BROWN & WOOD LLP

ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
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FACSIMILE: 212-839-5599

July 13, 2000

Mr. John J. Conrad
BB&T Capital Markets, a division of Scott &
Stringfellow, Inc.
2 South Ninth Street
Richmond, VA 23219

Re: $88,000,000, Fairfax County, Virginia, Public Improvement Bonds, Series 2000 A

Dear Mr. Conrad:

Enclosed please find one (1) closing transcript for the above-captioned transaction.

Should you have any questions or require further assistance, please contact me at (212) 839-5301.

Very truly yours,

Garey M. Fuqua

Garey M. Fuqua
Senior Legal Assistant

Enclosure

April 27, 2000

MEMORANDUM OF LEGAL PAPERS

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds
Series 2000 A

The Series 2000 A Bonds are being issued for the purpose of providing funds for school improvements ($50,000,000), parks and park facilities ($12,000,000); transportation improvements and facilities ($8,700,000); public library facilities ($5,600,000); public safety facilities ($4,000,000); adult detention facilities ($4,000,000); neighborhood improvements ($1,500,000); commercial and redevelopment area improvements ($1,500,000); and human services facilities ($700,000).

Nine complete transcripts are to be prepared, one for each of the following:

Board of Supervisors	Purchaser of the Bonds
Department of Management and Budget	Financial Advisor
Department of Finance	County School Board
County Attorney	Counsel to County School Board
	Bond Counsel (2)

Each certified copy of a resolution should be accompanied by a certified copy of the covering minutes of the meeting, in each instance showing the time and date of the meeting, the location of the meeting, the character of the meeting, whether regular, adjourned or special, the names of those present and absent, and the introduction and passage of the resolution, indicating the yea and nay vote. If a meeting is an adjourned meeting, there should be furnished a certified extract of the minutes of the preceding regular meeting, which shows its time, date, location, character, the names of those present and absent and the proceedings in connection with the adjournment. If a meeting is a special meeting, the extract should show that proper notice was given and received by all members.

1. Certified copy of the proceedings of the County School Board of February 24, 2000 showing the adoption of the resolution requesting the Board of Supervisors to authorize the issuance and sale of bonds for school improvements, plus a certificate of the Clerk of the Circuit Court reciting the filing of a certified copy of this resolution with the Court.

2. Certified copy of the proceedings of the Board of Supervisors of March 13, 2000 showing the adoption of the resolution authorizing the issuance of the Series 2000 A Bonds, the resolution providing for the sale of the Series 2000 A Bonds and the resolution providing for the delegation of authority to award the Series 2000 A Bonds in the absence of a quorum, plus a certificate of the Clerk of the Circuit Court reciting the filing of a certified copy of the resolution authorizing the issuance of the Series 2000 A Bonds with the Court.

3. Affidavit of publication, with original newspaper clipping attached, showing the date of publication of the Summary Notice of Sale in *The Bond Buyer*.

4. Copy of the official Notice of Sale.

5. Print outs of bids submitted pursuant to Notice of Sale.

6. Copy of the Preliminary Official Statement.

7. Certificate of the Chief Financial Officer awarding the Series 2000 A Bonds.

8. Continuing Disclosure Agreement.

9. Releases from Rating Agencies.

10. Signed copy of the Official Statement with a certificate of the Clerk of the Board of Supervisors that it is substantially in the form approved by the Board of Supervisors.

11. Certificate of the Chairman of the Board of Supervisors and the County Executive as to the accuracy and completeness of the Official Statement.

12. Officers and seal certificate for the County School Board.

13. Officers and seal certificate of the Board of Supervisors.

14. Signature and no-litigation certificate.

15. County Attorney's no-litigation opinion.

16. Certificate of authentication. Specimen bond.

17. Certificate of delivery and payment.

18. Tax Certificate, including issue price certification of winning bidder and certificate of the County School Board.

19. Completed Form 8038-G and proof of filing with the Internal Revenue Service.

20. Approving opinion of Bond Counsel.

21. Opinion of Bond Counsel as to original issue discount.

22. Blanket Letter of Representations to The Depository Trust Company.

23. Receipt from The Depository Trust Company for the bonds.

24. Certificate of successful bidder.

MINUTES

Fairfax County School Board

Luther Jackson Middle School

Regular Meeting No. 14 February 24, 2000

EXCERPTED FROM PAGES 1, 7, 8, 17

II. MEETING OPENING

A. Call to Order/Pledge of Allegiance

TAPE REFERENCE: 1-0056

Chairman Frye convened the meeting at 7:38 p.m. with the following Board members present:

Catherine A. Belter (Springfield)	Ernestine C. Heastie (Providence;arr, 6:57)
Christian N. Braunlich (Lee)	Kaye Kory (Mason)
Mychele B. Brickner (At Large)	Gary A. Reese (Sully)
Isis Castro (Mt. Vernon)	Jane K. Strauss (Dranesville)
Robert E. Frye (At Large)	Rita S. Thompson (At Large)
Stuart D. Gibson (Hunter Mill)	Tessie Wilson (Braddock)

Also present were student representative to the Board Reid G. Voss; Division Superintendent Daniel A. Domenech; Deputy Superintendent Alan E. Leis; Deputy Executive Assistant Pam Goddard; Deputy Clerk Norma Bailey; and certain other members of staff.

IV. ACTION ITEMS

B. Approval of Other Action Items

TAPE REFERENCE: 1-2005

Sale of School Bonds –Approve the resolution requesting the Board of Supervisors to issue and sell $50,000,000 in school bonds approved by the voters in the November 4, 1997, referendum; and authorize the Chairman to execute, on behalf of the School Board, the Tax Certificate in connection with the issuance of the county of the Series 2000A public improvement and refunding bonds, part of the proceeds of which will be used to finance and refinance constructing, furnishing, and equipping school improvements (FnS; Exhibit N)

Discussion included the following comments: That there was a difference between the bond referendum, when the voters authorized the issuance of bonds for school construction and renovation, and the actual sale of school bonds, when the proceeds would be used for building and renovating schools; that this was the second part of the process; that tonight's agenda item was for the sale of school bonds that had been authorized in the 1997 bond referendum, the proceeds of which would be used to fund certain construction and renewal projects in the Capital Improvement Plan approved by the Board in January 2000 (Gibson); that this would complete the sale of $130 million in bonds for this year; that the Board had set aside money to pay the debt service on the $130 million; that the previous sale amount

for bonds had been $100 million per year; that there had been an $80 million bond sale earlier in the year; that the $50 million the Board was approving tonight would complete this year's bond sale for a total of $130 million (Charles Woodruff, Assistant Superintendent of Financial Services).

Mr. Gibson moved, and Mrs. Strauss seconded, that the Board approve the resolution requesting the Board of Supervisors to issue and sell $50,000,000 in school bonds approved by the voters in the November 4, 1997, referendum; and authorize the Chairman to execute, on behalf of the School Board, the Tax Certificate in connection with the issuance by the county of the Series 2000A public improvement and refunding bonds, part of the proceeds of which will be used to finance and refinance constructing, furnishing, and equipping school improvements. The motion **passed unanimously.**

IX. ADJOURNMENT

TAPE REFERENCE: 2-1740

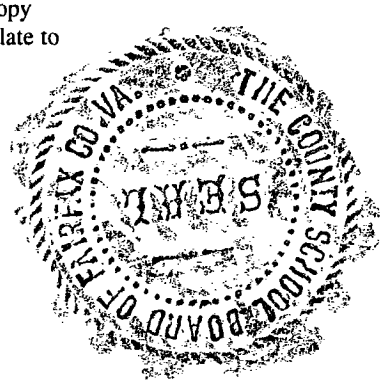
The meeting was adjourned at 10:02 p.m.

I, Grace Winters, Executive Assistant of the School Board of Fairfax County, Virginia, hereby certify that the foregoing annexed extracts from the Minutes of the meeting of the School Board of said County, held on February 24, 2000, are a true, complete, and correct copy thereof of the whole of said original Minutes so far as the same relate to the subject matter referred to in said extracts.

Grace H. Winters

Grace H. Winters, Executive Assistant
County School Board of Fairfax County, Virginia

April 27, 2000
Date



SCHOOL BOARD REQUESTING RESOLUTION CERTIFICATE

I, Grace H. Winters, Clerk of the School Board of Fairfax County, Virginia (the "Board"), DO HEREBY CERTIFY that attached hereto as Exhibit A is a true, correct and complete copy of a resolution of the Board entitled: **"A RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA, TO ISSUE AND SELL SCHOOL BONDS OF FAIRFAX COUNTY, VIRGINIA, TOTALING $50,000,000 AND APPROVING THE FORM OF A TAX CERTIFICATE AND AUTHORIZING THE EXECUTION THEREOF"**, as adopted by the Board on February 24, 2000 (the "Resolution") and that said Resolution has not been amended or repealed since the date of its adoption and is in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of April, 2000.

Grace H. Winters

Grace H. Winters
Clerk of the School Board of Fairfax County

A RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA, TO ISSUE AND SELL SCHOOL BONDS OF FAIRFAX COUNTY, VIRGINIA, TOTALING $50,000,000 AND APPROVING THE FORM OF A TAX CERTIFICATE AND AUTHORIZING THE EXECUTION THEREOF

WHEREAS, at an election duly called and held on November 4, 1997, a majority of the qualified voters of Fairfax County, Virginia, voting on the question, approved contracting a debt, borrowing money and issuing school bonds of Fairfax County, Virginia, in the aggregate principal amount of $232,850,000; and

WHEREAS, the Circuit Court of Fairfax County, Virginia, has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to carry out the wishes of the voters of said County as expressed at said election, and to contract a debt, borrow money, and issue school bonds of Fairfax County, Virginia, in the aggregate principal amount of $232,850,000; and

WHEREAS, the purpose of the school bonds stated in the election was for construction and acquisition of school improvements, including additions and improvements to sites, the construction of new buildings or additions and alterations to existing buildings, and the furnishing and equipping of buildings or additions to buildings; and

WHEREAS, the Board of Supervisors has heretofore issued $87,580,000 of said bonds from the November 4, 1997 referendum leaving a balance of $145,270,000 authorized but unissued bonds; and

WHEREAS, the County School Board deems it advisable for the Board of Supervisors of Fairfax County, Virginia to issue $50,000,000 in school bonds authorized by the November 4, 1997 referendum, and to sell said school bonds at this time; and

WHEREAS, the County School Board recognizes that it will be necessary for it to make certain certifications regarding the use of the proceeds of said school bonds for federal income tax purposes;

NOW, THEREFORE, BE IT RESOLVED by the County School Board of Fairfax County, Virginia:

Section 1. For the purpose of providing funds for the construction and acquisition of school improvements, including additions and improvements to sites, the construction of new buildings or additions and alterations to existing buildings, and the furnishing and equipping of buildings or additions to buildings, the Board of Supervisors of Fairfax County, Virginia, is hereby requested to issue school bonds of Fairfax County, Virginia, in the aggregate principal amount of $50,000,000 and provide for the sale of said bonds at this time.

Section 2. The form of a tax certificate attached to this resolution as Appendix A (the "County School Board Tax Certificate") to be executed by the County School Board in connection with the issuance of the County's Public Improvement Bonds, Series 2000 A is approved in all respects and the Chairman, Vice Chairman or any member or officer of the County School Board designated in writing by the Chairman of the County School Board is hereby authorized and directed to approve, by execution and delivery, the County School Board Tax Certificate in substantially the form presented to this meeting together with such changes, modifications, insertions and deletions as the Chairman, Vice Chairman or such designated member or officer, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization thereof by the County School Board.

Section 3. The Clerk of the County School Board is hereby authorized and directed to file two certified copies of this resolution with the Board of Supervisors of Fairfax County, Virginia.

* * * * * * * * * * * * *

I hereby certify the above is a true and correct copy of a resolution adopted by the County School Board of Fairfax County, Virginia, at a regular meeting held on February 24, 2000, at Luther Jackson Middle School, Falls Church, Virginia.

2/28/00
Date

Grace H. Winters
Grace H. Winters, Clerk
County School Board of
Fairfax County, Virginia

CERTIFICATE OF THE SCHOOL BOARD

This certificate is provided to the County of Fairfax, Virginia (the **"County"**) by the School Board of the County of Fairfax, Virginia (the **"School Board"**) in connection with the issuance by the County of its $_____ Public Improvement Bonds, Series 2000 A (the **"Bonds"**) the proceeds of which will be used to provide funds to finance the cost of constructing, furnishing, acquiring and equipping school improvements (the **"School Projects"**),

_____

_____

_____

_____(collectively with the School Projects, the **"Projects"**).

The School Board recognizes that some of the representations made by the County in its Tax Certificate dated _____ __, 2000 and executed in connection with the issuance of the Bonds (the **"Tax Certificate"**) must be based on the representations and certifications of the School Board and that the exclusion from gross income of the interest on the Bonds for federal income tax purposes depends on the use of proceeds of the Bonds.

Accordingly, the School Board certifies that it has reviewed the representations set forth in Section _ of Part _ of the Tax Certificate to which this certificate is attached regarding the use of proceeds of the Bonds and the Projects and that such representations, to the extent they relate to the School Projects, are true and correct, except as follows: (i) with respect to paragraph (_) ("Definition of Private Use"), in the _____ paragraph, _____ line, after ("General Public Use"), there shall be deemed to be inserted "or other than as is excepted as private use by U.S. Treasury Regulations," and (ii) with respect to paragraph (_) ("Management and Service Contracts"), the references to Revenue Procedure 97-13 shall be deemed to include "or other applicable law." Furthermore, such provisions are hereby incorporated by reference in this certificate and shall be treated as representations made by the School Board with respect to the School Projects as if set forth herein. The School Board shall not take any action that is inconsistent with such representations.

The School Board further covenants that:

(a) it shall not sell or otherwise dispose of the School Projects prior to the final maturity date of the Bonds of _____, 20__ except as shall be permitted in the opinion of an attorney or firm of attorneys, acceptable to the County, nationally recognized as experienced with respect to matters pertaining to the exclusion of interest on obligations of States and political subdivisions from gross income for federal income tax purposes; and

(b) it shall not knowingly take any action which will, or fail to take any action which failure will, cause the interest on the Bonds to become includable in the gross income of the owners of the Bonds for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended (the **"Code"**), and the regulations promulgated thereunder in effect on the date of original issuance of the Bonds and for purposes of assuring compliance with Section 141 of the Code.

School Board of the County of Fairfax, Virginia

_____

Name:
Title:

Date: _____ __, 2000

I, Nancy Vehrs, hereby certify that on Monday, March 20, 2000, I delivered a certified copy of each of the following two resolutions:

- **A RESOLUTION AUTHORIZING THE ISSUANCE OF $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA, AND DELEGATING TO THE COUNTY EXECUTIVE OR THE CHIEF FINANCIAL OFFICER AUTHORITY TO DETERMINE CERTAIN DETAILS OF SUCH BONDS**
- **A RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA, TO ISSUE AND SELL SCHOOL BONDS OF FAIRFAX COUNTY, VIRGINIA, TOTALING $50,000,000 AND APPROVING THE FORM OF A TAX CERTIFICATE AND AUTHORIZING THE EXECUTION THEREOF**

to the Clerk of the Circuit Court of Fairfax County, Virginia.

Nancy Vehrs

Nancy Vehrs (SEAL)
Clerk to the Board of Supervisors
Fairfax County, Virginia

This is to certify that the aforementioned Resolutions were received in the Clerk's Office of the Circuit Court of Fairfax County, Virginia, on the 20th day of March, 2000.

Jane M. Delice

Jane M. Delice (SEAL)
Chief Deputy Clerk of the Circuit Court
Fairfax County, Virginia

MINUTES
BOARD OF SUPERVISORS
FAIRFAX COUNTY, VIRGINIA
March 13, 2000

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Government Center at Fairfax, Virginia, on Monday, March 13, 2000, at 9:30 a.m., there were present:

Chairman Katherine K. Hanley, presiding;

Supervisor Sharon Bulova, of Braddock District;

Supervisor Gerald E. Connolly, of Providence District;

Supervisor Michael R. Frey, of Sully District;

Supervisor Penelope A. Gross, of Mason District;

Supervisor Catherine M. Hudgins, of Hunter Mill District;

Supervisor Gerald W. Hyland, of Mount Vernon District;

Supervisor T. Dana Kauffman, of Lee District;

Supervisor Elaine N. McConnell, of Springfield District;

Supervisor Stuart Mendelsohn, of Dranesville District;

Anthony H. Griffin, County Executive;

David P. Bobzien, County Attorney;

Catherine A. Chianese, Assistant to the County Executive;

Christina M. Manning, Assistant to the County Executive;

Nancy Vehrs, Clerk to the Board of Supervisors; and

Patti M. Hicks, Deputy Clerk to the Board of Supervisors.

//

Extracts from the Minutes of a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Government Center, Fairfax, Virginia, on Monday, March 13, 2000:

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20. **A-1 – SALE OF GENERAL OBLIGATION BONDS, SERIES 2000A** (Tape 4)

Supervisor Bulova moved that the Board concur in the recommendation of staff and:

- Adopt the Resolution authorizing the issuance of the General Obligation Bonds, which also authorizes the execution and delivery of a Continuing Disclosure Agreement.
- Adopt the Resolution providing for the sale of the General Obligation Bonds, which also approves the form of the notice of sale and the Official Statement, and authorizes the Chairman to sign the Official Statement.
- Adopt the Resolution delegating to the County Executive or the Chief Financial Officer, authority to award the bonds to the best bidder. Bond Counsel has advised that this form of authorization is acceptable and consistent with previous bond sales. The winning bid must offer the lowest true interest cost, and the true interest cost rate must not exceed seven percent per annum.
- Approve a change in the methodology currently used to receive bids to facilitate the use of technology. New technology will allow the County to participate in electronic bidding and provide on-line access to the Official Statement.

Supervisor Connolly seconded the motion.

Following discussion, with input from Leonard P. Wales, Assistant Director Department of Management and Budget, Chairman Hanley relinquished the Chair to Vice-Chairman Hyland and

asked unanimous consent that the Board defer action on this item until the Board could review a list of projects the bonds are funding. Without objection, it was so ordered.

Following further discussion, Supervisor Bulova asked unanimous consent that the Board direct staff to explain the source of funding for spot improvements and whether they are being funded from bonds designated for a garage. Without objection, it was so ordered.

Vice-Chairman Hyland returned the gavel to Chairman Hanley.

(NOTE: Later in the meeting, the Board took action on this item. See Clerk's Board Summary Item CL#94.)

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94. **A-1 - SALE OF GENERAL OBLIGATION BONDS SERIES 2000A** (Tape 11)

(NOTE: Earlier in the meeting action was taken to defer Action Item A-1, Sale of General Obligation Bonds, Series 2000A, until later in the meeting. See Clerk's Summary Item CL#20.)

Supervisor Hyland moved that the Board concur in the recommendation of staff and:

- Adopt the Resolution authorizing the issuance of the General Obligation Bonds, which also authorizes the execution and delivery of a Continuing Disclosure Agreement.
- Adopt the Resolution providing for the sale of the General Obligations Bonds, which also approves the form of the notice of sale and the Official Statement, and authorizes the Chairman to sign the Official Statement.
- Adopt the Resolution delegating to the County Executive or Chief Financial Officer, authority to award the bonds to the best bidder. Bond Counsel has advised that this

form of authorization is acceptable and consistent with previous bond sales. The winning bid must offer the lowest true interest cost, and the true interest cost rate must not exceed seven percent per annum.

- Approve a change in the methodology currently used to receive bids to facilitate the use of technology. New technology will allow the County to participate in electronic bidding and provide on-line access to the Official Statement.

Supervisor Kauffman seconded the motion and it carried by a vote of eight, Supervisor Bulova, Supervisor Gross, Supervisor Hudgins, Supervisor Kauffman, Supervisor Hyland, Supervisor McConnell, Supervisor Mendelsohn, and Chairman Hanley voting "AYE," Supervisor Connolly and Supervisor Frey being out of the room.

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Extracts from the Minutes of a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board Auditorium of the Government Center, Fairfax, Virginia, on Monday, March 13, 2000:

"I, Nancy Vehrs, Clerk to the Board of Supervisors, Fairfax County, Virginia, hereby certify that the foregoing annexed extracts from the Minutes of the meeting of the Board of Supervisors of said County, held on March 13, 2000, have been compared by me with original Minutes as officially recorded in my office of the said Board and is a true, complete, and correct copy thereof of the whole of said original Minutes as far as the same relate to the subject matter referred to in said extracts.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said County, this 12th day of April, 2000."

Nancy Vehrs

Nancy Vehrs (SEAL)
Clerk to the Board of Supervisors
Fairfax County, Virginia

BOND RESOLUTION CERTIFICATE

I, Nancy Vehrs, Clerk to the Board of Supervisors of the County of Fairfax, Virginia (the County"), DO HEREBY CERTIFY that attached hereto as Exhibit A is a true, correct and complete copy of a resolution of the Board of Supervisors of the County entitled: "**A RESOLUTION AUTHORIZING THE ISSUANCE OF $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA, AND DELEGATING TO THE COUNTY EXECUTIVE OR THE CHIEF FINANCIAL OFFICER AUTHORITY TO DETERMINE CERTAIN DETAILS OF SUCH BONDS**", as adopted by the Board of Supervisors on March 13, 2000 (the "Bond Resolution") and that said Bond Resolution has not been amended or repealed since the date of its adoption and is in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of April, 2000.

Nancy Vehrs

Nancy Vehrs
Clerk to the Board of Supervisors
County of Fairfax, Virginia

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board auditorium in the Government Center at 12000 Government Center Parkway, Fairfax, Virginia on March 13, 2000, at which meeting a quorum was present and voting, the following resolution was adopted:

A RESOLUTION AUTHORIZING THE ISSUANCE OF $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA, AND DELEGATING TO THE COUNTY EXECUTIVE OR THE CHIEF FINANCIAL OFFICER AUTHORITY TO DETERMINE CERTAIN DETAILS OF SUCH BONDS

[school improvements - $50,000,000]

WHEREAS, the Board of Supervisors of Fairfax County, Virginia at the request of the School Board of Fairfax County, Virginia has heretofore authorized the issuance of and has issued $87,580,000 of the $232,850,000 school bonds authorized at the election duly called and held on November 4, 1997; and

WHEREAS, there has been filed with the Board of Supervisors two certified copies of a resolution of the County School Board entitled:

"A RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA, TO ISSUE AND SELL SCHOOL BONDS OF FAIRFAX COUNTY, VIRGINIA, TOTALING $50,000,000 AND APPROVING THE FORM OF A TAX CERTIFICATE AND AUTHORIZING THE EXECUTION THEREOF.";

and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of $50,000,000 of school bonds authorized at the November 4, 1997 election, and to sell $50,000,000 aggregate principal amount of bonds at this time, and

[parks and park facilities - $12,000,000]

WHEREAS, at an election duly called and held on November 3, 1998, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $87,000,000 for the purpose of providing funds, with any other available funds, to finance the cost of providing additional parks and park facilities, of which amount said County may not pay in excess of $75,000,000 for the acquisition, construction, development and equipment of additional parks and park facilities and the development and improvement of existing parks and park facilities by the Fairfax County Park Authority, and of which amount the County may not pay in excess of $12,000,000 as the share of Fairfax County for the cost of parks

and park facilities to be acquired, constructed, developed and equipped by the Northern Virginia Regional Park Authority; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $87,000,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued (i) $6,000,000 of the bonds for the Fairfax County Park Authority and (ii) $3,000,000 of the bonds for the Northern Virginia Regional Park Authority, or a total of $9,000,000 of the $87,000,000 of bonds authorized for additional parks and park facilities at the election duly called and held on November 3, 1998; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of $12,000,000 of said bonds for the Fairfax County Park Authority for additional parks and park facilities and to sell said $12,000,000 bonds at this time; and

[neighborhood improvements - $1,500,000]

WHEREAS, at an election duly called and held on November 7, 1989, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $30,000,000 for the purpose of providing funds, with any other available funds, to finance the cost of neighborhood improvement programs providing for the construction and reconstruction of streets and sidewalks, including necessary curbs, gutters, culverts, drains and street lights, and the acquisition of necessary land; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $30,000,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $23,355,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $1,500,000 of said bonds and to sell said $1,500,000 bonds at this time; and

[transportation improvements and facilities $8,700,000]

WHEREAS, at an election duly called and held on November 6, 1990, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $80,000,000 for the purpose of providing funds, with any other available funds, to finance the cost of constructing and improving transportation facilities in the County, including

off-street parking, bus transfer, bus maintenance and other facilities and the acquisition of necessary land and buses; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $80,000,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $26,970,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $700,000 of said bonds and to sell said $700,000 bonds at this time; and

WHEREAS, at an election duly called and held on November 3, 1992, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $130,000,000 for the purpose of providing funds, with any other available funds, to finance the cost of constructing, reconstructing, improving and acquiring transportation improvements, including highways in the primary and secondary systems of State highways and other facilities in the County, and the acquisition of necessary land and transit facilities in the Washington metropolitan area the capital costs of which are allocable to the County pursuant to the provisions of the Washington Metropolitan Area Transit Authority Compact; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $130,000,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $71,625,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $8,000,000 of said bonds and to sell said $8,000,000 bonds at this time; and

[public library facilities - $5,600,000]

WHEREAS, at an election duly called and held on November 7, 1989, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $39,100,000 for the purpose of providing funds, with any other available funds, to finance the cost of a project to provide additional public library facilities, new library facilities, the reconstruction, enlargement and equipment of existing library facilities and the acquisition of necessary land; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $39,100,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $29,650,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $5,600,000 of said bonds and to sell said $5,600,000 bonds at this time; and

[human services facilities - $700,000]

WHEREAS, at an election duly called and held on November 8, 1988, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $16,800,000 for the purpose of providing funds, with any other available funds, to finance the cost of a project to provide human services facilities, including the construction and reconstruction of juvenile shelter and substance abuse rehabilitation facilities, and the acquisition of necessary land and equipment; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $16,800,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $14,915,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $700,000 of said bonds and to sell said $700,000 bonds at this time; and

[adult detention facilities - $4,000,000]

WHEREAS, at an election duly called and held on November 7, 1989, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $94,330,000 for the purpose of providing funds, with any other available funds, to finance the cost of a project to provide additional adult detention facilities, including the construction and equipment of an addition to, and a parking structure for, the Adult Detention Center and a work training center for minimum security offenders and the acquisition of necessary land; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt,

borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $94,330,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance and has issued $81,810,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $4,000,000 of said bonds and to sell said $4,000,000 bonds at this time; and

[public safety facilities - $4,000,000]

WHEREAS, at an election duly called and held on November 7, 1989, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $66,350,000 for the purpose of providing funds, with any other available funds, to finance the cost of a project to provide additional public safety facilities, including the construction, enlargement and equipment of fire and rescue stations, the reconstruction, enlargement and equipment of the existing fire and rescue training facility, the construction and equipment of a firearms training facility, a driver training facility and training facilities for the police and sheriff departments, the construction, or reconstruction and enlargement, and equipment of government centers (police stations and County government offices) and the acquisition of necessary land; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $66,350,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $46,920,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $2,000,000 of said bonds and to sell said $2,000,000 bonds at this time; and

WHEREAS, at an election duly called and held on November 3, 1998, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $99,920,000 for the purpose of providing funds, with any other available funds, to finance the cost of the construction, reconstruction, enlargement and equipment of police, fire and rescue stations, including fire and rescue stations owned by volunteer organizations, enlargement of County Courthouse facilities, and the acquisition of necessary land; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $99,920,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued $1,430,000 of said bonds; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $2,000,000 of said bonds and to sell said $2,000,000 bonds at this time; and

[commercial and redevelopment area improvements - $1,500,000]

WHEREAS, at an election duly called and held on November 8, 1988, a majority of the qualified voters of Fairfax County, Virginia, voting on the question approved contracting a debt, borrowing money and issuing bonds of Fairfax County, Virginia, in the aggregate principal amount of $32,000,000 for the purpose of providing funds, with any other available funds, to finance the cost of a project to provide public improvements in commercial and redevelopment areas of the County, including the construction and reconstruction of utilities, roadways and sidewalks, including necessary curbs, gutters, culverts, drains, street lights, signage and landscaping, and the acquisition of necessary land, of which the County may pay not to exceed $9,700,000 for the construction and reconstruction of utilities, roadways and sidewalks, including necessary curbs, gutters, culverts, drains, street lights, signage and landscaping, by the Fairfax County Redevelopment and Housing Authority; and

WHEREAS, the Circuit Court of Fairfax County, Virginia has duly entered its Final Order authorizing the Board of Supervisors of Fairfax County, Virginia, to proceed to carry out the wishes of the voters of said County as expressed at said election and to contract a debt, borrow money and issue bonds of Fairfax County, Virginia, in the aggregate principal amount of $32,000,000 for the aforesaid purpose; and

WHEREAS, the Board of Supervisors has heretofore authorized the issuance of and has issued (i) $3,330,000 of the bonds for the Fairfax County Redevelopment and Housing Authority and (ii) $6,590,000 of the balance of the bonds, or a total of $9,920,000 of the $32,000,000 of said bonds for public improvements in commercial and redevelopment areas of the County; and

WHEREAS, the Board of Supervisors deems it advisable to authorize the issuance of an additional $1,500,000 of said bonds for public improvements in commercial and redevelopment areas of the County and to sell said $1,500,000 bonds at this time; and

WHEREAS, the Board of Supervisors has determined that it is in the best interests of Fairfax County to consolidate for purposes of the sale the bond authorizations mentioned above into a single issue of $88,000,000 public improvement bonds of Fairfax County, Virginia; now, therefore,

BE IT RESOLVED by the Board of Supervisors of Fairfax County, Virginia:

Section 1(a). Authorization of bonds. For the purpose of providing funds for school improvements, parks and park facilities, neighborhood improvements, transportation improvements and facilities, public library facilities, human services facilities, adult detention facilities, public safety facilities, and commercial and redevelopment area improvements in the respective amounts referred to above, there shall be issued bonds of Fairfax County, Virginia, in the aggregate principal amount of $88,000,000. Said bonds shall be designated "Public

Improvement Bonds, Series 2000 A", shall be dated as of the 1st of April, 2000, subject to the delegation provisions contained in Section 1(b) as hereinafter set forth, shall be stated to mature, subject to the right of prior redemption and the delegation provisions contained in Section 1(b) as hereinafter set forth, on the 1st day of June in the following years and in the following amounts, respectively:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2001	$4,400,000	2011	$4,400,000
2002	4,400,000	2012	4,400,000
2003	4,400,000	2013	4,400,000
2004	4,400,000	2014	4,400,000
2005	4,400,000	2015	4,400,000
2006	4,400,000	2016	4,400,000
2007	4,400,000	2017	4,400,000
2008	4,400,000	2018	4,400,000
2009	4,400,000	2019	4,400,000
2010	4,400,000	2020	4,400,000

and shall bear interest until their payment at a rate or rates as shall hereafter be determined by the Board of Supervisors by resolution, such interest to the respective maturities of the bonds being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year. Said bonds shall be issuable in fully registered form in the denomination of $5,000 or any multiple thereof and shall be appropriately numbered.

Each bond shall bear interest from the interest payment date next preceding the date on which it is authenticated unless it is (a) authenticated upon an interest payment date in which case it shall bear interest from such interest payment date or (b) authenticated prior to the first interest payment date in which case it shall bear interest from its date; provided, however, that if at the time of authentication of any bond interest is in default, such bonds shall bear interest from the date to which interest has been paid.

The principal of and the interest and any redemption premium on said bonds shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. The principal of and any redemption premium on each bond shall be payable to the registered owner thereof or his registered assigns or legal representative at the principal corporate trust office of the Bond Registrar mentioned hereinafter upon the presentation and surrender thereof as the same shall

become due and payable. Payment of the interest on each bond shall be made by the Bond Registrar on each interest payment date to the person appearing on the registration books of Fairfax County hereinafter provided for as the registered owner of such bond (or the previous bond or bonds evidencing the same debt as that evidenced by such bond) at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by check mailed or by wire transfer to such person at his address as it appears on such registration books.

The bonds initially issued will be in fully registered form and registered in the name of Cede & Co., a nominee of The Depositary Trust Company, New York, New York ("DTC"), and immobilized in the custody of DTC. One fully registered bond for the original principal amount of each maturity will be registered to Cede & Co. Beneficial owners will not receive physical delivery of bonds. Individual purchases of bonds may be made in book-entry form only in original principal amounts of $5,000 and integral multiples of $5,000. Payments of the principal of and premium, if any, and interest on the bonds will be made to DTC or its nominee as registered owner of the bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee of DTC, is the registered owner of the bonds, references in this resolution to the holders of the bonds mean Cede & Co. and do not mean the beneficial owners of the bonds.

Replacement bonds (the "Replacement Bonds") will be issued directly to beneficial owners of bonds rather than to DTC, or its nominee, but only in the event that:

(1) DTC determines not to continue to act as securities depository for the bonds;

(2) The County has advised DTC of its determination that DTC is incapable of discharging its duties; or

(3) The County has determined that it is in the best interests of the beneficial owners of the bonds not to continue the book-entry system of transfer.

Upon occurrence of the events described in clause (1) or (2), the County will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the County fails to locate another qualified securities depository to replace DTC, the County will execute and the Bond Registrar will authenticate and deliver to the participants in DTC ("Participants") the Replacement Bonds to which the Participants are entitled. In the event the County makes the determination described in clause (2) or (3) (the County undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the County to make any such determination) and, in the case of the determination under clause (2), the County has failed to locate another qualified securities depository and has made provisions to notify the beneficial owners of the bonds by mailing an appropriate notice to DTC, the County will execute and the Bond Registrar will authenticate and deliver to the Participants the appropriate Replacement Bonds to which the Participants are entitled. The Bond Registrar is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

Section 1(b). Dated Date, Term Bonds, Delegation and Standard. The Board of Supervisors hereby delegates to the County Executive or the Chief Financial Officer, subject to the limitations contained herein, powers and duties to determine the dated date of the bonds, which bonds, if any, are term bonds and the amortization requirements and maturity amounts therefor, such delegation to be effective only if the Board of Supervisors shall not then be in session (the Board not to be deemed in session if less than a quorum is present and voting).

In the event of a partial optional redemption or purchase of any such term bonds, the County will credit the principal amount of such terms bonds so purchased or redeemed against the amortization requirements for the remaining term bonds outstanding in such amount and in such years as it in its sole discretion shall determine.

Section 2. Form of bonds. Said bonds shall bear the facsimile signatures of the Chairman and the Clerk of the Board of Supervisors and a facsimile of the official seal of said Board shall be imprinted on said bonds. The certificate of authentication of the Bond Registrar to be endorsed on all bonds shall be executed as provided hereinafter.

In case any officer of Fairfax County whose facsimile signature shall appear on any bonds shall cease to be such officer before the delivery of such bonds, such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any bond may bear the facsimile signatures of such persons at the actual time of the execution of such bond shall be the proper officers to sign such bond although at the date of such bond such persons may not have been such officers.

No bond shall be valid or become obligatory for any purpose or be entitled to any benefit or security under this resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed thereon.

Said bonds and the endorsement thereon shall be substantially in the following form:

[Depository Legend]

(Face of Bond)

No. ____ **$_____**

United States of America
Commonwealth of Virginia

FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	**Interest Rate**	**Dated Date**	**CUSIP**
June 1, ____	_____%	, 2000	_____ __

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

_____

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

_____ **DOLLARS**

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall

be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt payment hereof, both principal and interest as the same shall become due, the full faith and credit of said County are hereby irrevocably pledged.

This bond and the bonds of the series of which it is one are issued under and pursuant to a resolution duly adopted by the Board of Supervisors of Fairfax County, Virginia (the "Resolution"), for the purpose of providing funds, with other available funds, for school improvements, parks and park facilities, neighborhood improvements, transportation improvements and facilities, public library facilities, human services facilities, adult detention facilities, public safety facilities, and commercial and redevelopment area improvements.

The bonds of this series which mature on or before June 1, 20__ are not subject to redemption before maturity. Bonds which mature after June 1, 20__ may be redeemed, at the option of Fairfax County, Virginia, before their respective maturities on any date not earlier than _____, 20__, in whole or in part (in integral multiples of $5,000), upon payment of the following redemption prices (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period (both dates inclusive)	Redemption Price
, 20__ through , 20__	10_%
, 20__ through , 20__	10_
, 20__ and thereafter	10_

[In addition, the term bonds of this series stated to mature on June 1, ____ shall be called for mandatory redemption in the amounts of the amortization requirements established pursuant to the delegation of authority contained in the Resolution on June 1, ____ and on each June 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption and without premium.

[In addition, the term bonds of this series stated to mature on June 1, ____ shall be called for mandatory redemption in the amounts of the amortization requirements established pursuant to the delegation of authority contained in the Resolution on June 1, ____ and on each June 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption and without premium.]

Term bonds of this series purchased or redeemed pursuant to a partial optional redemption by Fairfax County, Virginia may be credited against the amortization requirements therefor as said County in its sole discretion may determine.]

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions of bonds of such maturity to be redeemed shall be selected by lot by said County in such manner as said County in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof and that, in selecting bonds for redemption, said County shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by $5,000.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, said County shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each bond to be redeemed in whole or in part at his address appearing upon the registration books of said County, but failure to mail such notice or any defect therein shall not affect the validity of the redemption. On the date fixed for redemption, notice having been given as aforesaid, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such bonds or portion thereof on such date and, if moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar as provided in the Resolution, interest on the bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner hereof or his legal representative upon the surrender hereof.

The bonds are issuable in fully registered form in the denomination of $5,000 or any multiple thereof. At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, bonds may be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its office the books of said County for the registration of transfer of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of any bonds and ending at the close of business on the day of such mailing or of any bond called for redemption in whole or in part pursuant to the Resolution.

This bond is one of a series issued under the authority of and in full compliance with the Constitution and laws of Virginia, particularly the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended, and pursuant to votes of a majority of the qualified voters of Fairfax County, Virginia, voting at elections duly called and held under the provisions of said Code of Virginia, 1950, as amended, and under orders of the Circuit Court of Fairfax County, Virginia, authorizing the Board of Supervisors of said County to proceed to carry out the wishes of the voters as expressed at said elections, and pursuant to resolutions duly adopted by the Board of Supervisors and the County School Board of said County.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of Virginia to happen, exist and be performed precedent to and in the

issuance of this bond have happened, exist and have been performed in due time, form and manner as so required, that the total indebtedness of Fairfax County, Virginia, including this bond, does not exceed any constitutional or statutory limitation thereon, and that provision has been made for the levy and collection of an annual ad valorem tax upon all taxable property in said County subject to local taxation sufficient in amount to provide for the payment of the principal of and the interest on this bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in said County to the extent other funds of said County are not lawfully available and appropriated for such purpose.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the resolution mentioned hereinafter until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Board of Supervisors of Fairfax County, Virginia, has caused this bond to be issued in the name of Fairfax County, Virginia, and said Board has caused this bond to bear the facsimile signatures of its Chairman and Clerk and a facsimile of the official seal of said Board to be imprinted hereon, all as of the ___ day of _____, 2000.

(Facsimile signature)

(Facsimile signature)

_____

Clerk, Board of Supervisors of Fairfax County, Virginia

_____

Chairman, Board of Supervisors of Fairfax County, Virginia

(Facsimile seal)

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds of the series designated herein and described in the within mentioned Resolution.

Director of the Department of Finance of Fairfax County, Virginia as Bond Registrar

By_____
Authorized Signature

Date of authentication:_____

(Form of Assignment)
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Please insert social security or
other identifying number of assignee

_____

_____

(Please Print or Typewrite Name and Address of Transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____ _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed* by:_____

*Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Section 3(a). Optional redemption. (1) Subject to the delegation of authority contained in paragraph (2) of this Section 3(a), the bonds will have the following optional redemption provisions. The bonds of this series which mature on or before June 1, 2008 are not subject to redemption before maturity. Bonds which mature after June 1, 2008 may be redeemed, at the option of Fairfax County, Virginia, before their respective maturities on any date not earlier than June 1, 2008, in whole or in part (in integral multiples of $5,000), upon payment of the following redemption prices (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period (both dates inclusive)	Redemption Price
June 1, 2008 through May 31, 2009	102%
June 1, 2009 through May 31, 2010	101
June 1, 2010 and thereafter	100

(2) The Board of Supervisors hereby delegates to the County Executive or the Chief Financial Officer, subject to the limitations contained herein, the authority to alter any of the optional redemption provisions for the bonds from those set forth in paragraph (1) above of this Section 3(a). The first optional call date for the bonds must be no later than 10 and one-half years after the date of issue of the bonds. The maximum redemption price for the bonds may not exceed 103% of the principal amount of the bonds to be redeemed. Such delegation shall be effectively only if the Board of Supervisors shall not then be in session (the Board not to be deemed in session if less than a quorum is present and voting)

Section 3(b). Mandatory redemption. The term bonds of this series, if any, shall be called for redemption, in part, in the principal amounts equal to the respective amortization requirements for said term bonds of this series (less the principal amount of any term bond of this series retired by purchase or optional redemption) at a price of par plus accrued interest

thereon to the date fixed for redemption on each June 1 preceding their maturity for which there is an amortization requirement.

In the event of a partial optional redemption or purchase of term bonds by the County, the County shall credit such amounts purchased or redeemed against the amortization requirements for such term bonds as the County in its sole discretion may determine.

Section 3(c). Redemption provisions in general. If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions of bonds of such maturity to be redeemed shall be selected by lot by said County in such manner as said County in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof and that, in selecting bonds for redemption, said County shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by $5,000.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, said County shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each bond to be redeemed in whole or in part at his address appearing upon the registration books of said County, but failure to mail such notice or any defect therein shall not affect the validity of the redemption. Each such notice shall set forth the date designated for redemption, the redemption price to be paid, the maturities of the bonds to be redeemed and, if less than all of the bonds of any one maturity then outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such bonds to be redeemed and, in the case of any bond to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such bond, a new bond or bonds in principal amount equal to the unredeemed portion of such bond will be issued.

On or before the date fixed for redemption, moneys shall be deposited with the Bond Registrar to pay the principal of and the redemption premium, if any, on the bonds or portions thereof called for redemption as well as the interest accruing thereon to the redemption date thereof.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If moneys sufficient to pay the redemption price of the bonds or portions thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in trust for the registered owners of bonds or portions thereof to be redeemed, interest on the bonds or portions thereof called for redemption shall cease to accrue, such bonds or portions thereof shall cease to be entitled to any benefits or security under this resolution or to be deemed outstanding, and the registered owners of such bonds or portions thereof shall have no rights in respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

If a portion of a bond shall be called for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the bond so surrendered, a bond or bonds of the same series and maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

Section 4. Exchange; registration of transfer; Bond Registrar. Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of any denomination or denominations authorized by this resolution and bearing interest at the same rate.

The transfer of any bond may be registered only upon the registration books of said County upon the surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall authenticate and deliver in exchange for such bond a new bond or bonds, registered in the name of the transferee, of any denomination or denominations authorized by this resolution, in an aggregate principal amount equal to the unredeemed principal amount of such bond so surrendered, of the same series and maturity and bearing interest at the same rate.

In all cases in which bonds shall be exchanged or the transfer of bonds shall be registered hereunder, the Bond Registrar shall authenticate and deliver at the earliest practicable time bonds in accordance with the provisions of this resolution. All bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. Said County or the Bond Registrar may make a charge for shipping and out-of-pocket costs for every such exchange or registration of transfer of bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made for exchanging or registering the transfer of bonds under this resolution. The Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of any bonds and ending at the close of business on the day of such mailing or of any bond called for redemption in whole or in part pursuant to Section 3 of this resolution.

As to any bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or redemption price of any such bond and the interest on any such bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such bond, including the redemption premium, if any, and the interest thereon, to the extent of the sum or sums so paid.

The County shall appoint such registrars, transfer agents, depositaries or other agents as may be necessary for the registration, registration of transfer and exchange of bonds within a reasonable time according to then current commercial standards and for the timely payment of principal, interest and any redemption premium with respect to the bonds. The Director of the Department of Finance of Fairfax County, Virginia, is hereby appointed the registrar, transfer agent and paying agent for the bonds (collectively the "Bond Registrar"), subject to the right of the Board of Supervisors of said County to appoint another Bond Registrar, and as such shall keep at her office the books of said County for the registration, registration of transfer, exchange and payment of the bonds as provided in this resolution.

Section 5. Delivery. Said bonds will be delivered in such authorized denominations and registered in such names as the successful bidder may request no later than five business days prior to the date of their delivery. If the successful bidder fails to submit such information by the required time, then a single bond will be issued for each maturity date registered in the name of the successful bidder or the senior manager of the successful bidding group.

Section 6. Full faith and credit pledged. For the prompt payment of the principal of and the interest on the bonds authorized by this resolution as the same shall become due, the full faith and credit of Fairfax County, Virginia, are hereby irrevocably pledged, and each year while any of said bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in said County subject to local taxation sufficient in amount to provide for the payment of the principal of and the interest on said bonds as such principal and interest shall become due, which tax shall be without limitation and in addition to all other taxes authorized to be levied in said County to the extent other funds of said County are not lawfully available and appropriated for such purpose.

Section 7. Election of Transition Provision. Pursuant to the provisions of Section 15.2-2663, Code of Virginia, 1950, as amended, the Board hereby elects to issue the neighborhood improvement bonds, $700,000 transportation facilities bonds approved at the November 6, 1990 referendum, public library facilities bonds, human services facilities bonds, adult detention facilities bonds, $2,000,000 public safety facilities bonds approved at the November 7, 1989 referendum, and the commercial and redevelopment area improvement bonds comprising a portion of the Public Improvement Bonds, Series 2000 A, under the provisions of Chapter 5, Title 15.1, Code of Virginia, 1950, as amended, as the same existed on June 30, 1991.

Section 8. Continuing Disclosure Agreement. The Chairman of the Board of Supervisors, the County Executive or the Chief Financial Officer, or such officer or officers of the County as may be designated, are hereby authorized and directed to execute a Continuing Disclosure Agreement, in the form of Appendix VII to the Preliminary Official Statement presented at this meeting, setting forth the reports and notices to be filed by the County and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12.

Section 9. Tax covenant. The County covenants to take all action, and to refrain from taking any action, necessary under the Internal Revenue Code of 1986, as amended, to ensure that interest on the bonds will remain not includable in gross income for Federal income tax purposes to the same extent as it is not includable on the date of closing on the bonds.

Section 10. Certificate concerning delegation. The County Executive or the Chief Financial Officer shall execute a Certificate or Certificates evidencing determinations or other actions taken pursuant to the authority granted in this Resolution, and any such Certificate shall be conclusive evidence of the action or determination of such County Executive or Chief Financial Officer as stated therein.

Section 11. Authority of officers. The officers and agents of Fairfax County are hereby authorized and directed to do all the acts and things required of them by the bonds and by this resolution for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the bonds and in this resolution.

Section 12. Certification and filing. The Clerk of the Board of Supervisors is hereby authorized and directed to file a certified copy of this resolution and a certified copy of said resolution of the County School Board with the Circuit Court of Fairfax County, Virginia.

A Copy - Teste:

Nancy Vehrs

Clerk to the Board of Supervisors

I, Nancy Vehrs, hereby certify that on Monday, March 20, 2000, I delivered a certified copy of each of the following two resolutions:

- **A RESOLUTION AUTHORIZING THE ISSUANCE OF $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA, AND DELEGATING TO THE COUNTY EXECUTIVE OR THE CHIEF FINANCIAL OFFICER AUTHORITY TO DETERMINE CERTAIN DETAILS OF SUCH BONDS**
- **A RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA, TO ISSUE AND SELL SCHOOL BONDS OF FAIRFAX COUNTY, VIRGINIA, TOTALING $50,000,000 AND APPROVING THE FORM OF A TAX CERTIFICATE AND AUTHORIZING THE EXECUTION THEREOF**

to the Clerk of the Circuit Court of Fairfax County, Virginia.

Nancy Vehrs

Nancy Vehrs (SEAL)
Clerk to the Board of Supervisors
Fairfax County, Virginia

This is to certify that the aforementioned Resolutions were received in the Clerk's Office of the Circuit Court of Fairfax County, Virginia, on the 20th day of March, 2000.

Jane M. Delice

Jane M. Delice (SEAL)
Chief Deputy Clerk of the Circuit Court
Fairfax County, Virginia

(2b)

SALE RESOLUTION CERTIFICATE

I, Nancy Vehrs, Clerk to the Board of Supervisors of the County of Fairfax, Virginia (the County"), DO HEREBY CERTIFY that attached hereto as Exhibit A is a true, correct and complete copy of a resolution of the Board of Supervisors of the County entitled: " **A RESOLUTION PROVIDING FOR THE SALE OF $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA**", as adopted by the Board of Supervisors on March 13, 2000 (the "Sale Resolution") and that said Sale Resolution has not been amended or repealed since the date of its adoption and is in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of April, 2000.

Nancy Vehrs

Nancy Vehrs
Clerk to the Board of Supervisors
County of Fairfax, Virginia

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board auditorium in the Government Center at 12000 Government Center Parkway, Fairfax, Virginia on March 13, 2000, at which meeting a quorum was present and voting, the following resolution was adopted:

A RESOLUTION PROVIDING FOR THE SALE OF $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA.

WHEREAS, the Board of Supervisors of Fairfax County, Virginia, has heretofore adopted a resolution authorizing the issuance of $88,000,000 Public Improvement Bonds, Series 2000 A, of Fairfax County, Virginia; and

WHEREAS, the Board of Supervisors deems it advisable to sell said bonds at this time; now, therefore,

BE IT RESOLVED by the Board of Supervisors of Fairfax County, Virginia:

Section 1. Notice of Sale; Bids. The Clerk of the Board of Supervisors is hereby authorized and directed to cause a notice calling for bids for the purchase of $88,000,000 Public Improvement Bonds, Series 2000 A, of Fairfax County, Virginia, to be published once in *The Bond Buyer*, a financial journal published in New York, New York, and devoted primarily to municipal bonds, said publication to be at least five days prior to the date fixed for the receipt of bids. Said notice shall be substantially in the form of the Notice of Sale annexed to this resolution. Alternatively, the Clerk may cause to be published a summary of the principal terms of the notice. Bids shall be received electronically via the BiDCOMP/Parity Competitive Bidding System.

Section 2. Official Statement. The draft of the Preliminary Official Statement of the County relating to the bonds and presented at the meeting at which this resolution is adopted, and the circulation thereof, the completion thereof with the results of the sale and the printing and delivery to the winning bidder of a reasonable number of copies thereof as so completed (the "final Official Statement") are hereby approved and authorized, and the Chairman or Vice Chairman of the Board of Supervisors is hereby authorized and directed to execute and deliver the final Official Statement, both the Preliminary Official Statement and the final Official Statement to be in substantially the form of the draft Preliminary Official Statement presented at this meeting with the changes contemplated hereby and such other changes as the Chairman or Vice Chairman may approve, her or his signature on the final Official Statement to be conclusive evidence of the signer's approval thereof. The Preliminary Official Statement and the final Official Statement may be disseminated or otherwise made available through electronic means.

Section 3. **Authority of officers.** The officers and agents of Fairfax County are hereby authorized and directed to do all the acts and things required of them by the bonds and by this resolution for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the bonds and in this resolution.

A Copy - Teste:

Nancy Vehrs

Clerk to the Board of Supervisors

DELEGATION RESOLUTION CERTIFICATE

I, Nancy Vehrs, Clerk to the Board of Supervisors of the County of Fairfax, Virginia (the County"), DO HEREBY CERTIFY that attached hereto as Exhibit A is a true, correct and complete copy of a resolution of the Board of Supervisors of the County entitled: "**A RESOLUTION DELEGATING TO THE COUNTY EXECUTIVE OR THE CHIEF FINANCIAL OFFICER, THE AUTHORITY TO ACCEPT THE LOWEST RESPONSIVE BID FOR $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA, BEING OFFERED COMPETITIVELY**", as adopted by the Board of Supervisors on March 13, 2000 (the "Delegation Resolution") and that said Delegation Resolution has not been amended or repealed since the date of its adoption and is in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of April, 2000.

Nancy Vehrs

Nancy Vehrs
Clerk to the Board of Supervisors
County of Fairfax, Virginia

At a regular meeting of the Board of Supervisors of Fairfax County, Virginia, held in the Board auditorium in the Government Center at 12000 Government Center Parkway, Fairfax, Virginia on March 13, 2000, at which meeting a quorum was present and voting, the following resolution was adopted:

A RESOLUTION DELEGATING TO THE COUNTY EXECUTIVE OR THE CHIEF FINANCIAL OFFICER, THE AUTHORITY TO ACCEPT THE LOWEST RESPONSIVE BID FOR $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA, BEING OFFERED COMPETITIVELY.

WHEREAS, the Board of Supervisors of Fairfax County, Virginia, has determined that there may be unplanned occasions when it is not possible for some of the members of the Board of Supervisors to attend a special meeting for the purpose of receiving bids for the purchase of bonds of Fairfax County offered for sale at competitive bidding and that the accepted practice of the bond markets dictates that the lowest bid be speedily determined and the bonds be promptly awarded or that all bids be rejected; now, therefore,

BE IT RESOLVED by the Board of Supervisors of Fairfax County, Virginia, that the Board hereby delegates to the County Executive or the Chief Financial Officer, the authority to accept the lowest bid (determined in accordance with the Notice of Sale) for $88,000,000 Public Improvement Bonds, Series 2000 A, of Fairfax County, Virginia, being offered for sale by the Board at competitive bidding on a date not earlier than April 6, 2000 and not later than April 20, 2000, subject to the following conditions: (i) the Financial Advisor to Fairfax County shall have recommended that the lowest bid be accepted, (ii) the person to whom the authority to accept the lowest bid has been delegated shall have determined that the bid conforms in all material respects to the requirements of the applicable Notice of Sale, (iii) such person shall have determined that the bid to be accepted is the lowest bid conforming to the terms of the Notice of Sale, (iv) the True or Canadian interest cost of such bid shall not exceed 7.00%, and (v) the Board of Supervisors shall not then be in special session called for the purpose of accepting bids (the Board not to be deemed in special session if less than a quorum is present and voting).

The County Executive or the Chief Financial Officer shall execute a Certificate or Certificates evidencing determinations or other actions taken pursuant to the authority granted in this Resolution, and any such Certificate shall be conclusive evidence of the action or determination of such County Executive or Chief Financial Officer as stated therein.

A copy - Teste:

Nancy Vehrs

Clerk to the Board of Supervisors

Copy of Advertisement

City and County of New York, ss.:-

Diane Leyson, being duly sworn, says that she is the Advertising Clerk of THE BOND BUYER, a daily newspaper printed and published at One State Street Plaza, in the City of New York, County of New York, State of New York; and the notice, of which the annexed is a printed copy, was regularly published in said THE BOND BUYER on 3-30-00

Diane Leyson

Advertising Clerk

Subscribed and sworn to before me this

30th *day of* March 2000

Dawn Brown

Dawn Brown
Notary Public, State of New York
No. 01BR5021063
Qualified in Kings County
Commission Expires December 6, 2001

FULL BOOK-ENTRY
SUMMARY NOTICE OF SALE

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds, Series 2000 A

Electronic bids will be received via BiDCOMP/Parity only, by the Board of Supervisors of Fairfax County, Virginia, until 11:00 a.m., Fairfax, Virginia Time,

April 6, 2000

for the purchase of all, and not less than all, of $88,000,000 Public Improvement Bonds, Series 2000 A, of Fairfax County, Virginia, dated April 1, 2000, and maturing, subject to the right of prior redemption, in annual installments on the 1st day of June in each of the years 2001 to 2020, inclusive.

Copies of the Preliminary Official Statement and the Official Notice of Sale may be obtained without cost from BB&T Capital Markets, a division of Scott & Stringfellow, Inc., 2 South Ninth Street, Richmond, Virginia 23219, telephone (804) 649-3946, from the undersigned or via the Internet at www.thomsonprospectus.com. Each bid must conform to the terms and conditions of the Official Notice of Sale.

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The bonds will be delivered on or about April 27, 2000, in New York, New York, at The Depository Trust Company against payment of the purchase price therefor (less the amount of the good faith deposit) in Federal Reserve funds.

The approving opinion of Brown & Wood, LLP, New York, New York, in substantially the form appearing in the Preliminary Official Statement, will be furnished without cost to the successful bidder. There will also be furnished the usual closing papers.

BOARD OF SUPERVISORS OF
FAIRFAX COUNTY, VIRGINIA

By: Nancy Vehrs,
Clerk

NOTICE OF SALE

$88,000,000

FAIRFAX COUNTY, VIRGINIA

Public Improvement Bonds, Series 2000 A

Electronic Bids, via BiDCOMP/Parity Competitive Bidding System (BiDCOMP/Parity)[1] only, will be received by the Board of Supervisors of Fairfax County, Virginia, until 11 o'clock a.m., Fairfax, Virginia Time on,

April 6, 2000

for the purchase of $88,000,000 Public Improvement Bonds, Series 2000 A, of Fairfax County, Virginia, dated April 1, 2000 and maturing, subject to the right of prior redemption as hereinafter set forth, on the 1st day of June in the following years and in the following amounts, respectively:

Year of Maturity	Principal Amount	Year of Maturity	Principal Amount
2001	$4,400,000	2011	$ 4,400,000
2002	4,400,000	2012	4,400,000
2003	4,400,000	2013	4,400,000
2004	4,400,000	2014	4,400,000
2005	4,400,000	2015	4,400,000
2006	4,400,000	2016	4,400,000
2007	4,400,000	2017	4,400,000
2008	4,400,000	2018	4,400,000
2009	4,400,000	2019	4,400,000
2010	4,400,000	2020	4,400,000

The Bonds

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. The book-entry system will evidence beneficial ownership interests of the bonds in the principal amount of $5,000 and any multiple thereof, with transfers of beneficial ownership interests effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the bonds will be payable December 1, 2000 (8 months' interest) and semiannually thereafter on June

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[1] Instructions on how to submit a bid via BiDCOMP/Parity are provided for the convenience of prospective bidders in Attachment A of this Notice of Sale.

1 and December 1, and principal of and any redemption premium on the bonds will be payable at maturity or upon prior redemption, to DTC or its nominee as registered owner of the bonds. Transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the bonds by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the bonds or (b) the County determines that continuation of the book-entry system of evidence and transfer of ownership of the bonds would adversely affect the interests of the beneficial owners of the bonds, the County will discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County will deliver replacement bonds in the form of fully registered certificates.

The bonds will be general obligations of Fairfax County, Virginia, and all taxable property therein will be subject to the levy of an annual ad valorem tax sufficient in amount to provide for the payment of the principal of and the interest on the bonds as the same become due, which tax will be without limitation as to rate or amount and will be in addition to all other taxes authorized to be levied in the County to the extent other funds of the County are not lawfully available and appropriated for such purposes.

The bonds are being issued for the purpose of providing funds for School Improvements ($50,000,000), Parks and Park Facilities ($12,000,000); Transportation Improvements and Facilities ($8,700,000); Public Library Facilities ($5,600,000); Adult Detention Facilities ($4,000,000); Public Safety Facilities ($4,000,000); Neighborhood Improvements ($1,500,000); Commercial and Redevelopment Area Improvements ($1,500,000) and Human Services Facilities ($700,000).

Term Bond Option

The successful bidder may designate two or more of the consecutive serial maturities, as one or two (but not more than two) term bond maturities equal in aggregate principal amount to, and with amortization requirements corresponding to, such designated serial maturities.

Optional Redemption

The bonds of this series which mature on or before June 1, 2008 are not subject to optional redemption before maturity. Bonds which mature after June 1, 2008 may be redeemed, at the option of Fairfax County, Virginia, before their respective maturities on any date not earlier than June 1, 2008, in whole or in part (in integral multiples of $5,000), upon payment of the following redemption prices (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period (both dates inclusive)	Redemption Price
June 1, 2008 through May 31, 2009	102%
June 1, 2009 through May 31, 2010	101
June 1, 2010 and thereafter	100

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds to be redeemed shall be selected by DTC and its participants by lot so long as a book-entry system with DTC is continued. Notice of redemption shall be given by certified or registered mail to DTC or its nominee as the registered owner of the bonds. Such notice shall be mailed not more than 60 nor less than 30 days

prior to the date fixed for redemption. The County will not be responsible for mailing notices of redemption to anyone other than DTC or its nominee.

Electronic Bidding and Bidding Procedures

Registration to Bid

All prospective bidders must be contracted customers of Thomson Financial Municipals Group's BiDCOMP Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 806-8304 to become a customer. By submitting a bid for the bonds, a prospective bidder represents and warrants to the County that such bidder's bid for the purchase of the bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the bonds. By contracting with BiDCOMP/Parity a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Sale shall conflict with information provided by BiDCOMP/Parity as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP/Parity, including any fee charged, may be obtained from BiDCOMP/Parity at (212) 806-8304.

Disclaimer

Each prospective bidder shall be solely responsible to register to bid via BiDCOMP/Parity as described in the attached instructions. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP/Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the County nor BiDCOMP/Parity shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the County nor BiDCOMP/Parity shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, BiDCOMP/Parity. The County is using BiDCOMP/Parity as a communication mechanism, and not as the County's agent, to conduct the electronic bidding for the bonds. The County is not bound by any advice and determination of BiDCOMP/Parity to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP/Parity are the sole responsibility of the bidders; and the County is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in registering to bid or submitting, modifying or withdrawing a bid for the bonds, it should telephone BiDCOMP/Parity and notify Mr. George Pugh of BB&T Capital Markets, the County's financial advisor, by telephone at (804) 649-3946. After receipt of bids is closed, the County through BiDCOMP/Parity will indicate the apparent successful bidder. Such message is a courtesy only for viewers, and does not constitute the award of the bonds. Each bid will remain subject to review by the County to determine its true interest cost rate and compliance with the terms of this Notice of Sale.

Bidding Procedures

Bids must be submitted electronically for the purchase of the bonds (all or none) by means of the Fairfax County, Virginia AON Bid Form (the "Bid Form") via BiDCOMP/Parity. Bids must be communicated electronically to BiDCOMP/Parity by 11:00 a.m., Fairfax, Virginia Time on Thursday, April 6, 2000 unless postponed as described herein (see "Change of Bid Date and Closing Date"). Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to

submit the bid to BiDCOMP/Parity. Once the bids are communicated electronically via BiDCOMP/Parity to the County, each bid will constitute an irrevocable offer to purchase the bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official Fairfax, Virginia Time. For information purposes only, bidders are requested to state in their bids the true interest cost to the County, as described under "Award of the Bonds" below, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of the Bid Form via BiDCOMP/Parity. No bid will be received after the time for receiving such bids specified above. For more detailed information regarding the bidding procedures, please refer to Attachment A of this Notice of Sale.

Bid Specifications

Bidders are requested to name the interest rate or rates in multiples of 1/8 or 1/20 of 1%. Each bidder must specify in his bid the amount and the maturities of bonds of each rate, and the bonds maturing on the same date must bear interest at the same rate.

Any number of interest rates may be named, provided that (a) for all bonds, the highest interest rate may not exceed the lowest by more than 300 basis points (3%) and no interest rate for any maturity may exceed 8%, (b) for the bonds maturing on and after June 1, 2010, the interest rate named for any maturity shall not be less than the interest rate named for the bonds of any earlier maturity, beginning with the June 1, 2009 maturity (for example, the interest rate specified for the bonds maturing on June 1, 2010 must not be less than the interest rate specified for the bonds maturing on June 1, 2009), and (c) the price bid for the bonds may not be less than par, nor more than 101% of the principal amount thereof. For maturities from 2009 through 2020, no bond may be initially reoffered for a price greater than 102% of the principal amount of such bond. No bid for less than all of the bonds offered or for less than par and accrued interest will be entertained.

A good faith deposit (Deposit) in the form of a Financial Surety Bond payable to the order of the Director of the Department of Finance of Fairfax County, Virginia, for $880,000 is required for a bid to be considered for the bonds. The Financial Surety Bond must be from an insurance company acceptable to the County and licensed to issue such a bond in the Commonwealth of Virginia, and such Financial Surety Bond must be submitted to the County prior to 5 p.m. Fairfax, Virginia Time on the day prior to the date for receipt of bids and must be in form and substance acceptable to the County. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. The successful bidder is required to submit its Deposit to the County in the form of a wire transfer not later than 12 o'clock Noon, Fairfax, Virginia Time on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the County to satisfy the Deposit requirement. Award or rejection of bids will be made by or on behalf of the Board of Supervisors of Fairfax County, Virginia, on the date above stated for the receipt of bids. The proceeds of the Deposit will be held as security for the performance of its bid and applied to the purchase price of said bonds, but, in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds will be retained as and for full liquidated damages. No interest will be allowed thereon.

Award of Bonds

The bonds will be awarded to the bidder offering to purchase the bonds at the lowest "True or Canadian" interest cost, such cost to be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount to the price bid the payments of the principal of and the interest on the bonds from their payment dates to the dated date of the bonds, excluding the accrued interest from the dated date of the bonds to the date of their delivery.

Change of Bid Date and Closing Date

The County reserves the right to postpone, from time to time, the date established for the receipt of bids and will undertake to announce any such change via TM3 (www.tm3.com). Prospective bidders may request notification by facsimile transmission of such changes in the date or time for the receipt of bids by so advising, and furnishing their telecopier numbers to BB&T Capital Markets, a division of Scott & Stringfellow, Inc. at (804) 649-3946 by 12 o'clock Noon, Fairfax Virginia, Time on April 3, 2000.

A postponement of the bid date will be announced via TM3 not later than 10:00 a.m., Fairfax, Virginia Time on April 6, 2000. An alternative bid date and time will be announced via TM3 by Noon, Fairfax, Virginia Time, on the second business day prior to such alternative bid date.

On such alternative bid date and time, the County will accept bids for the purchase of the bonds, such bids to conform in all respects to the provisions of this Notice of Sale, except for the changes in the date and time for bidding and any other changes announced via TM3 at the time the bid date and time are announced.

The County may change the scheduled delivery date for the bonds by notice given in the same manner as set forth for a change in the date for the receipt of bids.

Undertakings of the Successful Bidder

The successful bidder shall make a bona fide public offering of all of the bonds to the general public (excluding bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers who are not purchasing for their own account as ultimate purchasers without a view to resell) and will, within 30 minutes after being notified of the award of the bonds, advise Fairfax County in writing (via facsimile transmission) of the initial public offering prices of the bonds. Prior to the delivery of the bonds, the successful bidder will furnish a certificate acceptable to Bond Counsel as to the "issue price" of the bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty.

Delivery

The bonds will be delivered on or about April 27, 2000, in New York, New York, at DTC against payment of the purchase price therefor (less the amount of the Deposit) in Federal Reserve funds.

The approving opinion of Brown & Wood LLP, New York City, in substantially the form appearing in the Preliminary Official Statement, will be furnished without cost to the successful bidder. There will also be furnished the usual closing papers, including certifications as to the Official Statement and no-litigation.

Official Statements

Copies of the Preliminary Official Statement may be obtained without cost from BB&T Capital Markets, a division of Scott & Stringfellow, Inc., 2 South Ninth Street, Richmond, Virginia 23219, telephone (804) 649-3946, from the undersigned or via the Internet at www.thomsonprospectus.com. The Preliminary Official Statement at its date is "deemed final" by the County for purposes of SEC Rule 15c2-12 but is subject to revision, amendment and completion.

After the award of the bonds, the County will prepare copies of the Official Statement and will include therein such additional information concerning the reoffering of the bonds as the successful bidder may reasonable request; provided, however, that the County will not include in the Official Statement a "NRO" ("not reoffered") designation with respect to any maturity of the bonds. The successful bidder will be responsible to the County in all respect for the accuracy and completeness of information provided by such successful bidder with respects to such reoffering. The County expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the bonds, the Municipal Securities Rulemaking Board ("MSRB") and to each nationally recognized municipal securities information repository (a "NRMSIR"). The successful bidder will be required to acknowledge receipt of such Official Statement, to certify that it has made delivery of the Official Statement to such repositories and to acknowledge that the County expects the successful bidder to deliver copies of such Official Statement to persons to whom such bidder initially sells the bonds and to certify that the bonds will only be offered pursuant to such Official Statement and only in states where the offer is legal. The successful bidder will be responsible to the County in all respects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

On November 10, 1994, the Securities and Exchange Commission adopted in final form certain amendments to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Amendments"). In general, the Amendments will prohibit an underwriter from purchasing or selling municipal securities, such as the bonds, unless it has determined that the issuer of such securities has committed to provide annually certain information, including audited financial information, and notice of various events described in the Amendments if material. The County will provide to each NRMSIR and to any Virginia information depository so formed, annual information respecting the County, including audited financial statements. In addition, the County will provide to each such NRMSIR or the MSRB and to any Virginia information depository so formed, notice of the occurrence of any events described in the Amendments if material. The County has not failed to comply with previous undertakings with regard to the Amendments.

Official Statements will be provided within seven (7) business days in such quantities as may be necessary for the successful bidder's regulatory compliance.

Further information will be furnished upon application to the undersigned.

Reservation of Rights

The right to reject any or all bids and to waive any irregularity or informality in any bid is reserved.

BOARD OF SUPERVISORS OF FAIRFAX COUNTY, VIRGINIA

By: Nancy Vehrs, Clerk

INSTRUCTIONS TO SUBMIT A BID VIA BiDCOMP/PARITY

- You must be a contracted customer of Thomson Financial Municipals Group's BiDCOMP Competitive Bidding System. If you do not have a contract with BiDCOMP, call (212) 806-8304 to become a customer.
- In BiDCOMP select the Fairfax County, Virginia sale among the list of current sales.
- Go to the bid form page. Keep notice of the time clock and be sure to read all bid specifications on bottom.
- Once you have created and saved a bid in BiDCOMP, click the final bid button in BiDCOMP to submit the bid to PARITY.
- Upon clicking the Final Bid button, the bidder will see a message box in BiDCOMP that states: "Do you want to submit this bid to Parity?" By submitting the bid electronically via Parity, you represent and warrant that this bid for the purchase of the bonds is submitted by the representative who is duly authorized to bind the bidder to a legal, valid enforceable contract for the purchase of the bonds. The Notice of Sale is incorporated herein by this reference."
- If during bid calculation BiDCOMP warns you that your current bid violates the bid parameters, please change your bid to meet bid specifications. The BiDCOMP system will submit bids which violate the bid parameters, but the County does not intend to consider any bids that do not meet its parameters.
- You may choose to proceed with submission of the bid or choose to cancel the submission.
- Contact BiDCOMP/Parity at (212) 806-8304 with questions or problems.

SUMMARY BIDDING SCHEDULE*

Date	Time	Occurrence
April 3, 2000	12:00 Noon	Deadline for prospective bidders to request notification of changes in schedule.
April 5, 2000	5:00 p.m.	Deadline for submission of Financial Surety Bond to the County.
April 6, 2000	10:00 a.m.	Revisions, if any, to bid date and delivery date for bonds given by notification via TM3(www.tm3.com) or by facsimile.
April 6, 2000	11:00 a.m.	Deadline for submission of bids via BiDCOMP/Parity.
April 6, 2000	30 minutes after award of the bonds	Successful bidder provides initial reoffering prices to the County.
April 7, 2000	12 Noon	Deadline for winning bidder to wire the Deposit to the County.

* Preliminary, subject to change.

Upcoming Calendar | Preview | Result | Excel

Merrill Lynch & Co.'s Bid

PARITY

Fairfax Co
$88,000,000 Public Improvement Bonds, Series 2000A

For the aggregate principal amount of $88,000,000.00, we will pay you $88,000,000.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
06/01/2001	4,400M	5.2500	
06/01/2002	4,400M	5.5000	
06/01/2003	4,400M	5.2500	
06/01/2004	4,400M	5.2500	
06/01/2005	4,400M	5.5000	
06/01/2006	4,400M	5.5000	
06/01/2007	4,400M	5.5000	
06/01/2008	4,400M	5.5000	
06/01/2009	4,400M	5.0000	
06/01/2010	4,400M	5.0000	
06/01/2011	4,400M	5.0000	
06/01/2012	4,400M	5.0000	
06/01/2013	4,400M	5.0000	
06/01/2014	4,400M	5.1250	
06/01/2015	4,400M	5.2000	
06/01/2016	4,400M	5.2500	
06/01/2017	4,400M	5.2500	
06/01/2018	4,400M	5.2500	
06/01/2019	4,400M	5.2500	
06/01/2020	4,400M	5.2500	

Total Interest Cost:	$48,871,716.67
Discount	$0.00
Net Interest Cost:	$48,871,716.67
TIC	5.207659%
Time Last Bid Received On:04/06/2000 10:59:13 EDST	

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Merrill Lynch & Co., New York, NY
Contact: David Andersen
Title: managing director
Telephone:212-449-5081
Fax: 212-449-3733

Salomon Smith Barney's Bid

PARITY

Fairfax Co
$88,000,000 Public Improvement Bonds, Series 2000A

For the aggregate principal amount of $88,000,000.00, we will pay you $88,000,000.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
06/01/2001	4,400M	5.5000	
06/01/2002	4,400M	5.5000	
06/01/2003	4,400M	5.2500	
06/01/2004	4,400M	5.2500	
06/01/2005	4,400M	5.1250	
06/01/2006	4,400M	5.3750	
06/01/2007	4,400M	5.5000	
06/01/2008	4,400M	5.5000	
06/01/2009	4,400M	5.0000	
06/01/2010	4,400M	5.0000	
06/01/2011	4,400M	5.0000	
06/01/2012	4,400M	5.0000	
06/01/2013	4,400M	5.2500	
06/01/2014	4,400M	5.2500	
06/01/2015	4,400M	5.2500	
06/01/2016	4,400M	5.2500	
06/01/2017	4,400M	5.2500	
06/01/2018	4,400M	5.2500	
06/01/2019	4,400M	5.2500	
06/01/2020	4,400M	5.2500	

Total Interest Cost:	$49,021,500.00
Discount	$0.00
Net Interest Cost:	$49,021,500.00
TIC	5.221251%

Time Last Bid Received On:04/06/2000 10:59:38 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Salomon Smith Barney, New York, NY
Contact: Charles Reed
Title: VP
Telephone:212-723-7093
Fax: 212-723-8951

Upcoming Calendar | Preview | Result | Excel

First Union Securities, Inc.'s Bid

PARITY

Fairfax Co
$88,000,000 Public Improvement Bonds, Series 2000A

For the aggregate principal amount of $88,000,000.00, we will pay you $88,401,016.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
06/01/2001	4,400M	6.6250	
06/01/2002	4,400M	5.5000	
06/01/2003	4,400M	5.2500	
06/01/2004	4,400M	5.2500	
06/01/2005	4,400M	5.2500	
06/01/2006	4,400M	5.5000	
06/01/2007	4,400M	5.5000	
06/01/2008	4,400M	5.7500	
06/01/2009	4,400M	5.1250	
06/01/2010	4,400M	5.2500	
06/01/2011	4,400M	5.2500	
06/01/2012	4,400M	5.2500	
06/01/2013	4,400M	5.2500	
06/01/2014	4,400M	5.2500	
06/01/2015	4,400M	5.2500	
06/01/2016	4,400M	5.2500	
06/01/2017	4,400M	5.2500	
06/01/2018	4,400M	5.2500	
06/01/2019			
06/01/2020	8,800M	5.2500	

Total Interest Cost:	$49,650,333.33
Premium:	$401,016.00
Net Interest Cost:	$49,249,317.33
TIC	5.235503%

Time Last Bid Received On:04/06/2000 10:58:05 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: First Union Securities, Inc., Charlotte, NC
Contact: Walker McQuage
Title: VP
Telephone:704-374-4442
Fax: 704-383-0065

Upcoming Calendar | Preview | Result | Excel

ABN Amro Inc.'s Bid

PARITY

Virginia Pub Sch
$66,380,000 School Equipment Financing Notes, Educational Technology Issue VI

For the aggregate principal amount of $66,380,000.00, we will pay you $67,204,945.44, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
04/01/2001	12,725M	5.0000	
04/01/2002	12,430M	5.2500	
04/01/2003	13,065M	5.2500	
04/01/2004	13,730M	5.7500	
04/01/2005	14,430M	5.7500	

Total Interest Cost:	$11,006,167.71
Premium:	$824,945.44
Net Interest Cost:	$10,181,222.27
TIC	5.083205%

Time Last Bid Received On:05/03/2000 10:55:49 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: ABN Amro Inc., New York, NY
Contact: charles massaro
Title: vp
Telephone:212-314-1440
Fax: 212-314-1439

Issuer Name: Virginia Public School Authority Company Name: _____

Accepted By: _____ Accepted By: _____

Date: _____ Date: _____

Thomson Municipal Market Monitor.
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TM3 Client Services 1-800-367-8215, 8:00 a.m. to 6:00 p.m. EST. Please send comments to webmaster@tm3.com.

THOMSO MUNIC

Upcoming Calendar | Preview | Result | Excel

Wachovia Securities, Inc.'s Bid

PARITY

Fairfax Co
$88,000,000 Public Improvement Bonds, Series 2000A

For the aggregate principal amount of $88,000,000.00, we will pay you $88,168,916.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
06/01/2001	4,400M	5.5000	
06/01/2002	4,400M	5.5000	
06/01/2003	4,400M	5.5000	
06/01/2004	4,400M	5.5000	
06/01/2005	4,400M	5.5000	
06/01/2006	4,400M	5.1250	
06/01/2007	4,400M	5.5000	
06/01/2008	4,400M	5.5000	
06/01/2009	4,400M	5.1250	
06/01/2010	4,400M	5.1250	
06/01/2011	4,400M	5.2500	
06/01/2012	4,400M	5.2500	
06/01/2013	4,400M	5.2500	
06/01/2014	4,400M	5.2500	
06/01/2015	4,400M	5.2500	
06/01/2016	4,400M	5.2500	
06/01/2017	4,400M	5.2500	
06/01/2018	4,400M	5.2500	
06/01/2019	4,400M	5.2500	
06/01/2020	4,400M	5.2500	

Total Interest Cost:	$49,482,583.33
Premium:	$168,916.00
Net Interest Cost:	$49,313,667.33
TIC	5.250039%

Time Last Bid Received On:04/06/2000 10:58:31 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Wachovia Securities, Inc., Charlotte, NC
Contact: Scott Frail
Title:
Telephone:704-379-9220
Fax:

Upcoming Calendar | Preview | Result | Excel

Goldman, Sachs & Co.'s Bid

PARITY

Fairfax Co
$88,000,000 Public Improvement Bonds, Series 2000A

For the aggregate principal amount of $88,000,000.00, we will pay you $88,042,636.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount $	Coupon %	Bond Insurance
06/01/2001	4,400M	5.5000	
06/01/2002	4,400M	5.5000	
06/01/2003	4,400M	5.5000	
06/01/2004	4,400M	5.5000	
06/01/2005	4,400M	5.5000	
06/01/2006	4,400M	5.5000	
06/01/2007	4,400M	5.5000	
06/01/2008	4,400M	5.5000	
06/01/2009	4,400M	5.0000	
06/01/2010	4,400M	5.0000	
06/01/2011	4,400M	5.0000	
06/01/2012	4,400M	5.0000	
06/01/2013	4,400M	5.1250	
06/01/2014	4,400M	5.2500	
06/01/2015	4,400M	5.2500	
06/01/2016	4,400M	5.2500	
06/01/2017	4,400M	5.2500	
06/01/2018	4,400M	5.2500	
06/01/2019	4,400M	5.2500	
06/01/2020	4,400M	5.5000	

Total Interest Cost:	$49,370,750.00
Premium:	$42,636.00
Net Interest Cost:	$49,328,114.00
TIC	5.253592%

Time Last Bid Received On:04/06/2000 10:59:28 EDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: Goldman, Sachs & Co., New York, NY
Contact: Georgianna Meditz
Title: VP
Telephone: 212-902-6582
Fax: 212-902-3065

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 23, 2000

In the opinion of Bond Counsel, under existing law and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds will not be includable in the gross income of the owners thereof for Federal income tax purposes. See "TAX MATTERS" herein for certain provisions of the Code that may affect the tax treatment of interest on the Bonds for certain bondholders.

NEW ISSUE
Full Book-Entry

RATINGS: Fitch .....
Moody's .....
Standard & Poor's .....

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds, Series 2000 A

Dated: April 1, 2000 **Due: June 1, as shown below**

Interest on the Bonds will be payable semi-annually on each June 1 and December 1, commencing December 1, 2000 (eight months' interest).

The Bonds maturing after June 1, 2008 will be subject to redemption prior to their respective maturities, either in whole or in part, at the option of the County, on or after June 1, 2008, at prices determined as set forth herein.

The Bonds are being issued for the purpose of financing various public improvements.

The Bonds will be general obligations of Fairfax County, Virginia, for the payment of which the Board of Supervisors of the County is unconditionally obligated to levy and collect an annual ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES/YIELDS

Maturity Date	Principal Amount	Interest Rate	Price or Yield	Maturity Date	Principal Amount	Interest Rate	Price or Yield
2001	$4,400,000	%	%	2011	$4,400,000	%	%
2002	4,400,000			2012	4,400,000		
2003	4,400,000			2013	4,400,000		
2004	4,400,000			2014	4,400,000		
2005	4,400,000			2015	4,400,000		
2006	4,400,000			2016	4,400,000		
2007	4,400,000			2017	4,400,000		
2008	4,400,000			2018	4,400,000		
2009	4,400,000			2019	4,400,000		
2010	4,400,000			2020	4,400,000		

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Brown & Wood LLP, New York, New York, Bond Counsel. The Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about April 27, 2000.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be awarded pursuant to electronic competitive bidding to be held via BiDCOMP/Parity on April 6, 2000, unless postponed as set forth in the Notice of Sale.

April __, 2000

Fairfax County, Virginia

BOARD OF SUPERVISORS

Katherine K. Hanley, *Chairman*
Gerald W. Hyland, *Vice Chairman*
Sharon Bulova
Gerald E. Connolly
Catherine M. Hudgins
Michael R. Frey
Penelope A. Gross
T. Dana Kauffman
Elaine McConnell
Stuart Mendelsohn

COUNTY OFFICIALS

Anthony H. Griffin, *County Executive*
Vacant, *Deputy County Executive*
Verdia L. Haywood, *Deputy County Executive*
David P. Bobzien, *County Attorney*
Edward L. Long, Jr., *Chief Financial Officer*
Robert L. Mears, *Director, Department of Finance*

BOND COUNSEL
Brown & Wood LLP
One World Trade Center
New York, New York 10048-0557
(212) 839-5323

FINANCIAL ADVISOR
BB&T Capital Markets, a division of Scott & Stringfellow, Inc.
2 South Ninth Street
Richmond, Virginia 23219
(804) 649-3946

For information relating to this Official Statement please contact:
Edward L. Long, Jr., Chief Financial Officer
Fairfax County, Virginia
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391

No person has been authorized by Fairfax County to give any information or to make any representations with respect to the County or the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Bonds.

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OFFICIAL STATEMENT

FAIRFAX COUNTY, VIRGINIA

Regarding

$88,000,000

Public Improvement Bonds, Series 2000 A

INTRODUCTION

The purpose of this Official Statement, which includes the cover and inside cover pages and the appendices hereto, is to furnish information in connection with the sale by Fairfax County, Virginia (the "County"), of its $88,000,000 Public Improvement Bonds, Series 2000 A (the "Bonds").

THE BONDS

AUTHORIZATION AND PURPOSES

The Bonds will be issued under a resolution (the "Resolution") adopted by the Board of Supervisors of Fairfax County (the "Board of Supervisors") on March 13, 2000 pursuant to Article VII, Section 10(b) of the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended (the "Act").

The Bonds will be issued to provide funds for the following purposes:

School Improvements	$50,000,000
Parks and Park Facilities	12,000,000
Transportation Improvements and Facilities	8,700,000
Public Library Facilities	5,600,000
Public Safety Facilities	4,000,000
Adult Detention Facilities	4,000,000
Neighborhood Improvements	1,500,000
Commercial and Redevelopment Area Improvements	1,500,000
Human Services Facilities	700,000
Total	$88,000,000

DESCRIPTION

General

The Bonds will be dated April 1, 2000, will bear interest from their date, payable semi-annually on each June 1 and December 1, commencing December 1, 2000 (eight months' interest), at rates, and will mature, or be subject to mandatory redemption, in amounts on June 1 in each of the years 2001 through 2020, inclusive, as set forth on the cover page of this Official Statement. The Bonds will be issued in denominations of $5,000 and integral multiples thereof under the book-entry system of the Depository Trust Company ("DTC"), and principal and interest on the bonds will be payable in the manner described in Appendix V, "BOOK-ENTRY ONLY SYSTEM".

Optional Redemption

The Bonds which mature on or before June 1, 2008 are not subject to optional redemption before maturity. Bonds which mature after June 1, 2008 may be redeemed, at the option of the County, before their respective maturities, on any date not earlier than June 1, 2008, in whole or in part (in integral multiples of $5,000), upon payment of the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period (both dates inclusive)	Redemption Price
June 1, 2008 through May 31, 2009	102%
June 1, 2009 through May 31, 2010	101
June 1, 2010 and thereafter	100

[Mandatory Redemption

This paragraph will be included in the final Official Statement only if the successful bidder elects to combine, in accordance with the Notice of Sale, serial maturities into one or two term bonds.

The Bonds due [June 1, ____ and] June 1, ____ are term bonds subject to mandatory redemption in accordance with the provisions of the Resolution on June 1 of the following years in the following principal amounts ("Amortization Requirements") at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the date of redemption.

Year	Amortization Requirement	Year	Amortization Requirement
	$		$

*Unamortized balance at maturity.

In the event of a partial optional redemption or purchase of such term Bonds, the County will credit the principal amount of such term Bonds so purchased or redeemed against the Amortization Requirements for the remaining term Bonds outstanding in such amounts and in such years as it in its sole discretion shall determine.]

Notice of Redemption

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his address appearing upon the registration books of the County, but failure to mail such notice or any defect therein shall not affect the validity of the redemption. So long as the Bonds are in book-entry only form, any notice of redemption will be given only to DTC or its nominee as the sole registered owner of the Bonds. See Appendix V, "BOOK-ENTRY ONLY SYSTEM" with respect to provision of such notice to the beneficial owners of the Bonds.

SECURITY

The Bonds are general obligations of the County for which its full faith and credit are irrevocably pledged. The Act requires that the Board of Supervisors shall, in each year while any of the Bonds shall be outstanding, levy and collect an ad valorem tax upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due, which tax shall be in addition to all other taxes authorized to be levied in the County.

STATE AID INTERCEPT

The provisions of Section 15.2-2659 of the Act, in substance, direct the Governor of Virginia, upon satisfactory proof of default by the County in the payment of principal of or interest on the Bonds, immediately to order the Comptroller of Virginia to withhold all further payment to the County of all funds, or any part thereof, appropriated and payable by the Commonwealth to the County for any and all purposes until such default is remedied. For as long as the default continues, the law directs the Governor to require the Comptroller to pay to the holders of such Bonds or the paying agent therefor all of the withheld funds or as much as are necessary to cure, or to cure insofar as possible, the default on such Bonds. The Governor shall, as soon as practicable, give notice of such default and of the availability of funds with the paying agent or with the Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond and by mail to the registered owners of such Bonds. Although the provisions of Section 15.2-2659 have never been tested in a Virginia court, the Attorney General of Virginia has opined that appropriated funds can be withheld pursuant to its provisions.

REMEDIES

The Bonds do not specifically provide any remedies that would be available to a bondholder if the County defaults in the payment of principal of or interest on the Bonds, nor do they contain a provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such default. If a bondholder does not receive payment of principal or interest when due, the holder could seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Board of Supervisors to levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due. The mandamus remedy, however, may be impracticable and difficult to enforce. The enforceability of rights or remedies with respect to the Bonds (but not the validity of the Bonds) may be limited by bankruptcy, insolvency, or other State or Federal laws, heretofore or hereafter enacted, and equitable principles affecting the enforcement of creditors' rights.

The County has never defaulted in the payment of either principal or interest on any indebtedness.

NO LITIGATION RESPECTING THE BONDS

No litigation is pending or, to the best of the County's knowledge, threatened (a) to restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof or the pledge of tax revenues for payment of the Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds, (c) in any way contesting the existence or powers of the County or (d) that, if determined adversely against the County, would have a material adverse affect on the County. See "FAIRFAX COUNTY -- CONTINGENT LIABILITIES AND CLAIMS" for a description of litigation affecting the County.

FAIRFAX COUNTY

GENERAL DESCRIPTION

Overview

The County is located in the northeastern corner of Virginia and encompasses a net land area of 399 square miles. The County is part of the Washington, D.C. metropolitan area, which includes jurisdictions in Maryland, the District of Columbia, and Northern Virginia.

The Fairfax 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 makes policies for the administration of the County. The Board of Supervisors is comprised of 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 the 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. (See Appendix I).

In Virginia, cities and counties are discrete units of government and do not overlap. Fairfax County completely surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. (See Appendix II). Property within these cities is 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 the residents of certain of these cities pursuant to agreements with such cities.

In Fairfax County there are located three incorporated towns, Clifton, Herndon and Vienna, which are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. (See Appendix III). Property in these towns is subject to County taxation and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the prior approval of the County (more fully discussed in "FAIRFAX COUNTY--DEBT ADMINISTRATION").

Certain County Administrative and Financial Staff Members

Anthony H. Griffin, County Executive, joined Fairfax County Government in 1989 after serving as Falls Church, Virginia City Manager for six years. He was appointed County Executive effective January 17, 2000. He previously served as Deputy County Executive for the County. He had previously served as acting County Manager and Deputy County Manager of Arlington County, Virginia. He is a graduate of Hobart College in Geneva, New York, and holds Master's Degrees in Urban and Regional Planning and in Urban Affairs, with a concentration in Urban Management, from Virginia Polytechnic Institute and State University.

Verdia L. Haywood, Deputy County Executive, joined Fairfax County Government in 1978 as Executive Assistant to the County Executive. Prior to joining Fairfax County, Mr. Haywood served as Senior Budget Analyst for the City of Richmond, Virginia. Mr. Haywood holds a Bachelor's Degree with Honors from Alcorn State University, with a concentration in Political Science and Economics, and a Master's Degree in Public Administration from the University of Illinois. He also was the recipient of a Ford Foundation Grant and Illinois State Urban Fellowship.

The County's other Deputy County Executive position is currently vacant.

David P. Bobzien was appointed County Attorney by the Board of Supervisors effective in January 1993, after serving as a member of the Fairfax County Planning Commission and as Chairman of the Fairfax County Goals Advisory Commission. He is the Vice Chair of the Local Government Law Section of the Virginia State Bar and the Secretary-Treasurer of the Local Government Attorneys of Virginia. Prior to assuming his present position he served as Assistant Counsel in the Office of Professional Responsibility of the United States Department of Justice. From 1975 to 1979 Mr. Bobzien was an associate in the Fairfax law firm of Fitzgerald and Smith. He also served as a Captain in the Judge Advocate General's Corps in the United States Army from 1971 to 1975. Mr. Bobzien is a graduate of Holy Cross College and holds a J.D. from the University of Virginia and an LL.M in Taxation from George Washington University.

Edward L. Long, Jr., Chief Financial Officer, joined the County in 1977 as a Budget Analyst. He served as a Senior Budget Analyst from 1980 to 1983 and as Assistant Director from 1983 to 1989. He was appointed Budget Director in October 1989. Mr. Long has a Bachelor's Degree in Political Science from Emory & Henry College and a Master's Degree in Urban Studies from the University of Maryland at College Park. He has served on the Fairfax-Falls Church Community Services Board and is active and has held offices in numerous professional organizations in the Northern Virginia region. In 1993 Mr. Long was recognized by the Washington Metropolitan Government Finance Officers Association with the Anna Lee Berman Award for Outstanding Leadership in Governmental Finance.

Robert L. Mears, Director of the Department of Finance, was appointed as Fairfax County Director of Finance effective September 7, 1999. He served as Finance Director of the Fairfax County Public Schools since 1989. He joined the Schools staff in 1986 as a coordinator of the logistics budget after service with the County government since 1981 as a Management Analyst. During his time with the County government, he served on the interdepartmental project team responsible for implementation of the government's new automated financial system. Mr. Mears received his Bachelor's Degree in Sociology from the College of William and Mary and his Master's Degree in Public Administration from the University of Northern Colorado. He is a Certified Governmental Financial Manager and is Treasurer and Chairman of the Investment Committee of the Board of Trustees of the Fairfax County Supplemental Retirement System, Treasurer of the Board of Trustees of the Police Officers Retirement System, and Treasurer of the Board of Trustees of the Uniformed Retirement System.

