

## GLOSSARY

ACVS	Arlington Convention and Visitors Service
ADA	Americans with Disabilities Act
AFDC	Aid to Families with Dependent Children
AHC	Arlington Housing Corporation
AID TO LOCALITIES	Financial assistance in the form of grants, reimbursements for personnel services, local portions of fee and tax revenues, and any other monies allocated to local jurisdictions by the Commonwealth of Virginia.
ALLOCATE	To set apart or earmark for a specific purpose.
APPROPRIATION	A legal authorization approved by the County Board to expend or obligate a specific level of funds for an approved program. The County Board appropriates funds for programs by department or agency, and the County Manager has the authority to approve transfer of funds within a department or agency. The County Board sets an initial appropriation for each fiscal year and then may amend that appropriation during the course of the fiscal year, as it deems necessary (see Supplemental Appropriation).
ARLINGTON CAREs	An initiative to encourage all County employees to consistently deliver high quality customer service. The standards focus on communication, awareness, respect, and successful execution of County services.
ASSESS OR ASSESSMENT	(1) As a verb, the process of making the official valuation of property for purposes of taxation. (2) As a noun, the value set for a particular piece of property by the assessor.
AUTHORIZED FTEs	The full count of staff positions approved by the County Board.
BALANCED BUDGET	The County Manager annually proposes, and the County Board adopts, a budget or financial plan for the upcoming year in which the revenues available (including any available fund balance from prior years) match or exceed the projected expenditures. The County also executes the budget each year so that expenditures will not exceed revenues.
BASE BUDGET	Terminology used in the Proposed Budget document referring to the budget as proposed by the County Manager. It does not include Program Change Proposals, Strategic Initiatives or Policy Priorities that have not been funded within the base budget.

---

BID	Business Improvement District. A designated portion of the County in which the property owners are levied a special tax assessment to fund improvements and enhancements in that area. The first BID to be designated was in Rosslyn in 2002. A second BID in Crystal City was designated in 2006, and a third in Ballston was established in January 2011.
BOND FINANCING	Refers to the method of financing capital improvement projects. Arlington County generally sells capital improvement general obligation bonds. The bonds are issued for a 20-year period and repaid on a level principal basis. Arlington County must seek voter approval to issue general obligation bonds in November of even-numbered calendar years.
BPOL	Business, Professional, and Occupational License tax.
BUDGET	A specific plan which identifies a plan of operations for the fiscal year, states the expenditures required to meet that plan of operations, as well as identifies the revenues necessary to finance the plan. The annual County budget is established by County Board resolution.
BUDGET GUIDELINE	The explicit dollar amount given to each department or agency for its operating budget ceiling. The budget guidelines are calculated initially by the Department of Management and Finance (DMF), and approved and agreed upon by each department or agency. Each guideline is developed considering the issues facing the department as well as the overall financial position of the County government.
BUDGET PLANNING ESTIMATE	Budget guidance founded upon projected revenues, established by the County Board, directing the County Manager's preparation of the Proposed Budget, including a transfer for the School Board.
BUDGET REDUCTION	Items, programs, or positions specifically identified within a department or division which have been removed from the department or division's base budget to generate savings to the General Fund or other funds. Budget reductions may also be achieved through revenue increases, which reduce the reliance on net tax support.
CAFR	Comprehensive Annual Financial Report – the County's annual audit report.
CAP	Commuter Assistance Program
CAPITAL PROJECT	Purchase or construction of an item or system that generally has a value of at least \$100,000 and has a useful life of 10 years, or purchase of an information technology system enhancement with a value of at least \$25,000.
CARRYOVER	Refers to the process of transferring specific funds, encumbrances, and obligations previously approved by the Board from the end of one fiscal year to the next fiscal period.

---

CDBG	Refers to the Community Development Block Grant program funded by the United States Department of Housing and Urban Development (HUD) to improve the housing, neighborhood, and economic conditions of Arlington County's low and moderate income residents through a comprehensive approach to planning and implementing programs and activities.
CHARGE OUT/BACK	Refers to the process by which departments assess the costs that pertain to capital project design and implementation contained in their budgets to pay-as-you-go and bond funds. This procedure removes the expense from the department's budget.
CIP	Capital Improvement Program
COLA	Cost of Living Adjustment
CONSTITUTIONAL OFFICES	Refers to the offices or agencies directed by elected officials whose positions are established by the Constitution of the Commonwealth of Virginia or its statutes. In Arlington, the Sheriff, Treasurer, Commissioner of Revenue, Clerk of the Circuit Court, and Commonwealth's Attorney are the five Constitutional Officers.
CONTINGENT	Funds set aside to provide for unforeseen expenditures or new projects initiated after the fiscal year has begun, e.g., General Fund General Contingent or Affordable Housing Investment Fund Contingent.
COOP BUDGET	Referring to the State Cooperative Health Budget, it is a revenue paid to the County by the Virginia Department of Health as set forth in the contract for the local administration of health services.
CPI	Consumer Price Index. This measure, which is produced by the United States Bureau of Labor Statistics, estimates the average price of consumer goods and services purchased by households.
CRITICAL MEASURE	A type of outcome measure that indicates how well a program is performing key services to achieve program goals and objectives.
CSA	Comprehensive Services Act for Youth and Families
CSB	Community Services Board (also known as the ACSB, Arlington Community Services Board). A County Board appointed board which has by authority of the code of Virginia oversight over mental health, intellectual disability and substance abuse services in the County.
CY	Calendar Year
DEA	Drug Enforcement Agency
DCPHD	Department of Community Planning, Housing and Development
DEBT SERVICE	The amount of principal and interest that the County pays on its bond financing.

---

DEPARTMENT	An entity, such as the Department of Human Services, that coordinates services in a particular area.
DES	Department of Environmental Services
DHS	Department of Human Services
DMF	Department of Management and Finance
DPR	Department of Parks and Recreation (formerly call the Department of Parks, Recreation and Cultural Resources – PRCR)
DTS	Department of Technology Services (formerly OTIS, Office of Technology and Information Services)
ELIMINATED FTE	A full-time equivalent position specifically identified within a department or division which has been removed from the department or division's base budget, reducing the authorized staffing level.
ENCUMBRANCES	Funds set aside to pay for contracted goods and services. Encumbrances represent the dollar amount to be paid upon completion of the contract.
ENTERPRISE FUND	Enterprise funds are used to account for the financing of services to the general public where the operating expenses involved are usually recovered in the form of charges to users. The Utilities Fund and the Development Fund are the County's two primary enterprise funds.
EXPENDITURES	Outflows of cash or liabilities incurred as a result of rendering services or carrying out other activities that constitute the entity's ongoing or major operations.
FAMIS	Family Access to Medical Insurance Security Plan, a Virginia program to provide medical coverage for low-income children without medical benefits.
FISCAL YEAR	In Arlington County, the 12 months beginning July 1 and ending the following June 30th. (The federal government's fiscal year begins October 1.)
FRINGE BENEFITS	The fringe benefit expenditures included in the budget are the County's share of the costs above base salary for employees, due to additional benefits provided or federally mandated costs. Major fringe benefits provided by Arlington County include: retirement, FICA, health insurance, life insurance and transit subsidies. The amount of the fringe benefit is based on a percentage of an employee's salary or a set amount. Other County benefits include unemployment and worker's compensation and disability insurance. Fringe benefits costs are borne by the County and the employee in most cases.

---

FROZEN FTE	In order to meet guideline reductions, some departments elect to hold positions vacant for the coming fiscal year. In doing this, the authorization for the position remains with the department, but the dollars needed to fund the position have been removed from the base budget.
FULL-TIME EQUIVALENT (FTE)	The measure of authorized personnel. It is calculated by equating 2,080 hours of work per year (2,912 for uniformed firefighters) with the full time equivalent of one position (referred to in the budget as an FTE).
FUND	A separate accounting unit comprised of its own specific revenues and expenditures, and assets and liabilities. Each fund in the County's accounting structure is established to segregate a particular set of fiscal activities. Separate funds, established by the County, include the General Fund, which is the general operating fund of the County and is used to account for general government revenues and expenditures; the School Operating Fund, which details revenues and expenditures for the County's public school system; and the Utilities Fund, which details the fiscal activities of the County's water, sewer, and wastewater treatment plant. Other funds are established to isolate capital expenditures as well as inter-governmental service organizations, which sell their services (as would private enterprise) to other County agencies.
FUND BALANCE	The balance of resources remaining at the end of a fiscal year, calculated by taking the beginning balance as of the beginning of the fiscal year, adding in all revenues received during the year, and subtracting that year's expenditures. Fund balance is available to support the spending needs of the fund.
FUNDED FTEs	The number of full-time equivalent positions for which the resources to support the positions have been included in the budget. The count of funded FTEs is calculated as the number of authorized FTEs less the number of frozen FTEs.
FUND TRANSFER	Movement of resources from one fund to another, which is authorized by the County Board. This is primarily done between the General Fund and other operating funds, for example, General Fund transfer to the Automotive Equipment Fund for new vehicles authorized by the County Board.
FY	Fiscal Year
GENERAL FUND (GF)	A fund type used to account for the ordinary operations of County government that are financed from taxes and other general revenues and are not accounted for in other funds. This is the most important fund in the Arlington County budget, and it is comprised primarily of local tax revenues and fees.
GRANICUS	A public hearing management system that was implemented in the County in April 2007. The system integrates the live web-casting of County Board meetings, access to meeting material, and the annotation of meeting minutes.

