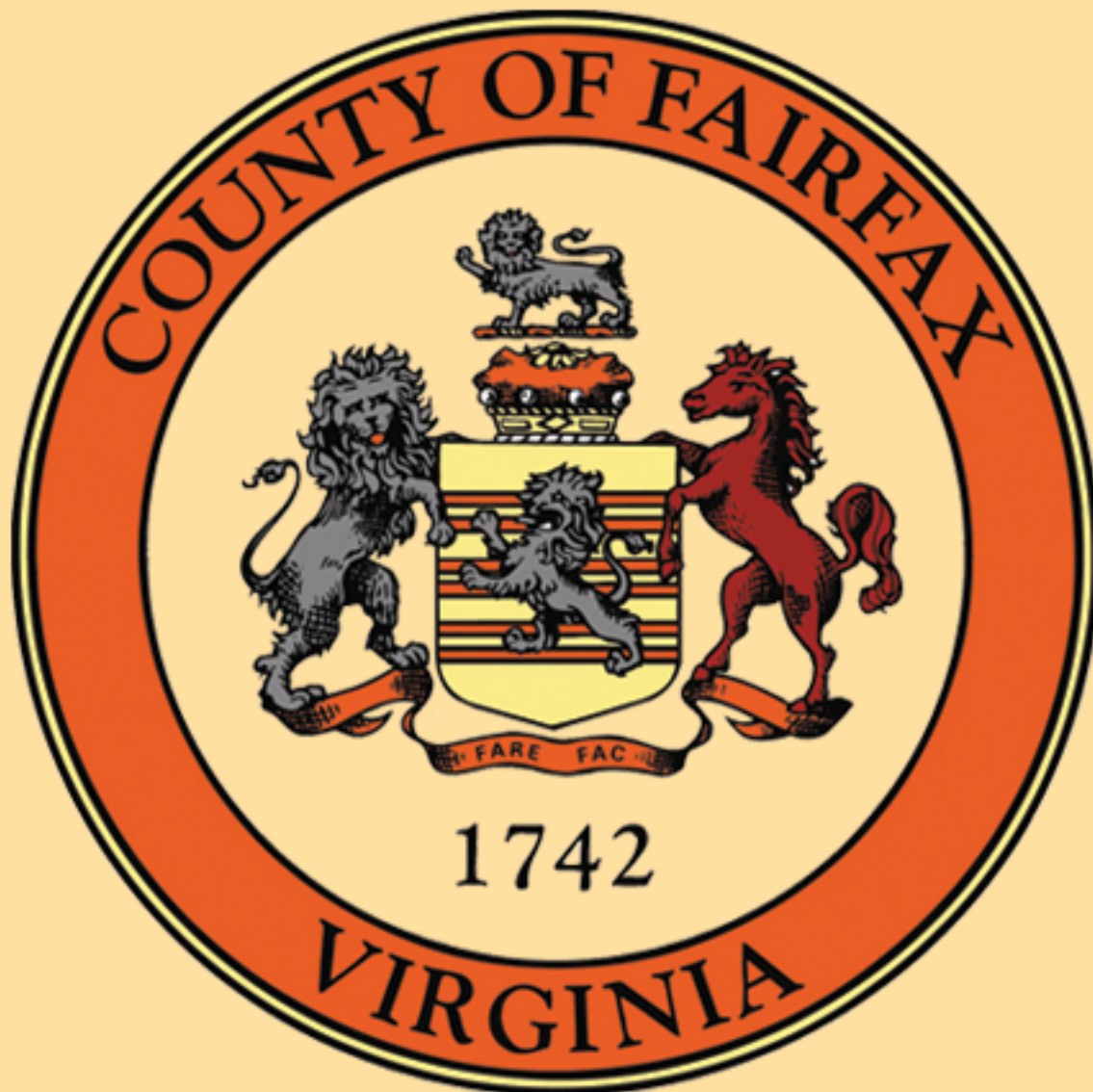


# *County of Fairfax, Virginia*

*Comprehensive Annual Financial Report*

*For the Fiscal Year Ended June 30, 2010*

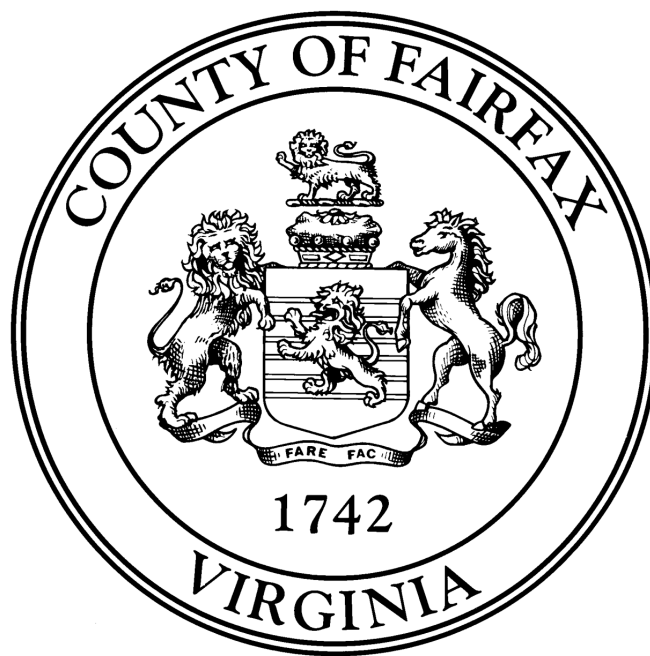


*Focus on the Future*

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010



## DEPARTMENT OF FINANCE

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Fairfax, Virginia 22035  
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**COUNTY OF FAIRFAX, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2010

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# Introductory Section

**T**he Introductory Section contains the letter of transmittal, which provides an overview of the County of Fairfax's finances, economic prospects, and achievements. Also, included in this section is the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association. It is the highest form of recognition in governmental financial reporting.





# County of Fairfax, Virginia

To protect and enrich the quality of life for the people, neighborhoods and diverse communities of Fairfax County

November 15, 2010

Honorable Chairman, Members of the Board, and Residents of the County of Fairfax:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Fairfax, Virginia (the County) for the fiscal year ended June 30, 2010, in accordance with the *Code of Virginia*. The financial statements included in this report conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the County. Extensive disclosures have been included to enable the reader to gain the maximum understanding of the County's financial affairs.

All the financial activities of the reporting entity are included within this report. As used here, the reporting entity comprises the primary government (County of Fairfax, as legally defined) and its component units. Under GASB pronouncements, component units are legally separate entities for which the primary government is financially accountable. The component units of the County include both blended component units and discretely presented component units. Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Accordingly, the Solid Waste Authority of Fairfax County, the Small District One, and the Small District Five are reported as part of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, changes in financial position, and cash flows from those of the primary government. The Fairfax County Public Schools, the Fairfax County Redevelopment and Housing Authority, the Fairfax County Park Authority, and the Fairfax County Economic Development Authority are reported as discretely presented component units. For additional information regarding the basic financial statements and the County's financial position, please refer to Management's Discussion and Analysis (MD&A).

## GOVERNMENTAL STRUCTURE

The County is located in the northeastern corner of Virginia and encompasses an area of 407 square miles, including land and water. The County is part of the Washington, D.C. metropolitan area, which includes jurisdictions in Maryland, Northern Virginia, and the District of Columbia.

The County government is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors, which sets policy for the administration of the County. The Board of Supervisors comprises ten members: the Chairman, elected at-large for a four-year term, and one member from each of nine districts, elected for a four-year term by the voters of the district in which each member resides. The Board of Supervisors appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board of Supervisors, carries out the policies established by the Board of Supervisors, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board of Supervisors.

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Cities and counties in Virginia are discrete units of government that under Virginia law may not be overlapping districts. Fairfax County surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Properties within these cities are not subject to taxation by Fairfax County, and the County generally is not required to provide governmental services to their residents. The County does, however, provide certain services to these cities' residents pursuant to intermunicipal agreements.

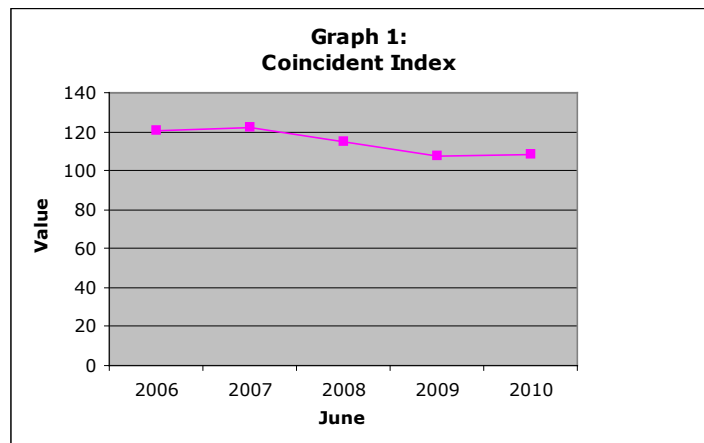
The incorporated towns of Clifton, Herndon, and Vienna are underlying units of government within the County. The ordinances and regulations of the County, with certain limitations prescribed by state law, are in effect. Properties in these towns are subject to County taxation, and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the approval of the County.

## ECONOMIC CONDITION AND OUTLOOK

### Local Economy

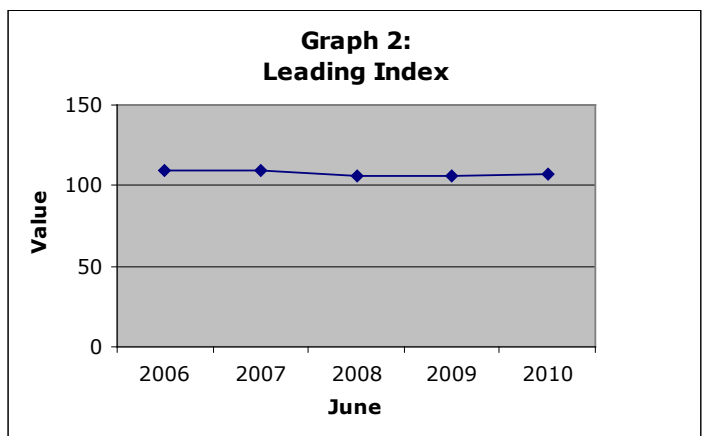
The Washington area economy is experiencing a stronger pattern of recovery than seen at the national level as it was not as vulnerable to the impacts of recession and has benefitted from strong counter-cyclical federal spending and hiring. This performance pattern is evident in comparison with other major metropolitan areas with labor market indicators remaining among the strongest in the nation. The Washington area has added jobs for five months in a row after seventeen months of decline as compared with a twenty-eight month period of decline at the national level.

The Washington Coincident Index, which represents the current state of the metropolitan area economy, improved for a fourth consecutive month in June, increasing to 108.3. The increase over the June 2009 level of 107.4 also represents the fourth consecutive monthly over-the-year increase following 29 months of decline. Components of the Coincident Index include consumer confidence, total employment, transient occupancy tax collections, and sales tax collections. The Coincident Index for the Metropolitan Washington Area is shown in Graph 1.



Source: Economic Indicators, Fairfax County Department of Management and Budget

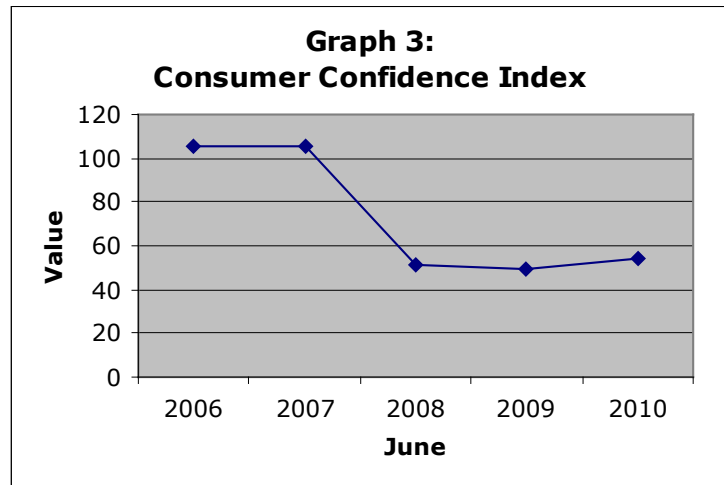
The Washington Leading Index, is designed to forecast the performance of the metropolitan area economy six to eight months in advance. The index value of 106.7 in June 2010 represents the tenth consecutive gain on a monthly over-the-year basis, extending the positive trend for its fourteenth month. Components of the Leading Index include total residential building permits, consumer expectations, initial unemployment claims, the help wanted index, and estimated durable retail sales. The Leading Index for the Metropolitan Washington Area is shown in Graph 2.



Source: Economic Indicators, Fairfax County Department of Management and Budget

Consumer spending and the housing market are key to the economy's re-acceleration. Local employment gains in the construction sector in June, up 1,400 jobs from 2009, reflect this sector's slow recovery. The resale housing market has stabilized in the region. Price gains have been largely confined to Northern Virginia with its sales prices up by approximately 11 percent from 2009, gaining for eleven months during the year. Residential building and construction activity have not yet rebounded, but the inventory of unsold never-occupied units is below normal levels and residential building permits are trending higher, up by 16% in 2010, compared with June 2009.

The Consumer Confidence Index (CCI), which is composed of a "present situation" factor and an "expectations" factor, was 54.3 in June 2010, compared with 49.3 in June 2009. A growth rate of 2.4 percent is expected to continue into early 2011. Sales tax receipts for 2010 are down 2.8 percent from 2009 levels, as consumer spending continues to decrease, but savings rates and debt reduction are occurring at above average rates. As Graph 3 indicates, there has been a sharp decline in consumer confidence since 2007, in contrast to this year's slight increase.



Source: Economic Indicators, Fairfax County Department of Management and Budget

## Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (EDA), whose commissioners are appointed by the Board of Supervisors. The EDA mission is "To foster and promote the governmental, social, educational and environmental infrastructure that will make Fairfax County a world-class twenty-first century business center and the global capital of the knowledge industry." The EDA promotes Fairfax County as a preferred location for business start-up, relocation, and expansion; capital investment; and business travel and events. It works with new and existing businesses to help identify their facility and site needs and to assist in resolving County-related issues. Pursuant to its enabling legislation, the EDA encourages investment in the County with tax-exempt industrial revenue bond financing.

To promote Fairfax County as the place to locate for a United States presence, the EDA has overseas offices in Bangalore, India; Tel Aviv, Israel; London, England; Frankfurt, Germany; and Seoul, South Korea. A strong foreign-owned business sector helps diversify the County's economy and enhance opportunities for trade. In 2009, the EDA assisted 20 foreign-owned businesses with their decision to locate or expand in Fairfax County. More than 350 foreign-owned firms are doing business in the County. They employ more than 20,000 people.

The total inventory of office space in the County was more than 111 million square feet at the end of calendar year 2009, making Fairfax County the largest suburban office market in the Washington, D.C. area and the fourth largest in the nation. It is also the largest office market in the Commonwealth of Virginia. Industrial/flex inventory in the County was estimated at 38.7 million square feet. The vacancy rates (including sublet space) for the office market and industrial/flex markets were 16.4% and 13.8%, respectively, in 2009.

*Time* magazine called Fairfax County, "one of the great economic success stories of our time." Business growth helps Fairfax County fund the nation's top-rated school system and other public services that contribute to the quality of life of residents. Fairfax County offers businesses a state-of-the-art telecommunications infrastructure, access to global markets through Washington Dulles International Airport

and a well-educated workforce.

In Fiscal Year 2010, the EDA worked with 116 companies that will add approximately 5,020 jobs to Fairfax County's primary economy. Well-known companies, such as Hilton Hotels, Volkswagen Group of America, and CSC relocated or expanded in Fairfax County, along with dozens of other U.S., foreign-owned, and small and minority-owned businesses. In July 2010, Northrop Grumman announced the relocation of its corporate offices to the Falls Church area of Fairfax County, adding to the list of Fortune 500 companies headquartered in the County. Economic development promotes a vibrant and diversified economy and business community, which also increases the commercial tax base.

## **Employment**

Over 33,000 payroll businesses, including corporate and regional headquarters, information technology firms, sales and marketing offices, and business services are located within Fairfax County. Local businesses create employment in such diverse areas as computer software development and systems integration; telecommunications; Internet and Internet-related services; wholesale and retail trade; defense and homeland security; and financial services. A very high proportion of local jobs are in high-wage, highly skilled technical, professional, scientific, and managerial service occupations.

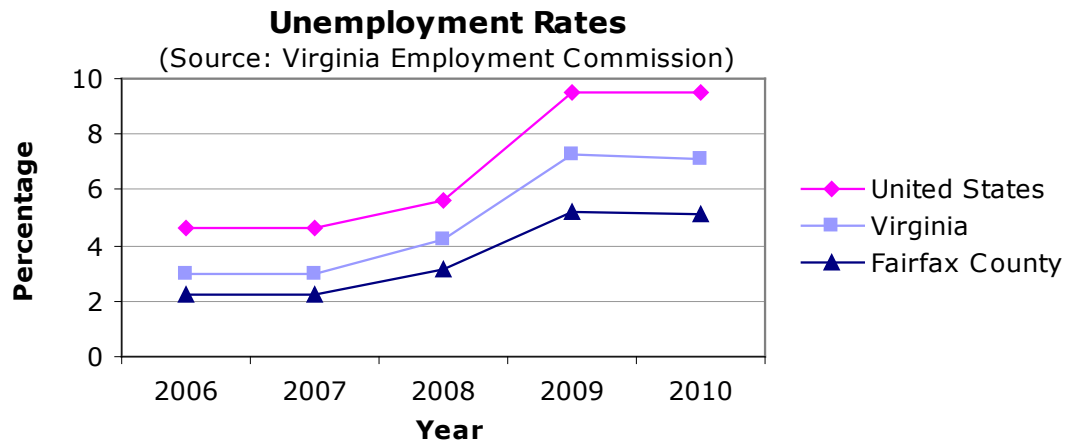
Fairfax County companies annually appear on a number of prestigious regional and national "best of business" lists in an array of categories, reflecting the diversity and strength of Fairfax County's vibrant business community. The *Washington Business Journal* included twenty-three Fairfax County companies on its list of the 50 largest technology employers in the Washington area, and twenty-two made the list of 50 fastest growing companies in the area. Twenty-one Fairfax County firms made the Deloitte & Touche Technology Fast 500 list. *Black Enterprise* magazine names six Fairfax County companies to its 2009 list of the largest African American-owned service/industrial companies in the U.S.. Eleven Fairfax County companies were among the 500 largest Hispanic-owned firms in the country in 2009.

The County hosts a large and lively mix of technology-driven enterprises that deliver a wide spectrum of high-end services and solutions to government, industry, and consumer markets worldwide. Over 5,400 technology establishments directly employ more than 135,000 people – one in four jobs countywide. Technology firms specialize in aerospace, biotech/biomedical, energy environment, engineering/R&D, enterprise software, systems integration, technology consulting, and telecommunications. Since 1980, technology job growth has increased nearly seven-fold. The Washington, D.C. metropolitan area has more technology jobs than any other metro area in the United States, and Fairfax County is home to 20 of the top 30 largest technology employers in the area.

The County has become a job magnet since 1990 as outsourced federal government work fuels the growth of private-sector companies, especially those that do work for the Defense and Homeland Security departments. The County's proximity to Washington Dulles International Airport also has boosted economic development. While the County job market includes a number of large and well-known employers, it also has appeal for the entrepreneur. Ninety-seven percent of the companies are small businesses with fewer than 100 employees.

The unemployment rate in the County was 5.1 percent in June 2010, a slight decrease from the 5.2 level reported in June 2009. The Commonwealth of Virginia and national unemployment rates in June 2010 were 7.1 percent and 9.5 percent, respectively. The number of County residents holding jobs in the first quarter of calendar year 2010 was approximately 559,000.

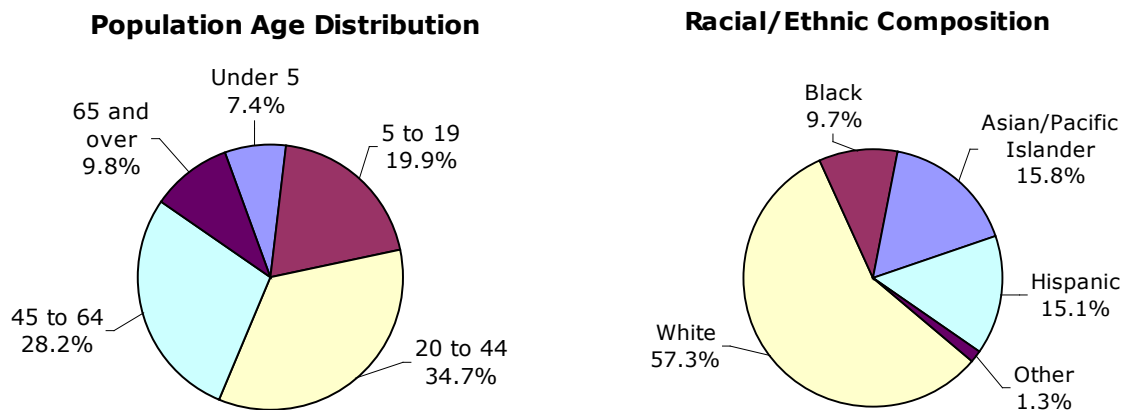
The following graph shows unemployment rate information for the past five years for the County, the Commonwealth of Virginia, and the United States. Fairfax County consistently is below the national and state averages for unemployment rates, primarily due to increased job growth in the areas of information technology, homeland security, and federal defense contracting.



### Demographic Information

The estimated population of the County at the end of 2009 was 1,037,605 people. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. metropolitan area, as defined by the U.S. Census Bureau, with a population of 596,900. By 1990, Fairfax County, with 818,600 residents, had become the most populous jurisdiction in the metropolitan region. In 2002, Fairfax County crossed the one million mark in population, with a population of 1,004,400 people. It is anticipated that the population will grow to 1.2 million people by the year 2025.

As illustrated in the charts below, the composition of the County's population is quite diverse. In 2009, approximately 38.0 percent of the population was 45 years or older, while about 27 percent of the population was under 18 years old. In 2009, almost 43 percent of the County's population consisted of ethnic minorities, and nearly 35 percent of all County residents spoke a language other than English at home.



Source: U.S. Census Bureau, 2009 American Community Survey

As reported in the American Community Survey, Fairfax County had an annual median household income of \$107,448 in 2008, as compared with \$61,210 in the Commonwealth of Virginia and \$52,029 in the United States. The income level is the highest of any county in Virginia in 2009.



## Public Schools

Fairfax County Public Schools (FCPS), with a student population of 171,610 in June 2010, is the largest educational system in the Commonwealth of Virginia and is the 14th largest in the U.S. The School Board is composed of nine magisterial (election) district representatives plus three at-large members; each member serves a four-year term. A student representative, selected for a one-year term, participates in discussions but does not vote. The operating costs of FCPS are funded primarily by payments from the General Fund of the County to FCPS; additional funds are provided by the federal government and the Commonwealth of Virginia. Capital funding for public school facilities is provided primarily by the sale of general obligation bonds by the County.

The mission of FCPS is to be a world-class school system, inspiring, enabling, and empowering students to meet high academic standards, lead ethical lives, and demonstrate responsible leadership. To those ends, FCPS focuses on excellence in the classroom, in the school, and in the management of its schools.

In 2009, four Fairfax County public schools made the list of top 100 schools in the U.S., published in *Newsweek* and *U.S. News & World Report*, based on a formula devised by *Washington Post* education reporter Jay Mathews. In the top 100 are Woodson High School, ranked 90th; Langley High School ranked 76th; McLean High School, ranked 55th; and Thomas Jefferson High School for Science and Technology ranked number one. In *Newsweek*, Thomas Jefferson High School for Science and Technology was described as “the most selective public high school in America.”

## Colleges and Universities

George Mason University (GMU) and Northern Virginia Community College (NVCC) are the two largest higher education institutions located in Fairfax County. For the 2009-2010 school year, GMU had an enrollment of over 32,000 students in 186 programs of study, including doctoral programs; NVCC enrollment exceeded 72,000 students offering over 160 associate degree or certificate programs of study on the six campuses in Northern Virginia. Other institutions of higher education located in Fairfax County include Averett University, DeVry University-the Keller Graduate School of Management, ITT Technical Institute, Marymount University, National-Louis University, and the University of Phoenix. The University of Virginia, and the Virginia Polytechnic Institute and State University, (the latter two located in the Northern Virginia Graduate Center) and the University of Virginia - Darden School of Business. American University, Catholic University, George Washington University, and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

### Focus on the Future

The downturn which occurred in the global economy during 2007 and 2008 created a challenging environment throughout the nation, and Fairfax County was no exception. Though economists determined the recession ended prior to July 2009, the effects continue to be felt both in the County government as well as in the homes of the residents served. The County has approached these challenges strategically with a focus on the future. It was anticipated that the economic impact would be felt for a number of years but certain plans, programs and projects were necessary to maintain levels of service to the public or quality of life in our neighborhoods.

The initiatives and accomplishments that follow are a sample of efforts that have succeeded, or continue to progress despite the challenging economic circumstances. They all share the common theme of being important to maintain the levels of service expected or to address issues and concerns that are important to the quality of life expected by the residents. The creative efforts being made to work toward the strategic goals will serve to put the County in a better position tomorrow.

## **Commitment to Fiscal Integrity and Financial Strength**

In FY 2010, Fairfax County government and school system embarked on a multi-year joint initiative to modernize the portfolio of enterprise systems that support finance, human resources, budget, procurement and related administrative applications under a single, integrated platform. A major investment, the project known as the Fairfax County Unified System Project, provides an opportunity to transform and streamline administrative functions and related technology operations.

The Board of Supervisors conducted an extensive and comprehensive Lines of Business review in preparation of the fiscal year 2010 budget, including focused discussions with County agencies regarding program and service priorities, possible areas for elimination, reduction, reorganization, consolidation, and alternative service delivery. Presentations included many proposals for greater efficiency and cost-saving initiatives, reductions in levels of service, and recommendations for use of alternative funding streams. Materials presented at the meetings, including proposed reductions, have been posted on the County's website. These efforts continue in preparation for the fiscal year 2012 budget.

In a cooperative effort between the County and Fairfax County Public Schools, the Community Dialogues on the Budget was launched in September 2008. Faced with projected budget shortfalls of more than \$650 million the County and Schools reached out to employees and residents through these Dialogues to hear all views of what the County's priorities should be during difficult economic times. Nearly 1,000 residents and employees attended the 20 Community meetings and 5 employee sessions and provided excellent information and suggestions for the development of the fiscal year 2010 budget. These extensive dialogues on the County's budget were comprehensive and occurred at an earlier juncture than in any previous budget cycle and continue as part of what is viewed as an improved process. This robust public input process helped identify community priorities and solicit suggestions to achieve balanced budget acceptable and sustainable to the public.

Revenue declines associated with events in the real estate and financial markets, compounded by rising costs for fuel and other goods, have created a challenging environment. The County has managed well through past periods of economic challenges, and through its commitment to fiscal integrity and financial strength, it will continue to be the economic growth engine for the Washington, D.C. metropolitan area.

## **Transportation Improvements**

The County recognizes the importance of transportation for residents who work in and around the County, especially given the trend of rapid population growth and urbanization of the County. The 2008 American Community Survey estimated the average travel time to work as 30.5 minutes for residents of the County. Approximately 72 percent of the County's household population drives alone to work, while eleven percent use carpools, nearly 9 percent use public transportation and nearly 3 percent walk, ride a bicycle, or use other means, while five percent work at home.

Several major state-supported initiatives have been advancing to improve transportation in the County. Collectively referred to as "Mega-Projects," they include the following:

The Dulles Rail Project is a 23-plus mile extension of the Metrorail system in the Dulles corridor, passing through the Tysons Corner area to Washington Dulles International Airport and beyond, to neighboring Loudoun County. A two-phase approach has been proposed due to federal funding constraints. The \$64 billion estimated cost of Phase 1, which consists of rail through Tysons Corner to Wiehle Avenue in Reston, is to be partially funded by the federal government (34 percent), with the remainder financed with Dulles Toll Road revenues (50 percent) and Fairfax County funds (16 percent). In February 2004, in response to a petition from landowners representing a majority of the commercial and industrial property along the Phase 1 rail lines, the Board approved the creation of a special tax district for commercial and industrial properties which will fund up to \$400 million of the County's share of Phase 1 costs. Phase 1 construction began in 2009, the target date for completion of Phase 1 is December 2013, and the entire project is scheduled to be completed in the 2016 to 2017 timeframe.

The Woodrow Wilson Bridge (WWB) Project includes improvements to a 7.5-mile corridor beginning in Maryland and connecting to Virginia by a bridge over the Potomac River. This \$2.4 billion multi-jurisdictional project consists of the replacement of the existing WWB and the upgrading of four interchanges to ease traffic congestion within the project area. The entire project is scheduled for completion in 2012.

The Capital Beltway High-Occupancy Toll Lanes (HOV/HOT) Project provides four additional HOV/HOT lanes. High Occupancy Toll (HOT) lanes are tolled lanes that operate alongside existing highway lanes to provide users with a faster and more reliable travel option. Buses, carpools (HOV-3), motorcycles and emergency vehicles will have free access to HOT lanes. Drivers with fewer than three occupants can choose to pay to access the lanes. This project adds lanes to I-495 from Springfield to just north of the Dulles Toll Road. Construction along this 14-mile corridor includes widening, noise walls, stormwater management, and reconstruction of more than 50 bridges. The \$1.65 billion project is currently under construction, with scheduled completion in December 2012.

The Fairfax County Parkway Extension Project is a two-mile roadway which begins at Rolling Road/Franconia-Springfield Parkway and proceeds southward just east of Fullerton Road. This fully funded project has been divided into four phases with phase 1 and 2 opened in September 2010. Completion of the Parkway is scheduled for the summer 2012. This extension will complete the Fairfax County Parkway, which runs from Leesburg Pike (Route 7) to Interstate I-95. This project will provide a regional benefit to meet projected increases in future traffic demands including over 19,000 new employees coming to Fort Belvoir by September 2011 as a result of the Base Realignment and Closure action.

### **Technology Initiatives:**

Fairfax County is a leader in innovative use of technology and resident-centric strategies. In 2010, for the sixth consecutive year the Center for Digital Government ranked the County's performance among the top ten counties with populations over 500,000. The Center ranked the County's web site number one, recognizing its advances in digital solutions; communication with residents, government communities and business; e-services; and incorporation of social media capabilities.

The County's e-Government program is the centerpiece of its electronic services initiative. The e-Government program is a multi-channel solution that includes the County's award winning Web site, Interactive Voice Response system, mobile access solutions, emergency alerts via text messaging, customer relationship management initiatives, and broadcast cable television. The County has also embraced social media in its e-Government program, utilizing podcasts, RSS newsfeeds, moderated discussion sessions, and Fairfax County presence on YouTube, Facebook and MySpace as e-Government tools to reach extended audiences.

In continuing the County's goal for enterprise and cross-agency applications, the County implemented a new integrated Public Safety Information System, with new capabilities for improving 911 call dispatch operations, police and fire case and incident management systems, and wireless EMS services. Fairfax County was the one of the first governments nationally that had undertaken this ground breaking approach for a true collaboration of all public safety functions. The technology capabilities include interoperability, wireless mobile, automatic vehicle location and tracking, geospatial mapping, and enhanced reporting. Through this technology, Fairfax County has consolidated system operational costs and provided a best practices program that is now being sought after by other governments

### **Commitment to Public Safety**

Residents of the County benefit from a high level of public safety that enhances the quality of life and makes the County a desirable place in which to live and work. Multiple County agencies work closely together to achieve a coordinated approach to the myriad of public safety concerns facing the County in the 21st century.



In anticipation of future needs for public safety, the County broke ground in late 2005 for a new Public Safety and Transportation Operations Center (PSTOC). In September 2009, the PSTOC became operational 24 hours a day, 7 days per week. The 113,000 square-foot PSTOC consolidates regional public safety and transportation operations in a partnership between the County, the Commonwealth of Virginia, and the Washington Metropolitan Area Transit Authority. The centerpiece of the project provides for locating the County's Public Safety Communications Center (9-1-1 center) and an Emergency Operations Center under the same roof with the Virginia State Police communications center and the Virginia Department of Transportation's traffic management center. Co-locating these emergency response resources creates opportunities for better coordination and response.

Homeland security and emergency preparedness are key priorities in the County. The County manages a Community Emergency Alert Network (CEAN) to deliver important emergency alerts, notifications, and updates to residents, businesses, and service organizations during a major crisis or County emergency.

### **Environmental Stewardship**

The County recognizes the importance of sound environmental stewardship. This commitment to the environment is evidenced by the awards the County has received as well as its initiatives. In June 2004, the County adopted a 20-year environmental vision plan as a blueprint for environmental protections. Specifically, the plan addresses six core areas for protecting and enhancing the environment, including growth and land use; air quality and transportation; water quality; solid waste; parks, trails, and open space; and environmental stewardship.

In October 2009, Fairfax County was awarded an Energy Efficiency and Conservation Block Grant (EECBG) of \$9.6 million. The goals of the EECBG program, funded by the American Recovery and Reinvestment Act, include improving building and transportation energy efficiency and reducing both total energy use and fossil fuel emissions. To achieve the EECBG program goals, the County developed a strategy that allocates the County's EECBG funds to projects in areas including capital improvements, information technology, transportation, and an education and outreach program targeted to County residents. The County's use of these funds demonstrates its continuing leadership with respect to energy efficiency and conservation.

One of the County's largest EECBG projects involves the consolidation and virtualization of County computer server equipment. The rapid growth in highly data-intensive service by Fairfax County government has led to dramatically expanded computing facilities and demand for electricity to power them. By using enterprise server hardware, virtualization, and new data center infrastructure management technology, the project will deliver increases in computing performance while significantly reducing both power consumption and greenhouse gas emissions. These benefits are supplemented by avoided hardware and software costs, which are expected to save the County millions of dollars.

Three EECBG projects involve the installation of lighting control software to automatically or remotely control lighting when a building or facility is not in use. Electronic lighting controls markedly reduce energy consumption, thereby producing corresponding energy savings and reductions in greenhouse gas emissions. Lighting controls will be installed in three government buildings, at over 20 athletic fields, and at 8 parks.

Several other EECBG projects involve retrofitting the heating, ventilating, and air conditioning (HVAC) systems in County community centers and installing energy management control systems to monitor and automatically control the HVAC systems. These projects are essential because a commercial building's HVAC system is responsible for up to 40 percent of the building's total energy consumption. Each project will reduce the building's energy consumption for the duration of the equipment life, while improving system reliability and enhancing occupant comfort.

The EECBG award is also funding transportation-related projects. Award funds will allow the County to expand its telework program by about 1,000 employees. EECBG funds also will be used to purchase the hybrid components of a hybrid-electric school bus and a hydraulic hybrid launch-assist refuse truck.

## Affordable Housing

In 2010, the Board of Supervisors endorsed a new affordable housing policy, known as the Housing Blueprint. The Blueprint represents a shift in emphasis for the County's affordable housing policies in response to the ongoing recession. Per the Board's direction, the Blueprint focuses on providing housing for those with the greatest need, including homeless families and individuals, persons with disabilities, and people with extremely low incomes. The Blueprint also emphasizes partnering with the County's nonprofit community to provide creative affordable housing solutions, the refocusing of existing resources, and fostering the development of workforce housing through land use policies and public/private partnerships. The Blueprint has four goals: to end homelessness in ten years, to provide affordable housing options to those with special needs, to reduce the waiting lists for affordable housing by one half in ten years, and to produce workforce housing sufficient to accommodate projected job growth.

Among the current Fairfax County initiatives critical to the success of the Housing Blueprint are the following:

**Bridging Affordability Program:** As part of the County's fiscal year 2011 budget, the Board of Supervisors included revenues to fund the Bridging Affordability program. The Bridging Affordability program is designed to address the Housing Blueprint's homelessness and waiting list goals by funding non-profits for short- and long-term rental subsidies and capital for affordable housing acquisition; it is anticipated that the initial round of program funding will serve over 400 families and individuals. The first round of funding is expected to be awarded in the winter of 2011.

**Workforce Housing Policy:** Created by the Board of Supervisors in 2007, Fairfax County's Workforce Housing Policy is a proffer-based incentive system designed to encourage the voluntary development of new housing, affordable to a range of moderate-income workers in Fairfax County's high-rise/high density areas. The Comprehensive Plan provides for a density bonus of up to one unit for every workforce unit provided by a developer, with the expectation that at least 12 percent of units in new developments be affordable or workforce housing. As of July 2010, a total of 1,212 Workforce Dwelling Units had been committed by private developers in rezoning actions approved by the Board of Supervisors.

**Affordable Housing Preservation:** Preservation of affordable rental housing has long been a concern of the Board of Supervisors and the Fairfax County Redevelopment and Housing Authority (FCRHA). The stock of privately-owned subsidized units and non-subsidized rental housing with modest rents in the County has been declining as owners reposition their properties in the market. The centerpiece of the Board's Preservation initiative was the creation of the Penny for Affordable Housing Fund, which is the dedication of one penny of the real estate tax rate for affordable housing initiatives. From 2006 through 2009, the Penny Fund contributed \$85.3 million for the preservation and production of affordable housing in Fairfax County and the preservation of 2,422 units of affordable housing as of October 2010.

**Affordable Dwelling Unit Program:** In 1990, the Board of Supervisors adopted an Affordable Dwelling Unit (ADU) Ordinance as part of the Zoning Ordinance, which requires developers of certain housing developments to set aside up to 12.5 percent of new units as affordable housing (6.25 percent for multifamily rentals) in return for the grant of additional density. The FCRHA has the right to acquire one-third of the ADUs for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of July 2010, a total of 2,340 units (1,027 rentals and 1,313 for-sale units) have been produced under the ADU program; the FCRHA has acquired 147 of the for-sale units, which are maintained as permanent affordable rental housing.

## **Quality Communities**

The County's offerings of cultural programs and attractions contribute greatly to the quality of the community. The Steven F. Udvar-Hazy Center, a component of the Smithsonian National Air and Space Museum, opened its doors in Fairfax County on December 15, 2003, – the 100th anniversary of flight. The museum boasts 270 rare and historic aircraft and spacecraft, including the Space Shuttle Enterprise, an SR 71 Blackbird, the Enola Gay, and a Concorde. In addition to the aircraft, the museum has a 164-foot tall observation tower from which visitors can observe airplanes on their final approach to Washington Dulles International Airport, a 479-seat IMAX theater, discovery stations, and a flight simulation ride. A new wing is under construction at the Center. The new wing will be devoted to the care and preservation of the Museum's unparalleled collection of historic aircraft, spacecraft, artifacts, and archival materials.

Wolf Trap Farm Park for the Performing Arts, a cultural facility internationally renowned for the number and quality of its ballet, symphony, concert, and opera offerings and the only national park for the performing arts in the U. S., is located in the northern part of Fairfax County. The County also assists in supporting the Fairfax Symphony, an internationally recognized 94-member orchestra that provides a variety of musical programs and outreach services to County residents. Other well-known attractions in the County include Mount Vernon, the home of George Washington; Woodlawn Plantation, George Washington's wedding gift to his nephew; and Gunston Hall, home of George Mason, author of the U. S. Bill of Rights and the first Constitution of Virginia.

The County also prides itself on its parks and recreation facilities. The Fairfax County Park Authority manages 22,524 acres of park land, including 796 athletic fields, 8 golf courses, several lakes and historic sites, thus offering diverse recreational options. The County operates 8 regional libraries, 14 community libraries, and an access services center that provides unique services for residents with visual and physical disabilities. In fiscal year 2009, almost 14 million items were borrowed from the library's collection of nearly 3 million books, CDs, DVDs, magazines, and other items. Also in fiscal year 2009, over 6 million visits were made to the branches and 4.4 million visits were made to the library's Web site. The library has computers for access to the Internet, the catalog, ebooks, downloadable audio books and databases. The library sponsors various programs: national and local author readings and book signings, music concerts, and a wide variety of other events for the diverse population of the County.

Shopping opportunities abound and continue to grow throughout the County. With more than 200 shopping centers and thousands of restaurants offering a variety of world cuisine, Fairfax County offers one of the best shopping and dining experiences on the East Coast. Tysons Corner, the "downtown" of Fairfax County, is home to several malls that feature such retailers as Macy's, Neiman Marcus, Nordstrom, Saks Fifth Avenue, and Bloomingdale's. Reston, an internationally-known planned community - the first post-war planned community in America - sparked a revival of the planned community concept. The Reston Town Center, now celebrating its twentieth anniversary, offers more than fifty retail shops and thirty restaurants. The recently opened Fairfax Corner is a mixed-use development that offers main street style shopping at both national chains and local boutiques. It features a state of the art movie theater and one of the best mixes of restaurants in the area.

## **FINANCIAL INFORMATION**

### **Ten Principles of Sound Financial Management**

The keystone of the County's maintenance of fiscal integrity and sound financial management is the continuing commitment of the County's Board of Supervisors. This commitment is evidenced by the Board's rigorous adherence to County-developed policies, collectively known as the Ten Principles of Sound Financial Management. These principles, the policy context in which financial decisions are considered and taken, relate primarily to the integration of capital planning, debt planning, cash management, and productivity as a means of ensuring prudent and responsible allocation of the County's resources.

The County maintains a self-managed investment program under the direction and oversight of an Investment Committee. The committee is composed of the Deputy County Executive, the Director of the Department of Finance, the Director of the Department of Tax Administration, the Director of the Department of Management and Budget, and certain employees within the Department of Finance. Guided by a formal investment policy, the committee monitors daily investment activity and evaluates investment strategies biweekly. The County's investment policies are thoroughly reviewed on a quarterly basis.

#### **BUDGETARY AND ACCOUNTING CONTROLS**

The Code of Virginia requires that the County adopt a balanced budget. The County maintains extensive budgetary controls at certain legal, managerial and administrative levels. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained and controlled at the fund, department, and character or project level. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.

The County's budget is adopted by May 1 for the upcoming fiscal year, which commences on July 1. The two budget reviews, the Carryover Review and the Third Quarter Review, serve as the primary mechanisms for revising appropriations. State law requires that a public hearing be held prior to the adoption of amendments to the current year budget when adjustments exceed \$500,000. In addition, any amendment of \$500,000 or more requires that the Board advertise a synopsis of the proposed changes.

In September 1999, the Board of Supervisors approved the establishment of a Revenue Stabilization Fund, which is included in the General Fund for reporting purposes, to provide a mechanism for maintaining a balanced budget without resorting to tax increases and expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy. The Board established the fund with the condition that it will not be used as a method of addressing the demand for new or expanded services but will be used solely as a financial tool in the event of an economic downturn, and then only under strict parameters. The Revenue Stabilization Fund has a targeted balance of 3.0 percent of General Fund disbursements and is separate and distinct from the County's 2.0 percent Managed Reserve, which was established initially in fiscal year 1983. The aggregate of both reserves will not exceed 5.0 percent. As of June 30, 2010, the Revenue Stabilization Fund and Managed Reserve balances were \$103,827,503 and \$68,006,885, respectively.

The County's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the U.S. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. The evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the County also is responsible for maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management, the internal audit staff of the County, and independent auditors.

As part of the County's single audit, tests are made of the County's internal control structure and of its compliance with applicable laws and regulations, including those related to major federal award programs. The testing of major federal award programs for the year ended June 30, 2010, disclosed no material internal control weaknesses or material violations of laws and regulations. The Single Audit Report is published under separate cover.

## **Debt Administration**

Fairfax County borrows money by issuing tax-exempt general obligation bonds to finance major capital projects. Bond financing spreads the cost of land acquisition and building construction over a period of many years, rather than charging the full cost to current taxpayers. By law, general obligation bonds must be approved in advance by County voters in a referendum. The County continues to maintain its status as a top rated issuer of tax-exempt securities. The County has the highest credit ratings possible for a local government for its general obligation bonds: Aaa from Moody's Investors Service, Inc., AAA from Standard and Poor's Corporation, and AAA from Fitch Investor Service. The County has had an Aaa rating since October 1975, when it first received a rating from Moody's. Standard and Poor's Corporation first gave Fairfax County an AAA rating in October 1978, and Fairfax County has maintained that rating. The Fitch Investor Service rating was first received in the spring of 1997 and has been maintained since then.

Factors contributing to Fairfax County's high credit rating include recognized excellence in financial management, superior tax collection rates, low debt ratios, and high income levels. As of September 2009, only 7 of 50 states, 23 of 3,107 counties, and 26 of 22,529 cities in the U.S. had such high bond ratings from all three rating agencies. These high credit ratings enable Fairfax County to sell bonds at interest rates significantly lower than those of most municipalities, resulting in substantial savings for County taxpayers throughout the life of the bonds.

The details of bonds outstanding and bonds authorized-but-not-issued are shown in Note K to the financial statements. Tables 3.1 through 3.5 of the Statistical Section provide detailed historical information regarding the debt position and debt service requirements of the County.

## **OTHER INFORMATION**

### **Independent Audit**

The County's financial statements have been audited as required by the Code of Virginia and received an unqualified opinion by the accounting firm of KPMG LLP. In addition to meeting the requirements of the state statutes, the audit was designed to meet the requirements of the Federal Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the Uniform Financial Reporting requirements for Virginia counties and municipalities as established by the Auditor of Public Accounts of the Commonwealth of Virginia. The report of the independent auditors on the basic financial statements can be found in the financial section of this annual report. The Single Audit Report, issued separately, contains the independent auditors' reports related specifically to the single audit.

### **Awards**

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for fiscal year 2009. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The County has received a Certificate of Achievement every year since 1977. We believe that the current CAFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



***Distinguished Budget Presentation Award***

The GFOA has presented the Award for Distinguished Budget Presentation to Fairfax County for its annual budget for each year since fiscal year 1987. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communications device.

***Investment Policy Award***

For the twelfth consecutive year, The Association of Public Treasurers of the United States and Canada has awarded the County certification for its investment policy, confirming that the County meets the high public investment standards set forth by the Association.

***National Association of Clean Water Agencies Award***

In fiscal year 2010, the County's Norman M. Cole, Jr. Pollution Control Plant received the Platinum Peak Performance Award from the National Association of Clean Water Agencies. The award recognizes plants that met 100 percent of federal standards for preventing pollution. The Norman M. Cole Jr. Plant has met this standard for more than 12 consecutive years. The plant's achievement helps protect the water quality of the County's streams and watersheds, and the Chesapeake Bay.

***Annual National Association of Counties (NACo) Awards***

The NACo Achievement Awards are national recognition of significant innovative programs and activities that improve the organization, management, or service of county governments. NACo recognized 11 County programs and projects with 2010 Achievement Awards and one program with a 2010 Arts and Culture Award.

**Administrative Resource Team (ART) - Best In Category:** ART has become the voice of the county's support staff. Its brown-bag lunches feature relevant and timely topics across the county; it participated in the Department of Human Resources assessment of the specifications and realignment of administrative support positions; and developed a self-directed training venue in its annual professional development conference.

**Digital Television (DTV) Transition:** In the fall 2008, Fairfax County assessed how best to serve its residents in light of the nationwide transition to digital transmissions that would occur in 2009. Vulnerable populations were identified: older adults; individuals with disabilities; persons homebound or in nursing homes; and those with limited English proficiency. An inter-agency team identified cost-effective assistance and developed a three-phase approach: prepare audience-appropriate information; disseminate it; and direct assistance with the technical conversion aspects.

**"Go Green with Gunston":** Launched in October 2009, this partnership between Fairfax County and George Mason University teaches fun lessons about the Earth and energy conservation to K-3rd-graders in the Office for Children's School Age Child Care program.

**Early Learning Through the Visual Arts:** Pre-school teachers, family child care providers and managers from the Office for Children, Fairfax County Public Schools and Fairfax Futures worked together for nearly two years to develop a community resource for using visual art to teach young children concepts related to math, science, language, literacy and social studies.

**Live Well's Shape Up Program:** The twelve-week, team-based fitness, pedometer steps and weight loss competition utilized Web-based technology to support employees across 49 agencies and numerous County work sites. The competition, along with the natural stress reduction qualities of physical activity and the self-image benefits of weight loss, combined to positively affect employees' overall attitudes. This was a pilot contract with an outsourced, turnkey virtual wellness program.

**Operation Medicine Cabinet Cleanout:** The program raises awareness and educates County residents on the need to appropriately monitor and dispose of unused or expired medication to reduce misuse or abuse of prescription medications. It also educates residents on the appropriate disposal of medication to prevent accidental poisonings.

**Electronic Accounts Payable System (EAPS):** In 2006, Fairfax County initiated a sweeping change to how vendor invoices are managed, to reduce paperwork and expand telecommuting opportunities. The focus was a line of business burdened by the movement of paper among multiple work units across the County's organization: accounts payable operations. Through imaging technology, EAPS eliminates the flow of paper, much the way the banking industry has revolutionized the movement of checks through the clearing systems.

**Foreclosure Prevention Outreach:** The program began as a grassroots effort that also included Legal Services of Northern Virginia and partnership with the Virginia Housing Development Authority. The program included the collaborative development of a "Process for Triage and Assessment to Avoid Foreclosure." It is now incorporated in regional and statewide foreclosure prevention efforts. Since its inception in 2008, the program has reached out to more than 1,400 people including 150 attorneys and paralegals trained for the *pro bono* program and more than 450 other professionals.

**Public Safety Architecture Modernization:** Six public safety and law enforcement county agencies collaborated to achieve seamless interoperability and use of the same enterprise technology platforms for like-and unique operational requirements; enhanced coordination for emergency event response; and collaborative use of data for decision making across functions. The joint initiative included the Department of Public Safety Communications (9-1-1 Center); Police Department; Fire and Rescue Department; Sheriff Stan Barry's Office; Office of Emergency Management.

**Community Budget Dialogues:** Faced with an unprecedented projected shortfall of more than \$400 million in summer 2008 (a deficit that grew to more than \$650 million by November 2008), County and schools staff designed and implemented this robust public input process. It helped identify community priorities and solicited suggestions and recommendations from the public and employees for the sustainable criteria to close the gap and achieve a balanced budget acceptable to the public.

**Youth Survey Key Issue Fact Sheets:** The fact sheets draw from the data available from the Youth Surveys administered in Fairfax County Public Schools to students in grades 6, 8, 10 and 12 that examine the risk and protective factors and various health behaviors that influence the health and well-being of the County's youth. The fact sheets disseminate this information to the community in a way that is informative and useful. The fact sheets address nutrition and physical activity; risk and protective factors; alcohol use; depression and suicide; drug use; inhalant use; and other issues.

**Explore the World in Your Community at Ossian Hall Park- Arts and Culture Award:** Set in Fairfax County's most diverse area, the international performance series relied on partnerships and community resources to plan, fund and present summer festivals, each with a different ethnic theme, featuring music, dance, traditional crafts and native foods. The series used arts and culture to solve two problems: how to turn a potential gang hotspot into a community asset, and how to engender a sense of park ownership in residents from other countries who are new to Fairfax County.

## ACKNOWLEDGMENTS

We express our sincere appreciation to all staff who contributed to this report, especially the members of the CAFR Project Team in the Financial Reporting and Financial Operations Divisions of the Department of Finance, who prepared and compiled this report. We commend them for their professionalism, hard work, and continued efforts to improve this report. In addition, we acknowledge the cooperation and assistance of each County department throughout the year in the efficient administration of the County's financial operations.

This CAFR reflects our commitment to the residents of Fairfax County, the Board of Supervisors, and all interested readers of this report to provide information in conformance with the highest standards of financial reporting.

Respectfully,



Anthony H. Griffin  
County Executive



Edward L. Long, Jr.  
Deputy County Executive



Victor L. Garcia  
Director of Finance



**COUNTY OF FAIRFAX,  
VIRGINIA**

Urban County Executive Form of Government  
As of June 30, 2010

**BOARD OF SUPERVISORS**

Sharon S. Bulova, Chairman	At large
Penelope A. Gross, Vice Chairman	Mason District
Gerald W. Hyland	Mount Vernon District
Lynda Q. Smyth	Providence District
Catherine M. Hudgins	Hunter Mill District
Michael R. Frey	Sully District
John C. Cook	Braddock District
Jeffrey C. McKay	Lee District
Patrick S. Herrity	Springfield District
John W. Foust	Dranesville District

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Nancy J. Vehrs

**COUNTY EXECUTIVE**

Anthony H. Griffin

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Robert A. Stalzer

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**DEPARTMENT OF FINANCE**

Victor L. Garcia, Director

**DEPARTMENT OF TAX ADMINISTRATION**

Kevin C. Greenlief, Director

**DEPARTMENT OF PURCHASING AND SUPPLY MANAGEMENT**

Cathy A. Muse, Director

**OFFICE OF THE COUNTY ATTORNEY**

David P. Bobzien, County Attorney

**OFFICE OF PUBLIC AFFAIRS**

Merni C. Fitzgerald, Director

**OFFICE OF THE INTERNAL AUDITOR**

Christopher J. Pietsch, Director

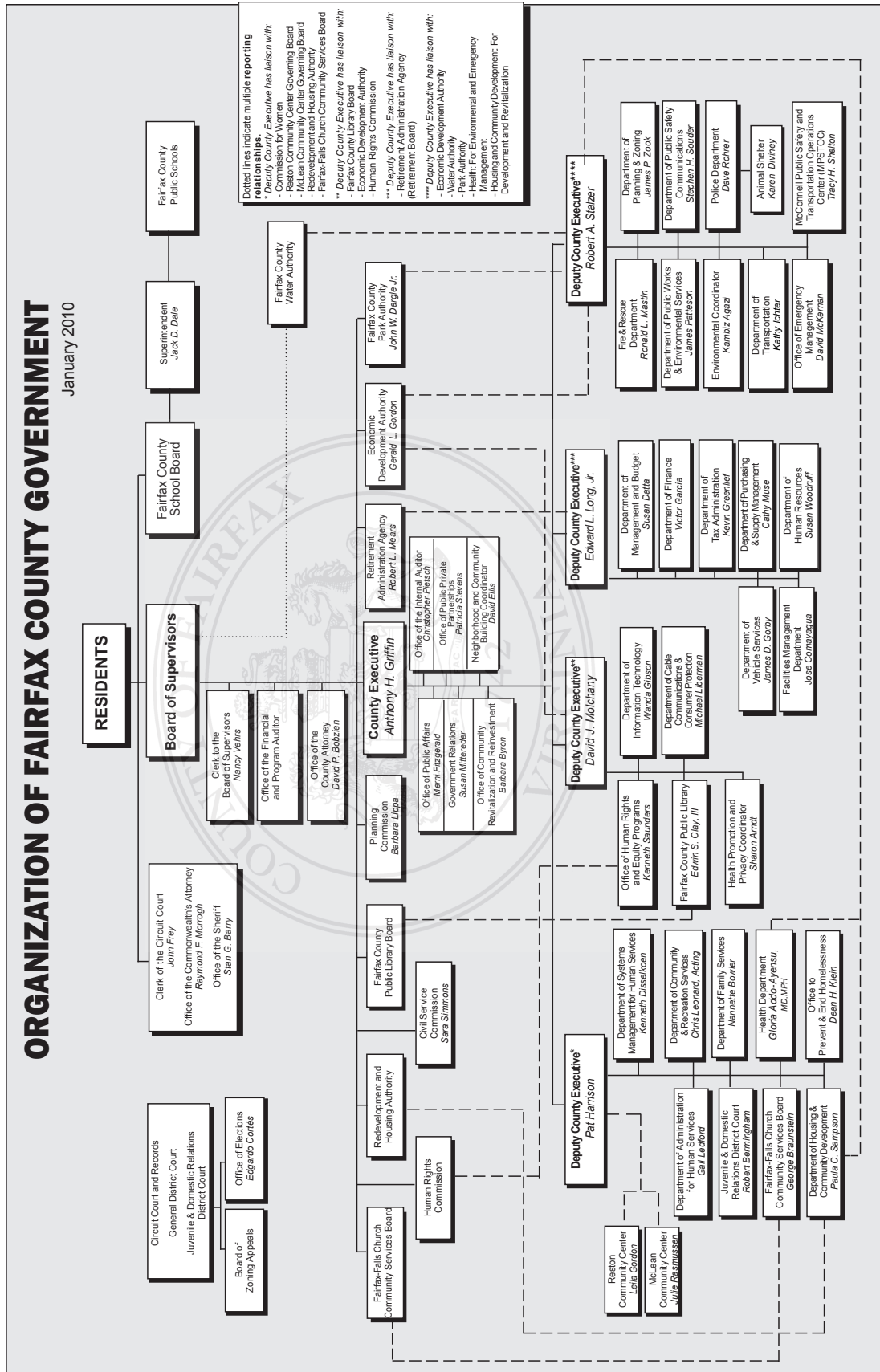
**INDEPENDENT AUDITORS**

KPMG LLP



# ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT

January 2010



This report was prepared by:

**COUNTY OF FAIRFAX, VIRGINIA**  
**DEPARTMENT OF FINANCE**

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With the support and assistance of many others.

Cover designed by Richard Modie  
Special thanks to Deborah Oh for assistance with design options

**GOVERNMENT  
FINANCE  
OFFICERS  
ASSOCIATION  
AWARD**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Presented to

**County of Fairfax  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

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.



President

Executive Director



# Financial Section

**T**he Financial Section includes the independent auditors' report, management's discussion and analysis, basic financial statements, including the accompanying notes, required supplementary information, and other supplementary information.



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Auditors' Report

The Board of Supervisors  
County of Fairfax, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia (the County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Fairfax County Redevelopment and Housing Authority (FCRHA), a discretely presented component unit of the County, which represents 8.09%, 4.97%, and 15.54%, respectively, of total assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the County's aggregate discretely presented component units financial statements, insofar as it relates to the amounts included for the FCRHA, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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 (Specifications). 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Fairfax, Virginia, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note N to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, effective July 1, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over





financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 3 through 16 and the required supplementary information and the notes to the required supplemental information on pages 99 through 105 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. 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 the County's basic financial statements. The introductory section, other supplementary information, and the statistical section, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section 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.

KPMG LLP

November 15, 2010

# Management's Discussion and Analysis

**T**he Management's Discussion and Analysis subsection provides a narrative introduction to and overview and analysis of the basic financial statements. It includes a description of the government-wide and fund financial statements, as well as an analysis of the County of Fairfax's overall financial position and results of operations.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Fairfax, Virginia's (the County) Comprehensive Annual Financial Report (CAFR) presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which is also contained in this CAFR.

### FINANCIAL HIGHLIGHTS

#### Highlights for Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using the economic resources measurement focus and accrual basis of accounting.

- The County's assets exceeded liabilities by \$1,426.9 million on a government-wide basis at June 30, 2010.
- For the fiscal year, taxes and other revenues of the County's governmental activities amounted to \$3,788.0 million. Expenses amounted to \$3,726.0 million.
- For the fiscal year, revenues of the County's business-type activities were \$147.3 million, and expenses were \$155.5 million.

#### Highlights for Fund Financial Statements

The fund financial statements provide detailed information about the County's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting.

- The County's governmental funds reported an increase in fund balance of \$220.2 million for fiscal year 2010, as compared to an increase of \$51.8 million for fiscal year 2009.
- The County's General Fund reported a fund balance of \$349.2 million, an increase of \$70.0 million, or 25.1 percent, from June 30, 2009.

#### General Financial Highlights

- In August 2009, the Fairfax County Redevelopment and Housing Authority issued a \$95.0 million of revenue bonds to repay a portion of an outstanding 2008B bond anticipation note. The County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the revenue bonds at maturity.
- In October 2009, the County issued \$131.8 million of general obligation refunding bonds to advance refund for multiple outstanding Series bonds in order to save \$7.5 million in future debt service payments, with a \$5.7 million net present value. The County also issued \$66.9 million of general obligation public improvement bonds to be used for projects related to school and transportation improvements. The County issued \$202.2 million of general obligation taxable Build America Bonds. The bonds were issued to finance projects related to school improvements, public safety, park facilities, transportation facilities, and other purposes.
- In March 2010, the EDA issued \$43.4 million of revenue bonds to current or advance refund multiple outstanding Series bonds in order to save \$4.5 million in future debt service payments, with a \$4.0 million net present value.

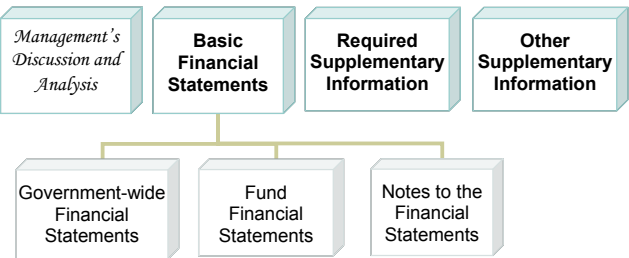
**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of this annual report consists of four parts: (1) management’s discussion and analysis (presented here), (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information.

The County’s basic financial statements consist of two kinds of statements, each with a different view of the County’s finances. The government-wide financial statements provide both long- and short-term information about the County’s overall financial status. The fund financial statements focus on major aspects of the County’s operations, reporting those operations in more detail than the government-wide statements. The basic financial statements also include notes to explain information in the financial statements and provide more detailed data.

The statements and notes are followed by required supplementary information that contains the budgetary comparison schedule for the General Fund and trend data pertaining to the retirement systems. In addition to these required elements, the County includes other supplementary information with combining and individual fund statements to provide details about the governmental, internal service, and fiduciary funds; capital assets; and component units.

**Components of the Financial Section**



**Government-wide Financial Statements**

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector businesses. In addition, they report the County’s net assets and how they have changed during the fiscal year.

The first government-wide statement—the statement of net assets—presents information on all of the County’s 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 health of the County is improving or deteriorating. Additionally, non-financial factors, such as a change in the County’s property tax base or the condition of County facilities, should be considered to assess the overall health of the County.

The second statement—the statement of activities—presents information showing how the County’s net assets changed during the fiscal year. All of the current year’s revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide financial statements are divided into three categories, as follows:

Governmental Activities – Most of the County’s basic services are reported here, including public safety; public works; judicial administration; health and welfare services; community development; parks, recreation, and cultural programs; education; and general administration. These activities are financed primarily by property taxes, other local taxes, and federal and state grants. Included in the governmental activities are the governmental funds and internal service funds.

Business-type Activities – The County’s only business-type activity, the Integrated Sewer System (Sewer System), is reported here.

Discretely Presented Component Units – The County includes four other entities in its annual financial report: Fairfax County Public Schools (Public Schools), Fairfax County Redevelopment and Housing Authority (FCRHA), Fairfax County Park Authority (Park Authority), and Fairfax County Economic Development Authority (EDA). Although legally separate, these component units are included because the County is financially accountable for them.

The County's governmental and business-type activities are collectively referred to as the primary government. Together, the primary government and its discretely presented component units are referred to as the reporting entity.

### **Fund Financial Statements**

The fund financial statements provide detailed information about the County's most significant funds. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County has the following three types of funds:

Governmental Funds – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the governmental activities in the government-wide financial statements, additional information is provided to explain the relationship (or differences). The General Fund accounts for the main operating activities of the County and consequently, is the largest of the governmental funds. All other governmental funds, which include special revenue funds, debt service funds, and capital projects funds, are collectively referred to as nonmajor governmental funds.