County Employees

As of July 1999, there were 29,793 full and part time positions authorized for the County. Of this total, 18,767 were authorized by the County School Board; 10,142 were authorized in other activities funded directly or supported by the General Fund of the County; and 884 were authorized in activities not supported by the General Fund, principally the Integrated Sewer System. No Fairfax County employees are represented by unions. Fairfax County public school employees have, however, organized the Fairfax Education Association and the Fairfax County Federation of Teachers to represent the interests of its members at public hearings and meetings before the County School Board and the Board of Supervisors. General County employees' interests are represented at these types of meetings by the Employees Advisory Council and other groups such as Police, Fire and Sheriff employee organizations. None of these organizations is empowered to serve as negotiating agent for its members for collective bargaining purposes. Collective bargaining by public employees in Virginia is prohibited by law, and such restriction has been upheld by the Supreme Court of Virginia.

GOVERNMENT SERVICES

Reflecting its urban character, Fairfax County provides a comprehensive range of public services characteristic of its form of government under Virginia law and its integral position within the Washington metropolitan area. The following subsections describe principal governmental services and services performed in conjunction with other governmental entities.

General Government Administration

Fairfax County has received national recognition for many administrative and managerial innovations which have been implemented in order to increase the efficiency of County services and reduce costs. For example, decentralization in the administration of County programs has been emphasized in order to augment the efficient delivery of County services. Six remote governmental centers, in addition to the central government center complex, have been established. The centers provide office space for members of the Board of Supervisors, personnel, police, and building inspectors, and provide meeting rooms for community activities.

In order to enhance service quality or improve cost-effectiveness, the performance of several County functions were recently redesigned. In the area of human services, a redesign was conducted which was oriented toward increasing efficiency by emphasizing a team-based case service delivery, consolidating administration, and increasing the use of information technology. The final stage of this redesign was completed on July 1, 1997 and includes the consolidation of four existing human services agencies (Department of Human Development, Office for Children, Department of Community Action and the Area Agency on Aging) into one Department of Family Services agency.

To support recent realignment of County functions, significant investments are being made in the County's information technology capabilities. In addition to the investments related to the projects outlined above, the County is also replacing and upgrading its Public Safety communications network; integrating existing databases into a single Corporate Land Development System; digitizing the integrated mapping system; implementing electronic imaging for the Circuit Court land records; and utilizing ongoing upgrades to provide online public access to the County's library collections.

In the area of revenue collection and financial management, the County has instituted many computer-assisted programs in order to increase County revenues and monitor costs. For its approximately 323,000 taxable land parcels, the County has an annual assessment program that utilizes a computer program similar to those used throughout the Commonwealth. In August 1996, the Board of Supervisors approved a multi-year contract to complete the modernization of the County's tax automation systems. The uniformity of the assessment program is indicated by the County's achievement in 1999 of a Russell Index of 5.6. The Russell Index indicates the amount of deviation from the mean assessed value and provides a measure of uniformity to the assessment process. The International Association of Assessing Officers considers an index of 15.0 or less to be good. In addition, the Department of Finance maintains a cash management program which generates long range cash flow projections for the County, permitting the efficient investment of funds. An internal audit staff monitors County activities and performs both financial and management audits.

The County government center complex is located in the Fairfax Center area and is accessible by U.S. Routes 50 and 29, near Interstate Highway 66. The 674,943 square foot government center houses core County services and agencies. Two adjacent County office buildings provide an additional 486,129 square feet of space and house primarily human services and community development agencies and departments of the County.

Public Works

Essential management, professional engineering, design, and construction services in support of the construction of roads, sidewalks, trails, storm drainage, street lights, public facilities (except schools, housing and parks) and sewers are provided through the Department of Public Works and Environmental Services. The Department is also responsible for the acquisition of land for, and timely construction of, public facilities projects contained in bond referenda questions approved by the voters of Fairfax County. Referenda questions approved by County voters have included $412.57 million (excluding roads and transportation improvements) since April 1988 for major public facilities, including libraries, the County courthouse, police stations, fire stations, juvenile and adult detention facilities, mental health facilities, commercial revitalization projects, public safety, neighborhood improvement projects and storm drainage projects. In addition, the Department is responsible for the operation and maintenance of sanitary sewer and storm drainage systems, refuse collection and disposal, and wastewater treatment.

Wastewater generated in the County is treated at one County-owned treatment facility, four interjurisdictional treatment facilities and one private treatment facility. The County-owned treatment facility is the Noman M. Cole, Jr., Pollution Control Plant (formerly the Lower Potomac Pollution Control Plant). The four interjurisdictional treatment facilities are the District of Columbia's Blue Plains Facility, and plants operated by the Upper Occoquan Sewage Authority ("UOSA"), the Arlington County Department of Public Works and the Alexandria Sanitation Authority and the private treatment facility is the Harbor View Wastewater Treatment Plant. The County's treatment capacity in the six facilities totals 133.6 million gallons per day ("mgd"). In February 1991, UOSA issued $95,490,000 bonds of which approximately $79,300,000 were to finance the initial phase of an expansion of its capacity from 27 mgd capacity to 54 mgd and associated improvements. This expansion, which is projected to be completed in 2001, will result in an increase of approximately 17.7 mgd in Fairfax County's sewage treatment capacity. UOSA issued $330,860,000 of bonds in January 1996, of which $288,600,000 was for the completion of the expansion project. Fairfax County is responsible for approximately 62.8% of the debt service on UOSA's bonds. In July 1996, the County issued $104,000,000 Sewer Revenue Bonds to fund a portion of the cost of the expansion and upgrade of the Noman M. Cole, Jr., Pollution Control Plant from 54 mgd to 67 mgd.

The Department manages and operates the I-95 Sanitary Landfill located on approximately 300 acres in the southern portion of the County. This facility is operated on a "special fund" basis, which utilizes tipping fees to pay for the operation and capital expenditures of the landfill. Since December 31, 1995, the landfill has been dedicated to the disposal of ash which is generated by the incineration of municipal solid waste at the Arlington/Alexandria Energy/Resource Recovery Facility and the Fairfax County Energy/Resource Recovery Facility ("E/RRF"). The County has initiated closure activities which involve placing a synthetic cap over the closed section of the landfill along with landfill gas extraction wells and leachate collection systems. As of December 1998, capping activity was completed on approximately 130 acres of the site. The closure project is a multi-phase construction project which will be on-going throughout the remaining life of the facility. Dedicated reserves are established for this purpose, and the County has met the financial assurance requirements set forth by the Virginia Department of Environmental Quality regarding closure and post-closure care. Additional landfill requirements, either debris or sanitary waste, are met through separate contracts.

The E/RRF burns solid waste delivered to the facility from the County, the District of Columbia, Prince William County, and portions of Loudoun County and has a dependable capacity rating of 63 megawatts ("MW") for sale to Virginia Power. The Fairfax County Solid Waste Authority, which was created by the County, entered into a service contract in August 1987 with Ogden Martin Systems of Fairfax ("OMSF"), a wholly owned subsidiary of Ogden Martin Systems, Inc., under which OMSF was obligated to design, construct and operate a 3,000 ton per day resource recovery facility at the I-95 Landfill Site. Ogden Corporation, of which OMSF is an indirectly wholly-owned subsidiary, has guaranteed the obligations of OMSF under the service contract. In February and March 1988, the Fairfax County Economic Development Authority issued $252,080,000 in revenue bonds to finance the construction of the E/RRF. The bonds are not general obligations of Fairfax County, but they are secured solely by the revenues of the E/RRF. Full-scale operations at the E/RRF began in June of 1990. In 1995, the County sold an option to acquire refunding revenue bonds for the E/RRF. This option was sold to a financial institution for a one-time fee of approximately $10.25 million. On November 4, 1998, the option was exercised and the refunding revenue bonds were delivered. The refunding bonds, which total $195,505,000, have a lower interest rate, serving to decrease the net debt service for the facility. Net debt service is a crucial element in determining the annual waste disposal fee per ton which the County pays to OMSF. As a result of the option exercise, the savings per ton will be approximately four dollars ($4), a decrease of about 12% from Fall 1998 levels.

Fairfax County is obligated under the service contract to deliver certain minimum annual tonnages of solid waste to the E/RRF and to pay OMSF tipping fees for the disposal of such waste to provide funds sufficient to pay the operating costs of the E/RRF and debt service on the bonds. The County's commitment to deliver minimum quantities of solid waste to the E/RRF was based on "flow control" powers granted to the County by the General Assembly of Virginia to direct private haulers of solid waste to the E/RRF. An adverse 1994 decision by the Supreme Court of the United States has created uncertainty with regard to the power of local governments to enforce flow control ordinances. The supply of municipal solid waste to the E/RRF may be subject to the competitive pricing of alternative disposal sites. In light of the competitive pressures, and in order to maintain its waste stream

to the E/RRF, in August of 1998 the County began to enter into contracts with waste haulers, providing them a discount on waste disposal fees if they commit to keep their waste within the County. On September 14, 1998, the County Board of Supervisors passed a resolution clarifying its intent to enforce only intra-state flow control, which is not impacted by the 1994 Supreme Court decision. On November 23, 1998, the Board of Supervisors approved changes to the County Code, at a public hearing, which provide for intra-state flow control.

During FY 1998, the E/RRF processed nearly 964,000 tons of material, and in FY 1999, nearly 983,000 tons, exceeding the guaranteed requirements by 33,000 tons and 52,000 tons, respectively.

To comply with local directives, the County has initiated a comprehensive waste reduction and recycling program. Recycling is mandatory for all residents and businesses. One goal of the recycling program, to reduce the municipal solid waste stream by 25 percent, was achieved by the close of FY 1992, 3 years ahead of State requirements. In FY 1999 the County recycled approximately 35 percent of the waste stream. The County's waste reduction/recycling efforts include: recycling of glass, aluminum, newspaper, office paper, ferrous metals, corrugated cardboard, used motor oil, automobile batteries, grass, leaves and brush (with the distribution of ground wood mulch to County citizens).

Public Schools

The Fairfax County Public Schools (FCPS) is the largest educational system in the Commonwealth of Virginia and is the twelfth largest school system nationwide when ranked by enrollment. The system is directed by a twelve-person School Board elected by the citizens of Fairfax County to serve four-year terms. A student representative with a one-year term participates in the discussions but does not vote. Because the School Board is not empowered to levy taxes or to incur indebtedness, the operating costs of the FCPS are provided by the Federal and State governments and by transfers from the General Fund of the County to the School Board (see the subsection herein entitled "Expenditures and Transfers" in the section entitled "FINANCIAL INFORMATION"). Capital construction funding for public school facilities is provided primarily by the sale of general obligation bonds of the County.

FCPS is a high quality system offering a variety of programs. There is a strong academic program for college-bound students. Approximately 92% of the June 1998 graduates enrolled in post-secondary educational programs. In addition to the traditional academic curriculum, the Thomas Jefferson High School for Science and Technology provides a four-year college preparatory program for students who have a strong interest and high aptitude in mathematics, science, computer science, engineering, or related professional fields. The school has been designated as one of the Governor's magnet schools for science and technology, and students from other Northern Virginia counties are admitted on a tuition paying basis.

An extensive program for students pursuing opportunities in technical careers has also been developed. Various courses are offered in business, health occupations, industrial technology, marketing, trade and industrial, and work and family studies program areas. In addition, there are special programs offered for gifted children and for handicapped children ages 2 through 21. A comprehensive summer school program for students in the general academic program as well as for special education students is offered. FCPS also provides an extensive adult education program offering basic education courses and general education, vocational and enrichment programs. During the 1998-99 school year more than 71,000 persons were enrolled in the adult education program.

In FY 2000, the School Board operates 26 special education centers, 2 special service sites, and 181 schools including 133 elementary, 21 middle, 20 high and 3 secondary schools (grades 7-12) and 4 alternative high schools. Among the 209 schools and centers operated by FCPS are a variety of special programs designed to enhance student achievement. These include three elementary magnet schools with County-wide enrollment, four elementary focus schools with specific curricular approaches, one extended year elementary school, 24 foreign language partial-immersion schools, and seven International Baccalaureate programs at the high school level. Approximately 16,833 employees are assigned to work in schools and 1,575 positions are non-school based. These

positions provide support in areas such as personnel, payroll, and maintenance of facilities. There are 359 grant funded positions.

In FY 2000, the average elementary class size is estimated to be 22.60 students per teacher. Kindergarten classes are staffed with a teacher and an instructional assistant at a maximum class size of 28 students. Elementary schools are staffed with pupil-teacher ratios of 24.5 to 1 in grades 1 through 3, with grade one classes capped at 25 students maximum. Grades 4 through 6 are staffed at a pupil-teacher ratio of 26.5 to 1. At the middle school level, the average number of students per classroom teacher is 20.2 students, with an average of 19.4 students per teacher at the high school level.

Certain schools are identified as having students with special needs; these schools have a high variability in test scores, a high mobility rate, a large percentage of free and reduced price lunch eligible students, and a high minority enrollment. Supplementary staffing is allotted to these schools.

The 32 elementary special needs schools have a reduced pupil-student ratio of 20.5 to 1 in grades 1 through 3 and 22.5 to 1 in grades 4 through 6; maximum kindergarten class size is set at 24 students. In addition, 48 elementary schools have a 15 to 1 pupil-teacher ratio in the first grade to provide additional support to students with special needs. These schools were selected based on their status as special needs schools, Chapter 1 schools, or schools with a high percentage of free and reduced price lunch eligible enrollment. Nine middle schools and eight high schools are classified as special needs schools. These schools have additional staff, including teachers, assigned to them. In addition, Project Excel provides students in 20 elementary schools with additional time for learning and enhanced academic programs.

FCPS provides a number of student intervention programs for the increasing population of non-traditional learners. These alternative high schools and programs and three English as a Second Language transition centers are operated throughout the County. The Intervention and Support Program is designed to help chronically disruptive students change their behaviors and attitudes. These programs are operated at 28 sites throughout the County.

As shown below, the number of students attending Fairfax County Public Schools increased between 1990 and 1999. Enrollment for FY 1999 was 151,418, an increase of 23,130 students over the FY 1990 enrollment. It is projected that enrollment will increase through 2006.

Fiscal Year	Number of Public School Students
1990	128,288
1991	130,619
1992	133,198
1993	135,102
1994	137,495
1995	140,097
1996	143,040
1997	145,805
1998	148,036
1999	151,418
	Enrollment Projections
2000	156,653
2001	160,695

Source: Fairfax County Public Schools

Fairfax County has achieved its superior quality educational school system while maintaining one of the lower per-pupil costs in the Washington metropolitan area. The average per-pupil expenditures based on FY 2000 approved budget operating costs for several Washington metropolitan area jurisdictions are as follows:

Jurisdiction	Per-Pupil Expenditures
City of Falls Church	$10,618
Arlington County	10,579
City of Alexandria	9,848
Montgomery County (Md.)	8,508
Fairfax County	8,203
City of Manassas	7,951
Loudoun County	6,890
Prince William County	6,708
Prince George's County (Md.)	5,936

Source: FY 2000 Metropolitan Area Boards of Education Guide, October 1999.

FCPS compares favorably with other area school systems. In the 1999 National Merit Scholarship program, 179 FCPS students were named semifinalists and FCPS students accounted for 49 percent of Virginia's National Merit Scholarship semifinalists. Over two-thirds of the FCPS students were awarded the Virginia advanced diploma in FY 1997, compared to a 52 percent average for all Virginia school divisions.

In addition, FCPS students' SAT scores compare favorably with state and national averages on Scholastic Aptitude Tests administered by the College Board.

1999 Average Scholastic Aptitude Test Scores

	Verbal	Math	Total
United States	505	511	1,016
Virginia	508	499	1,007
Fairfax County	541	553	1,094

Source: Educational Testing Service

FCPS was rated as a Gold Medal school district, the highest rating possible, by Expansion Management magazine in its 1998 rankings. In its eighth annual survey, the magazine's Educational Quotient ("EQ") was expanded to include over 1,500 school districts. FCPS, one of only 86 school districts to receive the gold medal distinction, scored 142 points out of a possible 150 points. According to the magazine, the EQ assists in determining which school systems are likely to produce quality workers for today's complex global markets. The magazine emphasizes that school district desirability is a major factor for businesses in selecting the right community for expansions and locations.

Since April 1988, a total in excess of $1.22 billion in general obligation bonds has been authorized by County voters for school capital projects. In November 1999, Fairfax County voters authorized the Board of Supervisors to issue bonds in the aggregate amount of $297.205 million for planning and construction of new schools, additions and renewals at existing schools, and other school improvements countywide.

Transportation

General

Fairfax County is served by various highway, rail and air transportation facilities. The Capital Beltway (Interstate Highway 495), Interstate Highways 95, 395, and 66 and the Dulles Toll Road provide access to all parts of the Washington metropolitan area and major surface transportation corridors along the eastern seaboard. The Washington Metropolitan Area Transit Authority ("WMATA") rail system provides area residents with one of the largest and most modern regional transit systems in the world.

Two major airports serve the County with daily national and international service. Washington Dulles International Airport, located along the County's western boundary, is also the site of a designated Foreign Trade Zone. Ronald Reagan Washington National Airport, located a few miles east of the County, is accessible by Interstate Highways 66 and 395. Control of these facilities was transferred in 1987 by a 50-year lease from the Federal Government to the Metropolitan Washington Airports Authority ("MWAA"), a public authority created by interjurisdictional compact between the Commonwealth and the District of Columbia. MWAA issued revenue bonds to finance major improvements to its facilities to improve the level of service at both airports. These improvements should increase the number of passengers and flights at, as well as further stimulate economic development in the area of, Washington Dulles International Airport. A major expansion of the terminal facilities at Ronald Reagan Washington National Airport was opened in the summer of 1997 and a new concourse was opened at Washington Dulles International Airport in 1998. A new commuter concourse opened at Dulles Airport in 1999.

Ground transportation has received significant attention from the County in the past few years, primarily in an effort to relieve traffic congestion along the major arterials leading to Washington, D.C. and also to facilitate cross-County movement, connecting established and newly developing centers of commerce and industry. Efforts

have included increased local funding for highway improvements, establishment of transportation improvement districts, creation of County transit systems, continued participation in WMATA, and other improvements which encourage increased use of Metrorail, bus services and carpooling. The County also participates in a regional commuter rail system to expand the family of transportation services available to County residents.

During the 1993 session of the Virginia General Assembly, a transportation bond authorization bill was approved for projects in Northern Virginia. This legislation authorized $181 million in bonds that would be serviced by recordation tax revenues that are collected by the Commonwealth on property transactions. Of this amount, $64 million was designated for the Fairfax County Parkway, $63 million for assisting Northern Virginia WMATA compact members to pay their share of Metrorail construction, and $54 million for the Route 234 Bypass which is located in Prince William County.

During the 1994 session of the Virginia General Assembly, a second transportation bond authorization bill was approved for Northern Virginia projects. This legislation authorized an additional $90 million in bonds to be serviced by recordation tax revenues. Of this amount $23.0 million was designated for the Fairfax County Parkway; $22.6 million will assist Northern Virginia's WMATA compact members in paying their share of Metrorail construction; $19.4 million will finance a portion of the Route 234 Bypass in Prince William County; $15 million will be used for Route 7 and 15 improvements in Loudoun County; and $10 million will fund the Route 50/Courthouse Road interchange in Arlington County.

During its 1995 session, the Virginia General Assembly authorized an additional $45,170,000 of bonds for the construction of two additional lanes to the Dulles Toll Road between Interstate 495 in Fairfax County and Route 28 (Sully Road) in Loudoun County. This project is complete.

During its 1998 session, the Virginia General Assembly increased the total debt authorized from $271.0 million to $366.9 million. Additional bonds will be supported by public right-of-way user fees attributable to Fairfax, Loudoun and Prince William Counties and contributions from Arlington County and the Cities of Alexandria and Falls Church. These bonds include $50 million for the Fairfax County Parkway, $20.3 million for Route 234 in Prince William County, $17.7 million for Metrorail capital improvements, and $7.9 million for the Route 28 and Route 625 interchange in Loudoun County.

During its 1999 session, the Virginia General Assembly increased the total debt authorization from $366.9 million to $471.2 million. The additional bonds will be allocated to a variety of projects in Northern Virginia. These projects include: $16.0 million for Metro capital improvements; $10.4 million for Metrorail station improvements in Alexandria and Arlington County; $10.1 million for Route 15 in Loudoun County; $8.2 million for the Route 1/Route 123 interchange in Prince William County; $3.1 million for improvements to Lee Highway in Fairfax City; $27.0 million for Route 123 in Fairfax County; $6.0 million for transit enhancements in the Dulles Corridor; $13.0 million for Route 7 in Fairfax County; $5.0 million for the Telegraph Road in Fairfax County; $4.0 million for the Route 1/Route 234 interchange in Prince William County and $1.5 million for the Potomac and Rappahannock Transportation Commission. The General Assembly also directed the Governor to recommend a permanent funding source for payment of the debt service on these additional bonds.

Highway Improvements

Since April 1988, a total of $360.0 million of general obligation bonds has been authorized by County voters for road and other transportation improvements. In April 1988, the voters approved $150 million in bonds to focus on facilitating intra-County travel, alleviating highway congestion in the vicinity of economic development centers and improving access to Metrorail stations located within the County. In particular, various segments of the Fairfax County Parkway and Franconia-Springfield Parkway were constructed utilizing general obligation bond proceeds. These project segments, when linked with future segments of the Parkway, will eventually provide an intra-County connection from State Route 7 in the northwest corner of the County, south to the Dulles Toll Road and U.S. Route 50 and continuing southeast through the County to connect with Interstate Highway 95 in Springfield, and with Route 1 in southeastern Fairfax County. In November 1990, $80 million of County general

obligation bonds were authorized to provide for local matching funds to supplement Federal Transportation Administration grants for access improvements and an express bus system along the Dulles Toll Road; to provide for a bus maintenance facility and to provide funds for the construction of the Franconia/Springfield Metro station. In November 1992, County voters approved $130 million of new bonds for the purpose of completing additional segments of the Fairfax County Parkway and providing funds to satisfy the County's obligations to WMATA for the capital construction program to finish the 103-mile rail system.

In Virginia, the State is normally responsible for highway construction and maintenance. However, highway improvement needs in Fairfax County far exceed the highway revenues available from the State. Approximately $353 million in road improvements, authorized by the 1985, 1988 and 1992 referenda, were identified as critical. County bond financing has enabled these improvements to be undertaken at a much earlier point as compared to State improvement schedules which are constrained by current State gasoline tax rates and State-wide allocation formulae. The County will have no liability for the operating costs for these roads as they are, or will become, part of the State primary and secondary road systems and will be maintained by the State.

Primary Highway Transportation Improvement Districts

Primary Highway Transportation Improvement Districts are another financing alternative for needed highway improvements. The County, in partnership with Loudoun County, a neighboring jurisdiction, formed the Route 28 Highway Transportation Improvement District on December 21, 1987. The District was formed to accelerate planned highway improvements proposed by the State to State Route 28 which connects State Route 7 in eastern Loudoun County to U.S. Route 50 and Interstate Highway 66 in western Fairfax County, running approximately parallel to the County's western border. These improvements are now complete. State Route 28 provides access to Washington Dulles International Airport, along with the Dulles Access Road and the Dulles Toll Road which connect the Capital Beltway to the Airport.

The District is administered by a Commission appointed by the Boards of Supervisors of the two counties. The Commission may subject the owners of property within the District to a maximum additional tax assessment of 20 cents per $100 of assessed value, in addition to funds received through the State Primary Road Fund allocation formula, in order to reimburse the State for its debt service payments on its bonds. The Commonwealth issued $138.5 million in revenue bonds for the Route 28 project in September 1988. The revenue bonds issued by the State are not an obligation of Fairfax County. In April 1992, the Commonwealth of Virginia refunded all of the outstanding bonds. The refunding bonds have an annual debt service requirement of $8.8 million. The District currently imposes a tax of $.20 per $100 assessed value. Taxes collected on property within the District located in Fairfax County for FY 1999 and applied to debt service on the outstanding bonds of the Commonwealth in respect of the Route 28 project were approximately $3.2 million.

County Transit Systems

In an effort to provide an alternative to escalating Metrobus costs, the FAIRFAX CONNECTOR feeder bus service to Metrorail Stations has operated since 1985 when 10 routes initially went into service. Since that time, service expansion and restructuring has occurred as demand has increased and additional Metrorail Stations have been opened. The FAIRFAX CONNECTOR currently operates 58 routes to 11 Metrorail Stations, including the Huntington, Pentagon, West Falls Church, Van Dorn, Vienna-Fairfax-GMU, Dunn Loring-Merrifield, Franconia-Springfield, Rosslyn, Pentagon City, Eisenhower Avenue and King Street Stations. Private contractors were hired to operate and maintain the service, and have the responsibility to employ and supervise all transit personnel, while the Board of Supervisors maintains control and approves all policies for bus service such as routes and service levels, fare structures, and funding assistance.

The FAIRFAX CONNECTOR System is supported from the General Fund and fare box revenues. Ridership has steadily increased since inception in 1985. The FAIRFAX CONNECTOR carried 4.8 million passengers in FY 1999. Actual General Fund support totalled $20,354,303 in FY 1999. The County has constructed

and opened a permanent maintenance and garage facility for the FAIRFAX CONNECTOR in the southern portion of the County. The total cost of this facility was $4.0 million.

The County also sponsors FASTRAN, a paratransit system primarily transporting clients of four human service agencies: the Fairfax-Falls Church Community Services Board, the Department of Community and Recreation Services, the Department of Family Services and the Health Department. The clients of these agencies, including those with low incomes and people with physical and cognitive disabilities who cannot drive, find a ride, use Metro or Connector buses, or afford taxi fares can use FASTRAN to reach essential programs and services. FY 1999 funding of $8,010,114 was provided primarily by the client agencies from operating funds already designated for transportation service in their respective programs. This system, which began in FY 1986, was designed to provide a centralized, more effective service in lieu of programs individually administered by each agency. FASTRAN's private sector contractor provided 521,251 one-way rides in FY 1999 for clients needing trips to medical appointments, employment, therapy, senior centers, adult day health care, and other purposes as determined by client agencies. FASTRAN also transports those who are certified for MetroAccess paratransit service, in compliance with the Americans with Disabilities Act. MetroAccess riders are unable to use traditional fixed route bus or rail service due to physical or cognitive disability.

Metro Transit System

Since 1970, Fairfax County and the other major political subdivisions in the Washington, D.C. metropolitan area have contracted with the Washington Metropolitan Area Transit Authority ("WMATA") to finance, construct and operate a 103-mile subway and surface rail transit system known as "Metrorail." Funding for the construction of the Metrorail system has come from direct Congressional appropriations matched by direct local contributions. Five Interim Capital Contributions Agreements between WMATA and the participating political jurisdictions have been executed to date. Currently, the Fifth Interim Capital Contributions Agreement ("ICCA-V") governs the schedule and costs for the Federal and local shares of construction of the final 13.5 miles of the 103-mile Adopted Regional System ("ARS").

ICCA-V, executed on January 29, 1992, reflects the Federal authorization of $1.3 billion to complete construction of the ARS by 2001. This accelerated construction schedule, called the "Fast Track" program, requires stable Federal appropriations of $200 million per year. Of the four Metrorail segments, the Franconia-Springfield segment, which is the last segment in Fairfax County (and Virginia), opened in June 1997. In addition segments in Montgomery County Maryland and the District of Columbia have been completed. The remaining segment is currently under construction.

Through June 30, 1999 Fairfax County had contributed approximately $214.6 million toward Metrorail construction, consisting of $113.5 million of County general obligation bond proceeds, $98.0 million of State aid for transportation and $3.1 million in credits. Fairfax County's obligations under ICCA-V to provide local matching funds currently total $113.2 million. ICCA-V local requirements are reallocated every two years to reflect current conditions. From FY 2000 through FY 2004 the County anticipates paying approximately $23.6 million towards the cost of completing the 103-mile ARS.

Funding sources for Fairfax County's Metrorail construction contributions are: general obligation bond proceeds, State bond proceeds and State aid. At its regular 1993 Session, the Virginia General Assembly enacted legislation authorizing the Commonwealth Transportation Board to issue bonds to finance transportation projects in northern Virginia, including $63 million Metro Capital Improvements including the Franconia-Springfield Metrorail Station and $64 million for the Fairfax County Parkway. In September 1993 the Commonwealth issued $45.6 million of Metro Capital Improvement Bonds of which Fairfax County was allocated $25.523 million to apply to Metrorail construction. An additional $90 million in transportation bonds were authorized by the Commonwealth in 1994. The Commonwealth conducted another transportation bond sale in February 1995 which generated $19.7 million in Metro Capital Improvements Bond proceeds, $10.8 million of which was allocated to Fairfax County. In addition, in November 1996, the Commonwealth sold an additional $20.3 million transportation bonds to support Metrorail construction. Of this amount, $11.2 million was allocated to Fairfax County.

The General Assembly authorized an additional $95.9 million in 1998 which included $13.3 million for Metrorail construction. Fairfax County's share of these bonds is approximately $7.0 million. These bonds were sold in Fall 1999. In 1999, the General Assembly approved another $104.3 million in transportation bonds. This authorization included $16.0 million in Metro capital projects. Fairfax County's share of these funds is expected to be approximately $9.3 million.

Funding sources for WMATA operating assistance are: the General Fund, gasoline tax receipts, State aid and Federal Operating Assistance. Fairfax County's share of the bus and rail operating subsidies for FY 1990-1999, and the estimate for FY 2000 are shown in the following table:

Fairfax County WMATA Operating Subsidies
(Millions of Dollars)

Fiscal Year	Bus Operations[1]	Rail Operations[1]	Rail Const. Manage-ment[1]	ADA Para-transit[1]	Less Federal Operating Subsidies	Less State Aid[2]	Less Gas Tax Receipts[3]	Prior Year Credit	Net General Fund
1990	31.112	7.376	.315		2.620	18.333	5.032		12.818
1991	33.090	8.246	.263		2.372	20.531	4.960		13.137
1992	34.696	7.911	.295		2.315	20.087	4.279		16.174
1993[4]	33.930	9.650	.283		2.315	20.044	4.920		16.588
1994[5]	33.606	12.642	.320	.435	2.325	20.164	3.589		20.925
1995	29.921	13.261	.237	.626	2.316	22.204	3.451	.119	15.956
1996	29.424	13.793	.194	.844	1.509	21.956	2.757	.868	17.166
1997	27.197	14.067	.208	1.389	1.122	28.086	4.723	.399	8.531
1998	25.108	15.714	.270	.966	1.125	27.682	5.104	1.309	6.838
1999	24.199	14.974	.305	1.512	0.000	27.850	4.108	0.000	9.032
2000(est)	25.434	15.800	.000	1.734	0.000	25.999	7.884	0.000	9.085

Source: Fairfax County Department of Transportation and Department of Management and Budget.

[1] The amounts shown for operating subsidies for FY 1990 through 1999 represent actual disbursements in those years. Adjustments based on final WMATA annual audited figures are incorporated in the fiscal year in which the credit for an overpayment was applied or a debited amount was paid rather than the fiscal year in which the disbursement was made, except as noted below.

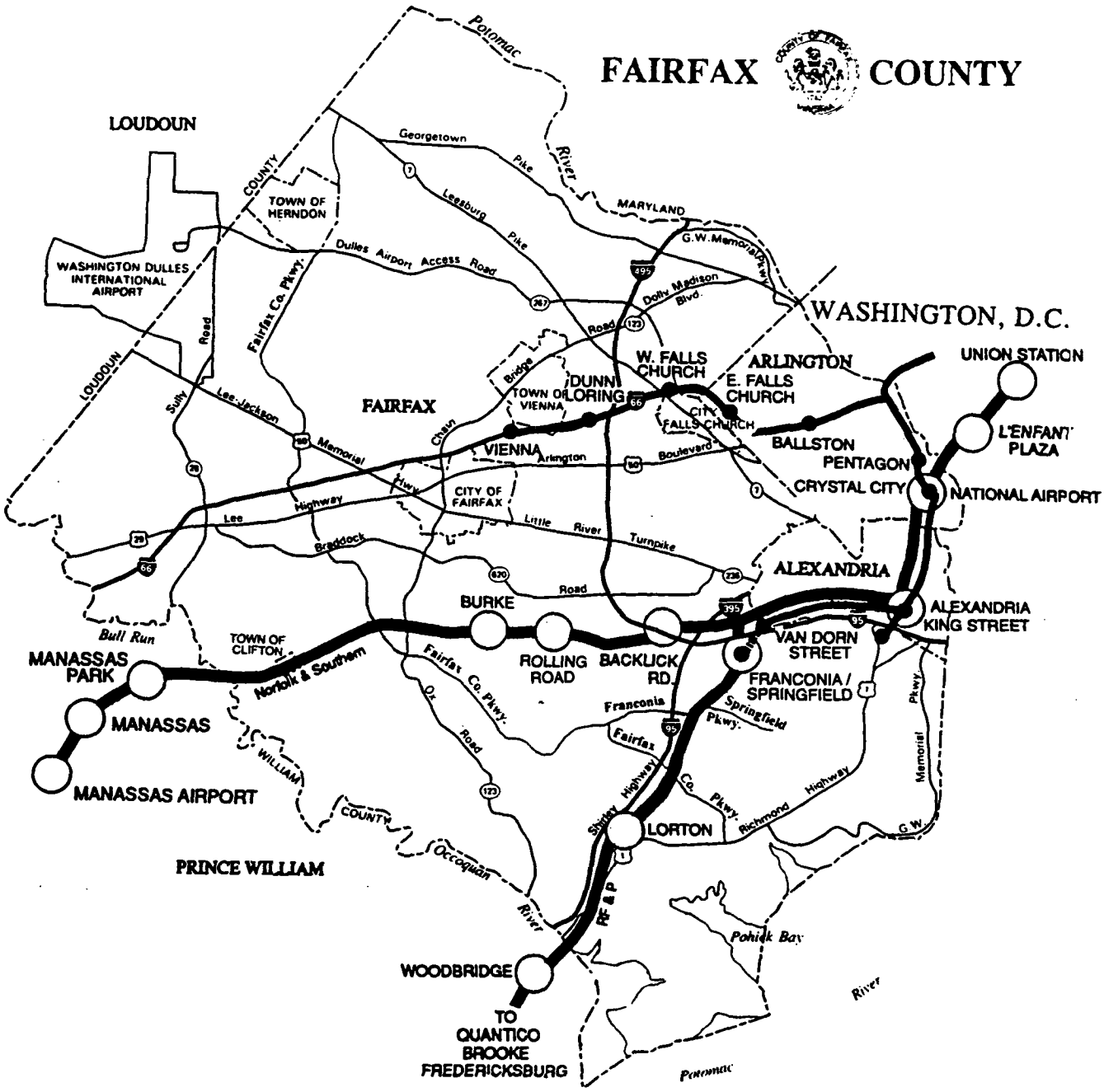
[2] In 1983, the Virginia General Assembly enacted legislation permitting the use of State aid for transportation to fund transit program operating costs in addition to transit program capital costs.

[3] In January 1980, the Virginia General Assembly enacted legislation which established a 2 percent retail gasoline tax in those Northern Virginia jurisdictions covered by the Northern Virginia Transportation Commission ("NVTC") to be dedicated to mass transit costs. The receipts from this tax are paid to NVTC which then allocates these funds to participating jurisdictions for payment of transit operating, capital and debt service costs.

[4] Figures do not include a prior year adjustment (cost) of $854,358 which was paid in FY 1993 with County General Funds.

[5] Figures do not include a prior year adjustment (cost) of $219,772 which was paid in FY 1994 with County General Funds.

The Americans with Disabilities Act requires that transit systems provide paratransit service for passengers with disabilities. To comply with the Act, WMATA began operation of MetroAccess on June 1, 1994, with limited hours of service. The hours of operation was expanded in November 1995, and full service began in January 1997. The local jurisdictions, including Fairfax County, will be responsible for funding the operating deficit associated with this service. In FY 2000, Fairfax County's share of the operating deficit is expected to have been $1,736,756 not including payments to FASTRAN for certain trips.



METRO - a rapid transit system for the National Capital Region. The currently adopted Metro system calls for a 103 mile regional transportation network connecting Washington with the Virginia and Maryland suburbs. It includes 40.1 miles rapid transit service in the District of Columbia, 33.3 miles in Maryland and 29.5 miles in Virginia.

The Virginia Railway Express is a transportation partnership that, beginning in June 1992, operates two commuter railroad lines on 90 miles of existing track. Approximately 35 miles of the system operates in Fairfax County serving five stations. One line originates near Manassas, Virginia and one near Fredericksburg, Virginia; both lines terminate at Union Station in the District of Columbia.

THE METRO - RAPID RAIL TRANSIT SYSTEM IN FAIRFAX COUNTY & VIRGINIA RAILWAY EXPRESS

- ADOPTED SYSTEM CURRENTLY IN OPERATION
- ADOPTED SYSTEM UNDER CONSTRUCTION OR DESIGN
- METRORAIL STATIONS
- VIRGINIA RAILWAY EXPRESS
- RAILWAY STATIONS

Other Transportation Improvements

In conjunction with direct highway improvements and participation in WMATA Metrobus and Metrorail operations, the County is examining other alternatives for commuting that will appeal to a wide variety of commuter tastes, needs and economies. Initiatives which have been, or are now being, implemented include expansion of parking facilities at Metrorail stations, establishment of commuter "Park and Ride" lots, implementation of a transportation systems management program in the Dulles corridor, and establishment of a regional, publicly operated commuter rail system.

Commuter Park-and-Ride Facilities

Fairfax County completed a comprehensive countywide analysis of its existing park-and-ride facilities and projected demand for future facilities in February 1988. From this study, two significant capital initiatives were undertaken.

Expansion of the parking capacity at Vienna and Huntington Metrorail Stations was the first initiative. In a cooperative venture with WMATA and the Fairfax County Economic Development Authority ("EDA"), the County constructed 1,300 additional structured parking spaces at the Vienna Station in 1990 and 750 additional structured parking spaces at the Huntington Station in 1991. The EDA issued $26.8 million of parking revenue bonds to fund construction of these two parking structures which will be repaid utilizing surcharge parking fee proceeds collected at Metrorail stations located in Virginia. A portion of these bonds was refunded in March 1998.

In January 1999, the Board of Supervisors approved WMATA's design of additional structured parking spaces at the Vienna Metrorail Station. In November 1999 the EDA issued $25.735 million of parking revenue bonds to fund the construction costs of these spaces. The bonds will be repaid from parking surcharge revenue.

The second primary park-and-ride initiative was the County's Suburban Mobility Grant Application to the Federal Transportation Administration ("FTA"). This grant application included three new park-and-ride facilities located in Fairfax County at two sites in Reston (South and East) and one in Centreville and the expansion of the existing Rolling Valley facility.

An additional 1,086 parking spaces were provided at a total cost of $5.7 million and funded with an FTA grant of $4.2 million (75%) and $1.5 million of County local match (25%) funds. The County's share was funded from $3.0 million of general obligation bonds for park-and-ride facilities approved by Fairfax County voters on April 12, 1988. The Centreville, Rolling Valley and Reston South facilities are currently operational. The Reston East facility at Wiehle Avenue was completed as part of the Dulles Corridor program discussed below.

Another critical commuter parking need identified by the County park-and-ride study was in the Springfield Area. As a result, Fairfax County coordinated with WMATA and the Virginia Railway Express the design and construction of a multimodal transportation center on the site of the Franconia-Springfield Metrorail Station. During 1991, Fairfax County advanced $6.1 million to WMATA to fund the design and engineering work for the transportation center and the Metrorail station. An additional $5.8 million was advanced for land acquisition. These funds were available from the approved November 6, 1990 Transportation Bond referendum that included $25 million for this project. Approximately 220 parking spaces for the commuter rail service opened in July 1996 and the Metrorail extension opened June 1997. The total parking capacity of the center is 3,800 spaces.

Dulles Corridor Transportation Systems Management ("TSM") Facilities

In 1989, Fairfax County Department of Transportation completed the Dulles Airport Access Road Corridor Transit Alternatives Study. The study recommended and the Board of Supervisors endorsed implementation of the Transportation System Management ("TSM") alternative in such a way as to preserve the option of future rail service in the Corridor. On November 6, 1990, County voters approved $36 million of general obligation bond funds for implementation of the Dulles TSM program. A grant application was forwarded to the FTA in December 1990 for $36.0 million. FTA has appropriated $32.2 million of Federal discretionary funds for this initiative thus far.

The project includes two Park and Ride facilities at Reston East and Herndon-Monroe as well as two transit centers. The transit centers located at Tysons-West*Park and Reston Town Center will serve primarily as passenger transfer points, as buses meet at these transit centers on a prescribed schedule to permit ease of transfer between buses serving various areas of the Dulles Corridor and Fairfax County. The park-and-ride facilities include 2,627 parking spaces in two surface and/or structured parking facilities. These facilities will provide all day parking for persons wishing to travel on express buses to Tysons Corner or the West Falls Church Metrorail Station or an opportunity to form carpools and vanpools. The Reston East facility was completed in January 1997, the Tysons-West*Park Transit Center was completed in January 1999 and the Herndon-Monroe facility opened in July 1999. Design and construction of the Reston Town Center transit facility are pending subject to funding availability.

Commuter Rail

Fairfax County as a member of the Northern Virginia Transportation Commission ("NVTC") and in cooperation with the Potomac and Rappahanock Transportation Commission ("PRTC") is a participating jurisdiction in the operation of the Virginia Railway Express ("VRE") commuter rail service. As of June 30, 1999, the service consisted of six peak period trips on the CSX Transportation line from Fredericksburg to Union Station and six trips on the Norfolk Southern Railway line from Manassas to Union Station. Five Fairfax County stations are currently operating. The Burke Centre Station parking lot expansion was completed in August 1996. This expansion added 158 parking spaces to the Station. The Franconia-Springfield Station opened in July 1996 with 220 parking spaces.

A total of $2.75 million of general obligation bonds was approved on April 12, 1988 for engineering and construction of the parking facilities at planned commuter rail stations within Fairfax County. (These funds were supplemented with $2.4 million in transportation bonds authorized in a 1990 referendum.) The Board of Supervisors approved the Commuter Rail Master Agreement and financial plans on October 23, 1989. Subsequently, NVTC and PRTC executed the Master Agreement, Insurance Agreement, and AMTRAK Operating Agreement on October 27, 1989. Agreements with the other participating railroads were also executed.

The Master Agreement calls for 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 and population. NVTC sold $79.4 million worth of bonds in February 1990 to finance passenger cars, locomotives, yard facilities and stations. Afterward, NVTC and PRTC purchased 38 new rail cars and 10 refurbished locomotives. In addition, 31 used cars and four additional locomotives have been purchased since 1992. A portion of the bond proceeds was made available to the County and other participating jurisdictions to assist with financing their local stations. In December 1996, NVTC and PRTC approved the sale of $23 million in commuter rail revenue bonds to purchase 13 new bi-level coaches. These rail cars began entering service in early 2000. They will replace some of the 31 used passenger cars purchased in 1992, and give VRE flexibility to meet growth in ridership. The Fairfax County Board of Supervisors approved the sale of these bonds on November 18, 1996, which were issued in early 1997. The County expects that debt service on these bonds will be funded predominantly by State and Federal funds and VRE revenues. In April 1998, the NVTC and PRTC refunded the remaining portion of the bonds sold by NVTC in 1990.

The VRE FY 1999 Budget identified its principal sources of revenue as: state and federal aid (52.1 percent), passenger revenues (25.7 percent), jurisdictional subsidies (17.8 percent) and miscellaneous income (4.4 percent). The County's share of the FY 1999 commuter rail operating and capital budget was $2.41 million.

Parks, Recreation and Cultural

Fairfax County provides a variety of recreational, educational, and cultural activities and services, including an extensive park system. The County provides library services for its citizens at 19 locations, which include 8 regional and 11 community library branches. In addition, outreach services are provided to the homebound and those with disabilities. The collection consists of more than 2 million books and other materials. During FY 1999, the library recorded almost 5 million visits and made more than 10 million loans to more than 756,000 library cardholders.

In addition, a variety of recreational, community, and human services are provided by the Department of Recreation and Community Services for County residents of all ages and incomes. These services include senior adult programs and centers, therapeutic recreation services for individuals with disabilities; a variety of youth

programs including recreational activities at youth centers and short-term, interim counseling; community-based recreational opportunities structured to meet the needs of the communities in which they are located; support for Fairfax County's various volunteer sports councils and leagues; and a variety of volunteer opportunities utilizing DIRECT (Division of Independent Retired Executives Contributing Talent) to support activity in any of these services.

Fairfax County has also been particularly active in developing and operating an extensive park system which provides a variety of recreational activities. The Fairfax County Park Authority ("FCPA"), whose members are appointed by the Board of Supervisors, operates 365 parks encompassing 18,349 acres. The Northern Virginia Regional Park Authority ("NVRPA"), an independent entity in which the County participates, also operates 19 parks covering approximately 10,000 acres. NVRPA is continually in the process of completing, acquiring, developing or expanding its regional park facilities. On November 3, 1998, the County voters approved bond referenda that included $87 million of which $75 million is for Fairfax County Park Authority projects including land acquisition, renovation of older parks and construction of a new recreation center and $12 million is for capital contributions to the NVRPA.

Community Development

In order to enhance the quality of life and the community environment, Fairfax County provides many direct and indirect services. The County addresses the housing, revitalization, employment and transportation needs of County residents, and strives to provide and maintain a well-balanced environment, by adhering to a comprehensive land use plan.

To meet low and moderate income family housing needs, the Fairfax County Redevelopment and Housing Authority ("FCRHA") was established in February 1966, having been approved by a voter referendum in 1965. Further, the County established the Department of Housing and Community Development to serve as the professional staff for the FCRHA and to carry out the County's Housing Program. In FY 1985, the FCRHA and the Board of Supervisors entered into a Memorandum of Agreement which set forth the working relationship between the two entities. The Memorandum of Agreement and resolutions adopted by the FCRHA have reaffirmed the County Executive as the Executive Director of the FCRHA.

The FCRHA owns or administers housing projects in Fairfax County with staff and funding provided from County, Federal, State and private sources. At the beginning of FY 2000 the FCRHA was assisting 6,490 households in Fairfax County through Public Housing; the Fairfax County Rental Program; Section 8 Certificates, Vouchers and project based programs; and two programs for home ownership, the First-Time Homebuyer's Program, and the Moderate Income Direct Sales Program. The FCRHA has also provided financing for a number of privately owned, assisted housing developments with a total of 711 assisted units as well as for privately owned developments without subsidies which reserve a total of 821 units for lower income tenants. Since FY 1993, 496 Affordable Dwelling Units ("ADUs") have been developed and sold to moderate income homebuyers through the First-Time Homebuyer's Program, and more than 730 ADUs are in the development pipeline. Also, in FY 1999, an estimated $27.6 million in funding was available for the County's Community Development Program. These funds, derived from a variety of sources, provide a wide spectrum of activities designed to meet the needs of the County's low and moderate income population. Projects range from public services and home improvement programs to neighborhood drainage and road improvements.

Other services include efforts to increase local employment opportunities by encouraging and retaining business and industrial development through the County's Economic Development Authority. The Department of Transportation continually monitors the County's transportation system to maintain a public transportation network system that meets the needs of County citizens (more fully discussed in the subsection herein entitled "Transportation").

In addition to the provision of direct services, the County is responsible for all comprehensive land use functions including planning, zoning, economic development, environmental improvement, community conservation, and the preservation of historic landmarks. The Comprehensive Plan for the County provides for orderly development through its policies and recommendations that help to guide decisions regarding future development within the County. The Comprehensive Plan is reviewed periodically with extensive citizen involvement to assure that it reflects community goals as well as current conditions and future trends. Almost all

zoning applications processed in the County are in accordance with the Plan. The County has received national recognition for the development of such a thorough and coordinated planning process.

Integrated with the County's land use plan are programs for historical and archaeological preservation which are designed to identify and protect pre-historic and historic County landmarks from inappropriate neighboring development. Staff in the Department of Planning and Zoning (DPZ) act as a liaison with the Architectural Review Board to monitor development within the thirteen historic overlay districts which have been established and are now recognized through the Commonwealth's Certified Local Government program. In addition, DPZ maintains the County Historic Site Inventory of over 300 sites, established through the Fairfax County History Commission.

The archaeological research program, managed through the Park Authority, identifies and registers pre-historic and historic sites, currently numbering over 2,250, with the Virginia Department of Historic Resources.

Health and Welfare

The County provides an extensive array of services which are designed to protect and promote the health and welfare of Fairfax County citizens through a decentralized human services program. The County operates human service centers in locations convenient to residents to provide financial, medical, vocational and social services. Based on individual needs, the centers attempt to define a comprehensive assistance plan that utilizes the services provided by all County departments.

The County provides medical, dental, maternal and child health services at three other locations in addition to the service centers and to the medically indigent at three primary health care centers. Preventive and health promotion services are provided by the County to school-aged children in all County public schools. Mental health, mental retardation and alcohol and drug abuse services are provided to families and individuals by the Fairfax-Falls Church Community Services Board ("CSB"). Through the CSB, the County operates three community mental health centers which offer individual, group and community services focused on the mental health needs of the population, various group homes for clients, and several specialized treatment facilities. Other programs that the County provides include subsidized day care programs for senior citizens and children of low-income families, 123 school-age child centers (located in the public schools) that serve 7,000 children during the school year and 2,000 children during the summer, two special needs centers that serve emotionally disturbed or physically challenged children, and group homes for emotionally disturbed youth. Residential treatment services are also offered in the areas of substance abuse as well as substance abuse outpatient and specialized day treatment programs. In addition, vocational and residential programs are provided for citizens with mental retardation. In November 1988 and in November 1990, voters approved $16.8 million and $9.5 million, respectively, in general obligation bonds for human services facilities. Facilities built with the proceeds of these bond referenda include a 70-bed therapeutic residence for substance abusers, a 30-bed substance abuse treatment facility co-located with a 25-bed detoxification center, a specialized 16-bed treatment facility for clients who are both mentally ill and substance abusers, and an adult care residence for 36 adults with mental illness.

Financial assistance and social services are available to eligible citizens under programs established by the State and Federal governments, as well as the County, and will be administered by the Department of Family Services. The Department will continue to implement welfare reform program activities while emphasizing prevention and early intervention initiatives. Programs serving senior citizens within the County are jointly funded by the Federal Older Americans Act, State, County and public/private funds. In FY 1986, the County began to provide a comprehensive County transportation service, FASTRAN, for qualified elderly, disabled, and low-income persons. Transportation is provided by bus, van, or cab on a door-to-door basis to County programs, medical care, and grocery and other personal shopping destinations (more fully discussed in the subsection herein entitled "Transportation").

Judicial Administration

Fairfax County's court system is one of the most sophisticated systems in Virginia in its use of advanced management techniques and rehabilitation programs. The County utilizes automated systems to support case docketing and record retrieval, juror selection, service of notices and subpoenas, and the processing of criminal and traffic warrants and delinquent tax retrieval.

The County has undertaken rehabilitation efforts through the Juvenile and Domestic Relations District Court and the Office of the Sheriff. These efforts include work training programs and counseling service for both adults and juvenile offenders. Additionally, residential treatment services are provided for juvenile offenders and a work release program is provided for offenders confined in the County's Adult Detention Center. In November 1988, voters approved $1.7 million in general obligation bonds to provide a new 12 bed, 8,000 square foot Less Secure Juvenile Shelter to provide live-in counseling and residential care for juveniles awaiting court action who do not require secure detention. This facility was completed in December 1990. On November 7, 1989, the County voters approved a bond referendum that included $12.57 million for Juvenile Detention facilities including expansion of the Juvenile Detention Center, renovation and expansion of the Boy's Probation Home, a Juvenile Halfway House and a Chronic Offenders Residence. Construction for the Juvenile Detention Center expansion from 55 to 121 beds was completed in June 1998. The Boy's Probation Home houses 22 juveniles and was completed in November 1995. The commencement of construction of the Juvenile Halfway House and the Chronic Offenders Residence is dependent upon funding availability. Construction for the expansion of the fourth floor of the Jennings Judicial Center was completed in March 1995. This expansion included the addition of four courtrooms, four jury rooms, two hearing rooms and associated judges chambers and administrative offices. This expansion provides a courtroom and associated other rooms for each of the 15 judges plus one additional courtroom to be used by visiting judges.

On November 7, 1989, the County voters approved a bond referendum that included $94.33 million for adult detention facilities including a 750-bed expansion to the Adult Detention Center. The expansion is projected to be completed in Spring 2000, with renovations to existing facilities completed by Spring 2001.

Public Safety

The responsibility for public safety in Fairfax County is shared by a number of agencies. The Police Department, which is responsible for law enforcement, had an authorized strength of 1,154 sworn police officers and 485 civilian personnel as of July 1, 1999. The agency is accredited by the Virginia Law Enforcement Professional Standards Commission ("VLEPSC"). VLEPSC accreditation signifies the department's compliance with certain standards which are specific to Virginia law enforcement operations and administration. The commanders of the seven police district stations located throughout the County have considerable latitude to tailor their operations to provide police services in ways most responsive to the needs of their respective communities, to include community policing endeavors. The department operates a variety of specialized units, including a helicopter division which operates two helicopters to provide support to general police operations, traffic monitoring and emergency medical evacuation and rescue support. For the past 10 years, the County has maintained one of the lowest rates of serious crimes among jurisdictions in the Washington Metropolitan area and among comparable suburban jurisdictions throughout the country. At the same time, the Police Department has continually attained a clearance rate for violent crimes such as murder, rape and robbery far above the national averages for such offenses. Citizen participation in crime prevention is emphasized, with over 900 Neighborhood Watch groups involving approximately 30,000 volunteers throughout the County. An Auxiliary Police Unit, comprised of up to 100 trained, unpaid citizen volunteers, supplements the Police Department's paid personnel by performing a variety of operational and administrative functions. The department utilizes many applications of the latest technology available, including serving as lead agency for the Northern Virginia Regional Identification System, a computerized fingerprint comparison system which greatly enhances and expedites the abilities of the 9 participating agencies to identify latent fingerprints recovered from crime scenes with those of known offenders in the database. The County's law enforcement training needs are met by its own Criminal Justice Academy which trains new officers and provides in-service training to members of the participating agencies. In November 1989 voters approved a bond referendum which included funding for a police academy facility, a driver and firearms training facility, as well as classroom instruction and practical exercise facilities. The driver training component became operational in February 1994, and the academy facility, with classrooms and practical exercise areas, became operational in July 1996. The firearms training range opened in March 1998. For the past ten years, Fairfax County has maintained the lowest per capita cost for police services of all the local jurisdictions in the Washington metropolitan area.

Fire and rescue services are provided by 1,145 paid fire fighters, 83 paid civilian support personnel and approximately 400 operational volunteers. Thirty-four fire and rescue stations are currently operated by the County. Future station locations have been identified to achieve a five-minute response time for fire and basic life support and a six-minute response time for advanced life support. The department operates various specialty units,

including paramedic engine companies, a hazardous materials response unit, a technical rescue operations team, an arson canine unit and a water rescue team whose members are certified in swift water rescue. In addition to emergency response, the department provides various non-emergency services. Fire Prevention Division personnel test fire protection systems in public buildings, inspect businesses for fire code violations and determine the cause and origin of all fires, false alarms and bombings. The department receives direct technical support in the areas of logistics, procurement, apparatus, telecommunications and automated systems and information processing from the Support Services Division. Recruiting and testing firefighter applicants is the responsibility of the Administrative Services. They also manage the department's payroll and budget, among other managerial functions. Personnel in the Occupational Health and Safety program provide health and safety services to all County uniform public safety personnel, fire and rescue volunteers and applicants, in order to maintain a safe and healthy work environment. The Hazardous Materials Services Section investigates hazardous materials releases, enforces local and state hazardous materials laws, provides oversight for long-term cleanup sites and supports other County agencies and committees. The Fire and Rescue Department provides more than 300,000 hours of firefighter and emergency medical training to career and volunteer firefighters throughout the year using indoor and outdoor facilities. Community fire safety and injury prevention programs are a major focus of the department. Education programs are delivered to audiences ranging from pre-school children to senior adults.

On November 7, 1989, the County voters approved a Public Safety Facilities bond referendum which included funding for seven new fire and rescue stations, expansion of one fire and rescue station, safety improvements to several existing fire and rescue stations, and improvements and expanded facilities at the Fire and Rescue Academy. On November 3, 1998, the County voters approved bond referenda that included $99.92 million for public safety projects including expansion of two existing Police Stations, reconstruction of a Fire Station, construction of a one new Police Station and one new Fire Station and expansion of the County Judicial Center.

The County also operates a Computer Aided Dispatch System, which provides a computer link between call takers and dispatchers within the County's Public Safety Communications Center. Through an additional computer link, information is transmitted from dispatchers to mobile data terminals within the County's police, fire and ambulance vehicles. The County also utilizes automated systems to process court ordered child support and restitution payments and to support juvenile case processing information functions. In addition, the County also has an automated dog licensing and inoculation monitoring system.

Water Supply Service

Water service is provided to the residents of Fairfax County either by the Fairfax County Water Authority (the "FCWA"), the City of Fairfax, the City of Falls Church, the Town of Herndon, the Town of Vienna or individual wells. The FCWA, which operates the largest water system in the Commonwealth of Virginia, was established by the Board of Supervisors in 1957, under the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia, 1950, as amended), for the purpose of developing a comprehensive, countywide water supply system through the acquisition of existing systems and the construction of new facilities. It is an independent body administered by a ten-member board appointed by the Fairfax County Board of Supervisors. The FCWA finances its capital improvements through the issuance of revenue bonds which are not backed by the full faith and credit of the County but principally by revenues derived from charges for services rendered. The FCWA had total debt outstanding of $338,870,000 as of December 31, 1998. FCWA's basic retail water charge is $1.25 per 1,000 gallons, plus a quarterly service charge ($5.25 for most single family homes and townhouses). To pay for treatment and pumping capacity which is used only during periods of high demand, FCWA also levies a peak use charge of an additional $2.50 per 1,000 gallons on customers who exceed their winter quarter consumption by 6,000 gallons or 30 percent, whichever is greater. There also are fees for initial connection to the system and for opening, closing or transferring an account.

FCWA utilizes two sources of water supply (Occoquan River and Potomac River), operates associated treatment, transmission, storage and distribution facilities and currently provides service to approximately 210,000 metered accounts (representing about 268,000 residential, commercial, industrial, municipal and institutional units) in Fairfax County with an average daily consumption of about 70 million gallons per day ("mgd"). In addition, FCWA supplies about 43 mgd to other suppliers for resale principally in the City of Alexandria, Loudoun County and Prince William County. The average population served by FCWA in 1999 is estimated to have been 1,100,000 persons. The combined maximum daily capacity of the supply and treatment facilities is 262 mgd, which is sufficient to meet current demand.

Under an agreement with the Board of Supervisors, FCWA annually submits a five-year capital improvement program which is reviewed and approved by the Board as part of the County's total capital improvement program. FCWA's 1999 10-year Capital Improvement Program includes projects totaling $521,939,000.

ECONOMIC FACTORS

Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (the "EDA") whose commissioners are appointed by the Board of Supervisors. 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 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.

Through its Convention and Visitors Bureau, the EDA attracts meetings, conferences and business travel to the County and encourages local private sector support for this effort, and draws visitors to the County's historic, cultural and recreational attractions.

The Center for Innovative Technology ("CIT"), chartered by the Commonwealth of Virginia in 1985, promotes economic development and competitiveness through many programs designed to promote Virginia as a leader in technology. It offers a wide variety of services to technology-based businesses through its relationships with state colleges and universities, regionally based manufacturing centers, business organizations and federal laboratories.

Nearly 3.9 million square feet of office space was absorbed in Fairfax County in the first half of 1999. The total inventory of office space in the County was estimated at 84.8 million square feet as of mid-year 1999. Industrial/hybrid space in the County was estimated at 36.4 million square feet. The vacancy rates for the office market and industrial/hybrid markets were 4.4 percent and 5.4 percent, respectively, as of mid-year 1999. Both Fairfax County and its "downtown", Tysons Corner, are among the 15 largest office markets in the U.S.

The base of technology-oriented companies, particularly in computer software development, computer systems integration, telecommunications, and Internet and Internet-related services, has served as a strong magnet for the expansion and attraction of business and professional services. Diversified business and financial services have added to the demand for prime office space in a number of key employment centers throughout the County. Major corporations such as American Management Systems, American Mobil Satellite Corporation, Arnold Communications, BTG, Booz-Allen & Hamilton, Cable & Wireless Communications, Columbia Energy Group, Federal Home Loan Mortgage Corporation, General Dynamics, National Rifle Association, Northern Telecom, Oracle and Orkand Corporation have located their corporate headquarters in Fairfax County.

As of midyear 1999, there were 70 hotels with 75 or more rooms completed or under construction in the County, totaling more than 13,000 hotel rooms. This development parallels commercial construction in terms of diversity of concept and design with new product and service mixes (all-suites, business meeting facilities and recreational facilities) brought into the marketplace. National chains such as Best Western, Comfort Inn, Doubletree, Embassy Suites, Hampton Inn, Hilton, Holiday Inn, Hyatt, Marriott, Motel 6, Ritz-Carlton and Sheraton currently have a wide range of hotel facilities in the County.

The 16-mile Dulles Toll Road provides access from Washington, D.C. through Tysons Corner and Reston-Herndon (the largest business centers in the County) to Washington Dulles International Airport, on the County's western edge. Pursuant to legislation enacted by the Virginia General Assembly in its 1995 session, the Commonwealth sold $45.2 million in bonds for the construction of two additional lanes (for a total of eight lanes) to the Dulles Toll Road between Interstate 495 in Fairfax County and Road 28 (Sully Road) in Loudoun County. Additionally, a 14-mile extension of the Dulles Toll Road, the privately-financed Dulles Greenway, connects the airport with Leesburg, west of Fairfax County in Loudoun County.

Washington Dulles International Airport has experienced a significant increase in service levels and demand in recent years, serving as a catalyst for corporate activities dependent on immediate access to air travel. The fastest-growing airport in the U.S., Dulles serves nearly 43,000 passengers daily with approximately 995 flights, of which there are nonstop flights to 74 U.S. cities and 29 foreign markets. On the East Coast, the airport is the second largest transatlantic gateway and the third largest gateway to the Pacific Rim. Twenty million passengers, including more than 3 million international travelers, flew in and out of Washington Dulles in 1999. The doubling of size of the signature Dulles (Main) Terminal, which added 1.1 million square feet to the original structure, was recently completed. An underground "people mover" that will connect the Main Terminal to the permanent midfield terminal via a loop underground rail system, is planned to begin construction in the next few years.

In January 1990, the Smithsonian Board of Regents selected Washington Dulles International as the site for the Smithsonian National Air and Space Museum (NASM) Dulles Center. More than 280 rare and historic aircraft and spacecraft including the Space Shuttle *Enterprise* will be displayed at the Dulles Center. The selection of this site was confirmed by Congress and approved by President Clinton in August 1993. The Smithsonian has enlisted the services of the internationally renowned design firm Hellmuth, Obata & Kassabaum which will deliver the final design. Construction on the 700,000-plus square-foot museum is scheduled to begin in January 2001. The doors are slated to open in 2003 in time to celebrate the 100th anniversary of the Wright Brothers' first powered flight on December 17, 1903.

The 5,000-acre Fairfax Center area near the intersection of U.S. Route 50 and Interstate Highway 66 is the third largest office submarket in the County with nearly 7.4 million square feet of office space as of mid-year 1999. Major projects in this area include the 700-acre Fair Lakes Business Park, which boasts significant corporate investment by AAA-Potomac Division, Aetna, American Management Systems, the Armed Forces Communications and Electronics Association, Datatel, DynCorp, Mission Energy, Performance Engineering Corporation, PricewaterhouseCoopers, SRA Corporation and TRW.

The Board of Supervisors and the County have supported the redevelopment of the County's more mature business areas. The revitalization of seven designated commercial revitalization areas of the County is underway in Annandale, Bailey's Crossroads/Seven Corners, the Lake Anne section of Reston, the Springfield and McLean central business districts, Merrifield and the Richmond Highway corridor in the southeastern portion of the County.

Employment

Approximately 27,000 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 diversified areas as computer software development and systems integration, telecommunications, Internet and Internet related services, wholesale and retail trade, and financial services. The following table presents data on the number of payroll establishments and employment by major industry classification in Fairfax County as of second quarter 1999.

Businesses and Employment by Industry
Fairfax County, Virginia[1]

Industrial Classification	Number of Establishments	Payroll Employment
Agriculture	432	5,012
Manufacturing	508	15,507
Mining	5	106
Wholesale Trade	1,802	22,838
Construction	2,177	27,520
Transportation, Communications, Utilities	818	29,983
Retail Trade	4,021	78,034
Services[2]	14,347	226,852
Finance, Insurance, Real Estate	2,467	33,292
Local/State/Federal Government	196	62,969
Non-Classified	2	3
Total	26,775	502,116

Source: Virginia Employment Commission, second quarter 1999.

1 Excludes self-employed business owners.
2 The Services category includes computer-related services, health care, legal and personal services, engineering and architectural services, and other activities, as well as membership organizations and trade associations.

The following table presents data on 25 of the largest private sector employers in the County.

	Company Name	Type of Business	County Employment Range*
1.	Kaiser Permanente	Insurance Carriers	10,000-11,000
2.	Mobil Corporation	Petroleum Refining and Related Industries	6,000-7,000
3.	Computer Sciences Corporation (CSC)	Business Services	6,000-7,000
4.	Science Applications International Corporation (SAIC)	Engineering, Accounting & Research Services	5,000-6,000
5.	TRW, Inc. (includes BDM International)	Engineering, Accounting & Research Services/Transportation Equipment	5,000-6,000
6.	INOVA Health Care Services	Health Services	4,000-5,000
7.	Northrop Grumman Technical Services	Business Services	4,000-5,000
8.	Northern Telecom, Inc.	Electronic, Electrical Equipment & Components	3,000-4,000
9.	American Management Systems, Inc. (AMS)	Business Services	3,000-4,000
10.	Electronic Data Systems Corporation (EDS)	Business Services	3,000-4,000
11.	Lockheed Martin Corporation	Business Services/Transportation Equipment	3,000-4,000
12.	Washington Gas	Electric, Gas & Sanitary Services	3,000-4,000
13.	ICF Kaiser Engineers Group	Construction	3,000-4,000
14.	Mitre Corporation	Engineering, Accounting, & Research Services	2,000-3,000
15.	Raytheon Company	Services/Manufacturing	2,000-3,000
16.	Cable & Wireless, Inc.	Communications	2,000-3,000
17.	Booz-Allen & Hamilton, Inc.	Business Services	2,000-3,000
18.	AT&T	Communications	2,000-3,000
19.	Navy Federal Credit Union	Depository Institutions	2,000-3,000
20.	Global One (Subsidiary of Sprint)	Communications	2,000-3,000
21.	First Virginia Bank	Depository Institutions	2,000-3,000
22.	Federal Home Loan Mortgage Association (Freddie Mac)	Nondepository Credit Institutions	2,000-3,000
23.	Nextel Communications, Inc.	Communications	2,000-3,000
24.	GTE Corporation	Communications/ Services	2,000-3,000
25.	VBR Joint Venture	Building Maintenance Services	2,000-3,000

Source: Dun and Bradstreet, 1998.

*Note: Employment estimates for separate facilities of the same firm have been combined. Employment ranges are given to ensure confidentiality.

Unemployment in the County has historically been and continues to be well below national and statewide averages. The 1998 average unemployment rate was 1.6% in the County. State and national 1998 unemployment rates were 2.9% and 4.5%, respectively. The following table shows the average annual unemployment rate in Fairfax County as compared with the national average in the past decade:

Average Annual Unemployment Rates

Calendar Year	Fairfax County	United States	Calendar Year	Fairfax County	United States
1990	1.9%	5.5%	1995	2.8%	5.6%
1991	3.2	6.7	1996	2.7	5.4
1992	3.8	7.4	1997	2.3	4.9
1993	3.3	6.8	1998	1.6	4.5
1994	3.1	6.1	1999	1.6	4.2

Source: Virginia Employment Commission.

According to the Virginia Employment Commission, the number of jobs in the County was 487,113 as of March of 1999, up from 464,945 in March 1998. This figure does not include self-employed persons or agricultural employment. The following table presents total nonagricultural payroll employment in recent years:

Nonagricultural Employment

As of March	Nonagricultural Employment in Fairfax County	% Change	As of March	Nonagricultural Employment in Fairfax County	% Change
1990	371,716	3.1%	1995	410,146	4.6%
1991	367,555	(1.1)	1996	420,929	2.6
1992	364,372	(0.9)	1997	443,734	5.4
1993	373,998	2.6	1998	464,945	4.8
1994	392,048	4.8	1999	487,113	4.8

Source: Virginia Employment Commission.

Population

Fairfax County added an average of about 22,200 persons per year to its population between 1980 and 1990. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. primary metropolitan statistical area, as defined by the U.S. Bureau of the Census. By 1990, Fairfax County with 818,584 residents had become the most populous jurisdiction in the Washington, D.C. primary metropolitan statistical area. Population growth during the current decade has slowed somewhat in Fairfax County. On average, about 14,500 persons per year were added to the population between 1990 and 1999.

Fairfax County Population

Calendar Year	Population
1940	40,929
1950	98,557
1960	248,897
1970	454,275
1980	596,901
1990	818,584
1991	827,119
1992	837,141
1993	851,858
1994	863,134
1995	879,401
1996	899,650
1997	912,126
1998	931,452
1999 (est.)	948,636
2000 (est.)	966,137

Source: U.S. Bureau of the Census, 1940-1980 and 1990. 1991-2000 figures and estimates were provided by the Fairfax County Department of Systems Management for Human Services.

The following table reflects the population age distribution of County residents:

Population Age Distribution
Fairfax County

	1998	
Age Group	**Number**	**Percent**
Under 5	56,648	6.1%
5-9	66,741	7.2
10-14	63,768	6.8
15-19	63,197	6.8
20-24	48,478	5.2
25-34	140,985	15.1
35-44	169,097	18.2
45-54	159,104	17.1
55-64	86,869	9.3
65 and Over	76,565	8.2
Total	931,452	100.0%

Source: Demographic Reports 1998, Fairfax County Department of Systems Management for Human Services.

Based on the results of the 1990 Census, Fairfax County had the highest annual median household income ($59,284) and highest median family income ($65,201) of all jurisdictions in the United States. Median household income in Fairfax County was estimated at $72,000 in 1997, and family income was estimated at $84,000. Each is estimated to be among the highest in the nation. The following table illustrates the 1997 household income distribution in Fairfax County based on a survey completed in 1998. This survey is updated every 2 years.

Annual Household and Family Income Distribution (by Percentage)
Fairfax County, 1997

Income Level	Household	Family
Under $25,000	8.7%	6.5%
$25,000-49,999	19.7	15.1
$50,000-74,999	23.2	20.5
$75,000-99,999	16.6	18.4
$100,000-149,999	21.1	26.0
$150,000 or more	10.7	13.4
Median Income	$72,000	$84,000

Note: In 1997, there were 328,131 households in the County. "Families" are defined as those households containing two or more persons related by blood, marriage or adoption.
Source: Fairfax County Department of Systems Management for Human Services, 1998 Household Survey.

The following table shows that total taxable retail sales in the County rose in the period 1989-1998, except when they declined in 1991, reflecting increased income levels and the County's increasing importance as a regional commercial and retail center. Per capita retail sales in the County rose in the period 1991-1998 except when they declined in 1996.

Per Capita Taxable Sales

Calendar Year	Taxable Sales (in Billions)	Population	Per Capita Taxable Sales
1989	$6.36	782,600	$8,124
1990	6.50	818,584	7,939
1991	6.40	827,119	7,739
1992	6.58	837,141	7,862
1993	7.47	851,858	8,771
1994	7.96	863,134	9,221
1995	8.31	879,401	9,453
1996	8.50	899,650	9,448
1997	9.04	912,126	9,910
1998	9.65	931,452	10,357

Sources: Commonwealth of Virginia Department of Taxation, Taxable Sales.
Fairfax County Department of Systems Management for Human Services, and U.S. Bureau of the Census for 1990.

Construction Activity

The following table illustrates trends in residential and commercial construction activity in the County:

Fiscal Year	Construction Activity Building Permits[1]				Estimated Housing Units Started[2]
	Residential Properties		Industrial and Commercial Properties		
	Number	Estimated Value (000's)	Number	Estimated Value (000's)	Number
1990	23,138	$594,424	4,590	$847,345	3,806
1991	17,704	399,300	3,771	383,776	2,693
1992	19,498	523,408	3,326	219,462	4,040
1993	22,865	689,190	3,596	355,989	5,188
1994	23,254	781,283	3,803	288,274	6,528
1995	23,577	706,680	4,272	236,737	4,482
1996	23,086	737,971	3,961	230,300	4,361
1997	21,059	676,400	4,091	247,646	3,942
1998	21,700	702,179	4,172	699,012	2,263
1999	23,446	794,121	4,345	572,489	4,687

Sources: [1] Fairfax County Department of Public Works and Environmental Services.
[2] Fairfax County Department of Systems Management for Human Services.

The following is a short list of major new or expanded commercial projects within the County:

New or Expanded Commercial Projects

Name of Company	Nature of Operations	Square Footage Leased	Projected New Employment
AMS	Professional Services	215,000	558
Above Net Communications	Internet Data Center	272,500	160
Amazon.Com	Internet Data Center	110,000	25
Cable and Wireless	Technical Services	230,000	300
Computer Associates International	Computer Services	235,000	500
Deloitte & Touche LLP	Professional Services & Management Consulting	100,000	500
DynCorp	Technical Services	54,300	200
E-Spire	Telecommunications Services	170,000	700
Global One	Telecommunications Services	113,400	500
Micro Strategy	Internet-Related Services	377,000	800
Intel	Internet Data Center	73,000	250
OrbComm	Satellite Communications	51,000	225
SAIC	Technical Services	182,500	685
Teleglobe Communications	Telecommunications Services	40,000	260
WebVan	Internet-Related Services	336,000	900

Source: Fairfax County Economic Development Authority.

Housing

Single-family housing units continue to dominate the housing market within Fairfax County, representing 75.3% of the total in 1998. However, within the single-family category, there has been a significant shift from detached to attached housing, primarily townhouses. The percentage of the housing stock consisting of multi-family units has remained relatively stable since 1970.

The percentage of owner occupied units in 1990 represented 70.7% of all units within Fairfax County. In 1990 the median market value of owner occupied housing (excluding condominiums) in Fairfax County was $213,800 compared to $166,100 in the Washington, D.C. metropolitan area, $91,000 in Virginia, and $79,100 in the United States. As of January 1998, the median market value of all owned housing units, including condominiums, in Fairfax County was estimated by the County Department of Systems Management for Human Services to be $185,640.

Housing Units by Type of Structure

	1970		1980		1990		1998	
	No.	%	No.	%	No.	%	No.	%
Single-Family: Detached	91,134	69.7	125,580	59.3	163,029	53.9	177,312	51.3
Attached	6,427	4.9	30,833	14.6	67,306	22.3	83,152	24.0
Multi-Family	33,207	25.4	55,333	26.1	72,129	23.8	85,505	24.7
Total	130,768	100.0	211,746	100.0	302,464	100.0	345,969	100.0

Source: 1970 U.S. Bureau of the Census, U.S. Census of Housing. Data for 1980, 1990 and 1998 were provided by the Fairfax County Department of Systems Management for Human Services. Single-family detached includes all single-family homes and mobile homes, single-family attached includes duplexes, townhouses and multiple units. Multi-family includes garden and elevator units.

Colleges and Universities

Four institutions of higher education are located in Fairfax County: George Mason University, Northern Virginia Community College (NVCC), the Virginia Polytechnic Institute and State University and the University of Virginia – the latter two located in the Northern Virginia Graduate Center. George Mason currently has an enrollment of more than 25,000 students in a full array of disciplines, including doctoral programs. The Northern Virginia Community College has approximately 60,000 students in 30 credit-earning programs in five campuses in the region. NVCC also is planning a biomedical training campus in the County's Springfield community. American University, George Washington University, Catholic University and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County.

Cultural Programs

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 first Constitution of Virginia.

DEBT ADMINISTRATION

Statement of Bonded Indebtedness

Pursuant to the Constitution of Virginia and the Act, a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds the Board of Supervisors of the County is required to levy, if necessary, an annual *ad valorem* tax on all property in the County subject to local taxation.

The County had outstanding the following amounts of general obligation bonds as of December 31, 1999:

Purpose	Total General Obligation Bonds
School	$ 762,197,600
General Government	635,780,275
Total General Obligation Bonded Indebtedness	$1,397,977,875

The County does not rely upon short-term borrowings to fund operating or capital requirements.

Authorized but Unissued Bonds

The following chart presents by purpose Fairfax County's general obligation authorized but unissued bond indebtedness following the issuance of the Bonds:

Authorized Purpose	Amount Authorized but Unissued
School Improvements	$392,475,000
Transportation Improvements and Facilities	107,835,000
Parks and Park Facilities	66,000,000
Commercial and Redevelopment Area Improvements	20,580,000
Neighborhood Improvements	5,145,000
Human Services Facilities	1,185,000
Storm Drainage Improvements	4,660,000
Public Library Facilities	3,850,000
Adult Detention Facilities	8,520,000
Public Safety Facilities	113,920,000
Juvenile Detention Facilities	1,050,000
Total Authorized but Unissued Bonds	$725,220,000

Limits on Indebtedness

There is no legal limit on the amount of general obligation bonded indebtedness which Fairfax County can at any time incur or have outstanding. However, all such indebtedness must be approved by voter referendum prior to issuance. Since 1975, the Board of Supervisors has established as a financial guideline a self-imposed limit on the average annual amount of bond sales. In 1988, the Board of Supervisors increased the bond sale target to $750 million over a 5-year period or an average of $150 million annually, with the flexibility to expand to a maximum of $175 million based on market conditions and/or priority needs in any given year. The actual amount of bond sales will be determined by construction funding requirements and municipal bond market conditions.

The Board of Supervisors also has imposed limits which provide that the County's long term debt should not exceed 3% of the total market value of taxable real and personal property in the County. The limits also provide

that annual debt service should not exceed 10% of annual Combined General Fund disbursements. These limits may be changed by the Board of Supervisors, and they are not binding on future Boards of Supervisors of the County.

There are several authorities in existence which have been created at various times by the Board of Supervisors to provide specialized governmental services within the County. Certain of these authorities are empowered to issue revenue bonds that are not general obligations of the County, and the full faith and credit of the County is not pledged to secure such bonds.

Other Tax Supported Debt Obligations

The Board of Supervisors of the County directly or indirectly appoints all or a portion of the governing body of several legally independent local and regional authorities that provide services to the County and its constituents. Such authorities include those that issue debt supported directly or contingently by appropriations of tax revenues by the County.

In 1989 and 1990, the Fairfax County Economic Development Authority (the "EDA") issued $26,765,000 of parking revenue bonds to finance construction of parking structures near the Vienna Metrorail Station and the Huntington Metrorail Station in Fairfax County. The parking revenue bonds are payable under leases with the Washington Metropolitan Area Transit Authority ("WMATA") from revenues to be derived by WMATA from parking surcharges at these and other parking facilities. In the event such revenues are not sufficient to pay debt service on the parking revenue bonds and under certain other conditions, the County is, in effect, obligated, subject to annual appropriation by its Board of Supervisors, to make payments to the EDA sufficient to pay such debt service. The EDA refunded $21.46 million of these bonds in March 1998 with the proceeds of $12.93 million parking revenue refunding bonds and other available funds. The EDA issued $25.735 million in bonds on November 10, 1999 to finance a second parking structure at the Vienna Metrorail Station. The structure of this bond issue is similar to the prior EDA parking revenue bond issues.

In March 1994, the EDA issued $116,965,000 of lease revenue bonds to finance the acquisition for the County of two office buildings occupied by County agencies and departments. The County is absolutely and unconditionally obligated by the terms of a lease agreement with the EDA to pay amounts equal to debt service on the EDA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreement extend to November 15, 2018.

In October 1996, the Fairfax County Redevelopment and Housing Authority ("FCRHA") issued $6,390,000 of lease revenue bonds to finance the construction/renovation of two Community Center buildings. The County is absolutely and unconditionally obligated by the terms of lease agreements with the FCRHA to pay amounts equal to debt service on the FCRHA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreements extend to June 1, 2017. In December 1998, the FCRHA issued $5,500,000 of lease revenue bonds to finance the renovation and expansion of Bailey's Community Center. The County is absolutely and unconditionally obligated by the terms of lease agreements with the FCRHA to pay amounts equal to debt service on the FCRHA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreements extend to June 1, 2018. In May 1999, the FCRHA issued $1,000,000 of lease revenue bonds to finance the renovation and expansion of the Herndon Harbor House II adult day health care center. The County is absolutely and unconditionally obligated by the terms of lease agreements with the FCRHA to pay amounts equal to debt service on the FCRHA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreements extend to May 1, 2029.

Lease Commitments and Contractual Obligations

The County leases certain real estate, equipment and sewer facilities under various long-term lease agreements. In addition, pursuant to contracts with Arlington County, the Alexandria Sanitation Authority, the District of Columbia and the Upper Occoquan Sewage Authority, the County is obligated to share the capital costs and associated debt service of certain facilities. Further information concerning these obligations is included in Notes H, I and J to the General Purpose Financial Statements shown in Appendix IV.

In February and March 1988, the Fairfax County Economic Development Authority issued $237,180,000 of Series A revenue bonds and $14,900,000 of Series B revenue bonds, respectively, to finance, on behalf of the Fairfax County Solid Waste Authority ("SWA"), the construction of a 3,000 ton per day Energy/Resource Recovery Facility to dispose of solid waste originating from Fairfax County and the District of Columbia. The bonds are secured solely by the revenues of the E/RRF, neither the County, the EDA nor the SWA is obligated to pay principal and interest thereon. Fairfax County is obligated under a service contract to deliver certain minimum annual tonnages of solid waste to the E/RRF and to pay fees for the disposal of such waste to provide funds sufficient to pay the E/RRF operation and maintenance costs and debt service on the bonds. In March 1995, the County sold an option to purchase refunding bonds which would refund and redeem the Series A bonds. The option was sold to a financial institution for $10.25 million. On November 4, 1998, the option was exercised and the refunding bonds were delivered to the institution at certain agreed-upon interest rates. The proceeds of the bonds have been used to refund the Series A bonds.

In February 1990, the Northern Virginia Transportation Commission issued $79.4 million of bonds to finance certain costs associated with the establishment of commuter rail services (the Virginia Railway Express) in the northern area of Virginia surrounding Washington, D.C. Fairfax County has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the Virginia Railway Express. Each jurisdiction's share is determined by a formula set out in the Master Agreement. Fairfax County's share of this cost was $2.4 million in FY 1999. The Board of Supervisors approved the sale of $23 million in NVTC commuter rail revenue bonds to purchase 13 new bi-level rail coaches. These bonds were issued in early 1997. The County expects that debt service on these bonds will be funded predominantly by State and Federal funds and VRE revenues.

Debt Service on General Obligation and Lease Revenue Bonded Indebtedness

Total principal and interest payments on the County's outstanding general obligation bonds, including debt service on the Bonds and on the EDA and FCRHA lease revenue bonds, are presented in the following table:

Debt Service Schedule - General Obligation and Lease Revenue Debt Obligations

Fiscal Year Ending June 30	General Obligation Bonds[1] Principal	General Obligation Bonds[1] Interest	Lease Revenue Bonds[2] Principal	Lease Revenue Bonds[2] Interest	Total[3]
2000	$105,711,425	$70,292,772	$3,475,000	$6,296,067	$185,775,264
2001	112,233,925	71,002,486	3,640,000	6,132,824	193,009,235
2002	111,283,925	64,444,866	3,835,000	5,954,079	185,517,870
2003	110,503,925	58,718,321	4,030,000	5,762,034	179,014,280
2004	104,531,425	53,144,377	4,240,000	5,556,044	167,471,846
2005	103,856,425	47,792,388	4,450,000	5,335,207	161,434,020
2006	100,036,425	42,575,182	4,690,000	5,098,809	152,400,416
2007	95,897,700	37,401,004	4,940,000	4,849,109	143,087,813
2008	90,747,700	32,515,391	5,210,000	4,581,259	133,054,350
2009	85,820,000	27,969,986	5,495,000	4,298,311	123,583,297
2010	75,965,000	23,768,771	5,790,000	3,999,852	109,523,623
2011	69,500,000	19,908,203	6,100,000	3,684,901	99,193,104
2012	61,760,000	16,368,544	6,435,000	3,352,884	87,916,428
2013	54,085,000	13,236,725	6,790,000	3,002,321	77,114,046
2014	48,810,000	10,500,100	7,155,000	2,632,254	69,097,354
2015	40,990,000	8,000,850	7,545,000	2,240,916	58,776,766
2016	35,995,000	5,834,225	7,955,000	1,828,226	51,612,451
2017	30,290,000	3,942,325	8,395,000	1,393,097	44,020,422
2018	23,090,000	2,364,200	8,315,000	933,896	34,703,096
2019	16,290,000	1,239,075	8,590,000	254,757	26,373,832
2020	8,580,000	378,950	40,000	27,144	9,026,094
Future	-	-	485,000	139,482	624,482
Total[3]	$1,485,977,875	$611,398,741	$117,600,000	$77,353,473	$2,292,330,089

1 As of December 31, 1999, as adjusted to reflect the issuance of the Bonds which are assumed to bear interest at a rate of 6.00%.
2 See "Other Tax Supported Debt Obligations".
3 Numbers may not add to totals due to rounding.

Sewer Revenue Bonds

In 1986, the County issued $75 million of an authorized $179 million sewer revenue bonds. The proceeds were expended to finance the expansion of the wastewater treatment facilities at the Noman M. Cole, Jr., Pollution Control Plant (formerly the Lower Potomac Pollution Control Plant) from 36 million gallons per day (mgd) to 54 mgd and the County's share of the cost of expanding facilities at the District of Columbia's Blue Plains Wastewater Treatment Plant. The treatment capacity of the Blue Plains Plant expanded from 309 mgd to 370 mgd and the County's share increased from 16.02 mgd to 31.0 mgd. In 1993, the County issued $72.1 million sewer revenue refunding bonds to advance refund a portion of its outstanding sewer revenue bonds. In July 1996, the County issued the remaining authorized but unissued $104 million sewer revenue bonds to finance additional expansion and improvements to its Noman M. Cole, Jr., Pollution Control Plant.

Wastewater treatment capacity and services are also provided to the Integrated Sewer System pursuant to contracts with Arlington County, the Alexandria Sanitation Authority (the "ASA"), the District of Columbia and the Upper Occoquan Sewage Authority ("UOSA"), whereby the County is obligated to share the capital costs and associated debt service of certain facilities. The County's obligations to such entities are payable solely from the revenues of the Integrated Sewer System and are not general obligations of the County. Further information concerning these obligations is included in Notes H, I and J to the General Purpose Financial Statements shown in Appendix IV.

In January 1996, UOSA issued $330.86 million bonds: $288.60 million bonds to finance the cost of expanding its advanced wastewater treatment plant from 32 mgd to 54 mgd and $42.26 million to refinance certain of its outstanding bonds.

The debt service on the County's outstanding sewer revenue bonds and the parity and subordinate obligations payable for capacity under its contracts with ASA and UOSA as of June 30, 1999 are reflected in the following table.

	Sewer Revenue Bonds		Other Sewer Debt Service Obligations	
Fiscal Year Ending June 30	Principal	Interest	Subordinate Obligations[1]	Total
2000	$3,610,000	$9,609,886	$13,782,364	$27,002,250
2001	4,050,000	9,406,134	15,228,254	28,689,388
2002	4,140,000	9,202,964	15,229,170	28,572,131
2003	4,535,000	8,983,282	15,227,577	28,745,859
2004	4,935,000	8,739,066	15,228,504	28,902,570
2005	5,035,000	8,477,807	15,230,086	28,742,893
2006	5,440,000	8,199,653	15,230,224	28,869,877
2007	5,855,000	7,896,081	15,669,314	29,420,395
2008	6,270,000	7,566,205	15,669,695	29,505,900
2009	6,690,000	7,210,413	15,671,327	29,571,740
2010	7,125,000	6,828,830	15,669,762	29,623,592
2011	7,555,000	6,422,155	16,247,107	30,224,262
2012	7,995,000	5,991,371	16,245,794	30,232,165
2013	8,435,000	5,536,186	16,244,520	30,215,706
2014	9,175,000	5,048,343	16,245,595	30,468,938
2015	9,630,000	4,521,364	16,245,004	30,396,368
2016	5,300,000	4,097,980	16,244,995	25,642,975
2017	3,530,000	3,846,820	16,245,410	23,622,230
2018	3,750,000	3,639,340	16,246,106	23,635,446
2019	3,980,000	3,917,046	16,244,721	23,641,767
Future	56,435,000	18,108,123	162,992,253	237,625,376
	$173,470,000	$152,839,049	$477,037,782	$803,346,831

[1] Based on the County's share of scheduled UOSA debt service.

The County has entered into a new service agreement with ASA that will obligate the County initially for 60% of the cost of capacity of the ASA wastewater treatment plant and a joint use system, including debt service on ASA bonds issued for ASA system improvements where the County does not otherwise provide for its share of the capital cost of such improvements. The County anticipates that ASA will undertake a $200 million (approximate capital cost) improvement project that will, by the terms of the new contract, obligate the County for approximately $120 million (60%) in capital costs of ASA system improvements. The County will either be obligated for its share of the debt service on ASA's bonds or the County will issue additional sewer revenue bonds to provide its share of such capital costs.

Debt Ratios

The following data are presented to show trends in the relationship of the general obligation bond indebtedness of the County as a percentage of the estimated market value of taxable property in the County and to its estimated population and the trend of general obligation debt service requirements as a percentage of Combined General Fund disbursements.

Trend of Net Debt as a Percentage of Estimated Market Value of Taxable Property

Fiscal Year Ended June 30	Net Bonded Indebtedness[1]	Estimated Market Value[2]	Percentage
1990	$ 769,467,050	$ 68,720,300,000	1.12%
1991	857,788,925	79,189,200,000	1.08
1992	940,358,345	78,537,800,000	1.20
1993	1,010,513,523	74,646,700,000	1.35
1994	1,110,177,500	74,395,400,000	1.49
1995	1,136,368,575	75,702,700,000	1.50
1996	1,167,504,650	78,155,100,000	1.49
1997	1,219,735,725	80,853,900,000	1.51
1998	1,258,171,800	83,471,400,000	1.51
1999	1,314,377,875	87,086,700,000	1.51
2000(est.)	1,404,706,450	92,340,300,000	1.52

Source: Fairfax County Department of Tax Administration and Department of Management and Budget.

[1] Excludes bonds for the Integrated Sewer System, special district bonds, capital lease and installment purchase obligations, the EDA and FCRHA lease revenue bonds and defeased general obligation bonds.

[2] Estimated market value is based on recorded values as of January 1 of the prior fiscal year.

Debt Per Capita

Fiscal Year Ended June 30	Net Bonded Indebtedness[1,2]	Estimated Population[3]	Net Bonded Indebtedness Per Capita	Fairfax County Per Capita Income[4]	Debt Per Capita as Percentage of Per Capita Income[5]
1990	$769,467,050	818,584	$ 940	$29,971	3.14%
1991	857,788,925	827,119	1,037	31,310	3.31
1992	940,358,345	837,141	1,123	32,543	3.45
1993	1,010,513,523	851,858	1,186	34,144	3.47
1994	1,110,177,500	863,134	1,286	35,229	3.65
1995	1,136,368,575	879,401	1,292	36,707	3.52
1996	1,167,504,650	899,650	1,298	38,265	3.39
1997	1,219,735,725	912,126	1,337	39,951	3.35
1998	1,258,171,800	931,452	1,351	41,870	3.23
1999	1,314,377,875	948,636	1,386	43,815	3.16
2000 (est.)	1,404,706,450	966,137	1,454	45,986	3.16

1 Excludes bonds for the Integrated Sewer System, special district bonds, capital lease and installment purchase obligations, the EDA and FCRHA lease revenue bonds and defeased general obligation bonds.

2 *Source:* Fairfax County Department of Management and Budget.

3 *Source:* Fairfax County Department of Systems Management for Human Services; U.S. Bureau of the Census; 1990 Decennial Census Summary Tape File IA.

4 *Source:* Bureau of Economic Analysis, U.S. Department of Commerce, 1990-1996; Fairfax County Department of Management and Budget 1997-2000. Includes Fairfax City and City of Falls Church.

5 The Bureau of Economic Analysis rebenched data back to 1995. Debt Per Capita as Percentage of Per Capita Income for fiscal years 1995 through 1998 was 3.48, 3.37, 3.29 and 3.17, respectively.