---

GRANTS	Contributions or gifts of cash or other assets from another government or private entity to be used or expended for a specified purpose or activity.
GRAMS	The Government Response and Memorandum System is a workflow tracking system that allows the County Board to communicate with County departments and employees through the County Manager. GRAM responses are used to both answer residents' questions and to inform all Board members on community issues.
HB 599	State law enforcement aid for localities with Police departments
HIV	Human Immunodeficiency Virus
HOME	The HOME Investment Partnership Act, a federal housing program.
HRD	Human Resources Department
HUD	U. S. Department of Housing and Urban Development
INDIRECT COST	Expenditures that are required in the production of a good or service which cannot be directly traceable to the good or service.
INTERNAL SERVICE FUNDS	Funds established to finance and account for services furnished by a designated County agency to other agencies, where the service is provided on a cost reimbursement basis. Internal Service Funds include Printing and Automotive Equipment.
JTPA	Job Training Partnership Act
LINE OF BUSINESS	A subset of a County department that has a uniquely identifiable budget, staff, and function.
LIVING WAGE	The living wage is a strategy used to raise the incomes of low-paid employees to a level sufficient to provide adequate food, housing, and health care. Arlington implemented a living wage policy for County employees and certain contractors in FY 2004. The living wage rate is reviewed on an annual basis as part of the budget process.
LPACAP	Local Public Assistance Cost Allocation Plan
MARKET PAY ADJUSTMENT	An overall increase in the County's employee pay scale, expressed on a percentage basis, based on an assessment of the County's pay scale in relation to other area jurisdictions.
MASTER LEASE	Financing mechanism to acquire equipment, rolling stock, furniture and technology purchases that have useful lives ranging from three to ten years.

MC	Maintenance Capital, previously called Capital Assets Preservation Program (CAPP), is funded through the capital portion of the budget. This is a program intended to prolong the useful life of existing capital assets by ensuring they are maintained, updated and renewed as necessary.
METRO	Washington Metropolitan Area Transit Authority
MISSION STATEMENT	A short, succinct statement that describes why a program or department exists.
NEIGHBORHOOD CONSERVATION (NC)	The Neighborhood Conservation Program provides a mechanism for funding capital projects to address the needs of participating County neighborhoods. The Program is overseen by the Neighborhood Conservation Advisory Committee (NCAC), made up of representatives from all participating neighborhoods.
NEIGHBORHOOD TRAFFIC CALMING (NTC)	A program to manage the volume and speed of traffic in residential areas in the County. Projects are selected by the Neighborhood Traffic Calming Committee (NTCC), whose members are appointed by the County Board.
NET TAX SUPPORT (NTS)	The amount of local taxes required to finance a particular program or set of programs. The net tax support is determined by subtracting all state and federal aid, fees, charges and other directly attributable revenues from the total cost of the program or set of programs.
NON-PERSONNEL EXPENSES	See "Operating Expenses"
NSA	Neighborhood Strategy Area
OBJECTIVE	Refers to a strategic position to be attained or a purpose to be achieved.
OEM	Office of Emergency Management
OPERATING EXPENSES	Includes the cost of contractual services, supplies, and materials and equipment. Also referred to as Non-Personnel Expenses.
OPERATING RESERVE	A portion of County revenues that are received and set aside for use in financing unforeseen major revenue shortfalls.
OUTCOME MEASURE	Results oriented measure that demonstrates the achievement of a department or program's mission.
PAY-AS-YOU-GO (PAYG)	Refers to the method of financing capital projects. The Pay-As-You-Go Capital projects are funded from annual appropriations as part of the adopted operating budget.
PERFORMANCE MEASURES	A listing of a department, division, or program's measures that reflect information pertaining to relative overall outcomes or customer, process, financial, or work force measurements.

---

PERSONAL PROPERTY	A category of property, other than real estate, identified for purposes of taxation. It is comprised of personally owned vehicles as well as corporate property and business equipment. Examples include automobiles, motorcycles, trailers, boats, airplanes, business furnishings, and manufacturing equipment. Goods held for sale by manufacturers, wholesalers, or retailers are not included in this category.
PERSONNEL EXPENSES	Refers to the costs of salaries, wages, and fringe benefits such as the employer's share of retirement contributions, Social Security (FICA) contributions, health insurance, life insurance, and employee transit subsidies.
POLICY PRIORITY	Program enhancements identified by the County Manager for County Board consideration as part of the proposed budget. These are not funded within the base budget but are proposed as options to add to the base budget. Also referred to in some years as "Program Change Proposals."
PRODUCTIVITY/EFFICIENCY SAVINGS	Items, programs, and tasks identified by each department or agency that have been altered or eliminated to produce a more efficient use of resources.
PROGRAM	A part of an organization with definable and unique functions, goals, or objectives. Two examples are the Residential Refuse Collection Program within the Department of Environmental Services and the Madison Adult Day Health Care Center within the Department of Human Services.
PROGRAM CHANGE PROPOSAL (PCP)	A policy or program alternative (representing a change from current operations) identified by the County Manager for County Board consideration. PCPs are not included as recommended items financed within the base budget; rather, these proposals are options to add or subtract from the budget as proposed. Also referred to in some years as "Policy Priorities" or "Strategic Initiatives."
PROGRAM GOAL	A general statement of purpose. A goal provides an operating framework for each program unit and reflects realistic constraints upon the unit providing the service.
PSC	Public Service Corporation
REAL PROPERTY	Real estate, including land and improvements (buildings, fences, pavements, etc.) classified for purposes of assessment.
REVENUE	Income that Arlington County collects and receives into the treasury for public use. Taxes, fees for services, and grants are sources of revenue, for example.
REVISED BUDGET	A presentation of the budget sometimes used for comparative purposes, which includes the budget adopted by the County Board, plus specific supplemental appropriations approved by the Board during the course of the fiscal year.

SPECIAL REVENUE FUND	Funds established to segregate resources restricted to expenditures for a specific purpose. The Rosslyn Business Improvement District fund is an example of a special revenue fund.
SSI	Supplemental Security Income
STATE SHARE	Revenue in the Department of Human Services which flows through a variety of state agencies to the County in support of human service programs. The funding may originate as state or federal funds, but all comes through the state, often on a block grant or formula basis.
STRATEGIC OPTIONS	Options presented by the County Manager for County Board consideration as part of the proposed budget which would support new program initiatives or new ways of doing business. Funding is not included in the base proposed budget but identified as a possible addition to the budget. Also referred to in some years as "Program Change Proposals."
SUPPLEMENTAL APPROPRIATION	An increase to a department's budget (spending authority) approved by the County Board during the course of the fiscal year. It generally involves appropriation of a grant or other outside revenue.
SUPPORTING MEASURE	A type of output measure that indicates the amount of services a program provides and supports the achievement of critical measures. Outputs are the amount of services a program provides. These services support the program achieving its desired results or the outcome.
TANF	Temporary Assistance for Needy Families
TAX BASE	The total market value of real property (land, buildings, and related improvements), public service corporation property, and personal property (cars, boats, and business tangible equipment) in the County.
TAX RATE	The level of taxation stated in dollars. For example, the adopted 2011 real estate tax rate of \$0.945 per \$100 of assessed valuation (excluding the stormwater tax) on a \$510,200 house would result in a real estate tax bill of \$4,821 per year ( $\$510,200 \times .00945 = \$4,821$ ).
TRUST AND AGENCY ACCOUNT	Accounts used for contributions from private donors and other miscellaneous sources which are restricted for various purposes. Funds in these accounts are not reflected in the County's operating budget.
VIEW	Virginia Initiative for Employment Not Welfare Program
WORKLOAD MEASURES	Represent the numerical inputs, outputs and/or outcomes of County operating programs.

