 205.4
Total net assets	\$ 183.0	\$ 300.6	\$ 483.6	\$ 222.9	\$ 706.5

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the County, assets exceeded liabilities by \$483.6 at the close of the most recent fiscal year. In the case of the Schools, assets exceeded liabilities by \$222.9 at the close of the most recent fiscal year.

By far the largest portion of the County's and Schools' net assets (51.4%) reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County and Schools use these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's and Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The fact that the County governmental-activities column displays a negative number in the category "Invested in capital assets net of related debt" will be explained below.

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

An additional portion of the County's and Schools' net assets, (19.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$205.4 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County and Schools are able to report positive balances in all three categories of net assets for the government as a whole.

Statement of Changes in Net Assets

The following table (Table A-2) displays the County's and Schools' changes in net assets for FY2002.

Changes in Net Assets

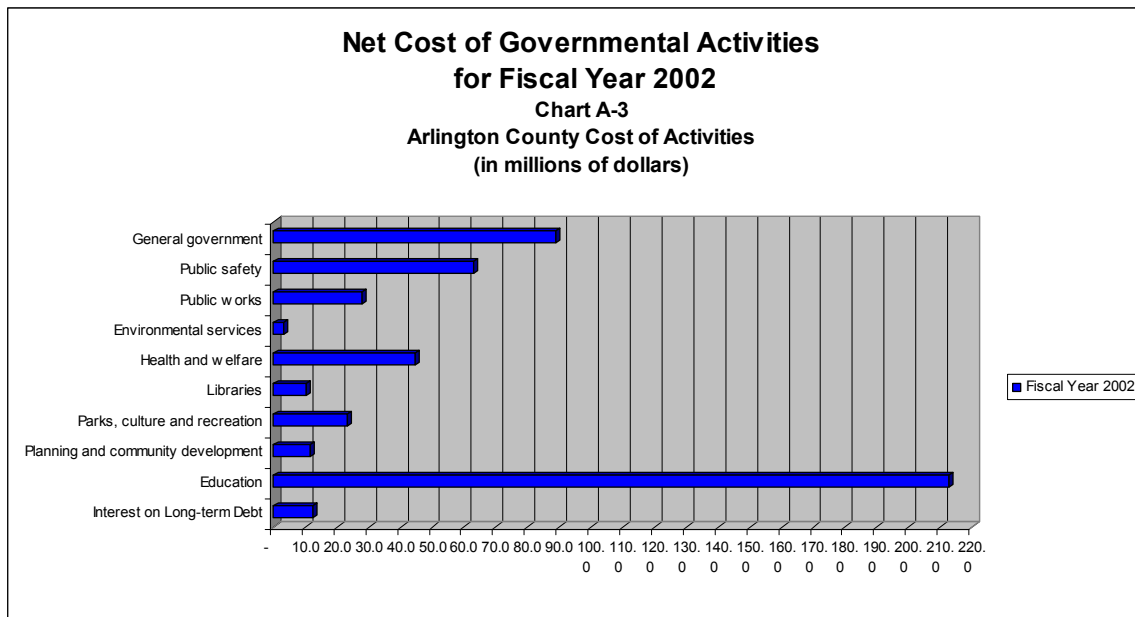
Table A-2
Arlington County Changes in Net Assets
(in millions of dollars)

	Primary Government			Component Unit Schools	
	Governmental Activities 2002	Business Type Activities 2002	Total 2002	2002	Total 2002
Revenues					
Program revenue					
Charges to services	\$ 25.9	\$ 48.8	\$ 74.7	\$ 9.1	\$ 83.8
Operating grants and contributions	\$ 94.7	\$ 2.3	\$ 97.0	\$ 35.0	\$ 132.0
Capital grants and contributions	\$ 1.8	\$ 0.6	\$ 2.4	\$ -	\$ 2.4
General revenue					
Property taxes	\$ 353.2	\$ -	\$ 353.2	\$ -	\$ 353.2
Other local taxes	\$ 76.0	\$ -	\$ 76.0	\$ 13.0	\$ 89.0
Fine and forfeitures	\$ 9.2	\$ -	\$ 9.2	\$ -	\$ 9.2
Licenses, permits and fees	\$ 57.2	\$ -	\$ 57.2	\$ -	\$ 57.2
Investment and interest earnings	\$ 11.6	\$ 1.5	\$ 13.1	\$ 0.6	\$ 13.7
Miscellaneous	\$ 7.0	\$ -	\$ 7.0	\$ -	\$ 7.0
Total revenues	\$ 636.6	\$ 53.2	\$ 689.8	\$ 57.7	\$ 747.5
Expenditures					
General government	\$ 132.3	\$ -	\$ 132.3	\$ -	\$ 132.3
Public safety	\$ 69.7	\$ -	\$ 69.7	\$ -	\$ 69.7
Public works	\$ 32.7	\$ -	\$ 32.7	\$ -	\$ 32.7
Environmental services	\$ 10.6	\$ -	\$ 10.6	\$ -	\$ 10.6
Health and welfare	\$ 84.5	\$ -	\$ 84.5	\$ -	\$ 84.5
Libraries	\$ 11.1	\$ -	\$ 11.1	\$ -	\$ 11.1
Parks, culture and recreation	\$ 27.0	\$ -	\$ 27.0	\$ -	\$ 27.0
Planning and community development	\$ 27.1	\$ -	\$ 27.1	\$ -	\$ 27.1
Education	\$ 212.8	\$ -	\$ 212.8	\$ 262.3	\$ 475.1
Debt service:					
Interest and other charges	\$ 12.3	\$ -	\$ 12.3	\$ 7.3	\$ 19.6
Water and sewer	\$ -	\$ 36.2	\$ 36.2	\$ -	\$ 36.2
Parking garage	\$ -	\$ 4.0	\$ 4.0	\$ -	\$ 4.0
Total expenditures	\$ 620.1	\$ 40.2	\$ 660.3	\$ 269.6	\$ 929.9
Increase in net assets before sale of property and transfers:					
Sale of property	\$ 0.2	\$ -	\$ 0.2	\$ -	\$ 0.2
Transfers	\$ 2.4	\$ -	\$ 2.4	\$ 212.2	\$ 214.6
Increase (decrease) in net assets	\$ 19.1	\$ 13.0	\$ 32.1	\$ 0.3	\$ 32.4

To summarize, the activities of the County and Schools increased net assets as follows:

• Governmental activities	\$19.1	59.0%
• Business type activities	\$13.0	40.1%
• Component-unit Schools	\$ 0.3	0.9%
TOTAL	\$32.4	100.0%

The following (Chart A-3) displays the net costs of the County's and Schools' governmental activities.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the County's and Schools governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's and Schools financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$190.9, an increase of \$12.8 comparison with the prior year. Approximately, 29.1% of this total amount (\$55.6) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$22.8), to build facilities from general obligation bond proceeds and PAYGO monies (\$107.9) for a variety of other restricted purposes (\$4.6).

The general fund is the major governmental fund of the County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$55.5 while total fund balance reached \$63.7. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 9.5% of total general fund expenditures, while total fund balance represents 10.9% of that same amount.

The fund balance of the County general fund decreased by (\$2.3) during the current fiscal year. Key factors in this decrease are as follows:

- The September 11, 2001 terrorist attack on the Pentagon decreased travel and tourism impacting the transient occupancy (hotel) tax and meals tax revenues.
- Revenue from the Commonwealth of Virginia did not meet expected levels since lowered state revenues due to the slowing economy reduced state aid to localities.
- The County cut the real estate tax rate by \$0.03 per \$100 of assessed value to offset increased real estate assessments. The average single family homeowner's assessment increased about 20.1%.
- Interest revenues on County investments decreased due to lowered interest rates.

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

Unrestricted net assets of the Utilities Fund at the end of the year amounted to \$39.9 and those for the Ballston Public Parking Garage amounted to \$7.0. The total growth in net assets for both funds was \$12.6 and \$0.4 respectively. Other factors concerning the finances of these two funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final budget were an \$42.8 increase in appropriations and can be briefly summarized as follows:

- \$3.2 in increases in general government activities
- \$4.6 in increases in public safety
- \$3.5 in increases allocated to the departments of public works and environmental services
- \$8.0 in increases allocated to the department of human services
- \$0.3 in increases allocated to the department of libraries
- \$1.5 in increases in planning and community development
- \$1.9 in increases allocated to the department of parks, recreation, and community resources
- \$3.7 in increases in expenditures for response to the September 11 terrorist attack on the Pentagon
- \$6.6 in increases allocated for affordable housing contingent funding
- \$9.5 in increases in transfers for general capital projects, schools, and other funds

Of this increase, most was to be funded out of increases in tax revenue receipts. Any remaining amount was to be budgeted from available fund balance and reimbursement from the federal government for expenses related to the Pentagon attack. During the year, expenditures exceeded revenues by \$2.3 resulting in the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental, business type activities, and component unit-Schools activities as of June 30, 2002 amounts to \$874.4 (net of accumulated depreciation). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

Major capital asset events during the current fiscal year included the following:

- Parks and recreation center improvements - \$1.5
- Paving and neighborhood traffic calming - \$4.1
- Storm drainage and community conservation - \$0.7
- Columbia Pike economic development - \$1.5
- Facility renovation - \$5.9
- Technical assets investments - \$3.8
- Contribution to regional authorities - \$1.0
- Schools improvements - \$4.2
- Utilities improvements - \$7.3

Capital Assets

The following table (Table A-4) displays the County and Schools capital assets.

Capital Assets
Table A-4
Arlington County Capital Assets
(net of depreciation, in millions of dollars)

	Primary Government			Component Unit	
	Governmental	Business-type		Schools	
	Activities	Activities	Total		Total
	2002	2002	2002	2002	2002
Land	\$ 78.0	\$ 1.8	\$ 79.8	\$ 4.7	\$ 84.5
Buildings	\$ 95.6	\$ 15.1	\$ 110.7	\$ 183.4	\$ 294.1
Equipment	\$ 14.7	\$ 0.9	\$ 15.6	\$ 32.9	\$ 48.5
Infrastructure	\$ 122.0	\$ -	\$ 122.0	\$ -	\$ 122.0
Plant -sewer system	\$ -	\$ 156.7	\$ 156.7	\$ -	\$ 156.7
Plant - water system	\$ -	\$ 76.8	\$ 76.8	\$ -	\$ 76.8
Construction in progress	\$ -	\$ 75.2	\$ 75.2	\$ -	\$ 75.2
					-
Total	\$ 310.3	\$ 326.5	\$ 636.8	\$ 221.0	\$ 857.8

Note: Totals may not add due to rounding

Long-term debt. At the end of the current fiscal year, the County and Schools had total long-term liabilities outstanding of \$565.3. Of this amount, \$500.6 comprises bonds and capital leases backed by the full faith and credit of the government.

The remainder of the County's debt (\$19.7) represents bonds secured solely by specified revenue sources (i.e., revenue bonds), workers compensation reserves (\$3.3) and accrued compensated absences (\$41.7).

Long-term Debt.

The following table (Table A-5) reflects the County's and Schools long-term debt:

Long-term Debt Outstanding

Table A-5
Arlington County Outstanding Debt
(in millions of dollars)

	Primary government			Component Unit	
	Governmental	Business-type		Schools	
	Activities	Activities	Total		Total
	2002	2002	2002	2002	2002
		\$			
General obligation bonds**	\$ 435.1	\$ 53.2	\$ 488.3	\$ -	\$ 488.3
		\$			
Revenue bonds	\$ -	\$ 16.3	\$ 16.3	\$ -	\$ 16.3
		\$			
Mortgage payable	\$ -	\$ 3.4	\$ 3.4	\$ -	\$ 3.4
Obligations under capital lease	\$ 10.6	\$ -	\$ 10.6	\$ 1.7	\$ 12.3
Worker's compensation claims	\$ 3.3	\$ -	\$ 3.3	\$ -	\$ 3.3
Accrued compensated absences	\$ 22.1	\$ -	\$ 22.1	\$ 19.6	\$ 41.7
Total	\$ 471.1	\$ 72.9	\$ 544.0	\$ 21.3	\$ 565.3

Note: Totals may not add due to rounding

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

The County's total debt increased by \$51.8 during the current fiscal year. The key factor in this increase was a \$39.5 general obligation bond issuance for the County and the Schools.

The County maintains a "AAA" rating from Standard & Poor's and Fitch Investor Services and a "Aaa" rating from Moody's Investor Service for general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 2.5%, which is a small increase from a rate of 1.7% percent a year ago. This compares favorably to the state's average unemployment rate of 4.2% percent and the national average rate of 5.7% percent.
- The vacancy rate of the County's office buildings marginally increased from 7.9% to 8.2%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2003 fiscal year.

Requests for Information

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



Basic Financial Statements

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

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2002

	Primary Government			Component Unit Schools	Total Government
	Governmental Activities	Business-Type Activities	Total		
ASSETS:					
Cash and cash equivalents	\$217,182,897	\$42,276,317	\$259,459,214	\$22,190,877	\$281,650,091
Receivables, net	172,092,379	10,757,923	182,850,302	4,158,124	187,008,426
Receivable from primary government	-	-	-	21,992,862	21,992,862
Receivable from other governments	15,149,040	-	15,149,040	-	15,149,040
Inventory, at cost	-	931,035	931,035	335,452	1,266,487
Other assets	633,788	1,795,286	2,429,074	-	2,429,074
Capital assets:					
Non-depreciable	77,996,983	1,792,817	79,789,800	4,697,946	84,487,746
Depreciable, net	248,778,829	249,650,789	498,429,618	216,308,288	714,737,906
Construction in progress	-	75,174,982	75,174,982	-	75,174,982
Total capital assets, net	<u>326,775,812</u>	<u>326,618,588</u>	<u>653,394,400</u>	<u>221,006,234</u>	<u>874,400,634</u>
 Total Assets	<u>731,833,916</u>	<u>382,379,149</u>	<u>1,114,213,065</u>	<u>269,683,549</u>	<u>1,383,896,614</u>
 LIABILITIES:					
Accounts payable	13,331,865	1,997,681	15,329,546	6,127,379	21,456,925
Deferred revenue	28,108,845	-	28,108,845	506,036	28,614,881
Due to/from component unit	21,992,862	-	21,992,862	-	21,992,862
Accrued liabilities	11,055,596	6,947,857	18,003,453	17,128,795	35,132,248
Other liabilities	3,233,071	-	3,233,071	1,694,594	4,927,665
Non-current liabilities:					
Due within one year	41,926,776	15,522,601	57,449,377	3,174,369	60,623,746
Due in more than one year	<u>429,142,611</u>	<u>57,358,538</u>	<u>486,501,149</u>	<u>18,140,205</u>	<u>504,641,354</u>
 Total liabilities	<u>548,791,626</u>	<u>81,826,677</u>	<u>630,618,303</u>	<u>46,771,378</u>	<u>677,389,681</u>
 NET ASSETS:					
Invested in capital assets, net of related debt	(110,252,898)	253,737,449	143,484,551	219,303,750	362,788,301
Restricted for:					
Capital projects	126,407,391	-	126,407,391	11,040,747	137,448,138
Other projects	655,050	-	655,050	202,085	857,135
Unrestricted	<u>166,232,747</u>	<u>46,815,023</u>	<u>213,047,770</u>	<u>(7,634,411)</u>	<u>205,413,359</u>
 Total net assets	<u>\$183,042,290</u>	<u>\$300,552,472</u>	<u>\$483,594,762</u>	<u>\$222,912,171</u>	<u>\$706,506,933</u>

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

EXHIBIT 2

ARLINGTON COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2002

	General Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$85,644,975	\$129,754,116	\$215,399,091
Receivables, net	153,253,815	18,665,022	171,918,837
Internal balances	4,325,481	(1,179,541)	3,145,940
Receivables from other government	12,114,625	-	12,114,625
Other assets	26,046	-	26,046
Totals assets	255,364,942	147,239,597	402,604,539
LIABILITIES			
Accounts Payable	10,115,597	2,618,999	12,734,596
Deferred revenue	145,491,388	16,470,795	161,962,183
Due to component unit	23,205,915	-	23,205,915
Accrued liabilities	11,055,596	-	11,055,596
Other liabilities	1,794,631	930,174	2,724,805
Total liabilities	191,663,127	20,019,968	211,683,095
FUND BALANCES			
Reserved for:			
Encumbrances	4,237,700	18,529,292	22,766,992
Others	4,000,000	108,551,912	112,551,912
Unreserved:			
Designated	55,464,115	-	55,464,115
Undesignated	-	138,425	138,425
Total Fund Balances	63,701,815	127,219,629	190,921,444
Total liabilities and fund balance	\$255,364,942	\$147,239,597	\$402,604,539

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

EXHIBIT 2(A)

ARLINGTON COUNTY, VIRGINIA
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2002

Total governmental fund balances	\$190,921,444
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (A)	310,277,055
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds (B)	133,853,338
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (C)	(469,099,995)
Internal service funds	17,090,448
	<hr/>
Net assets of governmental activities	<u><u>\$183,042,290</u></u>

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2002

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Primary Government			Component Unit Schools
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$132,297,569	\$4,247,731	\$37,453,975	\$1,806,963	\$ (88,788,900)		\$ (88,788,900)	
Public safety	69,745,680	5,718,632	1,188,434		(62,838,614)		(62,838,614)	
Public works	32,716,045	1,182,356	3,698,214		(27,835,475)		(27,835,475)	
Environmental services	10,606,654	7,334,021	21,322		(3,251,311)		(3,251,311)	
Health & welfare	84,482,506	1,803,263	38,235,568		(44,443,675)		(44,443,675)	
Library	11,094,374	449,838	294,686		(10,349,850)		(10,349,850)	
Parks, recreation & culture	26,956,103	3,507,107	82,122		(23,366,874)		(23,366,874)	
Planning & community development	27,073,793	1,627,756	13,741,968		(11,704,069)		(11,704,069)	
Education	212,765,479				(212,765,479)		(212,765,479)	
Interest and other charges	12,292,222				(12,292,222)		(12,292,222)	(7,328,230)
Total governmental activities	620,030,425	25,870,704	94,716,289	1,806,963	(497,636,469)		(497,636,469)	(7,328,230)
Business-type activities								
Utilities	36,232,486	44,673,811	2,319,941	551,900		11,313,166	11,313,166	
Ballston Public Parking Garage	3,974,729	4,169,920				195,191	195,191	
Total business-type activities	40,207,215	48,843,731	2,319,941	551,900		11,508,357	11,508,357	
Total Primary government	660,237,640	74,714,435	97,036,230	2,358,863	(497,636,469)	11,508,357	(486,128,112)	(7,328,230)
Component unit:								
Schools								
Total component unit	262,303,156	9,067,242	35,046,223					(218,189,691)

	Governmental Activities	Business-Type Activities	Total	Component Unit Schools
<u>General Revenues:</u>				
Property Taxes:				
Real estate property taxes	271,121,023		271,121,023	
Personal property taxes	82,085,000		82,085,000	
Other Local taxes:				
Business, professional occupancy license taxes	45,661,097		45,661,097	
Other local taxes	30,297,484		30,297,484	13,012,634
Fines and forfeitures	9,199,674		9,199,674	
Licenses, permits and fees	57,199,326		57,199,326	
Investment and interest earnings	11,603,033	1,535,809	13,138,842	543,750
Miscellaneous	7,003,435		7,003,435	
Payments to/from primary government	2,426,025		2,426,025	212,221,730
Gain on sale of capital assets	149,736		149,736	
Total General revenues	516,745,833	1,535,809	518,281,642	225,778,114
Change in net assets	19,109,364	13,044,166	32,153,530	260,193
Net assets, beginning	163,932,926	287,508,306	451,441,232	222,651,978
Net assets, ending	\$183,042,290	\$300,552,472	\$483,594,762	\$222,912,171

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

EXHIBIT 4

ARLINGTON COUNTY, VIRGINIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2002

	General Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
General property taxes:			
Real Estate property taxes	\$256,615,637	-	\$256,615,637
Personal property taxes	82,085,000	-	82,085,000
Other Local taxes:			
BPOL	45,661,097	-	45,661,097
Other local taxes	29,635,441	662,043	30,297,484
Fines and forfeitures	9,199,674	-	9,199,674
Licenses, permits and fees	57,199,326	-	57,199,326
Intergovernmental	82,988,211	13,535,042	96,523,253
Charges for services	24,307,452	1,563,252	25,870,704
Interest and rent	9,555,858	2,047,175	11,603,033
Miscellaneous revenues	6,216,685	786,750	7,003,435
Total revenues	603,464,381	18,594,262	622,058,643
EXPENDITURES:			
Current operating:			
General government	119,836,424	-	119,836,424
Public safety	64,110,185	-	64,110,185
Public works	22,397,695	-	22,397,695
Environmental services	9,846,317	-	9,846,317
Health and welfare	78,421,925	-	78,421,925
Libraries	10,214,848	-	10,214,848
Parks, recreation and culture	23,591,106	1,316,818	24,907,924
Planning and community development	11,493,753	13,416,783	24,910,536
Education	212,765,479	-	212,765,479
Debt service			
Principal	20,211,368	-	20,211,368
Interest and other charges	12,292,222	-	12,292,222
Capital outlay	-	33,235,754	33,235,754
Total expenditures	585,181,322	47,969,355	633,150,677
Excess(deficiency) of revenues over expenditures	18,283,059	(29,375,093)	(11,092,034)
OTHER FINANCING SOURCES(USES)			
Transfers in	4,567,892	26,943,251	31,511,143
Transfers out	(27,661,012)	(2,040,168)	(29,701,180)
Sale of capital assets	66,320	-	66,320
Proceeds from capital lease	2,400,000	-	2,400,000
Proceeds of sale of bonds	-	19,632,500	19,632,500
Total other financing sources and uses	(20,626,800)	44,535,583	23,908,783
Net change in fund balances	(2,343,741)	15,160,490	12,816,749
Fund balances, beginning	66,045,556	112,059,139	178,104,695
Fund balances, ending	\$63,701,815	\$127,219,629	\$190,921,444

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

EXHIBIT 4(A)

ARLINGTON COUNTY, VIRGINIA
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2002

Net change in fund balances - total governmental funds		\$12,816,749
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Add: Capital acquisitions	9,246,906	
Less Depreciation expense	<u>(14,012,203)</u>	(4,765,297)

In the Statement of Activities, only gain(loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital asset.

(66,320)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

14,505,386

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Add: Debt repayment	20,211,368	
Less proceeds from bonds and capital leases	<u>(24,130,470)</u>	(3,919,102)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and workers compensation

(1,954,915)

Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities:

Additional revenue for internal service	765,797	
Proceeds of capital lease	2,097,970	
Net operating loss internal service funds	<u>(370,904)</u>	<u>2,492,863</u>

Change in net assets of governmental activities		<u><u>\$19,109,364</u></u>
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The notes to the financial statements are an integral part of this statement.