Proprietary Funds – Proprietary funds, which consist of enterprise funds and internal service funds, are used to account for operations that are financed and operated in a manner similar to private business enterprises in which costs are recovered primarily through user charges. Proprietary fund financial statements, like the government-wide financial statements, provide both long- and short-term financial information. The County's only enterprise fund, the Sewer System, is reported as the County's business-type activity in the government-wide statements. The fund financial statements provide additional information, such as cash flows, for the Sewer System. The internal service funds are used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, document services, and technology infrastructure support to County departments on a cost reimbursement basis.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's programs. The County's fiduciary funds consist of pension trust funds, an OPEB trust fund and agency funds. The pension trust funds are used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension plans—the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System. The OPEB trust fund is used to account for the assets held in trust by the county for other post employment benefits. The agency funds are used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

## Statement of Net Assets

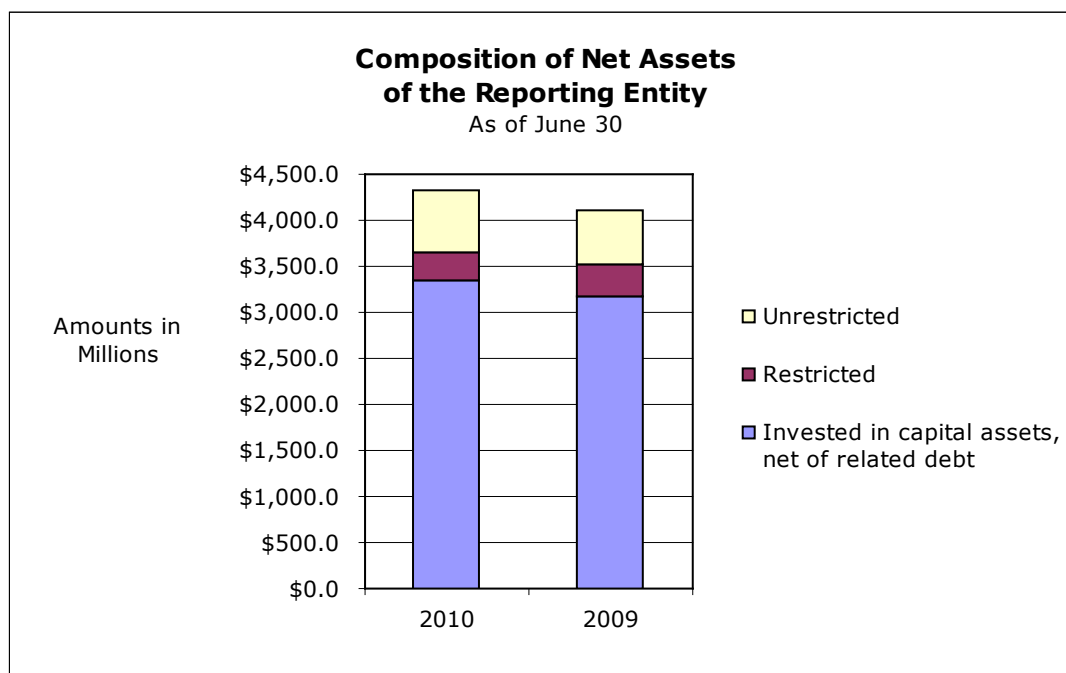
The following tables present a summary of the Statements of Net Assets for the reporting entity as of June 30, 2010 and 2009:

Summary of Net Assets As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and other assets	\$ 4,072.1	4,087.6	\$ 229.3	270.7	\$ 4,301.4	4,358.3
Capital assets (net)	2,064.0	2,009.4	1,209.5	1,186.9	3,273.5	3,196.3
Total assets	6,136.1	6,097.0	1,438.8	1,457.6	7,574.9	7,554.6
Liabilities:						
Current liabilities	2,829.1	3,046.7	14.0	12.4	2,843.1	3,059.1
Long-term liabilities	2,750.2	2,555.5	554.7	567.1	3,304.9	3,122.6
Total liabilities	5,579.3	5,602.2	568.7	579.5	6,148.0	6,181.7
Net assets:						
Invested in capital assets, net of related debt	1,458.4	1,399.9	748.7	645.0	2,207.1	2,044.9
Restricted	210.8	188.4	44.5	142.4	255.3	330.8
Unrestricted (deficit)	(1,112.4)	(1,093.5)	76.9	90.7	(1,035.5)	(1,002.8)
Total net assets	\$ 556.8	494.8	\$ 870.1	878.1	\$ 1,426.9	1,372.9

Summary of Net Assets - continued As of June 30 (\$ in millions)								
	Total Primary Government		Component Units		Reclassifications		Total Reporting Entity	
	2010	2009	2010	2009	2010	2009	2010	2009
Assets:								
Current and other assets	\$ 4,301.4	4,358.3	\$ 787.5	632.8	\$ -	-	\$ 5,088.9	4,991.1
Capital assets (net)	3,273.5	3,196.3	2,654.1	2,604.9	-	-	5,927.6	5,801.2
Total assets	7,574.9	7,554.6	3,441.6	3,237.7	-	-	11,016.5	10,792.3
Liabilities:								
Current liabilities	2,843.1	3,059.1	222.5	224.3	-	-	3,065.6	3,283.4
Long-term liabilities	3,304.9	3,122.6	323.9	284.1	-	-	3,628.8	3,406.7
Total liabilities	6,148.0	6,181.7	546.4	508.4	-	-	6,694.4	6,690.1
Net assets:								
Invested in capital assets, net of related debt	2,207.1	2,044.9	2,451.5	2,432.9	(1,304.9)	(1,309.3)	3,353.7	3,168.5
Restricted	255.3	330.8	117.7	57.0	(67.0)	(33.6)	306.0	354.2
Unrestricted (deficit)	(1,035.5)	(1,002.8)	326.0	239.4	1,371.9	1,342.9	662.4	579.5
Total net assets	\$ 1,426.9	1,372.9	\$ 2,895.2	2,729.3	\$ -	-	\$ 4,322.1	4,102.2

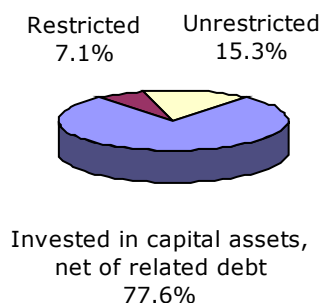
The Commonwealth of Virginia requires that counties, as well as their financially dependent component units, be financed under a single taxing structure. This results in counties issuing general obligation debt to finance capital assets, such as public schools, for their component units. The component units are then responsible to account for and maintain the assets purchased or constructed with the debt proceeds. While Governmental Accounting Standards Board (GASB) No. 14, *The Financial Reporting Entity*, requires that the primary government and its component units, which make up the total financial reporting entity, be accounted for separately on the face of the basic financial statements, the net assets of the total financial reporting entity best represent the entity's financial position. The reclassification column represents the matching of the primary government's outstanding debt to the component units' related capital assets from a financial reporting entity perspective.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the reporting entity, assets exceeded liabilities by \$4,322.1 million at fiscal year end 2010, representing an increase of \$219.8 million from the net assets at June 30, 2009, as shown below.



As shown to the right, the largest portion of net assets is the investment in capital assets (e.g., land, buildings, infrastructure, and equipment, net of depreciation and amortization), less the outstanding debt that was used to acquire those assets. The restricted net assets portion represents resources that are subject to external restrictions on how they may be used. Net assets of the reporting entity are restricted for various uses, some of which include grant programs (\$50.7 million), community centers (\$21.1 million), sewer improvements (\$33.5 million), and housing (\$36.7 million). Unrestricted net assets represent the remaining amount of net assets that are neither related to capital assets nor restricted for specific uses.

**Composition of Net Assets  
of the Reporting Entity**  
As of June 30, 2010



## Statement of Activities

The following table summarizes the changes in net assets for the primary government for the fiscal years ended June 30, 2010 and 2009:

Summary of Changes in Net Assets For the Fiscal Years Ended June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 363.2	394.1	\$ 137.4	120.2	\$ 500.6	514.3
Operating grants and contributions	441.0	248.0	-	-	441.0	248.0
Capital grants and contributions	45.3	30.5	8.7	9.0	54.0	39.5
General revenues:						-
Real property tax	2,126.4	2,093.5	-	-	2,126.4	2,093.5
Personal property tax	296.6	316.7	-	-	296.6	316.7
Business licenses tax	138.7	143.0	-	-	138.7	143.0
Local sales and use tax	151.4	154.9	-	-	151.4	154.9
Consumers utility tax	117.9	113.6	-	-	117.9	113.6
Other taxes	72.7	65.2	-	-	72.7	65.2
Unrestricted grants and contributions	0.4	212.0	-	-	0.4	212.0
Revenue from the use of money	34.4	87.6	1.3	2.3	35.7	89.9
Total revenues	3,788.0	3,859.1	147.4	131.5	3,935.4	3,990.6
Expenses:						
General government administration	148.8	160.7	-	-	148.8	160.7
Judicial administration	40.8	44.9	-	-	40.8	44.9
Public safety	604.2	624.3	-	-	604.2	624.3
Public works	198.5	195.1	155.5	149.0	354.0	344.1
Health and welfare	495.7	494.5	-	-	495.7	494.5
Community development	232.2	273.6	-	-	232.2	273.6
Parks, recreation, and cultural	124.1	140.8	-	-	124.1	140.8
Education	1,784.1	1,784.7	-	-	1,784.1	1,784.7
Interest on long-term debt *	97.6	95.2	-	-	97.6	95.2
Total expenses	3,726.0	3,813.8	155.5	149.0	3,881.5	3,962.8
Increase (decrease) in net assets before special item	62.0	45.3	(8.1)	(17.5)	53.9	27.8
Special items:						
Gain from sale of purchased capacity	-	-	-	-	-	-
Increase (decrease) in net assets	62.0	45.3	(8.1)	(17.5)	53.9	27.8
Beginning net assets	494.9	449.6	878.0	895.5	1,372.9	1,345.1
Ending net assets	\$ 556.9	494.9	\$ 869.9	878.0	\$ 1,426.8	1,372.9

\* For business-type activities, interest on long-term debt is included in the functional expense category.

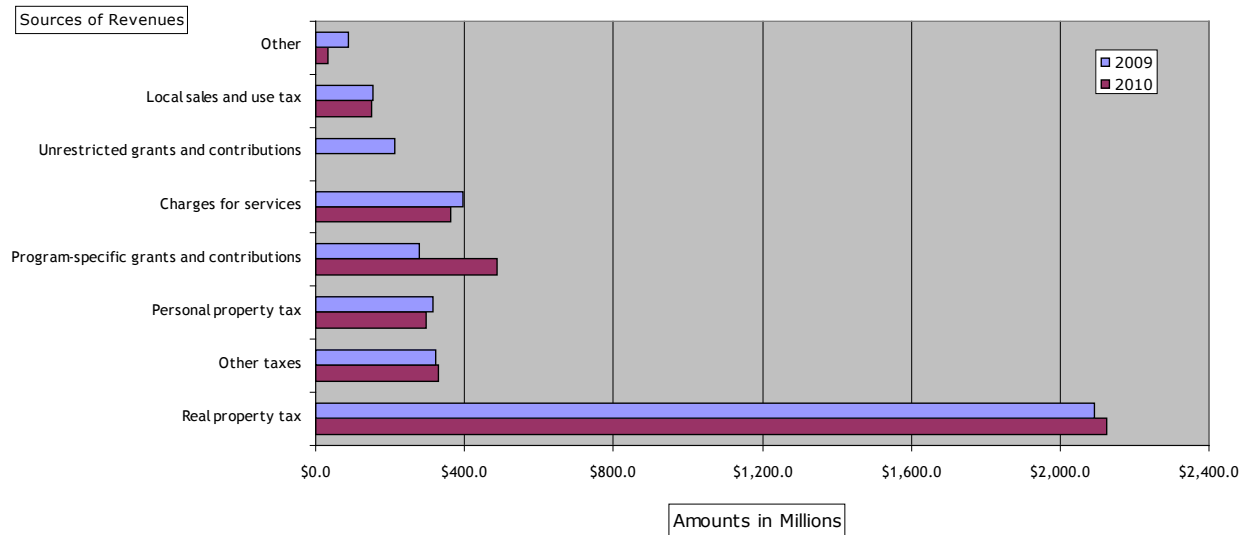


## Governmental Activities

Revenues for the County's governmental activities were \$3,788.0 million for fiscal year 2010, representing an decrease of \$71.0 million over fiscal year 2009. Sources of revenues for fiscal years 2010 and 2009 are comprised of the following items:

### Governmental Activities - Revenues by Source

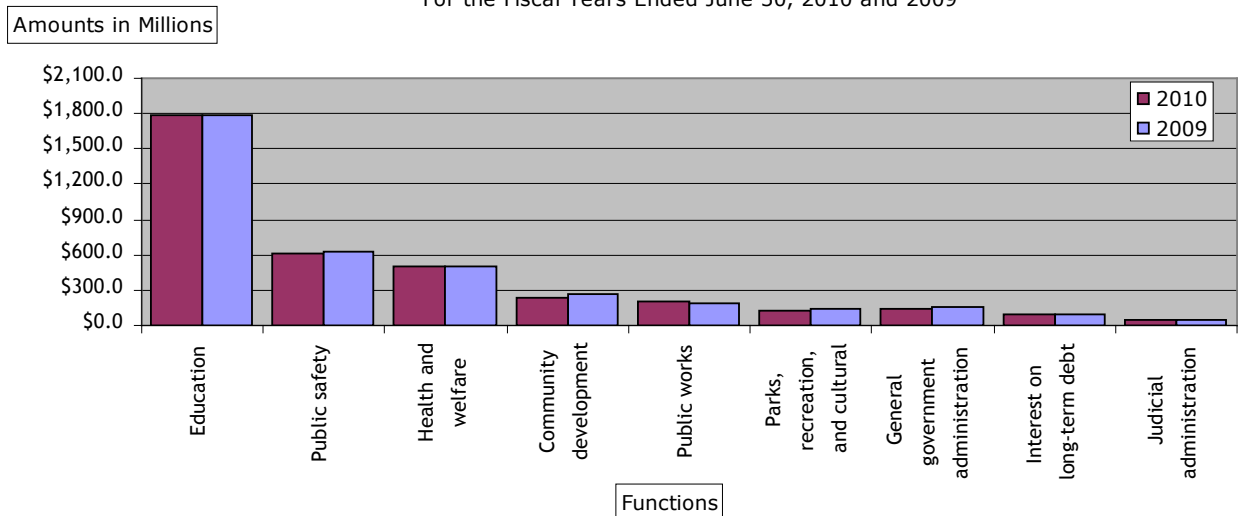
For the Fiscal Years Ended June 30, 2010 and 2009



Taxes constitute the largest source of County revenues, amounting to \$2,903.8 million for fiscal year 2010, an increase of \$16.9 million over fiscal year 2009, primarily due to real property taxes. Real property taxes (\$2,126.4 million) represent 73.2 percent of total taxes and over half of all revenues combined. Unrestricted grants and contributions include \$211.3 million in revenues from the Commonwealth of Virginia to reimburse Fairfax County as part of the Personal Property Tax Relief Act (see Note C to the financial statements).

### Governmental Activities - Expenses by Function

For the Fiscal Years Ended June 30, 2010 and 2009



Total cost of all of the County's governmental activities for fiscal year 2010 was \$3,726.0 million, representing a decrease of \$87.8 million over fiscal year 2009. As the chart below indicates, education continues to be the County's largest program. Education expenses totaled about \$1.78 billion in fiscal year 2010, to support school operations and service debt for bond-funded projects to build new schools and renew older facilities. Public safety expenses represent the second largest expense, totaling \$604.2 million in fiscal year 2010. Public safety expenses decreased \$20.1 million over fiscal year 2009 primarily due to personnel costs in the Police, Sheriff, Public Safety Communications, Circuit Court and Juvenile and Domestic Relations Court departments.

The table on the right depicts the total cost of each of the County's six largest programs—education, public safety, health and welfare, community development, public works, and general government administration—as well as the net cost of each program (total cost less fees generated by the programs and program-specific intergovernmental aid).

Net Cost of County's Governmental Activities For the Fiscal Years Ended June 30 (\$ in millions)				
Functions/Programs	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Education	\$ 1,784.1	1,784.7	\$ 1,783.6	1,784.7
Public safety	604.2	624.3	493.0	513.7
Health and welfare	495.7	494.5	288.0	295.7
Community development	232.2	273.6	92.7	68.8
Public works	198.5	195.1	84.6	104.0
General government administration	148.8	160.7	(76.7)	148.9
Other	262.5	280.9	211.2	225.3
Total	\$ 3,726.0	3,813.8	\$ 2,876.4	3,141.1

Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$363.2 million) and other governments and organizations that subsidized certain programs with grants and contributions (\$486.3 million). Of the \$2,876.4 million net cost of services, the amount that taxpayers paid for these programs through County taxes was \$2,903.7 million.

### Business-type Activities

The Sewer System recovers its costs primarily through user service charges and availability fees. For fiscal year 2010, the Sewer System reported a decrease in net assets of \$8.1 million. Total revenues of the Sewer System increased \$15.9 million over fiscal year 2009. This increase was primarily the result of increases in service charges which exceeded decreases in availability fees, investment interest, and contributions from Developers.

Total expenses of the Sewer System for fiscal year 2010 were \$155.5 million, increasing by \$6.5 million over fiscal year 2009. This increase resulted primarily from increases in the cost for contractual services, material and supplies, and personnel services.

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's 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 financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

As of June 30, 2010, the County's governmental funds had a combined fund balance of \$1,005.4 million, as compared to \$786.7 million at June 30, 2009. Of the fiscal year 2010 fund balance, \$247.0 million is reserved, indicating that it is not available for new spending because it has already been committed for items such as existing purchase orders, construction contracts and loan repayments. Approximately 75.4 percent (\$758.3 million) of the total 2010 fund balance is unreserved, representing resources available for appropriation. Of the unreserved fund balance, by nature of the individual funds, 58.8 percent (\$446.3 million) has been designated to meet the program needs in the special revenue, capital projects, and debt

service funds. Additionally, \$171.8 million of the General Fund's unreserved fund balance of \$312.1 million is designated for emergency needs and revenue stabilization for periods of economic downturn.

For the fiscal year ended June 30, 2010, fund balances for all governmental funds increased by \$218.7 million, compared to the \$51.9 million increase for fiscal year ended June 30, 2009. Total revenues and other financing sources were \$4,753.3 million, and total expenditures and other financing uses were \$4,672.0 million, resulting in the increase to the fund balances.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the unreserved fund balance was \$140.3 million after considering the designated amount of \$171.8 million. This \$140.3 million represents approximately 4.9 percent of the General Fund's total expenditures. Revenues of \$3,352.1 million less expenditures of \$2,837.4 million and other financing uses (net) of \$443.2 million resulted in a positive net change in fund balance of \$71.5 million. Key factors for the increase of the fund balance include the following:

- Personal Property tax revenue exceeded expectations due to somewhat stronger economic activity than projected, while the Bank Franchise tax more than doubled as a result of excess reserves held by banks.
- Current expenditures declined or remained flat in most areas mainly due to management of position vacancies.

The County's enterprise fund provides the same type of information found in the government-wide financial statements, as the basis of accounting is the same. Factors relating to the financial results of the Sewer System have been addressed in the discussion of the County's business-type activities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended budget appropriations, which include expenditures and transfers out, were more than the original budget amounts by \$53.7 million or 1.6 percent. This increase is due primarily to the carryover of prior year commitments. The final amended budget revenues and transfers exceeded the original budget by \$6.4 million or 0.2 percent, primarily due to concerns of a greater than anticipated decline in the over-all economy.

Actual revenues exceeded final budget amounts by \$31.7 million, while actual expenditures were \$92.5 million less than final budget amounts. Highlights of the comparison of final budget to actual figures for the fiscal year ended June 30, 2010, include the following:

- Actual tax revenues exceeded budgeted amounts by \$27.1 million primarily impacted by Personal Property and Bank Franchise taxes. The increase is primarily due to fewer exonerations and higher omitted assessments for personal property and bank mergers at a high level of bank reserves for the Bank Franchise tax.
- Intergovernmental revenues were \$7.9 million more than budgeted amounts primarily due to revenue associated with additional funding provided by the Commonwealth of Virginia for certain public assistance programs, predominantly the Child Care Assistance and Referral program, administrative funding for social services positions and a Federal funding for holding illegal immigrants in County jails.
- Revenues from the use of money and property were \$0.9 million less than budgeted amounts due to a lower than projected yield.
- Actual general government administration expenditures were \$7.3 million, or 7.4 percent, less than budgeted amounts as a result of managing position vacancies.

- Actual public safety expenditures were \$18.7 million, or 4.4 percent, less than budgeted amounts mainly due to (COPS) in Schools grant programs, savings associated with managing position vacancies, reduced overtime related expenses, and lower than anticipated fuel costs.
- Actual health and welfare expenditures were \$14.3 million, or 5.3 percent, less than budgeted amounts due to the management of position vacancies, continued cost savings in Comprehensive Service Act (CSA) spending, and the maximization of Medicaid reimbursement.
- Nondepartmental expenditures were \$33.3 million, or 14.0 percent, less than budgeted amounts primarily due to an amount of funding set aside by the Board of Supervisors as part of the *FY 2009 Carryover Review* for anticipated fiscal year 2011 retirement cost increases and savings in group health insurance, as well as additional savings associated with the management of vacant positions in other areas.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

The County's investment in capital assets as of June 30, 2010, amounted to \$3.3 billion (net of accumulated depreciation and amortization), which represents an increase of \$77.2 million, or 2.4 percent, over last year.

Capital Assets As of June 30 (\$ in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2010	2009	2010	2009	2010	2009	
Land	\$ 414.9	417.4	\$ 17.4	17.7	\$ 432.3	435.1	
Easements	7.0	-	0.3	-	7.3	-	
Buildings, improvements, and infrastructure	1,913.8	1,847.5	1,003.5	1,000.7	2,917.3	2,848.2	
Equipment and library collections	443.1	425.5	11.3	11.4	454.4	436.9	
Construction in progress	65.5	70.9	83.0	48.8	148.5	119.7	
Equipment under construction	14.0	9.5	-	-	14.0	9.5	
Software in development	20.3	-	-	-	20.3	-	
Purchased capacity	-	-	750.5	718.7	750.5	718.7	
Total capital assets	2,878.6	2,770.8	1,866.0	1,797.3	4,744.6	4,568.1	
Less: Accumulated depreciation and amortization	(814.5)	(761.3)	(656.5)	(610.4)	(1,471.0)	(1,371.7)	
Total capital assets, net	\$ 2,064.1	2,009.5	\$ 1,209.5	1,186.9	\$ 3,273.6	3,196.4	

Capital assets as of June 30, 2010 and 2009, are summarized below:

The major capital asset events for fiscal year 2010 included the following:

- The ongoing costs associated with the expansion and renovation of *Jennings Judicial Center* and courtroom totaled \$2.1 million, funded through a public safety referenda.
- Developers' contributions of sewer lines and manholes totaled \$2.5 million.
- The ongoing construction costs associated with Human Services facilities, including Gregory Road

Treatment facility expansion and renovation and Less Secure Shelter II, totaled \$8.8 million, funded through general obligation bonds.

- The ongoing expansion and renovation costs associated with 3 County libraries: Thomas Jefferson, Richard Byrd, and Martha Washington, totaled \$18.9 million, funded with a public library bond referendum and general revenues.
- The purchase of library books and audio/video materials totaled \$3.3 million, funded through general operating revenues.
- The ongoing expansion and renovation costs associated Reston Community Center totaled \$3.1 million, funded with special revenue and general revenue funds.
- The Sewer System's share of the ongoing expansion costs of the Arlington County's, Alexandria County's, and the District of Columbia's wastewater treatment facilities, which provide services to certain County residents, was \$7.1 million, \$11.9 million, and \$12.9 million, respectively, funded through Sewer Revenue bonds.

Additional information pertaining to the County's capital assets can be found in Note F to the financial statements on page 66.

### Long-term Debt

There is no legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding. However, all general obligation bonded indebtedness must be approved by voter referendum prior to issuance. The Board of Supervisors has established the following self-imposed limits with respect to long-term debt:

- A limit of \$1.375 billion of general obligation bond sales over a five-year period, for an average of \$275 million annually, with a maximum of \$300 million in any given year, excluding refunding bonds;
- A limitation that total long-term debt (excluding capital leases for equipment and sewer revenue bonds) not exceed 3 percent of the total market value of taxable real and personal property in the County and that annual debt service payments not exceed 10 percent of annual General Fund expenditures and transfers out. For fiscal year 2010, these percentages were 1.04 percent and 8.38 percent, respectively.

In October 2009, the County issued \$66.9 million of Series 2009D General Obligation Public Improvement with a true interest cost of 1.466 percent and a premium of \$6.3 million. Proceeds are being used to fund new facilities and improvements, as follows (in millions):

#### County facilities:

Transportation improvements .....	\$ 53.7
Public Schools facilities.....	<u>13.2</u>
Total bonds issued for new projects.....	<u>\$66.9</u>

In October 2009, the County issued \$202.2 million of Series 2009E General Obligation Taxable Build America Bonds with a true interest cost of 3.021 percent and a premium of \$1.2 million. Proceeds are being used to fund new facilities and improvements, as follows (in millions):

County facilities:	
Transportation improvements .....	\$ 14.1
Other purposes .....	<u>20.4</u>
Total County facilities .....	34.5
Public Safety facilities .....	13.6
Public Schools facilities.....	139.9
Park Authorities facilities .....	<u>14.2</u>
Total bonds issued for new projects.....	<u>\$202.2</u>

In October 2009, the County issued \$131.8 million of general obligation refunding bonds to advance refund certain outstanding Series 2003B bonds, 2004A bonds, 2004B bonds, and 2005A bonds, thereby taking advantage of lower interest rates to reduce the County's debt service payments by \$7.5 million over the next 10 years and obtaining an economic gain of \$5.7 million.

In March 2010, the Fairfax County Economic Development Authority issued \$43.4 million of revenue bonds to current refund outstanding FCRHA Series 1996, Series 1998, Series 1999 lease revenue bonds, and to advance refund outstanding FCRHA Series 2004 lease revenue bonds and also the County's outstanding Series 2000 certificate of participation bonds, with a true interest cost of 3.409 percent and a premium of \$1.3 million.

In August 2009, the Fairfax County Redevelopment and Housing Authority issued \$95.0 million of lease revenue bonds to repay a substantial portion of an outstanding Series 2008B short-term bond anticipation note, with a true interest cost of 4.620 percent and a discount of \$0.7 million.

The following is a summary of the County's gross outstanding long-term debt as of June 30, 2010 and 2009:

Outstanding Long-term Debt As of June 30 (\$ in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds issued for:						
County facilities	\$ 407.3	352.9	\$ -	-	\$ 407.3	352.9
Public Schools facilities	1,236.3	1,185.1	-	-	1,236.3	1,185.1
Park Authority facilities	168.3	169.1	-	-	168.3	169.1
Washington Metropolitan Area Transit Authority	77.0	87.2	-	-	77.0	87.2
Northern Virginia Regional Park Authority	16.0	15.8	-	-	16.0	15.8
Commonwealth of Virginia (roads)	92.1	85.7	-	-	92.1	85.7
Revenue bonds	321.7	209.7	-	-	321.7	209.7
Sewer revenue bonds	-	-	546.8	559.1	546.8	559.1
Capital leases and other	36.0	61.2	-	-	36.0	61.2
Total County outstanding debt	\$ 2,354.7	2,166.7	\$ 546.8	559.1	\$ 2,901.5	2,725.8

Additional information related to the County's long-term debt can be found in Note K to the financial statements on page 84.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The following economic factors are reflected in the General Fund budget for fiscal year 2011:

- The assessed value of all real property decreased by \$19.0 billion, or 9.20 percent, over the fiscal year 2010 value. This decline is the result of a double-digit decline in residential values and a record decline in nonresidential values.
- Equalized Residential property assessments declined 5.56 percent in fiscal year 2011. This represents the fourth consecutive decline in assessment values. This trend is in line with historic performance when the National Economy is in recession.
- Non-residential equalization declined 18.29 percent in fiscal year 2011. The reduction reflected the rise in office vacancy rates over the year.
- Personal property tax revenue is anticipated to experience a slight rise of .13 percent in fiscal year 2011. The vehicle component is forecast to increase .4 percent and average volume is projected to increase .8 percent in fiscal year 2011. The slight increase is due to more new vehicles are being purchased and exiting vehicles are in the County's tax base have not depreciated as much as they did in the previous year.
- Revenue from investments is expected to decline due to continued low interest rates.

The Fiscal Year 2011 Adopted Budget includes revenues of \$3.24 billion, or a 2.48 percent decrease over the fiscal year 2010 *Revised Budget Plan*. Real and personal property taxes represent the majority of budgeted revenues, comprising approximately 77.5 percent of the fiscal year 2011 General Fund revenues. Revenue from real property taxes alone makes up 62.1 percent of total revenues, as compared to approximately 63.8 percent in the Fiscal Year 2010 Adopted Budget.

Budgeted disbursements, which include expenditures and transfers out, are \$3.31 billion, a 2.71 percent decrease from the fiscal year 2010 level. County funding for Public Schools is \$1.77 billion – which approximates 53.5 percent of the County's total General Fund budget. This funding supports operating costs, school construction, and debt service. Total direct expenditures funding decreased by \$60.3 million, or 4.81 percent, from fiscal year 2010. These reductions are being accomplished through various innovative approaches such as service cuts, program reorganizations, and staff reductions to reduce cost while maintaining core County services.

In fiscal year 2011, the following tax rate and fee adjustments were approved:

- Real estate tax rate was increased from \$1.04 to \$1.09 per \$100 of assessed value.
- Commercial real estate tax rate for County transportation remains at \$0.11 per \$100 of assessed value on commercial and industrial properties.
- Special real estate tax rate collected on all properties within Small District 1, Dranesville for the McLean Community Center remains at \$0.024 per \$100 of assessed value.
- The sewer availability charge for new single-family homes increases by \$440 or 6 percent, from \$7,310 to \$7,750.



- Sewer service rate increases from \$4.50 to \$5.27 per 1,000 gallons of water consumption.
- Refuse collection rate for County collection sanitation districts remains at \$345 per household, and the refuse disposal rate remains at \$60 per ton.
- The Stormwater Management rate increased from \$0.01 to \$0.015 per \$100 of assessed value.

The County has added no new major initiatives for fiscal year 2011. The Board has maintained the dedication of one-half penny of the real estate tax rate for the preservation of Affordable Housing. Utilizing an unprecedented level of community input, funding adjustments and strategies have been incorporated in the Fiscal Year 2011 Adopted Budget Plan to continue to address the County's commitment to achieving the strategic priorities of a strong investment in education; public safety and gang prevention; affordable housing; environmental protection; transportation improvements; and revenue diversification to reduce the burden on the homeowner.

### **Other potentially significant matters**

During fiscal year 2010, the Commonwealth of Virginia initiated certain responsive actions to the economic downturn that will continue to affect Fairfax County Public Schools (FCPS), a discretely presented component unit of Fairfax County. Through changes in certain actuarial assumptions for VRS sponsored retirement plans, which were affected by legislation passed by the General Assembly, the Commonwealth was able to defer rate increases requested by the VRS Trustees, and an increase in the local employer share of these pension contributions was similarly deferred. The impact of these deferrals reduced costs pension related costs of FCPS in fiscal year 2010 and will also decrease pension related costs in fiscal year 2011. The legislation requires that this deferral of costs begin to be replenished starting in fiscal year 2012 and will continue until fully replenished in fiscal year 2021. Ultimately, it is likely that there will be significant increases in the local employer costs to be funded in order to meet the VRS's ability to meet its future payment obligations. Additional information regarding this or other matters that may impact FCPS may be found in the FCPS Comprehensive Annual Financial Report. Information regarding the relationship of FCPS to the County and how to request component unit reports may be found on page 42. Information regarding participation in VRS may be found beginning on page 76.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County of Fairfax, Virginia, Department of Finance, 12000 Government Center Parkway, Fairfax, Virginia, 22035. This report can also be found on the County's website at [www.fairfaxcounty.gov](http://www.fairfaxcounty.gov).

# Basic Financial Statements

**T**he Basic Financial Statements subsection includes the government-wide statements, which incorporate governmental and business-type activities of the County of Fairfax and activities of component units in order to provide an overview of the financial position and results of operations for the reporting entity. This subsection also includes the fund financial statements of the County and the accompanying notes to the financial statements.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		Total Primary Government
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 1,255,829,768	58,549,462	1,314,379,230
Cash in banks	-	-	-
Investments	-	-	-
Receivables (net of allowances):			
Accounts	16,289,670	117,314	16,406,984
Accrued interest	3,756,520	83,786	3,840,306
Property taxes:			
Delinquent	20,666,857	-	20,666,857
Not yet due	2,295,346,584	-	2,295,346,584
Business license taxes - delinquent	3,551,935	-	3,551,935
Loans	56,382,985	-	56,382,985
Notes	-	-	-
Other	38,927	-	38,927
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	94,578,151	33,100,622	127,678,773
Due from primary government	-	-	-
Due from component units	479,816	-	479,816
Loan to component unit	15,150,000	-	15,150,000
Lease to component unit	55,400,000	-	55,400,000
Interfund receivables	386,508	(386,508)	-
Inventories of supplies	1,788,132	431,011	2,219,143
Prepaid and other assets	344,423	-	344,423
Restricted assets:			
Equity in pooled cash and temporary investments	16,939,247	108,889,253	125,828,500
Cash with fiscal agents	1,229,181	-	1,229,181
Certificates of deposit - performance bonds	61,667	-	61,667
Investments	-	27,371,296	27,371,296
Net OPEB Asset	9,505,610	-	9,505,610
Deferred bond issuance costs (net of amortization)	13,069,919	1,128,719	14,198,638
Land held for sale	-	-	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land	414,911,073	17,370,540	432,281,613
Easements	7,010,430	318,144	7,328,574
Construction in progress	65,501,728	82,966,213	148,467,941
Equipment under construction	13,955,319	-	13,955,319
Software in development	20,264,490	-	20,264,490
Depreciable/amortizable:			
Equipment	365,635,412	11,257,743	376,893,155
Software	-	-	-
Library collections	77,437,722	-	77,437,722
Purchased capacity	-	750,474,294	750,474,294
Buildings and improvements	1,334,129,552	1,003,515,511	2,337,645,063
Infrastructure	579,719,307	-	579,719,307
Accumulated depreciation	(814,453,386)	(466,844,100)	(1,281,297,486)
Accumulated amortization	-	(189,691,742)	(189,691,742)
Total assets	\$ 6,136,221,491	1,438,651,558	7,574,873,049

See accompanying notes to the financial statements.

## EXHIBIT A

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
<b>ASSETS</b>			
538,937,667	-	1,853,316,897	Equity in pooled cash and temporary investments
14,481,075	-	14,481,075	Cash in banks
4,780,000	-	4,780,000	Investments
			Receivables (net of allowances):
3,091,505	-	19,498,489	Accounts
229,482	-	4,069,788	Accrued interest
			Property taxes:
-	-	20,666,857	Delinquent
-	-	2,295,346,584	Not yet due
-	-	3,551,935	Business license taxes - delinquent
-	-	56,382,985	Loans
33,162,363	-	33,162,363	Notes
-	-	38,927	Other
			Due from intergovernmental units (net of allowances):
-	-	211,313,944	Property tax relief - not yet due
53,952,235	-	181,631,008	Other
3,740,389	-	3,740,389	Due from primary government
-	-	479,816	Due from component units
-	-	15,150,000	Loan to component unit
-	-	55,400,000	Lease to component unit
-	-	-	Interfund receivables
3,332,530	-	5,551,673	Inventories of supplies
23,936,427	-	24,280,850	Prepaid and other assets
			Restricted assets:
67,746,571	-	193,575,071	Equity in pooled cash and temporary investments
29,611,363	-	30,840,544	Cash with fiscal agents
3,805,158	-	3,866,825	Certificates of deposit - performance bonds
3,968,046	-	31,339,342	Investments
-	-	9,505,610	Net OPEB Asset
1,232,873	-	15,431,511	Deferred bond issuance costs (net of amortization)
1,498,646	-	1,498,646	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
414,671,020	-	846,952,633	Land
16,073,946	-	23,402,520	Easements
138,937,650	-	287,405,591	Construction in progress
-	-	13,955,319	Equipment under construction
3,849,508	-	24,113,998	Software in development
			Depreciable/amortizable:
237,390,003	-	614,283,158	Equipment
351,654	-	351,654	Software
30,381,314	-	107,819,036	Library collections
-	-	750,474,294	Purchased capacity
3,226,867,649	-	5,564,512,712	Buildings and improvements
-	-	579,719,307	Infrastructure
(1,414,161,408)	-	(2,695,458,894)	Accumulated depreciation
(262,884)	-	(189,954,626)	Accumulated amortization
3,441,604,782	-	11,016,477,831	Total assets

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		Total
	Governmental	Business-type	Primary
	Activities	Activities	Government
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 89,895,694	2,298,509	92,194,203
Accrued salaries and benefits	55,414,255	1,214,281	56,628,536
Contract retainages	2,103,516	4,337,190	6,440,706
Accrued interest payable	25,336,247	6,161,590	31,497,837
Due to primary government	-	-	-
Due to component units	3,740,389	-	3,740,389
Matured bond principal and interest payable	76,638	-	76,638
Deferred revenue:			
Property taxes not yet due	2,522,613,468	-	2,522,613,468
Other	52,936,474	-	52,936,474
Performance and other deposits	77,086,135	-	77,086,135
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable, net	182,910,410	-	182,910,410
Revenue bonds payable, net	16,758,306	16,025,381	32,783,687
Notes payable	3,467,359	-	3,467,359
Compensated absences payable	62,637,656	1,244,301	63,881,957
Landfill closure and postclosure obligation	500,000	-	500,000
Obligations under capital leases and installment purchases	2,478,127	-	2,478,127
Insurance and benefit claims payable	24,200,406	-	24,200,406
Loan from primary government	-	-	-
Deferred Rent	-	-	-
Other	1,884,000	-	1,884,000
Portion due or payable after one year:			
General obligation bonds payable, net	1,878,820,611	-	1,878,820,611
Revenue bonds payable, net	304,532,770	536,533,012	841,065,782
Notes payable	39,887,128	-	39,887,128
Compensated absences payable	41,995,740	913,362	42,909,102
Landfill closure and postclosure obligation	60,144,597	-	60,144,597
Obligations under capital leases and installment purchases	5,586,140	-	5,586,140
Insurance and benefit claims payable	23,005,209	-	23,005,209
Net pension obligation	74,623,750	-	74,623,750
Loan from primary government	-	-	-
Deferred Rent	-	-	-
Other	26,817,330	-	26,817,330
Total liabilities	5,579,452,355	568,727,626	6,148,179,981
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,458,369,495	748,697,093	2,207,066,588
Restricted for:			
Grant programs	39,385,402	-	39,385,402
Sewer improvements	-	33,548,270	33,548,270
Repair and replacement	-	-	-
Community centers	21,088,759	-	21,088,759
Housing	-	-	-
Transportation	150,367,883	-	150,367,883
Capital projects	-	-	-
Debt service	-	10,823,396	10,823,396
Unrestricted (deficit)	(1,112,442,403)	76,855,173	(1,035,587,230)
Total net assets	\$ 556,769,136	869,923,932	1,426,693,068

See accompanying notes to the financial statements.

EXHIBIT A  
concluded

Total Component Units	Reclassifications (See Note A-12)	Total Reporting Entity	
<b>LIABILITIES</b>			
53,537,853	-	145,732,056	Accounts payable and accrued liabilities
118,640,292	-	175,268,828	Accrued salaries and benefits
4,379,961	-	10,820,667	Contract retainages
4,762,413	-	36,260,250	Accrued interest payable
479,816	-	479,816	Due to primary government
-	-	3,740,389	Due to component units
-	-	76,638	Matured bond principal and interest payable
-	-		Deferred revenue:
-	-	2,522,613,468	Property taxes not yet due
38,013,115	-	90,949,589	Other
2,693,749	-	79,779,884	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
-	-	182,910,410	General obligation bonds payable, net
1,183,481	-	33,967,168	Revenue bonds payable, net
2,698,723	-	6,166,082	Notes payable
25,410,837	-	89,292,794	Compensated absences payable
-	-	500,000	Landfill closure and postclosure obligation
13,798,937	-	16,277,064	Obligations under capital leases and installment purchases
23,433,794	-	47,634,200	Insurance and benefit claims payable
150,000	-	150,000	Loan from primary government
49,990	-	49,990	Deferred Rent
-	-	1,884,000	Other
-	-		Portion due or payable after one year:
-	-	1,878,820,611	General obligation bonds payable, net
42,528,408	-	883,594,190	Revenue bonds payable, net
77,319,355	-	117,206,483	Notes payable
12,449,756	-	55,358,858	Compensated absences payable
-	-	60,144,597	Landfill closure and postclosure obligation
83,228,410	-	88,814,550	Obligations under capital leases and installment purchases
16,641,055	-	39,646,264	Insurance and benefit claims payable
8,866,393	-	83,490,143	Net pension obligation
15,000,000	-	15,000,000	Loan from primary government
1,172,994	-	1,172,994	Deferred Rent
-	-	26,817,330	Other
546,439,332	-	6,694,619,313	Total liabilities
<b>NET ASSETS</b>			
2,451,553,171	(1,304,867,689)	3,353,752,070	Invested in capital assets, net of related debt
			Restricted for:
11,270,084	-	50,655,486	Grant programs
-	-	33,548,270	Sewer improvements
700,000	-	700,000	Repair and replacement
-	-	21,088,759	Community centers
36,703,017	-	36,703,017	Housing
-	-	150,367,883	Transportation
67,046,571	(67,046,571)	-	Capital projects
1,933,046	-	12,756,442	Debt service
325,959,561	1,371,914,260	662,286,591	Unrestricted (deficit)
2,895,165,450	-	4,321,858,518	Total net assets



**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2010**

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs	Expenses			
Primary government:				
Governmental activities:				
General government administration	\$ 148,730,289	5,772,659	218,054,723	1,609,177
Judicial administration	40,825,671	13,419,053	16,210,252	1,060,542
Public safety	604,248,643	67,562,279	22,686,053	21,007,684
Public works	198,458,714	95,740,931	1,719,994	16,359,988
Health and welfare	495,727,107	63,641,537	143,678,802	412,700
Community development	232,156,056	98,672,206	36,500,212	4,234,280
Parks, recreation, and cultural	124,123,726	18,429,218	2,112,357	63,371
Education - for Public Schools	1,784,128,380	-	-	550,449
Interest on long-term debt	97,587,106	-	-	-
Total governmental activities	3,725,985,692	363,237,883	440,962,393	45,298,191
Business-type activities:				
Public works - Sewer	155,490,570	137,350,273	-	8,677,874
Total business-type activities	155,490,570	137,350,273	-	8,677,874
Total primary government	3,881,476,262	500,588,156	440,962,393	53,976,065
Component units:				
Public Schools	2,279,763,101	76,317,725	225,774,361	162,727,355
Redevelopment and Housing Authority	91,046,552	38,681,099	55,311,936	3,975,500
Park Authority	95,106,943	40,442,334	-	27,036,755
Economic Development Authority	8,897,588	-	-	-
Total component units	\$ 2,474,814,184	155,441,158	281,086,297	193,739,610

**General revenues:**

## Taxes:

Real property

Personal property

Business licenses

Local sales and use

Consumers utility

Recordation

Occupancy, tobacco, and other

Grants and contributions not restricted to specific programs

Revenue from the use of money

Revenue from primary government

Other

Total general revenues

Change in net assets

Net assets, July 1, 2009

Net assets, June 30, 2010

See accompanying notes to the financial statements.

## EXHIBIT A-1

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Total Component Units	Functions/Programs
Governmental Activities	Business-type Activities	Total Primary Government		
Primary government:				
Governmental activities:				
76,706,270	-	76,706,270	-	General government administration
(10,135,824)	-	(10,135,824)	-	Judicial administration
(492,992,627)	-	(492,992,627)	-	Public safety
(84,637,801)	-	(84,637,801)	-	Public works
(287,994,068)	-	(287,994,068)	-	Health and welfare
(92,749,358)	-	(92,749,358)	-	Community development
(103,518,780)	-	(103,518,780)	-	Parks, recreation, and cultural
(1,783,577,931)	-	(1,783,577,931)	-	Education - for Public Schools
(97,587,106)	-	(97,587,106)	-	Interest on long-term debt
(2,876,487,225)	-	(2,876,487,225)	-	Total governmental activities
Business-type activities:				
-	(9,462,423)	(9,462,423)	-	Public works - Sewer
-	(9,462,423)	(9,462,423)	-	Total business-type activities
(2,876,487,225)	(9,462,423)	(2,885,949,648)	-	Total primary government
Component units:				
-	-	-	(1,814,943,660)	Public Schools
-	-	-	6,921,983	Redevelopment and Housing Authority
-	-	-	(27,627,854)	Park Authority
-	-	-	(8,897,588)	Economic Development Authority
-	-	-	(1,844,547,119)	Total component units
General revenues:				
Taxes:				
2,126,498,175	-	2,126,498,175	-	Real property
296,610,992	-	296,610,992	-	Personal property
138,684,942	-	138,684,942	-	Business licenses
151,354,001	-	151,354,001	-	Local sales and use
117,882,816	-	117,882,816	-	Consumers utility
24,891,357	-	24,891,357	-	Recordation
47,772,667	-	47,772,667	-	Occupancy, tobacco, and other
366,331	-	366,331	337,249,420	Grants and contributions not restricted to specific programs
34,364,804	1,303,897	35,668,701	1,557,244	Revenue from the use of money
-	-	-	1,668,542,384	Revenue from primary government
-	-	-	3,068,632	Other
2,938,426,085	1,303,897	2,939,729,982	2,010,417,680	Total general revenues
61,938,860	(8,158,526)	53,780,334	165,870,561	Change in net assets
494,830,276	878,082,458	1,372,912,734	2,729,294,889	Net assets, July 1, 2009
\$ 556,769,136	869,923,932	1,426,693,068	2,895,165,450	Net assets, June 30, 2010

**COUNTY OF FAIRFAX, VIRGINIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

**EXHIBIT A-2**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 482,585,232	627,138,526	1,109,723,758
Receivables (net of allowances):			
Accounts	3,745,999	12,444,197	16,190,196
Accrued interest	1,360,133	2,354,606	3,714,739
Property taxes:			
Delinquent	20,666,857	-	20,666,857
Not yet due	2,295,346,584	-	2,295,346,584
Business license taxes - delinquent	3,551,935	-	3,551,935
Loans	-	56,382,985	56,382,985
Due from intergovernmental units (net of allowances):			
Property tax relief - not yet due	211,313,944	-	211,313,944
Other	55,240,759	38,541,819	93,782,578
Due from component units	479,816	-	479,816
Loan to component unit	-	15,150,000	15,150,000
Lease to component unit	-	55,400,000	55,400,000
Interfund receivables	7,647,418	2,205,562	9,852,980
Prepaid and other assets	77,400	11,763	89,163
Restricted assets:			
Equity in pooled cash and temporary investments	-	16,939,247	16,939,247
Cash with fiscal agents	633,173	409,008	1,042,181
Certificates of deposit - performance bonds	61,667	-	61,667
<b>Total assets</b>	<b>\$ 3,082,710,917</b>	<b>826,977,713</b>	<b>3,909,688,630</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 51,326,903	31,161,968	82,488,871
Accrued salaries and benefits	44,159,708	9,819,740	53,979,448
Contract retainages	-	2,081,800	2,081,800
Accrued interest payable	-	1,026,351	1,026,351
Due to component units	2,970,900	769,489	3,740,389
Interfund payables	-	10,296,991	10,296,991
Matured bond principal and interest payable	-	76,638	76,638
Deferred revenue:			
Property taxes not yet due	2,522,613,468	-	2,522,613,468
Other	43,681,675	107,207,514	150,889,189
Performance and other deposits	68,717,008	8,369,127	77,086,135
<b>Total liabilities</b>	<b>2,733,469,662</b>	<b>170,809,618</b>	<b>2,904,279,280</b>
Fund balances:			
Reserved for:			
Encumbrances	37,153,309	121,368,667	158,521,976
Long-term loans	-	71,532,985	71,532,985
Certain capital projects	-	16,939,247	16,939,247
Unreserved, reported in:			
General fund	312,087,946	-	312,087,946
Special revenue funds	-	359,405,143	359,405,143
Debt service funds	-	12,918,625	12,918,625
Capital projects funds	-	74,003,428	74,003,428
<b>Total fund balances</b>	<b>349,241,255</b>	<b>656,168,095</b>	<b>1,005,409,350</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,082,710,917</b>	<b>826,977,713</b>	<b>3,909,688,630</b>
See accompanying notes to the financial statements.			continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Reconciliation of the Balance Sheet to the Statement of Net Assets**  
**Governmental Funds**  
**June 30, 2010**

**EXHIBIT A-2**  
concluded

Fund balances - Total governmental funds \$ 1,005,409,350

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Capital assets used in governmental fund activities are not financial resources  
and, therefore, are not reported in the funds:

Non-depreciable/non-amortizable assets:		
Land	\$ 412,972,385	
Easements	7,010,430	
Construction in progress	64,160,056	
Equipment under construction	12,704,333	
Software in development	20,264,490	
Depreciable/amortizable assets:		
Equipment	254,695,984	
Library collections	77,437,722	
Buildings and improvements	1,315,226,703	
Infrastructure	579,719,307	
Total capital assets	2,744,191,410	
Less accumulated depreciation/amortization	(736,081,681)	2,008,109,729

Some of the County's receivables will not be collected soon enough to pay for  
the current period's expenditures and, therefore, are reported as deferred  
revenue in the funds:

Delinquent taxes (net of allowances):		
Property	\$ 18,083,280	
Business license	3,551,935	
Sales and use and other taxes	19,455,852	
EMS transport and other charges for services	2,537,439	
Lease to component unit	55,400,000	99,028,506

Certain other receivables are accrued only in the government-wide statements 795,573

Costs incurred from the issuance of long-term debt are recognized as expenditures  
in the fund statements, but are deferred in the government-wide statements. 13,069,919

OPEB costs are recognized as expenditures in the fund statements,  
but are deferred in the government-wide statements. 9,505,610

Internal service funds are used by management to provide certain goods and  
services to governmental funds. The assets and liabilities of the internal service  
funds are included in governmental activities in the statement of net assets.

Assets:		
Current assets	\$ 149,780,817	
Capital assets	134,373,623	
Less accumulated depreciation/amortization	(78,371,705)	
Liabilities	(65,077,325)	140,705,410

Long-term liabilities related to governmental fund activities are not due and payable  
in the current period and, therefore, are not reported in the funds:

General obligation bonds payable, net	\$ (2,061,731,021)	
Revenue bonds payable, net	(321,291,076)	
Notes payable	(43,354,487)	
Compensated absences payable	(101,493,325)	
Landfill closure and postclosure obligation	(60,644,597)	
Obligations under capital leases and installment purchases	(3,705,480)	
Net pension obligation	(74,623,750)	
Other long-term liabilities	(28,701,329)	
Accrued interest on long-term debt	(24,309,896)	(2,719,854,961)

Net assets of governmental activities \$ 556,769,136

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT A-3**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 2,872,290,727	27,510,335	2,899,801,062
Permits, privilege fees, and regulatory licenses	28,665,677	19,015,765	47,681,442
Intergovernmental	343,996,909	138,382,648	482,379,557
Charges for services	62,980,797	242,392,124	305,372,921
Fines and forfeitures	14,942,650	123,050	15,065,700
Developers' contributions	-	2,097,138	2,097,138
Revenue from the use of money and property	22,641,475	13,550,012	36,191,487
Recovered costs	5,934,669	9,525,458	15,460,127
Gifts, donations, and contributions	673,065	1,712,042	2,385,107
Total revenues	3,352,125,969	454,308,572	3,806,434,541
<b>EXPENDITURES</b>			
Current:			
General government administration	123,486,499	10,239,605	133,726,104
Judicial administration	36,849,958	2,497,247	39,347,205
Public safety	516,112,369	48,717,519	564,829,888
Public works	73,981,912	144,792,371	218,774,283
Health and welfare	303,280,792	186,381,273	489,662,065
Community development	57,115,365	93,766,615	150,881,980
Parks, recreation, and cultural	52,509,429	13,516,269	66,025,698
Intergovernmental:			
Community development	9,379,532	55,582,966	64,962,498
Parks, recreation, and cultural	29,953,212	20,707,181	50,660,393
Education - for Public Schools	1,626,741,832	157,386,548	1,784,128,380
Capital outlay:			
General government administration	982,208	14,536,255	15,518,463
Judicial administration	19,282	4,281,054	4,300,336
Public safety	2,501,879	22,440,581	24,942,460
Public works	-	11,955,135	11,955,135
Health and welfare	398,849	9,620,918	10,019,767
Community development	-	25,720,508	25,720,508
Parks, recreation, and cultural	3,349,983	12,739,792	16,089,775
Debt service:			
Principal retirement	581,816	179,747,640	180,329,456
Interest and other charges	126,344	113,349,789	113,476,133
Total expenditures	2,837,371,261	1,127,979,266	3,965,350,527
Excess (deficiency) of revenues over (under) expenditures	514,754,708	(673,670,694)	(158,915,986)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	28,335,919	487,430,080	515,765,999
Transfers out	(471,577,400)	(37,095,174)	(508,672,574)
General obligation bonds issued	-	270,308,200	270,308,200
Premium on general obligation bonds issued	-	6,253,223	6,253,223
Revenue bonds issued	-	94,950,000	94,950,000
Premium (discount) on revenue bonds issued	-	(705,045)	(705,045)
General obligation refunding bonds issued	-	131,800,000	131,800,000
Premium on general obligation refunding bonds issued	-	22,738,129	22,738,129
Lease revenue refunding bonds issued, including premium	-	44,689,878	44,689,878
Payments to refunded bonds escrow agent	-	(198,007,662)	(198,007,662)
Total other financing sources (uses)	(443,241,481)	822,361,629	379,120,148
Net change in fund balances	71,513,227	148,690,935	220,204,162
Fund balances, July 1, 2009	279,183,377	507,477,160	786,660,537
Increase in reserve for inventories of supplies	(1,455,349)	-	(1,455,349)
Fund balances, June 30, 2010	\$ 349,241,255	656,168,095	1,005,409,350

See accompanying notes to the financial statements.

continued

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT A-3

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
to the Statement of Activities

concluded

## Governmental Funds

For the fiscal year ended June 30, 2010

Net change in fund balances - Total governmental funds \$ 220,204,162

Amounts reported for governmental activities in the statement of activities (Exhibit A-1) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlays	\$ 108,546,444	
Less depreciation/amortization expense	<u>(67,569,129)</u>	40,977,315

In the statement of activities, the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the net book value (i.e., depreciated cost) of the capital asset dispositions. (6,728,747)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 17,097,538

Build America Bonds interest subsidy accrual is not recognized as revenue in the fund statements 795,573

Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased (decreased) by this amount this year:

Delinquent property taxes	\$ 696,469	
Delinquent business license taxes	167,683	
Sales and use and other taxes	1,917,301	
EMS transport and other charges for services	<u>(2,915,008)</u>	(133,555)

The receipt of principal payments for the lease to the component unit does not result in a revenue in the statement of activities. (1,220,000)

The issuance of long-term debt, including premiums, is reported as other financing sources in the governmental funds and thus, increases fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. The following were issued:

Series 2009 D & E General Obligation Bonds	\$ (276,561,423)	
Series 2009 Revenue Bonds	(94,244,955)	
Series 2009C Refunding Bonds	(154,538,129)	
EDA Series 2010	<u>(44,689,878)</u>	(570,034,385)

The costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference. 3,579,247

OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference. (14,320,000)

Certain other long-term liabilities are recognized only in the government-wide statements, resulting in a net difference. 1,805,281

The repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal repayments of matured bonds, notes, and loans	\$ 178,642,794	
Payment to escrow agent to refund bonds	198,007,662	
Principal payments of capital leases and installment purchases	<u>1,686,662</u>	378,337,118

Interest on long-term debt is reported as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is affected as this interest accrues and as bond-related items are amortized. This difference in interest reporting is as follows:

Accrued interest on bonds, loans, and capital leases	\$ (283,891)	
Amortization of bond premiums and discounts	19,098,166	
Amortization of deferred losses on bond refundings	<u>(6,470,691)</u>	12,343,584

Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Landfill closure and postclosure costs	\$ 554,004	
Compensated absences	507,665	
Net pension obligation	(12,926,588)	
Other	<u>(705,349)</u>	(12,570,268)

Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets is reported with governmental activities. (8,194,003)

Change in net assets of governmental activities \$ 61,938,860

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Equity in pooled cash and temporary investments	\$ 58,549,462	146,106,010
Restricted investments	10,823,396	-
Accounts receivable	117,314	99,474
Accrued interest receivable	83,786	41,781
Due from intergovernmental units (net of allowance)	33,100,622	-
Interfund receivables	-	1,303,160
Inventories of supplies	431,011	1,788,132
Prepaid and other assets	-	255,260
Total current assets	103,105,591	149,593,817
Long-term assets:		
Restricted assets:		
Equity in pooled cash and temporary investments	108,889,253	-
Cash with fiscal agents	-	187,000
Investments	16,547,900	-
Total restricted assets	125,437,153	187,000
Capital assets:		
Non-depreciable/non-amortizable:		
Land	17,370,540	1,938,688
Easements	318,144	-
Construction in progress	82,966,213	1,341,672
Equipment under construction	-	1,250,986
Depreciable/amortizable:		
Equipment	11,257,743	110,939,428
Purchased capacity	750,474,294	-
Buildings and improvements	1,003,515,511	18,902,849
Accumulated depreciation	(466,844,100)	(78,371,705)
Accumulated amortization	(189,691,742)	-
Total capital assets, net	1,209,366,603	56,001,918
Other long-term asset - Deferred bond issuance costs (net of amortization)	1,128,719	-
Total other long-term assets	1,128,719	-
Total long-term assets	1,335,932,475	56,188,918
Total assets	\$ 1,439,038,066	205,782,735

See accompanying notes to the financial statements.



## EXHIBIT A-4

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,298,509	7,406,823
Accrued salaries and benefits	1,214,281	1,434,807
Contract retainages	4,337,190	21,716
Interfund payables	386,508	433,714
Accrued interest payable	6,161,590	-
Deferred revenue	-	1,075,792
Revenue bonds payable, net	16,025,381	-
Compensated absences payable	1,244,301	1,741,661
Obligations under capital leases	-	1,017,415
Insurance and benefit claims payable	-	24,200,406
Total current liabilities	31,667,760	37,332,334
Long-term liabilities:		
Revenue bonds payable, net	536,533,012	-
Compensated absences payable	913,362	1,398,410
Obligations under capital leases	-	3,341,372
Insurance and benefit claims payable	-	23,005,209
Total long-term liabilities	537,446,374	27,744,991
Total liabilities	569,114,134	65,077,325
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	748,697,093	56,001,918
Restricted for:		
Sewer improvements	33,548,270	-
Debt service	10,823,396	-
Unrestricted	76,855,173	84,703,492
Total net assets	\$ 869,923,932	140,705,410

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT A-5**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 126,681,734	222,170,103
Other	-	76,940
Total operating revenues	126,681,734	222,247,043
<b>OPERATING EXPENSES:</b>		
Personnel services	23,131,023	26,693,226
Materials and supplies	11,636,425	1,531,810
Equipment operation and maintenance	-	49,748,654
Risk financing and benefit payments	-	121,294,522
Depreciation and amortization	46,680,568	10,704,616
Professional consultant and contractual services	48,344,543	5,824,070
Other	-	8,066,554
Total operating expenses	129,792,559	223,863,452
Operating (loss)	(3,110,825)	(1,616,409)
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Availability fees	10,668,539	-
Interest revenue	1,303,897	500,588
Interest expense	(25,929,969)	(33,804)
Amortization expense for bond issuance costs	(45,476)	-
Amortization of deferred gain on bond refunding	229,931	-
Gain (loss) on disposal of capital assets	47,503	(142,796)
Total nonoperating revenues (expenses)	(13,725,575)	323,988
(Loss) before contributions and transfers	(16,836,400)	(1,292,421)
Capital contributions	8,677,874	191,843
Transfers in	-	4,212,336
Transfers out	-	(11,305,761)
Change in net assets	(8,158,526)	(8,194,003)
Total net assets, July 1, 2009	878,082,458	148,899,413
Total net assets, June 30, 2010	\$ 869,923,932	140,705,410

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT A-6**

	Business-type Activities - Enterprise Fund Integrated Sewer System	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 121,037,900	-
Receipts from interfund services provided	-	221,714,142
Payments to suppliers and contractors	(59,352,157)	(53,433,927)
Payments to employees	(23,057,015)	(26,604,103)
Claims and benefits paid	-	(123,523,738)
Payments for interfund services used	-	(6,375,169)
Net cash provided (used) by operating activities	38,628,728	11,777,205
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	-	(11,305,761)
Transfers from other funds	-	4,212,336
Net cash provided by noncapital financing activities	-	(7,093,425)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Availability fees received	10,668,539	-
Capital grants received	6,075,073	-
Principal payments on sewer revenue bonds	(12,286,810)	-
Principal payments on capital leases and installment purchases	-	-
Interest payments on sewer revenue bonds	(22,891,504)	-
Proceeds from sale of capital assets	47,503	360,581
Purchase of capital assets, other than purchased capacity	(34,737,241)	(9,855,932)
Acquisition of purchased capacity	(31,774,058)	-
Principal payments on obligations under capital leases	-	(298,796)
Interest payments on obligations under capital leases	-	(33,804)
Net cash provided (used) by capital and related financing activities	(84,898,498)	(9,827,951)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of restricted investments	11,147,512	-
Purchases of investments	(16,992,378)	-
Interest received	1,419,131	640,623
Net cash provided by investing activities	(4,425,735)	640,623
Net decrease in cash and cash equivalents	(50,695,505)	(4,503,548)
Cash and cash equivalents, July 1, 2008	218,134,220	150,796,558
Cash and cash equivalents, June 30, 2009	\$ 167,438,715	146,293,010
<b>Reconciliation of operating (loss) to net cash provided by operating activities:</b>		
Operating (loss)	\$ (3,110,825)	(1,616,409)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization	46,680,568	10,704,616
Change in assets and liabilities:		
Decrease in accounts receivable	-	(46,599)
(Increase) decrease in intergovernmental receivables	(5,643,834)	-
(Increase) in interfund receivables	-	(231,042)
(Increase) decrease in inventories of supplies	36,337	(158,366)
(Increase) decrease in other assets	1,955,286	(255,260)
Increase (decrease) in accounts payable and accrued liabilities	(1,443,606)	3,307,798
Increase in accrued salaries and benefits	124,381	67,994
Increase (decrease) in contract retainage	-	(17,871)
Increase (decrease) in interfund payables	30,421	22,344
Total adjustments to operating (loss)	41,739,553	13,393,614
Net cash provided (used) by operating activities	\$ 38,628,728	11,777,205
<b>Noncash investing, capital, and financing activities:</b>		
Capital contributions - sewer lines, manholes, and equipment	\$ 2,602,801	191,843
Increase in fair value of investments not classified as cash and cash equivalents	15,412	-

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Fiduciary Net Assets**  
**June 30, 2010**

**EXHIBIT A-7**

	Pension Trust Funds	OPEB Trust Fund	Agency Funds
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 5,835,474	1,945,834	2,406,199
Cash collateral for securities lending	347,155,679	-	-
Accounts receivable	-	-	131,277
Contributions receivable	12,213,055	-	-
Accrued interest and dividends receivable	14,745,440	3,369	938
Receivable from sale of investments	116,737,496	-	-
Due from intergovernmental units	-	240,000	-
Prepaid and other assets	44,976	-	-
Currency Fluctuations	2,464,299	-	-
Investments, at fair value:			
U.S. Government and agency securities	100,664,693	-	31,343,860
Asset-backed securities	361,097,684	-	-
Corporate and other bonds	478,185,272	-	-
Common and preferred stock	1,176,781,280	-	-
Money market funds	-	-	2,629,586
Short-term investments	281,166,186	-	-
Investment in pooled funds	<u>1,917,420,872</u>	<u>60,473,465</u>	<u>-</u>
Total assets	<u>4,814,512,406</u>	<u>62,662,668</u>	<u>\$ 36,511,860</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	7,838,865	1,170	-
Accrued salaries and benefits	135,721	6,175	-
Interfund payable	37,096	1,831	-
Payable for purchase of pension investments	163,159,359	-	-
Liabilities for collateral received under securities lending agreements	347,155,679	-	-
Liabilities under reimbursement agreements	-	-	36,511,860
Total liabilities	<u>518,326,720</u>	<u>9,176</u>	<u>\$ 36,511,860</u>
<b>NET ASSETS</b>			
Held in trust for pension/OPEB benefits	<u>\$ 4,296,185,686</u>	<u>62,653,492</u>	

(A schedule of funding progress is presented on page 100.)