**GOVERNMENTAL FUNDS' SUMMARIES**

book 350

	General Operating Fund <sup>1</sup>			Other Funds <sup>2</sup>			Total Government Funds		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
<b>BEGINNING BALANCE</b>	\$191,459,163	\$317,729,524	\$317,729,524	\$211,225,856	\$54,118,893	\$60,386,178	\$402,685,019	\$371,848,417	\$378,115,702
<b>REVENUES</b>									
Real Estate Tax	\$559,114,687	\$581,557,977	\$601,179,830				\$559,114,687	\$581,557,977	\$601,179,830
Personal Property Tax	100,928,066	99,152,359	105,052,147				100,928,066	99,152,359	105,052,147
BPOL Tax	61,939,212	61,520,000	60,520,000				61,939,212	61,520,000	60,520,000
Sales Tax	38,630,486	38,519,000	40,900,000				38,630,486	38,519,000	40,900,000
Transient Tax	21,789,115	21,845,000	21,800,000				21,789,115	21,845,000	21,800,000
Utility Tax	11,947,382	12,930,000	11,700,000				11,947,382	12,930,000	11,700,000
Consumption Usage Tax	781,684	800,000	750,000				781,684	800,000	750,000
Meals Tax	33,409,537	32,804,000	34,700,000				33,409,537	32,804,000	34,700,000
Communications Tax	7,552,604	7,800,000	7,800,000				7,552,604	7,800,000	7,800,000
Other Local Taxes	18,358,988	16,390,000	17,525,000				18,358,988	16,390,000	17,525,000
<b>Subtotal Taxes</b>	<b>854,451,761</b>	<b>\$873,318,336</b>	<b>901,926,977</b>				<b>854,451,761</b>	<b>873,318,336</b>	<b>901,926,977</b>
Licenses, Permits and Fees	10,606,116	9,990,755	10,411,637				\$10,606,116	\$9,990,755	\$10,411,637
Fines, Interest, Other	118,800,571	35,086,493	28,360,668				118,800,571	35,086,493	28,360,668
Charges for Services	50,988,156	48,774,567	51,057,541				50,988,156	48,774,567	51,057,541
Miscellaneous	16,679,819	1,703,610	1,321,244				16,679,819	1,703,610	1,321,244
Revenue from State	67,385,984	63,671,218	63,480,289				67,385,984	63,671,218	63,480,289
Revenue from Federal Govt.	21,088,340	16,828,997	14,506,102				21,088,340	16,828,997	14,506,102
<b>Subtotal Other</b>	<b>285,548,986</b>	<b>176,055,640</b>	<b>169,137,481</b>				<b>285,548,986</b>	<b>176,055,640</b>	<b>169,137,481</b>
<b>TOTAL REVENUES</b>	<b>1,140,000,747</b>	<b>1,049,373,976</b>	<b>1,071,064,458</b>	<b>243,231,379</b>	<b>196,732,761</b>	<b>201,158,136</b>	<b>1,383,232,126</b>	<b>1,246,106,737</b>	<b>1,272,222,594</b>
TRANSFERS IN	780,961	2,735,755	2,736,518	48,240,679	23,693,670	29,917,057	49,021,640	26,429,425	32,653,575
<b>TOTAL BALANCE &amp; REVENUES &amp; TRANSFERS IN</b>	<b>\$1,332,240,871</b>	<b>\$1,369,839,255</b>	<b>\$1,391,530,500</b>	<b>\$337,467,390</b>	<b>\$247,886,357</b>	<b>\$257,079,167</b>	<b>\$1,669,708,261</b>	<b>\$1,617,725,612</b>	<b>\$1,648,609,667</b>
<b>EXPENDITURES</b>									
Operating Expenses	\$548,049,676	\$539,556,328	\$547,085,400	\$190,995,378	\$177,656,200	\$187,250,086	\$739,045,054	\$717,212,528	\$734,335,486
Metro Operations	24,510,207	25,475,000	28,194,000				24,510,207	25,475,000	28,194,000
Capital Outlay	28,980,839	12,263,133	15,721,204				28,980,839	12,263,133	15,721,204
Contingents - General/Other	-	1,268,912	250,000				-	1,268,912	250,000
Contingents - Housing Fund	-	9,480,623	9,480,623				-	9,480,623	9,480,623
<b>Subtotal</b>	<b>601,540,722</b>	<b>588,043,996</b>	<b>600,731,227</b>	<b>190,995,378</b>	<b>177,656,200</b>	<b>187,250,086</b>	<b>792,536,100</b>	<b>765,700,196</b>	<b>787,981,313</b>
Debt Service	53,898,417	57,318,896	60,600,000	35,825,675	37,653,809	37,026,465	89,724,092	94,972,705	97,626,465
<b>Subtotal County</b>	<b>655,439,139</b>	<b>645,362,892</b>	<b>661,331,227</b>	<b>226,821,053</b>	<b>215,310,009</b>	<b>224,276,551</b>	<b>882,260,192</b>	<b>860,672,901</b>	<b>885,607,778</b>
Schools Transfer <sup>3</sup>	358,498,413	406,574,636	411,132,388				358,498,413	406,574,636	411,132,388
<b>Subtotal Schools</b>	<b>358,498,413</b>	<b>406,574,636</b>	<b>411,132,388</b>				<b>358,498,413</b>	<b>406,574,636</b>	<b>411,132,388</b>
<b>TOTAL EXPENDITURES</b>	<b>1,013,937,552</b>	<b>1,051,937,528</b>	<b>1,072,463,615</b>	<b>226,821,053</b>	<b>215,310,009</b>	<b>224,276,551</b>	<b>1,240,758,605</b>	<b>1,267,247,537</b>	<b>1,296,740,166</b>
TRANSFERS OUT	573,795	172,203	195,853	18,770,924	11,388,334	14,130,000	19,344,719	11,560,537	14,325,853
<b>TOTAL EXP. &amp; TRANSFERS</b>	<b>\$1,014,511,347</b>	<b>\$1,052,109,731</b>	<b>\$1,072,659,468</b>	<b>\$245,591,977</b>	<b>\$226,698,343</b>	<b>\$238,406,551</b>	<b>\$1,260,103,324</b>	<b>\$1,278,808,074</b>	<b>\$1,311,066,019</b>
<b>ENDING BALANCE</b>	<b>\$317,729,524</b>	<b>\$317,729,524</b>	<b>\$318,871,032</b>	<b>\$155,290,159</b>	<b>\$47,846,981</b>	<b>\$53,054,820</b>	<b>\$473,019,683</b>	<b>\$365,576,505</b>	<b>\$371,925,852</b>

Footnotes:

<sup>1</sup> Certain portions of fund balance have been reserved or designated by the County Board for specific purposes (See CAFR).

<sup>2</sup> Revenue and expenditure detail for Other Funds can be found in the fund statements contained in the Enterprise, Special Revenue and Internal Service Fund section of this budget book.

<sup>3</sup> The FY 2013 Adopted Schools Transfer reflects \$1,456,088 appropriated to the Schools for Virginia Retirement System obligations.

web 892

**GOVERNMENTAL FUNDS' SUMMARIES**

book 351

	Travel & Tourism Fund			Rosslyn Business Improvement District			Crystal City Business Improvement District		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
BEGINNING BALANCE	\$343,122	\$87,232	\$ -	\$194,432	\$128,362	\$125,443	\$69,312	\$44,222	\$37,182
TOTAL REVENUES	\$523,744	-	-	\$3,145,636	\$3,536,514	\$3,630,847	\$2,269,798	\$2,606,340	\$2,591,803
TRANSFERS IN	247,000	-	-	-	-	-	-	-	-
TOTAL BALANCE & REVENUES & TRANSFERS IN	\$1,113,866	\$87,232	-	\$3,340,068	\$3,664,876	\$3,756,290	\$2,339,110	\$2,650,562	\$2,628,985
EXPENDITURES									
Operating Expenses	862,155	-	-	3,210,181	3,536,514	3,630,847	2,294,733	2,606,340	2,591,803
Debt Service									
TOTAL EXPENDITURES	862,155	-	-	3,210,181	3,536,514	3,630,847	2,294,733	2,606,340	2,591,803
TRANSFERS OUT	-	-	-	-	-	-	-	-	-
TOTAL EXP. & TRANSFERS	\$862,155	-	-	\$3,210,181	\$3,536,514	\$3,630,847	\$2,294,733	\$2,606,340	\$2,591,803
ENDING BALANCE	\$251,711	\$87,232	\$ -	\$129,887	\$128,362	\$125,443	\$44,377	\$44,222	\$37,182

web 893

	Community Development Fund			Section 8 Fund			Utilities Fund		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
BEGINNING BALANCE	\$ -	\$ -	\$ -	\$4,964,289	\$5,608,730	\$2,731,146	\$36,482,728	\$21,744,920	\$26,380,233
TOTAL REVENUES	\$1,936,718	\$1,243,325	\$1,243,325	\$16,366,330	\$17,519,400	\$18,469,071	\$94,095,027	\$94,777,059	\$95,526,202
TRANSFERS IN	-	-	-	-	-	-	-	-	-
TOTAL BALANCE & REVENUES & TRANSFERS IN	\$1,936,718	\$1,243,325	\$1,243,325	\$21,330,619	\$23,128,130	\$21,200,217	\$130,577,755	\$116,521,979	\$121,906,435
EXPENDITURES									
Operating Expenses	1,936,718	1,243,325	1,243,325	17,738,460	17,883,678	18,240,094	46,302,715	52,573,876	53,600,015
Debt Service							33,751,593	35,234,849	34,644,425
TOTAL EXPENDITURES	1,936,718	1,243,325	1,243,325	17,738,460	17,883,678	18,240,094	80,054,308	87,808,725	88,244,440
TRANSFERS OUT	-	-	-	-	-	-	18,340,924	11,258,334	14,000,000
TOTAL EXP. & TRANSFERS	\$1,936,718	\$1,243,325	\$1,243,325	\$17,738,460	\$17,883,678	\$18,240,094	\$98,395,232	\$99,067,059	\$102,244,440
ENDING BALANCE	\$ -	\$ -	\$ -	\$3,592,159	\$5,244,452	\$2,960,123	\$32,182,523	\$17,454,920	\$19,661,995