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
For the Year Ended June 30, 2002

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES:				
General Property taxes:				
Real estate	\$246,920,970	\$246,920,970	\$256,615,637	\$9,694,667
Personal	77,780,858	77,780,858	82,085,000	4,304,142
Other Local taxes	80,638,105	77,712,315	75,296,538	(2,415,777)
Licenses, permits and fees	44,183,076	47,731,866	57,199,326	9,467,460
Charges for services	27,098,049	24,665,521	24,307,452	(358,069)
Fines and forfeitures	8,969,224	8,969,224	9,199,674	230,450
Grants:				
State grants	53,401,272	58,861,193	57,097,935	(1,763,258)
Federal grants	16,222,886	24,294,484	25,890,276	1,595,792
Use of money and property	7,505,103	12,217,826	9,555,858	(2,661,968)
Miscellaneous revenue	2,520,361	5,061,846	8,616,685	3,554,839
Total Revenues	565,239,904	584,216,103	605,864,381	21,648,278
EXPENDITURES:				
General Government Administration				
County Board	540,501	540,501	574,473	(33,972)
County Manager	2,109,936	2,687,687	2,649,209	38,478
Financial Management	3,786,441	3,853,917	3,850,048	3,869
Civil Service	16,439	16,439	12,944	3,495
Human Resources	4,183,031	4,390,784	4,244,378	146,406
Technology Services	13,330,577	13,848,155	13,788,870	59,285
County Attorney	1,153,113	1,220,483	1,198,084	22,399
Office of Support Services	11,657,833	12,256,716	12,527,195	(270,479)
Commissioner of Revenue	3,344,708	3,344,708	3,167,973	176,735
Treasurer	4,435,479	4,435,479	4,646,073	(210,594)
Electoral Board	463,855	500,129	473,507	26,622
Total General Government	45,021,913	47,094,998	47,132,754	(37,756)
Judicial Administration				
Circuit Court	2,171,698	2,250,452	2,228,009	22,443
District Court	502,803	242,530	249,713	(7,183)
Juvenile & Domestic Relations Court	3,896,026	4,342,613	3,784,011	558,602
Commonwealth Attorney	2,793,415	2,995,546	2,814,646	180,900
Sheriff & Jail	20,441,602	21,054,521	21,555,546	(501,025)
Total Judicial Administration	29,805,544	30,885,662	30,631,925	253,737
Public Safety				
Police	36,341,622	38,796,145	35,512,975	3,283,170
Emergency Communications Center	4,479,643	5,084,053	4,157,213	926,840
Fire	22,960,686	24,463,964	24,439,997	23,967
Total Public Safety	63,781,951	68,344,162	64,110,185	4,233,977
Public Works				
Public Works	19,948,938	23,353,305	22,397,695	955,610
Environmental Services	10,037,498	10,137,386	9,846,317	291,069
Total Public Works	29,986,436	33,490,691	32,244,012	1,246,679
Health & Welfare	74,390,039	81,479,517	78,421,925	3,057,592
Libraries	10,328,889	10,594,331	10,214,848	379,483

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

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL
For the Year Ended June 30, 2002

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Planning & Community Development				
Economic development	2,862,610	3,422,839	3,266,709	156,130
Community Planning, Housing & development	7,882,045	8,817,969	8,227,044	590,925
Total Planning & Community Development	10,744,655	12,240,808	11,493,753	747,055
Parks and Recreation	21,701,748	23,582,966	23,591,106	(8,140)
Non-Department				
Non-Departmental	18,114,183	28,503,717	26,888,560	1,615,157
Debt Service				
Principal payment	20,258,785	20,258,785	20,211,368	47,417
Interest payment	12,305,348	12,305,348	12,103,147	202,201
Other costs	100,000	100,000	189,075	(89,075)
Regionals/Contributions	5,389,158	5,391,890	5,514,061	(122,171)
METRO	9,679,000	9,679,000	9,669,124	9,876
Total Non-Departmental	65,846,474	76,238,740	74,575,335	1,663,405
Total Expenditures	351,607,649	383,951,875	372,415,843	11,536,032
Excess of revenues over expenditures	213,632,255	200,264,228	233,448,538	33,184,310
Other Financing Sources (Uses)				
Transfers-in	719,142	2,725,752	4,567,892	1,842,140
Transfers-out	(232,523,135)	(242,977,161)	(240,426,491)	2,550,670
Proceeds sale of asset	25,000	25,000	66,320	41,320
Total other financing sources/uses	(231,778,993)	(240,226,409)	(235,792,279)	4,434,130
Net change in fund balance	(18,146,738)	(39,962,181)	(2,343,741)	37,618,440
Fund Balance - beginning of year	66,045,556	66,045,556	66,045,556	-
Fund Balance - end of year	\$47,898,818	\$26,083,375	\$63,701,815	\$37,618,440

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2002

	Business-type activities - Enterprise Funds			Governmental Activities
	Utilities	Ballston Public Parking Garage	Total	Internal Service Funds
ASSETS:				
Cash and cash equivalents	\$31,568,703	\$10,707,614	\$42,276,317	\$1,783,806
Receivables, net	10,757,923	-	10,757,923	173,542
Internal Balances	-	-	-	(111,525)
Inventory, at cost	931,035	-	931,035	607,742
Other assets	1,557,433	237,853	1,795,286	-
Capital assets:				
Non-depreciable	1,792,817	-	1,792,817	-
Depreciable, net	234,511,072	15,139,717	249,650,789	16,498,757
Construction in progress	75,174,982	-	75,174,982	-
Total capital assets, net	<u>311,478,871</u>	<u>15,139,717</u>	<u>326,618,588</u>	<u>16,498,757</u>
Total Assets	<u>356,293,965</u>	<u>26,085,184</u>	<u>382,379,149</u>	<u>18,952,322</u>
LIABILITIES:				
Accounts payable	1,679,987	317,694	1,997,681	597,269
Due to/from component unit	-	-	-	(1,213,053)
Accrued liabilities	3,280,925	3,666,932	6,947,857	-
Other liabilities	-	-	-	508,266
Non-current liabilities:				
Due within one year	5,156,404	10,366,197	15,522,601	273,516
Due in more than one year	39,096,035	18,262,503	57,358,538	1,695,876
Total liabilities	<u>49,213,351</u>	<u>32,613,326</u>	<u>81,826,677</u>	<u>1,861,874</u>
NET ASSETS:				
Invested in capital assets, net of related debt	267,226,432	(13,488,983)	253,737,449	14,529,365
Unrestricted	<u>39,854,182</u>	<u>6,960,841</u>	<u>46,815,023</u>	<u>2,561,083</u>
Total net assets	<u>\$307,080,614</u>	<u>\$ (6,528,142)</u>	<u>\$300,552,472</u>	<u>\$17,090,448</u>

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

ARLINGTON COUNTY, VIRGINIA
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2002

	Business-type activities-Enterprise Funds			Governmental Activities Internal Service Funds
	Utilities	Ballston Public Parking Garage	Total Business-type Activities	
OPERATING REVENUES:				
Water-sewer service charges	\$ 34,605,525	\$ -	\$ 34,605,525	-
Water-service hook-up charges	4,304,108	-	4,304,108	-
Water-service connection charges	174,964	-	174,964	-
Sewage treatment service charges	4,141,958	-	4,141,958	-
Other charges for services	1,447,256	-	1,447,256	12,242,151
Parking charges	-	4,169,920	4,169,920	-
Total Operating revenues	44,673,811	4,169,920	48,843,731	12,242,151
OPERATING EXPENSES:				
Personnel services	9,750,919	-	9,750,919	3,462,739
Fringe benefits	1,971,320	-	1,971,320	737,123
Cost of store issuances	-	-	-	3,560,832
Contractual services	6,514,157	1,465,412	7,979,569	-
Purchases of water	5,911,360	-	5,911,360	-
Materials and supplies	3,604,051	62,182	3,666,233	615,804
Utilities	-	-	-	103,314
Outside services	-	-	-	914,376
Depreciation	4,202,588	501,206	4,703,794	3,033,885
Deferred rent	-	405,000	405,000	-
Miscellaneous	2,144,326	254,016	2,398,342	184,982
Total Operating expenses	34,098,721	2,687,816	36,786,537	12,613,055
Operating income	10,575,090	1,482,104	12,057,194	(370,904)
NON-OPERATING REVENUES(EXPENSES)				
Interest income and other income	1,298,387	237,422	1,535,809	-
Interest expense and fiscal charges	(2,105,465)	(1,286,913)	(3,392,378)	-
Contributions from developers and other sources	551,900	-	551,900	-
State grant	2,319,941	-	2,319,941	-
Gain on disposal of assets	-	-	-	149,735
Total non-operating revenues(expenses)	2,064,763	(1,049,491)	1,015,272	149,735
Net Income(loss) before operating transfers	12,639,853	432,613	13,072,466	(221,169)
OPERATING TRANSFERS:				
Operating transfers in	-	-	-	746,062
Operating transfers out	(28,300)	-	(28,300)	(130,000)
Total Operating transfers	(28,300)	-	(28,300)	616,062
Change in net assets	12,611,553	432,613	13,044,166	394,893
Net assets - beginning of year	294,469,061	(6,960,755)	287,508,306	16,695,555
Net assets - end of year	\$ 307,080,614	\$ (6,528,142)	\$300,552,472	\$17,090,448

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2002

	Business-type activities - Enterprise Funds			Governmental Activities
	Utilities	Ballston Public Parking Garage	Total Business-type Activities	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$34,605,525	\$4,321,915	\$48,126,077	\$394,751
Cash received from interfund charges	-	-	-	10,548,764
Cash paid to suppliers	(19,069,784)	(1,961,095)	(21,030,879)	(5,343,558)
Cash paid to employees	(11,588,037)	-	(11,588,037)	(4,153,680)
Net cash flows from operating activities	13,146,341	2,360,820	15,507,161	1,446,277
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,248,097	237,422	1,485,519	-
Net cash flows from investing activities	1,248,097	237,422	1,485,519	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfer out to other funds	(28,300)	-	(28,300)	(130,000)
Temporary loan from General Fund	-	-	-	39,525
State grant	2,319,941	-	2,319,941	-
Operating transfer-in	-	-	-	746,062
Cash received temporary loan to schools	-	-	-	(11,503)
Net cash flows from non-capital financing activities	2,291,641	-	2,291,641	644,084
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments - bonds	(3,597,275)	(500,000)	(4,097,275)	-
Proceeds of capital lease	-	-	-	2,097,970
Contributions from other sources	655,297	-	655,297	-
Interest and other loan expenses paid	(2,101,071)	(514,255)	(2,615,326)	-
Purchases of property	(19,940,951)	-	(19,940,951)	(5,520,311)
Proceeds from sale of equipment	-	-	-	263,000
Net cash flows from capital and related financing activities	(24,984,000)	(1,014,255)	(25,998,255)	(3,159,341)
Net increase(decrease) in cash and cash equivalents	(8,297,921)	1,583,987	(6,713,934)	(1,068,980)
Cash and cash equivalents at beginning of year	39,866,624	9,123,627	48,990,251	2,852,786
Cash and cash equivalents at end of year	\$31,568,703	\$10,707,614	\$42,276,317	\$1,783,806
Reconciliation of operating income to net cash flow from operations:				
Operating Income	\$10,575,090	\$1,482,104	\$12,057,194	\$ (370,904)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,202,588	501,206	4,703,794	3,033,885
(Increase)Decrease in accounts receivable	(869,649)	151,995	(717,654)	(1,298,636)
(Increase)Decrease in inventories	(85,933)	-	(85,933)	9,369
Increase(Decrease) in vouchers payable	(1,176,747)	-	(1,356,232)	26,382
Increase(Decrease) in compensated absences	134,202	-	134,202	46,181
Increase(Decrease) in contract retainage	609,290	-	609,290	-
Increase(Decrease) in other accrued liabilities	(242,500)	405,000	162,500	-
Net cash flows from operations	\$13,146,341	\$2,360,820	\$15,507,161	\$1,446,277

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

		Private Purpose Trust	
	Pension Trust	Alexandria/Arlington Waste Disposal Trust	Other Private Purpose Trusts
ASSETS:			
Cash and cash equivalents	\$53,759,257	\$483,220	\$4,863
Accounts receivable	4,845,611	-	-
Investments at fair value	948,206,642	11,842,014	-
Total assets	1,006,811,510	12,325,234	4,863
LIABILITIES:			
Accounts payable and accrued liabilities	8,277,622	1,113,224	-
Total liabilities	8,277,622	1,113,224	-
NET ASSETS	\$998,533,888	\$11,212,010	\$4,863

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2002

		Private Purpose Trust	
	Pension Trust	Alexandria/Arlington Waste Disposal Trust	Other Private Purpose Trusts
ADDITIONS:			
Contributions and Revenues:			
Employer/Employee Contributions	\$10,224,737	\$ -	\$ -
Shared revenues	-	2,381,576	-
Private donations	-	-	45,000
Total contributions	10,224,737	2,381,576	45,000
Investment earnings:			
Interest and other	33,877,042	738,259	330
Securities Lending & Commission	305,162	-	-
Net change in fair value of investment	(73,944,979)	107,337	-
Total investment earnings(losses)	(39,762,775)	845,596	330
Less investment expenses	4,703,906	-	-
Net investment earnings(losses)	(44,466,681)	845,596	330
Total additions	(34,241,944)	3,227,172	45,330
DEDUCTIONS:			
Administrative expenses	336,339	3,572,505	-
Private purpose program expenses	46,989,352	-	328,134
Total deductions	47,325,691	3,572,505	328,134
Change in net assets	(81,567,635)	(345,333)	(282,804)
Net assets - Beginning of the year	1,080,101,523	11,557,343	319,809
Net assets - End of the year	<u>\$998,533,888</u>	<u>\$11,212,010</u>	<u>\$37,005</u>

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

I. Accounting Policies

A. The Financial Reporting Entity

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

Discretely Presented Component Units

Arlington County Public Schools (the "Schools") is a legally separate entity that provides educational services to citizens of the County. It is administered by a five-member School Board that is elected by the citizens. The Schools 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 and has a June 30 year-end.

B. Government-wide and Fund Financial Statements

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

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

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

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

In FY 2002, the County implemented Governmental Accounting Standards Board Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" ("GASB 34"). GASB 34 established that the basic financial statements and required supplementary information should consist of the following sections:

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirement imposed by the provider have been met.

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

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

D. Funds

The Funds used by the County and 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.

The **General Fund** is the government's major governmental fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes. State and Federal distributions, licenses, permits, charges for services and interest

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

income are accounted for in this Fund. A significant part of the Fund's revenue is transferred to the Schools to finance their operations, pay-as-you-go capital projects, and debt service requirements.

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

The ***Capital Projects Funds*** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds), 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.

The ***Enterprise 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.

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

The ***Private-purpose Trust Funds*** are used to account for resources legally held in trust to provide for capital costs of repairs to the waste-to-energy plant and other solid waste purposes and funds set aside for various social service programs.

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

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

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

E. 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.

F. 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." 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.

Investments in the Pension Trust Fund consist of investment instruments, domestic and international stocks and bonds, U.S. Treasury notes and bonds, and real estate and real estate notes which are held in the County's name by the Fund's Trustee who serves as the Pension System's agent. Temporary investment funds on deposit with financial institutions were fully insured by the Federal Deposit Insurance Corporation up to \$100,000 for each Retirement System participant.

Investments are recorded at fair value based on quoted closing market prices except for real estate notes reported in the Pension Trust Fund. 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.

G. Receivables and Payables

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. "Accounts receivable, net" for the Utilities Fund includes water and sewer services used by customers but not yet billed. Unbilled revenues are estimated based on the billing cycles of each customer.

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

H. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in first-out method for inventories in the Utilities and Schools Funds. Inventories acquired by the Utilities Fund are accounted for using the consumption method. Inventories in the School Cafeteria Fund are accounted for using the purchase method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets for the primary government are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Capital assets for the component unit Schools are defined by the Schools as assets with an initial individual cost of over \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

J. Compensated Absences

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

Accumulated vested unpaid compensated absences for the County and the Schools in both the government-wide and the Proprietary Funds are recorded as an expense and liability of those funds as the benefits accrue to employees.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

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, 2002, there was no arbitrage rebate liability.

L. Long-Term Obligations

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

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

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

N. Comparative data/reclassifications

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 2001 amounts have been reclassified to conform to the FY 2002 presentation.

O. Cash and Cash Equivalents

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

P. Use of Estimates

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

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(469,099,995) difference are as follows:

General obligation bonds - general government	\$(263,566,407)
General obligation bonds - Schools	(171,492,911)
Compensated absences - general government	(22,126,598)
Worker’s compensation - general government	(3,338,904)
Capital leases - general government	(8,575,175)
	<u>\$(469,099,995)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and changes in *net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.” The details of this \$(4,765,297) difference are as follows:

Capital acquisitions	\$9,246,906
Depreciation expense	(14,012,203)
Net adjustment to increase <i>net changes in fund balances</i> total <i>governmental funds</i> to arrive at changes in <i>net</i> <i>assets of governmental activities</i>	<u>\$(4,765,297)</u>

Another element of the reconciliation states that “In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets.”

Net adjustment to <i>decrease net changes in fund balances</i> – total governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(66,320)</u>
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Another element of the reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds”. The details of this difference are as follows:

Deferred property tax revenue 6/30/02	\$133,853,338
Deferred property tax revenue 6/30/01	(119,347,952)
Net adjustment to increase net changes in fund balances – total governmental funds arrive at changes in net assets of governmental activities	<u>\$14,505,386</u>

Another element of that reconciliation states that “Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

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governmental funds, but the repayment reduces long-term liabilities in the statement of net assets” The details of this \$(3,919,102) difference are as follows:

Debt issued or incurred:	
Capital lease financing – internal service fund	\$(2,097,970)
Capital lease financing – general government	(2,400,000)
Issuance of general obligation bonds – County	<u>(19,632,500)</u>
	(24,130,470)
Principal repayments:	
General obligation debt – County	<u>20,211,368</u>

Net adjustment to decrease <i>net changes in fund balances</i> - total governmental funds to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$(3,919,102)</u></u>
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Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and worker’s compensation.” The details of this \$(1,954,915) difference are as follows:

Compensated absences	\$(1,672,839)
Worker’s compensation	<u>(282,075)</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of government activities	<u><u>\$(1,954,915)</u></u>
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Another element of that reconciliation states that “Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the internal service funds is reported by governmental activities.”

Additional revenue – internal service funds	\$765,797
Proceeds from capital lease – internal service funds	2,097,970
Net operating loss – internal service funds	<u>(370,904)</u>

Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$2,492,863</u></u>
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NOTE 2. Legal Compliance

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

Supplemental appropriations may be approved by the County Board subsequent to the adoption of the original budget. In FY 2002 such appropriation amendments totaled \$17,005,074 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 2002 for the following departments; the Office of Support Services, the Treasurer’s Office, the Department of Parks, Recreation and Community Resources, the County Board Office, the District Court, and the Office of the Sheriff. The County Board will re-appropriate funds to increase these budgets in the annual closeout package in November of FY 2003. Management will ensure these departments develop better budget estimates in future years.

ARLINGTON COUNTY, VIRGINIA

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The Ballston Parking Garage (an Enterprise Fund) commenced operations in 1986 and has generated sufficient positive cash flow since inception to meet its operating and revenue bond debt service requirements, however when considering limited liabilities (deferred ground rent and a deferred mortgage payable) and depreciation, the garage has a retained deficit of \$(9,030,567) at June 30, 2002. 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), although it had positive net income in FY2002, experienced a loss in FY 2001, resulting in a retained deficit of \$(57,936). User fees which had not kept up with expenses were raised 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 (\$19,963,441) and the bank balance was \$22,271,089. Of the bank balance, \$649,705 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 \$318,972 at June 30, 2002 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, 2002. The deposit balance in the Alexandria/ Arlington Waste Disposal Trust Fund at June 30, 2002 was \$483,220.

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

ARLINGTON COUNTY, VIRGINIA

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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 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, 2002, the Trustee Bank had \$10,707,614 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 \$11,842,014 in U.S. government securities and agency obligations at fair value were held by the Trustee Bank at June 30, 2002.

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, 2002, the County had \$104,147,147 in the SNAP short-term investment pool and \$11,354,096 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 Bank of New York as the System's custodian. Category 2 includes investments that are uninsured with securities held by a counter-party's agent or trust department in the System'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 name. The following tables summarize the amount in the respective categories.

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	Categories (in thousands)			Carrying Value	Fair Value
	1	2	3		
County Pooled Investments:					
US government securities and agency obligations	\$21,906	\$-	-\$-	\$21,906	\$21,906
Repurchase agreements	-	-	5,689	5,689	5,689
Capital Reserve Fund:					
US Treasury Bond/Note	3,076	-	-	3,076	3,076
Federal Agency Bond/Note	19,624	-	-	19,624	19,624
Corporate Note	2,549	-	-	2,549	2,549
Total	\$47,155	\$-	\$5,589	\$52,844	\$52,844

Investments not subject to
categorization:

State Treasurer's Local Government Investment Pool	\$82,384
State Non-Arbitrage Program (SNAP)	104,147
Commonwealth Cash Reserve (AIM)	11,354
Commonwealth Cash Reserve (Capital Reserve Fund)	5,034
Asset T-Fund James Monroe Bank	28
Total County Investments	\$255,792

	Categories (in thousands)			Carrying Amount (at fair value)
	1	2	3	
Pension Trust Fund				
Corporate obligations	\$147,157	-\$-	-\$-	\$147,157
Domestic & foreign equities	395,857	-	-	395,857
Foreign, municipal and U.S. government obligations	29,079	-	-	29,079
Cash	-	-	18,968	18,968
Total	\$572,093	-\$-	\$18,968	\$591,061

Investments not subject to categorization:

Real estate funds and notes	11,973
Pooled equity and fixed income	398,698
Total	410,671
Total Pension Trust Fund Investment	\$1,001,732

As permitted by the Arlington County Code, the System invests in various derivative instruments on a limited basis in accordance with the System's investment policy. At June 30, 2002, the System held derivative securities valued at \$2.8 million, less than 0.3% of the total value of the pension investments. During FY 2002, 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 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, net

Receivables at June 30, 2002 are summarized below.