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Statement of Changes in Plan Net Assets**  
**Trust Funds**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT A-8**

	Pension Trust Funds	OPEB Trust Fund
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 128,606,912	17,771,000
Plan members	53,217,262	-
Other	-	1,249,630
Total contributions	181,824,174	19,020,630
Investment income:		
From investment activities:		
Net appreciation in fair value of investments	664,824,825	6,050,332
Interest	101,439,682	28,755
Dividends	31,724,644	-
Total income from investment activities	797,989,151	6,079,087
Less investment activities expenses:		
Management fees	15,884,918	59,234
Other	1,805,887	500
Total investment activities expenses	17,690,805	59,734
Net income from investment activities	780,298,346	6,019,353
From securities lending activities:		
Securities lending income	748,622	-
Less securities lending expenses:		
Borrower rebates	62,198	-
Management fees	391,164	-
Total securities lending activities expenses	453,362	-
Net income from securities lending activities	295,260	-
Net investment income	780,593,606	6,019,353
Total additions	962,417,780	25,039,983
<b>DEDUCTIONS</b>		
Benefits	271,724,847	14,040,565
Refunds of contributions	5,079,980	-
Administrative expenses	2,288,168	138,701
Total deductions	279,092,995	14,179,266
Net increase (decrease)	683,324,785	10,860,717
Net assets, July 1, 2009	3,612,860,901	51,792,775
Net assets, June 30, 2010	\$ 4,296,185,686	62,653,492

See accompanying notes to the financial statements.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Assets**  
**Component Units**  
**June 30, 2010**

	Public Schools	Redevelopment and Housing Authority
<b>ASSETS</b>		
Equity in pooled cash and temporary investments	\$ 461,503,008	30,772,931
Cash in banks	-	14,481,075
Investments	-	4,780,000
Receivables (net of allowances):		
Accounts	1,514,752	1,558,647
Accrued interest	63,737	150,150
Notes	-	33,162,363
Due from intergovernmental units	53,952,235	-
Due from primary government	278,152	-
Inventories of supplies	3,332,530	-
Prepaid and other assets	20,439,246	3,497,181
Restricted assets:		
Equity in pooled cash and temporary investments	60,297,680	-
Cash with fiscal agents	-	29,611,363
Certificates of deposit - performance bonds	-	3,805,158
Investments	-	2,035,000
Deferred bond issuance costs (net of amortization)	-	951,518
Land held for sale	-	1,498,646
Capital assets:		
Non-depreciable/non-amortizable:		
Land	44,869,395	39,200,137
Easements	-	-
Construction in progress	116,513,775	11,848,892
Software in development	3,849,508	-
Depreciable/amortizable:		
Equipment	222,161,466	1,570,679
Software	351,654	-
Library collections	30,381,314	-
Buildings and improvements	2,702,948,867	200,894,998
Accumulated depreciation	(1,159,961,980)	(101,564,522)
Accumulated amortization	(188,565)	-
Total assets	\$ 2,562,306,774	278,254,216

See accompanying notes to the financial statements.

## EXHIBIT A-9

Park Authority	Economic Development Authority	Total Component Units	
<b>ASSETS</b>			
46,661,728	-	538,937,667	Equity in pooled cash and temporary investments
-	-	14,481,075	Cash in banks
-	-	4,780,000	Investments
			Receivables (net of allowances):
18,106	-	3,091,505	Accounts
15,595	-	229,482	Accrued interest
-	-	33,162,363	Notes
-	-	53,952,235	Due from intergovernmental units
2,818,342	643,895	3,740,389	Due from primary government
-	-	3,332,530	Inventories of supplies
-	-	23,936,427	Prepaid and other assets
			Restricted assets:
7,448,891	-	67,746,571	Equity in pooled cash and temporary investments
-	-	29,611,363	Cash with fiscal agents
-	-	3,805,158	Certificates of deposit - performance bonds
1,933,046	-	3,968,046	Investments
281,355	-	1,232,873	Deferred bond issuance costs (net of amortization)
-	-	1,498,646	Land held for sale
			Capital assets:
			Non-depreciable/non-amortizable:
330,601,488	-	414,671,020	Land
16,073,946	-	16,073,946	Easements
10,574,983	-	138,937,650	Construction in progress
-	-	3,849,508	Software in development
			Depreciable/amortizable:
13,601,624	56,234	237,390,003	Equipment
-	-	351,654	Software
-	-	30,381,314	Library collections
322,255,823	767,961	3,226,867,649	Buildings and improvements
(152,593,144)	(41,762)	(1,414,161,408)	Accumulated depreciation
-	(74,319)	(262,884)	Accumulated amortization
599,691,783	1,352,009	3,441,604,782	Total assets

continued



**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Net Assets**  
**Component Units**  
**June 30, 2010**

	Public Schools	Redevelopment and Housing Authority
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 39,374,121	9,905,101
Accrued salaries and benefits	114,307,836	638,792
Contract retainages	4,223,107	-
Accrued interest payable	1,027,725	3,549,619
Due to primary government	-	193,064
Deferred revenue	31,306,760	1,871,880
Performance and other deposits	206,690	1,965,224
Long-term liabilities:		
Portion due or payable within one year:		
Revenue bonds payable, net	-	568,441
Notes payable	-	2,698,723
Compensated absences payable	22,159,047	524,735
Obligations under capital leases and installment purchases	13,798,937	-
Insurance and benefit claims payable	23,433,794	-
Loan from primary government	-	-
Deferred rent	-	-
Portion due or payable after one year:		
Revenue bonds payable, net	-	34,583,053
Notes payable	-	77,319,355
Compensated absences payable	9,496,734	611,179
Obligations under capital leases and installment purchases	83,228,410	-
Insurance and benefit claims payable	16,641,055	-
Net OPEB obligation	8,866,393	-
Loan from primary government	-	-
Deferred rent	-	-
Total liabilities	368,070,609	134,429,166
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	1,866,973,185	67,067,547
Restricted for:		
Grant and education programs	11,270,084	-
Repair and replacement	-	-
Housing	-	36,703,017
Capital projects	60,297,680	-
Debt service	-	-
Unrestricted (deficit)	255,695,216	40,054,486
Total net assets	\$ 2,194,236,165	143,825,050

**EXHIBIT A-9**

concluded

Park Authority	Economic Development Authority	Total Component Units	
<b>LIABILITIES</b>			
3,842,025	416,606	53,537,853	Accounts payable and accrued liabilities
3,466,375	227,289	118,640,292	Accrued salaries and benefits
156,854	-	4,379,961	Contract retainages
185,069	-	4,762,413	Accrued interest payable
286,752	-	479,816	Due to primary government
4,834,475	-	38,013,115	Deferred revenue
521,835	-	2,693,749	Performance and other deposits
			Long-term liabilities:
			Portion due or payable within one year:
615,040	-	1,183,481	Revenue bonds payable, net
-	-	2,698,723	Notes payable
2,568,257	158,798	25,410,837	Compensated absences payable
-	-	13,798,937	Obligations under capital leases and installment purchases
-	-	23,433,794	Insurance and benefit claims payable
150,000	-	150,000	Loan from primary government
-	49,990	49,990	Deferred rent
			Portion due or payable after one year:
7,945,355	-	42,528,408	Revenue bonds payable, net
-	-	77,319,355	Notes payable
2,276,972	64,871	12,449,756	Compensated absences payable
-	-	83,228,410	Obligations under capital leases and installment purchases
-	-	16,641,055	Insurance and benefit claims payable
-	-	8,866,393	Net OPEB obligation
15,000,000	-	15,000,000	Loan from primary government
-	1,172,994	1,172,994	Deferred rent
41,849,009	2,090,548	546,439,332	Total liabilities
<b>NET ASSETS</b>			
516,804,325	708,114	2,451,553,171	Invested in capital assets, net of related debt
			Restricted for:
-	-	11,270,084	Grant and education programs
700,000	-	700,000	Repair and replacement
-	-	36,703,017	Housing
6,748,891	-	67,046,571	Capital projects
1,933,046	-	1,933,046	Debt service
31,656,512	(1,446,653)	325,959,561	Unrestricted (deficit)
557,842,774	(738,539)	2,895,165,450	Total net assets

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Activities**  
**Component Units**  
**For the fiscal year ended June 30, 2010**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Public Schools:				
Education	\$2,279,763,101	76,317,725	225,774,361	162,727,355
Redevelopment and Housing Authority:				
Community development	91,046,552	38,681,099	55,311,936	3,975,500
Park Authority:				
Parks, recreation, and cultural	95,106,943	40,442,334	-	27,036,755
Economic Development Authority:				
Community development	8,897,588	-	-	-
<b>Total component units</b>	<b>\$2,474,814,184</b>	<b>155,441,158</b>	<b>281,086,297</b>	<b>193,739,610</b>

**General revenues:**

Grants and contributions not restricted to specific programs

Revenue from the use of money

Revenue from primary government

Other

Total general revenues

Change in net assets

Net assets, July 1, 2009

Net assets, June 30, 2010

See accompanying notes to the financial statements.

## EXHIBIT A-10

<b>Net (Expense) Revenue and Changes in Net Assets</b>				
Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total Component Units
(1,814,943,660)	-	-	-	(1,814,943,660)
-	6,921,983	-	-	6,921,983
-	-	(27,627,854)	-	(27,627,854)
-	-	-	(8,897,588)	(8,897,588)
(1,814,943,660)	6,921,983	(27,627,854)	(8,897,588)	(1,844,547,119)
325,855,630	-	11,393,790	-	337,249,420
957,569	355,086	244,589	-	1,557,244
1,626,600,722	-	34,595,632	7,346,030	1,668,542,384
3,068,632	-	-	-	3,068,632
1,956,482,553	355,086	46,234,011	7,346,030	2,010,417,680
141,538,893	7,277,069	18,606,157	(1,551,558)	165,870,561
2,052,697,272	136,547,981	539,236,617	813,019	2,729,294,889
\$ 2,194,236,165	143,825,050	557,842,774	(738,539)	2,895,165,450



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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2010**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Fairfax, Virginia, (the County) is organized under the Urban County Executive form of government (as defined under Virginia law). The governing body of the County is the Board of Supervisors (the Board), which makes policies for the administration of the County. The Board is comprised of ten members: the Chairman, elected at large for a four-year term, and one member from each of nine supervisor districts, elected for a four-year term by the voters of the district in which the member resides. The Board appoints a County Executive to act as the administrative head of the County. The County Executive serves at the pleasure of the Board, carries out the policies established by the Board, directs business and administrative procedures, and recommends officers and personnel to be appointed by the Board.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting policies are described below.

**1. Reporting Entity**

As required by GAAP, the accompanying financial statements present the financial data of the County (the primary government) and its component units. The financial data of the component units are included in the County's basic financial statements because of the significance of their operational or financial relationships with the County. The County and its component units are together referred to herein as the reporting entity.

Blended Component Units

Blended component units are entities that are legally separate from the County but that are so closely related to the County that they are, in essence, extensions of the County. The blended component units that are reported as part of the primary government are:

Solid Waste Authority of Fairfax County (SWA) - The SWA is considered a blended component unit because the Board of Supervisors comprises the Board of Directors of the SWA and has the ability to impose its will on the SWA. The SWA is authorized under the Virginia Water and Waste Authorities Act and was created by the Board on June 29, 1987. The SWA has financed the construction of a solid waste to energy facility, which is contractually owned and operated by a commercial entity in accordance with agreements between the County, the SWA, and the commercial entity. Certain assets of the commercial entity are reported by the SWA in an agency fund, the Resource Recovery Fund.

The County has assumed the responsibility for the management oversight of the arrangement between the SWA and the commercial entity and for providing sufficient solid waste to result in a financially viable operation; this activity is reported in a special revenue fund of the County, the Energy Resource Recovery Facility Fund. Separate financial statements are not prepared for the SWA.

Small District One - The Board of Supervisors created Small District One, which is located within the Dranesville Magisterial District, in 1970 to provide for the construction of a

community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the McLean Community Center Fund, because it is governed by the Board, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District One.

Small District Five - The Board of Supervisors created Small District Five, which is located within the Dranesville and Hunter Mill Magisterial Districts, in 1975 to provide for the construction of a community center and the operation of its social, cultural, educational, and recreational facilities. This small district is reported as a separate special revenue fund of the County, the Reston Community Center Fund, because it is governed by the Board, which has the ability to impose its will on the small district. Separate financial statements are not prepared for Small District Five.

Dulles Rail Phase I Transportation Improvement District - The Board of Supervisors created the Dulles Rail Phase I Transportation Improvement District in 2004 to provide funds for the construction of certain transportation improvements in the district. This district is reported as a separate special revenue fund of the County because it is governed by certain members of the Board, which has the ability to impose its will on the district. Separate financial statements are not prepared for the Dulles Rail Phase I Transportation Improvement District.

#### Discretely Presented Component Units

The columns for the component units in the financial statements include the financial data of the County's other component units. They are presented in separate columns to emphasize that they are legally separate from the County. Separate financial statements of the component units can be obtained by writing to the Financial Reporting Division, Department of Finance, 12000 Government Center Parkway, Suite 214, Fairfax, Virginia 22035. All of the component units have a fiscal year end of June 30. The discretely presented component units are:

Fairfax County Public Schools (Public Schools) - Public Schools is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public School systems do not have taxing authority under Virginia Code; Public Schools is fiscally dependent on the County. Public Schools operations are funded primarily by the County's General Fund, and the County issues general obligation debt for Public Schools' capital projects.

Fairfax County Redevelopment and Housing Authority (FCRHA) - FCRHA plans, coordinates, and directs the low income housing programs within the County under the Virginia Housing Authorities Law. FCRHA was approved by a voter referendum in November 1965 and was activated by the Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The Board appoints FCRHA's Board of Commissioners, and the County provides certain managerial and related financial assistance to FCRHA.

Fairfax County Park Authority (Park Authority) - The Park Authority was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's governing board, and the County provides funding for the Park Authority's General Fund and one of its capital projects funds. A memorandum of understanding currently in effect between the County and the Park Authority defines the roles of the County and the Park Authority.

Fairfax County Economic Development Authority (EDA) - The EDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created by resolutions of the Board of Supervisors. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The Board appoints the seven members of the EDA's commission which appoints the EDA's executive director. The Board appropriates funds annually to the EDA for operating expenditures incurred in carrying out its mission.

#### Related Organizations

The Board of Supervisors is also responsible for appointing the members of the boards of Fairfax Water and the Industrial Development Authority of Fairfax County (IDAF), but the County's accountability does not extend beyond making the appointments. The IDAF does not have a significant operational or financial relationship with the County. Fairfax Water bills and collects for the sales of sewer services on behalf of the County's sewer system. During fiscal year 2010, Fairfax Water collected approximately \$97.4 million on behalf of the County, and as of June 30, 2010, the County has receivables of approximately \$25.3 million due from Fairfax Water.

#### Joint Ventures

The County is a participant in the Upper Occoquan Sewage Authority (UOSA). UOSA is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to construct, finance, and operate the regional sewage treatment facility in the upper portion of the Occoquan Watershed. UOSA was formed on March 3, 1971, by a concurrent resolution of the governing bodies of Fairfax and Prince William Counties and the Cities of Manassas and Manassas Park. The governing body of UOSA is an eight-member board of directors consisting of two members from each participating jurisdiction appointed to four-year terms. The UOSA Board of Directors adopts an annual operating budget based on projected sewage flows. The County has no explicit and measurable financial interest in UOSA but does have an ongoing financial responsibility for its share of UOSA's operating costs, construction costs and annual debt service. Complete financial statements of UOSA can be obtained by writing to UOSA, 14631 Compton Road, Centreville, Virginia 20121.

The County is a participant in the Northern Virginia Regional Park Authority (NVRPA). NVRPA is a joint venture created under the Virginia Park Authorities Act of 1959 to protect and preserve Northern Virginia's rich heritage of woods, meadows, lakes, and streams. The governing body of NVRPA is comprised of two members from each of the 6 member jurisdictions: Fairfax, Arlington, and Loudoun Counties, and the Cities of Alexandria, Falls Church, and Fairfax. Each member jurisdiction provides contributions in direct proportion to its share of the region's population. The County's contributions are accounted for in the Northern Virginia Regional Park Authority capital projects fund. The County has no explicit and measurable financial interest in NVRPA. Complete financial statements of NVRPA can be obtained by writing to NVRPA, 5400 Ox Road, Fairfax Station, Virginia 22039.

#### Jointly Governed Organization

The State Route 28 Highway Transportation Improvement District (District) was created in 1987 under the provisions of the Transportation Improvements District Act by the County and Loudoun County, Virginia, in conjunction with the Commonwealth of Virginia Transportation Board (CVTB), for the purpose of undertaking various improvements to State Route 28. The District is governed by a nine-member Commission comprised of four members from each of the Boards of Supervisors of the County and Loudoun County and the Chairman of the CVTB or his designee. The County has no financial interest in the District. See Note K-8 for additional information related to the District.



## 2. Basis of Presentation

### Government-wide Statements

The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to avoid the double-counting of interfund activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed primarily by fees charged to external parties. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities presents a comparison between direct expenses and program revenues for each activity of the County. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular activity. Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and, (b) grants and contributions that are restricted to meet the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

### Fund Financial Statements

The accounts of the reporting entity are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The County reports the following major fund types:

General Fund - The General Fund is the County's primary operating fund, and it is used to account for all revenue sources and expenditures which are not required to be accounted for in other funds.

Enterprise Fund - The Fairfax County Integrated Sewer System (Sewer System) is the only enterprise fund of the County. This fund is used to account for the financing, construction, and operations of the countywide sewer system.

The County reports the following nonmajor governmental fund types:

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, the general obligation debt service of the County and for the debt service of the lease revenue bonds and special assessment debt. This includes the general obligation debt the County has issued to fund Public Schools capital projects.

Capital Projects Funds - The capital projects funds are used to account for financial resources used for all general construction projects other than enterprise fund construction.

The County reports the following additional fund types:

Internal Service Funds - These funds are proprietary funds used to account for the provision of general liability, malpractice, and workers' compensation insurance, health benefits for employees and retirees, vehicle services, document services, and technology infrastructure support that are provided to County departments on a cost reimbursement basis.

Pension and Other Post-Employment Benefits (OPEB) Trust funds – These are fiduciary funds used to account for the assets held in trust by the County for the employees and beneficiaries of its defined benefit pension and OPEB plans – the Employees' Retirement System, the Police Officers Retirement System, the Uniformed Retirement System, and the Other Post-Employment Benefits (OPEB) Trust Fund.

Agency Funds - These are fiduciary funds used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

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

#### Government-wide, Proprietary, and Fiduciary Fund Statements

The government-wide, proprietary, and trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds also use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and entitlements. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. For the trust funds, member and employer contributions as applicable are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* 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. For the Sewer System, principal operating revenues include sales to existing customers for continuing sewer service. Operating expenses 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 nonoperating revenues and expenses. Also, unbilled Sewer System receivables, net of an allowance for uncollectible accounts, are recorded at year end to the extent they can be estimated.

In preparing the financial statements of the enterprise fund, the County has not elected to apply the option provided in Paragraph 7 of GASB Statement No. 20 titled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting." Therefore, the reporting entity has applied only those Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Sewer

System and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenue from the use of money and property and from intergovernmental reimbursement grants is recorded as earned. Other revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter. The primary revenues susceptible to accrual include property, business license, and other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt and certain other general long-term obligations, such as compensated absences and landfill closure and postclosure care costs, are recognized only to the extent they have matured. General capital asset acquisitions are reported as capital outlays in governmental funds. The issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources. The effect of interfund activity has not been eliminated from the governmental fund financial statements.

#### **4. Pooled Cash and Temporary Investments**

The County maintains cash and temporary investments for all funds and component units in a single pooled account, except for certain cash and investments required to be maintained with fiscal agents or in separate pools or accounts in order to comply with the provisions of bond indentures. As of June 30, 2010, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages. Temporary investments consist of money market investments that have a remaining maturity at the time of purchase of one year or less and are reported at amortized cost, which approximates fair value. Interest earned, less an administrative charge, is allocated generally to the respective funds and component units based on each fund's or unit's equity in the pooled account. In accordance with the County's legally adopted operating budget, interest earned by certain funds is assigned directly to the General Fund. For the year ended June 30, 2010, interest earned by these funds and assigned directly to the County's General Fund is as shown on the right.

<b><u>Primary Government</u></b>	
Nonmajor Governmental Funds	\$ 2,640,777
Internal Service Funds	363,120
<b>Total primary government</b>	<b>3,003,897</b>
<b><u>Component Units</u></b>	
Public Schools	2,403,099
FCRHA	38,379
Park Authority	83,587
<b>Total component units</b>	<b>2,525,065</b>
<b>Total reporting entity</b>	<b>\$ 5,528,962</b>

#### **5. Cash and Cash Equivalents**

For purposes of the statements of cash flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

## 6. Investments

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost, which approximates fair value. Other investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Asset-backed securities are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. Investment purchases and sales are recorded as of the trade date. These transactions are finalized on the settlement date, which is usually the trade date, but could be as many as three business days after the trade date. Cash received as collateral on securities lending transactions and investments made with such cash are reported as assets and as related liabilities for collateral received.

## 7. Investments in Derivatives

The County Retirement Systems (the Systems), which include the Employees' (ERS), Police Officers (PORS), and Uniformed (URS) Retirement Systems, as well as the Educational Retirement System (ERFC) of the Public Schools component unit, invest in derivatives as permitted by the Code of Virginia and in accordance with policies set by their respective Board of Trustees. The Systems may invest in various derivative instruments on a limited basis in order to increase potential earnings and to hedge against potential losses. During fiscal year 2010, the Systems invested directly in various derivatives including asset-backed securities, collateralized mortgage obligations, exchange-traded futures contracts, forward currency contracts, options, swaps, and floating rate securities.

Investment managers are prohibited from purchasing securities on margin or using leverage unless specifically permitted within the investment manager's guidelines. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments is associated with the creditworthiness of the related parties to the contracts. The Systems could be exposed to risk if the counterparties to the contracts are unable to meet the terms of the contracts. The Board's investment policies seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures. In addition, the Systems have indirect exposure to market and credit risk through its ownership interests in certain mutual and commingled funds which may use, hold or write derivative financial instruments.

As permitted by the Board's policies, ERS holds derivatives with off balance sheet exposure. As of June 30, 2010, the net exposure for currency forwards and swaps is \$21.6 million and for futures and swaps is \$33.8 million.

As permitted by the Board's policies, the System holds off-financial statement derivatives. As of June 30, 2010, the system held S&P futures with a net exposure of \$63.4 million.

As permitted by the Board's policies, URS holds off-financial statement derivatives. The fair value of the derivatives held for investment purposes as of June 30, 2010 was approximately \$78.4 million. At June 30, 2010, URS had approximately \$739 thousand net exposure in currency forwards contracts. Gains and losses on derivative securities are determined based upon fair values and recorded in the Statements of Changes in Plan Net Assets.

During the fiscal year, ERFC invested in stock index futures derivatives that were not reported on the financial statements as of June 30, 2010. These index futures are used to equalize temporary and transactional cash balances. The risk associated with these securities is equivalent to equity risk. At June 30, 2010, the market value of these stock index futures was \$4.3 million. However, throughout the fiscal year, exposure from these derivatives ranged from 0.05 percent to 0.31 percent of the total portfolio.

In addition, ERFC had indirect investments in derivatives through its ownership interest in the Better Beta portfolio, plus with one of the private real estate managers. These portfolios are commingled funds in which ERFC has a percentage ownership. Derivatives in these portfolios consisted of interest rate swaps, which reduce the effect of interest rate fluctuations of certain real estate investments. Other derivative instruments included futures and forward currency contracts and reverse purchase agreements. These derivatives are used to hedge away foreign currency risks and to equalize risk in other areas. They are also a cost effective means of managing the portfolios since they tend to be liquid and have lower transaction costs. At June 30, 2010, the exposure to interest rate swaps and futures was \$156,452 while the exposure to forward currency contracts and reverse purchase agreements was (\$596,057) and (9,658,712) respectively.

## 8. Inventories

The purchases method of accounting for inventories is used in the governmental funds. Under this method, the cost is recorded as an expenditure at the time individual items are purchased. At year end, a portion of the fund balance is reserved for the ending balances. This reserve is maintained to indicate that a portion of the fund balance is not available for future appropriations. Inventories are valued and carried on an average unit cost basis.

The consumption method of accounting for inventories is used in the proprietary funds. Under this method, inventories are expensed as they are consumed as operating supplies and spare parts in the period to which they apply.

## 9. Restricted Assets

Restricted assets are liquid assets which have third-party limitations on their use. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Unspent amounts from the issuance of general obligation bonds are reported as restricted assets in the County's capital projects funds. The County also holds certificates of deposit purchased by developers and cash deposits under the terms of performance agreements. The County may require a developer to enter into these agreements in order to ensure that certain structures and improvements are completed according to approved site plans. The certificates, issued by various financial institutions, and cash deposits are released to the developer when the terms of the agreement have been satisfied. If the terms of the agreement are not satisfied, the County uses the cash deposits and proceeds from the certificates to correct or complete the project as necessary. The amount of the certificates and cash deposits held is reported as restricted assets in the General Fund.

In accordance with the provisions of the 1985 General Bond Resolution as modified through July 2009, certain assets of the Sewer System are restricted for specific future uses, such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Certain assets are restricted to fund the construction of nitrogen removal facilities. As of June 30, 2010, the Sewer System has cash and investments that are restricted for the following uses:

<b>Restricted Assets of the Sewer System</b>	
Extensions and improvements	\$ 102,252,181
Long-term debt service requirements	23,184,972
Current debt service requirements	10,823,396
Total restricted assets	<u>\$ 136,260,549</u>

In accordance with requirements of the U. S. Department of Housing and Urban Development and the Virginia Housing Development Authority, the FCRHA is required to maintain certain restricted deposits and funded reserves for repairs and replacements.

The Park Authority has restricted assets representing the amount of the debt service reserve requirement pertaining to its outstanding revenue bonds and unspent amounts from general obligation bonds issued by the County.

## 10. Capital Assets

Capital assets, including land, permanent easements, buildings, improvements, equipment, library collections, purchased capacity, and infrastructure, that individually cost \$5,000 or more and software with a cost of \$100,000 or more, with useful lives greater than one year, are reported in the proprietary funds and applicable governmental or business-type activities columns in the government-wide financial statements. The County has capitalized general infrastructure assets, including solid waste disposal facilities, storm water management facilities, public drainage systems, mass transportation facilities, commercial revitalization improvements, and public trails and walkways that were acquired or substantially improved subsequent to July 1, 1980. The County does not capitalize roads and bridges as these belong to the Commonwealth of Virginia.

Purchased capacity consists of payments made by the Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, Alexandria Sanitation Authority (ASA), Arlington County, and Prince William County Service Authority (PWCSA) for the Sewer System's allocated share of improvements to certain specified treatment facilities owned and operated by these jurisdictions.

Purchased capital assets are stated at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value as of the date of donation. Capital assets are depreciated/amortized over their estimated useful lives using the straight-line method. The estimated useful lives are shown in the table on the right.

Capital Assets	Useful Lives
Infrastructure	10 - 100 years
Sewer lines	50 years
Buildings	30 - 50 years
Purchased capacity	30 years
Improvements	10 - 30 years
Equipment	3 - 15 years
Library collections	5 years
Software	3 - 5 years

No depreciation is taken in the year of acquisition for infrastructure and library collections; depreciation/amortization on other capital assets commences when the assets are purchased or are substantially complete and ready for use. For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use, including interest on related debt with respect to the Sewer System, are initially capitalized as construction in progress and are transferred to buildings or improvements when the assets are substantially complete and ready for use.

## 11. Compensated Absences

All reporting entity employees earn annual leave based on a prescribed formula which allows employees with less than ten years of service to accumulate a maximum of 240 hours and employees with ten years or more of service to accumulate a maximum of 320 hours of annual leave as of the end of each year. In addition, employees, except for Public Schools employees, may accrue compensatory leave for hours worked in excess of their scheduled hours. Compensatory leave in excess of 240 hours at the end of the calendar year is forfeited.



The current pay rate, including certain additional employer-related fringe benefits, is used to calculate compensated absences accruals at June 30. The entire liability for compensated absences is reported in the government-wide and proprietary fund statements; whereas, only the matured portion resulting from employee resignations and retirements is reported in the governmental fund statements.

## 12. Net Assets

Net assets are comprised of three categories: Net assets invested in capital assets, net of related debt; Restricted net assets; and Unrestricted net assets. The first category reflects the portion of net assets which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs. Restricted net assets are restricted assets, net of related debt. As of June 30, 2010, the primary government had \$255.2 million in restricted net assets, of which \$171.5 million was restricted by enabling legislation. Net assets which are neither restricted nor related to capital assets, are reported as unrestricted net assets.

The County issues debt to finance the construction of school facilities for the Public Schools and park facilities for the Park Authority component units because Public Schools does not have borrowing or taxing authority and the Park Authority does not have taxing authority. The County reports this debt, whereas the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, in the Statement of Net Assets (Exhibit A), the debt reduces *unrestricted net assets* for the primary government, while the capital assets are reported in *net assets invested in capital assets, net of related debt* and the unspent bond proceeds are reported in *restricted net assets* for Public Schools and the Park Authority.

Because this debt is related to capital assets and restricted assets of the reporting entity as a whole, the debt amount of \$1,371.9 million is reclassified as shown below to present the total reporting entity column of Exhibit A.

Net Assets (summarized)	Primary Government	Component Units	Reclassification of Debt Issued for:		Total Reporting Entity
			Public Schools Facilities	Park Authority Facilities	
Invested in capital assets, net of related debt	\$ 2,207,066,588	2,451,553,171	(1,143,338,387)	(161,529,302)	3,353,752,070
Restricted	255,213,710	117,652,718	(60,297,680)	(6,748,891)	305,819,857
Unrestricted	(1,035,587,230)	325,959,561	1,203,636,067	168,278,193	662,286,591
Total net assets	\$ 1,426,693,068	2,895,165,450	-	-	4,321,858,518

## 13. Encumbrances

The County uses encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation. Encumbrances represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders are completed. Encumbrances for the capital projects funds do not lapse until the completion of the projects and are reported as reservations of fund balance at year end. Funding for all other encumbrances lapses at year end and requires reappropriation by the Board.

#### 14. Designations of Unreserved Fund Balances

Unreserved fund balances as of June 30, 2010, have the following significant designations:

<b>Designation</b>	<b>Amount</b>
<b><u>Primary Government</u></b>	
General Fund:	
Revenue stabilization during periods of economic downturn	\$ 103,827,503
Emergency needs and loss of revenue sources through actions of other governments	68,006,885
Tax relief and other Board considerations	
Nonmajor Governmental Funds:	
Landfill closure and postclosure costs	60,644,597
Solid waste disposal	33,235,902
<b>Total primary government</b>	<b>\$ 265,714,887</b>
<b><u>Component Unit - Park Authority</u></b>	
E.C. Lawrence Park expenditures	\$ 1,507,926

#### 15. Recovered Costs

Reimbursements from another government, organization, or private company for utilities, tuition fees, vehicle insurance, and services rendered or provided to citizens are recorded as recovered costs in the fund financial statements.

#### 16. Intermunicipal Agreements

The Sewer System has entered into several intermunicipal agreements for the purpose of sharing sewage flow and treatment facility costs (see Note L). The payments made to reimburse operating costs and debt service requirements are recorded as expenses in the year due. Payments made to fund the Sewer System's portion of facility expansion and upgrade costs are capitalized as purchased capacity (see Note F). The Sewer System amortizes these costs over the period in which benefits are expected to be derived, which is generally 30 years.

The City of Fairfax (the City) makes payments to the County for the City's share of certain governmental services and debt service costs. Payments for governmental services such as court, jail, custody, health, library, and County agent services are recorded as revenue in the General Fund. Debt service payments represent the City's share of principal and interest and are recorded as revenue in the County Debt Service Fund. In addition, the City pays the County a share of the local portion of all public assistance payments and services including related administrative costs, which is recorded as revenue in the General Fund. The City of Falls Church makes payments to the County for the full cost of the local portion of public assistance payments (including allocated administrative costs) and for the use of special County health facilities by Falls Church residents. These payments are recorded as revenue in the General Fund.



The County and the cities of Fairfax and Falls Church comprise the Fairfax-Falls Church Community Services Board (CSB), established under State mandate in 1969, to provide mental health, mental retardation and drug and alcohol abuse treatment services to residents of the three jurisdictions. The CSB uses the County as its fiscal agent. The operations of the CSB, including payments received from these cities for services performed by the County, are reported in a special revenue fund.

#### **17. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **18. Deficit Fund Balances**

During the fiscal year, the activities in several nonmajor funds resulted in deficit fund balances as of June 30, 2010. The following is a summary of each fund with a deficit fund balance and the government's action to address the deficit. Detailed information regarding each fund may be found in Exhibits F and F-1.

The County Bond Construction Fund had a deficit fund balance at June 30, 2010, of \$6.8 million. This fund is primarily funded by proceeds from general obligation bonds. It currently has \$54.8 million in authorized but unissued bonds from both 2004 and 2007 referendums. The deficit fund balance will be addressed through the sale of bonds in fiscal year 2011.

The Housing Assistance Program Fund had a deficit fund balance at June 30, 2010, of \$3.8 million. This fund is funded by both federal government assistance and general obligation bonds. It currently has \$4.4 million in authorized but unissued bonds from a 1988 referendum. The deficit fund balance will be addressed through the borrowing from The U.S. Department of Housing and Urban Development in fiscal year 2011.

### **B. DEPOSITS AND INVESTMENTS**

#### **1. Deposit and Investment Policies**

The reporting entity maintains an investment policy, the overall objectives of which are the preservation of capital and the protection of investment principal; maintenance of sufficient liquidity to meet operating requirements; conformance with federal, state, and other legal requirements; diversification to avoid incurring unreasonable risks regarding specific security types or individual financial institutions; and attainment of a market rate of return. Oversight of investment activity is the responsibility of the Investment Committee, which is comprised of the chief financial officer and certain key management and investment staff.

It is the reporting entity's policy to pool for investing purposes all available funds of the County and its component units that aren't otherwise required to be kept separate. The investment policy, therefore, applies to the activities of the reporting entity with regard to investing the financial assets of its pooled investment funds.

The primary government's pension trust funds have adopted investment policies to provide a well-managed investment program to meet the long-term goals of the pension trust funds, provide a high degree of diversification, maintain appropriate asset coverage of fund liabilities, and also optimize investment return without introducing higher volatility to contribution levels. Investment decisions for the funds' assets are made by the Boards of Trustees or investment managers selected by the Boards of Trustees. While the pension trust funds are not subject to the provisions of the Employee Retirement Income Security Act (ERISA), the Boards of Trustees endeavor to adhere to the spirit

of ERISA. The Boards of Trustees believe that risks can be managed by establishing constraints on the investment portfolio and by properly monitoring the investment markets, the pension trust funds' asset allocation, and investment managers. Furthermore, investment portfolios have specific benchmarks and investment guidelines.

The component unit's pension trust fund's investment decisions are made by its Board of Trustees or the investment advisors selected by the Board of Trustees. The Board of Trustees manages the fund's investments under the umbrella of an approved set of investment objectives, guidelines, and performance standards. The objectives are formulated in response to the fund's anticipated financial needs, risk tolerance, and the need to document and communicate objectives, guidelines, and standards to the fund's investment managers. The Board of Trustees may grant exceptions to the investment guidelines based on written requests and appropriate justification. All exceptions that are approved are included in an appendix to the written guidelines.

The primary government's OPEB trust fund and its component unit's OPEB trust fund are participants in the Virginia Pooled OPEB Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The primary government's and component unit's respective shares in this pool are reported on the face the corresponding OPEB trust fund statements as found in the other supplementary information section of the CAFR. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

The Code of Virginia (Code) authorizes the reporting entity to purchase the following types of investments:

- Commercial paper
- U.S. Treasury and agency securities
- U.S. Treasury strips
- Negotiable certificates of deposits and bank notes
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- Asset-backed securities
- Hedged debt obligations of sovereign governments
- Securities lending programs
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Commonwealth of Virginia and its instrumentalities
- Obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia
- Obligations of state and local government units located within other states
- Savings accounts or time deposits in any bank or savings institution within the Commonwealth that complies with the Code

However, the investment policy precludes the investment of pooled funds in derivative securities, reverse repurchase agreements, security lending programs, asset-backed securities, hedged debt, obligations of sovereign governments, obligations of the Commonwealth of Virginia and its instrumentalities, obligations of counties, cities, towns, and other public bodies located within the Commonwealth of Virginia and obligations of state and local government units located within other states.

The Code also authorizes the reporting entity to purchase other investments for its pension trust funds and OPEB trust funds, including common and preferred stocks and corporate bonds that meet the standard of judgment and care set forth in the Code. The pension trust funds' Boards of Trustees' investment policies permit these funds to lend their securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future.

## 2. Interest Rate Risk

The reporting entity's policy is to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk, the reporting entity structures the pooled investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Pooled investments that are purchased to meet liquidity needs shall have a target weighted average maturity of 90 days. All other pooled funds are invested primarily in shorter-term securities, with a maximum maturity of one year. The reporting entity's pooled investments as of June 30, 2010, are summarized at fair value as shown below:

Investment Type	Fair Value	Weighted Average Maturity (Days)
<b>Primary Government - Pooled Investments:</b>		
<b>Pooled Investments:</b>		
Agency discount notes	\$ 70,200,000	86.90
Commercial paper	568,562,280	95.79
Corporate Notes	11,726,873	37.00
Money market funds	94,304,790	1.00
Negotiable certificates of deposit	644,221,830	190.29
Total fair value	<u>\$ 1,389,015,773</u>	
Portfolio weighted average maturity		132.24
<b>Component Units - Pooled Investments:</b>		
Agency discount notes	\$ 19,800,000	86.90
Commercial paper	160,363,720	95.79
Corporate Notes	3,307,579	37.00
Money market funds	26,598,787	1.00
Negotiable certificates of deposit	181,703,593	190.29
Total fair value	<u>\$ 391,773,679</u>	
Portfolio weighted average maturity		132.24

The primary government's pension trust funds manage interest rate risk for fixed income accounts by limiting the credit quality of the securities held as well as the duration of the portfolio against the duration of the benchmark. The component unit's pension trust fund's fixed income managers utilize the modified duration method to manage interest rate risk. In addition, the fund's investment policy states that the average effective duration of each manager's portfolio should be within 25 percent of the portfolio's benchmark duration.

The investments in debt securities of the pension trust funds of the reporting entity as of June 30, 2010, are summarized at fair value as shown on the following page:

Investment Type	Fair Value	Duration (Years)
<b>Primary Government - Pension Trust Funds:</b>		
U.S. Government securities	\$77,389,983	4.9
	6,020,250	4.4
	6,636,381	13.1
Corporate and other bonds	239,691,366	3.7
	88,881,609	4.4
	68,358,185	6.3
Asset-backed securities *	146,850,007	4.6
	115,229,456	3.6
	114,606,010	2.4
Short-term investments	122,684,084	0.1
	14,032,715	0.1
	27,354,484	0.1
Total fair value	<u>\$1,027,734,530</u>	
<b>Component Unit - Pension Trust Fund:</b>		
U.S. Treasuries	\$ 83,060,963	8.5
Agencies	6,610,823	3.0
Mortgages	88,022,520	2.4
Cash and Cash equivalents	50,314,892	0.1
Corporate bonds	142,972,333	7.5
Municipal bonds	4,611,367	13.5
Foreign bonds	53,475,220	4.0
Convertible and preferred bonds	2,639,934	5.4
Total fair value	<u>\$ 431,708,052</u>	

\* The underlying assets of the asset-backed securities are predominantly mortgages.

### 3. Credit Risk

The reporting entity's policy is to minimize the risk of loss due to the failure of an issuer or other counterparty to an investment to fulfill its obligations. The reporting entity pre-qualifies financial institutions, broker-dealers, intermediaries, and advisers with which the County does business. In addition, the reporting entity limits its pooled investments to the safest types of securities and diversifies its pooled investment portfolio so that potential losses on individual securities will be minimized. Also, new investments shall not be made in securities that are listed on Moody's Investors Service, Inc. (Moody's) Watchlist or Standard & Poor's, Inc. (S&P) Credit Watch with a negative short term rating. The policy specifies the following acceptable credit ratings for specific types of investments in the pooled portfolio:

- U.S. government sponsored enterprise instruments shall be rated by both Moody's and S&P with a minimum rating of Prime 1 and A-1, respectively.
- Prime quality commercial paper shall be as rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Mutual funds must have a rating of AAA or better by S&P, Moody's, or another nationally recognized rating agency.

- Bank deposit notes must have a rating of at least A-1 by S&P and P-1 by Moody's.
- Banker's acceptances shall be as rated by at least two of the following: Moody's, with a rating of P-1; S&P, A-1; Fitch Investor's Services, Inc. (Fitch), F-1; or by Duff and Phelps, Inc., D-1.
- Corporate notes must have a rating of at least Aa by Moody's and a rating of at least AA by S&P.

While the overall investment guidelines for the primary government's pension trust funds do not specifically address credit risk, investment managers have specific quality limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. The component unit's pension trust fund's investment policy states that the average credit quality of a fixed income portfolio must be at least AA. The policy also permits up to 10 percent of the portfolio to be invested in Moody's or S&P's quality rating below Baa or BBB, respectively. If a security is downgraded below the minimum rating, the investment manager must notify the Board of Trustees and an exception to the guidelines must be granted in order for the security to remain in the portfolio.

As of June 30, 2010, the reporting entity had investments in the following issuers with credit quality ratings as a percent of total investments in debt securities as shown below:

Investment Type	Credit Quality Rating *							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
<b>Primary Government</b>								
<b>Pooled Investments:</b>								
Commercial paper	- %	4.6 %	14.2 %	- %	- %	- %	- %	16.1 ** %
Money market funds	5.8	-	-	-	-	-	-	-
Corporate notes	-	0.7	-	-	-	-	-	-
Certificates of deposit:								
Negotiable	-	2.6	36.7	-	-	-	-	-
Non-negotiable	-	-	8.0	-	-	-	-	-
Insured	-	-	-	-	-	-	-	7.0 **
Agency discount note	4.3	-	-	-	-	-	-	-
<b>Pension Trust Funds:</b>								
U.S. Government securities	8.2 %	- %	- %	- %	- %	- %	- %	- %
Corporate and other bonds	4.2	1.8	6.7	4.7	5.5	9.5	2.5	4.3
Asset-backed securities	16.8	0.6	0.7	0.4	0.5	1.5	5.8	3.3
Short-term investments	1.5	-	-	-	-	-	-	21.5
<b>Component Units</b>								
<b>Pooled Investments:</b>								
Commercial paper	- %	4.6 %	14.2 %	- %	- %	- %	- %	16.1 * %
Money market funds	5.8	-	-	-	-	-	-	-
Corporate notes	-	0.7	-	-	-	-	-	-
Certificates of deposit:								
Negotiable	-	2.6	36.7	-	-	-	-	-
Non-negotiable	-	-	8.0	-	-	-	-	-
Insured	-	-	-	-	-	-	-	7.0
FHLB discount note	4.3	-	-	-	-	-	-	-
<b>Pension Trust Fund:</b>								
Government securities/agencies	18.9	-	-	-	-	-	-	- %
Mortgage	20.2	0.1	1.0	0.3	-	-	-	0.2
Municipals	-	1.1	-	-	-	-	-	-
Corporate bonds	0.8	1.0	11.7	10.6	3.6	4.5	1.3	1.3
Foreign bonds	2.9	3.5	0.2	1.2	0.2	0.2	-	2.9
Other bonds	-	-	0.1	-	0.2	-	-	0.3
Other	-	-	-	-	-	-	-	11.7

\* Credit quality ratings are determined using S&P's long-term rating schema, which approximates the greatest degree of risk as of June 30, 2010.

\*\* Insured CD's are not rated by rating agencies, Though not rated on S&P long-term, the 16.1% held in pooled investments is rated A-1 on S&P short-term schema.

**4. Concentration of Credit Risk**

The reporting entity's investment policy sets the following limits for the types of securities held in its pooled investment portfolio:

Repurchase agreements and money market funds	30%	maximum
Bank notes, banker's acceptances and negotiable certificates of deposit	40%	maximum
Commercial paper	35%	maximum
Corporate notes	25%	maximum
US Treasury and agency securities	100%	maximum
Non-negotiable certificates of deposit	40%	maximum

In addition, not more than 5 percent of the total pooled funds available for investment at the time of purchase may be invested in any one issuing or guaranteeing corporation for commercial paper, banker's acceptances, corporate notes, and bank notes. The County shall seek to maintain 5% of the investment portfolio in a combination of mutual funds or open repurchase agreements to meet liquidity requirements.

While the overall investment guidelines for the primary government's pension trust funds do not specifically address concentration of credit risk, investment managers have specific concentration limits appropriate for the type of mandate they are managing and that fit within the total risk tolerance of the fund. The pension trust funds do not have investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represents 5 percent or more of net assets available for benefits. The component unit's pension trust fund's policy for equity holdings is to limit securities of any one issuer to the greater of 5 percent or the security's weight in the benchmark index plus 2 percent of each equity portfolio at market value. For fixed income holdings, the securities of any one issuer with the exception of U.S. Government and its agencies are limited to 10 percent at cost and 15 percent at market of each fixed income portfolio. In addition, the combined allocation to non-U.S. bonds, below investment grade securities, emerging market debt, and convertible bonds may not exceed 35 percent of the portfolio. Concerning cash, no more than 10 percent of the cash portfolio shall be invested in certificates of deposit or bankers acceptances issued by any single bank. Up to 35 percent of the cash portfolio may be invested in commercial paper and corporate bonds, with no more than 5 percent invested with any single issuer. Each manager's portfolio should have no more than 5 percent of its assets allocated to cash. These policies were implemented to ensure diversification of the portfolio.

**5. Custodial Credit Risk**

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Virginia Security for Public Deposits Act (Act), all of the reporting entity's deposits are covered by federal depository insurance or collateralized in accordance with the Act, which provides for the pooling of collateral pledged by financial institutions 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. 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 a loss, additional amounts are assessed on a pro rata basis to the members of the pool. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by participating financial institutions. A multiple financial



institution collateral pool that provides for additional assessments is similar to depository insurance, therefore, funds deposited in accordance with the requirements of the Act are considered to be fully insured.

For investments, custodial credit risk is the risk that, in the event of the failure of a counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Per policy, all of the investments purchased by the reporting entity are insured or registered or are securities held by the reporting entity or its agent in the reporting entity's name.

The Boards of Trustees of the pension trust funds permit the funds to participate in a securities lending program, which is administered by a custodian. Under this program, certain securities are loaned to approved broker/dealers who borrow the securities and provide collateral in the form of cash, U.S. Treasury or government agency securities, letters of credit, and other securities as specified in the securities lending agreement. The value of the collateral for domestic securities must equal 102 percent of the market value of the security and 105 percent of the market value of the foreign security. The custodian monitors the market value of the collateral on a daily basis. Cash collateral is invested in a fund which is maintained by the custodian or its affiliate. The pension trust funds did not impose any restrictions during the period on the amounts of loans security lending agents made on their behalf, and the agents have agreed to indemnify the pension trust funds by purchasing replacement securities, or returning the cash collateral thereof, in the event a borrower fails to return loaned securities or pay distributions thereon. There were no such failures by any borrower during the fiscal year, nor were there any losses during the period resulting from the default of a borrower or lending agent. At year end, the pension trust funds had no custodial credit risk exposure to borrowers because the amounts the pension trust funds owed the borrower exceeded the amounts the borrowers owed the pension trust funds. Information pertaining to the securities lending transactions as of June 30, 2010, is as follows:

Securities Lent	Underlying Securities	Cash Collateral Investment Value	Securities Collateral Investment Value
<b>Primary Government - Pension Trust Funds:</b>			
Lent for cash collateral:			
U.S. Government securities	\$ 31,741,382	32,389,867	-
Corporate and other bonds	84,844,330	86,884,678	-
Common and preferred stock	221,495,808	227,881,134	-
Lent for securities collateral:			
Corporate and other bonds	2,818,240	-	2,887,889
Common and preferred stock	52,087,456	-	58,433,077
Total securities lent	<u>\$ 392,987,216</u>	<u>347,155,679</u>	<u>61,320,966</u>
<b>Component Unit - Pension Trust Fund:</b>			
Lent for cash or securities collateral:			
Cash and cash equivalents	\$ 3,084,954	3,150,736	-
U.S. Government and agency securities	2,083,673	2,134,911	-
Corporate and other bonds	4,909,015	5,118,890	989
Common and preferred stock	56,578,616	58,773,896	676,035
Total securities lent	<u>\$ 66,656,258</u>	<u>69,178,433</u>	<u>677,024</u>



## **6. Foreign Currency Risk**

Per the reporting entity's policy, pooled investments are limited to U.S. dollar denominated instruments.

The pension trust funds are allowed to invest in foreign currency denominated instruments. The component unit's pension trust fund's policy allows investment managers to invest up to 25 percent of the portfolio in securities issued by non-U.S. guarantors with up to 10 percent in emerging markets. As of June 30, 2010, the fair value in U.S. dollars of the pension trust funds' foreign currency investments are as follows on the facing page:

International Securities	Cash and Cash Equivalents	Equity	Convertible and Fixed Income	Total U.S. Dollars
<b>Primary Government - Pension Trust Funds:</b>				
Australian dollar	\$ 707,652	18,817,636	18,529,358	38,054,646
Brazil real	56,578	3,100,718	7,722,857	10,880,153
British pound sterling	1,204,293	70,722,366	10,602,271	82,528,930
Canadian dollar	497,972	9,973,384	8,385,840	18,857,196
Danish krone	6,495	6,552,578	-	6,559,073
Euro currency unit	2,263,766	78,894,110	6,823,884	87,981,760
Hong Kong dollar	9,020	23,273,386	-	23,282,406
Indonesian rupiah	2,878	1,645,357	6,833,655	8,481,890
Japanese yen	1,546,073	79,949,571	191,660	81,687,304
Malaysian ringgit	-	1,911,948	8,859,135	10,771,083
Mexican new peso	20,755	217,569	8,120,482	8,358,806
New Zealand dollar	2,632	81,435	6,235,940	6,320,007
Norwegian krone	100,017	4,554,072	7,433,014	12,087,103
Philippines peso	4,586	1,491,515	-	1,496,101
Polish zloty	34,897	1,034,925	8,611,282	9,681,104
Singapore dollar	62,325	10,991,628	-	11,053,953
South African comm rand	-	2,717,962	2,274,013	4,991,975
South Korean won	90,578	7,160,832	8,661,903	15,913,313
Swedish krona	37,891	9,286,741	2,983,998	12,308,630
Swiss franc	96,945	20,811,933	-	20,908,878
Thailand baht	-	1,265,847	-	1,265,847
Other currencies	42,313	2,813,323	-	2,855,636
Total fair value	\$ 6,787,666	357,268,836	112,269,292	476,325,794
<b>Component Unit - Pension Trust Fund:</b>				
Australian dollar	\$ 1,444,452	6,451,201	3,017,064	10,912,717
Brazil real	70,896	968,081	846,551	1,885,528
British pound sterling	97,235	39,110,977	231,811	39,440,023
Canadian dollar	(2,660,010)	8,388,232	5,978,624	11,706,846
Czechoslovakia koruna	4,953	486,431	-	491,384
Danish krone	9,668	2,925,678	-	2,935,346
Euro currency unit	(11,695,388)	52,919,776	-	41,224,388
Hong Kong dollar	16,629	5,492,632	-	5,509,261
Hungarian forint	81	-	-	81
Indonesian rupiah	14,306	509,320	-	523,626
Israeli Shekel	3,279	1,026,502	-	1,029,781
Japanese yen	2,177,471	38,780,860	-	40,958,331
Malaysian ringgit	34,483	2,518,839	-	2,553,322
Mexican new peso	288	93,141	2,410,047	2,503,476
New Taiwan Dollar	278,912	3,001,205	-	3,280,117
New Turkish Lira	8,247	1,762,700	-	1,770,947
New Zealand dollar	3,028,412	23,613	5,925,020	8,977,045
Norwegian krone	5,858,298	1,177,900	2,233,397	9,269,595
Pakistan rupee	-	354,762	-	354,762
Philippine peso	10,556	216,473	-	227,029
Polish zloty	8,416	887,064	-	895,480
South African comm rand	114	257,938	-	258,052
Singapore dollar	24,004	4,514,622	4,083,911	8,622,537
South Korean Won	3,270	6,474,057	-	6,477,327
Swedish krona	3,518,764	1,147,361	-	4,666,125
Swiss franc	504,180	9,701,004	-	10,205,184
Thailand baht	55,276	1,941,550	-	1,996,826
Total fair value	\$ 2,816,792	191,131,919	24,726,425	218,675,136

## C. PROPERTY TAXES

Real estate is assessed on January 1 each year at the estimated fair market value of all land and improvements. Real estate taxes are due in equal installments, on July 28 and December 5. Unpaid taxes automatically constitute liens on real property which must be satisfied prior to sale or transfer, and after three years, foreclosure proceedings can be initiated.

Personal property taxes on vehicles and business property are based on the estimated fair market value at January 1 each year. The tax on a vehicle may be prorated for the length of time the vehicle has situs in the County. A declaration form is required to be filed, and there is a ten percent penalty for late filing. Personal property taxes are due on October 5, with certain exceptions. Delinquency notices are sent before statutory measures, such as the seizure of property and the placing of liens on bank accounts and/or wages, are initiated.

Real estate and personal property taxes not paid by the due dates are assessed a ten percent late payment penalty on the tax amount. Furthermore, interest accrues from the first day following the due date at an annual rate of ten percent for the first year and thereafter at the rate set by the Internal Revenue Service. The net delinquent taxes receivable, including interest and penalties, as of June 30, 2010, after allowances for uncollectible amounts, is \$20,666,857, of which \$2,583,576 has been included in tax revenue for fiscal year 2010 because it was collected within 45 days after June 30.

As required by GAAP, the County reports real estate and personal property taxes (net of allowances) assessed for calendar year 2010 as receivables (net of payments totaling \$15,952,940 received in advance of the due date) and deferred revenue because the County has an enforceable legal claim to these resources at June 30, 2010; however, these resources, which amount to \$2,528,297,769, will not be available to the County until fiscal year 2011.

The 1998 Virginia General Assembly enacted the Personal Property Tax Relief Act to provide property tax relief on the first \$20,000 of value of motor vehicles not used for business purposes. Due to budget constraints, the 2003 Virginia General Assembly froze the tax reduction at 70 percent. The 2005 Virginia General Assembly revised this measure further to limit its tax relief payments to all localities to a total of \$950 million per tax year beginning with 2006 (fiscal year 2007). The County's fixed share of the \$950 million is \$211,313,944, as determined by its share of the total payments made to all localities by the Commonwealth during calendar years 2004 and 2005 for tax year 2004 (fiscal year 2005). The County's fixed share from the Commonwealth is reported as intergovernmental revenue in the General Fund.

**D. RECEIVABLES**

Receivables and allowances for uncollectible receivables of the primary government, excluding fiduciary funds, at June 30, 2010, consist of the following:

	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Internal Service Funds	Total Primary Government (Exhibit A)
Receivables:					
Accounts	\$ 11,332,707	12,727,942	117,314	99,474	24,277,437
Accrued interest	1,360,133	2,354,606	83,786	41,781	3,840,306
Property taxes:					
Delinquent	37,502,636	-	-	-	37,502,636
Not yet due	2,299,648,264	-	-	-	2,299,648,264
Business license taxes - delinquent	6,847,957	-	-	-	6,847,957
Loans	-	59,684,150	-	-	59,684,150
Other*	-	-	-	-	38,927
Total receivables	2,356,691,697	74,766,698	201,100	141,255	2,431,839,677
Allowances for uncollectibles:					
Accounts receivable	(7,586,708)	(283,745)	-	-	(7,870,453)
Property taxes:					
Delinquent	(16,835,779)	-	-	-	(16,835,779)
Not yet due	(4,301,680)	-	-	-	(4,301,680)
Business license taxes - delinquent	(3,296,022)	-	-	-	(3,296,022)
Loans	-	(3,301,165)	-	-	(3,301,165)
Total allowances for uncollectibles	(32,020,189)	(3,584,910)	-	-	(35,605,099)
Total net receivables	\$ 2,324,671,508	71,181,788	201,100	141,255	2,396,234,578

\* The other receivables amount represents the amount due from fiduciary funds on a government-wide basis.

Receivables of the component units, excluding fiduciary funds, at June 30, 2010, consist of the following:

	Public Schools	FCRHA	Park Authority	Total Component Units
Receivables:				
Accounts	\$ 1,514,752	1,716,611	18,106	3,249,469
Accrued interest	63,737	150,150	15,595	229,482
Notes	-	34,966,931	-	34,966,931
Total receivables	1,578,489	36,833,692	33,701	38,445,882
Allowances for uncollectibles	-	(1,962,532)	-	(1,962,532)
Total net receivables	\$ 1,578,489	34,871,160	33,701	36,483,350

Delinquent property taxes receivable from taxpayers in the General Fund as of June 30, 2010, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
2009	\$8,455,912	6,120,774	14,576,686
2008	2,389,918	3,260,851	5,650,769
2007	739,309	2,815,124	3,554,433
Prior years	1,525,606	5,522,693	7,048,299
Total delinquent taxes	13,110,745	17,719,442	30,830,187
Penalty and interest			6,672,449
Total delinquent taxes, penalty and interest			37,502,636
Allowances for uncollectibles			(16,835,779)
Net delinquent tax receivables			<u>\$ 20,666,857</u>

Amounts due to the primary government and component units from other governmental units at June 30, 2010, include the following:

	Primary Government				Component Unit - Public Schools
	General Fund	Nonmajor Governmental Funds	Enterprise Fund	Total (Exhibit A)	
Federal government	6,705,945	21,020,971	324,074	28,050,990	35,699,853
State government:					
Property tax relief - not yet due	211,313,944	-	-	211,313,944	-
Other	47,685,958	14,336,209	832,105	62,854,272	17,712,368
Local governments	848,856	3,184,639	31,944,443	35,977,938	540,014
Total intergovernmental units	<u>\$ 266,554,703</u>	<u>38,541,819</u>	<u>33,100,622</u>	<u>338,197,144</u>	<u>53,952,235</u>
Federal-Build America Bond subsidy				795,573	
Total (Exhibit A)				<u>338,992,717</u>	

## E. INTERFUND BALANCES AND TRANSFERS

Payments for fringe benefits are made through the General Fund on behalf of all funds of the County. As a result, interfund payables primarily represent the portion of fringe benefits to be paid by certain other funds to the General Fund. Interfund receivables and payables are also recorded when funds overdraw their share of pooled cash. All amounts are expected to be paid within one year. The composition of interfund balances as of June 30, 2010, is as shown on the right.