**GOVERNMENTAL FUNDS' SUMMARIES**

book 352

	Automotive Equipment Fund			Printing Fund			Ballston Business Improvement District		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
<b>BEGINNING BALANCE</b>	\$9,085,293	\$2,804,534	\$2,963,681	\$103,585	\$72,657	\$120,619	\$ -	\$24,160	\$46,921
<b>TOTAL REVENUES</b>	\$17,512,126	\$15,846,555	\$19,015,108	\$1,908,747	\$1,425,200	\$1,380,601	\$1,234,912	\$1,482,632	\$1,524,736
<b>TRANSFERS IN</b>	886,182	502,500	-	155,421	172,203	195,853	-	-	-
<b>TOTAL BALANCE &amp; REVENUES &amp; TRANSFERS IN</b>	\$27,483,601	\$19,153,589	\$21,978,789	\$2,167,753	\$1,670,060	\$1,697,073	\$1,234,912	\$1,506,792	\$1,571,657
<b>EXPENDITURES</b>									
Operating Expenses	\$20,999,492	\$15,973,629	\$17,742,477	\$2,051,466	\$1,593,071	\$1,571,647	1,210,643	1,482,632	1,524,736
Debt Service									
<b>TOTAL EXPENDITURES</b>	20,999,492	15,973,629	17,742,477	2,051,466	1,593,071	1,571,647	1,210,643	1,482,632	1,524,736
<b>TRANSFERS OUT</b>	130,000	130,000	130,000	-	-	-	-	-	-
<b>TOTAL EXP. &amp; TRANSFERS</b>	\$21,129,492	\$16,103,629	\$17,872,477	\$2,051,466	\$1,593,071	\$1,571,647	\$1,210,643	\$1,482,632	\$1,524,736
<b>ENDING BALANCE</b>	\$6,354,109	\$3,049,960	\$4,106,312	\$116,287	\$76,989	\$125,426	\$24,269	\$24,160	\$46,921

	Ballston Garage			Ballston Garage - 8th Level			CPHD Development Fund		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
<b>BEGINNING BALANCE</b>	\$10,323,648	\$8,909,396	\$8,907,232	\$683,860	\$941,487	\$595,149	\$9,753,193	\$9,753,193	\$14,478,572
<b>TOTAL REVENUES</b>	\$4,539,964	\$5,040,306	\$5,096,798	\$445,765	\$257,530	\$257,530	\$16,627,632	\$13,807,300	\$13,606,955
<b>TRANSFERS IN</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL BALANCE &amp; REVENUES &amp; TRANSFERS IN</b>	\$14,863,612	\$13,949,702	\$14,004,030	\$1,129,625	\$1,199,017	\$852,679	\$26,380,825	\$23,560,493	\$28,085,527
<b>EXPENDITURES</b>									
Operating Expenses	2,563,228	5,340,389	5,221,804	224,127	67,879	70,076	11,902,253	13,807,300	13,938,898
Debt Service	1,413,109	1,756,960	1,720,040						
<b>TOTAL EXPENDITURES</b>	3,976,337	7,097,349	6,941,844	224,127	67,879	70,076	11,902,253	13,807,300	13,938,898
<b>TRANSFERS OUT</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL EXP. &amp; TRANSFERS</b>	\$3,976,337	\$7,097,349	\$6,941,844	\$224,127	\$67,879	\$70,076	\$11,902,253	\$13,807,300	\$13,938,898
<b>ENDING BALANCE</b>	\$10,887,275	\$6,852,353	\$7,062,186	\$905,498	\$1,131,138	\$782,603	\$14,478,572	\$9,753,193	\$14,146,629

web 894

**GOVERNMENTAL FUNDS' SUMMARIES**

book 353

	Transportation Capital Fund			Stormwater Fund			Crystal City TIF		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
<b>BEGINNING BALANCE</b>	<b>\$40,673,557</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$12,472,847</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b>\$41,006,716</b>	<b>\$24,000,000</b>	<b>\$23,862,600</b>	<b>\$7,895,616</b>	<b>\$8,000,000</b>	<b>\$8,002,000</b>	<b>\$1,520,190</b>	<b>\$3,550,600</b>	<b>\$2,289,560</b>
<b>TRANSFERS IN</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL BALANCE &amp; REVENUES &amp; TRANSFERS IN</b>	<b>\$81,680,273</b>	<b>\$26,500,000</b>	<b>\$26,362,600</b>	<b>\$20,368,463</b>	<b>\$9,500,000</b>	<b>\$9,502,000</b>	<b>\$1,520,190</b>	<b>\$3,550,600</b>	<b>\$2,289,560</b>
<b>EXPENDITURES</b>									
Operating Expenses	10,157,329	23,338,000	23,200,600	6,127,132	8,000,000	8,002,000	-	3,550,600	2,289,560
Debt Service	660,973	662,000	662,000						
<b>TOTAL EXPENDITURES</b>	<b>10,818,302</b>	<b>24,000,000</b>	<b>23,862,600</b>	<b>6,127,132</b>	<b>8,000,000</b>	<b>8,002,000</b>	<b>-</b>	<b>3,550,600</b>	<b>2,289,560</b>
<b>TRANSFERS OUT</b>	-	-	-	<b>300,000</b>	-	-	-	-	-
<b>TOTAL EXP. &amp; TRANSFERS</b>	<b>10,818,302</b>	<b>\$24,000,000</b>	<b>\$23,862,600</b>	<b>6,427,132</b>	<b>\$8,000,000</b>	<b>\$8,002,000</b>	<b>-</b>	<b>\$3,550,600</b>	<b>\$2,289,560</b>
<b>ENDING BALANCE</b>	<b>\$70,861,971</b>	<b>\$2,500,000</b>	<b>\$2,500,000</b>	<b>\$13,941,331</b>	<b>\$1,500,000</b>	<b>\$1,500,000</b>	<b>\$1,520,190</b>	<b>\$ -</b>	<b>\$ -</b>

	Utilities Fund Capital			General Capital - PAYG		
	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed	FY 2012 Actual	FY 2013 Adopted	FY 2014 Proposed
<b>BEGINNING BALANCE</b>	<b>\$39,158,945</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$46,917,045</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL REVENUES</b>	<b>\$12,877,908</b>	<b>\$3,640,000</b>	<b>\$4,661,000</b>	<b>\$19,324,550</b>	<b>-</b>	<b>-</b>
<b>TRANSFERS IN</b>	<b>17,671,116</b>	<b>10,755,834</b>	<b>14,000,000</b>	<b>29,280,960</b>	<b>12,263,133</b>	<b>15,721,204</b>
<b>TOTAL BALANCE &amp; REVENUES &amp; TRANSFERS IN</b>	<b>\$69,707,969</b>	<b>\$14,395,834</b>	<b>\$18,661,000</b>	<b>\$95,522,555</b>	<b>\$12,263,133</b>	<b>\$15,721,204</b>
<b>EXPENDITURES</b>						
Operating Expenses	25,618,116	14,395,834	18,661,000	37,796,630	12,263,133	15,721,204
Debt Service	-	-	-			
<b>TOTAL EXPENDITURES</b>	<b>25,618,116</b>	<b>14,395,834</b>	<b>18,661,000</b>	<b>37,796,630</b>	<b>12,263,133</b>	<b>15,721,204</b>
<b>TRANSFERS OUT</b>	-	-	-			
<b>TOTAL EXP. &amp; TRANSFERS</b>	<b>\$25,618,116</b>	<b>\$14,395,834</b>	<b>\$18,661,000</b>	<b>\$37,796,630</b>	<b>\$12,263,133</b>	<b>\$15,721,204</b>
<b>ENDING BALANCE</b>	<b>\$44,089,853</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,725,925</b>	<b>\$0</b>	<b>\$0</b>