	Governmental Activities	Business-type Activities
Real estate taxes	\$134,887,656	\$-
Personal property taxes	5,216,295	-
Omitted business licenses tax	7,986,900	-
Omitted meals tax	586,818	-
Accounts receivable	26,669,382	10,723,163
Interest	395,945	94,760
Total	<u>\$175,742,996</u>	<u>\$10,817,923</u>
Less: Allowance for uncollectible accounts	<u>(3,650,617)</u>	<u>(60,000)</u>
Net receivables	<u><u>\$172,092,379</u></u>	<u><u>\$10,757,923</u></u>

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

The County Board establishes the tax rates on or about April 1 of each year, at which time the County has the legal right to request payment. Real Estate taxes are due in two equal installments on June 5 and October 5. Included in real estate taxes receivable is the unbilled October 5 installment. This October due amount, totaling \$133,853,338., 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 and service fees for water and sewer services is based upon historic non-collection percentages.

NOTE 5. Fixed Assets**Primary Government****General Government and Component Unit - Schools**

The following is a summary of the changes in the County and Schools General Fixed Assets during the year.

FUNCTION AND ACTIVITY	General Fixed Assets			Additions	Deletions	Balance June 30, 2002
	July 1, 2001					
	Per CAFR	Additions	Per GASB34			
Primary government:						
General government	\$134,650,934	\$-	\$134,650,934	\$2,782,727	\$(13,615,169)	\$123,818,492
Public safety	15,713,895	-	15,713,895	292,890	(171,529)	15,835,256
Public works	34,136,759	323,731,176	357,867,935	3,178,773	(1,764,309)	359,282,399
Health and public welfare	4,110,315	-	4,110,315	308,637	(183,927)	4,235,025
Libraries	3,273,700	-	3,273,700	29,062	(48,840)	3,253,922
Parks and recreation	44,804,195	-	44,804,195	2,654,817	(337,214)	47,121,798
Planning and comm. development	12,472,846	-	12,472,846	-	(236,651)	12,236,195
Internal service funds	30,542,535	-	30,542,535	5,520,311	(1,793,979)	34,268,867
Total assets	\$279,705,179	\$323,731,176	\$603,436,355	\$14,767,217	\$(18,151,618)	\$600,051,954
Accum. depreciation	(16,288,362)	(257,851,466)	(274,139,828)	(17,046,090)	\$17,909,776	(273,276,142)
Total primary government	\$263,416,817	\$65,879,710	\$329,296,527	\$(2,278,873)	\$(241,842)	\$326,775,812
Component Unit – Schools	\$278,471,738	\$-	\$278,471,738	\$30,280,010	\$(7,192,968)	\$301,558,780
Accum. depreciation	-	(76,476,805)	(76,476,805)	(11,268,709)	7,192,968	(80,552,546)
Total component unit- Schools	\$278,471,738	\$(76,476,805)	\$201,994,933	\$19,011,301	\$-	\$221,006,234

Enterprise Funds:

The following is a summary of Enterprise Fund type property, plant and equipment, at June 30, 2002:

	Enterprise
Land	\$1,792,817
Sewer system	205,282,946
Water system	97,385,366
Parking garage	22,315,887
Furniture and fixtures	4,666,942
Equipment	253,504
Construction in progress	75,174,982
	406,872,444
Accumulated depreciation	(80,253,856)
	<u>\$326,618,588</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, 2002, the Construction in Progress in the various enterprises funds of the County are:

Utilities Pay-as-You Go Projects	\$64,699,105
Utilities Water Bond Fund Projects	855,777
Utilities Waste Water Treatment Facilities	<u>9,620,100</u>
Total Construction in Progress	<u>\$75,174,982</u>

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

FUNCTION AND ACTIVITY

	Depreciation expense
Primary government:	
Governmental activities:	
General government	\$3,569,304
Public safety	878,529
Public works, including depreciation of infrastructure assets	8,656,444
Environmental services	29,742
Health and welfare	241,686
Libraries	121,586
Parks, recreation and culture	200,015
Planning and community development	314,899
Internal Service	<u>3,033,885</u>
Total depreciation expense – governmental activities	<u>\$17,046,090</u>
Business-type activities	
Utilities	\$4,202,588
Ballston Public Parking Garage	<u>501,206</u>
Total depreciation expense – business-type activities	<u>\$4,703,704</u>
Component unit – Schools	
Schools	<u>\$11,268,709</u>
Total depreciation expense – component unit – Schools	<u>\$11,268,709</u>

NOTE 6. Risk Management

The County is exposed to various risks of loss relative to property, liability, revenue and personnel. The systematic identification and analysis of exposures to risk, implementation of risk control and loss mitigation techniques, and utilization of appropriate risk financing alternatives encompasses the management of these risks. It is the general philosophy of the County to retain risks internally up to economically prudent retention levels and account for necessary claim settlements in the General Fund. For excess exposure levels, specialized exposures and where commercial insurance is available at cost-effective premiums, the County will transfer some risk to commercial insurance carriers through the purchase of insurance policies, while maintaining the integrity of the County's strategic self-insurance objectives. The major self-insurance programs are workers' compensation, employees' health insurance, and the self-insured retention portion of general, automobile, and public officials' liability. For each major self-insurance program the County uses the professional services of a third-party administrator to adjudicate claims and recommend appropriate reserves for outstanding claims. During FY2002, the fund was severely impacted by a number of latent claims (with high severity potential) that were not properly budgeted for or reserved. The event of September 11, 2001 also triggered a significant increase in workers compensation claims; the immediate impact in FY02 was in the form of increased Third Party Administration File set-up fee. As special catastrophic code has been assigned to these claims in order to ensure accurate tracking over the life cycle the claim. These claims may have a significant impact on the County in future fiscal year. The Risk

Management section is in the process of commissioning an actuarial study that will aid in assessing future funding levels. 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, 2002 the current portion of these liabilities was \$1.577 million; the non-current portion was \$3.339 million. These liabilities are the County's best estimate based on available information.

Changes in the reported liabilities since July 1, 2000 resulted from the following:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year- End
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
2001 – 2002				
Current	1,908,000	22,988,097	23,319,297	1,576,800
Long Term	3,056,828	2,630,577	2,348,502	3,338,903

In addition, the County has designated a General Fund balance self-insurance reserve of \$3,500,000 as of June 30, 2002 the County maintains a General Fund operating reserve that totaled \$12,600,000 as of June 30, 2002. 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>
2003	\$10,595,151
2004	10,700,988
2005	10,833,765
2006	10,965,053
2007	11,025,669
	<u>\$54,120,626</u>

In FY 2002, the County entered into five new long term operating lease agreements totaling 295,545 square feet of office, retail, library, and additional garage space for its Emergency Communications Center, Department of Economic Development, Department of Libraries, and Department of Public Works. 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, 2002, the County received \$1,169,054 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 \$3,666,932 and is accrued in the General Fund as of June 30, 2002. 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

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NOTE 8. Capital Leases

The annual future minimum lease payments as of June 30, 2002 are as follows:

PRIMARY GOVERNMENT

General Government:

<u>Year Ending June 30,</u>	<u>DTS</u>	<u>Criminal Justice Academy</u>	<u>DHS</u>	<u>Fire</u>	<u>DPW</u>
2003	\$2,477,442	\$196,134	\$819,194	\$132,570	\$66,841
2004	963,659	196,134	819,194		66,841
2005	419,694	196,134	497,278	-	66,841
2006	-	196,134	497,278	-	66,842
2007	-	196,134		-	
Thereafter	-	196,139	-	-	-
Total Minimum Lease payments	\$3,860,795	\$1,176,809	\$2,632,944	\$132,570	\$267,365
Less Imputed interest	(154,521)	(372,548)	(197,041)	(4,787)	(22,680)
Present Value of Minimum Lease Payments	<u>\$3,706,274</u>	<u>\$804,261</u>	<u>\$2,435,903</u>	<u>\$127,783</u>	<u>\$244,685</u>

<u>Year Ending June 30,</u>	<u>OSS</u>	<u>ECC</u>	<u>Treasurer's</u>	<u>DES</u>	<u>Total General Government Fund</u>
2003	\$12,163	\$257,187	\$25,555	\$87,978	\$4,075,065
2004	12,163	257,188	25,554	87,978	2,428,712
2005		257,188		87,979	1,525,112
2006	-	257,187	-		1,409,714
2007	-		-	-	
Thereafter	-	-	-	-	
Total Minimum Lease Payments	24,326	1,028,750	51,109	263,935	9,438,603
Less Imputed Interest	(1,070)	(87,266)	(2,247)	(21,267)	(863,427)
Present Value of Minimum Lease Payments	<u>\$23,256</u>	<u>\$941,484</u>	<u>\$48,862</u>	<u>\$242,668</u>	<u>\$8,575,176</u>

ARLINGTON COUNTY, VIRGINIA

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Auto Equipment Fund

Year Ending June 30,

2003	\$343,330
2004	343,330
2005	343,330
2006	343,330
2007	343,330
2008	343,330
2009	171,667
Total Minimum Lease Payments	2,231,647
Less Imputed Interest	(262,256)
Present Value of Minimum Lease Payments	<u>\$1,969,391</u>

COMPONENT UNIT: SCHOOL BOARD

Year Ending June 30,

2003	\$1,273,752
2004	502,747
2005	
Total Minimum Lease Payments	1,776,499
Less Imputed Interest	(74,015)
Present Value of Minimum Lease Payments	<u>\$1,702,484</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

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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
2003	21,480,315	12,406,173	10,541,744	8,050,170	3,636,690	2,094,523	35,658,749	22,550,866
2004	21,733,858	11,510,707	11,217,000	8,036,258	3,434,144	1,894,558	36,385,002	21,441,523
2005	20,882,099	10,464,691	11,432,946	7,515,819	3,314,955	1,725,495	35,630,000	19,706,005
2006	19,705,896	9,466,268	11,409,212	6,991,814	3,184,892	1,561,062	34,300,000	18,019,144
2007	19,691,053	8,477,820	11,388,964	6,441,718	3,134,984	1,448,919	34,215,001	16,368,457
2008	18,365,098	7,800,161	11,586,072	5,733,916	3,498,831	1,311,011	33,450,001	14,845,088
2009	18,284,030	6,925,945	11,573,115	5,179,399	3,512,856	1,132,787	33,370,001	13,238,131
2010	17,028,570	6,034,490	11,112,006	4,617,929	3,359,428	950,984	31,500,004	11,603,403
2011	16,994,744	5,193,436	11,109,865	4,049,435	3,355,391	760,163	31,460,000	10,003,034
2012	16,630,864	4,359,953	10,918,589	3,482,936	3,145,547	574,704	30,695,000	8,417,593
2013	13,398,669	3,507,279	9,727,292	2,929,233	2,764,039	407,779	25,890,000	6,844,291
2014	11,977,493	2,881,404	9,733,469	2,445,834	2,764,039	263,743	24,475,001	5,590,981
2015	11,159,745	2,306,019	8,386,142	1,992,210	769,113	172,307	20,315,000	4,470,536
2016	8,515,901	1,789,542	6,765,125	1,562,144	768,974	133,598	16,050,000	3,485,284
2017	8,519,723	1,354,334	6,766,302	1,216,976	768,974	94,729	16,054,999	2,666,039
2018	6,249,247	944,509	5,910,667	877,965	695,085	55,693	12,854,999	1,878,167
2019	5,469,450	649,617	5,177,900	598,221	347,650	29,362	10,995,000	1,277,200
2020	3,579,449	373,983	3,137,900	336,825	132,650	11,442	6,849,999	722,250
2021	2,877,495	195,010	2,561,309	179,930	96,196	4,810	5,535,000	379,750
2022	<u>1,022,707</u>	<u>51,134</u>	<u>1,037,293</u>	<u>51,865</u>	<u>0</u>	<u>0</u>	<u>2,060,000</u>	<u>102,999</u>
	263,566,406	96,692,475	171,492,912	72,290,597	42,684,438	14,627,669	477,743,756	183,610,741

C. Advance Refunding

At June 30, 2002, \$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, 2002, \$16,300,000 is outstanding under these revenue bonds.

The interest rate on the bonds is determined weekly, using a Variable Interest Index, calculated under the terms of the bond issuance agreements. The rate may be converted to a fixed interest rate at the discretion of the County during the term of the bonds. The initial interest rate was 6.9%, at no time can exceed 15%, and averaged approximately 3.87% in FY 2002. 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

ARLINGTON COUNTY, VIRGINIA

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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 2002, the County drew from the letter of credit \$304,472 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 \$50,961 FY 2002. Also in FY 2002, \$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, 2002, all payments have been deferred. The long-term portion of this mortgage payable at June 30, 2002 was \$2,462,503.

F. Changes in Long-Term Liabilities

During the year ended June 30, 2002, 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	\$20,453,759	\$1,672,839	\$ -	\$22,126,598
Workers' compensation	3,056,828	282,075	-	3,338,903
General obligation bonds	264,145,274	19,632,500	(20,211,367)	263,566,407
Capital leases	10,349,689	2,400,000	(4,174,514)	8,575,175
	<u>\$298,005,550</u>	<u>\$23,987,414</u>	<u>(\$24,385,881)</u>	<u>\$297,607,083</u>

Component Unit: School Board

	Balance July 1	Additions	Reductions	Balance June 30
Compensated absences	\$18,409,000	\$1,203,090	\$ -	\$19,612,090
General obligation bonds	160,930,518	19,912,500	(9,350,107)	171,492,911
Capital lease	3,150,721	-	(1,448,237)	1,702,484
	<u>\$182,490,239</u>	<u>\$21,115,590</u>	<u>(\$10,798,344)</u>	<u>\$192,807,485</u>

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

Virginia state law provides that a school board is a separate legal entity and school boards hold title to all school assets. However, whether separately elected or appointed by the governing body, Virginia's local school boards do not have the power to levy and collect taxes or issue debt. Purchases of school equipment, buildings or improvements (fixed assets) to be funded by debt financing require the local government to issue the debt. Accordingly, in the government-wide financial statements, the "school debt" is reflected in Exhibit 1 "Statement of Net Assets" in the governmental activities column of the primary government. The net effect of this on the entries to the Exhibit 1 governmental activities for "Non-current liabilities" and "Invested in capital assets, net of related debt" is \$171,492,912 for the Primary Government and the Schools. This election has no effect on the combined total of the overall government.

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NOTE 11. 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, 2002 are reflected in current due to/from accounts of each Fund/Component Unit, as summarized below:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$4,325,481	\$ -
Special Revenue Funds		
CDBG	-	875,016
Section 8 Housing	-	304,525
Internal Service Funds		
Jail Industries	-	72,000
Printing Fund	-	39,525
Trust & Agency Funds	-	-
Drug Task Force	-	3,034,415
	<u>\$4,325,481</u>	<u>\$4,325,481</u>
 <u>Primary Government/Component Unit</u>		
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$547,091	\$23,753,006
Auto Equipment Fund	1,213,053	-
School Funds		
Operating	22,557,626	1,245,316
School Cafeteria	229	65,000
Community Activities	894,649	409,758
Special Grants	32,088	545,009
Pay-as-you-go	1,321,974	1,530
Comprehensive Services Act	-	547,091
	<u>\$26,566,710</u>	<u>\$26,566,710</u>

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NOTE 12. 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 - \$12,600,000 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 \$12,500,000 to \$12,600,000 during FY 2002.
- 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 2003 Budget - \$15,839,137 designated by the County Board at the time of the adoption of the FY 2003 budget to be one of the elements that financed the FY 2003 Adopted General Fund budget.
- e. **General Fund** - Designate for Incomplete Projects - \$5,471,116 designated by the County Board to fund in FY2003 projects approved by the County Board in FY2002 but not yet completed at the close of FY2002.
- f. **General Fund** - Designated for Schools - \$11,110,583 designated by the County Board at the time of the reappropriation to the FY 2002 budget to be one of the elements most of which is planned to finance part of the FY 2003 Adopted School Fund budgets.
- g. **General Fund** - Designated for FY 2004 Budget - \$6,279,755 designated by the County Board at the time of the reappropriation to the FY2003 budget to be one of the elements that financed the FY2004 Adopted General Fund budget.
- h. **General Fund** - Designated for Human Services, LPACAP Revenue - \$4,163,524 designated by the County Board to invest and enhance human services in Arlington County.
- i. **School Funds** - Construction funds - \$665,072 reserved for project construction expenditures and encumbrances.
- j. **Special Revenue Funds** - Section 8 Housing - \$665,050 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 - \$107,444,521 reserved for project construction expenditures and encumbrances. Of these funds, \$70,533,148 are reserved in construction bond funds and represent bond proceeds.
- l. **Trust Fund** - Reserved for Trusts - \$11,189,864 of which \$11,212,010 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 - \$998,533,888 reserved to fund the Arlington County Employee's Supplemental Retirement System.

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NOTE 13. Adoption of New Accounting Pronouncement

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No.34 "Basic Financial Statements and Management's Discussion and Analysis – State and Local Governments". This standard requires the use of a new reporting model to provide more understandable and useful financial reports to users of government entity financial statements and to conform to the requirements of the GASB's Objectives of Financial Reporting. Effective July 1, 2001 the County conformed to the requirements of this statement.

The effect of this new statement is as follows:

Fund balances as of June 30, 2001 – total governmental funds	\$195,293,713
Amount reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	308,227,329
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	119,347,952
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(458,936,068)
Net Assets of Governmental Activities as of June 30, 2001 as restated	<u>\$163,932,926</u>

NOTE 14. 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 November 1999 and November 2001, the Commonwealth sold recordation tax- backed transportation bonds; a total of \$34.1 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, 2002, 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 2002, the County paid \$9.7 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 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.

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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, 2002, contractual commitments were outstanding in the following funds for the amounts indicated:

Capital Projects Funds	\$ 7,283,332
Utilities Fund	<u>3,729,498</u>
	<u>\$11,012,830</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

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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 2002 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 \$3,227,172 were collected and project-related expenditures of \$3,572,505 were incurred in FY 2002.

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 2002 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 2002, \$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.

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NOTE 15. 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 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 2002, the County paid \$367,089 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 2002, the County paid \$ 573,502 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 16. Deferred Compensation Plan

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

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

NOTE 17. Employee Retirement Systems

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

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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

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

All benefits vest after 5 years of credited service. Accumulated employee contributions plus interest are usually refunded to the employee or designated beneficiary if an employee leaves County employment prior to vesting. Benefits are calculated as a percentage of average annual compensation, as defined by County code.

At July 1, 2001, the date of the most recent actuarial valuation, System membership consisted of the following:

	General	Uniformed	School	Total
Current Employees:				
Vested	1,774	556	316	2,646
Non-Vested	921	243		1,164
Total	2,695	799	316	3,810
Retirees and Beneficiaries	1,319	515	1,348	3,182

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 \$10,224,737 (\$6,150,158 of Employer contributions, \$8,954,420 of Employee contributions, less \$4,903,025 transfer to VRS for School Board employees and \$23,184 of other) were made in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed as of July 1, 2001. Member contributions are established by Arlington County Code, and are deducted from the members' salaries. For FY 2002, the member contribution rates varied up to 6.62% of their salary depending on the chapter of the plan they were covered under.

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Annual Pension Cost

Net pension obligation represents the difference between the annual pension costs and the actuarially required contributions. The County had no unfunded pension obligation at June 30, 2002. Three-year trend information is presented below.

Schedule of Employer Contributions

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC) (in million)</u>	<u>Percentage of APC Contributed</u>
2000	14.0	111.3%
2001	6.4	100.0%
2002	6.1	100.0%

The Arlington County Code requires the System to have an actuarial valuation at least biannually. The annual required contribution for the current year was determined as part of the July 1, 2001 actuarial valuation.

Actuarial Assumptions

The information presented below are the significant actuarial assumptions.

Valuation date	07/01/01
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 ¹	8.0%
Projected salary increases ¹	4.5%
¹ 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, 2002

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]
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)%
7/1/01	1,129.6	832.5	(297.1)	135.7%	186.8	(159.07)%

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.

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.

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. VRS changed rates for both employee and employer contributions in FY 2002. State statute may be amended only by the Commonwealth of Virginia General Assembly. From July 1, 2001 to December 30, 2001, the rate was 6.74%, from July 1, 2002 to March 30, 2002, the rate was 8.24% and from April 1, 2002 to June 30, 2002, the rate was 5.98%. The County's contributions to the VRS for the years ended June 30, 2002, 2001 and 2000 were \$9.9 million, \$22.9 million, and \$10.7 million respectively, which were equal to the required contributions for each year.

ARLINGTON COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2002

NOTE 18. 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, 2002 863 and 1,194 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 \$4,706,363 were recognized for post-employment health care benefits.



OTHER SUPPLEMENTARY INFORMATION

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



General Fund

The General Fund is the primary operating fund of the County and is used to account for the majority of current operating expenditures of the general government. Financing is also provided for the operations of other funds, which include the County's public school system. Debt service expenditures for the payments of principal and interest on the County's general long-term debt (bond and other long-term debt not serviced by the Utilities Operating or School Debt Service Funds) are included in this fund.