Debt Service Requirements as a Percentage of Combined General Fund Disbursements

Fiscal Year Ended June 30	Debt Service Requirements	Combined General Fund Disbursements	Percentage
1990	$102,405,690	$1,320,894,986	7.8%
1991	112,355,158	1,367,284,518	8.2
1992	124,197,591	1,366,325,337	9.1
1993	124,683,326	1,357,105,721	9.2
1994	129,675,197	1,394,808,186	9.3
1995	132,902,278	1,487,080,719	8.9
1996	142,754,018	1,602,457,378	8.9
1997	152,813,435	1,682,606,121	9.1
1998	163,501,001	1,756,990,140	9.3
1999	163,541,092	1,849,586,571	8.8
2000 (est.)	176,373,688	2,005,402,942	8.8

Source: Fairfax County Department of Management and Budget. Debt Service Requirements exclude special district bonds, capital lease and installment purchase obligations, EDA lease revenue bonds and defeased general obligation bonds.

Underlying Bonded Indebtedness

As of June 30, 1999, there was outstanding the following underlying bonded indebtedness of towns or districts within the boundaries of Fairfax County:

Town of Vienna	Storm Drainage/Street Improvement/Water and Sewer/Public Buildings	$18,265,000
Town of Herndon	Recreational Complex/Water and Sewer/Recreational Facilities	14,280,000
Small District #1 of Dranesville District	McLean Community Center	750,000
Lake Barcroft Watershed Improvement District	Dam Repairs/Silt Removal	75,000
Total Underlying Indebtedness		$33,370,000

These underlying general obligation bonds are obligations of the respective town or district only and are not obligations of Fairfax County and the full faith and credit of the County are not pledged to the payment of such bonds or notes.

The bonds and notes of the Fairfax County Water Authority, the Fairfax County Park Authority, the Fairfax County Industrial Development Authority, the Fairfax County Economic Development Authority, the Fairfax County Redevelopment and Housing Authority, the Route 28 Highway Transportation Improvement District, the Northern Virginia Health Center Commission, and the Northern Virginia Transportation Commission are not obligations of the County.

TAX BASE DATA

Fairfax County reassesses more than 323,000 parcels of real property annually employing a computer assisted mass reassessment program for both residential and non-residential properties. The performance of the annual assessment program as measured by assessment to sale ratios and coefficient of equity, referred to as the Russell Index, is excellent. For the reassessment effective January 1, 1999, the countywide assessment to sale price ratio was .90 and the Russell Index was 5.6.

The assessed value of the real estate tax base, as reported for FY 2000 in the main tax book for Fairfax County, increased 6.33% in value from the prior year.

The data in the following five tables are presented to illustrate trends and characteristics of the assessed value of real and personal property which are major sources of County-derived revenue:

Assessed Value of All Taxable Property
(000's)

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Assessed Value[1]
1990	$62,440,400	$4,916,800	$1,363,100	$68,720,300
1991	72,095,800	5,511,500	1,581,900	79,189,200
1992	71,355,900	5,552,900	1,629,000	78,537,800
1993	67,192,500	5,641,200	1,813,000	74,646,700
1994	66,381,500	6,070,300	1,943,600	74,395,400
1995	66,912,100	6,775,400	2,015,200	75,702,700
1996	68,647,300	7,539,300	1,968,500	78,155,100
1997	70,510,800	8,257,400	2,085,700	80,853,900
1998	72,507,700	8,620,700	2,343,000	83,471,400
1999	75,500,700	9,070,800	2,515,200	87,086,700
2000 (est.)	80,006,300	9,666,000	2,668,000	92,340,300

Source: Actual values are from the Fairfax County Department of Tax Administration as reported in the FY 1999 CAFR. FY 2000 estimated values are from the Department of Management and Budget; figures are net of exonerated assessments and tax relief for the elderly and disabled.

[1] Pursuant to State statute all real property assessments are required to be made at 100% of estimated market value.

Tax Rates per $100 Assessed Value

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Real Estate-Regular and Public Service	$1.19	$1.11	$1.11	$1.16	$1.16	$1.16	$1.16	$1.23	$1.23	$1.23	$1.23
Personal Property-Regular	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property-Public Service	1.19	1.11	1.11	1.16	1.16	1.16	1.16	1.23	1.23	1.23	1.23
Personal Property-Mining and Manufacturing, Machinery and Tools	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property-Research and Development	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property-Mobile Homes	1.19	1.11	1.11	1.16	1.16	1.16	1.16	1.23	1.23	1.23	1.23
Personal Property-Antique Cars	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
Personal Property-Special[1]	--	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01

Source: Approved Fiscal Plans, FY 1990-2000.

[1] Includes vehicles specially equipped for the handicapped; privately owned vans used for van pools; vehicles belonging to volunteer fire and rescue squad members; vehicles owned by auxiliary police; certain property of homeowners associations; aircraft to include flight simulators; and motor vehicles owned by qualified elderly or disabled individuals and, effective in FY 2000, boats.

Commercial-Industrial Percentage of the Total Assessed Value of Real Property

Fiscal Year[1]	Percent[2]
1991	26.25
1992	25.66
1993	22.82
1994	20.94
1995	19.58
1996	19.04
1997	19.56
1998	20.47
1999	21.84
2000	24.32

Source: Fairfax County Department of Tax Administration. Assessed values are reported by State of Virginia Land Use Codes. Vacant land is defined according to zoning classification.

[1] Fiscal year property taxes are levied on prior year assessments.

[2] Includes the Towns of Vienna, Herndon and Clifton.

The following data shows the assessed value of real property of the 25 largest holders of real property in the County (as of January 1, 1999).

Rank	Property Owner	Property Type	Total Assessment
1	West Group Properties LLC	Various Offices, Retail, Ind. & Land	$451,642,770
2	Lehndorff Tysons Property	Tysons Corner Regional Shopping	402,123,530
3	Virginia Electric	Public Utility	307,638,380
4	Franconia Two LP	Springfield Mall Shopping Center	238,807,760
5	Mobil Oil Corp	Headquarter Office & Various Commercial	226,888,425
6	Fairfax Company	Fair Oaks Mall Shopping Center	212,545,905
7	Smith Property Holdings	Various Commercial	194,621,765
8	Washington Gas Light Co.	Public Utility	188,387,524
9	Prentiss Properties	Office & Land	175,217,485
10	EOP Reston Town Center	Office, Shopping Center & Land	170,083,040
11	West Mac Associates	Various Office & Vacant Land	151,166,345
12	WRIT LP	Office, Apt., Ind. Shopping Ctrs.	148,699,240
13	Equitable Life Assurance	Various Commercial	131,264,045
14	Avalon Properties Inc.	Apartments	124,856,930
15	Navy Federal Credit Union	Various Office & Vacant Land	123,273,580
16	Boston Properties LP	Office, Industrial & Land	118,600,705
17	Commonwealth Atlantic	Office, Land, Railroad Land	105,404,730
18	Fairfax Square Partners	Office Retail	101,337,600
19	Alder Branch Lincoln LLC	Apartments	89,744,865
20	OTR	Office, Shopping Center	89,028,545
21	E D S Realty Corp	Office and Land	88,356,360
22	Massachusetts Mutual Life	Office, Apts., Ind. & Shopping Ctrs.	88,164,115
23	Bell Atlantic	Office & Public Utility	87,848,971
24	Summit Properties	Apartments	87,748,620
25	Saul B. Francis II TR	Office, Apts., & Hotels	83,815,915
			$4,187,267,150

Source: Fairfax County Department of Tax Administration. Derived from January 1, 1999 tax rolls.

As of January 1, 1999 the assessed value of the real property of the 25 largest holders of real property in the County represented 5.19% of the total assessed value of all real property in Fairfax County, excluding tax exempt properties. January 1, 1999 assessments represent tax revenue generated in FY 2000.

Real and Personal Property
Tax Levies and Tax Collection
(000's)

Fiscal Year	Total Levy[1]	Current Collections[2]	% of Levy[3]	Collection of Back Taxes	Total Collection of Current & Back Taxes	% of Current & Back Taxes Collected to Tax Levy
1990	$ 949,051	$ 942,557	99.32	$ 8,734	$ 951,292	100.24
1991	1,033,122	1,020,368	98.77	8,189	1,028,557	99.56
1992	1,028,443	1,012,210	98.42	11,492	1,023,702	99.54
1993	1,019,270	1,007,987	98.89	13,726	1,021,712	100.24
1994	1,025,807	1,013,350	98.79	18,224	1,031,574	100.56
1995	1,058,500	1,048,276	99.03	13,000	1,061,276	100.26
1996	1,103,903	1,095,762	99.26	11,490	1,107,252	100.30
1997	1,203,645	1,195,312	99.31	6,479	1,201,791	99.85
1998	1,250,521	1,241,128	99.25	1,267	1,242,395	99.35
1999	1,308,122	1,299,201	99.32	12,088	1,311,289	100.24

Section 58.1-3916 of the Code of Virginia authorizes Fairfax County, pursuant to Section 4-10-1 of the County Code, to impose a penalty of 10% for failure to pay taxes when due, with interest to be due on such taxes and penalty following the day such taxes are due at the rate of 10% per annum the first year and at the rate established pursuant to paragraph 6621 of the Internal Revenue Code for the second and subsequent years of delinquency.

Source: Comprehensive Annual Financial Reports for the Fiscal Years Ending June 30, 1990-1999.

[1] The total levy is the levy for General Fund real and personal property taxes and does not include the property tax levy for Special Revenue Funds, *e.g.* for Refuse Collection and Community Centers.

[2] Current collections do not include tax collections for the Special Revenue Funds or payments in lieu of taxes. As a result of revised accounting procedures, the collection of penalty and interest payments for late payments of current taxes is included in the collection of current taxes rather than under the collection of back taxes.

[3] The percentage of levy is not the collection rate since current collections also include penalty and interest payments for late payments of current taxes.

FINANCIAL INFORMATION

Five-Year Summary of Revenues, Expenditures and Fund Balances for General, Special Revenue and Debt Service Funds

The financial data shown in the following table represents a summary for the five fiscal years ended June 30, 1999 of the revenues, expenditures and fund balances accounted for in the primary government's General Fund, Special Revenue Funds and Debt Service Funds, and in the comparable, primary government-appropriated funds of the discreetly reported component units. In prior years these government-appropriated funds were included in the primary government's General Fund and Special Revenue Funds, but as of fiscal year 1994 have been reflected within the discretely reported component units for financial reporting purposes in accordance with Statement No. 14 of the Governmental Accounting Standards Board. The summaries for the five fiscal years ended June 30, 1999 have been compiled from the financial statements of the County for the respective years and should be read in conjunction with the related financial statements and notes thereto.

	Fiscal Years Ended June 30,				
	1995	1996	1997	1998	1999
Revenues:					
Taxes[1]	$1,323,668,244	$1,381,702,595	$1,491,735,145	$1,548,908,361	$1,640,594,459
Permits, privilege fees and Regulatory licenses	28,798,269	30,544,252	34,075,400	37,128,657	43,044,787
Fines and forfeitures	6,207,675	6,751,974	7,213,398	7,413,004	7,140,533
Revenue from the use of Money and property	47,034,639	48,174,029	51,273,563	57,948,818	60,432,180
Charges for services and Recovered Costs	178,661,992	180,214,874	185,775,499	178,215,159	182,229,862
Intergovernmental	330,695,858	349,385,548	403,106,423	412,512,882	467,462,273
Miscellaneous	9,846,287	9,511,292	11,017,670	12,262,095	23,696,684
Net Refunded Bonds	0	0	0	0	0
Total revenues	$1,924,912,964	$2,006,284,564	$2,184,197,098	$2,254,388,976	$2,424,600,778
Expenditures and transfers:					
General governmental administration	$ 61,484,888	$ 72,338,728	$ 73,355,323	$ 77,592,551	$ 80,031,244
Judicial administration	15,541,939	17,498,901	18,170,437	18,652,509	19,502,814
Public safety	180,908,284	189,685,237	195,088,737	211,191,952	231,108,675
Public works	136,158,531	140,348,137	131,821,568	122,113,299	113,140,139
Health and welfare	228,639,687	246,697,313	249,423,752	253,136,820	268,726,844
Parks, recreation & cultural	50,883,321	53,203,730	53,945,365	56,856,867	62,777,866
Community development	53,200,587	53,847,111	52,994,739	59,776,412	79,776,026
Education[2,3]	956,328,700	976,708,934	1,059,549,080	1,143,993,182	1,192,010,103
Debt service	140,322,365	151,296,823	161,406,538	171,580,513	176,262,542
Nondepartmental[2]	90,727,035	97,494,046	97,491,772	97,667,906	96,500,551
Net transfers to other funds	40,373,474	33,163,102	34,490,198	34,355,831	40,172,221
Total expenditures and transfers	$1,954,568,811	$2,032,282,062	$2,127,737,509	$2,246,907,842	$2,360,009,025
Excess (deficiency) of revenues over expenditures and transfers	$ (29,655,847)[4]	$ (25,997,498)[5]	$ 56,459,589	$ 7,481,134	$ 4,591,753
Fund balance, beginning of year	308,403,915	275,711,280	249,709,518	306,254,760	321,061,166
Adjustment of fund balance, Beginning of year	(3,046,829)[6]	0	0	6,890,257[7]	0
Increase (Decrease) in Fund Balance Reserves	(532,680)	(4,264)	85,653	142,795	(2,536,962)
Residual Equity Transfer	542,721	0	0	292,220	0
Fund balance, end of year	$ 275,711,280	$ 249,709,518	$ 306,254,760	$ 321,061,166	$ 383,115,957

Source: Comprehensive Annual Financial Reports for the Fiscal Years Ended June 30, 1995-1999.

1 Taxes include real estate, personal property, sales, recordation, business, professional and other licenses and miscellaneous other taxes. Fund balance includes amounts reserved for inventories of supplies and unreserved-undesignated. The interfund transfers among the funds presented have been eliminated.

2 Pension contributions to employee retirement funds, which are included in the Education and Nondepartmental expenditures shown above, for each of the five fiscal years ended June 30, 1995 through 1999, were as follows: 1995, $79,516,462; 1996, $84,243,983; 1997, $93,104,897; 1998, $95,773,603 and 1999, $88,898,079.

3 Teachers' salaries accounted for in the School Operating Fund are paid by contract over a twelve-month period ending in August. Consequently, in order to reflect the total teachers' salaries in the year the services are rendered, an accrual is made at the end of each fiscal year for the payroll liability arising from those teachers' salaries to be paid in the first two months of the succeeding fiscal year. In FY 1984 the County began a program to fund this liability to the Fairfax County Public Schools over a 10-year period. In FY 1991, the payment to offset the unfunded liability was deferred. Beginning in FY 1997 payments were resumed over a ten year period at a rate of $1.62 million per year. As of June 30, 1999, the unfunded liability was approximately $11.4 million.

4 The FY 1995 deficiency of revenues over expenditures and transfers in the amount of $29.7 million is primarily due to the deficiency of $38.2 million in the Fairfax County Public School Operating Fund, which brought this Fund's beginning balance of $33.8 million to a deficit of $4.4 million at the end of FY 1995. Public School personnel expenditures increased during FY 1995 by $62.0 million, of which $31.8 million is attributed to a revised teacher salary scale that was implemented in order to be more competitive with surrounding jurisdictions.

5 The FY 1996 deficiency of revenues over expenditures in the amount of $26.0 million is primarily the result of a deficiency of $45.6 million in the County's General Fund offset by an excess of $22.0 million in the Fairfax County Public School Operating Fund. During FY 1996, the County transferred $725.0 million from its General Fund to the Public School Operating Fund; this was an increase of $71.5 million over the FY 1995 transfer.

6 The July 1, 1994 fund balances of certain funds of the Fairfax County Redevelopment and Housing Authority which are financed by the County through the Department of Housing and Community Development were adjusted to eliminate certain unrecorded interest income that had not been earned.

7 The July 1, 1997 fund balances were restated to comply with the provisions of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

Certain Financial Procedures

Description of Funds

The County's annual audited financial statements include the funds administered by the Board of Supervisors and the School Board. The accounts of the County are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The transactions in each fund or account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures.

Annual Financial Statements

The County's financial statements have been examined and reported on by independent certified public accountants since FY 1969. The FY 1999 audit was performed by KPMG Peat Marwick LLP, Certified Public Accountants, Washington, D.C. For further information regarding the County's audit see the Independent Auditor's Report-Appendix IV.

The County maintains its accounting system in accordance with the specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Certain adjustments have been made to present the accompanying financial statements in accordance with generally accepted accounting principles applicable to governmental units. The County has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its annual financial statements each year since the fiscal year ended June 30, 1977.

The County's annual financial statements are available for inspection at the Office of the Director of Finance, 12000 Government Center Parkway, Suite 214, Fairfax, Virginia, 22035. See "FUTURE FINANCIAL INFORMATION" and "Appendix VII—CONTINUING DISCLOSURE AGREEMENT."

Budgetary Procedure

The County has no legal authority to borrow in anticipation of future years' revenues, except by the issuance of bonds or bond anticipation notes.

Prior to the beginning of each fiscal year, the Board of Supervisors adopts a budget plan consisting of contemplated expenditures and estimated revenues for such fiscal year. On the basis of the adopted budget plan, the Board of Supervisors appropriates funds for the expenditures and establishes tax rates sufficient to produce the revenues contemplated in the budget plan.

The annual budgeting process for a fiscal year begins in the first quarter of the previous fiscal year with the submission by agency directors of budget requests to the County Department of Management and Budget. During the second quarter, budget requests are reviewed and meetings between the County Executive, Deputy County Executives and agency directors are held to discuss agency requests. Upon receipt of the preliminary budget of the County School Board in the third quarter, the County Executive prepares an initial budget for submission to the Board of Supervisors and proposes tax rates sufficient to produce revenues needed to meet expenditures contemplated in the initial budget. After work sessions with the Board of Supervisors and public hearings on the proposed budget, changes are made and the final budget is adopted. Tax rates are established prior to the beginning of the fiscal year for which the budget is prepared.

During the fiscal year, quarterly reviews of revenue and expenditures are undertaken by the County Department of Management and Budget. On the basis of these reviews, the Board of Supervisors revises appropriations as needed or desired.

On January 25, 1982, the Board of Supervisors adopted a financial policy requiring maintenance of a "managed reserve" in the General Fund beginning on July 1, 1982 at a level not less than two percent of Combined General Fund disbursements. This reserve has been incorporated in the budget each fiscal year. This reserve was implemented to provide for temporary financing of unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from termination of revenue sources through actions of other governmental bodies. In 1985, the Board also adopted a policy on appropriations during quarterly budget reviews which provides that nonrecurring revenues should be used for either capital expenditures or other nonrecurring expenditures and that quarterly review adjustments are not to exceed two percent of the Combined General Fund disbursements.

The Government Finance Officers Association of the United States and Canada ("GFOA") has presented the Award for Distinguished Budget Presentation to Fairfax County for its annual budget for each year since the fiscal year beginning July 1, 1985. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

Investment Management Policy

The County's Investment and Cash Management Program operates under the direction of the Investment Committee comprised of the Director of the Department of Finance, the Chief Financial Officer, the Director of the Department of Tax Administration and the Deputy Director of the Department of Finance. Guided by a formal investment policy, the Committee continually reviews the County's investment policies and strategies bi-weekly, and monitors daily investment activity.

During FY 1999, the County's average portfolio size (which includes investments in the General Fund, Special Revenue Funds and Enterprise Funds) was approximately $1.3 billion. The funds are invested in U.S. Treasury obligations, obligations of the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank and Federal National Mortgage Association, bankers acceptances, commercial paper (rated A1/P1 or higher), certificates of deposit and repurchase agreements collateralized by U.S. Treasury securities.

The County's investment policies which govern the pooled cash and general obligation bond proceeds portfolio prohibit investment in instruments generally referred to as derivatives, and the County does not employ leverage in its investments.

General Fund Revenues, Expenditures, Transfers and Beginning Fund Balance

The General Fund is maintained by the County to account for revenue derived from County-wide *ad valorem* taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from Federal and State governments, and interest earned on invested cash balances of the General Fund and Capital Project Funds. General Funds expenditures and transfers include the costs of general County government, transfers to the School Operating Fund to pay the local share of operating Fairfax County public schools, and transfers to the Debt Service and Capital Project Funds to pay debt service on County general obligation bonds and for certain capital improvement projects.

General Fund Summary

Shown below are the County's revenues, expenditures, transfers and beginning fund balance of the General Fund for FY 1995 through FY 1999.

General Fund Revenues, Transfers and Beginning Fund Balance (in thousands)

	Fiscal Year Ended June 30[1]				
	1995	1996	1997	1998	1999
General Property Taxes	$1,061,276	$1,107,252	$1,201,791	$1,242,395	1,311,289
Other Local Taxes	253,034	265,725	284,407	295,705	317,893
Permits, Privilege Fees and Regulatory Licenses	23,376	24,088	27,250	30,091	32,874
Fines and Forfeitures	6,207	6,751	7,212	7,412	7,140
Revenue from the Use of Money and Property	38,848	37,308	39,085	46,202	48,008
Charges for Services & Recovered Costs	26,088	28,865	30,388	32,573	
Intergovernmental	75,238	85,534	99,838	96,279	103,449
Miscellaneous	714	206	733	722	17
Transfers In and Beginning Fund Balance[2]	129,892	126,403	80,744	90,012	94,738
Adjustment to Beginning Fund Balance	--	--	--	5,932[3]	--
Residual Equity Transfer	--	--	--	232	--
Total	$1,612,673	$1,682,132	$1,771,448	$1,847,555	1,950,853

[1] *Source:* Comprehensive Annual Financial Reports for FY 1995-FY 1999.
[2] Beginning fund balance adjusted to reflect reserve for inventory.
[3] The July 1, 1997 fund balance was restated to comply with the provisions of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

General Fund Expenditures and Transfers (in thousands)

	Fiscal Year Ended June 30[1]				
	1995	1996	1997	1998	1999
Transfer to School Operating Fund	$ 653,492	$ 724,951	$ 788,143	$ 819,669	852,128
Costs of General County Government	626,844[2]	671,882	678,255	707,473	746,337
Transfer to Debt Service Funds	134,589	146,210	161,533	171,504	177,649
Transfer to Capital Project Funds	17,800	11,836	9,270	12,841	14,607
Transfer to Metro Construction and Operations Fund	20,658	12,511	15,102	1,959	11,151
Other Transfers	33,843	35,122	30,327	43,577	47,715
Total	$1,487,226	$1,602,512	$1,682,630	$1,757,023	1,849,587

[1] *Source*: Comprehensive Annual Financial Reports for FY 1995-FY 1999.
[2] Beginning in FY 1995, the Fairfax-Falls Church Community Services Board Fund is accounted for as a special revenue fund and receives transfers from the General Fund. These transfers are included in the Costs of General County Government to be consistent with prior years.

Revenues

The following is a discussion of the General Fund revenue structure.

General Property Taxes -- An annual *ad valorem* tax is levied by the County on the assessed value of real and tangible personal property located within the County as of January 1 preceding the fiscal year in which the said tax is due. The personal property tax on motor vehicles which acquire situs within the County or have title transferred on or after January 2 is prorated on a monthly basis. Real property is assessed at 100% of its fair market value. Personal property is also assessed at 100% of its fair market value. Real property taxes are due July 28 and December 5 of the fiscal year in which they are levied. Beginning in 1994 the payment date for personal property taxes was changed from December 5 to October 5. The penalty for late payment is 10% of the amount due, and interest on delinquent taxes and penalties accrues at a rate of 10% per annum the first year at the rate established pursuant to State law for the second and subsequent years of delinquency. In cases of property on which delinquent taxes are not paid within three years, the County may sell the property at public auction to pay the amounts due. There is no legal limit at the present time on the property tax rates which may be established by the County. Property taxes (including penalties and interest for late payment of prior years' taxes) accounted for 70.6% of total General Fund revenues in FY 1999.

During its 1998 Special Session, the General Assembly of Virginia enacted legislation that will reduce personal property taxes applicable to individually owned motor vehicles. The reduction, which will apply to the first $20,000 in assessed value, is scheduled to be phased in over a five year period. The legislation states that the Commonwealth will reimburse local governments for the revenue lost from the reduction in personal property tax collections. In FY 1999, the first year of implementation, taxpayers were billed for the entire amount of tax levy and received a refund of 12.5 percent of the tax on the first $20,000 of the value of their personal vehicle from the Commonwealth of Virginia. Vehicles values less than $1,000 were refunded 100 percent. In FY 2000, the Commonwealth's plan reduced Personal Property Taxes paid by citizens by 27.5 percent with an offsetting reimbursement paid to the County by the Commonwealth of Virginia. Reimbursement to local governments for subsequent fiscal years will be dependent upon future appropriations by the Virginia General Assembly. If funds are appropriated, the plan will reduce taxes paid by citizens by 47.5 percent in FY 2001, 70 percent in FY 2002 and 100 percent in FY 2003 with an offsetting reimbursement paid to localities by the Commonwealth. The County's personal property collections for FY 1999 totaled $360 million.

Other Local Taxes -- The County levies various other local taxes, including a 1% local sales tax (collected by the State and remitted to the County), a tax on consumer utility bills (8% for gas and electric and 22.2% for telephone on bills up to $50 per month for residential classes; for commercial customers the rate is 10% for bills up to $3,000 monthly for gas, 10% for bills up to $10,000 monthly for electric, and 22.2% for bills up to $1,600 monthly for telephone, with the first $6.00 on telephone bills for residential classes excluded from taxation), a cigarette tax of 5¢ per pack, property recordation taxes, an automobile license tax, and various business, professional and occupational licenses taxes. These taxes accounted for 17.1% of total General Fund revenues in FY 1999.

Permits, Privilege Fees and Regulatory Licenses -- The County requires that licenses or permits be obtained in order to perform certain activities in the County and that fees be paid for services provided by certain County departments. These revenues represented 1.8% of total General Fund revenues for FY 1999.

Fines and Forfeitures -- The sources of revenue in this category include court fines and penalties from the Circuit Court and the General District Court and court fines and costs from the Juvenile and Domestic Relations District Court. The fines are for traffic violations, misdemeanors and felonies. In addition, the County receives revenues from parking violations as authorized under the County Code. Revenues in this category represented 0.4% of General Fund revenues in FY 1999.

Revenue from the Use of Money and Property -- The principal sources of revenue from the use of money and property to the General Fund are interest on General Fund and Capital Project Fund investments and minor

amounts of revenue from the sale and lease of County equipment and property. These revenues represented 2.6% of General Fund revenues in FY 1999.

Charges for Services and Recovered Costs -- The principal sources of revenue to the General Fund from charges for services are County Clerk fees, school age child care fees, recreation fees, publication sales and various other services for which the County charges a fee. Revenues in this category represented 1.9% of General Fund revenues in FY 1999.

Intergovernmental Revenue -- Intergovernmental revenue is comprised of revenue from the State and revenue from the Federal government. Revenues in this category represented 5.6% of General Fund revenues in FY 1999. Each revenue source within intergovernmental revenue is discussed below:

- Revenue from the State -- The County is reimbursed by the Commonwealth of Virginia for a portion of shared expenses including certain expenditures for social services, the sheriff's office, courts, the Office of the Commonwealth Attorney and other constitutional offices. Additionally, the County receives a share of the net profits from the State Alcoholic Beverage Control Board's liquor sales and State contributions to assist in meeting law enforcement expenditures. Revenues from this category represent 3.9% of total General Fund revenues in the fiscal year ended June 30, 1999. The County receives a significant amount of additional State aid in support of public school operations. These revenues are credited directly to the School Operating and School Lunch Funds, however, and are not reflected in the General Fund.

- Revenue from the Federal Government -- The principal sources of categorical Federal aid to the General Fund are Federal grant moneys for air pollution control and Federal Title XX funds primarily used to purchase foster care, day care and protective services for clients of the Department of Family Services. This revenue category represents 1.7% of General Fund revenues in FY 1999.

Miscellaneous Revenues -- The sources of revenue in this category include the sale of land and buildings, parking meter fees, and other miscellaneous sources. These revenue sources in FY 1999 were minimal.

Expenditures and Transfers

The following is a discussion of the major classifications of General Fund expenditures and transfers.

Transfer to School Operating Fund -- The County transfers monies from the General Fund to the School Operating Fund to pay the County's share of the costs of operating public schools in Fairfax County. This transfer represented approximately 46.1% of total disbursements from the General Fund in the fiscal year ended June 30, 1999. The transfer to the School Operating Fund was approximately 72.0% of total receipts of the School Operating Fund. Other revenues credited directly to the School Operating and School Lunch Funds include revenue from the Federal government, the Commonwealth of Virginia, the City of Fairfax (representing tuition of students residing in the City of Fairfax who attend Fairfax County schools), and other revenue derived locally from sale of textbooks, school lunches, etc. No debt service on County general obligation bonds issued for school purposes is paid from the School Operating Fund, and revenues from the Federal government and the Commonwealth of Virginia which are credited directly to the School Operating Fund are not available to pay debt service on County general obligation bonds.

Costs of General County Government -- The County pays from the General Fund the costs of general County government. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, and community development. This classification was approximately 40.3% of total General Fund disbursements in FY 1999.

Transfer to Debt Service Funds -- The County transfers from the General Fund to the Debt Service Fund amounts sufficient to pay principal and interest on County general obligation bonds and the EDA and RHA lease

revenue bonds. Transfers to the Debt Service Fund represented 9.6% of total General Fund disbursements in FY 1999.

Transfer to Capital Project Funds -- The County transfers monies from the General Fund to the Capital Project Funds to pay the cost of certain capital improvements. The General Fund transfer to the Capital Project Funds (except for the General Fund transfer for Fairfax County's obligations to the Washington Metropolitan Area Transit Authority ("WMATA"), which is discussed below) represented 0.8% of total General Fund disbursements in FY 1999. Other revenues of the Capital Project Funds consist primarily of bond proceeds.

Transfer to Metro Construction and Operations Fund -- The County is a member jurisdiction of WMATA and as such has agreed to make certain capital contributions in support of the construction by WMATA of a rail transit system to serve the Washington metropolitan area (which includes the County) and to pay a portion of the deficit incurred by WMATA in the operation of its bus system and rail system. The County generally has used bond proceeds to fund its capital contributions to WMATA and has transferred monies from the General Fund to pay its share of the bus and rail operating subsidies. The General Fund transfer to the Metro Construction and Operations Fund to pay the County's share of the system's operating subsidies represented 0.6% of total General Fund disbursements in FY 1999. See the subsection herein entitled "Transportation" for a more complete discussion of the County's obligations with respect to WMATA.

Transfers to Other Funds -- The County transfers monies from the General Fund to other funds for a variety of purposes. The General Fund transfer to other funds includes transfers to the County Transit Systems, Information Technology, Aging Grants and Programs, Community-Based Funding Pool, Housing Programs for the Elderly, Health Benefits Trust and Equipment Management and Transportation Agency. Transfers to other funds was 2.6% of total General Fund disbursements in FY 1999.

FY 2001 Budget

On April 19, 1999, the Board of Supervisors reaffirmed and approved Budget Guidelines for FY 2001. The Board directed the County Executive to develop a budget for FY 2001 that limits growth in expenditures and the School Transfer to projected increases in revenue. Balances identified throughout the fiscal year, and not required to support expenditures of a critical nature, should be held in reserve. In order to eliminate structural imbalances between County resources and requirements, the Board directed that both County and School resources should be allocated with consideration for the continued availability of funds. All non-recurring funds should be directed toward non-recurring uses and recurring resources should be targeted toward recurring expenses. In addition, the Board endorsed the efforts to explore County/School consolidation efforts. At the FY 1999 Carryover Review on September 13, 1999, the Board of Supervisors established a Revenue Stabilization Fund, initially funded with $7.83 million. The Board also modified their Budget Guidelines to include the establishment of a Revenue Stabilization Fund with a goal of reaching an amount equal to 3% of General Fund disbursements. The balance would be accomplished over a multi-year period with a policy whereby a minimum of 40% of non-recurring balances identified at quarterly reviews would be allocated to the Revenue Stabilization Fund. Withdrawal from the Revenue Stabilization Fund will not be made unless the projected revenues reflect a decrease greater than 1.5 percent of the current year estimate. In addition, any withdrawal from the Revenue Stabilization Fund should not exceed one half of the fund balance in any fiscal year.

Growth in County revenues is driven by growth in the real estate and personal property tax base that produces 71.1 percent of projected total revenue in the FY 2001 budget. While growth in County revenues is projected to be moderate, the local economy is strong. Unemployment continues to be low at 1.5 percent; consumer confidence remains positive; and job growth remains strong.

The FY 2001 Advertised Budget totals $3.53 billion including General Fund disbursements of $2.11 billion. General Fund revenues and disbursements reflect increases of 7.00 percent and 5.14 percent, respectively over the FY 2000 Revised Budget Plan. Included in the General Fund disbursement amount is a transfer of $960.23

million to the School Operating Fund, reflecting an increase of 7.00 percent in accordance with the Board's budget guidelines. General Fund direct expenditures reflect an increase of $28.39 million or 3.64 percent over the FY 2000 Revised Budget Plan.

The FY 2001 budget also includes additional steps in the County's multi-year strategy to restructure County Government to increase effectiveness, responsiveness and accountability. The FY 2001 Advertised Budget Plan includes funding for employee compensation adjustments based on a market pay analysis and the implementation of a Pay-for-Performance System.

The FY 2001 budget also continues the County's focus on Performance Measurement indicators. In order to promote greater accountability and continuous performance improvements, a more outcome based, comprehensive method of performance measurement was initiated in FY 1999. The FY 2000 and FY 2001 budgets include refinements to the initial performance measurement system that will ultimately provide the public and decision makers better information with which to evaluate programs and County Services as well as be used in the Department Head Evaluation System.

CAPITAL IMPROVEMENT PROGRAM

In connection with the County's adopted comprehensive land use plan, the Fairfax County Planning Commission annually prepares and submits to the Board of Supervisors, a capital improvement program (the "CIP") for the ensuing five-year period. The CIP is designed to balance the need for public facilities as expressed by the County land use plan with the fiscal capability of the County to provide for those needs.

The CIP is an integral element of the County's budgeting process. The five-year document serves as a general planning guide for the construction of general purpose, school and public utility projects in the County. The CIP is updated and approved by the Board of Supervisors each year. This annual review process prompts careful attention to the development of reliable capital expenditure and revenue estimates and the timely scheduling of bond referenda.

In connection with the CIP process, the Board of Supervisors has adopted certain policy guidelines for the development and financing of the CIP. These guidelines include self-imposed restrictions on the issuance of general obligation bonds designed to keep General Fund supported debt service expenditures less than 10% of total Combined General Fund disbursements, and to maintain the ratio of net bonded indebtedness to the market value of taxable property in the County at a level less than 3.0%.

The Board of Supervisors continues to thoroughly review the County's debt program in light of current fiscal conditions. Total bond sales to support the program have averaged $144 million per year since 1996. Recent voter approval on two County Bond Referenda has added balance to the bond program. On November 3, 1998, referenda totaling $87 million for park facilities and $99.92 million for new public safety/courthouse facilities were approved by the County voters. In addition, on November 2, 1999, voters approved a $297.205 million school bond referendum. Additional referenda of approximately $250 million in each of 2001, 2003 and 2005 to finance school facilities are anticipated. The CIP for Fiscal Years 2001-2005 (With Future Fiscal Years to 2008) is currently under development by the Board of Supervisors and is expected to be approved on April 24, 2000.

RETIREMENT SYSTEMS

The County administers four separate public employee retirement systems that provide pension benefits for various classes of County employees (Educational Employees Supplemental Retirement System, Police Officers Retirement System, Supplemental Retirement System and Uniformed Retirement System). In addition, professional employees of the Fairfax County School Board participate in a plan sponsored and administered by the Virginia Retirement System. As of June 30, 1999 membership in the five plans consisted of 18,728 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 35,680 current employees.

The Fairfax County retirement systems investments are managed by independent professional investment managers. Investments in derivatives are not made for speculative purposes but may be used by investment managers to gain access to markets, to reduce risk, or to reduce transaction costs.

For further information regarding the County's retirement systems, see "General Purpose Financial Statements -- Notes to Financial Statements -- Note F" in Appendix IV.

CONTINGENT LIABILITIES AND CLAIMS

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. See Note P in the County's Financial Statements Appendix IV to this Official Statement for details as of the end of fiscal year 1999.

Currently, the County is defendant in a number of lawsuits alleging erroneous tax assessment of certain real estate properties and personal property. In the aggregate, plaintiffs currently claim approximately $1.3 million in tax refunds. Based on past experience with these types of cases, the County's management and the County Attorney are of the opinion that any losses will not be material.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Brown & Wood LLP, New York, New York, Bond Counsel, the proposed form of whose opinion is included herein as Appendix VI.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, based upon existing law and except as provided in the next sentence, interest on the Bonds will not be includable in the gross income of the owners of the Bonds for purposes of Federal income taxation. Interest on the Bonds will be includable in the gross income of the owners thereof for purposes of Federal income taxation retroactive to the date of issuance of the Bonds in the event of a failure by the County or the school board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding the use, expenditure, investment of the proceeds of the Bonds and the timely payment of certain amounts to the U.S. Treasury, and no opinion is rendered by Bond Counsel as to the exclusion from gross income of the interest on the Bonds for Federal income tax purposes on or after the date on which any action affecting such covenants is taken by the County or the school board of the County upon the approval of counsel other than such firm.

Interest on the Bonds will not be an item of tax preference for purposes of the Federal individual or corporate alternative minimum tax. The Code contains provisions that could result in tax consequences, as to which no opinion will be rendered by Bond Counsel, as a result of ownership of the Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds over the initial public offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such maturity is sold constitutes original issue discount. The

amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. Original issue discount on the Bonds with original issue discount (the "Discount Bonds") accruing pursuant to the constant yield method described above is not includable in gross income to the same extent as interest on the Bonds for Federal income tax purposes. A portion of such original issue discount that accrues to the owner of such Discount Bonds in each year is, however, included in the calculation of a corporate taxpayer's Federal alternative minimum tax and determination of the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences described below under "Collateral Tax Consequences" in the year of accrual. Consequently, owners of Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral Federal income tax consequences although the owner may not have received cash in such year.

A purchaser in the initial offering who acquires a Discount Bond at an issue price equal to the initial offering price thereof as set forth on the cover page hereof will be treated as receiving an amount of interest not includable in gross income for Federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Bond and will increase his adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond for Federal income tax purposes. The accrual of original issue discount and its effect on redemption, sale or other disposition of Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Owners of Discount Bonds should consult their tax advisor with respect to the precise determination for Federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to Commonwealth of Virginia and local tax consequences of owning and disposing of Discount Bonds.

Original Issue Premium

The excess, if any, of the tax basis of Bonds to a purchaser who purchases the Bonds in the initial offering (other than a purchaser who holds such Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Bonds for Federal income tax purposes. Owners of such Bonds are required to decrease their adjusted basis in such Bonds by the amount of amortizable bond premium attributable to each taxable year such Bonds are held. The amortizable bond premium on such Bonds attributable to a taxable year is not deductible for Federal income tax purposes. Owners of such Bonds should consult their tax advisors with respect to the determination for Federal income tax purposes of the treatment of bond premiums upon sale or other disposition of such Bonds and with respect to Commonwealth of Virginia and local tax consequences of owning and disposing of such Bonds.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of these consequences.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status of the Bonds. Legislative or regulatory actions and proposals may also affect the economic value of tax exemption or the market price of the Bonds.

FINANCIAL ADVISOR

BB&T Capital Markets, a division of Scott & Stringfellow, Inc., Richmond, Virginia, is serving as financial advisor to the County with respect to the sale of the Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Bonds and provided other advice. The financial advisor will not participate as an underwriter in any offer to purchase the Bonds from the County.

RATINGS

The Bonds have been rated "___" by Fitch IBCA, Inc. ("Fitch"), "___" by Moody's Investors Service, Inc. ("Moody's") and "___" by Standard & Poor's Ratings Services ("Standard & Poor's"). The County requested that the Bonds be rated and furnished certain information to Fitch, Moody's and Standard & Poor's, including certain information that is not included in this Official Statement.

Fitch describes its "___" municipal bond rating as follows:

Moody's describes its "___" municipal bond rating as follows:

Standard & Poor's describes its "___" municipal bond rating as follows:

These ratings are not a recommendation to buy, sell or hold the Bonds. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions of the rating agencies. Such ratings may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn entirely by any or all of such rating agencies, if, in the judgment of any or all, circumstances so warrant. Such circumstances may include, without limitation, change in or unavailability of information relating to the County. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Bonds.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Chairman of the Board of Supervisors and the County Executive of the County will certify that, to be best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that the Chairman of the Board of Supervisors and the County Executive of the County did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the estimates will be realized.

FUTURE FINANCIAL INFORMATION

SEC Rule 15c2-12. On November 10, 1994, the Securities and Exchange Commission adopted in final form certain amendments (the "Amendments") to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. In general, the Amendments prohibit an underwriter from purchasing or selling municipal securities sold on or after July 3, 1995, such as the Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" have committed to provide (i) on an annual basis, certain financial information and operating data ("Annual Reports"), and, if available, audited financial statements, to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") and the relevant state information depository (if any) and (ii) notice of various events described in the Amendments, if material ("Event Notices"), to each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB") and to any such state information depository.

The County will covenant in the Continuing Disclosure Agreement (the form of which appears in Appendix VII) to be dated the date of delivery of the Bonds for the benefit of the holders of the Bonds to provide to each NRMSIR and to any Virginia information depository that has been formed, annually, not later than March 31 of each year commencing March 31, 2001, Annual Reports with respect to itself, as issuer. Similarly, the County will provide Event Notices with respect to the Bonds to each such NRMSIR, the MSRB and to any Virginia information depository. The County has not failed to comply with previous undertakings with regard to the Amendments.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL

The distribution of this Preliminary Official Statement has been duly authorized by the Board of Supervisors of the County. The County deems this Preliminary Official Statement final as of its date within the meaning of Rule 15c2-12 of the Securities and Exchange Commission except for the omission of certain pricing and other information permitted to be omitted by Rule 15c2-12.

BOARD OF SUPERVISORS OF
FAIRFAX COUNTY, VIRGINIA

By: _____, *Chairman*

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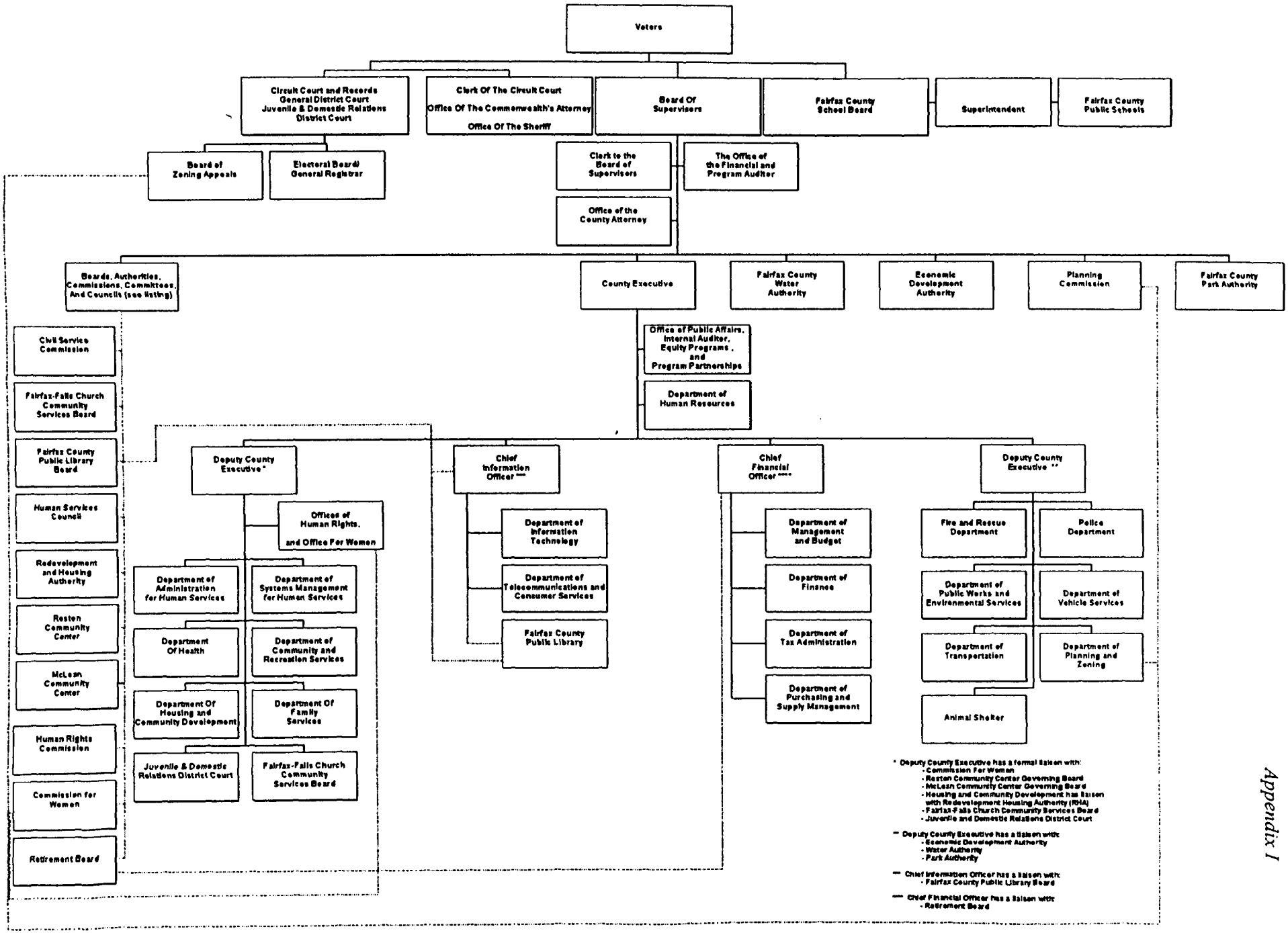
Organization of Fairfax County Government



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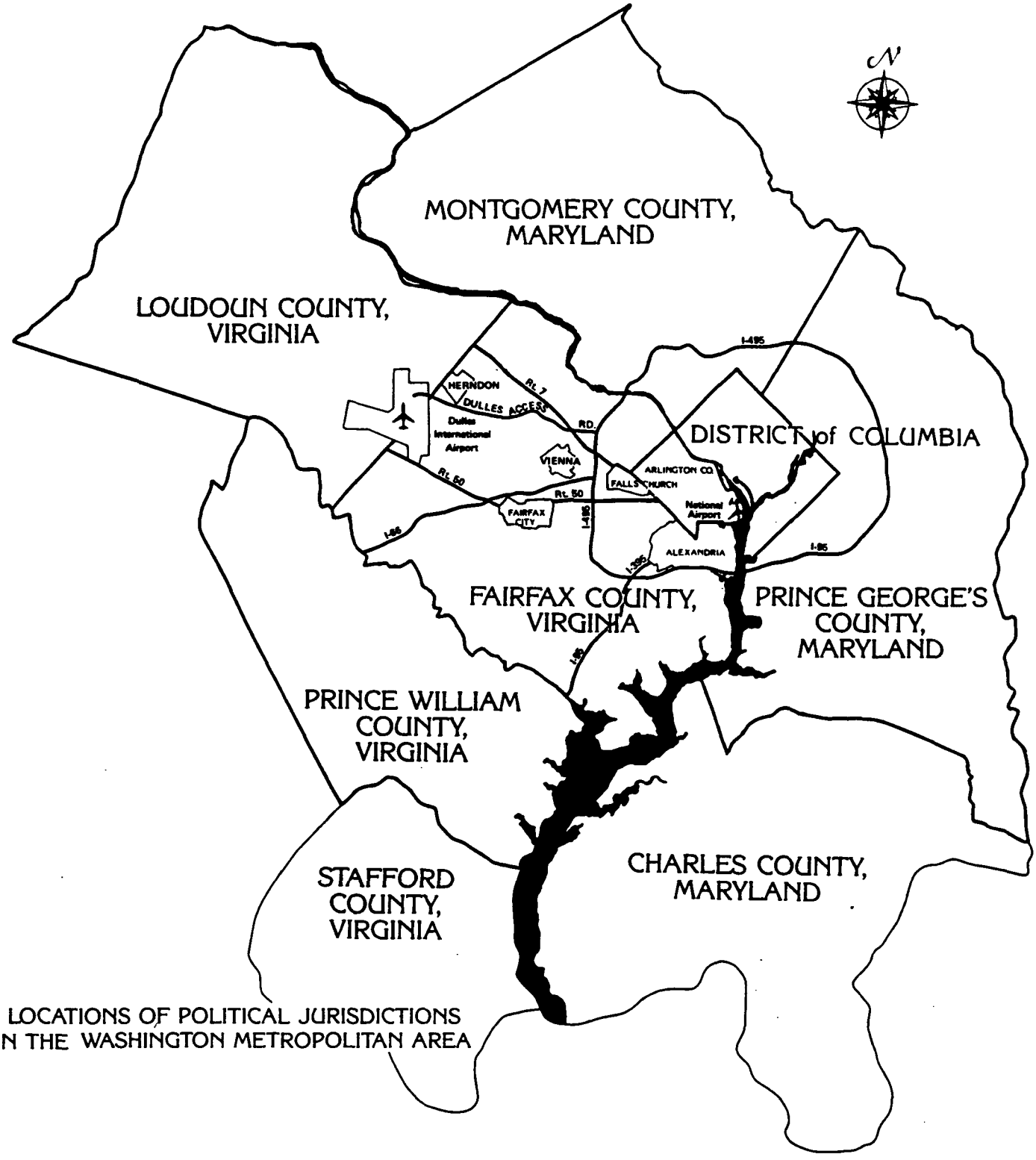

LOCATIONS OF POLITICAL JURISDICTIONS IN THE WASHINGTON METROPOLITAN AREA

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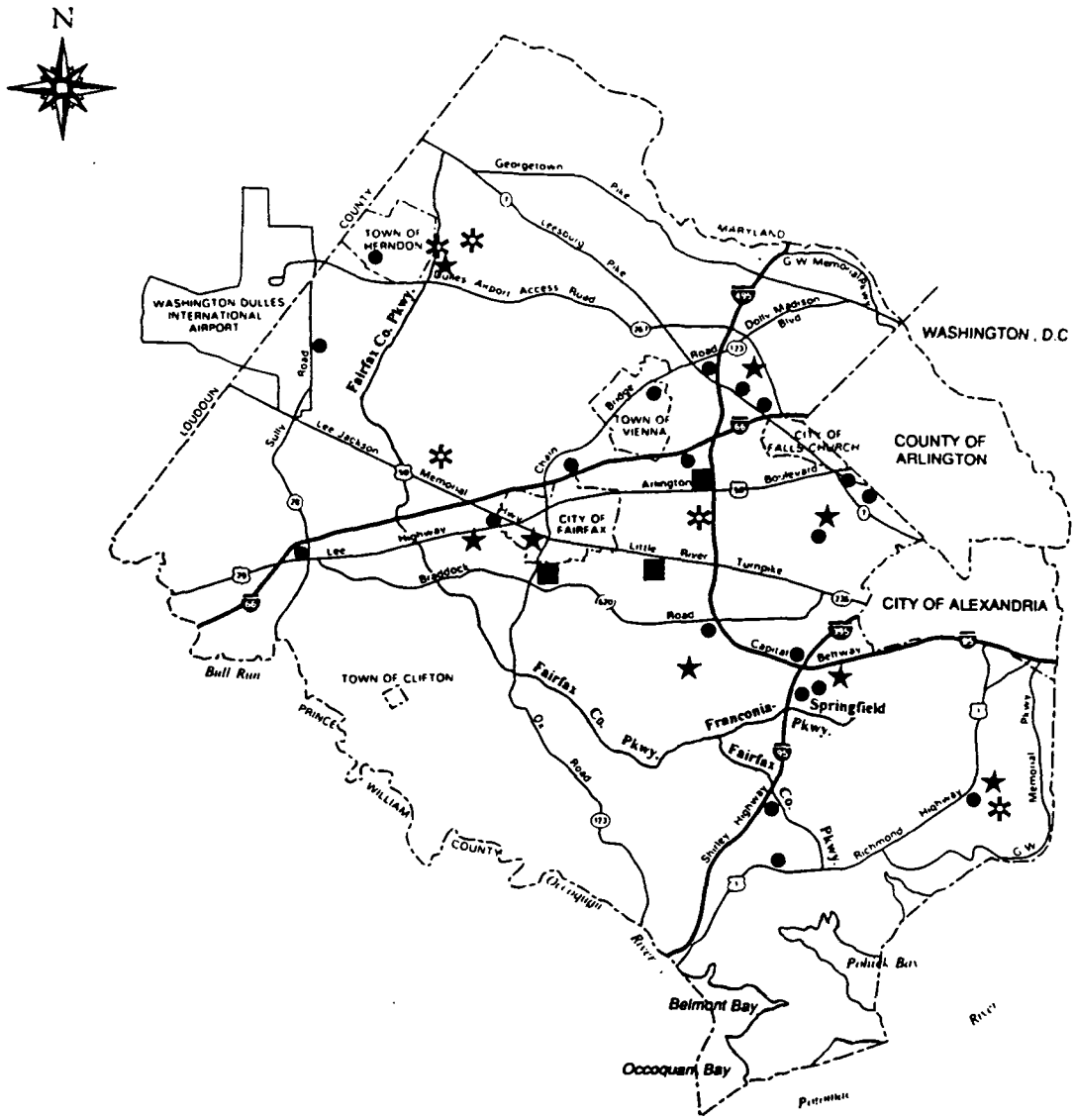

■ Colleges

- George Mason University
- Northern Virginia Community College
- University of Virginia
  - Northern Virginia Graduate Center
- Virginia Polytechnic Institute and State University
  - Northern Virginia Graduate Center

✱ Hospitals

- Access (Ambulatory-Emergency)
- Fair Oaks Hospital
- Fairfax Hospital
- Mount Vernon Hospital
- Reston Hospital

★ Governmental Centers

- Fairfax County Governmental Center
- Franconia Governmental Center
- Mason Governmental Center
- McLean Governmental Center
- Mount Vernon Governmental Center
- North County Governmental Center
- Public Safety Center
- West Springfield Governmental Center

● Commercial Areas

- Annandale
- Bailey's Crossroads
- Centreville
- Dulles / Chantilly
- Fairfax Center
- Fort Belvior
- Franconia
- Herndon
- McLean
- Merrifield
- Newington
- Oakton
- Ravensworth
- Reston
- Richmond Highway
- Seven Corners
- Shirley Highway
- Springfield
- Tysons Corner
- Vienna

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FAIRFAX COUNTY, VIRGINIA

GENERAL PURPOSE FINANCIAL STATEMENTS
(Fiscal Year Ended June 30, 1999)

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

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia:

We have audited the general purpose financial statements of the County of Fairfax, Virginia (County) as of and for the year ended June 30, 1999. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County at June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

The year 2000 supplementary information, as listed in the accompanying table of contents, is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the County is or will become year 2000 compliant, that the County's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the County does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The unaudited information in note F to the financial statements is not a required part of the financial statements of the County but is supplementary information required by the Governmental Accounting Standards Board. The above described information in the note has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

October 29, 1999

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

COUNTY OF FAIRFAX, VIRGINIA
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1999

	Governmental Fund Types				Proprietary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and other debits					
Assets:					
Equity in pooled cash and temporary investments	$ 153,693,425	173,581,308	3,467,960	93,542,715	102,902,152
Cash with fiscal agents	513,232	-	375,436	-	-
Investments	-	-	-	-	-
Receivables (net of allowances):					
Accrued interest	365,876	307,672	-	14,906	200,157
Property taxes - delinquent	22,175,167	-	-	-	-
Business license taxes - delinquent	1,589,129	-	-	-	-
Accounts	14,937,985	6,689,389	-	-	-
Due from intergovernmental units	26,760,996	9,674,594	11,442	712,910	18,316,553
Notes	-	5,034,844	-	-	-
Mortgages	-	-	-	-	-
Due from Primary Government	-	-	-	-	-
Due from Component Units	-	1,591,709	-	-	-
Interfund receivables	3,247,024	-	-	-	-
Inventories of supplies	1,218,708	-	-	-	564,386
Prepaid items and other assets	39,009	18,647	-	-	-
Restricted assets:					
Equity in pooled cash and temporary investments	-	-	-	-	203,449,132
Cash with fiscal agents	-	-	-	-	-
Certificates of deposit - performance bonds	646,055	-	-	-	-
Investments	-	-	-	-	23,424,831
Fixed assets:					
Land	-	-	-	-	17,457,310
Buildings and improvements	-	-	-	-	705,214,903
Equipment	-	-	-	-	8,226,724
Construction in progress	-	-	-	-	54,068,033
Accumulated depreciation	-	-	-	-	(245,031,108)
Purchased capacity (net of amortization)	-	-	-	-	86,858,012
Miscellaneous noncurrent assets (net of amortization)	-	-	-	-	1,361,236
Other debits:					
Amount available in debt service funds	-	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-
Amount to be provided from special assessments	-	-	-	-	-
Total assets and other debits	$ 225,186,606	196,898,163	3,854,838	94,270,531	977,012,321

Exhibit A

Internal Service	Fiduciary Fund Type: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-Term Obligations	Totals Primary Government (memorandum only)	Component Units	Totals Reporting Entity (memorandum only)
60,681,049	8,674,376	-	-	596,542,985	316,690,920	913,233,905
-	1,720	-	-	890,388	21,341,720	22,232,108
-	3,183,496,210	-	-	3,183,496,210	1,682,567,721	4,866,063,931
22,981	12,425,342	-	-	13,336,934	6,648,680	19,985,614
-	-	-	-	22,175,167	-	22,175,167
-	-	-	-	1,589,129	-	1,589,129
77,713	49,164	-	-	21,754,251	15,442,180	37,196,431
-	-	-	-	55,476,495	20,324,195	75,800,690
-	-	-	-	5,034,844	5,708,023	10,742,867
-	-	-	-	-	99,012	99,012
-	-	-	-	-	14,101,532	14,101,532
-	-	-	-	1,591,709	-	1,591,709
277,614	-	-	-	3,524,638	1,590,104	5,114,742
2,253,754	-	-	-	4,036,848	4,059,385	8,096,233
188,965	-	-	-	246,621	466,015	712,636
-	-	-	-	203,449,132	-	203,449,132
-	-	-	-	-	1,494,352	1,494,352
-	-	-	-	646,055	-	646,055
-	-	-	-	23,424,831	4,542,104	27,966,935
295,853	-	157,837,973	-	175,591,136	175,983,288	351,574,424
14,703,358	-	581,790,173	-	1,301,708,434	1,334,847,522	2,636,555,956
44,850,951	-	112,605,204	-	165,682,879	106,449,873	272,132,752
-	-	176,114,156	-	230,182,189	364,593,255	594,775,444
(37,007,829)	-	-	-	(282,038,937)	-	(282,038,937)
-	-	-	-	86,858,012	-	86,858,012
-	-	-	-	1,361,236	-	1,361,236
-	-	-	2,838,035	2,838,035	-	2,838,035
-	-	-	1,567,075,673	1,567,075,673	96,070,632	1,663,146,305
-	-	-	750,000	750,000	-	750,000
86,344,409	3,204,646,812	1,028,347,506	1,570,663,708	7,387,224,894	4,173,020,513	11,560,245,407

continued

COUNTY OF FAIRFAX, VIRGINIA
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1999

	Governmental Fund Types				Proprietary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, fund equity and other credits					
Liabilities:					
Accounts payable and accrued liabilities	$ 38,556,010	12,103,276	-	3,983,209	7,754,714
Compensated absences payable - long-term	-	-	-	-	-
Obligations for claims and judgments	-	-	-	-	-
Contracts payable	-	-	-	561,434	3,977,053
Contract retainages	-	209,834	-	1,357,414	-
Liabilities for collateral received under securities lending agreements	-	-	-	-	-
Liabilities under reimbursement agreements	-	-	-	-	-
Due to Primary Government	-	-	-	-	-
Due to Component Units	1,961,714	790,270	-	-	-
Interfund payables		2,785,115	-	-	216,975
Matured bonds payable	-	-	243,600	-	-
Matured interest payable	-	-	15,732	-	-
Deferred revenue	34,753,747	2,940,742	757,471	19,841,621	-
Deposits (primarily performance deposits)	50,583,004	-	-	4,091,202	-
Notes payable	-	-	-	-	-
Public Housing loans payable	-	-	-	-	-
Housing bonds payable	-	-	-	-	-
General obligation bonds payable	-	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-	-
Revenue bonds payable, net of unamortized discount	-	-	-	-	172,351,916
Obligations under capital leases and installment purchases	-	-	-	-	-
Sanitary landfill closure obligation	-	-	-	-	-
Obligations to the Supplemental Retirement System	-	-	-	-	-
Total liabilities	125,854,475	18,829,237	1,016,803	29,834,880	184,300,658
Fund equity and other credits:					
Investments in general fixed assets	-	-	-	-	-
Contributed capital	-	-	-	-	176,593,363
Retained earnings:					
Reserved for sewer improvements, bond debt service and nitrification facilities	-	-	-	-	197,743,544
Unreserved	-	-	-	-	418,374,756
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	26,282,904	-
Inventories of supplies	1,218,708	-	-	-	-
Long-term receivables	-	5,034,844	-	-	-
Prepaid items	39,009	18,647	-	-	-
Debt service	-	-	2,838,035	-	-
Employees' pension benefits	-	-	-	-	-
Repair and replacement	-	-	-	-	-
Unreserved	98,074,414	173,015,435	-	38,152,747	-
Total fund equity and other credits	99,332,131	178,068,926	2,838,035	64,435,651	792,711,663
Total liabilities, fund equity and other credits	$ 225,186,606	196,898,163	3,854,838	94,270,531	977,012,321

See accompanying notes to financial statements.

Exhibit A
continued

Internal Service	Fiduciary Fund Type: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-Term Obligations	Totals Primary Government (memorandum only)	Component Units	Totals Reporting Entity (memorandum only)
26,066,186	5,964,879	-	-	94,428,274	327,548,270	421,976,544
-	-	-	49,919,456	49,919,456	17,168,996	67,088,452
-	-	-	1,385,852	1,385,852	-	1,385,852
-	-	-	-	4,538,487	-	4,538,487
-	-	-	-	1,567,248	6,040,699	7,607,947
-	210,408,736	-	-	210,408,736	49,594,972	260,003,708
-	45,143,888	-	-	45,143,888	10,381,273	55,525,161
-	-	-	-	-	1,591,709	1,591,709
-	-	-	11,349,548	14,101,532	-	14,101,532
509,300	13,248	-	-	3,524,638	1,590,104	5,114,742
-	-	-	-	243,600	-	243,600
-	-	-	-	15,732	-	15,732
-	-	-	-	58,293,581	14,644,699	72,938,280
-	-	-	-	54,674,206	929,228	55,603,434
-	-	-	-	-	42,810,741	42,810,741
-	-	-	-	-	2,903,723	2,903,723
-	-	-	-	-	11,010,700	11,010,700
-	-	-	1,314,377,875	1,314,377,875	-	1,314,377,875
-	-	-	750,000	750,000	-	750,000
-	-	-	117,600,000	289,951,916	13,325,000	303,276,916
1,757,670	-	-	28,811,415	30,569,085	9,098,907	39,667,992
-	-	-	44,378,562	44,378,562	-	44,378,562
-	-	-	2,091,000	2,091,000	-	2,091,000
28,333,156	261,530,751	-	1,570,663,708	2,220,363,668	508,639,021	2,729,002,689
-	-	1,028,347,506	-	1,028,347,506	1,981,873,938	3,010,221,444
18,009,391	-	-	-	194,602,754	4,286,000	198,888,754
-	-	-	-	197,743,544	-	197,743,544
40,001,862	-	-	-	458,376,618	7,556,464	465,933,082
-	-	-	-	26,282,904	88,050,379	114,333,283
-	-	-	-	1,218,708	1,002,042	2,220,750
-	-	-	-	5,034,844	5,807,035	10,841,879
-	-	-	-	57,656	432,426	490,082
-	-	-	-	2,838,035	2,179,469	5,017,504
-	2,943,116,061	-	-	2,943,116,061	1,520,523,574	4,463,639,635
-	-	-	-	-	1,000,000	1,000,000
-	-	-	-	309,242,596	51,670,165	360,912,761
58,011,253	2,943,116,061	1,028,347,506	-	5,166,861,226	3,664,381,492	8,831,242,718
86,344,409	3,204,646,812	1,028,347,506	1,570,663,708	7,387,224,894	4,173,020,513	11,560,245,407

COUNTY OF FAIRFAX, VIRGINIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Discretely Presented Component Units

For the fiscal year ended June 30, 1999

	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$ 1,629,181,540	11,412,919	-	-
Permits, privilege fees and regulatory licenses	32,873,856	10,170,931	-	-
Intergovernmental	103,448,542	51,498,092	23,469	3,243,741
Charges for services	30,792,411	85,994,486	-	-
Fines and forfeitures	7,139,633	-	-	-
Developers' contributions	-	609,489	-	4,187,257
Revenue from the use of money and property	45,969,927	8,049,667	-	961,436
Recovered costs	4,652,368	1,327,516	-	1,605,236
Local matching grants	-	2,995,887	-	-
Gifts, donations and contributions	-	604,014	-	-
Donated food	32,029	-	-	-
Other	18,723	4,517,187	-	87,364
Total revenues	1,854,109,029	177,180,188	23,469	10,085,034
Expenditures:				
Current:				
General government administration	60,258,279	21,065,284	-	-
Judicial administration	19,002,645	500,169	-	-
Public safety	221,264,383	8,551,973	-	-
Public works	37,776,292	75,363,847	-	-
Health and welfare	171,390,779	98,185,755	-	-
Community development	24,792,572	46,795,078	-	21,576,532
Parks, recreation and cultural	38,406,830	6,351,365	-	1,500,000
Education	-	-	-	-
Donated food	32,029	-	-	-
Nondepartmental	96,500,551	-	-	-
Capital outlay	-	-	-	35,452,389
Capital leases and installment purchases	1,578,814	3,986,357	-	2,388,113
Debt service:				
Principal retirement	-	-	104,773,925	-
Interest and other	-	-	71,488,617	-
Total expenditures	671,003,174	260,799,828	176,262,542	60,917,034
Excess (deficiency) of revenues over (under) expenditures	1,183,105,855	(83,619,640)	(176,239,073)	(50,832,000)
Other financing sources (uses):				
Operating transfers in	4,205,764	106,010,677	177,913,325	27,810,193
Operating transfers in from Primary Government:				
Proceeds from sale of bonds	-	-	-	-
Other	-	-	-	-
Operating transfers out	(302,348,387)	(2,792,651)	-	(1,000,000)
Operating transfers out to Component Units:				
Proceeds from sale of bonds	-	-	-	(117,242,385)
Other	(877,846,467)	(2,147,413)	-	-
Proceeds from sale of County general obligation bonds	-	-	-	154,395,590
Capital leases and installment purchases	1,578,814	3,986,357	-	2,388,113
Proceeds from sale of FCRHA lease revenue bonds	-	-	-	6,470,157
Proceeds from issuance of other long-term debt	-	-	-	-
Proceed from sale of refunding bonds	-	-	140,599,608	-
Payments to refunded bond escrow agent	-	-	(140,423,000)	-
Total other financing sources (uses)	(1,174,410,276)	105,056,970	178,089,933	72,821,667
Excess of revenues and other financing sources over expenditures and other financing uses	8,695,579	21,437,330	1,850,860	21,989,667
Fund balances, July 1, 1998, as restated	90,532,347	156,631,596	987,175	42,445,984
Increase (decrease) in reserve for inventories of supplies	104,205	-	-	-
Fund balances, June 30, 1999	$ 99,332,131	178,068,926	2,838,035	64,435,651

See accompanying notes to financial statements.

Exhibit A-1

Totals Primary Government (memorandum only)	Component Units	Totals Reporting Entity (memorandum only)
1,640,594,459	-	1,640,594,459
43,044,787	-	43,044,787
158,213,844	339,515,916	497,729,760
116,786,897	60,383,959	177,170,856
7,139,633	900	7,140,533
4,796,746	400,786	5,197,532
54,981,030	18,185,653	73,166,683
7,585,120	22,119,600	29,704,720
2,995,887	-	2,995,887
604,014	291,492	895,506
32,029	133,718	165,747
4,623,274	8,589,484	13,212,758
2,041,397,720	449,621,508	2,491,019,228
81,323,563	-	81,323,563
19,502,814	-	19,502,814
229,816,356	-	229,816,356
113,140,139	-	113,140,139
269,576,534	-	269,576,534
93,164,182	46,471,977	139,636,159
46,258,195	36,297,225	82,555,420
-	1,192,010,103	1,192,010,103
32,029	133,718	165,747
96,500,551	-	96,500,551
35,452,389	130,065,360	165,517,749
7,953,284	10,230,211	18,183,495
104,773,925	3,302,828	108,076,753
71,488,617	4,459,175	75,947,792
1,168,982,578	1,422,970,597	2,591,953,175
872,415,142	(973,349,089)	(100,933,947)
315,939,959	20,189,053	336,129,012
-	117,242,386	117,242,386
-	879,993,880	879,993,880
(306,141,038)	(22,806,306)	(328,947,344)
(117,242,386)	-	(117,242,386)
(879,993,880)	-	(879,993,880)
154,395,590	-	154,395,590
7,953,284	10,230,211	18,183,495
6,470,157	400,000	6,870,157
-	6,439,483	6,439,483
140,599,608	-	140,599,608
(140,423,000)	-	(140,423,000)
(818,441,706)	1,011,688,707	193,247,001
53,973,436	38,339,618	92,313,054
	111,950,617	111,950,617
104,205	(148,719)	(44,514)
54,077,641	150,141,516	204,219,157

COUNTY OF FAIRFAX, VIRGINIA
Combined Statement of Revenues and Expenditures - Budget and Actual (Budget Basis) -
General, Special Revenue and Debt Service Funds (Primary Government Only)
For the fiscal year ended June 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	$ 1,620,586,513	1,629,181,540	8,595,027	11,421,185	11,412,919	(8,266)
Permits, privilege fees and regulatory licenses	32,125,809	32,873,856	748,047	10,113,780	10,170,931	57,151
Intergovernmental	103,576,683	103,448,542	(128,141)	77,634,063	52,161,784	(25,472,279)
Charges for services	29,495,253	30,792,411	1,297,158	85,366,502	83,960,537	(1,405,965)
Fines and forfeitures	7,516,301	7,139,633	(376,668)	-	-	-
Developers' contributions	-	-	-	750,000	609,489	(140,511)
Revenue from the use of money and property	45,361,463	48,008,060	2,646,597	5,245,423	8,284,526	
Recovered costs	4,759,284	4,652,368	(106,916)	315,212	477,826	162,614
Local matching grants	-	-	-	6,030,526	2,995,887	(3,034,639)
Gifts, donations and contributions	-	-	-	10,831,748	11,406,476	574,728
Other	115,244	18,723	(96,521)	5,418,980	4,517,187	(901,793)
Total revenues	1,843,536,550	1,856,115,133	12,578,583	213,127,419	185,997,562	(30,168,960)
Expenditures:						
Current:						
General government administration	65,705,264	60,258,279	5,446,985	44,230,955	21,065,284	23,165,671
Judicial administration	20,112,116	19,002,645	1,109,471	705,787	500,169	205,618
Public safety	226,076,856	221,264,383	4,812,473	13,933,487	8,551,973	5,381,514
Public works	42,604,802	37,776,292	4,828,510	110,478,881	75,363,847	35,115,034
Health and welfare	176,927,207	171,390,779	5,536,428	110,029,544	97,336,065	12,693,479
Community development	33,402,545	31,227,667	2,174,878	73,981,934	45,658,944	28,322,990
Parks, recreation and cultural	58,810,561	56,426,501	2,384,060	7,955,224	6,351,365	1,603,859
Nondepartmental	100,852,274	96,500,551	4,351,723	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total expenditures	724,491,625	693,847,097	30,644,528	361,315,812	254,827,647	106,488,165
Excess (deficiency) of revenues over (under) expenditures	1,119,044,925	1,162,268,036	43,223,111	(148,188,393)	(68,830,085)	76,319,205
Other financing sources (uses):						
Operating transfers in	4,205,764	4,205,764	-	95,208,215	95,208,215	-
Operating transfers out	(302,348,387)	(302,348,387)	-	(2,792,651)	(2,792,651)	-
Operating transfers out to Component Units	(853,391,701)	(853,391,701)	-	(1,693,834)	(1,693,834)	-
Proceed from sale of refunding bonds	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	(1,151,534,324)	(1,151,534,324)	-	90,721,730	90,721,730	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (32,489,399)	10,733,712	43,223,111	(57,466,663)	21,891,645	76,319,205

See accompanying notes to financial statements.

Exhibit A-2

Debt Service Funds			Totals (memorandum only)		
Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,632,007,698	1,640,594,459	8,586,761
-	-	-	42,239,589	43,044,787	805,198
18,000	23,469	5,469	181,228,746	155,633,795	(25,594,951)
-	-	-	114,861,755	114,752,948	(108,807)
-	-	-	7,516,301	7,139,633	(376,668)
-	-	-	750,000	609,489	(140,511)
-	-	-	50,606,886	56,292,586	5,685,700
-	-	-	5,074,496	5,130,194	55,698
-	-	-	6,030,526	2,995,887	(3,034,639)
-	-	-	10,831,748	11,406,476	574,728
-	-	-	5,534,224	4,535,910	(998,314)
18,000	23,469	5,469	2,056,681,969	2,042,136,164	(14,545,805)
-	-	-	109,936,219	81,323,563	28,612,656
-	-	-	20,817,903	19,502,814	1,315,089
-	-	-	240,010,343	229,816,356	10,193,987
-	-	-	153,083,683	113,140,139	39,943,544
-	-	-	286,956,751	268,726,844	18,229,907
-	-	-	107,384,479	76,886,611	30,497,868
-	-	-	66,765,785	62,777,866	3,987,919
-	-	-	100,852,274	96,500,551	4,351,723
105,128,050	104,773,925	354,125	105,128,050	104,773,925	354,125
73,463,056	71,488,617	1,974,439	73,463,056	71,488,617	1,974,439
178,591,106	176,262,542	2,328,564	1,264,398,543	1,124,937,286	139,461,257
(178,573,106)	(176,239,073)	2,334,033	792,283,426	917,198,878	124,915,452
177,913,325	177,913,325	-	277,327,304	277,327,304	-
-	-	-	(305,141,038)	(305,141,038)	-
-	-	-	(855,085,535)	(855,085,535)	-
138,094,437	140,599,608	2,505,171	138,094,437	140,599,608	2,505,171
(138,094,437)	(140,423,000)	(2,328,563)	(138,094,437)	(140,423,000)	(2,328,563)
177,913,325	178,089,933	176,608	(882,899,269)	(882,722,661)	176,608
(659,781)	1,850,860	2,510,641	(90,615,843)	34,476,217	125,092,060

COUNTY OF FAIRFAX, VIRGINIA
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Units
For the fiscal year ended June 30, 1999

	Proprietary Fund Types		Totals Primary Government (memorandum only)
	Enterprise	Internal Service	
Operating revenues:			
Charges to other funds	$ -	87,150,881	87,150,881
Sales of services	73,272,872	-	73,272,872
Availability fees	34,784,828	-	34,784,828
Other	334,091	116,681	450,772
Total operating revenues	108,391,791	87,267,562	195,659,353
Operating expenses:			
Cost of goods sold	-	-	-
Personnel services	16,521,814	16,553,550	33,075,364
Materials and supplies	7,965,400	4,702,713	12,668,113
Equipment operation and maintenance	-	20,573,772	20,573,772
Risk financing and benefit payments	-	31,937,831	31,937,831
Depreciation and amortization	20,848,514	5,575,463	26,423,977
Professional consultant and contractual services	48,036,836	2,950,584	50,987,420
Other	-	404,667	404,667
Total operating expenses	93,372,564	82,698,580	176,071,144
Operating income (loss)	15,019,227	4,568,982	19,588,209
Nonoperating revenues (expenses):			
Intergovernmental revenue	972,098	-	972,098
Interest revenue	14,108,306	1,609,901	15,718,207
Interest expense	(9,766,496)	(86,117)	(9,852,613)
Gain (loss) on disposal of fixed assets	(54,654)	410,099	355,445
Total nonoperating revenues (expenses)	5,259,254	1,933,883	7,193,137
Income (loss) before operating transfers	20,278,481	6,502,865	26,781,346
Operating transfers in	-	3,733,305	3,733,305
Operating transfers out	-	(2,729,764)	(2,729,764)
Net income (loss)	20,278,481	7,506,406	27,784,887
Add back of depreciation expense related to contributed assets	9,180,688	-	9,180,688
Net increase (decrease) in retained earnings	29,459,169	7,506,406	36,965,575
Retained earnings, July 1, 1998	586,659,131	32,495,456	619,154,587
Retained earnings, June 30, 1999	$ 616,118,300	40,001,862	656,120,162

See accompanying notes to financial statements.

Exhibit A-3

Component Units		Totals Reporting Entity (memorandum only)
Public Schools	Redevelopment and Housing Authority	
46,273,489	1,695,796	135,120,166
-	-	73,272,872
-	-	34,784,828
-	-	450,772
46,273,489	1,695,796	243,628,638
8,868,686	-	8,868,686
364,854	-	33,440,218
-	382,501	13,050,614
-	848,406	21,422,178
36,858,432	-	68,796,263
-	-	26,423,977
4,592,171	-	55,579,591
-	464,889	869,556
50,684,143	1,695,796	228,451,083
(4,410,654)	-	15,177,555
-	-	972,098
750,526	-	16,468,733
-	-	(9,852,613)
-	-	355,445
750,526	-	7,943,663
(3,660,128)	-	23,121,218
2,617,253	-	6,350,558
-	-	(2,729,764)
(1,042,875)	-	26,742,012
-	-	9,180,688
(1,042,875)	-	35,922,700
8,599,339	-	627,753,926
7,556,464	-	663,676,626

COUNTY OF FAIRFAX, VIRGINIA
Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Units
For the fiscal year ended June 30, 1999

	Proprietary Fund Types		Totals Primary Government (memorandum only)
	Enterprise (1)	Internal Service (2)	
Cash flows from operating activities:			
Operating income (loss)	$ 15,019,227	4,568,982	19,588,209
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	20,848,514	5,575,463	26,423,977
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	(15,802)	(15,802)
(Increase) decrease in intergovernmental receivables	(1,058,287)	1,803	(1,056,484)
(Increase) decrease in interfund receivables	-	(50,976)	(50,976)
(Increase) decrease in inventories of supplies	(66,046)	(24,370)	(90,416)
(Increase) decrease in prepaid items and other assets	-	(377)	(377)
Increase (decrease) in accounts payable and accrued liabilities, net of interest	(370,169)	(961,209)	(1,331,378)
Increase (decrease) in contracts payable	(435,209)	-	(435,209)
Increase (decrease) in interfund payable	(13,262)	(14,411)	(27,673)
Total adjustments to operating income (loss)	18,905,541	4,510,121	23,415,662
Net cash provided (used) by operating activities	33,924,768	9,079,103	43,003,871
Cash flows from non-capital financing activities:			
Receipts from other funds	-	3,733,305	3,733,305
Transfers to other funds	-	(2,729,764)	(2,729,764)
Intergovernmental revenue received	2,602,852	-	2,602,852
Net cash provided by non-capital financing activities	2,602,852	1,003,541	3,606,393
Cash flows from capital and related financing activities:			
Principal payments on sewer revenue bonds	(2,310,000)	-	(2,310,000)
Principal payments on capital leases and installment purchases	-	(1,363,726)	(1,363,726)
Interest payments on sewer revenue bonds	(9,782,048)	-	(9,782,048)
Interest payments on capital leases and installment purchases	-	(84,238)	(84,238)
Proceeds from sale of fixed assets	30,530	541,896	572,426
Purchase of fixed assets	(22,448,612)	(7,199,124)	(29,647,736)
Acquisition of purchased capacity	(14,131,402)	-	(14,131,402)
Net cash (used) by capital and related financing activities	(48,641,532)	(8,105,192)	(56,746,724)
Cash flows from investing activities:			
Decrease in restricted investments	59,493,912	-	59,493,912
Maturation of bond anticipation note investments	500,000	-	500,000
Interest received on pooled cash and investments	14,417,140	1,646,337	16,063,477
Net cash provided by investing activities	74,411,052	1,646,337	76,057,389
Net increase (decrease) in cash and cash equivalents	62,297,140	3,623,789	65,920,929
Cash and cash equivalents, July 1, 1998	244,054,144	57,057,260	301,111,404
Cash and cash equivalents, June 30, 1999	$ 306,351,284	60,681,049	367,032,333

(1) Capital contributions and donations of property, plant and equipment amounted to $7,046,963 for the Enterprise Fund.
(2) Borrowing under capital leases and installment purchases totaled $1,757,670 for the Internal Service Funds.

See accompanying notes to financial statements.

Exhibit A-4

Component Units		Totals Reporting Entity (memorandum only)
Public Schools	Redevelopment and Housing Authority	
(4,410,654)	-	15,177,555
-	-	26,423,977
18,904	-	3,102
-	-	(1,056,484)
-	-	(50,976)
(1,400,153)	-	(1,490,569)
-	4,772	4,395
1,354,522	(30,696)	(7,552)
-	-	(435,209)
700,000	-	672,327
673,273	(25,924)	24,063,011
(3,737,381)	(25,924)	39,240,566
2,617,253	-	6,350,558
-		(2,729,764)
-	-	2,602,852
2,617,253	-	6,223,646
-	-	(2,310,000)
-	-	(1,363,726)
-	-	(9,782,048)
-	-	(84,238)
-	-	572,426
-	-	(29,647,736)
-	-	(14,131,402)
-	-	(56,746,724)
-	-	59,493,912
-	-	500,000
772,222	-	16,835,699
772,222	-	76,829,611
(347,906)	(25,924)	65,547,099
36,671,946	90,919	337,874,269
36,324,040	64,995	403,421,368

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-5

Combined Statement of Plan Net Assets -

Pension Trust Funds and Discretely Presented Component Unit

June 30, 1999

	Primary Government Pension Trust	Component Unit Public Schools Pension Trust	Totals Reporting Entity (memorandum only)
Assets			
Equity in pooled cash and temporary investments	$ 5,159,517	1,048,362	6,207,879
Cash with fiscal agents	-	740,126	740,126
Investments, at fair value	3,139,379,419	1,682,567,721	4,821,947,140
Accrued interest and dividends receivable	12,422,833	6,540,542	18,963,375
Accounts receivable	-	6,618,783	6,618,783
Total assets	3,156,961,769	1,697,515,534	4,854,477,303
Liabilities			
Accounts payable and accrued liabilities	3,423,724	127,396,988	130,820,712
Liabilities for collateral received under securities lending agreements	210,408,736	49,594,972	260,003,708
Interfund payable	13,248	-	13,248
Total liabilities	213,845,708	176,991,960	390,837,668
Fund balances reserved for employees' pension benefits	$ 2,943,116,061	1,520,523,574	4,463,639,635

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-5a

Combining Statement of Plan Net Assets -

Pension Trust Funds (Primary Government Only)

June 30, 1999

	Uniformed Retirement	Supplemental Retirement	Police Officers Retirement	Total all funds
Assets				
Equity in pooled cash and temporary investments	$ 2,105,864	481,614	2,572,039	5,159,517
Investments, at fair value	658,855,793	1,862,888,456	617,635,170	3,139,379,419
Interest and dividends receivable	3,040,791	6,714,925	2,667,117	12,422,833
Total assets	664,002,448	1,870,084,995	622,874,326	3,156,961,769
Liabilities				
Accounts payable and accrued liabilities	634,825	1,986,981	801,918	3,423,724
Liabilities for collateral received under securities lending agreements	44,923,323	119,675,563	45,809,850	210,408,736
Interfund payable	-	13,248	-	13,248
Total liabilities	45,558,148	121,675,792	46,611,768	213,845,708
Fund balances reserved for employees' pension benefits	$ 618,444,300	1,748,409,203	576,262,558	2,943,116,061

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-6

Combined Statement of Changes in Plan Net Assets -
Pension Trust Funds and Discretely Presented Component Unit
For the fiscal year ended June 30, 1999

	Primary Government	Component Unit	Totals Reporting Entity
	Pension Trust	Public Schools Pension Trust	(memorandum only)
Additions:			
Contributions:			
Employer	$ 50,475,411	38,422,667	88,898,078
Plan members	31,955,804	15,284,341	47,240,145
Total contributions	82,431,215	53,707,008	136,138,223
Investment income:			
Net appreciation in fair value of investments	149,843,996	54,090,187	203,934,183
Interest	61,950,892	45,246,585	107,197,477
Dividends	32,248,736	-	32,248,736
Securities lending	11,769,606	3,331,925	15,101,531
Other	60,103	258,255	318,358
Total investment income	255,873,333	102,926,952	358,800,285
Less investment expense:			
Investment fees and other	10,563,566	5,703,098	16,266,664
Securities lending	10,902,751	2,975,758	13,878,509
Total investment expense	21,466,317	8,678,856	30,145,173
Net investment income	234,407,016	94,248,096	328,555,112
Total additions	316,838,231	147,955,104	464,793,335
Deductions:			
Benefits	81,702,038	65,716,547	147,418,585
Refund of contributions	5,494,935	1,599,786	7,094,721
Administrative expense	932,285	1,818,172	2,750,457
Total deductions	88,129,258	69,134,505	157,263,763
Net increase	228,708,973	78,820,599	307,529,572
Fund balances reserved for employees' pension benefits:			
July 1, 1998	2,714,407,088	1,441,702,975	4,156,110,063
June 30, 1999	$ 2,943,116,061	1,520,523,574	4,463,639,635

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-6a

Combining Statement of Changes in Plan Net Assets - Pension Trust Funds (Primary Government Only)

For the fiscal year ended June 30, 1999

	Uniformed Retirement	Supplemental Retirement	Police Officers Retirement	Total all funds
Additions:				
Contributions:				
Employer	$ 15,645,845	24,143,832	10,685,734	50,475,411
Plan members	5,680,758	19,413,441	6,861,605	31,955,804
Total contributions	21,326,603	43,557,273	17,547,339	82,431,215
Investment income:				
Net appreciation in fair value of investments	37,253,484	85,869,585	26,720,927	149,843,996
Interest	14,709,114	34,781,508	12,460,270	61,950,892
Dividends	3,709,755	22,261,081	6,277,900	32,248,736
Securities lending	2,563,399	6,654,215	2,551,992	11,769,606
Other	21,235	36,801	2,067	60,103
Total investment income	58,256,987	149,603,190	48,013,156	255,873,333
Less investment expenses:				
Investment fees and other	2,072,930	5,860,133	2,630,503	10,563,566
Securities lending	2,354,822	6,148,521	2,399,408	10,902,751
Total investment expenses	4,427,752	12,008,654	5,029,911	21,466,317
Net investment income	53,829,235	137,594,536	42,983,245	234,407,016
Total additions	75,155,838	181,151,809	60,530,584	316,838,231
Deductions:				
Benefits	14,519,619	50,754,184	16,428,235	81,702,038
Refund of contributions	625,970	4,404,218	464,747	5,494,935
Administrative expense	151,801	621,495	158,989	932,285
Total deductions	15,297,390	55,779,897	17,051,971	88,129,258
Net increase	59,858,448	125,371,912	43,478,613	228,708,973
Fund balances reserved for employees' pension benefits:				
July 1, 1998	558,585,852	1,623,037,291	532,783,945	2,714,407,088
June 30, 1999	$ 618,444,300	1,748,409,203	576,262,558	2,943,116,061

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Balance Sheet -
All Fund Types and Account Groups -
Discretely Presented Component Units
June 30, 1999

	Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total
Assets and other debits					
Assets:					
Equity in pooled cash and temporary investments	$ 278,902,874	15,107,154	22,680,892	-	316,690,920
Cash with fiscal agents	11,857,079	9,484,641	-	-	21,341,720
Investments	1,682,567,721	-	-	-	1,682,567,721
Receivables (net of allowances):					
Accrued interest	6,567,616	73,123	7,941	-	6,648,680
Accounts	9,642,721	5,707,209	92,250	-	15,442,180
Due from intergovernmental units	20,324,195	-	-	-	20,324,195
Notes	-	5,708,023	-	-	5,708,023
Mortgages	-	99,012	-	-	99,012
Due from Primary Government	11,604,886	534,932	1,566,716	394,998	14,101,532
Interfund receivables	980,113	609,991	-	-	1,590,104
Inventories of supplies	4,059,385	-	-	-	4,059,385
Prepaid items and other assets	-	466,015	-	-	466,015
Restricted assets:					
Cash with fiscal agents	-	-	1,494,352	-	1,494,352
Investments	-	4,542,104	-	-	4,542,104
Fixed assets:					
Land	41,421,804	20,535,650	114,025,834	-	175,983,288
Buildings and improvements	1,054,121,188	121,359,025	159,367,309	-	1,334,847,522
Equipment	96,022,839	1,603,187	8,812,653	11,194	106,449,873
Construction in progress	334,286,587	23,362,212	6,944,456	-	364,593,255
Other debits:					
Amount to be provided for retirement of general long-term obligations	23,468,834	56,766,009	15,705,393	130,396	96,070,632
Total assets and other debits	$ 3,575,827,842	265,958,287	330,697,796	536,588	4,173,020,513

	Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total
Liabilities, fund equity and other credits					
Liabilities:					
Accounts payable and accrued liabilities	$ 316,463,411	7,521,692	3,181,007	382,160	327,548,270
Compensated absences payable	14,369,927	40,845	2,614,990	143,234	17,168,996
Contract retainages	5,921,076	25,085	94,538	-	6,040,699
Due to Primary Government	-	1,591,709	-	-	1,591,709
Liability for collateral received under securities lending transactions	49,594,972	-	-	-	49,594,972
Liabilities under reimbursement agreements	10,381,273	-	-	-	10,381,273
Interfund payables	980,113	609,991	-	-	1,590,104
Deferred revenue	14,513,904	33,546	97,249	-	14,644,699
Deposits	20,000	755,406	153,822	-	929,228
Notes payable	-	42,810,741	-	-	42,810,741
Public Housing loans payable	-	2,903,723	-	-	2,903,723
Housing bonds payable	-	11,010,700	-	-	11,010,700
Revenue bonds payable	-	-	13,325,000	-	13,325,000
Obligations under capital leases and installment purchases	9,098,907	-	-	-	9,098,907
Total liabilities	421,343,583	67,303,438	19,466,606	525,394	508,639,021
Fund equity and other credits:					
Investments in general fixed assets	1,525,852,418	166,860,074	289,150,252	11,194	1,981,873,938
Contributed capital	4,286,000	-	-	-	4,286,000
Retained earnings	7,556,464	-	-	-	7,556,464
Fund balances:					
Reserved for:					
Encumbrances	87,609,956	-	440,423	-	88,050,379
Inventories of supplies	1,002,042	-	-	-	1,002,042
Long-term receivables	-	5,807,035	-	-	5,807,035
Prepaid items	-	432,426	-	-	432,426
Debt service	-	-	2,179,469	-	2,179,469
Employees' pension benefits	1,520,523,574	-	-	-	1,520,523,574
Repair and replacement	-	-	1,000,000	-	1,000,000
Unreserved	7,653,805	25,555,314	18,461,046	-	51,670,165
Total fund equity and other credits	3,154,484,259	198,654,849	311,231,190	11,194	3,664,381,492
Total liabilities, fund equity and other credits	$ 3,575,827,842	265,958,287	330,697,796	536,588	4,173,020,513

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - Discretely Presented Component Units
For the fiscal year ended June 30, 1999

		Public Schools	Redevelopment and Housing Authority	Park Authority
Revenues:				
Intergovernmental	$	314,309,480	25,206,436	-
Charges for services		40,649,454	-	19,734,505
Fines and forfeitures		-	900	-
Developers' contributions		-	-	400,786
Revenue from the use of money and property		2,285,981	13,260,990	2,638,682
Recovered costs		21,989,637	3,578	126,385
Gifts and donations		-	-	291,492
Donated food		133,718	-	-
Other		4,590,191	3,800,016	199,277
Total revenues		383,958,461	42,271,920	23,391,127
Expenditures:				
Current:				
Community development		-	40,036,882	-
Parks, recreation and cultural		-	-	36,297,225
Education		1,192,010,103	-	-
Donated food		133,718	-	-
Capital outlay		119,931,840	1,602,702	8,530,818
Capital leases and installment purchases		10,230,211	-	-
Debt service:				
Principal retirement		-	3,022,828	280,000
Interest and other		-	3,580,244	878,931
Total expenditures		1,322,305,872	48,242,656	45,986,974
Excess (deficiency) of revenues over (under) expenditures		(938,347,411)	(5,970,736)	(22,595,847)
Other financing sources (uses):				
Operating transfers in		15,748,327	331,088	4,109,638
Operating transfers in from Primary Government:				
Proceeds from sale of bonds		100,126,842	6,470,157	10,645,387
Other		853,821,664	1,717,450	18,019,671
Operating transfers out		(18,365,580)	(331,088)	(4,109,638)
Capital leases and installment purchases		10,230,211	-	-
Proceeds from sale of FCRHA lease revenue bonds		-	400,000	-
Proceeds from issuance of other long-term debt		-	6,439,483	-
Total other financing sources (uses)		961,561,464	15,027,090	28,665,058
Excess of revenues and other financing sources over expenditures and other financing uses		23,214,053	9,056,354	6,069,211
Fund balances, July 1, 1998, as restated		73,200,469	22,738,421	16,011,727
Increase (decrease) in reserve for inventories of supplies		(148,719)	-	-
Fund balances, June 30, 1999	$	96,265,803	31,794,775	22,080,938

See accompanying notes to financial statements.