	Interfund Receivables	Interfund Payables
<b>Primary Government</b>		
General Fund	\$ 7,647,418	-
Nonmajor Governmental Funds	2,205,562	10,296,991
Enterprise Fund	-	386,508
Internal Service Funds	1,303,160	433,714
Fiduciary Funds	-	38,927
<b>Total primary government</b>	<u>\$ 11,156,140</u>	<u>11,156,140</u>
<b>Component Unit</b>		
<b>Public Schools:</b>		
General Fund	\$ 8,000,000	939,063
Nonmajor Governmental Funds	-	6,500,000
Internal Service Funds	939,063	1,500,000
<b>Total component units</b>	<u>\$ 8,939,063</u>	<u>8,939,063</u>

Due to/from primary government and component units represent amounts paid by one entity on behalf of the other entity. Due to/from primary government and component units as of June 30, 2010, are as follows:

Receivable Entity	Payable Entity	Amount
<b><u>Component Units</u></b>	<b><u>Primary Government</u></b>	
Public Schools	General Fund	\$ 278,152
Park Authority	General Fund	2,048,853
Park Authority	Nonmajor Governmental Fund	769,489
EDA	General Fund	643,895
<b>Total</b>		<b>\$ 3,740,389</b>
<b><u>Primary Government</u></b>	<b><u>Component Unit</u></b>	
General Fund	FCRHA	\$ 193,064
General Fund	Park Authority	286,752
<b>Total</b>		<b>\$ 479,816</b>

The primary purpose of interfund transfers is to provide funding for operations, including those of the Fairfax-Falls Church Community Services Board, debt service, and capital projects. Interfund transfers for the year ended June 30, 2010, are as follows:

	Transfers In	Transfers Out
<b><u>Primary Government</u></b>		
General Fund	\$ 28,335,919	471,577,400
Nonmajor Governmental Funds	487,430,080	37,095,174
Internal Service Funds	4,212,336	11,305,761
<b>Total primary government</b>	<b>\$ 519,978,335</b>	<b>519,978,335</b>
<b><u>Component Unit</u></b>		
<b>Public Schools:</b>		
General Fund	\$ -	30,445,360
Capital Projects Fund	8,684,077	-
Nonmajor Governmental Funds	21,761,283	-
<b>Total component units</b>	<b>\$ 30,445,360</b>	<b>30,445,360</b>

**F. CAPITAL ASSETS**

Capital assets activity for the primary government for the year ended June 30, 2010, is as follows:

	Balances July 1, 2009	Increases	Decreases	Balances June 30, 2010
<b>Primary Government</b>				
<b>Governmental activities:</b>				
Non-depreciable/non-amortizable:				
Land	\$ 417,380,727	7,379,528	(9,849,182)	414,911,073
Easements	-	7,010,430	-	7,010,430
Construction in progress	70,877,847	48,574,883	(53,951,002)	65,501,728
Equipment under construction	9,517,057	6,199,643	(1,761,381)	13,955,319
Software in development	-	20,264,490	-	20,264,490
Total non-depreciable/non-amortizable	497,775,631	89,428,974	(65,561,565)	521,643,040
Depreciable/amortizable:				
Equipment	351,458,400	38,841,873	(24,664,861)	365,635,412
Library collections	74,095,472	3,342,250	-	77,437,722
Buildings	1,177,919,796	42,611,734	(4,016,520)	1,216,515,010
Improvements	104,978,593	12,868,819	(232,870)	117,614,542
Infrastructure	564,578,829	15,140,478	-	579,719,307
Total depreciable/amortizable	2,273,031,090	112,805,154	(28,914,251)	2,356,921,993
Less accumulated depreciation/amortization for:				
Equipment	(216,131,173)	(29,723,012)	22,597,072	(223,257,113)
Library collections	(56,960,411)	(6,032,722)	-	(62,993,133)
Buildings	(284,471,815)	(25,548,829)	2,491,441	(307,529,203)
Improvements	(41,061,499)	(3,630,644)	54,337	(44,637,806)
Infrastructure	(162,697,593)	(13,338,538)	-	(176,036,131)
Total accumulated depreciation/amortization	(761,322,491)	(78,273,745)	25,142,850	(814,453,386)
Total capital assets, being depreciated/amortized, net	1,511,708,599	34,531,409	(3,771,401)	1,542,468,607
<b>Total capital assets, net - Governmental activities</b>	2,009,484,230	123,960,383	(69,332,966)	2,064,111,647
<b>Business-type activities:</b>				
Non-depreciable/non-amortizable:				
Land	17,370,540	-	-	17,370,540
Easements	289,243	28,901	-	318,144
Construction in progress	48,839,141	34,426,246	(299,174)	82,966,213
Total non-depreciable/non-amortizable	66,498,924	34,455,147	(299,174)	100,654,897
Depreciable/amortizable:				
Equipment	11,376,730	360,395	(479,382)	11,257,743
Purchased capacity	718,700,236	31,774,058	-	750,474,294
Buildings	58,235,773	-	-	58,235,773
Improvements	942,484,965	2,823,674	(28,901)	945,279,738
Total depreciable/amortizable	1,730,797,704	34,958,127	(508,283)	1,765,247,548
Less accumulated depreciation/amortization for:				
Equipment	(8,270,336)	(686,623)	479,382	(8,477,577)
Purchased capacity	(166,722,052)	(22,969,690)	-	(189,691,742)
Buildings	(32,526,912)	(1,198,778)	-	(33,725,690)
Improvements	(402,844,257)	(21,825,477)	28,901	(424,640,833)
Total accumulated depreciation/amortization	(610,363,557)	(46,680,568)	508,283	(656,535,842)
Total capital assets, being depreciated/amortized, net	1,120,434,147	(11,722,441)	-	1,108,711,706
<b>Total capital assets, net - Business-type activities</b>	1,186,933,071	22,732,706	(299,174)	1,209,366,603
<b>Total capital assets, net - Primary government</b>	<b>\$ 3,196,417,301</b>	<b>146,693,089</b>	<b>(69,632,140)</b>	<b>3,273,478,250</b>

Capital assets activity for the component units for the year ended June 30, 2010, is as follows:

	Balances July 1, 2009	Increases	Decreases	Balances June 30, 2010
<b>Component Units</b>				
<b>Public Schools</b>				
Non-depreciable/non-amortizable:				
Land	\$ 45,864,156	236,039	(1,230,800)	44,869,395
Construction in progress	205,186,161	71,572,586	(160,244,972)	116,513,775
Software in development	-	3,849,508	-	3,849,508
Total non-depreciable/non-amortizable	251,050,317	75,658,133	(161,475,772)	165,232,678
Depreciable/amortizable:				
Equipment	199,252,491	28,654,012	(5,745,037)	222,161,466
Software	235,829	115,825	-	351,654
Library collections	28,870,704	3,692,333	(2,181,723)	30,381,314
Buildings	1,077,263,712	41,707,194	-	1,118,970,906
Improvements	1,444,081,942	139,896,019	-	1,583,977,961
Total depreciable/amortizable	2,749,704,678	214,065,383	(7,926,760)	2,955,843,301
Less accumulated depreciation/amortization for:				
Equipment	(128,713,261)	(17,458,665)	5,242,060	(140,929,866)
Software	(120,165)	(68,400)	-	(188,565)
Library collections	(15,717,402)	(4,517,499)	2,181,723	(18,053,178)
Buildings	(412,356,911)	(22,028,920)	-	(434,385,831)
Improvements	(509,683,820)	(56,909,285)	-	(566,593,105)
Total accumulated depreciation/amortization	(1,066,591,559)	(100,982,769)	7,423,783	(1,160,150,545)
Total capital assets, being depreciated/amortized, net	1,683,113,119	113,082,614	(502,977)	1,795,692,756
<b>Total capital assets, net - Public Schools</b>	1,934,163,436	188,740,747	(161,978,749)	1,960,925,434
<b>FCRHA</b>				
Non-depreciable/non-amortizable:				
Land	39,828,719	75,570	(704,152)	39,200,137
Construction in progress	5,479,028	14,231,308	(7,861,444)	11,848,892
Total non-depreciable/non-amortizable	45,307,747	14,306,878	(8,565,596)	51,049,029
Depreciable/amortizable:				
Equipment	1,484,020	86,659	-	1,570,679
Buildings and improvements	193,043,223	8,241,903	(390,128)	200,894,998
Total depreciable/amortizable	194,527,243	8,328,562	(390,128)	202,465,677
Less accumulated depreciation/amortization for:				
Equipment	(4,996,583)	(21,082)	-	(5,017,665)
Buildings and improvements	(90,853,080)	(5,953,631)	259,854	(96,546,857)
Total accumulated depreciation/amortization	(95,849,663)	(5,974,713)	259,854	(101,564,522)
Total capital assets, being depreciated/amortized, net	98,677,580	2,353,849	(130,274)	100,901,155
<b>Total capital assets, net - FCRHA</b>	143,985,327	16,660,727	(8,695,870)	151,950,184
<b>Park Authority</b>				
Non-depreciable/non-amortizable:				
Land	320,428,155	20,239,458	(10,066,125)	330,601,488
Easements	16,073,946	-	-	16,073,946
Construction in progress	11,187,768	4,249,468	(4,862,253)	10,574,983
Total non-depreciable/non-amortizable	347,689,869	24,488,926	(14,928,378)	357,250,417
Depreciable/amortizable:				
Equipment	13,715,249	345,488	(459,113)	13,601,624
Buildings and improvements	308,335,779	13,920,044	-	322,255,823
Total depreciable/amortizable	322,051,028	14,265,532	(459,113)	335,857,447
Less accumulated depreciation/amortization for:				
Equipment	(11,287,624)	(693,488)	444,415	(11,536,697)
Buildings and improvements	(131,561,936)	(9,494,511)	-	(141,056,447)
Total accumulated depreciation/amortization	(142,849,560)	(10,187,999)	444,415	(152,593,144)
Total capital assets, being depreciated/amortized, net	179,201,468	4,077,533	(14,698)	183,264,303
<b>Total capital assets, net - Park Authority</b>	526,891,337	28,566,459	(14,943,076)	540,514,720
<b>EDA</b>				
Depreciable/amortizable:				
Equipment	73,351	5,089	(22,206)	56,234
Buildings and improvements	-	767,961	-	767,961
Total depreciable/amortizable	73,351	773,050	(22,206)	824,195
Less accumulated depreciation/amortization for:				
Equipment	(54,645)	(9,323)	22,206	(41,762)
Buildings and improvements	-	(74,319)	-	(74,319)
Total accumulated depreciation/amortization	(54,645)	(83,642)	22,206	(116,081)
<b>Total capital assets, net - EDA</b>	18,706	689,408	-	708,114
<b>Total capital assets, net - Component units</b>	\$ 2,605,058,806	234,657,341	(185,617,695)	2,654,098,452



Depreciation and amortization expense for the year ended June 30, 2010, charged to the functions of the primary government and component units is as follows:

	Governmental Activities	Business-type Activities	Component Units
<b><u>Primary Government</u></b>			
General government administration	\$ 7,633,525	-	-
Judicial administration	1,102,966	-	-
Public safety	19,328,601	-	-
Public works	13,325,286	46,680,568	-
Health and welfare	2,114,308	-	-
Community development	8,625,792	-	-
Parks, recreation, and cultural	15,438,651	-	-
In addition, depreciation on capital assets held by the County's internal service funds is charged to the various functions based on asset usage.	10,704,616	-	-
<b><u>Component Units</u></b>			
Public Schools	-	-	100,982,769
FCRHA	-	-	6,023,312
Park Authority	-	-	10,187,999
EDA	-	-	83,642
Total depreciation and amortization expense	\$ 78,273,745	46,680,568	117,277,722

## G. RETIREMENT PLANS

The reporting entity administers the following four separate public employee retirement systems that provide pension benefits for various classes of employees. In addition, professional employees of Public Schools participate in a plan sponsored and administered by the Virginia Retirement System (VRS).

### 1. Fairfax County Employees' Retirement System

#### Plan Description

The Fairfax County Employees' Retirement System (ERS) is a cost-sharing multiple-employer defined benefit pension plan which covers only employees of the reporting entity. The plan covers full-time and certain part-time employees of the reporting entity who are not covered by other plans of the reporting entity or the VRS. Information regarding membership in the ERS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of creditable service, or (b) attain the age of 50 with age plus years of creditable service being greater than or equal to 80. The normal retirement benefit is calculated using average final compensation (i.e., the highest 78 consecutive two week pay periods or the highest 36 consecutive monthly pay periods) and years (or partial years) of creditable service at date of termination. In addition, if normal retirement occurs before Social Security benefits are scheduled to begin, an additional monthly benefit is paid to retirees. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. The benefit for early retirement is actuarially reduced and payable at early termination.

Effective July 1, 2005, a Deferred Retirement Option Program (DROP) was established for eligible members of the ERS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

The ERS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

#### Funding Policy

The contribution requirements of ERS members are established and may be amended by County ordinances. Members may elect to join Plan A or Plan B. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.33 percent of compensation in excess of the wage base. Plan B requires member contributions of 5.33 percent of compensation.

For fiscal year 2010, the reporting entity contributed a contractually fixed rate of 9.71 percent of annual covered payroll. This rate was established by the Board to cover the actuarially-determined normal cost plus administrative expenses of the ERS. In the event the ERS's funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) exceeds 120 percent or falls below 90 percent, the contribution rate will be adjusted to bring the funded ratio back within these parameters.

#### Annual Pension Cost

For the years ended June 30, 2010, 2009, and 2008, the County's and Public Schools' annual pension costs and actual contributions were as follows:

	Annual Pension Costs and Actual Contributions for Years Ended June 30		
	2010	2009	2008
County	\$ 46,058,456	\$ 46,013,342	44,959,868
Public Schools	18,010,646	19,097,489	17,676,253
Total	\$ 64,069,102	\$ 65,110,831	62,636,121

For the years ended June 30, 2010, 2009, and 2008, the County's and Public Schools' annual required contributions (ARC) were as follows:

	ARC for Years Ended June 30		
	2010	2009	2008
County	\$ 66,692,265	67,172,762	64,228,383
Public Schools	26,079,267	27,879,546	25,251,790
Total	92,771,532	95,052,308	89,480,173

The ARC for the year ended June 30, 2010 was determined as part of the July 1, 2009, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- b. Projected annual salary increases of 4.0 to 6.5 percent, including an inflation component of 4.0 percent.
- c. Post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of ERS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 15 year period. The remaining amortization period is 15 years.

For fiscal years ended June 30, 2004 through June 30, 2010, the County's Employees' Retirement System funding progress was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2004	\$ 2,030,539	\$ 2,411,135	\$ 380,596	84.22 %	\$ 552,738	68.86 %
7/1/2005	2,202,515	2,676,418	473,903	82.29	565,063	83.87
7/1/2006	2,363,844	2,881,780	517,936	82.03	574,294	90.19
7/1/2007	2,596,658	3,139,187	542,529	82.72	579,075	93.69
7/1/2008	2,752,874	3,328,901	576,027	82.70	610,877	94.30
7/1/2009	2,603,284	3,535,874	932,590	73.62	628,481	148.39

### Concentrations

The ERS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

## **2. Fairfax County Police Officers Retirement System**

### Plan Description

The Fairfax County Police Officers Retirement System (PORS) is a legally separate single-employer defined benefit pension plan established under the Code of Virginia. The plan covers County police officers who are not covered by other plans of the reporting entity or the VRS and former Park Police officers who elected to transfer to the PORS from the Uniformed Retirement System effective January 22, 1983. Information regarding membership in the PORS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attain the age of 55 or have completed 20

years of creditable service, or (b) if employed on or after July 1, 1981; attain the age of 55 or have completed 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement, the employee must have 20 years of creditable service (does not apply if hired before July 1, 1981). The benefit for early retirement is actuarially reduced and payable at early termination.

Effective October 1, 2003, a Deferred Retirement Option Program (DROP) was established for eligible members of the PORS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

The PORS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Police Officers Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

#### Funding Policy

The contribution requirements of PORS members are established and may be amended by County ordinances. Member contributions are based on 10.0 percent of compensation.

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the PORS's funding ratio falls outside of a pre-determined range. Once outside the range, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the range. The range for the PORS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2010 employer contribution rate is 22.8 percent of annual covered payroll.

#### Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and net pension obligation (NPO) for fiscal years 2010, 2009, and 2008 are as follows:

	2010	2009	2008
ARC, for the year ended June 30	\$ 30,759,259	\$27,625,460	28,198,891
Interest on NPO from prior year	2,532,811	2,245,280	1,755,571
Actuarial adjustment	(2,852,409)	(2,528,597)	(1,977,095)
Annual pension cost	30,439,661	27,342,143	27,977,367
Actual contributions	(23,766,626)	(23,508,402)	(21,447,907)
Increase in the NPO, for the year ended June 30	6,673,035	3,833,741	6,529,460
NPO, beginning of year	33,770,814	29,937,073	23,407,613
NPO, end of year	\$ 40,443,849	\$33,770,814	29,937,073
Percentage of annual pension cost contributed	78.08%	85.98%	76.66%

The ARC for the year ended June 30, 2010, was determined as part of the July 1, 2009, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- b. Projected annual salary increases of 5.0 to 12.0 percent, including an inflation component of 4.0 percent.
- c. Post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the PORS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. Any excess of these assets over the actuarial accrued liability is amortized over an open 15 year period. The remaining amortization period is 15 years.

For fiscal years ended June 30, 2004 through June 30, 2010, the County's Police Officers Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2004	\$ 685,495	\$ 749,344	\$ 63,849	91.48 %	\$ 78,080	81.77 %
7/1/2005	732,582	828,702	96,120	88.40	83,939	114.51
7/1/2006	788,766	897,478	108,712	87.89	89,062	122.06
7/1/2007	870,975	968,735	97,760	89.91	95,904	101.94
7/1/2008	908,077	1,031,333	123,256	88.05	99,714	123.61
7/1/2009	879,543	1,076,039	196,496	81.74	99,647	197.19

### Concentrations

The PORS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

### **3. Fairfax County Uniformed Retirement System**

#### Plan Description

The Fairfax County Uniformed Retirement System (URS) is a single-employer defined benefit pension plan. The plan covers uniformed employees including non-clerical employees of the Fire and Rescue Department and Office of Sheriff, Park Police, Helicopter Pilots, Animal Wardens and Game Wardens who are not covered by other plans of the reporting entity or the VRS. Information regarding membership in the URS is disclosed in item 6 of this note.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of creditable service. To be eligible for normal retirement an individual must meet

the following criteria: (a) attain the age of 55 with six years of creditable service, or (b) complete 25 years of creditable service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of creditable service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4.0 percent or the percentage increase in the Consumer Price Index for the Washington-Baltimore Metropolitan Statistical Area. The plan provides that unused sick leave credit may be used in the calculation of average final compensation by projecting the final salary during the unused sick leave period. To be eligible for early retirement, employees must have 20 years of creditable service. The benefit for early retirement is actuarially reduced and payable at early termination.

Effective October 1, 2003, a Deferred Retirement Option Program (DROP) was established for eligible members of the URS. Members who are eligible for normal service retirement are eligible to participate in this program. DROP provides the ability for an employee to retire for purposes of the pension plan, while continuing to work and receive a salary for a period of three years. During the DROP period, the pension plan accumulates the accrued monthly benefit into an account balance identified as belonging to the member. The account balance is credited with interest in the amount of 5.0 percent per annum, compounded monthly. The monthly benefit is calculated using service and final compensation as of the date of entry in DROP, with increases equal to the annual COLA adjustment provided for retirees.

The URS issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Uniformed Retirement System, 10680 Main Street, Suite 280, Fairfax, VA 22030, or by calling (703) 279-8200.

#### Funding Policy

The contribution requirements of URS members are established and may be amended by County ordinances. Plan A members were given the opportunity to enroll in Plan B as of July 1, 1981 and to enroll in Plan C as of April 1, 1997. From July 1, 1981 through March 31, 1997, all new hires were enrolled in Plan B. Plan B members were given the opportunity to enroll in Plan D as of April 1, 1997. From April 1, 1997 forward all new hires are enrolled in Plan D. Plan A requires member contributions of 4.0 percent of compensation up to the Social Security wage base and 5.75 percent of compensation in excess of the wage base. Plan B requires member contributions of 7.08 percent of compensation up to the Social Security wage base and 8.83 percent of compensation in excess of the wage base. Plan C requires member contributions of 4.0 percent of compensation. Plan D requires contributions of 7.08 percent of compensation.

The County contributes at a fixed rate as determined by an annual actuarial valuation, unless the URS's funding ratio falls outside of a pre-determined range. Once outside the range, the rate is either increased or decreased to accelerate or decelerate the funding until the ratio falls back within the range. The range for the URS is a minimum funding ratio of 90 percent and a maximum funding ratio of 120 percent. The fiscal year 2010 employer contribution rate is 26.46 percent of annual covered payroll.

#### Annual Pension Cost

Information related to the County's annual pension cost, ARC, actual contributions, and NPO for fiscal years 2010, 2009, and 2008 is presented on the following page:

	2010	2009	2008
ARC, for the year ended June 30	\$ 47,289,026	\$ 47,247,396	46,849,354
Interest on NPO from prior year	2,094,476	1,630,484	1,058,222
Actuarial adjustment	(2,358,764)	(1,836,224)	(1,191,752)
Annual pension cost	47,024,738	47,041,656	46,715,824
Actual contributions	(40,771,184)	(40,855,101)	(39,085,662)
Increase in the NPO, for the year ended June 30	6,253,554	6,186,555	7,630,162
NPO, beginning of year	27,926,347	21,739,792	14,109,630
NPO, end of year	\$ 34,179,901	\$ 27,926,347	21,739,792
Percentage of annual pension cost contributed	86.70%	86.85%	83.67%

The ARC for the year ended June 30, 2010, was determined as part of the July 1, 2009, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- Projected annual salary increases of 5.0 to 12.0 percent, including an inflation component of 4.0 percent.
- Post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of URS's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. URS's unfunded actuarial accrued liability is amortized over an open 15 year period. The remaining amortization period is 15 years.

For fiscal years ended June 30, 2004 through June 30, 2010, the County's Uniformed Retirement System funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2004	\$ 767,357	\$ 881,015	\$ 113,658	87.10 %	\$ 102,960	110.39 %
7/1/2005	830,702	974,106	143,404	85.28	109,067	131.48
7/1/2006	921,414	1,102,667	181,253	83.56	127,469	142.19
7/1/2007	1,028,385	1,206,624	178,239	85.23	136,487	130.59
7/1/2008	1,097,994	1,285,694	187,700	85.40	142,724	131.51
7/1/2009	1,074,230	1,351,204	276,974	79.50	147,083	188.31



### Concentrations

The URS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for pension benefits.

## **4. Educational Employees' Supplementary Retirement System of Fairfax County**

### Plan Descriptions

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate single-employer retirement system established under the Code of Virginia. The ERFC covers all full-time educational and civil service employees who are employed by the Public Schools and who are not covered by other plans of the reporting entity. The ERFC contains two plans, ERFC and ERFC 2001. ERFC is the original defined benefit plan effective July 1, 1973, and remains in effect. It is, however, closed to new members. Effective July 1, 2001, all new-hire full-time educational and civil service employees are enrolled in the ERFC 2001 plan. This new defined benefit plan incorporates a streamlined stand-alone retirement benefit structure.

The ERFC and ERFC 2001 plans provide retirement, disability, and death benefits to plan members and their beneficiaries. Annual post-retirement increases of 3.0 percent are effective each March 31. All benefits vest after five years of creditable service. Benefit provisions are established and may be amended by the Fairfax County Public School Board. The ERFC plan supplements the Virginia Retirement System plan. The benefit structure is designed to provide a level retirement benefit through a combined ERFC/VRS benefit structure. The ERFC 2001 plan has a stand-alone structure. Member contributions for the ERFC and ERFC 2001 plans are made through an arrangement which results in a deferral of taxes on the contributions. Further analysis of member contributions may be found in Article III of the ERFC and ERFC 2001 Plan Documents.

The ERFC and ERFC 2001 plans provide for a variety of benefit payment types. Minimum eligibility conditions for receipt of full benefits for ERFC members are either attaining the age of 55 with 25 years of creditable service or completing five years of creditable service at age 65. Minimum eligibility conditions for receipt of full benefits for ERFC 2001 members are either completing five years of creditable service prior to age 60 or any age with 30 years of creditable service. A description of each of the types of benefits payments is contained in the actuarial valuation and the Plan Documents. Total plan membership for the plans is disclosed in item 6 of this note.

The ERFC issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Educational Employees' Supplementary Retirement System, 8001 Forbes Place, Springfield, VA 22151.

### Funding Policy

The contribution requirements for ERFC and ERFC 2001 members are established and may be amended by the ERFC Board of Trustees with the approval of the School Board. All members are required to contribute 4.0 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. For fiscal year 2009, Public Schools is required to contribute 3.37 percent of annual covered payroll for educational employees and civil service employees.

### Annual Pension Cost

For each of the years ended June 30, 2010, 2009, and 2008, the Public Schools' annual pension cost of \$37,868,623, \$40,012,480, and \$38,334,140, respectively, was equal to its ARC and actual contributions.



The ARC for the year ended June 30, 2010, was determined as part of the December 31, 2009, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 3.75 percent.
- b. Projected annual salary increases of 4.0 to 8.2 percent, including an inflation component of 3.75 percent.
- c. Post-retirement benefit increases of 3.0 percent compounded annually.

The actuarial value of the ERFC's assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of assets over the actuarial accrued liability is amortized as a level percentage of projected payroll over a period of future years, which has never exceeded 30 years. The remaining amortization period, which is closed at December 31, 2009, was 29 years.

For the fiscal years 2004 through 2010, the County's Educational Employees' Supplementary Retirement System funding progress was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
12/31/2004	\$ 1,643,020	\$ 1,935,582	\$ 292,562	84.89 %	\$ 977,817	29.92 %
12/31/2005	1,718,399	2,022,962	304,563	84.94	1,050,217	29.00
12/31/2006	1,818,930	2,105,552	286,622	86.39	1,111,828	25.78
12/31/2007	1,924,886	2,186,801	261,915	88.02	1,161,432	22.55
12/31/2008	1,733,946	2,255,298	521,352	76.88	1,211,140	43.05
12/31/2009	1,769,540	2,314,282	544,742	76.46	1,208,093	45.09

### Concentrations

The ERFC plans do not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets available for benefits.

## **5. Virginia Retirement System**

### Plan Description

Public Schools contributes to the Virginia Retirement System (VRS) on behalf of covered professional Public Schools employees. VRS is a cost-sharing multiple-employer public employee defined benefit pension plan administered by the Commonwealth of Virginia for its political subdivisions. All full-time, salaried, permanent employees of participating employers must participate in the VRS.

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 to the Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500.

### Funding Policy

Plan members are required by State statute to contribute 5.0 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, Public Schools is required to contribute at an actuarially determined rate. The rate for fiscal year 2010 was 8.8 percent of annual creditable compensation. State statute may be amended only by the Commonwealth of Virginia Legislature. Public Schools' contributions to the VRS for the years ended June 30, 2010, 2009, and 2008, were \$135,232,349, \$179,716,060, and \$191,134,553, respectively, equal to the required contributions for each year.

## **6. Current Plan Membership**

At July 1, 2009 (December 31, 2009, for ERFC), the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of the following:

	Primary Government			Component Unit - Public Schools
	ERS	PORS	URS	ERFC
Retirees and beneficiaries receiving benefits	5,931	788	987	8,772
Terminated employees entitled to, but not yet receiving, benefits	1,342	28	32	2,567
DROP participants	418	56	94	n/a
Active employees	14,616	1,347	1,945	19,891
Total number of plan members	22,307	2,219	3,058	31,230

## **7. Required Supplementary Information**

Pension trend data, including the schedule of funding progress and the schedule of employer contributions, can be found in the required supplementary information section immediately following the notes to the financial statements.

## **H. OTHER POST-EMPLOYMENT BENEFITS**

The reporting entity administers two separate other post-employment benefits (OPEB) plans and has established trust funds to account for the cost of OPEB.

### **1. Fairfax County OPEB Plan**

#### Plan Description

The Fairfax County OPEB Trust Fund is a single-employer defined benefit plan administered by Fairfax County. The County provides medical/dental, vision, and life insurance benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by the County. Retirees must have five years of service in order to participate in this program. Beginning in fiscal year 2004, the amount of monthly subsidy provided by the County is based on years of service and

ranges from \$30 per month to \$220 per month. Retirees receiving the subsidy prior to fiscal year 2004 are grandfathered at \$100 per month unless their years of service entitle them to receive a higher monthly subsidy.

In addition, the Board of Supervisors has established a program to subsidize the continuation of term life insurance, at reduced coverage amounts, for retirees. Retirees generally pay for fifty percent of their coverage amounts at age-banded premium rates, with the County incurring the balance of the cost. Benefit provisions are established and may be amended by the Board of Supervisors.

#### Funding Policy

The contributions to the OPEB Trust Fund are established and may be amended by the Board of Supervisors. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. GASB Statement No. 45 requires recognition of the current expense of OPEB based on each governing body's annual required contribution, but does not require funding of the related liability.

Fairfax County is one of the founding participants in the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GASB Statement No. 45 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. Further information, including financial statements, can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

#### Annual OPEB Cost

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2010, 2009 and 2008 are as follows:

	2010	2009	2008
ARC, for the year ended June 30	\$ 32,553,000	\$ 25,393,000	\$ 31,648,000
Interest on net OPEB asset from prior year	(1,787,000)	(2,027,000)	-
Actuarial adjustment	1,325,000	1,398,000	-
Annual OPEB cost	32,091,000	24,764,000	31,648,000
Actual contributions	(17,771,000)	(21,557,000)	(58,680,610)
(Increase) decrease in net OPEB asset, for the year ended June 30	14,320,000	3,207,000	(27,032,610)
Net OPEB asset, beginning of year	(23,825,610)	(27,032,610)	-
Net OPEB asset, end of year	\$ (9,505,610)	\$ (23,825,610)	\$ (27,032,610)
Percentage of annual OPEB cost contributed	55.38%	87.05%	185.42%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

For the year ended June 30, 2010, the County's OPEB funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2007	\$ -	\$ 379,856	\$ 379,856	- %	\$ 650,106	58.43 %
7/1/2008	48,207	350,709	302,502	13.75	697,253	43.39
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37

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

The ARC for fiscal year 2010 was determined as part of the July 1, 2009, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- a. A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- b. An annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent, including an inflation component of 4.0 percent. The current rate is 7.0 percent.

The actuarial value of the OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period. The remaining amortization period is 30 years.

The Fairfax County OPEB Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity.

#### Concentrations

The Fairfax County OPEB Trust Fund does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for OPEB benefits.

## **2. Public Schools OPEB Plan**

### Plan Description

The Fairfax County Public Schools OPEB Trust Fund is a single-employer defined benefit plan administered by the Fairfax County Public Schools (Public Schools). Public Schools provides health benefits to eligible retirees and their spouses. In order to participate, retirees must have reached the age of 55 or be on disability retirement and must have health benefit coverage in a plan provided by Public Schools. There is no minimum number of years of service required to participate in this plan. Plan participants may continue medical coverage by paying the appropriate subsidized premiums. The amount of monthly subsidy is based on years of service and ranges from \$15 per month to \$175 per month. Benefit provisions may be amended by the School Board.

### Funding Policy

The contributions to the Public Schools OPEB Trust Fund are established and may be amended by the School Board. The contributions are typically based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits. The costs of administering the plan are paid for by the Public Schools OPEB Trust Fund through the use of investment income and employer contributions. GASB Statement No. 45 requires recognition of the current expense of the plan based on each annual required contribution, but it does not require funding of the related liability.

Public Schools is a participant in the Virginia Pooled OPEB Trust Fund sponsored by the Virginia Municipal League and the Virginia Association of Counties (VML/VACo). The Virginia Pooled OPEB Trust Fund is established as an investment vehicle for participating employers to accumulate assets to fund OPEB. Plan assets for purposes of GASB Statement No. 45 are usually in the form of stocks, bonds, and other classes of investments, that have been segregated and restricted in a trust, in which (a) contributions to the plan are irrevocable, (b) assets are dedicated to providing benefits to retirees and their beneficiaries, and (c) assets are legally protected from creditors of the employer or plan administrator, for the payment of benefits in accordance with the terms of the plan. Further information, including financial statements, can be obtained by writing to VML/VACo Finance Program, 1108 East Main Street, Richmond, Virginia 23219.

### Annual OPEB Cost

Public Schools' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For the year ended June 30, 2010, 2009 and 2008, Public Schools' OPEB funding progress is presented on the following page:

	2010	2009	2008
ARC, for the year ended June 30	\$ 35,954,000	\$ 37,522,000	\$ 25,302,000
Interest on net OPEB asset from prior year	-	(61,002)	-
Actuarial adjustment	1,000	42,056	-
Annual OPEB cost	35,955,000	37,503,054	25,302,000
Actual contributions	(27,137,145)	(36,641,152)	(26,115,364)
(Increase) decrease in net OPEB asset, for the year ended June 30	8,817,855	861,902	(813,364)
Net OPEB obligation (asset), beginning of year	48,538	(813,364)	-
Net OPEB obligation (asset), end of year	\$ 8,866,393	\$ 48,538	\$ (813,364)
Percentage of annual OPEB cost contributed	75.48%	97.70%	103.21%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, also presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

For the year ended June 30, 2010, Public Schools' OPEB funding progress was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
7/1/2007	\$ -	\$ 299,668	\$ 299,668	- %	\$ 1,302,665	23.00 %
7/1/2008	7,996	458,067	450,071	1.75	1,352,321	33.28
7/1/2009	17,520	466,324	448,804	3.76	1,182,922	37.94

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

The ARC for fiscal year 2010 was determined as part of the July 1, 2009, actuarial valuation using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation include:

- A rate of return on the investment of present and future assets of 7.5 percent per year compounded annually, including an inflation component of 4.0 percent.
- An annual healthcare cost trend rate of 10.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent, including an inflation component of 4.0 percent. The current rate is 8.0 percent.

The actuarial value of OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period. The remaining amortization period is 30 years.

The Public Schools OPEB Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity.

#### Concentrations

The Fairfax County Public Schools OPEB Trust Fund does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5.0 percent or more of net assets held in trust for OPEB benefits.

### **3. Current Plan Membership**

At July 1, 2009, the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of the following:

#### **I. RISK MANAGEMENT**

	Primary Government	Component Unit - Public Schools
	OPEB	OPEB
Retirees and beneficiaries receiving benefits	3,957	8,040
Active employees	12,263	18,590
Total number of plan members	16,220	26,630

The reporting entity is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County and Public Schools maintain self-insurance internal service funds for workers' compensation claims and certain property and casualty risks and for health insurance benefits. The County and Public Schools believe that it is more cost effective to manage certain risks internally rather than purchase commercial insurance. The FCRHA, Park Authority, and EDA participate in the County's self-insurance program. Participating funds and agencies are charged "premiums" which are computed based on relevant data coupled with actual loss experience applied on a retrospective basis.

Liabilities are reported in the self-insurance funds when it is probable that losses have occurred and the amounts of the losses can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported to date. Because actual claims liabilities depend on such complex factors as inflation, changes in governing laws and standards, and court awards, the process used in computing claims liabilities is reevaluated periodically, to include an annual actuarial study, to take into consideration the history, frequency and severity of recent claims and other economic and social factors. These liabilities are computed using a combination of actual claims experience and actuarially determined amounts and include any specific, incremental claim adjustment expenses and estimated recoveries. The liabilities do not include nonincremental claim adjustment expenses.



The claims liabilities in the self-insurance funds are discounted at 1.00 percent and 1.82 percent at June 30, 2010 and 2009, respectively, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 2010 and 2009 are as follows:

	Internal Service Funds			
	Primary Government		Component Unit - Public Schools	
	Self-Insurance	Health Benefits	Insurance	Health Benefits Trust
Liability balances, June 30, 2008	\$ 28,241,186	9,393,141	19,171,080	15,771,000
Claims and changes in estimates	17,739,326	97,372,347	8,576,589	236,865,276
Claims payments	(12,895,886)	(95,345,297)	(6,920,498)	(236,606,276)
Liability balances, June 30, 2009	33,084,626	11,420,191	20,827,171	16,030,000
Claims and changes in estimates	13,965,561	106,428,293	9,753,799	253,043,324
Claims payments	(12,670,578)	(105,022,478)	(7,831,121)	(251,748,324)
Liability balances, June 30, 2010	\$ 34,379,609	\$ 12,826,006	22,749,849	17,325,000

In addition to the self-insurance program, commercial property insurance is carried for buildings and contents plus certain large and costly items, such as fire apparatus and helicopters. Excess liability and workers' compensation insurance policies are maintained for exposures above a \$1,000,000 self-insured retention. Settled claims have not exceeded any of these commercial coverages in any of the past three fiscal years.

## J. SHORT-TERM OBLIGATIONS

November 28, 2007, the FCRHA issued a \$105,485,000 bond anticipation note to finance a portion of the purchase price of a multi-family rental housing property as part of the County's affordable housing initiative. The note matured on October 9, 2008, and was repaid through the issuance of another note and funding available in the County's Penny for Affordable Housing capital projects fund. On October 6, 2008, the FCRHA issued the \$104,105,000 refunding bond anticipation note. The note matured on October 1, 2009 and was repaid through the issuance of revenue bonds and funding available in the County's Penny for Affordable Housing capital project fund. See Note K for a description of the revenue bonds.

The following is a summary of changes in the short-term obligations of the primary government for the year ended June 30, 2010 (in thousands):

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
<b>Primary Government</b>				
<b>Nonmajor Governmental Funds:</b>				
Short-term notes payable	\$ 104,105	-	(104,105)	-



**K. LONG-TERM OBLIGATIONS**

The following is a summary of changes in the government-wide long-term obligations of the primary government and component units for the year ended June 30, 2010 (in thousands):

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities:</b>					
General obligation bonds payable:					
Principal amount of bonds payable	\$ 1,895,765	400,895	(299,615)	1,997,045	171,045
Premium on bonds payable	94,000	30,204	(19,550)	104,654	17,006
Deferred amount on refundings	(30,207)	(15,824)	6,063	(39,968)	(5,141)
Revenue bonds payable:					
Principal amount of bonds payable	209,653	138,340	(26,339)	321,654	16,497
Premium on bonds payable	8,353	1,300	(1,248)	8,405	1,195
Discount on bonds payable	-	(705)	30	(675)	(35)
Deferred amount on refundings	(4,073)	(4,427)	407	(8,093)	(899)
Notes payable	10,643	-	(645)	9,998	645
Bond anticipation note:					
Principal amount of bonds anticipation note	35,315	-	(2,500)	32,815	2,600
Premium on bond anticipation note	780	-	(239)	541	222
Compensated absences payable	105,125	62,902	(63,394)	104,633	62,638
Landfill closure and postclosure obligation	61,199	60,645	(61,199)	60,645	500
Obligations under capital leases and installment purchases	31,345	4,442	(27,723)	8,064	2,478
Insurance and benefit claims payable	44,505	120,393	(117,692)	47,206	24,200
Net pension obligation	61,697	74,624	(61,697)	74,624	-
Other:					
HUD Section 108 loans	6,535	-	(299)	6,236	305
Obligations for claims and judgments	1,500	750	(1,500)	750	750
Library Exchange	23,363	-	(1,648)	21,715	829
Total governmental activities	2,532,135	873,539	(677,140)	2,728,534	294,835
<b>Business-type activities:</b>					
Sewer revenue bonds payable:					
Principal amount of bonds payable	559,070	-	(12,288)	546,782	15,796
Premium on bonds payable	10,464	-	(395)	10,069	395
Deferred amount on refundings	(4,460)	-	167	(4,293)	(166)
Compensated absences payable	2,077	1,278	(1,197)	2,158	1,244
Total business-type activities	567,151	1,278	(13,713)	554,716	17,269
<b>Total long-term liabilities - Primary government</b>	<b>\$ 3,099,286</b>	<b>874,817</b>	<b>(690,853)</b>	<b>3,283,250</b>	<b>312,104</b>
<b>Component Units</b>					
<b>Public Schools</b>					
Compensated absences payable	\$ 32,444	21,923	(22,711)	31,656	22,159
Obligations under capital leases and installment purchases	88,741	21,496	(13,210)	97,027	13,799
Insurance and benefit claims payable	36,857	22,982	(19,764)	40,075	23,434
Net OPEB obligation	48	8,818	-	8,866	-
Total Public Schools	158,090	75,219	(55,685)	177,624	59,392
<b>FCRHA</b>					
Mortgage revenue bonds payable	35,688	-	(537)	35,151	568
Mortgage notes payable	59,009	24,103	(3,094)	80,018	2,699
Public housing loans payable	750	-	(750)	-	-
Compensated absences payable	1,129	528	(521)	1,136	525
Total FCRHA	96,576	24,631	(4,902)	116,305	3,792
<b>Park Authority</b>					
Revenue bonds payable:					
Principal amount of bonds payable	9,760	-	650	9,110	670
Discount on bonds payable	(57)	-	(5)	(52)	(5)
Deferred amount on refundings	(547)	-	(49)	(498)	(50)
Loan from primary government	15,275	-	125	15,150	150
Compensated absences payable	4,794	2,592	2,541	4,845	2,568
Total Park Authority	29,225	2,592	3,262	28,555	3,333
<b>EDA</b>					
Compensated absences payable	206	18	-	224	159
Deferred rent	-	1,297	74	1,223	50
Total EDA	206	1,315	74	1,447	209
<b>Total long-term liabilities - Component units</b>	<b>\$ 284,097</b>	<b>103,757</b>	<b>(57,251)</b>	<b>323,931</b>	<b>66,726</b>

Compensated absences payable, obligations under capital leases, obligation to component unit, and obligations for claims and judgments for the primary government are liquidated by the General Fund and other governmental funds. The landfill closure and postclosure obligation will be liquidated by the I-95 Refuse Disposal Fund, a special revenue fund. In addition, the County, FCRHA, Park Authority, and EDA are required to adhere to and are in compliance with the rebate and reporting requirements of the federal regulations pertaining to arbitrage investment earnings on certain bond proceeds.

## 1. General Obligation Bonds

General obligation bonds are issued to provide funding for long-term capital improvements. In addition, they are issued to refund outstanding general obligation bonds when market conditions enable the County to achieve significant reductions in its debt service payments. Such bonds are direct obligations of the County, and the full faith and credit of the County are pledged as security. The County is required to submit to public referendum for authority to issue general obligation bonds.

At June 30, 2010, the amount of general obligation bonds authorized and unissued is summarized to the right (in thousands).

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness that the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits to provide that the County's net debt may not exceed three percent of the total market value of taxable real and

Bond Purpose	Amount
School improvements	\$ 607,950
Transportation improvements	118,030
Parks and park facilities	60,535
Commercial and redevelopment area improvements	6,630
Human services facilities	7,800
Public safety facilities	102,580
Public library facilities	11,380
Total authorized but unissued bonds	<u>\$ 914,905</u>

personal property in the County. In addition, the annual debt service may not exceed ten percent of the annual General Fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of \$1.375 billion over a five-year period or an average of \$275 million annually, with a maximum of \$300 million in any given year. All self-imposed bond limits have been complied with at June 30, 2010.

In October 2009, the County issued \$131,800,000 of Series 2009C General Obligation Refunding Bonds and \$66,895,000 of Series 2009D General Obligation Public Improvement Bonds with average interest rates of 4.91 percent and 4.68 percent, respectively. The Refunding Bonds, totaling \$136,350,000, were issued to advance refund \$39,030,000 of outstanding Series 2003B bonds, \$33,880,000 of outstanding Series 2004A bonds, \$35,860,000 of outstanding Series 2004B bonds, and \$27,580,000 of outstanding Series 2005A bonds, with average interest rates of 4.59, 4.76, 4.71, and 4.73 percent, respectively. Proceeds of \$153,852,371 were used to purchase U.S. Government securities which were deposited in an irrevocable escrow account to provide for the resources to redeem the Series 2003B bonds on June 1, 2013, the Series 2004A bonds on April 1, 2014, the Series 2004B bonds on October 1, 2014, and the Series 2005A bonds on October 1, 2015. The County refunded these bonds to reduce its total debt service payments over the next ten years by approximately \$7.5 million and to obtain an economic gain of approximately \$5.7 million.

In October 2009, the County issued \$202,200,000 of Series 2009E General Obligation Taxable Build America Bonds with an average interest rate of 4.69 percent. The bonds were issued to finance projects related to school improvements, public safety, park facilities, transportation facilities, and other purposes. The bonds were issued under the provisions of Section 1531 of the American Recovery and Reinvestment Act of 2009, which amended Section 54AA and Section 6431 of the

Internal Revenue Code to provide for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable by the County on the bonds. Such subsidy payment is not pledged as security for the bonds.

Detailed information regarding the general obligation bonds outstanding as of June 30, 2010, is contained in Section 5 of this note.

## **2. Revenue Bonds**

In March 1994, the EDA issued \$116,965,000 of lease revenue bonds (Series 1994) to finance the County's acquisition of certain land and office buildings adjacent to its main government center. In October 2003, the EDA issued \$85,650,000 of lease revenue refunding bonds to advance refund \$88,405,000 of outstanding Series 1994 lease revenue bonds. In June 2003, the EDA issued \$70,830,000 of revenue bonds to finance the development and construction of a public high school and a public golf course and related structures, facilities, and equipment in the Laurel Hill area of the southern part of the County. In January 2005, the EDA issued \$60,690,000 of facilities revenue bonds to finance the acquisition of land and a building and for renovations to that building; this building will be used to consolidate numerous Public Schools administrative offices. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for the bonds, have been recorded in the County's financial statements and not in those of EDA.

From 1996 through 2005, the FCRHA issued a total of \$34,395,000 of lease revenue bonds for the purpose of financing the construction, renovation, and expansion of four community center buildings, the construction of an adult day care center, the construction of a senior center, and the creation of facilities for child care and ancillary training programs. In March 2010, the EDA issued \$43,390,000 of lease revenue bonds with an average interest rate of 3.72 percent. The Refunding Bonds, totaling \$39,985,000 were issued to current refund the FCRHA \$3,365,000 of outstanding Series 1996 lease revenue bonds, \$2,960,000 of outstanding Series 1998 lease revenue bonds, \$835,000 of outstanding Series 1999 lease revenue bonds, and to advance refund the FCRHA \$7,245,000 of outstanding Series 2004 lease revenue bonds, and the County's \$25,580,000 of outstanding Series 2000 certificate of participation bonds, with average interest rates of 5.44, 4.52, 5.30, 4.33, and 5.91 percent, respectively. Proceeds of \$44,155,291 were deposited in an irrevocable escrow account to provide for the resources to redeem the FCRHA Series 1996 lease revenue bonds that matured on March 10, 2010, Series 1998 lease revenue bonds that matured on March 10, 2010, Series 1999 lease revenue bonds that matured on March 10, 2010, Series 2004 lease revenue bonds maturing on June 1, 2011, and the County's certificate of participation Series 2000 bonds maturing on April 15, 2012. The County refunded these bonds to reduce its total debt service payments over the next two years by approximately \$4.5 million and to obtain an economic gain of approximately \$4.0 million.

In August 2006, the FCRHA issued \$8,065,000 of lease revenue bonds to finance the Braddock Glen Adult Day Care Center and the Southgate Neighborhood Community Center.

On August 20, 2009, the FCRHA issued \$94,950,000 of lease revenue bonds to repay a portion of an outstanding Series 2008B short-term bond anticipation note that matured on October 1, 2009. The bonds bear an average interest rate of 4.53 percent and mature on October 1, 2039. As the County is responsible, under the related documents and subject to annual appropriation, to make payments to a trustee sufficient to pay principal and interest on these bonds, the related transactions, including the liability for these bonds, have been recorded in the County's financial statements and not in those of the FCRHA.

None of these revenue bonds nor the related payment responsibilities of the County are general obligation debt of the County, and the full faith and credit of the County is not pledged to these bonds for such payment responsibility.

Detailed information regarding the revenue bonds outstanding as of June 30, 2010, is contained in Section 5 of this note.

### **3. Sewer Revenue Bonds**

In July 1996, the Sewer System issued \$104,000,000 of Series 1996 Sewer Revenue Bonds with an average interest rate of 5.8 percent to fund the plant expansion of the wastewater treatment facilities at the County's Noman M. Cole, Jr. Pollution Control Plant and other system improvements. In October 2004, the Sewer System issued \$94,005,000 of Series 2004 Sewer Revenue Refunding Bonds with an average interest rate of 4.61 percent to advance refund \$91,430,000 of the outstanding Series 1996 Sewer Revenue Bonds with an average interest rate of 5.82 percent. Net proceeds of the Refunding Bond were used mostly to redeem the Series 1996 Bonds on July 15, 2006. The lower interest rate of the Refunding Bond would reduce total debt service payment over future years by approximately \$16.8 million. In June 2009, the Sewer System issued \$152,255,000 of Series 2009 Sewer Revenue Bonds with an average interest rate of 4.88 percent to fund the System's portion of upgrade costs at certain wastewater treatment facilities that are owned by, or that provide service to, the County, the purchase of additional capacity, and the costs for other system improvements. As of June 30, 2010, the outstanding bonds consist of \$152,255,000 of Series 2009 Revenue Bonds and \$85,050,000 of Series 2004 Refunding Bonds.

The aforementioned sewer revenue bonds were issued in accordance with the General Bond Resolution adopted by the Board of Supervisors on July 29, 1985, and are payable from and secured by the net revenue generated through the Sewer System's operations. Accordingly, the Master Bond Resolution includes a rate covenant under which the Sewer System agreed that it will charge reasonable rates for the use of and services rendered by the Sewer System. Furthermore, the Sewer System will adjust the rates from time to time to generate net revenues sufficient to provide an amount equal to 100 percent of its annual principal and interest requirements and the Sewer System's annual commitments to fund its proportionate share of other jurisdictions' debt service requirements. In addition, payment of the principal and interest on all bonds is insured by municipal bond insurance policies.

In January 1995, UOSA, a joint venture, issued \$288,600,000 of Regional Sewer System Revenue Bonds to finance the cost of expanding the capacity of its wastewater treatment facilities and \$42,260,000 of Regional Sewer System Revenue Refunding Bonds to refund certain outstanding bonds that had been issued to finance a prior expansion. In December 2003, UOSA issued \$58,150,000 of Regional Sewer System Revenue Refunding Bonds to advance refund its outstanding Series 1993 bonds. In November 2004, UOSA issued \$49,395,000 of Regional Sewer System Revenue Refunding Bonds to advance refund a portion of the outstanding Series 1995 bonds. On July 1, 2005, UOSA issued \$82,465,000 of Regional Sewer System Revenue Refunding Bonds, of which the Sewer System's share is \$53,201,198, to advance refund another portion of the outstanding Series 1995 bonds, resulting in a \$1,909,604 accounting gain, which is being amortized over the life of the Series 2005 Bonds. In February 2007, UOSA issued \$90,315,000 of Regional Sewer System Revenue Refunding bonds, of which the Sewer System's share is \$58,265,521, to advance refund another portion of the outstanding Series 1995 Bonds, resulting in an \$83,868 accounting loss, which is amortized over the life of the Series 2007 Bonds. In December 2007, UOSA issued \$119,715,000 of Regional Sewer System Revenue Bonds, of which the System's share is \$53,925,458, to finance the cost of expanding its wastewater treatment and conveyance facilities.

The Sewer System's share of UOSA's total outstanding debt at June 30, 2010, is \$248,240,949, and it is subordinate to the sewer revenue bonds issued by the Sewer System.

In June 2001 and June 2002, the Sewer System issued 20-year subordinated sewer revenue bonds in the amounts of \$40,000,000 and \$50,000,000, respectively, to the Virginia Water Facilities Revolving Fund, acting by and through the Virginia Resources Authority. The proceeds have been used to finance a portion of the Sewer System's share of incurred expansion and upgrade costs of the Alexandria Sanitation Authority's wastewater treatment facilities, which provide service to certain County residents. The bonds bear interest rates of 4.1 percent per annum and 3.75 percent per annum, respectively, and collectively require semi-annual debt service payments of \$3,318,536. The bonds are subordinated to all outstanding prior bond issues of the Sewer System and payments for operation and maintenance expenses. As of June 30, 2010, the outstanding principal for the 2001 and 2002 subordinated revenue bonds is \$26,342,311 and \$34,894,585, respectively.

Detailed information regarding the sewer revenue bonds outstanding as of June 30, 2010, is contained in Section 5 of this note.

#### **4. Bond Anticipation Notes**

In February 2008, the FCRHA issued a \$37,615,000 refunding bond anticipation note to repay a portion of a 2007 short-term note that matured on February 12, 2008. The original short-term note was issued to partially finance the purchase of a multi-family rental housing complex as part of the County's affordable housing initiative. The long-term note matures on March 1, 2013, and may be redeemed prior to maturity. As the County is responsible, under the related documents and subject to appropriation, to pay timely the principal of and interest on the note, the related transactions, including the liability for the note, have been recorded in the County's financial statements and not in those of the FCRHA. The note is not a general obligation debt of the County, and the full faith and credit of the County is not pledged to the note.

Detailed information regarding the bond anticipation note outstanding as of June 30, 2010, is contained in Section 5 of this note.

#### **5. County Debt and Related Interest to Maturity**

The County's outstanding general obligation bonds, revenue bonds, notes payable, HUD Section 108 loans, Sewer System revenue bonds, and the related interest to maturity as of June 30, 2010, are comprised of the issues presented on the facing page:

		Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding (000)	Interest Payable to Maturity (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
Series									
Governmental activities:									
General obligation bonds:									
General County:									
Series 2002A	Refunding	4.00-5.00	06-01-02	06-01-15	1,800-1,902	26,149	9,249	1,164	10,413
Series 2003A	Refunding	5.00	02-01-03	06-01-12	3,650-7,440	82,407	11,006	733	11,739
Series 2003B	Public Improvement	4.00-5.00	05-15-03	06-01-23	3,315-3,330	66,490	29,890	9,425	39,315
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	2,360-9,190	63,530	35,770	11,991	47,761
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	1,898-5,645	67,200	32,392	5,677	38,069
Series 2004B	Public Improvement	4.00-5.00	10-19-04	10-01-24	75-3,745	69,120	38,480	12,409	50,889
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	825-2,580	30,375	22,045	4,730	26,775
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	4,155-4,315	85,655	59,775	20,826	80,601
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	3,045-10,185	117,505	104,098	26,308	130,406
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	5,389	107,780	91,613	35,689	127,302
Series 2008A	Public Improvement	4.00-5.00	01-30-08	04-01-28	4,955-4,960	99,155	89,235	38,648	127,883
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	2,450	49,000	46,550	19,692	66,242
Series 2009 B	Refunding	3.00-4.50	01-28-09	04-01-14	3,840-7,186	31,884	24,698	1,702	26,400
Series 2009 C	Refunding	3.00-5.00	10-28-09	10-01-19	3,019-14,578	48,527	48,527	16,828	65,355
Series 2009 D	Public Improvement	2.00-5.00	10-28-09	10-01-14	10,739-10,743	53,710	53,710	6,391	60,101
Series 2009 E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	4,247	63,700	63,700	37,361	101,061
Total general obligation bonds - General County						1,062,187	760,738	249,574	1,010,312
Schools:									
Series 2002A	Refunding	4.00-5.00	06-01-02	06-01-15	3,069-3,243	34,786	15,766	1,984	17,750
Series 2003A	Refunding	5.00	02-01-03	06-01-12	3,935-8,015	88,758	11,859	790	12,649
Series 2003B	Public Improvement	4.00-5.00	05-15-03	06-01-23	6,430-6,435	128,680	57,895	18,273	76,168
Series 2004A	Public Improvement	4.00-5.25	04-14-04	04-01-24	1,546-6,015	120,215	67,640	22,673	90,313
Series 2004A	Refunding	4.50-5.25	04-14-04	04-01-17	2,027-6,565	78,165	37,483	6,544	44,027
Series 2004B	Public Improvement	4.00-5.00	10-19-04	10-01-24	47-5,815	116,280	64,710	20,857	85,567
Series 2004B	Refunding	4.50-5.00	10-19-04	10-01-19	2,600-8,165	96,035	69,685	14,951	84,636
Series 2005A	Public Improvement	4.00-5.00	08-16-05	10-01-25	5,085-5,270	104,685	73,055	25,461	98,516
Series 2005A	Refunding	4.25-5.00	08-16-05	10-01-21	5,820-20,335	235,740	210,182	53,439	263,621
Series 2007A	Public Improvement	4.00-5.00	02-07-07	04-01-27	6,341	126,820	107,797	41,993	149,790
Series 2008A	Public Improvement	4.00-5.00	01-30-08	04-01-28	6,765-6,770	135,320	121,780	52,751	174,531
Series 2009A	Public Improvement	3.50-5.00	01-28-09	04-01-29	7,525-7,530	150,510	142,980	60,482	203,462
Series 2009B	Refunding	3.00-4.50	01-28-09	04-01-14	3,190-5,969	26,487	20,517	1,414	21,931
Series 2009C	Refunding	3.00-5.00	10-28-09	10-01-19	5,081-24,052	83,273	83,273	28,350	111,623
Series 2009D	Public Improvement	2.00-5.00	10-28-09	10-01-14	2,636-2,637	13,185	13,185	1,569	14,754
Series 2009E	Public Improvement (BABs)	3.10-5.25	10-28-09	10-01-29	9,233	138,500	138,500	81,232	219,732
Total general obligation bonds - Schools						1,677,439	1,236,307	432,763	1,669,070
Total general obligation bonds						2,739,626	1,997,045	682,337	2,679,382
Revenue bonds:									
EDA revenue bonds:									
Series 2003	Refunding	3.00-5.00	06-01-03	06-01-33	790-4,240	70,830	60,860	26,092	86,952
Series 2003		5.00	10-01-03	11-15-18	4,720-7,885	85,650	57,585	15,168	72,753
Series 2005		4.00-5.00	01-27-05	04-01-35	1,185-3,615	60,690	55,400	38,987	94,387
Series 2010		2.00-5.00	03-10-10	04-01-32	1,280-2,785	43,390	43,390	16,841	60,231
FCRHA lease revenue bonds:									
Series 2003		3.50	07-22-03	08-01-23	44-176	2,530	1,864	474	2,338
Series 2005		3.25-3.60	06-16-05	06-01-15	810	8,105	4,050	427	4,477
Series 2006		4.00-5.00	8/22/2006	6/30/2013	1,185-1,190	8,065	3,555	323	3,878
Series 2009		2.00-5.00	8/20/2009	10/1/1939	1,790-5,610	94,950	94,950	77,607	172,557
Total revenue bonds						374,210	321,654	175,919	497,573
Notes payable		3.38-4.29	12-27-05	12-31-25	323-645	12,900	9,998	3,278	13,276
HUD Section 108 loan #8		4.97-6.67	07-01-01	08-01-21	115	2,300	1,380	533	1,913
HUD Section 108 loan #11		Variable	06-29-09	06-29-29	184-334	5,040	4,856	2,729	7,585
Total HUD Section 108 loans						7,340	6,236	3,262	9,498
Bond Anticipation Note Series 2008A		3.50-4.00	09-01-08	03-01-13	2,500-27,515	37,615	32,815	3,582	36,397
Total governmental activities						3,171,691	2,367,748	868,378	3,236,126
Business-type activities:									
Sewer revenue bonds:									
UOSA Bonds	Subordinated	2.00-6.00	01-12-94	07-01-41	3,523-15,528	277,621	248,241	173,176	421,417
Series 2001	Subordinated	4.10	06-01-01	02-01-21	1,939-2,910	40,000	26,342	6,650	32,992
Series 2002	Subordinated	3.75	09-01-02	03-01-22	2,351-3,538	50,000	34,895	8,759	43,654
Series 2004	Refunding	3.00-5.00	10-14-04	07-15-28	2,835-6,725	94,005	85,050	43,744	128,794
Series 2009	Revenue	2.50-5.00	06-17-09	07-15-40	2,380-9,415	152,255	152,255	137,314	289,569
Total business-type activities						613,881	546,783	369,643	916,426
Total County bond, note, and loan indebtedness						\$ 3,785,572	2,914,531	1,238,021	4,152,552



Principal and interest to maturity (in thousands) for the County's general obligation bonds, revenue bonds, loans, and Sewer System revenue bonds outstanding at June 30, 2010, are as follows:

Fiscal Year	Governmental Activities						Business-Type			
	General Obligation Bonds		Revenue Bonds		Notes and Loans		Sewer System Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 171,045	90,056	16,498	14,121	3,550	2,040	15,797	25,437	206,890	131,654
2012	163,070	82,244	16,997	13,449	3,656	1,905	16,445	24,800	200,168	122,398
2013	155,165	74,657	17,440	12,788	28,478	1,765	17,147	24,114	218,230	113,324
2014	149,640	67,255	16,710	12,059	968	618	17,878	23,365	185,196	103,297
2015	141,595	59,862	17,214	11,358	975	572	18,748	22,508	178,532	94,300
2016-2020	620,860	203,820	79,630	45,041	4,983	2,143	109,021	98,104	814,494	349,108
2021-2025	420,505	86,796	45,445	30,591	4,841	951	112,511	71,371	583,302	189,709
2026-2030	175,165	17,647	42,460	21,642	1,598	128	112,868	44,124	332,091	83,541
2031-2035	-	-	43,790	11,585	-	-	53,562	25,088	97,352	36,673
2036-2040	-	-	25,470	3,285	-	-	68,139	10,499	93,609	13,784
2041-2045	-	-	-	-	-	-	4,667	233	4,667	233
Totals	\$ 1,997,045	\$ 682,337	\$ 321,654	\$ 175,919	\$ 49,049	\$ 10,122	546,783	369,643	2,914,531	1,238,021

## 6. FCRHA Bonds, Notes, and Loans Payable

The FCRHA issues various debt instruments, including bonds, notes and mortgages, to finance the cost of acquisition, construction, and equipping of its workforce, senior, disabled, low income, transient, and homeless affordable housing projects. These debt instruments are usually secured by the properties being financed. Sources of permanent financing include the Federal Department of Housing and Urban Development (HUD), the Virginia Housing Development Authority (VHDA), commercial lenders, and the County. Principal and interest on the HUD debt are funded by HUD under the Annual Contributions Contract, a federal government grant program. In addition, the FCRHA maintains unsecured \$10 million tax-exempt and \$5 million taxable lines of credit with a commercial bank to provide interim (bridge) financing.

The table on the facing page, details all FCRHA bonds, notes (including a loan from the County), and loans payable as of June 30, 2010, excluding FCRHA's component units:

Series	Secured By	Interest Rate (%)	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Total Principal Outstanding (000)
<b>Housing Bonds Payable:</b>							
Mortgage revenue bonds	Little River Glen rental property	4.65-6.10	08-29-96	09-01-26	\$ 150-190	\$ 6,340	4,825
Tax-exempt revenue bonds	Herndon Harbor I - rental property	6.10	08-01-97	07-01-27	24-30	2,875	797
Multi-family revenue bonds	Castellani Meadows	6.15	04-01-98	03-01-28	20-26	1,700	715
Lease revenue refunding bonds	FCRHA revenues	4.71	06-15-98	06-15-18	180-220	3,630	1,870
Multi-family revenue bonds	Herndon Harbor II - rental property	4.875-5.50	05-01-99	05-01-29	44-56	2,000	1,684
Multi-family revenue bonds	Cedar Ridge Apartments	5.984	03-29-07	10-01-48	62-115	13,200	13,040
Multi-family revenue bonds	Olley Glen - senior rental property	3.15-5.75	08-26-08	08-01-51	30-355	12,220	12,220
Total mortgage bonds payable - FCRHA						41,965	35,151
<b>Mortgage Notes Payable and Loan from County:</b>							
United Bank	One University Plaza office building	5.00	02-01-04	02-01-14	\$ 26-32	363	114
	Faircrest North, Laurel Hill, Westcott Ridge, Holly Acres, Legato Corner, and Willow Oaks rental properties	6.21	01-01-07	12-01-21	54-65	2,998	2,807
	East Market, Fair oaks, Bryson	6.14	12-06-07	12-01-22	15-22	856	817
	Stockwell, Northampton, Halstead I & II	6.11	07-24-09	07-01-24	15-22	868	855
Sun Trust Bank	United Community Ministries	4.71	08-25-98	04-01-13	30-36	400	101
	Creighton Square	7.10	06-25-99	07-01-12	50-62	550	126
	Leland Road Group Home property	5.55	10-06-99	04-01-17	34-43	615	312
	Hopkins Glen rental property	4.33	12-02-02	10-01-16	10-62	475	405
Bank of America	McLean Hills and Springfield Green rental properties	4.54	04-01-95	04-01-15	53-68	1,072	380
	Credit Line	.82	12-11-08	12-31-09	445	445	445
U.S. Dept. of Housing and Urban Development	Various FCRHA rental properties	6.45-9.15	02-01-92	varies	285	5,690	560
	Various FCRHA rental properties	3.73-7.90	02-01-93	varies	110-115	3,100	460
	Various FCRHA rental properties	4.75-7.18	08-01-94	varies	195-205	3,775	825
	Various FCRHA rental properties	5.36-7.66	08-01-96	varies	5-50	1,080	160
	Hopkins Glen rental property	3.00	07-12-98	04-01-10	35-49	1,112	-
	Various FCRHA rental properties	1.21-5.29	08-07-03	varies	35	500	288
	Olley Glen property	1.29-3.44	01-29-09	08-01-23	100-125	2,050	1,950
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07	07-01-79	06-01-19	2-16	437	234
	Penderbrook rental property	7.17	09-01-88	10-01-18	16-25	770	441
	West Ox Group Home property	8.00	01-01-92	10-01-22	15-20	842	-
	First Stop Group Home property	8.00	01-01-93	04-01-22	5-15	246	343
The City of Fairfax	Various properties owned by note holder	9.00-12.50	varies	varies	5-6	65	47
Federal Financing Bank	Property, plant, and equipment	6.60	07-09-82	11-01-12	40-55	1,143	-
Total mortgage notes payable - FCRHA						29,452	11,670
<b>Public Housing Loans Payable:</b>							
Public housing notes - Federal Financing Bank	The projects' land, buildings, and equipment	6.60	02-05-82	11-01-15	108-140	2,348	-
Total public housing loans payable - FCRHA						2,348	-
Total public housing bonds, notes, and loans payable - FCRHA primary government						\$ 73,765	46,821

The FCRHA's annual required principal and interest payments to maturity on the bonds, notes (including a loan from the County), and loans payable, excluding FCRHA's component units, at June 30, 2010, are as follows:

Fiscal Year	Component Unit - FCRHA (Primary Government)					
	Housing Bonds Payable		Mortgage Notes Payable and Loan from County		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 568,441	1,697,865	1,711,996	557,212	2,280,437	2,255,077
2012	7,915,529	1,476,228	1,553,056	467,386	9,468,585	1,943,614
2013	667,317	1,441,883	1,009,398	453,062	1,676,715	1,894,945
2014	697,786	1,405,354	786,284	409,180	1,484,070	1,814,534
2015	744,195	1,366,991	571,767	322,762	1,315,962	1,689,753
2016-2020	3,789,172	6,192,560	2,080,774	1,499,980	5,869,946	7,692,540
2021-2025	4,052,719	5,124,179	3,956,254	593,832	8,008,973	5,718,011
2026-2030	3,373,631	3,900,948	-	-	3,373,631	3,900,948
2031-2035	2,245,257	3,250,638	-	-	2,245,257	3,250,638
2036-2040	2,985,686	2,578,561	-	-	2,985,686	2,578,561
2041-2045	3,969,954	1,682,628	-	-	3,969,954	1,682,628
2046-2050	3,785,345	546,935	-	-	3,785,345	546,935
2051-2055	356,462	13,449	-	-	356,462	13,449
Totals	\$ 35,151,494	30,678,219	11,669,529	4,303,414	46,821,023	34,981,633



## 7. Park Authority Bonds, Loans, and Notes Payable

In February 1995, the Park Authority issued \$13,870,000 of Park Facilities Revenue Bonds, Series 1995, to fund the construction of additional golf facilities for County residents and patrons. In September 2001, the Park Authority issued \$13,015,000 of Park Facilities Revenue Refunding Bonds, Series 2001 to advance refund \$11,670,000 of the outstanding Series 1995 bonds. The bonds are solely the obligation of the Park Authority and are payable from the Park Revenue Fund's revenues from operations, earnings on investments, and certain fund balance reserves.

In June 2003, the Park Authority received a \$15,530,000 loan from the County to fund the development and construction of a public golf course and related structures, facilities, and equipment to be located in the Laurel Hill area of the southern part of the County. The loan is solely the obligation of the Park Authority and is payable from the Park Revenue Fund's revenues from operations, earnings on investments, and certain fund balance reserves.