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

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND
BALANCE SHEET
JUNE 30, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	<u>2002</u>	<u>2001</u>
ASSETS		
Equity in pooled cash and investments	\$85,376,253	\$88,217,484
Petty cash	13,465	13,465
Cash with fiscal agents	255,257	255,257
Receivables(net, where applicable, of allowance for uncollectibles):		
Taxes	145,027,052	128,646,848
Accounts	7,830,818	4,962,852
Accrued interest	395,945	154,624
Due from other governments	12,114,625	9,020,676
Due from other funds	4,325,481	5,573,371
Due from component unit	547,091	512,375
Other assets	26,046	190,420
	<u>26,046</u>	<u>190,420</u>
Total Assets	<u>\$255,912,033</u>	<u>\$237,547,372</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES:		
Accrued payroll liabilities	\$11,055,596	\$11,514,413
Vouchers payable	10,115,597	7,425,261
Current maturities of interest payable	267,305	269,601
Other current liabilities	1,527,326	2,045,040
Deferred revenue	145,491,388	127,117,766
Due to component unit	23,753,006	23,129,735
	<u>23,753,006</u>	<u>23,129,735</u>
Total Liabilities	<u>192,210,218</u>	<u>171,501,816</u>
FUND BALANCE:		
Reserved -		
For Encumbrances	4,237,700	4,649,576
For Self Insurance	3,500,000	3,500,000
For Four Mile Run	500,000	500,000
Unreserved -		
Designated for operating reserve	12,600,000	12,500,000
Designated for incomplete projects	5,750,871	7,705,538
Designated for FY 2003 budget	15,839,137	15,746,738
Designated for FY2003 schools	11,110,583	1,366,623
Designated for capital projects	6,000,000	7,920,250
Designated for CIP/Economic relief	-	12,156,831
Designated for LPACAP Revenue	4,163,524	-
	<u>4,163,524</u>	<u>-</u>
Total Fund Balance	<u>63,701,815</u>	<u>66,045,556</u>
Total Liabilities and Fund Balance	<u>\$255,912,033</u>	<u>\$237,547,372</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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	2002		VARIANCE FAVORABLE (UNFAVORABLE)	2001 ACTUALS
	BUDGET	ACTUAL		
REVENUES:				
Taxes	\$402,414,143	\$413,997,175	\$11,583,032	\$387,578,864
Licenses and permits	47,731,866	57,199,326	9,467,460	52,458,599
From the Commonwealth of Virginia	58,861,193	57,097,935	(1,763,258)	54,543,211
From the federal government	24,294,484	25,890,276	1,595,792	17,134,565
Charges for services	24,665,521	24,307,452	(358,069)	23,288,647
Fines and forfeitures	8,969,224	9,199,674	230,450	8,687,912
Use of money and property	12,217,826	9,555,858	(2,661,968)	9,929,565
Miscellaneous revenues	5,036,846	6,216,685	1,179,839	3,141,705
Total Revenues	584,191,103	603,464,381	19,273,278	556,763,068
EXPENDITURES:				
Current:				
General government	47,094,998	47,132,754	(37,756)	41,083,253
Judicial Administration	30,885,662	30,631,925	253,737	28,754,701
Public safety	68,344,162	64,110,185	4,233,977	58,605,311
Environmental services	10,137,386	9,846,317	291,069	10,061,780
Public works	23,353,305	22,397,695	955,610	18,894,514
Health and welfare	81,479,517	78,421,925	3,057,592	66,893,055
Parks and recreation	23,582,966	23,591,106	(8,140)	21,402,632
Libraries	10,594,331	10,214,848	379,483	9,919,199
Planning and community development	12,240,808	11,493,753	747,055	10,232,083
Non-departmental	28,503,717	26,888,560	1,615,157	19,889,956
Contributions to regional agencies	15,070,890	15,183,185	(112,295)	14,363,328
Debt service:				
Principal	20,258,785	20,211,368	47,417	18,611,413
Interest on serial bonds	12,305,348	12,103,147	202,201	12,048,420
Other costs	100,000	189,075	(89,075)	17,143
Total Expenditures	383,951,875	372,415,843	11,536,032	330,776,788
Revenues over Expenditures	200,239,228	231,048,538	30,809,310	225,986,280
OTHER FINANCING SOURCES(USES):				
Operating transfers in	2,725,752	4,024,142	1,298,390	4,728,175
Operating transfers from component unit	-	543,750	543,750	1,287,707
Operating transfers out	(27,633,002)	(27,661,012)	(28,010)	(11,691,084)
Operating transfers to component unit	(215,344,159)	(212,765,479)	2,578,680	(198,536,430)
Proceeds from capital lease	2,400,000	2,400,000	-	-
Proceeds from sale of land	25,000	66,320	41,320	328,314
Total Other Financing Sources(Uses)	(237,826,409)	(233,392,279)	4,434,130	(203,883,318)
Revenues Over (Under) Expenditures and Other Sources(Uses)	(37,587,181)	(2,343,741)	35,243,440	22,102,962
FUND BALANCE, beginning of year	66,045,556	66,045,556	-	43,942,594
FUND BALANCE, end of year	\$28,458,375	\$63,701,815	\$35,243,440	\$66,045,556

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

				Totals	
	Travel & Tourism Promotion	Community Dev. Grants	Section 8 Housing Program	June 30, 2002	June 30, 2001
ASSETS					
Equity in pooled cash and investments	\$288,975	\$922	\$ -	\$289,897	\$2,425,464
Accounts receivable - other	2,510	17,591,342	960,860	18,554,712	16,815,450
Other assets	-	-	-	-	664,817
Total Assets	\$291,485	\$17,592,264	\$960,860	\$18,844,609	\$19,905,731
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	\$134,297	\$ -	\$1,285	\$135,582	\$7,954
Other current liabilities	-	246,453	-	246,453	866,908
Deferred revenue	-	16,470,795	-	16,470,795	17,226,601
Due to other funds	-	875,016	304,525	1,179,541	461,564
Total Liabilities	134,297	17,592,264	305,810	18,032,371	18,563,027
FUND BALANCES					
Reserved for encumbrances	18,763	-	-	18,763	233,546
Operating reserve - Section 8 Housing	-	-	655,050	655,050	927,741
Unreserved	138,425	-	-	138,425	181,417
Total Fund Balances	157,188	-	655,050	812,238	1,342,704
Total Liabilities and Fund Balances	\$291,485	\$17,592,264	\$960,860	\$18,844,609	\$19,905,731

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

				Totals	
	Travel & Tourism Promotion	Community Dev. Grants	Section 8 Housing Program	June 30, 2002	June 30, 2001
REVENUES:					
Other local taxes	\$662,043	\$ -	\$ -	\$662,043	\$763,782
From the federal government	-	2,472,037	10,672,055	13,144,092	12,937,494
Total revenues	662,043	2,472,037	10,672,055	13,806,135	13,701,276
EXPENDITURES:					
Current -					
Community development	-	2,472,037	-	2,472,037	3,348,324
Housing program	-	-	10,944,746	10,944,746	9,304,101
Travel and tourism	1,316,818	-	-	1,316,818	824,373
Total expenditures	1,316,818	2,472,037	10,944,746	14,733,601	13,476,798
Revenues over (under) expenditures	(654,775)	-	(272,691)	(927,466)	224,478
OTHER FINANCING SOURCES(USES):					
Operating transfers in	397,000	-	-	397,000	247,000
Operating transfers out	-	-	-	-	(3,585)
Total Other Financing Sources(Uses)	397,000	-	-	397,000	243,415
Revenues and other financing sources (uses) over expenditures	(257,775)	-	(272,691)	(530,466)	467,893
FUND BALANCES, beginning of year	414,963	-	927,741	1,342,704	874,811
FUND BALANCES, end of year	\$157,188	\$ -	\$655,050	\$812,238	\$1,342,704

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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
Other local taxes	\$761,966	\$662,043	(\$99,923)
EXPENDITURES:			
Travel and tourism promotion	<u>1,392,512</u>	<u>1,316,818</u>	<u>75,694</u>
Revenues over(under) expenditures	(630,546)	(654,775)	(24,229)
OTHER FINANCING SOURCES:			
Operating transfers in	<u>397,000</u>	<u>397,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	(233,546)	(257,775)	(24,229)
FUND BALANCE, beginning of year	<u>414,963</u>	<u>414,963</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$181,417</u></u>	<u><u>\$157,188</u></u>	<u><u>(\$24,229)</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
From the federal government	<u>\$4,226,366</u>	<u>\$2,472,037</u>	<u>(\$1,754,329)</u>
Total Revenues	<u>4,226,366</u>	<u>2,472,037</u>	<u>(1,754,329)</u>
EXPENDITURES:			
Community development	<u>4,226,366</u>	<u>2,472,037</u>	<u>1,754,329</u>
Revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES:			
From the federal government	<u>\$11,766,450</u>	<u>\$10,672,055</u>	<u>(\$1,094,395)</u>
EXPENDITURES:			
Housing program	<u>11,766,450</u>	<u>10,944,746</u>	<u>821,704</u>
Revenues over expenditures	-	(272,691)	(272,691)
FUND BALANCE, beginning of year	<u>927,741</u>	<u>927,741</u>	-
FUND BALANCE, end of year	<u><u>\$927,741</u></u>	<u><u>\$655,050</u></u>	<u><u>(\$272,691)</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 programs are accounted for in the General Capital Projects Funds. As required by law, separate funds are used to account for the capital project expenditures financed by the proceeds of general obligation bonds.

ARLINGTON COUNTY, VIRGINIA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Higher Educ. & University Bond Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transit Facilities Bond Fund	Totals	
									June 30, 2002	June 30, 2001
ASSETS:										
Equity in pooled cash and investments	\$48,766,634	\$17,293,415	\$17,803,646	\$719,000	\$20,858,362	\$4,423,702	\$7,079,502	\$12,519,958	\$129,464,219	\$113,902,487
Accounts receivable - other	110,310	-	-	-	-	-	-	-	110,310	140,674
Total Assets	\$ 48,876,944	\$ 17,293,415	\$ 17,803,646	\$ 719,000	\$ 20,858,362	\$ 4,423,702	\$ 7,079,502	\$ 12,519,958	\$ 129,574,529	\$ 114,043,161
LIABILITIES AND FUND BALANCES										
LIABILITIES:										
Vouchers payable	\$ 1,853,771	\$ 298,899	\$ 87,662	\$ -	\$ 218,853	\$ 24,133	\$ 99	\$ -	\$ 2,483,417	\$ 1,935,723
Contracts payable-retainage	10,918	48,030	6,728	-	47,082	-	-	-	112,758	116,413
Other liabilities	570,963	-	-	-	-	-	-	-	570,963	1,274,590
Total Liabilities	2,435,652	346,929	94,390	-	265,935	24,133	99	-	3,167,138	3,326,726
FUND BALANCES:										
Reserved for encumbrances	9,529,919	1,181,619	1,105,912	-	6,644,314	48,765	-	-	18,510,529	16,692,496
Reserved for construction	36,911,373	15,764,867	16,603,344	719,000	13,948,113	4,350,804	7,079,403	12,519,958	107,896,862	94,023,939
Total Fund Balances	46,441,292	16,946,486	17,709,256	719,000	20,592,427	4,399,569	7,079,403	12,519,958	126,407,391	110,716,435
Total Liabilities and Fund Balances	\$48,876,944	\$17,293,415	\$17,803,646	\$719,000	\$20,858,362	\$4,423,702	\$7,079,502	\$12,519,958	\$129,574,529	\$114,043,161

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	General Capital Projects Fund	Street and Highway Bond Fund	Neighborhood Conservation Bond Fund	Higher Educ. & University Bond Fund	Public Recreation Bond Fund	Fire Station Bond Fund	Library Bond Fund	Transit Facilities Bond Fund	Totals	
									June 30, 2002	June 30, 2001
REVENUES:										
From the Commonwealth of Virginia	\$390,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$390,950	\$644,656
Charges for services	1,563,252	-	-	-	-	-	-	-	1,563,252	2,263,639
Use of money and property	7,007	565,632	551,521	-	597,087	66,186	33,065	226,677	2,047,175	3,747,009
Miscellaneous revenue	776,893	5,232	-	-	-	4,625	-	-	786,750	1,144,646
Total Revenues	<u>2,738,102</u>	<u>570,864</u>	<u>551,521</u>	<u>-</u>	<u>597,087</u>	<u>70,811</u>	<u>33,065</u>	<u>226,677</u>	<u>4,788,127</u>	<u>7,799,950</u>
EXPENDITURES-Capital outlay	<u>13,996,608</u>	<u>4,184,376</u>	<u>3,709,921</u>	<u>-</u>	<u>8,245,287</u>	<u>200,900</u>	<u>12,319</u>	<u>2,886,343</u>	<u>33,235,754</u>	<u>23,476,926</u>
Revenues Over/(Under) Expenditures	<u>(11,258,506)</u>	<u>(3,613,512)</u>	<u>(3,158,400)</u>	<u>-</u>	<u>(7,648,200)</u>	<u>(130,089)</u>	<u>20,746</u>	<u>(2,659,666)</u>	<u>(28,447,627)</u>	<u>(15,676,976)</u>
OTHER FINANCING SOURCES/(USES):										
Proceeds from sale of bonds	-	-	-	719,000	5,330,000	1,800,000	5,800,000	5,983,500	19,632,500	48,216,000
Proceeds from capital lease	-	-	-	-	-	-	-	-	-	3,138,900
Repayment of BANS	-	-	-	-	-	-	-	-	-	(11,880,000)
Operating transfers in	26,546,251	-	-	-	-	-	-	-	26,546,251	11,154,381
Operating transfers out	-	(565,632)	(551,521)	-	(597,087)	(66,186)	(33,065)	(226,677)	(2,040,168)	(4,797,770)
Total Other Financing Sources/(Uses)	<u>26,546,251</u>	<u>(565,632)</u>	<u>(551,521)</u>	<u>719,000</u>	<u>4,732,913</u>	<u>1,733,814</u>	<u>5,766,935</u>	<u>5,756,823</u>	<u>44,138,583</u>	<u>45,831,511</u>
Revenues and Other Financing Sources (Uses) Over/(Under) Expenditures	<u>15,287,745</u>	<u>(4,179,144)</u>	<u>(3,709,921)</u>	<u>719,000</u>	<u>(2,915,287)</u>	<u>1,603,725</u>	<u>5,787,681</u>	<u>3,097,157</u>	<u>15,690,956</u>	<u>30,154,535</u>
FUND BALANCE, beginning of year	<u>31,153,547</u>	<u>21,125,630</u>	<u>21,419,177</u>	<u>-</u>	<u>23,507,714</u>	<u>2,795,844</u>	<u>1,291,722</u>	<u>9,422,801</u>	<u>110,716,435</u>	<u>80,561,900</u>
FUND BALANCE, end of year	<u>\$46,441,292</u>	<u>\$16,946,486</u>	<u>\$17,709,256</u>	<u>\$719,000</u>	<u>\$20,592,427</u>	<u>\$4,399,569</u>	<u>\$7,079,403</u>	<u>\$12,519,958</u>	<u>\$126,407,391</u>	<u>\$110,716,435</u>

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, 2002

A S S E T S

			Totals	
	Utilities	Ballston Public Parking Garage	June 30, 2002	June 30, 2001
CURRENT ASSETS:				
Equity in pooled cash and investments	\$31,543,482	\$10,707,614	\$42,251,096	\$48,965,030
Cash with fiscal agents	25,221	-	25,221	25,221
Accounts receivable:				
Water-sewer charges	1,900,382	-	1,900,382	1,889,471
Estimated unbilled service charges	6,715,201	-	6,715,201	5,708,195
Other	2,047,580	-	2,047,580	2,347,842
Interest receivable	94,760	-	94,760	47,292
Prepaid expenses	1,487,864	145,159	1,633,023	1,633,023
Inventories	931,035	-	931,035	845,103
Total Current Assets	44,745,525	10,852,773	55,598,298	61,461,177
PLANT IN SERVICE:				
Land	1,792,817	-	1,792,817	1,792,817
Sewer system	205,282,946	-	205,282,946	203,924,242
Water system	97,385,366	-	97,385,366	96,491,170
Furniture and fixtures	4,666,942	-	4,666,942	4,503,745
Parking garage	-	22,315,887	22,315,887	22,315,887
Garage equipment	-	253,504	253,504	253,504
Total plant in service	309,128,071	22,569,391	331,697,462	329,281,365
Less-Allowance for depreciation	<u>(72,824,182)</u>	<u>(7,429,674)</u>	<u>(80,253,856)</u>	<u>(75,555,359)</u>
Net plant in service	236,303,889	15,139,717	251,443,606	253,726,006
Construction in progress	75,174,982	-	75,174,982	57,630,865
Deferred bond issuance costs	69,569	92,694	162,263	171,954
Total Assets	\$356,293,965	\$26,085,184	\$382,379,149	\$372,990,002

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

ARLINGTON COUNTY, VIRGINIA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
June 30, 2002

LIABILITIES AND EQUITY

			Totals	
		Ballston Public Parking Garage	June 30, 2002	June 30, 2001
	Utilities			
CURRENT LIABILITIES:				
Payable from current assets:				
General obligation bonds payable	\$3,636,691	\$ -	\$3,636,691	\$3,597,277
Bond and mortgage interest payable	1,519,713	8,899,021	10,418,734	9,467,528
Vouchers payable	1,679,987	317,694	1,997,681	3,353,914
Compensated absences	1,141,140	-	1,141,140	1,006,938
Contracts payable-retainage	1,795,040	-	1,795,040	1,185,750
Revenue bonds payable-current	-	500,000	500,000	500,000
Mortgage /notes payable	-	967,176	967,176	802,361
Other accrued liabilities	344,745	3,666,932	4,011,677	3,849,177
Total Current Liabilities	10,117,316	14,350,823	24,468,139	23,762,945
LONG-TERM LIABILITIES:				
General obligation bonds payable	3,652,546	-	3,652,546	3,652,546
Bonds premium payable	48,290	-	48,290	51,256
Revenue bonds payable	-	15,800,000	15,800,000	16,300,000
Mortgage payable	-	2,462,503	2,462,503	2,627,318
Bonds payable	35,395,199	-	35,395,199	39,031,890
Total Long-Term Liabilities	39,096,035	18,262,503	57,358,538	61,663,010
Total Liabilities	49,213,351	32,613,326	81,826,677	85,425,955
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	161,493,139	(9,030,567)	152,462,572	139,474,147
Total Retained Earnings (Deficit)	161,493,139	(9,030,567)	152,462,572	139,474,147
Total Equity (Deficit)	307,080,614	(6,528,142)	300,552,472	287,564,047
Total Liabilities and Equity	\$356,293,965	\$26,085,184	\$382,379,149	\$372,990,002

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	Utilities	Ballston Public Parking Garage	Totals	
			June 30, 2002	June 30, 2001
OPERATING REVENUES:				
Water-sewer service charges	\$34,605,525	\$ -	\$34,605,525	\$33,618,049
Water-service hook-up charges	4,304,108	-	4,304,108	4,162,396
Water-service connection charges	174,964	-	174,964	210,955
Sewage treatment service charges	4,141,958	-	4,141,958	5,258,168
Other	1,447,256	-	1,447,256	1,608,001
Parking charges	-	4,169,920	4,169,920	4,264,211
Total Operating Revenues	44,673,811	4,169,920	48,843,731	49,121,780
OPERATING EXPENSES:				
Personnel services	9,750,919	-	9,750,919	9,299,458
Fringe benefits	1,971,320	-	1,971,320	1,858,959
Contractual services	6,514,157	1,465,412	7,979,569	10,321,679
Purchases of water	5,911,360	-	5,911,360	5,242,392
Materials and supplies	3,604,051	62,182	3,666,233	3,851,128
Deferred rent	-	405,000	405,000	279,996
Depreciation	4,202,588	501,206	4,703,794	4,647,477
Miscellaneous	2,144,326	254,016	2,398,342	2,921,429
Total Operating Expenses	34,098,721	2,687,816	36,786,537	38,422,518
Operating Income	10,575,090	1,482,104	12,057,194	10,699,262
NON-OPERATING REVENUES(EXPENSES):				
Interest income and other income	1,298,387	237,422	1,535,809	2,844,491
Interest expense and fiscal charges	(2,105,465)	(1,286,913)	(3,392,378)	(4,028,811)
Contributions from developers and other sourc	551,900	-	551,900	3,949,640
State grant	2,319,941	-	2,319,941	7,413,946
Total Non-Operating Revenues(Expenses)	2,064,763	(1,049,491)	1,015,272	10,179,266
Net Income (loss) before Operating transfers	12,639,853	432,613	13,072,466	20,878,528
OPERATING TRANSFERS:				
Operating transfer out	(28,300)	-	(28,300)	(14,000)
Net Income (loss) after Operating Transfers	12,611,553	432,613	13,044,166	20,864,528
EQUITY:				
Retained earnings (deficit), beginning of year	148,881,586	(9,463,180)	139,418,406	118,533,878
Retained earnings (deficit), end of year	161,493,139	(9,030,567)	152,462,572	139,398,406
Contributed capital, beginning and end of the year	145,587,475	2,502,425	148,089,900	148,089,900
Total Equity (Deficit), end of year	\$307,080,614	\$ (6,528,142)	\$300,552,472	\$287,488,306

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

			Totals	
	Utilities	Ballston Public Parking Garage	June 30 2002	June 30 2001
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$43,804,162	\$4,321,915	\$48,126,077	\$49,499,192
Cash paid to suppliers	(19,069,784)	(1,961,095)	(21,030,879)	(23,614,952)
Cash paid to employees	(11,588,037)	-	(11,588,037)	(11,311,990)
Net cash flows from operating activities	13,146,341	2,360,820	15,507,161	14,572,250
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,248,097	237,422	1,485,519	2,876,572
Net cash flows from investing activities	1,248,097	237,422	1,485,519	2,876,572
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Transfer out to other funds	(28,300)	-	(28,300)	(14,000)
State grant	2,319,941	-	2,319,941	7,413,946
Cash received temporary loan to schools	-	-	-	165,243
Net cash flows from non-capital financing activities	2,291,641	-	2,291,641	7,565,189
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments - bonds	(3,597,275)	(500,000)	(4,097,275)	(4,297,788)
Proceeds from sale of bonds	-	-	-	2,504,000
Proceeds from lease	-	-	-	34,196
Contributions from other sources	655,297	-	655,297	3,949,640
Interest and other loan expenses paid	(2,101,071)	(514,255)	(2,615,326)	(3,417,969)
Purchases of property	(19,940,951)	-	(19,940,951)	(21,979,635)
Transfer of notes payable to third party	-	-	-	(9,203,387)
Net cash flows from capital and related financing activities	(24,984,000)	(1,014,255)	(25,998,255)	(32,410,943)
Net increase(decrease) in cash and cash equivalents	(8,297,921)	1,583,987	(6,713,934)	(7,396,932)
Cash and cash equivalents at beginning of year	39,866,624	9,123,627	48,990,251	56,387,183
Cash and cash equivalents at end of year	<u>\$31,568,703</u>	<u>\$10,707,614</u>	<u>\$42,276,317</u>	<u>\$48,990,251</u>
Reconciliation of operating income to net cash flow from operations:				
Operating Income	\$10,575,090	\$1,482,104	\$12,057,194	\$10,699,262
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	4,202,588	501,206	4,703,794	4,647,477
(Increase)Decrease in accounts receivable	(869,649)	151,995	(717,654)	377,412
(Increase)Decrease in inventories	(85,933)	-	(85,933)	(7,781)
Increase(Decrease) in vouchers payable	(1,176,747)	(179,485)	(1,356,232)	(1,881,306)
Increase(Decrease) in compensated absences	134,202	-	134,202	(153,573)
Increase(Decrease) in contract retainage	609,290	-	609,290	410,363
Increase(Decrease) in other accrued liabilities	(242,500)	405,000	162,500	480,396
Net cash flows from operations	<u>\$13,146,341</u>	<u>\$2,360,820</u>	<u>\$15,507,161</u>	<u>\$14,572,250</u>