Exhibit A-8

Economic Development Authority	Total
-	339,515,916
-	60,383,959
-	900
-	400,786
-	18,185,653
-	22,119,600
-	291,492
-	133,718
-	8,589,484
-	449,621,508
6,435,095	46,471,977
-	36,297,225
-	1,192,010,103
-	133,718
-	130,065,360
-	10,230,211
-	3,302,828
-	4,459,175
6,435,095	1,422,970,597
(6,435,095)	(973,349,089)
-	20,189,053
-	117,242,386
6,435,095	879,993,880
-	(22,806,306)
-	10,230,211
-	400,000
-	6,439,483
6,435,095	1,011,688,707
-	38,339,618
-	111,950,617
-	(148,719)
-	150,141,516

COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

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 which makes policies 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 supervisor districts, elected for a four-year term by the voters of the district in which the 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.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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 general purpose 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. This component unit is reported as an agency fund of the County, the Resource Recovery Fund.

The SWA is authorized under the Virginia Water and Waste Authorities Act and was created by the Board of Supervisors on June 29, 1987. The purpose of the SWA is to monitor the construction and operation of a solid waste facility by a commercial entity in accordance with agreements between the County, the SWA, and the commercial entity. The commercial entity completed construction and is operating the facility and making the required debt payments. The SWA will operate the facility only in the event of default by the commercial entity under

the agreements. The SWA has the right to set solid waste revenue rates charged by the facility. These charges, together with available funds, are designed to provide adequate coverage for the costs of operation and debt service. Separate financial statements of the SWA can be obtained by writing to the Accounting and Reporting Division, Department of Finance, Suite 214, 12000 Government Center Parkway, Fairfax, Virginia 22035.

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

Discretely Presented Component Units

The component units columns 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 Accounting and Reporting Division, Department of Finance, Suite 214, 12000 Government Center Parkway, 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 Schools is fiscally dependent on the County; Public Schools operations are funded primarily by transfers from 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 of Supervisors appoints FCRHA's Board of Commissioners, and the County provides certain managerial and related assistance to FCRHA.

Fairfax County Park Authority (Park Authority) - The Park Authority maintains and operates the public parks and recreational facilities located in the County. The Board of Supervisors 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) - EDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created on October 10, 1956, by resolutions of the Board of Supervisors. 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. EDA also operates the Fairfax County Convention and Visitors Bureau, established to attract business travelers and meetings and conventions to the County. The Board of Supervisors appoints the seven members of the Authority's commission which appoints the Authority's executive director. The Board of Supervisors appropriates funds annually to 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 board of the Fairfax County Water Authority and the Industrial Development Authority of Fairfax County, but the County's accountability does not extend beyond making the appointments. These organizations do not have a significant operational or financial relationship with the County.

Joint Venture

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 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 P.O. Box 918, Centreville, Virginia 20122.

2. Basis of Presentation - Fund Accounting

The accounts of the reporting entity are organized on the basis of funds and account groups, 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 account groups are concerned only with the measurement of financial position and do not measure results of operations. Following is a description of the funds and account groups included in the accompanying financial statements.

Governmental Funds

General Fund: The general fund is used to account for all revenue sources and expenditures which are not required to be accounted for in other funds. In the County's General Fund, revenues are derived primarily from general property taxes; local sales taxes; utility taxes; business, professional and occupational licenses; revenue from the use of money and property; license and permit fees, and state shared taxes. Expenditures and operating transfers out include the costs of general County government and transfers to other funds and component units, principally to fund the operations of the Public Schools and for debt service requirements.

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 Funds: The debt service funds are 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. Included in this fund type is the School Debt Service Fund as the County is responsible for servicing the general obligation debt it has issued on behalf of the School Board.

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.

Proprietary Funds

Enterprise Fund: The Fairfax County Integrated Sewer System, which is financed and operated in a manner similar to private industry, is the reporting entity's only enterprise fund. This fund is used to account for the financing, construction and operations of the countywide sewer system. Charges for services provided to citizens and availability fees charged for initial access to the system provide the primary sources of funding for the sewer system.

Internal Service Funds: The internal service funds are used to account for the financing of services provided by a department to another department on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds: The trust and agency funds are used to account for the assets held by the reporting entity in a trustee or agency capacity. Trust funds include the pension trust funds. Agency funds are custodial in nature and are maintained to account for funds received, held and disbursed by the reporting entity for various governmental agencies and other organizations.

Account Groups

General Fixed Assets Account Groups: The general fixed assets account groups are used to account for fixed assets that have been acquired for general governmental purposes and which are not accounted for in proprietary funds. The costs of such assets are recorded as expenditures in the general, special revenue, and capital projects funds. Assets valued over $5,000 with useful lives longer than one year are capitalized in the general fixed assets account group at historical cost, if available, or otherwise at estimated historical cost. Donated fixed assets are recorded at fair market value as of the date of donation. Depreciation is not recorded on general fixed assets. The County does not capitalize public domain or infrastructure fixed assets: roads, bridges, curbs, gutters, streets, sidewalks, trails, storm drains, and street lights.

General Long-Term Obligations Account Groups: The general long-term obligations account groups are used to account for the unmatured long-term debt that is not recorded as a specific fund liability of the proprietary funds and certain other liabilities that are not expected to be liquidated with expendable available financial resources. Included are general obligation bonds, lease revenue bonds, the special assessment debt, various housing-related bonds and notes, long-term payables to component units, accrued compensated absences, obligations under capital leases and installment purchase agreements, the sanitary landfill closure obligation, the County's obligation to the Supplemental Retirement System for participants of the terminated Senior Executive Service Retirement Plan, and an estimated liability for claims and judgments.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and agency funds use the flow of current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recorded when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the period. Revenue from the use of money and property is recorded as earned. Other revenues are generally considered available if they are collectible within the current period or within 45 days thereafter to be used to pay liabilities of the current period. 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. Revenues from specific purpose federal, state and other grants that are provided to fund specific program expenditures are recognized at the time

the specific expenditures are incurred. Revenues from general purpose grants are recognized in the period to which the grant applies. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt are recorded as fund liabilities when due, and compensated absences are recorded as described in item 11 below.

All proprietary funds and pension trust funds are accounted for on the economic resources measurement focus and use the accrual basis of accounting. Under this method, in the proprietary funds, revenues are recognized when earned and expenses are recognized when incurred. Unbilled enterprise fund receivables net of an allowance for uncollectible accounts are recorded at year end to the extent they can be estimated. For the pension trust funds, member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

In preparing its proprietary fund type financial statements, the County has adopted Paragraph 7 of GASB Statement No. 20 titled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting" under which the County has applied all Financial Accounting Standards Board (FASB) statements and interpretations except for those that conflict with or contradict GASB pronouncements.

4. 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 are primarily certain funds of the Park Authority and FCRHA which 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 1.0 percent of revenues. In compliance with the Board of Supervisors' policy, any adjustments made during the fiscal year are not to exceed two percent of the adopted general fund disbursements.

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

or fund level and identifies administrative controls at the character 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 generally accepted accounting principles except that: (1) capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources, (2) offsetting revenues and expenditures related to donated food are not budgeted, (3) certain amounts which are budgeted as expenditures in the general fund and certain special revenue funds have been reported as transfers out to component units, (4) certain reported revenues are budgeted as expenditure reductions in certain special revenue funds, (5) 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, (6) certain loans are reported as expenditures when made and as revenue when repaid for budget purposes in the Community Development Block Grant Fund, and (7) an operating transfer from the Resource Recovery Fund, an agency fund, was budgeted as a revenue in the Energy Resource Recovery Facility Fund, a special revenue fund.

The following schedule reconciles the amounts on the Combined Statement of Revenues and Expenditures - Budget and Actual (Budget Basis) (Exhibit A-2) to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-1):

	General Fund	Special Revenue Funds
Excess of revenues and other financing sources over expenditures and other financing uses (Budget basis)	$ 10,733,712	21,891,645
Basis differences:		
Revenue from investments	(2,038,133)	(234,859)
Loans made/repaid (net) - Community Development Block Grant Fund	-	(219,456)
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	$ 8,695,579	21,437,330

f. Budgeted amounts are shown as originally adopted or as amended by the Board of Supervisors during the course of the fiscal year. The amendments were not material in relation to the original budget.

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

h. For financial reporting purposes, Exhibit A-2 presents budget and actual information only for those annually appropriated governmental funds considered to be funds of the primary government. For the special revenue funds, the operating budget's appropriated funds include certain funds which, for financial reporting purposes, are considered to be funds of the Public Schools and FCRHA. The budget amounts for special revenue funds in Exhibit A-2 are reconciled to the amended operating budget's appropriated funds as follows:

	Primary Government/ Special Revenue (Exhibit A-2)	Component Units (Public Schools and FCRHA)	Total Amended Operating Budget
Budgeted revenues	$ 213,127,419	370,195,358	583,322,777
Budgeted transfers in	95,208,215	861,189,301	956,397,516
Total budgeted revenues and transfers in	308,335,634	1,231,384,659	1,539,720,293
Budgeted expenditures	361,315,812	1,264,351,001	1,625,666,813
Budgeted transfers out	4,486,485	18,365,580	22,852,065
Total budgeted expenditures and transfers out	365,802,297	1,282,716,581	1,648,518,878
Budgeted deficiency of revenues and other financing sources under expenditures and other financing uses	$ (57,466,663)	(51,331,922)	(108,798,585)

5. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds 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. The component units also invest in the pooled cash account. 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, 1999, interest earned by certain funds assigned directly to the general fund is as follows:

Primary Government:	
Special Revenue Funds:	
County Transit Systems	$ 1,043,729
Federal/State Grants	173
Aging Grants and Programs	45,891
Cable Communications	314,120
Fairfax-Falls Church Community Services Board	1,245,504
Community-Based Agency Funding Pool	84,391
Housing Trust	77,429
Debt Service Funds:	
County Debt Service	2,436,053
School Debt Service	2,106,096
Capital Projects Funds:	
Countywide Roadway Improvement	12,209
Library Construction	29,045
County Construction	600,664
Primary and Secondary Road Bond Construction	169,194
Sidewalk Construction	125,284
Public Works Construction	439,067
Metro Operations and Construction	201,182
Storm Drainage Bond Construction	25,427
County Bond Construction	191,129
Public Safety Construction	28,534
Trail Construction	13,242
Neighborhood Improvement	5,308
Commercial Revitalization Program	10,375
Pro Rata Drainage Construction	805,942
Housing Assistance Program	14,458
Internal Service Funds:	
Retiree Health Benefits	26,035
Vehicle Services	763,601
Document Services	70,685
Technology Infrastructure Services	244,623
Agency Funds:	
State Taxes	638
Lake Barcroft Watercroft	2,145
Total Primary Government	11,132,173
Component Units:	
Public Schools Funds:	
General Fund	9,781,198
Capital Projects	1,174,444
Internal Service - Central Procurement Fund	29,014
Total Public Schools	10,984,656
FCRHA - Homeowners and Business Loans Programs Fund	80,029
Park Authority - Construction Bond Fund	165,359
Total Component Units	11,230,044
Total Reporting Entity	$ 22,362,217

As of June 30, 1999, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages.

6. 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 funds maintained in the reporting entity's investment pool, and 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."

7. 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 not finalized until the settlement date, which occurs approximately 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.

8. Inventories

Inventories are valued and carried on an average unit cost basis. Inventory in the general fund and special revenue funds consists of expendable operating supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. At year end, a portion of the fund balance is reserved for the ending inventory balance. This reserve is maintained to indicate that a portion of the fund balance is not available for future appropriations.

The consumption method of accounting for inventory is used in the proprietary fund types. Under this method, inventory items are generally expended as they are consumed as operating supplies and spare parts.

9. Restricted Assets

The County holds certificates of deposit purchased by developers 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, are released to the developer when the terms of the agreement have been satisfied. The amount of the certificates held is reported as a restricted asset in the General Fund.

In accordance with the provisions of the 1986 Master Sewer Revenue Bond Resolution, certain assets of the Integrated Sewer System are restricted for specific future uses such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Additionally, other assets of the Integrated Sewer System have been restricted for biological nitrogen removal projects.

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

In accordance with the provisions outlined in the Park Authority's First Supplemental Indenture of Trust, 1995, the Park Authority has restricted assets representing the amount of the debt service reserve requirement pertaining to its Park Facilities Revenue Bonds, Series 1995.

10. Fixed Assets - Proprietary Funds

Fixed assets valued over $5,000 with useful lives longer than one year are capitalized in the proprietary funds. Fixed assets purchased by these funds are stated at cost or estimated cost. Donated fixed assets are recorded at their estimated fair market value as of the date of donation and are reported as additions to fixed assets and contributed capital. Assets are depreciated over their estimated useful lives using the straight-line method. Depreciation on constructed assets begins when the assets are substantially ready for use. Depreciation on contributed assets is initially charged to operations and then reclassified as a reduction of contributed capital. The estimated useful lives are as follows:

Fixed Assets - Proprietary Funds	Useful lives
Buildings	30 - 50 years
Improvements	10 - 30 years
Equipment	5 - 15 years
Sewer lines	50 years

For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use 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 calendar year. In addition all 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, or the best estimate thereof, including certain additional employer related fringe benefits, is used in all compensated absences accruals at June 30. In the

governmental funds, leave expected to be taken within 45 days after year end is deemed a current liability and therefore is included in the expenditures and accrued liabilities of the governmental funds. The portion of the liability not currently due and payable is recorded in the general long-term obligations account groups and will be liquidated with future resources. The accrual for compensated absences is reflected in the proprietary funds where applicable.

12. 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 at year end represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders in process are completed. Encumbrances for the capital projects funds and the Park Authority's Revenue Fund do not lapse until the completion of the projects. Funding for all other encumbrances lapses at year end and requires reappropriation by the Board of Supervisors.

13. Interfund Transfers

The operating transfers in and out do not reconcile by $10,802,462, the amount transferred from the Resource Recovery Fund, an agency fund, to the Energy Resource Recovery Facility Fund, a special revenue fund, as explained further in Note I.5.

14. Designations of Unreserved Fund Balances

Unreserved fund balance as of June 30, 1999, consists of significant designations. Approximately $14.3 million of the County's General Fund have been designated for fiscal year 2000 operations. Approximately $44.4 million of the I-95 Refuse Disposal Fund, a special revenue fund, have been designated for landfill closure and postclosure costs. Approximately $10.8 million of the Resource Recovery Facility Fund, a special revenue fund, have been designated for solid waste disposal purposes.

15. Recovered Costs

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

16. Intermunicipal Agreements

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

The City of Fairfax makes payments to the County for the City's share of 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 receives its governmental services from Arlington County. However, Falls Church makes payments to Fairfax 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 recorded in a special revenue fund.

17. Recognition of Sewer Availability Fees

Availability fees are charged to new customers for initial access to the sewer system. Availability fees provide funds for the operations and maintenance of the sewer system and are recognized as an operating revenue.

18. Memorandum Only Columns on Combined Statements

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

B. DEPOSITS AND INVESTMENTS

1. Deposits

At June 30, 1999, all of the reporting entity's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act ("Act"). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member

financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

A summary of the reporting entity's public deposits at June 30, 1999, is as follows:

	Book Balance	Bank Balance
Primary Government	$112,855,892	128,636,844
Component units	67,320,290	68,812,002
Total reporting entity	$180,176,182	197,448,846

The County's bank balance above includes the pooled cash account which, for reporting purposes, has been allocated between the County and the participating component units. The differences between book and bank balances is due to checks outstanding and deposits in transit at June 30, 1999.

2. Allowed Investments

Except for its pension funds, under the Virginia Investment of Public Funds Act, the reporting entity is authorized to purchase the following investments:

- Commercial paper
- Money market funds
- Bankers acceptances
- Repurchase agreements
- Medium term corporate notes
- Local government investment pool
- U.S. Treasury and agency securities
- 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 and loan association within the Commonwealth that complies with the Virginia Security for Public Deposits Act.

The reporting entity's investment policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market value of the securities underlying repurchase agreements is monitored on a daily basis during the year by the reporting entity to ensure compliance with the policy.

3. Pension Fund Investments

The authority to establish pension funds is set forth in the Code of Virginia and authorizes the following investments for pension funds:

- U.S. Treasury and agency securities
- 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 governmental units located within other states
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank

In addition, the Code of Virginia provides that the County may purchase other investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in the Code.

Boards of Trustees policies permit the pension 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. The pension funds' custodians are the agents in lending the pension funds' domestic and international securities for collateral of 102 percent and 105, respectively, of the market value of the related security. The custodians receive cash, securities and irrevocable bank letters as collateral. All securities loans can be terminated on demand by either the pension funds or the borrowers. Cash collateral is invested in the lending agents' collective collateral investment pools. The pension funds do not have the ability to pledge or sell securities received as collateral in the absence of borrower default. The relationship between the maturities of the investment pools and the pension funds' loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pools, which the pension funds cannot determine.

The pension funds did not impose any restrictions during the period on the amounts of loans the lending agents made on their behalf, and the agents would indemnify the pension funds by agreeing to purchase replacement securities, or return 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 funds had no credit risk exposure to borrowers because the amounts the pension funds owed the borrower exceeded the amounts the borrowers owed the pension funds.

4. Credit Risk Categories

The reporting entity's investments are categorized to give an indication of the level of credit risk assumed by the entity as of June 30, 1999. Category 1 includes investments that are insured or registered, or securities held by the reporting entity or its agent in the reporting entity's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterparty's trust department or agent in the reporting entity's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the reporting entity's name. Securities lent for securities and irrevocable letters of credit collateral are classified according to the category of the collateral received. All of the reporting entity's investments are Category 1 investments, except for mutual funds, short-term investment funds, securities lending short-term collateral investment pools and investments held under securities loans with cash collateral, which are not categorized because such investments are not evidenced by specific securities.

The reporting entity's investments as of June 30, 1999, are summarized below at carrying value:

INVESTMENTS at June 30, 1999	
Description	
Primary Government	
Pooled Investments:	
Bankers Acceptances	$ 183,907,553
Commercial Paper	251,775,272
U.S. Treasury Securities	201,386,662
Repurchase Agreements	51,603,181
Total Pooled Investments	688,672,668
Integrated Sewer System:	
Repurchase Agreements	7,716,479
U.S. Treasury Securities	15,674,599
Total Integrated Sewer System	23,391,078
Vienna/Huntington Metrorail Fund:	
Repurchase Agreements	651,000
U.S. Treasury Securities	1,550,866
Total Vienna/Huntington Metrorail Fund	2,201,866
Resource Recovery Fund:	
Repurchase Agreements	3,315,000
U.S. Treasury Securities	38,591,732
Total Resource Recovery Fund	41,906,732
Supplemental Retirement System:	
Short-term Investments:	
Corporate Bonds	12,610,642
Asset-Backed Securities	38,073,601
Government Bonds	11,543,355
Common and Preferred Stock	
Not on Securities Loan	739,724,486
On Securities Loan for Letter of Credit Collateral	1,595,565
U.S. Securities	21,379,912
Asset-Backed Securities	273,905,803
Municipal Bonds	311,942
Other Bonds and Notes	130,321,653
Total Supplemental Retirement System	1,229,466,959
Police Officers Retirement System:	
Common and Preferred Stock	
Not on Securities Loan	343,175,132
On Securities Loan for Securities Collateral	43,569
U.S. Securities	7,934,710
Asset-Backed Securities	102,423,215
Municipal Bonds	814,793
Other Bonds and Notes	57,112,602
Total Police Officers Retirement System	511,504,021

INVESTMENTS at June 30, 1999	
Description	
Uniformed Retirement System:	
Short-term Investments:	
Corporate Bonds	$ 6,380,337
Asset-Backed Securities	13,070,089
Common and Preferred Stock	
Not on Securities Loan	229,315,706
On Securities Loan for Letter of Credit Collateral	931,724
U.S. Securities	10,403,998
Asset-Backed Securities	110,954,153
Municipal Bonds	409,563
Other Bonds and Notes	93,707,393
Total Uniformed Retirement System	465,172,963
Subtotal Primary Government	2,962,316,287
Mutual and Short-Term Investment Funds:	
Integrated Sewer System	33,753
Vienna/Huntington Metrorail Fund	1,794
Resource Recovery Fund	6,399
Supplemental Retirement System Fund	398,485,648
Police Officers Retirement System Fund	15,926,849
Uniformed Retirement System Fund	105,422,899
Total Mutual and Short-Term Investment Funds	519,877,342
Securities Lending Short-Term Collateral Investment Pools:	
Supplemental Retirement System Fund	119,688,811
Police Officers Retirement System Fund	45,809,850
Uniformed Retirement System Fund	44,923,323
Total Securities Lending Short-Term Collateral Investment Pools	210,421,984
Investments held under Securities Loans with Cash Collateral:	
Supplemental Retirement System	
Common and Preferred Stock	82,261,725
U.S. Securities	25,178,505
Other Bonds and Notes	7,806,808
Police Officers Retirement System	
Common and Preferred Stock	28,296,571
U.S. Securities	15,637,870
Other Bonds and Notes	460,009
Uniformed Retirement System	
Common and Preferred Stock	24,771,946
U.S. Securities	14,657,865
Other Bonds and Notes	3,906,797
Total Investments held under Securities Loans with Cash Collateral	202,978,096
Total Primary Government	3,895,593,709
Component Units	
Pooled Investments:	
Bankers Acceptances	72,691,818
Commercial Paper	99,517,405
U.S. Treasury Securities	79,600,660
Repurchase Agreements	20,396,819
Total Pooled Investments	272,206,702

INVESTMENTS at June 30, 1999	
Description	
FCRHA - Private Finance Fund:	$
Repurchase Agreements	4,542,104
Educational Employees' Supplementary Retirement System:	
Short-term Investments	
Not on Securities Loan	99,413,795
On Securities Loan for Securities Collateral	1,059,282
U.S. Securities	25,734,727
Corporate Bonds	129,412,634
Common Stock	
Not on Securities Loan	824,748,563
On Securities Loan for Securities Collateral	508,441
Preferred Stock	16,225,037
Asset-Backed Securities	222,105,229
Other Bonds and Notes	47,339,258
Total Educational Employees' Supplementary Retirement System	1,366,546,966
Subtotal Component Units	1,643,295,772
Mutual Funds:	
Educational Employees' Supplementary Retirement System	219,043,869
Securities Lending Short-Term Collateral Investment Pool:	
Educational Employees' Supplementary Retirement System	49,594,972
Investments held under Securities Loans with Cash Collateral:	
Educational Employees' Supplementary Retirement System	
Short-term Investments	5,332,924
Common and Preferred Stock	21,089,201
U.S. Securities	10,600,842
Other Bonds and Notes	10,358,947
Total Investments held under Securities Loans with Cash Collateral	47,381,914
Total Component Units	1,959,316,527
Total Reporting Entity	$ 5,854,910,236

Reconciliation of total deposits and investments to the Combined Balance Sheet (Exhibit A)	Primary Government	Component Units	Total Reporting Entity
Total Deposits, Including Performance Bonds	$ 112,855,892	67,320,290	180,176,182
Total Investments	3,895,593,709	1,959,316,527	5,854,910,236
Total Deposits and Investments	4,008,449,601	2,026,636,817	6,035,086,418
Equity in Pooled Cash and Temporary Investments	596,542,985	316,690,920	913,233,905
Cash with Fiscal Agents	890,388	21,341,720	22,232,108
Investments	3,183,496,210	1,682,567,721	4,866,063,931
Restricted Assets:			
Equity in Pooled Cash and Temporary Investments	203,449,132	-	203,449,132
Cash with Fiscal Agents	-	1,494,352	1,494,352
Certificate of Deposit- Performance Bonds	646,055	-	646,055
Investments	23,424,831	4,542,104	27,966,935
Total Equity in Pooled Cash, Investments, and Cash with Fiscal Agents	$ 4,008,449,601	2,026,636,817	6,035,086,418

5. Derivatives

As permitted by the Code of Virginia, all retirement systems invested in various derivative instruments on a limited basis in accordance with their respective Board of Trustees' policy. During fiscal year 1999, these instruments included asset-backed securities, collateralized mortgage obligations (CMOs), forward currency contracts, index and treasury futures contracts and floating rate instruments. Investment managers are specifically prohibited from purchasing securities on margin or leverage.

The retirement systems entered into these investments either to increase potential earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments results from the creditworthiness of the counterparties to the contracts. An additional credit risk related to the asset-backed securities and CMOs results from the creditworthiness of the related consumers or mortgagees.

In addition, the reporting entity has indirect exposure to market and credit risk through its ownership interest in certain mutual funds which may hold derivative financial instruments.

The table below shows the percentage of investments in derivatives, including mutual funds, to the total portfolio (at fair value) for each system at June 30, 1999, and the range during the fiscal year.

Percentage of Total Portfolio Invested in Derivatives			
Retirement System:	At 6/30/99	High During Year	Low During Year
Supplemental	13.9 %	15.2 %	11.9 %
Police Officers	14.4	14.4	13.7
Uniformed	17.3	18.9	14.3
Educational	7.5	7.5	5.6

C. RECEIVABLES

Receivables of the primary government at June 30, 1999, consist of the following:

	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Receivables:							
Accrued interest	$ 365,876	307,672	14,906	200,157	22,981	12,425,342	13,336,934
Property taxes-delinquent	46,105,399	-	-	-	-	-	46,105,399
Business license taxes-delinquent	4,667,374	-	-	-	-	-	4,667,374
Accounts	14,937,985	6,971,170	-	-	77,713	49,164	22,036,032
Total receivables	66,076,634	7,278,842	14,906	200,157	100,694	12,474,506	86,145,739
Allowances for uncollectibles:							
Property taxes	23,930,232	-	-	-	-	-	23,930,232
Business license taxes	3,078,245	-	-	-	-	-	3,078,245
Accounts receivable	-	281,781	-	-	-	-	281,781
Total allowance for uncollectibles	27,008,477	281,781	-	-	-	-	27,290,258
Total net receivables	$ 39,068,157	6,997,061	14,906	200,157	100,694	12,474,506	58,855,481

Delinquent property taxes receivable in the County's General Fund as of June 30, 1999, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
1998	$ 4,652,424	11,917,348	16,569,772
1997	1,693,471	5,623,790	7,317,261
1996	747,651	3,626,613	4,374,264
Prior years	2,628,237	7,665,177	10,293,414
Total delinquent taxes	$ 9,721,783	28,832,928	38,554,711
Penalty and interest			7,550,688
Total delinquent taxes, penalty and interest			46,105,399
Allowances for uncollectibles			23,930,232
Net delinquent tax receivables			$ 22,175,167

Additional information regarding property taxes is contained in Note M.

Receivables of the component units at June 30, 1999, consist of the following:

	Public Schools	FCRHA	Park Authority	Total
Accrued interest	$ 6,567,616	73,123	7,941	6,648,680
Accounts	9,642,721	5,707,209	92,250	15,442,180
Notes	-	7,515,534	-	7,515,534
Mortgages	-	99,012	-	99,012
Total receivables	16,210,337	13,394,878	100,191	29,705,406
Allowances for uncollectibles	-	1,807,511	-	1,807,511
Total net receivables	$ 16,210,337	11,587,367	100,191	27,897,895

D. DUE FROM INTERGOVERNMENTAL UNITS

Amounts due to the primary government from other governmental units at June 30, 1999, include:

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Federal government	$ 410,708	5,732,107	-	600,866	206,062	6,949,743
State government	23,932,643	3,311,633	-	112,044	20,511	27,376,831
Local jurisdictions	2,417,645	630,854	11,442	-	18,089,980	21,149,921
Total	$ 26,760,996	9,674,594	11,442	712,910	18,316,553	55,476,495

Amounts due to the component units from other governmental units at June 30, 1999, include:

	Public Schools
Federal government	$ 10,541,531
State government	9,338,908
Other jurisdictions	443,756
Total	$ 20,324,195

E. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 1999, is as follows:

	Interfund Receivables	Interfund Payables
Primary Government:		
General Fund	$ 3,247,024	-
Special Revenue Funds:		
Federal/State Grants	-	1,957,299
Aging Grants and Programs	-	11,650
Cable Communications	-	25,701
Fairfax-Falls Church Community Services Board	-	550,796
Reston Community Center	-	22,347
McLean Community Center	-	13,591
Burgundy Village Community Center	-	68
Gypsy Moth Suppression Program	-	2,357
Refuse Collection and Recycling Operations	-	69,013
Refuse Disposal	-	80,560
Energy Resource Recovery Facility	-	5,448
I-95 Refuse Disposal	-	20,669
Alcohol Safety Action Program	-	9,760
Community Development Block Grant	-	14,610
Home Investment Partnership Grant	-	1,246
Enterprise Fund - Integrated Sewer System	-	216,975
Internal Service Funds:		
Central Stores	-	294,589
Vehicle Services	-	153,915
Self Insurance	-	8,186
Document Services	-	10,696
Technology Infrastructure Services	-	41,055
Health Benefits	277,614	-
Retiree Health Benefits	-	859
Fiduciary Fund - Supplemental Retirement System	-	13,248
Total Primary Government	3,524,638	3,524,638
Component Units:		
Public Schools Funds:		
General Fund	700,000	-
Special Revenue Fund - Adult and Community Education	280,113	-
Internal Service Fund - Central Procurement	-	700,000
Agency Fund - Student Activity	-	280,113
Total Public Schools Funds	980,113	980,113
FCRHA Funds:		
Special Revenue Funds:		
Homeowners and Business Loans Programs	54,323	-
Public Housing	2,493	470,016
Operating	553,175	-
Private Finance	-	66,953
Fairfax County Rental Program	-	73,022
Total FCRHA Funds	609,991	609,991
Total Component Units	1,590,104	1,590,104
Total Reporting Entity	$ 5,114,742	5,114,742

Due to/from primary government and component units are as follows:

Receivable Entity (Component Units)	Payable Entity (Primary Government)	Amount
EDA	General Fund	$ 394,998
Park Authority	General Fund	1,566,716
Public Schools	Special Revenue Fund - Federal and State Grants Fund	255,338
FCRHA	Special Revenue Fund - Community Development Block Grant Fund	75,954
FCRHA	Special Revenue Fund - HOME Investment Partnership Grant Fund	458,978
Public Schools	General Long-Term Obligations Account Group	11,349,548
	Total	$ 14,101,532

Receivable Entity (Primary Government)	Payable Entity (Component Unit)	Amount
Special Revenue Fund - Housing Trust Fund	FCRHA	$ 1,591,709

F. 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 Supplemental Retirement System

Plan Description

The Fairfax County Supplemental Retirement System (SRS) 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 SRS is disclosed in item 6 below.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, or (b) attain the age of 50 with age plus years of 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 service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service 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. The benefit for early retirement is actuarially reduced and payable at early termination.

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

Funding Policy

The contribution requirements of SRS 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 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. The reporting entity is required to contribute at an actuarially determined rate; the fiscal year 1999 rate is 6.04 percent of annual covered payroll.

Annual Pension Cost

For the years ended June 30, 1999, 1998 and 1997, the County's and Public Schools' annual pension costs of $17,839,991 and $6,303,842, $22,907,248 and $8,047,892, and $22,226,727 and $7,714,588, respectively, were equal to their required and actual contributions. The required contributions for fiscal year 1999 were determined as part of the July 1, 1998, 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 4.3 to 5.4 percent, including an inflation component of 4.0 percent; and

c. post-retirement benefit increases of 3 percent compounded annually.

The actuarial value of SRS'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. SRS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a rolling fifteen-year weighted-average basis. On a weighted-average basis, the remaining amortization period, which is closed, as of July 1, 1998, is 14.1 years.

Concentrations

The SRS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5 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 below.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attained the age of 55 or completed 20 years of service, or (b) if employed on or after July 1, 1981; attained the age of 55 or completed 25 years of service. The

normal retirement benefit is calculated using average final compensation and years (or partial years) of service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service 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, the employee must have 20 years of service (does not apply if hired before July 1, 1981). Benefits are determined based on the normal retirement benefit calculated using average final compensation and service at early retirement actuarially reduced.

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 12 percent of compensation. The County is required to contribute at an actuarially determined rate; the FY 1999 rate is 19.4 percent of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 1999, the County's annual pension cost of $10,685,734 was equal to its required and actual contributions. The required contribution was determined as part of the July 1, 1998, 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 4.5 to 8.0 percent, including an inflation component of 4.0 percent; and

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. PORS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a thirty-year basis. On a weighted-average basis, the remaining amortization period, which is closed, at July 1, 1998, is 6.2 years.

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 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 below.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of service, or (b) complete 25 years of service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service 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 service. The benefit for early retirement is actuarially reduced and payable at early termination.

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 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 percent of compensation. Plan D requires contributions of 7.08 percent of compensation. The County is

required to contribute at an actuarially determined rate; the FY 1999 rate is 19.90 percent of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 1999, the County's annual pension cost of $15,645,845 was equal to its required and actual contributions. The required contribution was determined as part of the July 1, 1998, 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 4.1 to 6.1 percent, including an inflation component of 4.0 percent; and

c. 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 being amortized as a level percentage of projected payroll on a rolling fifteen-year basis. The weighted average remaining amortization period, which is closed, at July 1, 1998, is 2.0 years.

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 percent or more of net assets held in trust for pension benefits.

4. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Description

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate single-employer defined benefit pension plan 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.

ERFC provides retirement, disability, and death benefits to plan members and their beneficiaries. Annual post-retirement increases of 3 percent are effective each March 31. This plan supplements the Virginia Retirement System plan.

Benefit provisions are established and may be amended by the Fairfax County Public School Board. All benefits vest after five years of service. The benefit structure is designed to provide a level retirement benefit through a combined ERFC/VRS benefit structure. Member contributions 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 Plan Document. The ERFC is divided into 12 types of benefit payments. Minimum eligibility conditions for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. A description of each of the 12 types of benefits payments is contained in the actuarial valuation at June 30, 1998. Total plan membership for ERFC is disclosed in item 6 below.

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, 6815 Edsall Road, Springfield, VA 22151.

Funding Policy

The contribution requirements of ERFC members are established and may be amended by the ERFC Board of Trustees. All members are required to contribute 2 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. Separate employer contribution rates are determined for educational and civil service employees. For fiscal year 1999, the Public Schools is required to contribute 5.03 percent of annual covered payroll for educational employees and 4.63 percent of annual covered payroll for civil service employees.

Annual Pension Cost

For the year ended June 30, 1999, the Public Schools' annual pension cost of $38,422,667 was equal to its required and actual contributions. The required contribution was determined as part of the June 30, 1998, 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 percent;

b. projected annual salary increases of 4.0 to 8.2 percent, including an inflation component of 4.0 percent; and

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. ERFC's unfunded actuarial accrued liability is being 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 June 30, 1998, was 11 years.

Concentrations

The ERFC does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits.

5. Virginia Retirement System

Plan Description

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

Funding Policy

Plan members are required by State statute to contribute 5 percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, the Public Schools is required to contribute at an actuarially determined rate. The rate for fiscal year 1999 was 8.49 percent of annual covered payroll. State statute may be amended only by the Commonwealth of Virginia Legislature. The Public Schools' contributions to the VRS for the years ended June 30, 1999, 1998 and 1997 were $56,215,333, $45,349,158 and $37,656,212, respectively, equal to the required contributions for each year.

6. Current Plan Membership

At July 1, 1998, the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of:

	Supplemental Retirement System	Police Officers Retirement System	Uniformed Retirement System	Educational Employees' Supplementary Retirement System
Retirees and beneficiaries receiving benefits	3,361	532	518	4,773
Terminated employees entitled to but not yet receiving benefits	492	2	19	875
Active employees	12,511	1,030	1,544	13,806
Total number of plan members	16,364	1,564	2,081	19,454

7. Required Supplementary Information

Six-year historical trend information about the retirement systems administered by the reporting entity is presented herewith 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.

SCHEDULE OF FUNDING PROGRESS (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b -a)/c)
Supplemental Retirement System						
7/01/93	$ 723,770,726	765,420,671	41,649,945	94.56	327,921,102	12.70 %
7/01/94	796,157,626	837,636,088	41,478,462	95.05	325,682,644	12.74
7/01/95	889,160,271	930,819,185	41,658,914	95.52	348,403,016	11.96
7/01/96	1,116,662,361	1,142,455,206	25,792,845	97.74	363,290,025	7.10
7/01/97	1,231,382,638	1,241,813,772	10,431,134	99.16	365,583,822	2.85
7/01/98	1,324,132,857	1,334,468,651	10,335,300	99.23	381,220,936	2.71
Police Officers Retirement System						
7/01/93	230,962,091	286,724,532	55,762,441	80.55	41,695,944	133.74
7/01/94	253,506,303	311,661,932	58,155,629	81.34	43,064,972	135.04
7/01/95	284,506,069	346,712,876	62,206,807	82.06	45,743,970	135.99
7/01/96	343,288,369	388,917,113	45,628,744	88.27	49,065,647	93.00
7/01/97	399,772,825	414,534,604	14,761,779	96.44	50,307,487	29.34
7/01/98	434,259,212	442,727,265	8,468,053	98.09	51,955,916	16.30
Uniformed Retirement System						
7/01/93	247,176,859	269,093,293	21,916,434	91.86	56,460,788	38.82
7/01/94	272,433,306	295,478,343	23,045,037	92.20	59,224,826	38.91
7/01/95	307,481,896	335,741,130	28,259,234	91.58	64,457,370	43.84
7/01/96	374,013,792	396,666,197	22,652,405	94.29	69,133,414	32.77
7/01/97	432,367,343	446,505,759	14,138,416	96.83	71,957,919	19.65
7/01/98	487,989,565	491,142,845	3,153,288	99.36	74,685,099	4.22
Educational Employees' Supplementary Retirement System						
6/30/93	717,701,802	908,367,468	190,665,666	79.01	450,530,273	42.32
6/30/94	766,480,098	972,078,679	205,598,581	78.85	480,995,439	42.74
6/30/95	839,929,723	1,072,535,730	232,606,007	78.31	521,044,021	44.64
6/30/96	934,571,552	1,130,544,241	195,972,689	82.67	531,060,397	36.90
6/30/97	1,045,411,714	1,215,366,514	169,954,800	86.02	553,709,472	30.69
6/30/98	1,194,555,606	1,278,371,622	83,816,016	93.44	582,754,912	14.38

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, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (1994-1996, Unaudited)								
	Supplemental Retirement		Police Officers Retirement		Uniformed Retirement		Educational Employees' Supplementary Retirement	
Fiscal Year Ended June 30	Annual Required Contribution*	Percentage Contributed	Annual Required Contribution*	Percentage Contributed	Annual Required Contribution*	Percentage Contributed	Annual Required Contribution*	Percentage Contributed
1994	$ 25,370,678	100 %	$ 9,560,424	100 %	$ 12,810,330	100 %	$ 26,935,383	100 %
1995	26,896,714	100	10,013,355	100	13,381,350	100	29,225,043	100
1996	28,663,583	100	10,912,200	100	14,580,237	100	30,087,963	100
1997	29,941,315	100	11,892,690	100	16,111,378	100	35,159,514	100
1998	30,955,140	100	11,321,194	100	16,565,155	100	36,932,114	100
1999	24,143,833	100	10,685,734	100	15,645,845	100	38,422,667	100

*The annual required contribution is equal to the annual pension cost for each fiscal year.

G. RISK MANAGEMENT

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 the 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 Park Authority, EDA and FCRHA participate in the County's self-insurance funds. Participating funds and agencies are charged "premiums" which are computed based on 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 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 claims liability in the County's Self-Insurance Fund is discounted at 6 percent at June 30, 1999 and 1998, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 1999 and 1998 are as follows:

	Self- Insurance		Health Benefits	
	County	Public Schools	County	Public Schools
Liability balances, July 1, 1997	$ 21,143,582	20,146,453	3,240,407	5,216,431
Claims and changes in estimates	5,108,126	5,541,760	22,758,634	34,011,457
Claims payments	(7,268,520)	(6,205,789)	(23,026,835)	(33,363,079)
Liability balances, July 1, 1998	18,983,188	19,482,424	2,972,206	5,864,809
Claims and changes in estimates	4,915,420	8,030,126	24,594,781	34,485,972
Claims payments	(6,456,191)	(6,814,991)	(24,684,941)	(34,635,612)
Liability balances, July 1, 1999	$ 17,442,417	20,697,559	2,882,046	5,715,169

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 million self-insured retention. Settled claims have not exceeded any of these commercial coverages in any of the past three fiscal years.

H. LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations of the reporting entity for the year ended June 30, 1999:

	Summary of Long-Term Obligations (000)			
	Balance July 1, 1998	Additions	Reductions	Balance June 30, 1999
Primary Government:				
General Long-Term Obligations Account Group :				
Compensated absences payable	$ 45,610	4,309	-	49,919
Obligations for claims and judgments	5,744	-	4,358	1,386
Due to component units	12,971	-	1,621	11,350
General obligation bonds payable	1,258,172	293,415	237,209	1,314,378
Special assessment debt with governmental commitment	955	-	205	750
Lease revenue bonds payable	114,530	6,500	3,430	117,600
Obligations under capital leases and installment purchases	27,365	7,953	6,507	28,811
Sanitary landfill closure obligation	41,410	2,969	-	44,379
Obligations to the Supplemental Retirement System	2,120	-	29	2,091
Total General Long-Term Obligations Account Group	1,508,877	315,146	253,359	1,570,664
Enterprise Fund:				
Sewer revenue bonds, net of unamortized discounts	174,598	-	2,246	172,352
Internal Service Funds:				
Obligations under capital leases and installment purchases	2,048	555	845	1,758
Total Primary Government	1,685,523	315,701	256,450	1,744,774
Component Units:				
Public Schools:				
Compensated absences payable	12,046	2,324	-	14,370
Obligations under capital leases and installment purchases	2,691	10,230	3,822	9,099
Total Public Schools	14,737	12,554	3,822	23,469
FCRHA:				
Compensated absences payable	545	-	504	41
Notes payable	39,017	6,439	2,645	42,811
Public housing loans	3,049	-	145	2,904
Bonds payable	10,842	400	231	11,011
Total FCRHA	53,453	6,839	3,525	56,767
Park Authority:				
Compensated absences payable	2,381		1	2,380
Revenue bonds payable	13,605	-	280	13,325
Total Park Authority	15,986	-	281	15,705
Economic Development Authority:				
Compensated absences payable	99	31	-	130
Total Component Units	84,275	19,424	7,628	96,071
Total	$ 1,769,798	335,125	264,078	1,840,845

1. General Obligation Bonds

General obligation bonds have been issued to provide funding for long-term capital improvements. In addition, they have been issued to refund outstanding general obligation bonds when market conditions enabled 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, 1999, the amount of such bonds authorized and unissued is summarized as follows:

Bond Purpose	Amount (000)
School improvements	$ 225,270
Transportation improvements	89,640
Parks and park facilities	79,500
Neighborhood improvements	8,745
Commercial and redevelopment area improvements	22,080
Storm drainage improvements	4,660
Human services facilities	1,885
Transit facilities	26,895
Public library facilities	9,450
Public safety facilities	117,920
Adult detention facilities	12,520
Juvenile detention facilities	1,050
Total	$ 599,615

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness which the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits which provide that the County's net debt will not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service will not exceed ten percent of the annual combined general fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of $750 million over a five-year period or an average of $150 million annually, with a maximum of $175 million in any given year. All self-imposed bond limits have been complied with at June 30, 1999.

On April 21, 1999, the County issued $293,415,000 of Series 1999A General Obligation Public Improvement and Refunding Bonds dated April 1, 1999, with an average interest rate of 4.53 percent. Of this total, $139,215,000 of 1999A Bonds were issued to advance refund $23,725,000 of outstanding Series 1992B Bonds with an average interest rate of 5.82 percent, $41,200,000 of outstanding Series 1993B Bonds with an average interest rate of 5.06 percent and $71,145,000 of outstanding Series 1994A bonds with an average interest rate of 5.58 percent (collectively, the "Refunded Bonds"). The net proceeds of $140,599,608 (after the purchase premium of $1,775,053 and the payment of $566,953 in underwriting fees and the other issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable escrow fund to provide for all future debt service payments on the Refunded Bonds. As a result, the Refunded Bonds are considered to be defeased and the liability for these bonds has been removed from the General Long-Term Obligations Account Group in fiscal

year 1999. The County has refunded these bonds to reduce its total debt service payments over the next 15 years by $6,904,015 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $5,488,396.

Detailed information regarding the general obligation bonds outstanding as of June 30, 1999, is contained in Section 5 of this note.

2. Lease Revenue Bonds

In March 1994, EDA issued $116,965,000 of lease revenue bonds to finance the County's acquisition of certain land and office buildings adjacent to its main government center. 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 the 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. Neither the bonds nor the related payment responsibility of the County is a general obligation debt of the County, and the full faith and credit of the County is not pledged to the bonds for such payment responsibility.

In October 1996, the FCRHA issued $6,390,000 of lease revenue bonds to finance the construction/renovation of two community center buildings. In December 1998, the FCRHA issued $5,500,000 of lease revenue bonds to finance the renovation and expansion of a third community center building. Also, in May 1999, the FCRHA issued $1,000,000 of lease revenue bonds to finance the construction of an adult day health care center to serve County residents. 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 of 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. Neither these bonds nor the related payment responsibility of the County is a 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 lease revenue bonds outstanding as of June 30, 1999, is contained in Section 5 of this note.

3. Special Assessment Bonds

In August 1987, Small District Five in Hunter Mill and Dranesville Districts issued $2.6 million of serial bonds to provide funds for the acquisition and construction of the Reston Community Center. In July 1988, Small District One of Dranesville District issued $1.5 million of serial bonds to provide funds for the expansion and renovation of the McLean Community Center. These bonds are general obligations of the respective Districts, and the Board of Supervisors is obligated, in each year in which any of these bonds shall be outstanding, to levy and collect an ad valorem tax on all real property in each District subject to taxation to provide funds for the payment of debt service on the bonds. However, these bonds are not general obligations of the County, and the full faith and credit of the County are not pledged as security for any of these bonds. Detailed information regarding the special assessment bonds outstanding as of June 30, 1999, is contained in Section 5 of this note.

4. Sewer Revenue Bonds

In August 1986, the Integrated Sewer System (System) issued $75,000,000 of variable rate sewer revenue bonds. The proceeds of the bonds were used primarily to fund the expansion of the Lower Potomac Pollution Control Plant and the System's share of the expansion of the District of Columbia's Blue Plains Wastewater Treatment Plant.

In May 1993, the System issued of $72,100,000 of Series 1993 Sewer Revenue Refunding Bonds, with an average interest rate of 5.39 percent, to advance refund $64,500,000 of Series 1986 Sewer Revenue Bonds. The Series 1993 Refunding Bonds consists of $41,220,000 of serial bonds bearing an average interest rate of 4.86 percent, $22,395,000 of 5.5 percent term bonds due November 15, 2013, and $8,485,000 of 5.65 percent term bonds due November 15, 2015. The term bonds are subject to mandatory sinking fund redemption in varying amounts over fiscal years 2011 through 2016.

In July 1996, the System issued $104,000,000 of variable rate sewer revenue bonds with an average interest rate of 5.8 percent to fund plant expansion of the wastewater treatment facilities at the County's Lower Potomac Pollution Control Plant and other system improvements. These Series 1996 bonds consist of $29,860,000 of serial bonds bearing an interest rate of 5.625 percent, $13,725,000 of 5.7 percent term bonds due July 15, 2017, $22,555,000 of 5.8 percent term bonds due July 15, 2022 and $37,860,000 of 5.875 percent term bonds due July 15, 2028. The $74,140,000 of term bonds are subject to mandatory sinking redemption in varying amounts over fiscal year 2014 through 2028.

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

Additional information regarding the $173,470,000 of sewer revenue bonds outstanding as of June 30, 1999, is contained in Section 5 of this note; the fair value of these bonds as of June 30, 1999, is $162,212,176.

5. County Bonds Payable and Related Interest to Maturity

The County's outstanding general obligation, special assessment, lease revenue and sewer revenue bonds, loans payable and the related interest to maturities as of June 30, 1999, are comprised of the following issues:

Series	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding June 30 (000)	Interest Payable to Maturity June 30 (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
General Obligation Bonds:								
General County:								
Series 1992B Refunding	5.25-6.00 %	06-15-92	05-01-08	$ 1,261-2,779	56,820	20,170	4,589	24,759
Series 1992C Refunding	4.90-5.75	12-15-92	10-01-08	2,969-9,294	85,820	65,359	16,160	81,519
Series 1993A Refunding	4.70-5.38	04-01-93	06-01-10	3,475-12,337	113,053	89,237	23,727	112,964
Series 1993B Public Improvement	5.00-6.00	05-15-93	06-01-13	3,250	65,000	19,500	3,412	22,912
Series 1993C Refunding	4.50-5.40	07-15-93	05-01-12	7,725-9,345	128,635	101,925	34,944	136,869
Series 1994A Public Improvement	5.00-7.25	05-15-94	06-01-14	4,080	81,600	24,480	4,690	29,170
Series 1995A Public Improvement	4.88-7.00	05-15-95	06-01-15	1,847-1,849	36,960	29,560	13,540	43,100
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	2,510-2,512	50,250	42,709	20,479	63,188
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,450	69,000	62,100	30,640	92,740
Series 1998A Public Improvement	4.25-5.00	05-15-98	06-01-18	2,436	48,710	46,274	22,687	68,961
Series 1999A:								
Public Improvement	4.00-5.00	04-01-99	06-01-19	2,710	54,200	54,200	26,779	80,979
Refunding	4.00-5.00	04-01-99	06-01-14	1,267-8,379	76,043	76,043	33,773	109,816
Total General Obligation Bonds - General County					866,091	631,557	235,420	866,977
School:								
Series 1992B Refunding	5.25-6.00	06-15-92	05-01-08	2,399-4,569	59,140	20,945	4,765	25,710
Series 1992C Refunding	4.90-5.75	12-15-92	10-01-08	1,771-5,546	51,205	38,996	9,641	48,637
Series 1993A Refunding	4.70-5.38	04-01-93	06-01-10	2,765-9,818	89,987	71,018	18,686	89,704
Series 1993B Public Improvement	5.00-6.00	05-15-93	06-01-13	1,900	38,000	11,400	1,995	13,395
Series 1993C Refunding	4.50-5.40	07-15-93	05-01-12	7,470-9,040	124,410	98,580	33,794	132,374
Series 1994A Public Improvement	5.00-7.25	05-15-94	06-01-14	3,825	76,500	22,950	4,397	27,347
Series 1995A Public Improvement	4.88-7.00	05-15-95	06-01-15	3,149-3,152	63,000	50,400	23,094	73,494
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	3,194-3,196	63,900	54,311	26,042	80,353
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,750	75,000	67,500	33,305	100,805
Series 1997B Public Improvement	4.50-5.00	12-01-97	12-01-17	3,000	60,000	57,000	26,468	83,468
Series 1998A Public Improvement	4.25-5.00	05-15-98	06-01-18	1,365	27,290	25,926	12,710	38,636
Series 1999A:								
Public Improvement	4.00-5.00	04-01-99	06-01-19	5,000	100,000	100,000	28,056	128,056
Refunding	4.00-5.00	04-01-99	06-01-14	1,053-6,961	63,172	63,172	49,407	112,579
Total General Obligation Bonds - School					891,604	682,198	272,360	954,558
State Literary Fund Loans - School:								
Key Center	3.00	10-01-79	10-01-00	38	750	38	1	39
Terra Centre Elementary	3.00	01-01-83	01-01-03	18	350	70	5	75
Science Lab #1	3.24	04-01-86	04-01-06	64	1,274	446	58	504
Science Lab #2	5.00	10-01-87	10-01-08	8	148	69	18	87
Total State Literary Fund Loans - School					2,522	623	82	705
Total General Obligation Bonds and Loans - School					894,126	682,821	272,442	955,263
Total General Obligation Bonds and Loans				$	1,760,217	1,314,378	507,862	1,822,240

Series	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding June 30 (000)	Interest Payable to Maturity June 30 (000)	Principal Outstanding & Interest Payable to Maturity (000)
Revenue Bonds:								
EDA Lease Revenue Bonds - Series 1994	4.75-5.50 %	03-01-94	11-15-18	$ 3,075-8,550	116,965	105,395	70,105	175,500
FCRHA Lease Revenue Bonds:								
Series 1996	4.60-5.55	09-15-96	06-01-17	210-505	6,390	6,000	3,569	9,569
Series 1998	3.00-4.85	12-01-98	06-01-18	190-325	5,500	5,205	2,640	7,845
Series 1999	4.30-5.38	05-27-99	05-01-29	15-65	1,000	1,000	1,039	2,039
Total Lease Revenue Bonds					129,855	117,600	77,353	194,953
Integrated Sewer System:								
Series 1986	6.65	08-06-86	11-15-99	1,500	75,000	1,500	50	1,550
Series 1993 Refunding	4.50-5.65	05-15-93	11-15-15	850-6,505	72,100	67,970	36,226	104,196
Series 1996	5.63-5.88	07-01-96	07-15-28	1,260-7,300	104,000	104,000	116,563	220,563
Total Sewer Revenue Bonds					251,100	173,470	152,839	326,309
Special Assessment Bonds - Small District								
One of the Dranesville District (McLean Community Center)	6.75-7.40	07-01-88	07-01-08	75	1,500	750	273	1,023
Total County Bond and Loan Indebtedness					$ 2,142,672	1,606,198	738,327	2,344,525

Principal and interest to maturity (in thousands) for the County's general obligation bonds, lease revenue bonds, special assessment bonds, and sewer revenue bonds outstanding at June 30, 1999, are as follows:

	General Long-Term Obligations Account Group						Enterprise Fund			
	General Obligation Bonds and Loans		Lease Revenue Bonds		Special Assessment Bonds		Sewer Revenue Bonds		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000	$ 105,711	68,115	3,475	6,296	75	51	3,610	9,610	112,871	84,072
2001	103,654	60,581	3,640	6,133	75	46	4,050	9,406	111,419	76,166
2002	102,704	55,356	3,835	5,954	75	40	4,140	9,203	110,754	70,553
2003	101,924	50,081	4,030	5,762	75	36	4,535	8,983	110,564	64,862
2004	95,952	44,959	4,240	5,556	375	97	4,935	8,739	105,502	59,351
2005-2009	433,458	154,527	24,785	24,163	75	3	29,290	39,350	487,608	218,043
2010-2014	267,220	62,165	32,270	16,672	-	-	40,285	29,827	339,775	108,664
2015-2019	103,755	12,078	40,800	6,650	-	-	26,190	19,523	170,745	38,251
2020-2024	-	-	230	118	-	-	23,970	13,199	24,200	13,317
2025-2029	-	-	295	49	-	-	32,465	4,999	32,760	5,048
	$ 1,314,378	507,862	117,600	77,353	750	273	173,470	152,839	1,606,198	738,327

6. Park Authority Park Facilities Revenue Bonds

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. These bonds are solely the obligations of the Park Authority and are payable from the net revenue of the Operating Fund, certain reserves and income from investments.

Information about the revenue bonds payable as of June 30, 1999 is as follows:

Interest rate	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Principal Outstanding June 30 (000)	Interest Payable to Maturity June 30 (000)	Principal & Interest Payable to Maturity June 30 (000)
5.50-6.63%	2/15/95	7/15/20	$ 295-1,090	13,325	12,278	25,603

The debt service payments on the Park Authority revenue bonds are as follows:

Fiscal year	Principal (000)	Interest (000)	Total (000)
2000	$ 295	870	1,165
2001	310	852	1,162
2002	330	834	1,164
2003	350	814	1,164
2004	370	793	1,163
2005-2009	2,240	3,582	5,822
2010-2014	3,075	2,742	5,817
2015-2019	4,240	1,579	5,819
2020-2021	2,115	212	2,327
Totals	$ 13,325	12,278	25,603

7. FCRHA Bonds, Notes, and Loans Payable

In June 1989, the FCRHA issued $6,120,000 of 8.95 percent Elderly Bonds, Series 1989A. On August 29, 1996, on behalf of the Little River Glen project, the Authority issued FHA insured mortgage revenue bonds with an original principal amount of $6,340,000 and interest rates which vary between 4.65 and 6.10 percent with final payment due September 1, 2026, to redeem, though advance refunding, the Elderly Bonds, Series 1989A, with a remaining principal amount of $5,855,000 and interest rate of 8.95 percent. The land, buildings, and equipment of the project are pledged as security for the new bonds. The proceeds from the new bonds along with other cash sources, totaling approximately $6,500,000, were placed in irrevocable escrow accounts to provide for all the future debt service payments and to provide the funds required to redeem the Series 1989A Bonds on June 1, 1999. At June 30, 1999 and 1998, $6,160,000 and $6,250,000, respectively, were outstanding on the bonds.

In November 1, 1992, the FCRHA issued $3,910,000 of special limited obligation bonds, carrying a coupon interest rate of 7.5 percent, payable semi-annually and maturing June 15, 2018. The proceeds of the bonds were used to finance the purchase of the FCRHA's Pender Drive office building. The bonds are secured by certain revenues of the FCRHA consisting primarily of payments to be made, subject to annual appropriation by the County pursuant to the terms of a lease agreement between the FCRHA and the County whereby the FCRHA leases the building to the County. These bonds are not obligations of the County. In June 1998, the FCRHA issued Series 1998 Lease Revenue bonds with an original principal amount of $3,630,000 and an interest rate of 4.71 percent with final payment due June 15, 2018 to advance refund the special limited obligation bonds. The new bonds are secured by the FCRHA's interest in payments under the lease agreements and a first deed of trust on the office building. Proceeds from the new bonds along with other cash sources, totaling approximately $4,000,000, were placed in irrevocable escrow accounts to provide for all future debt service payments on the old bonds which will be redeemed on June 15, 2018. At June 30, 1999, $3,515,000 were outstanding on the bonds. These bonds are not obligations of the County.

On August 15, 1994, the FCRHA issued $1,000,000 of special limited obligation bonds, carrying a coupon interest rate of 7.5 percent, payable monthly, maturing on July 1, 2011. The bonds are secured by land, buildings and equipment of Murraygate housing project. At June 30, 1999, $950,275 was outstanding on the bonds. These bonds are not obligations of the County.

To permanently finance certain public housing projects, the FCRHA issued notes to the Federal Financing Bank. These notes are payable in annual installments each November 1, until maturity in 2015 with interest at 6.6 percent; they are secured by the projects' land, buildings and equipment. Principal and interest is paid annually by HUD under the Annual Contributions Contract. As of June 30, 1999, $2,338,723 was outstanding on the notes.

To permanently finance the Rosedale Manor public housing project, the FCRHA issued bonds in the original principal amount of $1,260,000 with interest at 5 percent maturing April 1, 2009. Principal and interest is paid semi-annually by HUD under the Annual Contributions Contract. As of June 30, 1999, $565,000 was outstanding on the bonds.

The FCRHA has also issued various notes to finance its operations. These notes payable are detailed in the chart on the next page. The FCRHA's annual required principal payments on the bonds, loans and notes payable are as follows:

Year ending June 30	Bonds Payable	Public Housing Loans	Notes Payable	Total
2000	$ 243,399	149,724	1,530,487	1,923,610
2001	255,394	151,333	2,668,000	3,074,727
2002	262,516	158,425	6,741,321	7,162,262
2003	289,772	165,581	2,283,144	2,738,497
2004	292,172	178,209	1,853,342	2,323,723
2005 and thereafter	9,667,447	2,100,451	27,734,447	39,502,345
Total	$ 11,010,700	2,903,723	42,810,741	56,725,164

FCRHA Public Housing bonds, notes, and loans payable as of June 30, 1999:

Series	Secured By	Interest Rate	Issue Date	Final Maturity Date	Original Issue (000)	Principal Outstanding June 30 (000)
Housing Bonds Payable:						
Mortgage Revenue Bonds	Little River Glen rental property	4.65-6.10 %	08-26-96	09-01-26	$ 6,340	$ 6,160
Lease Revenue Bonds	FCRHA revenues	4.71	06-17-98	06-15-18	3,630	3,515
Lease Revenue Bonds	FCRHA revenues	4.71	08-25-98	04-01-03	400	386
Limited Obligation Bonds	*Murrygate Village rental property*	7.5	08-15-94	07-01-11	1,000	950
Total Bonds Payable - FCRHA						$ 11,011
Mortgage Notes Payable:						
United Bank	One University Plaza office building	5.75 %		09-01-14		$ 341
Crestar Bank	Island Walk rental property	12.00		01-31-02		114
	Little River Square rental property	*75% of prime*		11-15-03		52
	Creighton Square	7.10		07-01-12		550
	General revenues of FCRHA	4.15		07-30-00		930
Nations Bank	Chelster Town, McLean Hills and Springfield Green rental properties	8.50		04-01-05		955
U.S. Dept. of Housing and Urban Development	Hopkins Glen rental property	3.00		04-01-10		451
	various FCRHA *rental properties*	6.45-9.15		varies		3,695
	various FCRHA rental properties	5.36-7.66		varies		350
	Stonegate Village rental property	8.00-9.25		varies		1,085
	Section 236 - Murraygate Village rental property	7.50		07-01-11		1,752
	Section 236 - Stonegate Village rental property	7.00		05-01-13		2,578
	various FCRHA rental properties	3.73-7.90		varies		2,170
	various FCRHA *rental properties*	4.57-7.18		varies		2,995
	various FCRHA rental properties	5.36-7.66		varies		65
	various FCRHA rental properties	5.36-7.66		varies		425
	Cedar Ridge rental property	1.00		varies		1,318
Sue Wright/Norma Whitaker	Hopkins Glen rental property	6.50		07-12-01		462
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07		06-01-19		364
	Penderbrook rental property	10.25		10-01-18		696
	Rolling Road Group Home property	8.00		10-01-00		239
	Patrick Street Group Home property	8.00		06-01-02		252
	Mount Vernon Group Home property	8.00		04-01-02		228
	West Ox Group Home property	8.00		11-01-02		783
	First Stop Group Home property	8.00		03-01-05		435
	Murraygate Village rental property	6.00		10-01-10		387
	Morris Glen property	5.00		01-01-12		971
	Tavenner Lane Property	5.40		12-01-12		374
Various note holders within the Home Improvement Loan Program	Various properties owned by note holders	9.00-12.50		varies		45
Northwestern Mutual Life	Stonegate Village rental property	7.00		05-01-13		1,426
First Union Bank	Various properties-interim financing	90% of 30 day LIBOR		0213-02		4,745
Eastern American Bank	Morris Glen rental property	8.50		05-01-26		489
TRI Capital	Cedar Ridge rental property	7.05		06-01-35		9,921
WMF Huntoon	Cedar Ridge rental property	3.00		09-01-10		1,168
Total Mortgage Notes Payable - FCRHA						$ 42,811
Public Housing Loans Payable:						
Public Housing Notes-Federal Financing Bank	The projects' land, structures, and equipment	6.60 %		11-01-15		$ 2,339
Public Housing Bonds	Declaration of Trust	5.00		04-01-09		565
Total Public Housing Loans Payable - FCRHA						$ 2,904

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, which 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 guarantee 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, 1999, approximately $189,300,000 of such tax-exempt bonds is 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, 1999, the principal amounts outstanding on these IRBs total approximately $509,000,000.

9. Defeasance of Debt

During fiscal year 1999, as detailed in Section 1 of this note and in prior years, the County defeased certain general obligation bonds by placing the proceeds of newly issued general obligation refunding bonds in 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 County's financial statements. As of June 30, 1999, $136,070,000 of outstanding general obligation bonds are considered defeased.

In prior years, the Integrated Sewer System defeased certain sewer revenue bonds by placing the proceeds of new bonds in 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 County's financial statements. As of June 30, 1999, $64,900,000 of sewer revenue bonds outstanding are considered defeased.

In prior years, the FCRHA defeased certain general and limited obligation bonds by placing them in 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 County's financial statements. As of June 30, 1999, $9,250,000 of outstanding general and limited obligation bonds are considered defeased.

10. Sanitary Landfill Closure 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 current landfill is divided into five phases of closure. The first four phases of closure pertain to the raw waste unit which has been filled to capacity; as of June 30, 1999, closure expenditures have been incurred for approximately 55 percent of the area involved. The fifth phase of closure pertains to the ash unit, which is approximately 83 percent filled for Phase I and has an estimated remaining utilization period of about 3 years. The County has permits which will enable it to utilize previously filled raw waste areas for future ash disposal capacity by "piggy backing" against them with new lined cells. The $44,378,562 reported as landfill closure and postclosure care costs obligation in the General Long-Term Obligations Account Group at June 30, 1999 represents that portion of the total estimated costs of $45,460,000 remaining to be incurred that is applicable to the capacity that has been utilized to date. The County will recognize the remaining estimated cost of closure and postclosure care as the remaining capacity is filled. The actual cost may vary due to inflation, changes in technology, or changes in regulations. Although it is expected that the landfill closure and postclosure care costs will be funded from landfill tipping fees, current federal law specially states that the responsibility for maintaining the environmental integrity at the landfill lies with the federal government, Washington D.C., Arlington County, the City of Alexandria and the County. The amounts which will be obtained from these entities to fund the landfill closure and postclosure care costs have not yet been determined.

11. Obligations Under Capital Lease and Installment Purchase Agreements

The reporting entity has certain fixed assets (primarily equipment) under capital leases and installment purchase agreements in the general fixed assets account groups and in certain internal service funds. As of June 30, 1999, the minimum obligations under these agreements were as follows:

	Primary Government		Public Schools
Fiscal Year	General Long-Term Obligations Account Group	Internal Service Funds	General Long-Term Obligations Account Group
2000	$ 7,229,655	1,154,341	3,578,772
2001	5,968,632	698,832	2,755,642
2002	5,817,982	-	1,908,738
2003	5,173,177	-	1,632,463
2004	3,933,336	-	-
Thereafter	6,291,030	-	-
Total minimum obligations	34,413,812	1,853,173	9,875,615
Less portion representing interest	5,602,397	95,503	776,708
Present value of minimum obligations	$ 28,811,415	1,757,670	9,098,907

12. Senior Executive Service Retirement Plan (SES Plan) Obligation

In 1980, the County established the SES Plan to provide retirement benefits to certain senior executives. The SES Plan benefits were identical to those of the Supplemental Retirement System; however, member contributions to the SES Plan were paid from General Fund revenues rather than from the participants. The decision to combine the SES Plan with the Supplemental Retirement System was approved by the Board of Supervisors at a public hearing held in January 1996. Effective January 1, 1996, the SES

Plan was terminated and its participants were transferred into the Supplemental Retirement System.

In accordance with Internal Revenue Service rules, the SES Plan remained unfunded. An actuarial valuation estimated this unfunded liability to be $2,091,000 at June 30, 1999, which is reflected in the General Long-Term Obligations Account Group as an obligation of the Supplemental Retirement System. Funding of this amount (amortized over 20 years) will be provided by the County's General Fund.

13. Due to Component Unit

The County has a liability of approximately $11.4 million to the Public Schools that originated in 1983 upon the recognition of teacher's compensation in the year services are rendered rather than over the twelve-month contract period ending in August. The County agreed to fund the original liability of approximately $46.4 million over a period of years beginning in fiscal year 1984. Payments to Public Schools were deferred from fiscal years 1990 through 1996. In fiscal year 1999, the County paid the third of ten equal annual installments of $1.62 million which will satisfy the remaining liability.

I. 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 construction of the rail transit system, contributions for replacement and improvement of rail and bus equipment, and payments of operating subsidies and debt service for the rail, bus and paratransit systems. The County's commitments in each of these areas are summarized as follows:

Capital Contributions - Rail Construction

Since 1970, the County and other local jurisdictions have entered into five Interim Capital Contribution Agreements (ICCA) with WMATA to provide local funds to match federal government appropriations to fund the continuing construction of the 103-mile Metrorail Adopted Regional System. The final 13.5 miles of construction are expected to be funded through ICCA-V and Public Law 101-551. In approving ICCA-V, the jurisdictions agreed to provide local matching contributions totaling $780 million over the life of the authorization. The agreement requires the County to provide $113.2 million in matching funds between fiscal years 1993 and 2002. The County is providing this match through a combination of state aid, state bonds and locally generated funds.

For fiscal year 1999, the County's obligation of approximately $10.6 million was funded with County general obligation bond proceeds. The County's obligations to date of approximately $214.6 million for Metrorail construction has been funded with $113.5 million of County general obligation bond proceeds, $98.0 million of state aid provided to the County through the Northern Virginia Transportation Commission (NVTC) and $3.1 million of credits available at WMATA.

As of June 30, 1999, the County is obligated to contribute an additional $23.6 million toward Metrorail construction; the payment schedule, which is subject to adjustment every two years to reflect current conditions, is as follows:

Fiscal Year	Amount (millions)
2000	$ 14.9
2001	4.5
2002	2.3
2003	1.9
Total	$ 23.6

It is anticipated that a significant portion of this obligation will be paid from state aid funded through the NVTC. In addition, as of June 30, 1999, general obligation bonds totaling $26.9 million from the 1992 Transportation Improvements referendum remain authorized for this purpose and unissued.

Capital Contributions - Bus and Rail Replacement

Each fiscal year, the County makes contributions for capital purchases for WMATA's bus system and to improve the reliability of rail capital equipment. The funding required for this program depends upon the availability of federal grants. The County's obligation of approximately $3.4 million for fiscal year 1999 was funded with state aid provided through the NVTC. It is anticipated that the County's obligations for fiscal year 2000 will be funded with state aid and County general obligation bond funds.

Operating Subsidies and Debt Service - Bus and Rail Systems

The County and other local jurisdictions continue to contribute toward WMATA's deficits resulting from the operation of the Metrorail, Metrobus and MetroAccess (paratransit) systems and the debt service on federally guaranteed transit revenue bonds issued by WMATA. For fiscal year 1999, the County's obligation of approximately $44.7 million for operating subsidies and debt service was funded with $9.5 million from the County's Metro Operations and Construction Fund and $35.2 million from state aid for transportation and regional gasoline tax receipts. It is anticipated that the County's General Fund expenditure for fiscal year 2000 will be approximately $9.6 million.

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 consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington DC. Five County stations are currently operating.

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. The 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 and population. In February 1990, NVTC sold $79.4 million in bonds to finance passenger cars, locomotives, yard facilities and stations. Approximately $6 million of the bond proceeds was made available to the County to

assist with financing its local stations. The County's fiscal year 1999 contribution to VRE's commuter rail operating, capital and debt service cost was $2.37 million. Also, the County has been authorized to apply $5.2 million of general obligation bond proceeds toward the cost of commuter rail facilities within the County; through June 30, 1999, approximately $3.9 million of this amount has been expended.

3. Operating Lease Commitments

The reporting entity leases real estate under various long-term lease agreements. Certain leases contain provisions which allow for increased rentals based upon increased real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each year's payments. At June 30, 1999, the minimum long-term real estate lease commitments accounted for as operating leases were as follows:

	Primary Government	Component Units
Fiscal Year	Real Estate	Real Estate
2000	$ 7,055,540	841,938
2001	5,143,643	852,698
2002	4,369,286	861,710
2003	4,072,355	871,037
2004	4,072,355	878,319
Thereafter	1,865,792	7,737,628
Total	$ 26,578,971	12,043,330

The County also has various short-term leases for real estate and miscellaneous equipment. For fiscal year 1999, total expenditures of the primary government and the component units were $6,729,050 and $1,230,219, respectively, for real estate operating leases and $1,305,860 and $391,483, respectively, for equipment operating leases.

4. Intermunicipal Agreements

Alexandria Sanitation Authority

At June 30, 1999, the County's Integrated Sewer System (System) was 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 certain sewage treatment facilities. Under this agreement, the City of Alexandria is conducting the expansion and general improvement of the facilities. The 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 facilities. In addition, the System has no direct ongoing equity interest in the assets or liabilities of the ASA.

The ASA agreement sets forth a method for allocating the construction costs associated with the ASA's treatment facilities. The System paid the ASA $12,978,338 in fiscal year 1999 to fund its share of construction costs, and it estimates its share of fiscal year 2000 expansion and improvements to be $53,500,000. The System made payments to the ASA in 1999 of $8,559,198 for its share of the ASA's operating costs, and $2,715,528 to fund its share of the ASA's debt service. The System's share of the ASA's debt service costs is determined based on its portion of estimated capacity rights in the treatment facilities. As of June 30, 1999, the System is committed to fund its proportionate share of the ASA's

remaining debt service as follows:

Fiscal Year	Debt Service Commitment
2000	$ 1,357,174
2001	856,676
2002	172,470
Total	$ 2,386,320

Blue Plains Intermunicipal Agreement

In 1985, the users of the Blue Plains Waste-Water Treatment Plant - Fairfax County, the District of Columbia (District), Montgomery and Prince George's Counties in Maryland, and the Washington Suburban Sanitary Commission (WSSC) - entered into the Blue Plains Intermunicipal Agreement (IMA). The IMA sets forth the method for allocating the capital and operating costs associated with the facility. Currently, the County has a capacity entitlement of 24.69 million gallons per day (MGD) of the plant's interim treatment capacity of 325 MGD. Under the terms of the IMA, the County's capacity entitlement will increase to 31 MGD when the Blue Plains Plant is fully upgraded and expanded to 370 MGD. The County purchased this capacity entitlement through contributions to the capital construction program at the plant.

The District established an independent Water and Sewer Authority, effective April 18, 1996, to operate the District of Columbia's water and sewer systems and the Blue Plains Plant. The Authority has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from Fairfax County. The Authority is honoring the capacity entitlements assigned to Blue Plains users under the IMA. The County has no significant control over plant operations and construction and no ownership interest in the assets of the plant under the IMA.

The Integrated Sewer System made payments of $7,884,580 to the District in fiscal year 1999 for its share of the plant's operating costs and $1,040,052 to fund its portion of current construction costs. For fiscal year 2000, the County estimates that its share of these costs will be $8,000,000 and $6,000,000, respectively.

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 Sewer Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility mandated by the Occoquan Policy for the upper portion of the Occoquan Watershed.

The current capacity of UOSA's treatment facility is 32 MGD. In fiscal year 1995, UOSA issued bonds to finance an expansion, scheduled to be completed in 2001, of its facility to a capacity of 54 MGD. Each jurisdiction's allocated share of UOSA's capacity as of June 30, 1999, is as follows:

Member Jurisdiction	Current Capacity (MGD)	Future Capacity (MGD)
Fairfax County	13.1904	27.5999
Prince William County	9.9968	15.7971
City of Manassas	6.8672	7.6893
City of Manassas Park	1.9456	2.9137
Total	32.0000	54.0000

Summarized UOSA financial information as of and for the years ended June 30, 1998 and 1997 (the most recent audited financial information available) is as follows:

	1998	1997
Total assets	$ 457,700,165	450,635,851
Total liabilities	401,173,988	394,983,792
Total equity	56,526,177	55,652,059
Total revenue	30,133,086	26,377,217
Total expenses	20,233,000	19,541,811
Net income	9,900,086	6,835,406

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 System made payments to UOSA in fiscal year 1999 of $5,975,658 to pay its share of UOSA's operating costs and $12,096,830 to fund its share of UOSA's debt service. As of June 30, 1999, the System is committed to fund its share of UOSA's remaining debt service as follows:

Fiscal Year	Debt Service Commitment
2000	$ 13,782,364
2001	15,228,254
2002	15,229,170
2003	15,227,577
2004 and thereafter	417,570,417
Total	$477,037,782

Arlington Agreement

In January 1989, the County signed the Sewage Conveyance Treatment and Disposal Agreement (Arlington Agreement) with Arlington County, Virginia, which obligates the System to share the construction and operating costs for certain sewage treatment facilities owned and operated by Arlington County. The System has no direct on-going equity interest in the facilities' assets and liabilities. Furthermore, the System has no significant influence over the management of the treatment facilities.

The Arlington Agreement sets forth a method for allocating construction and operating costs associated with Arlington's treatment facilities. In fiscal year 1999, the System

incurred costs of $1,064,082 associated with its share of Arlington's operating costs and $113,011 to fund its share of current facility expansion costs. The System estimates its portion of future construction costs to be $1,700,000 in fiscal year 2000.

5. Fairfax County Solid Waste Authority (SWA) - Resource Recovery

In 1988, the EDA issued $237,180,000 of Series A tax-exempt and $14,900,000 of Series B taxable resource recovery revenue bonds, respectively, on behalf of the SWA to finance the construction of a 3,000-ton-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.

In fiscal year 1995, the SWA sold a call option on the 1988 Series A Bonds for $10,250,000, which entitled the purchaser to require the EDA to issue new bonds to the purchaser at agreed upon interest rates. During fiscal year 1999, this call option was exercised, and the EDA issued $195,505,000 of Series A Resource Recovery Revenue Refunding Bonds, the proceeds of which together with certain proceeds remaining from the 1988 Series A Bonds and certain other available funds were used to refund the remaining outstanding 1988 Series A Bonds in the principal amount of $220,345,000 and pay related issuance and refunding costs. The 1988 Series B Bonds were retired in fiscal year 1996. During fiscal year 1999, unspent proceeds of these bonds in the amount of $10,802,462, which include investment earnings, were transferred from the Resource Recovery Fund, an agency fund, to the Energy Resource Recovery Facility Fund, a special revenue fund, to be used for solid waste disposal purposes.

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, 1999, the entire principal amount of the 1998 Series A Refunding Bonds is outstanding. Unspent bond proceeds in the amount of $41,914,838, 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, 1999, the primary government had contractual commitments of $26,283,000 in the capital projects funds and approximately $88,000,000 in the Integrated Sewer System for construction of various sewer projects. At June 30, 1999, the component units had contractual commitments of $87,610,000 and $440,000 in the capital projects funds of Public Schools and Park Authority, respectively, for construction of various projects.

7. Post-employment Benefits

In 1987, the Board of Supervisors established a program to subsidize the health benefit coverage of certain retirees. In order to participate, retirees must have reached the age of 62 or be on disability retirement and must have health benefit coverage in a plan

provided by the County. There is no minimum number of years of service required to participate in this program. The program allows for a $60 per month subsidy per participating retiree and is funded on a pay-as-you-go basis. There are 1,084 participants currently eligible in the program. For fiscal year 1999, the cost of this program to the County was $764,796.

J. PURCHASED CAPACITY

Purchased capacity consists of payments made by the Integrated Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, ASA, and Arlington County for improvements to certain specified treatment facilities owned and operated by these jurisdictions. Purchased capacity is amortized over 30 years, the estimated useful life of the assets, using the straight-line method and commencing upon the completion of the improvements. Changes in purchased capacity, in relation to each jurisdiction, are as follows:

	Balance July 1, 1998	Current Additions	Less: Current Amortization	Balance June 30, 1999
Blue Plains	$ 45,082,726	1,040,053	1,766,554	44,356,225
UOSA	9,982,642	-	401,977	9,580,665
ASA	13,019,443	12,978,338	432,124	25,565,657
Arlington	7,242,454	113,011	-	7,355,465
Total	$ 75,327,265	14,131,402	2,600,655	86,858,012

K. RESTRICTED ASSETS AND RESERVED RETAINED EARNINGS OF THE ENTERPRISE FUND

As of June 30, 1999, the System had restricted cash and investments of $226,873,963 in order to manage its funds in accordance with the 1986 Sewer Revenue Bond Resolution and to comply with nitrogen discharge regulations from the State Water Control Board (SWCB). The resolution specifies several purposes for which the System should set aside or restrict funds, which include sewer bond construction, extensions and improvements, establishing a long-term debt service reserve, and funding current debt service requirements. SWCB regulations require the removal of ammonia-nitrogen from the County's Lower Potomac Plant and the Alexandria and Arlington County Wastewater Treatment Plants. In anticipation of the major construction required to meet nitrogen discharge regulations, $69,173,000 has been restricted for nitrogen removal facilities. The System's restricted funds and corresponding reservations of retained earnings at June 30, 1999, are as follows:

Restricted Assets and Reserved Retained Earnings of the Enterprise Fund	
Extensions and improvements	$ 110,784,969
Long-term debt service requirements	12,221,766
Current debt service requirements	5,563,809
Nitrogen removal facilities	69,173,000
Reserved retained earnings	197,743,544
Unspent bond receipts for ongoing construction	29,130,419
Restricted assets	$ 226,873,963

L. FUND DEFICITS

At June 30, 1999, the Central Stores Fund had an accumulated deficit of $376,248. The County will increase charges to other funds in the future to cover the deficit in this fund.

At June 30, 1999, the Neighborhood Improvements Fund, a capital projects fund, had an accumulated deficit of $586,416, which is attributed to greater than anticipated construction progress resulting from favorable weather conditions. Proceeds of County general obligation bonds to be sold during fiscal year 2000 will be used to eliminate this deficit.

M. 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 together with vehicle decal fees 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, 1999, after allowances for uncollectible amounts, is $22,175,167, of which $2,435,984 has been included in tax revenue for fiscal year 1999 because it was collected within 45 days after June 30.

The 1998, Virginia General Assembly enacted legislation to provide property tax relief, to be phased in over five years, on the first $20,000 of value of motor vehicles not used for business purposes. For the 1998 tax, payable during fiscal year 1999, the Commonwealth rebated the 12.5% tax reduction directly to the taxpayers. For the 1999 tax, payable during fiscal year 2000, the 27.5% tax reduction is reflected in the County's invoices to the taxpayers; following receipt by the County of the reduced tax amounts, the Commonwealth will reimburse the County for the tax reductions plus certain administrative costs.

N. CONTRIBUTED CAPITAL ACCOUNTS

Developers regularly donate sewer lines, manholes and pumping stations to the County's Integrated Sewer System which are valued at their estimated fair market value as of the date of donation and recorded as additions to property, plant, and equipment and contributed capital. The following table discloses changes in contributed capital of the County's proprietary funds:

	Primary Government	
	Enterprise Fund	Internal Service Funds
Balance July 1, 1998	$ 178,727,088	17,246,829
Transfers from the General Fixed Assets Account Group	-	839,429
Contributions from developers	7,046,963	-
Depreciation of contributed assets	(9,180,688)	(76,867)
Balance June 30, 1999	$ 176,593,363	18,009,391

O. FIXED ASSETS - A summary of changes in fixed assets is as follows:

	Balances July 1, 1998, as restated	Additions	Deductions	Balances June 30, 1999
PRIMARY GOVERNMENT:				
General Fixed Assets Account Group				
Land	$ 158,144,544	1,645,772	1,952,343	157,837,973
Buildings	521,612,866	11,145,806	7,534,637	525,224,035
Improvements	45,122,454	11,524,802	81,118	56,566,138
Equipment	110,489,950	39,143,331	37,028,077	112,605,204
Construction in Progress	158,788,215	19,828,342	2,502,401	176,114,156
Total	994,158,029	83,288,053	49,098,576	1,028,347,506
Enterprise Fund				
Land	17,456,662	648	-	17,457,310
Buildings	55,221,535	-	202	55,221,333
Improvements	639,239,670	11,466,609	712,709	649,993,570
Equipment	8,221,227	579,184	573,687	8,226,724
Construction in Progress	35,722,378	22,186,671	3,841,016	54,068,033
Total	755,861,472	34,233,112	5,127,614	784,966,970
Less: Accumulated Depreciation	227,231,419	18,525,290	725,601	245,031,108
Net	528,630,053	15,707,822	4,402,013	539,935,862
Internal Service Funds				
Land	295,853	-	-	295,853
Buildings	14,253,601	-	-	14,253,601
Improvements	449,757	-	-	449,757
Equipment	37,826,156	12,878,356	5,853,561	44,850,951
Total	52,825,367	12,878,356	5,853,561	59,850,162
Less: Accumulated Depreciation	33,321,792	7,414,493	3,728,456	37,007,829
Net	19,503,575	5,463,863	2,125,105	22,842,333
Total Primary Government				
Total Fixed Assets	1,802,844,868	130,399,521	60,079,751	1,873,164,638
Less: Accumulated Depreciation	260,553,211	25,939,783	4,454,057	282,038,937
Net	1,542,291,657	104,459,738	55,625,694	1,591,125,701
COMPONENT UNITS:				
(All in General Fixed Asset Account Groups)				
Public Schools				
Land	41,524,878	16,926	120,000	41,421,804
Buildings	731,062,562	16,057,438	2,678,230	744,441,770
Improvements	308,591,148	1,088,270	-	309,679,418
Equipment	86,115,357	16,484,313	6,576,831	96,022,839
Construction in Progress	338,422,931	116,946,426	121,082,770 *	334,286,587
Total	1,505,716,876	150,593,373	130,457,831	1,525,852,418
FCRHA				
Land	18,571,319	1,964,331	-	20,535,650
Buildings and Improvements	118,193,270	3,165,755	-	121,359,025
Equipment	1,570,898	32,289	-	1,603,187
Construction in Progress	31,617,312	1,960,460	10,215,560	23,362,212
Total	169,952,799	7,122,835	10,215,560	166,860,074
Park Authority				
Land	109,091,940	4,933,894	-	114,025,834
Buildings	24,991,805	1,594,990	-	26,586,795
Improvements	110,321,924	22,458,590	-	132,780,514
Equipment	8,401,630	913,229	502,206	8,812,653
Construction in Progress	24,727,561	7,159,904	24,943,009	6,944,456
Total	277,534,860	37,060,607	25,445,215	289,150,252
EDA				
Equipment	11,194	-	-	11,194
Total	11,194	-	-	11,194
Total Component Units	$ 1,953,215,729	194,776,815	166,118,606	1,981,873,938

* Includes approximately $104.8 million of maintenance expenditures that were improperly capitalized in prior years.

P. CONTINGENT LIABILITIES

The reporting entity is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. The County has recorded a $1.4 million liability in the general long-term obligations account group which represents management's estimate of losses that may be incurred with respect to pending lawsuits and claims.

The reporting entity 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 reporting entity is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the County, no material refunds will be required as a result of expenditures disallowed by the grantors.

Q. ACCOUNTING CHANGES

1. Change in Reporting

During fiscal year 1999, it was determined that certain funds financed from the County through the Department of Housing and Community Development (HCD) and previously reported as part of the FCRHA are more appropriately reported as part of the primary government. Accordingly, the FCRHA General Fund is now reported as part of the primary government's General Fund; the Community Development Block Grant Fund, the Housing Trust Fund, and the Home Investment Partnership Grant Fund are now reported with the primary government's special revenue funds; and the Housing Assistance Program Fund and the Housing General Obligation Bond Construction Fund are now reported with the primary government's capital projects funds. The fixed asset account groups of the County and the FCRHA have been restated as of July 1, 1998, to reflect the transfer of fixed assets of the transferred funds. The fund balances of the affected fund types as of July 1, 1998, have been restated as follows:

	Primary Government		FCRHA
	Special Revenue Funds	Capital Projects Funds	Funds Financed from County General Fund through HCD
Funds balances as previously reported	$ 142,324,256	43,106,514	21,408,946
Transfers of funds	14,307,340	(660,530)	(13,646,810)
Fund balances as restated	$ 156,631,596	42,445,984	7,762,136

2. Change in Accounting Policy

During fiscal year 1999, the County modified its existing deferred compensation trust ordinance to provide that assets of the deferred compensation plan be held in trust pursuant to the newly adopted provisions of the Internal Revenue Code 457 Deferred Compensation Plans. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans," the County has determined that is is no longer appropriate to report the Deferred Compensation Fund, and accordingly, assets in the amount of $176,446,783 at June 30, 1998, have been removed from the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
YEAR 2000 DISCLOSURE
June 30, 1999

Introduction
The year 2000 (Y2K) issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the government's operations. The problem, as generally understood, results from the fact that many computer programs and computer files utilize only two characters to designate the year (e.g., 97 for 1997). Although that worked very well and saved considerable space over the years, a two-digit representation for a year does not lend itself to date comparisons or date computations when one or more of the dates fall within the next millennium.

The reporting entity's activity and progress with respect to resolving Y2K issue for computer systems and electronic equipment is described below in stages, in accordance with the Governmental Accounting Standards Board Technical Bulletins No. 98-1 and No. 99-1:

For the County and its Component Units (Except Public Schools)

The County has undertaken the Y2K activity for all of its component units except for Public Schools. With respect to Public Schools, the County has responsibility for jointly-utilized applications, such as the budget, financial accounting and purchasing systems, and Public Schools has responsibility for all of its remaining equipment and systems.

Awareness Stage
The Year 2000 Plan ("Plan") was developed in the Spring of 1996 and has been funded since that time. The initial Plan approved by the Chief Information Officer included a Gantt chart with major tasks and due dates together with the publication of monthly status reports. The current, updated Plan encompasses the following eight critical areas that are being addressed in order to resolve the Y2K problem as it relates to County operations and responsibilities:

1. The data center and centrally-supported mainframe applications – includes all data center hardware and executive software.
2. Communication networks – includes telecommunication, data communication and radio communication systems.
3. Agency supported information technology including PC/LAN applications – major applications are maintained by the Police Department, Park Authority, FCRHA, Fairfax County Public Library and the Department of Community and Recreation Services.
4. Personal computers (PCs) and stand-alone applications.
5. Embedded microprocessors – these control the operation of equipment and machinery.
6. Mission-critical suppliers – includes local utility, communication and public transportation organizations.
7. Contingency planning.
8. Community outreach program.

In early 1999, a Year 2000 Task Force, comprised of representatives from key departments, was created by the County Executive to coordinate both the technical and non-technical aspects of the century date change and help raise awareness in the community.

Assessment Stage

The County chose to define all centrally-supported mainframe applications as mission-critical. By early 1997, all of the mission-critical applications were assessed, and remediation work was scheduled. Assessment of the County's facilities, vehicles, equipment, and networks that might also be affected by the Y2K problem was started in early 1998. Mission-critical suppliers have been asked to confirm their Y2K readiness. Beginning in July, 1998, quarterly reports were prepared for the Board of Supervisors showing the status of progress in resolving the Y2K issue as it relates to the County.

Remediation Stage

The County started making the necessary changes to systems and equipment in 1997. Date expansion and windowing techniques were used to change the applications where possible. As of June 30, 1999, 52 (or 90%) of the 58 mission-critical applications are Y2K ready, all mainframe hardware has been upgraded, and 94% of the executive software is Y2K compliant. Work is progressing on PC and server upgrades, and a minor amount of work remains to make the telecommunications network Y2K ready. Information is being disseminated to the public via brochures, the Internet and community meetings.

Validation/Testing Stage

Most remediated applications were tested using a separate logical partition (LPAR) on the mainframe that allowed various dates to be simulated. Upon successful testing and sign-off by the users, the applications were moved into production to replace the non-compliant versions. Integrated testing of multiple components, such as the County's Public Safety Computer-Aided Dispatch system, was carried out whenever feasible.

Status Table

The following table summarizes the status, using approximate/estimated completion percentages, of the County's Y2K efforts as of June 30, 1999:

Areas	Stages			
	Awareness	Assessment	Remediation	Validation/ Testing
The Data Center & Centrally-supported Mainframe Applications	100%	100%	92%	92%
Communication Networks	100%	100%	98%	98%
Agency Supported Information Technology including PC/LAN Applications	100%	100%	90%	90%
PCs & Stand-alone Applications	100%	100%	90%	90%
Embedded Microprocessors*	100%	100%	100%	100%
Mission-critical Suppliers	100%	85%	N/A	N/A
Contingency Planning	100%	100%	N/A	N/A

* In most instances, remediation and testing were done by the vendors.

The completion of these stages is not a guarantee that computer systems and other electronic equipment will be Y2K compliant.

Public Schools

Public Schools has completed an inventory of computer systems and other electronic equipment that may be affected by the Y2K issue and that are necessary to conducting school operations. Public Schools has identified such systems as mainframe and network computer applications, process control systems, telecommunications, PCs, embedded microprocessors, key suppliers and the County government interfaces.

Awareness Stage

Public Schools' Department of Information Technology (DIT) has been working on the Y2K issue, as it pertains to information systems and information technology infrastructure, since 1996. Because of the continually expansive scope of the Y2K issue, Public Schools has created a coordination team to implement this comprehensive project and to manage the repair cycle across Public Schools. Additionally, a web site was created to ensure continual awareness of the Y2K compliance effort and provide relevant information and tools throughout all departments.