web 895

**SELECTED FISCAL INDICATORS: FY 2005 - FY 2014**

	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Actual</b>	<b>FY 2011 Actual</b>	<b>FY 2012 Actual</b>	<b>FY 2013 Adopted</b>	<b>FY 2014 Proposed</b>
<b>DOLLARS (IN MILLIONS)</b>										
Total All Operating Funds	\$908.9	\$944.3	\$1,092.7	\$1,253.1	\$1,295.6	\$1,301.4	\$1,256.7	\$1,304.0	\$1,349.1	\$1,390.3
General Fund Expenditures	734.4	780.4	856.1	910.5	924.3	951.1	967.2	1,014.5	1,052.1	1,073.8
State/Federal Revenue	84.2	91.0	89.3	87.3	88.1	86.8	90.7	88.5	80.5	78.0
METRO Operating Subsidy	11.8	13.0	14.7	17.4	18.4	20.5	21.5	24.5	25.5	28.2
County Govt. Debt Service	36.3	37.9	40.8	43.2	46.5	52.3	52.9	53.9	57.3	60.6
School Operating Fund	270.5	294.2	316.1	330.3	356.0	345.8	368.3	365.4	410.0	425.4
Operating Transfer	229.7	247.8	267.6	281.9	307.3	293.4	318.2	317.0	347.8	356.2
School Debt Service (1)	22.9	26.8	27.0	27.3	32.1	31.4	33.2	34.8	41.9	44.7
Utilities Enterprise Fund	39.6	41.7	45.6	59.0	63.2	70.8	76.1	80.1	87.8	88.2
Community Development (CDBG)	2.1	2.3	2.8	3.0	1.7	2.0	2.0	1.9	1.2	1.2
Bonded Indebtedness (2)	501.8	552.7	576.9	641.0	687.7	649.6	741.8	812.1	794.2	825.6
<b>SHARES</b>										
School Operating Fund as a Percentage of Total Funds	29.8%	31.2%	28.9%	26.4%	27.5%	26.6%	29.3%	28.0%	30.4%	30.6%
School Operating Transfer as a Percentage of General Fund	31.3%	31.8%	31.3%	31.0%	33.3%	30.8%	32.9%	31.2%	33.1%	33.2%
Total Debt service as a Percentage of General Fund Expenditures	8.7%	8.8%	8.5%	8.2%	9.0%	8.5%	8.6%	8.1%	8.7%	9.1%
Debt as a Percentage of Est. Actual Property Value (2)	1.4%	1.2%	1.1%	1.2%	1.2%	1.2%	1.1%	1.3%	1.4%	1.5%
<b>PEOPLE</b>										
Resident Population (3)	198,267	201,059	202,800	205,300	206,800	207,600	208,200	212,800	213,800	214,800
At Place Employment (3)	195,205	199,731	204,257	207,023	205,300	207,400	210,200	227,500	229,100	237,000
County FTE's (4)	3,714.4	3,729.2	3,766.7	3,762.1	3,822.2	3,820.6	3,832.5	3,722.1	3,768.5	3,759.5
School Operating Fund FTE's	3,296.1	3,249.0	3,259.2	3,285.5	3,349.3	3,428.5	3,448.8	3,614.2	3,726.6	3,762.5
School Enrollment (5)	18,907	18,381	18,252	18,517	19,534	20,233	21,241	21,841	22,613	23,586

NOTES:

- (1) FY 2005 (\$1.3 million), FY 2006 & FY 2007 (\$1.3 million), and FY 2008 (\$1.5 million) in debt service is included in the Community Activities Fund.
- (2) Includes General and School Debt but excludes debt paid from Enterprise Funds.
- (3) Resident Population and At Place Employment are estimated for FY 2012 and beyond are estimates from DCPHD.
- (4) County FTEs include 102.25 FTEs that are unfunded in FY 2010; and 159.55 that are unfunded in FY 2011.
- (5) School enrollment as of September 30 during the FY; enrollment is projected for the upcoming FY.

## *BUDGET PROCESS*

The County Manager develops budget guidelines for operating departments for the upcoming fiscal year. These guidelines are based, in part, on revenue and expenditure estimates developed by the Department of Management and Finance (DMF), Budget Section. This Section also prepares the necessary instructions and forms for use by departments in preparing budgets, and distributes to the departments budget preparation worksheets. The budget preparation worksheets are part of the County's integrated accounting/purchasing/budget/human resources enterprise resource planning (ERP) program known as PRISM.

Operating departments prepare expenditure and revenue budgets. The DMF Budget Section is chiefly responsible for developing revenue budgets for taxes and other revenues not directly under the control of an operating department.

The County Board develops budget planning estimates which set limits on expenditure levels based on preliminary revenue and expenditure forecasts developed by the Budget Section of DMF. The County Manager is in charge of presenting a proposed budget within the planning estimates established by the County Board.

After proposed budgets are submitted by departments, the DMF Budget Section, the County Manager, the Deputy County Managers and the Executive Leadership Team review and discuss the proposed departmental budgets and, after negotiations, agree on a final amount for presentation to the County Board in the County Manager's proposed budget.

The proposed budget includes a pay-as-you-go capital budget funded from current operations. A multi-year capital improvement program is developed and approved separately from the operating budget. The School Board prepares a separate operations budget, supported to a large degree by transfers from the County's general fund.

The County Board conducts budget work sessions with the departments and advisory commissions and holds public hearings prior to final adoption of the budget for the upcoming fiscal year, and setting of tax rates for the current calendar year.

After adoption, the budget is updated in the budget system and then loaded to the accounting system into a chart of accounts. Annual appropriations are adopted for the general, enterprise, special revenue, capital projects and internal service funds. Appropriations are controlled at the department level in the general fund, although appropriations are loaded to cost center, natural account, project, source of funds and task levels within the department.

The County Board must approve changes to adopted appropriation levels. These changes can be in the form of allocations from previously established contingent accounts, appropriations from new or additional revenues, especially grants from the state or federal government, and from reappropriations from a previous fiscal year. These changes, when approved by the County Board, are loaded to the financial system by doing budget revisions which are approved through DMF, which acts as the control for supplemental appropriations. Approved supplemental appropriations are noted in the County Board minutes for the particular County Board meeting. DMF tracks these adjustments on a balancing spreadsheet.

Operating departments, as well as DMF staff, regularly monitor financial reports and on-line financial tables by comparing actual results to budgeted amounts. Special detailed financial reviews are completed and presented to the County Board at mid-year (mid-year review), third-

quarter (third-quarter review) and at the end of the fiscal year (closeout report). Funds not spent in one fiscal year may be reappropriated in a subsequent fiscal year.

Departments are charged with making sure that approved budget levels reflect any supplemental appropriations approved by the County Board. In addition, with DMF concurrence, funds may be moved within a department's budget as long as the total departmental appropriation is not changed. No County Board approval is required for these internal reallocations.

A graphical representation of the annual budget cycle is shown on the following page.

### **Budgetary Basis:**

The budgets of the general government fund types, which include the General Fund, Special Revenue Funds, and General Capital Projects Funds, are prepared on a modified-accrual basis of accounting. Under this basis, expenditures are recorded when the associated liabilities are incurred, but revenues are generally recognized as soon as they are available. For this purpose, the County considers revenues to be available if they are received within 45 days of the end of the fiscal year.

The Enterprise Funds (such as Utilities, Ballston Public Parking Garage), Internal Service Funds, and Pension Trust Funds are recorded using the accrual basis of accounting - revenues are recorded when earned and expenditures are recorded when the associated liabilities are incurred.

The Comprehensive Annual Financial Report (CAFR) shows the status of the County's finances on the basis of generally accepted accounting principles (GAAP). Effective with Fiscal Year 2002, in order to be in compliance with GAAP, the County is required to display its financial statements in two ways. In one set of statements, the "Government-wide Financial Statements", all funds are reported using the accrual basis of accounting, similar to the Enterprise Funds. In the other set of statements, the "Fund Financial Statements", the governmental fund types (General, Special Revenue Funds, and Capital Projects Funds) are reported using the modified-accrual basis of accounting.

In most cases, the Government-wide financial statements conform to the way the County prepares its budget. Exceptions include the following:

- Depreciation expense is recorded on a GAAP basis only.
- Compensated absence liabilities, expected to be liquidated with expendable available financial resources, are accrued as earned by employees (GAAP) as opposed to being expended when paid (budget).
- Principal payments on long-term debt, within the Enterprise Funds, are applied to the outstanding liability on a GAAP basis as opposed to being expended on a budgetary basis.
- Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expended on a budgetary basis.