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

				Totals	
	Automotive Equipment	Printing	Jail Industries	June 30 2002	June 30 2001
ASSETS					
CURRENT ASSETS:					
Equity in pooled cash and investments	\$1,535,335	\$ -	\$248,471	\$1,783,806	2,852,786
Accounts receivable	81,491	83,825	8,226	173,542	87,959
Due from component unit	1,213,053	-	-	1,213,053	493,463
Inventories	589,781	17,961	-	607,742	617,111
Total Current Assets	3,419,660	101,786	256,697	3,778,143	4,051,319
FIXED ASSETS, at cost:					
Equipment and other fixed assets	33,992,806	276,061	-	34,268,867	30,542,535
Less-allowance for depreciation	(17,576,157)	(193,953)	-	(17,770,110)	(16,288,362)
Net Fixed Assets	16,416,649	82,108	-	16,498,757	14,254,173
Total Assets	<u>\$19,836,309</u>	<u>\$183,894</u>	<u>\$256,697</u>	<u>\$20,276,900</u>	<u>\$18,305,492</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES:					
Vouchers payable	\$482,248	\$102,205	\$12,816	\$597,269	\$570,886
Compensated absences	403,641	100,100	4,525	508,266	462,085
Capital lease - current portion	273,516	-	-	273,516	-
Due to other funds	-	39,525	72,000	111,525	83,503
Total Current Liabilities	1,159,405	241,830	89,341	1,490,576	1,116,474
LONG-TERM LIABILITIES					
Capital lease	1,695,876	-	-	1,695,876	-
Total liabilities	2,855,281	241,830	89,341	3,186,452	1,116,474
EQUITY:					
Retained earnings/(deficit)	16,981,028	(57,936)	167,356	17,090,448	17,189,018
Total Equity	16,981,028	(57,936)	167,356	17,090,448	17,189,018
Total Liabilities and Equity	<u>\$19,836,309</u>	<u>\$183,894</u>	<u>\$256,697</u>	<u>\$20,276,900</u>	<u>\$18,305,492</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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	Totals				
	Automotive Equipment	Printing	Jail Industries	June 30 2002	June 30 2001
OPERATING REVENUES:					
Charges for services	\$10,530,311	\$1,506,543	\$205,297	\$12,242,151	\$12,520,795
OPERATING EXPENSES:					
Cost of store issuances	3,086,553	474,279	-	3,560,832	3,163,661
Personnel services	2,872,521	440,406	149,812	3,462,739	3,354,473
Fringe benefits	601,379	97,891	37,853	737,123	691,398
Material and supplies	305,344	304,555	5,905	615,804	643,574
Utilities	93,445	9,775	94	103,314	106,909
Outside services	661,547	241,810	11,019	914,376	1,050,672
Depreciation	3,009,498	24,387	-	3,033,885	2,806,134
Insurance and other	171,665	13,257	60	184,982	5,391
Total Operating Expenses	10,801,952	1,606,360	204,743	12,613,055	11,822,212
Operating Income (Loss)	(271,641)	(99,817)	554	(370,904)	698,583
NON-OPERATING REVENUES (EXPENSES):					
Gain on disposal of assets	149,735	-	-	149,735	120,106
Total Non-operating Revenues (Expenses)	149,735	-	-	149,735	120,106
Income Before Operating Transfers	(121,906)	(99,817)	554	(221,169)	818,689
OPERATING TRANSFERS IN (OUT):					
Operating transfers in	629,827	116,235	-	746,062	303,703
Operating transfers out	(130,000)	-	-	(130,000)	(130,000)
Total Operating Transfers	499,827	116,235	-	616,062	173,703
Net Income (Loss)	377,921	16,418	554	394,893	992,392
Retained earnings beginning of year, as restated	16,603,107	(74,354)	166,802	16,695,555	16,196,626
Retained earnings (deficit), end of year	\$16,981,028	\$ (57,936)	\$167,356	\$17,090,448	\$17,189,018

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	Totals				
	Automotive Equipment	Printing	Jail Industries	June 30, 2002	June 30, 2001
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$155,519	\$42,161	\$197,071	\$394,751	\$423,113
Cash received from interfund charges	9,121,002	1,427,762	-	10,548,764	12,168,461
Cash paid to suppliers	(4,305,203)	(1,013,842)	(24,513)	(5,343,558)	(5,249,857)
Cash paid to employees	(3,430,714)	(533,088)	(189,878)	(4,153,680)	(4,015,115)
Net cash provided (used) by operating activities	1,540,604	(77,007)	(17,320)	1,446,277	3,326,602
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Payment of temporary loan	-	(11,503)	-	(11,503)	78,500
Temporary loan from general fund	-	39,525	-	39,525	11,503
Operating transfers in	629,827	116,235	-	746,062	303,703
Operating transfers out	(130,000)	-	-	(130,000)	(130,000)
Net cash provided by financing activities	499,827	144,257	-	644,084	263,706
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from capital lease	2,097,970	-	-	2,097,970	-
Purchases of equipment and other fixed assets	(5,450,461)	(69,850)	-	(5,520,311)	(3,981,209)
Proceeds from sale of equipment	263,000	-	-	263,000	251,685
Net cash used by capital and related financing activities	(3,089,491)	(69,850)	-	(3,159,341)	(3,729,524)
Net increase (decrease) in cash and cash equivalents	(1,049,060)	(2,600)	(17,320)	(1,068,980)	(139,216)
Cash and cash equivalents at beginning of year	2,584,395	2,600	265,791	2,852,786	2,992,002
Cash and cash equivalents at end of period	\$1,535,335	\$ -	\$248,471	\$1,783,806	\$2,852,786
Reconciliation of operating income to net cash provided (used) by operating activities					
Operating income (loss)	\$ (271,641)	\$ (99,817)	\$554	\$ (370,904)	\$698,583
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	3,009,498	24,387	-	3,033,885	2,806,134
(Increase)Decrease in accounts receivable	(1,253,790)	(36,620)	(8,226)	(1,298,636)	70,779
(Increase)Decrease in inventories	-	9,369	-	9,369	194,006
Increase(Decrease) in vouchers payable	13,352	20,465	(7,435)	26,382	(473,657)
Increase(Decrease) in compensated absences	43,185	5,209	(2,213)	46,181	30,757
Net cash provided (used) by operating activities	\$1,540,604	\$ (77,007)	\$ (17,320)	\$1,446,277	\$3,326,602

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



Fiduciary Funds

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

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

Private Purpose Trust Funds:

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

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

Agency Funds:

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

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
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

	<u>Private Purpose Trust</u>		
	<u>Pension Trust</u>	<u>Alex/Arlington Waste Disposal Trust</u>	<u>Other Private Purpose Trusts</u>
ASSETS			
Cash and cash equivalents	\$53,759,257	\$483,220	\$4,863
Accounts receivable	4,845,611	-	-
Investments at fair value	948,206,642	11,842,014	-
Total assets	<u>1,006,811,510</u>	<u>12,325,234</u>	<u>4,863</u>
LIABILITIES			
Accounts payable and accrued liabilities	<u>8,277,622</u>	<u>1,113,224</u>	<u>-</u>
Total liabilities	<u>8,277,622</u>	<u>1,113,224</u>	<u>-</u>
NET ASSETS	<u><u>\$998,533,888</u></u>	<u><u>\$11,212,010</u></u>	<u><u>\$4,863</u></u>

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

ARLINGTON COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2002

		<u>Private Purpose Trust</u>	
	<u>Pension Trust</u>	<u>Alex/Arlington Waste Disposal Trust</u>	<u>Other Private Purpose Trusts</u>
ADDITIONS			
Contributions and Revenues			
Employer/ Employee Contributions	\$10,224,737	\$ -	\$ -
Shared revenues	-	2,381,576	-
Private donations	-	-	45,000
	<u>10,224,737</u>	<u>2,381,576</u>	<u>45,000</u>
Total contributions	10,224,737	2,381,576	45,000
Investment earnings:			
Interest and other	33,877,042	738,259	330
Securities Lending & Commission	305,162	-	-
Net change in fair value of investment	(73,944,979)	107,337	-
	<u>(39,762,775)</u>	<u>845,596</u>	<u>330</u>
Total investment earnings	(39,762,775)	845,596	330
Less investment expenses	4,703,906	-	-
	<u>(44,466,681)</u>	<u>845,596</u>	<u>330</u>
Net investment earnings	(44,466,681)	845,596	330
	<u>(34,241,944)</u>	<u>3,227,172</u>	<u>45,330</u>
Total additions	(34,241,944)	3,227,172	45,330
DEDUCTIONS			
Administrative expenses	336,339	3,572,505	-
Private purpose program expenses	46,989,352	-	328,134
	<u>47,325,691</u>	<u>3,572,505</u>	<u>328,134</u>
Total deductions	47,325,691	3,572,505	328,134
	<u>(81,567,635)</u>	<u>(345,333)</u>	<u>(282,804)</u>
Change in net assets	(81,567,635)	(345,333)	(282,804)
Net assets- Beginning of the year	1,080,101,523	11,557,343	319,809
Net assets- Ending of the yea	<u>\$998,533,888</u>	<u>\$11,212,010</u>	<u>\$37,005</u>

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, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	<u>2002</u>	<u>2001</u>
ADDITIONS:		
Member contributions	\$8,954,420	\$8,348,185
Employer contributions	6,150,158	6,418,294
Other contributions	(4,879,841)	190,304
Investment income:		
Interest and dividends	33,877,042	39,238,399
Net appreciation (depreciation) in fair value	(73,944,979)	(45,955,125)
Commission recapture	76,454	131,509
Securities lending	228,708	147,284
Investment expense	<u>(4,703,906)</u>	<u>(5,181,044)</u>
Total Additions	<u>(34,241,944)</u>	<u>3,337,806</u>
DEDUCTIONS:		
Members' benefits	40,173,220	37,830,165
Refund of members' contributions	1,242,517	1,850,979
Administrative expenses	336,329	726,572
Aetna 401a start-up	5,122,532	15,535,237
Other operating expenses	<u>451,093</u>	<u>444,116</u>
Total Deductions	<u>47,325,691</u>	<u>56,387,069</u>
Net Increase	(81,567,635)	(53,049,263)
Net Assets Held in Trust for Plan Benefits, beginning	<u>1,080,101,523</u>	<u>1,133,150,786</u>
Net Assets Held in Trust for Plan Benefits, end of year:		
Undesignated	<u>998,533,888</u>	<u>1,080,101,523</u>
	<u>\$998,533,888</u>	<u>\$1,080,101,523</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, 2002

	Balance July 1, 2001	Additions	Deductions	Balance June 30, 2002
<u>Commonwealth of Virginia</u>				
ASSETS:				
Cash	\$13,922	\$ -	\$4,317	\$9,605
Due from the Commonwealth	-	-	-	-
Total Assets	<u>\$13,922</u>	<u>\$ -</u>	<u>\$4,317</u>	<u>\$9,605</u>
LIABILITIES:				
Accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to general fund	-	-	-	-
Due to the Commonwealth	13,922	-	4,317	9,605
Total Liabilities	<u>\$13,922</u>	<u>\$ -</u>	<u>\$4,317</u>	<u>\$9,605</u>
<u>Drug Task Force Fund</u>				
ASSETS:				
Cash & cash equivalents	\$ -	\$359,250	\$ -	\$359,250
Accrued receivables	5,189,656	-	2,209,869	2,979,787
Total Assets	<u>\$5,189,656</u>	<u>\$359,250</u>	<u>\$2,209,869</u>	<u>\$3,339,037</u>
LIABILITIES:				
Vouchers payable	\$161,352	\$143,271	\$ -	\$304,623
Due to general fund	5,028,304	-	1,993,890	3,034,414
Total Liabilities	<u>\$5,189,656</u>	<u>\$143,271</u>	<u>\$1,993,890</u>	<u>\$3,339,037</u>
<u>Other Agency Fund</u>				
ASSETS:				
Cash & cash equivalents	\$6,799,732	\$ -	\$1,465,864	\$5,333,868
Accrued receivables	6,154	12,097	-	18,251
Total Assets	<u>\$6,805,886</u>	<u>\$12,097</u>	<u>\$1,465,864</u>	<u>\$5,352,119</u>
LIABILITIES:				
Vouchers payable	\$80,590	\$ -	\$21,113	\$59,477
Fund balance	6,725,296	-	1,432,654	5,292,642
Total Liabilities	<u>\$6,805,886</u>	<u>\$ -</u>	<u>\$1,453,767</u>	<u>\$5,352,119</u>
<u>Total All Agency Funds</u>				
ASSETS:				
Cash	\$6,813,654	\$359,250	\$1,470,181	\$5,702,723
Accrued receivables	5,195,810	12,097	2,209,869	2,998,038
Total Assets	<u>\$12,009,464</u>	<u>\$371,347</u>	<u>\$3,680,050</u>	<u>\$8,700,761</u>
LIABILITIES:				
Due to general fund	\$11,753,600	\$ -	\$3,426,544	\$8,327,056
Due to the Commonwealth	13,922	-	4,317	9,605
Vouchers payable	241,942	143,271	21,113	364,100
Total Liabilities	<u>\$12,009,464</u>	<u>\$143,271</u>	<u>\$3,451,974</u>	<u>\$8,700,761</u>

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



Discretely Presented Component Unit – Schools

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

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

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

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

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

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

ARLINGTON COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
June 30, 2002
(WITH COMPARATIVE TOTALS FOR 2001)

	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, 2002	June 30, 2001
ASSETS										
Equity in pooled cash and investments	\$ -	\$67,153	\$ -	\$ -	\$21,835,472	\$287,977	\$ -	\$ -	\$22,190,602	\$30,299,586
Petty cash	200	-	75	-	-	-	-	-	275	273
Accounts receivable	301,956	145,720	20,049	2,732,633	-	410,675	-	547,091	4,158,124	2,741,684
Due from other funds	587,771	229	-	32,088	-	433,472	-	-	1,053,560	273,842
Due from primary government	21,969,855	-	894,649	-	-	888,502	-	-	23,753,006	23,129,735
Inventories	-	335,452	-	-	-	-	-	-	335,452	286,000
Total Assets	\$22,859,782	\$548,554	\$914,773	\$2,764,721	\$21,835,472	\$2,020,626	\$ -	\$547,091	\$51,491,019	\$56,731,120
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accrued salaries payable	\$16,629,576	\$145,066	\$255,593	\$90,264	\$8,296	\$ -	\$ -	\$ -	\$17,128,795	\$16,826,251
Vouchers payable	2,472,266	136,403	43,087	153,177	1,968,422	1,354,024	-	-	6,127,379	5,887,451
Other liabilities	1,694,594	-	-	-	-	-	-	-	1,694,594	2,081,922
Deferred revenue	351,481	-	154,555	-	-	-	-	-	506,036	641,433
Due to other funds	32,263	65,000	409,758	545,009	-	1,530	-	-	1,053,560	273,842
Due to primary government	1,213,053	-	-	-	-	-	-	547,091	1,760,144	1,005,838
Total Liabilities	22,393,233	346,469	862,993	788,450	1,976,718	1,355,554	-	547,091	28,270,508	26,716,737
FUND EQUITY AND OTHER CREDITS										
Reserved for encumbrances	466,549	-	51,780	58,369	8,818,007	665,072	-	-	10,059,777	24,169,006
Reserved for inventories	-	202,085	-	-	-	-	-	-	202,085	286,000
Reserved for construction	-	-	-	-	11,040,747	-	-	-	11,040,747	3,988,951
Unreserved	-	-	-	1,917,902	-	-	-	-	1,917,902	1,570,426
Total Fund Equity and Other Credits	466,549	202,085	51,780	1,976,271	19,858,754	665,072	-	-	23,220,511	30,014,383
Total Liabilities, Fund Equity and Other Credits	\$22,859,782	\$548,554	\$914,773	\$2,764,721	\$21,835,472	\$2,020,626	\$ -	\$547,091	\$51,491,019	\$56,731,120

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

EXHIBIT G1(A)

ARLINGTON COUNTY, VIRGINIA
Reconciliation of the Fund Balances of Component Unit - Schools
to Net Assets of Component Unit - Schools
June 30, 2002

Total-component unit-Schools fund balances	\$23,220,511
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Amounts reported for governmental activities in the Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (A)	221,006,234
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (C)	(21,314,574)
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Net assets of component unit-Schools	<hr/> \$222,912,171 <hr/>
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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
 DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
 FOR THE YEAR ENDED JUNE 30, 2002
 (WITH COMPARATIVE TOTALS FOR 2001)

	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, 2002	June 30, 2001
REVENUES:										
Sales tax	\$13,012,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$13,012,634	\$12,957,854
State/local government	19,177,902	75,503	442	2,337,743	-	1,084,098	-	1,522,712	24,198,400	23,942,138
Federal	-	2,718,258	-	8,129,565	-	-	-	-	10,847,823	9,888,434
Charges for services	1,531,252	1,968,234	3,483,759	2,083,997	-	-	-	-	9,067,242	8,101,422
Use of money and property	-	-	-	-	543,750	-	-	-	543,750	1,287,707
Total revenues	33,721,788	4,761,995	3,484,201	12,551,305	543,750	1,084,098	-	1,522,712	57,669,849	56,177,555
EXPENDITURES:										
Current -										
Parks and recreation	-	-	10,310,472	-	-	-	-	-	10,310,472	9,578,534
Education	218,099,008	4,865,904	-	13,239,921	-	-	-	3,316,052	239,520,885	225,705,274
Capital projects	-	-	-	-	25,632,216	4,456,041	-	-	30,088,257	37,038,976
Debt service -										
Principal	-	-	-	-	-	-	9,350,107	-	9,350,107	8,209,449
Interest	-	-	-	-	-	-	7,328,230	-	7,328,230	7,128,580
Total expenditures	218,099,008	4,865,904	10,310,472	13,239,921	25,632,216	4,456,041	16,678,337	3,316,052	296,597,951	287,660,813
Excess (deficiency) of revenues over expenditures	(184,377,220)	(103,909)	(6,826,271)	(688,616)	(25,088,466)	(3,371,943)	(16,678,337)	(1,793,340)	(238,928,102)	(231,483,258)
Other financing sources(uses):										
Operating transfers in	183,294,795	-	6,851,827	915,981	-	3,231,200	16,678,337	1,793,340	212,765,480	198,749,610
Operating transfers out	-	-	-	-	(543,750)	-	-	-	(543,750)	(1,287,707)
Repayment of BANS	-	-	-	-	-	-	-	-	-	(11,905,000)
Proceeds of sales of bonds	-	-	-	-	19,912,500	-	-	-	19,912,500	39,605,000
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	1,416,488
Total other financing sources(uses)	183,294,795	-	6,851,827	915,981	19,368,750	3,231,200	16,678,337	1,793,340	232,134,230	226,578,391
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(1,082,425)	(103,909)	25,556	227,365	(5,719,716)	(140,743)	-	-	(6,793,872)	(4,904,867)
FUND BALANCES, beginning of year	1,548,974	305,994	26,224	1,748,906	25,578,470	805,815	-	-	30,014,383	34,919,250
FUND BALANCES, end of year	\$466,549	\$202,085	\$51,780	\$1,976,271	\$19,858,754	\$665,072	\$ -	\$ -	\$23,220,511	\$30,014,383

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

ARLINGTON COUNTY, VIRGINIA
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balances - Component Unit-Schools
 to Statement of Activities - Component Unit-Schools
 For the Year Ended June 30, 2002

Net change in fund balances - component unit-Schools	\$	(6,985,625)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.

Add: Capital acquisitions	30,280,010	
Less Depreciation expense	<u>(11,268,709)</u>	19,011,301

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Add: Debt repayment	9,350,107	
Less proceeds from bonds and capital leases	<u>(19,912,500)</u>	(10,562,393)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds such as compensated absences and workers compensation

(1,203,090)

Change in net assets of component unit-Schools		<u><u>\$260,193</u></u>
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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, 2002

	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	\$14,089,414	\$13,012,634	(\$1,076,780)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental									
State	18,865,874	19,177,902	312,028	80,000	75,503	(4,497)	520	442	(78)
Federal	-	-	-	2,928,300	2,718,258	(210,042)	-	-	-
Charges for services	1,280,800	1,531,252	250,452	1,964,992	1,968,234	3,242	3,512,060	3,483,759	(28,301)
Others	-	-	-	-	-	-	-	-	-
Total revenues	<u>34,236,088</u>	<u>33,721,788</u>	<u>(514,300)</u>	<u>4,973,292</u>	<u>4,761,995</u>	<u>(211,297)</u>	<u>3,512,580</u>	<u>3,484,201</u>	<u>(28,379)</u>
EXPENDITURES:									
Education	219,612,275	218,099,008	1,513,267	4,973,292	4,865,904	107,388	-	-	-
Parks & recreation	-	-	-	-	-	-	10,730,024	10,310,472	419,552
Capital projects	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-
Total expenditures	<u>219,612,275</u>	<u>218,099,008</u>	<u>1,513,267</u>	<u>4,973,292</u>	<u>4,865,904</u>	<u>107,388</u>	<u>10,730,024</u>	<u>10,310,472</u>	<u>419,552</u>
Excess (deficiency) of revenues over expenditures	<u>(185,376,187)</u>	<u>(184,377,220)</u>	<u>998,967</u>	<u>-</u>	<u>(103,909)</u>	<u>(103,909)</u>	<u>(7,217,444)</u>	<u>(6,826,271)</u>	<u>391,173</u>
Other financing sources(uses):									
Operating transfers in	183,827,213	183,294,795	(532,418)	-	-	-	7,191,219	6,851,827	(339,392)
Operating transfers out	-	-	-	-	-	-	-	-	-
Proceeds sale of bonds	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	<u>183,827,213</u>	<u>183,294,795</u>	<u>(532,418)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,191,219</u>	<u>6,851,827</u>	<u>(339,392)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	<u>(1,548,974)</u>	<u>(1,082,425)</u>	<u>466,549</u>	<u>-</u>	<u>(103,909)</u>	<u>(103,909)</u>	<u>(26,225)</u>	<u>25,556</u>	<u>51,781</u>
FUND BALANCES, beginning of year	<u>1,548,974</u>	<u>1,548,974</u>	<u>-</u>	<u>305,994</u>	<u>305,994</u>	<u>-</u>	<u>26,224</u>	<u>26,224</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$466,549</u>	<u>\$466,549</u>	<u>\$305,994</u>	<u>\$202,085</u>	<u>(\$103,909)</u>	<u>(\$1)</u>	<u>\$51,780</u>	<u>\$51,781</u>