Assessment & Remediation Stage

In 1996, DIT conducted a thorough assessment of its current enterprise wide information systems. During the assessment, it was determined that well over 20 systems had Y2K compliance problems. The following is a summary of the remediation efforts:

1. The budget, financial accounting and purchasing systems, jointly utilized by the County and Public Schools, reside on the County mainframe. The County is responsible for remediating these systems. As of June 30, 1999, the County has replaced these mission critical systems with Y2K compliant systems.
2. Public Schools' payroll, student information system and facilities maintenance systems were all replaced with Y2K compliant systems. All systems were implemented by July of 1999.
3. All embedded systems were assessed, remediated and tested with the exception of environmental control units that will be replaced in November 1999. As of August 1999, all versions of fire alarms, security systems and telephones were successfully tested.
4. Remediation of all computer network equipment is 95% complete and will be validated and tested by November 1999. All administrative PCs necessary for mission critical operations have been remediated and implemented. Instructional PCs are being remediated during the final phase of the project and should be ready by the first week of December 1999.
5. Mission critical suppliers are all managed through the County's purchasing department. A one-month supply of critical items for Public Schools' operations is being stored in the warehouse.

Validation/Testing Stage

Public Schools has contracted with an independent consulting firm to conduct a study to validate Public Schools' Y2K readiness and to develop guidelines for Y2K compliance, including contingency planning. The study, to be completed by November 1999, includes an assessment of the current environment, identification of problem areas, review of third party service providers, strategies and approaches for addressing identified problems, and a timeline for Public Schools' action.

To continue preparations for the Y2K problem a response center at the Technology Support Center will be established. This center will expedite repairs, purchases, and contingency plans after the rollover.

The completion of these stages is not a guarantee that computer systems and other electronic equipment will be Y2K compliant.

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be

governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

BROWN & WOOD LLP

ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
TELEPHONE: 212-839-5300
FACSIMILE: 212-839-5599

Appendix VI

April __, 2000

Board of Supervisors
of Fairfax County, Virginia
Fairfax, Virginia

We have examined certified copies of the legal proceedings, including the election proceedings and other proofs submitted, relative to the issuance and sale of

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds
Series 2000 A

The bonds are dated April 1, 2000, mature in annual installments on June 1 in each of the years 2001 to 2020, inclusive, bear interest payable semiannually on the 1st days of June and December in each year, commencing December 1, 2000, and are subject to redemption prior to their respective maturities in the manner and upon the terms and conditions set forth in the resolution authorizing the issuance of the bonds adopted by the Board of Supervisors of Fairfax County on March 13, 2000.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds pursuant to the Constitution and laws of Virginia, and that the bonds constitute valid and binding general obligations of Fairfax County, Virginia, for the payment of which the full faith and credit of said County are pledged, and all taxable property in the County is subject to the levy of an ad valorem tax, without limitation as to rate or amount, for the payment of the bonds and the interest thereon, which tax shall be in addition to all other taxes authorized to be levied in said County to the extent other funds of said County are not lawfully available and appropriated for such purpose.

We are further of the opinion that, except as provided in the following sentence, interest on the bonds is not includable in the gross income of the owners of the bonds for purposes of Federal income taxation based on existing law. Interest on the bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the bonds in the event of a failure by the County or the school board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of the interest on the bonds for Federal income tax purposes on or after the date on which any action is taken affecting such covenants upon the approval of counsel other than ourselves. Interest on the bonds is not a specific preference item for purposes of the Federal individual or corporate alternative minimum taxes. The Code contains other provisions that could result in tax consequences, as to which we render no opinion, as a result of ownership of bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

Respectfully submitted,

LOS ANGELES • SAN FRANCISCO • WASHINGTON DC • BEIJING • TOKYO REPRESENTATIVE OFFICE
AFFILIATED WITH BROWN & WOOD, A MULTINATIONAL PARTNERSHIP WITH OFFICES IN LONDON AND HONG KONG

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by Fairfax County, Virginia (the "County") in connection with the issuance by the County of $88,000,000 aggregate principal amount of its Public Improvement Bonds, Series 2000 A (the "Bonds" or "2000 A Bonds") pursuant to the provisions of a resolution (the "Resolution") adopted on March 13, 2000, by the Board of Supervisors of the County. The proceeds of the 2000 A Bonds are being used by the County to finance various public improvements in the County. The County hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the 2000 A Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The County acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the County, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Filing Date" shall have the meaning given to such term in Section 3(a) hereof.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, the County's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"Holder" or "holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a 2000 A Bond.

"Listed Events" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

principal and interest payment delinquencies

non-payment related defaults

unscheduled draws on debt service reserves reflecting financial difficulties

unscheduled draws on credit enhancements reflecting financial difficulties

substitution of credit or liquidity providers, or their failure to perform

adverse tax opinions or events affecting the tax-exempt status of the 2000 A Bonds

modifications to rights of holders

bond calls

defeasances

release, substitution, or sale of property securing repayment of the 2000 A Bonds

rating changes

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriters of the County's 2000 A Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private depository or entity designated by the State as a state depository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

A. The County shall, or shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than March 31 after the end of any Fiscal Year (commencing with its Fiscal Year ending June 30, 2000). Not later than ten (10) days prior to the Filing Date, the County shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the County's audited financial statements or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of the County must be submitted, if and when available, together with or separately from the Annual Report.

B. The annual financial statements of the County shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with the Repositories when they become publicly available.

C. If the County fails to provide an Annual Report to the Repositories by the date required in subsection (a) hereto or to file its audited annual financial statements with the Repositories when they become publicly available, the County shall send a notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the County, including operating data, updating such information relating to the County as described in Exhibit A, all with a view toward assisting Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the County is an "obligated person" (within the meaning of the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. The County will provide in a timely manner to the Municipal Securities Rulemaking Board and to each State Repository, if any, notice of any of the Listed Events, if material.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the 2000 A Bonds.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. Any person referred to in Section 11 (other than the County) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to file its Annual Report or to give notice of a Listed Event. The holders of not less than a majority in aggregate principal amount of Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the County hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution or the 2000 A Bonds of the County, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Participating Underwriters, and holders from time to time of the County's Bonds, and shall create no rights in any other person or entity.

Date: April __, 2000

FAIRFAX COUNTY, VIRGINIA

By: _____
Edward L. Long, Jr.
Chief Financial Officer

EXHIBIT A

CONTENT OF ANNUAL REPORT

(a) **Financial Information.** Updated information concerning General Fund revenues, expenditures, categories of expenditures, fund balances, assessed value of taxable property, tax rates, major taxpayers, and tax levies and collections.

(b) **Debt Information.** Updated information concerning general obligation bonds indebtedness, including bonds authorized and unissued, bonds outstanding, the ratios of debt to the market value of taxable property, debt per capita, and debt service as a percentage of General Fund disbursements.

(c) **Demographic Information**. Updated demographic information respecting the County such as its population, public school enrollment and per pupil expenditure.

(d) **Economic Information**. Updated economic information respecting the County such as income, employment, unemployment, building permits and taxable sales data.

(e) **Retirement Plans**. Updated information respecting pension and retirement plans for County employees, including a summary of membership, revenues, expenses and actuarial valuation(s) of such plans.

(f) **Contingent Liabilities**. A summary of material litigation and other material contingent liabilities pending against the County.

In general, the foregoing will include information as of the end of the most recent fiscal year or as of the most recent practicable date. Where information for the fiscal year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where comparative demographic or economic information for the County and the United States as a whole is contemporaneously available and, in the judgment of the County, informative, such information may be included. Where, in the judgment of the County, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]

Re: FAIRFAX COUNTY VIRGINIA
PUBLIC IMPROVEMENT BONDS,
SERIES 2000 A

CUSIP NOS. 303820 ___-___

Dated: April 1, 2000

NOTICE IS HEREBY GIVEN that Fairfax County, Virginia has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to that certain Resolution adopted on March 13, 2000 by the Board of Supervisors of the County, the proceeds of which were used to finance various public improvements in the County. [The County anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Dated: _____

FAIRFAX COUNTY, VIRGINIA

By _____

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER AWARDING $88,000,000 PUBLIC IMPROVEMENT BONDS, SERIES 2000 A, OF FAIRFAX COUNTY, VIRGINIA

I, Edward L. Long, Jr., Chief Financial Officer of Fairfax County (the "County"), Virginia, pursuant to the authority delegated to me by (i) the resolution adopted by the Board of Supervisors (the "Board") of Fairfax County, Virginia, on March 13, 2000 (the "Delegation Resolution"), delegating to the County Executive or the Chief Financial Officer, the authority to accept the lowest bid for the $88,000,000 Public Improvement Bonds, Series 2000 A (the "Bonds") and (ii) Sections 1(b) and 3(a)(2) of the resolution adopted by the Board on March 13, 2000 (the "Authorizing Resolution"), delegating to the County Executive or the Chief Financial Officer authority to determine certain details of the Bonds being offered competitively **DO HEREBY CERTIFY**:

Section 1. Bids received. Advertisement was duly made calling for electronic bids to be received via the BiDCOMP/Parity Competitive Bidding System by the Board of Supervisors until 11:00 a.m., Fairfax, Virginia Time, April 6, 2000 for the purchase of Public Improvement Bonds, Series 2000 A, of Fairfax County, Virginia, dated April 1, 2000, maturing June 1, in annual installments in each of the years 2001 to 2020, inclusive, as heretofore provided, at which hour bidding was closed and the following bids for the aggregate principal amount of $88,000,000 were found to have been submitted and to accord in all respects with the terms of said advertisement, each bid offering to pay accrued interest and posting a Financial Surety Bond for $880,000 payable to the order of the Director of the Department of Finance of Fairfax County, Virginia:

A. Merrill Lynch & Co. and associates offering to pay $88,000,000.00 for said bonds bearing interest at the rates set forth below in Column I resulting in a true interest cost rate of 5.2076592%.

B. Salomon Smith Barney, Inc. and associates offering to pay $88,000,000.00 for said bonds bearing interest at the rates set forth below in Column II resulting in a true interest cost rate of 5.2212509%.

C. First Union Securities, Inc. and associates offering to pay $88,401,016.00 for said bonds bearing interest at the rates set forth below in Column III resulting in a true interest cost rate of 5.2355032%.

D. ABN Amro Inc. and associates offering to pay $88,061,072.00 for said bonds bearing interest at the rates set forth below in Column IV resulting in a true interest cost rate of 5.2492835%.

E. Wachovia Securities, Inc. and associates offering to pay $88,168,916.00 for said bonds bearing interest at the rates set forth below in Column V resulting in a true interest cost rate of 5.2500390%.

F. Goldman, Sachs & Co. and associates offering to pay $88,042,636.00 for said bonds bearing interest at the rates set forth below in Column VI resulting in a true interest cost rate of 5.2535919%.

Interest Rate Columns

Maturity Date	Principal Amount	I	II	III	IV	V	VI
June 1, 2001	$4,400,000	5.25%	5.50%	6.625%	6.00%	5.50%	5.50
June 1, 2002	4,400,000	5.50	5.50	5.50	6.25	5.50	5.50
June 1, 2003	4,400,000	5.25	5.25	5.25	5.25	5.50	5.50
June 1, 2004	4,400,000	5.25	5.25	5.25	5.25	5.50	5.50
June 1, 2005	4,400,000	5.50	5.125	5.25	5.00	5.50	5.50
June 1, 2006	4,400,000	5.50	5.375	5.50	5.50	5.125	5.50
June 1, 2007	4,400,000	5.50	5.50	5.50	5.50	5.50	5.50
June 1, 2008	4,400,000	5.50	5.50	5.75	5.50	5.50	5.50
June 1, 2009	4,400,000	5.00	5.00	5.125	5.00	5.125	5.00
June 1, 2010	4,400,000	5.00	5.00	5.25	5.00	5.125	5.00
June 1, 2011	4,400,000	5.00	5.00	5.25	5.00	5.25	5.00
June 1, 2012	4,400,000	5.00	5.00	5.25	5.00	5.25	5.00
June 1, 2013	4,400,000	5.00	5.25	5.25	5.125	5.25	5.125
June 1, 2014	4,400,000	5.125	5.25	5.25	5.125	5.25	5.25
June 1, 2015	4,400,000	5.20	5.25	5.25	5.25	5.25	5.25
June 1, 2016	4,400,000	5.25	5.25	5.25	5.25	5.25	5.25
June 1, 2017	4,400,000	5.25	5.25	5.25	5.375	5.25	5.25
June 1, 2018	4,400,000	5.25	5.25	5.25	5.375	5.25	5.25
June 1, 2019	4,400,000	5.25	5.25	*	5.375	5.25	5.25
June 1, 2020	4,400,000	5.25	5.25	5.25	5.375	5.25	5.50

* The Bonds maturing in this year were combined with the next succeeding maturity into a term bond bearing interest at the rate shown for such succeeding maturity.

Section 2. Lowest Bid. The bid offering to purchase the Bonds at the lowest "True or Canadian" interest cost, such cost to be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount to the price bid the payments of the principal of and the interest on the Bonds from their payment dates to April 1, 2000, excluding the accrued interest from the date of the Bonds to the date of their delivery, is the bid of Merrill Lynch & Co. and associates offering to pay $88,000,000.00 and accrued interest for the Bonds bearing interest at the rates set forth in Column I of the foregoing tabulation.

Section 3. Award and delivery of bonds. The bid of Merrill Lynch & Co. and associates is accepted, and the $88,000,000 Public Improvement Bonds, Series 2000 A, are awarded to Merrill Lynch & Co. and associates at the price of $88,000,000.00 for the Bonds bearing interest at the rates set forth in Column I of the foregoing tabulation, plus accrued interest. Delivery of the Bonds is to be made on or about April 27, 2000 in New York City.

Section 4. Optional Redemption Provisions, Dated Date. The optional redemption and dated date provisions of the Bonds have not been adjusted pursuant to the delegation of authority contained in Sections 1(b) and 3(a)(2) of the Authorizing Resolution.

Section 5. Certificate within meaning of Resolution. This certificate is a Certificate within the meaning of the Delegation Resolution and the Authorizing Resolution, and is executed pursuant to and in accordance with the delegation of power authorized by and contained therein.

Witness my hand as of the 6th day of April, 2000.

By: _____
Chief Financial Officer
Fairfax County, Virginia

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by Fairfax County, Virginia (the "County") in connection with the issuance by the County of $88,000,000 aggregate principal amount of its Public Improvement Bonds, Series 2000 A (the "Bonds" or "2000 A Bonds") pursuant to the provisions of a resolution (the "Resolution") adopted on March 13, 2000, by the Board of Supervisors of the County. The proceeds of the 2000 A Bonds are being used by the County to finance various public improvements in the County. The County hereby covenants and agrees as follows:

SECTION 1.Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the 2000 A Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The County acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2.Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the County, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Filing Date" shall have the meaning given to such term in Section 3(a) hereof.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, the County's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"Holder" or "holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a 2000 A Bond.

"Listed Events" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

principal and interest payment delinquencies

non-payment related defaults

unscheduled draws on debt service reserves reflecting financial difficulties

unscheduled draws on credit enhancements reflecting financial difficulties

substitution of credit or liquidity providers, or their failure to perform

adverse tax opinions or events affecting the tax-exempt status of the 2000 A Bonds

modifications to rights of holders

bond calls

defeasances

release, substitution, or sale of property securing repayment of the 2000 A Bonds

rating changes

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriters of the County's 2000 A Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private depository or entity designated by the State as a state depository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

A. The County shall, or shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than March 31 after the end of any Fiscal Year (commencing with its Fiscal Year ending June 30, 2000). Not later than ten (10) days prior to the Filing Date, the County shall

provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the County's audited financial statements or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of the County must be submitted, if and when available, together with or separately from the Annual Report.

B. The annual financial statements of the County shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with the Repositories when they become publicly available.

C. If the County fails to provide an Annual Report to the Repositories by the date required in subsection (a) hereto or to file its audited annual financial statements with the Repositories when they become publicly available, the County shall send a notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the County, including operating data, updating such information relating to the County as described in Exhibit A, all with a view toward assisting Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the County is an "obligated person" (within the meaning of the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. The County will provide in a timely manner to the Municipal Securities Rulemaking Board and to each State Repository, if any, notice of any of the Listed Events, if material.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the 2000 A Bonds.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor

Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. Any person referred to in Section 11 (other than the County) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to file its Annual Report or to give notice of a Listed Event. The holders of not less than a majority in aggregate principal amount of Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the County hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution or the 2000 A Bonds of the County, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Participating Underwriters, and holders from time to time of the County's Bonds, and shall create no rights in any other person or entity.

Date: April 27, 2000

FAIRFAX COUNTY, VIRGINIA

By: Edward L. Long, Jr.
Chief Financial Officer

EXHIBIT A

CONTENT OF ANNUAL REPORT

(a) **Financial Information.** Updated information concerning General Fund revenues, expenditures, categories of expenditures, fund balances, assessed value of taxable property, tax rates, major taxpayers, and tax levies and collections.

(b) **Debt Information.** Updated information concerning general obligation bonds indebtedness, including bonds authorized and unissued, bonds outstanding, the ratios of debt to the market value of taxable property, debt per capita, and debt service as a percentage of General Fund disbursements.

(c) **Demographic Information**. Updated demographic information respecting the County such as its population, public school enrollment and per pupil expenditure.

(d) **Economic Information**. Updated economic information respecting the County such as income, employment, unemployment, building permits and taxable sales data.

(e) **Retirement Plans**. Updated information respecting pension and retirement plans for County employees, including a summary of membership, revenues, expenses and actuarial valuation(s) of such plans.

(f) **Contingent Liabilities**. A summary of material litigation and other material contingent liabilities pending against the County.

In general, the foregoing will include information as of the end of the most recent fiscal year or as of the most recent practicable date. Where information for the fiscal year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where comparative demographic or economic information for the County and the United States as a whole is contemporaneously available and, in the judgment of the County, informative, such information may be included. Where, in the judgment of the County, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]

Re: FAIRFAX COUNTY VIRGINIA
PUBLIC IMPROVEMENT BONDS,
SERIES 2000 A

CUSIP NOS. 303820 XJ8-YD0

Dated: April 1, 2000

NOTICE IS HEREBY GIVEN that Fairfax County, Virginia has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to that certain Resolution adopted on March 13, 2000 by the Board of Supervisors of the County, the proceeds of which were used to finance various public improvements in the County. [The County anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Dated: _____

FAIRFAX COUNTY, VIRGINIA

By _____

Press Release

FITCH IBCA
The International Rating Agency

FITCH IBCA
One State Street Plaza
New York, NY 10004
(212) 908-0500
www.fitchibca.com

Fitch IBCA Rates Fairfax County (VA) $88M GOs 'AAA'

FITCH IBCA-NY-April 3, 2000: Fitch IBCA rates Fairfax County, VA's approximately $88,000,000 public improvement bonds, series 2000A 'AAA'. The bonds are scheduled to sell competitively on April 6. In addition, Fitch IBCA affirms the county's $1.3 billion in outstanding general obligation bonds at 'AAA'.

The `AAA' rating reflects Fairfax County's strong, diverse economic base, with high wealth levels and low unemployment, excellent financial planning and management, and a low debt burden. Located near Washington, D.C., the county historically has been a commuter community, but has developed a strong employment base of its own. Commercial development continues, particularly in the western part of the county where large parcels of land are still available.

Fairfax is a growing county, with an estimated population of 966,137, located southwest of Washington, D.C. Wealth levels are very high; median household effective buying income (EBI) was $68,083 in 1998, 180% and 192% of state and U.S. averages, respectively. The county has a diverse and strong economic and employment base, with a large presence in the health care, technology, and financial services sectors. The unemployment rate is very low, at 1.6% in 1999, while the labor force continues to expand. Commercial development is expanding steadily toward the western end of the county. The office vacancy rate recently increased slightly but is still near its 16 year low.

The county's finances are well managed, adhering to long-standing policy guidelines, and include detailed planning for capital and operating needs. Fiscal 1999 ended with an $8.7 million operating surplus, and the county reports that it has eliminated its multi-year structural budget gap. Imbalances have been addressed through a comprehensive review and prioritization of the county's lines of businesses, reductions in less essential services, and increased operating efficiency. Detailed forecasts of revenues and expenditures have kept shortfalls to a minimum. Strengthening real estate assessed values have had a positive impact on financial operations, since about half of general fund revenues are from real property taxes. Officials anticipate break-even general fund results for fiscal 2000. The advertised fiscal 2001

Press Release

FITCH IBCA
The International Rating Agency

FITCH IBCA
One State Street Plaza
New York, NY 10004
(212) 908-0500
www.fitchibca.com

general fund budget proposes a 5.1% expenditure increase which should be comfortably accommodated by strong 8.9% estimated growth in the assessed value of real estate and expected solid performance of other economy-driven revenues.

County debt levels are low to moderate. The county has consistently adhered to self-imposed debt management guidelines, reducing bonding significantly in the early 1990s in response to assessed valuation declines and related budgetary implications. Two-thirds of the county funded five-year capital plan will be spent on schools. Pay-as-you-go funding is planned at about $15 million per year.

Contact: Amy R. Laskey 1-212-908-0568, New York.

Fairfax (County of) VA

Contacts

Julie Beglin	212-553-4366
Orlie Prince	212-553-7733

Moody's Rating

Issue	Rating
Public Improvement Bonds, Series 2000A	Aaa

Sale Amount	$88,000,000
Expected Sale Date	04/06/00
Rating Description	General Obligation

MOODY'S ASSIGNS Aaa RATING TO FAIRFAX COUNTY (VA) PUBLIC IMPROVEMENT BONDS, SERIES 2000 A

RATING AND STABLE OUTLOOK AFFECT $1.6 BILLION OF PARITY DEBT

Opinion

Moody's Investors Service has assigned a Aaa rating to Fairfax County, Virginia's $88 million Public Improvement Bonds, Series 2000 A, which are secured by the county's general obligation unlimited tax pledge. This highest-quality rating also affects $1.6 billion in outstanding parity debt. This rating, which carries a stable outlook, is based on Moody's expectation that the county's very strong economy will continue to grow, wealth levels will remain above-average, financial performance will continue to be healthy, and debt will remain manageable. The rating also reflects management's demonstrated willingness to secure greater financial flexibility, as evidenced by the recent creation of a Revenue Stabilization Fund and the elimination of a structural imbalance. The majority of these funds ($50 million) will finance school construction projects, with another $12 million slated for parks and recreations, $8.7 million for transportation projects and the remainder for miscellaneous capital projects.

DYNAMIC ECONOMY CONTINUES TO FEED TAXBASE GROWTH AND ABOVE-AVERAGE INCOMES

Moody's believes that two key factors position the Fairfax County economy favorably for the long term: the diversity of the county's $92 billion tax base and its proximity to Washington D.C. In addition to considerable high-technology activity, the economy also supports highly visible telecommunications, defense, health care and financial services firms. The county is home to significant operations of Mobil, Sprint, TRW, America Online and INOVA Health Systems. Since 1991, 140,000 net new jobs have been created in the county. Its large commercial sector includes over 10,000 hotel rooms, numerous high-end

office parks, and considerable retail space in the Tyson's Corner, Fair Oaks and Springfield Mall shopping centers. Government-related employment is integral to the regional economy, and Fairfax is also home to a number of federal agencies, including Freddie Mac, Sallie Mae and the U.S. Geological Survey, as well as Fort Belvoir, a U.S. Army installation. Private defense-related firms provide significant employment and include Boeing, Lockheed Martin and SAIC. In 1999, 91 domestic companies and 30 foreign companies relocated or expanded in the county, adding 11,676 net new jobs. Moody's views such strong job growth as indicative of the overall health of the county's economy.

Moody's believes the broad economic foundation of Fairfax County will continue to provide considerable insulation against general economic uncertainty and industry-specific downturns. The taxbase has recovered from an abrupt decline in new construction and slides in property values between 1992 and 1994. During that time, the effects of overbuilding and the national recession produced a sharp reduction in construction activity and lowered existing property values, particularly in the commercial sector. In the past five years, however, assessed valuation has shown good growth, averaging 4.1% per year. Total assessed value of $92.3 billion in 2000 represented a strong 34% increase over the 1990 level. While most of the county's growth is in the commercial sector, residential equalization increased 5.13% this year, which is the first rise since fiscal 1992. Officials project a total taxable base increase of 8.94% in fiscal 2001. Additionally, unemployment is a low 1.4% in December 1999 and the county's office vacancy rate was a low 4.4% in mid-1999. These indices point to increased demand for employment and office space, which Moody's expects will lead to several years of rising taxable valuations. The county also has a wealthy base. Its total assessed value per capita is a very high $99,136, and per capita income is currently estimated to be approximately 158% of the state average.

COUNTY FINANCES REMAIN STRONG

Moody's believes the county's financial results have remained sound due to strong budgetary control of spending, and reliance on a number of self-imposed financial and debt management guidelines. These parameters limit the amount of tax supported debt to 3% of total value, and total debt service payments to 10% of General Fund disbursements. The county board has also required the maintenance of General Fund reserves in the 4%-5% range, which Moody's considers modest on a percentage basis but healthy in absolute numbers, as it equated to $99.3 million in fiscal 1999. Ongoing monitoring of revenues and expenditures has kept finances within the $2 billion annual operating budget for county and school operations for several years. To further buffer the county against operating pressures, the county board voted early in 1999 to establish a Revenue Stabilization Fund targeted at 3% of General Fund disbursements to provide for any abrupt drops in revenues like those that occurred during the downturn in 1992-94. The fund will be established initially with a $7.8 million appropriation in fiscal 2000, and will be supplemented annually with surplus general funds until the 3% level, or approximately $60 million is reached. In fiscal 2001 it is anticipated to have $18 million.

In addition, Moody's considers the county's General Fund performance to reflect soundly conservative budget practices and strong management oversight of financial operations. The General Fund balance for fiscal 1999 was $99.3 million, representing 5.4% of revenues, almost all of which is undesignated. The real property tax rate has been maintained at $12.30 (per $1,000 assessed valuation) since 1997, somewhat higher than most other northern Virginia jurisdictions, but competitive statewide. There are no plans to adjust that rate in the foreseeable future.

The fiscal 2000 approved General Fund budget shows higher rates of revenue growth than in recent years - reaching over 5.5% over 1999 levels, compared to 4.6% growth

between 1998 and 1999. With total General Fund expenditures up 6.4% year-to-date, compared to 5.31% budgeted, officials expect a surplus of approximately $1 million. That would bring General Fund balances to $100.3 million, or 5.3% of General Fund revenues. Moody's also finds credit strength in the new budget guidelines, which eliminate the previous structural imbalance. Since the mid-1990s, modest one-time charges against various reserves had been needed to balance the budget, including approximately $14 million in fiscal 2000. As of fiscal 2001, non-recurring funds will be applied solely to non-recurring uses.

The proposed fiscal 2001 General Fund budget anticipates revenues increasing at a higher rate of 7%, due primarily to anticipated increases in real estate taxes. The budget also anticipates expenditures increasing 5.14% over the fiscal 2000 revised budget, which includes a 7% increase in transfers to the school operating fund and a net $10 million increase for a market rate adjustment in salaries. Given the strong revenue projections and conservative budgeting, Moody's expects the fiscal 2001 budget to be balanced and reserves to remain healthy.

DEBT BURDEN REMAINS LOW, SUPPORTED BY RAPID RETIREMENT OF PRINCIPAL

Moody's believes two factors provide the county with ample room to accommodate expected large future needs: the county's favorable debt burden of 1.9%, and rapid general obligation bond retirement with 70.4% scheduled in 10 years. The county's capital improvement plan calls for $800 million of spending over the next five years, which will result in general obligation bonding of approximately $80 million every six months. Over the next five years, Moody's expects approximately $694 million - or 40% of the $1.7 billion debt outstanding - to be retired. The fast amortization of debt and growing tax base will allow debt levels to remain manageable, despite frequent issuance. A total of $725 million of bonds remain authorized but unissued, with the major component for schools (54%) and additional priorities to transportation (15%) and public safety projects (16%).

We regard as a credit strength the county's broad voter support for its large capital program, and note the county's history of planning bond elections well ahead of need. The 2000-2004 capital budget totals $2.4 billion and is expected to be primarily debt financed. The county hopes again to contribute more than $15 million annually from the General Fund, which was increased to that level last year following $9 million annual contributions since 1992. Officials expect to hold additional referenda of approximately $250 million each in 2001 and 2003 to finance school facility projects.

Outlook

OUTLOOK

This rating's stable outlook is based on our expectation that the county's very strong economy will continue to grow, wealth levels will remain above-average, financial performance will continue to be healthy, and debt will remain manageable.

KEY STATISTICS:

1999 Population (estimate): 945,717

1990 Per capita income: $24,833 (158% of state)

2000 Full valuation: $92.34 billion

1998 Full value per capita: $99,136

Debt burden: 1.9%

Payout of outstanding G.O. and lease revenue debt (10 years): 70.4%

FY99 General Fund balance: $99.3 million (5.4% of General Fund revenues)

FY00 General Fund balance (projected): $100.3 million (5.1% of General Fund revenues)

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MADE IN U.S.A

Fairfax County, Virginia's $88M Bonds Rated 'AAA'

Jacqueline Walcott, New York (1) 212-438-2111;
Parry Young, New York (1) 212-438-2120

NEW YORK (Standard & Poor's CreditWire) March 30, 2000--Standard & Poor's today assigned its triple-'A' rating to Fairfax, Va.'s $88 million public improvement bonds series 2000 due June 1, 2020. The bonds are scheduled to sell April 6, 2000. The outlook is stable.

In addition, Standard & Poor's affirmed its triple-'A' rating on the county's $1.4 billion bonds.

The rating reflects:

-- A strong, diverse economic base fueled by expansion in the high-technology and telecommunications sectors;

-- Solid growth in assessed valuations with no concentration in the tax base;

-- Wealth and income indicators that are very high at 190% of the nation's levels when measured on a median household basis; and

-- Strong financial and debt management.

The bonds are secured by the full faith and credit of the county. Proceeds of this issuance will be used to finance various public improvements throughout the county.

The county is located in northeast Virginia and has an estimated population of 966,000. The county benefits from an extremely strong local economy as well as its participation in the economic base of the Washington D.C. MSA. The local economy is anchored by services (42.88% of employment), trade (19.40%), and government (12.71%). While there are a myriad of government contractors and consultants based in the county, the service industry has grown significantly over time. Several technology-based and telecommunications businesses are located in the county, including Northern Telecom and Oracle, whose corporate headquarters are within the county's boundaries. The county's wealth and income levels, which are very high at 190% of national levels, are indicative of the strength of the economic base and the high-end jobs that are prevalent. The county's unemployment rate was 1.58% in 1999, which is extremely low when compared with state and national levels and reflects the extremely tight labor market. Assessed valuation has grown steadily and is currently $92.3 billion, . resulting an extremely high per capita market value of $95,577.

Financial performance in the county has consistently been strong despite some financial challenges due to school-related growth. In fiscal 1999, the county's general fund operations generated an $8.7 million operating surplus increasing the

unreserved general fund balance to $98 million, or 10.1% of operating expenditures. Overall debt remains moderate at $1,694 and 1.8% of market value.

OUTLOOK: STABLE

The outlook reflects the expectation that the county will continue to utilize expenditure cost containment methods in order to achieve balanced fiscal operations without adversely impacting services being provided to residents, Standard & Poor's said. -- CreditWire

CERTIFICATE CONCERNING OFFICIAL STATEMENT

I, Nancy Vehrs, Clerk to the Board of Supervisors of Fairfax County, Virginia, **DO HEREBY CERTIFY** that the attached Official Statement of Fairfax County, Virginia, dated April 6, 2000, relating to the issuance of **$88,000,000 Public Improvement Bonds, Series 2000 A**, is substantially in the form of the draft of the Preliminary Official Statement which was presented at the meeting of the Board of Supervisors of Fairfax County, Virginia, duly called and held on March 13, 2000 and which was approved by the Board of Supervisors by a resolution duly passed and adopted at said meeting.

WITNESS my hand and the official seal of the Board of Supervisors of Fairfax County, Virginia, this 27th day of April, 2000.

Nancy Vehrs

Clerk to the
Board of Supervisors
Fairfax County, Virginia

(SEAL)

In the opinion of Bond Counsel, under existing law and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Bonds will not be includable in the gross income of the owners thereof for Federal income tax purposes. See "TAX MATTERS" herein for certain provisions of the Code that may affect the tax treatment of interest on the Bonds for certain bondholders.

NEW ISSUE
Full Book-Entry

RATINGS: **Fitch ..... AAA**
Moody's ..... Aaa
Standard & Poor's ..... AAA

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds, Series 2000 A

Dated: April 1, 2000 **Due: June 1, as shown below**

Interest on the Bonds will be payable semi-annually on each June 1 and December 1, commencing December 1, 2000 (eight months' interest).

The Bonds maturing after June 1, 2008 will be subject to redemption prior to their respective maturities, either in whole or in part, at the option of the County, on or after June 1, 2008, at prices determined as set forth herein.

The Bonds are being issued for the purpose of financing various public improvements.

The Bonds will be general obligations of Fairfax County, Virginia, for the payment of which the Board of Supervisors of the County is unconditionally obligated to levy and collect an annual ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation.

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS*

Maturity Date	Principal Amount	Interest Rate	Yield	Maturity Date	Principal Amount	Interest Rate	Yield
2001	$4,400,000	5.25%	4.15%	2011	$4,400,000	5.00 %	5.04%
2002	4,400,000	5.50	4.65	2012	4,400,000	5.00	5.11
2003	4,400,000	5.25	4.69	2013	4,400,000	5.00	5.17
2004	4,400,000	5.25	4.75	2014	4,400,000	5.125	5.24
2005	4,400,000	5.50	4.78	2015	4,400,000	5.20	5.31
2006	4,400,000	5.50	4.82	2016	4,400,000	5.25	5.36
2007	4,400,000	5.50	4.86	2017	4,400,000	5.25	5.41
2008	4,400,000	5.50	4.90	2018	4,400,000	5.25	5.46
2009	4,400,000	5.00	4.94	2019	4,400,000	5.25	5.51
2010	4,400,000	5.00	4.98	2020	4,400,000	5.25	5.54

(Accrued interest to be added)

The Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Brown & Wood LLP, New York, New York, Bond Counsel. The Bonds will be available for delivery in New York, New York, through the facilities of DTC on or about April 27, 2000.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

April 6, 2000

*Initial reoffering yields were furnished by the successful bidder.

Fairfax County, Virginia

BOARD OF SUPERVISORS

Katherine K. Hanley, *Chairman*
Gerald W. Hyland, *Vice Chairman*
Sharon Bulova
Gerald E. Connolly
Catherine M. Hudgins
Michael R. Frey
Penelope A. Gross
T. Dana Kauffman
Elaine McConnell
Stuart Mendelsohn

COUNTY OFFICIALS

Anthony H. Griffin, *County Executive*
Robert A. Stalzer (effective June 1, 2000), *Deputy County Executive*
Verdia L. Haywood, *Deputy County Executive*
David P. Bobzien, *County Attorney*
Edward L. Long, Jr., *Chief Financial Officer*
Robert L. Mears, *Director, Department of Finance*

BOND COUNSEL
Brown & Wood LLP
One World Trade Center
New York, New York 10048-0557
(212) 839-5323

FINANCIAL ADVISOR
BB&T Capital Markets, a division of Scott & Stringfellow, Inc.
2 South Ninth Street
Richmond, Virginia 23219
(804) 649-3946

For information relating to this Official Statement please contact:
Edward L. Long, Jr., Chief Financial Officer
Fairfax County, Virginia
12000 Government Center Parkway, Suite 561
Fairfax, Virginia 22035-0074
(703) 324-2391

No person has been authorized by Fairfax County to give any information or to make any representations with respect to the County or the Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations may not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Bonds.

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OFFICIAL STATEMENT

FAIRFAX COUNTY, VIRGINIA

Regarding

$88,000,000

Public Improvement Bonds, Series 2000 A

INTRODUCTION

The purpose of this Official Statement, which includes the cover and inside cover pages and the appendices hereto, is to furnish information in connection with the sale by Fairfax County, Virginia (the "County"), of its $88,000,000 Public Improvement Bonds, Series 2000 A (the "Bonds").

THE BONDS

AUTHORIZATION AND PURPOSES

The Bonds will be issued under a resolution (the "Resolution") adopted by the Board of Supervisors of Fairfax County (the "Board of Supervisors") on March 13, 2000 pursuant to Article VII, Section 10(b) of the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended (the "Act").

The Bonds will be issued to provide funds for the following purposes:

School Improvements	$50,000,000
Parks and Park Facilities	12,000,000
Transportation Improvements and Facilities	8,700,000
Public Library Facilities	5,600,000
Public Safety Facilities	4,000,000
Adult Detention Facilities	4,000,000
Neighborhood Improvements	1,500,000
Commercial and Redevelopment Area Improvements	1,500,000
Human Services Facilities	700,000
Total	$88,000,000

DESCRIPTION

General

The Bonds will be dated April 1, 2000, will bear interest from their date, payable semi-annually on each June 1 and December 1, commencing December 1, 2000 (eight months' interest), at rates, and will mature in amounts on June 1 in each of the years 2001 through 2020, inclusive, as set forth on the cover page of this Official Statement. The Bonds will be issued in denominations of $5,000 and integral multiples thereof under the book-entry system of the Depository Trust Company ("DTC"), and principal and interest on the bonds will be payable in the manner described in Appendix V, "BOOK-ENTRY ONLY SYSTEM".

Optional Redemption

The Bonds which mature on or before June 1, 2008 are not subject to optional redemption before maturity. Bonds which mature after June 1, 2008 may be redeemed, at the option of the County, before their respective maturities, on any date not earlier than June 1, 2008, in whole or in part (in integral multiples of $5,000), upon payment of the following redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period (both dates inclusive)	Redemption Price
June 1, 2008 through May 31, 2009	102%
June 1, 2009 through May 31, 2010	101
June 1, 2010 and thereafter	100

Notice of Redemption

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the County shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each Bond to be redeemed in whole or in part at his address appearing upon the registration books of the County, but failure to mail such notice or any defect therein shall not affect the validity of the redemption. So long as the Bonds are in book-entry only form, any notice of redemption will be given only to DTC or its nominee as the sole registered owner of the Bonds. See Appendix V, "BOOK-ENTRY ONLY SYSTEM" with respect to provision of such notice to the beneficial owners of the Bonds.

SECURITY

The Bonds are general obligations of the County for which its full faith and credit are irrevocably pledged. The Act requires that the Board of Supervisors shall, in each year while any of the Bonds shall be outstanding, levy and collect an ad valorem tax upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due, which tax shall be in addition to all other taxes authorized to be levied in the County.

STATE AID INTERCEPT

The provisions of Section 15.2-2659 of the Act, in substance, direct the Governor of Virginia, upon satisfactory proof of default by the County in the payment of principal of or interest on the Bonds, immediately to order the Comptroller of Virginia to withhold all further payment to the County of all funds, or any part thereof, appropriated and payable by the Commonwealth to the County for any and all purposes until such default is remedied. For as long as the default continues, the law directs the Governor to require the Comptroller to pay to the holders of such Bonds or the paying agent therefor all of the withheld funds or as much as are necessary to cure, or to cure insofar as possible, the default on such Bonds. The Governor shall, as soon as practicable, give notice of such default and of the availability of funds with the paying agent or with the Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond and by mail to the registered owners of such Bonds. Although the provisions of Section 15.2-2659 have never been tested in a Virginia court, the Attorney General of Virginia has opined that appropriated funds can be withheld pursuant to its provisions.

REMEDIES

The Bonds do not specifically provide any remedies that would be available to a bondholder if the County defaults in the payment of principal of or interest on the Bonds, nor do they contain a provision for the appointment of a trustee to protect and enforce the interests of the bondholders upon the occurrence of such default. If a bondholder does not receive payment of principal or interest when due, the holder could seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Board of Supervisors to levy and collect an ad valorem tax, unlimited as to rate or amount, upon all property in the County subject to local taxation sufficient to pay the principal of and the interest on the Bonds as the same shall become due. The mandamus remedy, however, may be impracticable and difficult to enforce. The enforceability of rights or remedies with respect to the Bonds (but not the validity of the Bonds) may be limited by bankruptcy, insolvency, or other State or Federal laws, heretofore or hereafter enacted, and equitable principles affecting the enforcement of creditors' rights.

The County has never defaulted in the payment of either principal or interest on any indebtedness.

NO LITIGATION RESPECTING THE BONDS

No litigation is pending or, to the best of the County's knowledge, threatened (a) to restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof or the pledge of tax revenues for payment of the Bonds, (b) in any way contesting or affecting any authority for the issuance or validity of the Bonds, (c) in any way contesting the existence or powers of the County or (d) that, if determined adversely against the County, would have a material adverse affect on the County. See "FAIRFAX COUNTY -- CONTINGENT LIABILITIES AND CLAIMS" for a description of litigation affecting the County.

FAIRFAX COUNTY

GENERAL DESCRIPTION

Overview

The County is located in the northeastern corner of Virginia and encompasses a net land area of 399 square miles. The County is part of the Washington, D.C. metropolitan area, which includes jurisdictions in Maryland, the District of Columbia, and Northern Virginia.

The Fairfax 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 makes policies for the administration of the County. The Board of Supervisors is comprised of 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 the 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. (See Appendix I).

In Virginia, cities and counties are discrete units of government and do not overlap. Fairfax County completely surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. (See Appendix II). Property within these cities is 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 the residents of certain of these cities pursuant to agreements with such cities.

In Fairfax County there are located three incorporated towns, Clifton, Herndon and Vienna, which are underlying units of government within the County, and the ordinances and regulations of the County are, with certain limitations prescribed by State law, generally effective in them. (See Appendix III). Property in these towns is subject to County taxation and the County provides certain services to their residents. These towns may incur general obligation bonded indebtedness without the prior approval of the County (more fully discussed in "FAIRFAX COUNTY--DEBT ADMINISTRATION").

Certain County Administrative and Financial Staff Members

Anthony H. Griffin, County Executive, joined Fairfax County Government in 1989 after serving as Falls Church, Virginia City Manager for six years. He was appointed County Executive effective January 17, 2000. He previously served as Deputy County Executive for the County. He had previously served as acting County Manager and Deputy County Manager of Arlington County, Virginia. He is a graduate of Hobart College in Geneva, New York, and holds Master's Degrees in Urban and Regional Planning and in Urban Affairs, with a concentration in Urban Management, from Virginia Polytechnic Institute and State University.

Verdia L. Haywood, Deputy County Executive, joined Fairfax County Government in 1978 as Executive Assistant to the County Executive. Prior to joining Fairfax County, Mr. Haywood served as Senior Budget Analyst for the City of Richmond, Virginia. Mr. Haywood holds a Bachelor's Degree with Honors from Alcorn State University, with a concentration in Political Science and Economics, and a Master's Degree in Public Administration from the University of Illinois. He also was the recipient of a Ford Foundation Grant and Illinois State Urban Fellowship.

Robert A. Stalzer was appointed Deputy County Executive on March 27, 2000. He will join Fairfax County Government on June 1, 2000. Mr. Stalzer currently serves as Town Manager in the Town of Herndon, a

position he has held since 1988. He had previously served as Director of Planning and Zoning, Zoning Administrator and Planning Commission Secretary for Roanoke County, Virginia. Mr. Stalzer holds a Bachelor of Arts from Clark University, a Master of Regional and City Planning from the University of Oklahoma and is currently a degree candidate at Syracuse University, New York for a Master of Business Administration.

David P. Bobzien was appointed County Attorney by the Board of Supervisors effective in January 1993, after serving as a member of the Fairfax County Planning Commission and as Chairman of the Fairfax County Goals Advisory Commission. He is the Vice Chair of the Local Government Law Section of the Virginia State Bar and the Secretary-Treasurer of the Local Government Attorneys of Virginia. Prior to assuming his present position he served as Assistant Counsel in the Office of Professional Responsibility of the United States Department of Justice. From 1975 to 1979 Mr. Bobzien was an associate in the Fairfax law firm of Fitzgerald and Smith. He also served as a Captain in the Judge Advocate General's Corps in the United States Army from 1971 to 1975. Mr. Bobzien is a graduate of Holy Cross College and holds a J.D. from the University of Virginia and an LL.M in Taxation from George Washington University.

Edward L. Long, Jr., Chief Financial Officer, joined the County in 1977 as a Budget Analyst. He served as a Senior Budget Analyst from 1980 to 1983 and as Assistant Director from 1983 to 1989. He was appointed Budget Director in October 1989. Mr. Long has a Bachelor's Degree in Political Science from Emory & Henry College and a Master's Degree in Urban Studies from the University of Maryland at College Park. He has served on the Fairfax-Falls Church Community Services Board and is active and has held offices in numerous professional organizations in the Northern Virginia region. In 1993 Mr. Long was recognized by the Washington Metropolitan Government Finance Officers Association with the Anna Lee Berman Award for Outstanding Leadership in Governmental Finance.

Robert L. Mears, Director of the Department of Finance, was appointed as Fairfax County Director of Finance effective September 7, 1999. He served as Finance Director of the Fairfax County Public Schools since 1989. He joined the Schools staff in 1986 as a coordinator of the logistics budget after service with the County government since 1981 as a Management Analyst. During his time with the County government, he served on the interdepartmental project team responsible for implementation of the government's new automated financial system. Mr. Mears received his Bachelor's Degree in Sociology from the College of William and Mary and his Master's Degree in Public Administration from the University of Northern Colorado. He is a Certified Governmental Financial Manager and is Treasurer and Chairman of the Investment Committee of the Board of Trustees of the Fairfax County Supplemental Retirement System, Treasurer of the Board of Trustees of the Police Officers Retirement System, and Treasurer of the Board of Trustees of the Uniformed Retirement System.

County Employees

As of July 1999, there were 29,793 full and part time positions authorized for the County. Of this total, 18,767 were authorized by the County School Board; 10,142 were authorized in other activities funded directly or supported by the General Fund of the County; and 884 were authorized in activities not supported by the General Fund, principally the Integrated Sewer System. No Fairfax County employees are represented by unions. Fairfax County public school employees have, however, organized the Fairfax Education Association and the Fairfax County Federation of Teachers to represent the interests of its members at public hearings and meetings before the County School Board and the Board of Supervisors. General County employees' interests are represented at these types of meetings by the Employees Advisory Council and other groups such as Police, Fire and Sheriff employee organizations. None of these organizations is empowered to serve as negotiating agent for its members for collective bargaining purposes. Collective bargaining by public employees in Virginia is prohibited by law, and such restriction has been upheld by the Supreme Court of Virginia.

GOVERNMENT SERVICES

Reflecting its urban character, Fairfax County provides a comprehensive range of public services characteristic of its form of government under Virginia law and its integral position within the Washington metropolitan area. The following subsections describe principal governmental services and services performed in conjunction with other governmental entities.

General Government Administration

Fairfax County has received national recognition for many administrative and managerial innovations which have been implemented in order to increase the efficiency of County services and reduce costs. For example, decentralization in the administration of County programs has been emphasized in order to augment the efficient delivery of County services. Six remote governmental centers, in addition to the central government center complex, have been established. The centers provide office space for members of the Board of Supervisors, personnel, police, and building inspectors, and provide meeting rooms for community activities.

In order to enhance service quality or improve cost-effectiveness, the performance of several County functions were recently redesigned. In the area of human services, a redesign was conducted which was oriented toward increasing efficiency by emphasizing a team-based case service delivery, consolidating administration, and increasing the use of information technology. The final stage of this redesign was completed on July 1, 1997 and includes the consolidation of four existing human services agencies (Department of Human Development, Office for Children, Department of Community Action and the Area Agency on Aging) into one Department of Family Services agency.

To support recent realignment of County functions, significant investments are being made in the County's information technology capabilities. In addition to the investments related to the projects outlined above, the County is also replacing and upgrading its Public Safety communications network; integrating existing databases into a single Corporate Land Development System; digitizing the integrated mapping system; implementing electronic imaging for the Circuit Court land records; and utilizing ongoing upgrades to provide online public access to the County's library collections.

In the area of revenue collection and financial management, the County has instituted many computer-assisted programs in order to increase County revenues and monitor costs. For its approximately 323,000 taxable land parcels, the County has an annual assessment program that utilizes a computer program similar to those used throughout the Commonwealth. In August 1996, the Board of Supervisors approved a multi-year contract to complete the modernization of the County's tax automation systems. The uniformity of the assessment program is indicated by the County's achievement in 1999 of a Russell Index of 5.6. The Russell Index indicates the amount of deviation from the mean assessed value and provides a measure of uniformity to the assessment process. The International Association of Assessing Officers considers an index of 15.0 or less to be good. In addition, the Department of Finance maintains a cash management program which generates long range cash flow projections for the County, permitting the efficient investment of funds. An internal audit staff monitors County activities and performs both financial and management audits.

The County government center complex is located in the Fairfax Center area and is accessible by U.S. Routes 50 and 29, near Interstate Highway 66. The 674,943 square foot government center houses core County services and agencies. Two adjacent County office buildings provide an additional 486,129 square feet of space and house primarily human services and community development agencies and departments of the County.

Public Works

Essential management, professional engineering, design, and construction services in support of the construction of roads, sidewalks, trails, storm drainage, street lights, public facilities (except schools, housing and

parks) and sewers are provided through the Department of Public Works and Environmental Services. The Department is also responsible for the acquisition of land for, and timely construction of, public facilities projects contained in bond referenda questions approved by the voters of Fairfax County. Referenda questions approved by County voters have included $412.57 million (excluding roads and transportation improvements) since April 1988 for major public facilities, including libraries, the County courthouse, police stations, fire stations, juvenile and adult detention facilities, mental health facilities, commercial revitalization projects, public safety, neighborhood improvement projects and storm drainage projects. In addition, the Department is responsible for the operation and maintenance of sanitary sewer and storm drainage systems, refuse collection and disposal, and wastewater treatment.

Wastewater generated in the County is treated at one County-owned treatment facility, four interjurisdictional treatment facilities and one private treatment facility. The County-owned treatment facility is the Noman M. Cole, Jr., Pollution Control Plant (formerly the Lower Potomac Pollution Control Plant). The four interjurisdictional treatment facilities are the District of Columbia's Blue Plains Facility, and plants operated by the Upper Occoquan Sewage Authority ("UOSA"), the Arlington County Department of Public Works and the Alexandria Sanitation Authority and the private treatment facility is the Harbor View Wastewater Treatment Plant. The County's treatment capacity in the six facilities totals 133.6 million gallons per day ("mgd"). In February 1991, UOSA issued $95,490,000 bonds of which approximately $79,300,000 were to finance the initial phase of an expansion of its capacity from 27 mgd capacity to 54 mgd and associated improvements. This expansion, which is projected to be completed in 2001, will result in an increase of approximately 17.7 mgd in Fairfax County's sewage treatment capacity. UOSA issued $330,860,000 of bonds in January 1996, of which $288,600,000 was for the completion of the expansion project. Fairfax County is responsible for approximately 62.8% of the debt service on UOSA's bonds. In July 1996, the County issued $104,000,000 Sewer Revenue Bonds to fund a portion of the cost of the expansion and upgrade of the Noman M. Cole, Jr., Pollution Control Plant from 54 mgd to 67 mgd.

The Department manages and operates the I-95 Sanitary Landfill located on approximately 300 acres in the southern portion of the County. This facility is operated on a "special fund" basis, which utilizes tipping fees to pay for the operation and capital expenditures of the landfill. Since December 31, 1995, the landfill has been dedicated to the disposal of ash which is generated by the incineration of municipal solid waste at the Arlington/Alexandria Energy/Resource Recovery Facility and the Fairfax County Energy/Resource Recovery Facility ("E/RRF"). The County has initiated closure activities which involve placing a synthetic cap over the closed section of the landfill along with landfill gas extraction wells and leachate collection systems. As of December 1998, capping activity was completed on approximately 130 acres of the site. The closure project is a multi-phase construction project which will be on-going throughout the remaining life of the facility. Dedicated reserves are established for this purpose, and the County has met the financial assurance requirements set forth by the Virginia Department of Environmental Quality regarding closure and post-closure care. Additional landfill requirements, either debris or sanitary waste, are met through separate contracts.

The E/RRF burns solid waste delivered to the facility from the County, the District of Columbia, Prince William County, and portions of Loudoun County and has a dependable capacity rating of 63 megawatts ("MW") for sale to Virginia Power. The Fairfax County Solid Waste Authority, which was created by the County, entered into a service contract in August 1987 with Ogden Martin Systems of Fairfax ("OMSF"), a wholly owned subsidiary of Ogden Martin Systems, Inc., under which OMSF was obligated to design, construct and operate a 3,000 ton per day resource recovery facility at the I-95 Landfill Site. Ogden Corporation, of which OMSF is an indirectly wholly-owned subsidiary, has guaranteed the obligations of OMSF under the service contract. In February and March 1988, the Fairfax County Economic Development Authority issued $252,080,000 in revenue bonds to finance the construction of the E/RRF. The bonds are not general obligations of Fairfax County, but they are secured solely by the revenues of the E/RRF. Full-scale operations at the E/RRF began in June of 1990. In 1995, the County sold an option to acquire refunding revenue bonds for the E/RRF. This option was sold to a financial institution for a one-time fee of approximately $10.25 million. On November 4, 1998, the option was exercised and the refunding revenue bonds were delivered. The refunding bonds, which total $195,505,000, have a lower interest rate, serving to decrease the net debt service for the facility. Net debt service is a crucial element in determining the annual waste

disposal fee per ton which the County pays to OMSF. As a result of the option exercise, the savings per ton will be approximately four dollars ($4), a decrease of about 12% from Fall 1998 levels.

Fairfax County is obligated under the service contract to deliver certain minimum annual tonnages of solid waste to the E/RRF and to pay OMSF tipping fees for the disposal of such waste to provide funds sufficient to pay the operating costs of the E/RRF and debt service on the bonds. The County's commitment to deliver minimum quantities of solid waste to the E/RRF was based on "flow control" powers granted to the County by the General Assembly of Virginia to direct private haulers of solid waste to the E/RRF. An adverse 1994 decision by the Supreme Court of the United States has created uncertainty with regard to the power of local governments to enforce flow control ordinances. The supply of municipal solid waste to the E/RRF may be subject to the competitive pricing of alternative disposal sites. In light of the competitive pressures, and in order to maintain its waste stream to the E/RRF, in August of 1998 the County began to enter into contracts with waste haulers, providing them a discount on waste disposal fees if they commit to keep their waste within the County. On September 14, 1998, the County Board of Supervisors passed a resolution clarifying its intent to enforce only intra-state flow control, which is not impacted by the 1994 Supreme Court decision. On November 23, 1998, the Board of Supervisors approved changes to the County Code, at a public hearing, which provide for intra-state flow control.

During FY 1998, the E/RRF processed nearly 964,000 tons of material, and in FY 1999, nearly 983,000 tons, exceeding the guaranteed requirements by 33,000 tons and 52,000 tons, respectively.

To comply with local directives, the County has initiated a comprehensive waste reduction and recycling program. Recycling is mandatory for all residents and businesses. One goal of the recycling program, to reduce the municipal solid waste stream by 25 percent, was achieved by the close of FY 1992, 3 years ahead of State requirements. In FY 1999 the County recycled approximately 35 percent of the waste stream. The County's waste reduction/recycling efforts include: recycling of glass, aluminum, newspaper, office paper, ferrous metals, corrugated cardboard, used motor oil, automobile batteries, grass, leaves and brush (with the distribution of ground wood mulch to County citizens).

Public Schools

The Fairfax County Public Schools (FCPS) is the largest educational system in the Commonwealth of Virginia and is the twelfth largest school system nationwide when ranked by enrollment. The system is directed by a twelve-person School Board elected by the citizens of Fairfax County to serve four-year terms. A student representative with a one-year term participates in the discussions but does not vote. Because the School Board is not empowered to levy taxes or to incur indebtedness, the operating costs of the FCPS are provided by the Federal and State governments and by transfers from the General Fund of the County to the School Board (see the subsection herein entitled "Expenditures and Transfers" in the section entitled "FINANCIAL INFORMATION"). Capital construction funding for public school facilities is provided primarily by the sale of general obligation bonds of the County.

FCPS is a high quality system offering a variety of programs. There is a strong academic program for college-bound students. Approximately 92% of the June 1998 graduates enrolled in post-secondary educational programs. In addition to the traditional academic curriculum, the Thomas Jefferson High School for Science and Technology provides a four-year college preparatory program for students who have a strong interest and high aptitude in mathematics, science, computer science, engineering, or related professional fields. The school has been designated as one of the Governor's magnet schools for science and technology, and students from other Northern Virginia counties are admitted on a tuition paying basis.

An extensive program for students pursuing opportunities in technical careers has also been developed. Various courses are offered in business, health occupations, industrial technology, marketing, trade and industrial, and work and family studies program areas. In addition, there are special programs offered for gifted children and for handicapped children ages 2 through 21. A comprehensive summer school program for students in the general

academic program as well as for special education students is offered. FCPS also provides an extensive adult education program offering basic education courses and general education, vocational and enrichment programs. During the 1998-99 school year more than 71,000 persons were enrolled in the adult education program.

In FY 2000, the School Board operates 26 special education centers, 2 special service sites, and 181 schools including 133 elementary, 21 middle, 20 high and 3 secondary schools (grades 7-12) and 4 alternative high schools. Among the 209 schools and centers operated by FCPS are a variety of special programs designed to enhance student achievement. These include three elementary magnet schools with County-wide enrollment, four elementary focus schools with specific curricular approaches, one extended year elementary school, 24 foreign language partial-immersion schools, and seven International Baccalaureate programs at the high school level. Approximately 16,833 employees are assigned to work in schools and 1,575 positions are non-school based. These positions provide support in areas such as personnel, payroll, and maintenance of facilities. There are 359 grant funded positions.

In FY 2000, the average elementary class size is estimated to be 22.60 students per teacher. Kindergarten classes are staffed with a teacher and an instructional assistant at a maximum class size of 28 students. Elementary schools are staffed with pupil-teacher ratios of 24.5 to 1 in grades 1 through 3, with grade one classes capped at 25 students maximum. Grades 4 through 6 are staffed at a pupil-teacher ratio of 26.5 to 1. At the middle school level, the average number of students per classroom teacher is 20.2 students, with an average of 19.4 students per teacher at the high school level.

Certain schools are identified as having students with special needs; these schools have a high variability in test scores, a high mobility rate, a large percentage of free and reduced price lunch eligible students, and a high minority enrollment. Supplementary staffing is allotted to these schools.

The 32 elementary special needs schools have a reduced pupil-student ratio of 20.5 to 1 in grades 1 through 3 and 22.5 to 1 in grades 4 through 6; maximum kindergarten class size is set at 24 students. In addition, 48 elementary schools have a 15 to 1 pupil-teacher ratio in the first grade to provide additional support to students with special needs. These schools were selected based on their status as special needs schools, Chapter 1 schools, or schools with a high percentage of free and reduced price lunch eligible enrollment. Nine middle schools and eight high schools are classified as special needs schools. These schools have additional staff, including teachers, assigned to them. In addition, Project Excel provides students in 20 elementary schools with additional time for learning and enhanced academic programs.

FCPS provides a number of student intervention programs for the increasing population of non-traditional learners. These alternative high schools and programs and three English as a Second Language transition centers are operated throughout the County. The Intervention and Support Program is designed to help chronically disruptive students change their behaviors and attitudes. These programs are operated at 28 sites throughout the County.

As shown below, the number of students attending Fairfax County Public Schools increased between 1990 and 1999. Enrollment for FY 1999 was 151,418, an increase of 23,130 students over the FY 1990 enrollment. It is projected that enrollment will increase through 2006.

Fiscal Year	Number of Public School Students
1990	128,288
1991	130,619
1992	133,198
1993	135,102
1994	137,495
1995	140,097
1996	143,040
1997	145,805
1998	148,036
1999	151,418
Enrollment Projections	
2000	156,653
2001	160,695

Source: Fairfax County Public Schools

Fairfax County has achieved its superior quality educational school system while maintaining one of the lower per-pupil costs in the Washington metropolitan area. The average per-pupil expenditures based on FY 2000 approved budget operating costs for several Washington metropolitan area jurisdictions are as follows:

Jurisdiction	Per-Pupil Expenditures
City of Falls Church	$10,618
Arlington County	10,579
City of Alexandria	9,848
Montgomery County (Md.)	8,508
Fairfax County	8,203
City of Manassas	7,951
Loudoun County	6,890
Prince William County	6,708
Prince George's County (Md.)	5,936

Source: FY 2000 Metropolitan Area Boards of Education Guide, October 1999.

FCPS compares favorably with other area school systems. In the 1999 National Merit Scholarship program, 179 FCPS students were named semifinalists and FCPS students accounted for 49 percent of Virginia's National Merit Scholarship semifinalists. Over two-thirds of the FCPS students were awarded the Virginia advanced diploma in FY 1997, compared to a 52 percent average for all Virginia school divisions.

In addition, FCPS students' SAT scores compare favorably with state and national averages on Scholastic Aptitude Tests administered by the College Board.

1999 Average Scholastic Aptitude Test Scores

	Verbal	Math	Total
United States	505	511	1,016
Virginia	508	499	1,007
Fairfax County	541	553	1,094

Source: Educational Testing Service

FCPS was rated as a Gold Medal school district, the highest rating possible, by Expansion Management magazine in its 1998 rankings. In its eighth annual survey, the magazine's Educational Quotient ("EQ") was expanded to include over 1,500 school districts. FCPS, one of only 86 school districts to receive the gold medal distinction, scored 142 points out of a possible 150 points. According to the magazine, the EQ assists in determining which school systems are likely to produce quality workers for today's complex global markets. The magazine emphasizes that school district desirability is a major factor for businesses in selecting the right community for expansions and locations.

Since April 1988, a total in excess of $1.22 billion in general obligation bonds has been authorized by County voters for school capital projects. In November 1999, Fairfax County voters authorized the Board of Supervisors to issue bonds in the aggregate amount of $297.205 million for planning and construction of new schools, additions and renewals at existing schools, and other school improvements countywide.

Transportation

General

Fairfax County is served by various highway, rail and air transportation facilities. The Capital Beltway (Interstate Highway 495), Interstate Highways 95, 395, and 66 and the Dulles Toll Road provide access to all parts of the Washington metropolitan area and major surface transportation corridors along the eastern seaboard The Washington Metropolitan Area Transit Authority ("WMATA") rail system provides area residents with one of the largest and most modern regional transit systems in the world.

Two major airports serve the County with daily national and international service. Washington Dulles International Airport, located along the County's western boundary, is also the site of a designated Foreign Trade Zone. Ronald Reagan Washington National Airport, located a few miles east of the County, is accessible by Interstate Highways 66 and 395. Control of these facilities was transferred in 1987 by a 50-year lease from the Federal Government to the Metropolitan Washington Airports Authority ("MWAA"), a public authority created by interjurisdictional compact between the Commonwealth and the District of Columbia. MWAA issued revenue bonds to finance major improvements to its facilities to improve the level of service at both airports. These improvements should increase the number of passengers and flights at, as well as further stimulate economic development in the area of, Washington Dulles International Airport. A major expansion of the terminal facilities at Ronald Reagan Washington National Airport was opened in the summer of 1997 and a new concourse was opened at Washington Dulles International Airport in 1998. A new commuter concourse opened at Dulles Airport in 1999.

Ground transportation has received significant attention from the County in the past few years, primarily in an effort to relieve traffic congestion along the major arterials leading to Washington, D.C. and also to facilitate

cross-County movement, connecting established and newly developing centers of commerce and industry. Efforts have included increased local funding for highway improvements, establishment of transportation improvement districts, creation of County transit systems, continued participation in WMATA, and other improvements which encourage increased use of Metrorail, bus services and carpooling. The County also participates in a regional commuter rail system to expand the family of transportation services available to County residents.

During the 1993 session of the Virginia General Assembly, a transportation bond authorization bill was approved for projects in Northern Virginia. This legislation authorized $181 million in bonds that would be serviced by recordation tax revenues that are collected by the Commonwealth on property transactions. Of this amount, $64 million was designated for the Fairfax County Parkway, $63 million for assisting Northern Virginia WMATA compact members to pay their share of Metrorail construction, and $54 million for the Route 234 Bypass which is located in Prince William County.

During the 1994 session of the Virginia General Assembly, a second transportation bond authorization bill was approved for Northern Virginia projects. This legislation authorized an additional $90 million in bonds to be serviced by recordation tax revenues. Of this amount $23.0 million was designated for the Fairfax County Parkway; $22.6 million will assist Northern Virginia's WMATA compact members in paying their share of Metrorail construction; $19.4 million will finance a portion of the Route 234 Bypass in Prince William County; $15 million will be used for Route 7 and 15 improvements in Loudoun County; and $10 million will fund the Route 50/Courthouse Road interchange in Arlington County.

During its 1995 session, the Virginia General Assembly authorized an additional $45,170,000 of bonds for the construction of two additional lanes to the Dulles Toll Road between Interstate 495 in Fairfax County and Route 28 (Sully Road) in Loudoun County. This project is complete.

During its 1998 session, the Virginia General Assembly increased the total debt authorized from $271.0 million to $366.9 million. Additional bonds will be supported by public right-of-way user fees attributable to Fairfax, Loudoun and Prince William Counties and contributions from Arlington County and the Cities of Alexandria and Falls Church. These bonds include $50 million for the Fairfax County Parkway, $20.3 million for Route 234 in Prince William County, $17.7 million for Metrorail capital improvements, and $7.9 million for the Route 28 and Route 625 interchange in Loudoun County.

During its 1999 session, the Virginia General Assembly increased the total debt authorization from $366.9 million to $471.2 million. The additional bonds will be allocated to a variety of projects in Northern Virginia. These projects include: $16.0 million for Metro capital improvements; $10.4 million for Metrorail station improvements in Alexandria and Arlington County; $10.1 million for Route 15 in Loudoun County; $8.2 million for the Route 1/Route 123 interchange in Prince William County; $3.1 million for improvements to Lee Highway in Fairfax City; $27.0 million for Route 123 in Fairfax County; $6.0 million for transit enhancements in the Dulles Corridor; $13.0 million for Route 7 in Fairfax County; $5.0 million for the Telegraph Road in Fairfax County; $4.0 million for the Route 1/Route 234 interchange in Prince William County and $1.5 million for the Potomac and Rappahannock Transportation Commission. The General Assembly also directed the Governor to recommend a permanent funding source for payment of the debt service on these additional bonds.

Highway Improvements

Since April 1988, a total of $360.0 million of general obligation bonds has been authorized by County voters for road and other transportation improvements. In April 1988, the voters approved $150 million in bonds to focus on facilitating intra-County travel, alleviating highway congestion in the vicinity of economic development centers and improving access to Metrorail stations located within the County. In particular, various segments of the Fairfax County Parkway and Franconia-Springfield Parkway were constructed utilizing general obligation bond proceeds. These project segments, when linked with future segments of the Parkway, will eventually provide an intra-County connection from State Route 7 in the northwest corner of the County, south to the Dulles Toll Road

and U.S. Route 50 and continuing southeast through the County to connect with Interstate Highway 95 in Springfield, and with Route 1 in southeastern Fairfax County. In November 1990, $80 million of County general obligation bonds were authorized to provide for local matching funds to supplement Federal Transportation Administration grants for access improvements and an express bus system along the Dulles Toll Road; to provide for a bus maintenance facility and to provide funds for the construction of the Franconia/Springfield Metro station. In November 1992, County voters approved $130 million of new bonds for the purpose of completing additional segments of the Fairfax County Parkway and providing funds to satisfy the County's obligations to WMATA for the capital construction program to finish the 103-mile rail system.

In Virginia, the State is normally responsible for highway construction and maintenance. However, highway improvement needs in Fairfax County far exceed the highway revenues available from the State. Approximately $353 million in road improvements, authorized by the 1985, 1988 and 1992 referenda, were identified as critical. County bond financing has enabled these improvements to be undertaken at a much earlier point as compared to State improvement schedules which are constrained by current State gasoline tax rates and State-wide allocation formulae. The County will have no liability for the operating costs for these roads as they are, or will become, part of the State primary and secondary road systems and will be maintained by the State.

Primary Highway Transportation Improvement Districts

Primary Highway Transportation Improvement Districts are another financing alternative for needed highway improvements. The County, in partnership with Loudoun County, a neighboring jurisdiction, formed the Route 28 Highway Transportation Improvement District on December 21, 1987. The District was formed to accelerate planned highway improvements proposed by the State to State Route 28 which connects State Route 7 in eastern Loudoun County to U.S. Route 50 and Interstate Highway 66 in western Fairfax County, running approximately parallel to the County's western border. These improvements are now complete. State Route 28 provides access to Washington Dulles International Airport, along with the Dulles Access Road and the Dulles Toll Road which connect the Capital Beltway to the Airport.

The District is administered by a Commission appointed by the Boards of Supervisors of the two counties. The Commission may subject the owners of property within the District to a maximum additional tax assessment of 20 cents per $100 of assessed value, in addition to funds received through the State Primary Road Fund allocation formula, in order to reimburse the State for its debt service payments on its bonds. The Commonwealth issued $138.5 million in revenue bonds for the Route 28 project in September 1988. The revenue bonds issued by the State are not an obligation of Fairfax County. In April 1992, the Commonwealth of Virginia refunded all of the outstanding bonds. The refunding bonds have an annual debt service requirement of $8.8 million. The District currently imposes a tax of $.20 per $100 assessed value. Taxes collected on property within the District located in Fairfax County for FY 1999 and applied to debt service on the outstanding bonds of the Commonwealth in respect of the Route 28 project were approximately $3.2 million.

County Transit Systems

In an effort to provide an alternative to escalating Metrobus costs, the FAIRFAX CONNECTOR feeder bus service to Metrorail Stations has operated since 1985 when 10 routes initially went into service. Since that time, service expansion and restructuring has occurred as demand has increased and additional Metrorail Stations have been opened. The FAIRFAX CONNECTOR currently operates 58 routes to 11 Metrorail Stations, including the Huntington, Pentagon, West Falls Church, Van Dorn, Vienna-Fairfax-GMU, Dunn Loring-Merrifield, Franconia-Springfield, Rosslyn, Pentagon City, Eisenhower Avenue and King Street Stations. Private contractors were hired to operate and maintain the service, and have the responsibility to employ and supervise all transit personnel, while the Board of Supervisors maintains control and approves all policies for bus service such as routes and service levels, fare structures, and funding assistance.

The FAIRFAX CONNECTOR System is supported from the General Fund and fare box revenues. Ridership has steadily increased since inception in 1985. The FAIRFAX CONNECTOR carried 4.8 million passengers in FY 1999. Actual General Fund support totalled $20,354,303 in FY 1999. The County has constructed and opened a permanent maintenance and garage facility for the FAIRFAX CONNECTOR in the southern portion of the County. The total cost of this facility was $4.0 million.

The County also sponsors FASTRAN, a paratransit system primarily transporting clients of four human service agencies: the Fairfax-Falls Church Community Services Board, the Department of Community and Recreation Services, the Department of Family Services and the Health Department. The clients of these agencies, including those with low incomes and people with physical and cognitive disabilities who cannot drive, find a ride, use Metro or Connector buses, or afford taxi fares can use FASTRAN to reach essential programs and services. FY 1999 funding of $8,010,114 was provided primarily by the client agencies from operating funds already designated for transportation service in their respective programs. This system, which began in FY 1986, was designed to provide a centralized, more effective service in lieu of programs individually administered by each agency. FASTRAN's private sector contractor provided 521,251 one-way rides in FY 1999 for clients needing trips to medical appointments, employment, therapy, senior centers, adult day health care, and other purposes as determined by client agencies. FASTRAN also transports those who are certified for MetroAccess paratransit service, in compliance with the Americans with Disabilities Act. MetroAccess riders are unable to use traditional fixed route bus or rail service due to physical or cognitive disability.

Metro Transit System

Since 1970, Fairfax County and the other major political subdivisions in the Washington, D.C. metropolitan area have contracted with the Washington Metropolitan Area Transit Authority ("WMATA") to finance, construct and operate a 103-mile subway and surface rail transit system known as "Metrorail." Funding for the construction of the Metrorail system has come from direct Congressional appropriations matched by direct local contributions. Five Interim Capital Contributions Agreements between WMATA and the participating political jurisdictions have been executed to date. Currently, the Fifth Interim Capital Contributions Agreement ("ICCA-V") governs the schedule and costs for the Federal and local shares of construction of the final 13.5 miles of the 103-mile Adopted Regional System ("ARS").

ICCA-V, executed on January 29, 1992, reflects the Federal authorization of $1.3 billion to complete construction of the ARS by 2001. This accelerated construction schedule, called the "Fast Track" program, requires stable Federal appropriations of $200 million per year. Of the four Metrorail segments, the Franconia-Springfield segment, which is the last segment in Fairfax County (and Virginia), opened in June 1997. In addition segments in Montgomery County Maryland and the District of Columbia have been completed. The remaining segment is currently under construction.

Through June 30, 1999 Fairfax County had contributed approximately $214.6 million toward Metrorail construction, consisting of $113.5 million of County general obligation bond proceeds, $98.0 million of State aid for transportation and $3.1 million in credits. Fairfax County's obligations under ICCA-V to provide local matching funds currently total $113.2 million. ICCA-V local requirements are reallocated every two years to reflect current conditions. From FY 2000 through FY 2004 the County anticipates paying approximately $23.6 million towards the cost of completing the 103-mile ARS.

Funding sources for Fairfax County's Metrorail construction contributions are: general obligation bond proceeds, State bond proceeds and State aid. At its regular 1993 Session, the Virginia General Assembly enacted legislation authorizing the Commonwealth Transportation Board to issue bonds to finance transportation projects in northern Virginia, including $63 million Metro Capital Improvements including the Franconia-Springfield Metrorail Station and $64 million for the Fairfax County Parkway. In September 1993 the Commonwealth issued $45.6 million of Metro Capital Improvement Bonds of which Fairfax County was allocated $25.523 million to apply to Metrorail construction. An additional $90 million in transportation bonds were authorized by the Commonwealth in

1994. The Commonwealth conducted another transportation bond sale in February 1995 which generated $19.7 million in Metro Capital Improvements Bond proceeds, $10.8 million of which was allocated to Fairfax County. In addition, in November 1996, the Commonwealth sold an additional $20.3 million transportation bonds to support Metrorail construction. Of this amount, $11.2 million was allocated to Fairfax County.

The General Assembly authorized an additional $95.9 million in 1998 which included $13.3 million for Metrorail construction. Fairfax County's share of these bonds is approximately $7.0 million. These bonds were sold in Fall 1999. In 1999, the General Assembly approved another $104.3 million in transportation bonds. This authorization included $16.0 million in Metro capital projects. Fairfax County's share of these funds is expected to be approximately $9.3 million.

Funding sources for WMATA operating assistance are: the General Fund, gasoline tax receipts, State aid and Federal Operating Assistance. Fairfax County's share of the bus and rail operating subsidies for FY 1990-1999, and the estimate for FY 2000 are shown in the following table:

Fairfax County WMATA Operating Subsidies
(Millions of Dollars)

Fiscal Year	Bus Operations[1]	Rail Operations[1]	Rail Const. Manage-ment[1]	ADA Para-transit[1]	Less Federal Operating Subsidies	Less State Aid[2]	Less Gas Tax Receipts[3]	Prior Year Credit	Net General Fund
1990	31.112	7.376	.315		2.620	18.333	5.032		12.818
1991	33.090	8.246	.263		2.372	20.531	4.960		13.137
1992	34.696	7.911	.295		2.315	20.087	4.279		16.174
1993[4]	33.930	9.650	.283		2.315	20.044	4.920		16.588
1994[5]	33.606	12.642	.320	.435	2.325	20.164	3.589		20.925
1995	29.921	13.261	.237	.626	2.316	22.204	3.451	.119	15.956
1996	29.424	13.793	.194	.844	1.509	21.956	2.757	.868	17.166
1997	27.197	14.067	.208	1.389	1.122	28.086	4.723	.399	8.531
1998	25.108	15.714	.270	.966	1.125	27.682	5.104	1.309	6.838
1999	24.199	14.974	.305	1.512	0.000	27.850	4.108	0.000	9.032
2000(est)	25.434	15.800	.000	1.734	0.000	25.999	7.884	0.000	9.085

Source: Fairfax County Department of Transportation and Department of Management and Budget.

[1] The amounts shown for operating subsidies for FY 1990 through 1999 represent actual disbursements in those years. Adjustments based on final WMATA annual audited figures are incorporated in the fiscal year in which the credit for an overpayment was applied or a debited amount was paid rather than the fiscal year in which the disbursement was made, except as noted below.

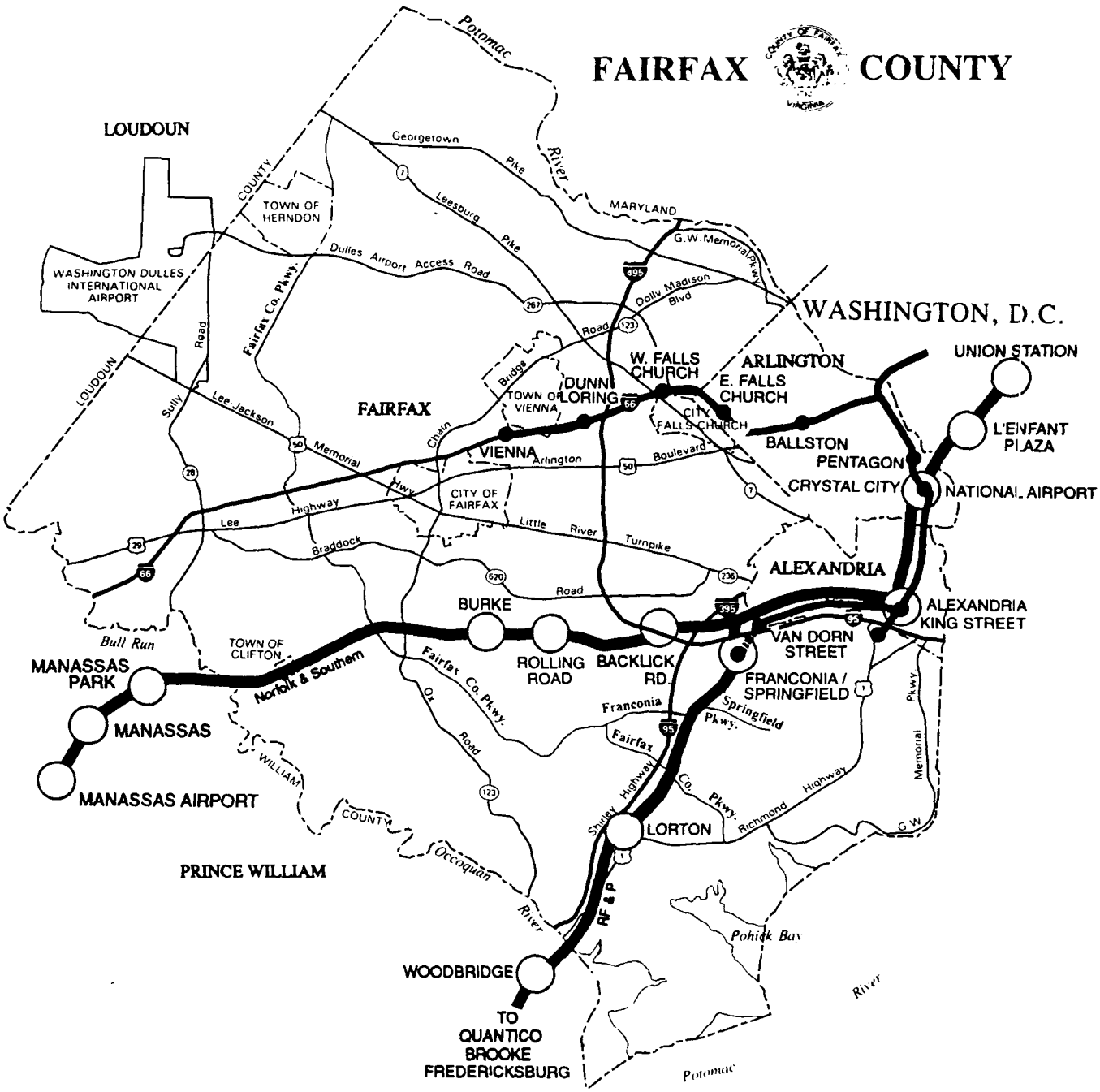
[2] In 1983, the Virginia General Assembly enacted legislation permitting the use of State aid for transportation to fund transit program operating costs in addition to transit program capital costs.

[3] In January 1980, the Virginia General Assembly enacted legislation which established a 2 percent retail gasoline tax in those Northern Virginia jurisdictions covered by the Northern Virginia Transportation Commission ("NVTC") to be dedicated to mass transit costs. The receipts from this tax are paid to NVTC which then allocates these funds to participating jurisdictions for payment of transit operating, capital and debt service costs.

[4] Figures do not include a prior year adjustment (cost) of $854,358 which was paid in FY 1993 with County General Funds.

[5] Figures do not include a prior year adjustment (cost) of $219,772 which was paid in FY 1994 with County General Funds.

The Americans with Disabilities Act requires that transit systems provide paratransit service for passengers with disabilities. To comply with the Act, WMATA began operation of MetroAccess on June 1, 1994, with limited hours of service. The hours of operation was expanded in November 1995, and full service began in January 1997. The local jurisdictions, including Fairfax County, will be responsible for funding the operating deficit associated with this service. In FY 2000, Fairfax County's share of the operating deficit is expected to have been $1,736,756 not including payments to FASTRAN for certain trips.



METRO - a rapid transit system for the National Capital Region. The currently adopted Metro system calls for a 103 mile regional transportation network connecting Washington with the Virginia and Maryland suburbs. It includes 40.1 miles rapid transit service in the District of Columbia, 33.3 miles in Maryland and 29.5 miles in Virginia.

The Virginia Railway Express is a transportation partnership that, beginning in June 1992, operates two commuter railroad lines on 90 miles of existing track. Approximately 35 miles of the system operates in Fairfax County serving five stations. One line originates near Manassas, Virginia and one near Fredericksburg, Virginia; both lines terminate at Union Station in the District of Columbia.

THE METRO - RAPID RAIL TRANSIT SYSTEM IN FAIRFAX COUNTY & VIRGINIA RAILWAY EXPRESS

- ADOPTED SYSTEM CURRENTLY IN OPERATION
- ADOPTED SYSTEM UNDER CONSTRUCTION OR DESIGN
- METRORAIL STATIONS
- VIRGINIA RAILWAY EXPRESS
- RAILWAY STATIONS

Other Transportation Improvements

In conjunction with direct highway improvements and participation in WMATA Metrobus and Metrorail operations, the County is examining other alternatives for commuting that will appeal to a wide variety of commuter tastes, needs and economies. Initiatives which have been, or are now being, implemented include expansion of parking facilities at Metrorail stations, establishment of commuter "Park and Ride" lots, implementation of a transportation systems management program in the Dulles corridor, and establishment of a regional, publicly operated commuter rail system.

Commuter Park-and-Ride Facilities

Fairfax County completed a comprehensive countywide analysis of its existing park-and-ride facilities and projected demand for future facilities in February 1988. From this study, two significant capital initiatives were undertaken.

Expansion of the parking capacity at Vienna and Huntington Metrorail Stations was the first initiative. In a cooperative venture with WMATA and the Fairfax County Economic Development Authority ("EDA"), the County constructed 1,300 additional structured parking spaces at the Vienna Station in 1990 and 750 additional structured parking spaces at the Huntington Station in 1991. The EDA issued $26.8 million of parking revenue bonds to fund construction of these two parking structures which will be repaid utilizing surcharge parking fee proceeds collected at Metrorail stations located in Virginia. A portion of these bonds was refunded in March 1998.

In January 1999, the Board of Supervisors approved WMATA's design of additional structured parking spaces at the Vienna Metrorail Station. In November 1999 the EDA issued $25.735 million of parking revenue bonds to fund the construction costs of these spaces. The bonds will be repaid from parking surcharge revenue.

The second primary park-and-ride initiative was the County's Suburban Mobility Grant Application to the Federal Transportation Administration ("FTA"). This grant application included three new park-and-ride facilities located in Fairfax County at two sites in Reston (South and East) and one in Centreville and the expansion of the existing Rolling Valley facility.

An additional 1,086 parking spaces were provided at a total cost of $5.7 million and funded with an FTA grant of $4.2 million (75%) and $1.5 million of County local match (25%) funds. The County's share was funded from $3.0 million of general obligation bonds for park-and-ride facilities approved by Fairfax County voters on April 12, 1988. The Centreville, Rolling Valley and Reston South facilities are currently operational. The Reston East facility at Wiehle Avenue was completed as part of the Dulles Corridor program discussed below.

Another critical commuter parking need identified by the County park-and-ride study was in the Springfield Area. As a result, Fairfax County coordinated with WMATA and the Virginia Railway Express the design and construction of a multimodal transportation center on the site of the Franconia-Springfield Metrorail Station. During 1991, Fairfax County advanced $6.1 million to WMATA to fund the design and engineering work for the transportation center and the Metrorail station. An additional $5.8 million was advanced for land acquisition. These funds were available from the approved November 6, 1990 Transportation Bond referendum that included $25 million for this project. Approximately 220 parking spaces for the commuter rail service opened in July 1996 and the Metrorail extension opened June 1997. The total parking capacity of the center is 3,800 spaces.

Dulles Corridor Transportation Systems Management ("TSM") Facilities

In 1989, Fairfax County Department of Transportation completed the Dulles Airport Access Road Corridor Transit Alternatives Study. The study recommended and the Board of Supervisors endorsed implementation of the Transportation System Management ("TSM") alternative in such a way as to preserve the option of future rail service in the Corridor. On November 6, 1990, County voters approved $36 million of general obligation bond funds for implementation of the Dulles TSM program. A grant application was forwarded to the FTA in December 1990 for $36.0 million. FTA has appropriated $32.2 million of Federal discretionary funds for this initiative thus far.

The project includes two Park and Ride facilities at Reston East and Herndon-Monroe as well as two transit centers. The transit centers located at Tysons-West*Park and Reston Town Center will serve primarily as passenger transfer points, as buses meet at these transit centers on a prescribed schedule to permit ease of transfer between buses serving various areas of the Dulles Corridor and Fairfax County. The park-and-ride facilities include 2,627 parking spaces in two surface and/or structured parking facilities. These facilities will provide all day parking for persons wishing to travel on express buses to Tysons Corner or the West Falls Church Metrorail Station or an opportunity to form carpools and vanpools. The Reston East facility was completed in January 1997, the Tysons-West*Park Transit Center was completed in January 1999 and the Herndon-Monroe facility opened in July 1999. Design and construction of the Reston Town Center transit facility are pending subject to funding availability.

Commuter Rail

Fairfax County as a member of the Northern Virginia Transportation Commission ("NVTC") and in cooperation with the Potomac and Rappahanock Transportation Commission ("PRTC") is a participating jurisdiction in the operation of the Virginia Railway Express ("VRE") commuter rail service. As of June 30, 1999, the service consisted of six peak period trips on the CSX Transportation line from Fredericksburg to Union Station and six trips on the Norfolk Southern Railway line from Manassas to Union Station. Five Fairfax County stations are currently operating. The Burke Centre Station parking lot expansion was completed in August 1996. This expansion added 158 parking spaces to the Station. The Franconia-Springfield Station opened in July 1996 with 220 parking spaces.

A total of $2.75 million of general obligation bonds was approved on April 12, 1988 for engineering and construction of the parking facilities at planned commuter rail stations within Fairfax County. (These funds were supplemented with $2.4 million in transportation bonds authorized in a 1990 referendum.) The Board of Supervisors approved the Commuter Rail Master Agreement and financial plans on October 23, 1989. Subsequently, NVTC and PRTC executed the Master Agreement, Insurance Agreement, and AMTRAK Operating Agreement on October 27, 1989. Agreements with the other participating railroads were also executed.

The Master Agreement calls for 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 and population. NVTC sold $79.4 million worth of bonds in February 1990 to finance passenger cars, locomotives, yard facilities and stations. Afterward, NVTC and PRTC purchased 38 new rail cars and 10 refurbished locomotives. In addition, 31 used cars and four additional locomotives have been purchased since 1992. A portion of the bond proceeds was made available to the County and other participating jurisdictions to assist with financing their local stations. In December 1996, NVTC and PRTC approved the sale of $23 million in commuter rail revenue bonds to purchase 13 new bi-level coaches. These rail cars began entering service in early 2000. They will replace some of the 31 used passenger cars purchased in 1992, and give VRE flexibility to meet growth in ridership. The Fairfax County Board of Supervisors approved the sale of these bonds on November 18, 1996, which were issued in early 1997. The County expects that debt service on these bonds will be funded predominantly by State and Federal funds and VRE revenues. In April 1998, the NVTC and PRTC refunded the remaining portion of the bonds sold by NVTC in 1990.

The VRE FY 1999 Budget identified its principal sources of revenue as: state and federal aid (52.1 percent), passenger revenues (25.7 percent), jurisdictional subsidies (17.8 percent) and miscellaneous income (4.4 percent). The County's share of the FY 1999 commuter rail operating and capital budget was $2.41 million.

Parks, Recreation and Cultural

Fairfax County provides a variety of recreational, educational, and cultural activities and services, including an extensive park system. The County provides library services for its citizens at 19 locations, which include 8 regional and 11 community library branches. In addition, outreach services are provided to the homebound and those with disabilities. The collection consists of more than 2 million books and other materials. During FY 1999, the library recorded almost 5 million visits and made more than 10 million loans to more than 756,000 library cardholders.

In addition, a variety of recreational, community, and human services are provided by the Department of Recreation and Community Services for County residents of all ages and incomes. These services include senior

adult programs and centers, therapeutic recreation services for individuals with disabilities; a variety of youth programs including recreational activities at youth centers and short-term, interim counseling; community-based recreational opportunities structured to meet the needs of the communities in which they are located; support for Fairfax County's various volunteer sports councils and leagues; and a variety of volunteer opportunities utilizing DIRECT (Division of Independent Retired Executives Contributing Talent) to support activity in any of these services.

Fairfax County has also been particularly active in developing and operating an extensive park system which provides a variety of recreational activities. The Fairfax County Park Authority ("FCPA"), whose members are appointed by the Board of Supervisors, operates 365 parks encompassing 18,349 acres. The Northern Virginia Regional Park Authority ("NVRPA"), an independent entity in which the County participates, also operates 19 parks covering approximately 10,000 acres. NVRPA is continually in the process of completing, acquiring, developing or expanding its regional park facilities. On November 3, 1998, the County voters approved bond referenda that included $87 million of which $75 million is for Fairfax County Park Authority projects including land acquisition, renovation of older parks and construction of a new recreation center and $12 million is for capital contributions to the NVRPA.

Community Development

In order to enhance the quality of life and the community environment, Fairfax County provides many direct and indirect services. The County addresses the housing, revitalization, employment and transportation needs of County residents, and strives to provide and maintain a well-balanced environment, by adhering to a comprehensive land use plan.

To meet low and moderate income family housing needs, the Fairfax County Redevelopment and Housing Authority ("FCRHA") was established in February 1966, having been approved by a voter referendum in 1965. Further, the County established the Department of Housing and Community Development to serve as the professional staff for the FCRHA and to carry out the County's Housing Program. In FY 1985, the FCRHA and the Board of Supervisors entered into a Memorandum of Agreement which set forth the working relationship between the two entities. The Memorandum of Agreement and resolutions adopted by the FCRHA have reaffirmed the County Executive as the Executive Director of the FCRHA.

The FCRHA owns or administers housing projects in Fairfax County with staff and funding provided from County, Federal, State and private sources. At the beginning of FY 2000 the FCRHA was assisting 6,490 households in Fairfax County through Public Housing; the Fairfax County Rental Program; Section 8 Certificates, Vouchers and project based programs; and two programs for home ownership, the First-Time Homebuyer's Program, and the Moderate Income Direct Sales Program. The FCRHA has also provided financing for a number of privately owned, assisted housing developments with a total of 711 assisted units as well as for privately owned developments without subsidies which reserve a total of 821 units for lower income tenants. Since FY 1993, 496 Affordable Dwelling Units ("ADUs") have been developed and sold to moderate income homebuyers through the First-Time Homebuyer's Program, and more than 730 ADUs are in the development pipeline. Also, in FY 1999, an estimated $27.6 million in funding was available for the County's Community Development Program. These funds, derived from a variety of sources, provide a wide spectrum of activities designed to meet the needs of the County's low and moderate income population. Projects range from public services and home improvement programs to neighborhood drainage and road improvements.