The debt service requirements to maturity for the outstanding bonds and loan at June 30, 2010, are as follows:

Fiscal Year	Revenue Bonds			Loan from Primary Government			Total	
	Int. Rate	Principal	Interest	Int. Rate	Principal	Interest	Principal	Interest
2011	3.80	670,000	391,058	3.00	150,000	677,813	820,000	1,068,871
2012	4.00	695,000	364,428	3.00	180,000	673,313	875,000	1,037,741
2013	4.10	725,000	335,665	4.00	210,000	666,112	935,000	1,001,777
2014	4.20	750,000	305,053	5.00	245,000	655,613	995,000	960,666
2015	4.30	785,000	272,425	5.00	285,000	643,363	1,070,000	915,788
2016-2020	4.10-4.50	4,465,000	786,599	5.00	2,135,000	2,957,063	6,600,000	3,743,662
2020-2025	4.75	1,020,000	24,225	5.00-4.25	3,610,000	2,290,738	4,630,000	2,314,963
2026-2030	-	-	-	4.25	4,880,000	1,373,813	4,880,000	1,373,813
2031-2033	-	-	-	4.25	3,455,000	297,713	3,455,000	297,713
Totals		<u>\$ 9,110,000</u>	<u>2,479,453</u>		<u>\$ 15,150,000</u>	<u>10,235,541</u>	<u>24,260,000</u>	<u>12,714,994</u>

## 8. Conduit Debt Obligations

The FCRHA is empowered by the Commonwealth of Virginia to issue tax-exempt bonds on behalf of qualified businesses to develop or rehabilitate low income housing within the County. Principal and interest on the tax-exempt bonds are paid entirely by the owners of the properties, who have entered into binding contracts to develop or rehabilitate the subject properties. The terms of the tax-exempt bonds stipulate that neither the FCRHA nor the County guarantees the repayment of principal and interest to the bondholders. A bondholder's sole recourse in the event of default on the tax-exempt bonds is to the subject property and third-party beneficiaries. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, approximately \$78.5 million of such tax-exempt bonds that are still outstanding.

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating and/or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the EDA nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2010, the cumulative amount of all IRBs outstanding was \$1,169.2 million.

In October 2003, August 2004, March 2007, and July 2008, the EDA issued \$33,375,000, \$57,410,000, \$41,505,000 and \$51,505,000, respectively, of transportation contract revenue bonds on behalf of the State Route 28 Transportation Improvement District for the purpose of financing a portion of the costs of the construction of certain improvements to State Route 28 in the County. The bonds are payable from the collection of special improvements assessments levied by the County and by Loudoun County, Virginia, on property owners in the District. As the County and EDA are not responsible to make payments to pay principal and interest on the bonds, the related transactions, including the liability for the bonds, are not recorded in the County's or EDA's financial statements. As of June 30, 2010, the principal amount of transportation contract revenue bonds outstanding was \$180.3 million.

In December 2005, the Park Authority issued two notes totaling \$12,900,000 to finance the acquisition of a permanent conservation easement. As the County is responsible, under the related documents and subject to appropriation, to pay the principal and interest on the notes, the related transactions, including the liability for the notes, have been recorded in the County's financial statements and not in those of the Park Authority. The notes are not general obligation debt of the County, and the full faith and credit of the County is not pledged to the notes. As of June 30, 2010, \$10.0 million of these notes are outstanding.

## **9. Defeasance of Debt**

During the fiscal year, the County has defeased certain outstanding bonds by placing the proceeds of newly issued bonds in an irrevocable escrow funds to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the financial statements. As of June 30, 2010, the outstanding bonds but considered defeased are \$136.3 million in general obligation bonds, \$6.5 million in FCRHA revenue bonds, and \$25.3 million in certificate of participation bonds.

## **10. Sanitary Landfill Closure and Postclosure Obligation**

State and federal laws require the County to place a final cover on its I-95 Sanitary Landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The existing raw waste units are filled to capacity. The ash disposal units continue to be operated, with approximately 50 percent of the capacity used to date. Closure expenditures have been incurred for approximately 75 percent of the total area involved. The County holds permits that allow it to continue using the landfill until approximately 2020.

The \$60.6 million reported as the landfill closure and post closure obligation at June 30, 2010, represents the total estimated cost remaining to be incurred based on landfill capacity used to date. The actual cost may vary due to inflation, changes in technology, or changes in regulations. It is expected that the landfill closure and post closure care costs will be funded from existing resources in the I-95 Refuse Disposal Fund.

## **11. Obligations Under Capital Leases and Installment Purchases**

The reporting entity has financed the acquisition of certain capital assets, including a satellite government center, buses, computer equipment, copier machines, and trailers, by entering into capital lease and installment purchase agreements. The balance of capital assets, net, and the minimum obligations under these capital lease and installment purchase agreements as of June 30, 2010, are presented on the following page:

Asset Class	Primary Government - Governmental Activities	Component Unit - Public Schools
Land	\$ 162,110	6,000,000
Buildings	1,055,288	56,910,185
Improvements	5,860,380	-
Equipment	28,546,389	40,964,124
Total assets, at cost	35,624,167	103,874,309
Accumulated depreciation	(25,404,630)	(14,015,060)
Total assets, net	\$ 10,219,537	89,859,249
Fiscal Year	Minimum Obligations	Minimum Obligations
2011	\$ 2,822,201	17,709,008
2012	1,761,869	14,898,562
2013	1,658,643	11,170,055
2014	1,658,643	10,355,594
2015	403,118	8,751,127
2016-2020	565,340	20,006,327
2021-2025	267,344	18,880,788
2026-2030	-	18,873,965
2031-2035	-	18,877,125
Total minimum obligations	9,137,158	139,522,551
Portion representing interest	(1,072,891)	(42,495,204)
Present value of minimum obligations	\$ 8,064,267	97,027,347

The County is the lessor in a direct financing lease with Public Schools for an administrative office building and related land. The lease is structured so that Public Schools will make annual lease payments over 30 years equal to the County's required debt service payments on the Series 2005 Facilities Revenue Bonds (see Note K-2). The County will transfer ownership of the building to Public Schools once all the lease obligations are satisfied. The total future minimum lease payments receivable is \$56.6 million and deferred revenue in the amount of \$56.6 million is reported. Minimum lease payments for each of the five succeeding fiscal years are \$1,255,000, \$1,305,000, \$1,360,000, \$1,415,000 and \$1,470,000 respectively.

## L. LONG-TERM COMMITMENTS

### 1. Washington Metropolitan Area Transit Authority (WMATA)

The County's commitments to WMATA are comprised of agreements to make capital contributions for the construction of rail lines and for the acquisition, replacement, and renovation of transit equipment and facilities and to provide operating subsidies for its rail, bus, and paratransit systems. The County's commitments in each of these areas are summarized as follows:

#### Capital Contributions – Transit Equipment and Facilities

Each fiscal year, the County and other local jurisdictions make contributions for WMATA's acquisition, replacement, and rehabilitation of transit equipment and facilities and for the debt service on federally guaranteed transit revenue bonds issued by WMATA. The County's obligation of approximately \$26.2 million for fiscal year 2010 was funded with \$20.0 million of County general obligation bond proceeds, \$6.2 million of state aid provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2011 will amount to \$26.0 million and be funded with \$9.6 million of state aid provided through the NVTC, and \$16.5 million of County general obligation bond proceeds.

## Operating Subsidies

The County and other local jurisdictions contribute annually toward WMATA's deficits resulting from the operation of its rail, bus, and paratransit systems. For fiscal year 2010, the County's obligation of approximately \$72.0 million for operating subsidies was funded with \$7.9 million from the County's Metro Operations and Construction Fund, \$64.1 million from state aid and regional gasoline tax receipts provided through the NVTC. It is anticipated that the County's obligation for fiscal year 2011 will amount to \$72.1 million and be funded with \$66.6 million of state aid and regional gasoline tax receipts provided through the NVTC and \$5.4 million of County funds.

## **2. Virginia Railway Express (VRE)**

The County, as a member of the NVTC and in cooperation with the Potomac and Rappahannock Transportation Commission (PRTC), is a participating jurisdiction in the operation of the VRE commuter rail service. The service primarily consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington, DC. There are five stations in Fairfax County.

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. These have subsequently been amended to reflect voting criteria for member jurisdictions, new member requirements, and fairness in the subsidy allocation formula which took effect for fiscal year 2008. The Board approved this Amended Master Agreement on September 10, 2007. The Amended Master Agreement requires the County to contribute to capital, operating, and debt service costs of the VRE on a pro rata basis according to its share of ridership. The County's fiscal year 2010 contribution to the VRE was \$5.0 million.

## **3. Operating Lease Commitments**

The County, Public Schools, and the EDA have entered into various long-term lease agreements for real estate and equipment. Certain real estate leases contain provisions which allow for increased rentals based upon increases in real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each fiscal year's payments. For fiscal year 2010, the County's, Public Schools', and EDA's total expenditures for these operating leases were \$18.5 million, \$7.7 million, and \$0.2 million, respectively. At June 30, 2010, the minimum long-term lease commitments accounted for as operating leases were as shown below:

<b>Fiscal Year</b>	<b>Primary Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Public Schools</b>	<b>EDA</b>
2011	15,569,338	3,849,891	658,580
2012	9,769,028	3,193,961	676,702
2013	7,217,207	2,660,840	695,266
2014	4,958,374	2,683,722	714,493
2015	2,761,504	2,734,208	734,162
2016-2020	8,846,295	3,229,139	3,423,953
2021-2025	1,932,029	25,000	-
2026-2030	2,203,599	-	-
2031-2035	1,674,118	-	-
2036-2039	1,255,832	-	-
<b>Total</b>	<b>\$ 56,187,324</b>	<b>18,376,761</b>	<b>6,903,156</b>

#### **4. Intermunicipal Agreements**

##### City of Alexandria, Virginia, Sanitation Authority

The Sewer System is obligated under an agreement with the City of Alexandria, Virginia, Sanitation Authority (ASA) to share the construction and operating costs and debt service requirements for its sewage treatment facility. Currently, the Sewer System has a capacity entitlement of 32.4 MGD, which is 60 percent of the facility's total capacity of 54 MGD. The Sewer System is allowed only one non-voting representative at the meetings of the ASA and has no significant influence in the management of the treatment facility. In addition, the Sewer System has no direct ongoing equity interest in the assets or liabilities of the ASA.

The ASA facility is currently undergoing major improvements to meet new water quality standards. The Sewer System paid ASA \$11,865,568 in fiscal year 2010, to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$34,300,000 of which \$5,130,000 is expected to be incurred in fiscal year 2011 and the balance over fiscal years 2012 to 2015. In addition, the Sewer System made payments of \$13,840,642 to the ASA during fiscal year 2010 for its share of the ASA's operating costs.

##### District of Columbia Water and Sewer Authority

The Sewer System is obligated under an intermunicipal agreement between the County; the District of Columbia (District); Montgomery County, Maryland; Prince George's County, Maryland; and the Washington Suburban Sanitary Commission to share the construction and operating costs of the Blue Plains Wastewater Treatment Plant, which is operated by the District of Columbia Water and Sewer Authority (WASA). Currently, the Sewer System has a capacity entitlement of 31 MGD, which is approximately 8.4 percent of the Plant's total capacity of 370 MGD. WASA has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from the County. The County has no significant control over plant operations and construction and no ownership interest in the assets of WASA.

The Blue Plains Plant is currently undergoing a major renovation of its chemical additions and sludge disposal systems. The Sewer System paid WASA \$12,851,739 during fiscal year 2010 to fund its share of construction costs, and it estimates its share of the remaining construction costs to be \$115,000,000, of which \$23,400,000 is expected to be incurred in fiscal year 2011 and the balance over fiscal years 2012 to 2015. In addition, the Sewer System made payments of \$12,279,110 to WASA during fiscal year 2010 for its share of the Plant's operating costs.

##### Upper Occoquan Sewage Authority

As described in Note A, the Upper Occoquan Sewage Authority (UOSA) is a joint venture created under the provisions of the Virginia Water and Waste Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility for the upper portion of the Occoquan Watershed. The Sewer System's allocated share of the UOSA plant's total capacity of 54.0 MGD is 24.6 MGD, or approximately 45 percent.

UOSA's current operating expenses, construction costs, and annual debt service payments are funded by each of the participating jurisdictions based on their allocated capacity, with certain modifications. The Sewer System made payments to UOSA in fiscal year 2010 of \$12,944,970 to pay its share of UOSA's operating costs.

Summarized UOSA financial information as of and for the years ended June 30, 2009, and 2008 (the most recent audited financial information available), is shown below.

	2009	2008
Total assets	\$ 560,892,614	571,653,519
Total liabilities	(456,551,831)	(464,752,975)
Total net assets	\$ 104,340,783	106,900,544
Operating revenues	\$ 25,736,882	24,774,140
Operating expenses	(48,139,820)	(47,749,375)
Nonoperating revenues, net	11,027,772	3,941,553
Capital contributions	8,815,405	8,461,046
Increase in net assets	\$ (2,559,761)	(10,572,636)

### Arlington County, Virginia

The Sewer System is obligated under an agreement with Arlington County, Virginia, to share the construction and operating costs of the sewage treatment facility owned and operated by Arlington County. Currently, the Sewer System has a capacity entitlement of 3 MGD, which is 10 percent of the facility's total capacity of 30 MGD. The Sewer System has no direct on-going equity interest in the facility's assets and liabilities. Furthermore, the Sewer System has no significant influence over the management of the treatment facility.

The Arlington facility is currently undergoing a major upgrade to meet new water quality standards. The Sewer System paid Arlington County \$7,056,697 in fiscal year 2010 to fund its share of the construction costs, and it estimates its share of the remaining construction costs to be \$27,700,000, of which \$4,700,000 is expected to be incurred in fiscal year 2011 and the balance over fiscal years 2012 to 2015. In addition, the Sewer System made payments of \$1,607,662 to Arlington County during fiscal year 2010 for its share of Arlington's operating costs.

### **5. Fairfax County Solid Waste Authority (SWA) – Resource Recovery**

During fiscal year 1999, as a result of a call option, the EDA issued \$195,505,000 of Series 1998A Resource Recovery Revenue Refunding Bonds, the proceeds of which, together with certain other available funds, were used to refund all remaining outstanding Series 1988 bonds, which were initially issued to finance the construction of a 3,000 tons-per-day mass burn facility at the County's landfill site near Interstate 95. The operation of the facility by an independent contractor commenced in 1990. Solid waste is burned to produce electricity, which is sold to a local utility company.

The bonds are not an obligation of the County; however, the County is obligated to deliver a minimum annual tonnage of solid waste to the facility and to pay tipping fees for the disposal of such waste sufficient to cover the operating costs of the facility and the debt service on the bonds. As of June 30, 2010, \$41,755,000 of the Series 1998A refunding bonds are outstanding. Unspent bond proceeds in the amount of \$31,630,070, which include investment earnings, are reported in the Resource Recovery Fund, an agency fund; certain unspent proceeds are reserved for debt service and the remainder is available for solid waste disposal purposes.



**6. Long-term Contracts**

At June 30, 2010, the primary government had contractual commitments of \$62,025,867 in the capital projects funds and \$53,700,000 in the Sewer System for construction of various sewer projects. At June 30, 2010, the component units had contractual commitments of \$139,595,148 and \$8,873,837 in the capital projects funds of the Public Schools and the Park Authority, respectively, for construction of various projects.

**M. CONTINGENT LIABILITIES**

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. Although the outcome of these matters is not presently determinable, in the opinion of County management, the resolution of these matters will not have a material adverse effect on the County's financial condition.

The County receives grant funds, principally from the federal government, for construction and various other programs. Certain expenditures of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

**N. IMPLEMENTATION OF NEW ACCOUNTING PRONOUNCEMENTS**

In Fiscal Year 2010, the County implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets". The County has opted not to retroactively report internally generated intangible assets. Intangible assets with an indefinite useful life held by the County consisted of permanent easements which were previously included in the value of land, as a result, there was no impact to the total net assets or fund balances previously reported.

The County implemented GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments". The implementation of this new standard did not have a material impact on the County's financial statements for Fiscal Year 2010.

The County has implemented GASB Statement No. 58, "Accounting and Financial Reporting for Bankruptcies". The implementation of this new standard did not have a material impact on the County's financial statements for Fiscal Year 2010.

# Required

## Supplementary Information

**T**he Required Supplementary Information subsection includes the budgetary comparison schedule for the County of Fairfax's major fund, the General Fund. It also includes trend data, including the schedule of funding progress and the schedule of employer contributions, related to the pension trust funds of the County of Fairfax and the Fairfax County Public Schools component unit. The notes to required supplementary information are also included in this subsection.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,843,402,244	2,845,161,494	2,872,290,727	27,129,233
Permits, privilege fees, and regulatory licenses	32,575,391	27,676,152	28,665,677	989,525
Intergovernmental	336,733,876	336,055,684	343,978,315	7,922,631
Charges for services	62,150,200	62,871,212	62,980,797	109,585
Fines and forfeitures	17,426,083	16,770,919	14,942,650	(1,828,269)
Revenue from the use of money and property	14,162,838	23,696,205	22,820,183	(876,022)
Recovered costs	7,515,868	7,652,191	5,934,669	(1,717,522)
Total revenues	3,313,966,500	3,319,883,857	3,351,613,018	31,729,161
EXPENDITURES				
General government administration	95,326,948	99,322,309	91,994,294	7,328,015
Judicial administration	33,540,141	32,808,370	31,176,976	1,631,394
Public safety	421,536,022	420,448,325	401,760,085	18,688,240
Public works	62,847,371	67,124,421	62,036,559	5,087,862
Health and welfare	251,995,489	267,557,259	253,262,191	14,295,068
Community development	49,066,618	54,048,647	47,563,171	6,485,476
Parks, recreation, and cultural	72,416,627	75,396,835	69,731,904	5,664,931
Nondepartmental	222,258,941	237,233,487	203,910,663	33,322,824
Total expenditures	1,208,988,157	1,253,939,653	1,161,435,843	92,503,810
Excess of revenues over expenditures	2,104,978,343	2,065,944,204	2,190,177,175	124,232,971
OTHER FINANCING SOURCES (USES)				
Transfers in from other primary government funds	11,622,151	12,122,151	12,122,151	-
Transfers out to other primary government funds	(492,805,272)	(501,556,905)	(501,556,905)	-
Transfers out to component units	(1,628,633,947)	(1,628,633,947)	(1,628,633,947)	-
Total other financing sources (uses)	(2,109,817,068)	(2,118,068,701)	(2,118,068,701)	-
Net change in fund balance	\$ (4,838,725)	(52,124,497)	72,108,474	124,232,971

See accompanying notes to required supplementary information.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Funding Progress**  
**For the fiscal year ended June 30, 2010**

Actuarial Valuation Date	Actuarial Value of Assets (000) ( a )	Actuarial Accrued Liability (AAL) - Entry Age (000) ( b )	Unfunded AAL (UAAL) (Funding Excess) (000) ( b-a )	Funded Ratio ( a/b )	Covered Payroll (000) ( c )	UAAL (Funding Excess) as a Percentage of Covered Payroll ( ( b-a ) / c )
<b>Primary Government</b>						
<b>Employees' Retirement System:</b>						
7/1/2003	\$ 1,903,970	\$ 2,251,187	\$ 347,217	84.58 %	\$ 530,216	65.49 %
7/1/2004	2,030,539	2,411,135	380,596	84.22	552,738	68.86
7/1/2005	2,202,515	2,676,418	473,903	82.29	565,063	83.87
7/1/2006	2,363,844	2,881,780	517,936	82.03	574,294	90.19
7/1/2007	2,596,658	3,139,187	542,529	82.72	579,075	93.69
7/1/2008	2,752,874	3,328,901	576,027	82.70	610,877	94.30
7/1/2009	2,603,284	3,535,874	932,590	73.62	628,481	148.39
<b>Police Officers Retirement System:</b>						
7/1/2003	644,405	703,977	59,572	91.54	71,401	83.43
7/1/2004	685,495	749,344	63,849	91.48	78,080	81.77
7/1/2005	732,582	828,702	96,120	88.40	83,939	114.51
7/1/2006	788,766	897,478	108,712	87.89	89,062	122.06
7/1/2007	870,975	968,735	97,760	89.91	95,904	101.94
7/1/2008	908,077	1,031,333	123,256	88.05	99,714	123.61
7/1/2009	879,543	1,076,039	196,496	81.74	99,647	197.19
<b>Uniformed Retirement System:</b>						
7/1/2003	715,797	795,342	79,545	90.00	100,749	78.95
7/1/2004	767,357	881,015	113,658	87.10	102,960	110.39
7/1/2005	830,702	974,106	143,404	85.28	109,067	131.48
7/1/2006	921,414	1,102,667	181,253	83.56	127,469	142.19
7/1/2007	1,028,385	1,206,624	178,239	85.23	136,487	130.59
7/1/2008	1,097,994	1,285,694	187,700	85.40	142,724	131.51
7/1/2009	1,074,230	1,351,204	276,974	79.50	147,083	188.31
<b>Other Post-Employment Benefits (OPEB):</b>						
7/1/2007	-	379,856	379,856	-	650,106	58.43
7/1/2008	48,207	350,709	302,502	13.75	697,253	43.39
7/1/2009	50,233	441,286	391,053	11.38	761,303	51.37
<b>Component Unit - Public Schools</b>						
<b>Educational Employees' Supplementary Retirement System:</b>						
6/30/2003	1,597,459	1,772,418	174,959	90.13	866,502	20.19
12/31/2004	1,643,020	1,935,582	292,562	84.89	977,817	29.92
12/31/2005	1,718,399	2,022,962	304,563	84.94	1,050,217	29.00
12/31/2006	1,818,930	2,105,552	286,622	86.39	1,111,828	25.78
12/31/2007	1,924,886	2,186,801	261,915	88.02	1,161,432	22.55
12/31/2008	1,733,946	2,255,298	521,352	76.88	1,211,140	43.05
12/31/2009	1,769,540	2,314,282	544,742	76.46	1,208,093	45.09
<b>Other Post-Employment Benefits (OPEB):</b>						
7/1/2007	-	299,668	299,668	-	1,302,665	23.00
7/1/2008	7,996	458,067	450,071	1.75	1,352,321	33.28
7/1/2009	17,520	466,324	448,804	3.76	1,182,922	37.94

See accompanying notes to required supplementary information.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Schedule of Employer Contributions**  
**For the fiscal year ended June 30, 2010**

Fiscal Year Ended June 30	Primary Government					
	Employees' Retirement		Police Officers Retirement		Uniformed Retirement	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2004	\$ 51,992,031	66.20 %	\$ 17,356,995	84.59 %	\$ 25,186,003	98.56 %
2005	67,996,277	69.06	20,744,793	71.83	32,320,929	84.13
2006	73,734,724	67.05	22,641,707	73.88	37,668,222	85.31
2007	81,551,794	70.45	26,518,550	72.49	43,009,853	84.83
2008	89,480,173	70.00	28,198,891	76.06	46,849,354	83.43
2009	95,052,308	69.00	27,625,460	85.00	47,247,396	86.00
2010	92,771,532	69.06	30,759,259	77.27	47,289,026	86.22

Fiscal Year Ended June 30	Educational Employees' Supplementary Retirement	
	Annual Required Contribution	Percentage Contributed
2004	\$ 37,331,203	* 100.00 %
2005	32,198,596	* 100.00
2006	34,648,918	* 100.00
2007	36,644,001	* 100.00
2008	38,334,140	* 100.00
2009	40,012,480	* 100.00
2010	37,868,623	* 100.00

Fiscal Year Ended June 30	Primary Government Other Post-Employment Benefits (OPEB)		Component Unit - Public Schools Other Post-Employment Benefits (OPEB)	
	Annual Required Contribution	Percentage Contributed	Annual Required Contribution	Percentage Contributed
2008	\$ 31,648,000	185.42 %	\$ 25,302,000	103.21 %
2009	25,393,000	84.89	37,522,000	97.70
2010	32,553,000	54.59	35,954,000	75.47

\* The annual required contribution is equal to the annual pension cost.  
See accompanying notes to required supplementary information.



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**COUNTY OF FAIRFAX, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2010**

**A. BUDGETARY DATA**

The Board of Supervisors adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- a. By March 1, the County Executive submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. During April, public hearings are conducted to obtain taxpayer comments. By May 1, the budget is legally enacted through passage of an appropriation resolution.
- b. The operating budget includes all County appropriated funds and certain non-appropriated funds. The non-appropriated funds include certain funds of the Park Authority and the FCRHA that are not financed by the County.
- c. Budget reviews are held during the fiscal year. Public hearings are held if the recommended increase in the appropriated budget is greater than \$500,000 or one percent of revenues.
- d. The budget is controlled at certain legal and administrative levels. The Code of Virginia requires that the County annually adopt a balanced budget. The adopted Fiscal Planning Resolution places legal restrictions on expenditures at the agency (e.g., County organizations in the General Fund) or fund level and identifies administrative controls at the character (i.e., personnel services, operating expenses, recovered costs, and capital equipment) or project level. The County's Department of Management and Budget is authorized to transfer budgeted amounts between characters or projects within any agency or fund as a management function. Any revisions that alter the total expenditures of any agency or fund must be approved by the Board of Supervisors.
- e. Annual operating budgets are adopted for all appropriated governmental funds, except for the capital projects funds in which budgetary control is achieved on a project-by-project basis. The budgets are on a basis consistent with GAAP for the General Fund, except that:
  - Revenue from investments is recognized in the governmental funds for budget purposes only if collected within 45 days of year end, instead of as earned.
  - Offsetting revenues and expenditures related to donated food are not budgeted.
  - Capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources.
  - Certain capital outlays are budgeted as functional expenditures.
  - Payments from or to component units are budgeted as transfers rather than functional revenues and expenditures.
  - Inventories of supplies are not included in the fund balance for budget purposes.
  - Nondepartmental expenditures are reported for budgeting purposes, but are included in functional expenditures for reporting purposes.

- The Gift Fund, which is included in the County's General Fund for reporting purposes, is treated as an agency fund for budgeting purposes.
- The Consolidated Community Funding Pool Fund and the Contributory Fund, which are included in the County's General Fund for reporting purposes, are treated as special revenue funds for budgeting purposes.

The following schedule reconciles the amounts on the Budgetary Comparison Schedule – General Fund (Budget Basis) to the amounts on the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit A-3):

- f. Original and final budgeted amounts are shown on the Budgetary Comparison Schedule; amendments were not significant in relation to the original budget.

	Primary Government General Fund
Net change in fund balance (Budget basis)	\$ 72,108,474
Basis difference - Revenue from investments	(202,399)
Perspective differences:	
The Gift Fund and NOVARIS are treated as agency funds for budget purposes	(362,068)
The Consolidated Community Funding Pool Fund is treated as a special revenue fund for budget purposes	(112,092)
The Contributory Fund is treated as a special revenue fund for budget purposes	81,312
Net change in fund balance (GAAP basis)	\$ 71,513,227

- g. Appropriations lapse at June 30 unless the Board of Supervisors approves carrying them forward to the next fiscal year.

**B. PENSION TREND DATA**

Six-year historical trend information of the retirement systems administered by the reporting entity is presented as required supplementary information. This information is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

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 each 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 is, 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 is, the stronger the system.

Information pertaining to the retirement systems administered by the reporting entity can be found in Note G to the financial statements.

**C. OTHER POST-EMPLOYMENT BENEFITS (OPEB) TREND DATA**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Information pertaining to the OPEB plans administered by the reporting entity can be found in Note H to the financial statements.





# Other

## Supplementary Information

**T**he Other Supplementary Information subsection includes the combining and individual fund statements and schedules for the following:

- Governmental Funds
- Internal Service Funds
- Fiduciary Funds
- Capital Assets
- Component Units:
  - Fairfax County Public Schools
  - Fairfax County Redevelopment and Housing Authority
  - Fairfax County Park Authority
  - Fairfax County Economic Development Authority

The **General Fund** is used to account for all revenues and expenditures of the County, which are not required to be accounted for in other funds.

Revenues are derived primarily from real estate and personal property taxes, local sales taxes, utility taxes, business, professional and occupational license taxes, the use of money and property, license and permit fees, and state shared taxes.

Expenditures and transfers out include the costs of the general County government and transfers to component units and other funds, principally made to fund the operations of the Public Schools, and the debt service requirements of the County and Public Schools.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule Detail - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Real property	\$ 2,113,373,891	2,113,946,342	2,115,971,076	2,024,734
Personal property	280,880,652	286,697,898	296,171,622	9,473,724
Business licenses	133,174,864	135,872,729	138,517,259	2,644,530
Local sales and use	154,612,891	148,130,433	151,800,412	3,669,979
Consumers utility	101,790,709	97,812,878	97,166,334	(646,544)
Recordation	20,796,824	24,744,134	24,891,357	147,223
Occupancy, tobacco, and other	38,772,413	37,957,080	47,772,667	9,815,587
Total taxes	2,843,402,244	2,845,161,494	2,872,290,727	27,129,233
Permits, privilege fees, and regulatory licenses	32,575,391	27,676,152	28,665,677	989,525
Intergovernmental	336,733,876	336,055,684	343,978,315	7,922,631
Charges for services	62,150,200	62,871,212	62,980,797	109,585
Fines and forfeitures	17,426,083	16,770,919	14,942,650	(1,828,269)
Revenue from the use of money and property	14,162,838	23,696,205	21,578,312	(2,117,893)
Recovered costs	7,515,868	7,652,191	7,176,194	(475,997)
Total revenues	3,313,966,500	3,319,883,857	3,351,612,672	31,728,815
<b>EXPENDITURES</b>				
General government administration:				
Board of Supervisors	5,000,232	4,985,232	4,474,636	510,596
Financial and Program Auditor	248,877	248,877	145,001	103,876
County Executive	5,975,353	6,120,641	5,795,101	325,540
Tax Administration	21,673,030	22,039,547	21,848,539	191,008
Finance	8,693,661	8,903,770	8,498,101	405,669
Cable Communications and Consumer Protection	1,188,859	1,361,549	1,160,620	200,929
Human Resources	6,500,193	6,689,193	6,473,221	215,972
Purchasing and Supply Management	5,347,049	5,135,337	4,996,947	138,390
Public Affairs	1,243,325	1,356,596	1,253,812	102,784
Electoral Board and General Registrar	2,660,775	3,015,619	2,369,232	646,387
County Attorney	6,191,351	6,264,099	5,939,736	324,363
Information Technology	27,324,348	29,789,259	25,882,694	3,906,565
Management and Budget	2,750,598	2,883,293	2,795,593	87,700
Civil Service Commission	529,297	529,297	361,061	168,236
Total general government administration	95,326,948	99,322,309	91,994,294	7,328,015
Judicial administration:				
Circuit Court and Records	10,151,591	10,467,709	9,855,991	611,718
Commonwealth Attorney	2,621,478	2,574,528	2,535,239	39,289
General District Court	2,292,959	2,438,933	2,322,902	116,031
Sheriff	18,474,113	17,327,200	16,462,844	864,356
Total judicial administration	33,540,141	32,808,370	31,176,976	1,631,394
Public safety:				
Cable Communications and Consumer Protection	859,478	859,568	928,660	(69,092)
Land Development Services	11,674,062	9,456,953	8,569,181	887,772
Juvenile and Domestic Relations Court	21,283,778	21,019,061	20,313,862	705,199
Police Department	170,925,549	169,867,692	164,661,587	5,206,105
Sheriff	46,650,735	44,276,243	41,470,229	2,806,014
Fire and Rescue	168,382,676	172,811,927	164,278,014	8,533,913
Emergency Management	1,759,744	2,156,881	1,538,552	618,329
Total public safety	\$ 421,536,022	420,448,325	401,760,085	18,688,240

continued

## EXHIBIT B

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
Public works:				
Facilities Management	\$ 48,069,887	50,660,990	46,994,914	3,666,076
Business Planning and Support	351,199	351,199	329,616	21,583
Capital Facilities	10,746,365	10,746,365	10,423,284	323,081
Unclassified Administrative Expenses	3,679,920	5,365,867	4,288,745	1,077,122
Total public works	62,847,371	67,124,421	62,036,559	5,087,862
Health and welfare:				
Family Services	188,459,731	200,501,588	190,234,136	10,267,452
Health Department	47,188,900	50,158,466	46,577,027	3,581,439
Human Services Administration	10,239,294	10,747,030	10,665,601	81,429
Human Services Systems Management	5,798,524	5,795,489	5,471,136	324,353
Office to Prevent and End Homelessness	309,040	354,686	314,291	40,395
Total health and welfare	251,995,489	267,557,259	253,262,191	14,295,068
Community development:				
Economic Development Authority	6,797,506	6,797,506	6,797,502	4
Land Development Services	15,985,758	15,595,941	13,494,972	2,100,969
Planning and Zoning	10,627,729	11,365,519	10,710,814	654,705
Planning Commission	711,851	712,103	707,150	4,953
Housing and Community Development	5,851,757	6,678,447	6,586,120	92,327
Human Rights	1,694,034	1,681,886	1,615,648	66,238
Transportation	7,397,983	11,217,245	7,650,965	3,566,280
Total community development	49,066,618	54,048,647	47,563,171	6,485,476
Parks, recreation, and cultural:				
Community and Recreation Services	20,401,796	21,554,931	18,719,558	2,835,373
Park Authority	23,592,766	23,715,200	23,102,051	613,149
Public Library	28,422,065	30,126,704	27,910,295	2,216,409
Total parks, recreation, and cultural	72,416,627	75,396,835	69,731,904	5,664,931
Nondepartmental:				
Unclassified Administrative Expenses	4,200,000	7,259,645	1,027,489	6,232,156
Employee Benefits	218,058,941	229,973,842	202,883,174	27,090,668
Total nondepartmental	222,258,941	237,233,487	203,910,663	33,322,824
Total expenditures	1,208,988,157	1,253,939,653	1,161,435,843	92,503,810
Excess of revenues over expenditures	\$ 2,104,978,343	2,065,944,204	2,190,176,829	124,232,625

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Budgetary Comparison Schedule Detail - General Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT B**  
concluded

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
From other primary government funds:				
Special Revenue Fund - Cable Communications	\$ 2,011,708	2,011,708	2,011,708	-
Internal Service Funds:				
Vehicle Services Fund	2,000,000	2,000,000	2,000,000	-
Technology Infrastructure Services	4,610,443	4,610,443	4,610,443	-
Other Funds	3,000,000	3,500,000	3,500,000	-
Total transfers in from other primary government funds	11,622,151	12,122,151	12,122,151	-
Transfers out:				
To other primary government funds:				
Special Revenue Funds:				
Fairfax-Falls Church Community Services Board	(97,519,271)	(93,615,029)	(93,615,029)	-
County Transit Systems	(23,812,367)	(21,562,367)	(21,562,367)	-
Federal/State Grants	(2,962,420)	(2,962,420)	(2,962,420)	-
Aging Grants and Programs	(4,252,824)	(4,252,824)	(4,252,824)	-
Information Technology	(7,380,258)	(13,430,258)	(13,430,258)	-
Energy Resource Recovery Facility	-	(1,722,908)	(1,722,908)	-
Consolidated Community Funding Pool	(8,970,687)	(8,970,687)	(8,970,687)	-
Contributory Fund	(12,935,440)	(12,935,440)	(12,935,440)	-
E-911	(10,623,062)	(10,823,062)	(10,823,062)	-
Stormwater Services	-	(362,967)	(362,967)	-
Debt Service Fund				-
County Debt Service	(274,699,824)	(274,699,824)	(274,699,824)	-
Capital Projects Funds:				
County Construction	(12,109,784)	(12,109,784)	(12,109,784)	-
Capital Facilities Renewal Construction	(2,470,000)	(7,470,000)	(7,470,000)	-
Public Safety Construction	(800,000)	(800,000)	(800,000)	-
Metro Operations and Construction	(7,409,851)	(7,409,851)	(7,409,851)	-
Housing Assistance Program	(695,000)	(515,000)	(515,000)	-
Internal Service Funds:				
Self-Insurance	(13,866,251)	(15,616,251)	(15,616,251)	-
Document Services	(2,398,233)	(2,398,233)	(2,398,233)	-
OPEB	(9,900,000)	(9,900,000)	(9,900,000)	-
Total transfers out to other primary government funds	(492,805,272)	(501,556,905)	(501,556,905)	-
To component units:				
Public Schools:				
Public Schools - General Fund	(1,626,600,722)	(1,626,600,722)	(1,626,600,722)	-
FCRHA - Elderly Housing Program	(2,033,225)	(2,033,225)	(2,033,225)	-
Total transfers out to component units	(1,628,633,947)	(1,628,633,947)	(1,628,633,947)	-
Total transfers out	(2,121,439,219)	(2,130,190,852)	(2,130,190,852)	-
Total other financing sources (uses)	(2,109,817,068)	(2,118,068,701)	(2,118,068,701)	-
Net change in fund balance	\$ (4,838,725)	(52,124,497)	72,108,128	124,232,625

The **Nonmajor Governmental Funds** include all special revenue funds, the debt service fund, and capital projects funds.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

**EXHIBIT C**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 416,092,821	12,684,967	198,360,738	627,138,526
Receivables (net of allowances):				
Accounts	12,228,313	2,900	212,984	12,444,197
Accrued interest	766,549	-	1,588,057	2,354,606
Loans	21,321,841	-	35,061,144	56,382,985
Due from intergovernmental units	37,020,247	-	1,521,572	38,541,819
Loan to component unit	-	15,150,000	-	15,150,000
Lease to component unit	-	55,400,000	-	55,400,000
Interfund receivables	2,205,562	-	-	2,205,562
Prepaid and other assets	11,763	-	-	11,763
Restricted assets:				
Equity in pooled cash and temporary investments	-	-	16,939,247	16,939,247
Cash with fiscal agents	-	409,008	-	409,008
<b>Total assets</b>	<b>\$ 489,647,096</b>	<b>83,646,875</b>	<b>253,683,742</b>	<b>826,977,713</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 23,049,971	11,151	8,100,846	31,161,968
Accrued salaries and benefits	9,812,340	-	7,400	9,819,740
Contract retainages	284,328	-	1,797,472	2,081,800
Accrued interest payable	-	-	1,026,351	1,026,351
Due to component units	-	-	769,489	769,489
Interfund payables	6,495,805	-	3,801,186	10,296,991
Matured bond principal and interest payable	-	76,638	-	76,638
Deferred revenue	10,025,329	55,400,000	41,782,185	107,207,514
Performance and other deposits	-	-	8,369,127	8,369,127
<b>Total liabilities</b>	<b>49,667,773</b>	<b>55,487,789</b>	<b>65,654,056</b>	<b>170,809,618</b>
Fund balances:				
Reserved for:				
Encumbrances	59,252,339	90,461	62,025,867	121,368,667
Long-term loans	21,321,841	15,150,000	35,061,144	71,532,985
Certain capital projects	-	-	16,939,247	16,939,247
Unreserved	359,405,143	12,918,625	74,003,428	446,327,196
<b>Total fund balances</b>	<b>439,979,323</b>	<b>28,159,086</b>	<b>188,029,686</b>	<b>656,168,095</b>
<b>Total liabilities and fund balances</b>	<b>\$ 489,647,096</b>	<b>83,646,875</b>	<b>253,683,742</b>	<b>826,977,713</b>

**COUNTY OF FAIRFAX, VIRGINIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT C-1**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 17,240,335	-	10,270,000	27,510,335
Permits, privilege fees, and regulatory licenses	19,015,765	-	-	19,015,765
Intergovernmental	128,065,241	2,651,244	7,666,163	138,382,648
Charges for services	241,168,567	-	1,223,557	242,392,124
Fines and forfeitures	123,050	-	-	123,050
Developers' contributions	-	-	2,097,138	2,097,138
Revenue from the use of money and property	5,875,291	3,266,772	4,407,949	13,550,012
Recovered costs	2,641,722	-	6,883,736	9,525,458
Gifts, donations, and contributions	862,042	-	850,000	1,712,042
Total revenues	414,992,013	5,918,016	33,398,543	454,308,572
<b>EXPENDITURES</b>				
Current:				
General government administration	9,143,161	-	1,096,444	10,239,605
Judicial administration	969,441	-	1,527,806	2,497,247
Public safety	47,600,977	-	1,116,542	48,717,519
Public works	122,011,979	-	22,780,392	144,792,371
Health and welfare	183,784,953	-	2,596,320	186,381,273
Community development	86,892,755	-	6,873,860	93,766,615
Parks, recreation, and cultural	11,996,213	-	1,520,056	13,516,269
Intergovernmental:				
Community development	26,995,534	-	28,587,432	55,582,966
Parks, recreation, and cultural	-	-	20,707,181	20,707,181
Education - for Public Schools	2,386,548	-	155,000,000	157,386,548
Capital outlay:				
General government administration	7,657,866	-	6,878,389	14,536,255
Judicial administration	-	-	4,281,054	4,281,054
Public safety	9,158,894	-	13,281,687	22,440,581
Public works	7,801,474	-	4,153,661	11,955,135
Health and welfare	33,402	-	9,587,516	9,620,918
Community development	23,980,328	-	1,740,180	25,720,508
Parks, recreation, and cultural	550,323	-	12,189,469	12,739,792
Debt service:				
Principal retirement	1,128,846	175,473,794	3,145,000	179,747,640
Interest and other charges	706,063	106,103,436	6,540,290	113,349,789
Total expenditures	542,798,757	281,577,230	303,603,279	1,127,979,266
Deficiency of revenues under expenditures	(127,806,744)	(275,659,214)	(270,204,736)	(673,670,694)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	173,784,133	276,835,753	36,810,194	487,430,080
Transfers out	(22,233,023)	-	(14,862,151)	(37,095,174)
General obligation bonds issued	-	-	270,308,200	270,308,200
Premium on general obligation bonds issued	-	-	6,253,223	6,253,223
Revenue bonds issued	-	-	94,950,000	94,950,000
Premium on revenue bonds issued	-	-	(705,045)	(705,045)
General obligation refunding bonds issued	-	131,800,000	-	131,800,000
Premium on general obligation refunding bonds issued	-	22,738,129	-	22,738,129
Lease revenue refunding bonds issued, including premium	-	44,689,878	-	44,689,878
Payments to refunded bonds escrow agent	-	(198,007,662)	-	(198,007,662)
Total other financing sources (uses)	151,551,110	278,056,098	392,754,421	822,361,629
Net change in fund balances	23,744,366	2,396,884	122,549,685	148,690,935
Fund balances, July 1, 2009	416,234,957	25,762,202	65,480,001	507,477,160
Fund balances, June 30, 2010	\$ 439,979,323	28,159,086	188,029,686	656,168,095



The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than bond proceeds for major capital projects) that are legally restricted to expenditures for specified purposes.

County Transit Systems Fund is used to account for the operation of a bus service, known as the Fairfax Connector, to transport citizens in certain parts of the County to and from WMATA's rail stations and for the County's contributions to the Virginia Railway Express commuter rail service.

Dulles Rail Phase I Transportation Improvement District Fund is used to account for the charges to property owners within the District to support the debt service payments for bonds to be issued. These bonds fund the County's share of certain transportation improvements in the District.

County and Regional Transportation Projects is used to account for the special tax assessed on commercial and industrial real estate in Fairfax County to support opportunities to improve transportation and pedestrian access. The tax revenues support roadway, pedestrian, and transit projects.

Federal/State Grant Fund is used to account for the utilization of federal and state funds to assist County citizens.

Aging Grants and Programs Fund is used to account for programs for senior citizens that specifically relate to the State Plan of Aging Services and that are administered by the Fairfax Area Agency on Aging. Included are programs for the provision of meals, transportation and medical care.

Information Technology Fund is used to account for the acquisition of computer hardware and software for information technology projects which are designed to improve the County's management information system, its operational efficiency, and customer service.

Cable Communications Fund is used to account for costs associated with monitoring the County's Cable Communications Ordinance and Franchise Agreement as well as providing programming for the County's Governmental Access Channel. Its primary source of revenue is franchise fees.

Fairfax-Falls Church Community Services Board Fund is used to account for mental health, intellectual disability, and alcohol and drug services to individuals and families in Fairfax County, and the Cities of Fairfax and Falls Church.

Reston Community Center Fund is used to account for the operation of a community center serving the residents of Small District Five, located within the Dranesville and Hunter Mill Magisterial Districts. The district's residents support the fund by payment of a special assessment.

McLean Community Center Fund is used to account for the operation of a community center serving the residents of Small District One, located within the Dranesville Magisterial District. The district's residents support the fund by payment of a special assessment.

Burgundy Village Community Center Fund is used to account for the operation of a community center serving the residents of Service District 1A, located within the Lee Magisterial District. The district's residents support the fund by payment of a special assessment.

E-911 Fund is used to account for the operation of a 911 emergency response service for the citizens of the County, including related information technology projects.

Integrated Pest Management Program Fund is used to account for detection, abatement, and public information programs to suppress gypsy moth and cankerworm insect populations in the County.

Stormwater Services Fund is used to account for the operation of the Stormwater Management Program. The operating requirements and stormwater capital projects are supported by the stormwater service district levy.

Leaf Collection Fund is used to account for the collection and disposal of leaves from residences and businesses located within designated districts. These districts' residents and businesses support the fund by payment of a special assessment.

Refuse Collection and Recycling Operations Fund is used to account for the collection of refuse in designated districts and from all County departments and also accounts for the operation of the County's solid waste reduction and recycling centers.

Refuse Disposal Fund is used to account for the operation of a transfer station to receive refuse collected throughout the County and channel it to either the Energy Resource Recovery Facility (incinerator) or a landfill.

Energy Resource Recovery Facility Fund is used to account for the operation of a mass burn waste to energy facility, by a private contractor, used to burn refuse collected throughout the County and received from certain other local jurisdictions. The sale of electricity generated by the facility is a source of revenue for this fund.

I-95 Refuse Disposal Fund is used to account for the operation of a landfill which is now only used for disposal of ash generated by certain local incinerators.

Community Development Block Grant Fund is used to account for programs to upgrade low and moderate income neighborhoods through the provision of public facilities, home improvements, and public services.

Housing Trust Fund is used to account for the promotion of housing for low and moderate income individuals in the County by providing low cost debt and equity capital in the form of loans, grants, and equity contributions.

HOME Investment Partnership Grant Fund is used to account for affordable housing programs involving acquisition, rehabilitation, new construction, and tenant-based rental assistance.

Consolidated Community Funding Pool Fund is reported as a special revenue fund for budget purposes only. For GAAP reporting, the activity and fund balance for this fund are accounted for in the General Fund. This fund accounts for money awarded to community-based nonprofit organizations on a competitive basis to provide certain services to County citizens.

Contributory Fund is reported as a special revenue fund for budget purposes only. For GAAP reporting, the activity and fund balance for this fund are accounted for in the General Fund. This fund accounts for money awarded to certain contributory organizations to provide human services to County citizens.

Alcohol Safety Action Program Fund is used to account for programs to reduce the incidence of driving under the influence (DUI) of alcohol through rehabilitative alcohol/drug education, case management of DUI defendants, referral to alcohol/drug treatment programs and public information. This fund is solely fee supported and is not an appropriated fund within the operating budget. Thus, there is no budgetary comparison schedule for this fund.





**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	County and Regional Transportation Projects	Federal/ State Grant
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 20,884,772	90,153,610	61,444,032	11,539,306
Receivables (net of allowances):				
Accounts	-	1,135,137	261,669	288,710
Accrued interest	-	46,138	-	-
Loans	-	-	-	-
Due from intergovernmental units	7,449,886	-	-	21,608,064
Interfund receivables	-	-	-	-
Prepaid and other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 28,334,658</b>	<b>91,334,885</b>	<b>61,705,701</b>	<b>33,436,080</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,656,399	72,548	888,274	2,752,341
Accrued salaries and benefits	-	-	57,108	1,230,405
Contract retainages	-	-	31,332	7,791
Interfund payables	-	-	15,954	351,970
Deferred revenue	-	1,135,136	361,669	460
<b>Total liabilities</b>	<b>4,656,399</b>	<b>1,207,684</b>	<b>1,354,337</b>	<b>4,342,967</b>
Fund balances:				
Reserved for:				
Encumbrances	16,410,850	-	4,664,110	10,914,535
Long-term loans	-	-	-	-
Unreserved	7,267,409	90,127,201	55,687,254	18,178,578
<b>Total fund balances</b>	<b>23,678,259</b>	<b>90,127,201</b>	<b>60,351,364</b>	<b>29,093,113</b>
<b>Total liabilities and fund balances</b>	<b>\$ 28,334,658</b>	<b>91,334,885</b>	<b>61,705,701</b>	<b>33,436,080</b>

## EXHIBIT D

Aging Grants and Programs	Information Technology	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
4,417,916	38,459,985	21,167,747	22,029,971	9,392,074	<b>ASSETS</b>
-	-	1,152,682	-	22,066	Equity in pooled cash and temporary investments
-	-	-	-	4,992	Receivables (net of allowances):
-	-	-	-	-	Accounts
59,830	-	2,348,644	532,559	-	Accrued interest
-	-	-	-	-	Loans
-	-	-	-	-	Due from intergovernmental units
-	-	-	-	-	Interfund receivables
-	-	-	-	-	Prepaid and other assets
4,477,746	38,459,985	24,669,073	22,562,530	9,419,132	Total assets
<b>LIABILITIES AND FUND BALANCES</b>					
333,447	1,020,070	1,673,668	4,331,207	197,653	Liabilities:
192,174	-	188,520	4,753,743	220,587	Accounts payable and accrued liabilities
-	-	-	-	-	Accrued salaries and benefits
55,957	-	53,337	1,272,998	48,984	Contract retainages
-	-	1,233,874	6,421,463	202,796	Interfund payables
581,578	1,020,070	3,149,399	16,779,411	670,020	Deferred revenue
					Total liabilities
266,961	5,689,374	2,341,612	2,928,487	52,708	Fund balances:
-	-	-	-	-	Reserved for:
3,629,207	31,750,541	19,178,062	2,854,632	8,696,404	Encumbrances
3,896,168	37,439,915	21,519,674	5,783,119	8,749,112	Long-term loans
4,477,746	38,459,985	24,669,073	22,562,530	9,419,132	Unreserved
					Total fund balances
					Total liabilities and fund balances

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 12,798,198	259,387	12,722,264	3,419,771	5,567,944
Receivables (net of allowances):					
Accounts	18,628	582	-	12,314	65,461
Accrued interest	6,409	124	-	1,727	-
Loans	-	-	-	-	-
Due from intergovernmental units	-	-	2,230,118	-	-
Interfund receivables	-	-	-	-	-
Prepaid and other assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 12,823,235</b>	<b>260,093</b>	<b>14,952,382</b>	<b>3,433,812</b>	<b>5,633,405</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 87,333	46	1,469,443	79,124	1,003,078
Accrued salaries and benefits	126,481	1,055	1,031,631	74,807	531,540
Contract retainages	-	-	-	-	-
Interfund payables	35,266	82	384,916	15,670	164,135
Deferred revenue	18,628	582	-	12,314	65,461
<b>Total liabilities</b>	<b>267,708</b>	<b>1,765</b>	<b>2,885,990</b>	<b>181,915</b>	<b>1,764,214</b>
Fund balances:					
Reserved for:					
Encumbrances	266,664	-	6,115,784	379,120	3,081,150
Long-term loans	-	-	-	-	-
Unreserved	12,288,863	258,328	5,950,608	2,872,777	788,041
<b>Total fund balances</b>	<b>12,555,527</b>	<b>258,328</b>	<b>12,066,392</b>	<b>3,251,897</b>	<b>3,869,191</b>
<b>Total liabilities and fund balances</b>	<b>\$ 12,823,235</b>	<b>260,093</b>	<b>14,952,382</b>	<b>3,433,812</b>	<b>5,633,405</b>

## EXHIBIT D

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
					<b>ASSETS</b>
3,517,022	9,007,869	9,450,593	21,891,442	53,225,249	Equity in pooled cash and temporary investments
13,095	414,998	7,344,423	494,203	819,345	Receivables (net of allowances):
1,996	5,379	5,700	9,992	26,193	Accounts
-	-	-	-	-	Accrued interest
-	131,769	294,118	367,659	-	Loans
-	-	-	2,148,696	56,866	Due from intergovernmental units
-	-	-	-	-	Interfund receivables
3,532,113	9,560,015	17,094,834	24,911,992	54,127,653	Prepaid and other assets
					<b>Total assets</b>
					<b>LIABILITIES AND FUND BALANCES</b>
					Liabilities:
7,533	208,263	461,839	3,279,087	483,353	Accounts payable and accrued liabilities
-	502,169	489,676	37,977	173,075	Accrued salaries and benefits
-	-	-	-	233,690	Contract retainages
-	153,870	2,360,897	10,831	46,773	Interfund payables
13,095	133,315	-	-	-	Deferred revenue
20,628	997,617	3,312,412	3,327,895	936,891	<b>Total liabilities</b>
					Fund balances:
-	773,052	2,072,516	58,101	1,049,547	Reserved for:
-	-	-	-	-	Encumbrances
3,511,485	7,789,346	11,709,906	21,525,996	52,141,215	Long-term loans
3,511,485	8,562,398	13,782,422	21,584,097	53,190,762	Unreserved
3,532,113	9,560,015	17,094,834	24,911,992	54,127,653	<b>Total fund balances</b>
					<b>Total liabilities and fund balances</b>

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

**EXHIBIT D**  
concluded

	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Alcohol Safety Action Program	Total Special Revenue Funds
<b>ASSETS</b>					
Equity in pooled cash and temporary investments	\$ 74,227	4,591,832	76,159	1,453	416,092,821
Receivables (net of allowances):					
Accounts	-	-	-	185,000	12,228,313
Accrued interest	-	657,898	-	-	766,549
Loans	8,269,909	9,465,938	3,585,994	-	21,321,841
Due from intergovernmental units	1,109,774	-	887,826	-	37,020,247
Interfund receivables	-	-	-	-	2,205,562
Prepaid and other assets	-	-	11,763	-	11,763
<b>Total assets</b>	<b>\$ 9,453,910</b>	<b>14,715,668</b>	<b>4,561,742</b>	<b>186,453</b>	<b>489,647,096</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 26,762	13,203	3,675	1,625	23,049,971
Accrued salaries and benefits	109,348	-	4,725	87,319	9,812,340
Contract retainages	11,515	-	-	-	284,328
Interfund payables	527,812	-	951,332	45,021	6,495,805
Deferred revenue	-	426,536	-	-	10,025,329
<b>Total liabilities</b>	<b>675,437</b>	<b>439,739</b>	<b>959,732</b>	<b>133,965</b>	<b>49,667,773</b>
Fund balances:					
Reserved for:					
Encumbrances	1,597,609	91,311	498,848	-	59,252,339
Long-term loans	8,269,909	9,465,938	3,585,994	-	21,321,841
Unreserved	(1,089,045)	4,718,680	(482,832)	52,488	359,405,143
<b>Total fund balances</b>	<b>8,778,473</b>	<b>14,275,929</b>	<b>3,602,010</b>	<b>52,488</b>	<b>439,979,323</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,453,910</b>	<b>14,715,668</b>	<b>4,561,742</b>	<b>186,453</b>	<b>489,647,096</b>



## COUNTY OF FAIRFAX, VIRGINIA

## Special Revenue Funds

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2010

	County Transit Systems	Dulles Rail Phase I Transportation Improvement District	County and Regional Transportation Projects	Federal/ State Grant
<b>REVENUES</b>				
Taxes	\$ -	-	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-
Intergovernmental	24,460,497	-	-	58,631,427
Charges for services	11,677,698	27,427,441	50,874,425	10,253
Fines and forfeitures	-	-	-	-
Revenue from the use of money and property	128,200	557,195	-	199,490
Recovered costs	-	-	-	1,950,823
Gifts, donations, and contributions	-	-	-	361,259
Total revenues	36,266,395	27,984,636	50,874,425	61,153,252
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	-	4,278,540
Judicial administration	-	-	-	969,441
Public safety	-	-	-	15,600,673
Public works	-	-	-	-
Health and welfare	-	-	-	35,298,410
Community development	60,474,845	-	4,863,743	4,050,905
Parks, recreation, and cultural	-	-	-	745,815
Intergovernmental:				
Community development	4,995,534	22,000,000	-	-
Education - for Public Schools	-	-	-	-
Capital outlay:				
General government administration	-	-	-	28,774
Public safety	-	-	-	1,133,305
Public works	-	-	-	198,376
Health and welfare	-	-	-	20,680
Community development	6,647,919	-	16,929,429	-
Parks, recreation, and cultural	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other charges	-	491,341	-	-
Total expenditures	72,118,298	22,491,341	21,793,172	62,324,919
Excess (deficiency) of revenues over (under) expenditures	(35,851,903)	5,493,295	29,081,253	(1,171,667)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	39,060,560	-	-	4,191,525
Transfers out	-	-	(15,507,212)	-
Total other financing sources (uses)	39,060,560	-	(15,507,212)	4,191,525
Net change in fund balances	3,208,657	5,493,295	13,574,041	3,019,858
Fund balances, July 1, 2009	20,469,602	84,633,906	46,777,323	26,073,255
Fund balances, June 30, 2010	\$ 23,678,259	90,127,201	60,351,364	29,093,113

## EXHIBIT D-1

Aging Grants and Programs	Information Technology	Cable Communications	Fairfax- Falls Church Community Services Board	Reston Community Center	
					<b>REVENUES</b>
-	-	-	-	-	- Taxes
-	-	18,933,605	-	-	- Permits, privilege fees, and regulatory licenses
3,218,210	1,054,624	-	26,820,366	-	- Intergovernmental
137,584	-	1,930	17,253,604	7,354,827	- Charges for services
-	-	18,700	-	-	- Fines and forfeitures
-	257,536	-	-	216,708	- Revenue from the use of money and property
39,726	-	-	-	-	- Recovered costs
500,783	-	-	-	-	- Gifts, donations, and contributions
3,896,303	1,312,160	18,954,235	44,073,970	7,571,535	Total revenues
					<b>EXPENDITURES</b>
					Current:
-	4,864,621	-	-	-	- General government administration
-	-	-	-	-	- Judicial administration
-	-	-	-	-	- Public safety
-	-	-	-	-	- Public works
6,605,676	-	-	138,875,521	-	- Health and welfare
-	-	8,191,511	-	-	- Community development
487,008	-	-	-	6,534,551	- Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	-	- Community development
-	-	2,386,548	-	-	- Education - for Public Schools
					Capital outlay:
-	7,583,794	45,298	-	-	- General government administration
-	7,405,379	-	-	-	- Public safety
-	-	-	-	-	- Public works
12,722	-	-	-	-	- Health and welfare
-	228,248	174,732	-	-	- Community development
-	-	-	-	373,585	- Parks, recreation, and cultural
					Debt service:
-	806,251	-	-	23,595	- Principal retirement
-	58,594	-	-	41,877	- Interest and other charges
7,105,406	20,946,887	10,798,089	138,875,521	6,973,608	Total expenditures
(3,209,103)	(19,634,727)	8,156,146	(94,801,551)	597,927	Excess (deficiency) of revenues over (under) expenditures
					<b>OTHER FINANCING SOURCES (USES)</b>
4,252,824	14,430,258	-	93,615,029	-	- Transfers in
-	-	(4,825,811)	-	-	- Transfers out
4,252,824	14,430,258	(4,825,811)	93,615,029	-	Total other financing sources (uses)
1,043,721	(5,204,469)	3,330,335	(1,186,522)	597,927	Net change in fund balances
2,852,447	42,644,384	18,189,339	6,969,641	8,151,185	Fund balances, July 1, 2009
3,896,168	37,439,915	21,519,674	5,783,119	8,749,112	Fund balances, June 30, 2010

continued



## COUNTY OF FAIRFAX, VIRGINIA

## Special Revenue Funds

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2010

	McLean Community Center	Burgundy Village Community Center	E-911	Integrated Pest Management Program	Stormwater Services
<b>REVENUES</b>					
Taxes	\$ -	-	17,240,335	-	-
Permits, privilege fees, and regulatory licenses	-	-	-	-	-
Intergovernmental	3,850	-	5,191,607	90,000	-
Charges for services	5,006,871	24,691	454	2,040,864	10,170,890
Fines and forfeitures	-	-	-	-	-
Revenue from the use of money and property	138,433	17,170	82,501	20,297	-
Recovered costs	33,743	-	303,306	-	-
Gifts, donations, and contributions	-	-	-	-	-
Total revenues	5,182,897	41,861	22,818,203	2,151,161	10,170,890
<b>EXPENDITURES</b>					
Current:					
General government administration	-	-	-	-	-
Judicial administration	-	-	-	-	-
Public safety	-	-	32,000,304	-	-
Public works	-	-	-	-	11,888,500
Health and welfare	-	-	-	1,325,469	-
Community development	-	-	-	851,168	-
Parks, recreation, and cultural	4,203,320	25,518	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Education - for Public Schools	-	-	-	-	-
Capital outlay:					
General government administration	-	-	-	-	-
Public safety	-	-	620,210	-	-
Public works	-	-	-	-	101,166
Health and welfare	-	-	-	-	-
Community development	-	-	-	-	-
Parks, recreation, and cultural	176,738	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	4,380,058	25,518	32,620,514	2,176,637	11,989,666
Excess (deficiency) of revenues over (under) expenditures	802,839	16,343	(9,802,311)	(25,476)	(1,818,776)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	10,823,062	-	5,687,967
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	10,823,062	-	5,687,967
Net change in fund balances	802,839	16,343	1,020,751	(25,476)	3,869,191
Fund balances, July 1, 2009	11,752,688	241,985	11,045,641	3,277,373	-
Fund balances, June 30, 2010	\$ 12,555,527	258,328	12,066,392	3,251,897	3,869,191

## EXHIBIT D-1

Leaf Collection	Refuse Collection and Recycling Operations	Refuse Disposal	Energy Resource Recovery Facility	I-95 Refuse Disposal	
					<b>REVENUES</b>
-	-	-	-	-	Taxes
-	-	66,280	-	15,880	Permits, privilege fees, and regulatory licenses
-	99,861	-	-	-	Intergovernmental
2,033,290	20,041,802	49,987,198	30,427,857	4,986,639	Charges for services
-	-	13,500	-	-	Fines and forfeitures
96,093	900,144	1,623,940	132,499	1,273,488	Revenue from the use of money and property
-	23,676	256,821	-	33,627	Recovered costs
-	-	-	-	-	Gifts, donations, and contributions
2,129,383	21,065,483	51,947,739	30,560,356	6,309,634	Total revenues
					<b>EXPENDITURES</b>
					Current:
-	-	-	-	-	General government administration
-	-	-	-	-	Judicial administration
-	-	-	-	-	Public safety
2,118,069	16,839,173	47,086,428	37,501,930	6,577,879	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
					Intergovernmental:
-	-	-	-	-	Community development
-	-	-	-	-	Education - for Public Schools
					Capital outlay:
-	-	-	-	-	General government administration
-	-	-	-	-	Public safety
64,956	2,799,205	2,431,786	-	2,205,985	Public works
-	-	-	-	-	Health and welfare
-	-	-	-	-	Community development
-	-	-	-	-	Parks, recreation, and cultural
					Debt service:
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and other charges
2,183,025	19,638,378	49,518,214	37,501,930	8,783,864	Total expenditures
(53,642)	1,427,105	2,429,525	(6,941,574)	(2,474,230)	Excess (deficiency) of revenues over (under) expenditures
					<b>OTHER FINANCING SOURCES (USES)</b>
-	-	-	1,722,908	-	Transfers in
-	-	-	-	-	Transfers out
-	-	-	1,722,908	-	Total other financing sources (uses)
(53,642)	1,427,105	2,429,525	(5,218,666)	(2,474,230)	Net change in fund balances
3,565,127	7,135,293	11,352,897	26,802,763	55,664,992	Fund balances, July 1, 2009
3,511,485	8,562,398	13,782,422	21,584,097	53,190,762	Fund balances, June 30, 2010