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, 2002

	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	3,308,104	2,337,743	(970,361)	-	-	-	-	-	-
Federal	9,286,203	8,129,565	(1,156,638)	-	-	-	-	-	-
Charges for services	3,127,717	2,083,997	(1,043,720)	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	543,750	543,750
Total revenues	<u>15,722,024</u>	<u>12,551,305</u>	<u>(3,170,719)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543,750</u>	<u>543,750</u>
EXPENDITURES:									
Education	16,851,182	13,239,921	3,611,261	-	-	-	-	-	-
Parks & recreation	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	45,490,969	25,632,215	19,858,754
Debt service:									
Principal retirement	-	-	-	9,350,108	9,350,107	1	-	-	-
Interest and fiscal charges	-	-	-	7,455,198	7,328,230	126,968	-	-	-
Total expenditures	<u>16,851,182</u>	<u>13,239,921</u>	<u>3,611,261</u>	<u>16,805,306</u>	<u>16,678,337</u>	<u>126,969</u>	<u>45,490,969</u>	<u>25,632,215</u>	<u>19,858,754</u>
Excess (deficiency) of revenues over expenditures	<u>(1,129,158)</u>	<u>(688,616)</u>	<u>440,542</u>	<u>(16,805,306)</u>	<u>(16,678,337)</u>	<u>126,969</u>	<u>(45,490,969)</u>	<u>(25,088,465)</u>	<u>20,402,504</u>
Other financing sources(uses):									
Operating transfers in	1,129,158	915,981	(213,177)	16,805,306	16,678,337	(126,969)	-	-	-
Operating transfers out	-	-	-	-	-	-	-	(543,750)	(543,750)
Proceeds sale of bonds	-	-	-	-	-	-	19,912,500	19,912,500	-
Total other financing sources(uses)	<u>1,129,158</u>	<u>915,981</u>	<u>(213,177)</u>	<u>16,805,306</u>	<u>16,678,337</u>	<u>(126,969)</u>	<u>19,912,500</u>	<u>19,368,750</u>	<u>(543,750)</u>
Excess (deficiency) of Revenues and other sources over expenditures and other uses	-	227,365	227,365	-	-	-	(25,578,469)	(5,719,715)	19,858,754
FUND BALANCES, beginning of year	<u>1,748,906</u>	<u>1,748,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,578,469</u>	<u>25,578,469</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$1,748,906</u>	<u>\$1,976,271</u>	<u>\$227,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$19,858,754</u>	<u>\$19,858,754</u>

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, 2002

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$14,089,414	\$13,012,634	(\$1,076,780)
Intergovernmental									
State	1,074,783	1,084,098	9,315	1,740,000	1,522,712	(217,288)	25,069,281	24,198,400	(870,881)
Federal	-	-	-	-	-	-	12,214,503	10,847,823	(1,366,680)
Charges for services	-	-	-	-	-	-	9,885,569	9,067,242	(818,327)
Others	-	-	-	-	-	-	-	543,750	543,750
Total revenues	1,074,783	1,084,098	9,315	1,740,000	1,522,712	(217,288)	61,258,767	57,669,849	(3,588,918)
EXPENDITURES:									
Education	-	-	-	3,565,000	3,316,052	248,948	245,001,749	239,520,885	5,480,864
Parks & recreation	-	-	-	-	-	-	10,730,024	10,310,472	419,552
Capital projects	6,559,901	4,456,041	2,103,860	-	-	-	52,050,870	30,088,256	21,962,614
Debt service:									
Principal retirement	-	-	-	-	-	-	9,350,108	9,350,107	-
Interest and fiscal charges	-	-	-	-	-	-	7,455,198	7,328,230	126,968
Total expenditures	6,559,901	4,456,041	2,103,860	3,565,000	3,316,052	248,948	324,587,949	296,597,950	27,989,998
Excess (deficiency) of revenues over expenditures	(5,485,118)	(3,371,943)	2,113,175	(1,825,000)	(1,793,340)	31,660	(263,329,182)	(238,928,101)	24,401,080
Other financing sources(uses):									
Operating transfers in	4,679,303	3,231,200	(1,448,103)	1,825,000	1,793,340	(31,660)	215,457,199	212,765,480	(2,691,719)
Operating transfers out	-	-	-	-	-	-	-	(543,750)	(543,750)
Proceeds sale of bonds	-	-	-	-	-	-	19,912,500	19,912,500	-
Total other financing sources(uses)	4,679,303	3,231,200	(1,448,103)	1,825,000	1,793,340	(31,660)	235,369,699	232,134,230	(3,235,469)
Excess (deficiency) of Revenues and other sources over expenditures and other uses	(805,815)	(140,743)	665,072	-	-	-	(27,959,483)	(6,793,871)	21,165,611
FUND BALANCES, beginning of year	805,815	805,815	-	-	-	-	30,014,382	30,014,382	-
FUND BALANCES, end of year	\$ -	\$665,072	\$665,072	\$ -	\$ -	\$ -	\$2,054,899	\$23,220,511	\$21,165,611

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

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY TO THE COUNTY- ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002

	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	\$88,217,484	\$2,425,464	\$113,902,487	\$48,965,030	\$2,852,786	\$18,687,554	\$30,299,586	\$305,350,391
Receipts (net):								
Taxes	413,997,175	662,043	-	-	-	-	13,012,634	427,671,852
Licenses and permits	57,199,326	-	-	-	-	-	-	57,199,326
Fines and forfeitures	9,199,674	-	-	-	-	-	-	9,199,674
Revenue from use of money and property	9,555,858	-	2,047,175	1,535,809	-	-	543,750	13,682,592
Charges for services	24,307,452	-	1,563,252	48,843,731	12,242,151	3,227,172	9,067,242	99,251,000
Miscellaneous	6,216,685	-	786,750	551,900	-	3,559,131	-	11,114,466
Intergovernmental	82,988,211	13,144,092	390,950	2,319,941	-	7,588,118	35,046,223	141,477,535
Proceeds from indebtedness	2,400,000	-	19,632,500	-	-	-	19,912,500	41,945,000
Proceeds from sale of land	66,320	-	-	-	149,735	-	-	216,055
Total Receipts	605,930,701	13,806,135	24,420,627	53,251,381	12,391,886	14,374,421	77,582,349	801,757,500
Total Receipts and Balance	694,148,185	16,231,599	138,323,114	102,216,411	15,244,672	33,061,975	107,881,935	1,107,107,891
Disbursements (net):								
Warrants(checks)issued	340,409,743	16,338,702	33,364,978	52,447,362	14,076,928	13,788,534	281,234,726	751,660,973
Retirement of indebtedness	20,211,368	-	-	4,097,275	-	-	9,350,107	33,658,750
Interest and other debt costs	12,292,222	-	-	3,392,378	-	-	7,328,230	23,012,830
Total Disbursements	372,913,333	16,338,702	33,364,978	59,937,015	14,076,928	13,788,534	297,913,063	808,332,553
Interfund Transfers:								
Transfers in	4,567,892	397,000	26,546,251	-	746,062	-	212,765,480	245,022,685
Transfers out	(240,426,491)	-	(2,040,168)	(28,300)	(130,000)	(1,853,976)	(543,750)	(245,022,685)
BALANCE, end of year	\$85,376,253	\$289,897	\$129,464,219	\$42,251,096	\$1,783,806	\$17,419,465	\$22,190,602	\$298,775,338

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF TREASURER'S ACCOUNTABILITY
June 30, 2002

Assets Held by the Treasurer	
Cash on Hand	<u>\$29,013</u>
Cash in Banks:	
Checking	
Burke & Herbert	15,001
James Monroe Bank	90,992
SunTrust	4,621,814
First Union Bank	(379,977)
First Virginia Bank	200,000
Bank of America	2,990,349
United Bank	15,001
F & M Bank	816,806
Virginia Commerce Bank	10,154
Wachovia Bank	36,001
Other	<u>93</u>
Total Checking Account	<u>8,416,234</u>
Savings:	
First Union Bank	<u>4,848</u>
Total Savings Account	<u>4,848</u>
Certificates of Deposit:	
James Monroe Bank	6,500,000
Virginia Commerce Bank	<u>5,000,000</u>
Total Certificates of Deposit	<u>11,500,000</u>
Held with Trustee:	
Commercial Paper & Corporate Notes	21,906,175
Repurchase Agreements	5,689,330
Capital Reserve Fund	<u>25,248,882</u>
Total Held with Trustee	<u>52,844,387</u>
Cash and Investments with Trustees:	
SunTrust, Ballston Garage Accounts	10,665,255
SunTrust, (Ballston Parking Garage)	42,359
SunTrust Solid Waste	<u>12,325,234</u>
Total Cash and Investments with Trustee	<u>23,032,848</u>
State Treasurer's Local Government Investment Pool	82,384,088
James Monroe T-Fund	28,342
State Non Arbitrage Investment Program (SNAP)	104,147,417
Commonwealth Cash Reserve (Cap. Res. Fund)	5,034,065
Commonwealth Cash Reserve (AIM)	<u>11,354,096</u>
Total Cash & Investment Balances, June 30, 2002	<u><u>\$298,775,338</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
June 30, 2002

	INTEREST RATE	MATURITY DATE	COST
Repurchase Agreements:			
Bank of America	1.16%	07/01/02	\$2,659,330
First Union Bank	1.66%	07/01/02	<u>3,030,000</u>
TOTAL REPURCHASE AGREEMENTS			<u>5,689,330</u>
Certificates of Deposit:			
James Monroe Bank	4.05%	07/16/02	500,000
James Monroe Bank	4.00%	08/11/02	1,000,000
James Monroe Bank	3.93%	08/28/02	500,000
Virginia Commerce Bank	4.00%	08/29/02	1,000,000
Virginia Commerce Bank	3.31%	10/29/02	500,000
James Monroe Bank	3.00%	12/07/02	1,000,000
Virginia Commerce Bank	3.31%	01/04/03	500,000
James Monroe Bank	3.31%	01/08/03	500,000
Virginia Commerce Bank	3.31%	01/10/03	500,000
James Monroe Bank	3.00%	01/10/03	1,000,000
Virginia Commerce Bank	3.31%	01/21/03	500,000
James Monroe Bank	3.31%	01/25/03	1,000,000
James Monroe Bank	3.00%	02/10/03	1,000,000
Virginia Commerce Bank	3.12%	04/09/03	500,000
Virginia Commerce Bank	3.12%	04/09/03	500,000
Virginia Commerce Bank	3.25%	05/14/03	500,000
Virginia Commerce Bank	3.21%	06/26/03	<u>500,000</u>
TOTAL CERTIFICATES OF DEPOSIT			<u>11,500,000</u>
Federal Agency Bonds & Municipal Securities:			
FMC	2.20%	11/07/02	986,739
FNMA	2.30%	12/13/02	983,836
FHLMC	2.25%	02/14/03	3,000,000
FHLB	2.28%	03/05/03	2,000,000
FHLB	2.41%	03/06/03	3,000,000
FMC	2.30%	03/27/03	2,935,600
FFCB	2.53%	04/02/03	3,000,000
FHLB	3.07%	04/16/03	3,000,000
FHLB	3.05%	04/22/03	<u>3,000,000</u>
TOTAL FEDERAL AGENCIES AND MUNICIPAL SECURITIES			<u>21,906,175</u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS
June 30, 2002

	INTEREST RATE	MATURITY DATE	COST
Capital Reserve Fund:			
Corporate Notes:			
Associates Corp. of NA Corporate	7.57%	07/22/02	250,762
General Electric Cap. Corp. Global	5.37%	01/15/03	508,549
Merrill Lynch & Co. Inc. Notes	7.18%	02/11/03	514,991
Morgan Stanley Dean Witter Notes	6.75%	03/04/03	514,893
Associates Corp. NA SR Notes	6.87%	08/01/03	204,066
Associates Corp. of NA SR Notes	6.00%	07/15/05	266,418
Citigroup, Inc., Senior Debs	8.62%	02/01/07	289,787
Federal Agency Bond/Notes:			
FHLB Tap Notes	6.87%	08/15/03	2,100,620
FHLMC Global Reference Notes	6.37%	11/15/03	2,105,000
FHLMC Global Reference Notes	6.37%	11/15/03	384,163
FHLB Tap Notes	5.25%	02/13/04	1,036,563
FHLMC Global Reference Notes	5.25%	02/15/04	2,078,400
FHLMC (Callable) Notes	3.55%	03/18/04	2,005,324
FHLB Global Bonds	4.87%	04/16/04	1,033,750
FHLB Global Bonds	4.75%	06/28/04	1,549,688
FNMA Benchmark Notes	6.50%	08/15/04	1,067,500
FHLMC Notes (Callable)	4.05%	10/18/04	1,503,704
FHLB Notes (Callable)	3.70%	11/26/04	1,001,250
FHLMC Notes (Callable)	3.87%	12/27/04	887,904
FHLB Notes (Callable)	4.87%	03/24/05	347,480
FNMA Strips Bonds		04/30/05	1,817,319
FNMA Notes (Callable)	4.73%	10/18/06	704,813
US Treasury Bond/Notes:			
US Treasury Notes	3.00%	01/31/04	2,013,125
US Treasury Notes	5.87%	11/15/04	1,062,813
TOTAL CAPITAL RESERVE FUND			<u>25,248,882</u>
Virginia State Non-Arbitrage Program			104,147,417
James Monroe T-Fund			28,342
Commonwealth Investment Fund (AIM)			11,354,096
Commonwealth Investment Fund (Cap. Res. Fund)			5,034,065
State Treasurer's Local Government Investment Pool			<u>82,384,088</u>
TOTAL			<u><u>\$267,292,395</u></u>

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
Page 1 of 10

			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
<hr/>						
General Obligation Debt:						
<u>Serviced by General Fund:</u>						
G.O. Public Improvement (\$21.790,000)		03/01/83	0.05	<u>\$816,250</u>	816,250	06/01/03
Human Resources Facilities	950,000					
Street & Highway	7,665,000					
Community Conservation	1,000,000					
Jail Expansion	2,100,000					
Local & Regional Parks	3,000,000					
Storm Water Drainage	1,800,000					
	<u>\$16,515,000</u>					
<hr/>						
G.O. Public Improvement (\$11,000,000)		01/17/87				
Central Library	3,462,000		5.80	550,000	550,000	06/01/03
Community Conservation	1,440,000		5.90	550,000	550,000	06/01/04
Local & Regional Parks	4,170,000		5.90	1,650,000	550,000	06/01-05-07
Street & Highway	1,928,000					
	<u>\$11,000,000</u>			<u>\$2,750,000</u>		
<hr/>						
G.O. Public Improvement (\$23,870,000)		08/01/92	5.10	960,326	960,326	08/01/02
Jail	2,400,000		5.15	960,326	960,326	08/01/03
Central Library	2,900,000		5.25	960,326	960,326	08/01/04
Community Conservation	7,000,000		5.40	963,720	963,720	08/01/05
Local & Regional Parks	3,900,000					
	<u>\$16,200,000</u>			<u>\$3,844,698</u>		
<hr/>						
G.O. Public Improvement (\$94,500,000)		10/01/91	5.80	<u>\$3,783,069</u>	3,783,069	12/01/02
Police & Jail Facilities	39,603,967					
Local & Regional Parks	3,103,598					
Street & Highway	8,038,465					
Fire Station	1,838,624					
	<u>\$52,584,654</u>					
<hr/>						
G.O. Refunding (\$36,585,000)		04/15/92	5.80	2,226,420	2,226,420	06/01/03
Human Resources Facilities	366,790		6.00	2,150,111	2,150,111	06/01/04
Jail Expansion	810,799		6.00	1,126,675	1,126,675	06/01/05
Street & Highway	8,052,314					
Community Conservation	5,210,652			<u>\$5,503,206</u>		
Metrorail	14,323,121					
Local & Regional Parks	3,384,680					
Storm Water Drainage	695,829					
	<u>\$32,844,185</u>					

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
Page 2 of 10

	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: (Relates to total amount authorized and sold)		Payments: (Relates to total amount authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
G.O. Public Improvement (\$74,890,000)		06/01/93	5.10	4,751,490	791,915	07/15/02-07
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>\$9,560,922</u>		
G.O. Refunding (\$42,075,000)		11/15/1993				
Police & Jail	17,449,353		4.40	1,381,423	1,381,423	06/01/03
Local & Regional Parks	1,299,365		4.50	1,364,699	1,364,699	06/01/04
Community Conservation	467,340		4.60	1,347,975	1,347,975	06/01/05
Streets & Highways	3,754,697		4.70	1,331,250	1,331,250	06/01/06
Fire Station	814,316		4.80	1,311,181	1,311,181	06/01/07
Central Library	4,361,839		4.75	4,538,961	4,538,961	06/01/08
	<u>\$28,146,910</u>		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>\$25,387,411</u>		
G.O. Public Improvement (\$54,745,000)		07/12/94	5.40	5,580,000	2,790,000	08/01/02-03
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>\$13,935,000</u>		
G.O. Public Improvement (\$41,700,000)		06/01/95				
Street & Highway	4,500,000					
Community & Conservation	1,027,800		5.00	1,830,000	610,000	06/01/03-05
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>\$8,055,000</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
Page 3 of 10

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		
G.O. Public Improvement (\$25,955,000)	10/15/1996					
Street & Highway	6,237,000					
Community & Conservation	3,097,200	5.00	1,028,895	1,028,895		12/01/02
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
			\$15,682,046			
G.O. Public Improvement (\$34,200,000)	06/30/97					
Street & Highway	5,900,000					
Community & Conservation	2,700,000	5.00	10,829,998	1,203,333		06/01/03-11
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					
			\$18,050,002			
G.O. Public Improvement & Refunding (\$87,740,000)	05/01/98					
Street & Highway	3,630,000					
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
			\$57,026,491			

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
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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
G.O. Public Improvement & Refunding (\$79,750,000)		06/17/99				
Street & Highway	15,807,000					
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
	<u>\$36,390,000</u>		5.25	<u>1,890,000</u>	<u>1,890,000</u>	<u>06/01/19</u>
				<u>\$32,290,000</u>		
G.O. Public Improvement (\$90,325,000)		06/18/01				
Street & Highway	8,222,000					
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	<u>10,217,041</u>	<u>2,554,260</u>	<u>02/01/17-20</u>
				<u>1,852,306</u>	<u>1,852,306</u>	<u>02/01/21</u>
				<u>\$47,249,812</u>		
G.O. Public Improvement (\$39,545,000)		06/11/02				
Central Library	5,800,000		3.00	394,685	394,685	02/01/03
Local & Regional Parks	5,330,000		4.00	786,888	786,888	02/01/04
Metro Rail	5,983,500		3.00	2,050,378	1,025,189	02/01/05-06
Fire Station	1,800,000		3.20	1,025,189	1,025,189	02/01/07
Higher Education/University	719,000		3.40	1,025,189	1,025,189	02/01/08
			3.60	1,025,189	1,025,189	02/01/09
	<u>\$ 19,632,500</u>		3.80	1,025,189	1,025,189	02/01/10
			4.00	2,050,378	1,025,189	02/01/11-12
			4.10	1,025,189	1,025,189	02/01/13
			4.25	1,025,189	1,025,189	02/01/14
			5.25	3,075,567	1,025,189	02/01/15-17
			4.70	1,025,189	1,025,189	02/01/18
			4.75	1,025,189	1,025,189	02/01/19
			5.00	2,050,378	1,025,189	02/01/20-21
			5.00	1,022,714	1,022,714	02/01/22
				<u>\$19,632,500</u>		
Total bonds serviced by General Fund				<u>\$263,566,407</u>		
Compensated absences				<u>\$22,126,598</u>		
Estimated liability for workers' comp claims & other judgments				<u>\$3,338,903</u>		
Serviced by General Fund-capital leases				<u>\$8,575,175</u>		
Total general obligation debt serviced by general fund				<u>\$297,607,083</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
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			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	
Serviced by School Operating Fund:							
State Literary Fund Special Issue	\$675,089	05/01/83	3.00	\$33,750	33,750	05/01/03	
School share of \$94,500,000 School Improvements	\$16,915,345	10/01/91	5.80	1,216,931	1,216,931	12/01/02	
				\$1,216,931			
School share of \$23,870,000 School Improvements	\$3,670,000	08/01/92	5.10	217,555	217,555	08/01/02-04	
			5.15	217,555	218,325	08/01/05	
			5.25	217,555			
			5.40	218,325			
				\$870,990			
School share of \$74,890,000 School Improvements	\$24,425,000	06/01/93	5.10	5,348,776	1,337,194	07/15/02-05	
			5.125	1,337,194	1,337,194	07/15/06	
			5.25	1,337,194	1,337,194	07/15/07	
			5.30	8,121,012	1,353,502	07/15/08-13	
				\$16,144,176			
School share of refunding \$42,075,000 School Improvements	\$10,573,454	11/15/1993	4.40	518,935	518,935	06/01/03	
			4.50	512,652	512,652	06/01/04	
			4.60	506,370	506,370	06/01/05	
			4.70	500,087	500,087	06/01/06	
			4.80	492,548	492,548	06/01/07	
			4.75	1,705,071	1,705,071	06/01/08	
			5.00	1,678,684	1,678,684	06/01/09	
			6.00	1,212,523	1,212,523	06/01/10	
			6.00	1,207,497	1,207,497	06/01/11	
			6.00	1,202,471	1,202,471	06/01/12	
				\$9,536,838			

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
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	Amount Authorized and Sold	Date of Bonds	Bonds Outstanding: authorized and sold)		Payments: authorized and sold)	
			Interest Rate- %	Principal	Annual Amount	Maturity Date
School share of \$41,700,000 School Improvements	<u>\$30,000,000</u>	06/01/95	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>\$20,645,000</u>		
School share of \$25,955,000 School Improvements	<u>\$6,100,000</u>	10/15/1996	5.00	316,105	316,105	12/01/02
			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>\$4,817,954</u>		
School share of \$34,200,000 School Improvements	<u>\$10,000,000</u>	06/01/97	5.00	6,333,336	527,778	06/01/03-14
			5.10	1,583,334	527,778	06/01/15-17
				<u>\$7,916,670</u>		
School share of \$87,740,000 School Improvements	<u>\$13,560,000</u>	05/01/98	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>\$16,586,737</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
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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
School share of refunding \$79,750,000		06/17/99	4.50	6,180,000	2,060,000	06/01/03-05
School Improvements	<u>\$39,360,000</u>		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>\$35,000,000</u>		
School share of \$90,325,000		06/18/01	4.00	1,585,077	1,585,077	02/01/03
School Improvements	<u>\$39,605,000</u>		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>\$38,811,365</u>		
School share of \$39,545,000		06/11/02	3.00	400,315	400,315	02/01/03
School Improvements	<u>\$19,912,500</u>		4.00	798,111	798,111	02/01/04
			3.00	2,079,622	1,039,811	02/01/05-06
			3.20	1,039,811	1,039,811	02/01/07
			3.40	1,039,811	1,039,811	02/01/08
			3.60	1,039,811	1,039,811	02/01/09
			3.80	1,039,811	1,039,811	02/01/10
			4.00	2,079,622	1,039,811	02/01/11-12
			4.10	1,039,811	1,039,811	02/01/13
			4.25	1,039,811	1,039,811	02/01/14
			5.25	3,119,433	1,039,811	02/01/15-17
			4.70	1,039,811	1,039,811	02/01/18
			4.75	1,039,811	1,039,811	02/01/19
			5.00	2,079,622	1,039,811	02/01/20-21
			5.00	1,037,287	1,037,287	02/01/22
				<u>\$19,912,500</u>		
Total serial bonds serviced by School Operating Fund				<u>\$171,492,911</u>		
Compensated absences				<u>\$19,612,090</u>		
Capital leases serviced by schools				<u>\$1,702,484</u>		
Total General Obligation Debt serviced by School Operating Fund:				<u>\$192,807,485</u>		
Total General Obligation Debt serviced by the General Fund and the School Operating Fund				<u>\$490,414,568</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
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			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
<u>Serviced by Utilities Fund:</u>						
Sewer Share of \$21,790,000		03/01/83	0.05	263,750		06/01/03
Advanced Waste Water Treatment	3,290,000					
Sanitary Sewer Construction	1,985,000					
	<u>\$5,275,000</u>					
				<u>\$263,750</u>		
Sewer Share of \$36,585,000		04/15/92	5.80	137,987	137,987	06/01/03
G.O. Refunding Bonds	<u>\$2,035,589</u>		6.00	133,258	133,258	06/01/04
			6.00	69,828	69,828	06/01/05
				<u>\$341,073</u>		
Sewer Share of \$74,890,000						
Advanced Waste Water Treatment	<u>\$36,000,000</u>	06/01/93	5.00	5,912,673	1,970,891	07/15/02-04
			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>\$23,794,896</u>		
Sewer share of \$42,075,000						
Sewage	<u>\$3,354,635</u>	11/15/1993				
			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>\$3,025,752</u>		
Water Share of \$23,870,000						
Public Improvement Bonds	<u>\$4,000,000</u>	08/01/92				
			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>\$949,309</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