Other services include efforts to increase local employment opportunities by encouraging and retaining business and industrial development through the County's Economic Development Authority. The Department of Transportation continually monitors the County's transportation system to maintain a public transportation network system that meets the needs of County citizens (more fully discussed in the subsection herein entitled "Transportation").

In addition to the provision of direct services, the County is responsible for all comprehensive land use functions including planning, zoning, economic development, environmental improvement, community conservation, and the preservation of historic landmarks. The Comprehensive Plan for the County provides for orderly development through its policies and recommendations that help to guide decisions regarding future

development within the County. The Comprehensive Plan is reviewed periodically with extensive citizen involvement to assure that it reflects community goals as well as current conditions and future trends. Almost all zoning applications processed in the County are in accordance with the Plan. The County has received national recognition for the development of such a thorough and coordinated planning process.

Integrated with the County's land use plan are programs for historical and archaeological preservation which are designed to identify and protect pre-historic and historic County landmarks from inappropriate neighboring development. Staff in the Department of Planning and Zoning (DPZ) act as a liaison with the Architectural Review Board to monitor development within the thirteen historic overlay districts which have been established and are now recognized through the Commonwealth's Certified Local Government program. In addition, DPZ maintains the County Historic Site Inventory of over 300 sites, established through the Fairfax County History Commission.

The archaeological research program, managed through the Park Authority, identifies and registers pre-historic and historic sites, currently numbering over 2,250, with the Virginia Department of Historic Resources.

Health and Welfare

The County provides an extensive array of services which are designed to protect and promote the health and welfare of Fairfax County citizens through a decentralized human services program. The County operates human service centers in locations convenient to residents to provide financial, medical, vocational and social services. Based on individual needs, the centers attempt to define a comprehensive assistance plan that utilizes the services provided by all County departments.

The County provides medical, dental, maternal and child health services at three other locations in addition to the service centers and to the medically indigent at three primary health care centers. Preventive and health promotion services are provided by the County to school-aged children in all County public schools. Mental health, mental retardation and alcohol and drug abuse services are provided to families and individuals by the Fairfax-Falls Church Community Services Board ("CSB"). Through the CSB, the County operates three community mental health centers which offer individual, group and community services focused on the mental health needs of the population, various group homes for clients, and several specialized treatment facilities. Other programs that the County provides include subsidized day care programs for senior citizens and children of low-income families, 123 school-age child centers (located in the public schools) that serve 7,000 children during the school year and 2,000 children during the summer, two special needs centers that serve emotionally disturbed or physically challenged children, and group homes for emotionally disturbed youth. Residential treatment services are also offered in the areas of substance abuse as well as substance abuse outpatient and specialized day treatment programs. In addition, vocational and residential programs are provided for citizens with mental retardation. In November 1988 and in November 1990, voters approved $16.8 million and $9.5 million, respectively, in general obligation bonds for human services facilities. Facilities built with the proceeds of these bond referenda include a 70-bed therapeutic residence for substance abusers, a 30-bed substance abuse treatment facility co-located with a 25-bed detoxification center, a specialized 16-bed treatment facility for clients who are both mentally ill and substance abusers, and an adult care residence for 36 adults with mental illness.

Financial assistance and social services are available to eligible citizens under programs established by the State and Federal governments, as well as the County, and will be administered by the Department of Family Services. The Department will continue to implement welfare reform program activities while emphasizing prevention and early intervention initiatives. Programs serving senior citizens within the County are jointly funded by the Federal Older Americans Act, State, County and public/private funds. In FY 1986, the County began to provide a comprehensive County transportation service, FASTRAN, for qualified elderly, disabled, and low-income persons. Transportation is provided by bus, van, or cab on a door-to-door basis to County programs, medical care, and grocery and other personal shopping destinations (more fully discussed in the subsection herein entitled "Transportation").

Judicial Administration

Fairfax County's court system is one of the most sophisticated systems in Virginia in its use of advanced management techniques and rehabilitation programs. The County utilizes automated systems to support case docketing and record retrieval, juror selection, service of notices and subpoenas, and the processing of criminal and traffic warrants and delinquent tax retrieval.

The County has undertaken rehabilitation efforts through the Juvenile and Domestic Relations District Court and the Office of the Sheriff. These efforts include work training programs and counseling service for both adults and juvenile offenders. Additionally, residential treatment services are provided for juvenile offenders and a work release program is provided for offenders confined in the County's Adult Detention Center. In November 1988, voters approved $1.7 million in general obligation bonds to provide a new 12 bed, 8,000 square foot Less Secure Juvenile Shelter to provide live-in counseling and residential care for juveniles awaiting court action who do not require secure detention. This facility was completed in December 1990. On November 7, 1989, the County voters approved a bond referendum that included $12.57 million for Juvenile Detention facilities including expansion of the Juvenile Detention Center, renovation and expansion of the Boy's Probation Home, a Juvenile Halfway House and a Chronic Offenders Residence. Construction for the Juvenile Detention Center expansion from 55 to 121 beds was completed in June 1998. The Boy's Probation Home houses 22 juveniles and was completed in November 1995. The commencement of construction of the Juvenile Halfway House and the Chronic Offenders Residence is dependent upon funding availability. Construction for the expansion of the fourth floor of the Jennings Judicial Center was completed in March 1995. This expansion included the addition of four courtrooms, four jury rooms, two hearing rooms and associated judges chambers and administrative offices. This expansion provides a courtroom and associated other rooms for each of the 15 judges plus one additional courtroom to be used by visiting judges.

On November 7, 1989, the County voters approved a bond referendum that included $94.33 million for adult detention facilities including a 750-bed expansion to the Adult Detention Center. The expansion is projected to be completed in Spring 2000, with renovations to existing facilities completed by Spring 2001.

Public Safety

The responsibility for public safety in Fairfax County is shared by a number of agencies. The Police Department, which is responsible for law enforcement, had an authorized strength of 1,154 sworn police officers and 485 civilian personnel as of July 1, 1999. The agency is accredited by the Virginia Law Enforcement Professional Standards Commission ("VLEPSC"). VLEPSC accreditation signifies the department's compliance with certain standards which are specific to Virginia law enforcement operations and administration. The commanders of the seven police district stations located throughout the County have considerable latitude to tailor their operations to provide police services in ways most responsive to the needs of their respective communities, to include community policing endeavors. The department operates a variety of specialized units, including a helicopter division which operates two helicopters to provide support to general police operations, traffic monitoring and emergency medical evacuation and rescue support. For the past 10 years, the County has maintained one of the lowest rates of serious crimes among jurisdictions in the Washington Metropolitan area and among comparable suburban jurisdictions throughout the country. At the same time, the Police Department has continually attained a clearance rate for violent crimes such as murder, rape and robbery far above the national averages for such offenses. Citizen participation in crime prevention is emphasized, with over 900 Neighborhood Watch groups involving approximately 30,000 volunteers throughout the County. An Auxiliary Police Unit, comprised of up to 100 trained, unpaid citizen volunteers, supplements the Police Department's paid personnel by performing a variety of operational and administrative functions. The department utilizes many applications of the latest technology available, including serving as lead agency for the Northern Virginia Regional Identification System, a computerized fingerprint comparison system which greatly enhances and expedites the abilities of the 9 participating agencies to identify latent fingerprints recovered from crime scenes with those of known offenders in the database. The County's law enforcement training needs are met by its own Criminal Justice Academy which trains new officers and provides in-service training to members of the participating agencies. In November 1989 voters approved a bond referendum which included funding for a police academy facility, a driver and firearms training facility, as well as classroom instruction and practical exercise facilities. The driver training component became operational in February 1994, and the academy facility, with classrooms and practical exercise areas, became

operational in July 1996. The firearms training range opened in March 1998. For the past ten years, Fairfax County has maintained the lowest per capita cost for police services of all the local jurisdictions in the Washington metropolitan area.

Fire and rescue services are provided by 1,145 paid fire fighters, 83 paid civilian support personnel and approximately 400 operational volunteers. Thirty-four fire and rescue stations are currently operated by the County. Future station locations have been identified to achieve a five-minute response time for fire and basic life support and a six-minute response time for advanced life support. The department operates various specialty units, including paramedic engine companies, a hazardous materials response unit, a technical rescue operations team, an arson canine unit and a water rescue team whose members are certified in swift water rescue. In addition to emergency response, the department provides various non-emergency services. Fire Prevention Division personnel test fire protection systems in public buildings, inspect businesses for fire code violations and determine the cause and origin of all fires, false alarms and bombings. The department receives direct technical support in the areas of logistics, procurement, apparatus, telecommunications and automated systems and information processing from the Support Services Division. Recruiting and testing firefighter applicants is the responsibility of the Administrative Services. They also manage the department's payroll and budget, among other managerial functions. Personnel in the Occupational Health and Safety program provide health and safety services to all County uniform public safety personnel, fire and rescue volunteers and applicants, in order to maintain a safe and healthy work environment. The Hazardous Materials Services Section investigates hazardous materials releases, enforces local and state hazardous materials laws, provides oversight for long-term cleanup sites and supports other County agencies and committees. The Fire and Rescue Department provides more than 300,000 hours of firefighter and emergency medical training to career and volunteer firefighters throughout the year using indoor and outdoor facilities. Community fire safety and injury prevention programs are a major focus of the department. Education programs are delivered to audiences ranging from pre-school children to senior adults.

On November 7, 1989, the County voters approved a Public Safety Facilities bond referendum which included funding for seven new fire and rescue stations, expansion of one fire and rescue station, safety improvements to several existing fire and rescue stations, and improvements and expanded facilities at the Fire and Rescue Academy. On November 3, 1998, the County voters approved bond referenda that included $99.92 million for public safety projects including expansion of two existing Police Stations, reconstruction of a Fire Station, construction of a one new Police Station and one new Fire Station and expansion of the County Judicial Center.

The County also operates a Computer Aided Dispatch System, which provides a computer link between call takers and dispatchers within the County's Public Safety Communications Center. Through an additional computer link, information is transmitted from dispatchers to mobile data terminals within the County's police, fire and ambulance vehicles. The County also utilizes automated systems to process court ordered child support and restitution payments and to support juvenile case processing information functions. In addition, the County also has an automated dog licensing and inoculation monitoring system.

Water Supply Service

Water service is provided to the residents of Fairfax County either by the Fairfax County Water Authority (the "FCWA"), the City of Fairfax, the City of Falls Church, the Town of Herndon, the Town of Vienna or individual wells. The FCWA, which operates the largest water system in the Commonwealth of Virginia, was established by the Board of Supervisors in 1957, under the Virginia Water and Waste Authorities Act (Chapter 51, Title 15.2, Code of Virginia, 1950, as amended), for the purpose of developing a comprehensive, countywide water supply system through the acquisition of existing systems and the construction of new facilities. It is an independent body administered by a ten-member board appointed by the Fairfax County Board of Supervisors. The FCWA finances its capital improvements through the issuance of revenue bonds which are not backed by the full faith and credit of the County but principally by revenues derived from charges for services rendered. The FCWA had total debt outstanding of $338,870,000 as of December 31, 1998. FCWA's basic retail water charge is $1.25 per 1,000 gallons, plus a quarterly service charge ($5.25 for most single family homes and townhouses). To pay for treatment and pumping capacity which is used only during periods of high demand, FCWA also levies a peak use charge of an additional $2.50 per 1,000 gallons on customers who exceed their winter quarter consumption by 6,000 gallons or 30 percent, whichever is greater. There also are fees for initial connection to the system and for opening, closing or transferring an account.

FCWA utilizes two sources of water supply (Occoquan River and Potomac River), operates associated treatment, transmission, storage and distribution facilities and currently provides service to approximately 210,000 metered accounts (representing about 268,000 residential, commercial, industrial, municipal and institutional units) in Fairfax County with an average daily consumption of about 70 million gallons per day ("mgd"). In addition, FCWA supplies about 43 mgd to other suppliers for resale principally in the City of Alexandria, Loudoun County and Prince William County. The average population served by FCWA in 1999 is estimated to have been 1,100,000 persons. The combined maximum daily capacity of the supply and treatment facilities is 262 mgd, which is sufficient to meet current demand.

Under an agreement with the Board of Supervisors, FCWA annually submits a five-year capital improvement program which is reviewed and approved by the Board as part of the County's total capital improvement program. FCWA's 1999 10-year Capital Improvement Program includes projects totaling $521,939,000.

ECONOMIC FACTORS

Economic Development

Economic development activities of the County are carried out through the Fairfax County Economic Development Authority (the "EDA") whose commissioners are appointed by the Board of Supervisors. 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 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.

Through its Convention and Visitors Bureau, the EDA attracts meetings, conferences and business travel to the County and encourages local private sector support for this effort, and draws visitors to the County's historic, cultural and recreational attractions.

The Center for Innovative Technology ("CIT"), chartered by the Commonwealth of Virginia in 1985, promotes economic development and competitiveness through many programs designed to promote Virginia as a leader in technology. It offers a wide variety of services to technology-based businesses through its relationships with state colleges and universities, regionally based manufacturing centers, business organizations and federal laboratories.

Nearly 3.9 million square feet of office space was absorbed in Fairfax County in the first half of 1999. The total inventory of office space in the County was estimated at 84.8 million square feet as of mid-year 1999. Industrial/hybrid space in the County was estimated at 36.4 million square feet. The vacancy rates for the office market and industrial/hybrid markets were 4.4 percent and 5.4 percent, respectively, as of mid-year 1999. Both Fairfax County and its "downtown", Tysons Corner, are among the 15 largest office markets in the U.S.

The base of technology-oriented companies, particularly in computer software development, computer systems integration, telecommunications, and Internet and Internet-related services, has served as a strong magnet for the expansion and attraction of business and professional services. Diversified business and financial services have added to the demand for prime office space in a number of key employment centers throughout the County. Major corporations such as American Management Systems, American Mobil Satellite Corporation, Arnold Communications, BTG, Booz-Allen & Hamilton, Cable & Wireless Communications, Columbia Energy Group, Federal Home Loan Mortgage Corporation, General Dynamics, National Rifle Association, Northern Telecom, Oracle and Orkand Corporation have located their corporate headquarters in Fairfax County.

As of midyear 1999, there were 70 hotels with 75 or more rooms completed or under construction in the County, totaling more than 13,000 hotel rooms. This development parallels commercial construction in terms of diversity of concept and design with new product and service mixes (all-suites, business meeting facilities and recreational facilities) brought into the marketplace. National chains such as Best Western, Comfort Inn, Doubletree, Embassy Suites, Hampton Inn, Hilton, Holiday Inn, Hyatt, Marriott, Motel 6, Ritz-Carlton and Sheraton currently have a wide range of hotel facilities in the County.

The 16-mile Dulles Toll Road provides access from Washington, D.C. through Tysons Corner and Reston-Herndon (the largest business centers in the County) to Washington Dulles International Airport, on the County's western edge. Pursuant to legislation enacted by the Virginia General Assembly in its 1995 session, the Commonwealth sold $45.2 million in bonds for the construction of two additional lanes (for a total of eight lanes) to the Dulles Toll Road between Interstate 495 in Fairfax County and Road 28 (Sully Road) in Loudoun County. Additionally, a 14-mile extension of the Dulles Toll Road, the privately-financed Dulles Greenway, connects the airport with Leesburg, west of Fairfax County in Loudoun County.

Washington Dulles International Airport has experienced a significant increase in service levels and demand in recent years, serving as a catalyst for corporate activities dependent on immediate access to air travel. The fastest-growing airport in the U.S., Dulles serves nearly 43,000 passengers daily with approximately 995 flights, of which there are nonstop flights to 74 U.S. cities and 29 foreign markets. On the East Coast, the airport is the second largest transatlantic gateway and the third largest gateway to the Pacific Rim. Twenty million passengers, including more than 3 million international travelers, flew in and out of Washington Dulles in 1999. The doubling of size of the signature Dulles (Main) Terminal, which added 1.1 million square feet to the original structure, was recently completed. An underground "people mover" that will connect the Main Terminal to the permanent midfield terminal via a loop underground rail system, is planned to begin construction in the next few years.

In January 1990, the Smithsonian Board of Regents selected Washington Dulles International as the site for the Smithsonian National Air and Space Museum (NASM) Dulles Center. More than 280 rare and historic aircraft and spacecraft including the Space Shuttle *Enterprise* will be displayed at the Dulles Center. The selection of this site was confirmed by Congress and approved by President Clinton in August 1993. The Smithsonian has enlisted the services of the internationally renowned design firm Hellmuth, Obata & Kassabaum which will deliver the final design. Construction on the 700,000-plus square-foot museum is scheduled to begin in January 2001. The doors are slated to open in 2003 in time to celebrate the 100th anniversary of the Wright Brothers' first powered flight on December 17, 1903.

The 5,000-acre Fairfax Center area near the intersection of U.S. Route 50 and Interstate Highway 66 is the third largest office submarket in the County with nearly 7.4 million square feet of office space as of mid-year 1999. Major projects in this area include the 700-acre Fair Lakes Business Park, which boasts significant corporate investment by AAA-Potomac Division, Aetna, American Management Systems, the Armed Forces Communications and Electronics Association, Datatel, DynCorp, Mission Energy, Performance Engineering Corporation, PricewaterhouseCoopers, SRA Corporation and TRW.

The Board of Supervisors and the County have supported the redevelopment of the County's more mature business areas. The revitalization of seven designated commercial revitalization areas of the County is underway in Annandale, Bailey's Crossroads/Seven Corners, the Lake Anne section of Reston, the Springfield and McLean central business districts, Merrifield and the Richmond Highway corridor in the southeastern portion of the County.

Employment

Approximately 27,000 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 diversified areas as computer software development and systems integration, telecommunications, Internet and Internet related services, wholesale and retail trade, and financial services. The following table presents data on the number of payroll establishments and employment by major industry classification in Fairfax County as of second quarter 1999.

Businesses and Employment by Industry
Fairfax County, Virginia[1]

Industrial Classification	Number of Establishments	Payroll Employment
Agriculture	432	5,012
Manufacturing	508	15,507
Mining	5	106
Wholesale Trade	1,802	22,838
Construction	2,177	27,520
Transportation, Communications, Utilities	818	29,983
Retail Trade	4,021	78,034
Services[2]	14,347	226,852
Finance, Insurance, Real Estate	2,467	33,292
Local/State/Federal Government	196	62,969
Non-Classified	2	3
Total	26,775	502,116

Source: Virginia Employment Commission, second quarter 1999.

1 Excludes self-employed business owners.
2 The Services category includes computer-related services, health care, legal and personal services, engineering and architectural services, and other activities, as well as membership organizations and trade associations.

The following table presents data on 25 of the largest private sector employers in the County.

	Company Name	Type of Business	County Employment Range*
1.	Kaiser Permanente	Insurance Carriers	10,000-11,000
2.	Mobil Corporation	Petroleum Refining and Related Industries	6,000-7,000
3.	Computer Sciences Corporation (CSC)	Business Services	6,000-7,000
4.	Science Applications International Corporation (SAIC)	Engineering, Accounting & Research Services	5,000-6,000
5.	TRW, Inc. (includes BDM International)	Engineering, Accounting & Research Services/Transportation Equipment	5,000-6,000
6.	INOVA Health Care Services	Health Services	4,000-5,000
7.	Northrop Grumman Technical Services	Business Services	4,000-5,000
8.	Northern Telecom, Inc.	Electronic, Electrical Equipment & Components	3,000-4,000
9.	American Management Systems, Inc. (AMS)	Business Services	3,000-4,000
10.	Electronic Data Systems Corporation (EDS)	Business Services	3,000-4,000
11.	Lockheed Martin Corporation	Business Services/Transportation Equipment	3,000-4,000
12.	Washington Gas	Electric, Gas & Sanitary Services	3,000-4,000
13.	ICF Kaiser Engineers Group	Construction	3,000-4,000
14.	Mitre Corporation	Engineering, Accounting, & Research Services	2,000-3,000
15.	Raytheon Company	Services/Manufacturing	2,000-3,000
16.	Cable & Wireless, Inc.	Communications	2,000-3,000
17.	Booz-Allen & Hamilton, Inc.	Business Services	2,000-3,000
18.	AT&T	Communications	2,000-3,000
19.	Navy Federal Credit Union	Depository Institutions	2,000-3,000
20.	Global One (Subsidiary of Sprint)	Communications	2,000-3,000
21.	First Virginia Bank	Depository Institutions	2,000-3,000
22.	Federal Home Loan Mortgage Association (Freddie Mac)	Nondepository Credit Institutions	2,000-3,000
23.	Nextel Communications, Inc.	Communications	2,000-3,000
24.	GTE Corporation	Communications/ Services	2,000-3,000
25.	VBR Joint Venture	Building Maintenance Services	2,000-3,000

Source: Dun and Bradstreet, 1998.

*Note: Employment estimates for separate facilities of the same firm have been combined. Employment ranges are given to ensure confidentiality.

Unemployment in the County has historically been and continues to be well below national and statewide averages. The 1998 average unemployment rate was 1.6% in the County. State and national 1998 unemployment rates were 2.9% and 4.5%, respectively. The following table shows the average annual unemployment rate in Fairfax County as compared with the national average in the past decade:

Average Annual Unemployment Rates

Calendar Year	Fairfax County	United States	Calendar Year	Fairfax County	United States
1990	1.9%	5.5%	1995	2.8%	5.6%
1991	3.2	6.7	1996	2.7	5.4
1992	3.8	7.4	1997	2.3	4.9
1993	3.3	6.8	1998	1.6	4.5
1994	3.1	6.1	1999	1.6	4.2

Source: Virginia Employment Commission.

According to the Virginia Employment Commission, the number of jobs in the County was 487,113 as of March of 1999, up from 464,945 in March 1998. This figure does not include self-employed persons or agricultural employment. The following table presents total nonagricultural payroll employment in recent years:

Nonagricultural Employment

As of March	Nonagricultural Employment in Fairfax County	% Change	As of March	Nonagricultural Employment in Fairfax County	% Change
1990	371,716	3.1%	1995	410,146	4.6%
1991	367,555	(1.1)	1996	420,929	2.6
1992	364,372	(0.9)	1997	443,734	5.4
1993	373,998	2.6	1998	464,945	4.8
1994	392,048	4.8	1999	487,113	4.8

Source: Virginia Employment Commission.

Population

Fairfax County added an average of about 22,200 persons per year to its population between 1980 and 1990. In 1980, Fairfax County was the third most populous jurisdiction in the Washington, D.C. primary metropolitan statistical area, as defined by the U.S. Bureau of the Census. By 1990, Fairfax County with 818,584 residents had become the most populous jurisdiction in the Washington, D.C. primary metropolitan statistical area. Population growth during the current decade has slowed somewhat in Fairfax County. On average, about 14,500 persons per year were added to the population between 1990 and 1999.

Fairfax County Population

Calendar Year	Population
1940	40,929
1950	98,557
1960	248,897
1970	454,275
1980	596,901
1990	818,584
1991	827,119
1992	837,141
1993	851,858
1994	863,134
1995	879,401
1996	899,650
1997	912,126
1998	931,452
1999 (est.)	948,636
2000 (est.)	966,137

Source: U.S. Bureau of the Census, 1940-1980 and 1990. 1991-2000 figures and estimates were provided by the Fairfax County Department of Systems Management for Human Services.

The following table reflects the population age distribution of County residents:

Population Age Distribution
Fairfax County

	1998	
Age Group	Number	Percent
Under 5	56,648	6.1%
5-9	66,741	7.2
10-14	63,768	6.8
15-19	63,197	6.8
20-24	48,478	5.2
25-34	140,985	15.1
35-44	169,097	18.2
45-54	159,104	17.1
55-64	86,869	9.3
65 and Over	76,565	8.2
Total	931,452	100.0%

Source: Demographic Reports 1998, Fairfax County Department of Systems Management for Human Services.

Based on the results of the 1990 Census, Fairfax County had the highest annual median household income ($59,284) and highest median family income ($65,201) of all jurisdictions in the United States. Median household income in Fairfax County was estimated at $72,000 in 1997, and family income was estimated at $84,000. Each is estimated to be among the highest in the nation. The following table illustrates the 1997 household income distribution in Fairfax County based on a survey completed in 1998. This survey is updated every 2 years.

Annual Household and Family Income Distribution (by Percentage)
Fairfax County, 1997

Income Level	Household	Family
Under $25,000	8.7%	6.5%
$25,000-49,999	19.7	15.1
$50,000-74,999	23.2	20.5
$75,000-99,999	16.6	18.4
$100,000-149,999	21.1	26.0
$150,000 or more	10.7	13.4
Median Income	$72,000	$84,000

Note: In 1997, there were 328,131 households in the County. "Families" are defined as those households containing two or more persons related by blood, marriage or adoption.
Source: Fairfax County Department of Systems Management for Human Services, 1998 Household Survey.

The following table shows that total taxable retail sales in the County rose in the period 1989-1998, except when they declined in 1991, reflecting increased income levels and the County's increasing importance as a regional commercial and retail center. Per capita retail sales in the County rose in the period 1991-1998 except when they declined in 1996.

Per Capita Taxable Sales

Calendar Year	Taxable Sales (in Billions)	Population	Per Capita Taxable Sales
1989	$6.36	782,600	$8,124
1990	6.50	818,584	7,939
1991	6.40	827,119	7,739
1992	6.58	837,141	7,862
1993	7.47	851,858	8,771
1994	7.96	863,134	9,221
1995	8.31	879,401	9,453
1996	8.50	899,650	9,448
1997	9.04	912,126	9,910
1998	9.65	931,452	10,357

Sources: Commonwealth of Virginia Department of Taxation, Taxable Sales.
Fairfax County Department of Systems Management for Human Services, and U.S. Bureau of the Census for 1990.

Construction Activity

The following table illustrates trends in residential and commercial construction activity in the County

Fiscal Year	Construction Activity Building Permits[1]				Estimated Housing Units Started[2]
	Residential Properties		Industrial and Commercial Properties		
	Number	Estimated Value (000's)	Number	Estimated Value (000's)	Number
1990	23,138	$594,424	4,590	$847,345	3,806
1991	17,704	399,300	3,771	383,776	2,693
1992	19,498	523,408	3,326	219,462	4,040
1993	22,865	689,190	3,596	355,989	5,188
1994	23,254	781,283	3,803	288,274	6,528
1995	23,577	706,680	4,272	236,737	4,482
1996	23,086	737,971	3,961	230,300	4,361
1997	21,059	676,400	4,091	247,646	3,942
1998	21,700	702,179	4,172	699,012	2,263
1999	23,446	794,121	4,345	572,489	4,687

Sources: [1] Fairfax County Department of Public Works and Environmental Services.
[2] Fairfax County Department of Systems Management for Human Services.

The following is a short list of major new or expanded commercial projects within the County:

New or Expanded Commercial Projects

Name of Company	Nature of Operations	Square Footage Leased	Projected New Employment
AMS	Professional Services	215,000	558
Above Net Communications	Internet Data Center	272,500	160
Amazon.Com	Internet Data Center	110,000	25
Cable and Wireless	Technical Services	230,000	300
Computer Associates International	Computer Services	235,000	500
Deloitte & Touche LLP	Professional Services & Management Consulting	100,000	500
DynCorp	Technical Services	54,300	200
E-Spire	Telecommunications Services	170,000	700
Global One	Telecommunications Services	113,400	500
Micro Strategy	Internet-Related Services	377,000	800
Intel	Internet Data Center	73,000	250
OrbComm	Satellite Communications	51,000	225
SAIC	Technical Services	182,500	685
Teleglobe Communications	Telecommunications Services	40,000	260
WebVan	Internet-Related Services	336,000	900

Source: Fairfax County Economic Development Authority.

Housing

Single-family housing units continue to dominate the housing market within Fairfax County, representing 75.3% of the total in 1998. However, within the single-family category, there has been a significant shift from detached to attached housing, primarily townhouses. The percentage of the housing stock consisting of multi-family units has remained relatively stable since 1970.

The percentage of owner occupied units in 1990 represented 70.7% of all units within Fairfax County. In 1990 the median market value of owner occupied housing (excluding condominiums) in Fairfax County was $213,800 compared to $166,100 in the Washington, D.C. metropolitan area, $91,000 in Virginia, and $79,100 in the United States. As of January 1998, the median market value of all owned housing units, including condominiums, in Fairfax County was estimated by the County Department of Systems Management for Human Services to be $185,640.

Housing Units by Type of Structure

	1970		1980		1990		1998	
	No.	%	No.	%	No.	%	No.	%
Single-Family: Detached	91,134	69.7	125,580	59.3	163,029	53.9	177,312	51.3
Attached	6,427	4.9	30,833	14.6	67,306	22.3	83,152	24.0
Multi-Family	33,207	25.4	55,333	26.1	72,129	23.8	85,505	24.7
Total	130,768	100.0	211,746	100.0	302,464	100.0	345,969	100.0

Source: 1970 U.S. Bureau of the Census. U.S. Census of Housing. Data for 1980, 1990 and 1998 were provided by the Fairfax County Department of Systems Management for Human Services. Single-family detached includes all single-family homes and mobile homes, single-family attached includes duplexes, townhouses and multiple units. Multi-family includes garden and elevator units.

Colleges and Universities

Four institutions of higher education are located in Fairfax County: George Mason University, Northern Virginia Community College (NVCC), the Virginia Polytechnic Institute and State University and the University of Virginia – the latter two located in the Northern Virginia Graduate Center. George Mason currently has an enrollment of more than 25,000 students in a full array of disciplines, including doctoral programs. The Northern Virginia Community College has approximately 60,000 students in 30 credit-earning programs in five campuses in the region. NVCC also is planning a biomedical training campus in the County's Springfield community. American University, George Washington University, Catholic University and Virginia Commonwealth University also operate programs in the County's secondary schools and on military installations within the County.

Cultural Programs

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 first Constitution of Virginia.

DEBT ADMINISTRATION

Statement of Bonded Indebtedness

Pursuant to the Constitution of Virginia and the Act, a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds the Board of Supervisors of the County is required to levy, if necessary, an annual *ad valorem* tax on all property in the County subject to local taxation.

The County had outstanding the following amounts of general obligation bonds as of December 31, 1999:

Purpose	Total General Obligation Bonds
School	$ 762,197,600
General Government	635,780,275
Total General Obligation Bonded Indebtedness	$1,397,977,875

The County does not rely upon short-term borrowings to fund operating or capital requirements.

Authorized but Unissued Bonds

The following chart presents by purpose Fairfax County's general obligation authorized but unissued bond indebtedness following the issuance of the Bonds:

Authorized Purpose	Amount Authorized but Unissued
School Improvements	$392,475,000
Transportation Improvements and Facilities	107,835,000
Parks and Park Facilities	66,000,000
Commercial and Redevelopment Area Improvements	20,580,000
Neighborhood Improvements	5,145,000
Human Services Facilities	1,185,000
Storm Drainage Improvements	4,660,000
Public Library Facilities	3,850,000
Adult Detention Facilities	8,520,000
Public Safety Facilities	113,920,000
Juvenile Detention Facilities	1,050,000
Total Authorized but Unissued Bonds	$725,220,000

Limits on Indebtedness

There is no legal limit on the amount of general obligation bonded indebtedness which Fairfax County can at any time incur or have outstanding. However, all such indebtedness must be approved by voter referendum prior to issuance. Since 1975, the Board of Supervisors has established as a financial guideline a self-imposed limit on the average annual amount of bond sales. In 1988, the Board of Supervisors increased the bond sale target to $750 million over a 5-year period or an average of $150 million annually, with the flexibility to expand to a maximum of $175 million based on market conditions and/or priority needs in any given year. The actual amount of bond sales will be determined by construction funding requirements and municipal bond market conditions.

The Board of Supervisors also has imposed limits which provide that the County's long term debt should not exceed 3% of the total market value of taxable real and personal property in the County. The limits also provide that annual debt service should not exceed 10% of annual Combined General Fund disbursements. These limits may be changed by the Board of Supervisors, and they are not binding on future Boards of Supervisors of the County.

There are several authorities in existence which have been created at various times by the Board of Supervisors to provide specialized governmental services within the County. Certain of these authorities are empowered to issue revenue bonds that are not general obligations of the County, and the full faith and credit of the County is not pledged to secure such bonds.

Other Tax Supported Debt Obligations

The Board of Supervisors of the County directly or indirectly appoints all or a portion of the governing body of several legally independent local and regional authorities that provide services to the County and its constituents. Such authorities include those that issue debt supported directly or contingently by appropriations of tax revenues by the County.

In 1989 and 1990, the Fairfax County Economic Development Authority (the "EDA") issued $26,765,000 of parking revenue bonds to finance construction of parking structures near the Vienna Metrorail Station and the Huntington Metrorail Station in Fairfax County. The parking revenue bonds are payable under leases with the Washington Metropolitan Area Transit Authority ("WMATA") from revenues to be derived by WMATA from parking surcharges at these and other parking facilities. In the event such revenues are not sufficient to pay debt service on the parking revenue bonds and under certain other conditions, the County is, in effect, obligated, subject to annual appropriation by its Board of Supervisors, to make payments to the EDA sufficient to pay such debt service. The EDA refunded $21.46 million of these bonds in March 1998 with the proceeds of $12.93 million parking revenue refunding bonds and other available funds. The EDA issued $25.735 million in bonds on November 10, 1999 to finance a second parking structure at the Vienna Metrorail Station. The structure of this bond issue is similar to the prior EDA parking revenue bond issues.

In March 1994, the EDA issued $116,965,000 of lease revenue bonds to finance the acquisition for the County of two office buildings occupied by County agencies and departments. The County is absolutely and unconditionally obligated by the terms of a lease agreement with the EDA to pay amounts equal to debt service on the EDA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreement extend to November 15, 2018.

In October 1996, the Fairfax County Redevelopment and Housing Authority ("FCRHA") issued $6,390,000 of lease revenue bonds to finance the construction/renovation of two Community Center buildings. The County is absolutely and unconditionally obligated by the terms of lease agreements with the FCRHA to pay amounts equal to debt service on the FCRHA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreements extend to June 1, 2017. In December 1998, the FCRHA issued $5,500,000 of lease revenue bonds to finance the renovation and expansion of Bailey's Community Center. The County is absolutely and unconditionally obligated by the terms of lease agreements with the FCRHA to pay amounts equal to debt service on the FCRHA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreements extend to June 1, 2018. In May 1999, the FCRHA issued $1,000,000 of lease revenue bonds to finance the renovation and expansion of the Herndon Harbor House II adult day health care center. The County is absolutely and unconditionally obligated by the terms of lease agreements with the FCRHA to pay amounts equal to debt service on the FCRHA's bonds. The County's obligation to make such payments is subject to the annual appropriation by the Board of Supervisors of funds for such purpose. The coincidental terms of the bonds and the lease agreements extend to May 1, 2029.

Lease Commitments and Contractual Obligations

The County leases certain real estate, equipment and sewer facilities under various long-term lease agreements. In addition, pursuant to contracts with Arlington County, the Alexandria Sanitation Authority, the District of Columbia and the Upper Occoquan Sewage Authority, the County is obligated to share the capital costs and associated debt service of certain facilities. Further information concerning these obligations is included in Notes H, I and J to the General Purpose Financial Statements shown in Appendix IV.

In February and March 1988, the Fairfax County Economic Development Authority issued $237,180,000 of Series A revenue bonds and $14,900,000 of Series B revenue bonds, respectively, to finance, on behalf of the Fairfax County Solid Waste Authority ("SWA"), the construction of a 3,000 ton per day Energy/Resource Recovery Facility to dispose of solid waste originating from Fairfax County and the District of Columbia. The bonds are secured solely by the revenues of the E/RRF, neither the County, the EDA nor the SWA is obligated to pay principal and interest thereon. Fairfax County is obligated under a service contract to deliver certain minimum annual tonnages of solid waste to the E/RRF and to pay fees for the disposal of such waste to provide funds sufficient to pay the E/RRF operation and maintenance costs and debt service on the bonds. In March 1995, the County sold an option to purchase refunding bonds which would refund and redeem the Series A bonds. The option was sold to a financial institution for $10.25 million. On November 4, 1998, the option was exercised and the refunding bonds were delivered to the institution at certain agreed-upon interest rates. The proceeds of the bonds have been used to refund the Series A bonds.

In February 1990, the Northern Virginia Transportation Commission issued $79.4 million of bonds to finance certain costs associated with the establishment of commuter rail services (the Virginia Railway Express) in the northern area of Virginia surrounding Washington, D.C. Fairfax County has joined with other jurisdictions through a Master Agreement to bear certain costs associated with operating and insuring the rail service as well as servicing the debt issued by NVTC. The Master Agreement requires that the County's governmental officers charged with preparing its annual budget include an amount equal to its share of the costs of the Virginia Railway Express. Each jurisdiction's share is determined by a formula set out in the Master Agreement. Fairfax County's share of this cost was $2.4 million in FY 1999. The Board of Supervisors approved the sale of $23 million in NVTC commuter rail revenue bonds to purchase 13 new bi-level rail coaches. These bonds were issued in early 1997. The County expects that debt service on these bonds will be funded predominantly by State and Federal funds and VRE revenues.

Debt Service on General Obligation and Lease Revenue Bonded Indebtedness

Total principal and interest payments on the County's outstanding general obligation bonds, including debt service on the Bonds and on the EDA and FCRHA lease revenue bonds, are presented in the following table:

Debt Service Schedule - General Obligation and Lease Revenue Debt Obligations

Fiscal Year Ending June 30	General Obligation Bonds[1] Principal	General Obligation Bonds[1] Interest	Lease Revenue Bonds[2] Principal	Lease Revenue Bonds[2] Interest	Total[3]
2000	$105,711,425	$70,292,772	$3,475,000	$6,296,067	$185,775,264
2001	112,233,925	70,223,503	3,640,000	6,132,824	192,230,252
2002	111,283,925	63,810,166	3,835,000	5,954,079	184,883,170
2003	110,503,925	58,105,621	4,030,000	5,762,034	178,401,580
2004	104,531,425	52,564,677	4,240,000	5,556,044	166,892,146
2005	103,856,425	47,245,688	4,450,000	5,335,207	160,887,320
2006	100,036,425	42,050,482	4,690,000	5,098,809	151,875,716
2007	95,897,700	36,898,304	4,940,000	4,849,109	142,585,113
2008	90,747,700	32,034,691	5,210,000	4,581,259	132,573,650
2009	85,820,000	27,511,286	5,495,000	4,298,311	123,124,597
2010	75,965,000	23,354,071	5,790,000	3,999,852	109,108,923
2011	69,500,000	19,537,503	6,100,000	3,684,901	98,822,404
2012	61,760,000	16,041,844	6,435,000	3,352,884	87,589,728
2013	54,085,000	12,954,025	6,790,000	3,002,321	76,831,346
2014	48,810,000	10,261,400	7,155,000	2,632,254	68,858,654
2015	40,990,000	7,800,650	7,545,000	2,240,916	58,576,566
2016	35,995,000	5,669,225	7,955,000	1,828,226	51,447,451
2017	30,290,000	3,810,325	8,395,000	1,393,097	43,888,422
2018	23,090,000	2,265,200	8,315,000	933,896	34,604,096
2019	16,290,000	1,173,075	8,590,000	254,757	26,307,832
2020	8,580,000	345,950	40,000	27,144	8,993,094
Future	-	-	485,000	139,482	624,482
Total[3]	$1,485,977,875	$603,950,457	$117,600,000	$77,353,473	$2,284,881,805

1 As of December 31, 1999, as adjusted to reflect the issuance of the Bonds.
2 See "Other Tax Supported Debt Obligations".
3 Numbers may not add to totals due to rounding.

Sewer Revenue Bonds

In 1986, the County issued $75 million of an authorized $179 million sewer revenue bonds. The proceeds were expended to finance the expansion of the wastewater treatment facilities at the Noman M. Cole, Jr., Pollution Control Plant (formerly the Lower Potomac Pollution Control Plant) from 36 million gallons per day (mgd) to 54 mgd and the County's share of the cost of expanding facilities at the District of Columbia's Blue Plains Wastewater Treatment Plant. The treatment capacity of the Blue Plains Plant expanded from 309 mgd to 370 mgd and the County's share increased from 16.02 mgd to 31.0 mgd. In 1993, the County issued $72.1 million sewer revenue refunding bonds to advance refund a portion of its outstanding sewer revenue bonds. In July 1996, the County issued the remaining authorized but unissued $104 million sewer revenue bonds to finance additional expansion and improvements to its Noman M. Cole, Jr., Pollution Control Plant.

Wastewater treatment capacity and services are also provided to the Integrated Sewer System pursuant to contracts with Arlington County, the Alexandria Sanitation Authority (the "ASA"), the District of Columbia and the Upper Occoquan Sewage Authority ("UOSA"), whereby the County is obligated to share the capital costs and associated debt service of certain facilities. The County's obligations to such entities are payable solely from the revenues of the Integrated Sewer System and are not general obligations of the County. Further information concerning these obligations is included in Notes H, I and J to the General Purpose Financial Statements shown in Appendix IV.

In January 1996, UOSA issued $330.86 million bonds: $288.60 million bonds to finance the cost of expanding its advanced wastewater treatment plant from 32 mgd to 54 mgd and $42.26 million to refinance certain of its outstanding bonds.

The debt service on the County's outstanding sewer revenue bonds and the parity and subordinate obligations payable for capacity under its contracts with ASA and UOSA as of June 30, 1999 are reflected in the following table.

	Sewer Revenue Bonds		Other Sewer Debt Service Obligations	
Fiscal Year Ending June 30	Principal	Interest	Subordinate Obligations[1]	Total
2000	$3,610,000	$9,609,886	$13,782,364	$27,002,250
2001	4,050,000	9,406,134	15,228,254	28,689,388
2002	4,140,000	9,202,964	15,229,170	28,572,131
2003	4,535,000	8,983,282	15,227,577	28,745,859
2004	4,935,000	8,739,066	15,228,504	28,902,570
2005	5,035,000	8,477,807	15,230,086	28,742,893
2006	5,440,000	8,199,653	15,230,224	28,869,877
2007	5,855,000	7,896,081	15,669,314	29,420,395
2008	6,270,000	7,566,205	15,669,695	29,505,900
2009	6,690,000	7,210,413	15,671,327	29,571,740
2010	7,125,000	6,828,830	15,669,762	29,623,592
2011	7,555,000	6,422,155	16,247,107	30,224,262
2012	7,995,000	5,991,371	16,245,794	30,232,165
2013	8,435,000	5,536,186	16,244,520	30,215,706
2014	9,175,000	5,048,343	16,245,595	30,468,938
2015	9,630,000	4,521,364	16,245,004	30,396,368
2016	5,300,000	4,097,980	16,244,995	25,642,975
2017	3,530,000	3,846,820	16,245,410	23,622,230
2018	3,750,000	3,639,340	16,246,106	23,635,446
2019	3,980,000	3,917,046	16,244,721	23,641,767
Future	56,435,000	18,108,123	162,992,253	237,625,376
	$173,470,000	$152,839,049	$477,037,782	$803,346,831

[1] Based on the County's share of scheduled UOSA debt service.

The County has entered into a new service agreement with ASA that will obligate the County initially for 60% of the cost of capacity of the ASA wastewater treatment plant and a joint use system, including debt service on ASA bonds issued for ASA system improvements where the County does not otherwise provide for its share of the capital cost of such improvements. The County anticipates that ASA will undertake a $200 million (approximate capital cost) improvement project that will, by the terms of the new contract, obligate the County for approximately $120 million (60%) in capital costs of ASA system improvements. The County will either be obligated for its share of the debt service on ASA's bonds or the County will issue additional sewer revenue bonds to provide its share of such capital costs.

Debt Ratios

The following data are presented to show trends in the relationship of the general obligation bond indebtedness of the County as a percentage of the estimated market value of taxable property in the County and to its estimated population and the trend of general obligation debt service requirements as a percentage of Combined General Fund disbursements.

Trend of Net Debt as a Percentage of Estimated Market Value of Taxable Property

Fiscal Year Ended June 30	Net Bonded Indebtedness[1]	Estimated Market Value[2]	Percentage
1990	$ 769,467,050	$ 68,720,300,000	1.12%
1991	857,788,925	79,189,200,000	1.08
1992	940,358,345	78,537,800,000	1.20
1993	1,010,513,523	74,646,700,000	1.35
1994	1,110,177,500	74,395,400,000	1.49
1995	1,136,368,575	75,702,700,000	1.50
1996	1,167,504,650	78,155,100,000	1.49
1997	1,219,735,725	80,853,900,000	1.51
1998	1,258,171,800	83,471,400,000	1.51
1999	1,314,377,875	87,086,700,000	1.51
2000(est.)	1,404,706,450	92,340,300,000	1.52

Source: Fairfax County Department of Tax Administration and Department of Management and Budget.

[1] Excludes bonds for the Integrated Sewer System, special district bonds, capital lease and installment purchase obligations, the EDA and FCRHA lease revenue bonds and defeased general obligation bonds.

[2] Estimated market value is based on recorded values as of January 1 of the prior fiscal year.

Debt Per Capita

Fiscal Year Ended June 30	Net Bonded Indebtedness[1,2]	Estimated Population[3]	Net Bonded Indebtedness Per Capita	Fairfax County Per Capita Income[4]	Debt Per Capita as Percentage of Per Capita Income[5]
1990	$769,467,050	818,584	$ 940	$29,971	3.14%
1991	857,788,925	827,119	1,037	31,310	3.31
1992	940,358,345	837,141	1,123	32,543	3.45
1993	1,010,513,523	851,858	1,186	34,144	3.47
1994	1,110,177,500	863,134	1,286	35,229	3.65
1995	1,136,368,575	879,401	1,292	36,707	3.52
1996	1,167,504,650	899,650	1,298	38,265	3.39
1997	1,219,735,725	912,126	1,337	39,951	3.35
1998	1,258,171,800	931,452	1,351	41,870	3.23
1999	1,314,377,875	948,636	1,386	43,815	3.16
2000 (est.)	1,404,706,450	966,137	1,454	45,986	3.16

1 Excludes bonds for the Integrated Sewer System, special district bonds, capital lease and installment purchase obligations, the EDA and FCRHA lease revenue bonds and defeased general obligation bonds.

2 *Source:* Fairfax County Department of Management and Budget.

3 *Source:* Fairfax County Department of Systems Management for Human Services; U.S. Bureau of the Census; 1990 Decennial Census Summary Tape File IA.

4 *Source:* Bureau of Economic Analysis, U.S. Department of Commerce, 1990-1996; Fairfax County Department of Management and Budget 1997-2000. Includes Fairfax City and City of Falls Church.

5 The Bureau of Economic Analysis rebenched data back to 1995. Debt Per Capita as Percentage of Per Capita Income for fiscal years 1995 through 1998 was 3.48, 3.37, 3.29 and 3.17, respectively.

Debt Service Requirements as a Percentage of Combined General Fund Disbursements

Fiscal Year Ended June 30	Debt Service Requirements	Combined General Fund Disbursements	Percentage
1990	$102,405,690	$1,320,894,986	7.8%
1991	112,355,158	1,367,284,518	8.2
1992	124,197,591	1,366,325,337	9.1
1993	124,683,326	1,357,105,721	9.2
1994	129,675,197	1,394,808,186	9.3
1995	132,902,278	1,487,080,719	8.9
1996	142,754,018	1,602,457,378	8.9
1997	152,813,435	1,682,606,121	9.1
1998	163,501,001	1,756,990,140	9.3
1999	163,541,092	1,849,586,571	8.8
2000 (est.)	176,373,688	2,005,402,942	8.8

Source: Fairfax County Department of Management and Budget. Debt Service Requirements exclude special district bonds, capital lease and installment purchase obligations, EDA lease revenue bonds and defeased general obligation bonds.

Underlying Bonded Indebtedness

As of June 30, 1999, there was outstanding the following underlying bonded indebtedness of towns or districts within the boundaries of Fairfax County:

Town of Vienna	Storm Drainage/Street Improvement/Water and Sewer/Public Buildings	$18,265,000
Town of Herndon	Recreational Complex/Water and Sewer/Recreational Facilities	14,280,000
Small District #1 of Dranesville District	McLean Community Center	750,000
Lake Barcroft Watershed Improvement District	Dam Repairs/Silt Removal	75,000
Total Underlying Indebtedness		$33,370,000

These underlying general obligation bonds are obligations of the respective town or district only and are not obligations of Fairfax County and the full faith and credit of the County are not pledged to the payment of such bonds or notes.

The bonds and notes of the Fairfax County Water Authority, the Fairfax County Park Authority, the Fairfax County Industrial Development Authority, the Fairfax County Economic Development Authority, the Fairfax County Redevelopment and Housing Authority, the Route 28 Highway Transportation Improvement District, the Northern Virginia Health Center Commission, and the Northern Virginia Transportation Commission are not obligations of the County.

TAX BASE DATA

Fairfax County reassesses more than 323,000 parcels of real property annually employing a computer assisted mass reassessment program for both residential and non-residential properties. The performance of the annual assessment program as measured by assessment to sale ratios and coefficient of equity, referred to as the Russell Index, is excellent. For the reassessment effective January 1, 1999, the countywide assessment to sale price ratio was .90 and the Russell Index was 5.6.

The assessed value of the real estate tax base, as reported for FY 2000 in the main tax book for Fairfax County, increased 6.33% in value from the prior year.

The data in the following five tables are presented to illustrate trends and characteristics of the assessed value of real and personal property which are major sources of County-derived revenue:

Assessed Value of All Taxable Property
(000's)

Fiscal Year	Real Property	Personal Property	Public Service Corporation	Total Assessed Value[1]
1990	$62,440,400	$4,916,800	$1,363,100	$68,720,300
1991	72,095,800	5,511,500	1,581,900	79,189,200
1992	71,355,900	5,552,900	1,629,000	78,537,800
1993	67,192,500	5,641,200	1,813,000	74,646,700
1994	66,381,500	6,070,300	1,943,600	74,395,400
1995	66,912,100	6,775,400	2,015,200	75,702,700
1996	68,647,300	7,539,300	1,968,500	78,155,100
1997	70,510,800	8,257,400	2,085,700	80,853,900
1998	72,507,700	8,620,700	2,343,000	83,471,400
1999	75,500,700	9,070,800	2,515,200	87,086,700
2000 (est.)	80,006,300	9,666,000	2,668,000	92,340,300

Source: Actual values are from the Fairfax County Department of Tax Administration as reported in the FY 1999 CAFR. FY 2000 estimated values are from the Department of Management and Budget; figures are net of exonerated assessments and tax relief for the elderly and disabled.

[1] Pursuant to State statute all real property assessments are required to be made at 100% of estimated market value.

Tax Rates per $100 Assessed Value

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Real Estate-Regular and Public Service	$1.19	$1.11	$1.11	$1.16	$1.16	$1.16	$1.16	$1.23	$1.23	$1.23	$1.23
Personal Property-Regular	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property-Public Service	1.19	1.11	1.11	1.16	1.16	1.16	1.16	1.23	1.23	1.23	1.23
Personal Property-Mining and Manufacturing, Machinery and Tools	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property-Research and Development	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57	4.57
Personal Property-Mobile Homes	1.19	1.11	1.11	1.16	1.16	1.16	1.16	1.23	1.23	1.23	1.23
Personal Property-Antique Cars	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01
Personal Property-Special[1]	--	.01	.01	.01	.01	.01	.01	.01	.01	.01	.01

Source: Approved Fiscal Plans, FY 1990-2000.

[1] Includes vehicles specially equipped for the handicapped; privately owned vans used for van pools; vehicles belonging to volunteer fire and rescue squad members; vehicles owned by auxiliary police; certain property of homeowners associations; aircraft to include flight simulators; and motor vehicles owned by qualified elderly or disabled individuals and, effective in FY 2000, boats.

Commercial-Industrial Percentage of the Total Assessed Value of Real Property

Fiscal Year[1]	Percent[2]
1991	26.25
1992	25.66
1993	22.82
1994	20.94
1995	19.58
1996	19.04
1997	19.56
1998	20.47
1999	21.84
2000	24.32

Source: Fairfax County Department of Tax Administration. Assessed values are reported by State of Virginia Land Use Codes. Vacant land is defined according to zoning classification.

[1] Fiscal year property taxes are levied on prior year assessments.

[2] Includes the Towns of Vienna, Herndon and Clifton.

The following data shows the assessed value of real property of the 25 largest holders of real property in the County (as of January 1, 1999).

Rank	Property Owner	Property Type	Total Assessment
1	West Group Properties LLC	Various Offices, Retail, Ind. & Land	$451,642,770
2	Lehndorff Tysons Property	Tysons Corner Regional Shopping	402,123,530
3	Virginia Electric	Public Utility	307,638,380
4	Franconia Two LP	Springfield Mall Shopping Center	238,807,760
5	Mobil Oil Corp	Headquarter Office & Various Commercial	226,888,425
6	Fairfax Company	Fair Oaks Mall Shopping Center	212,545,905
7	Smith Property Holdings	Various Commercial	194,621,765
8	Washington Gas Light Co.	Public Utility	188,387,524
9	Prentiss Properties	Office & Land	175,217,485
10	EOP Reston Town Center	Office, Shopping Center & Land	170,083,040
11	West Mac Associates	Various Office & Vacant Land	151,166,345
12	WRIT LP	Office, Apt., Ind. Shopping Ctrs.	148,699,240
13	Equitable Life Assurance	Various Commercial	131,264,045
14	Avalon Properties Inc.	Apartments	124,856,930
15	Navy Federal Credit Union	Various Office & Vacant Land	123,273,580
16	Boston Properties LP	Office, Industrial & Land	118,600,705
17	Commonwealth Atlantic	Office, Land, Railroad Land	105,404,730
18	Fairfax Square Partners	Office Retail	101,337,600
19	Alder Branch Lincoln LLC	Apartments	89,744,865
20	OTR	Office, Shopping Center	89,028,545
21	E D S Realty Corp	Office and Land	88,356,360
22	Massachusetts Mutual Life	Office, Apts., Ind. & Shopping Ctrs.	88,164,115
23	Bell Atlantic	Office & Public Utility	87,848,971
24	Summit Properties	Apartments	87,748,620
25	Saul B. Francis II TR	Office, Apts., & Hotels	83,815,915
			$4,187,267,150

Source: Fairfax County Department of Tax Administration. Derived from January 1, 1999 tax rolls.

As of January 1, 1999 the assessed value of the real property of the 25 largest holders of real property in the County represented 5.19% of the total assessed value of all real property in Fairfax County, excluding tax exempt properties. January 1, 1999 assessments represent tax revenue generated in FY 2000.

Real and Personal Property
Tax Levies and Tax Collection
(000's)

Fiscal Year	Total Levy[1]	Current Collections[2]	% of Levy[3]	Collection of Back Taxes	Total Collection of Current & Back Taxes	% of Current & Back Taxes Collected to Tax Levy
1990	$ 949,051	$ 942,557	99.32	$ 8,734	$ 951,292	100.24
1991	1,033,122	1,020,368	98.77	8,189	1,028,557	99.56
1992	1,028,443	1,012,210	98.42	11,492	1,023,702	99.54
1993	1,019,270	1,007,987	98.89	13,726	1,021,712	100.24
1994	1,025,807	1,013,350	98.79	18,224	1,031,574	100.56
1995	1,058,500	1,048,276	99.03	13,000	1,061,276	100.26
1996	1,103,903	1,095,762	99.26	11,490	1,107,252	100.30
1997	1,203,645	1,195,312	99.31	6,479	1,201,791	99.85
1998	1,250,521	1,241,128	99.25	1,267	1,242,395	99.35
1999	1,308,122	1,299,201	99.32	12,088	1,311,289	100.24

Section 58.1-3916 of the Code of Virginia authorizes Fairfax County, pursuant to Section 4-10-1 of the County Code, to impose a penalty of 10% for failure to pay taxes when due, with interest to be due on such taxes and penalty following the day such taxes are due at the rate of 10% per annum the first year and at the rate established pursuant to paragraph 6621 of the Internal Revenue Code for the second and subsequent years of delinquency.

Source: Comprehensive Annual Financial Reports for the Fiscal Years Ending June 30, 1990-1999.

[1] The total levy is the levy for General Fund real and personal property taxes and does not include the property tax levy for Special Revenue Funds, *e.g.* for Refuse Collection and Community Centers.

[2] Current collections do not include tax collections for the Special Revenue Funds or payments in lieu of taxes. As a result of revised accounting procedures, the collection of penalty and interest payments for late payments of current taxes is included in the collection of current taxes rather than under the collection of back taxes.

[3] The percentage of levy is not the collection rate since current collections also include penalty and interest payments for late payments of current taxes.

FINANCIAL INFORMATION

Five-Year Summary of Revenues, Expenditures and Fund Balances for General, Special Revenue and Debt Service Funds

The financial data shown in the following table represents a summary for the five fiscal years ended June 30, 1999 of the revenues, expenditures and fund balances accounted for in the primary government's General Fund, Special Revenue Funds and Debt Service Funds, and in the comparable, primary government-appropriated funds of the discreetly reported component units. In prior years these government-appropriated funds were included in the primary government's General Fund and Special Revenue Funds, but as of fiscal year 1994 have been reflected within the discretely reported component units for financial reporting purposes in accordance with Statement No. 14 of the Governmental Accounting Standards Board. The summaries for the five fiscal years ended June 30, 1999 have been compiled from the financial statements of the County for the respective years and should be read in conjunction with the related financial statements and notes thereto.

	Fiscal Years Ended June 30,				
	1995	1996	1997	1998	1999
Revenues:					
Taxes[1]	$1,323,668,244	$1,381,702,595	$1,491,735,145	$1,548,908,361	$..640,594[redacted]
Permits, privilege fees and Regulatory licenses	28,798,269	30,544,252	34,075,400	37,128,657	43,044,787
Fines and forfeitures	6,207,675	6,751,974	7,213,398	7,413,004	7,140,533
Revenue from the use of Money and property	47,034,639	48,174,029	51,273,563	57,948,818	60,432,180
Charges for services and Recovered Costs	178,661,992	180,214,874	185,775,499	178,215,159	182,229,862
Intergovernmental	330,695,858	349,385,548	403,106,423	412,512,882	467,462,273
Miscellaneous	9,846,287	9,511,292	11,017,670	12,262,095	23,696,684
Net Refunded Bonds	0	0	0	0	0
Total revenues	$1,924,912,964	$2,006,284,564	$2,184,197,098	$2,254,388,976	$2,424,600,778
Expenditures and transfers:					
General governmental administration	$ 61,484,888	$ 72,338,728	$ 73,355,323	$ 77,592,551	$ 80,031,244
Judicial administration	15,541,939	17,498,901	18,170,437	18,652,509	19,502,814
Public safety	180,908,284	189,685,237	195,088,737	211,191,952	231,108,675
Public works	136,158,531	140,348,137	131,821,568	122,113,299	113,140,139
Health and welfare	228,639,687	246,697,313	249,423,752	253,136,820	268,726,844
Parks, recreation & cultural	50,883,321	53,203,730	53,945,365	56,856,867	62,777,866
Community development	53,200,587	53,847,111	52,994,739	59,776,412	79,776,026
Education[2,3]	956,328,700	976,708,934	1,059,549,080	1,143,993,182	1,192,010,103
Debt service	140,322,365	151,296,823	161,406,538	171,580,513	176,262,542
Nondepartmental[2]	90,727,035	97,494,046	97,491,772	97,667,906	96,500,551
Net transfers to other funds	40,373,474	33,163,102	34,490,198	34,355,831	40,172,221
Total expenditures and transfers	$1,954,568,811	$2,032,282,062	$2,127,737,509	$2,246,907,842	$2,360,009,025
Excess (deficiency) of revenues over expenditures and transfers	$ (29,655,847)[4]	$ (25,997,498)[5]	$ 56,459,589	$ 7,481,134	$ 4,591,7[redacted]
Fund balance, beginning of year	308,403,915	275,711,280	249,709,518	306,254,760	321,061,[redacted]
Adjustment of fund balance, Beginning of year	(3,046,829)[6]	0	0	6,890,257[7]	0
Increase (Decrease) in Fund Balance Reserves	(532,680)	(4,264)	85,653	142,795	(2,536,962)
Residual Equity Transfer	542,721	0	0	292,220	0
Fund balance, end of year	$ 275,711,280	$ 249,709,518	$ 306,254,760	$ 321,061,166	$ 383,115,957

Source: Comprehensive Annual Financial Reports for the Fiscal Years Ended June 30, 1995-1999.

[1] Taxes include real estate, personal property, sales, recordation, business, professional and other licenses and miscellaneous other taxes. Fund balance includes amount reserved for inventories of supplies and unreserved-undesignated. The interfund transfers among the funds presented have been eliminated.

[2] Pension contributions to employee retirement funds, which are included in the Education and Nondepartmental expenditures shown above, for each of the five fiscal year ended June 30, 1995 through 1999, were as follows: 1995, $79,516,462; 1996, $84,243,983; 1997, $93,104,897; 1998, $95,773,603 and 1999, $88,898,079.

[3] Teachers' salaries accounted for in the School Operating Fund are paid by contract over a twelve-month period ending in August. Consequently, in order to reflect the tota teachers' salaries in the year the services are rendered, an accrual is made at the end of each fiscal year for the payroll liability arising from those teachers' salaries to be pai in the first two months of the succeeding fiscal year. In FY 1984 the County began a program to fund this liability to the Fairfax County Public Schools over a 10-year period In FY 1991, the payment to offset the unfunded liability was deferred. Beginning in FY 1997 payments were resumed over a ten year period at a rate of $1.62 million pe year. As of June 30, 1999, the unfunded liability was approximately $11.4 million.

[4] The FY 1995 deficiency of revenues over expenditures and transfers in the amount of $29.7 million is primarily due to the deficiency of $38.2 million in the Fairfax County Public School Operating Fund, which brought this Fund's beginning balance of $33.8 million to a deficit of $4.4 million at the end of FY 1995. Public School personnel expenditures increased during FY 1995 by $62.0 million, of which $31.8 million is attributed to a revised teacher salary scale that was implemented in order to be more competitive with surrounding jurisdictions.

[5] The FY 1996 deficiency of revenues over expenditures in the amount of $26.0 million is primarily the result of a deficiency of $45.6 million in the County's General Fun offset by an excess of $22.0 million in the Fairfax County Public School Operating Fund. During FY 1996, the County transferred $725.0 million from its General Fund t the Public School Operating Fund; this was an increase of $71.5 million over the FY 1995 transfer.

[6] The July 1, 1994 fund balances of certain funds of the Fairfax County Redevelopment and Housing Authority which are financed by the County through the Department o Housing and Community Development were adjusted to eliminate certain unrecorded interest income that had not been earned.

[7] The July 1, 1997 fund balances were restated to comply with the provisions of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financir Reporting for Certain Investments and for External Investment Pools".

Certain Financial Procedures

Description of Funds

The County's annual audited financial statements include the funds administered by the Board of Supervisors and the School Board. The accounts of the County are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The transactions in each fund or account group are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures.

Annual Financial Statements

The County's financial statements have been examined and reported on by independent certified public accountants since FY 1969. The FY 1999 audit was performed by KPMG Peat Marwick LLP, Certified Public Accountants, Washington, D.C. For further information regarding the County's audit see the Independent Auditor's Report-Appendix IV.

The County maintains its accounting system in accordance with the specifications of the Auditor of Public Accounts of the Commonwealth of Virginia. Certain adjustments have been made to present the accompanying financial statements in accordance with generally accepted accounting principles applicable to governmental units. The County has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its annual financial statements each year since the fiscal year ended June 30, 1977.

The County's annual financial statements are available for inspection at the Office of the Director of Finance, 12000 Government Center Parkway, Suite 214, Fairfax, Virginia, 22035. See "FUTURE FINANCIAL INFORMATION" and "Appendix VII—CONTINUING DISCLOSURE AGREEMENT."

Budgetary Procedure

The County has no legal authority to borrow in anticipation of future years' revenues, except by the issuance of bonds or bond anticipation notes.

Prior to the beginning of each fiscal year, the Board of Supervisors adopts a budget plan consisting of contemplated expenditures and estimated revenues for such fiscal year. On the basis of the adopted budget plan, the Board of Supervisors appropriates funds for the expenditures and establishes tax rates sufficient to produce the revenues contemplated in the budget plan.

The annual budgeting process for a fiscal year begins in the first quarter of the previous fiscal year with the submission by agency directors of budget requests to the County Department of Management and Budget. During the second quarter, budget requests are reviewed and meetings between the County Executive, Deputy County Executives and agency directors are held to discuss agency requests. Upon receipt of the preliminary budget of the County School Board in the third quarter, the County Executive prepares an initial budget for submission to the Board of Supervisors and proposes tax rates sufficient to produce revenues needed to meet expenditures contemplated in the initial budget. After work sessions with the Board of Supervisors and public hearings on the proposed budget, changes are made and the final budget is adopted. Tax rates are established prior to the beginning of the fiscal year for which the budget is prepared.

During the fiscal year, quarterly reviews of revenue and expenditures are undertaken by the County Department of Management and Budget. On the basis of these reviews, the Board of Supervisors revises appropriations as needed or desired.

On January 25, 1982, the Board of Supervisors adopted a financial policy requiring maintenance of a "managed reserve" in the General Fund beginning on July 1, 1982 at a level not less than two percent of Combined General Fund disbursements. This reserve has been incorporated in the budget each fiscal year. This reserve was implemented to provide for temporary financing of unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from termination of revenue sources through actions of other governmental bodies. In 1985, the Board also adopted a policy on appropriations during quarterly budget reviews which provides that nonrecurring revenues should be used for either capital expenditures or other nonrecurring expenditures and that quarterly review adjustments are not to exceed two percent of the Combined General Fund disbursements.

The Government Finance Officers Association of the United States and Canada ("GFOA") has presented the Award for Distinguished Budget Presentation to Fairfax County for its annual budget for each year since the fiscal year beginning July 1, 1985. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications medium.

Investment Management Policy

The County's Investment and Cash Management Program operates under the direction of the Investment Committee comprised of the Director of the Department of Finance, the Chief Financial Officer, the Director of the Department of Tax Administration and the Deputy Director of the Department of Finance. Guided by a formal investment policy, the Committee continually reviews the County's investment policies and strategies bi-weekly, and monitors daily investment activity.

During FY 1999, the County's average portfolio size (which includes investments in the General Fund, Special Revenue Funds and Enterprise Funds) was approximately $1.3 billion. The funds are invested in U.S. Treasury obligations, obligations of the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank and Federal National Mortgage Association, bankers acceptances, commercial paper (rated A1/P1 or higher), certificates of deposit and repurchase agreements collateralized by U.S. Treasury securities.

The County's investment policies which govern the pooled cash and general obligation bond proceeds portfolio prohibit investment in instruments generally referred to as derivatives, and the County does not employ leverage in its investments.

General Fund Revenues, Expenditures, Transfers and Beginning Fund Balance

The General Fund is maintained by the County to account for revenue derived from County-wide *ad valorem* taxes, other local taxes, licenses, fees, permits, charges for services, certain revenue from Federal and State governments, and interest earned on invested cash balances of the General Fund and Capital Project Funds. General Funds expenditures and transfers include the costs of general County government, transfers to the School Operating Fund to pay the local share of operating Fairfax County public schools, and transfers to the Debt Service and Capital Project Funds to pay debt service on County general obligation bonds and for certain capital improvement projects.

General Fund Summary

Shown below are the County's revenues, expenditures, transfers and beginning fund balance of the General Fund for FY 1995 through FY 1999.

General Fund Revenues, Transfers and Beginning Fund Balance (in thousands)

	Fiscal Year Ended June 30[1]				
	1995	1996	1997	1998	1999
General Property Taxes	$1,061,276	$1,107,252	$1,201,791	$1,242,395	1,311,289
Other Local Taxes	253,034	265,725	284,407	295,705	317,893
Permits, Privilege Fees and Regulatory Licenses	23,376	24,088	27,250	30,091	32,874
Fines and Forfeitures	6,207	6,751	7,212	7,412	7,140
Revenue from the Use of Money and Property	38,848	37,308	39,085	46,202	48,008
Charges for Services & Recovered Costs	26,088	28,865	30,388	32,573	
Intergovernmental	75,238	85,534	99,838	96,279	103,449
Miscellaneous	714	206	733	722	17
Transfers In and Beginning Fund Balance[2]	129,892	126,403	80,744	90,012	94,738
Adjustment to Beginning Fund Balance	--	--	--	5,932[3]	--
Residual Equity Transfer	--	--	--	232	--
Total	$1,612,673	$1,682,132	$1,771,448	$1,847,555	1,950,853

[1] *Source:* Comprehensive Annual Financial Reports for FY 1995-FY 1999.
[2] Beginning fund balance adjusted to reflect reserve for inventory.
[3] The July 1, 1997 fund balance was restated to comply with the provisions of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools".

General Fund Expenditures and Transfers (in thousands)

	Fiscal Year Ended June 30[1]				
	1995	1996	1997	1998	1999
Transfer to School Operating Fund	$ 653,492	$ 724,951	$ 788,143	$ 819,669	852,128
Costs of General County Government	626,844[2]	671,882	678,255	707,473	746,337
Transfer to Debt Service Funds	134,589	146,210	161,533	171,504	177,649
Transfer to Capital Project Funds	17,800	11,836	9,270	12,841	14,607
Transfer to Metro Construction and Operations Fund	20,658	12,511	15,102	1,959	11,151
Other Transfers	33,843	35,122	30,327	43,577	47,715
Total	$1,487,226	$1,602,512	$1,682,630	$1,757,023	1,849,587

[1] *Source*: Comprehensive Annual Financial Reports for FY 1995-FY 1999.
[2] Beginning in FY 1995, the Fairfax-Falls Church Community Services Board Fund is accounted for as a special revenue fund and receives transfers from the General Fund. These transfers are included in the Costs of General County Government to be consistent with prior years.

Revenues

The following is a discussion of the General Fund revenue structure.

General Property Taxes -- An annual *ad valorem* tax is levied by the County on the assessed value of real and tangible personal property located within the County as of January 1 preceding the fiscal year in which the said tax is due. The personal property tax on motor vehicles which acquire situs within the County or have title transferred on or after January 2 is prorated on a monthly basis. Real property is assessed at 100% of its fair market value. Personal property is also assessed at 100% of its fair market value. Real property taxes are due July 23 and December 5 of the fiscal year in which they are levied. Beginning in 1994 the payment date for personal property taxes was changed from December 5 to October 5. The penalty for late payment is 10% of the amount due, and interest on delinquent taxes and penalties accrues at a rate of 10% per annum the first year at the rate established pursuant to State law for the second and subsequent years of delinquency. In cases of property on which delinquent taxes are not paid within three years, the County may sell the property at public auction to pay the amounts due. There is no legal limit at the present time on the property tax rates which may be established by the County. Property taxes (including penalties and interest for late payment of prior years' taxes) accounted for 70.6% of total General Fund revenues in FY 1999.

During its 1998 Special Session, the General Assembly of Virginia enacted legislation that will reduce personal property taxes applicable to individually owned motor vehicles. The reduction, which will apply to the first $20,000 in assessed value, is scheduled to be phased in over a five year period. The legislation states that the Commonwealth will reimburse local governments for the revenue lost from the reduction in personal property tax collections. In FY 1999, the first year of implementation, taxpayers were billed for the entire amount of tax levy and received a refund of 12.5 percent of the tax on the first $20,000 of the value of their personal vehicle from the Commonwealth of Virginia. Vehicles values less than $1,000 were refunded 100 percent. In FY 2000, the Commonwealth's plan reduced Personal Property Taxes paid by citizens by 27.5 percent with an offsetting reimbursement paid to the County by the Commonwealth of Virginia. Reimbursement to local governments for subsequent fiscal years will be dependent upon future appropriations by the Virginia General Assembly. If funds are appropriated, the plan will reduce taxes paid by citizens by 47.5 percent in FY 2001, 70 percent in FY 2002 and 100 percent in FY 2003 with an offsetting reimbursement paid to localities by the Commonwealth. The County's personal property collections for FY 1999 totaled $360 million.

Other Local Taxes -- The County levies various other local taxes, including a 1% local sales tax (collected by the State and remitted to the County), a tax on consumer utility bills (8% for gas and electric and 22.2% for telephone on bills up to $50 per month for residential classes; for commercial customers the rate is 10% for bills up to $3,000 monthly for gas, 10% for bills up to $10,000 monthly for electric, and 22.2% for bills up to $1,600 monthly for telephone, with the first $6.00 on telephone bills for residential classes excluded from taxation), a cigarette tax of 5¢ per pack, property recordation taxes, an automobile license tax, and various business, professional and occupational licenses taxes. These taxes accounted for 17.1% of total General Fund revenues in FY 1999.

Permits, Privilege Fees and Regulatory Licenses -- The County requires that licenses or permits be obtained in order to perform certain activities in the County and that fees be paid for services provided by certain County departments. These revenues represented 1.8% of total General Fund revenues for FY 1999.

Fines and Forfeitures -- The sources of revenue in this category include court fines and penalties from the Circuit Court and the General District Court and court fines and costs from the Juvenile and Domestic Relations District Court. The fines are for traffic violations, misdemeanors and felonies. In addition, the County receives revenues from parking violations as authorized under the County Code. Revenues in this category represented 0.4% of General Fund revenues in FY 1999.

Revenue from the Use of Money and Property -- The principal sources of revenue from the use of money and property to the General Fund are interest on General Fund and Capital Project Fund investments and minor

amounts of revenue from the sale and lease of County equipment and property. These revenues represented 2.6% of General Fund revenues in FY 1999.

Charges for Services and Recovered Costs -- The principal sources of revenue to the General Fund from charges for services are County Clerk fees, school age child care fees, recreation fees, publication sales and various other services for which the County charges a fee. Revenues in this category represented 1.9% of General Fund revenues in FY 1999.

Intergovernmental Revenue -- Intergovernmental revenue is comprised of revenue from the State and revenue from the Federal government. Revenues in this category represented 5.6% of General Fund revenues in FY 1999. Each revenue source within intergovernmental revenue is discussed below:

- Revenue from the State -- The County is reimbursed by the Commonwealth of Virginia for a portion of shared expenses including certain expenditures for social services, the sheriff's office, courts, the Office of the Commonwealth Attorney and other constitutional offices. Additionally, the County receives a share of the net profits from the State Alcoholic Beverage Control Board's liquor sales and State contributions to assist in meeting law enforcement expenditures. Revenues from this category represent 3.9% of total General Fund revenues in the fiscal year ended June 30, 1999. The County receives a significant amount of additional State aid in support of public school operations. These revenues are credited directly to the School Operating and School Lunch Funds, however, and are not reflected in the General Fund.

- Revenue from the Federal Government -- The principal sources of categorical Federal aid to the General Fund are Federal grant moneys for air pollution control and Federal Title XX funds primarily used to purchase foster care, day care and protective services for clients of the Department of Family Services. This revenue category represents 1.7% of General Fund revenues in FY 1999.

Miscellaneous Revenues -- The sources of revenue in this category include the sale of land and buildings, parking meter fees, and other miscellaneous sources. These revenue sources in FY 1999 were minimal.

Expenditures and Transfers

The following is a discussion of the major classifications of General Fund expenditures and transfers.

Transfer to School Operating Fund -- The County transfers monies from the General Fund to the School Operating Fund to pay the County's share of the costs of operating public schools in Fairfax County. This transfer represented approximately 46.1% of total disbursements from the General Fund in the fiscal year ended June 30, 1999. The transfer to the School Operating Fund was approximately 72.0% of total receipts of the School Operating Fund. Other revenues credited directly to the School Operating and School Lunch Funds include revenue from the Federal government, the Commonwealth of Virginia, the City of Fairfax (representing tuition of students residing in the City of Fairfax who attend Fairfax County schools), and other revenue derived locally from sale of textbooks, school lunches, etc. No debt service on County general obligation bonds issued for school purposes is paid from the School Operating Fund, and revenues from the Federal government and the Commonwealth of Virginia which are credited directly to the School Operating Fund are not available to pay debt service on County general obligation bonds.

Costs of General County Government -- The County pays from the General Fund the costs of general County government. These costs include expenditures for general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, and community development. This classification was approximately 40.3% of total General Fund disbursements in FY 1999.

Transfer to Debt Service Funds -- The County transfers from the General Fund to the Debt Service Fund amounts sufficient to pay principal and interest on County general obligation bonds and the EDA and RHA lease

revenue bonds. Transfers to the Debt Service Fund represented 9.6% of total General Fund disbursements in FY 1999.

Transfer to Capital Project Funds -- The County transfers monies from the General Fund to the Capital Project Funds to pay the cost of certain capital improvements. The General Fund transfer to the Capital Project Funds (except for the General Fund transfer for Fairfax County's obligations to the Washington Metropolitan Area Transit Authority ("WMATA"), which is discussed below) represented 0.8% of total General Fund disbursements in FY 1999. Other revenues of the Capital Project Funds consist primarily of bond proceeds.

Transfer to Metro Construction and Operations Fund -- The County is a member jurisdiction of WMATA and as such has agreed to make certain capital contributions in support of the construction by WMATA of a rail transit system to serve the Washington metropolitan area (which includes the County) and to pay a portion of the deficit incurred by WMATA in the operation of its bus system and rail system. The County generally has used bond proceeds to fund its capital contributions to WMATA and has transferred monies from the General Fund to pay its share of the bus and rail operating subsidies. The General Fund transfer to the Metro Construction and Operations Fund to pay the County's share of the system's operating subsidies represented 0.6% of total General Fund disbursements in FY 1999. See the subsection herein entitled "Transportation" for a more complete discussion of the County's obligations with respect to WMATA.

Transfers to Other Funds -- The County transfers monies from the General Fund to other funds for a variety of purposes. The General Fund transfer to other funds includes transfers to the County Transit Systems, Information Technology, Aging Grants and Programs, Community-Based Funding Pool, Housing Programs for the Elderly, Health Benefits Trust and Equipment Management and Transportation Agency. Transfers to other funds was 2.6% of total General Fund disbursements in FY 1999.

FY 2001 Budget

On April 19, 1999, the Board of Supervisors reaffirmed and approved Budget Guidelines for FY 2001. The Board directed the County Executive to develop a budget for FY 2001 that limits growth in expenditures and the School Transfer to projected increases in revenue. Balances identified throughout the fiscal year, and not required to support expenditures of a critical nature, should be held in reserve. In order to eliminate structural imbalances between County resources and requirements, the Board directed that both County and School resources should be allocated with consideration for the continued availability of funds. All non-recurring funds should be directed toward non-recurring uses and recurring resources should be targeted toward recurring expenses. In addition, the Board endorsed the efforts to explore County/School consolidation efforts. At the FY 1999 Carryover Review on September 13, 1999, the Board of Supervisors established a Revenue Stabilization Fund, initially funded with $7.83 million. The Board also modified their Budget Guidelines to include the establishment of a Revenue Stabilization Fund with a goal of reaching an amount equal to 3% of General Fund disbursements. The balance would be accomplished over a multi-year period with a policy whereby a minimum of 40% of non-recurring balances identified at quarterly reviews would be allocated to the Revenue Stabilization Fund. Withdrawal from the Revenue Stabilization Fund will not be made unless the projected revenues reflect a decrease greater than 1.5 percent of the current year estimate. In addition, any withdrawal from the Revenue Stabilization Fund should not exceed one half of the fund balance in any fiscal year.

Growth in County revenues is driven by growth in the real estate and personal property tax base that produces 71.1 percent of projected total revenue in the FY 2001 budget. While growth in County revenues is projected to be moderate, the local economy is strong. Unemployment continues to be low at 1.5 percent; consumer confidence remains positive; and job growth remains strong.

The FY 2001 Advertised Budget totals $3.53 billion including General Fund disbursements of $2.11 billion. General Fund revenues and disbursements reflect increases of 7.00 percent and 5.14 percent, respectively over the FY 2000 Revised Budget Plan. Included in the General Fund disbursement amount is a transfer of $960.23

million to the School Operating Fund, reflecting an increase of 7.00 percent in accordance with the Board's budget guidelines. General Fund direct expenditures reflect an increase of $28.39 million or 3.64 percent over the FY 2000 Revised Budget Plan.

The FY 2001 budget also includes additional steps in the County's multi-year strategy to restructure County Government to increase effectiveness, responsiveness and accountability. The FY 2001 Advertised Budget Plan includes funding for employee compensation adjustments based on a market pay analysis and the implementation of a Pay-for-Performance System.

The FY 2001 budget also continues the County's focus on Performance Measurement indicators. In order to promote greater accountability and continuous performance improvements, a more outcome based, comprehensive method of performance measurement was initiated in FY 1999. The FY 2000 and FY 2001 budgets include refinements to the initial performance measurement system that will ultimately provide the public and decision makers better information with which to evaluate programs and County Services as well as be used in the Department Head Evaluation System.

CAPITAL IMPROVEMENT PROGRAM

In connection with the County's adopted comprehensive land use plan, the Fairfax County Planning Commission annually prepares and submits to the Board of Supervisors, a capital improvement program (the "CIP") for the ensuing five-year period. The CIP is designed to balance the need for public facilities as expressed by the County land use plan with the fiscal capability of the County to provide for those needs.

The CIP is an integral element of the County's budgeting process. The five-year document serves as a general planning guide for the construction of general purpose, school and public utility projects in the County. The CIP is updated and approved by the Board of Supervisors each year. This annual review process prompts careful attention to the development of reliable capital expenditure and revenue estimates and the timely scheduling of bond referenda.

In connection with the CIP process, the Board of Supervisors has adopted certain policy guidelines for the development and financing of the CIP. These guidelines include self-imposed restrictions on the issuance of general obligation bonds designed to keep General Fund supported debt service expenditures less than 10% of total Combined General Fund disbursements, and to maintain the ratio of net bonded indebtedness to the market value of taxable property in the County at a level less than 3.0%.

The Board of Supervisors continues to thoroughly review the County's debt program in light of current fiscal conditions. Total bond sales to support the program have averaged $144 million per year since 1996. Recent voter approval on two County Bond Referenda has added balance to the bond program. On November 3, 1998, referenda totaling $87 million for park facilities and $99.92 million for new public safety/courthouse facilities were approved by the County voters. In addition, on November 2, 1999, voters approved a $297.205 million school bond referendum. Additional referenda of approximately $250 million in each of 2001, 2003 and 2005 to finance school facilities are anticipated. The CIP for Fiscal Years 2001-2005 (With Future Fiscal Years to 2008) is currently under development by the Board of Supervisors and is expected to be approved on April 24, 2000.

RETIREMENT SYSTEMS

The County administers four separate public employee retirement systems that provide pension benefits for various classes of County employees (Educational Employees Supplemental Retirement System, Police Officers Retirement System, Supplemental Retirement System and Uniformed Retirement System). In addition, professional employees of the Fairfax County School Board participate in a plan sponsored and administered by the Virginia Retirement System. As of June 30, 1999 membership in the five plans consisted of 18,728 retirees and beneficiaries

currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 35,680 current employees.

The Fairfax County retirement systems investments are managed by independent professional investment managers. Investments in derivatives are not made for speculative purposes but may be used by investment managers to gain access to markets, to reduce risk, or to reduce transaction costs.

For further information regarding the County's retirement systems, see "General Purpose Financial Statements -- Notes to Financial Statements -- Note F" in Appendix IV.

CONTINGENT LIABILITIES AND CLAIMS

The County is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. See Note P in the County's Financial Statements Appendix IV to this Official Statement for details as of the end of fiscal year 1999.

Currently, the County is defendant in a number of lawsuits alleging erroneous tax assessment of certain real estate properties and personal property. In the aggregate, plaintiffs currently claim approximately $1.3 million in tax refunds. Based on past experience with these types of cases, the County's management and the County Attorney are of the opinion that any losses will not be material.

APPROVAL OF LEGAL PROCEEDINGS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Brown & Wood LLP, New York, New York, Bond Counsel, the proposed form of whose opinion is included herein as Appendix VI.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, based upon existing law and except as provided in the next sentence, interest on the Bonds will not be includable in the gross income of the owners of the Bonds for purposes of Federal income taxation. Interest on the Bonds will be includable in the gross income of the owners thereof for purposes of Federal income taxation retroactive to the date of issuance of the Bonds in the event of a failure by the County or the school board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding the use, expenditure, investment of the proceeds of the Bonds and the timely payment of certain amounts to the U.S. Treasury, and no opinion is rendered by Bond Counsel as to the exclusion from gross income of the interest on the Bonds for Federal income tax purposes on or after the date on which any action affecting such covenants is taken by the County or the school board of the County upon the approval of counsel other than such firm.

Interest on the Bonds will not be an item of tax preference for purposes of the Federal individual or corporate alternative minimum tax. The Code contains provisions that could result in tax consequences, as to which no opinion will be rendered by Bond Counsel, as a result of ownership of the Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

Original Issue Discount

The excess, if any, of the amount payable at maturity of any maturity of the Bonds over the initial public offering price to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such maturity is sold constitutes original issue discount. The amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. Original issue discount on the Bonds with original issue discount (the "Discount Bonds") accruing pursuant to the constant yield method described above is not includable in gross income to the same extent as interest on the Bonds for Federal income tax purposes. A portion of such original issue discount that accrues to the owner of such Discount Bonds in each year is, however, included in the calculation of a corporate taxpayer's Federal alternative minimum tax and determination of the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences described below under "Collateral Tax Consequences" in the year of accrual. Consequently, owners of Discount Bonds should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements, or other collateral Federal income tax consequences although the owner may not have received cash in such year.

A purchaser in the initial offering who acquires a Discount Bond at an issue price equal to the initial offering price thereof as set forth on the cover page hereof will be treated as receiving an amount of interest not includable in gross income for Federal income tax purposes equal to the original issue discount accruing during the period he holds such Discount Bond and will increase his adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond for Federal income tax purposes. The accrual of original issue discount and its effect on redemption, sale or other disposition of Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Owners of Discount Bonds should consult their tax advisor with respect to the precise determination for Federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to Commonwealth of Virginia and local tax consequences of owning and disposing of Discount Bonds.

Original Issue Premium

The excess, if any, of the tax basis of Bonds to a purchaser who purchases the Bonds in the initial offering (other than a purchaser who holds such Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Bonds for Federal income tax purposes. Owners of such Bonds are required to decrease their adjusted basis in such Bonds by the amount of amortizable bond premium attributable to each taxable year such Bonds are held. The amortizable bond premium on such Bonds attributable to a taxable year is not deductible for Federal income tax purposes. Owners of such Bonds should consult their tax advisors with respect to the determination for Federal income tax purposes of the treatment of bond premiums upon sale or other disposition of such Bonds and with respect to Commonwealth of Virginia and local tax consequences of owning and disposing of such Bonds.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of these consequences.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Bonds will not have an adverse effect on the tax-exempt status of the Bonds. Legislative or regulatory actions and proposals may also affect the economic value of tax exemption or the market price of the Bonds.

FINANCIAL ADVISOR

BB&T Capital Markets, a division of Scott & Stringfellow, Inc., Richmond, Virginia, is serving as financial advisor to the County with respect to the sale of the Bonds. The financial advisor assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring and issuance of the Bonds and provided other advice. The financial advisor did not participate as an underwriter in any offer to purchase the Bonds from the County.

RATINGS

The Bonds have been rated "AAA" by Fitch IBCA, Inc. ("Fitch"), "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services ("Standard & Poor's"). The County requested that the Bonds be rated and furnished certain information to Fitch, Moody's and Standard & Poor's, including certain information that is not included in this Official Statement.

Fitch describes its "AAA" municipal bond rating as follows:

"Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events."

Moody's describes its "Aaa" municipal bond rating as follows:

"Bonds rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues."

Standard & Poor's describe its "AAA" municipal bond rating as follows:

"An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong."

These ratings are not a recommendation to buy, sell or hold the Bonds. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions of the rating agencies. Such ratings may be changed at any time and no assurance can be given that they will not be revised downward or withdrawn entirely by any or all of such rating agencies, if, in the judgment of any or all, circumstances so warrant. Such circumstances may include, without limitation, change in or unavailability of information relating to the County. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Bonds.

CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, the Chairman of the Board of Supervisors and the County Executive of the County will certify that, to be best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that the Chairman of the Board of Supervisors and the County Executive of the County did not independently verify the information indicated in this Official Statement as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of the estimates will be realized.

FUTURE FINANCIAL INFORMATION

SEC Rule 15c2-12. On November 10, 1994, the Securities and Exchange Commission adopted in final form certain amendments (the "Amendments") to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. In general, the Amendments prohibit an underwriter from purchasing or selling municipal securities sold on or after July 3, 1995, such as the Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" have committed to provide (i) on an annual basis, certain financial information and operating data ("Annual Reports"), and, if available, audited financial statements, to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") and the relevant state information depository (if any) and (ii) notice of various events described in the Amendments, if material ("Event Notices"), to each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB") and to any such state information depository.

The County will covenant in the Continuing Disclosure Agreement (the form of which appears in Appendix VII) to be dated the date of delivery of the Bonds for the benefit of the holders of the Bonds to provide to each NRMSIR and to any Virginia information depository that has been formed, annually, not later than March 31 of each year commencing March 31, 2001, Annual Reports with respect to itself, as issuer. Similarly, the County will provide Event Notices with respect to the Bonds to each such NRMSIR, the MSRB and to any Virginia information depository. The County has not failed to comply with previous undertakings with regard to the Amendments.

APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the Board of Supervisors of the County.