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT D-1**  
concluded

	Community Development Block Grant	Housing Trust	HOME Investment Partnership Grant	Alcohol Safety Action Program	Total Special Revenue Funds
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	17,240,335
Permits, privilege fees, and regulatory licenses	-	-	-	-	19,015,765
Intergovernmental	7,333,762	-	1,161,037	-	128,065,241
Charges for services	-	-	-	1,710,249	241,168,567
Fines and forfeitures	-	90,850	-	-	123,050
Revenue from the use of money and property	118,025	79,318	34,254	-	5,875,291
Recovered costs	-	-	-	-	2,641,722
Gifts, donations, and contributions	-	-	-	-	862,042
Total revenues	7,451,787	170,168	1,195,291	1,710,249	414,992,013
<b>EXPENDITURES</b>					
Current:					
General government administration	-	-	-	-	9,143,161
Judicial administration	-	-	-	-	969,441
Public safety	-	-	-	-	47,600,977
Public works	-	-	-	-	122,011,979
Health and welfare	-	-	-	1,679,877	183,784,953
Community development	6,925,250	282,415	1,252,918	-	86,892,755
Parks, recreation, and cultural	-	-	-	-	11,996,213
Intergovernmental:					
Community development	-	-	-	-	26,995,534
Education - for Public Schools	-	-	-	-	2,386,548
Capital outlay:					
General government administration	-	-	-	-	7,657,866
Public safety	-	-	-	-	9,158,894
Public works	-	-	-	-	7,801,474
Health and welfare	-	-	-	-	33,402
Community development	-	-	-	-	23,980,328
Parks, recreation, and cultural	-	-	-	-	550,323
Debt service:					
Principal retirement	299,000	-	-	-	1,128,846
Interest and other charges	114,251	-	-	-	706,063
Total expenditures	7,338,501	282,415	1,252,918	1,679,877	542,798,757
Excess (deficiency) of revenues over (under) expenditures	113,286	(112,247)	(57,627)	30,372	(127,806,744)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	173,784,133
Transfers out	-	(1,900,000)	-	-	(22,233,023)
Total other financing sources (uses)	-	(1,900,000)	-	-	151,551,110
Net change in fund balances	113,286	(2,012,247)	(57,627)	30,372	23,744,366
Fund balances, July 1, 2009	8,665,187	16,288,176	3,659,637	22,116	416,234,957
Fund balances, June 30, 2010	\$ 8,778,473	14,275,929	3,602,010	52,488	439,979,323

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2A

## Special Revenue Fund

## Budgetary Comparison Schedule - County Transit Systems Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 22,091,798	25,174,798	24,460,497	(714,301)
Charges for services	14,763,952	14,763,952	7,404,528	(7,359,424)
Revenue from the use of money and property	350,000	350,000	128,200	(221,800)
Total revenues	37,205,750	40,288,750	31,993,225	(8,295,525)
<b>EXPENDITURES</b>				
Community development	78,973,561	98,837,662	67,845,129	30,992,533
Total expenditures	78,973,561	98,837,662	67,845,129	30,992,533
Excess (deficiency) of revenues over (under) expenditures	(41,767,811)	(58,548,912)	(35,851,904)	22,697,008
<b>OTHER FINANCING SOURCES</b>				
Transfers in	41,310,560	39,060,560	39,060,560	-
Total other financing sources	41,310,560	39,060,560	39,060,560	-
Net change in fund balance	\$ (457,251)	(19,488,352)	3,208,656	22,697,008

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2B

## Special Revenue Fund

## Budgetary Comparison Schedule - Dulles Rail Phase I Transportation Improvement

## District Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	\$ 26,930,109	26,930,109	27,427,441	497,332
Revenue from the use of money and property	966,439	966,439	589,916	(376,523)
Total revenues	27,896,548	27,896,548	28,017,357	120,809
<b>EXPENDITURES</b>				
Community development	13,350,000	52,350,000	22,491,341	29,858,659
Total expenditures	13,350,000	52,350,000	22,491,341	29,858,659
Excess (deficiency) of revenues over (under) expenditures	14,546,548	(24,453,452)	5,526,016	29,979,468
Net change in fund balance	\$ 14,546,548	(24,453,452)	5,526,016	29,979,468

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2C

## Special Revenue Fund

## Budgetary Comparison Schedule - County and Regional Transportation Projects (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 50,900,000	\$ 50,900,000	\$ 50,874,426	(25,574)
Total revenues	50,900,000	50,900,000	50,874,426	(25,574)
<b>EXPENDITURES</b>				
Community development	35,392,788	132,170,111	21,793,172	110,376,939
Total expenditures	35,392,788	132,170,111	21,793,172	110,376,939
Excess (deficiency) of revenues over (under) expenditures	15,507,212	(81,270,111)	29,081,254	110,351,365
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	50,000,000	-	(50,000,000)
Transfers out	(15,507,212)	(15,507,212)	(15,507,212)	-
Total other financing sources (uses)	(15,507,212)	34,492,788	(15,507,212)	(50,000,000)
Net change in fund balance	\$ -	(46,777,323)	13,574,042	60,351,365

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2D

## Special Revenue Fund

## Budgetary Comparison Schedule - Federal/State Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 56,831,244	111,984,189	58,427,831	(53,556,358)
Charges for services	-	-	10,253	10,253
Revenue from the use of money and property	-	9,459	199,490	190,031
Recovered costs	-	2,056,814	1,950,823	(105,991)
Gifts, donations, and contributions	-	377,344	1,590,365	1,213,021
Total revenues	56,831,244	114,427,806	62,178,762	(52,249,044)
<b>EXPENDITURES</b>				
General government administration	59,793,664	12,360,164	4,307,315	8,052,849
Judicial administration	-	1,325,219	969,442	355,777
Public safety	-	50,655,670	16,733,978	33,921,692
Public works	-	12,350,703	362,910	11,987,793
Health and welfare	-	52,556,178	35,115,494	17,440,684
Community development	-	13,851,036	4,886,369	8,964,667
Parks, recreation, and cultural	-	1,129,375	745,815	383,560
Nondepartmental	-	-	-	-
Total expenditures	59,793,664	144,228,345	63,121,323	81,107,022
Excess (deficiency) of revenues over (under) expenditures	(2,962,420)	(29,800,539)	(942,561)	28,857,978
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,962,420	2,962,420	2,962,420	-
Total other financing sources	2,962,420	2,962,420	2,962,420	-
Net change in fund balance	\$ -	(26,838,119)	2,019,859	28,857,978

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2E

## Special Revenue Fund

## Budgetary Comparison Schedule - Aging Grants and Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 2,921,747	3,739,343	3,218,210	(521,133)
Charges for services	120,203	109,374	137,584	28,210
Recovered costs	71,319	71,504	39,726	(31,778)
Gifts, donations, and contributions	381,233	397,017	500,783	103,766
Total revenues	3,494,502	4,317,238	3,896,303	(420,935)
<b>EXPENDITURES</b>				
Health and welfare	7,078,003	10,538,027	6,618,398	3,919,629
Parks, recreation, and cultural	558,065	655,822	487,008	168,814
Total expenditures	7,636,068	11,193,849	7,105,406	4,088,443
Excess (deficiency) of revenues over (under) expenditures	(4,141,566)	(6,876,611)	(3,209,103)	3,667,508
<b>OTHER FINANCING SOURCES</b>				
Transfers in	4,252,824	4,252,824	4,252,824	-
Total other financing sources	4,252,824	4,252,824	4,252,824	-
Net change in fund balance	\$ 111,258	(2,623,787)	1,043,721	3,667,508



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2F

## Special Revenue Fund

## Budgetary Comparison Schedule - Information Technology Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	568,824	1,054,624	485,800
Revenue from the use of money and property	1,100,418	377,903	272,651	(105,252)
Total revenues	1,100,418	946,727	1,327,275	380,548
<b>EXPENDITURES</b>				
General government administration	9,480,676	57,984,875	20,946,887	37,037,988
Total expenditures	9,480,676	57,984,875	20,946,887	37,037,988
Excess (deficiency) of revenues over (under) expenditures	(8,380,258)	(57,038,148)	(19,619,612)	37,418,536
<b>OTHER FINANCING SOURCES</b>				
Transfers in	8,380,258	14,430,258	14,430,258	-
Total other financing sources	8,380,258	14,430,258	14,430,258	-
Net change in fund balance	\$ -	(42,607,890)	(5,189,354)	37,418,536

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2G

## Special Revenue Fund

## Budgetary Comparison Schedule - Cable Communications Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 15,625,728	15,625,728	18,933,605	3,307,877
Charges for services	2,800	2,800	1,930	(870)
Fines and forfeitures	-	-	18,700	18,700
Total revenues	15,628,528	15,628,528	18,954,235	3,325,707
EXPENDITURES				
Community development	9,614,852	15,295,646	8,411,541	6,884,105
Total expenditures	9,614,852	15,295,646	8,411,541	6,884,105
Excess (deficiency) of revenues over (under) expenditures	6,013,676	332,882	10,542,694	10,209,812
OTHER FINANCING USES				
Transfers out	(4,825,811)	(4,825,811)	(4,825,811)	-
Transfers out to component units	(2,386,548)	(2,386,548)	(2,386,548)	-
Total other financing uses	(7,212,359)	(7,212,359)	(7,212,359)	-
Net change in fund balance	\$ (1,198,683)	(6,879,477)	3,330,335	10,209,812

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2H

## Special Revenue Fund

## Budgetary Comparison Schedule - Fairfax-Falls Church Community Services Board Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 27,924,355	33,796,446	26,820,366	(6,976,080)
Charges for services	17,261,472	17,135,945	17,253,604	117,659
Total revenues	45,185,827	50,932,391	44,073,970	(6,858,421)
<b>EXPENDITURES</b>				
Health and welfare	142,705,098	150,959,539	138,875,521	12,084,018
Total expenditures	142,705,098	150,959,539	138,875,521	12,084,018
Excess (deficiency) of revenues over (under) expenditures	(97,519,271)	(100,027,148)	(94,801,551)	5,225,597
<b>OTHER FINANCING SOURCES</b>				
Transfers in	97,519,271	93,615,029	93,615,029	-
Total other financing sources	97,519,271	93,615,029	93,615,029	-
Net change in fund balance	\$ -	(6,412,119)	(1,186,522)	5,225,597

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2I

## Special Revenue Fund

## Budgetary Comparison Schedule - Reston Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Charges for services	\$ 7,806,006	7,410,122	7,354,825	(55,297)
Revenue from the use of money and property	311,502	276,999	219,582	(57,417)
Total revenues	8,117,508	7,687,121	7,574,407	(112,714)
EXPENDITURES				
Parks, recreation, and cultural	7,154,296	8,519,985	6,973,608	1,546,377
Total expenditures	7,154,296	8,519,985	6,973,608	1,546,377
Net change in fund balance	\$ 963,212	(832,864)	600,799	1,433,663

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2J

## Special Revenue Fund

## Budgetary Comparison Schedule - McLean Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	-	-	3,850
Charges for services		5,166,353	5,166,353	5,006,871
Revenue from the use of money and property		525,042	525,042	142,036
Recovered costs		4,200	4,200	33,743
Total revenues		5,695,595	5,695,595	5,186,500
EXPENDITURES				
Parks, recreation, and cultural		4,992,263	5,703,976	4,380,058
Total expenditures		4,992,263	5,703,976	4,380,058
Net change in fund balance	\$	703,332	(8,381)	806,442
				814,823

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2K

## Special Revenue Fund

## Budgetary Comparison Schedule - Burgundy Village Community Center Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 24,618	24,618	24,691	73
Revenue from the use of money and property	35,335	35,335	17,239	(18,096)
Total revenues	59,953	59,953	41,930	(18,023)
EXPENDITURES				
Parks, recreation, and cultural	45,333	45,333	25,518	19,815
Total expenditures	45,333	45,333	25,518	19,815
Net change in fund balance	\$ 14,620	14,620	16,412	1,792

**COUNTY OF FAIRFAX, VIRGINIA**  
**Special Revenue Fund**  
**Budgetary Comparison Schedule - E-911 Fund (Budget Basis)**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT D-2L**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Local sales and use taxes	\$ 19,242,407	17,698,776	17,240,335	(458,441)
Intergovernmental	4,333,387	5,121,627	4,822,447	(299,180)
Revenue from the use of money and property	500,000	130,056	87,344	(42,712)
Recovered costs	195,308	195,308	303,305	107,997
Total revenues	24,271,102	23,145,767	22,453,431	(692,336)
<b>EXPENDITURES</b>				
Public safety	35,829,201	44,831,136	32,620,514	12,210,622
Total expenditures	35,829,201	44,831,136	32,620,514	12,210,622
Excess (deficiency) of revenues over (under) expenditures	(11,558,099)	(21,685,369)	(10,167,083)	11,518,286
<b>OTHER FINANCING SOURCES</b>				
Transfers in	10,623,062	10,823,062	10,823,062	-
Total other financing sources	10,623,062	10,823,062	10,823,062	-
Net change in fund balance	\$ (935,037)	(10,862,307)	655,979	11,518,286

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2M

## Special Revenue Fund

## Budgetary Comparison Schedule - Integrated Pest Management Program Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	-	90,000	90,000
Charges for services		1,945,042	1,945,042	2,040,864
Revenue from the use of money and property		48,673	48,673	21,498
Total revenues		1,993,715	1,993,715	2,152,362
EXPENDITURES				
Health and welfare		1,833,387	2,199,725	1,325,468
Community development		1,043,204	1,047,179	851,169
Total expenditures		2,876,591	3,246,904	2,176,637
Net change in fund balance	\$	(882,876)	(1,253,189)	(24,275)
				1,228,914



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2N

## Special Revenue Fund

## Budgetary Comparison Schedule - Stormwater Services Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Charges for services	10,250,000	10,250,000	10,170,890	(79,110)
Total revenues	10,250,000	10,250,000	10,170,890	(79,110)
<b>EXPENDITURES</b>				
Public works	10,250,000	15,937,967	11,989,666	3,948,301
Total expenditures	10,250,000	15,937,967	11,989,666	3,948,301
Excess (deficiency) of revenues over (under) expenditures	-	(5,687,967)	(1,818,776)	3,869,191
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	362,967	362,967	-
Other funds	-	5,325,000	5,325,000	-
Total other financing sources	-	5,687,967	5,687,967	-
Net change in fund balance	\$ -	-	3,869,191	3,869,191

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-20

## Special Revenue Fund

## Budgetary Comparison Schedule - Leaf Collection Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 2,166,949	2,166,949	2,033,290	(133,659)
Revenue from the use of money and property	96,702	96,702	97,236	534
Total revenues	2,263,651	2,263,651	2,130,526	(133,125)
<b>EXPENDITURES</b>				
Public works	2,434,340	2,434,340	2,183,025	251,315
Total expenditures	2,434,340	2,434,340	2,183,025	251,315
Net change in fund balance	\$ (170,689)	(170,689)	(52,499)	118,190

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2P

## Special Revenue Fund

## Budgetary Comparison Schedule - Refuse Collection and Recycling Operations Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ -	99,861	99,861	-
Charges for services	20,295,064	21,295,064	20,041,803	(1,253,261)
Revenue from the use of money and property	636,586	696,586	903,848	207,262
Recovered costs	-	-	23,676	23,676
Total revenues	20,931,650	22,091,511	21,069,188	(1,022,323)
<b>EXPENDITURES</b>				
Public works	21,121,251	23,285,876	19,638,378	3,647,498
Total expenditures	21,121,251	23,285,876	19,638,378	3,647,498
Excess (deficiency) of revenues over (under) expenditures	(189,601)	(1,194,365)	1,430,810	2,625,175
Net change in fund balance	\$ (189,601)	(1,194,365)	1,430,810	2,625,175

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2Q

## Special Revenue Fund

## Budgetary Comparison Schedule - Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 60,000	60,000	66,280	6,280
Charges for services	61,845,363	61,845,363	49,987,198	(11,858,165)
Revenue from the use of money and property	1,565,320	1,565,320	1,625,923	60,603
Recovered costs	-	-	256,821	256,821
Fines and forfeitures	-	-	13,500	13,500
Total revenues	63,470,683	63,470,683	51,949,722	(11,520,961)
EXPENDITURES				
Public works	60,286,236	66,501,528	49,518,214	16,983,314
Total expenditures	60,286,236	66,501,528	49,518,214	16,983,314
Excess (deficiency) of revenues over (under) expenditures	3,184,447	(3,030,845)	2,431,508	5,462,353
Net change in fund balance	\$ 3,184,447	(3,030,845)	2,431,508	5,462,353

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2R

## Special Revenue Fund

## Budgetary Comparison Schedule - Energy Resource Recovery Facility Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Charges for services	\$ 35,310,173	35,310,173	30,427,857	(4,882,316)
Revenue from the use of money and property	506,405	506,405	142,062	(364,343)
Total revenues	35,816,578	35,816,578	30,569,919	(5,246,659)
<b>EXPENDITURES</b>				
Public works	36,319,643	38,071,370	37,501,930	569,440
Total expenditures	36,319,643	38,071,370	37,501,930	569,440
Excess (deficiency) of revenues over (under) expenditures	(503,065)	(2,254,792)	(6,932,011)	(4,677,219)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	1,722,908	1,722,908	-
Total other financing sources	-	1,722,908	1,722,908	-
Net change in fund balance	\$ (503,065)	(531,884)	(5,209,103)	(4,677,219)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2s

## Special Revenue Fund

## Budgetary Comparison Schedule - I-95 Refuse Disposal Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permits, privilege fees, and regulatory licenses	\$ 7,200	7,200	15,880	8,680
Charges for services	5,930,325	5,930,325	4,986,640	(943,685)
Revenue from the use of money and property	1,743,555	1,743,555	1,291,924	(451,631)
Recovered costs	9,437	9,437	33,627	24,190
Total revenues	7,690,517	7,690,517	6,328,071	(1,362,446)
EXPENDITURES				
Public works	8,761,424	24,233,518	8,783,864	15,449,654
Total expenditures	8,761,424	24,233,518	8,783,864	15,449,654
Net change in fund balance	\$ (1,070,907)	(16,543,001)	(2,455,793)	14,087,208

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2T

## Special Revenue Fund

## Budgetary Comparison Schedule - Community Development Block Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 5,928,982	17,497,090	7,333,762	(10,163,328)
Revenue from the use of money and property	-	-	348,964	348,964
Total revenues	5,928,982	17,497,090	7,682,726	(9,814,364)
<b>EXPENDITURES</b>				
Community development	5,928,982	17,887,472	7,990,118	9,897,354
Total expenditures	5,928,982	17,887,472	7,990,118	9,897,354
Net change in fund balance	\$ -	(390,382)	(307,392)	82,990

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2U

## Special Revenue Fund

## Budgetary Comparison Schedule - Housing Trust Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Developers' contributions	\$ 1,150,000	300,000	90,850	(209,150)
Revenue from the use of money and property	100,000	100,000	165,120	65,120
Total revenues	1,250,000	400,000	255,970	(144,030)
<b>EXPENDITURES</b>				
Community development	1,250,000	6,331,697	277,035	6,054,662
Total expenditures	1,250,000	6,331,697	277,035	6,054,662
Excess (deficiency) of revenues over (under) expenditures	-	(5,931,697)	(21,065)	5,910,632
<b>OTHER FINANCING SOURCES</b>				
Transfers out	-	-	(1,900,000)	(1,900,000)
Total other financing sources	-	-	(1,900,000)	(1,900,000)
Net change in fund balance	\$ -	(5,931,697)	(1,921,065)	4,010,632



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2v

## Special Revenue Fund

## Budgetary Comparison Schedule - HOME Investment Partnership Grant Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2,448,682	7,521,781	1,161,038	(6,360,743)
Revenue from the use of money and property	-	-	44,253	44,253
Total revenues	2,448,682	7,521,781	1,205,291	(6,316,490)
EXPENDITURES				
Community development	2,448,682	7,585,726	1,252,918	6,332,808
Total expenditures	2,448,682	7,585,726	1,252,918	6,332,808
Net change in fund balance	\$ -	(63,945)	(47,627)	16,318

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2W

## Special Revenue Fund

## Budgetary Comparison Schedule - Consolidated Community Funding Pool Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>	\$ -	-	-	-
<b>EXPENDITURES</b>				
Health and welfare	8,970,687	9,266,423	9,082,779	183,644
Total expenditures	8,970,687	9,266,423	9,082,779	183,644
Excess (deficiency) of revenues over (under) expenditures	(8,970,687)	(9,266,423)	(9,082,779)	183,644
<b>OTHER FINANCING SOURCES</b>				
Transfers in	8,970,687	8,970,687	8,970,687	-
Total other financing sources	8,970,687	8,970,687	8,970,687	-
Net change in fund balance	\$ -	(295,736)	(112,092)	183,644

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT D-2X

## Special Revenue Fund

## Budgetary Comparison Schedule - Contributory Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>	\$ -	-	-	-
<b>EXPENDITURES</b>				
General government administration	1,956,784	1,956,784	1,938,666	18,118
Public safety	52,618	52,618	52,618	-
Health and welfare	2,362,990	2,362,990	2,363,267	(277)
Community development	4,012,863	4,012,863	3,949,392	63,471
Parks, recreation, and cultural	4,550,185	4,550,185	4,550,185	-
Total expenditures	12,935,440	12,935,440	12,854,128	81,312
Excess (deficiency) of revenues over (under) expenditures	(12,935,440)	(12,935,440)	(12,854,128)	81,312
<b>OTHER FINANCING SOURCES</b>				
Transfers in	12,935,440	12,935,440	12,935,440	-
Total other financing sources	12,935,440	12,935,440	12,935,440	-
Net change in fund balance	\$ -	-	81,312	81,312



The **Debt Service Fund** is used to account for the accumulation of resources for and the payments of bond principal, interest, and related expenses. The Debt Service Fund is used to account for the funds accumulated and expended for the payment of principal, interest, and other costs applicable to general obligation bond issues, certain lease revenue bonds, and loans received from the Literary Fund of Virginia.

COUNTY OF FAIRFAX, VIRGINIA  
 Debt Service Fund  
 Balance Sheet  
 June 30, 2010

## EXHIBIT E

**ASSETS**

Equity in pooled cash and temporary investments	\$ 12,684,967
Accounts receivable	2,900
Loan to component unit	15,150,000
Lease to component unit	55,400,000
Restricted assets:	
Restricted assets - Cash with fiscal agents	409,008
<b>Total assets</b>	<b>\$ 83,646,875</b>

**LIABILITIES AND FUND BALANCE**

## Liabilities:

Accounts payable and accrued liabilities	\$ 11,151
Matured bond principal and interest payable	76,638
Deferred revenue	55,400,000
<b>Total liabilities</b>	<b>55,487,789</b>

## Fund balance:

## Reserved for:

Encumbrances	90,461
Reserved for long-term loan	15,150,000
Unreserved	12,918,625

<b>Total fund balance</b>	<b>28,159,086</b>
<b>Total liabilities and fund balance</b>	<b>\$ 83,646,875</b>

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT E-1

## Debt Service Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2010

<b>REVENUES</b>	
Intergovernmental	\$ 2,651,244
Revenue from the use of money and property	<u>3,266,772</u>
Total revenues	<u>5,918,016</u>
<b>EXPENDITURES</b>	
Principal retirement:	
County	72,500,280
Schools	102,973,514
Interest:	
County	39,781,728
Schools	62,114,356
Other charges:	
Bond issuance costs and other	<u>4,207,352</u>
Total expenditures	<u>281,577,230</u>
Deficiency of revenues under expenditures	<u>(275,659,214)</u>
<b>OTHER FINANCING SOURCES (USES)</b>	
Transfers in from:	
General Fund	274,699,824
Capital projects funds	2,135,929
General obligation refunding bonds issued	131,800,000
Premium on general obligation refunding bonds issued	22,738,129
Lease revenue refunding bonds issued	43,390,000
Premium on lease revenue refunding bonds issued	1,299,878
Payments to refunded bonds escrow agent	<u>(198,007,662)</u>
Total other financing sources (uses)	<u>278,056,098</u>
Net change in fund balance	2,396,884
Fund balance, July 1, 2009	<u>25,762,202</u>
Fund balance, June 30, 2010	<u>\$ 28,159,086</u>

COUNTY OF FAIRFAX, VIRGINIA  
 Debt Service Fund  
 Budgetary Comparison Schedule (Budget Basis)  
 For the fiscal year ended June 30, 2010

## EXHIBIT E-2

	Budgeted Amounts		Actual Amounts (Budget Basis)	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	105,000	105,000	1,461,131	1,356,131
Total revenues	105,000	105,000	1,461,131	1,356,131
<b>EXPENDITURES</b>				
Principal retirement:				
County	71,729,845	71,729,845	72,500,280	(770,435)
Schools	95,463,954	95,463,954	102,973,514	(7,509,560)
Interest:				
County	41,084,356	43,780,909	39,779,727	4,001,182
Schools	69,883,557	77,823,185	62,114,357	15,708,828
Bond issuance costs and other	1,525,000	1,410,000	1,978,413	(568,413)
Total expenditures	279,686,712	290,207,893	279,346,291	10,861,602
Excess (deficiency) of revenues over (under) expenditures	(279,581,712)	(290,102,893)	(277,885,160)	12,217,733
<b>OTHER FINANCING SOURCES</b>				
General obligation bonds issued	300,000	300,000	550,830	250,830
Transfers in from:				
General Fund	274,699,824	274,699,824	274,699,824	-
Other funds	4,581,888	4,768,439	4,768,439	-
Total other financing sources	279,581,712	279,768,263	280,019,093	250,830
Net change in fund balance	-	(10,334,630)	2,133,933	12,468,563





The **Capital Projects Funds** are used to account for financial resources used for all general County construction projects other than enterprise fund construction.

Countywide Roadway Improvement Fund is no longer being used. The activities previously accounted for in this fund are now accounted for in the Transportation Improvements fund.

Contributed Roadway Improvement Fund is used to account for contributions received from developers to fund specific projects in various growth areas of the County.

Library Construction Fund is used to account for design and construction of new County libraries, renovations of existing facilities, and capital equipment expenditures authorized by voter referendum. Projects are funded from the sale of bonds.

County Construction Fund is used to account for renovations essential to the safe and efficient operation of County government buildings, facilities, and equipment. Projects are usually funded by transfers from the General Fund and aid from the State.

Capital Renewal Construction Fund is used to account for the planned replacement of County government building subsystems such as roofs, electrical systems, HVAC systems, and plumbing systems that have reached the end of their useful life cycle. Projects are funded by the General Fund.

Transportation Improvements Fund is used to account for road construction and repair authorized by voter referendum. Projects are funded primarily from the sale of bonds. Other sources of funding are developers' contributions and transfers from other funds.

Pedestrian Walkway Improvements Fund is used to account for the design and construction of sidewalks to provide safe walking conditions for public school students. The program is undertaken in cooperation with the Public School system and generally involves projects which link residential areas and public schools. Projects are funded by the General Fund.

Metro Operations and Construction Fund is used to account for subsidies to the Washington Metropolitan Area Transit Authority for Metrobus/Metrorail operations and Metrorail construction. The cost of the operations and construction is shared by all local jurisdictions in the Washington, D.C. metropolitan area.

Stormwater Management Program Fund is used to account for the planned allocation of funding by the Board of Supervisors to prioritize and implement stormwater improvement projects. In Fiscal Year 2010 a stormwater tax district was created. New activities are being accounted for in Stormwater Services Fund, projects currently in this fund will be completed or transitioned to the new fund during Fiscal Year 2011.

County Bond Construction Fund is used to account for the design and construction of commuter parking facilities and other transportation improvements, human service facilities, and adult and juvenile detention facilities. These projects are funded by the sale of bonds and Federal Transit Authority grants. In addition, County general obligation bond proceeds that are allocated to the capital projects funds of the discretely presented component units are reported as other financing sources and functional expenditures in this fund.

Public Safety Construction Fund is used to account for the funding of public safety projects, including the design and construction of fire stations, police stations, and the Public Safety Academy. Projects are funded by the sale of bonds.

Neighborhood Improvement Program Fund is used to account for public facilities improvements such as curbs, gutters, sidewalks, storm drainage, and the widening of streets. Projects are funded by the sale of bonds.

Commercial Revitalization Program Fund is used to account for the development and revitalization of commercial centers. The improvements financed through the program include moving utilities underground, sidewalk construction, street lighting, tree planting, and other pedestrian amenities. Projects are funded by the sale of bonds.

Pro Rata Drainage Construction Fund is used to account for storm drainage projects in accordance with the Pro Rata Share Program approved by the Board of Supervisors on December 16, 1991. Under this program, funding is obtained from land developers who pay a pro rata share of the total estimated cost of necessary storm drainage improvements.

Housing Assistance Program Fund is used to account for the development of low and moderate income housing and the support of public improvement projects in low and moderate income neighborhoods.

The Penny for Affordable Housing Fund is used to account for the planned allocation of funding by the Board of Supervisors to prioritize and monitor affordable housing preservation initiatives. Projects are funded by the dedication of the value of one penny of the real estate tax rate.

Northern Virginia Regional Park Authority Fund is used to account for the subsidies to a system of regional parks in the Northern Virginia area which is operated by this Authority. These community resources are supported primarily from the contributions of its member jurisdictions: the Counties of Fairfax, Loudoun, and Arlington, and the Cities of Fairfax, Alexandria, and Falls Church.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	44,389,590	3,568,882	26,935,963	21,661,693
Receivables:				
Accounts	-	-	121,125	-
Accrued interest	21,674	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	-
Restricted assets:				
Equity in pooled cash and temporary investments	-	5,048,260	-	2,854,176
<b>Total assets</b>	<b>44,411,264</b>	<b>8,617,142</b>	<b>27,057,088</b>	<b>24,515,869</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	57,352	584,487	852,351	996,348
Accrued salaries and benefits	-	-	-	-
Contract retainages	-	653,995	-	-
Accrued interest payable	-	-	1,026,351	-
Due to component units	-	-	769,489	-
Interfund payables	-	-	-	-
Deferred revenue	-	-	-	-
Performance and other deposits	4,035,549	-	3,510,132	-
<b>Total liabilities</b>	<b>4,092,901</b>	<b>1,238,482</b>	<b>6,158,323</b>	<b>996,348</b>
Fund balances:				
Reserved for:				
Encumbrances	695,578	6,599,740	4,827,627	7,233,236
Long-term loans	-	-	-	-
Certain capital projects	-	5,048,260	-	2,854,176
Unreserved (deficits)	39,622,785	(4,269,340)	16,071,138	13,432,109
<b>Total fund balances</b>	<b>40,318,363</b>	<b>7,378,660</b>	<b>20,898,765</b>	<b>23,519,521</b>
<b>Total liabilities and fund balances</b>	<b>44,411,264</b>	<b>8,617,142</b>	<b>27,057,088</b>	<b>24,515,869</b>

## EXHIBIT F

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	Stormwater Management Program	
6,326,453	739,133	-	15,099,787	<b>ASSETS</b>
-	-	-	-	Equity in pooled cash and temporary investments
-	-	-	91,859	Receivables:
-	-	-	-	Accounts
-	-	-	-	Accrued interest
864,199	347,006	-	-	Loans
-	-	-	-	Due from intergovernmental units
3,035,426	-	1,732,293	-	Restricted assets:
10,226,078	1,086,139	1,732,293	15,191,646	Equity in pooled cash and temporary investments
				<b>Total assets</b>
<b>LIABILITIES AND FUND BALANCES</b>				
1,217,468	65,636	-	1,721,258	Liabilities:
-	-	-	-	Accounts payable and accrued liabilities
256,996	800	-	68,399	Accrued salaries and benefits
-	-	-	-	Contract retainages
-	-	-	-	Accrued interest payable
-	-	-	-	Due to component units
-	-	-	-	Interfund payables
-	-	-	-	Deferred revenue
-	311,282	-	-	Performance and other deposits
1,474,464	377,718	-	1,789,657	<b>Total liabilities</b>
7,756,592	375,186	-	11,238,668	Fund balances:
-	-	-	-	Reserved for:
3,035,426	-	1,732,293	-	Encumbrances
(2,040,404)	333,235	-	2,163,321	Long-term loans
8,751,614	708,421	1,732,293	13,401,989	Certain capital projects
10,226,078	1,086,139	1,732,293	15,191,646	Unreserved (deficits)
				<b>Total fund balances</b>
				<b>Total liabilities and fund balances</b>

continued

**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

	County Bond Construction	Public Safety Construction	Neighborhood Improvement Program	Commercial Revitalization Program
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$19,033,610	42,677,684	250,939	111,648
Receivables:				
Accounts	-	-	-	-
Accrued interest	-	-	-	-
Loans	-	-	-	-
Due from intergovernmental units	-	-	-	308,142
Restricted assets:				
Equity in pooled cash and temporary investments	4,269,092	-	-	-
<b>Total assets</b>	<b>\$23,302,702</b>	<b>42,677,684</b>	<b>250,939</b>	<b>419,790</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 661,922	1,572,819	-	1,300
Accrued salaries and benefits	-	7,400	-	-
Contract retainages	433,946	225,705	-	-
Accrued interest payable	-	-	-	-
Due to component units	-	-	-	-
Interfund payables	-	1,186	-	-
Deferred revenue	28,966,050	-	-	-
Performance and other deposits	-	-	-	386,464
<b>Total liabilities</b>	<b>30,061,918</b>	<b>1,807,110</b>	<b>-</b>	<b>387,764</b>
Fund balances:				
Reserved for:				
Encumbrances	7,033,982	13,579,431	-	240,983
Long-term loans	-	-	-	-
Certain capital projects	4,269,092	-	-	-
Unreserved (deficits)	(18,062,290)	27,291,143	250,939	(208,957)
<b>Total fund balances</b>	<b>(6,759,216)</b>	<b>40,870,574</b>	<b>250,939</b>	<b>32,026</b>
<b>Total liabilities and fund balances</b>	<b>\$23,302,702</b>	<b>42,677,684</b>	<b>250,939</b>	<b>419,790</b>

**EXHIBIT F**

concluded

Pro Rata Drainage Construction	Housing Assistance Program	The Penny for Affordable Housing	Total Capital Projects Funds	
<b>ASSETS</b>				
11,741,622	90,955	5,732,779	198,360,738	Equity in pooled cash and temporary investments
-	-	-	212,984	Receivables:
-	-	1,566,383	1,588,057	Accounts
-	-	35,061,144	35,061,144	Accrued interest
-	2,225	-	1,521,572	Loans
-	-	-	16,939,247	Due from intergovernmental units
11,741,622	93,180	42,360,306	253,683,742	Restricted assets:
				Equity in pooled cash and temporary investments
				Total assets
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
317,448	27,457	25,000	8,100,846	Accounts payable and accrued liabilities
-	-	-	7,400	Accrued salaries and benefits
43,952	113,679	-	1,797,472	Contract retainages
-	-	-	1,026,351	Accrued interest payable
-	-	-	769,489	Due to component units
-	3,800,000	-	3,801,186	Interfund payables
11,249,752	-	1,566,383	41,782,185	Deferred revenue
125,700	-	-	8,369,127	Performance and other deposits
11,736,852	3,941,136	1,591,383	65,654,056	Total liabilities
Fund balances:				
Reserved for:				
1,785,288	584,829	74,727	62,025,867	Encumbrances
-	-	35,061,144	35,061,144	Long-term loans
-	-	-	16,939,247	Certain capital projects
(1,780,518)	(4,432,785)	5,633,052	74,003,428	Unreserved (deficits)
4,770	(3,847,956)	40,768,923	188,029,686	Total fund balances
11,741,622	93,180	42,360,306	253,683,742	Total liabilities and fund balances



## COUNTY OF FAIRFAX, VIRGINIA

## Capital Projects Funds

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2010

	Contributed Roadway Improvement	Library Construction	County Construction	Capital Renewal Construction
<b>REVENUES</b>				
Taxes	-	-	-	-
Intergovernmental	13,529	-	236,344	-
Charges for services	-	-	1,223,557	-
Developers' contributions	2,073,902	-	-	-
Revenue from the use of money and property	308,511	-	-	-
Recovered costs	2,950	3,514	2,068,144	53,347
Gifts, donations, and contributions	-	-	-	-
Total revenues	2,398,892	3,514	3,528,045	53,347
<b>EXPENDITURES</b>				
Current:				
General government administration	-	-	943,500	47,235
Judicial administration	-	-	247	-
Public safety	-	-	163,566	-
Public works	-	-	2,366,319	-
Health and welfare	-	-	2,566,816	-
Community development	1,758,769	-	-	-
Parks, recreation, and cultural	-	7,094	1,512,962	-
Intergovernmental:				
Community development	743,020	-	-	-
Parks, recreation, and cultural	-	-	6,507,181	-
Education - for Public Schools	-	-	-	-
Capital outlay:				
General government administration	-	-	16,165	4,890,588
Judicial administration	-	-	-	-
Public safety	-	-	198,278	252,746
Public works	-	-	140,566	-
Health and welfare	-	-	4,449,368	14,812
Community development	-	-	640,805	-
Parks, recreation, and cultural	-	12,179,154	10,315	-
Debt service:				
Principal retirement	-	-	645,000	-
Interest and other charges	-	-	413,477	-
Total expenditures	2,501,789	12,186,248	20,574,565	5,205,381
Excess (deficiency) of revenues over (under) expenditures	(102,897)	(12,182,734)	(17,046,520)	(5,152,034)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	12,410,025	7,470,000
Transfers out	(110,000)	-	(1,500,000)	-
General obligation bonds issued	-	10,200,000	-	-
Premium on general obligation bonds issued	-	-	-	-
Revenue bonds issued	-	-	-	-
Bond discounts	-	-	-	-
Total other financing sources (uses)	(110,000)	10,200,000	10,910,025	7,470,000
Net change in fund balances	(212,897)	(1,982,734)	(6,136,495)	2,317,966
Fund balances, July 1, 2009	40,531,260	9,361,394	27,035,260	21,201,555
Fund balances, June 30, 2010	40,318,363	7,378,660	20,898,765	23,519,521

## EXHIBIT F-1

Transportation Improvements	Pedestrian Walkway Improvements	Metro Operations and Construction	Stormwater Management Program	
<b>REVENUES</b>				
-	-	-	-	- Taxes
4,049,770	164,435	-	1,353,979	- Intergovernmental
-	-	-	-	- Charges for services
23,236	-	-	-	- Developers' contributions
61,761	-	-	-	- Revenue from the use of money and property
2,167	153,772	-	-	- Recovered costs
-	-	-	-	- Gifts, donations, and contributions
4,136,934	318,207	-	1,353,979	Total revenues
<b>EXPENDITURES</b>				
Current:				
-	-	-	-	- General government administration
-	-	-	-	- Judicial administration
-	-	-	-	- Public safety
11,386,423	-	-	7,639,975	- Public works
-	-	-	-	- Health and welfare
67,321	298,593	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
-	-	27,844,412	-	Intergovernmental:
-	-	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
-	-	-	-	- Education - for Public Schools
Capital outlay:				
-	-	-	-	- General government administration
-	-	-	-	- Judicial administration
-	-	-	-	- Public safety
-	-	-	894,597	- Public works
-	-	-	-	- Health and welfare
36,600	657,677	-	-	- Community development
-	-	-	-	- Parks, recreation, and cultural
Debt service:				
-	-	-	-	- Principal retirement
-	-	-	-	- Interest and other charges
11,490,344	956,270	27,844,412	8,534,572	Total expenditures
(7,353,410)	(638,063)	(27,844,412)	(7,180,593)	Excess (deficiency) of revenues over (under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>				
-	-	7,519,851	-	- Transfers in
-	-	(1,990,981)	(5,325,000)	- Transfers out
14,100,000	-	53,710,000	-	- General obligation bonds issued
-	-	2,590,000	-	- Premium on general obligation bonds issued
-	-	-	-	- Revenue bonds issued
-	-	-	-	- Bond discounts
14,100,000	-	61,828,870	(5,325,000)	Total other financing sources (uses)
6,746,590	(638,063)	33,984,458	(12,505,593)	Net change in fund balances
2,005,024	1,346,484	(32,252,165)	25,907,582	Fund balances, July 1, 2009
8,751,614	708,421	1,732,293	13,401,989	Fund balances, June 30, 2010

continued

## COUNTY OF FAIRFAX, VIRGINIA

## Capital Projects Funds

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2010

	County Bond Construction	Public Safety Construction	Neighborhood Improvement Program	Commercial Revitalization Program	Pro Rata Drainage Construction
<b>REVENUES</b>					
Taxes	\$ -	-	-	-	-
Intergovernmental	1,762,750	-	-	-	-
Charges for services	-	-	-	-	-
Developers' contributions	-	-	-	-	-
Revenue from the use of money and property	392,806	85,032	8,596	-	-
Recovered costs	-	8,472	-	1,680	4,506,173
Gifts, donations, and contributions	-	850,000	-	-	-
Total revenues	2,155,556	943,504	8,596	1,680	4,506,173
<b>EXPENDITURES</b>					
Current:					
General government administration	105,400	309	-	-	-
Judicial administration	-	1,527,559	-	-	-
Public safety	-	952,976	-	-	-
Public works	-	-	-	-	1,387,675
Health and welfare	29,504	-	-	-	-
Community development	63,579	104,397	-	216,015	-
Parks, recreation, and cultural	-	-	-	-	-
Intergovernmental:					
Community development	-	-	-	-	-
Parks, recreation, and cultural	11,500,000	-	-	-	-
Education - for Public Schools	155,000,000	-	-	-	-
Capital outlay:					
General government administration	1,436,586	535,050	-	-	-
Judicial administration	2,278,230	2,002,824	-	-	-
Public safety	-	12,830,663	-	-	-
Public works	-	-	-	-	3,118,498
Health and welfare	5,123,336	-	-	-	-
Community development	142,416	-	-	262,682	-
Parks, recreation, and cultural	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	175,679,051	17,953,778	-	478,697	4,506,173
Excess (deficiency) of revenues over (under) expenditures	(173,523,495)	(17,010,274)	8,596	(477,017)	-
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	4,695,318	2,300,000	-	-	-
Transfers out	(2,449,376)	(3,000,000)	(186,553)	-	-
General obligation bonds issued	175,998,200	13,600,000	-	-	-
Premium on general obligation bonds issued	3,663,223	-	-	-	-
Revenue bonds issued	-	-	-	-	-
Bond discounts	-	-	-	-	-
Total other financing sources (uses)	181,907,365	12,900,000	(186,553)	-	-
Net change in fund balances	8,383,870	(4,110,274)	(177,957)	(477,017)	-
Fund balances, July 1, 2009	(15,143,086)	44,980,848	428,896	509,043	4,770
Fund balances, June 30, 2010	\$ (6,759,216)	40,870,574	250,939	32,026	4,770

**EXHIBIT F-1**

concluded

Housing Assistance Program	The Penny for Affordable Housing	Northern Virginia Regional Park Authority	Total Capital Projects Funds	
<b>REVENUES</b>				
-	10,270,000	-	10,270,000	Taxes
85,356	-	-	7,666,163	Intergovernmental
-	-	-	1,223,557	Charges for services
-	-	-	2,097,138	Developers' contributions
688	3,550,555	-	4,407,949	Revenue from the use of money and property
83,517	-	-	6,883,736	Recovered costs
-	-	-	850,000	Gifts, donations, and contributions
169,561	13,820,555	-	33,398,543	Total revenues
<b>EXPENDITURES</b>				
Current:				
-	-	-	1,096,444	General government administration
-	-	-	1,527,806	Judicial administration
-	-	-	1,116,542	Public safety
-	-	-	22,780,392	Public works
-	-	-	2,596,320	Health and welfare
1,074,406	3,290,780	-	6,873,860	Community development
-	-	-	1,520,056	Parks, recreation, and cultural
Intergovernmental:				
-	-	-	28,587,432	Community development
-	-	2,700,000	20,707,181	Parks, recreation, and cultural
-	-	-	155,000,000	Education - for Public Schools
Capital outlay:				
-	-	-	6,878,389	General government administration
-	-	-	4,281,054	Judicial administration
-	-	-	13,281,687	Public safety
-	-	-	4,153,661	Public works
-	-	-	9,587,516	Health and welfare
-	-	-	1,740,180	Community development
-	-	-	12,189,469	Parks, recreation, and cultural
Debt service:				
-	2,500,000	-	3,145,000	Principal retirement
-	6,126,813	-	6,540,290	Interest and other charges
1,074,406	11,917,593	2,700,000	303,603,279	Total expenditures
(904,845)	1,902,962	(2,700,000)	(270,204,736)	Excess (deficiency) of revenues over (under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>				
515,000	1,900,000	-	36,810,194	Transfers in
(300,241)	-	-	(14,862,151)	Transfers out
-	-	2,700,000	270,308,200	General obligation bonds issued
-	-	-	6,253,223	Premium on general obligation bonds issued
-	94,950,000	-	94,950,000	Revenue bonds issued
-	(705,045)	-	(705,045)	Bond discounts
214,759	96,144,955	2,700,000	392,754,421	Total other financing sources (uses)
(690,086)	98,047,917	-	122,549,685	Net change in fund balances
(3,157,870)	(57,278,994)	-	65,480,001	Fund balances, July 1, 2009
(3,847,956)	40,768,923	-	188,029,686	Fund balances, June 30, 2010



The **Internal Service Funds** are used to account for the financing of goods or services provided by a department to another department on a cost reimbursement basis.

Vehicle Services Fund is used to account for the acquisition of certain motor vehicles and the costs associated with the operation thereof by various departments of the reporting entity.

Self-Insurance Fund is used to account for the costs associated with providing coverage to the County for losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and citizens, and natural disasters; with managing claims pertaining thereto; and with operating various loss-prevention, safety, and rehabilitation programs.

Document Services Fund is used to account for the costs associated with providing printing, copying, and micrographic services to various departments of the reporting entity.

Technology Infrastructure Services Fund is used to account for the costs associated with providing data center and network services to County departments through the operation and maintenance of a mainframe computer, data communications equipment, and radio networks.

Health Benefits Fund is used to account for the provision of a comprehensive health insurance benefits program to County employees.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Internal Service Funds**  
**Combining Statement of Net Assets**  
**June 30, 2010**

	Vehicle Services	Self- Insurance	Document Services
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 52,133,694	41,647,398	3,417,122
Accounts receivable	4,550	-	-
Accrued interest receivable	-	21,191	-
Interfund receivables	-	-	-
Inventories of supplies	1,788,132	-	-
Prepaid and other assets	-	-	-
Total current assets	53,926,376	41,668,589	3,417,122
Long-term assets:			
Restricted assets - Cash with fiscal agents	-	187,000	-
Capital assets:			
Non-depreciable/non-amortizable:			
Land	1,938,688	-	-
Construction in progress	1,341,672	-	-
Equipment under construction	1,030,742	-	-
Depreciable/amortizable:			
Equipment	85,739,509	-	5,252,798
Buildings and improvements	18,029,207	-	-
Accumulated depreciation/amortization	(63,185,038)	-	(799,090)
Total capital assets, net	44,894,780	-	4,453,708
Total long-term assets	44,894,780	187,000	4,453,708
Total assets	98,821,156	41,855,589	7,870,830
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	4,053,932	208,634	976,096
Accrued salaries and benefits	960,934	61,246	48,740
Contract Retainage	21,716	-	-
Interfund payables	314,544	16,968	14,303
Deferred revenue	-	-	-
Compensated absences payable	1,127,936	58,957	49,687
Obligations under capital leases	-	-	1,017,415
Insurance and benefit claims payable	-	11,374,400	-
Total current liabilities	6,479,062	11,720,205	2,106,241
Long-term liabilities:			
Compensated absences payable	1,019,303	5,905	31,064
Obligations under capital leases	-	-	3,341,372
Insurance and benefit claims payable	-	23,005,209	-
Total long-term liabilities	1,019,303	23,011,114	3,372,436
Total liabilities	7,498,365	34,731,319	5,478,677
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	44,894,780	-	4,453,708
Unrestricted	46,428,011	7,124,270	(2,061,555)
Total net assets	\$ 91,322,791	7,124,270	2,392,153

## EXHIBIT G

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>ASSETS</b>			
Current assets:			
7,796,122	41,111,674	146,106,010	Equity in pooled cash and temporary investments
159	94,765	99,474	Accounts receivable
-	20,590	41,781	Accrued interest receivable
-	1,303,160	1,303,160	Interfund receivables
-	-	1,788,132	Inventories of supplies
255,260	-	255,260	Prepaid and other assets
8,051,541	42,530,189	149,593,817	Total current assets
Long-term assets:			
-	-	187,000	Restricted assets - Cash with fiscal agents
Capital assets:			
Non-depreciable/non-amortizable:			
-	-	1,938,688	Land
-	-	1,341,672	Construction in progress
220,244	-	1,250,986	Equipment under construction
Depreciable/amortizable:			
19,947,121	-	110,939,428	Equipment
873,642	-	18,902,849	Buildings and improvements
(14,387,577)	-	(78,371,705)	Accumulated depreciation/amortization
6,653,430	-	56,001,918	Total capital assets, net
6,653,430	-	56,188,918	Total long-term assets
14,704,971	42,530,189	205,782,735	Total assets
<b>LIABILITIES</b>			
Current liabilities:			
1,015,253	1,152,908	7,406,823	Accounts payable and accrued liabilities
361,881	2,006	1,434,807	Accrued salaries and benefits
-	-	21,716	Contract Retainage
87,899	-	433,714	Interfund payables
-	1,075,792	1,075,792	Deferred revenue
505,081	-	1,741,661	Compensated absences payable
-	-	1,017,415	Obligations under capital leases
-	12,826,006	24,200,406	Insurance and benefit claims payable
1,970,114	15,056,712	37,332,334	Total current liabilities
Long-term liabilities:			
342,138	-	1,398,410	Compensated absences payable
-	-	3,341,372	Obligations under capital leases
-	-	23,005,209	Insurance and benefit claims payable
342,138	-	27,744,991	Total long-term liabilities
2,312,252	15,056,712	65,077,325	Total liabilities
<b>NET ASSETS</b>			
6,653,430	-	56,001,918	Invested in capital assets, net of related debt
5,739,289	27,473,477	84,703,492	Unrestricted
12,392,719	27,473,477	140,705,410	Total net assets



## COUNTY OF FAIRFAX, VIRGINIA

## Internal Service Funds

## Combining Statement of Revenues, Expenses, and Changes in Net Assets

For the fiscal year ended June 30, 2010

	Vehicle Services	Self- Insurance	Document Services
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 65,703,057	16,251,151	3,475,115
Recovered costs	76,940	-	-
Total operating revenues	65,779,997	16,251,151	3,475,115
<b>OPERATING EXPENSES:</b>			
Personnel services	18,450,121	1,080,127	883,347
Materials and supplies	367,778	75,916	769,713
Equipment operation and maintenance	35,087,864	5,411	2,474,686
Risk financing and benefit payments	-	17,955,910	-
Depreciation and amortization	7,942,771	-	70,279
Professional consultant and contractual services	259,773	229,088	1,569,984
Other	82,695	63,109	3,836
Total operating expenses	62,191,002	19,409,561	5,771,845
Operating income (loss)	3,588,995	(3,158,410)	(2,296,730)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	267,577	-
Interest expense	-	-	(33,804)
Gain (loss) on disposal of capital assets	80,292	-	(171,017)
Total nonoperating revenues (expenses)	80,292	267,577	(204,821)
Income (loss) before operating transfers and contributions	3,669,287	(2,890,833)	(2,501,551)
Capital contributions	191,843	-	-
Transfers in	-	-	2,398,233
Transfers out	(6,695,318)	-	-
Change in net assets	(2,834,188)	(2,890,833)	(103,318)
Total net assets, July 1, 2009	94,156,979	10,015,103	2,495,471
Total net assets, June 30, 2010	\$ 91,322,791	7,124,270	2,392,153

## EXHIBIT G-1

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>OPERATING REVENUES:</b>			
26,396,829	110,343,951	222,170,103	Charges for services
-	-	76,940	Recovered costs
26,396,829	110,343,951	222,247,043	Total operating revenues
<b>OPERATING EXPENSES:</b>			
6,279,631	-	26,693,226	Personnel services
315,184	3,219	1,531,810	Materials and supplies
12,082,786	97,907	49,748,654	Equipment operation and maintenance
-	103,338,612	121,294,522	Risk financing and benefit payments
2,691,566	-	10,704,616	Depreciation and amortization
3,699,785	65,440	5,824,070	Professional consultant and contractual services
43,370	7,873,544	8,066,554	Other
25,112,322	111,378,722	223,863,452	Total operating expenses
1,284,507	(1,034,771)	(1,616,409)	Operating income (loss)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
-	233,011	500,588	Interest revenue
-	-	(33,804)	Interest expense
(52,071)	-	(142,796)	Gain (loss) on disposal of capital assets
(52,071)	233,011	323,988	Total nonoperating revenues (expenses)
1,232,436	(801,760)	(1,292,421)	Income (loss) before operating transfers and contributions
-	-	191,843	Capital contributions
1,814,103	-	4,212,336	Transfers in
(4,610,443)	-	(11,305,761)	Transfers out
(1,563,904)	(801,760)	(8,194,003)	Change in net assets
13,956,623	28,275,237	148,899,413	Total net assets, July 1, 2009
12,392,719	27,473,477	140,705,410	Total net assets, June 30, 2010

**COUNTY OF FAIRFAX, VIRGINIA**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the fiscal year ended June 30, 2010**

	Vehicle Services	Self- Insurance	Document Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from interfund services provided	\$ 65,775,447	16,251,151	3,477,602
Payments to suppliers and contractors	(27,387,944)	-	(4,384,829)
Payments to employees	(18,398,951)	(1,086,043)	(902,248)
Claims and benefits paid	-	(16,888,578)	-
Payments for interfund services used	(6,001,644)	(373,525)	-
Net cash provided (used) by operating activities	13,986,908	(2,096,995)	(1,809,475)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(6,695,318)	-	-
Transfers from other funds	-	-	2,398,233
Net cash provided by noncapital financing activities	(6,695,318)	-	2,398,233
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Proceeds from sale of capital assets	360,581	-	-
Purchase of capital assets	(8,538,632)	-	-
Principal payments on obligations under capital leases	-	-	(298,796)
Interest payments on obligations under capital leases	-	-	(33,804)
Net cash (used) by capital and related financing activities	(8,178,051)	-	(332,600)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	-	334,728	-
Net cash provided by investing activities	-	334,728	-
Net increase (decrease) in cash and cash equivalents	(886,461)	(1,762,267)	256,158
Cash and cash equivalents, July 1, 2009	53,020,155	43,596,665	3,160,964
Cash and cash equivalents, June 30, 2010	\$ 52,133,694	41,834,398	3,417,122
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 3,588,995	(3,158,410)	(2,296,730)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	7,942,771	-	70,279
Change in assets and liabilities:			
(Increase) Decrease in accounts receivable	(4,550)	-	2,487
(Increase) in interfund receivables	-	-	-
(Increase) decrease in inventories of supplies	(201,668)	-	-
(Increase) in other assets	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	2,628,062	1,067,332	433,390
Increase (decrease) in accrued salaries and benefits	32,295	(6,923)	(16,124)
Increase (decrease) in contract retainage	(17,871)	-	-
Increase (decrease) in interfund payables	18,874	1,006	(2,777)
Total adjustments to operating income (loss)	10,397,913	1,061,415	487,255
Net cash provided (used) by operating activities	\$ 13,986,908	(2,096,995)	(1,809,475)
<b>Noncash capital and financing activities:</b>			
Capital contributions - equipment	\$ 191,843	-	-

## EXHIBIT G-2

Technology Infrastructure Services	Health Benefits	Total Internal Service Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
26,142,066	110,067,876	221,714,142	Receipts from interfund services provided
(16,893,888)	(4,767,266)	(53,433,927)	Payments to suppliers and contractors
(6,216,861)	-	(26,604,103)	Payments to employees
-	(106,635,160)	(123,523,738)	Claims and benefits paid
-	-	(6,375,169)	Payments for interfund services used
3,031,317	(1,334,550)	11,777,205	Net cash provided (used) by operating activities
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
(4,610,443)	-	(11,305,761)	Transfers to other funds
1,814,103	-	4,212,336	Transfers from other funds
(2,796,340)	-	(7,093,425)	Net cash provided by noncapital financing activities
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
-	-	360,581	Proceeds from sale of capital assets
(1,317,300)	-	(9,855,932)	Purchase of capital assets
-	-	(298,796)	Principal payments on obligations under capital leases
-	-	(33,804)	Interest payments on obligations under capital leases
(1,317,300)	-	(9,827,951)	Net cash (used) by capital and related financing activities
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
-	305,895	640,623	Interest received
-	305,895	640,623	Net cash provided by investing activities
(1,082,323)	(1,028,655)	(4,503,548)	Net increase (decrease) in cash and cash equivalents
8,878,445	42,140,329	150,796,558	Cash and cash equivalents, July 1, 2009
7,796,122	41,111,674	146,293,010	Cash and cash equivalents, June 30, 2010
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
1,284,507	(1,034,771)	(1,616,409)	Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
2,691,566	-	10,704,616	Depreciation and amortization
Change in assets and liabilities:			
497	(45,033)	(46,599)	(Increase) Decrease in accounts receivable
-	(231,042)	(231,042)	(Increase) in interfund receivables
43,302	-	(158,366)	(Increase) decrease in inventories of supplies
(255,260)	-	(255,260)	(Increase) in other assets
(796,064)	(24,922)	3,307,798	Increase (decrease) in accounts payable and accrued liabilities
57,528	1,218	67,994	Increase (decrease) in accrued salaries and benefits
-	-	(17,871)	Increase (decrease) in Contract retainage
5,241	-	22,344	Increase (decrease) in interfund payables
1,746,810	(299,779)	13,393,614	Total adjustments to operating income (loss)
3,031,317	(1,334,550)	11,777,205	Net cash provided (used) by operating activities
<b>Noncash capital and financing activities:</b>			
-	-	191,843	Capital contributions - equipment

The **Fiduciary Funds** are used to account for assets held by the County in a trustee or agency capacity and include the pension trust funds and agency funds. Pension trust funds account for assets held by the County under terms of a formal trust agreement. Agency funds are custodial in nature and are maintained to account for funds received and disbursed by the County on behalf of various organizations.

Pension Trust Funds are used to account for employee retirement systems that provide pension benefits for various classes of County employees. The County maintains three employee retirement funds: the Uniformed Retirement Fund, the Employees' Retirement Fund, and the Police Officers Retirement Fund.

OPEB Trust Fund is used to account for the costs of other post-employment benefits, including health care, life insurance, and other non-pension benefits offered to retirees. The establishment of a trust fund allows the County to capture long-term investment returns, make progress towards reducing the unfunded actuarial liability, and pre-fund the cost of post-employment health care and other non-pension benefits.

Sanitary Reimbursement Fund is an agency fund used to account for the collection of contributions from beneficiary developers toward the construction of major sewer lines and the reimbursement of these funds to the primary developers.

Special Welfare Fund is an agency fund used to account for regular assistance payments to recipients in the Aid to Dependent Children Program. These funds include money from the State, individuals, organizations, and churches.

Resource Recovery Fund is an agency fund used to account for certain assets of the commercial entity that operates the mass burn facility located near Interstate 95. This is the fund of the Fairfax County Solid Waste Authority, a blended component unit.

Vienna/Huntington Metrorail Fund is an agency fund used to account for certain funds related to the construction and operation of parking facilities at WMATA's Vienna and Huntington Metrorail Stations.

State Taxes Fund is an agency fund used to account for the collection of sheriff's fees and the subsequent remittances to the Commonwealth of Virginia.

Route 28 Fund is an agency fund used to account for the collection of assessments on certain industrial and commercial properties for transportation improvements to Route 28 and the subsequent remittances of these funds to the Commonwealth of Virginia.

Lake Barcroft Fund is an agency fund used to account for the collection of special assessments from certain property owners for the maintenance of Lake Barcroft and the subsequent remittances of these funds to the Commonwealth of Virginia.