EXHIBIT S-3
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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 Share of \$36,585,000 GO Refunding Bonds	<u>\$1,705,227</u>	04/15/92				
			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>\$285,721</u>		
Water Share of \$34,200,000 Public Improvement Bonds	<u>\$1,400,000</u>	08/01/97				
			5.00	886,668	73,889	06/01/03-14
			5.10	221,667	73,889	06/01/15-17
				<u>\$1,108,335</u>		
Water/Sewer share of \$87,740,000		05/01/98	4.25	367,606	367,606	10/01/02
Water Share	1,800,000		4.25	406,781	406,781	10/01/03
Advanced Water Treatment	5,000,000		4.25	406,151	406,151	10/01/04
	<u>\$6,800,000</u>		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>\$6,966,777</u>		
Water/Sewer share of \$79,750,000		06/15/99	4.50	615,000	205,000	06/01/03-05
Water Share	500,000		5.00	820,000	205,000	06/01/06-09
Advanced Water Treatment	3,500,000		5.125	410,000	205,000	06/01/10-11
	<u>\$4,000,000</u>		5.25	1,435,000	205,000	06/01/12-18
			5.25	215,000	215,000	06/01/19
				<u>\$3,495,000</u>		
Water share of \$99,815,000		06/18/01				
Water share	<u>\$2,504,000</u>		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>\$2,453,823</u>		

ARLINGTON COUNTY, VIRGINIA
COMBINED SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2002

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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		
Total Long Term Obligations Serviced by Utilities Fund			<u>\$42,684,436</u>			
Serviced by Auto Equipment Fund- Capital leases			<u>\$1,969,392</u>			
SUBTOTAL:			<u>\$535,068,396</u>			
Revenue Bonds- Serviced by Ballston Public Garage Fund			<u>\$16,300,000</u>			
Mortgage Payable- Ballston Public Garage Fund			<u>\$3,429,679</u>			
SUBTOTAL:			<u>\$554,798,075</u>			
Less: Current Portion of Long-Term Obligations- Proprietary Fund Types			<u>(4,097,277)</u>			
TOTAL LONG TERM OBLIGATIONS			<u><u>\$550,700,798</u></u>			

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF DELINQUENT PROPERTY TAXES RECEIVABLE
 June 30, 2002

FISCAL YEAR	REAL ESTATE	PERSONAL PROPERTY	TOTAL
2002	\$87,180	\$1,947,957	\$2,035,137
2001	74,830	1,052,648	1,127,478
2000	15,596	826,814	842,410
1999	3,612	723,363	726,975
1998	2,151	665,513	667,664
1997	1,327	-	1,327
1996	7,076	-	7,076
1995	695	-	695
1994	773	-	773
1993	93	-	93
1992	-	-	-
1991	-	-	-
1990	-	-	-
1989	-	-	-
TOTAL	<u>\$193,333</u>	<u>\$5,216,295</u>	<u>\$5,409,628</u>

NOTES:

The amounts of delinquent real and personal property taxes receivable at June 30, 2002, are presented on the basis of the County's fiscal years during which such taxes became due.

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

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

The amounts of delinquent taxes include the original levy and subsequent adjustment for penalties. The penalty balances for real and personal property taxes totaled \$16,527 and \$905,199.

ARLINGTON COUNTY, VIRGINIA
 SCHEDULE OF GENERAL FIXED ASSETS - BY SOURCE
 June 30, 2002

PER GASB 34
Primary Government

General Fixed Assets:

Land	\$77,996,983
Infrastructure	325,893,830
Buildings	130,115,375
Furniture, fixtures and equipment	31,776,898
	<hr/>
Total General Fixed Asset:	<u>\$565,783,086</u>

Investment in General Fixed Assets by Source:

General obligation bonds/ leases	\$534,675,625
Federal grants	14,907,105
State literary loans	1,664,496
Donated assets	5,795,926
General fund revenues	8,739,934
	<hr/>
Total Investment in General Fixed Asset	<u>\$565,783,086</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	236,505,963
Furniture, fixtures and equipment	60,354,871
	<hr/>
Total school fixed assets:	<u>\$301,558,780</u>

Investment in School Fixed Assets by Source:

General obligation bonds	\$241,378,383
Federal grants	6,463,104
State literary loans	484,498
General fund revenues	53,232,795
	<hr/>
Total investment in school fixed asset	<u>\$301,558,780</u>

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS- BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2002

Primary Government

FUNCTION AND ACTIVITY:	General Fixed Assets			FY2002		Balance June 30, 2002
	July 1, 2001			Additions	Deletions	
	PER CAFR	Additions	PER GASB 34			
Primary Government:						
General Government	134,650,934	-	\$134,650,934	\$2,782,727	(\$13,615,169)	\$123,818,492
Public Safety	15,713,895	-	15,713,895	292,890	(171,529)	15,835,256
Public Works	34,136,759	323,731,176	357,867,935	3,178,773	(1,764,309)	359,282,399
Health and Public Welfare	4,110,315	-	4,110,315	308,637	(183,927)	4,235,025
Libraries	3,273,700	-	3,273,700	29,062	(48,840)	3,253,922
Parks and Recreation	44,804,195	-	44,804,195	2,654,817	(337,214)	47,121,798
Planning and Community Development	12,472,846	-	12,472,846	-	(236,651)	12,236,195
Total primary government	249,162,644	323,731,176	572,893,820	9,246,906	(16,357,639)	565,783,087
Component Unit - Schools	278,471,738	-	278,471,738	30,280,010	(7,192,968)	301,558,780
Total Fixed Assets	\$527,634,382	\$323,731,176	\$851,365,558	\$39,526,916	(\$23,550,607)	\$867,341,867

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
June 30, 2002

Per GASB 34
Primary Government

FUNCTION AND ACTIVITY:	Total	Land	Infrastructure	Buildings	Equipment
General Government:					
Control-					
Legislative	\$51,208	\$ -	\$ -	\$ -	\$51,208
Executive	214,926	-	-	-	214,926
Judicial	674,766	-	-	-	674,766
Total Control	940,900	-	-	-	940,900
Staff Agencies-					
Elections	120,906	-	-	-	120,906
Management and Finance	209,227	-	-	-	209,227
Office of Support Services	96,686,410	11,780,043	-	77,172,838	7,733,529
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	696,245	-	-	-	696,245
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	116,643,210	18,595,636	-	88,108,941	9,938,633
Total General Government	117,584,110	18,595,636	-	88,108,941	10,879,533
Public Safety:					
Police protection	11,435,419	-	-	6,196,552	5,238,867
Fire protection	4,362,259	429,296	-	2,147,533	1,785,430
Emergency communication	37,578	-	-	-	37,578
Total Public Safety	15,835,256	429,296	-	8,344,085	7,061,875
Public Works	358,984,982	16,615,662	325,893,830	13,534,481	2,941,009
Environmental Services	297,417	-	-	-	297,417
Health	3,768,969	43,862	-	1,742,624	1,982,483
Public Welfare	466,056	200,000	-	130,415	135,641
Libraries	3,253,922	133,552	-	2,493,153	627,217
Recreation	47,116,339	41,976,343	-	3,689,461	1,450,535
Department of Technology Services	6,239,840	-	-	-	6,239,840
Community Development	12,236,195	2,632	-	12,072,215	161,348
Total General Fixed Assets	565,783,086	77,996,983	325,893,830	130,115,375	31,776,898
Component Unit: School Board					
Schools	301,558,781	4,697,946	-	236,505,964	60,354,871
GRAND TOTALS	\$867,341,867	\$82,694,929	\$325,893,830	\$366,621,339	\$92,131,769

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

EXHIBIT S-8
Page 1 of 2

	2002		VARIANCE FAVORABLE (UNFAVORABLE)	2001 ACTUALS
	BUDGET	ACTUAL		
GENERAL FUND				
General Property taxes:				
Real estate	\$246,920,970	\$256,615,637	\$9,694,667	\$232,396,274
Personal	77,780,858	82,085,000	4,304,142	76,091,283
Total General Property Taxes	324,701,828	338,700,637	13,998,809	308,487,557
Other Local Taxes	77,712,315	75,296,538	(2,415,777)	79,091,290
Total taxes	402,414,143	413,997,175	11,583,032	387,578,847
License, permits and fees	47,731,866	57,199,326	9,467,460	52,458,599
Fines and forfeitures	8,969,224	9,199,674	230,450	8,687,912
Charges for Services	24,665,521	24,307,452	(358,069)	26,308,308
Grants:				
State grants	58,861,193	57,097,935	(1,763,258)	54,543,210
Federal grants	24,294,484	25,890,276	1,595,792	17,134,565
Total grants	83,155,677	82,988,211	(167,466)	71,677,775
Use of money and property	12,217,826	9,555,858	(2,661,968)	9,929,565
Miscellaneous revenue	5,061,846	8,683,005	3,621,159	450,376
GRAND TOTALS FOR GENERAL FUND	\$584,216,103	\$605,930,701	\$21,714,598	\$557,091,382
GENERAL FUND TRANSFERS FROM OTHER FUNDS:				
Automotive Equipment Fund	130,000	130,000	-	130,000
Street & Highway Bond Fund	-	565,632	565,632	1,124,108
Courts/Police Facilities Bond Fund	-	-	-	885,704
Neighborhood Conservation Bond Fund	-	551,521	551,521	1,100,941
Public Recreation Bond Fund	-	597,087	597,087	1,009,765
Fire Facilities Bond Fund	-	66,186	66,186	149,885
Library Bond Fund	-	33,065	33,065	28,608
Transit Facilities Bond Fund	-	226,677	226,677	289,164
School Capital Improvement Bond Fund	-	543,750	543,750	1,287,707
Trust & Agency Fund	2,595,752	1,853,974	(741,778)	10,000
Total transfers	\$2,725,752	\$4,567,892	\$1,842,140	\$6,015,882
GRAND TOTALS	\$586,941,855	\$610,498,593	\$23,556,738	\$563,107,264

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

EXHIBIT S-8
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SPECIAL REVENUE FUNDS:

Travel & Tourism Fund	<u>761,966</u>	<u>662,043</u>	<u>(99,923)</u>	<u>763,782</u>
Community Development Block Grant Fund	<u>4,226,366</u>	<u>2,472,037</u>	<u>(1,754,329)</u>	<u>3,351,909</u>
Section 8 Housing	<u>11,766,450</u>	<u>10,672,055</u>	<u>(1,094,395)</u>	<u>9,585,585</u>
Total Special Revenue Funds	<u>\$16,754,782</u>	<u>\$13,806,135</u>	<u>\$ (2,948,647)</u>	<u>13,701,276</u>

BREAKDOWN OF REVENUE BY FUNCTION:

	Charges for Services	Operating grants/Contributions		Capital Grants Contributions
		State	Federal	
General Government	\$4,247,731	\$34,958,623	\$2,495,352	\$1,806,963
Public Safety	5,718,632	407,228	781,206	-
Public Works	1,182,356	3,698,214	-	-
Environmental services	7,334,021	21,322	-	-
Health & Welfare	1,803,263	15,828,777	22,406,791	-
Libraries	449,838	294,686	-	-
Planning & Community Development	64,504	-	206,926	-
Parks & Recreation	<u>3,507,107</u>	<u>82,122</u>	<u>-</u>	<u>-</u>
Total General Fund	<u>\$24,307,452</u>	<u>\$55,290,972</u>	<u>\$25,890,275</u>	<u>\$1,806,963</u>

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	2002		VARIANCE FAVORABLE (UNFAVORABLE)	2001 ACTUALS
	BUDGET	ACTUAL		
General Government Administration:				
County Board	\$540,501	\$574,473	(\$33,972)	\$471,906
County Manager	2,687,687	2,649,209	38,478	1,663,767
Financial Management	3,853,917	3,850,048	3,869	3,372,561
Civil Service	16,439	12,944	3,495	14,675
Human Resources	4,390,784	4,244,378	146,406	4,046,029
Technology Services	13,848,155	13,788,870	59,285	11,803,521
County Attorney	1,220,483	1,198,084	22,399	1,037,220
Office of Support Services	12,256,716	12,527,195	(270,479)	10,889,858
Commissioner of Revenue	3,344,708	3,167,973	176,735	2,921,348
Treasurer	4,435,479	4,646,073	(210,594)	4,418,403
Electoral Board	500,129	473,507	26,622	443,965
Total General Government	47,094,998	47,132,754	(37,756)	41,083,253
Judicial Administration:				
Circuit Court	2,250,452	2,228,009	22,443	2,039,169
District Court	242,530	249,713	(7,183)	543,700
Juvenile & Domestic Relations Court	4,342,613	3,784,011	558,602	3,622,921
Commonwealth Attorney	2,995,546	2,814,646	180,900	2,538,511
Sheriff & Jail	21,054,521	21,555,546	(501,025)	20,010,400
Total Judicial Administration	30,885,662	30,631,925	253,737	28,754,701
Public Safety:				
Police	38,796,145	35,512,975	3,283,170	32,535,801
Emergency Communications Center	5,084,053	4,157,213	926,840	4,070,988
Fire	24,463,964	24,439,997	23,967	21,998,522
Total Public Safety	68,344,162	64,110,185	4,233,977	58,605,311
Public Works:				
Public Works	23,353,305	22,397,695	955,610	18,894,514
Environmental Services	10,137,386	9,846,317	291,069	10,061,780
Total Public Works	33,490,691	32,244,012	1,246,679	28,956,294
Health & Welfare:				
Human Services	81,479,517	78,421,925	3,057,592	66,893,055
Libraries:	10,594,331	10,214,848	379,483	9,919,199
Planning & Community Development:				
Economic Development	3,422,839	3,266,709	156,130	2,641,965
Community Planning Housing & Development	8,817,969	8,227,044	590,925	7,590,118
Total Planning & Community Development	12,240,808	11,493,753	747,055	10,232,083
Parks & Recreation:	23,582,966	23,591,106	(8,140)	21,402,632
Non-Departmental:				
Non-Departmental	28,503,717	26,888,560	1,615,157	19,889,956
Debt Service				
Principal payment	20,258,785	20,211,368	47,417	18,611,413
Interest payment	12,305,348	12,103,147	202,201	12,048,420
Other costs	100,000	189,075	(89,075)	17,143
Regionals/Contributions	5,391,890	5,514,061	(122,171)	5,031,548
METRO	9,679,000	9,669,124	9,876	9,331,780
Total Non-Departmental	76,238,740	74,575,335	1,663,405	64,930,260
Total Expenditures before transfers-out	383,951,875	372,415,843	11,536,032	330,776,788

ARLINGTON COUNTY, VIRGINIA
GENERAL AND SPECIAL REVENUE FUNDS
DETAIL SCHEDULE OF EXPENDITURES-BUDGET(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

	2002		VARIANCE FAVORABLE (UNFAVORABLE)	2001 ACTUALS
	BUDGET	ACTUAL		
Transfers -Out				
Travel & Tourism	397,000	397,000	-	247,000
Auto Equipment Fund	601,527	601,527	-	221,753
Printing Fund	88,225	116,235	(28,010)	67,950
General Capital Projects Fund	26,546,250	26,546,250	-	11,154,381
Schools:				
General Operating	183,827,351	183,294,795	532,556	170,978,783
Community Activities/Cable TV	7,291,219	6,851,827	439,392	6,516,001
Special Grants Fund	915,981	915,981	-	656,433
Pay-As-You-Go	4,679,302	3,231,200	1,448,102	3,651,240
Debt Service	16,805,306	16,678,336	126,970	15,338,029
Comprehensive Services Act	1,825,000	1,793,340	31,660	1,395,944
Total Transfers-Out	242,977,161	240,426,491	2,550,670	210,227,514
GRAND TOTALS EXPENDITURES	\$626,929,036	\$612,842,334	\$14,086,702	\$541,004,302
SPECIAL REVENUE FUNDS:				
Travel & Tourism Promotion	1,392,512	1,316,818	75,694	824,373
Community Development Block Grant	4,226,366	2,472,037	1,754,329	3,348,324
Section 8 Housing	11,766,450	10,944,746	821,704	9,304,101
Total Special Revenue Funds	\$17,385,328	\$14,733,601	\$2,651,727	\$13,476,798
TOTAL GENERAL AND SPECIAL REVENUE FUNDS	\$644,314,364	\$627,575,935	\$16,738,429	\$554,481,100

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF CAPITAL OUTLAYS AND CAPITAL PROJECTS
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002

EXHIBIT S-10

FUND AND FUNCTION	AMOUNT
GENERAL FUND:	
Capital Outlay:	
General Government	\$2,782,727
Public Safety	292,890
Public Works	3,178,773
Health and Human Services	308,637
Cultural & Recreational	
Library	29,062
Community Affairs	2,654,817
Total General Fund	<u>\$9,246,906</u>
CAPITAL PROJECTS FUNDS:	
General Capital Projects Fund:	
Public works:	
Transportation Projects	5,891,511
Government Facilities	4,929,346
Cultural & Recreation - Community Affairs	
Government Facilities	1,135,461
Parks	794,727
Contributions to Regional Agencies	1,245,563
Total General Capital Projects Funds	<u>13,996,608</u>
Street & Highway Bond Fund:	
Capital Projects - Public Works/Transportation	
Street & Highway Improvements	4,184,376
Neighborhood Conservation Bond Fund:	
Neighborhood Capital Projects	3,709,921
Public Recreation Bond Fund:	
Capital Projects Parks & Recreation facilities	8,245,287
Fire Station Bond Fund	
Fire station facilities	200,900
Library Bond Fund	
Public library facilities	12,319
Transit Facilities Bond Fund:	
Capital Projects - Transit facilities	2,886,343
SCHOOL BOARD:	
School Capital Projects Bond Fund:	25,632,216
Capital Projects - Education Facilities	<u>4,456,041</u>
TOTAL CAPITAL PROJECTS FUNDS	<u>63,324,011</u>
GRAND TOTAL	<u><u>\$72,570,917</u></u>



STATISTICAL (Unaudited)

TABLE I

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

Fiscal Year	General Government	Public Safety	Public Works/ Environmental Services	Health & Welfare	Culture/ Recreation (2)	Education	Non- Depart- mental	Debt Service(3)	Contributions to Regional Agencies		Total
									Transit	Other	
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
2002	77,764,679	64,110,185	32,244,012	78,421,925	70,343,780	239,520,885	26,888,560	49,181,927	9,669,124	5,514,061	653,659,138

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

TABLE II

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

Fiscal Year	Taxes	Licenses and Permits	Inter Governmental Revenue	Charges for Services	Fines and Forfeitures	Miscellaneous Revenues	Total
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
2002	427,671,852	57,199,326	131,178,526	33,374,694	9,199,674	16,316,293	674,940,365

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		
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
2002	338,979,390	26,993,321	554,424	13,328,856	1,196,542	2,298,390	4,268,185	7,159,253	19,102,649	48,064	68,101	413,997,175

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
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%
2002	335,968,016	3,624,563	332,343,453	98.92%	3,151,222	335,494,675	99.86%	1,149,446	839,328	5,409,628	1.61%

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	
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%
2002	27,188,419,400	27,188,419,400	1,825,845,935	1,825,845,935	849,211,626	849,211,626	29,863,476,961	29,863,476,961	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
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
2002	1.023/.993	4.40	1.023/.993	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
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
2002	193,639	29,863,476,961	435,059,318	1.46%	2,285

NOTES:

- (1) Population estimates are from Arlington County Planning Division estimates.
- (2) The assessed value figures are based on County tax years which end December 31st.
- (3) The value of the general obligation serial bonds for the General Fund and the School Fund equals the Net Bonded 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
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%
2002	29,561,475		19,620,452	49,181,927		653,659,138	7.52%

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

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	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	1.030
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
2002	4,407,342	2,186,610	2,220,732	500,000	514,255	1,014,255	2.190

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	
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
2002	45,972,198	29,896,133	16,076,065	3,597,275	2,101,071	5,698,346	2.82

NOTES:

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

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
June 30, 2002

Type of Coverage & Insurance Comp	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
PROPERTY POLICIES					
{Primary Property} Royal Insurance Co./ Aon	PTL 442882	7/10/2001	7/1/2002	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 earthquakes, 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>
1					
{Crime & Fidelity Bonds} Aon Hartford Fire Insurance Co./Aon	PEB AZ9446	7/1/2001	7/1/2002	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>
2					
{Fine Art Insurance} Aon CIGNA Fire Insurance Company	MPV I2 01 45 78A	7/1/2001	7/1/2002	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>
3					
{Performing Arts Group} Hanover Insurance Company A&R Association	ZDR 541 6094 03	7/1/2001	7/1/2002	Tenants improvements limits \$850,000. Insured's business property limits \$100,000. Deductible \$250.	\$ 2,480 <i>PRCR</i>
4					
Woodmont School Project: {Property/ Liability Policy} Aon	42 UUN BF6896	7/1/2001	7/1/2002	Business Personal Property at Fillmore St. location Limits: \$7,300 Deductible \$250.	\$ 110 <i>Split between DHS&PRCR</i>
5					
{Wash/Balt HIDTA Task Force} Hartford/Aon	42 UUN BF6895	7/1/2001	7/1/2002	Business Personal Property - Replacement Cost Agreed Value, Special Cause of Loss, Computer Equipmen 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
6					