BOARD OF SUPERVISORS OF
FAIRFAX COUNTY, VIRGINIA

By: /s/ Katherine K. Hanley, *Chairman*

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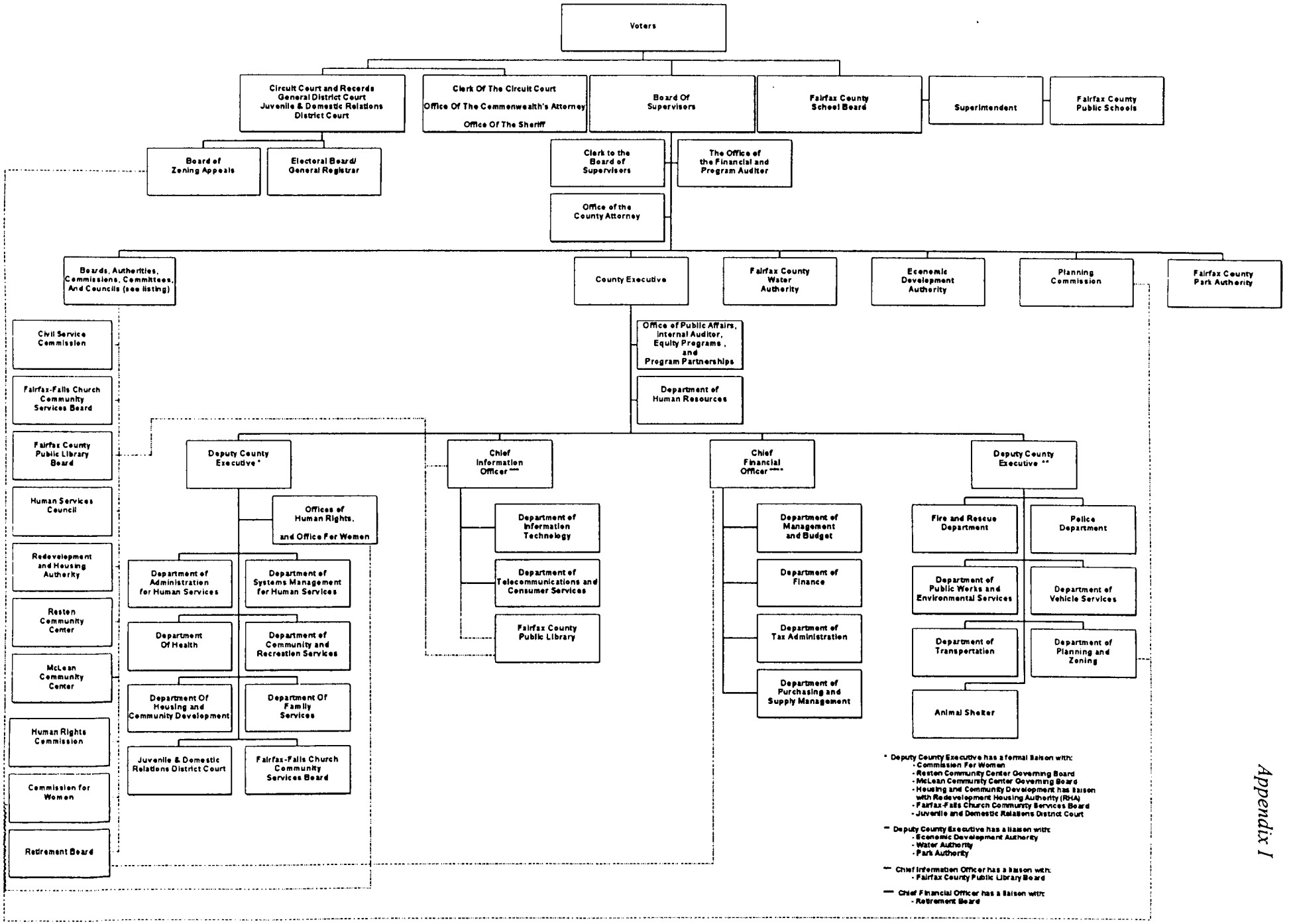
Organization of Fairfax County Government



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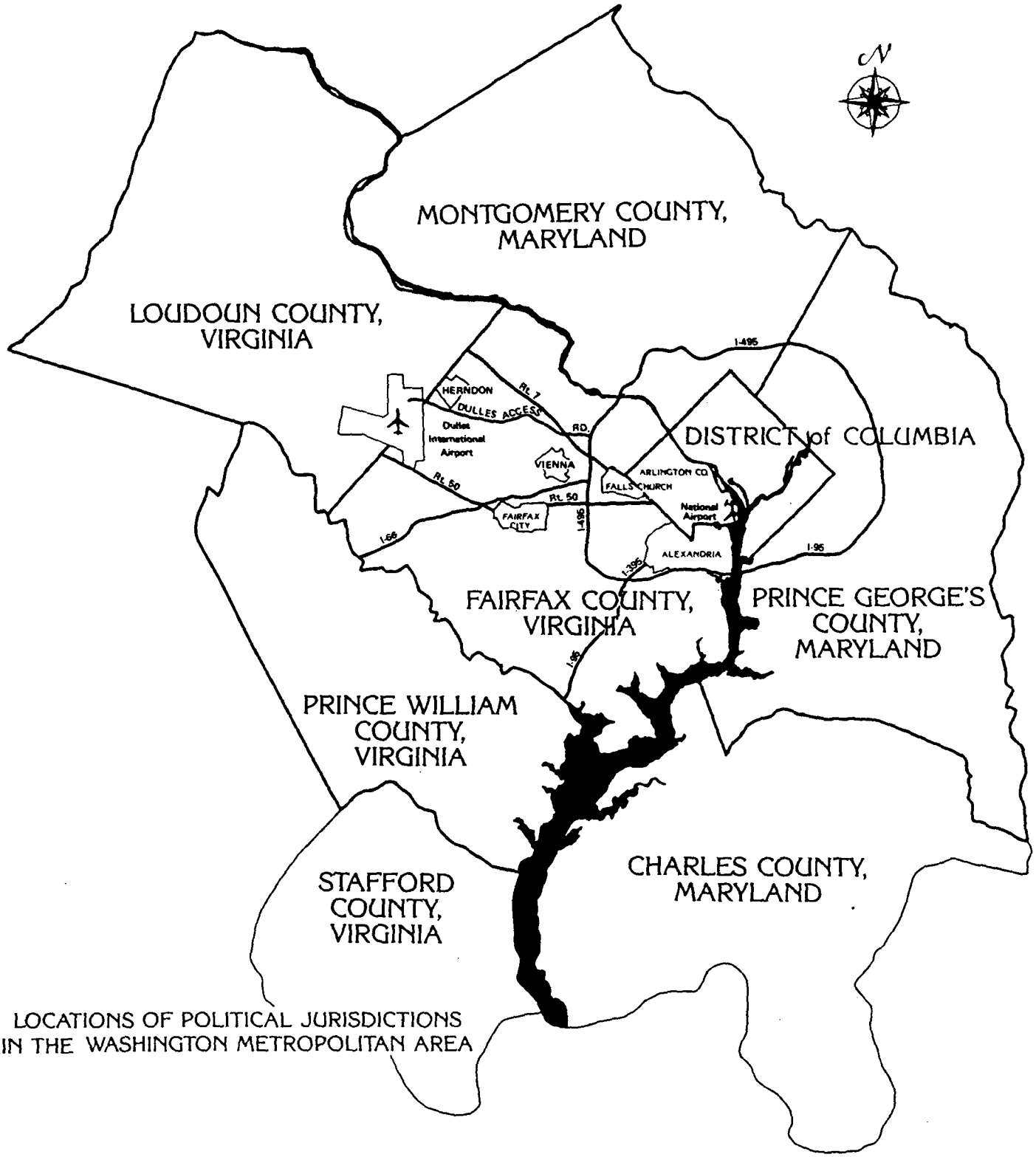

LOCATIONS OF POLITICAL JURISDICTIONS IN THE WASHINGTON METROPOLITAN AREA

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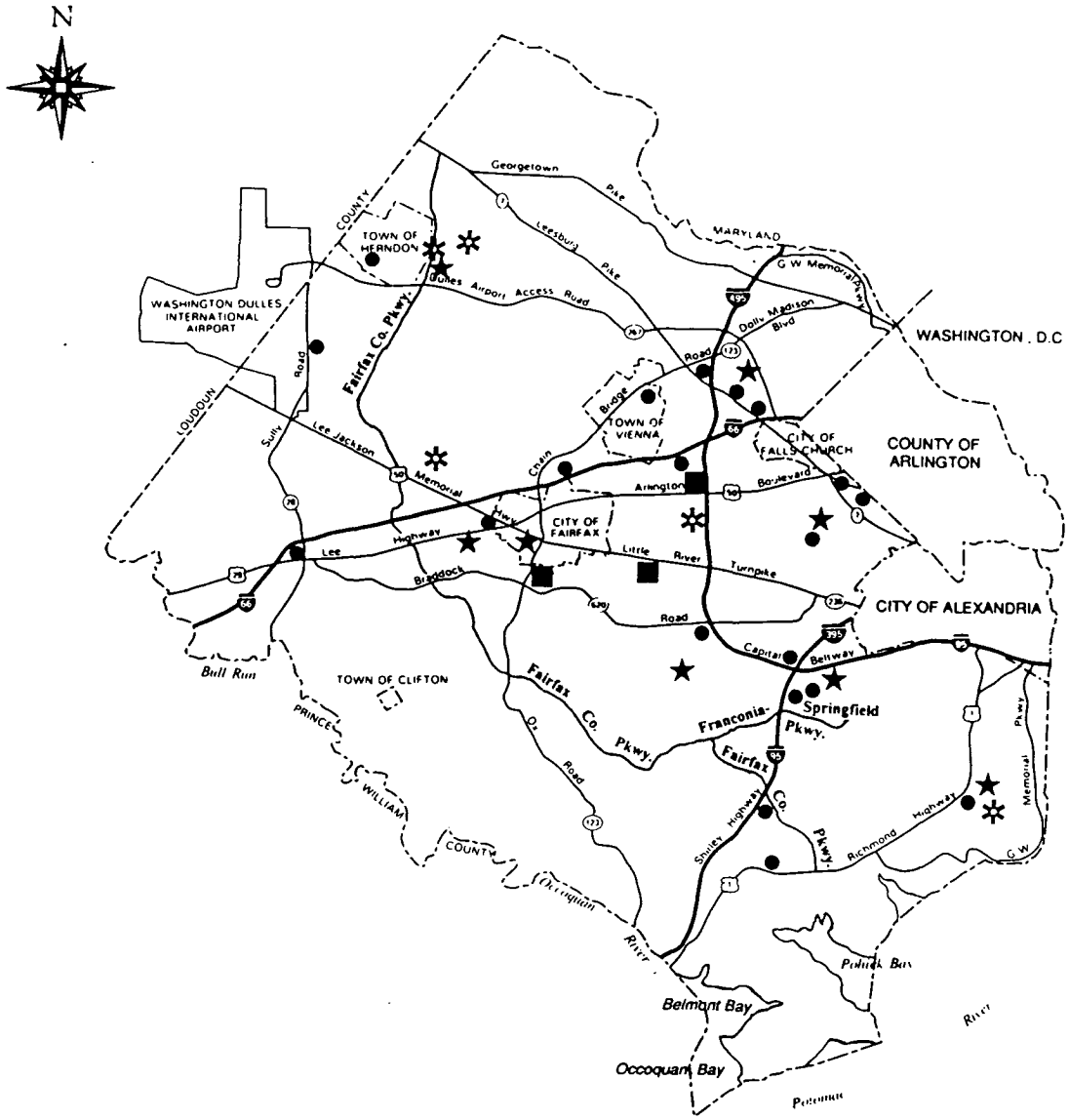

■ Colleges

- George Mason University
- Northern Virginia Community College
- University of Virginia
  - Northern Virginia Graduate Center
- Virginia Polytechnic Institute and State University
  - Northern Virginia Graduate Center

✲ Hospitals

- Access (Ambulatory-Emergency)
- Fair Oaks Hospital
- Fairfax Hospital
- Mount Vernon Hospital
- Reston Hospital

★ Governmental Centers

- Fairfax County Governmental Center
- Franconia Governmental Center
- Mason Governmental Center
- McLean Governmental Center
- Mount Vernon Governmental Center
- North County Governmental Center
- Public Safety Center
- West Springfield Governmental Center

● Commercial Areas

- Annandale
- Bailey's Crossroads
- Centreville
- Dulles / Chantilly
- Fairfax Center
- Fort Belvior
- Franconia
- Herndon
- McLean
- Merrifield
- Newington
- Oakton
- Ravensworth
- Reston
- Richmond Highway
- Seven Corners
- Shirley Highway
- Springfield
- Tysons Corner
- Vienna

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FAIRFAX COUNTY, VIRGINIA

GENERAL PURPOSE FINANCIAL STATEMENTS
(Fiscal Year Ended June 30, 1999)

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

Independent Auditors' Report

The Board of Supervisors
County of Fairfax, Virginia:

We have audited the general purpose financial statements of the County of Fairfax, Virginia (County) as of and for the year ended June 30, 1999. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County at June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

The year 2000 supplementary information, as listed in the accompanying table of contents, is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the nature of the subject matter underlying the disclosure requirements and because sufficiently specific criteria regarding the matters to be disclosed have not been established. In addition, we do not provide assurance that the County is or will become year 2000 compliant, that the County's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the County does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The unaudited information in note F to the financial statements is not a required part of the financial statements of the County but is supplementary information required by the Governmental Accounting Standards Board. The above described information in the note has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

October 29, 1999

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

COUNTY OF FAIRFAX, VIRGINIA
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1999

	Governmental Fund Types				Proprieta[redacted] Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and other debits					
Assets:					
Equity in pooled cash and temporary investments	$ 153,693,425	173,581,308	3,467,960	93,542,715	102,902,152
Cash with fiscal agents	513,232	-	375,436	-	-
Investments	-	-	-	-	-
Receivables (net of allowances):					
Accrued interest	365,876	307,672	-	14,906	200,157
Property taxes - delinquent	22,175,167	-	-	-	-
Business license taxes - delinquent	1,589,129	-	-	-	-
Accounts	14,937,985	6,689,389	-	-	-
Due from intergovernmental units	26,760,996	9,674,594	11,442	712,910	18,316,553
Notes	-	5,034,844	-	-	-
Mortgages	-	-	-	-	-
Due from Primary Government	-	-	-	-	-
Due from Component Units	-	1,591,709	-	-	-
Interfund receivables	3,247,024	-	-	-	-
Inventories of supplies	1,218,708	-	-	-	564,386
Prepaid items and other assets	39,009	18,647	-	-	-
Restricted assets:					
Equity in pooled cash and temporary investments	-	-	-	-	203,449,[redacted]
Cash with fiscal agents	-	-	-	-	
Certificates of deposit - performance bonds	646,055	-	-	-	-
Investments	-	-	-	-	23,424,831
Fixed assets:					
Land	-	-	-	-	17,457,310
Buildings and improvements	-	-	-	-	705,214,903
Equipment	-	-	-	-	8,226,724
Construction in progress	-	-	-	-	54,068,033
Accumulated depreciation	-	-	-	-	(245,031,108)
Purchased capacity (net of amortization)	-	-	-	-	86,858,012
Miscellaneous noncurrent assets (net of amortization)	-	-	-	-	1,361,236
Other debits:					
Amount available in debt service funds	-	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-
Amount to be provided from special assessments	-	-	-	-	-
Total assets and other debits	$ 225,186,606	196,898,163	3,854,838	94,270,53[illegible]	977,012,321

Exhibit A

Internal Service	Fiduciary Fund Type: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-Term Obligations	Totals Primary Government (memorandum only)	Component Units	Totals Reporting Entity (memorandum only)
60,681,049	8,674,376	-	-	596,542,985	316,690,920	913,233,905
-	1,720	-	-	890,388	21,341,720	22,232,108
-	3,183,496,210	-	-	3,183,496,210	1,682,567,721	4,866,063,931
22,981	12,425,342	-	-	13,336,934	6,648,680	19,985,614
-	-	-	-	22,175,167	-	22,175,167
-	-	-	-	1,589,129	-	1,589,129
77,713	49,164	-	-	21,754,251	15,442,180	37,196,431
-	-	-	-	55,476,495	20,324,195	75,800,690
-	-	-	-	5,034,844	5,708,023	10,742,867
-	-	-	-	-	99,012	99,012
-	-	-	-	-	14,101,532	14,101,532
-	-	-	-	1,591,709	-	1,591,709
277,614	-	-	-	3,524,638	1,590,104	5,114,742
2,253,754	-	-	-	4,036,848	4,059,385	8,096,233
188,965	-	-	-	246,621	466,015	712,636
-	-	-	-	203,449,132	-	203,449,132
-	-	-	-	-	1,494,352	1,494,352
-	-	-	-	646,055	-	646,055
-	-	-	-	23,424,831	4,542,104	27,966,935
295,853	-	157,837,973	-	175,591,136	175,983,288	351,574,424
14,703,358	-	581,790,173	-	1,301,708,434	1,334,847,522	2,636,555,956
44,850,951	-	112,605,204	-	165,682,879	106,449,873	272,132,752
-	-	176,114,156	-	230,182,189	364,593,255	594,775,444
(37,007,829)	-	-	-	(282,038,937)	-	(282,038,937)
-	-	-	-	86,858,012	-	86,858,012
-	-	-	-	1,361,236	-	1,361,236
-	-	-	2,838,035	2,838,035	-	2,838,035
-	-	-	1,567,075,673	1,567,075,673	96,070,632	1,663,146,305
-	-	-	750,000	750,000	-	750,000
86,344,409	3,204,646,812	1,028,347,506	1,570,663,708	7,387,224,894	4,173,020,513	11,560,245,407

continued

COUNTY OF FAIRFAX, VIRGINIA
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
June 30, 1999

	Governmental Fund Types				Proprietary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, fund equity and other credits					
Liabilities:					
Accounts payable and accrued liabilities	$ 38,556,010	12,103,276	-	3,983,209	7,754,714
Compensated absences payable - long-term	-	-	-	-	-
Obligations for claims and judgments	-	-	-	-	-
Contracts payable	-	-	-	561,434	3,977,053
Contract retainages	-	209,834	-	1,357,414	-
Liabilities for collateral received under securities lending agreements	-	-	-	-	-
Liabilities under reimbursement agreements	-	-	-	-	-
Due to Primary Government	-	-	-	-	-
Due to Component Units	1,961,714	790,270	-	-	-
Interfund payables		2,785,115	-	-	216,975
Matured bonds payable	-	-	243,600	-	-
Matured interest payable	-	-	15,732	-	-
Deferred revenue	34,753,747	2,940,742	757,471	19,841,621	-
Deposits (primarily performance deposits)	50,583,004	-	-	4,091,202	-
Notes payable	-	-	-	-	-
Public Housing loans payable	-	-	-	-	-
Housing bonds payable	-	-	-	-	-
General obligation bonds payable	-	-	-	-	-
Special assessment debt with governmental commitment	-	-	-	-	-
Revenue bonds payable, net of unamortized discount	-	-	-	-	172,351,916
Obligations under capital leases and installment purchases	-	-	-	-	-
Sanitary landfill closure obligation	-	-	-	-	-
Obligations to the Supplemental Retirement System	-	-	-	-	-
Total liabilities	125,854,475	18,829,237	1,016,803	29,834,880	184,300,658
Fund equity and other credits:					
Investments in general fixed assets	-	-	-	-	-
Contributed capital	-	-	-	-	176,593,363
Retained earnings:					
Reserved for sewer improvements, bond debt service and nitrification facilities	-	-	-	-	197,743,544
Unreserved	-	-	-	-	418,374,756
Fund balances:					
Reserved for:					
Encumbrances	-	-	-	26,282,904	-
Inventories of supplies	1,218,708	-	-	-	-
Long-term receivables	-	5,034,844	-	-	-
Prepaid items	39,009	18,647	-	-	-
Debt service	-	-	2,838,035	-	-
Employees' pension benefits	-	-	-	-	-
Repair and replacement	-	-	-	-	-
Unreserved	98,074,414	173,015,435	-	38,152,747	-
Total fund equity and other credits	99,332,131	178,068,926	2,838,035	64,435,651	792,711,663
Total liabilities, fund equity and other credits	$ 225,186,606	196,898,163	3,854,838	94,270,531	977,012,3[illegible]

See accompanying notes to financial statements.

Exhibit A
continued

Internal Service	Fiduciary Fund Type: Trust and Agency	Account Groups: General Fixed Assets	Account Groups: General Long-Term Obligations	Totals Primary Government (memorandum only)	Component Units	Totals Reporting Entity (memorandum only)
26,066,186	5,964,879	-	-	94,428,274	327,548,270	421,976,544
-	-	-	49,919,456	49,919,456	17,168,996	67,088,452
-	-	-	1,385,852	1,385,852	-	1,385,852
-	-	-	-	4,538,487	-	4,538,487
-	-	-	-	1,567,248	6,040,699	7,607,947
-	210,408,736	-	-	210,408,736	49,594,972	260,003,708
-	45,143,888	-	-	45,143,888	10,381,273	55,525,161
-	-	-	-	-	1,591,709	1,591,709
-	-	-	11,349,548	14,101,532	-	14,101,532
509,300	13,248	-	-	3,524,638	1,590,104	5,114,742
-	-	-	-	243,600	-	243,600
-	-	-	-	15,732	-	15,732
-	-	-	-	58,293,581	14,644,699	72,938,280
-	-	-	-	54,674,206	929,228	55,603,434
-	-	-	-	-	42,810,741	42,810,741
-	-	-	-	-	2,903,723	2,903,723
-	-	-	-	-	11,010,700	11,010,700
-	-	-	1,314,377,875	1,314,377,875	-	1,314,377,875
-	-	-	750,000	750,000	-	750,000
-	-	-	117,600,000	289,951,916	13,325,000	303,276,916
1,757,670	-	-	28,811,415	30,569,085	9,098,907	39,667,992
-	-	-	44,378,562	44,378,562	-	44,378,562
-	-	-	2,091,000	2,091,000	-	2,091,000
28,333,156	261,530,751	-	1,570,663,708	2,220,363,668	508,639,021	2,729,002,689
-	-	1,028,347,506	-	1,028,347,506	1,981,873,938	3,010,221,444
18,009,391	-	-	-	194,602,754	4,286,000	198,888,754
-	-	-	-	197,743,544	-	197,743,544
40,001,862	-	-	-	458,376,618	7,556,464	465,933,082
-	-	-	-	26,282,904	88,050,379	114,333,283
-	-	-	-	1,218,708	1,002,042	2,220,750
-	-	-	-	5,034,844	5,807,035	10,841,879
-	-	-	-	57,656	432,426	490,082
-	-	-	-	2,838,035	2,179,469	5,017,504
-	2,943,116,061	-	-	2,943,116,061	1,520,523,574	4,463,639,635
-	-	-	-	-	1,000,000	1,000,000
-	-	-	-	309,242,596	51,670,165	360,912,761
58,011,253	2,943,116,061	1,028,347,506	-	5,166,861,226	3,664,381,492	8,831,242,718
86,344,409	3,204,646,812	1,028,347,506	1,570,663,708	7,387,224,894	4,173,020,513	11,560,245,407

COUNTY OF FAIRFAX, VIRGINIA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -
All Governmental Fund Types and Discretely Presented Component Units

For the fiscal year ended June 30, 1999

	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	$ 1,629,181,540	11,412,919	-	-
Permits, privilege fees and regulatory licenses	32,873,856	10,170,931	-	-
Intergovernmental	103,448,542	51,498,092	23,469	3,243,741
Charges for services	30,792,411	85,994,486	-	-
Fines and forfeitures	7,139,633	-	-	-
Developers' contributions	-	609,489	-	4,187,257
Revenue from the use of money and property	45,969,927	8,049,667	-	961,436
Recovered costs	4,652,368	1,327,516	-	1,605,236
Local matching grants	-	2,995,887	-	-
Gifts, donations and contributions	-	604,014	-	-
Donated food	32,029	-	-	-
Other	18,723	4,517,187	-	87,364
Total revenues	1,854,109,029	177,180,188	23,469	10,085,034
Expenditures:				
Current:				
General government administration	60,258,279	21,065,284	-	-
Judicial administration	19,002,645	500,169	-	-
Public safety	221,264,383	8,551,973	-	-
Public works	37,776,292	75,363,847	-	-
Health and welfare	171,390,779	98,185,755	-	-
Community development	24,792,572	46,795,078	-	21,576,532
Parks, recreation and cultural	38,406,830	6,351,365	-	1,500,000
Education	-	-	-	-
Donated food	32,029	-	-	-
Nondepartmental	96,500,551	-	-	-
Capital outlay	-	-	-	35,452,389
Capital leases and installment purchases	1,578,814	3,986,357	-	2,388,113
Debt service:				
Principal retirement	-	-	104,773,925	-
Interest and other	-	-	71,488,617	-
Total expenditures	671,003,174	260,799,828	176,262,542	60,917,034
Excess (deficiency) of revenues over (under) expenditures	1,183,105,855	(83,619,640)	(176,239,073)	(50,832,000)
Other financing sources (uses):				
Operating transfers in	4,205,764	106,010,677	177,913,325	27,810,193
Operating transfers in from Primary Government:				
Proceeds from sale of bonds	-	-	-	-
Other	-	-	-	-
Operating transfers out	(302,348,387)	(2,792,651)	-	(1,000,000)
Operating transfers out to Component Units:				
Proceeds from sale of bonds	-	-	-	(117,242,386)
Other	(877,846,467)	(2,147,413)	-	-
Proceeds from sale of County general obligation bonds	-	-	-	154,395,590
Capital leases and installment purchases	1,578,814	3,986,357	-	2,388,113
Proceeds from sale of FCRHA lease revenue bonds	-	-	-	6,470,157
Proceeds from issuance of other long-term debt	-	-	-	-
Proceed from sale of refunding bonds	-	-	140,599,608	-
Payments to refunded bond escrow agent	-	-	(140,423,000)	-
Total other financing sources (uses)	(1,174,410,276)	105,056,970	178,089,933	72,821,667
Excess of revenues and other financing sources over expenditures and other financing uses	8,695,579	21,437,330	1,850,860	21,989,667
Fund balances, July 1, 1998, as restated	90,532,347	156,631,596	987,175	42,445,984
Increase (decrease) in reserve for inventories of supplies	104,205	-	-	-
Fund balances, June 30, 1999	$ 99,332,131	178,068,926	2,838,035	64,435,651

See accompanying notes to financial statements.

Exhibit A-1

Totals Primary Government (memorandum only)	Component Units	Totals Reporting Entity (memorandum only)
1,640,594,459	-	1,640,594,459
43,044,787	-	43,044,787
158,213,844	339,515,916	497,729,760
116,786,897	60,383,959	177,170,856
7,139,633	900	7,140,533
4,796,746	400,786	5,197,532
54,981,030	18,185,653	73,166,683
7,585,120	22,119,600	29,704,720
2,995,887	-	2,995,887
604,014	291,492	895,506
32,029	133,718	165,747
4,623,274	8,589,484	13,212,758
2,041,397,720	449,621,508	2,491,019,228
81,323,563	-	81,323,563
19,502,814	-	19,502,814
229,816,356	-	229,816,356
113,140,139	-	113,140,139
269,576,534	-	269,576,534
93,164,182	46,471,977	139,636,159
46,258,195	36,297,225	82,555,420
-	1,192,010,103	1,192,010,103
32,029	133,718	165,747
96,500,551	-	96,500,551
35,452,389	130,065,360	165,517,749
7,953,284	10,230,211	18,183,495
104,773,925	3,302,828	108,076,753
71,488,617	4,459,175	75,947,792
1,168,982,578	1,422,970,597	2,591,953,175
872,415,142	(973,349,089)	(100,933,947)
315,939,959	20,189,053	336,129,012
-	117,242,386	117,242,386
-	879,993,880	879,993,880
(306,141,038)	(22,806,306)	(328,947,344)
(117,242,386)	-	(117,242,386)
(879,993,880)	-	(879,993,880)
154,395,590	-	154,395,590
7,953,284	10,230,211	18,183,495
6,470,157	400,000	6,870,157
-	6,439,483	6,439,483
140,599,608	-	140,599,608
(140,423,000)	-	(140,423,000)
(818,441,706)	1,011,688,707	193,247,001
53,973,436	38,339,618	92,313,054
	111,950,617	111,950,617
104,205	(148,719)	(44,514)
54,077,641	150,141,516	204,219,157

COUNTY OF FAIRFAX, VIRGINIA

Combined Statement of Revenues and Expenditures - Budget and Actual (Budget Basis) - General, Special Revenue and Debt Service Funds (Primary Government Only)

For the fiscal year ended June 30, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	$ 1,620,586,513	1,629,181,540	8,595,027	11,421,185	11,412,919	(8,266)
Permits, privilege fees and regulatory licenses	32,125,809	32,873,856	748,047	10,113,780	10,170,931	57,151
Intergovernmental	103,576,683	103,448,542	(128,141)	77,634,063	52,161,784	(25,472,279)
Charges for services	29,495,253	30,792,411	1,297,158	85,366,502	83,960,537	(1,405,965)
Fines and forfeitures	7,516,301	7,139,633	(376,668)	-	-	-
Developers' contributions	-	-	-	750,000	609,489	(140,511)
Revenue from the use of money and property	45,361,463	48,008,060	2,646,597	5,245,423	8,284,526	
Recovered costs	4,759,284	4,652,368	(106,916)	315,212	477,826	162,614
Local matching grants	-	-	-	6,030,526	2,995,887	(3,034,639)
Gifts, donations and contributions	-	-	-	10,831,748	11,406,476	574,728
Other	115,244	18,723	(96,521)	5,418,980	4,517,187	(901,793)
Total revenues	1,843,536,550	1,856,115,133	12,578,583	213,127,419	185,997,562	(30,168,960)
Expenditures:						
Current:						
General government administration	65,705,264	60,258,279	5,446,985	44,230,955	21,065,284	23,165,671
Judicial administration	20,112,116	19,002,645	1,109,471	705,787	500,169	205,618
Public safety	226,076,856	221,264,383	4,812,473	13,933,487	8,551,973	5,381,514
Public works	42,604,802	37,776,292	4,828,510	110,478,881	75,363,847	35,115,034
Health and welfare	176,927,207	171,390,779	5,536,428	110,029,544	97,336,065	12,693,479
Community development	33,402,545	31,227,667	2,174,878	73,981,934	45,658,944	28,322,990
Parks, recreation and cultural	58,810,561	56,426,501	2,384,060	7,955,224	6,351,365	1,603,859
Nondepartmental	100,852,274	96,500,551	4,351,723	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other	-	-	-	-	-	-
Total expenditures	724,491,625	693,847,097	30,644,528	361,315,812	254,827,647	106,488,165
Excess (deficiency) of revenues over (under) expenditures	1,119,044,925	1,162,268,036	43,223,111	(148,188,393)	(68,830,085)	76,319,205
Other financing sources (uses):						
Operating transfers in	4,205,764	4,205,764	-	95,208,215	95,208,215	-
Operating transfers out	(302,348,387)	(302,348,387)	-	(2,792,651)	(2,792,651)	-
Operating transfers out to Component Units	(853,391,701)	(853,391,701)	-	(1,693,834)	(1,693,834)	-
Proceed from sale of refunding bonds	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-
Total other financing sources (uses)	(1,151,534,324)	(1,151,534,324)	-	90,721,730	90,721,730	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	$ (32,489,399)	10,733,712	43,223,111	(57,466,663)	21,891,645	76,319,205

See accompanying notes to financial statements.

Exhibit A-2

Debt Service Funds			Totals (memorandum only)		
Budget	Actual	Variance	Budget	Actual	Variance
-	-	-	1,632,007,698	1,640,594,459	8,586,761
-	-	-	42,239,589	43,044,787	805,198
18,000	23,469	5,469	181,228,746	155,633,795	(25,594,951)
-	-	-	114,861,755	114,752,948	(108,807)
-	-	-	7,516,301	7,139,633	(376,668)
-	-	-	750,000	609,489	(140,511)
-	-	-	50,606,886	56,292,586	5,685,700
-	-	-	5,074,496	5,130,194	55,698
-	-	-	6,030,526	2,995,887	(3,034,639)
-	-	-	10,831,748	11,406,476	574,728
-	-	-	5,534,224	4,535,910	(998,314)
18,000	23,469	5,469	2,056,681,969	2,042,136,164	(14,545,805)
-	-	-	109,936,219	81,323,563	28,612,656
-	-	-	20,817,903	19,502,814	1,315,089
-	-	-	240,010,343	229,816,356	10,193,987
-	-	-	153,083,683	113,140,139	39,943,544
-	-	-	286,956,751	268,726,844	18,229,907
-	-	-	107,384,479	76,886,611	30,497,868
-	-	-	66,765,785	62,777,866	3,987,919
-	-	-	100,852,274	96,500,551	4,351,723
105,128,050	104,773,925	354,125	105,128,050	104,773,925	354,125
73,463,056	71,488,617	1,974,439	73,463,056	71,488,617	1,974,439
178,591,106	176,262,542	2,328,564	1,264,398,543	1,124,937,286	139,461,257
(178,573,106)	(176,239,073)	2,334,033	792,283,426	917,198,878	124,915,452
177,913,325	177,913,325	-	277,327,304	277,327,304	-
-	-	-	(305,141,038)	(305,141,038)	-
-	-	-	(855,085,535)	(855,085,535)	-
138,094,437	140,599,608	2,505,171	138,094,437	140,599,608	2,505,171
(138,094,437)	(140,423,000)	(2,328,563)	(138,094,437)	(140,423,000)	(2,328,563)
177,913,325	178,089,933	176,608	(882,899,269)	(882,722,661)	176,608
(659,781)	1,850,860	2,510,641	(90,615,843)	34,476,217	125,092,060

COUNTY OF FAIRFAX, VIRGINIA

Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types and Discretely Presented Component Units

For the fiscal year ended June 30, 1999

	Proprietary Fund Types		Totals Primary Government (memorandum only)
	Enterprise	Internal Service	
Operating revenues:			
Charges to other funds	$ -	87,150,881	87,150,881
Sales of services	73,272,872	-	73,272,872
Availability fees	34,784,828	-	34,784,828
Other	334,091	116,681	450,772
Total operating revenues	108,391,791	87,267,562	195,659,353
Operating expenses:			
Cost of goods sold	-	-	-
Personnel services	16,521,814	16,553,550	33,075,364
Materials and supplies	7,965,400	4,702,713	12,668,113
Equipment operation and maintenance	-	20,573,772	20,573,772
Risk financing and benefit payments	-	31,937,831	31,937,831
Depreciation and amortization	20,848,514	5,575,463	26,423,977
Professional consultant and contractual services	48,036,836	2,950,584	50,987,420
Other	-	404,667	404,667
Total operating expenses	93,372,564	82,698,580	176,071,144
Operating income (loss)	15,019,227	4,568,982	19,588,209
Nonoperating revenues (expenses):			
Intergovernmental revenue	972,098	-	972,098
Interest revenue	14,108,306	1,609,901	15,718,207
Interest expense	(9,766,496)	(86,117)	(9,852,613)
Gain (loss) on disposal of fixed assets	(54,654)	410,099	355,445
Total nonoperating revenues (expenses)	5,259,254	1,933,883	7,193,137
Income (loss) before operating transfers	20,278,481	6,502,865	26,781,346
Operating transfers in	-	3,733,305	3,733,305
Operating transfers out	-	(2,729,764)	(2,729,764)
Net income (loss)	20,278,481	7,506,406	27,784,887
Add back of depreciation expense related to contributed assets	9,180,688	-	9,180,688
Net increase (decrease) in retained earnings	29,459,169	7,506,406	36,965,575
Retained earnings, July 1, 1998	586,659,131	32,495,456	619,154,587
Retained earnings, June 30, 1999	$ 616,118,300	40,001,862	656,120,162

See accompanying notes to financial statements.

Exhibit A-3

Component Units		Totals Reporting Entity (memorandum only)
Public Schools	Redevelopment and Housing Authority	
46,273,489	1,695,796	135,120,166
-	-	73,272,872
-	-	34,784,828
-	-	450,772
46,273,489	1,695,796	243,628,638
8,868,686	-	8,868,686
364,854	-	33,440,218
-	382,501	13,050,614
-	848,406	21,422,178
36,858,432	-	68,796,263
-	-	26,423,977
4,592,171	-	55,579,591
-	464,889	869,556
50,684,143	1,695,796	228,451,083
(4,410,654)	-	15,177,555
-	-	972,098
750,526	-	16,468,733
-	-	(9,852,613)
-	-	355,445
750,526	-	7,943,663
(3,660,128)	-	23,121,218
2,617,253	-	6,350,558
-	-	(2,729,764)
(1,042,875)	-	26,742,012
-	-	9,180,688
(1,042,875)	-	35,922,700
8,599,339	-	627,753,926
7,556,464	-	663,676,626

COUNTY OF FAIRFAX, VIRGINIA
Combined Statement of Cash Flows - All Proprietary Fund Types and Discretely Presented Component Units
For the fiscal year ended June 30, 1999

	Proprietary Fund Types		Totals Primary Government (memorandum only)
	Enterprise (1)	Internal Service (2)	
Cash flows from operating activities:			
Operating income (loss)	$ 15,019,227	4,568,982	19,588,209
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	20,848,514	5,575,463	26,423,977
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	(15,802)	(15,802)
(Increase) decrease in intergovernmental receivables	(1,058,287)	1,803	(1,056,484)
(Increase) decrease in interfund receivables	-	(50,976)	(50,976)
(Increase) decrease in inventories of supplies	(66,046)	(24,370)	(90,416)
(Increase) decrease in prepaid items and other assets	-	(377)	(377)
Increase (decrease) in accounts payable and accrued liabilities, net of interest	(370,169)	(961,209)	(1,331,378)
Increase (decrease) in contracts payable	(435,209)	-	(435,209)
Increase (decrease) in interfund payable	(13,262)	(14,411)	(27,673)
Total adjustments to operating income (loss)	18,905,541	4,510,121	23,415,662
Net cash provided (used) by operating activities	33,924,768	9,079,103	43,003,871
Cash flows from non-capital financing activities:			
Receipts from other funds	-	3,733,305	3,733,305
Transfers to other funds	-	(2,729,764)	(2,729,764)
Intergovernmental revenue received	2,602,852	-	2,602,852
Net cash provided by non-capital financing activities	2,602,852	1,003,541	3,606,393
Cash flows from capital and related financing activities:			
Principal payments on sewer revenue bonds	(2,310,000)	-	(2,310,000)
Principal payments on capital leases and installment purchases	-	(1,363,726)	(1,363,726)
Interest payments on sewer revenue bonds	(9,782,048)	-	(9,782,048)
Interest payments on capital leases and installment purchases	-	(84,238)	(84,238)
Proceeds from sale of fixed assets	30,530	541,896	572,426
Purchase of fixed assets	(22,448,612)	(7,199,124)	(29,647,736)
Acquisition of purchased capacity	(14,131,402)	-	(14,131,402)
Net cash (used) by capital and related financing activities	(48,641,532)	(8,105,192)	(56,746,724)
Cash flows from investing activities:			
Decrease in restricted investments	59,493,912	-	59,493,912
Maturation of bond anticipation note investments	500,000	-	500,000
Interest received on pooled cash and investments	14,417,140	1,646,337	16,063,477
Net cash provided by investing activities	74,411,052	1,646,337	76,057,389
Net increase (decrease) in cash and cash equivalents	62,297,140	3,623,789	65,920,929
Cash and cash equivalents, July 1, 1998	244,054,144	57,057,260	301,111,404
Cash and cash equivalents, June 30, 1999	$ 306,351,284	60,681,049	367,032,333

(1) Capital contributions and donations of property, plant and equipment amounted to $7,046,963 for the Enterprise Fund.
(2) Borrowing under capital leases and installment purchases totaled $1,757,670 for the Internal Service Funds.

See accompanying notes to financial statements.

Exhibit A-4

Component Units		Totals Reporting Entity (memorandum only)
Public Schools	Redevelopment and Housing Authority	
(4,410,654)	-	15,177,555
-	-	26,423,977
18,904	-	3,102
-	-	(1,056,484)
-	-	(50,976)
(1,400,153)	-	(1,490,569)
-	4,772	4,395
1,354,522	(30,696)	(7,552)
-	-	(435,209)
700,000	-	672,327
673,273	(25,924)	24,063,011
(3,737,381)	(25,924)	39,240,566
2,617,253	-	6,350,558
-		(2,729,764)
-	-	2,602,852
2,617,253	-	6,223,646
-	-	(2,310,000)
-	-	(1,363,726)
-	-	(9,782,048)
-	-	(84,238)
-	-	572,426
-	-	(29,647,736)
-	-	(14,131,402)
-	-	(56,746,724)
-	-	59,493,912
-	-	500,000
772,222	-	16,835,699
772,222	-	76,829,611
(347,906)	(25,924)	65,547,099
36,671,946	90,919	337,874,269
36,324,040	64,995	403,421,368

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-5

Combined Statement of Plan Net Assets -

Pension Trust Funds and Discretely Presented Component Unit

June 30, 1999

	Primary Government Pension Trust	Component Unit Public Schools Pension Trust	Totals Reporting Entity (memorandum only)
Assets			
Equity in pooled cash and temporary investments	$ 5,159,517	1,048,362	6,207,879
Cash with fiscal agents	-	740,126	740,126
Investments, at fair value	3,139,379,419	1,682,567,721	4,821,947,140
Accrued interest and dividends receivable	12,422,833	6,540,542	18,963,375
Accounts receivable	-	6,618,783	6,618,783
Total assets	3,156,961,769	1,697,515,534	4,854,477,303
Liabilities			
Accounts payable and accrued liabilities	3,423,724	127,396,988	130,820,712
Liabilities for collateral received under securities lending agreements	210,408,736	49,594,972	260,003,708
Interfund payable	13,248	-	13,248
Total liabilities	213,845,708	176,991,960	390,837,668
Fund balances reserved for employees' pension benefits	$ 2,943,116,061	1,520,523,574	4,463,639,635

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-5a

Combining Statement of Plan Net Assets -

Pension Trust Funds (Primary Government Only)

June 30, 1999

	Uniformed Retirement	Supplemental Retirement	Police Officers Retirement	Total all funds
Assets				
Equity in pooled cash and temporary investments	$ 2,105,864	481,614	2,572,039	5,159,517
Investments, at fair value	658,855,793	1,862,888,456	617,635,170	3,139,379,419
Interest and dividends receivable	3,040,791	6,714,925	2,667,117	12,422,833
Total assets	664,002,448	1,870,084,995	622,874,326	3,156,961,769
Liabilities				
Accounts payable and accrued liabilities	634,825	1,986,981	801,918	3,423,724
Liabilities for collateral received under securities lending agreements	44,923,323	119,675,563	45,809,850	210,408,736
Interfund payable	-	13,248	-	13,248
Total liabilities	45,558,148	121,675,792	46,611,768	213,845,708
Fund balances reserved for employees' pension benefits	$ 618,444,300	1,748,409,203	576,262,558	2,943,116,061

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-6

Combined Statement of Changes in Plan Net Assets -
Pension Trust Funds and Discretely Presented Component Unit
For the fiscal year ended June 30, 1999

	Primary Government	Component Unit	Totals Reporting Entity
	Pension Trust	Public Schools Pension Trust	(memorandum only)
Additions:			
Contributions:			
Employer	$ 50,475,411	38,422,667	88,898,078
Plan members	31,955,804	15,284,341	47,240,145
Total contributions	82,431,215	53,707,008	136,138,223
Investment income:			
Net appreciation in fair value of investments	149,843,996	54,090,187	203,934,183
Interest	61,950,892	45,246,585	107,197,477
Dividends	32,248,736	-	32,248,736
Securities lending	11,769,606	3,331,925	15,101,531
Other	60,103	258,255	318,358
Total investment income	255,873,333	102,926,952	358,800,285
Less investment expense:			
Investment fees and other	10,563,566	5,703,098	16,266,664
Securities lending	10,902,751	2,975,758	13,878,509
Total investment expense	21,466,317	8,678,856	30,145,173
Net investment income	234,407,016	94,248,096	328,655,112
Total additions	316,838,231	147,955,104	464,793,335
Deductions:			
Benefits	81,702,038	65,716,547	147,418,5[illegible]
Refund of contributions	5,494,935	1,599,786	7,094,721
Administrative expense	932,285	1,818,172	2,750,457
Total deductions	88,129,258	69,134,505	157,263,763
Net increase	228,708,973	78,820,599	307,529,572
Fund balances reserved for employees' pension benefits:			
July 1, 1998	2,714,407,088	1,441,702,975	4,156,110,063
June 30, 1999	$ 2,943,116,061	1,520,523,574	4,463,639,635

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Exhibit A-6a

Combining Statement of Changes in Plan Net Assets - Pension Trust Funds (Primary Government Only)

For the fiscal year ended June 30, 1999

	Uniformed Retirement	Supplemental Retirement	Police Officers Retirement	Total all funds
Additions:				
Contributions:				
Employer	$ 15,645,845	24,143,832	10,685,734	50,475,411
Plan members	5,680,758	19,413,441	6,861,605	31,955,804
Total contributions	21,326,603	43,557,273	17,547,339	82,431,215
Investment income:				
Net appreciation in fair value of investments	37,253,484	85,869,585	26,720,927	149,843,996
Interest	14,709,114	34,781,508	12,460,270	61,950,892
Dividends	3,709,755	22,261,081	6,277,900	32,248,736
Securities lending	2,563,399	6,654,215	2,551,992	11,769,606
Other	21,235	36,801	2,067	60,103
Total investment income	58,256,987	149,603,190	48,013,156	255,873,333
Less investment expenses:				
Investment fees and other	2,072,930	5,860,133	2,630,503	10,563,566
Securities lending	2,354,822	6,148,521	2,399,408	10,902,751
Total investment expenses	4,427,752	12,008,654	5,029,911	21,466,317
Net investment income	53,829,235	137,594,536	42,983,245	234,407,016
Total additions	75,155,838	181,151,809	60,530,584	316,838,231
Deductions:				
Benefits	14,519,619	50,754,184	16,428,235	81,702,038
Refund of contributions	625,970	4,404,218	464,747	5,494,935
Administrative expense	151,801	621,495	158,989	932,285
Total deductions	15,297,390	55,779,897	17,051,971	88,129,258
Net increase	59,858,448	125,371,912	43,478,613	228,708,973
Fund balances reserved for employees' pension benefits:				
July 1, 1998	558,585,852	1,623,037,291	532,783,945	2,714,407,088
June 30, 1999	$ 618,444,300	1,748,409,203	576,262,558	2,943,116,061

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA
Combining Balance Sheet -
All Fund Types and Account Groups -
Discretely Presented Component Units
June 30, 1999

	Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total
Assets and other debits					
Assets:					
Equity in pooled cash and temporary investments	$ 278,902,874	15,107,154	22,680,892	-	316,690,920
Cash with fiscal agents	11,857,079	9,484,641	-	-	21,341,720
Investments	1,682,567,721	-	-	-	1,682,567,721
Receivables (net of allowances):					
Accrued interest	6,567,616	73,123	7,941	-	6,648,680
Accounts	9,642,721	5,707,209	92,250	-	15,442,180
Due from intergovernmental units	20,324,195	-	-	-	20,324,195
Notes	-	5,708,023	-	-	5,708,023
Mortgages	-	99,012	-	-	99,012
Due from Primary Government	11,604,886	534,932	1,566,716	394,998	14,101,532
Interfund receivables	980,113	609,991	-	-	1,590,104
Inventories of supplies	4,059,385	-	-	-	4,059,385
Prepaid items and other assets	-	466,015	-	-	466,015
Restricted assets:					
Cash with fiscal agents	-	-	1,494,352	-	1,494,352
Investments	-	4,542,104	-	-	4,542,104
Fixed assets:					
Land	41,421,804	20,535,650	114,025,834	-	175,983,2[illegible]
Buildings and improvements	1,054,121,188	121,359,025	159,367,309	-	1,334,847,[illegible]
Equipment	96,022,839	1,603,187	8,812,653	11,194	106,449,873
Construction in progress	334,286,587	23,362,212	6,944,456	-	364,593,255
Other debits:					
Amount to be provided for retirement of general long-term obligations	23,468,834	56,766,009	15,705,393	130,396	96,070,632
Total assets and other debits	$ 3,575,827,842	265,958,287	330,697,796	536,588	4,173,020,513

	Public Schools	Redevelopment and Housing Authority	Park Authority	Economic Development Authority	Total
Liabilities, fund equity and other credits					
Liabilities:					
Accounts payable and accrued liabilities	$ 316,463,411	7,521,692	3,181,007	382,160	327,548,270
Compensated absences payable	14,369,927	40,845	2,614,990	143,234	17,168,996
Contract retainages	5,921,076	25,085	94,538	-	6,040,699
Due to Primary Government	-	1,591,709	-	-	1,591,709
Liability for collateral received under securities lending transactions	49,594,972	-	-	-	49,594,972
Liabilities under reimbursement agreements	10,381,273	-	-	-	10,381,273
Interfund payables	980,113	609,991	-	-	1,590,104
Deferred revenue	14,513,904	33,546	97,249	-	14,644,699
Deposits	20,000	755,406	153,822	-	929,228
Notes payable	-	42,810,741	-	-	42,810,741
Public Housing loans payable	-	2,903,723	-	-	2,903,723
Housing bonds payable	-	11,010,700	-	-	11,010,700
Revenue bonds payable	-	-	13,325,000	-	13,325,000
Obligations under capital leases and installment purchases	9,098,907	-	-	-	9,098,907
Total liabilities	421,343,583	67,303,438	19,466,606	525,394	508,639,021
Fund equity and other credits:					
Investments in general fixed assets	1,525,852,418	166,860,074	289,150,252	11,194	1,981,873,938
Contributed capital	4,286,000	-	-	-	4,286,000
Retained earnings	7,556,464	-	-	-	7,556,464
Fund balances:					
Reserved for:					
Encumbrances	87,609,956	-	440,423	-	88,050,379
Inventories of supplies	1,002,042	-	-	-	1,002,042
Long-term receivables	-	5,807,035	-	-	5,807,035
Prepaid items	-	432,426	-	-	432,426
Debt service	-	-	2,179,469	-	2,179,469
Employees' pension benefits	1,520,523,574	-	-	-	1,520,523,574
Repair and replacement	-	-	1,000,000	-	1,000,000
Unreserved	7,653,805	25,555,314	18,461,046	-	51,670,165
Total fund equity and other credits	3,154,484,259	198,654,849	311,231,190	11,194	3,664,381,492
Total liabilities, fund equity and other credits	$ 3,575,827,842	265,958,287	330,697,796	536,588	4,173,020,513

See accompanying notes to financial statements.

COUNTY OF FAIRFAX, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types - Discretely Presented Component Units

For the fiscal year ended June 30, 1999

		Public Schools	Redevelopment and Housing Authority	Park Authority
Revenues:				
Intergovernmental	$	314,309,480	25,206,436	-
Charges for services		40,649,454	-	19,734,505
Fines and forfeitures		-	900	-
Developers' contributions		-	-	400,786
Revenue from the use of money and property		2,285,981	13,260,990	2,638,682
Recovered costs		21,989,637	3,578	126,385
Gifts and donations		-	-	291,492
Donated food		133,718	-	-
Other		4,590,191	3,800,016	199,277
Total revenues		383,958,461	42,271,920	23,391,127
Expenditures:				
Current:				
Community development		-	40,036,882	-
Parks, recreation and cultural		-	-	36,297,225
Education		1,192,010,103	-	-
Donated food		133,718	-	-
Capital outlay		119,931,840	1,602,702	8,530,818
Capital leases and installment purchases		10,230,211	-	-
Debt service:				
Principal retirement		-	3,022,828	280,000
Interest and other		-	3,580,244	878,931
Total expenditures		1,322,305,872	48,242,656	45,986,974
Excess (deficiency) of revenues over (under) expenditures		(938,347,411)	(5,970,736)	(22,595,847)
Other financing sources (uses):				
Operating transfers in		15,748,327	331,088	4,109,638
Operating transfers in from Primary Government:				
Proceeds from sale of bonds		100,126,842	6,470,157	10,645,387
Other		853,821,664	1,717,450	18,019,671
Operating transfers out		(18,365,580)	(331,088)	(4,109,638)
Capital leases and installment purchases		10,230,211	-	-
Proceeds from sale of FCRHA lease revenue bonds		-	400,000	-
Proceeds from issuance of other long-term debt		-	6,439,483	-
Total other financing sources (uses)		961,561,464	15,027,090	28,665,058
Excess of revenues and other financing sources over expenditures and other financing uses		23,214,053	9,056,354	6,069,211
Fund balances, July 1, 1998, as restated		73,200,469	22,738,421	16,011,727
Increase (decrease) in reserve for inventories of supplies		(148,719)	-	-
Fund balances, June 30, 1999	$	96,265,803	31,794,775	22,080,938

See accompanying notes to financial statements.

Exhibit A-8

Economic Development Authority	Total
-	339,515,916
-	60,383,959
-	900
-	400,786
-	18,185,653
-	22,119,600
-	291,492
-	133,718
-	8,589,484
-	449,621,508
6,435,095	46,471,977
-	36,297,225
-	1,192,010,103
-	133,718
-	130,065,360
-	10,230,211
-	3,302,828
-	4,459,175
6,435,095	1,422,970,597
(6,435,095)	(973,349,089)
-	20,189,053
-	117,242,386
6,435,095	879,993,880
-	(22,806,306)
-	10,230,211
-	400,000
-	6,439,483
6,435,095	1,011,688,707
-	38,339,618
-	111,950,617
-	(148,719)
-	150,141,516

COUNTY OF FAIRFAX, VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

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 which makes policies 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 supervisor districts, elected for a four-year term by the voters of the district in which the 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.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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 general purpose 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. This component unit is reported as an agency fund of the County, the Resource Recovery Fund.

The SWA is authorized under the Virginia Water and Waste Authorities Act and was created by the Board of Supervisors on June 29, 1987. The purpose of the SWA is to monitor the construction and operation of a solid waste facility by a commercial entity in accordance with agreements between the County, the SWA, and the commercial entity. The commercial entity completed construction and is operating the facility and making the required debt payments. The SWA will operate the facility only in the event of default by the commercial entity under

the agreements. The SWA has the right to set solid waste revenue rates charged by the facility. These charges, together with available funds, are designed to provide adequate coverage for the costs of operation and debt service. Separate financial statements of the SWA can be obtained by writing to the Accounting and Reporting Division, Department of Finance, Suite 214, 12000 Government Center Parkway, Fairfax, Virginia 22035.

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

Discretely Presented Component Units

The component units columns 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 Accounting and Reporting Division, Department of Finance, Suite 214, 12000 Government Center Parkway, 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 Schools is fiscally dependent on the County; Public Schools operations are funded primarily by transfers from 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 of Supervisors appoints FCRHA's Board of Commissioners, and the County provides certain managerial and related assistance to FCRHA.

Fairfax County Park Authority (Park Authority) - The Park Authority maintains and operates the public parks and recreational facilities located in the County. The Board of Supervisors 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) - EDA is an independent authority legally authorized by an act of the Virginia General Assembly and was formally created on October 10, 1956, by resolutions of the Board of Supervisors. 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. EDA also operates the Fairfax County Convention and Visitors Bureau, established to attract business travelers and meetings and conventions to the County. The Board of Supervisors appoints the seven members of the Authority's commission which appoints the Authority's executive director. The Board of Supervisors appropriates funds annually to 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 board of the Fairfax County Water Authority and the Industrial Development Authority of Fairfax County, but the County's accountability does not extend beyond making the appointments. These organizations do not have a significant operational or financial relationship with the County.

Joint Venture

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 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 P.O. Box 918, Centreville, Virginia 20122.

2. Basis of Presentation - Fund Accounting

The accounts of the reporting entity are organized on the basis of funds and account groups, 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 account groups are concerned only with the measurement of financial position and do not measure results of operations. Following is a description of the funds and account groups included in the accompanying financial statements.

Governmental Funds

General Fund: The general fund is used to account for all revenue sources and expenditures which are not required to be accounted for in other funds. In the County's General Fund, revenues are derived primarily from general property taxes; local sales taxes; utility taxes; business, professional and occupational licenses; revenue from the use of money and property; license and permit fees, and state shared taxes. Expenditures and operating transfers out include the costs of general County government and transfers to other funds and component units, principally to fund the operations of the Public Schools and for debt service requirements.

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 Funds: The debt service funds are 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. Included in this fund type is the School Debt Service Fund as the County is responsible for servicing the general obligation debt it has issued on behalf of the School Board.

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.

Proprietary Funds

Enterprise Fund: The Fairfax County Integrated Sewer System, which is financed and operated in a manner similar to private industry, is the reporting entity's only enterprise fund. This fund is used to account for the financing, construction and operations of the countywide sewer system. Charges for services provided to citizens and availability fees charged for initial access to the system provide the primary sources of funding for the sewer system.

Internal Service Funds: The internal service funds are used to account for the financing of services provided by a department to another department on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds: The trust and agency funds are used to account for the assets held by the reporting entity in a trustee or agency capacity. Trust funds include the pension trust funds. Agency funds are custodial in nature and are maintained to account for funds received, held and disbursed by the reporting entity for various governmental agencies and other organizations.

Account Groups

General Fixed Assets Account Groups: The general fixed assets account groups are used to account for fixed assets that have been acquired for general governmental purposes and which are not accounted for in proprietary funds. The costs of such assets are recorded as expenditures in the general, special revenue, and capital projects funds. Assets valued over $5,000 with useful lives longer than one year are capitalized in the general fixed assets account group at historical cost, if available, or otherwise at estimated historical cost. Donated fixed assets are recorded at fair market value as of the date of donation. Depreciation is not recorded on general fixed assets. The County does not capitalize public domain or infrastructure fixed assets: roads, bridges, curbs, gutters, streets, sidewalks, trails, storm drains, and street lights.

General Long-Term Obligations Account Groups: The general long-term obligations account groups are used to account for the unmatured long-term debt that is not recorded as a specific fund liability of the proprietary funds and certain other liabilities that are not expected to be liquidated with expendable available financial resources. Included are general obligation bonds, lease revenue bonds, the special assessment debt, various housing-related bonds and notes, long-term payables to component units, accrued compensated absences, obligations under capital leases and installment purchase agreements, the sanitary landfill closure obligation, the County's obligation to the Supplemental Retirement System for participants of the terminated Senior Executive Service Retirement Plan, and an estimated liability for claims and judgments.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and agency funds use the flow of current financial resources measurement focus and use the modified accrual basis of accounting. Under this method, revenues are recorded when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the period. Revenue from the use of money and property is recorded as earned. Other revenues are generally considered available if they are collectible within the current period or within 45 days thereafter to be used to pay liabilities of the current period. 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. Revenues from specific purpose federal, state and other grants that are provided to fund specific program expenditures are recognized at the time

the specific expenditures are incurred. Revenues from general purpose grants are recognized in the period to which the grant applies. Expenditures are recorded when the related fund liability is incurred, except that principal and interest on general long-term debt are recorded as fund liabilities when due, and compensated absences are recorded as described in item 11 below.

All proprietary funds and pension trust funds are accounted for on the economic resources measurement focus and use the accrual basis of accounting. Under this method, in the proprietary funds, revenues are recognized when earned and expenses are recognized when incurred. Unbilled enterprise fund receivables net of an allowance for uncollectible accounts are recorded at year end to the extent they can be estimated. For the pension trust funds, member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

In preparing its proprietary fund type financial statements, the County has adopted Paragraph 7 of GASB Statement No. 20 titled "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting" under which the County has applied all Financial Accounting Standards Board (FASB) statements and interpretations except for those that conflict with or contradict GASB pronouncements.

4. 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 are primarily certain funds of the Park Authority and FCRHA which 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 1.0 percent of revenues. In compliance with the Board of Supervisors' policy, any adjustments made during the fiscal year are not to exceed two percent of the adopted general fund disbursements.

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

or fund level and identifies administrative controls at the character 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 generally accepted accounting principles except that: (1) capital lease transactions when initiated are not budgeted as offsetting expenditures and other financing sources, (2) offsetting revenues and expenditures related to donated food are not budgeted, (3) certain amounts which are budgeted as expenditures in the general fund and certain special revenue funds have been reported as transfers out to component units, (4) certain reported revenues are budgeted as expenditure reductions in certain special revenue funds, (5) 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, (6) certain loans are reported as expenditures when made and as revenue when repaid for budget purposes in the Community Development Block Grant Fund, and (7) an operating transfer from the Resource Recovery Fund, an agency fund, was budgeted as a revenue in the Energy Resource Recovery Facility Fund, a special revenue fund.

The following schedule reconciles the amounts on the Combined Statement of Revenues and Expenditures - Budget and Actual (Budget Basis) (Exhibit A-2) to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-1):

	General Fund	Special Revenue Funds
Excess of revenues and other financing sources over expenditures and other financing uses (Budget basis)	$ 10,733,712	21,891,645
Basis differences:		
Revenue from investments	(2,038,133)	(234,859)
Loans made/repaid (net) - Community Development Block Grant Fund	-	(219,456)
Excess of revenues and other financing sources over expenditures and other financing uses (GAAP basis)	$ 8,695,579	21,437 330

f. Budgeted amounts are shown as originally adopted or as amended by the Board of Supervisors during the course of the fiscal year. The amendments were not material in relation to the original budget.

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

h. For financial reporting purposes, Exhibit A-2 presents budget and actual information only for those annually appropriated governmental funds considered to be funds of the primary government. For the special revenue funds, the operating budget's appropriated funds include certain funds which, for financial reporting purposes, are considered to be funds of the Public Schools and FCRHA. The budget amounts for special revenue funds in Exhibit A-2 are reconciled to the amended operating budget's appropriated funds as follows:

	Primary Government/ Special Revenue (Exhibit A-2)	Component Units (Public Schools and FCRHA)	Total Amended Operating Budget
Budgeted revenues	$ 213,127,419	370,195,358	583,322,777
Budgeted transfers in	95,208,215	861,189,301	956,397,516
Total budgeted revenues and transfers in	308,335,634	1,231,384,659	1,539,720,293
Budgeted expenditures	361,315,812	1,264,351,001	1,625,666,813
Budgeted transfers out	4,486,485	18,365,580	22,852,065
Total budgeted expenditures and transfers out	365,802,297	1,282,716,581	1,648,518,878
Budgeted deficiency of revenues and other financing sources under expenditures and other financing uses	$ (57,466,663)	(51,331,922)	(108,798,585)

5. Pooled Cash and Temporary Investments

The County maintains cash and temporary investments for all funds 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. The component units also invest in the pooled cash account. 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, 1999, interest earned by certain funds assigned directly to the general fund is as follows:

Primary Government:	
Special Revenue Funds:	
County Transit Systems	$ 1,043,729
Federal/State Grants	173
Aging Grants and Programs	45,891
Cable Communications	314,120
Fairfax-Falls Church Community Services Board	1,245,504
Community-Based Agency Funding Pool	84,391
Housing Trust	77,429
Debt Service Funds:	
County Debt Service	2,436,053
School Debt Service	2,106,096
Capital Projects Funds:	
Countywide Roadway Improvement	12,209
Library Construction	29,045
County Construction	600,664
Primary and Secondary Road Bond Construction	169,194
Sidewalk Construction	125,284
Public Works Construction	439,067
Metro Operations and Construction	201,182
Storm Drainage Bond Construction	25,427
County Bond Construction	191,129
Public Safety Construction	28,534
Trail Construction	13,242
Neighborhood Improvement	5,308
Commercial Revitalization Program	10,375
Pro Rata Drainage Construction	805,942
Housing Assistance Program	14,458
Internal Service Funds:	
Retiree Health Benefits	26,035
Vehicle Services	763,601
Document Services	70,685
Technology Infrastructure Services	244,623
Agency Funds:	
State Taxes	638
Lake Barcroft Watercroft	2,145
Total Primary Government	11,132,173
Component Units:	
Public Schools Funds:	
General Fund	9,781,198
Capital Projects	1,174,444
Internal Service - Central Procurement Fund	29,014
Total Public Schools	10,984,656
FCRHA - Homeowners and Business Loans Programs Fund	80,029
Park Authority - Construction Bond Fund	165,359
Total Component Units	11,230,044
Total Reporting Entity	$ 22,362,217

As of June 30, 1999, the pooled cash and temporary investments have been allocated between the County and the respective component units based upon their respective ownership percentages.

6. 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 funds maintained in the reporting entity's investment pool, and 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."

7. 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 not finalized until the settlement date, which occurs approximately 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.

8. Inventories

Inventories are valued and carried on an average unit cost basis. Inventory in the general fund and special revenue funds consists of expendable operating supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. At year end, a portion of the fund balance is reserved for the ending inventory balance. This reserve is maintained to indicate that a portion of the fund balance is not available for future appropriations.

The consumption method of accounting for inventory is used in the proprietary fund types. Under this method, inventory items are generally expended as they are consumed as operating supplies and spare parts.

9. Restricted Assets

The County holds certificates of deposit purchased by developers 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, are released to the developer when the terms of the agreement have been satisfied. The amount of the certificates held is reported as a restricted asset in the General Fund.

In accordance with the provisions of the 1986 Master Sewer Revenue Bond Resolution, certain assets of the Integrated Sewer System are restricted for specific future uses such as repayment of debt obligations, payments on construction projects, and extensions and improvements. Additionally, other assets of the Integrated Sewer System have been restricted for biological nitrogen removal projects.

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

In accordance with the provisions outlined in the Park Authority's First Supplemental Indenture of Trust, 1995, the Park Authority has restricted assets representing the amount of the debt service reserve requirement pertaining to its Park Facilities Revenue Bonds, Series 1995.

10. Fixed Assets - Proprietary Funds

Fixed assets valued over $5,000 with useful lives longer than one year are capitalized in the proprietary funds. Fixed assets purchased by these funds are stated at cost or estimated cost. Donated fixed assets are recorded at their estimated fair market value as of the date of donation and are reported as additions to fixed assets and contributed capital. Assets are depreciated over their estimated useful lives using the straight-line method. Depreciation on constructed assets begins when the assets are substantially ready for use. Depreciation on contributed assets is initially charged to operations and then reclassified as a reduction of contributed capital. The estimated useful lives are as follows:

Fixed Assets - Proprietary Funds	Useful lives
Buildings	30 - 50 years
Improvements	10 - 30 years
Equipment	5 - 15 years
Sewer lines	50 years

For constructed assets, all associated costs necessary to bring such assets to the condition and location necessary for their intended use 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 calendar year. In addition all 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, or the best estimate thereof, including certain additional employer related fringe benefits, is used in all compensated absences accruals at June 30. In the

governmental funds, leave expected to be taken within 45 days after year end is deemed a current liability and therefore is included in the expenditures and accrued liabilities of the governmental funds. The portion of the liability not currently due and payable is recorded in the general long-term obligations account groups and will be liquidated with future resources. The accrual for compensated absences is reflected in the proprietary funds where applicable.

12. 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 at year end represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders in process are completed. Encumbrances for the capital projects funds and the Park Authority's Revenue Fund do not lapse until the completion of the projects. Funding for all other encumbrances lapses at year end and requires reappropriation by the Board of Supervisors.

13. Interfund Transfers

The operating transfers in and out do not reconcile by $10,802,462, the amount transferred from the Resource Recovery Fund, an agency fund, to the Energy Resource Recovery Facility Fund, a special revenue fund, as explained further in Note I.5.

14. Designations of Unreserved Fund Balances

Unreserved fund balance as of June 30, 1999, consists of significant designations. Approximately $14.3 million of the County's General Fund have been designated for fiscal year 2000 operations. Approximately $44.4 million of the I-95 Refuse Disposal Fund, a special revenue fund, have been designated for landfill closure and postclosure costs. Approximately $10.8 million of the Resource Recovery Facility Fund, a special revenue fund, have been designated for solid waste disposal purposes.

15. Recovered Costs

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

16. Intermunicipal Agreements

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

The City of Fairfax makes payments to the County for the City's share of 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 receives its governmental services from Arlington County. However, Falls Church makes payments to Fairfax 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 recorded in a special revenue fund.

17. Recognition of Sewer Availability Fees

Availability fees are charged to new customers for initial access to the sewer system Availability fees provide funds for the operations and maintenance of the sewer system and are recognized as an operating revenue.

18. Memorandum Only Columns on Combined Statements

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

B. DEPOSITS AND INVESTMENTS

1. Deposits

At June 30, 1999, all of the reporting entity's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act ("Act"). The Act provides for the pooling of collateral pledged with the Treasurer of Virginia to secure public deposits as a class. No specific collateral can be identified as security for one public depositor and public depositors are prohibited from holding collateral in their name as security for deposits. The State Treasury board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks savings and loan associations. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member

financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover the loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Funds deposited in accordance with the requirements of the Act are considered fully secured and thus are not categorized below.

A summary of the reporting entity's public deposits at June 30, 1999, is as follows:

	Book Balance	Bank Balance
Primary Government	$112,855,892	128,636,844
Component units	67,320,290	68,812,002
Total reporting entity	$180,176,182	197,448,846

The County's bank balance above includes the pooled cash account which, for reporting purposes, has been allocated between the County and the participating component units. The differences between book and bank balances is due to checks outstanding and deposits in transit at June 30, 1999.

2. Allowed Investments

Except for its pension funds, under the Virginia Investment of Public Funds Act, the reporting entity is authorized to purchase the following investments:

Commercial paper
Money market funds
Bankers acceptances
Repurchase agreements
Medium term corporate notes
Local government investment pool
U.S. Treasury and agency securities
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 and loan association within the Commonwealth that complies with the Virginia Security for Public Deposits Act.

The reporting entity's investment policy requires that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement. The market value of the securities underlying repurchase agreements is monitored on a daily basis during the year by the reporting entity to ensure compliance with the policy.

3. Pension Fund Investments

The authority to establish pension funds is set forth in the Code of Virginia and authorizes the following investments for pension funds:

- U.S. Treasury and agency securities
- 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 governmental units located within other states
- Obligations of the International Bank for Reconstruction and Development
- Obligations of the Asian Development Bank
- Obligations of the African Development Bank

In addition, the Code of Virginia provides that the County may purchase other investments for pension funds (including common and preferred stocks and corporate bonds) that meet the standard of judgment and care set forth in the Code.

Boards of Trustees policies permit the pension 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. The pension funds' custodians are the agents in lending the pension funds' domestic and international securities for collateral of 102 percent and 105, respectively, of the market value of the related security. The custodians receive cash, securities and irrevocable bank letters as collateral. All securities loans can be terminated on demand by either the pension funds or the borrowers. Cash collateral is invested in the lending agents' collective collateral investment pools. The pension funds do not have the ability to pledge or sell securities received as collateral in the absence of borrower default. The relationship between the maturities of the investment pools and the pension funds' loans is affected by the maturities of securities loans made by other plan entities that invest cash collateral in the investment pools, which the pension funds cannot determine.

The pension funds did not impose any restrictions during the period on the amounts of loans the lending agents made on their behalf, and the agents would indemnify the pension funds by agreeing to purchase replacement securities, or return 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 funds had no credit risk exposure to borrowers because the amounts the pension funds owed the borrower exceeded the amounts the borrowers owed the pension funds.

4. Credit Risk Categories

The reporting entity's investments are categorized to give an indication of the level of credit risk assumed by the entity as of June 30, 1999. Category 1 includes investments that are insured or registered, or securities held by the reporting entity or its agent in the reporting entity's name. Category 2 includes investments that are uninsured or unregistered, with securities held by the counterparty's trust department or agent in the reporting entity's name. Category 3 includes investments that are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the reporting entity's name. Securities lent for securities and irrevocable letters of credit collateral are classified according to the category of the collateral received. All of the reporting entity's investments are Category 1 investments, except for mutual funds, short-term investment funds, securities lending short-term collateral investment pools and investments held under securities loans with cash collateral, which are not categorized because such investments are not evidenced by specific securities.

The reporting entity's investments as of June 30, 1999, are summarized below at carrying value:

INVESTMENTS at June 30, 1999	
Description	
Primary Government	
Pooled Investments:	
Bankers Acceptances	$ 183,907,553
Commercial Paper	251,775,272
U.S. Treasury Securities	201,386,662
Repurchase Agreements	51,603,181
Total Pooled Investments	688,672,668
Integrated Sewer System:	
Repurchase Agreements	7,716,479
U.S. Treasury Securities	15,674,599
Total Integrated Sewer System	23,391,078
Vienna/Huntington Metrorail Fund:	
Repurchase Agreements	651,000
U.S. Treasury Securities	1,550,866
Total Vienna/Huntington Metrorail Fund	2,201,866
Resource Recovery Fund:	
Repurchase Agreements	3,315,000
U.S. Treasury Securities	38,591,732
Total Resource Recovery Fund	41,906,732
Supplemental Retirement System:	
Short-term Investments:	
Corporate Bonds	12,610,642
Asset-Backed Securities	38,073,601
Government Bonds	11,543,355
Common and Preferred Stock	
Not on Securities Loan	739,724,486
On Securities Loan for Letter of Credit Collateral	1,595,565
U.S. Securities	21,379,912
Asset-Backed Securities	273,905,803
Municipal Bonds	311,942
Other Bonds and Notes	130,321,653
Total Supplemental Retirement System	1,229,466,959
Police Officers Retirement System:	
Common and Preferred Stock	
Not on Securities Loan	343,175,132
On Securities Loan for Securities Collateral	43,569
U.S. Securities	7,934,710
Asset-Backed Securities	102,423,215
Municipal Bonds	814,793
Other Bonds and Notes	57,112,602
Total Police Officers Retirement System	511,504,021

INVESTMENTS at June 30, 1999	
Description	
Uniformed Retirement System:	
Short-term Investments:	
Corporate Bonds	$ 6,380,337
Asset-Backed Securities	13,070,089
Common and Preferred Stock	
Not on Securities Loan	229,315,706
On Securities Loan for Letter of Credit Collateral	931,724
U.S. Securities	10,403,998
Asset-Backed Securities	110,954,153
Municipal Bonds	409,563
Other Bonds and Notes	93,707,393
Total Uniformed Retirement System	465,172,963
Subtotal Primary Government	2,962,316,287
Mutual and Short-Term Investment Funds:	
Integrated Sewer System	33,753
Vienna/Huntington Metrorail Fund	1,794
Resource Recovery Fund	6,399
Supplemental Retirement System Fund	398,485,648
Police Officers Retirement System Fund	15,926,849
Uniformed Retirement System Fund	105,422,899
Total Mutual and Short-Term Investment Funds	519,877,342
Securities Lending Short-Term Collateral Investment Pools:	
Supplemental Retirement System Fund	119,688,811
Police Officers Retirement System Fund	45,809,850
Uniformed Retirement System Fund	44,923,323
Total Securities Lending Short-Term Collateral Investment Pools	210,421,984
Investments held under Securities Loans with Cash Collateral:	
Supplemental Retirement System	
Common and Preferred Stock	82,261,725
U.S. Securities	25,178,505
Other Bonds and Notes	7,806,808
Police Officers Retirement System	
Common and Preferred Stock	28,296,571
U.S. Securities	15,637,870
Other Bonds and Notes	460,009
Uniformed Retirement System	
Common and Preferred Stock	24,771,946
U.S. Securities	14,657,865
Other Bonds and Notes	3,906,797
Total Investments held under Securities Loans with Cash Collateral	202,978,096
Total Primary Government	3,895,593,709
Component Units	
Pooled Investments:	
Bankers Acceptances	72,691,818
Commercial Paper	99,517,405
U.S. Treasury Securities	79,600,660
Repurchase Agreements	20,396,819
Total Pooled Investments	272,206,702

INVESTMENTS at June 30, 1999	
Description	
FCRHA - Private Finance Fund:	$
Repurchase Agreements	4,542,104
Educational Employees' Supplementary Retirement System:	
Short-term Investments	
Not on Securities Loan	99,413,795
On Securities Loan for Securities Collateral	1,059,282
U.S. Securities	25,734,727
Corporate Bonds	129,412,634
Common Stock	
Not on Securities Loan	824,748,563
On Securities Loan for Securities Collateral	508,441
Preferred Stock	16,225,037
Asset-Backed Securities	222,105,229
Other Bonds and Notes	47,339,258
Total Educational Employees' Supplementary Retirement System	1,366,546,966
Subtotal Component Units	1,643,295,772
Mutual Funds:	
Educational Employees' Supplementary Retirement System	219,043,869
Securities Lending Short-Term Collateral Investment Pool:	
Educational Employees' Supplementary Retirement System	49,594,972
Investments held under Securities Loans with Cash Collateral:	
Educational Employees' Supplementary Retirement System	
Short-term Investments	5,332,924
Common and Preferred Stock	21,089,201
U.S. Securities	10,600,842
Other Bonds and Notes	10,358,947
Total Investments held under Securities Loans with Cash Collateral	47,381,914
Total Component Units	1,959,316,527
Total Reporting Entity	$ 5,854,910,236

Reconciliation of total deposits and investments to the Combined Balance Sheet (Exhibit A)	Primary Government	Component Units	Total Reporting Entity
Total Deposits, Including Performance Bonds	$ 112,855,892	67,320,290	180,176,182
Total Investments	3,895,593,709	1,959,316,527	5,854,910,236
Total Deposits and Investments	4,008,449,601	2,026,636,817	6,035,086,418
Equity in Pooled Cash and Temporary Investments	596,542,985	316,690,920	913,233,905
Cash with Fiscal Agents	890,388	21,341,720	22,232,108
Investments	3,183,496,210	1,682,567,721	4,866,063,931
Restricted Assets:			
Equity in Pooled Cash and Temporary Investments	203,449,132	-	203,449,132
Cash with Fiscal Agents	-	1,494,352	1,494,352
Certificate of Deposit- Performance Bonds	646,055	-	646,055
Investments	23,424,831	4,542,104	27,966,935
Total Equity in Pooled Cash, Investments, and Cash with Fiscal Agents	$ 4,008,449,601	2,026,636,817	6,035,086,418

5. Derivatives

As permitted by the Code of Virginia, all retirement systems invested in various derivative instruments on a limited basis in accordance with their respective Board of Trustees' policy. During fiscal year 1999, these instruments included asset-backed securities, collateralized mortgage obligations (CMOs), forward currency contracts, index and treasury futures contracts and floating rate instruments. Investment managers are specifically prohibited from purchasing securities on margin or leverage.

The retirement systems entered into these investments either to increase potential earnings or to hedge against potential losses. These investments generally contain market risk resulting from fluctuations in interest and currency rates. The credit risk of these investments results from the creditworthiness of the counterparties to the contracts. An additional credit risk related to the asset-backed securities and CMOs results from the creditworthiness of the related consumers or mortgagees.

In addition, the reporting entity has indirect exposure to market and credit risk through its ownership interest in certain mutual funds which may hold derivative financial instruments.

The table below shows the percentage of investments in derivatives, including mutual funds, to the total portfolio (at fair value) for each system at June 30, 1999, and the range during the fiscal year.

Percentage of Total Portfolio Invested in Derivatives			
Retirement System:	At 6/30/99	High During Year	Low During Year
Supplemental	13.9 %	15.2 %	11.9 %
Police Officers	14.4	14.4	13.7
Uniformed	17.3	18.9	14.3
Educational	7.5	7.5	5.6

C. RECEIVABLES

Receivables of the primary government at June 30, 1999, consist of the following:

	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Fiduciary	Total
Receivables:							
Accrued interest	$ 365,876	307,672	14,906	200,157	22,981	12,425,342	13,336,934
Property taxes-delinquent	46,105,399	-	-	-	-	-	46,105,399
Business license taxes-delinquent	4,667,374	-	-	-	-	-	4,667,374
Accounts	14,937,985	6,971,170	-	-	77,713	49,164	22,036,032
Total receivables	66,076,634	7,278,842	14,906	200,157	100,694	12,474,506	86,145,739
Allowances for uncollectibles:							
Property taxes	23,930,232	-	-	-	-	-	23,930,232
Business license taxes	3,078,245	-	-	-	-	-	3,078,245
Accounts receivable	-	281,781	-	-	-	-	281,781
Total allowance for uncollectibles	27,008,477	281,781	-	-	-	-	27,290,258
Total net receivables	$ 39,068,157	6,997,061	14,906	200,157	100,694	12,474,506	58,855,481

Delinquent property taxes receivable in the County's General Fund as of June 30, 1999, consist of the following:

Year of Levy	Real Estate	Personal Property	Total
1998	$ 4,652,424	11,917,348	16,569,772
1997	1,693,471	5,623,790	7,317,261
1996	747,651	3,626,613	4,374,264
Prior years	2,628,237	7,665,177	10,293,414
Total delinquent taxes	$ 9,721,783	28,832,928	38,554,711
Penalty and interest			7,550,688
Total delinquent taxes, penalty and interest			46,105,399
Allowances for uncollectibles			23,930,232
Net delinquent tax receivables			$ 22,175,167

Additional information regarding property taxes is contained in Note M.

Receivables of the component units at June 30, 1999, consist of the following:

	Public Schools	FCRHA	Park Authority	Total
Accrued interest	$ 6,567,616	73,123	7,941	6,648,680
Accounts	9,642,721	5,707,209	92,250	15,442,180
Notes	-	7,515,534	-	7,515,534
Mortgages	-	99,012	-	99,012
Total receivables	16,210,337	13,394,878	100,191	29,705,406
Allowances for uncollectibles	-	1,807,511	-	1,807,511
Total net receivables	$ 16,210,337	11,587,367	100,191	27,897,895

D. DUE FROM INTERGOVERNMENTAL UNITS

Amounts due to the primary government from other governmental units at June 30, 1999, include:

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Total
Federal government	$ 410,708	5,732,107	-	600,866	206,062	6,949,743
State government	23,932,643	3,311,633	-	112,044	20,511	27,376,831
Local jurisdictions	2,417,645	630,854	11,442	-	18,089,980	21,149,921
Total	$ 26,760,996	9,674,594	11,442	712,910	18,316,553	55,476,495

Amounts due to the component units from other governmental units at June 30, 1999, include:

	Public Schools
Federal government	$ 10,541,531
State government	9,338,908
Other jurisdictions	443,756
Total	$ 20,324,195

E. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 1999, is as follows:

	Interfund Receivables	Interfund Payables
Primary Government :		
General Fund	$ 3,247,024	-
Special Revenue Funds:		
Federal/State Grants	-	1,957,299
Aging Grants and Programs	-	11,650
Cable Communications	-	25,701
Fairfax-Falls Church Community Services Board	-	550,796
Reston Community Center	-	22,347
McLean Community Center	-	13,591
Burgundy Village Community Center	-	68
Gypsy Moth Suppression Program	-	2,357
Refuse Collection and Recycling Operations	-	69,013
Refuse Disposal	-	80,560
Energy Resource Recovery Facility	-	5,448
I-95 Refuse Disposal	-	20,669
Alcohol Safety Action Program	-	9,760
Community Development Block Grant	-	14,610
Home Investment Partnership Grant	-	1,246
Enterprise Fund - Integrated Sewer System	-	216,975
Internal Service Funds:		
Central Stores	-	294,589
Vehicle Services	-	153,915
Self Insurance	-	8,186
Document Services	-	10,696
Technology Infrastructure Services	-	41,055
Health Benefits	277,614	-
Retiree Health Benefits	-	859
Fiduciary Fund - Supplemental Retirement System	-	13,248
Total Primary Government	3,524,638	3,524,638
Component Units :		
Public Schools Funds:		
General Fund	700,000	-
Special Revenue Fund - Adult and Community Education	280,113	-
Internal Service Fund - Central Procurement	-	700,000
Agency Fund - Student Activity	-	280,113
Total Public Schools Funds	980,113	980,113
FCRHA Funds:		
Special Revenue Funds:		
Homeowners and Business Loans Programs	54,323	-
Public Housing	2,493	470,016
Operating	553,175	-
Private Finance	-	66,953
Fairfax County Rental Program	-	73,022
Total FCRHA Funds	609,991	609,991
Total Component Units	1,590,104	1,590,104
Total Reporting Entity	$ 5,114,742	5,114,742

Due to/from primary government and component units are as follows:

Receivable Entity (Component Units)	Payable Entity (Primary Government)	Amount
EDA	General Fund	$ 394,998
Park Authority	General Fund	1,566,716
Public Schools	Special Revenue Fund - Federal and State Grants Fund	255,338
FCRHA	Special Revenue Fund - Community Development Block Grant Fund	75,954
FCRHA	Special Revenue Fund - HOME Investment Partnership Grant Fund	458,978
Public Schools	General Long-Term Obligations Account Group	11,349,548
	Total	$ 14,101,532

Receivable Entity (Primary Government)	Payable Entity (Component Unit)	Amount
Special Revenue Fund - Housing Trust Fund	FCRHA	$ 1,591,709

F. 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 Supplemental Retirement System

Plan Description

The Fairfax County Supplemental Retirement System (SRS) 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 SRS is disclosed in item 6 below.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement, an individual must meet the following criteria: (a) attain the age of 65 with five years of service, or (b) attain the age of 50 with age plus years of 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 service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service 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. The benefit for early retirement is actuarially reduced and payable at early termination.

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

Funding Policy

The contribution requirements of SRS 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 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. The reporting entity is required to contribute at an actuarially determined rate; the fiscal year 1999 rate is 6.04 percent of annual covered payroll.

Annual Pension Cost

For the years ended June 30, 1999, 1998 and 1997, the County's and Public Schools' annual pension costs of $17,839,991 and $6,303,842, $22,907,248 and $8,047,892, and $22,226,727 and $7,714,588, respectively, were equal to their required and actual contributions. The required contributions for fiscal year 1999 were determined as part of the July 1, 1998, 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 4.3 to 5.4 percent, including an inflation component of 4.0 percent; and

c. post-retirement benefit increases of 3 percent compounded annually.

The actuarial value of SRS'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. SRS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a rolling fifteen-year weighted-average basis. On a weighted-average basis, the remaining amortization period, which is closed, as of July 1, 1998, is 14.1 years.

Concentrations

The SRS does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5 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 below.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement, an individual must meet the following criteria: (a) if employed before July 1, 1981; attained the age of 55 or completed 20 years of service, or (b) if employed on or after July 1, 1981; attained the age of 55 or completed 25 years of service. The

normal retirement benefit is calculated using average final compensation and years (or partial years) of service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service 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, the employee must have 20 years of service (does not apply if hired before July 1, 1981). Benefits are determined based on the normal retirement benefit calculated using average final compensation and service at early retirement actuarially reduced.

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 12 percent of compensation. The County is required to contribute at an actuarially determined rate; the FY 1999 rate is 19.4 percent of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 1999, the County's annual pension cost of $10,685,734 was equal to its required and actual contributions. The required contribution was determined as part of the July 1, 1998, 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 4.5 to 8.0 percent, including an inflation component of 4.0 percent; and

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. PORS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a thirty-year basis. On a weighted-average basis, the remaining amortization period, which is closed, at July 1, 1998, is 6.2 years.

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 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 below.

Benefit provisions are established and may be amended by County ordinances. All benefits vest at five years of service. To be eligible for normal retirement an individual must meet the following criteria: (a) attain the age of 55 with six years of service, or (b) complete 25 years of service. The normal retirement benefit is calculated using average final compensation and years (or partial years) of service at date of termination. Annual cost-of-living adjustments are provided to retirees and beneficiaries equal to the lesser of 4 percent or the percentage increase in the Consumer Price Index for the Washington Consumer Metropolitan Service 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 service. The benefit for early retirement is actuarially reduced and payable at early termination.

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 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 percent of compensation. Plan D requires contributions of 7.08 percent of compensation. The County is

required to contribute at an actuarially determined rate; the FY 1999 rate is 19.90 percent of annual covered payroll.

Annual Pension Cost

For the year ended June 30, 1999, the County's annual pension cost of $15,645,845 was equal to its required and actual contributions. The required contribution was determined as part of the July 1, 1998, 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 4.1 to 6.1 percent, including an inflation component of 4.0 percent; and

c. 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 being amortized as a level percentage of projected payroll on a rolling fifteen-year basis. The weighted average remaining amortization period, which is closed, at July 1, 1998, is 2.0 years.

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 percent or more of net assets held in trust for pension benefits.

4. Educational Employees' Supplementary Retirement System of Fairfax County

Plan Description

The Educational Employees' Supplementary Retirement System of Fairfax County (ERFC) is a legally separate single-employer defined benefit pension plan 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.

ERFC provides retirement, disability, and death benefits to plan members and their beneficiaries. Annual post-retirement increases of 3 percent are effective each March 31. This plan supplements the Virginia Retirement System plan.

Benefit provisions are established and may be amended by the Fairfax County Public School Board. All benefits vest after five years of service. The benefit structure is designed to provide a level retirement benefit through a combined ERFC/VRS benefit structure. Member contributions 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 Plan Document. The ERFC is divided into 12 types of benefit payments. Minimum eligibility conditions for receipt of full benefits range from members attaining the age of 55 with 25 years of service to completing five years of service prior to age 65. A description of each of the 12 types of benefits payments is contained in the actuarial valuation at June 30, 1998. Total plan membership for ERFC is disclosed in item 6 below.

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, 6815 Edsall Road, Springfield, VA 22151.

Funding Policy

The contribution requirements of ERFC members are established and may be amended by the ERFC Board of Trustees. All members are required to contribute 2 percent of their covered salaries. The employer is required to contribute at an actuarially determined rate. Separate employer contribution rates are determined for educational and civil service employees. For fiscal year 1999, the Public Schools is required to contribute 5.03 percent of annual covered payroll for educational employees and 4.63 percent of annual covered payroll for civil service employees.

Annual Pension Cost

For the year ended June 30, 1999, the Public Schools' annual pension cost of $38,422,667 was equal to its required and actual contributions. The required contribution was determined as part of the June 30, 1998, 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 percent;

b. projected annual salary increases of 4.0 to 8.2 percent, including an inflation component of 4.0 percent; and

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. ERFC's unfunded actuarial accrued liability is being 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 June 30, 1998, was 11 years.

Concentrations

The ERFC does not have investments (other than U.S. Government and U.S. Government guaranteed obligations) in any one organization that represent 5 percent or more of net assets available for benefits.

5. Virginia Retirement System

Plan Description

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

Funding Policy

Plan members are required by State statute to contribute 5 percent of their annual covered salary to the VRS. If a plan member leaves covered employment, the accumulated contributions plus interest earned may be refunded. In accordance with State statute, the Public Schools is required to contribute at an actuarially determined rate. The rate for fiscal year 1999 was 8.49 percent of annual covered payroll. State statute may be amended only by the Commonwealth of Virginia Legislature. The Public Schools' contributions to the VRS for the years ended June 30, 1999, 1998 and 1997 were $56,215,333, $45,349,158 and $37,656,212, respectively, equal to the required contributions for each year.

6. Current Plan Membership

At July 1, 1998, the date of the latest actuarial valuations, membership in the reporting entity's plans consisted of:

	Supplemental Retirement System	Police Officers Retirement System	Uniformed Retirement System	Educational Employees' Supplementary Retirement System
Retirees and beneficiaries receiving benefits	3,361	532	518	4,773
Terminated employees entitled to but not yet receiving benefits	492	2	19	875
Active employees	12,511	1,030	1,544	13,806
Total number of plan members	16,364	1,564	2,081	19,454

7. Required Supplementary Information

Six-year historical trend information about the retirement systems administered by the reporting entity is presented herewith 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.

SCHEDULE OF FUNDING PROGRESS (Unaudited)						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b -a)/c)
Supplemental Retirement System						
7/01/93	$ 723,770,726	765,420,671	41,649,945	94.56	327,921,102	12.70 %
7/01/94	796,157,626	837,636,088	41,478,462	95.05	325,682,644	12.74
7/01/95	889,160,271	930,819,185	41,658,914	95.52	348,403,016	11.96
7/01/96	1,116,662,361	1,142,455,206	25,792,845	97.74	363,290,025	7.10
7/01/97	1,231,382,638	1,241,813,772	10,431,134	99.16	365,583,822	2.85
7/01/98	1,324,132,857	1,334,468,651	10,335,300	99.23	381,220,936	2.71
Police Officers Retirement System						
7/01/93	230,962,091	286,724,532	55,762,441	80.55	41,695,944	133.74
7/01/94	253,506,303	311,661,932	58,155,629	81.34	43,064,972	135.04
7/01/95	284,506,069	346,712,876	62,206,807	82.06	45,743,970	135.99
7/01/96	343,288,369	388,917,113	45,628,744	88.27	49,065,647	93.00
7/01/97	399,772,825	414,534,604	14,761,779	96.44	50,307,487	29.34
7/01/98	434,259,212	442,727,265	8,468,053	98.09	51,955,916	16.30
Uniformed Retirement System						
7/01/93	247,176,859	269,093,293	21,916,434	91.86	56,460,788	38.82
7/01/94	272,433,306	295,478,343	23,045,037	92.20	59,224,826	38.91
7/01/95	307,481,896	335,741,130	28,259,234	91.58	64,457,370	43.84
7/01/96	374,013,792	396,666,197	22,652,405	94.29	69,133,414	32.77
7/01/97	432,367,343	446,505,759	14,138,416	96.83	71,957,919	19.65
7/01/98	487,989,565	491,142,845	3,153,288	99.36	74,685,099	4.22
Educational Employees' Supplementary Retirement System						
6/30/93	717,701,802	908,367,468	190,665,666	79.01	450,530,273	42.32
6/30/94	766,480,098	972,078,679	205,598,581	78.85	480,995,439	42.74
6/30/95	839,929,723	1,072,535,730	232,606,007	78.31	521,044,021	44.64
6/30/96	934,571,552	1,130,544,241	195,972,689	82.67	531,060,397	36.90
6/30/97	1,045,411,714	1,215,366,514	169,954,800	86.02	553,709,472	30.69
6/30/98	1,194,555,606	1,278,371,622	83,816,016	93.44	582,754,912	14.38

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, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the system's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (1994-1996, Unaudited)								
	Supplemental Retirement		Police Officers Retirement		Uniformed Retirement		Educational Employees' Supplementary Retirement	
Fiscal Year Ended June 30	Annual Required Contribution*	Percentage Contributed	Annual Required Contribution*	Percentage Contributed	Annual Required Contribution*	Percentage Contributed	Annual Required Contribution*	Percentage Contributed
1994	$ 25,370,678	100 %	$ 9,560,424	100 %	$ 12,810,330	100 %	$ 26,935,383	100 %
1995	26,896,714	100	10,013,355	100	13,381,350	100	29,225,043	100
1996	28,663,583	100	10,912,200	100	14,580,237	100	30,087,963	100
1997	29,941,315	100	11,892,690	100	16,111,378	100	35,159,514	100
1998	30,955,140	100	11,321,194	100	16,565,155	100	36,932,114	100
1999	24,143,833	100	10,685,734	100	15,645,845	100	38,422,667	100

*The annual required contribution is equal to the annual pension cost for each fiscal year.

G. RISK MANAGEMENT

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 the 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 Park Authority, EDA and FCRHA participate in the County's self-insurance funds. Participating funds and agencies are charged "premiums" which are computed based on 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 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 claims liability in the County's Self-Insurance Fund is discounted at 6 percent at June 30, 1999 and 1998, to reflect anticipated investment income. Changes in the balances of claims liabilities during fiscal years 1999 and 1998 are as follows:

	Self- Insurance		Health Benefits	
	County	Public Schools	County	Public Schools
Liability balances, July 1, 1997	$ 21,143,582	20,146,453	3,240,407	5,216,431
Claims and changes in estimates	5,108,126	5,541,760	22,758,634	34,011,457
Claims payments	(7,268,520)	(6,205,789)	(23,026,835)	(33,363,079)
Liability balances, July 1, 1998	18,983,188	19,482,424	2,972,206	5,864,809
Claims and changes in estimates	4,915,420	8,030,126	24,594,781	34,485,972
Claims payments	(6,456,191)	(6,814,991)	(24,684,941)	(34,635,612)
Liability balances, July 1, 1999	$ 17,442,417	20,697,559	2,882,046	5,715,169

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 million self-insured retention. Settled claims have not exceeded any of these commercial coverages in any of the past three fiscal years.