Toll Road Violations Fund is an agency fund used to account for the collection of toll road violation fees and the subsequent remittances to Metropolitan Washington Airports Authority.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Trust Funds**  
**Combining Statement of Plan Net Assets**  
**June 30, 2010**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 1,196,908	2,424,246	2,214,320
Cash collateral for securities lending	65,466,436	240,117,512	41,571,731
Contributions receivable	3,792,660	5,971,618	2,448,777
Accrued interest and dividends receivable	2,528,233	9,302,303	2,914,904
Receivable from sale of pension investments	32,668,690	81,778,084	2,290,722
Due from intergovernmental units	-	-	-
Prepaid and other assets	6,746	31,484	6,746
Currency Fluctuations	996,351	1,457,459	10,489
Investments, at fair value:			
U.S. Government securities	16,194,403	56,581,657	27,888,633
Asset-backed securities	96,475,333	175,135,048	89,487,303
Corporate and other bonds	85,788,454	311,956,219	80,440,599
Common and preferred stock	229,792,313	692,674,528	254,314,439
Short-term investments	47,943,193	213,005,951	20,217,042
Investment in pooled funds	513,334,306	1,044,034,577	360,051,989
Total assets	1,096,184,026	2,834,470,686	883,857,694
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,764,798	4,564,902	1,509,165
Accrued salaries and benefits	20,358	95,005	20,358
Interfund payable	5,564	25,968	5,564
Payable for purchase of pension investments	37,854,330	120,587,209	4,717,820
Liabilities for collateral received under securities lending agreements	65,466,436	240,117,512	41,571,731
Total liabilities	105,111,486	365,390,596	47,824,638
<b>NET ASSETS</b>			
Held in trust for pension/OPEB benefits	\$ 991,072,540	2,469,080,090	836,033,056

## EXHIBIT H

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
5,835,474	1,945,834	7,781,308	<b>ASSETS</b>
347,155,679	-	347,155,679	Equity in pooled cash and temporary investments
12,213,055	-	12,213,055	Cash collateral for securities lending
14,745,440	3,369	14,748,809	Contributions receivable
116,737,496	-	116,737,496	Accrued interest and dividends receivable
-	240,000	240,000	Receivable from sale of pension investments
44,976	-	44,976	Due from intergovernmental units
2,464,299	-	2,464,299	Prepaid and other assets
			Currency Fluctuations
			Investments, at fair value:
100,664,693	-	100,664,693	U.S. Government securities
361,097,684	-	361,097,684	Asset-backed securities
478,185,272	-	478,185,272	Corporate and other bonds
1,176,781,280	-	1,176,781,280	Common and preferred stock
281,166,186	-	281,166,186	Short-term investments
1,917,420,872	60,473,465	1,977,894,337	Investment in pooled funds
4,814,512,406	62,662,668	4,877,175,074	Total assets
			<b>LIABILITIES</b>
7,838,865	1,170	7,840,035	Accounts payable and accrued liabilities
135,721	6,175	141,896	Accrued salaries and benefits
37,096	1,831	38,927	Interfund payable
163,159,359	-	163,159,359	Payable for purchase of pension investments
			Liabilities for collateral received under securities
347,155,679	-	347,155,679	lending agreements
518,326,720	9,176	518,335,896	Total liabilities
			<b>NET ASSETS</b>
4,296,185,686	62,653,492	4,358,839,178	Held in trust for pension/OPEB benefits



**COUNTY OF FAIRFAX, VIRGINIA**  
**Trust Funds**  
**Combining Statement of Changes in Plan Net Assets**  
**For the fiscal year ended June 30, 2010**

	Uniformed Retirement	Employees' Retirement	Police Officers Retirement
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 40,771,184	64,069,102	23,766,626
Plan members	11,094,505	31,733,516	10,389,241
Other	-	-	-
Total contributions	51,865,689	95,802,618	34,155,867
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	111,915,052	435,709,807	117,199,966
Interest	16,964,937	63,232,101	21,242,644
Dividends	6,478,638	17,500,578	7,745,428
Total income from investment activities	135,358,627	516,442,486	146,188,038
Less investment activities expenses:			
Management fees	3,811,727	9,253,414	2,819,777
Other	432,840	975,453	397,594
Total investment activities expenses	4,244,567	10,228,867	3,217,371
Net income from investment activities	131,114,060	506,213,619	142,970,667
From securities lending activities:			
Securities lending income	262,156	323,466	163,000
Less securities lending expenses:			
Borrower rebates	(14,403)	97,287	(20,686)
Management fees	70,351	274,227	46,586
Total securities lending activities expenses	55,948	371,514	25,900
Net income from securities lending activities	206,208	(48,048)	137,100
Net investment income	131,320,268	506,165,571	143,107,767
Total additions	183,185,957	601,968,189	177,263,634
<b>DEDUCTIONS</b>			
Benefits	58,356,915	166,271,110	47,096,822
Refunds of contributions	597,955	4,075,162	406,863
Administrative expenses	345,766	1,593,223	349,179
Total deductions	59,300,636	171,939,495	47,852,864
Net increase	123,885,321	430,028,694	129,410,770
Net assets, July 1, 2009	867,187,219	2,039,051,396	706,622,286
Net assets, June 30, 2010	\$ 991,072,540	2,469,080,090	836,033,056

## EXHIBIT H-1

Total Pension Trust Funds	OPEB Trust Fund	Total Trust Funds	
128,606,912	17,771,000	146,377,912	<b>ADDITIONS</b>
53,217,262	-	53,217,262	Contributions:
-	1,249,630	1,249,630	Employer
181,824,174	19,020,630	200,844,804	Plan members
			Other
			Total contributions
			Investment income:
664,824,825	6,050,332	670,875,157	From investment activities:
101,439,682	28,755	101,468,437	Net appreciation in fair value of investments
31,724,644	-	31,724,644	Interest
797,989,151	6,079,087	804,068,238	Dividends
			Total income from investment activities
15,884,918	59,234	15,944,152	Less investment activities expenses:
1,805,887	500	1,806,387	Management fees
17,690,805	59,734	17,750,539	Other
780,298,346	6,019,353	786,317,699	Total investment activities expenses
			Net income from investment activities
748,622	-	748,622	From securities lending activities:
			Securities lending income
62,198	-	62,198	Less securities lending expenses:
391,164	-	391,164	Borrower rebates
453,362	-	453,362	Management fees
295,260	-	295,260	Total securities lending activities expenses
780,593,606	6,019,353	786,612,959	Net income from securities lending activities
962,417,780	25,039,983	987,457,763	Net investment income
			Total additions
271,724,847	14,040,565	285,765,412	<b>DEDUCTIONS</b>
5,079,980	-	5,079,980	Benefits
2,288,168	138,701	2,426,869	Refunds of contributions
279,092,995	14,179,266	293,272,261	Administrative expenses
683,324,785	10,860,717	694,185,502	Total deductions
3,612,860,901	51,792,775	3,664,653,676	Net increase
4,296,185,686	62,653,492	4,358,839,178	Net assets, July 1, 2009
			Net assets, June 30, 2010

## COUNTY OF FAIRFAX, VIRGINIA

## Agency Funds

## Combining Statement of Fiduciary Assets and Liabilities

June 30, 2010

	Sanitary Reimbursement	Special Welfare	Resource Recovery	Vienna/ Huntington Metrorail
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 1,808,724	576,650	-	-
Accounts receivable	-	-	-	-
Accrued interest and dividends receivable	883	55	-	-
Investments, at fair value:				
U.S. Government and agency securities	-	-	29,879,393	1,464,467
Money market funds	-	-	1,750,678	878,908
Total assets	1,809,607	576,705	31,630,071	2,343,375
<b>LIABILITIES</b>				
Liabilities under reimbursement agreements	1,809,607	576,705	31,630,071	2,343,375
Total liabilities	\$ 1,809,607	576,705	31,630,071	2,343,375

## EXHIBIT H-2

State Taxes	Route 28	Lake Barcroft	Total Agency Funds	
<b>ASSETS</b>				
20,480	345	-	2,406,199	Equity in pooled cash and temporary investments
-	128,723	2,554	131,277	Accounts receivable
-	-	-	938	Accrued interest and dividends receivable
				Investments, at fair value:
-	-	-	31,343,860	U.S. Government and agency securities
-	-	-	2,629,586	Money market funds
20,480	129,068	2,554	36,511,860	Total assets
<b>LIABILITIES</b>				
20,480	129,068	2,554	36,511,860	Liabilities under reimbursement agreements
20,480	129,068	2,554	36,511,860	Total liabilities

## COUNTY OF FAIRFAX, VIRGINIA

## Agency Funds

## Combining Statement of Changes in Assets and Liabilities

For the fiscal year ended June 30, 2010

	Balances June 30, 2009	Additions	Deductions	Balances June 30, 2010
<b>Sanitary Reimbursement</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	\$ 1,791,750	17,661	687	1,808,724
Accrued interest receivable	3,638	883	3,638	883
Total assets	1,795,388	18,544	4,325	1,809,607
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	1,795,388	18,544	4,325	1,809,607
Total liabilities	1,795,388	18,544	4,325	1,809,607
<b>Special Welfare</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	633,019	880,621	936,990	576,650
Accrued interest receivable	946	55	946	55
Total assets	633,965	880,676	937,936	576,705
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	633,965	880,676	937,936	576,705
Total liabilities	633,965	880,676	937,936	576,705
<b>Resource Recovery</b>				
<b>Assets:</b>				
Investments	30,248,672	22,592,717	21,211,318	31,630,071
Total assets	30,248,672	22,592,717	21,211,318	31,630,071
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	30,248,672	22,592,717	21,211,318	31,630,071
Total liabilities	30,248,672	22,592,717	21,211,318	31,630,071
<b>Vienna/Huntington Metrorail</b>				
<b>Assets:</b>				
Investments	4,416,266	7,888,672	9,961,563	2,343,375
Total assets	4,416,266	7,888,672	9,961,563	2,343,375
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	4,416,266	7,888,672	9,961,563	2,343,375
Total liabilities	4,416,266	7,888,672	9,961,563	2,343,375
<b>State Taxes</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	106,708	1,010,146	1,096,374	20,480
Total assets	106,708	1,010,146	1,096,374	20,480
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	106,708	1,010,146	1,096,374	20,480
Total liabilities	106,708	1,010,146	1,096,374	20,480
<b>Route 28</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	7,178	11,534,694	11,541,527	345
Accounts receivable	161,562	-	32,839	128,723
Total assets	168,740	11,534,694	11,574,366	129,068
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	168,740	11,534,694	11,574,366	129,068
Total liabilities	\$ 168,740	11,534,694	11,574,366	129,068

## EXHIBIT H-3

	Balances June 30, 2009	Additions	Deductions	Balances June 30, 2010
<b>Lake Barcroft</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	\$ -	867,084	867,084	-
Accounts receivable	243	2,311	-	2,554
Total assets	243	869,395	867,084	2,554
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	243	869,395	867,084	2,554
Total liabilities	243	869,395	867,084	2,554
<b>Toll Road Violations Penalties</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	8,432	107,759	116,191	-
Total assets	8,432	107,759	116,191	-
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	8,432	107,759	116,191	-
Total liabilities	8,432	107,759	116,191	-
<b>Total Agency Funds:</b>				
<b>Assets:</b>				
Equity in pooled cash and temporary investments	2,547,087	14,417,965	14,558,853	2,406,199
Investments	34,664,938	30,481,389	31,172,881	33,973,446
Accounts receivable	161,805	2,311	32,839	131,277
Accrued interest receivable	4,584	938	4,584	938
Total assets	37,378,414	44,902,603	45,769,157	36,511,860
<b>Liabilities:</b>				
Liabilities under reimbursement agreements	37,378,414	44,902,603	45,769,157	36,511,860
Total liabilities	\$ 37,378,414	44,902,603	45,769,157	36,511,860



The **Capital Assets** schedules report assets that have been acquired for the activities of the governmental funds. The costs of such assets are recorded as expenditures in the General Fund, special revenue funds, and capital projects funds upon acquisition.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source (1)**  
**June 30, 2010**

**EXHIBIT I**

	Governmental Funds
<b>Governmental funds capital assets:</b>	
Land	\$ 412,972,385
Easements	7,010,430
Equipment	254,695,984
Library collections	77,437,722
Buildings	1,198,177,012
Improvements	117,049,691
Infrastructure	579,719,307
Construction in progress	64,160,056
Capital equipment under construction	12,704,333
Software in development	20,264,490
Total governmental funds capital assets	<u>2,647,062,531</u>
<b>Investments in governmental funds capital assets by source:</b>	
General fund	1,063,222,417
Special revenue funds	272,598,902
Capital projects funds	1,206,333,271
Gifts and donations	202,036,820
Total governmental funds capital assets	<u>\$ 2,744,191,410</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity (1)**  
**June 30, 2010**

Function and Activity	Land	Easements	Equipment	Library Collections
<b>General government administration:</b>				
Legislative	\$ 103,668,774	1,487,000	-	-
General and financial administration	18,756,106	-	35,319,818	-
Board of Elections	-	-	146,889	-
Total general government administration	122,424,880	1,487,000	35,466,707	-
<b>Judicial administration:</b>				
Courts	-	-	917,583	-
Commonwealth's Attorney	61,298	-	406,283	-
Total judicial administration	61,298	-	1,323,866	-
<b>Public safety:</b>				
Law enforcement	1,425,806	-	33,202,212	-
Fire and rescue services	8,781,652	-	22,671,941	-
Correction and detention	-	-	431,587	-
Inspections	-	-	1,518,916	-
Other protection	4,766,000	158,060	19,924,008	-
Total public safety	14,973,458	158,060	77,748,664	-
<b>Public works:</b>				
Maintenance of streets, roads, and bridges	890,000	177,798	3,707,133	-
Sanitation and waste removal	103,877,170	-	37,468,231	-
Maintenance of buildings and grounds	958,660	-	2,029,893	-
Total public works	105,725,830	177,798	43,205,257	-
<b>Health and welfare:</b>				
Health	4,545,842	-	2,515,425	-
Mental health and mental retardation	1,920,869	207,800	778,418	-
Welfare/social services	-	-	987,780	-
Total health and welfare	6,466,711	207,800	4,281,623	-
<b>Community development:</b>				
Planning and community development	152,311,829	4,951,022	90,371,585	-
Environmental management	-	-	374,750	-
Cooperative extension program	-	-	-	-
Total community development	152,311,829	4,951,022	90,746,335	-
<b>Parks, recreation, and cultural:</b>				
Parks and recreation	1,504,046	-	1,161,111	-
Library	9,504,333	28,750	762,421	77,437,722
Total parks, recreation, and cultural	11,008,379	28,750	1,923,532	77,437,722
<b>Total functional capital assets in governmental funds</b>	<b>\$ 412,972,385</b>	<b>7,010,430</b>	<b>254,695,984</b>	<b>77,437,722</b>

## EXHIBIT I-1

Buildings	Improvements	Infrastructure	Total	Function and Activity
<b>General government administration:</b>				
79,011,535	5,937,113	-	190,104,422	Legislative
129,647,488	2,023,665	350,030	186,097,107	General and financial administration
-	-	-	146,889	Board of Elections
208,659,023	7,960,778	350,030	376,348,418	Total general government administration
<b>Judicial administration:</b>				
8,126,366	6,042	-	9,049,991	Courts
39,247,024	131,052	-	39,845,657	Commonwealth's Attorney
47,373,390	137,094	-	48,895,648	Total judicial administration
<b>Public safety:</b>				
105,289,000	2,462,437	-	142,379,455	Law enforcement
63,087,467	3,193,876	-	97,734,936	Fire and rescue services
232,473,857	4,948,268	20,708,000	258,561,712	Correction and detention
-	-	-	1,518,916	Inspections
452,493	1,650,026	-	26,950,587	Other protection
401,302,817	12,254,607	20,708,000	527,145,606	Total public safety
<b>Public works:</b>				
119,976,764	24,648,622	434,662,035	584,062,352	Maintenance of streets, roads, and bridges
3,536,895	2,743,454	-	147,625,750	Sanitation and waste removal
42,493	1,244,404	-	4,275,450	Maintenance of buildings and grounds
123,556,152	28,636,480	434,662,035	735,963,552	Total public works
<b>Health and welfare:</b>				
60,965,474	1,723,432	-	69,750,173	Health
27,328,140	428,468	-	30,663,695	Mental health and mental retardation
2,494,973	353,115	-	3,835,868	Welfare/social services
90,788,587	2,505,015	-	104,249,736	Total health and welfare
<b>Community development:</b>				
211,183,113	49,419,239	123,879,476	632,116,264	Planning and community development
-	-	-	374,750	Environmental management
-	1,299,107	-	1,299,107	Cooperative extension program
211,183,113	50,718,346	123,879,476	633,790,121	Total community development
<b>Parks, recreation, and cultural:</b>				
35,404,587	13,344,039	-	51,413,783	Parks and recreation
79,909,343	1,493,332	119,766	169,255,667	Library
115,313,930	14,837,371	119,766	220,669,450	Total parks, recreation, and cultural
<b>Total functional capital assets in governmental funds</b>				
1,198,177,012	117,049,691	579,719,307	2,647,062,531	
			12,704,333	Capital equipment under construction
			64,160,056	Construction in progress
			20,264,490	Software in development
			2,744,191,410	<b>Total governmental funds capital assets</b>

**COUNTY OF FAIRFAX, VIRGINIA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity (1)**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT I-2**

Function and Activity	Capital Assets June 30, 2009	Additions	Deletions	Capital Assets June 30, 2010
<b>General government administration:</b>				
Legislative	\$ 193,659,179	-	3,554,757	190,104,422
General and financial administration	184,628,384	3,071,903	1,603,180	186,097,107
Board of Elections	146,889	-	-	146,889
Total general government administration	378,434,452	3,071,903	5,157,937	376,348,418
<b>Judicial administration:</b>				
Courts	1,988,123	7,274,919	213,051	9,049,991
Commonwealth's Attorney	40,006,400	-	160,743	39,845,657
Total judicial administration	41,994,523	7,274,919	373,794	48,895,648
<b>Public safety:</b>				
Law enforcement	143,865,013	629,952	2,115,510	142,379,455
Fire and rescue services	100,191,831	681,781	3,138,676	97,734,936
Correction and detention	257,838,590	734,630	11,508	258,561,712
Inspections	1,503,393	20,900	5,377	1,518,916
Other protection	25,424,240	1,526,347	-	26,950,587
Total public safety	528,823,067	3,593,610	5,271,071	527,145,606
<b>Public works:</b>				
Maintenance of streets, roads, and bridges	558,041,116	26,271,916	250,680	584,062,352
Sanitation and waste removal	143,741,871	7,456,957	3,573,078	147,625,750
Maintenance of buildings and grounds	4,275,491	8,630	8,671	4,275,450
Total public works	706,058,478	33,737,503	3,832,429	735,963,552
<b>Health and welfare:</b>				
Health	69,475,233	381,565	106,625	69,750,173
Mental health and intellectual disability	21,099,424	9,606,115	41,844	30,663,695
Welfare/social services	4,551,417	127,402	842,951	3,835,868
Total health and welfare	95,126,074	10,115,082	991,420	104,249,736
<b>Community development:</b>				
Planning and community development	611,005,650	23,591,109	2,480,495	632,116,264
Environmental management	393,394	-	18,644	374,750
Cooperative extension program	1,299,107	-	-	1,299,107
Total community development	612,698,151	23,591,109	2,499,139	633,790,121
<b>Parks, recreation, and cultural:</b>				
Parks and recreation	31,666,847	22,025,308	2,278,372	51,413,783
Library	166,040,756	3,342,250	127,339	169,255,667
Total parks, recreation, and cultural	197,707,603	25,367,558	2,405,711	220,669,450
Total general fixed assets allocated to functions	2,560,842,348	106,751,684	20,531,501	2,647,062,531
Equipment under construction	8,909,328	5,556,386	1,761,381	12,704,333
Construction in progress	69,626,444	47,984,017	53,450,405	64,160,056
Software in progress	-	20,264,490	-	20,264,490
Total governmental funds capital assets	\$ 2,639,378,120	180,556,577	75,743,287	2,744,191,410

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. The capital assets of internal service funds are included as governmental activities in the statement of net assets.



**Fairfax County Public Schools** (Public Schools) is responsible for elementary and secondary education within the County. The School Board is elected by County voters. Public Schools is fiscally dependent on the County in that its operations are funded primarily by payments from the County's General Fund, and the County issues general obligation debt to fund Public Schools capital projects.

General Fund is used to account for expenditures to operate, maintain, and support Public Schools' programs. Its primary sources of revenues are Federal and State Aid and payments from the County's General Fund.

Food and Nutrition Services Fund is a special revenue fund used to account for the provision of student breakfasts, snacks, and lunches. Primary sources of revenues are Federal and State Aid and receipts from food sales.

Grants and Self-Supporting Programs Fund is a special revenue fund used to account for federal, state, non-profit, and private industry grants that support the Instructional Services, Student Services, Special Education, and Information Technology programs.

Adult and Community Education Fund is a special revenue fund used to account for programs pertaining to basic skills education, high school completion, English as a second language, apprenticeship and occupation skills instruction, family literacy, driver education, SAT preparation, and business contracts.

Capital Projects Fund is used to account for the renovation, expansion, and new construction of school facilities as authorized by voter referendum and for other capital expenditures. Projects are funded primarily by proceeds from the sale of County general obligation bonds.

Central Procurement Fund is an internal service fund used to account for the centrally procured orders of textbooks, supplies, and equipment and their issuance to individual schools and offices.

Health Benefits Trust Fund is an internal service fund used to account for the provision of a comprehensive health insurance benefits program to Public Schools' employees.

Insurance Fund is an internal service fund that is used to account for the Public Schools' casualty liability obligations, including the provision of worker's compensation benefits in the form of medical and disability payments to Public Schools' employees who sustain occupational injuries.

Pension Trust Fund is used to account for the Educational Employees' Supplementary Retirement System, which provides pension benefits for Public Schools' employees.

OPEB Trust Fund is used to account for a single-employer other post-employment defined benefit plan.

Student Activity Fund is an agency fund that is used to account for the funds derived from various extracurricular school activities.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Balance Sheet - Governmental Funds**  
**June 30, 2010**

		Nonmajor Governmental		
			Special Revenue	
	General Fund	Capital Projects Fund	Food and Nutrition Services	Grants and Self-Supporting Programs
<b>ASSETS</b>				
Equity in pooled cash and temporary investments	\$ 269,904,470	48,266,645	14,315,291	426,307
Receivables:				
Accounts	9,550	-	132,560	-
Accrued interest	-	-	6,638	35
Due from intergovernmental units	30,311,593	-	1,877,227	21,721,005
Due from primary government			278,093	
Interfund receivables	8,000,000	-	-	-
Inventories of supplies	-	-	1,671,961	-
Prepaid and other assets	19,652,499	-	585,017	201,730
Restricted assets - investments	-	60,297,680	-	-
Total assets	\$ 327,878,112	108,564,325	18,866,787	22,349,077

**LIABILITIES AND FUND BALANCES**

Liabilities:				
Accounts payable and accrued liabilities	\$ 23,985,268	9,843,970	57,664	776,609
Accrued salaries and benefits	112,844,377	14,834	1,186,287	131,646
Contract retainages	-	4,223,107	-	-
Interfund payables	939,063	-	-	6,500,000
Deferred revenue	351,239	-	1,580,561	1,724,726
Performance and other deposits	750	205,940	-	-
<b>Total liabilities</b>	<b>138,120,697</b>	<b>14,287,851</b>	<b>2,824,512</b>	<b>9,132,981</b>
Fund balances:				
Reserved for:				
Encumbrances	29,514,958	121,758,178	363,063	1,405,243
Inventories of supplies	19,652,499	-	2,256,978	201,730
Unreserved	140,589,958	(27,481,704)	13,422,234	11,609,123
<b>Total fund balances</b>	<b>189,757,415</b>	<b>94,276,474</b>	<b>16,042,275</b>	<b>13,216,096</b>
<b>Total liabilities and fund balances</b>	<b>\$ 327,878,112</b>	<b>108,564,325</b>	<b>18,866,787</b>	<b>22,349,077</b>

**Reconciliation of the Balance Sheet to the Statement of Net Assets**

Fund balances - Total governmental funds	\$ 314,090,057
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$3,000,379,084 and accumulated depreciation/amortization is \$1,066,370,194.	1,956,888,008
Intangible assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$4,201,162 and accumulated amortization is \$188,565.	4,012,597
Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	58,740,503
Compensated absences and accrued interests on long-term debt related to governmental fund activities are not due and payable in the current period, and therefore, are not reported in the funds.	(32,530,010)
Capital lease and installment purchase agreements are not due and payable in the current period and, therefore, are not reported in the funds.	(97,027,347)
Rent Abatement on Capital Lease is not reported in governmental funds.	(1,071,250)
The net OPEB obligation, resulting from the annual required contribution in excess of the contributions for other post-employment benefits, is not considered a financial liability and, therefore, is not reported in the governmental funds.	(8,866,393)
Net assets of governmental activities	<u>\$ 2,194,236,165</u>

## EXHIBIT J

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
<b>ASSETS</b>		
1,666,531	334,579,244	Equity in pooled cash and temporary investments
		Receivables:
-	142,110	Accounts
912	7,585	Accrued interest
42,410	53,952,235	Due from intergovernmental units
59	278,152	Due from primary government
-	8,000,000	Interfund receivables
-	1,671,961	Inventories of supplies
-	20,439,246	Prepaid and other assets
-	60,297,680	Restricted assets - investments
1,709,912	479,368,213	Total assets
<b>LIABILITIES AND FUND BALANCES</b>		
		Liabilities:
86,677	34,750,188	Accounts payable and accrued liabilities
123,051	114,300,195	Accrued salaries and benefits
-	4,223,107	Contract retainages
-	7,439,063	Interfund payables
702,387	4,358,913	Deferred revenue
-	206,690	Performance and other deposits
912,115	165,278,156	Total liabilities
		Fund balances:
		Reserved for:
1,532	153,042,974	Encumbrances
-	22,111,207	Inventories of supplies
796,265	138,935,876	Unreserved
797,797	314,090,057	Total fund balances
1,709,912	479,368,213	Total liabilities and fund balances

## COUNTY OF FAIRFAX, VIRGINIA

## Fairfax County Public Schools

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the fiscal year ended June 30, 2010

	General Fund	Capital Projects Fund	Nonmajor Governmental	
			Special Revenue	
			Food and Nutrition Services	Grants and Self-Supporting Programs
<b>REVENUES</b>				
Intergovernmental	\$ 2,114,859,524	155,000,000	25,084,361	52,941,394
Charges for services	7,903,831	-	47,207,125	1,928,424
Revenue from the use of money and property	3,101,937	435,106	69,291	555
Recovered costs	34,755,136	97,012	-	-
Other	7,954,789	3,163,982	-	1,395,071
Total revenues	2,168,575,217	158,696,100	72,360,777	56,265,444
<b>EXPENDITURES</b>				
Current:				
Education	2,036,766,818	16,444,952	66,917,260	69,409,114
Capital outlay	33,794,001	93,417,084	449,332	279,861
Debt service:				
Principal retirement	13,209,968	-	-	-
Interest and other charges	3,950,117	-	-	-
Total expenditures	2,087,720,904	109,862,036	67,366,592	69,688,975
Excess (deficiency) of revenues over (under) expenditures	80,854,313	48,834,064	4,994,185	(13,423,531)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	8,684,077	-	20,802,447
Transfers out	(30,445,360)	-	-	-
Capital leases and installment purchases	21,204,222	291,900	-	-
Total other financing sources (uses)	(9,241,138)	8,975,977	-	20,802,447
Net change in fund balances	71,613,175	57,810,041	4,994,185	7,378,916
Fund balances, July 1, 2009	118,144,240	36,466,433	10,870,140	5,837,180
Increase in reserve for inventories of supplies	-	-	177,950	-
Fund balances, June 30, 2010	\$ 189,757,415	94,276,474	16,042,275	13,216,096

## EXHIBIT J-1

Funds		
Funds		
Adult and Community Education	Total Governmental Funds	
<b>REVENUES</b>		
1,482,472	2,349,367,751	Intergovernmental
6,693,913	63,733,293	Charges for services
6,840	3,613,729	Revenue from the use of money and property
-	34,852,148	Recovered costs
405,470	12,919,312	Other
8,588,695	2,464,486,233	Total revenues
<b>EXPENDITURES</b>		
Current:		
9,615,593	2,199,153,737	Education
38,892	127,979,170	Capital outlay
Debt service:		
-	13,209,968	Principal retirement
-	3,950,117	Interest and other charges
9,654,485	2,344,292,992	Total expenditures
(1,065,790)	120,193,241	Excess (deficiency) of revenues over (under) expenditures
<b>OTHER FINANCING SOURCES (USES)</b>		
958,836	30,445,360	Transfers in
-	(30,445,360)	Transfers out
-	21,496,122	Capital leases and installment purchases
958,836	21,496,122	Total other financing sources (uses)
(106,954)	141,689,363	Net change in fund balances
904,751	172,222,744	Fund balances, July 1, 2009
-	177,950	Increase in reserve for inventories of supplies
797,797	314,090,057	Fund balances, June 30, 2010

continued

## COUNTY OF FAIRFAX, VIRGINIA

## Fairfax County Public Schools

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the fiscal year ended June 30, 2010

## EXHIBIT J-1

concluded

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**

Net change in fund balances - Total governmental funds	\$ 141,689,363
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization expense in the current period:

Capital outlay	\$ 127,979,170	
Less depreciation/amortization expense	<u>(100,968,716)</u>	27,010,454

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	1,617,776
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Loss on the disposition of capital assets is reported in the statement of activities. However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.	(1,736,515)
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Some revenues will not be collected for several months after the fiscal year ends, hence, they are not considered "available" revenues and are deferred in the governmental funds. This amount represents the net change in deferred revenue.	(7,558,969)
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Some capital additions were financed through capital leases and installment purchases. In governmental funds, these arrangements are considered a source of financing, but in the statement of net assets, the obligations are reported as a liability.

Principal payments on capital leases and installment purchases are reported as expenditures in governmental funds. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	13,209,968
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Under the modified accrual basis of accounting used in the governmental funds, expenditures for compensated absences are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue.	842,327
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Internal service funds are used by management to provide certain goods and services to governmental funds. The change in net assets of these funds is reported within governmental activities in the statement of activities.	(2,336,201)
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Interest on capital leases and installment purchases is reported as expenditures in the governmental funds when it is due. However, in the statement of activities, interest is expensed as it accrues. This amount represents the net change in accrued interest on long-term debt.	7,967
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Proceeds from the issuance of long-term debt are reported as other financing sources in the governmental funds, increasing fund balance. In the government-wide statements, new debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. This amount represents principal amounts of new capital leases and installment purchases.	(21,496,122)
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Rent abatement charges reduce deferred rent in government-wide statements, but do not use current resources so are not reported in governmental funds.	(1,071,250)
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Inventory changes impact net assets in government-wide statements, but are recorded as expenditures when purchase in governmental fund statements.	177,950
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OPEB costs are recognized as expenditures in the fund statements, but are deferred and amortized in the government-wide statements, resulting in a net difference.	<u>(8,817,855)</u>
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Change in net assets of governmental activities	<u><u>\$ 141,538,893</u></u>
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COUNTY OF FAIRFAX, VIRGINIA  
Fairfax County Public Schools  
Budgetary Comparison Schedule - General Fund (Budget Basis)  
For the fiscal year ended June 30, 2010

## EXHIBIT J-2

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 500,407,256	501,561,394	488,258,802	(13,302,592)
Charges for services	6,256,627	6,256,627	7,903,831	1,647,204
Revenue from the use of money and property	2,095,136	2,095,136	3,101,937	1,006,801
Recovered costs	35,114,599	35,114,599	34,755,136	(359,463)
Other	4,220,787	4,220,787	7,954,789	3,734,002
Total revenues	548,094,405	549,248,543	541,974,495	(7,274,048)
<b>EXPENDITURES</b>				
Education	2,168,281,289	2,206,246,417	2,062,741,359	143,505,058
Total expenditures	2,168,281,289	2,206,246,417	2,062,741,359	143,505,058
Excess (deficiency) of revenues over (under) expenditures	(1,620,186,884)	(1,656,997,874)	(1,520,766,864)	136,231,010
<b>OTHER FINANCING USES</b>				
Transfers in	1,626,600,722	1,626,600,722	1,626,600,722	-
Transfers out	(34,413,838)	(34,220,683)	(34,220,683)	-
Total other financing uses	1,592,186,884	1,592,380,039	1,592,380,039	-
Net change in fund balance	\$ (28,000,000)	(64,617,835)	71,613,175	136,231,010

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-3A

## Fairfax County Public Schools

## Budgetary Comparison Schedule - Food and Nutrition Services Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 21,273,187	21,555,150	25,084,361	3,529,211
Charges for services	47,044,378	46,987,378	47,207,125	219,747
Revenue from the use of money and property	260,000	267,000	69,291	(197,709)
Total revenues	68,577,565	68,809,528	72,360,777	3,551,249
<b>EXPENDITURES</b>				
Education	75,950,649	79,679,668	67,366,592	12,313,076
Total expenditures	75,950,649	79,679,668	67,366,592	12,313,076
Excess (deficiency) of revenues over (under) expenditures	(7,373,084)	(10,870,140)	4,994,185	15,864,325
Net change in fund balance	\$ (7,373,084)	(10,870,140)	4,994,185	15,864,325

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-3B

## Fairfax County Public Schools

## Budgetary Comparison Schedule - Grants and Self-Supporting Programs Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 51,255,041	68,670,452	50,554,846	(18,115,606)
Charges for services	2,194,913	2,194,913	1,928,424	(266,489)
Revenue from the use of money and property	-	-	555	555
Other	26,421	848,548	1,395,071	546,523
Total revenues	53,476,375	71,713,913	53,878,896	(17,835,017)
<b>EXPENDITURES</b>				
Education	78,862,300	100,745,088	69,688,975	31,056,113
Total expenditures	78,862,300	100,745,088	69,688,975	31,056,113
Excess (deficiency) of revenues over (under) expenditures	(25,385,925)	(29,031,175)	(15,810,079)	13,221,096
<b>OTHER FINANCING SOURCES</b>				
Transfers in	23,730,204	23,188,993	23,188,995	2
Total other financing sources	23,730,204	23,188,993	23,188,995	2
Net change in fund balance	\$ (1,655,721)	(5,842,182)	7,378,916	13,221,098



## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-3C

## Fairfax County Public Schools

## Budgetary Comparison Schedule - Adult and Community Education Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 1,375,231	1,469,106	1,482,472	13,366
Charges for services	8,045,410	8,045,410	6,693,913	(1,351,497)
Revenue from the use of money and property	74,377	74,377	6,840	(67,537)
Other	405,791	475,291	405,470	(69,821)
Total revenues	9,900,809	10,064,184	8,588,695	(1,475,489)
<b>EXPENDITURES</b>				
Education	11,299,755	11,927,771	9,654,485	2,273,286
Total expenditures	11,299,755	11,927,771	9,654,485	2,273,286
Excess (deficiency) of revenues over (under) expenditures	(1,398,946)	(1,863,587)	(1,065,790)	797,797
<b>OTHER FINANCING SOURCES</b>				
Transfers in	958,836	958,836	958,836	-
Total other financing sources	958,836	958,836	958,836	-
Net change in fund balance	\$ (440,110)	(904,751)	(106,954)	797,797

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Combining Statement of Net Assets - Internal Service Funds**  
**June 30, 2010**

**EXHIBIT J-4**

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Equity in pooled cash and temporary investments	\$ 219,938	95,136,934	31,566,892	126,923,764
Accounts receivable	-	1,372,642	-	1,372,642
Accrued interest receivable	-	56,152	-	56,152
Interfund receivables	265,417	673,646	-	939,063
Inventories of supplies	1,660,569	-	-	1,660,569
Total current assets	2,145,924	97,239,374	31,566,892	130,952,190
Long-term assets - Capital assets:				
Equipment	100,053	-	40,029	140,082
Accumulated depreciation	(86,655)	-	(28,598)	(115,253)
Total long-term assets	13,398	-	11,431	24,829
Total assets	2,159,322	97,239,374	31,578,323	130,977,019
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	218,319	4,332,449	73,165	4,623,933
Accrued salaries and benefits	-	2,308	5,333	7,641
Interfund payables	1,500,000	-	-	1,500,000
Compensated absences payable	2,360	76,311	28,776	107,447
Insurance and benefit claims payable	-	16,458,750	6,975,044	23,433,794
Deferred revenue	-	25,876,597	-	25,876,597
Total current liabilities	1,720,679	46,746,415	7,082,318	55,549,412
Long-term liabilities:				
Compensated absences payable	1,012	32,704	12,333	46,049
Insurance and benefit claims payable	-	866,250	15,774,805	16,641,055
Total long-term liabilities	1,012	898,954	15,787,138	16,687,104
Total liabilities	1,721,691	47,645,369	22,869,456	72,236,516
<b>NET ASSETS</b>				
Invested in capital assets	13,398	-	11,431	24,829
Unrestricted	424,233	49,594,005	8,697,436	58,715,674
Total net assets	\$ 437,631	49,594,005	8,708,867	58,740,503

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-5

## Fairfax County Public Schools

## Combining Statement of Revenues, Expenses, and Changes in Net Assets - Internal Service Funds

For the fiscal year ended June 30, 2010

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 11,023,394	258,420,590	12,158,764	281,602,748
Total operating revenues	11,023,394	258,420,590	12,158,764	281,602,748
<b>OPERATING EXPENSES:</b>				
Cost of goods sold	11,192,055	-	-	11,192,055
Personnel services	78,385	1,815,481	771,103	2,664,969
Depreciation expense	9,380	-	4,673	14,053
Claims and benefit payments	-	251,070,655	9,690,517	260,761,172
Professional consultant and contractual services	-	8,325,088	1,055,837	9,380,925
Other	14,052	44,307	325,094	383,453
Total operating expenses	11,293,872	261,255,531	11,847,224	284,396,627
Operating income	(270,478)	(2,834,941)	311,540	(2,793,879)
<b>NONOPERATING REVENUES:</b>				
Interest revenue	-	457,678	-	457,678
Total nonoperating revenues	-	457,678	-	457,678
Income (loss) before operating transfers	(270,478)	(2,377,263)	311,540	(2,336,201)
Change in net assets	(270,478)	(2,377,263)	311,540	(2,336,201)
Total net assets, July 1, 2009	708,109	51,971,268	8,397,327	61,076,704
Total net assets, June 30, 2010	\$ 437,631	49,594,005	8,708,867	58,740,503

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Combining Statement of Cash Flows - Internal Service Funds**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT J-6**

	Central Procurement	Health Benefits Trust	Insurance	Total Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 10,901,149	259,657,200	12,158,764	282,717,113
Payments to suppliers	(11,462,068)	-	-	(11,462,068)
Payments to employees	(78,144)	(1,749,073)	(787,413)	(2,614,630)
Claims and benefits paid	-	(251,748,324)	(7,831,121)	(259,579,445)
Payments for professional services	-	(8,380,108)	(1,106,979)	(9,487,087)
Payments for other operating expenses	485,948	(68,650)	(278,165)	139,133
Net cash provided by operating activities	(153,115)	(2,288,955)	2,155,086	(286,984)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	-	522,849	-	522,849
Net cash provided by investing activities	-	522,849	-	522,849
Net increase in cash and cash equivalents	(153,115)	(1,766,106)	2,155,086	235,865
Cash and cash equivalents, July 1, 2009	373,053	96,903,040	29,411,806	126,687,899
Cash and cash equivalents, June 30, 2010	\$ 219,938	95,136,934	31,566,892	126,923,764

**Reconciliation of operating income (loss) to net cash provided  
by operating activities:**

Operating income (loss)	\$ (270,478)	(2,834,941)	311,540	(2,793,879)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	9,380	-	4,673	14,053
Change in assets and liabilities:				
(Increase) in accounts receivable	-	(790,276)	-	(790,276)
(Increase) decrease in interfund receivables	(122,247)	(22,646)	-	(144,893)
(Increase) in inventories of supplies	(186,822)	-	-	(186,822)
Decrease in other assets	-	-	43,125	43,125
(Decrease) in accounts payable and accrued liabilities	(83,189)	(2,052,032)	(110,620)	(2,245,841)
Increase (decrease) in accrued salaries and benefits	241	66,408	(16,310)	50,339
Increase in interfund payables	500,000	-	-	500,000
Increase in deferred revenue	-	2,049,532	-	2,049,532
Increase in insurance and benefits claims payable	-	1,295,000	1,922,678	3,217,678
Total adjustments to operating income (loss)	117,363	545,986	1,843,546	2,506,895
Net cash provided by operating activities	\$ (153,115)	(2,288,955)	2,155,086	(286,984)

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Fiduciary Net Assets**  
**June 30, 2010**

**EXHIBIT J-7**

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Agency Fund - Student Activity Fund
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ 1,356,273	683	1,356,956
Cash with fiscal agents	1,241,358	-	1,241,358
Cash collateral for securities lending	69,178,433	-	69,178,433
Accounts receivable	491	-	491
Contributions receivable	23,923	-	23,923
Accrued interest and dividends receivable	3,261,414	-	3,261,414
Receivable from sale of pension investments	62,138,721	-	62,138,721
Investments, at fair value:			
U.S. government obligations	2,506,135	-	2,506,135
Asset-backed securities	2,926,721	-	2,926,721
Corporate bonds	120,874,946	-	120,874,946
Common and preferred stock	596,345,918	-	596,345,918
Pooled and mutual funds	442,531,955	19,599,948	462,131,903
Real estate	45,403,668	-	45,403,668
Other bonds	330,932,924	-	330,932,924
Short-term investments	64,259,915	-	64,259,915
Prepaid items and other assets	24,792	-	24,792
Equipment, net of depreciation	49,640	-	49,640
Total assets	1,743,057,227	19,600,631	1,762,657,858
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,549,101	38,008	1,587,109
Payable for purchase of pension investments	65,117,582	-	65,117,582
Liabilities for collateral received under securities lending agreements	69,178,433	-	69,178,433
Total liabilities	135,845,116	38,008	135,883,124
<b>NET ASSETS</b>			
Held in trust for pension/OPEB benefits	\$ 1,607,212,111	19,562,623	1,626,774,734

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT J-8

## Fairfax County Public Schools

## Statement of Changes in Plan Net Assets - Trust Funds

For the fiscal year ended June 30, 2010

	Pension Trust Fund - Educational Employees' Supplementary Retirement System	OPEB Trust Fund	Total Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 37,868,623	27,137,145	65,005,768
Plan members	47,918,341	-	47,918,341
Total contributions	85,786,964	27,137,145	112,924,109
Investment income:			
From investment activities:			
Net appreciation in fair value of investments	194,987,534	2,103,044	197,090,578
Interest and dividends	42,588,693	303	42,588,996
Real estate income	874,202	-	874,202
Other	121,593	-	121,593
Total income from investment activities	238,572,022	2,103,347	240,675,369
Less investment activities expenses:			
Management fees	7,034,576	23,344	7,057,920
Other	670,854	37,700	708,554
Total investment activities expenses	7,705,430	61,044	7,766,474
Net income from investment activities	230,866,592	2,042,303	232,908,895
From securities lending activities:			
Securities lending income	227,732	-	227,732
Less securities lending expenses:			
Borrower rebates	(114,108)	-	(114,108)
Management fees	85,340	-	85,340
Total securities lending activities expenses	(28,768)	-	(28,768)
Net income from securities lending activities	256,500	-	256,500
Net investment income	231,123,092	2,042,303	233,165,395
Total additions	316,910,056	29,179,448	346,089,504
<b>DEDUCTIONS</b>			
Benefits	143,128,569	27,137,145	170,265,714
Refunds of contributions	3,339,910	-	3,339,910
Administrative expenses	4,663,896	-	4,663,896
Total deductions	151,132,375	27,137,145	178,269,520
Net increase (decrease)	165,777,681	2,042,303	167,819,984
Net assets, July 1, 2009	1,441,434,430	17,520,320	1,458,954,750
Net assets, June 30, 2010	\$ 1,607,212,111	19,562,623	1,626,774,734

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Public Schools**  
**Statement of Changes in Assets and Liabilities - Agency Fund**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT J-9**

	Balances June 30, 2009	Additions	Deductions	Balances June 30, 2010
<b>Student Activity Fund:</b>				
<b>Assets:</b>				
Cash with fiscal agents	\$ 18,175,359	38,421,758	37,490,317	19,106,800
Accounts receivable	395,903	324,558	195,387	525,074
Inventories of supplies	207,561	185,663	43,355	349,869
Total assets	18,778,823	38,931,979	37,729,059	19,981,743
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	461,306	203,651	282,187	382,770
Due to student groups	18,317,517	38,728,328	37,446,872	19,598,973
Total liabilities	\$ 18,778,823	38,931,979	37,729,059	19,981,743

The **Fairfax County Redevelopment and Housing Authority** (FCRHA) is responsible for low income housing and community development programs within the County. FCRHA was approved by a voter referendum in November 1965 and was activated by the County Board of Supervisors in February 1966. FCRHA is a political subdivision of and reports to the Commonwealth of Virginia. The County Board of Supervisors appoints the FCRHA Board of Commissioners and the County provides certain managerial and other related assistance to FCRHA.

Primary Government represents FCRHA's use of an enterprise fund to report its activities. FCRHA activities are funded by federal grants from the U.S. Department of Housing and Urban Development (HUD), rents, and other user charges resulting from operations of subsidized housing, development and financing fees, investment income, and loan proceeds. These funds provide rental housing, housing for the elderly/group homes, loans for home ownership and home improvement, tenant assistance, community development, and administration of these programs.

Component Units are real estate limited partnerships of FCRHA. FCRHA is the managing general partner and has certain rights which enable it to impose its will on the limited partnerships. FCRHA is legally obligated to fund operating deficits, making FCRHA financially accountable for the partnerships.



**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Redevelopment and Housing Authority**  
**Statement of Net Assets**  
**June 30, 2010**

**EXHIBIT K**

	Housing Authority	Component Units of Housing	Total Entity
<b>ASSETS</b>			
Current assets:			
Equity in pooled cash and temporary investments	\$ 30,772,931	-	30,772,931
Cash in banks	9,602,698	4,878,377	14,481,075
Investments	4,780,000	-	4,780,000
Receivables (net of allowances):			
Accounts	1,287,752	270,895	1,558,647
Accrued interest	150,150	-	150,150
Notes	372,982	-	372,982
Property held for sale	1,498,646	-	1,498,646
Prepaid and other assets	3,477,445	19,736	3,497,181
Total current assets	51,942,604	5,169,008	57,111,612
Long-term assets:			
Restricted assets:			
Cash with fiscal agents	8,771,970	20,839,393	29,611,363
Certificates of deposit - performance bonds	3,295,039	510,119	3,805,158
Investments	2,035,000	-	2,035,000
Total restricted assets	14,102,009	21,349,512	35,451,521
Capital assets:			
Non-depreciable/non-amortizable:			
Land	30,444,783	8,755,354	39,200,137
Construction in progress	879,547	10,969,345	11,848,892
Depreciable/amortizable:			
Equipment	572,658	998,021	1,570,679
Buildings and improvements	128,722,654	72,172,344	200,894,998
Accumulated depreciation/amortization	(75,765,369)	(25,799,153)	(101,564,522)
Total capital assets, net	84,854,273	67,095,911	151,950,184
Other long-term assets:			
Notes receivable	32,789,381	-	32,789,381
Deferred financing fees (net of amortization)	13,460	938,058	951,518
Total other long-term assets	32,802,841	938,058	33,740,899
Total long-term assets	131,759,123	89,383,481	221,142,604
Total assets	183,701,727	94,552,489	278,254,216
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	1,988,813	7,916,288	9,905,101
Accrued salaries and benefits	638,792	-	638,792
Accrued interest payable	-	3,549,619	3,549,619
Due to primary government	193,064	-	193,064
Deferred revenue	1,794,176	77,704	1,871,880
Performance and other deposits	1,496,990	468,234	1,965,224
Mortgage revenue bonds payable	568,441	-	568,441
Mortgage notes payable	1,711,996	986,727	2,698,723
Compensated absences payable	524,735	-	524,735
Total current liabilities	8,917,007	12,998,572	21,915,579
Long-term liabilities:			
Mortgage revenue bonds payable	34,583,053	-	34,583,053
Mortgage notes payable	9,957,533	67,361,822	77,319,355
Compensated absences payable	611,179	-	611,179
Total long-term liabilities	45,151,765	67,361,822	112,513,587
Total liabilities	54,068,772	80,360,394	134,429,166
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	68,320,185	(1,252,638)	67,067,547
Restricted	15,821,739	20,881,278	36,703,017
Unrestricted	45,491,031	(5,436,545)	40,054,486
Total net assets	\$ 129,632,955	14,192,095	143,825,050

COUNTY OF FAIRFAX, VIRGINIA  
 Fairfax County Redevelopment and Housing Authority  
 Statement of Revenues, Expenses, and Changes in Net Assets  
 For the fiscal year ended June 30, 2010

## EXHIBIT K-1

	Housing Authority	Component Units of Housing	Total Entity
<b>OPERATING REVENUES:</b>			
Dwelling rentals	\$ 25,230,481	8,163,808	33,394,289
Other	4,107,867	1,178,943	5,286,810
Total operating revenues	29,338,348	9,342,751	38,681,099
<b>OPERATING EXPENSES:</b>			
Personnel services	14,000,998	1,941,857	15,942,855
Materials and supplies	2,225,857	2,243,898	4,469,755
Repairs and maintenance	8,625,912	1,973,076	10,598,988
Housing assistance payments	41,276,285	-	41,276,285
Depreciation and amortization	3,692,625	2,330,687	6,023,312
Contractual services	1,527,833	121,527	1,649,360
Utilities	3,371,948	1,166,220	4,538,168
Total operating expenses	74,721,458	9,777,265	84,498,723
Operating income (loss)	(45,383,110)	(434,514)	(45,817,624)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Intergovernmental revenue	55,076,509	235,427	55,311,936
Interest revenue	339,346	15,740	355,086
Interest expense	(992,419)	(1,984,783)	(2,977,202)
Loss on disposition of assets	(170,627)	-	(170,627)
Grant to the County	(3,400,000)	-	(3,400,000)
Total nonoperating revenues (expenses)	50,852,809	(1,733,616)	49,119,193
Gain (loss) before contributions	5,469,699	(2,168,130)	3,301,569
<b>CAPITAL CONTRIBUTIONS:</b>			
Intergovernmental revenue- Capital Grants	-	-	-
Investor capital contributions	-	200	200
HUD debt service contributions	750,172	-	750,172
HUD capital contributions	3,225,128	-	3,225,128
Total capital contributions	3,975,300	200	3,975,500
Change in net assets	9,444,999	(2,167,930)	7,277,069
Total net assets, July 1, 2009	120,187,956	16,360,025	136,547,981
Total net assets, June 30, 2010	\$ 129,632,955	14,192,095	143,825,050

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Redevelopment and Housing Authority**  
**Statement of Cash Flows**  
**For the fiscal year ended June 30, 2010**

**EXHIBIT K-2**

	Housing Authority	Component Units of Housing	Total Entity
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Rental receipts	\$ 24,135,683	8,160,737	32,296,420
Other operating cash receipts	7,945,905	1,208,800	9,154,705
Payments to employees for services	(13,965,602)	(1,941,857)	(15,907,459)
Payments made for housing assistance	(41,494,125)	-	(41,494,125)
Payments to suppliers for goods and services	(14,962,447)	(1,639,522)	(16,601,969)
Purchase of property held for sale	(4,883,638)	-	(4,883,638)
Net cash provided (used) by operating activities	(43,224,224)	5,788,158	(37,436,066)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Retirement of loans, notes, and bonds payables	(191,650)	-	(191,650)
Receipts on behalf of the County	(470,024)	-	(470,024)
Intergovernmental revenue received	55,977,729	235,427	56,213,156
Amount provided to County	(3,400,000)	-	(3,400,000)
Net cash provided by noncapital financing activities	51,916,055	235,427	52,151,482
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of capital assets	(3,734,181)	(10,969,344)	(14,703,525)
Proceeds from sale of capital assets	593,329	-	593,329
Capital contributions	-	200	200
Proceeds from issuance of debt	868,330	23,235,208	24,103,538
Interest payments	(993,303)	(1,122,079)	(2,115,382)
Debt principal payments	(3,226,706)	(962,589)	(4,189,295)
HUD debt service and capital contributions	3,975,300	-	3,975,300
Net cash provided (used) by capital and related financing activities	(2,517,231)	10,181,396	7,664,165
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of loan and advance repayments	1,105,654	-	1,105,654
Acquisition of investments	(1,859,000)	-	(1,859,000)
Interest received	365,007	15,740	380,747
Net cash provided (used) by investing activities	(388,339)	15,740	(372,599)
Net increase in cash and cash equivalents	5,786,261	16,220,721	22,006,982
Cash and cash equivalents, July 1, 2009	46,656,377	10,007,168	56,663,545
Cash and cash equivalents, June 30, 2010	\$ 52,442,638	26,227,889	78,670,527
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>			
<b>by operating activities:</b>			
Operating income (loss)	\$ (45,383,110)	(434,514)	(45,817,624)
Adjustments to reconcile operating (loss) to net cash provided (used)			
by operating activities:			
Depreciation and amortization	3,692,625	2,330,687	6,023,312
Change in assets and liabilities:			
(Increase) in accounts receivable	(3,144,624)	807	(3,143,817)
(Increase) decrease in prepaid and other assets	207,055	120,694	327,749
(Decrease) in accounts payable and accrued liabilities	534,580	3,744,505	4,279,085
Increase in accrued salaries and benefits	58,353	-	58,353
(Decrease) in performance and other deposits	(105,379)	29,857	(75,522)
Increase (decrease) in deferred revenue	916,276	(3,878)	912,398
Total adjustments to operating income (loss)	2,158,886	6,222,672	8,381,558
Net cash provided (used) by operating activities	\$ (43,224,224)	5,788,158	(37,436,066)

The **Fairfax County Park Authority** (Park Authority) was created by the Board of Supervisors of the County on December 6, 1950, to maintain and operate the public parks and recreational facilities located in the County. The Board appoints the Park Authority's Board members, and a substantial portion of the cost of the Park Authority's operations are funded by the County.

General Fund (Financed from County General Fund) is used to account for the operations of the park facilities that are funded by the County.

Park Revenue Fund is a special revenue fund used to account for the operations of the park facilities that are funded from park operating revenues.

Financed from County Construction Fund is a capital projects fund used to account for specific maintenance projects for park facilities that are funded by the County's Construction Fund.

Park Construction Bond Fund is a capital projects fund used to account for all construction projects and capital improvements of the Park Authority financed by County general obligation bonds.

Park Capital Improvement Fund is a capital projects fund used to account for all Park Authority construction projects and capital improvements financed through interest earned and transfers from the Park Revenue Fund.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Park Authority**  
**Balance Sheet**  
**June 30, 2010**

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
<b>ASSETS</b>			
Equity in pooled cash and temporary investments	\$ -	11,629,498	-
Receivables:			
Accounts	-	18,106	-
Accrued interest	-	12	-
Due from primary government	2,048,853	-	769,489
Restricted assets:			
Equity in pooled cash and temporary investments	-	-	-
Investments	-	1,933,046	-
<b>Total assets</b>	<b>\$ 2,048,853</b>	<b>13,580,662</b>	<b>769,489</b>

**LIABILITIES AND FUND BALANCES**

Liabilities:			
Accounts payable and accrued liabilities	\$ 290,428	994,338	756,916
Accrued salaries and benefits	1,758,425	1,707,950	-
Due to primary government	-	286,752	-
Contract retainages	-	-	5,169
Deferred revenue	-	4,649,335	7,404
Performance and other deposits	-	95,305	-
<b>Total liabilities</b>	<b>2,048,853</b>	<b>7,733,680</b>	<b>769,489</b>
Fund balances:			
Reserved for:			
Encumbrances	425,498	-	548,199
Debt service	-	1,933,046	-
Repair and replacement	-	-	-
Unreserved (deficit)	(425,498)	3,913,936	(548,199)
<b>Total fund balances</b>	<b>-</b>	<b>5,846,982</b>	<b>-</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,048,853</b>	<b>13,580,662</b>	<b>769,489</b>

**Reconciliation of the Balance Sheet to the Statement of Net Assets**

Fund balances - Total governmental funds \$ 45,787,392

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 as assets in governmental funds. The cost of the assets is \$693,107,864 and the accumulated depreciation is \$152,593,144. 540,514,720

Deferred bond issuance costs reported in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. 281,355

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Revenue bonds payable, net	\$ (8,560,395)	
Compensated absences payable	(4,845,229)	
Loan from primary government	(15,150,000)	
Accrued interest payable	(185,069)	(28,740,693)

Net assets of governmental activities \$ 557,842,774

## EXHIBIT L

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			<b>ASSETS</b>
2,565,447	32,466,783	46,661,728	Equity in pooled cash and temporary investments
-	-	18,106	Receivables:
-	15,583	15,595	Accounts
-	-	2,818,342	Accrued interest
			Due from primary government
			Restricted assets:
6,748,891	700,000	7,448,891	Equity in pooled cash and temporary investments
-	-	1,933,046	Investments
9,314,338	33,182,366	58,895,708	Total assets
			<b>LIABILITIES AND FUND BALANCES</b>
			Liabilities:
1,642,439	157,904	3,842,025	Accounts payable and accrued liabilities
-	-	3,466,375	Accrued salaries and benefits
-	-	286,752	Due to primary government
150,805	880	156,854	Contract retainages
10,072	167,664	4,834,475	Deferred revenue
-	426,530	521,835	Performance and other deposits
1,803,316	752,978	13,108,316	Total liabilities
			Fund balances:
			Reserved for:
7,556,098	344,042	8,873,837	Encumbrances
-	-	1,933,046	Debt service
-	700,000	700,000	Repair and replacement
(45,076)	31,385,346	34,280,509	Unreserved (deficit)
7,511,022	32,429,388	45,787,392	Total fund balances
9,314,338	33,182,366	58,895,708	Total liabilities and fund balances

## COUNTY OF FAIRFAX, VIRGINIA

## Fairfax County Park Authority

## Statement of Revenues, Expenditures, and Changes in Fund Balances

For the fiscal year ended June 30, 2010

	General Fund (Financed from County General Fund)	Special Revenue Fund - Park Revenue	Major Governmental Capital Financed from County Construction Fund
<b>REVENUES</b>			
Intergovernmental	\$ 27,925,191	-	6,507,182
Charges for services	1,849,597	36,042,639	-
Developers' contributions	-	-	-
Revenue from the use of money and property	-	2,546,838	-
Gifts, donations, and contributions	33,944	388,814	-
Other	-	187,972	-
Total revenues	29,808,732	39,166,263	6,507,182
<b>EXPENDITURES</b>			
Current:			
Parks, recreation, and cultural	29,648,468	35,703,768	5,394,850
Capital outlay	160,264	57,088	1,112,332
Debt service:			
Principal retirement	-	775,000	-
Interest and other charges	-	1,100,770	-
Total expenditures	29,808,732	37,636,626	6,507,182
Excess (deficiency) of revenues over (under) expenditures	-	1,529,637	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(160,000)	-
Total other financing sources (uses)	-	(160,000)	-
Net change in fund balances	-	1,369,637	-
Fund balances, July 1, 2009	-	4,477,345	-
Fund balances, June 30, 2010	\$ -	5,846,982	-

## EXHIBIT L-1

Funds			
Projects Funds			
Park Construction Bond	Park Capital Improvement	Total Governmental Funds	
			<b>REVENUES</b>
11,663,259	673,248	46,768,880	Intergovernmental
-	2,805	37,895,041	Charges for services
-	94,649	94,649	Developers' contributions
37,831	10,783,340	13,368,009	Revenue from the use of money and property
-	385,227	807,985	Gifts, donations and contributions
-	-	187,972	Other
11,701,090	11,939,269	99,122,536	Total revenues
			<b>EXPENDITURES</b>
			Current:
2,170,676	706,957	73,624,719	Parks, recreation, and cultural
17,060,292	900,969	19,290,945	Capital outlay
			Debt service:
-	-	775,000	Principal retirement
-	-	1,100,770	Interest and other charges
19,230,968	1,607,926	94,791,434	Total expenditures
			Excess (deficiency) of revenues over
(7,529,878)	10,331,343	4,331,102	(under) expenditures
			<b>OTHER FINANCING SOURCES (USES)</b>
-	160,000	160,000	Transfers in
-	-	(160,000)	Transfers out
-	160,000	-	Total other financing sources (uses)
(7,529,878)	10,491,343	4,331,102	Net change in fund balances
15,040,900	21,938,045	41,456,290	Fund balances, July 1, 2009
7,511,022	32,429,388	45,787,392	Fund balances, June 30, 2010

continued



## COUNTY OF FAIRFAX, VIRGINIA

## Fairfax County Park Authority

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the fiscal year ended June 30, 2010

## EXHIBIT L-1

concluded

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**

Net change in fund balances - Total governmental funds	\$	4,331,102
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period:

Capital outlays	\$	19,290,945	
Less depreciation expense		<u>(10,187,999)</u>	9,102,946

In the statement of activities, the gain or loss on the disposition of capital assets is reported.

However, in the governmental funds, only the proceeds from sales are reported, which increase fund balance. Thus, the difference is the depreciated cost of the capital assets disposed.

(10,070,128)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

14,601,261

Certain costs in CIP beginning balance were expensed because total costs were under \$5,000

(10,695)

Repayment of the principal amounts of long-term debt is reported as an expenditure or as an other financing use when debt is refunded in the governmental funds and thus, reduces fund balance. However, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Principal repayments of matured bonds totaled this amount.

Principal repayments of matured bonds	\$	650,000	
Principal repayments of revenue notes		<u>125,000</u>	775,000

Under the modified accrual basis of accounting used in the governmental funds, expenditures for the following are not recognized until they mature. In the statement of activities, however, they are reported as expenses and liabilities as they accrue. The timing differences are as follows:

Compensated absences	\$	(51,406)	
Interest and other		<u>(71,923)</u>	<u>(123,329)</u>

Change in net assets of governmental activities

\$	<u>18,606,157</u>
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## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT L-2A

## Fairfax County Park Authority

## Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 21,269,406	21,497,844	21,220,031	(277,813)
Charges for services	2,323,360	2,217,356	1,883,541	(333,815)
Total revenues	23,592,766	23,715,200	23,103,572	(611,628)
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	23,592,766	23,715,200	23,103,572	611,628
Total expenditures	23,592,766	23,715,200	23,103,572	611,628
Net change in fund balance	\$ -	-	-	-

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT L-2B

## Fairfax County Park Authority

## Budgetary Comparison Schedule - Park Revenue Fund (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget
				Positive
				(Negative)
<b>REVENUES</b>				
Charges for services	\$ 38,211,424	38,211,424	36,088,186	(2,123,238)
Revenue from the use of money and property	3,002,087	3,002,087	2,546,838	(455,249)
Gifts, donations, and contributions	355,500	355,500	388,814	33,314
Other	425,688	425,688	187,972	(237,716)
Total revenues	41,994,699	41,994,699	39,211,810	(2,782,889)
<b>EXPENDITURES</b>				
Parks, recreation, and cultural	40,838,673	40,972,435	37,636,626	3,335,809
Total expenditures	40,838,673	40,972,435	37,636,626	3,335,809
Excess of revenues over expenditures	1,156,026	1,022,264	1,575,184	552,920
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(160,000)	(160,000)	-
Total other financing sources (uses)	-	(160,000)	(160,000)	-
Net change in fund balance	\$ 1,156,026	862,264	1,415,184	552,920

The **Fairfax County Economic Development Authority (EDA)** provides direct assistance to firms which intend to establish their operations within the County. The EDA's mission is to attract businesses to Fairfax County and to work with the existing businesses to retain them as they expand and create new jobs. The EDA is an independent authority, legally authorized by an enactment of the Virginia General Assembly and formally created by resolution of the County Board of Supervisors. The County Board of Supervisors appoints the seven members of EDA's Commission. The Board also appropriates funds annually for operating expenditures incurred in carrying out EDA's mission.

General Fund (Financed from County General Fund)  
is used to account for the operations of the EDA, all of which are funded by the County.

**COUNTY OF FAIRFAX, VIRGINIA**  
**Fairfax County Economic Development Authority**  
**Balance Sheet**  
**June 30, 2010**

**EXHIBIT M**

	Governmental Fund (Financed from County General Fund)
<b>ASSETS</b>	
Due from primary government	\$ 643,895
<b>Total assets</b>	<b>\$ 643,895</b>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable and accrued liabilities	\$ 416,606
Accrued salaries and benefits	227,289
<b>Total liabilities</b>	<b>643,895</b>
Fund balance:	
Unreserved	-
<b>Total liabilities and fund balance</b>	<b>\$ 643,895</b>

**Reconciliation of the Balance Sheet to the Statement of Net Assets**

Fund balance - General Fund \$ -

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 as assets in governmental funds. The cost of the assets is \$824,195 and the accumulated depreciation and amortization is \$116,081. 708,114

Long-term liabilities, including compensated absences payable, \$223,669, and deferred rent, \$1,222,984, are not due and payable in the current period and, therefore, are not reported in the fund. (1,446,653)

Net assets of governmental activities \$ (738,539)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT M-1

## Fairfax County Economic Development Authority

## Statement of Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2010

	Governmental Fund (Financed from County General Fund)
<b>REVENUES</b>	
Intergovernmental	\$ 7,346,030
Total revenues	7,346,030
<b>EXPENDITURES</b>	
Current:	
Community development	8,346,030
Total expenditures	8,346,030
Excess of revenues over expenditures	(1,000,000)
Fund balance, July 1, 2009	1,000,000
Fund balance, June 30, 2010	\$ -

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities**

Net change in fund balance - General Fund \$ (1,000,000)

Amounts reported for governmental activities in the statement of activities are different because:

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:

Capital outlay	\$ 773,050	
Depreciation and amortization expense	(83,642)	
Increase in liability for compensated absences	(17,982)	
Deferred rent	(1,222,984)	(551,558)
Change in net assets of governmental activities		\$ (1,551,558)

## COUNTY OF FAIRFAX, VIRGINIA

## EXHIBIT M-2

## Fairfax County Economic Development Authority

## Budgetary Comparison Schedule - General Fund (Financed from County General Fund) (Budget Basis)

For the fiscal year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budget Basis)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 6,797,506	\$ 6,797,506	6,797,502	(4)
Total revenues	6,797,506	6,797,506	6,797,502	(4)
<b>EXPENDITURES</b>				
Community development	6,797,506	\$ 6,797,506	6,797,502	4
Total expenditures	6,797,506	6,797,506	6,797,502	4
Net change in fund balance	\$ -	-	-	-

# Statistical Section

**T**he Statistical Section provides financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, including the accompanying notes, and required supplementary information to understand and assess the County's economic condition. Information is presented in the following five categories:

- 1.0 Financial trends information
- 2.0 Revenue capacity information
- 3.0 Debt capacity information
- 4.0 Demographic and economic information
- 5.0 Operating information





**1.0 - Financial trends** information is intended to assist users in understanding and assessing how the County's financial position has changed over time. There are four tables presented in this section.