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
June 30, 2002

Type of Coverage & Insurance Comp	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
{Const. Officers- Bus. Prop.} Hartford Insurance Company/ Aor	42 BE8483	7/1/2001	7/1/2002	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

{Physical Damage except Collision} Royal/Aon	TBD	7/1/2001	7/1/2002	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

{Garage Keepers - Primary} Royal /Aon	PTL 422882	7/1/2001	7/1/2002	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					

{Ballston Excess Garage Keepers Legal Liability} Aon Federal Insurance Company /Aor	7971-26-51	7/1/2001	7/1/2002	Excess coverage for Ballston Garage over Roye Limits \$9 million over \$1 million.	\$12,500 <i>DPW</i>
10					

{Const. Officers - Auto Liability} Hartford/ Aon	42 UEN DE2638	7/1/2001	7/1/2002	For the Sheriff Department Covers liability, Uninsured Motorist and Medical Payments: \$1,000,000 each occurrence for Liability, \$1,000 for medical payments ity. \$1,000 for Medical payments.	\$44,995 <i>Sheriff</i>
11					

LIABILITY POLICIES

{Primary General Liability} 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					

{Excess General Liability} Aon Gensis/Aon	TBD	7/1/2001	7/1/2002	Excess Liability Program for limits \$20 million AL, GL and LEL. Excess over \$1 million retention Metro easements	\$ 269,000 <i>OSS/RM</i>
13					

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
June 30, 2002

Type of Coverage & Insurance Comp	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
{Excess Pub. Off & Employee Liability} USF & G Aon	TBD	7/1/2001	7/1/2002	Excess public officials and employments practices liability. Discrimination and EEO related practices included. Excess over \$1 million retention	Included OSS/RM
14					
{Prof.Liability-Medical Clinics} Evanston Insurance Company/Aon	SM-804111	7/1/2001	7/1/2002	Professional liability to \$2 million limit. Aggregate limit \$6 million. Deductible \$2,500 per claim	\$ 28,450 DHS
15					
{Prof. Liability-Employed Physicians} Evanston/Aon	SM 804113	7/1/2001	7/1/2002	Professional liability to \$2 million limit. Aggregate limit \$6 million. Deductible \$100,000	\$ 57,316 DHS
16					
{Prof. Liability-Emerg.Med. Services} Evanston/ Aon	MM 801464	7/1/2001	7/1/2002	Professional liability to \$2 million limit Aggregate limit \$6 million Deductible :\$5,000	\$ 25,178 Fire Dept/ EMS
17					
{Easement Liability - Primary} Royal/ Aon	PTL 442882	7/1/2001	7/1/2002	Primary \$1 million liability required by easements. Wilson, N.Quincy, 15th &Veitch, Fairfax,N.Adams	TBD OSS/ RM
18					
{Volunteer Liability} Insurance Company of N. America/ Aor	G09909655	7/1/2001	7/1/2002	Personal injury and property damage liability of volunteer doing County business. Coordinated with any personal coverage. Limits: \$1 million occurrence. \$ 3 million annual aggregate.	\$ 2,085 JDRC
19					
{Group Accident Coverage} Philadelphia Life Insurance Co./Aon	SR19869-XBYKA-04 SR19869-ZBQKA-04 SR19869-YBQKA-04 SR19869-XBQKA-04 SR19869-LBKTG-04	7/1/2001	7/1/2002	Group Accident coordinated with personal coverage Volunteers and association members Camping program participants. Recreational sports activities. Community service program. Auxiliary Police.	OSS: 4,339 PRCR: 11,618 PRCR: 5,500 JDRC: 350 OSS: 350
20					
{Performing Arts Group} Hanover Insurance Company/ A&R Assoc	ZDR5416094-03	7/1/2001	7/1/2002	General liability and medical expense. Limits:\$1 million/ \$ 3 million	\$ 424
21					

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
June 30, 2002

Type of Coverage & Insurance Comp	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
{Personal Services Contractors} The Hartford Insurance Group/Aor 22	42 UEN BE1845	7/1/2001	6/30/2002	Contract cook and printer. CGL mimits \$1 million Fire Damage \$300,000; Medical Expense \$10,000 General Aggregate:\$2 million OSS/ RM	\$ 350
{Woodmont School Project} The Hartford Ins. Group/ Aor 23	42 UEN BE1845	7/1/2001	7/1/2002	General liability limit \$1 million. Aggregate \$2 millior Fire damage limit \$300,000. 50% split PRCR & DHS	\$ 240
{Wash/Balt HIDTA Task Force} Hartford Insurance Grp/ Aor 24	42UUN BF6895	7/1/2001	7/1/2002	Personal and advertising injury limit \$1 million. Fire damage limit \$300,000 Medical expense limit \$10,000. General Aggregate \$2 million Police	\$ 5,450
{VDOT Permit Bond} Travelers - Aetna Casualty/Aor 25	53 S 101062299 B (Continuous)			Virginia highways permit bond for facilities locatoc on the VDOT right-of-way. Limit \$100,000	\$ 100
{County Board Surety Bond} 26	P. Ferguson B. Favola J. Fisette C. Zimmerman C. Monroe	continuous until cancell		Bond Limit \$2,500.00	TBD
{Fiduciary Liability Policy- Arlington Co. Employee's Suppl. Retirement Sys 2} Chubb/Alton Ins. Agency National Union Fire/Alton Ins. Agency 27	8145-32-16/15AEI 8146-32-15B 857-58-81	3/8/2000 3/8/2000 12/8/1998	3/8/2001 3/8/2001 3/8/2002	Fiduciary liability to \$10 million ERISA Fidelity bond D&O, Trustees liab to \$3 million *** These policies are handled by the Retirement Board Risk Management is not involved with the purchase of these coverages.	Pre-\$32,052 Prem- \$750 Prem- \$30,010
{Rocca Land Purchase} AIG/Aor 28	PLS 2672194	6/23/1998	6/23/2003	Environmental pollution liability coverage provided by seller of property to County. Limits \$2 million/\$5 million. Deductible \$5,000	
{DHS Volunteers Liability} INA/Common.of Virginia Social Services 29	Info.Bull.#97-18	Continuous		Personal liability and excess auto liability coverage fo services. Purchased by Commonwealth.	

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF INSURANCE
June 30, 2002

Type of Coverage & Insurance Comp	Policy Number	Period From	Period To	Summary of Coverage & Limits	Premiums
{Public Official Position Scheduled Bond}					
Fidelity & Deposit Co.	30096304	Continuous		Bond is now Self-Insured by the State covers failure to discharge duties faithfully.	
	30096303			Self Insurance Fund per loss	State Self Insured
30					
{Const. Officers Liability}					
Hartford Insurance Company/Aor	42 UUN BE 8483	7/1/2001	7/1/2002	General & Employee Benefits liability limits \$1 millio	\$ 13,721
				Fire damage limit \$300,000	
				Medical expense limit \$10,000	Constitutional Officers
				Aggregate Limits: \$3 million.	equal split
31					
{Const. Officers Liability Plan Virginia Risk Coverage}					
Commonwealth of Virginia (SIR)				Combined Program for CGL/POL & LEL covers Public Officials & Employees by reason of any wrongfu 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	
32					
WORKER'S COMPENSATION POLICIES					
{Primary Workers' Compensation}					
		Continuous		County self-insures its workers' compensation exposure to statutory limits.	
33					
{Woodmont School Project}					
Hartford Underwriters Insurance Co./Aor	42 WE IE6844	7/1/2001	7/1/2002	Virginia Statutory Benefits for Remuneratec Non-County Employees of Project. Policy Indemnifies Clients of Project in the event of injury.	\$ 1,860
				OSS/ RM	
34					
{Personal Services Contractors}					
Hartford/ Aon	42 WE EF4632	7/1/2001	7/1/2002	Virginia Statutory Benefits for contracted cook fo community services program and contracted printer	\$ 783
				PRCR	
34					
TOTAL PREMIUMS					\$ 855,896

TABLE XII

ARLINGTON COUNTY, VIRGINIA
SALARIES AND SURETY BONDS
OF PRINCIPAL OFFICIALS
June 30, 2002

Official Title	Annual Salary Range		Bond (1)
	Minimum	Maximum	
County Board:			
Chairman	-	30,426	2,500
Vice Chairman	-	27,660	2,500
Members	-	27,660	2,500
Clerk	48,733	78,777	20,000
County Manager	-	144,200	20,000
Commissioner of the Revenue	74,934	121,108	30,000
Commonwealth's Attorney	78,349	126,630	-
Sheriff	74,934	121,108	30,000
Treasurer	74,934	121,108	1,000,000
County Attorney		133,573	20,000
Director of Community Housing, Planning & Development	78,349	126,630	20,000
Director of Economic Development	78,349	126,630	20,000
Director of Environmental Services	78,349	126,630	20,000
Fire Chief	74,934	121,108	20,000
Director of Human Services	84,040	135,861	20,000
Director of Libraries	74,934	121,108	20,000
Director of Management and Finance	78,349	126,630	20,000
Director of Human Resources	74,934	121,108	20,000
Chief of Police	78,349	126,630	20,000
Director of Public Works	84,040	135,861	20,000
Director of Park, Recreation and Community Resources	74,934	121,108	20,000
Director, Office of Technology and Information Services	82,428	133,219	20,000
Director, Office of Support Services	74,934	121,108	20,000
Clerk of the Circuit Courts	74,934	121,108	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
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
2002	195	28,942,000	74	216,085,000	11,102	314,256,000	N/A	14,036,270,900	13,152,148,500	3,595,700,600

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 Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
1993	177,845	35,241	16,051	4.4%
1994	180,563	36,364	16,669	3.5%
1995	181,741	37,927	16,921	3.5%
1996	182,801	39,455	17,383	3.2%
1997	184,768	41,151	17,863	2.5%
1998	186,693	43,726	18,120	1.7%
1999	183,716	46,009	18,277	1.5%
2000	189,453	49,508	18,871	1.1%
2001	190,400	50,054	18,808	2.3%
2002	193,639	51,204	19,018	2.7%

NOTES:

- (1) Population figures for 1993-1999 are estimates from the U.S. Census Bureau. The 2000 population figure is from the 2000 census. The 2001 and 2002 population figures are estimates from the Arlington County Planning Division.
- (2) Source - U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data. (<http://www.bea.doc.gov/bea/regional/reis>) . Figures for 2001 and 2002 are estimates from the Arlington County Planning Division.
- (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 2002 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>)

TABLE XV

ARLINGTON COUNTY, VIRGINIA
PRINCIPAL TAXPAYERS (1)
June 30, 2002

Taxpayer/ Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
Charles E. Smith Interests Office buildings, apartment, hotel, land	\$3,020,043,400	11.11%
Arland Towers Company Office buildings, land	539,522,200	1.98%
Cafritz Interests Apartments, warehouses, land	425,575,000	1.57%
Crystal Holdings Office buildings	394,412,200	1.45%
Albrittain Interests Apartments, general commercial	380,066,400	1.40%
Fashion Centre Associates Mixed use retail, hotel	373,756,700	1.37%
Paradigm Management Apartments	278,313,300	1.02%
Caruthers Interests Retail, office buildings, apartments, hotel	213,614,700	0.79%
Avalon Properties Apartments, Land	199,249,800	0.73%
Ballston Common Assoc Office, retail	162,209,600	0.60%
Total	<u>\$5,986,763,300</u>	<u>22.02%</u>

NOTE:

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

TABLE XVI

ARLINGTON COUNTY, VIRGINIA
MISCELLANEOUS STATISTICS
June 30, 2002

Form of Government	County Manager Plan
Date of Adoption	January 1, 1932
Area (square miles)	26
Miles of Street	365
Number of Street Lights	14,875
<u>Fire Protection:</u>	
Number of Stations	10
Training Academy	1
Number of Employees	305
<u>Police Protection</u>	
Number of Employees: Police Department	472
Number of Employees: Sheriff/ Jail and Courts	270
<u>Education:</u>	
Attendance Centers	35
Number of Classrooms	1,587
Number of Teachers	1,739
Number of Students	19,018
<u>County Water System:</u>	
Number of consumer service locations	36,486
Average daily consumption (gallons)	25,600,000
Miles of water mains	475
<u>County Sewer System:</u>	
Miles of sanitary sewers	470
Average gallons per day treated	29,300,000
System capacity under construction (gallons per day)	35,000,000
<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)	538,431
Number of Recreation Centers	14
Number of Nature Centers	3
<u>Employees:</u>	
General Government	3,632
School System	3,340

TABLE XVII

ARLINGTON COUNTY, VIRGINIA
GENERAL FUND BALANCE
Fiscal Year 1995 - 2002
Ending June 30, 2002

	1995	1996	1997	1998	1999	2000	2001	2002
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	4,237,700
Woodbury Park	200,000	200,000	200,000	200,000	(1)	(1)	(1)	(1)
Four Mile Run	500,000	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	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	12,600,000
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	15,839,137
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	27,024,978
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	63,701,815
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%	17.11%

(1) Woodbury Park obligation satisfied in FY 1999.

ARLINGTON COUNTY, VIRGINIA
BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
Fiscal Years 1993 - 2002

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%
2002	45,661,097	9.37%



FEDERALLY ASSISTED PROGRAMS

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

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

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

Independent Auditor's Report

The Honorable Members of the County Board
Arlington County, Virginia

We have audited the general purpose financial statements of Arlington County, Virginia (County) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 11, 2002. 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 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. 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, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Clifton Gunderson LLP

Calverton, Maryland
October 11, 2002



**Independent Auditor's Report on Compliance and on Internal Control
Over Financial Reporting Based on 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 of Arlington County, Virginia (the County) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications of Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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 of Audits of Counties, Cities and Towns*.

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 of the 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

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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.

We noted other matters involving the internal control over financial reporting that we have reported to management of the County in a separate letter dated October 11, 2002.

This report is intended solely for the information and use of the Honorable Members 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.

Clifton Henderson LLP

Calverton, Maryland
October 11, 2002

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program, Internal Control Over
Compliance and Schedule of Expenditures of Federal
Awards 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, 2002. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on 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, 2002.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness 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 the 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 Honorable Members of the County Board and management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Calverton, Maryland
October 11, 2002

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

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	\$35,854
Social Services Block Grant		
(Purchased Services) (765/453-01)	93.667	1,515,485
(Medical Assistance)	93.778	578,727
(Child Care Purchased Services)	93.596	1,235,177
(View Purchased Services)	93.558	605,232
Child Care Development Block Grant (102-586)	93.575	1,027,932
Family Preservation	93.556	65,290
Independent Living	93.674	17,154
Children Medical Insurance	93.767	8,378
VA Initiative for Employment Not Welfare (VIEW)	93.558	578,840
VA Refugee Assistance Program(765/452-04)	93.583	290,509
Foster Care & Adoptions (765/453-01)		
Foster Care	93.658	1,561,729
Adoption	93.659	283,081
Fuel Assistance Program(765/452-06)	93.568	2,332
Total Department of Social Services		<u>7,805,720</u>
Department of Health Services:		
AIDS Grant	93.216	58,633
Immunization Grant	93.268	52,985
Ryan White Care Grant	93.153	31,906
Refugee Grant	93.576	30,839
TB Outreach Grant	93.116	110,260
Rape Grant (Victims of Violence)	16.582	30,390
Total Department of Health Services		<u>315,013</u>
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	726,568
Homeless-Mental Health	93.150	36,826
Mental Health	93.958	29,000
SA HIV Aids FBG	93.959	72,494
SA Treatment FBG	93.959	352,937
SA SARPOS FBG	93.959	99,197
SA Primary Prevention	93.959	201,065
SA Prevention anti-terrorism	93.230	82,820
MH FEMA CMS Immediate Services	83.516	687,991
MH FEMA Regular Services Crisis Counseling	93.982	486,913
Early Intervention Plan (ICEE)	84.181	136,226
Total MHMRSAS		<u>2,912,037</u>
Department for the Aging		
Older Americans Act		
Title III-B-Area Plan	93.044	98,899
Title III-C-Nutrition	93.045	144,825
Title III-D-In Home Services	93.046	2,000
Title III-F-Preventive Health	93.043	9,270
Title VII-Elder Abuse Prevention	93.041	1,831
Senior Medicare Patrol Project	93.046	13,542
VICAP	93.779	16,710
Total Department for the Aging - OAA		<u>287,077</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u><u>\$11,319,847</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, 2002

	Federal Catalogue Number	Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Federal Payments		
Community Development Grants		
Twentieth Entitlement(B94UC51002)	14.218	\$53,078
Twenty-first Entitlement(B95UC51002)	14.218	98,135
Twenty-second Entitlement(B96UC51002)	14.218	17,089
Twenty-third Entitlement(B97UC51002)	14.218	48,771
Twenty-fourth Entitlement(B98UC51002)	14.218	55,000
Twenty-fifth Entitlement(B99UC51002)	14.218	31,189
Twenty-sixth Entitlement(B00UC51002)	14.218	49,950
Twenty-seventh Entitlement(B00UC51002)	14.218	2,118,825
Total Community Development Grants		2,472,037
Section 8 Housing Assistance-		
New Construction(VAO28NCOO04)	14.182	127,959
Substantial Rehab(VAO28SBOO3)	14.182	651,210
Moderate Rehab(VAO28MROO1-OO5)	14.856	2,439,221
Voucher Program(VAO28VO015-023)	14.871	7,248,314
Total Section 8 Housing Assistance		10,466,704
Federal Emergency Shelter Grant	14.231	80,000
Transitional Housing Grant	14.235	98,861
Supportive Housing Grant	14.235	169,146
HOPWA	14.240	131,294
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$13,418,042

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2002

	Federal Catalogue Number	Expenditures
DEPARTMENT OF EDUCATION		
Pass Through Payments:		
Department of Education		
Elementary and Secondary Education Act- Title I (197/171/01)	84.010	\$2,104,934
Public Law 94-142 Handicapped Program (197/171-02)	84.027	2,579,654
Adult Basic Education(197/192-02)	84.002	219,804
Learning and Library Resources- Title VI (Elementary & Secondary Education Act) (197/171/01)	82.298	43,332
Pre-School Incentive	84.173	124,699
Emergency Immigration Assistance Program (197/171-06)	84.162	881,213
Title IIEESA, Teacher Education (197/560-11)	84.281	81,162
Drug Free Schools-Communities Act(1986) (197/171-05)	84.186	62,161
Vocational Education Act - Carl D Perkins PL-101-392	84.048	294,718
Education for Homeless Children & Youth (Stuart B McKinney)	84.196	24,211
Technology Literacy Challenge	84.318	60,996
Goal 2000	84.276	104,689
Education of Independence	17.255	2,932
T 7 K-3 Initiative	84.288	28,094
Reading Excellence	84.338	171,998
Parent/Teen Infant	10.555	25,238
Project SERV	84.184	17,504
ESL/Civics Grant	84.002	107,270
Assist Technology	84.027	998
School to Work Program	17.249	150,310
Title VI Class Size Reduction	83.340	365,964
Refugee School Impact	93.576	23,727
Total State Pass Through Payments		<u>7,475,608</u>
Total Department of Education		<u><u>\$7,475,608</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, 2002

	Federal Catalogue Number	Expenditures
DEPARTMENT OF LABOR		
Pass Through Payments:		
Governor's Employment and Training Department		
Job Training Partnership Act-		
Title III(916/462-01)METROTECH	17.250	<u>\$372,575</u>
Total JTPA Grant Programs		<u>372,575</u>
Equal Employment Opportunity Commission	16.101	
Department of Social Services		
Work Investment Act		
WIA-Adult	17.258	423,786
WIA-Youth	17.259	316,969
WIA-Dislocated	17.260	205,627
WIA-Rapid Response	17.260	73,186
H-1B Technical Skills Training	17.261	1,523,577
Food Stamps Employment and Training (FSET)	17.261	61,994
National Emergency Grant	17.260	508,016
Welfare-to-Work	17.253	<u>203,681</u>
Total Department of Social Services		<u>3,316,836</u>
Department for the Aging		
Senior Community Services Employment		
Program-Title V, OAA(163/455-04)	17.235	<u>33,546</u>
Total Department of Labor		<u><u>\$3,722,957</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, 2002

	Federal Catalogue Number	Expenditures
DEPARTMENT OF AGRICULTURE		
Direct Federal Payments:		
Food Stamps Program-		
Cash Issuance Demonstration(F62-052)	10.551	\$ 278,061
		<u>278,061</u>
Pass Through Payments:		
Department of Education-		
National School Lunch Program		
(197/457-02)	10.555	2,513,967
Dept. Agriculture and Consumer Services		
USDA Donated Commodities	10.555	204,291
WIC Grant	10.557	395,275
Administrative Matching Grants for Food Stamps	10.561	1,356,214
Department for the Aging		
Older Americans Act Title III USDA		
(163/457-02)	10.570	<u>20,534</u>
Total Pass Through Payments		<u>4,490,281</u>
Total Department of Agriculture		<u><u>\$4,768,342</u></u>
DEPARTMENT OF JUSTICE		
Direct Federal Payments:		
Seized Assets	16.000	\$86,239
Metropolitan Area Task Force (MATF)	16.000	1,996,045
High Intensity Drug Trafficking Area (HIDTA)	16.000	5,667,250
High Intensity Drug Residential Treatment	16.000	144,812
Community Policing Grant	16.710	344,192
Local Law Enforcement Block Grant	16.710	<u>131,720</u>
Total Department of Justice		<u><u>\$8,370,258</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, 2002

	Federal Catalogue Number	Expenditures
OTHER FEDERAL ASSISTANCE		
Direct Federal Payments:		
Air Force Junior Reserve Officer Training	12.000	\$44,237
PL103-382 Bilingual Education Act	84.288	52,095
Gear up Program	84.334	<u>542,063</u>
Total Direct Federal Payments		<u>638,395</u>
Pass Through Payments:		
Department of Fire Programs		
Emergency Management Assistance (127/701-04 & 960/728-07)	83.503	<u>20,860</u>
Total State Pass Through Payments		<u>20,860</u>
Total Other Federal Assistance		<u>659,255</u>
TOTAL FEDERALLY ASSISTED PROGRAMS		<u><u>\$49,734,309</u></u>

See accompanying notes to Schedule of Federal Awards.

ARLINGTON COUNTY, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2002

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.

**ARLINGTON COUNTY, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2002**

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:

HHS – Social Services
Block Grant (Purchased
Services)(765/453-01)
(CFDA #93.667)

HUD – Community
Development Block Grants
(CFDA # 14.218)

HUD- Section 8 Voucher
Program (CFDA # 14.871)

DOE – Public Law 94-142
Handicapped Program and
Pre-School Incentive
(CFDA # 84.027 and 84.173)

DOL-H-1B Technical Skills
Training (CFDA # 17.261)

Dollar threshold used to distinguish between Type A and Type B programs: 1,492,029

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