## Arlington County, Virginia Annual Budget Cycle and Related Events

	July	August	September	October	November	December	January	February	March	April	May	June	July 1	
<b>Development of Upcoming Year's Budget</b>	Departments verify and update position information in PRISM system	DMF, County Manager develop budget guidance for departments	DMF prepares budget worksheet in PRISM, distributes to Departments.  Departments verify & modify worksheet and prepare supporting material.	Departments submit worksheet and supporting materials to DMF.  County Board gives guidance to County Manager for upcoming budget.	DMF reviews budget submissions from departments, holds internal review meetings, meets with departments.  County Board gives guidance to County Manager for upcoming budget.	County Manager reviews key budget issues, meets with departments, makes final decisions on proposed budget.  Preparation of proposed budget materials begins.		DMF works with County Manager, departments to prepare proposed budget materials.  County Manager presents proposed budget to County Board at February Board meeting	County Board holds work sessions with staff on proposed budget. County Board solicits public comment and input on proposed budget. Fiscal Affairs Advisory Commission reviews proposed budget, participates in County Board budget work sessions. Other commissions and groups review proposed budget. County Board reaches final decisions, adopts budget at April Board meeting.		DMF prepares materials for adopted budget book and posting to County website.	DMF and PRISM team load adopted budget into General Ledger module in PRISM.  Adopted budget materials posted to County website, book completed.		New fiscal year begins
	County Manager solicits public comment and input on upcoming budget													
<b>Closeout of Prior Fiscal Year / Current Year Budget Review</b>		Departments submit requests for carryover PO's, incomplete projects to DMF	DMF reviews carryover requests, develops closeout recommendation for County Manager	County Manager presents closeout report to County Board	County Manager presents closeout report to County Board			Departments submit projections of expense and revenues for the rest of the current year					Fund transfers and other accounting clean-up begin in preparation for fiscal year close	
		Accounting clean-up in preparation for close of fiscal year, including accrual entries						DMF works with the County Manager to develop mid-year review; presented to County Board in March.		3rd Quarter Review presented to County Board				
<b>Capital Improvement Plan (CIP) Activities</b>  NOTE: Pay-As-You-Go included in upcoming year's budget section above	County Board adopts language for upcoming bond referenda (even years)										County Board holds public hearing, work sessions (even years). Various boards and commissions review CIP.	County Board adopts CIP (even years)	NOTE: Date could slide to July	
					Bond referenda (even years).  Staff kick-off of CIP process (odd years).			CIP staff group reviews proposals from departments, makes recommendations to County Manager (even years)		County Manager presents proposed CIP to County Board.				
<b>Other Related Events</b>				Real estate and personal property taxes due on October 5th			Real estate assessments finalized and sent to property owners		Business, professional & occupational license (BPOL) taxes due March 1			Real estate taxes due on June 15th		



## *FINANCIAL AND DEBT MANAGEMENT POLICIES*

### **Budgeting, Planning and Reserves**

**Balanced Budget:** Arlington County will adopt an annual General Fund budget in which the budgeted revenues and expenditures are equal (a balanced budget). Any one-time revenues will be used for one-time, non-recurring expenses such as capital, equipment, special studies, debt reduction and reserve contributions.

**Long-Term Financial Planning:** The County will annually develop a six year forecast of General Fund revenues, expenditures and will maintain a biennially updated, ten-year Capital Improvement Plan (CIP). The ten-year forecast will incorporate projected reserve levels and impact of the CIP on the County's debt ratios.

**General Fund Operating Reserve:** An Operating Reserve will be maintained at no less than three percent of the County's General Fund budget, with a goal of increasing the reserve or reserve-equivalent to five percent of the General Fund budget. The Operating Reserve shall be shown as a designation of total General Fund balance. Appropriations from the Operating Reserve may only be made by a vote of the County Board to meet a critical, unpredictable financial need. A "reserve equivalent" may consist of discretionary funds which have been designated by the County for a non-essential purpose and which the County Board could reallocate for the same purposes as the General Fund Operating Reserve.

**Self-Insurance Reserve:** The County will also maintain a self-insurance reserve equivalent to approximately one to two months' claim payments based on a five-year rolling average.

**General Fund General Contingent:** Each year's budget will include a General Fund General Contingent appropriation to be used to cover unforeseen expense items or new projects initiated after a fiscal year has begun. Funding may be allocated from this contingent only with County Board approval.

**Retirement System Funding:** The County will use an actuarially accepted method of funding its pension system to maintain a fully-funded position. The County's contribution to employee retirement costs will be adjusted annually as necessary to maintain full funding. If the County reaches its actuarial-required contribution (defined as County and employee contributions that when expressed as a percent of annual covered payroll are sufficient to accumulate assets to pay benefits when due), the County may reduce its contribution provided that the amount reduced from the annual actuarial requirement will only be used for one-time, non-recurring expenses in order to provide the ability to increase contributions as may be required by future market conditions.

**Other Post-Employment Benefits (OPEB) Funding:** The County will use an actuarially accepted method of funding its other post-employment benefits to maintain a fully-funded position. The County's contribution to other post-employment benefit costs will be adjusted annually as necessary to maintain full funding. If the County reaches its actuarial-required contribution (defined as County and employee contributions that when expressed as a percent of annual covered payroll are sufficient to accumulate assets to pay benefits when due), the County may reduce its contribution provided that the amount reduced from the annual actuarial requirement will only be used for one-time, non-recurring expenses in order to provide the ability to increase contributions as may be required by future market conditions.

### Capital Improvement Plan

1. The County Manager will biennially submit a ten year Capital Improvement Plan (CIP) to the County Board. The CIP will address all known facility and infrastructure needs of the County, including the needs of the Arlington County Public Schools.
2. The CIP shall include a detailed description of each capital project, identifying every source of funding, including pay-as-you-go (PAYG), bond financing, and master lease financing. The source of funding will largely be determined based on the useful life of the project. Bond-funded projects will typically have a useful life at least as long as the period over which the bonds will be repaid (generally twenty years). Master lease-financed projects will generally have useful lives of three to ten years and typically include furniture, equipment, rolling stock and technology purchases. PAYG funds provide greater flexibility and will be appropriated annually from general fund revenues.
3. Each project budget shall identify the financial impact on the operating budget, if any.
4. In general, capital projects estimated to cost \$100,000 or more should be included in the CIP, including technology and equipment purchases.
5. The County will balance the use of debt financing sources against the ability to utilize PAYG funding for capital projects. While major capital facility projects will generally be funded through bonds, the County will attempt to maintain an appropriate balance of PAYG vs. debt, particularly in light of the County's debt capacity and analysis of maintenance capital needs. As part of each biennial CIP process, the County will conduct a comprehensive assessment of its maintenance capital needs.
6. The CIP will include an analysis of the impact the CIP has on the County's debt capacity, debt ratios and long-term financial plan.
7. Voter referenda to authorize general obligation bonds should only be presented to voters when the analysis of the County's debt capacity demonstrates the ability of the County to fund the debt service for the bonds based on the County's "Financial and Debt Service Policies." Absent a compelling reason to do otherwise, the County should have the capacity to initiate construction projects within the two-year period before the next bond referendum. There should also be a demonstrated capability for the County to complete any project approved by referendum within the 8-year time period mandated under state law for sale of authorized bonds. The term "County" in this specific policy includes the Arlington County Government and any entity that receives bond funding from the County (such as the Arlington County Public Schools and the Washington Metropolitan Transit Authority).

### Debt Management

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

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

**Variable Rate Debt**

1. Unhedged variable rate debt exposure should not exceed approximately twenty percent of total outstanding debt. Cash, short-term investments and variable rate debt for which the County has eliminated or reduced variable rate exposure through the use of derivative products may serve as a hedge for variable rate debt and the County may increase variable rate debt over twenty percent accordingly.
2. Debt service on variable rate bonds will be budgeted at a conservative rate.
3. Before issuing variable rate bonds, the County will determine how potential spikes in the debt service will be funded.
4. Before issuing any variable rate bonds, the County will determine the impact of the bonds on the County's total debt capacity under various interest rate scenarios; evaluate the risk inherent in the County's capital structure, giving consideration to both the County's assets and its liabilities; and develop a method for budgeting for debt service.

**Derivatives**

Interest rate swaps and options (Swaps or Derivatives) are appropriate management tools that can help the County meet important financial objectives. Properly used, these instruments can help the County increase its financial flexibility, provide opportunities for interest rate savings or enhanced investment yields, and help the County reduce its interest rate risk through better matching of assets and liabilities. The County must determine if the use of any Swap is appropriate and warranted given the potential benefit, risks, and objectives of the County.

1. The County may consider the use of a derivative product if it achieves one or more of the following objectives:

- Provides a specific benefit not otherwise available;
  - Produces greater than expected interest rate savings or incremental yield over other market alternatives;
  - Results in an improved capital structure or better asset/liability matching.
2. The County will not use derivative products that are speculative or create extraordinary leverage or risk; lack adequate liquidity; provide insufficient price transparency; or are used as investments.
  3. The County will only do business with highly rated counterparties or counterparties whose obligations are supported by highly rated parties.
  4. Before utilizing a Swap, the County, its financial advisor and legal counsel shall review the proposed Swap and outline any associated considerations. Such review shall be provided to the Board and include analysis of potential savings and stress testing of the proposed transaction; fixed versus variable rate and swap exposure before and after the proposed transaction; maximum net termination exposure; and legal constraints.
  5. Financial transactions using Swaps or other derivative products used in lieu of a fixed rate debt issue should generate greater projected savings than the typical structure used by the County for fixed rate debt.
  6. The County will limit the total notional amount of derivatives to an amount not to exceed twenty percent of total outstanding debt.
  7. All derivatives transactions will require County Board approval.