COUNTY OF FAIRFAX, VA  
**TABLE 1.1 - Net Assets by Component**  
**Last Nine Fiscal Years (1)**

	Fiscal Year				
	2010	2009	2008	2007	2006
<i>Governmental activities:</i>					
Invested in capital assets, net of related debt	\$ 1,458,369,495	1,399,874,484	1,313,609,617	1,176,653,933	1,075,520,989
Restricted	210,842,044	188,432,037	55,360,397	45,835,642	36,903,134
Unrestricted (2)	(1,112,442,403)	(1,093,476,245)	(919,381,116)	(762,741,854)	(777,273,475)
Total net assets, governmental activities	\$ 556,769,136	494,830,276	449,588,898	459,747,721	335,150,648
<i>Business-type activities:</i>					
Invested in capital assets, net of related debt	\$ 748,697,093	645,044,053	757,799,128	789,479,735	786,263,108
Restricted	44,371,666	148,760,524	28,251,270	46,489,817	57,514,949
Unrestricted	76,855,173	84,277,881	109,530,192	61,756,541	61,442,481
Total net assets, business-type activities	\$ 869,923,932	878,082,458	895,580,590	897,726,093	905,220,538
<i>Total Primary government:</i>					
Invested in capital assets, net of related debt	\$ 2,207,066,588	2,044,918,537	2,071,408,745	1,966,133,668	1,861,784,097
Restricted	255,213,710	337,192,561	83,611,667	92,325,459	94,418,083
Unrestricted	(1,035,587,230)	(1,009,198,364)	(809,850,924)	(700,985,313)	(715,830,994)
Total net assets, primary government	\$ 1,426,693,068	1,372,912,734	1,345,169,488	1,357,473,814	1,240,371,186

Source: Fairfax County Department of Finance

Notes:

- (1) GASB Statement No. 34 requires the presentation of full accrual financial information, including the presentation of net assets. This statement was implemented in fiscal year 2002; therefore, there are only nine years of data presented in this table.
- (2) The County issues debt for the construction of Public Schools and Park Authority facilities. The County reports this debt; whereas, the Public Schools and Park Authority report the related capital assets and unspent bond proceeds. As a result, the debt reduces unrestricted net assets for the primary government. The amount of this debt related to investments in capital assets and unspent bond proceeds for these component units that is outstanding for each fiscal year is as follows:

Fiscal Year				
2010	2009	2008	2007	2006
\$ 1,371,914,260	1,342,939,932	1,297,409,248	1,215,573,395	1,184,160,483

Fiscal Year				
2005	2004	2003	2002	
1,034,317,673	995,156,131	932,499,218	905,544,976	<i>Governmental activities:</i>
30,414,477	42,737,479	29,329,687	11,092,218	Invested in capital assets, net of related debt
(882,121,487)	(885,313,225)	(891,343,756)	(849,887,728)	Restricted
182,610,663	152,580,385	70,485,149	66,749,466	Unrestricted (2)
				Total net assets, governmental activities
				<i>Business-type activities:</i>
787,889,313	755,683,261	651,624,011	621,870,392	Invested in capital assets, net of related debt
56,463,753	85,025,111	144,412,547	154,565,734	Restricted
63,234,893	63,547,596	105,456,857	132,250,541	Unrestricted
907,587,959	904,255,968	901,493,415	908,686,667	Total net assets, business-type activities
				<i>Total Primary government:</i>
1,822,206,986	1,750,839,392	1,584,123,229	1,527,415,368	Invested in capital assets, net of related debt
86,878,230	127,762,590	173,742,234	165,657,952	Restricted
(818,886,594)	(821,765,629)	(785,886,899)	(717,637,187)	Unrestricted
1,090,198,622	1,056,836,353	971,978,564	975,436,133	Total net assets, primary government

Fiscal Year			
2005	2004	2003	2002
1,154,667,840	1,117,774,930	1,059,149,620	984,800,430

COUNTY OF FAIRFAX, VA  
TABLE 1.2 - Changes in Net Assets  
Last Nine Fiscal Years (1)

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Expenses</b>					
<i>Governmental activities:</i>					
General government administration	\$ 148,730,289	160,696,700	155,387,589	140,972,403	133,838,032
Judicial administration	40,825,671	44,885,189	45,402,679	41,566,535	38,631,468
Public safety	604,822,717	624,257,988	614,837,542	580,551,244	550,648,594
Public works	198,458,714	195,125,647	191,477,505	173,175,664	159,913,922
Health and welfare	495,727,107	494,493,208	491,520,452	464,160,365	441,567,541
Community development	232,156,056	273,649,566	206,158,826	224,697,345	185,778,647
Parks, recreation, and cultural	123,549,652	140,802,569	182,268,495	126,638,121	137,380,297
Education - for Public Schools	1,784,128,380	1,784,670,681	1,733,929,914	1,665,173,825	1,547,083,954
Interest on long-term debt	97,587,106	95,151,292	94,307,127	88,475,535	82,365,378
Total expenses, governmental activities	3,725,985,692	3,813,732,840	3,715,290,129	3,505,411,037	3,277,207,833
<i>Business-type activities:</i>					
Public works - Sewer	\$ 155,490,570	148,934,682	142,521,912	136,914,753	136,063,778
Total expenses, business-type activities	155,490,570	148,934,682	142,521,912	136,914,753	136,063,778
Total expenses, primary government	3,881,476,262	3,962,667,522	3,857,812,041	3,642,325,790	3,413,271,611
<b>Program Revenues</b>					
<i>Governmental activities:</i>					
Charges for services:					
Public safety	\$ 67,562,279	62,631,798	62,297,005	55,092,085	53,558,588
Public works	95,740,931	88,943,909	88,692,491	89,181,174	80,212,361
Health and welfare	63,641,537	60,789,511	56,173,288	53,722,470	56,770,395
Other activities	136,293,136	181,759,896	63,191,212	82,465,140	72,600,753
Operating grants and contributions	440,962,393	247,996,754	260,367,949	238,382,990	241,510,533
Capital grants and contributions	45,298,191	30,537,124	32,540,001	20,942,679	28,003,177
Total program revenues, governmental activities	849,498,467	672,658,992	563,261,946	539,786,538	532,655,807
<i>Business-type activities:</i>					
Charges for services:					
Public works - Sewer	\$ 137,350,273	120,184,626	114,206,818	115,457,196	123,358,395
Capital grants and contributions	8,677,874	8,950,919	10,087,940	8,137,150	5,888,926
Total program revenues, business-type activities	146,028,147	129,135,545	124,294,758	123,594,346	129,247,321
Total program revenues, primary government	995,526,614	801,794,537	687,556,704	663,380,884	661,903,128
<b>Net (Expense) Revenue</b>					
Governmental activities	(2,876,487,225)	(3,141,073,848)	(3,152,028,183)	(2,965,624,499)	(2,744,552,026)
Business-type activities	(9,462,423)	(19,799,137)	(18,227,154)	(13,320,407)	(6,816,457)
Total primary government	\$ (2,885,949,648)	(3,160,872,985)	(3,170,255,337)	(2,978,944,906)	(2,751,368,483)

Fiscal Year					
2005	2004	2003	2002 (5)		
					<b>Expenses</b>
					<i>Governmental activities:</i>
182,163,429 (6)	118,582,483	118,511,161	132,867,365		General government administration
36,370,091	34,988,605	35,243,062	32,652,640		Judicial administration
481,881,184	436,789,222	414,698,922	391,465,390		Public safety
155,502,766	146,543,177	132,457,898	141,536,370		Public works
423,218,014	400,760,061	383,744,665	370,118,888		Health and welfare
167,075,768	130,018,919	134,530,817	142,055,156		Community development
126,227,717	123,769,806	118,518,084	105,852,089		Parks, recreation, and cultural
1,453,746,126	1,370,981,360	1,308,402,963	1,209,931,327		Education - for Public Schools
82,981,808	77,309,276	81,994,507	77,719,236		Interest on long-term debt
3,109,166,903	2,839,742,909	2,728,102,079	2,604,198,461		Total expenses, governmental activities
					<i>Business-type activities:</i>
125,435,224	124,373,936	126,953,197	105,766,365		Public works - Sewer
125,435,224	124,373,936	126,953,197	105,766,365		Total expenses, business-type activities
3,234,602,127	2,964,116,845	2,855,055,276	2,709,964,826		Total expenses, primary government
					<b>Program Revenues</b>
					<i>Governmental activities:</i>
					Charges for services:
41,565,418	38,438,771	34,072,120	30,698,240		Public safety
72,715,488	72,758,327	66,543,218	61,306,429		Public works
48,998,685	43,329,319	43,281,914	38,309,902		Health and welfare
64,486,204	59,564,348	56,553,155	57,024,536		Other activities
225,089,494	236,755,548	203,931,755	175,459,023		Operating grants and contributions
55,346,338	47,056,844	32,611,096	77,783,486		Capital grants and contributions
508,201,627	497,903,157	436,993,258	440,581,616		Total program revenues, governmental activities
					<i>Business-type activities:</i>
					Charges for services:
118,013,675	117,422,097	108,149,558	110,345,773		Public works - Sewer
7,248,130	8,887,132	7,244,852	9,862,455		Capital grants and contributions
125,261,805	126,309,229	115,394,410	120,208,228		Total program revenues, business-type activities
633,463,432	624,212,386	552,387,668	560,789,844		Total program revenues, primary government
					<b>Net (Expense) Revenue</b>
(2,600,965,276)	(2,341,839,752)	(2,291,108,821)	(2,163,616,845)		Governmental activities
(173,419)	1,935,293	(11,558,787)	14,441,863		Business-type activities
(2,601,138,695)	(2,339,904,459)	(2,302,667,608)	(2,149,174,982)		Total primary government
					(continued)

COUNTY OF FAIRFAX, VA  
**TABLE 1.2 - Changes in Net Assets (concluded)**  
**Last Nine Fiscal Years (1)**

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>General Revenues and Other Changes in Net Assets</b>					
<i>Governmental activities:</i>					
Taxes:					
Real property	\$ 2,126,498,175	2,093,518,885	2,020,779,749	1,938,762,106	1,785,065,735
Personal property	296,610,992	316,717,991	307,572,072	310,274,454	288,584,215
Business licenses	138,684,942	142,922,838	139,073,624	136,616,482	127,439,823
Local sales and use	151,354,001	154,902,699	164,873,726	160,580,634	176,084,111
Consumers utility	117,882,816	113,556,023	122,378,380	116,673,940	103,271,085
Motor vehicle decals	-	-	-	-	19,572,404
Recordation	24,891,357	25,063,223	29,958,163	41,687,302	51,431,631
Occupancy, tobacco, and other	47,772,667	40,122,826	40,827,006	46,450,935	41,195,083
Unrestricted grants and contributions	366,331	211,981,020	212,546,890	216,873,082	215,804,028
Revenue from the use of money	34,364,804	87,529,721	103,859,750	111,428,568	88,643,896
Special item	-	-	-	10,874,069 (7)	-
Total general revenues and other changes in net assets, governmental activities	2,938,426,085	3,186,315,226	3,141,869,360	3,090,221,572	2,897,092,011
<i>Business-type activities:</i>					
Revenue from the use of money	\$ 1,303,897	2,301,005	5,127,079	5,825,962	4,449,036
Special item	-	-	10,954,572 (8)	-	-
Total general revenues and other changes in net assets, business-type activities	1,303,897	2,301,005	16,081,651	5,825,962	4,449,036
Total general revenues and other changes in net assets, primary government	2,939,729,982	3,188,616,231	3,157,951,011	3,096,047,534	2,901,541,047
<b>Change in Net Assets</b>					
Governmental activities	61,938,860	45,241,378	(10,158,823)	124,597,073	152,539,985
Business-type activities	(8,158,526)	(17,498,132)	(2,145,503)	(7,494,445)	(2,367,421)
Total primary government	\$ 53,780,334	27,743,246	(12,304,326)	117,102,628	150,172,564

Source: Fairfax County Department of Finance

Notes:

- (1) GASB Statement No. 34 requires the presentation of full accrual financial information, including the presentation of changes in net assets. This statement was implemented in fiscal year 2002; therefore, there are only nine years of data presented in this table.
- (2) The County sold 46.8 acres of land located in the Laurel Hill area of the southern part of the County to a private developer for development as a senior living campus and graduated care facility.
- (3) The County sold 34.0 acres of land located in central Fairfax to provide funding for the Park Authority to satisfy the debt it issued to purchase certain park land in western Fairfax.
- (4) The Sewer System used available resources to redeem certain outstanding bonds, resulting in the recognition of an accounting loss, in order to reduce its total debt service payments by approximately \$20.9 million over 13 years.

Fiscal Year				
2005	2004	2003	2002 (5)	
				<b>General Revenues and Other Changes in Net Assets</b>
				<i>Governmental activities:</i>
				Taxes:
1,638,739,052	1,502,921,280	1,396,210,347	1,233,555,473	Real property
277,668,819	272,609,749	273,447,219	284,981,993	Personal property
114,434,467	103,176,919	94,744,725	90,973,176	Business licenses
168,740,477	160,910,888	143,641,853	139,345,413	Local sales and use
96,189,365	92,533,138	85,892,727	86,368,876	Consumers utility
19,802,772	19,503,579	19,052,623	18,694,344	Motor vehicle decals
48,743,007	30,908,422	27,044,633	19,843,886	Recordation
33,376,957	19,814,208	17,788,607	16,486,754	Occupancy, tobacco, and other
200,817,597	201,520,018	197,619,418	209,855,319	Unrestricted grants and contributions
24,483,041	20,036,787	21,841,712	31,667,551	Revenue from the use of money
8,000,000 (3)	-	17,560,640 (2)	-	Special item
2,630,995,554	2,423,934,988	2,294,844,504	2,131,772,785	Total general revenues and other changes in net assets, governmental activities
				<i>Business-type activities:</i>
3,505,410	2,640,720	4,365,535	7,031,710	Revenue from the use of money
-	(1,813,460) (4)	-	-	Special item
3,505,410	827,260	4,365,535	7,031,710	Total general revenues and other changes in net assets, business-type activities
2,634,500,964	2,424,762,248	2,299,210,039	2,138,804,495	Total general revenues and other changes in net assets, primary government
				<b>Change in Net Assets</b>
30,030,278	82,095,236	3,735,683	(31,844,060)	Governmental activities
3,331,991	2,762,553	(7,193,252)	21,473,573	Business-type activities
33,362,269	84,857,789	(3,457,569)	(10,370,487)	Total primary government

(5) Certain revenue amounts for fiscal year 2002 have been reclassified to conform with the presentations for subsequent years.

(6) General government administration expenses increased approx 53.6 percent over fiscal year 2004 primarily as a result of the transfer of South County Secondary School valued at \$68.0 million to Public Schools.

(7) In FY2007, Public Schools transferred 12 properties totaling 188.9 acres to the County valued at \$10,874,069. As part of this transfer, Public Schools is able to make an annual request of \$25 million in capital bond funding through fiscal year 2012.

(8) In January 2008, the Sewer System sold purchased capacity to Prince William County Service Authority (2 MPG) and the City of Manassas (1 MPG) for \$50.6 million. As a result, a special item – Gain from sale of Purchased Capacity of \$10,954,572 was recognized.

COUNTY OF FAIRFAX, VA  
**TABLE 1.3 - Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2010	2009	2008	2007	2006
<i>General Fund:</i>					
Reserved	\$ 37,153,309	41,356,567	44,027,425	41,763,658	34,665,914
Unreserved	312,087,946	237,826,810	227,421,300	249,823,537	239,587,945
Total general fund	349,241,255	279,183,377	271,448,725	291,587,195	274,253,859
<i>All Other Governmental Funds:</i>					
Reserved	209,840,899	219,337,769	238,978,072	249,675,360	236,238,170
Unreserved, reported in:					
Special revenue funds	359,405,143	342,552,944	219,078,434	191,493,718	184,308,185
Debt service funds	12,918,625	10,487,202	8,890,466	12,121,986	8,361,065
Capital projects funds	74,003,428	(64,900,755)	(3,629,250)	121,892,612	101,882,556
Total all other governmental funds	\$ 656,168,095	507,477,160	463,317,722	575,183,676	530,789,976

Source: Fairfax County Department of Finance

Note: Certain reclassifications have been made for fiscal year 2001 to conform with the presentations for subsequent years.



Fiscal Year					
2005	2004	2003	2002	2001	
					<i>General Fund:</i>
25,761,930	31,694,047	20,452,621	14,120,072	14,083,532	Reserved
210,724,987	161,541,066	133,004,492	112,673,370	91,552,620	Unreserved
236,486,917	193,235,113	153,457,113	126,793,442	105,636,152	Total general fund
					<i>All Other Governmental Funds:</i>
196,266,810	222,458,953	167,212,512	97,762,828	90,092,844	Reserved
					Unreserved, reported in:
180,570,230	178,290,865	181,380,468	174,045,654	171,486,214	Special revenue funds
14,302,670	18,970,383	16,897,074	10,222,617	4,078,555	Debt service funds
113,143,870	62,758,569	88,799,811	68,051,292	37,724,873	Capital projects funds
504,283,580	482,478,770	454,289,865	350,082,391	303,382,486	Total all other governmental funds

COUNTY OF FAIRFAX, VA  
**TABLE 1.4 - Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**

	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Revenues</b>					
Taxes	\$ 2,899,801,062	2,888,968,005	2,822,785,575	2,747,313,169	2,591,610,934
Permits, privilege fees, and regulatory licenses	47,681,442	41,148,793	42,102,636	44,581,986	45,335,405
Intergovernmental	482,379,557	476,787,036	486,912,629	482,930,649	484,822,403
Charges for services	305,372,921	372,034,854	212,446,433	219,607,480	202,707,290
Fines and forfeitures	15,065,700	16,507,756	14,912,589	14,867,509	15,108,251
Revenue from the use of money and property	34,949,962	56,222,006	108,289,490	122,013,330	91,543,648
Recovered costs	16,701,652	18,153,938	18,244,071	13,393,966	15,876,280
Contributions and other	4,482,245	6,639,296	4,975,659	6,771,263	6,708,723
Total revenues	\$ 3,806,434,541	3,876,461,684	3,710,669,082	3,651,479,352	3,453,712,934
<b>Expenditures</b>					
Current:					
General government administration	133,726,104	149,274,890	149,122,282	133,968,481	123,677,400
Judicial administration	39,347,205	43,230,230	43,509,367	41,062,317	38,113,725
Public safety	565,403,962	583,525,248	569,302,568	562,006,584	532,941,254
Public works	218,774,283	215,701,070	218,923,642	210,888,400	195,231,421
Health and welfare	489,662,065	488,328,771	488,090,226	463,193,567	442,392,799
Community development	150,881,980	148,394,752	145,834,184	163,601,525	140,630,700
Parks, recreation, and cultural	65,451,624	71,536,790	73,762,142	68,455,248	63,493,502
Nondepartmental (1)	-	-	-	-	-
Intergovernmental (2):					
Community development	64,962,498	111,546,162	53,272,255	52,461,994	36,375,841
Parks, recreation, and cultural	50,660,393	57,753,807	97,512,863	51,998,820	67,429,466
Education	1,784,128,380	1,784,670,681	1,733,929,914	1,665,173,825	1,548,705,318
Capital outlay	108,546,444	103,631,142	269,431,452	151,872,354	159,498,041
Debt service:					
Principal retirement	180,329,456	181,248,484	172,491,889	163,468,305	155,731,090
Interest and other charges	113,476,133	107,665,231	103,891,079	97,148,791	93,863,245
Total expenditures	3,965,350,527	4,046,507,258	4,119,073,863	3,825,300,211	3,598,083,802
Excess of revenues over (under) expenditures	(158,915,986)	(170,045,574)	(408,404,781)	(173,820,859)	(144,370,868)
<b>Other Financing Sources (Uses)</b>					
Transfers in	515,765,999	519,572,088	493,747,382	500,822,272	494,604,574
Transfers out	(508,672,574)	(514,736,191)	(506,661,485)	(513,738,563)	(502,270,865)
Bonds issued	370,806,378	211,699,021	250,487,439	248,483,479	199,964,050
Refunding bonds issued	199,228,007	61,224,951	-	-	381,982,418
Payments to escrow agent	(198,007,662)	(61,085,125)	-	-	(381,019,900)
Capital leases, installment purchases, and other	-	5,197,257	38,771,498	-	15,424,016
Total other financing sources (uses)	379,120,148	221,872,001	276,344,834	235,567,188	208,684,293
<b>Special Item</b>					
Net change in fund balances	\$ 220,204,162	51,826,427	(132,059,947)	61,746,329	64,313,425
Debt service as a percentage of noncapital expenditures	7.6%	7.3%	7.2%	7.1%	7.3%

Source: Fairfax County Department of Finance

Notes:

- (1) Commencing in fiscal year 2002, nondepartmental expenditures are reported as functional current expenditures.
- (2) Intergovernmental expenditures represent payments to component units, including Public Schools, the Park Authority, and the Economic Development Authority, and certain other government authorities. Certain reclassifications have been made for fiscal years 2001 - 2003 to conform with the presentations for subsequent years.
- (3) Expenditures for public safety increased \$90.3 million, or 31.3 percent, primarily as a result of the events of September 11, 2001.
- (4) Capital outlay expenditures increased \$55.4 million, or 119.4 percent, primarily as a result of the acquisition of the South County Government Center.

Fiscal Year					
2005	2004	2003	2002	2001	
					<b>Revenues</b>
2,398,277,235	2,200,570,345	2,054,784,694	1,898,192,584	1,785,431,379	Taxes
40,591,871	40,310,942	38,625,237	36,939,184	39,535,467	Permits, privilege fees, and regulatory licenses
435,486,897	451,720,871	415,759,761	451,679,407	322,831,212	Intergovernmental
182,316,633	168,106,332	157,604,088	140,033,476	123,038,689	Charges for services
15,554,264	13,307,318	11,065,873	10,318,703	9,116,533	Fines and forfeitures
44,975,930	25,582,447	25,336,155	34,115,952	70,589,590	Revenue from the use of money and property
11,135,242	12,607,810	12,481,015	9,009,483	10,112,563	Recovered costs
6,920,481	7,220,453	14,569,936	12,913,055	15,969,640	Contributions and other
<u>3,135,258,553</u>	<u>2,919,426,518</u>	<u>2,730,226,759</u>	<u>2,593,201,844</u>	<u>2,376,625,073</u>	Total revenues
					<b>Expenditures</b>
					Current:
120,937,429	112,177,459	108,912,669	99,226,761	84,251,292	General government administration
35,409,832	34,127,757	34,087,541	30,852,713	24,162,805	Judicial administration
461,387,643	422,501,453	405,593,918	379,379,556 (3)	289,032,001	Public safety
180,096,171	171,616,126	157,131,104	144,649,708	138,490,277	Public works
421,059,009	395,790,648	380,515,142	365,542,786	314,452,758	Health and welfare
112,375,464	87,925,272	92,061,094	102,629,811	84,921,560	Community development
54,152,986	49,149,335	52,411,059	57,122,407	51,848,476	Parks, recreation, and cultural
-	-	-	-	120,577,637	Nondepartmental (1)
					Intergovernmental (2):
42,713,945	30,280,310	30,003,932	27,424,248	28,867,568	Community development
65,432,258	66,231,453	57,108,484	41,152,581	30,421,966	Parks, recreation, and cultural
1,516,057,490	1,372,602,724	1,306,972,343	1,211,552,691	1,119,816,709	Education
114,008,813	85,091,794	54,684,186	101,859,104 (4)	46,431,914	Capital outlay
					Debt service:
149,333,276	144,474,933	140,564,084	130,050,588	115,948,925	Principal retirement
90,670,315	83,091,312	81,949,450	77,627,666	77,262,417	Interest and other charges
<u>3,363,634,631</u>	<u>3,055,060,576</u>	<u>2,901,995,006</u>	<u>2,769,070,620</u>	<u>2,526,486,305</u>	Total expenditures
<u>(228,376,078)</u>	<u>(135,634,058)</u>	<u>(171,768,247)</u>	<u>(175,868,776)</u>	<u>(149,861,232)</u>	Excess of revenues over (under) expenditures
					<b>Other Financing Sources (Uses)</b>
454,613,670	412,033,079	355,467,852	348,524,492	361,370,147	Transfers in
(458,514,510)	(416,933,079)	(355,667,852)	(348,279,492)	(366,166,147)	Transfers out
280,615,984	199,224,018	282,510,708	201,345,513	174,673,305	Bonds issued
141,081,070	257,362,098	183,893,333	62,614,916	144,209,867	Refunding bonds issued
(140,525,562)	(255,977,448)	(183,541,600)	(62,561,378)	(143,650,436)	Payments to escrow agent
807,522	7,774,660	1,565,293	33,640,753	4,078,378	Capital leases and installment purchases
<u>278,078,174</u>	<u>203,483,328</u>	<u>284,227,734</u>	<u>235,284,804</u>	<u>174,515,114</u>	Total other financing sources (uses)
15,500,000	-	18,200,000	-	-	<b>Special Item</b>
<u>65,202,096</u>	<u>67,849,270</u>	<u>130,659,487</u>	<u>59,416,028</u>	<u>24,653,882</u>	Net change in fund balances
7.4%	7.7%	7.8%	7.8%	7.8%	Debt service as a percentage of noncapital expenditures

## 2.0 - Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the County's ability to generate its own-source revenues. There are four tables presented in this section.

### COUNTY OF FAIRFAX, VA

**TABLE 2.1 - Assessed Value and Actual Value of Taxable Real Property (1)  
Last Ten Fiscal Years**

Fiscal Year	Residential (000s)	Commercial (000s)	Public Service Corporations (000s)	Total Taxable Assessed Value (000s)	Tax-Exempt (000s)	Total Direct Tax Rate (2)
2010	\$ 151,207,936	55,600,077	1,187,930	207,995,943	14,960,334	1.04
2009	171,891,606	57,778,239	1,142,302	230,812,147	14,935,364	0.92
2008	176,497,713	52,001,524	1,025,674	229,524,911	12,972,693	0.89
2007	175,316,906	44,088,497	950,707	220,356,110	12,261,651	0.89
2006	141,857,826	36,942,894	960,617	179,761,337	10,462,057	1.00
2005	112,858,706	31,946,040	991,053	145,795,799	9,779,970	1.13
2004	99,189,600	30,057,551	902,495	130,149,646	9,261,168	1.16
2003	84,668,753	30,233,837	846,936	115,749,526	8,720,806	1.21
2002	70,980,944	28,812,448	826,274	100,619,666	8,246,380	1.23
2001	62,213,402	25,600,738	803,375	88,617,515	7,812,420	1.23

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Assessed value is the estimated actual value of taxable property and is shown for each period for which taxes are levied. Real property is assessed as of January 1 each year at the estimated fair market value of all land and improvements, with the resulting taxes being payable in the subsequent fiscal year.
- (2) The tax rate is per \$100 of assessed value.

## COUNTY OF FAIRFAX, VA

**TABLE 2.2 - Direct and Overlapping Real Property Tax Rates (1)  
Last Ten Fiscal Years**

Fiscal Year	County Direct Rate (2)	Overlapping Rates (3)	
		Town of Herndon	Town of Vienna
2010	1.04	0.26	0.228
2009	0.92	0.24	0.209
2008	0.89	0.24	0.197
2007	0.89	0.24	0.186
2006	1.00	0.25	0.220
2005	1.13	0.28	0.265
2004	1.16	0.28	0.275
2003	1.21	0.30	0.285
2002	1.23	0.32	0.300
2001	1.23	0.32	0.300

Sources: Fairfax County Department of Tax Administration; Town of Herndon; Town of Vienna

## Notes:

- (1) Rates are per \$100 of assessed value, which is determined as of January 1 of the prior calendar year.
- (2) Virginia law limits the annual tax increase to 2% unless public hearings are held. The County Board of Supervisors holds public hearings annually in conjunction with the budget process.
- (3) These overlapping rates only apply to property owners within these Towns, which lie entirely within the County.

COUNTY OF FAIRFAX, VA

**TABLE 2.3 - Principal Real Property Taxpayers**  
**Current Year and Nine Years Ago**

Fiscal Year 2010			
Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	Tysons Corner Property Holdings LLC	\$ 1,030,573,050	0.50 %
2	CESC Skyline LLC	653,158,920	0.32
3	Virginia Electric and Power Company	421,851,172	0.20
4	West Group Properties LLC	419,186,620	0.20
5	Reston Town Center	389,175,250	0.19
6	Brandywine Acquisition Partners LP	345,006,690	0.17
7	SRI Seven Fair Lakes LLC	337,936,670	0.16
8	Fairfax Company of	321,054,900	0.16
9	South of Market LLC	280,154,710	0.14
10	PS Business Parks LP	277,464,140	0.13
Totals		<u>\$ 4,475,562,122</u>	<u>2.17 %</u>

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Assessed values are as of January 1 of the prior calendar year.
- (2) Total taxable assessed value for fiscal year 2010 is \$206,808,012,920.  
Total taxable assessed value for fiscal year 2001 is \$ 99,793,391,730.

COUNTY OF FAIRFAX, VA

**TABLE 2.4 - Real Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year Original Levy (1)	Collected within the Fiscal Year of the Levy		Adjustments to Original Levy in Subsequent Years (2)	Total Adjusted Levy
		Amount	Pct. of Original Levy		
2010	\$ 2,122,256,675	2,113,800,763	99.60 %	\$ -	2,122,256,675
2009	2,088,602,937	2,078,433,868	99.51	(923,994)	2,087,678,943
2008	2,014,871,776	2,005,101,989	99.52	(730,857)	2,014,140,919
2007	1,935,626,339	1,926,279,952	99.52	(290,274)	1,935,336,065
2006	1,779,168,760	1,769,793,216	99.47	(1,162,150)	1,778,006,610
2005	1,656,668,208	1,648,504,246	99.51	(741,236)	1,655,926,972
2004	1,518,549,518	1,511,904,661	99.56	(616,936)	1,517,932,582
2003	1,410,550,906	1,405,218,191	99.62	(295,226)	1,410,255,680
2002	1,247,726,326	1,242,776,932	99.60	(120,141)	1,247,606,185
2001	1,100,425,283	1,095,773,887	99.58	(22,931)	1,100,402,352

Source: Fairfax County Department of Tax Administration

Notes:

- (1) Taxes are levied on assessed property values as of January 1 of prior calendar year, i.e. FY2010, taxes are levied for calendar year 2009.
- (2) Adjustments to the original levy include exonerations, tax relief, and supplemental assessments.

## Fiscal Year 2001

Rank	Taxpayer	Taxable Assessed Value (1)	Pct. of Total Taxable Assessed Value (2)
1	West Group Properties LLC	\$ 514,094,740	0.52 %
2	Tyson's Corner Property Holdings LLC	451,669,035	0.45
3	Virginia Electric and Power Company	324,839,675	0.33
4	Franconia Associates	242,866,665	0.24
5	Company of Fairfax	239,438,205	0.24
6	Smith Property Holdings	222,548,560	0.22
7	California State Teachers	222,239,320	0.22
8	Prentiss Properties	204,131,350	0.20
9	Mobil Oil Corporation	195,032,110	0.20
10	EOP Reston Town Center	194,800,980	0.20
Totals		\$ 2,811,660,640	2.82 %

Collections in Subsequent Years	Total Collections to Date	
	Amount	Pct. of Adjusted Levy (3)
\$ -	2,113,800,763	99.60 %
6,855,158	2,085,289,026	99.89
8,299,621	2,013,401,610	99.96
8,693,691	1,934,973,643	99.98
7,978,416	1,777,771,632	99.99
7,068,483	1,655,572,729	99.98
6,093,243	1,517,997,904	100.00
4,992,326	1,410,210,517	100.00
4,770,262	1,247,547,194	100.00
4,280,738	1,100,054,625	99.97

- (3) This table includes real estate taxes only and does not include penalty and interest. There is a difference in the collection rate reported here and the rate reported in the County's Budget Overview document resulting from a difference in accounting basis. Taxes receivable reflects only the actual levy and collections and does not include the accrual of taxes.

**3.0 - Debt** capacity information is intended to assist users in understanding and assessing the County's debt burden and its ability to issue additional debt. There are five tables presented in this section.

## COUNTY OF FAIRFAX, VA

**TABLE 3.1 - Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities (1)					
	General Obligation Bonds (000s)	Revenue Bonds (000s)	Certificates of Participation (2) (000s)	Notes (000s)	Capital Leases (000s)	HUD Section 108 Loan (000s)
2010	\$ 1,997,045	321,654	-	42,813	8,064	6,236
2009	1,895,765	209,653	25,855	45,958	8,339	6,535
2008	1,860,900	222,623	26,385	48,903	7,809	1,610
2007	1,784,240	234,290	26,885	11,933	11,736	1,725
2006	1,700,980	234,863	27,360	12,578	16,169	1,725
2005	1,661,385	241,732	27,805	-	22,277	1,955
2004	1,618,775	167,354	28,230	-	19,961	2,070
2003	1,577,156	173,450	28,625	-	17,513	2,185
2002	1,519,646	106,650	29,000	-	21,958	2,300
2001	1,441,688	110,485	-	-	22,914	-

Source: Fairfax County Department of Finance

## Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note K in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) The Certificates of Participation relate to the County's acquisition of the South County Government Center, which is reported as a capital lease in the financial statements. The lease was signed on November 1, 2000, and the first payment was due on October 15, 2002. The Certificates of Participation bonds were refunded on March 10, 2010 by EDA Series 2010 Revenue Bonds.
- (3) See Table 4.1 for personal income data. The percentage is calculated using personal income data for the prior calendar year.
- (4) See Table 4.1 for population data. The ratio is calculated using population data for the prior calendar year.



State Literary Fund Loans (000s)	Business-type Activities (1) Revenue Bonds (000s)	Total Primary Government (000s)	Pct. of Personal Income (3)	Debt Per Capita (4)
-	546,783	2,922,595	3.780 %	2,721
-	559,070	2,751,175	3.699	2,619
-	418,593	2,586,823	3.669	2,484
8	376,008	2,446,825	3.646	2,359
15	386,783	2,380,473	3.724	2,303
86	398,602	2,353,842	4.001	2,303
158	405,586	2,242,134	4.094	2,215
230	474,272	2,273,431	4.310	2,263
319	484,522	2,164,395	4.233	2,199
408	442,583	2,018,078	4.159	2,081

COUNTY OF FAIRFAX, VA

**TABLE 3.2 - Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years**

	General Bonded Debt Outstanding (1)						
Fiscal Year	General Obligation Bonds (000s)	Lease Revenue Bonds (2) (000s)	Certificates of Participation (000s)	State Literary Fund Loans (000s)	Total (000s)	Pct. of Actual Taxable Value of Real Property (3)	Debt Per Capita (4)
2010	\$ 1,997,045	321,654	-	-	2,318,699	1.11 %	2,158
2009	1,895,765	209,653	25,855	-	2,131,273	0.92	2,029
2008	1,860,900	222,623	26,385	-	2,109,908	0.92	2,026
2007	1,784,240	234,290	26,885	8	2,045,423	0.93	1,972
2006	1,700,980	234,863	27,360	15	1,963,218	1.09	1,899
2005	1,661,385	241,732	27,805	86	1,931,008	1.32	1,889
2004	1,618,775	167,354	28,230	158	1,814,517	1.39	1,793
2003	1,577,156	173,450	28,625	230	1,779,461	1.54	1,772
2002	1,519,646	106,650	29,000	319	1,655,615	1.65	1,682
2001	1,441,688	110,485	-	408	1,552,581	1.75	1,601

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings. See Note K in Notes to the Financial Statements for additional information regarding the County's outstanding debt.
- (2) Lease revenue bonds have been issued by county component units, using receipt of lease payments as the revenue source. All outstanding lease revenue bonds have been identified as conduit debt of the county and the associated lease payments are made using general government resources.
- (3) See Table 2.1 for actual taxable value of real property data. This percentage is calculated using values for each fiscal year for which levied.
- (4) See Table 4.1 for population data. This ratio is calculated using population for the prior calendar year.

## COUNTY OF FAIRFAX, VA

## TABLE 3.3 - Direct and Overlapping Governmental Activities Debt

As of June 30, 2010

	Debt Outstanding (1) (000s)	Percentage Applicable (2)	Share of Overlapping Debt (000s)
<i>Overlapping debt (2):</i>			
Town of Herndon general obligation bonds	\$ 22,295	100.0 %	\$ 22,295
Town of Vienna general obligation bonds	8,817	100.0	8,817
Total overlapping debt			31,112
<i>County direct debt (3):</i>			
General obligation bonds			1,997,045
Revenue bonds			321,654
Certificates of participation			-
Notes			42,813
Capital leases			8,064
HUD Section 108 loan			6,236
State Literary Fund loans			-
Total direct debt			2,375,812
Total direct and overlapping debt			\$ 2,406,924

Sources: Fairfax County Department of Finance; Town of Herndon; Town of Vienna

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.
- (2) The percentage of overlapping debt applicable is determined using taxable assessed property values. The Towns of Herndon and Vienna are situated entirely within the geographic boundaries of the County, and their residents and businesses bear the governmental activities debt burdens of both the County and their respective Towns.
- (3) The County's direct debt is also presented in Table 3.1.

COUNTY OF FAIRFAX, VA  
**TABLE 3.4 - Self-Imposed Debt Margin Information**  
**Last Ten Fiscal Years**

The Commonwealth of Virginia does not impose a legal limit on the amount of long-term indebtedness that the County can at any time incur or have outstanding. The Board of Supervisors, however, has imposed limits which provide that the County's (a) long-term general bonded debt should not exceed three percent of the total assessed value of taxable real and personal property in the County and (b) the annual debt service should not exceed ten percent of the annual general fund expenditures and transfers out, excluding capital leases and installment purchases in the year initiated. Relevant information pertaining to these self-imposed debt margins is provided below.

		Fiscal Year (000s)				
		2010	2009	2008	2007	2006
(a)	Debt limit (2)	\$ 6,680,146	7,354,368	7,334,790	7,057,254	5,820,845
	Total debt applicable to limit (3)	2,318,699	2,131,273	2,109,908	2,045,423	1,963,218
	Self-imposed debt margin	\$ 4,361,447	5,223,095	5,224,882	5,011,831	3,857,627
	Total debt applicable to limit as a percentage of debt limit	34.71%	28.98%	28.77%	28.98%	33.73%
	Total debt applicable to limit as a percentage of assessed value	1.04%	0.87%	0.86%	0.87%	1.01%
Debt Margin Calculation for Fiscal Year 2010:						
	Assessed value (2)	<u>\$ 222,671,526</u>				
	Debt limit (3% of assessed value)	<u>6,680,146</u>				
	Debt applicable to limit: (3)					
	General obligation bonds (1)	1,997,045				
	Revenue bonds (1)	321,654				
	Certificates of participation	<u>0</u>				
	Total debt applicable to limit	<u>2,318,699</u>				
	Self-imposed debt margin	<u>\$ 4,361,447</u>				
		Fiscal Year (000s)				
		2010	2009	2008	2007	2006
(b)	Debt service limit	\$ 330,895	335,364	332,217	322,551	303,501
	Total debt service requirements applicable to limit (4)	277,370	276,105	267,624	253,433	239,326
	Self-imposed debt service margin	\$ 53,525	59,259	64,593	69,118	64,175
	Total debt service requirements applicable to limit as a percentage of the debt service limit	83.82%	82.33%	80.56%	78.57%	78.86%
	Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out	8.38%	8.23%	8.06%	7.86%	7.89%

Source: Fairfax County Department of Finance

Notes:

- (1) Amounts for bonds are reported gross, excluding premiums and/or discounts and deferred amounts on refundings.
- (2) See Table 2.1 for assessed taxable value of real property data. The amounts used to determine debt limits include values for each period for which levied and include both real and personal property.
- (3) See Table 3.2 for debt applicable to limit amounts.
- (4) Debt service requirements exclude "bond issuance costs and other" expenditures recorded in the debt service funds.

Fiscal Year (000s)					
2005	2004	2003	2002	2001	
4,782,421	4,324,646	3,888,560	3,432,734	3,045,171	Debt limit (2)
1,931,008	1,814,517	1,779,461	1,655,615	1,552,581	Total debt applicable to limit (3)
2,851,413	2,510,129	2,109,099	1,777,119	1,492,590	Self-imposed debt margin
40.38%	41.96%	45.76%	48.23%	50.99%	Total debt applicable to limit as a percentage of debt limit
1.21%	1.26%	1.37%	1.45%	1.53%	Total debt applicable to limit as a percentage of assessed value

Fiscal Year (000s)					
2005	2004	2003	2002	2001	
279,878	259,515	244,792	229,262	214,834	Debt service limit
224,544	213,027	212,107	190,098	183,740	Total debt service requirements applicable to limit (4)
55,334	46,488	32,685	39,164	31,094	Self-imposed debt service margin
80.23%	82.09%	86.65%	82.92%	85.53%	Total debt service requirements applicable to limit as a percentage of the debt service limit
8.02%	8.21%	8.67%	8.29%	8.55%	Total debt service requirements applicable to limit as a percentage of annual general fund expenditures and transfers out

COUNTY OF FAIRFAX, VA

**TABLE 3.5 - Pledged Revenue Coverage for the Integrated Sewer System  
Last Ten Fiscal Years**

Fiscal Year (1)	Gross Revenues (2) (000s)	Operating Expenses (3) (000s)	Net Available Revenue (000s)	Debt Service (4)			Coverage
				Principal (000s)	Interest (000s)	Total (000s)	
2010	\$ 138,702	83,112	55,590	12,287	22,892	35,179	1.58
2009	122,532	85,307	37,225	11,778	17,888	29,666	1.25
2008	130,349	79,870	50,479	11,341	21,004	32,345	1.56
2007	121,193	73,663	47,530	10,859	17,489	28,348	1.68
2006	127,780	72,705	55,075	9,910	18,028	27,938	1.97
2005	121,476	67,226	54,250	8,939	18,351	27,290	1.99
2004	120,063	70,124	49,939	11,842	22,054	33,896	1.47
2003	112,515	70,579	41,936	10,249	23,457	33,706	1.24
2002	117,377	68,665	48,712	8,061	21,765	29,826	1.63
2001	122,905	61,787	61,118	7,157	21,412	28,569	2.14

Source: Fairfax County Department of Finance

Notes:

- (1) Certain amounts for fiscal year 2001 have been reclassified and/or adjusted for comparability.
- (2) Gross revenues include all revenues, except the amortization of deferred gain on bond refundings.
- (3) Operating expenses do not include depreciation and amortization.
- (4) See Note K in the Notes to the Financial Statements for detailed information regarding the sewer revenue bonds issued by the Integrated Sewer System and the System's share of the revenue bonds issued by the Upper Occoquan Sewage Authority.

**4.0 - Demographic and economic information** is intended to assist users in understanding the socioeconomic environment within which a government operates and to provide information that facilitates comparisons of financial statement information over time and among governments. There are two tables presented in this section.

COUNTY OF FAIRFAX, VA

**TABLE 4.1 - Demographic and Economic Statistics**  
**Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income (2) (000s)	Per Capita Personal Income (2)	Median Age (yrs) (3)	Pct. of People ≥ 25 Years Old with a Bachelor's Degree (3)	Public School Enrollment (4)	Unemployment Rate (5)
2009	1,074,227	77,325,008	71,982	37.3	58.1 %	169,538	5.2 %
2008	1,050,315	74,385,409	70,822	39.4	58.5	166,307	3.4
2007	1,041,507	70,500,650	67,691	39.1	59.0	164,486	2.2
2006	1,037,311	67,111,947	64,698	38.4	58.7	164,284	2.2
2005	1,033,646	63,917,568	61,837	38.1	58.5	164,408	2.5
2004	1,022,298	58,830,183	57,547	37.6	57.4	164,195	2.7
2003	1,012,090	54,771,275	54,117	37.9	56.3	163,386	3.1
2002	1,004,435	52,744,891	52,512	37.3	55.9	161,385	3.4
2001	984,366	51,126,001	51,938	36.4	56.2	158,331	2.5
2000	969,749	48,522,361	50,036	36.0	54.8	154,523	1.6

Notes:

- (1) Population data includes the Cities of Fairfax and Falls Church and is obtained from U.S. Census Bureau's American Fact Finder.
- (2) Personal income data is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce and includes the Cities of Fairfax and Falls Church. Data for only Fairfax County is not available, however, it is believed that the inclusion of these Cities does not significantly affect the County's data. Fairfax County data for 2009 is estimated using percent change in per capita personal income from 2007 to 2008.
- (3) Median age and educational attainment information are obtained from the U.S. Census Bureau's American Community Survey.
- (4) Public school enrollment is obtained from Fairfax County Public Schools.
- (5) Unemployment rates are obtained from the Virginia Employment Commission, Annual Unemployment Statistics for the calendar year, not seasonally adjusted.

COUNTY OF FAIRFAX, VA  
**TABLE 4.2 - Principal Employers**  
**Current Year and Nine Years Ago**

Employer	Fiscal Year 2010 (1)			Fiscal Year 2001		
	Number of Employees (2)	Rank	Pct. of Total County Employment (3)	Number of Employees (2)	Rank	Pct. of Total County Employment (3)
Fairfax County Public Schools	22,852	1	3.99 %	20,445	1	3.79 %
Federal Government	17,370	2	3.03	11,993	2	2.22
Fairfax County Government	11,184	3	1.95	10,383	3	1.92
Booz Allen Hamilton	7,000-10,000	4	1.48	4,000-5,000	6	0.83
Inova Health System	7,000-10,000	5	1.48	9,000-10,000	4	1.76
Science Applications International Corporation	4,000-6,999	6	0.96	5,000-6,000	5	1.02
Federal Home Loan Mortgage	4,000-6,999	7	0.96	3,000-4,000	10	0.65
Northrop Grumman	4,000-6,999	8	0.96	-	-	-
George Mason University	4,000-6,999	9	0.96	-	-	-
Lockheed Martin	4,000-6,999	10	0.96	-	-	-
American Management Systems, Inc.	-	-	-	4,000-5,000	7	0.83
Verizon	-	-	-	3,000-4,000	8	0.65
Exxon Mobil Corporation	-	-	-	3,000-4,000	9	0.65
Totals			<u>16.73 %</u>			<u>14.32 %</u>

Source: Fairfax County Economic Development Authority (using Virginia Employment Commission data); Fairfax County Public Schools; Fairfax County Department of Management and Budget

Notes:

- (1) Employment information for fiscal year 2010, excluding data for Fairfax County Government and Fairfax County Public Schools, is from the 1st quarter of calendar year 2010, which represents the most recent data available. Employment information for fiscal year 2001 is from third quarter 2000 through second quarter 2001, corresponding to the actual County fiscal year.
- (2) Employment estimates for separate facilities of the same firm have been combined to create company totals. Employment ranges for the private sector are given to ensure confidentiality.
- (3) Percentages are based on the midpoint of the employment range. Average total County employment for fiscal year 2010 is estimated at 572,708. Data covers only 3Q and 4Q 2009 (July-December). Average total County employment for fiscal year 2001 was estimated at 539,893, according to VEC.





**5.0 - Operating** information is intended to provide contextual information about a government's operations and resources to assist readers in using financial statement information to understand and assess a government's economic condition. There are three tables presented in this section.

## COUNTY OF FAIRFAX, VA

**TABLE 5.1 - Full Time Equivalent County Government Employees by Function  
Last Ten Fiscal Years**

Function/Program	Full-Time Equivalent Employees as of June 30				
	2010	2009	2008	2007	2006
<u>Primary Government:</u>					
General government administration	1,375.0	1,466.5	1,446.5	1,437.5	1,426.5
Judicial administration	386.0	391.0	384.0	381.0	370.0
Public safety	4,304.0	4,331.0	4,321.0	4,297.8	4,163.4
Public works	970.5	1,118.5	1,129.5	1,128.5	1,103.5
Health and welfare	2,865.8	2,913.3	2,922.3	2,986.3	2,867.1
Community development	678.0	531.0	495.0	487.0	469.0
Parks, recreation, and cultural	604.5	641.5	636.2	605.5	599.5
Total	11,183.8	11,392.8	11,334.5	11,323.6	10,999.0
<u>Component Units:</u>					
<i>Public Schools:</i>					
Education	22,851.6	23,014.3	22,994.2	22,706.8	22,561.8
<i>Redevelopment and Housing Authority:</i>					
Community development	228.0	238.0	238.0	236.0	234.0
<i>Park Authority:</i>					
Parks, recreation, and cultural	600.0	620.0	618.0	615.5	611.3

Sources: Fairfax County Department of Management and Budget; Fairfax County Public Schools; Fairfax County Redevelopment and Housing Authority; Fairfax County Park Authority

Full-Time Equivalent Employees as of June 30					Function/Program
2005	2004	2003	2002	2001	
					<u>Primary Government:</u>
1,417.5	1,415.0	1,415.0	1,421.0	1,392.0	General government administration
370.0	370.0	376.0	382.0	365.0	Judicial administration
4,000.4	3,941.9	3,865.2	3,808.2	3,749.2	Public safety
1,100.5	1,133.5	1,137.5	1,146.5	1,168.5	Public works
2,818.2	2,808.3	2,840.4	2,817.9	2,761.5	Health and welfare
447.5	403.1	431	444.0	435.0	Community development
585.0	590.5	571.9	572.9	586.4	Parks, recreation, and cultural
10,739.1	10,662.3	10,637.0	10,592.5	10,457.6	Total
					<u>Component Units:</u>
					<i>Public Schools:</i>
22,246.5	21,770.1	21,291.7	21,044.9	20,445.3	Education
					<i>Redevelopment and Housing Authority:</i>
234.0	234.0	235.0	235.0	231.0	Community development
					<i>Park Authority:</i>
609.7	592.3	586.3	587.3	576.8	Parks, recreation, and cultural

COUNTY OF FAIRFAX, VA  
**TABLE 5.2 - Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Primary Government:</b>					
<i>General government administration:</i>					
Real property parcels assessed	357,872	358,179	357,180	354,830	349,995
Personal property vehicles assessed	948,285	947,698	940,437	941,788	947,135
Businesses licensed	46,872	47,750	47,768	47,556	48,074
Best qualified job applicants forwarded to departments	11,672	11,028	19,343	20,336	23,850
<i>Judicial administration:</i>					
Cases filed in General District Court	334,971	345,240	336,776	308,118	314,964
Booking transactions	49,784	55,806	54,134	53,389	52,069
Probation program new enrollment	1,300	1,819	1,455	1,369	1,092
<i>Public safety:</i>					
Police:					
Recruits graduating Criminal Justice Academy	37	41	108	89	76
Total cases assigned	13,199	11,078	11,200	11,224	10,752
Total cases cleared	9,503	6,158	7,850	6,937	6,182
Parking tickets issued	64,079	66,003	66,962	66,993	77,459
Sheriff:					
Court cases heard annually	435,853	459,836	459,543	458,358	488,453
Average daily Adult Detention Center inmate population	1,279	1,309	1,155	1,095	1,046
Fire and rescue:					
Fire investigations conducted	312	276	331	380	395
Fire inspection activities conducted	15,468	24,641	26,830	18,942	17,396
EMS incidents	65,898	65,662	64,433	64,088	62,036
Animals impounded	4,087	5,176	5,899	5,202	5,753
<i>Public works:</i>					
Gross square feet of facilities maintained	8,494,171	8,079,711	8,569,129	7,720,206	7,620,961
Tons of County waste disposed	789,198	845,541	917,463	1,008,263	1,020,009
Total tons recycled	445,625	491,113	488,240	498,139	424,923
Total average daily wastewater flow treated (million gallons)	107.7	101	99	107	102
<i>Health and welfare:</i>					
Persons served through Community Services Board programs:					
Intellectual Disability Services (IDS)	11,447	11,318	12,006	11,191	11,165
Alcohol and drug services	5,115	5,136	5,397	5,456	5,684
Intellectual disability	2,297	2,685	2,808	2,297	1,890
Infant Toddler Connection	2,448	2,374	2,044	1,314	1,719
Senior home-delivered meals	505,520	624,745	624,745	570,614	505,520
Food Stamp applications processed	17,739	15,412	11,057	9,363	9,343
Medicaid/FAMIS applications processed	17,760	18,700	17,298	15,621	14,548
Primary care clinic visits	51,447	50,012	50,054	47,022	48,032
Child immunization vaccines given at clinics	65,725	36,062	39,587	44,775	39,762

Fiscal Year					Function/Program
2005	2004	2003	2002	2001	
Primary Government:					
General government administration:					
345,338	341,651	337,350	333,209	330,252	Real property parcels assessed
955,658	942,860	949,061	921,716	900,730	Personal property vehicles assessed
47,248	47,176	40,649	39,568	38,960	Businesses licensed
20,207	17,777	14,863	18,289	21,126	Best qualified job applicants forwarded to departments
Judicial administration:					
306,347	281,002	249,708	260,214	285,911	Cases filed in General District Court
52,120	51,972	48,395	47,158	41,297	Booking transactions
1,181	768	742	631	613	Probation program new enrollment
Public safety:					
Police:					
96	154	135	113	88	Recruits graduating Criminal Justice Academy
10,407	11,257	10,890	11,550	10,157	Total cases assigned
6,839	7,949	7,556	7,991	6,671	Total cases cleared
81,881	32,743	21,367	27,188	28,498	Parking tickets issued
Sheriff:					
496,080	456,574	425,022	447,545	NA	Court cases heard annually
1,031	1,044	1,034	859	778	Average daily Adult Detention Center inmate population
Fire and rescue:					
380	372	465	469	512	Fire investigations conducted
20,052	20,816	21,330	21,660	21,668	Fire inspection activities conducted
61,636	62,420	60,306	60,685	57,800	EMS incidents
7,013	5,773	6,447	8,619	7,430	Animals impounded
Public works:					
7,564,973	7,525,059	7,460,673	6,781,380	6,564,880	Gross square feet of facilities maintained
1,006,837	965,119	883,088	855,812	809,690	Tons of County waste disposed
437,235	514,220	386,019	401,368	405,539	Total tons recycled
104	108	106	97	102	Total average daily wastewater flow treated (million gallons)
Health and welfare:					
Persons served through Community Services Board programs					
11,006	10,641	10,438	10,551	11,270	Mental health
5,290	5,665	6,323	6,224	5,954	Alcohol and drug services
1,809	1,926	1,985	1,882	1,716	Intellectual disability
1,541	1,434	1,254	1,189	1,094	Infant Toddler Connection
462,049	456,735	451,152	452,241	427,681	Senior home-delivered meals
8,611	9,645	9,327	9,299	7,965	Food Stamp applications processed
13,359	14,376	15,499	13,737	14,006	Medicaid/FAMIS applications processed
47,616	47,899	39,733	44,005	44,319	Primary care clinic visits
32,644	44,537	52,395	59,360	56,293	Child immunization vaccines given at clinics

continued

COUNTY OF FAIRFAX, VA  
**TABLE 5.2 - Operating Indicators by Function (concluded)**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
<i>Community development:</i>					
Building inspections	119,132	130,492	144,388	180,471	218,631
Building permits issued	59,662	49,783	59,662	73,719	82,029
Zoning permits processed	14,791	14,379	18,435	24,611	24,555
Fairfax Connector bus passengers	9,629,993	10,901,053	9,810,228	9,717,392	9,529,056
<i>Parks, recreation, and cultural:</i>					
Senior Center attendance	254,830	278,054	276,326	246,946	249,966
Teen Center attendance	99,267	90,600	103,357	99,445	116,033
Community Center attendance	211,637	211,781	190,397	175,908	157,512
Library visits	5,685,827	6,128,289	5,794,036	5,334,827	5,225,404
Circulation of all library materials	13,879,073	13,931,027	13,065,309	11,942,788	11,279,972
<u>Component Units:</u>					
<i>Public Schools:</i>					
Combined SAT scores (1)	1,664	1,664	1,654	1,639	1,643
Number of lunches served daily	83,514	83,385	81,432	82,273	82,169
Number of breakfasts served daily	11,911	10,456	10,555	10,889	10,202
Student enrollment	172,391	169,538	166,307	164,486	164,284
Special education enrollment	14,157	14,071	13,499	13,265	12,665
ESOL enrollment	19,222	22,001	21,783	21,369	20,963
<i>Redevelopment and Housing Authority:</i>					
Residents housed through subsidized rental programs:					
Federal Public Housing	2,866	2,863	2,878	2,924	2,933
Federal Housing Choice Vouchers	8,138	8,454	8,264	8,108	8,676
County Rental Program-multifamily and seniors (2)	6,113	6,398	4,941	3,876	1,355
Homes sold in First-Time Homebuyer Program	63	120	152	142	92
<i>Park Authority:</i>					
REC Center attendance	1,868,390	1,847,391	1,778,914	1,773,319	1,775,980
Golf course rounds	289,384	298,631	322,175	318,117	319,595
Visits to natural, cultural, historic, and interpretive sites	616,441	606,411	566,815	526,975	574,127
Class, camp, and program participation	152,002	157,590	161,213	158,449	151,019

Sources: Fairfax County Department of Management and Budget, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Notes:

- (1) Starting in FY2006, a writing section was added to the SAT, for a possible total score of 2400, compared to 1600 in FY2005 and prior years.
- (2) Prior to FY2007, the numbers for the Fairfax County Rental Program included only properties managed by the FCRHA.

Fiscal Year					Function/Program
2005	2004	2003	2002	2001	
Community development:					
256,659	237,073	222,546	261,811	275,022	Building inspections
91,416	78,703	78,078	82,100	82,911	Building permits issued
28,991	27,963	33,410	32,860	38,985	Zoning permits processed
8,474,143	7,990,825	7,595,138	6,831,313	6,110,611	Fairfax Connector bus passengers
Parks, recreation, and cultural:					
209,963	191,794	180,692	191,009	186,688	Senior Center attendance
85,610	61,866	53,265	48,822	58,514	Teen Center attendance
142,531	116,185	119,685	137,600	NA	Community Center attendance
5,265,176	5,283,497	5,261,448	5,349,847	5,063,274	Library visits
11,232,817	11,435,007	11,566,681	12,114,743	11,492,624	Circulation of all library materials
Component Units:					
Public Schools:					
1,114	1,105	1,110	1,096	1,093	Combined SAT scores (1)
81,672	81,166	79,012	76,423	74,873	Number of lunches served daily
10,830	11,410	10,665	10,029	10,004	Number of breakfasts served daily
164,408	164,195	163,386	161,385	158,331	Student enrollment
12,420	12,148	11,751	10,839	10,444	Special education enrollment
20,646	19,921	19,346	17,128	14,941	ESOL enrollment
Redevelopment and Housing Authority:					
Residents housed through subsidized rental programs:					
3,165	2,940	2,967	2,897	2,899	Federal Public Housing
10,140	10,534	10,185	9,229	8,869	Federal Housing Choice Vouchers
1,378	1,494	2,068	2,117	2,046	County Rental Program (multifamily and seniors)
114	97	147	111	253	Homes sold in First-Time Homebuyer Program
Park Authority:					
1,658,377	1,582,774	1,532,537	1,514,138	1,362,501	REC Center attendance
296,750	321,381	285,392	375,711	350,290	Golf course users
479,533	469,774	459,828	418,561	445,511	Visitors to natural, cultural, historic, and interpretive sites
131,379	133,202	132,461	115,901	81,337	Class, camp, and program participation

COUNTY OF FAIRFAX, VA  
**TABLE 5.3 - Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
<b>Primary Government:</b>					
<i>General government administration:</i>					
Government office buildings (square feet)	4,534,257	3,836,771	3,393,794	3,080,056	3,027,973
Vehicle maintenance facilities	4	4	4	4	4
<i>Judicial administration:</i>					
Correctional facilities (inmate capacity)	1,260	1,260	1,260	1,260	1,260
Courtrooms	39	35	34	35	35
<i>Public safety:</i>					
<i>Police:</i>					
Stations	8	8	8	8	8
Vehicles	1,289	1,290	1,280	1,280	1,326
Helicopters	2	2	2	2	2
Criminal justice academy (trainee capacity)	240	240	240	230	230
<i>Fire and rescue:</i>					
County-operated fire and rescue stations	27	26	24	22	21
Volunteer fire and rescue stations	10	11	13	13	11
Combination stations	4	4	4	4	4
Vehicles	502	495	496	462	458
Boats	2	2	2	2	2
Training facilities (trainee capacity)	186	186	186	177	177
Animal shelters (animal capacity)	146	158	158	158	158
<i>Public works:</i>					
Miles of sanitary sewer lines	3,380	3,378	3,353	3,328	3,306
Sewer pumping stations	65	65	65	65	65
Refuse collection, recycling, and disposal vehicles	263	254	289	229	229
Miles of stormwater drainage lines	1,586	1,575	1,554	1,758	1,520
Stormwater retention ponds	1,334	1,303	1,267	1,222	1,196
Landfills and transfer stations	3	3	3	3	3
<i>Health and welfare:</i>					
Health-related clinics	5	5	5	5	5
Family shelters	6	6	4	3	3
Community Services Board centers	10	10	9	9	9
<i>Community development:</i>					
Community centers	7	7	5	5	5
Bus shelters	184	184	181	74	57
Transit centers and park & ride lots	51	51	48	19	8
Fairfax Connector buses	255	220	212	202	170
<i>Parks, recreation, and cultural:</i>					
Libraries	23	22	21	21	21
Community centers	2	2	3	3	3
Trails and walkways (miles)	641	634	696	605	596



Fiscal Year					Function/Program
2005	2004	2003	2002	2001	
<u>Primary Government:</u>					
<i>General government administration:</i>					
3,027,973	3,027,973	3,027,973	2,962,899	2,802,005	Government office buildings (square feet)
4	4	4	4	4	Vehicle maintenance facilities
<i>Judicial administration:</i>					
1,260	1,260	1,260	1,260	1,012	Correctional facilities (inmate capacity)
35	35	35	35	35	Courtrooms
<i>Public safety:</i>					
Police:					
8	8	7	7	7	Stations
1,283	1,248	1,334	1,298	1,173	Vehicles
2	2	2	2	2	Helicopters
230	230	230	230	230	Criminal justice academy (trainee capacity)
Fire and rescue:					
20	20	20	20	20	County-operated fire and rescue stations
11	11	11	11	11	Volunteer fire and rescue stations
4	4	4	4	4	Combination stations
447	431	397	407	403	Vehicles
2	2	2	2	2	Boats
152	152	152	152	152	Training facilities (trainee capacity)
158	158	158	158	158	Animal shelters (animal capacity)
<i>Public works:</i>					
3,289	3,267	3,240	3,213	3,177	Miles of sanitary sewer lines
64	64	61	61	63	Sewer pumping stations
228	224	222	222	215	Refuse collection, recycling, and disposal vehicles
1,507	1,044	835	815	754	Miles of stormwater drainage lines
1,146	1,116	1,060	1,004	976	Stormwater retention ponds
3	3	3	3	3	Landfills and transfer stations
<i>Health and welfare:</i>					
5	5	5	5	5	Health-related clinics
3	3	3	3	3	Family shelters
9	9	9	9	9	Community Services Board centers
<i>Community development:</i>					
5	5	5	5	5	Community centers
53	42	28	13	NA	Bus shelters
6	6	7	7	NA	Transit centers and park & ride lots
170	170	163	163	163	Fairfax Connector buses
<i>Parks, recreation, and cultural:</i>					
21	21	21	21	21	Libraries
3	3	3	3	3	Community centers
631	626	616	606	546	Trails and walkways (miles)

continued

COUNTY OF FAIRFAX, VA  
**TABLE 5.3 - Capital Asset Statistics by Function (concluded)**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year				
	2010	2009	2008	2007	2006
<u>Component Units:</u>					
<i>Public Schools:</i>					
Elementary schools	139	137	137	137	136
Middle schools	22	22	22	22	22
High/secondary schools	25	25	25	25	25
Special education centers	8	9	10	11	13
Alternative high schools	3	3	3	3	3
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
Federal Public Housing	1,065	1,065	1,065	1,065	1,065
County Rental Program	1,429	1,442	1,437	736	702
Senior Housing Program	494	494	494	494	460
Partnership Program	779	689	689	689	491
<i>Park Authority:</i>					
Acres of park land	22,524	24,277	24,149	23,976	23,687
Athletic fields	284	289	289	288	288
Trail miles	314	312	299	297	211
Play areas and tot lots	201	201	201	194	192
Tennis courts	229	229	229	229	229
Multi-use courts	132	132	132	132	128
Recreational centers	9	9	9	9	9
Golf courses	9	9	9	9	9
Historic sites	67	67	64	64	64
Nature/visitor centers	7	7	7	7	7
Marinas	3	3	3	3	3

Sources: Fairfax County Department of Finance, Fairfax County Public Schools, Fairfax County Redevelopment and Housing Authority, Fairfax County Park Authority

Fiscal Year					Function/Program
2005	2004	2003	2002	2001	
<u>Component Units:</u>					
<i>Public Schools:</i>					
136	136	132	132	131	Elementary schools
22	22	22	21	21	Middle schools
24	24	24	24	24	High/secondary schools
15	20	21	24	25	Special education centers
3	3	3	3	3	Alternative high schools
<i>Redevelopment and Housing Authority:</i>					
Housing units owned under programs:					
1,065	1,065	1,065	1,065	1,065	Federal Public Housing
683	670	666	666	666	County Rental Program
400	400	400	400	340	Senior Housing Program
491	491	491	491	491	Partnership Program
<i>Park Authority:</i>					
23,517	22,987	22,644	22,621	20,063	Acres of park land
275	274	274	295	295	Athletic fields
204	204	204	204	204	Trail miles
205	205	201	201	201	Play areas and tot lots
225	223	222	222	222	Tennis courts
119	118	119	143	143	Multi-use courts
9	8	8	8	8	Recreational centers
8	8	8	8	8	Golf courses
65	65	60	60	60	Historic sites
7	7	7	7	7	Nature/visitor centers
3	3	3	3	3	Marinas





**Fairfax County Government Center**  
**12000 Government Center Parkway**  
**Fairfax, VA 22035**  
**[www.fairfaxcounty.gov](http://www.fairfaxcounty.gov)**



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