### Special Revenue / Enterprise Funds

It is the general policy of the County to avoid designation of discretionary funds in order to maintain maximum financial flexibility. The County may, however, create dedicated funding sources when there are compelling reasons based on state law or policy objectives, as described below. The Utilities Fund was created as a self-sustaining, fee-based enterprise fund under state code to support and maintain development of the County's water and sewer infrastructure. The Transportation Capital Fund was adopted pursuant to state legislation for new transportation funding. The Stormwater Management Fund was adopted in lieu of a self-supporting, user fee-based enterprise fund. The CPHD Development Fund was created as a self-sustaining, fee-based enterprise fund.

#### Utilities Fund

1. The County will annually develop a six year forecast of projected water consumption, revenue, operating expenditures, reserve requirements and capital needs for the Utilities Fund. The six year forecast will show projected water-sewer rate increases over the planning period.
2. The County will implement water-sewer rate increases in a gradual manner, avoiding spike increases whenever possible.

3. The County will meet or exceed all requirements of any financing agreements or trust indentures.
4. The Utilities Fund will maintain a reserve equivalent to three months' operations & maintenance expenses. The reserve may be used to address emergencies and unexpected declines in revenue. If utilized, the reserve will be replenished over a two year period to the minimum reserve level. This reserve is in addition to any financing agreement-required debt service reserve funds.
5. The Utilities Fund will maintain debt service coverage of at least 1.25 times on all debt service obligations.
6. The Utilities Fund will be self-supporting.

**Transportation Capital Fund**

1. New revenue shall not be used to supplant existing transportation funding commitments, e.g., Metro Matters. Existing commitments are defined as those obligations made prior to adoption of the commercial real estate tax in April 2008.
2. Operating program enhancements (outside base program) that clearly document transportation benefits may be eligible for support from the Transportation Capital Fund.
3. No more than three to five percent of annual funding should be used for project administration, indirect & overhead costs to support capital projects.
4. A reserve equivalent to ten to twenty percent of annual budgeted revenue will be established.
5. A five to ten year financial plan and model will be developed that integrates project cashflow forecasts, revenue projections, and financial / debt management policies and will factor in other non-County funding sources, including federal, state, regional, and private funding.
6. The County will prudently balance the use of new transportation funding sources between pay-as-you-go funding and leveraging through new bond issuance. Use of leveraging will be dependent on project size, cash flow, and timing projections.
7. If the County chooses to issue debt supported by dedicated transportation funding sources, such debt will be structured to be self-supporting and will not count against the County's general tax supported obligation debt ratios or capacity. Debt service coverage on such debt will range from 1.10 to 1.50 times, depending on the type of debt issued. The term on such bonds will not exceed the average useful life of the assets financed, and amortization will be structured to match the supporting revenue stream.
8. The Transportation Capital Fund will be self-supporting.

**Stormwater Fund**

1. The County will annually develop a six year projection of stormwater operating and capital expenses.

2. The County will prudently balance the use of new stormwater funding sources between pay-as-you-go funding and leveraging through new bond issuance. Use of leveraging will be dependent on project size, cashflow, and timing projections. If debt is issued for stormwater projects, it will generally follow the debt issuance guidelines contained in this policy.
3. The Stormwater Fund will maintain a reserve equivalent to three months' expenses to be built up over a multi-year period.
4. Stormwater financial policies will be reviewed as part of the Municipal Separate Storm Sewer System (MS4) permit renewal cycle (every five years).
5. The Stormwater Fund will be self-supporting.

### **CPHD Development Fund**

1. A contingent reserve will be established equivalent to thirty percent of the Fund's total operating budget based on the fiscal year. This amount is equivalent to three to four months of annual operating expenditures. The reserve may be used to address emergencies and unexpected declines in revenue only after authorization from the County Board.
2. The CPHD Development Fund will be self-supporting.

## COMPREHENSIVE PLAN SUMMARY

### Background

The Code of Virginia requires all governing bodies in the Commonwealth to have an adopted Comprehensive Plan. Arlington County's Comprehensive Plan was established by resolution of the County Board on August 27, 1960. This resolution called for the preparation of Arlington County's Comprehensive Plan, which originally included five elements: the General Land Use Plan, the Water Distribution System Master Plan, the Sanitary Sewer System Master Plan, the Storm Sewer Plan and the Major Thoroughfare and Collector Streets Plan. In later years, additional elements were added to the Comprehensive Plan and some were replaced by new plans. For example, the Major Thoroughfare and Collector Streets Plan was replaced in 1986 by the Master Transportation Plan. Elements added to the Comprehensive Plan include the Recycling Program Implementation Plan and Map in 1990, the Chesapeake Bay Preservation Ordinance and Plan in 1992, the Open Space Master Plan, now the Public Spaces Master Plan, in 1994, the Chesapeake Bay Preservation Ordinance and Plan in 2001 and the Historic Preservation Master Plan in 2006.

The Comprehensive Plan, in conjunction with the annual budget, and the Management Plan adopted by the County Board, provides guidance during the year for County efforts.

### Goals and Objectives

The Comprehensive Plan was established in order that Arlington County may remain a safe, healthy, convenient and prosperous community and an attractive place in which to live, work and play, with stable or expanding values and potentialities for growth and continued economic health. The purpose of the Comprehensive Plan is to guide the coordinated and harmonious development of Arlington County through the provision of high standards of public services and facilities based on the following general principles:

- Retention of the predominantly residential character of the County, and limitation of intense development to limited and defined areas;
- Promotion of sound business, commercial and light industrial activities in designated areas appropriately related to residential neighborhoods;
- Development of governmental facilities which will promote efficiency of operation and optimum public safety and service, including the areas of health, welfare, culture and recreation;
- Provision of an adequate supply of water effectively distributed;
- Maintenance of sewage disposal standards acceptable to the immediate County area and its neighbors in the entire Washington Metropolitan Area and consistent with the program of pollution abatement of the Potomac River;
- Provision of an adequate storm water drainage system; and
- Provision of an adequate system of traffic routes which is designed to form an integral part of the highway and transportation system of the County and region, assuring a safe, convenient flow of traffic, thereby facilitating economic and social interchange in the County.

In addition, the County Board has endorsed a land use policy which has evolved from an extensive citizen participation process and is designed to ensure that Arlington is a balanced community which provides residential, recreational, educational, health, shopping and employment opportunities with good transportation supported by a strong tax base and the effective use of

public funds. An overarching theme of many of Arlington’s initiatives, from land use to transportation to stormwater management, is that of sustainability and Smart Growth. In support of Arlington’s overall policy goals, the following adopted land use goals and objectives have been incorporated into the Comprehensive Plan:

- Concentrate high density residential, commercial and office development within designated Metro Station Areas in the Rosslyn-Ballston and Jefferson Davis Metrorail transit corridors. This policy encourages the use of public transit and reduces the use of motor vehicles.
- Promote mixed-use development in Metro Station Areas to provide a balance of residential, shopping and employment opportunities. The intent of this policy is to achieve continuous use and activity in these areas.
- Increase the supply of housing by encouraging construction of a variety of housing types and prices at a range of heights and densities in and near Metro Station Areas. The Plan allows a significant number of townhouses, mid-rise and high-rise dwelling units within designated Metro Station Areas.
- Preserve and enhance existing single-family and apartment neighborhoods. Within Metro Station Areas, land use densities are concentrated near the Metro Station, tapering down to surrounding residential areas to limit the impacts of high-density development. Throughout the County, the Neighborhood Conservation Program and other community improvement programs help preserve and enhance older residential areas and help provide housing at a range of price levels and densities.
- Preserve and enhance neighborhood retail areas. The County encourages the preservation and revitalization of neighborhood retail areas that serve everyday shopping and service needs and are consistent with adopted County plans. The Commercial Revitalization Program concentrates public capital improvements and County services in these areas to stimulate private reinvestment.

Other goals and objectives have been incorporated into the Comprehensive Plan through the years, including the provision of an adequate supply of beneficial open space which is safe, accessible and enjoyable, as outlined in the Public Spaces Master Plan, and targets for affordable housing, as set forth in the General Land Use Plan.

### Elements of the Comprehensive Plan

Arlington County’s Comprehensive Plan is currently comprised of the following nine elements:

- General Land Use Plan
- Master Transportation Plan
- Storm Water Master Plan
- Water Distribution System Master Plan
- Sanitary Sewer Collection System Master Plan
- Recycling Program Implementation Plan and Map
- Chesapeake Bay Preservation Ordinance and Plan
- Public Spaces Master Plan
- Historic Preservation Master Plan

Although the Planning Division in the Department of Community Planning, Housing and Development is responsible for the overall coordination and review of the Comprehensive Plan, several agencies within Arlington County are responsible for the review of the specific elements

that make up the Comprehensive Plan. A description of each element and the name of the agency responsible for that element follows:

### **General Land Use Plan**

The General Land Use Plan is the primary guide for the future development of the County. The plan establishes the overall character, extent and location of various land uses and serves as the guide to communicate the policy of the County Board to citizens, businesses, developers and others involved in the development of the County. In addition, the General Land Use Plan serves as a guide for the County Board in its decisions concerning future development.

The County first adopted a General Land Use Plan in 1961. Since then, the plan has been updated and periodically amended to more clearly reflect the intended use for a particular area. The plan is amended either as part of a long-term planning process for a designated area or as the result of an individual request for a specific change. Since its initial printing, there have been numerous updates and amendments to the General Land Use Plan. The last reprinting of the General Land Use Plan occurred in 2011.

Any person may request a change to the General Land Use Plan by writing a letter to the Chairman of the County Board identifying the specific area and requested General Land Use Plan designation.

### **Master Transportation Plan**

Arlington's original transportation plan was the Major Thoroughfare and Collector Streets Plan. Since its adoption in 1941, the plan has been updated and expanded to address multiple travel modes. For streets, the initial plan of 1941 was updated in 1960 and 1975, and became part of the 1986 Master Transportation Plan. For bikeways, the initial plan adopted in 1974 was updated in 1977, 1986 and again in 1994 as part of the Master Transportation Plan. The initial Master Transit Plan adopted in 1976 was partially updated in 1989 with the inclusion of the Paratransit Plan. The 1978 Master Walkways Policy Plan was also updated in 1986 as a part of the Master Transportation Plan and in 1997 as the Pedestrian Transportation Plan.

The Master Transportation Plan establishes the principles to guide the implementation of transportation facilities to address future transportation needs and challenges in Arlington County. The Master Transportation Plan provides:

- The overall rationale for developing transportation facilities (transit networks, roads, walkways and/or bikeways) to meet future travel needs;
- A basis for establishing County transportation-related program priorities;
- A framework for offering advice to other agencies responsible for transportation in this area; and
- An overall direction to guide transportation projects in Arlington County.

In October 2004, the Arlington County Board directed the Transportation Commission and County staff to undertake an update of the County's Master Transportation Plan. Between 2007 and 2011, the following eight subelements were adopted by the County Board and now comprise the Master Transportation Plan: 1) Goals and Policies Element (2007), 2) Map Element (2007), 3) Bicycle Element (2008), 4) Pedestrian Element (2008), 5) Transportation Demand & System Management Element (2008), 6) Transit Element (2009), 7) Parking & Curbspace Management Element (2009), and 8) Streets Element (2011).

### **Storm Water Master Plan**

The County Board originally adopted the Storm Sewer Plan in 1957. In 1976, the Army Corps of Engineers prepared the Four Mile Run Watershed Runoff Control Program Hydrology Report, which included a computer model of the watershed. The purpose of this study was to ensure that the capacity of the Four Mile Run Flood Control Channel would not be exceeded for 100 years.

In September 1996, the County Board adopted the Storm Water Master Plan to replace the 1957 Storm Sewer Plan. The Storm Water Master Plan prioritizes individual watersheds for detailed hydrologic, hydraulic and water quality analyses and addresses new state and federal environmental laws and regulations, floodplain management issues, concerns regarding stream valley conditions, new technology, design methods and engineering practices.

### **Water Distribution System Master Plan**

The Water Distribution System Master Plan, adopted by the County Board in September 1992, is the policy document that guides the operation, maintenance and expansion of the County water system. The plan evaluates the existing water distribution system facilities and operation practices and determines the policy and facility improvements that will be necessary to provide and maintain the desired quality of service.

### **Sanitary Sewer Collection System Master Plan**

The Arlington County sanitary sewer system collects and treats wastewater produced in Arlington County and some adjoining portions of Fairfax County, the City of Alexandria and the City of Falls Church. The Sanitary Sewer Collection System Master Plan, adopted by the County Board in December 2002, evaluates the current sanitary sewer system facilities, practices and programs and determines the policies and facility improvements needed to provide and maintain adequate service now and in the future.

### **Recycling Program Implementation Plan and Map**

The Recycling Program Implementation Plan was prepared in compliance with a requirement in the Code of Virginia to include the location of existing recycling centers in the Comprehensive Plan. The purpose of the plan is to provide a guide for the development of effective recycling programs in Arlington. The plan includes major recommendations related to the implementation of multi-material curbside collection of source separated recyclables from single-family dwellings; the implementation of a multi-material source separation recycling in the multifamily and commercial waste segments; planning of a materials recovery facility to serve the County; and, the implementation of a public education/promotion program which stresses source reduction and recycling. The plan also includes a map that shows the location of existing recycling centers.

### **Chesapeake Bay Preservation Ordinance and Plan**

Arlington County was required to adopt a new Chesapeake Bay element of its Comprehensive Plan, under the provisions of 9 VAC 10-20-220(A)(2). The purpose of the Chesapeake Bay Preservation Plan is to satisfy this requirement of the Chesapeake Bay Local Assistance Division. The plan

addresses the following issues: Arlington County's water resources; existing and potential sources of pollution; existing County programs that address water quality management; policies and programs that relate to the County's implementation of the Chesapeake Bay Preservation Ordinance; and implementation measures to protect and improve the County's streams and riparian buffers adjacent to streams.

The Chesapeake Bay Preservation Plan was closely coordinated with the County's adopted Watershed Management Plan. Both plans recommend a consistent phased implementation plan. This implementation plan reflects the results of a comprehensive inventory of County streams conducted during the summer of 1999, as well as recommendations of the Chesapeake Bay Preservation Task Force, which presented a report to the County Board in July 2000.

### **Public Spaces Master Plan**

The Public Spaces Master Plan provides policy guidance for the future of Arlington's public space. The plan is designed to establish the overall character, extent and location of public space. The plan includes objectives, strategies and recommended actions designed to ensure the provision of an adequate supply of beneficial public space, which is safe, accessible and enjoyable for this and future generations in the County. The Public Spaces Master Plan also identifies open space deficiencies and potential acquisition sites. The plan sets forth six major objectives to guide policy-making, public investments and County management of public spaces during the next two decades. The objectives are to balance acquisition and development of public spaces; preserve and enhance the environment; improve access and usability; enhance arts, culture and history; develop and enhance partnerships; and manage assets effectively. The next updated Public Spaces Master Plan will incorporate key portions of the Natural Resource Management Plan and will re-examine and incorporate parkland acquisition and preservation policies.

Arlington's Urban Forest Master Plan, a sub-element of the Public Spaces Master Plan, was initiated by the Department of Parks and Recreation and Arlington's Urban Forestry Commission, under the direction of the Arlington County Board, to facilitate the County's ongoing commitment to enhance and preserve Arlington's tree canopy. The plan was adopted by the County Board in July 2004. The Master Plan has the following components: a Geographic Information Systems (GIS) street tree inventory, a tree canopy satellite analysis, long-range goals and recommendations, along with a final Urban Forest Master Plan report including GIS-based planting plans. In October 2009, Arlington County received an updated satellite analysis of tree canopy coverage. The analysis also provides Arlington with a GIS layer that enables staff to calculate tree canopy coverage in any geographical area of the County, such as within individual civic associations, land use areas, residential neighborhoods and business corridors. The Department of Parks and Recreation is working to update the Urban Forest Master Plan, using new satellite imagery to analyze tree canopy coverage and set canopy goals. The new canopy analysis is expected to be completed in 2013 followed by an update to the Urban Forest Master Plan completed in early 2014. The updated Urban Forest Master Plan will ultimately contribute to the attractiveness and sustainability of Arlington through enhancements to the tree canopy.

The Public Art Master Plan, another element of the Public Spaces Master Plan, outlines a strategy for how public art, with elevated standards for design, architecture and landscape architecture, will improve the quality of public spaces and the built environment in Arlington – for civic placemaking. The creation of Arlington's first Public Art Master Plan was stipulated by the Public Art Policy adopted by the County Board in September 2000 to help refine the policy's direction that public art should be sited in "prominent locations." The Public Art Master Plan defines "prominent" as a confluence of civic, residential, and commercial activities, as well as an opportunity for public art as provided by a Capital Improvement Program or other major capital project within which the public art would be an integrated component. The master plan provides guidance for project prioritization

and implementation processes for public art associated with County-funded projects, site plan/special exception projects and community-initiated projects. The master plan's development included a survey of other planning processes and initiatives, including sector plans, Neighborhood Conservation Plans and studies to ensure that its recommendations would be in support of these other policy tools. An update is currently being drafted.

### **Historic Preservation Master Plan**

The Historic Preservation Master Plan is the primary guide for historic resources in the County. The purpose of this plan is to establish proactive priorities, goals, and objectives for County historic preservation activities that involve the historic built environment and County history in general. The document also serves as a guide to communicate the historic preservation policy of the County Board to citizens, businesses, developers, and others. Additionally, the Historic Preservation Master Plan guides the County Board in its decisions concerning historic resources. Included in the Historic Preservation Master Plan is an implementation strategy outline to guide the various programs to be developed. The County adopted the Historic Preservation Master Plan in 2006.

# Arlington County Profile

...coming soon