H. LONG-TERM OBLIGATIONS

The following is a summary of changes in the long-term obligations of the reporting entity for the year ended June 30, 1999:

	Summary of Long-Term Obligations (000)			
	Balance July 1, 1998	Additions	Reductions	Balance June 30, 1999
Primary Government:				
General Long-Term Obligations Account Group :				
Compensated absences payable	$ 45,610	4,309	-	49,919
Obligations for claims and judgments	5,744	-	4,358	1,386
Due to component units	12,971	-	1,621	11,350
General obligation bonds payable	1,258,172	293,415	237,209	1,314,378
Special assessment debt with governmental commitment	955	-	205	750
Lease revenue bonds payable	114,530	6,500	3,430	117,600
Obligations under capital leases and installment purchases	27,365	7,953	6,507	28,811
Sanitary landfill closure obligation	41,410	2,969	-	44,379
Obligations to the Supplemental Retirement System	2,120	-	29	2,091
Total General Long-Term Obligations Account Group	1,508,877	315,146	253,359	1,570,664
Enterprise Fund:				
Sewer revenue bonds, net of unamortized discounts	174,598	-	2,246	172,352
Internal Service Funds:				
Obligations under capital leases and installment purchases	2,048	555	845	1,758
Total Primary Government	1,685,523	315,701	256,450	1,744,774
Component Units:				
Public Schools:				
Compensated absences payable	12,046	2,324	-	14,370
Obligations under capital leases and installment purchases	2,691	10,230	3,822	9,099
Total Public Schools	14,737	12,554	3,822	23,469
FCRHA:				
Compensated absences payable	545	-	504	41
Notes payable	39,017	6,439	2,645	42,811
Public housing loans	3,049	-	145	2,904
Bonds payable	10,842	400	231	11,011
Total FCRHA	53,453	6,839	3,525	56,767
Park Authority:				
Compensated absences payable	2,381		1	2,380
Revenue bonds payable	13,605	-	280	13,325
Total Park Authority	15,986	-	281	15,705
Economic Development Authority:				
Compensated absences payable	99	31	-	130
Total Component Units	84,275	19,424	7,628	96,071
Total	$ 1,769,798	335,125	264,078	1,840,845

1. General Obligation Bonds

General obligation bonds have been issued to provide funding for long-term capital improvements. In addition, they have been issued to refund outstanding general obligation bonds when market conditions enabled 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, 1999, the amount of such bonds authorized and unissued is summarized as follows:

Bond Purpose	Amount (000)
School improvements	$ 225,270
Transportation improvements	89,640
Parks and park facilities	79,500
Neighborhood improvements	8,745
Commercial and redevelopment area improvements	22,080
Storm drainage improvements	4,660
Human services facilities	1,885
Transit facilities	26,895
Public library facilities	9,450
Public safety facilities	117,920
Adult detention facilities	12,520
Juvenile detention facilities	1,050
Total	$ 599,615

The Commonwealth of Virginia does not impose a legal limit on the amount of general obligation indebtedness which the County can incur or have outstanding. The Board of Supervisors, however, has self-imposed bond limits which provide that the County's net debt will not exceed three percent of the total market value of taxable real and personal property in the County. In addition, the annual debt service will not exceed ten percent of the annual combined general fund disbursements. As a financial guideline, the Board of Supervisors also follows a self-imposed limitation in total general obligation bond sales of $750 million over a five-year period or an average of $150 million annually, with a maximum of $175 million in any given year. All self-imposed bond limits have been complied with at June 30, 1999.

On April 21, 1999, the County issued $293,415,000 of Series 1999A General Obligation Public Improvement and Refunding Bonds dated April 1, 1999, with an average interest rate of 4.53 percent. Of this total, $139,215,000 of 1999A Bonds were issued to advance refund $23,725,000 of outstanding Series 1992B Bonds with an average interest rate of 5.82 percent, $41,200,000 of outstanding Series 1993B Bonds with an average interest rate of 5.06 percent and $71,145,000 of outstanding Series 1994A bonds with an average interest rate of 5.58 percent (collectively, the "Refunded Bonds"). The net proceeds of $140,599,608 (after the purchase premium of $1,775,053 and the payment of $566,953 in underwriting fees and the other issuance costs) were used to purchase U.S. Government securities which were deposited in an irrevocable escrow fund to provide for all future debt service payments on the Refunded Bonds. As a result, the Refunded Bonds are considered to be defeased and the liability for these bonds has been removed from the General Long-Term Obligations Account Group in fiscal

year 1999. The County has refunded these bonds to reduce its total debt service payments over the next 15 years by $6,904,015 and to obtain an economic gain (the difference between the present values of the debt service payments on the old and new debt) of $5,488,396.

Detailed information regarding the general obligation bonds outstanding as of June 30, 1999, is contained in Section 5 of this note.

2. Lease Revenue Bonds

In March 1994, EDA issued $116,965,000 of lease revenue bonds to finance the County's acquisition of certain land and office buildings adjacent to its main government center. 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 the 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. Neither the bonds nor the related payment responsibility of the County is a general obligation debt of the County, and the full faith and credit of the County is not pledged to the bonds for such payment responsibility.

In October 1996, the FCRHA issued $6,390,000 of lease revenue bonds to finance the construction/renovation of two community center buildings. In December 1998, the FCRHA issued $5,500,000 of lease revenue bonds to finance the renovation and expansion of a third community center building. Also, in May 1999, the FCRHA issued $1,000,000 of lease revenue bonds to finance the construction of an adult day health care center to serve County residents. 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 of 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. Neither these bonds nor the related payment responsibility of the County is a 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 lease revenue bonds outstanding as of June 30, 1999, is contained in Section 5 of this note.

3. Special Assessment Bonds

In August 1987, Small District Five in Hunter Mill and Dranesville Districts issued $2.6 million of serial bonds to provide funds for the acquisition and construction of the Reston Community Center. In July 1988, Small District One of Dranesville District issued $1.5 million of serial bonds to provide funds for the expansion and renovation of the McLean Community Center. These bonds are general obligations of the respective Districts, and the Board of Supervisors is obligated, in each year in which any of these bonds shall be outstanding, to levy and collect an ad valorem tax on all real property in each District subject to taxation to provide funds for the payment of debt service on the bonds. However, these bonds are not general obligations of the County, and the full faith and credit of the County are not pledged as security for any of these bonds. Detailed information regarding the special assessment bonds outstanding as of June 30, 1999, is contained in Section 5 of this note.

4. Sewer Revenue Bonds

In August 1986, the Integrated Sewer System (System) issued $75,000,000 of variable rate sewer revenue bonds. The proceeds of the bonds were used primarily to fund the expansion of the Lower Potomac Pollution Control Plant and the System's share of the expansion of the District of Columbia's Blue Plains Wastewater Treatment Plant.

In May 1993, the System issued of $72,100,000 of Series 1993 Sewer Revenue Refunding Bonds, with an average interest rate of 5.39 percent, to advance refund $64,500,000 of Series 1986 Sewer Revenue Bonds. The Series 1993 Refunding Bonds consists of $41,220,000 of serial bonds bearing an average interest rate of 4.86 percent, $22,395,000 of 5.5 percent term bonds due November 15, 2013, and $8,485,000 of 5.65 percent term bonds due November 15, 2015. The term bonds are subject to mandatory sinking fund redemption in varying amounts over fiscal years 2011 through 2016.

In July 1996, the System issued $104,000,000 of variable rate sewer revenue bonds with an average interest rate of 5.8 percent to fund plant expansion of the wastewater treatment facilities at the County's Lower Potomac Pollution Control Plant and other system improvements. These Series 1996 bonds consist of $29,860,000 of serial bonds bearing an interest rate of 5.625 percent, $13,725,000 of 5.7 percent term bonds due July 15, 2017, $22,555,000 of 5.8 percent term bonds due July 15, 2022 and $37,860,000 of 5.875 percent term bonds due July 15, 2028. The $74,140,000 of term bonds are subject to mandatory sinking redemption in varying amounts over fiscal year 2014 through 2028.

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

Additional information regarding the $173,470,000 of sewer revenue bonds outstanding as of June 30, 1999, is contained in Section 5 of this note; the fair value of these bonds as of June 30, 1999, is $162,212,176.

5. County Bonds Payable and Related Interest to Maturity

The County's outstanding general obligation, special assessment, lease revenue and sewer revenue bonds, loans payable and the related interest to maturities as of June 30, 1999, are comprised of the following issues:

Series	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding June 30 (000)	Interest Payable to Maturity June 30 (000)	Total Principal Outstanding & Interest Payable to Maturity (000)
General Obligation Bonds:								
General County:								
Series 1992B Refunding	5.25-6.00 %	06-15-92	05-01-08	$ 1,261-2,779	56,820	20,170	4,589	24,759
Series 1992C Refunding	4.90-5.75	12-15-92	10-01-08	2,969-9,294	85,820	65,359	16,160	81,519
Series 1993A Refunding	4.70-5.38	04-01-93	06-01-10	3,475-12,337	113,053	89,237	23,727	112,964
Series 1993B Public Improvement	5.00-6.00	05-15-93	06-01-13	3,250	65,000	19,500	3,412	22,912
Series 1993C Refunding	4.50-5.40	07-15-93	05-01-12	7,725-9,345	128,635	101,925	34,944	136,869
Series 1994A Public Improvement	5.00-7.25	05-15-94	06-01-14	4,080	81,600	24,480	4,690	29,170
Series 1995A Public Improvement	4.88-7.00	05-15-95	06-01-15	1,847-1,849	36,960	29,560	13,540	43,100
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	2,510-2,512	50,250	42,709	20,479	63,188
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,450	69,000	62,100	30,640	92,740
Series 1998A Public Improvement	4.25-5.00	05-15-98	06-01-18	2,436	48,710	46,274	22,687	68,961
Series 1999A:								
Public Improvement	4.00-5.00	04-01-99	06-01-19	2,710	54,200	54,200	26,779	80,979
Refunding	4.00-5.00	04-01-99	06-01-14	1,267-8,379	76,043	76,043	33,773	109,816
Total General Obligation Bonds - General County					866,091	631,557	235,420	866,977
School:								
Series 1992B Refunding	5.25-6.00	06-15-92	05-01-08	2,399-4,569	59,140	20,945	4,765	25,710
Series 1992C Refunding	4.90-5.75	12-15-92	10-01-08	1,771-5,546	51,205	38,996	9,641	48,637
Series 1993A Refunding	4.70-5.38	04-01-93	06-01-10	2,765-9,818	89,987	71,018	18,686	89,704
Series 1993B Public Improvement	5.00-6.00	05-15-93	06-01-13	1,900	38,000	11,400	1,995	13,395
Series 1993C Refunding	4.50-5.40	07-15-93	05-01-12	7,470-9,040	124,410	98,580	33,794	132,374
Series 1994A Public Improvement	5.00-7.25	05-15-94	06-01-14	3,825	76,500	22,950	4,397	27,347
Series 1995A Public Improvement	4.88-7.00	05-15-95	06-01-15	3,149-3,152	63,000	50,400	23,094	73,494
Series 1996A Public Improvement	4.75-5.50	05-15-96	06-01-16	3,194-3,196	63,900	54,311	26,042	80,353
Series 1997A Public Improvement	5.00-6.00	05-15-97	06-01-17	3,750	75,000	67,500	33,305	100,805
Series 1997B Public Improvement	4.50-5.00	12-01-97	12-01-17	3,000	60,000	57,000	26,468	83,468
Series 1998A Public Improvement	4.25-5.00	05-15-98	06-01-18	1,365	27,290	25,926	12,710	38,636
Series 1999A:								
Public Improvement	4.00-5.00	04-01-99	06-01-19	5,000	100,000	100,000	28,056	128,056
Refunding	4.00-5.00	04-01-99	06-01-14	1,053-6,961	63,172	63,172	49,407	112,579
Total General Obligation Bonds - School					891,604	682,198	272,360	954,558
State Literary Fund Loans - School:								
Key Center	3.00	10-01-79	10-01-00	38	750	38	1	39
Terra Centre Elementary	3.00	01-01-83	01-01-03	18	350	70	5	75
Science Lab #1	3.24	04-01-86	04-01-06	64	1,274	446	58	504
Science Lab #2	5.00	10-01-87	10-01-08	8	148	69	18	87
Total State Literary Fund Loans - School					2,522	623	82	705
Total General Obligation Bonds and Loans - School					894,126	682,821	272,442	955,263
Total General Obligation Bonds and Loans				$	1,760,217	1,314,378	507,862	1,822,240

Series	Interest Rate	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Original Issue (000)	Principal Outstanding June 30 (000)	Interest Payable to Maturity June 30 (000)	Principal Outstanding & Interest Payable to Maturity (000)
Revenue Bonds:								
EDA Lease Revenue Bonds - Series 1994	4.75-5.50 %	03-01-94	11-15-18	$ 3,075-8,550	116,965	105,395	70,105	175,500
FCRHA Lease Revenue Bonds:								
Series 1996	4.60-5.55	09-15-96	06-01-17	210-505	6,390	6,000	3,569	9,569
Series 1998	3.00-4.85	12-01-98	06-01-18	190-325	5,500	5,205	2,640	7,845
Series 1999	4.30-5.38	05-27-99	05-01-29	15-65	1,000	1,000	1,039	2,039
Total Lease Revenue Bonds					129,855	117,600	77,353	194,953
Integrated Sewer System:								
Series 1986	6.65	08-06-86	11-15-99	1,500	75,000	1,500	50	1,550
Series 1993 Refunding	4.50-5.65	05-15-93	11-15-15	850-6,505	72,100	67,970	36,226	104,196
Series 1996	5.63-5.88	07-01-96	07-15-28	1,260-7,300	104,000	104,000	116,563	220,563
Total Sewer Revenue Bonds					251,100	173,470	152,839	326,309
Special Assessment Bonds - Small District								
One of the Dranesville District (McLean Community Center)	6.75-7.40	07-01-88	07-01-08	75	1,500	750	273	1,023
Total County Bond and Loan Indebtedness					$ 2,142,672	1,606,198	738,327	2,344,525

Principal and interest to maturity (in thousands) for the County's general obligation bonds, lease revenue bonds, special assessment bonds, and sewer revenue bonds outstanding at June 30, 1999, are as follows:

	General Long-Term Obligations Account Group						Enterprise Fund			
	General Obligation Bonds and Loans		Lease Revenue Bonds		Special Assessment Bonds		Sewer Revenue Bonds		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000	$ 105,711	68,115	3,475	6,296	75	51	3,610	9,610	112,871	84,072
2001	103,654	60,581	3,640	6,133	75	46	4,050	9,406	111,419	76,166
2002	102,704	55,356	3,835	5,954	75	40	4,140	9,203	110,754	70,553
2003	101,924	50,081	4,030	5,762	75	36	4,535	8,983	110,564	64,862
2004	95,952	44,959	4,240	5,556	375	97	4,935	8,739	105,502	59,351
2005-2009	433,458	154,527	24,785	24,163	75	3	29,290	39,350	487,608	218,043
2010-2014	267,220	62,165	32,270	16,672	-	-	40,285	29,827	339,775	108,664
2015-2019	103,755	12,078	40,800	6,650	-	-	26,190	19,523	170,745	38,251
2020-2024	-	-	230	118	-	-	23,970	13,199	24,200	13,317
2025-2029	-	-	295	49	-	-	32,465	4,999	32,760	5,048
	$ 1,314,378	507,862	117,600	77,353	750	273	173,470	152,839	1,606,198	738,327

6. Park Authority Park Facilities Revenue Bonds

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. These bonds are solely the obligations of the Park Authority and are payable from the net revenue of the Operating Fund, certain reserves and income from investments.

Information about the revenue bonds payable as of June 30, 1999 is as follows:

Interest rate	Issue Date	Final Maturity Date	Annual Principal Payments (000)	Principal Outstanding June 30 (000)	Interest Payable to Maturity June 30 (000)	Principal & Interest Payable to Maturity June 30 (000)
5.50-6.63%	2/15/95	7/15/20	$ 295-1,090	13,325	12,278	25,603

The debt service payments on the Park Authority revenue bonds are as follows:

Fiscal year	Principal (000)	Interest (000)	Total (000)
2000	$ 295	870	1,165
2001	310	852	1,162
2002	330	834	1,164
2003	350	814	1,164
2004	370	793	1,163
2005-2009	2,240	3,582	5,822
2010-2014	3,075	2,742	5,817
2015-2019	4,240	1,579	5,819
2020-2021	2,115	212	2,327
Totals	$ 13,325	12,278	25,603

7. FCRHA Bonds, Notes, and Loans Payable

In June 1989, the FCRHA issued $6,120,000 of 8.95 percent Elderly Bonds, Series 1989A. On August 29, 1996, on behalf of the Little River Glen project, the Authority issued FHA insured mortgage revenue bonds with an original principal amount of $6,340,000 and interest rates which vary between 4.65 and 6.10 percent with final payment due September 1, 2026, to redeem, though advance refunding, the Elderly Bonds, Series 1989A, with a remaining principal amount of $5,855,000 and interest rate of 8.95 percent. The land, buildings, and equipment of the project are pledged as security for the new bonds. The proceeds from the new bonds along with other cash sources, totaling approximately $6,500,000, were placed in irrevocable escrow accounts to provide for all the future debt service payments and to provide the funds required to redeem the Series 1989A Bonds on June 1, 1999. At June 30, 1999 and 1998, $6,160,000 and $6,250,000, respectively, were outstanding on the bonds.

In November 1, 1992, the FCRHA issued $3,910,000 of special limited obligation bonds, carrying a coupon interest rate of 7.5 percent, payable semi-annually and maturing June 15, 2018. The proceeds of the bonds were used to finance the purchase of the FCRHA's Pender Drive office building. The bonds are secured by certain revenues of the FCRHA consisting primarily of payments to be made, subject to annual appropriation by the County pursuant to the terms of a lease agreement between the FCRHA and the County whereby the FCRHA leases the building to the County. These bonds are not obligations of the County. In June 1998, the FCRHA issued Series 1998 Lease Revenue bonds with an original principal amount of $3,630,000 and an interest rate of 4.71 percent with final payment due June 15, 2018 to advance refund the special limited obligation bonds. The new bonds are secured by the FCRHA's interest in payments under the lease agreements and a first deed of trust on the office building. Proceeds from the new bonds along with other cash sources, totaling approximately $4,000,000, were placed in irrevocable escrow accounts to provide for all future debt service payments on the old bonds which will be redeemed on June 15, 2018. At June 30, 1999, $3,515,000 were outstanding on the bonds. These bonds are not obligations of the County.

On August 15, 1994, the FCRHA issued $1,000,000 of special limited obligation bonds, carrying a coupon interest rate of 7.5 percent, payable monthly, maturing on July 1, 2011. The bonds are secured by land, buildings and equipment of Murraygate housing project. At June 30, 1999, $950,275 was outstanding on the bonds. These bonds are not obligations of the County.

To permanently finance certain public housing projects, the FCRHA issued notes to the Federal Financing Bank. These notes are payable in annual installments each November 1, until maturity in 2015 with interest at 6.6 percent; they are secured by the projects' land, buildings and equipment. Principal and interest is paid annually by HUD under the Annual Contributions Contract. As of June 30, 1999, $2,338,723 was outstanding on the notes.

To permanently finance the Rosedale Manor public housing project, the FCRHA issued bonds in the original principal amount of $1,260,000 with interest at 5 percent maturing April 1, 2009. Principal and interest is paid semi-annually by HUD under the Annual Contributions Contract. As of June 30, 1999, $565,000 was outstanding on the bonds.

The FCRHA has also issued various notes to finance its operations. These notes payable are detailed in the chart on the next page. The FCRHA's annual required principal payments on the bonds, loans and notes payable are as follows:

Year ending June 30	Bonds Payable	Public Housing Loans	Notes Payable	Total
2000	$ 243,399	149,724	1,530,487	1,923,610
2001	255,394	151,333	2,668,000	3,074,727
2002	262,516	158,425	6,741,321	7,162,262
2003	289,772	165,581	2,283,144	2,738,497
2004	292,172	178,209	1,853,342	2,323,723
2005 and thereafter	9,667,447	2,100,451	27,734,447	39,502,345
Total	$ 11,010,700	2,903,723	42,810,741	56,725,164

FCRHA Public Housing bonds, notes, and loans payable as of June 30, 1999:

Series	Secured By	Interest Rate	Issue Date	Final Maturity Date	Original Issue (000)	Principal Outstanding June 30 (000)
Housing Bonds Payable:						
Mortgage Revenue Bonds	Little River Glen rental property	4.65-6.10 %	08-26-96	09-01-26	$ 6,340	$ 6,160
Lease Revenue Bonds	FCRHA revenues	4.71	06-17-98	06-15-18	3,630	3,515
Lease Revenue Bonds	FCRHA revenues	4.71	08-25-98	04-01-03	400	386
Limited Obligation Bonds	Murrygate Village rental property	7.5	08-15-94	07-01-11	1,000	950
Total Bonds Payable - FCRHA						$ 11,011
Mortgage Notes Payable:						
United Bank	One University Plaza office building	5.75 %		09-01-14		$ 341
Crestar Bank	Island Walk rental property	12.00		01-31-02		114
	Little River Square rental property	75% of prime		11-15-03		52
	Creighton Square	7.10		07-01-12		550
	General revenues of FCRHA	4.15		07-30-00		930
Nations Bank	Cholster Town, McLean Hills and Springfield Green rental properties	8.50		04-01-05		955
U.S. Dept. of Housing and Urban Development	Hopkins Glen rental property	3.00		04-01-10		451
	various FCRHA rental properties	6.45-9.15		varies		3,695
	various FCRHA rental properties	5.36-7.66		varies		350
	Stonegate Village rental property	8.00-9.25		varies		1,085
	Section 236 - Murraygate Village rental property	7.50		07-01-11		1,752
	Section 236 - Stonegate Village rental property	7.00		05-01-13		2,578
	various FCRHA rental properties	3.73-7.90		varies		2,170
	various FCRHA rental properties	4.57-7.18		varies		2,995
	various FCRHA rental properties	5.36-7.66		varies		65
	various FCRHA rental properties	5.36-7.66		varies		425
	Cedar Ridge rental property	1.00		varies		1,318
Sue Wright/Norma Whitaker	Hopkins Glen rental property	6.50		07-12-01		462
Virginia Housing Development Authority	Minerva Fisher-Hall Group Home property	8.07		06-01-19		364
	Penderbrook rental property	10.25		10-01-18		696
	Rolling Road Group Home property	8.00		10-01-00		239
	Patrick Street Group Home property	8.00		06-01-02		252
	Mount Vernon Group Home property	8.00		04-01-02		228
	West Ox Group Home property	8.00		11-01-02		783
	First Stop Group Home property	8.00		03-01-05		435
	Murraygate Village rental property	6.00		10-01-10		387
	Morris Glen property	5.00		01-01-12		971
	Tavenner Lane Property	5.40		12-01-12		374
Various note holders within the Home Improvement Loan Program	Various properties owned by note holders	9.00-12.50		varies		45
Northwestern Mutual Life	Stonegate Village rental property	7.00		05-01-13		1,426
First Union Bank	Various properties-interim financing	90% of 30 day LIBOR		0213-02		4,745
Eastern American Bank	Morris Glen rental property	8.50		05-01-26		489
TRI Capital	Cedar Ridge rental property	7.05		06-01-35		9,921
WMF Huntoon	Cedar Ridge rental property	3.00		09-01-10		1,168
Total Mortgage Notes Payable - FCRHA						$ 42,811
Public Housing Loans Payable:						
Public Housing Notes-Federal Financing Bank	The projects' land, structures, and equipment	6.60 %		11-01-15		$ 2,339
Public Housing Bonds	Declaration of Trust	5.00		04-01-09		565
Total Public Housing Loans Payable - FCRHA						$ 2,904

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, which 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 guarantee 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, 1999, approximately $189,300,000 of such tax-exempt bonds is 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, 1999, the principal amounts outstanding on these IRBs total approximately $509,000,000.

9. Defeasance of Debt

During fiscal year 1999, as detailed in Section 1 of this note and in prior years, the County defeased certain general obligation bonds by placing the proceeds of newly issued general obligation refunding bonds in 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 County's financial statements. As of June 30, 1999, $136,070,000 of outstanding general obligation bonds are considered defeased.

In prior years, the Integrated Sewer System defeased certain sewer revenue bonds by placing the proceeds of new bonds in 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 County's financial statements. As of June 30, 1999, $64,900,000 of sewer revenue bonds outstanding are considered defeased.

In prior years, the FCRHA defeased certain general and limited obligation bonds by placing them in 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 County's financial statements. As of June 30, 1999, $9,250,000 of outstanding general and limited obligation bonds are considered defeased.

10. Sanitary Landfill Closure 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 current landfill is divided into five phases of closure. The first four phases of closure pertain to the raw waste unit which has been filled to capacity; as of June 30, 1999, closure expenditures have been incurred for approximately 55 percent of the area involved. The fifth phase of closure pertains to the ash unit, which is approximately 83 percent filled for Phase I and has an estimated remaining utilization period of about 3 years. The County has permits which will enable it to utilize previously filled raw waste areas for future ash disposal capacity by "piggy backing" against them with new lined cells. The $44,378,562 reported as landfill closure and postclosure care costs obligation in the General Long-Term Obligations Account Group at June 30, 1999 represents that portion of the total estimated costs of $45,460,000 remaining to be incurred that is applicable to the capacity that has been utilized to date. The County will recognize the remaining estimated cost of closure and postclosure care as the remaining capacity is filled. The actual cost may vary due to inflation, changes in technology, or changes in regulations. Although it is expected that the landfill closure and postclosure care costs will be funded from landfill tipping fees, current federal law specially states that the responsibility for maintaining the environmental integrity at the landfill lies with the federal government, Washington D.C., Arlington County, the City of Alexandria and the County. The amounts which will be obtained from these entities to fund the landfill closure and postclosure care costs have not yet been determined.

11. Obligations Under Capital Lease and Installment Purchase Agreements

The reporting entity has certain fixed assets (primarily equipment) under capital leases and installment purchase agreements in the general fixed assets account groups and in certain internal service funds. As of June 30, 1999, the minimum obligations under these agreements were as follows:

	Primary Government		Public Schools
Fiscal Year	General Long-Term Obligations Account Group	Internal Service Funds	General Long-Term Obligations Account Group
2000	$ 7,229,655	1,154,341	3,578,772
2001	5,968,632	698,832	2,755,642
2002	5,817,982	-	1,908,738
2003	5,173,177	-	1,632,463
2004	3,933,336	-	-
Thereafter	6,291,030	-	-
Total minimum obligations	34,413,812	1,853,173	9,875,615
Less portion representing interest	5,602,397	95,503	776,708
Present value of minimum obligations	$ 28,811,415	1,757,670	9,098,907

12. Senior Executive Service Retirement Plan (SES Plan) Obligation

In 1980, the County established the SES Plan to provide retirement benefits to certain senior executives. The SES Plan benefits were identical to those of the Supplemental Retirement System; however, member contributions to the SES Plan were paid from General Fund revenues rather than from the participants. The decision to combine the SES Plan with the Supplemental Retirement System was approved by the Board of Supervisors at a public hearing held in January 1996. Effective January 1, 1996, the SES

Plan was terminated and its participants were transferred into the Supplemental Retirement System.

In accordance with Internal Revenue Service rules, the SES Plan remained unfunded. An actuarial valuation estimated this unfunded liability to be $2,091,000 at June 30, 1999, which is reflected in the General Long-Term Obligations Account Group as an obligation of the Supplemental Retirement System. Funding of this amount (amortized over 20 years) will be provided by the County's General Fund.

13. Due to Component Unit

The County has a liability of approximately $11.4 million to the Public Schools that originated in 1983 upon the recognition of teacher's compensation in the year services are rendered rather than over the twelve-month contract period ending in August. The County agreed to fund the original liability of approximately $46.4 million over a period of years beginning in fiscal year 1984. Payments to Public Schools were deferred from fiscal years 1990 through 1996. In fiscal year 1999, the County paid the third of ten equal annual installments of $1.62 million which will satisfy the remaining liability.

I. 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 construction of the rail transit system, contributions for replacement and improvement of rail and bus equipment, and payments of operating subsidies and debt service for the rail, bus and paratransit systems. The County's commitments in each of these areas are summarized as follows:

Capital Contributions - Rail Construction

Since 1970, the County and other local jurisdictions have entered into five Interim Capital Contribution Agreements (ICCA) with WMATA to provide local funds to match federal government appropriations to fund the continuing construction of the 103-mile Metrorail Adopted Regional System. The final 13.5 miles of construction are expected to be funded through ICCA-V and Public Law 101-551. In approving ICCA-V, the jurisdictions agreed to provide local matching contributions totaling $780 million over the life of the authorization. The agreement requires the County to provide $113.2 million in matching funds between fiscal years 1993 and 2002. The County is providing this match through a combination of state aid, state bonds and locally generated funds.

For fiscal year 1999, the County's obligation of approximately $10.6 million was funded with County general obligation bond proceeds. The County's obligations to date of approximately $214.6 million for Metrorail construction has been funded with $113.5 million of County general obligation bond proceeds, $98.0 million of state aid provided to the County through the Northern Virginia Transportation Commission (NVTC) and $3.1 million of credits available at WMATA.

As of June 30, 1999, the County is obligated to contribute an additional $23.6 million toward Metrorail construction; the payment schedule, which is subject to adjustment every two years to reflect current conditions, is as follows:

Fiscal Year	Amount (millions)
2000	$ 14.9
2001	4.5
2002	2.3
2003	1.9
Total	$ 23.6

It is anticipated that a significant portion of this obligation will be paid from state aid funded through the NVTC. In addition, as of June 30, 1999, general obligation bonds totaling $26.9 million from the 1992 Transportation Improvements referendum remain authorized for this purpose and unissued.

Capital Contributions - Bus and Rail Replacement

Each fiscal year, the County makes contributions for capital purchases for WMATA's bus system and to improve the reliability of rail capital equipment. The funding required for this program depends upon the availability of federal grants. The County's obligation of approximately $3.4 million for fiscal year 1999 was funded with state aid provided through the NVTC. It is anticipated that the County's obligations for fiscal year 2000 will be funded with state aid and County general obligation bond funds.

Operating Subsidies and Debt Service - Bus and Rail Systems

The County and other local jurisdictions continue to contribute toward WMATA's deficits resulting from the operation of the Metrorail, Metrobus and MetroAccess (paratransit) systems and the debt service on federally guaranteed transit revenue bonds issued by WMATA. For fiscal year 1999, the County's obligation of approximately $44.7 million for operating subsidies and debt service was funded with $9.5 million from the County's Metro Operations and Construction Fund and $35.2 million from state aid for transportation and regional gasoline tax receipts. It is anticipated that the County's General Fund expenditure for fiscal year 2000 will be approximately $9.6 million.

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 consists of rush hour trips originating from Manassas, Virginia and from Fredericksburg, Virginia to Union Station in Washington DC. Five County stations are currently operating.

In October 1989, the Board of Supervisors of Fairfax County approved the Commuter Rail Master Agreement and financial plans. The 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 and population. In February 1990, NVTC sold $79.4 million in bonds to finance passenger cars, locomotives, yard facilities and stations. Approximately $6 million of the bond proceeds was made available to the County to

assist with financing its local stations. The County's fiscal year 1999 contribution to VRE's commuter rail operating, capital and debt service cost was $2.37 million. Also, the County has been authorized to apply $5.2 million of general obligation bond proceeds toward the cost of commuter rail facilities within the County; through June 30, 1999, approximately $3.9 million of this amount has been expended.

3. Operating Lease Commitments

The reporting entity leases real estate under various long-term lease agreements. Certain leases contain provisions which allow for increased rentals based upon increased real estate taxes and the Consumer Price Index. All lease obligations are contingent upon the Board of Supervisors appropriating funds for each year's payments. At June 30, 1999, the minimum long-term real estate lease commitments accounted for as operating leases were as follows:

	Primary Government	Component Units
Fiscal Year	Real Estate	Real Estate
2000	$ 7,055,540	841,938
2001	5,143,643	852,698
2002	4,369,286	861,710
2003	4,072,355	871,037
2004	4,072,355	878,319
Thereafter	1,865,792	7,737,628
Total	$ 26,578,971	12,043,330

The County also has various short-term leases for real estate and miscellaneous equipment. For fiscal year 1999, total expenditures of the primary government and the component units were $6,729,050 and $1,230,219, respectively, for real estate operating leases and $1,305,860 and $391,483, respectively, for equipment operating leases.

4. Intermunicipal Agreements

Alexandria Sanitation Authority

At June 30, 1999, the County's Integrated Sewer System (System) was 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 certain sewage treatment facilities. Under this agreement, the City of Alexandria is conducting the expansion and general improvement of the facilities. The 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 facilities. In addition, the System has no direct ongoing equity interest in the assets or liabilities of the ASA.

The ASA agreement sets forth a method for allocating the construction costs associated with the ASA's treatment facilities. The System paid the ASA $12,978,338 in fiscal year 1999 to fund its share of construction costs, and it estimates its share of fiscal year 2000 expansion and improvements to be $53,500,000. The System made payments to the ASA in 1999 of $8,559,198 for its share of the ASA's operating costs, and $2,715,528 to fund its share of the ASA's debt service. The System's share of the ASA's debt service costs is determined based on its portion of estimated capacity rights in the treatment facilities. As of June 30, 1999, the System is committed to fund its proportionate share of the ASA's

remaining debt service as follows:

Fiscal Year	Debt Service Commitment
2000	$ 1,357,174
2001	856,676
2002	172,470
Total	$ 2,386,320

Blue Plains Intermunicipal Agreement

In 1985, the users of the Blue Plains Waste-Water Treatment Plant - Fairfax County, the District of Columbia (District), Montgomery and Prince George's Counties in Maryland, and the Washington Suburban Sanitary Commission (WSSC) - entered into the Blue Plains Intermunicipal Agreement (IMA). The IMA sets forth the method for allocating the capital and operating costs associated with the facility. Currently, the County has a capacity entitlement of 24.69 million gallons per day (MGD) of the plant's interim treatment capacity of 325 MGD. Under the terms of the IMA, the County's capacity entitlement will increase to 31 MGD when the Blue Plains Plant is fully upgraded and expanded to 370 MGD. The County purchased this capacity entitlement through contributions to the capital construction program at the plant.

The District established an independent Water and Sewer Authority, effective April 18, 1996, to operate the District of Columbia's water and sewer systems and the Blue Plains Plant. The Authority has a Board of Directors comprised of six members from the District, two each from Montgomery and Prince George's Counties, and one from Fairfax County. The Authority is honoring the capacity entitlements assigned to Blue Plains users under the IMA. The County has no significant control over plant operations and construction and no ownership interest in the assets of the plant under the IMA.

The Integrated Sewer System made payments of $7,884,580 to the District in fiscal year 1999 for its share of the plant's operating costs and $1,040,052 to fund its portion of current construction costs. For fiscal year 2000, the County estimates that its share of these costs will be $8,000,000 and $6,000,000, respectively.

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 Sewer Authorities Act to be the single regional entity to construct, finance, and operate the regional sewage treatment facility mandated by the Occoquan Policy for the upper portion of the Occoquan Watershed.

The current capacity of UOSA's treatment facility is 32 MGD. In fiscal year 1995, UOSA issued bonds to finance an expansion, scheduled to be completed in 2001, of its facility to a capacity of 54 MGD. Each jurisdiction's allocated share of UOSA's capacity as of June 30, 1999, is as follows:

Member Jurisdiction	Current Capacity (MGD)	Future Capacity (MGD)
Fairfax County	13.1904	27.5999
Prince William County	9.9968	15.7971
City of Manassas	6.8672	7.6893
City of Manassas Park	1.9456	2.9137
Total	32.0000	54.0000

Summarized UOSA financial information as of and for the years ended June 30, 1998 and 1997 (the most recent audited financial information available) is as follows:

	1998	1997
Total assets	$ 457,700,165	450,635,851
Total liabilities	401,173,988	394,983,792
Total equity	56,526,177	55,652,059
Total revenue	30,133,086	26,377,217
Total expenses	20,233,000	19,541,811
Net income	9,900,086	6,835,406

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 System made payments to UOSA in fiscal year 1999 of $5,975,658 to pay its share of UOSA's operating costs and $12,096,830 to fund its share of UOSA's debt service. As of June 30, 1999, the System is committed to fund its share of UOSA's remaining debt service as follows:

Fiscal Year	Debt Service Commitment
2000	$ 13,782,364
2001	15,228,254
2002	15,229,170
2003	15,227,577
2004 and thereafter	417,570,417
Total	$477,037,782

Arlington Agreement

In January 1989, the County signed the Sewage Conveyance Treatment and Disposal Agreement (Arlington Agreement) with Arlington County, Virginia, which obligates the System to share the construction and operating costs for certain sewage treatment facilities owned and operated by Arlington County. The System has no direct on-going equity interest in the facilities' assets and liabilities. Furthermore, the System has no significant influence over the management of the treatment facilities.

The Arlington Agreement sets forth a method for allocating construction and operating costs associated with Arlington's treatment facilities. In fiscal year 1999, the System

incurred costs of $1,064,082 associated with its share of Arlington's operating costs and $113,011 to fund its share of current facility expansion costs. The System estimates its portion of future construction costs to be $1,700,000 in fiscal year 2000.

5. Fairfax County Solid Waste Authority (SWA) - Resource Recovery

In 1988, the EDA issued $237,180,000 of Series A tax-exempt and $14,900,000 of Series B taxable resource recovery revenue bonds, respectively, on behalf of the SWA to finance the construction of a 3,000-ton-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.

In fiscal year 1995, the SWA sold a call option on the 1988 Series A Bonds for $10,250,000, which entitled the purchaser to require the EDA to issue new bonds to the purchaser at agreed upon interest rates. During fiscal year 1999, this call option was exercised, and the EDA issued $195,505,000 of Series A Resource Recovery Revenue Refunding Bonds, the proceeds of which together with certain proceeds remaining from the 1988 Series A Bonds and certain other available funds were used to refund the remaining outstanding 1988 Series A Bonds in the principal amount of $220,345,000 and pay related issuance and refunding costs. The 1988 Series B Bonds were retired in fiscal year 1996. During fiscal year 1999, unspent proceeds of these bonds in the amount of $10,802,462, which include investment earnings, were transferred from the Resource Recovery Fund, an agency fund, to the Energy Resource Recovery Facility Fund, a special revenue fund, to be used for solid waste disposal purposes.

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, 1999, the entire principal amount of the 1998 Series A Refunding Bonds is outstanding. Unspent bond proceeds in the amount of $41,914,838, 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, 1999, the primary government had contractual commitments of $26,283,000 in the capital projects funds and approximately $88,000,000 in the Integrated Sewer System for construction of various sewer projects. At June 30, 1999, the component units had contractual commitments of $87,610,000 and $440,000 in the capital projects funds of Public Schools and Park Authority, respectively, for construction of various projects.

7. Post-employment Benefits

In 1987, the Board of Supervisors established a program to subsidize the health benefit coverage of certain retirees. In order to participate, retirees must have reached the age of 62 or be on disability retirement and must have health benefit coverage in a plan

provided by the County. There is no minimum number of years of service required to participate in this program. The program allows for a $60 per month subsidy per participating retiree and is funded on a pay-as-you-go basis. There are 1,084 participants currently eligible in the program. For fiscal year 1999, the cost of this program to the County was $764,796.

J. PURCHASED CAPACITY

Purchased capacity consists of payments made by the Integrated Sewer System under intermunicipal agreements with the District of Columbia Water and Sewer Authority (Blue Plains), UOSA, ASA, and Arlington County for improvements to certain specified treatment facilities owned and operated by these jurisdictions. Purchased capacity is amortized over 30 years, the estimated useful life of the assets, using the straight-line method and commencing upon the completion of the improvements. Changes in purchased capacity, in relation to each jurisdiction, are as follows:

	Balance July 1, 1998	Current Additions	Less: Current Amortization	Balance June 30, 1999
Blue Plains	$ 45,082,726	1,040,053	1,766,554	44,356,225
UOSA	9,982,642	-	401,977	9,580,665
ASA	13,019,443	12,978,338	432,124	25,565,657
Arlington	7,242,454	113,011	-	7,355,465
Total	$ 75,327,265	14,131,402	2,600,655	86,858,012

K. RESTRICTED ASSETS AND RESERVED RETAINED EARNINGS OF THE ENTERPRISE FUND

As of June 30, 1999, the System had restricted cash and investments of $226,873,963 in order to manage its funds in accordance with the 1986 Sewer Revenue Bond Resolution and to comply with nitrogen discharge regulations from the State Water Control Board (SWCB). The resolution specifies several purposes for which the System should set aside or restrict funds, which include sewer bond construction, extensions and improvements, establishing a long-term debt service reserve, and funding current debt service requirements. SWCB regulations require the removal of ammonia-nitrogen from the County's Lower Potomac Plant and the Alexandria and Arlington County Wastewater Treatment Plants. In anticipation of the major construction required to meet nitrogen discharge regulations, $69,173,000 has been restricted for nitrogen removal facilities. The System's restricted funds and corresponding reservations of retained earnings at June 30, 1999, are as follows:

Restricted Assets and Reserved Retained Earnings of the Enterprise Fund	
Extensions and improvements	$ 110,784,969
Long-term debt service requirements	12,221,766
Current debt service requirements	5,563,809
Nitrogen removal facilities	69,173,000
Reserved retained earnings	197,743,544
Unspent bond receipts for ongoing construction	29,130,419
Restricted assets	$ 226,873,963

L. FUND DEFICITS

At June 30, 1999, the Central Stores Fund had an accumulated deficit of $376,248. The County will increase charges to other funds in the future to cover the deficit in this fund.

At June 30, 1999, the Neighborhood Improvements Fund, a capital projects fund, had an accumulated deficit of $586,416, which is attributed to greater than anticipated construction progress resulting from favorable weather conditions. Proceeds of County general obligation bonds to be sold during fiscal year 2000 will be used to eliminate this deficit.

M. 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 together with vehicle decal fees 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, 1999, after allowances for uncollectible amounts, is $22,175,167, of which $2,435,984 has been included in tax revenue for fiscal year 1999 because it was collected within 45 days after June 30.

The 1998, Virginia General Assembly enacted legislation to provide property tax relief, to be phased in over five years, on the first $20,000 of value of motor vehicles not used for business purposes. For the 1998 tax, payable during fiscal year 1999, the Commonwealth rebated the 12.5% tax reduction directly to the taxpayers. For the 1999 tax, payable during fiscal year 2000, the 27.5% tax reduction is reflected in the County's invoices to the taxpayers; following receipt by the County of the reduced tax amounts, the Commonwealth will reimburse the County for the tax reductions plus certain administrative costs.

N. CONTRIBUTED CAPITAL ACCOUNTS

Developers regularly donate sewer lines, manholes and pumping stations to the County's Integrated Sewer System which are valued at their estimated fair market value as of the date of donation and recorded as additions to property, plant, and equipment and contributed capital. The following table discloses changes in contributed capital of the County's proprietary funds:

	Primary Government	
	Enterprise Fund	Internal Service Funds
Balance July 1, 1998	$ 178,727,088	17,246,829
Transfers from the General Fixed Assets Account Group	-	839,429
Contributions from developers	7,046,963	-
Depreciation of contributed assets	(9,180,688)	(76,867)
Balance June 30, 1999	$ 176,593,363	18,009,391

O. FIXED ASSETS - A summary of changes in fixed assets is as follows:

	Balances July 1, 1998, as restated	Additions	Deductions	Balances June 30, 1999
PRIMARY GOVERNMENT:				
General Fixed Assets Account Group				
Land	$ 158,144,544	1,645,772	1,952,343	157,837,973
Buildings	521,612,866	11,145,806	7,534,637	525,224,035
Improvements	45,122,454	11,524,802	81,118	56,566,138
Equipment	110,489,950	39,143,331	37,028,077	112,605,204
Construction in Progress	158,788,215	19,828,342	2,502,401	176,114,156
Total	994,158,029	83,288,053	49,098,576	1,028,347,506
Enterprise Fund				
Land	17,456,662	648	-	17,457,310
Buildings	55,221,535	-	202	55,221,333
Improvements	639,239,670	11,466,609	712,709	649,993,570
Equipment	8,221,227	579,184	573,687	8,226,724
Construction in Progress	35,722,378	22,186,671	3,841,016	54,068,033
Total	755,861,472	34,233,112	5,127,614	784,966,970
Less: Accumulated Depreciation	227,231,419	18,525,290	725,601	245,031,108
Net	528,630,053	15,707,822	4,402,013	539,935,862
Internal Service Funds				
Land	295,853	-	-	295,853
Buildings	14,253,601	-	-	14,253,601
Improvements	449,757	-	-	449,757
Equipment	37,826,156	12,878,356	5,853,561	44,850,951
Total	52,825,367	12,878,356	5,853,561	59,850,162
Less: Accumulated Depreciation	33,321,792	7,414,493	3,728,456	37,007,829
Net	19,503,575	5,463,863	2,125,105	22,842,333
Total Primary Government				
Total Fixed Assets	1,802,844,868	130,399,521	60,079,751	1,873,164,638
Less: Accumulated Depreciation	260,553,211	25,939,783	4,454,057	282,038,937
Net	1,542,291,657	104,459,738	55,625,694	1,591,125,701
COMPONENT UNITS:				
(All in General Fixed Asset Account Groups)				
Public Schools				
Land	41,524,878	16,926	120,000	41,421,804
Buildings	731,062,562	16,057,438	2,678,230	744,441,770
Improvements	308,591,148	1,088,270	-	309,679,418
Equipment	86,115,357	16,484,313	6,576,831	96,022,839
Construction in Progress	338,422,931	116,946,426	121,082,770 *	334,286,587
Total	1,505,716,876	150,593,373	130,457,831	1,525,852,418
FCRHA				
Land	18,571,319	1,964,331	-	20,535,650
Buildings and Improvements	118,193,270	3,165,755	-	121,359,025
Equipment	1,570,898	32,289	-	1,603,187
Construction in Progress	31,617,312	1,960,460	10,215,560	23,362,212
Total	169,952,799	7,122,835	10,215,560	166,860,074
Park Authority				
Land	109,091,940	4,933,894	-	114,025,834
Buildings	24,991,805	1,594,990	-	26,586,795
Improvements	110,321,924	22,458,590	-	132,780,514
Equipment	8,401,630	913,229	502,206	8,812,653
Construction in Progress	24,727,561	7,159,904	24,943,009	6,944,456
Total	277,534,860	37,060,607	25,445,215	289,150,252
EDA				
Equipment	11,194	-	-	11,194
Total	11,194	-	-	11,194
Total Component Units	$ 1,953,215,729	194,776,815	166,118,606	1,981,873,938

* Includes approximately $104.8 million of maintenance expenditures that were improperly capitalized in prior years.

P. CONTINGENT LIABILITIES

The reporting entity is contingently liable with respect to lawsuits and other claims that arise in the ordinary course of its operations. The County has recorded a $1.4 million liability in the general long-term obligations account group which represents management's estimate of losses that may be incurred with respect to pending lawsuits and claims.

The reporting entity 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 reporting entity is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the County, no material refunds will be required as a result of expenditures disallowed by the grantors.

Q. ACCOUNTING CHANGES

1. Change in Reporting

During fiscal year 1999, it was determined that certain funds financed from the County through the Department of Housing and Community Development (HCD) and previously reported as part of the FCRHA are more appropriately reported as part of the primary government. Accordingly, the FCRHA General Fund is now reported as part of the primary government's General Fund; the Community Development Block Grant Fund, the Housing Trust Fund, and the Home Investment Partnership Grant Fund are now reported with the primary government's special revenue funds; and the Housing Assistance Program Fund and the Housing General Obligation Bond Construction Fund are now reported with the primary government's capital projects funds. The fixed asset account groups of the County and the FCRHA have been restated as of July 1, 1998, to reflect the transfer of fixed assets of the transferred funds. The fund balances of the affected fund types as of July 1, 1998, have been restated as follows:

	Primary Government		FCRHA
	Special Revenue Funds	Capital Projects Funds	Funds Financed from County General Fund through HCD
Funds balances as previously reported	$ 142,324,256	43,106,514	21,408,946
Transfers of funds	14,307,340	(660,530)	(13,646,810)
Fund balances as restated	$ 156,631,596	42,445,984	7,762,136

2. Change in Accounting Policy

During fiscal year 1999, the County modified its existing deferred compensation trust ordinance to provide that assets of the deferred compensation plan be held in trust pursuant to the newly adopted provisions of the Internal Revenue Code 457 Deferred Compensation Plans. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans," the County has determined that is is no longer appropriate to report the Deferred Compensation Fund, and accordingly, assets in the amount of $176,446,783 at June 30, 1998, have been removed from the financial statements.

COUNTY OF FAIRFAX, VIRGINIA
YEAR 2000 DISCLOSURE
June 30, 1999

Introduction
The year 2000 (Y2K) issue is the result of shortcomings in many electronic data-processing systems and other equipment that may adversely affect the government's operations. The problem, as generally understood, results from the fact that many computer programs and computer files utilize only two characters to designate the year (e.g., 97 for 1997). Although that worked very well and saved considerable space over the years, a two-digit representation for a year does not lend itself to date comparisons or date computations when one or more of the dates fall within the next millennium.

The reporting entity's activity and progress with respect to resolving Y2K issue for computer systems and electronic equipment is described below in stages, in accordance with the Governmental Accounting Standards Board Technical Bulletins No. 98-1 and No. 99-1:

For the County and its Component Units (Except Public Schools)

The County has undertaken the Y2K activity for all of its component units except for Public Schools. With respect to Public Schools, the County has responsibility for jointly-utilized applications, such as the budget, financial accounting and purchasing systems, and Public Schools has responsibility for all of its remaining equipment and systems.

Awareness Stage
The Year 2000 Plan ("Plan") was developed in the Spring of 1996 and has been funded since that time. The initial Plan approved by the Chief Information Officer included a Gantt chart with major tasks and due dates together with the publication of monthly status reports. The current, updated Plan encompasses the following eight critical areas that are being addressed in order to resolve the Y2K problem as it relates to County operations and responsibilities:

1. The data center and centrally-supported mainframe applications – includes all data center hardware and executive software.
2. Communication networks – includes telecommunication, data communication and radio communication systems.
3. Agency supported information technology including PC/LAN applications – major applications are maintained by the Police Department, Park Authority, FCRHA, Fairfax County Public Library and the Department of Community and Recreation Services.
4. Personal computers (PCs) and stand-alone applications.
5. Embedded microprocessors – these control the operation of equipment and machinery.
6. Mission-critical suppliers – includes local utility, communication and public transportation organizations.
7. Contingency planning.
8. Community outreach program.

In early 1999, a Year 2000 Task Force, comprised of representatives from key departments, was created by the County Executive to coordinate both the technical and non-technical aspects of the century date change and help raise awareness in the community.

Assessment Stage

The County chose to define all centrally-supported mainframe applications as mission-critical. By early 1997, all of the mission-critical applications were assessed, and remediation work was scheduled. Assessment of the County's facilities, vehicles, equipment, and networks that might also be affected by the Y2K problem was started in early 1998. Mission-critical suppliers have been asked to confirm their Y2K readiness. Beginning in July, 1998, quarterly reports were prepared for the Board of Supervisors showing the status of progress in resolving the Y2K issue as it relates to the County.

Remediation Stage

The County started making the necessary changes to systems and equipment in 1997. Date expansion and windowing techniques were used to change the applications where possible. As of June 30, 1999, 52 (or 90%) of the 58 mission-critical applications are Y2K ready, all mainframe hardware has been upgraded, and 94% of the executive software is Y2K compliant. Work is progressing on PC and server upgrades, and a minor amount of work remains to make the telecommunications network Y2K ready. Information is being disseminated to the public via brochures, the Internet and community meetings.

Validation/Testing Stage

Most remediated applications were tested using a separate logical partition (LPAR) on the mainframe that allowed various dates to be simulated. Upon successful testing and sign-off by the users, the applications were moved into production to replace the non-compliant versions. Integrated testing of multiple components, such as the County's Public Safety Computer-Aided Dispatch system, was carried out whenever feasible.

Status Table

The following table summarizes the status, using approximate/estimated completion percentages, of the County's Y2K efforts as of June 30, 1999:

	Stages			
Areas	**Awareness**	**Assessment**	**Remediation**	**Validation/ Testing**
The Data Center & Centrally-supported Mainframe Applications	100%	100%	92%	92%
Communication Networks	100%	100%	98%	98%
Agency Supported Information Technology including PC/LAN Applications	100%	100%	90%	90%
PCs & Stand-alone Applications	100%	100%	90%	90%
Embedded Microprocessors*	100%	100%	100%	100%
Mission-critical Suppliers	100%	85%	N/A	N/A
Contingency Planning	100%	100%	N/A	N/A

* In most instances, remediation and testing were done by the vendors.

The completion of these stages is not a guarantee that computer systems and other electronic equipment will be Y2K compliant.

Public Schools

Public Schools has completed an inventory of computer systems and other electronic equipment that may be affected by the Y2K issue and that are necessary to conducting school operations. Public Schools has identified such systems as mainframe and network computer applications, process control systems, telecommunications, PCs, embedded microprocessors, key suppliers and the County government interfaces.

Awareness Stage

Public Schools' Department of Information Technology (DIT) has been working on the Y2K issue, as it pertains to information systems and information technology infrastructure, since 1996. Because of the continually expansive scope of the Y2K issue, Public Schools has created a coordination team to implement this comprehensive project and to manage the repair cycle across Public Schools. Additionally, a web site was created to ensure continual awareness of the Y2K compliance effort and provide relevant information and tools throughout all departments.

Assessment & Remediation Stage

In 1996, DIT conducted a thorough assessment of its current enterprise wide information systems. During the assessment, it was determined that well over 20 systems had Y2K compliance problems. The following is a summary of the remediation efforts:

1. The budget, financial accounting and purchasing systems, jointly utilized by the County and Public Schools, reside on the County mainframe. The County is responsible for remediating these systems. As of June 30, 1999, the County has replaced these mission critical systems with Y2K compliant systems.
2. Public Schools' payroll, student information system and facilities maintenance systems were all replaced with Y2K compliant systems. All systems were implemented by July of 1999.
3. All embedded systems were assessed, remediated and tested with the exception of environmental control units that will be replaced in November 1999. As of August 1999, all versions of fire alarms, security systems and telephones were successfully tested.
4. Remediation of all computer network equipment is 95% complete and will be validated and tested by November 1999. All administrative PCs necessary for mission critical operations have been remediated and implemented. Instructional PCs are being remediated during the final phase of the project and should be ready by the first week of December 1999.
5. Mission critical suppliers are all managed through the County's purchasing department. A one-month supply of critical items for Public Schools' operations is being stored in the warehouse.

Validation/Testing Stage

Public Schools has contracted with an independent consulting firm to conduct a study to validate Public Schools' Y2K readiness and to develop guidelines for Y2K compliance, including contingency planning. The study, to be completed by November 1999, includes an assessment of the current environment, identification of problem areas, review of third party service providers, strategies and approaches for addressing identified problems, and a timeline for Public Schools' action.

To continue preparations for the Y2K problem a response center at the Technology Support Center will be established. This center will expedite repairs, purchases, and contingency plans after the rollover.

The completion of these stages is not a guarantee that computer systems and other electronic equipment will be Y2K compliant.

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be

governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the County takes no responsibility for the accuracy thereof.

BROWN & WOOD LLP

ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
TELEPHONE: 212-839-5300
FACSIMILE: 212-839-5599

Appendix VI

April __, 2000

Board of Supervisors
of Fairfax County, Virginia
Fairfax, Virginia

We have examined certified copies of the legal proceedings, including the election proceedings and other proofs submitted, relative to the issuance and sale of

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds
Series 2000 A

The bonds are dated April 1, 2000, mature in annual installments on June 1 in each of the years 2001 to 2020, inclusive, bear interest payable semiannually on the 1st days of June and December in each year, commencing December 1, 2000, and are subject to redemption prior to their respective maturities in the manner and upon the terms and conditions set forth in the resolution authorizing the issuance of the bonds adopted by the Board of Supervisors of Fairfax County on March 13, 2000.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds pursuant to the Constitution and laws of Virginia, and that the bonds constitute valid and binding general obligations of Fairfax County, Virginia, for the payment of which the full faith and credit of said County are pledged, and all taxable property in the County is subject to the levy of an ad valorem tax, without limitation as to rate or amount, for the payment of the bonds and the interest thereon, which tax shall be in addition to all other taxes authorized to be levied in said County to the extent other funds of said County are not lawfully available and appropriated for such purpose.

We are further of the opinion that, except as provided in the following sentence, interest on the bonds is not includable in the gross income of the owners of the bonds for purposes of Federal income taxation based on existing law. Interest on the bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the bonds in the event of a failure by the County or the school board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of the interest on the bonds for Federal income tax purposes on or after the date on which any action is taken affecting such covenants upon the approval of counsel other than ourselves. Interest on the bonds is not a specific preference item for purposes of the Federal individual or corporate alternative minimum taxes. The Code contains other provisions that could result in tax consequences, as to which we render no opinion, as a result of ownership of bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

Respectfully submitted,

LOS ANGELES • SAN FRANCISCO • WASHINGTON DC • BEIJING • TOKYO REPRESENTATIVE OFFICE
AFFILIATED WITH BROWN & WOOD, A MULTINATIONAL PARTNERSHIP WITH OFFICES IN LONDON AND HONG KONG

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CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by Fairfax County, Virginia (the "County") in connection with the issuance by the County of $88,000,000 aggregate principal amount of its Public Improvement Bonds, Series 2000 A (the "Bonds" or "2000 A Bonds") pursuant to the provisions of a resolution (the "Resolution") adopted on March 13, 2000, by the Board of Supervisors of the County. The proceeds of the 2000 A Bonds are being used by the County to finance various public improvements in the County. The County hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the 2000 A Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The County acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the County, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"Filing Date" shall have the meaning given to such term in Section 3(a) hereof.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position and results of operations are determined. Currently, the County's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"Holder" or "holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a 2000 A Bond.

"Listed Events" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

principal and interest payment delinquencies

non-payment related defaults

unscheduled draws on debt service reserves reflecting financial difficulties

unscheduled draws on credit enhancements reflecting financial difficulties

substitution of credit or liquidity providers, or their failure to perform

adverse tax opinions or events affecting the tax-exempt status of the 2000 A Bonds

modifications to rights of holders

bond calls

defeasances

release, substitution, or sale of property securing repayment of the 2000 A Bonds

rating changes

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriters of the County's 2000 A Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private depository or entity designated by the State as a state depository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

A. The County shall, or shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than March 31 after the end of any Fiscal Year (commencing with its Fiscal Year ending June 30, 2000). Not later than ten (10) days prior to the Filing Date, the County shall provide the Annual Report to the Dissemination Agent (if applicable). In such case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the County's audited financial statements or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of the County must be submitted, if and when available, together with or separately from the Annual Report.

B. The annual financial statements of the County shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with the Repositories when they become publicly available.

C. If the County fails to provide an Annual Report to the Repositories by the date required in subsection (a) hereto or to file its audited annual financial statements with the Repositories when they become publicly available, the County shall send a notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit B.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the County, including operating data, updating such information relating to the County as described in Exhibit A, all with a view toward assisting Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the County is an "obligated person" (within the meaning of the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. The County will provide in a timely manner to the Municipal Securities Rulemaking Board and to each State Repository, if any, notice of any of the Listed Events, if material.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the 2000 A Bonds.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the County shall be the Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the County may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. Any person referred to in Section 11 (other than the County) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to file its Annual Report or to give notice of a Listed Event. The holders of not less than a majority in aggregate principal amount of Bonds outstanding may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the County hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution or the 2000 A Bonds of the County, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the County, the Participating Underwriters, and holders from time to time of the County's Bonds, and shall create no rights in any other person or entity.

Date: April __, 2000

FAIRFAX COUNTY, VIRGINIA

By: _____
Edward L. Long, Jr.
Chief Financial Officer

EXHIBIT A

CONTENT OF ANNUAL REPORT

(a) **Financial Information.** Updated information concerning General Fund revenues, expenditures, categories of expenditures, fund balances, assessed value of taxable property, tax rates, major taxpayers, and tax levies and collections.

(b) **Debt Information.** Updated information concerning general obligation bonds indebtedness, including bonds authorized and unissued, bonds outstanding, the ratios of debt to the market value of taxable property, debt per capita, and debt service as a percentage of General Fund disbursements.

(c) **Demographic Information**. Updated demographic information respecting the County such as its population, public school enrollment and per pupil expenditure.

(d) **Economic Information**. Updated economic information respecting the County such as income, employment, unemployment, building permits and taxable sales data.

(e) **Retirement Plans**. Updated information respecting pension and retirement plans for County employees, including a summary of membership, revenues, expenses and actuarial valuation(s) of such plans.

(f) **Contingent Liabilities**. A summary of material litigation and other material contingent liabilities pending against the County.

In general, the foregoing will include information as of the end of the most recent fiscal year or as of the most recent practicable date. Where information for the fiscal year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where comparative demographic or economic information for the County and the United States as a whole is contemporaneously available and, in the judgment of the County, informative, such information may be included. Where, in the judgment of the County, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

EXHIBIT B

NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]

Re: FAIRFAX COUNTY VIRGINIA
PUBLIC IMPROVEMENT BONDS,
SERIES 2000 A

CUSIP NOS. 303820 XJ8-YD0

Dated: April 1, 2000

NOTICE IS HEREBY GIVEN that Fairfax County, Virginia has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to that certain Resolution adopted on March 13, 2000 by the Board of Supervisors of the County, the proceeds of which were used to finance various public improvements in the County. [The County anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.]

Dated: _____

FAIRFAX COUNTY, VIRGINIA

By _____

CERTIFICATE CONCERNING OFFICIAL STATEMENT

We, Katherine K. Hanley, Chairman of the Board of Supervisors of Fairfax County, Virginia, and Anthony H. Griffin, County Executive, Fairfax County, Virginia, **DO HEREBY CERTIFY** that, to the best of our knowledge, the Official Statement of Fairfax County, Virginia, dated April 6, 2000 and describing the issue of **$88,000,000 Public Improvement Bonds, Series 2000 A**, did not as of its date, and does not as of the date of this certificate, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading and that we did not independently verify the information indicated in the Official Statement as having been obtained or derived from sources other than Fairfax County and its officers but we have no reason to believe that such information is not accurate.

WITNESS our hands this 27th day of April, 2000.

Katherine K. Hanley

Chairman of the
Board of Supervisors
Fairfax County, Virginia

A H Griffin

County Executive
Fairfax County, Virginia

OFFICERS AND SEAL CERTIFICATE

I, Grace H. Winters, Clerk of the County School Board of Fairfax County, Virginia, **DO HEREBY CERTIFY**:

1. That the following is a correct list of the names of the members and certain officers of the County School Board of Fairfax County, Virginia, on February 24, 2000, and the dates of commencement and expiration of their current terms of office:

OFFICER and OFFICE	COMMENCEMENT OF TERM	EXPIRATION OF TERM
Robert E. Frye, Chairman County School Board	January 1, 2000	December 31, 2003
Jane K. Strauss, Vice Chairman County School Board	January 1, 2000	December 31, 2003
Catherine A. Belter, Member County School Board	January 1, 2000	December 31, 2003
Christian N. Braunlich, Member County School Board	January 1, 2000	December 31, 2003
Mychele B. Brickner, Member County School Board	January 1, 2000	December 31, 2003
Isis M. Castro, Member County School Board	January 1, 2000	December 31, 2003
Stuart D. Gibson, Member County School Board	January 1, 2000	December 31, 2003
Ernestine C. Heastie, Member County School Board	January 1, 2000	December 31, 2003
Kaye Kory, Member County School Board	January 1, 2000	December 31, 2003
Gary A. Reese, Member County School Board	January 1, 2000	December 31, 2003

OFFICER and OFFICE	COMMENCEMENT OF TERM	EXPIRATION OF TERM
Rita S. Thompson, Member County School Board	January 1, 2000	December 31, 2003
Judith T. Wilson, Member County School Board	January 1, 2000	December 31, 2003
Reid G. Voss,* Student Representative County School Board	July 1, 1999	June 30, 2000
Grace H. Winters, Clerk	Appointed: July 27, 1995	To serve at the Pleasure of the Board

2. That each of the members of the County School Board did, before entering on the performance of his or her public duties, take and subscribe the oath required by Article II, Section 7, of the Constitution of Virginia.

3. That the official seal of said County School Board, being the only seal used by said County School Board in the execution of bonds and contracts, is the seal an impression of which is affixed opposite my signature of this certificate.

4. That the regular meetings of said County School Board are held on the second and fourth Thursdays of each month at 7:30 p.m., unless otherwise specified by the Board.

WITNESS my hand and said official seal this 27th day of April, 2000.

Grace H. Winters
Clerk, County School Board
of Fairfax County, Virginia

(Seal)

* Non-voting member.

OFFICERS AND SEAL CERTIFICATE

I, Nancy Vehrs, Clerk to the Board of Supervisors of Fairfax County, Virginia, **DO HEREBY CERTIFY:**

1. The following is a correct list of the names of the members and certain officers of the Board of Supervisors of Fairfax County, Virginia, and the names of certain officers of Fairfax County, Virginia, and the dates of commencement and expiration of their respective terms of office:

OFFICE	OFFICER	COMMENCEMENT OF TERM	EXPIRATION OF TERM
Chair, Board of Supervisors	Katherine K. Hanley	Jan. 1, 2000	Dec. 31, 2003
Vice-Chair, Board of Supervisors	Gerald W. Hyland	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Sharon Bulova	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Gerald E. Connolly	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Catherine M. Hudgins	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Michael R. Frey	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Penelope A. Gross	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	T. Dana Kauffman	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Elaine McConnell	Jan. 1, 2000	Dec. 31, 2003
Member, Board of Supervisors	Stuart Mendelsohn	Jan. 1, 2000	Dec. 31, 2003

OFFICE	OFFICER	COMMENCEMENT OF TERM	EXPIRATION OF TERM
Clerk to the Board of Supervisors	Nancy Vehrs	Appointed May 14, 1990	To serve at the pleasure of the Board
County Executive	Anthony H. Griffin	Appointed January 17, 2000	To serve at the pleasure of the Board
Director, Department of Finance	Robert L. Mears	Appointed September 7, 1999	To serve at the pleasure of the Board
Chief Financial Officer	Edward L. Long, Jr.	Appointed October 30, 1989	To serve at the pleasure of the Board
Assistant Director, Department of Management and Budget	Leonard Wales	Appointed October 1, 1981	Serves in civil service merit position
Deputy Director, Department of Finance	John D. Higgins	Appointed November 20, 1995	Serves in civil service merit position
County Attorney	David P. Bobzien	Appointed December 18, 1992	To serve at the pleasure of the Board

2. The Chairman and each of the members of the Board of Supervisors did, before entering on the performance of his or her public duties, take and subscribe the oath required by Article II, Section 7, of the Constitution of Virginia.

3. The official seal of said Board of Supervisors, being the only seal used by said Board of Supervisors in the execution of bonds and contracts, is the seal an impression of which is affixed opposite my signature on this certificate.

4. The regular meetings of said Board of Supervisors are held on Mondays at least once per month at 9:30 A.M.

WITNESS my hand and said official seal this 27th day of April, 2000.

Nancy Vehrs

Clerk to the
Board of Supervisors
Fairfax County, Virginia

(SEAL)

SIGNATURE AND NO-LITIGATION CERTIFICATE

We, Katherine K. Hanley and Nancy Vehrs, Chairman and Clerk, respectively, of the Board of Supervisors of Fairfax County, Virginia, **DO HEREBY CERTIFY:**

1. We have, by our respective facsimile signatures, officially executed, for and on behalf of Fairfax County, Virginia, **$88,000,000 Public Improvement Bonds, Series 2000 A**, of Fairfax County, Virginia, dated April 1, 2000 and maturing annually on June 1, subject to the right of prior redemption, in the following years and in the following amounts and bearing interest as follows:

Year	Principal Amount	Interest Rate
2001	$4,400,000	5.25%
2002	4,400,000	5.50
2003	4,400,000	5.25
2004	4,400,000	5.25
2005	4,400,000	5.50
2006	4,400,000	5.50
2007	4,400,000	5.50
2008	4,400,000	5.50
2009	4,400,000	5.00
2010	4,400,000	5.00
2011	4,400,000	5.00
2012	4,400,000	5.00
2013	4,400,000	5.00
2014	4,400,000	5.125
2015	4,400,000	5.20
2016	4,400,000	5.25
2017	4,400,000	5.25
2018	4,400,000	5.25
2019	4,400,000	5.25
2020	4,400,000	5.25

such interest being payable December 1, 2000 and semiannually on the 1st days of each June and December thereafter to and including June 1, 2020.

2. Said bonds are in fully registered form, and a facsimile of the official seal of said Board of Supervisors is imprinted on all of said bonds.

3. No litigation of any kind is pending (either in state or federal courts) or, to our knowledge, threatened to restrain or enjoin the issuance or delivery of said bonds or the levy or (except as referred to in the Official Statement relating to the bonds) collection of taxes to pay the principal of or the interest on said bonds, or in any manner questioning the proceedings or authority under which said bonds are issued, or affecting the validity of said bonds; neither the existence nor the boundaries of Fairfax County nor the title to his office of any officer whose facsimile signature appears on said bonds is being contested; and no authority or proceedings for the issuance of said bonds or for the security thereof have been repealed, revoked or rescinded.

WITNESS our hands this 27th day of April, 2000.

Katherine K. Hanley

Chairman
Board of Supervisors
Fairfax County, Virginia

Nancy Vehrs

Clerk to the
Board of Supervisors
Fairfax County, Virginia

CERTIFICATION AS TO SIGNATURES

I HEREBY CERTIFY that the signatures of Katherine K. Hanley and Nancy Vehrs, Chairman and Clerk, respectively, of the Board of Supervisors of Fairfax County, Virginia, above subscribed are genuine.

Patti M. Hicks

Patti M. Hicks,
Deputy Clerk to the
Board of Supervisors
Fairfax County, Virginia

NO LITIGATION OPINION

I, David P. Bobzien, County Attorney of Fairfax County, Virginia, am of the opinion that, to the best of my knowledge, no litigation of any kind is now pending (either in state or federal courts) or, to my knowledge, threatened to restrain or enjoin the issuance or delivery of **$88,000,000 Public Improvement Bonds, Series 2000 A**, of Fairfax County, Virginia, dated April 1, 2000, or the levy or (except as referred to in the Official Statement relating to said bonds) the collection of taxes to pay the principal of or the interest on said bonds, or in any manner questioning the proceedings or authority under which said bonds are issued, or affecting the validity of said bonds; that neither the existence nor the boundaries of Fairfax County nor the title to his office of any officer whose facsimile signature appears on said bonds is being contested; and that no authority or proceedings for the issuance of said bonds or the security thereof have been repealed, revoked or rescinded.

WITNESS my hand this 27th day of April, 2000.

County Attorney
Fairfax County, Virginia

CERTIFICATE OF AUTHENTICATION

I, Robert L. Mears, Director, Department of Finance, Fairfax County, Virginia, Bond Registrar for the **$88,000,000 Public Improvement Bonds, Series 2000 A**, of Fairfax County, Virginia, dated April 1, 2000, **DO HEREBY CERTIFY** that each of said bonds delivered this day was duly authenticated by an authorized individual of said Department of Finance, Fairfax County, Virginia by signing the Certificate of Authentication endorsed thereon.

WITNESS my hand this 27th day of April, 2000.

Director, Department of Finance
Fairfax County, Virginia

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-1 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2001	5.25%	April 1, 2000	303820 XJ8

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-2 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2002	5.50%	April 1, 2000	303820 XK5

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-3 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2003	5.25%	April 1, 2000	303820 XL3

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-4 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2004	5.25%	April 1, 2000	303820 XM1

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-5 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2005	5.50%	April 1, 2000	303820 XN9

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-6 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2006	5.50%	April 1, 2000	303820 XP4

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-7 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2007	5.50%	April 1, 2000	303820 XQ2

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-8 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2008	5.50%	April 1, 2000	303820 XR0

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-9 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2009	5.00%	April 1, 2000	303820 XS8

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-10 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2010	5.00%	April 1, 2000	303820 XT6

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-11 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2011	5.00%	April 1, 2000	303820 XU3

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-12 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2012	5.00%	April 1, 2000	303820 XV1

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-13 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2013	5.00%	April 1, 2000	303820 XW9

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-14 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2014	5.125%	April 1, 2000	303820 XX7

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

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No. R-15 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2015	5.20%	April 1, 2000	303820 XY5

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized *representative of* DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-16 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2016	5.25%	April 1, 2000	303820 XZ2

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-17 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2017	5.25%	April 1, 2000	303820 YA6

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-18 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2018	5.25%	April 1, 2000	303820 YB4

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-19 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2019	5.25%	April 1, 2000	303820 YC2

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year, at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date, by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), **ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL** inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-20 **$4,400,000**

United States of America
Commonwealth of Virginia
FAIRFAX COUNTY
Public Improvement Bond, Series 2000 A

Maturity Date	Interest Rate	Dated Date	CUSIP
June 1, 2020	5.25%	April 1, 2000	303820 YD0

Fairfax County, Virginia, is justly indebted and for value received hereby promises to pay to

CEDE & CO.

or registered assigns or legal representative on the date specified above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the office of the Director of the Department of Finance of Fairfax County, Virginia (the "Bond Registrar"), in Fairfax County, Virginia, the principal sum of

FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS

and to pay interest on said principal sum from the date hereof or from the June 1 or December 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a June 1 or a December 1 to which interest shall have been paid, in which case from such date, such interest to the maturity hereof being payable December 1, 2000 and semiannually thereafter on the 1st days of June and December in each year at the rate per annum specified above, until payment of said principal sum. The interest so payable on any such interest payment date will be paid to the person in whose name this bond (or the previous bond or bonds evidencing the same debt as that evidenced by this bond) is registered at the close of business on the record date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date by wire transfer, at the discretion of the County, or check mailed to such person at his address as it appears on the bond registration books of said County. Both the principal of and the interest on this bond shall be payable in any coin or currency of the United States of America which is legal tender for the payment of public and private debts on the respective dates of payment thereof. For the prompt

payment hereof, both principal and interest as the same shall become due, the full faith and credit of said County are hereby irrevocably pledged.

This bond and the bonds of the series of which it is one are issued under and pursuant to a resolution duly adopted by the Board of Supervisors of Fairfax County, Virginia (the "Resolution"), for the purpose of providing funds, with other available funds, for school improvements, parks and park facilities, neighborhood improvements, transportation improvements and facilities, public library facilities, human services facilities, adult detention facilities, public safety facilities, and commercial and redevelopment area improvements.

The bonds of this series which mature on or before June 1, 2008 are not subject to redemption before maturity. Bonds which mature after June 1, 2008 may be redeemed, at the option of Fairfax County, Virginia, before their respective maturities on any date not earlier than June 1, 2008, in whole or in part (in integral multiples of $5,000), upon payment of the following redemption prices (expressed as a percentage of the principal amount of bonds to be redeemed) plus accrued interest to the redemption date:

Redemption Period (both dates inclusive)	Redemption Price
June 1, 2008 through May 31, 2009	102%
June 1, 2009 through May 31, 2010	101
June 1, 2010 and thereafter	100

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions of bonds of such maturity to be redeemed shall be selected by lot by said County in such manner as said County in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof and that, in selecting bonds for redemption, said County shall treat each bond as representing that number of bonds which is obtained by dividing the principal amount of such bond by $5,000.

Not more than sixty (60) nor less than thirty (30) days before the redemption date of any bonds to be redeemed, whether such redemption be in whole or in part, said County shall cause a notice of such redemption to be filed with the Bond Registrar and to be mailed, postage prepaid, to the registered owner of each bond to be redeemed in whole or in part at his address appearing upon the registration books of said County, but failure to mail such notice or any defect therein shall not affect the validity of the redemption. On the date fixed for redemption, notice having been given as aforesaid, the bonds or portions thereof so called for redemption shall be due and payable at the redemption price provided for the redemption of such bonds or portion thereof on such date and, if moneys for payment of such redemption price and the accrued interest are held by the Bond Registrar as provided in the Resolution, interest on the bonds or the portions thereof so called for redemption shall cease to accrue. If a portion of this bond shall be called for redemption, a new bond or bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner hereof or his legal representative upon the surrender hereof.

The bonds are issuable in fully registered form in the denomination of $5,000 or any multiple thereof. At the office of the Bond Registrar, in the manner and subject to the conditions provided in the Resolution, bonds may be exchanged for an equal aggregate principal amount of

bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its principal office the books of said County for the registration of transfer of bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Resolution upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this bond a new bond or bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the unredeemed principal amount of this bond, of the same series and maturity and bearing interest at the same rate.

The Bond Registrar shall not be required to exchange or register the transfer of any bond during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of any bonds and ending at the close of business on the day of such mailing or of any bond called for redemption in whole or in part pursuant to the Resolution.

This bond is one of a series issued under the authority of and in full compliance with the Constitution and laws of Virginia, particularly the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended, and pursuant to votes of a majority of the qualified voters of Fairfax County, Virginia, voting at elections duly called and held under the provisions of said Code of Virginia, 1950, as amended, and under orders of the Circuit Court of Fairfax County, Virginia, authorizing the Board of Supervisors of said County to proceed to carry out the wishes of the voters as expressed at said elections, and pursuant to resolutions duly adopted by the Board of Supervisors and the County School Board of said County.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of Virginia to happen, exist and be performed precedent to and in the issuance of this bond have happened, exist and have been performed in due time, form and manner as so required, that the total indebtedness of Fairfax County, Virginia, including this bond, does not exceed any constitutional or statutory limitation thereon, and that provision has been made for the levy and collection of an annual ad valorem tax upon all taxable property in said County subject to local taxation sufficient in amount to provide for the payment of the principal of and the interest on this bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in said County to the extent other funds of said County are not lawfully available and appropriated for such purpose.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the resolution mentioned herein until this bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, the Board of Supervisors of Fairfax County, Virginia, has caused this bond to be issued in the name of Fairfax County, Virginia, and said Board has caused this bond to bear the facsimile signatures of its Chairman and Clerk and a facsimile of the official seal of said Board to be imprinted hereon, all as of the 1st day of April, 2000.

FAIRFAX COUNTY, VIRGINIA

By Nancy Vehrs
Clerk of the Board of Supervisors of Fairfax County, Virginia

By Katherine K. Hanley
Chairman of the Board of Supervisors of Fairfax County, Virginia

SPECIMEN

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds of the series designated herein and described in the within mentioned Resolution.

Director of the Department of Finance of Fairfax County, Virginia, as Bond Registrar

By: _____
Authorized Signature

Date of authentication: April 27, 2000

SPECIMEN

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Please insert social security or
other identifying number of assignee

_____

_____

(Please Print or Typewrite Name and Address of Transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____

Signature: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed* by:_____

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SAMPLE

CERTIFICATE OF DELIVERY AND PAYMENT

I, Robert L. Mears, Director, Department of Finance, Fairfax County, Virginia, **DO HEREBY CERTIFY:**

1. **$88,000,000 Public Improvement Bonds, Series 2000 A**, of Fairfax County, Virginia, dated April 1, 2000 and maturing June 1, subject to the right of prior redemption, in the following years and in the following amounts and bearing interest as follows:

Year	Principal Amount	Interest Rate
2001	$4,400,000	5.25%
2002	4,400,000	5.50
2003	4,400,000	5.25
2004	4,400,000	5.25
2005	4,400,000	5.50
2006	4,400,000	5.50
2007	4,400,000	5.50
2008	4,400,000	5.50
2009	4,400,000	5.00
2010	4,400,000	5.00
2011	4,400,000	5.00
2012	4,400,000	5.00
2013	4,400,000	5.00
2014	4,400,000	5.125
2015	4,400,000	5.20
2016	4,400,000	5.25
2017	4,400,000	5.25
2018	4,400,000	5.25
2019	4,400,000	5.25
2020	4,400,000	5.25

such interest being payable December 1, 2000 and semiannually on the 1st days of each June and December thereafter to and including June 1, 2020, have this day been delivered by me to the purchasers thereof upon the payment of the purchase price of said bonds plus accrued interest aggregating $88,333,110.56 computed as follows:

Purchase price	$88,000,000.00
Accrued interest from April 1, 2000 to date of payment for the bonds	333,110.56
Total	$88,333,110.56

2. The proceeds of said bonds (including the $880,000.00 amount of the good faith deposit), will be deposited by me to be held, paid out and disbursed as provided by law.

WITNESS my hand this 27th day of April, 2000.

Director, Department of Finance
Fairfax County, Virginia

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds, Series 2000A

TAX CERTIFICATE

THIS TAX CERTIFICATE, inclusive of exhibits (this "**Tax Certificate**"), is being executed by the undersigned on behalf of the County of Fairfax, Virginia (the "**Issuer**") in connection with the issuance of its $88,000,000 Public Improvement Bonds, Series 2000A (the "**Bonds**"), dated April 1, 2000.

RECITALS

The Issuer has determined to provide through the issuance of its Bonds funds for school improvements, parks and park facilities, transportation improvements and facilities, public library facilities, adult detention facilities, public safety facilities, neighborhood improvements, commercial and redevelopment area improvements, and human services facilities (the "**Projects**").

The Internal Revenue Code of 1986, as amended (the "**Code**"), the Treasury Regulations (including final, temporary and proposed regulations) promulgated thereunder (the "**Treasury Regulations**") and the rulings with respect thereto impose certain limitations on the use and investment of proceeds of the Bonds and certain other moneys relating to the Bonds.

Such provisions of the Code, the Treasury Regulations and the rulings with respect thereto set forth certain conditions under which the interest paid and to be paid with respect to the Bonds will be not included in gross income for federal income tax purposes.

The Issuer has executed this Tax Certificate to set forth certain terms and conditions relating to the use and investment of proceeds of the Bonds and of certain other moneys relating to the Bonds in order to ensure that interest with respect to the Bonds will not be included in gross income for federal income tax purposes.

THEREFORE, pursuant to Section 1.148-2(b)(2) of the Treasury Regulations, the Issuer hereby certifies, covenants and represents as follows:

PART A. IN GENERAL

Section 1. Purpose of Tax Certificate. The undersigned is executing this Tax Certificate with the understanding and acknowledgement that Brown & Wood LLP (referred to herein as "**Bond Counsel**") will rely on the certifications, covenants and representations made in this Tax Certificate in rendering its opinion that interest with respect to the Bonds is not included in gross income for federal income tax purposes.

Section 2. Delivery of Bonds. The Bonds are being delivered on the date hereof to Merrill Lynch, Pierce, Fenner & Smith Incorporated, as the representative (the "**Representative**") of the underwriters of the Bonds (the "**Underwriters**").

Section 3. Purpose of Financing. The Bonds are being issued pursuant to Article VII, Section 10(b) of the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended (the "**Act**") and the resolution adopted by the Board of Supervisors of Fairfax County, Virginia, on March 13, 2000 (the "**Resolution**").

The proceeds derived from the sale of the Bonds are expected to be used:

(a) to finance the costs of the Projects,

(b) to pay all interest accruing on the Bonds from April 1, 2000 to the date hereof (the "**Accrued Interest**"),

(c) to pay certain legal, accounting and financing costs incurred in connection with the issuance of the Bonds, including Underwriters' discount (the "**Costs of Issuance**"), and

(d) to reimburse the Issuer for certain capital expenditures made by the Issuer with respect to the Projects prior to the date hereof, as more fully discussed below.

The Issuer expects that the proceeds of the Bonds will be used solely for the purposes described in (a)-(d) above unless an opinion of Bond Counsel is obtained approving another proposed use.

Section 4. Issuer Reliance on Other Parties. The expectations of the Issuer concerning certain uses of proceeds derived from the sale of the Bonds and certain matters set forth herein are based in whole or in part upon representations of the Representative as set forth in this Tax Certificate and contained in Exhibit B attached hereto, representations and computations performed by Scott & Stringfellow, Inc. d/b/a BB&T Capital Markets, as financial advisor to the Issuer (the "**Financial Advisor**") as set forth in this Tax Certificate and in Exhibit C attached hereto and the representations of the School Board of the County of Fairfax (the "**School Board**") contained in its Certificate attached hereto as Exhibit D. The Issuer is relying in good faith upon (i) such representations and computations (as applicable) on the bases of the reputable business practices of such parties, and (ii) its prior business dealings entered into with such parties. The Issuer is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of such representations.

Section 5. Definitions; Capitalized Terms. All capitalized terms used in this Tax Certificate and not specifically defined herein shall have the meanings given such terms in the Act or the Resolution.

PART B. USE OF BOND PROCEEDS AND PROJECTS

Section 1. Governmental Use of Proceeds. The Issuer represents the following with respect to the use of proceeds of the Bonds and the facilities financed therewith:

(a) In General.

(i) Private Business Use. No more than ten percent (10%) of the proceeds of the Bonds or the Projects (based on the greatest of: A) the cost allocated on the basis of space occupied, B) the fair market value, and C) the actual cost of construction), as long as the Bonds are outstanding, will be used in the aggregate for any activities that constitute a "**Private Use**" (as such term is defined below in subsection 1(d) of this Part B).

(ii) Private Security or Payment Test. No more than ten percent (10%) of the principal of or interest on the Bonds, under the terms thereof or any underlying arrangement, so long as the Bonds are outstanding, will be, directly or indirectly, (A) secured by any interest in (i) property used or to be used for a Private Use or (ii) payments in respect of such property or (B) derived from payments in respect of property used or to be used for a Private Use, whether or not such property is a part of the Projects.

(b) No Disproportionate or Unrelated Use. No more than five percent (5%) of the proceeds of the Bonds will be used for any Private Use of the Projects that is unrelated to any Governmental Use of the Projects or any Private Use of the Projects that is disproportionate to a related Governmental Use. For this purpose, the amount of disproportionate related Private Use is equal to the excess of the proceeds that are to be used for Private Use over the proceeds that are to be used for the Governmental Use to which such Private Use relates. For purposes of this paragraph, the term "**Governmental Use**" means any use other than Private Use.

(c) No Private Loan Financing. No proceeds of the Bonds will be used to make or finance loans to any person other than to a state or local governmental unit (other than loans to finance any governmental tax or assessment of general application for a specific essential governmental function or loans that are used to acquire or carry Nonpurpose Investments (as such term is defined below in Part D).

(d) Definition of Private Use. For purposes of this Tax Certificate, the term "**Private Use**" means any activity that constitutes a trade or business that is carried on by persons or entities, other than state or local governmental entities. Any activity carried on by a person other than a natural person shall be treated as a trade or business.

The leasing of property financed with proceeds of the Bonds to a person or entity other than a state or local governmental unit or the access of a person or entity other than a state or local governmental unit to property or services on a basis other than as a member of the general public ("**General Public Use**") shall constitute a Private Use unless the Issuer obtains an opinion of Bond Counsel to the contrary. Use of property financed with proceeds of the Bonds by any person, other than a state or local governmental unit, in its trade or business constitutes General Public Use only if the property is intended to be available and is in fact reasonably available for use on the same basis by natural persons not engaged in a trade or business.

In most cases Private Use will occur only if a nongovernmental person has a special legal entitlement to use the financed property under an arrangement with the Issuer. Such a special legal entitlement would include ownership or actual or beneficial use of the Projects pursuant to a lease, management or incentive payment contract, output contract, research agreement or similar arrangement. In the case of property that is not available for General Public Use, Private Use may be established solely on the basis of a special economic benefit to one or more nongovernmental persons. In determining whether special economic benefit gives rise to Private Use, it is necessary to consider all of the facts and circumstances, including one or more of the following factors:

(i) whether the financed property is functionally related or physically proximate to property used in the trade or business of a nongovernmental person;

(ii) whether only a small number of nongovernmental persons receive the economic benefit; and

(iii) whether the cost of the financed property is treated as depreciable by the nongovernmental person.

(e) Management and Service Contracts. The determination of whether a particular use pursuant to a management and service contract constitutes Private Use under this Tax Certificate shall be made on the basis of applying Revenue Procedure 97-13, 1997-1 C.B. 632 ("**Revenue Procedure 97-13**"). As of the date hereof, no portion of the proceeds derived from the sale of the Bonds is being used to finance property subject to contracts or other arrangements with persons or entities engaged in a trade or business (other than state or local governmental units) that involve the management of property or the provision of services with respect to property financed with proceeds of the Bonds that do not comply with the standards of Revenue Procedure 97-13.

For purposes of determining the nature of a Private Use, any arrangement that is properly characterized as a lease for federal income tax purposes is treated as a lease. Consequently, an arrangement that is referred to as a management or service contract may nevertheless be treated as a lease. In determining whether a management contract is properly characterized as a lease, it is necessary to consider all of the facts and circumstances, including the following factors:

(i) the degree of control over the property that is exercised by a nongovernmental person; and

(ii) whether a nongovernmental person bears risk of loss of the financed property.

Section 2. Economic Life of the Projects. In accordance with Section 1.148-1(c) of the Treasury Regulations regarding the safe harbor against the creation of "replacement proceeds", as of the date hereof, and for purposes of the Large Multipurpose Issue Exception described below, the weighted average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Projects. For purposes of this calculation, less than twenty-five percent (25%) of the proceeds of the Bonds were or will be used to acquire land and, therefore, land was not taken into account in determining the average economic life of such facilities.

Section 3. Large Multipurpose Issue Exception. The determination of whether bonds are private activity bonds may be based solely on the Issuer's reasonable expectations as of the date of issue of the bonds if certain requirements set forth in Treasury Regulation Section 1.141-2(d)(5) are met (the "**Large Multipurpose Issue Exception**"). The Issuer makes the following representations in support of its qualification for the Large Multipurpose Issue Exception.

(a) The Issuer has adopted a fund method of accounting for its general governmental purposes that makes tracing the proceeds of the Bonds to specific expenditures unreasonably burdensome.

(b) The Issuer reasonably expects on the date hereof to allocate all of the net proceeds of the Bonds to the Projects within six (6) months of the date hereof and has adopted reasonable procedures to verify that net proceeds are in fact so expended. For purposes of this section, net proceeds of the Bonds means the proceeds derived from the sale of the Bonds and the investment earnings thereon.

(c) The Issuer reasonably expects on the date hereof to spend all of the net proceeds of the Bonds before spending proceeds of a subsequent issue of similar general obligation bonds.

(d) The Issuer reasonably expects on the date hereof that it will not make any loans to nongovernmental persons with the proceeds of the Bonds.

(e) The Issuer reasonably expects on the date hereof that the capital expenditures that it could make during the six-month period beginning on the date hereof with the net proceeds of the Bonds that would not meet the private business tests are not less than 125% of the capital expenditures to be financed with the net proceeds of the Bonds.

PART C. ARBITRAGE

Section 1. Use of Proceeds. On the basis of the facts, estimates and circumstances in existence on the date hereof, the Issuer reasonably expects that the total amounts derived by the Issuer from the sale of the Bonds in the amount of $88,519,670.56 representing $88,000,000.00 principal amount of Bonds, plus net offering premium of $186,560.00, plus Accrued Interest of $333,110.56, are expected to be needed and fully expended, as follows:

(a) $333,110.56 of said amounts, representing the Accrued Interest, will be expended on June 1, 2000 to pay a portion of the interest due on the Bonds on that date;

(b) $186,560.00 of said amount will be retained by the Underwriters as their compensation; and

(c) $88,000,000.00, representing the balance of the proceeds of the Bonds, will be deposited in special accounts that have been established in the capital project funds established for each of the Projects (the "**Proceeds Accounts of the Capital Project Funds**") and used within six (6) months of the date hereof (i) to reimburse the General Fund of the Issuer for amounts temporarily advanced prior to the date hereof to finance the Projects, as set forth more fully in the Certificate as to Reimbursement of the Issuer attached hereto as Exhibit A (the "**Reimbursement Certificate**") and (ii) to pay the costs of the Projects and Costs of Issuance.

Section 2. Investment Earnings. Any amounts derived from the investment of proceeds derived from the sale of the Bonds will be expended to pay costs of the Projects, including interest on the Bonds accruing during construction of the Projects (the "**Capitalized Interest**").

Section 3. No Overissuance. The total proceeds derived by the Issuer from the sale of the Bonds and anticipated investment earnings thereon, together with any other available funds described above and anticipated investment earnings thereon, do not exceed the total of the amounts necessary for the governmental purposes described above.

Section 4. No Sale or Disposition of the Project. The Issuer reasonably expects that it will not sell or otherwise dispose of the Projects prior to the final maturity date of the Bonds of June 1, 2020.

Section 5. Expenditure, Time and Due Diligence Tests. The Issuer reasonably expects that at least eighty-five percent (85%) of the net sale proceeds of the Bonds will be allocated to expenditures for the Projects within six (6) months of the date hereof. The Issuer has incurred or will incur within six (6) months of the date hereof substantial binding obligations, *i.e.*, that are not subject to contingencies within the control of the Issuer or a related party, to a third party to expend at least five percent (5%) of the net sale proceeds of the Bonds on the costs of the Projects. The allocation of net sale proceeds of the Bonds to expenditures for the Projects will proceed with due diligence to completion thereof.

Section 6. Funds and Accounts

(a) Debt Service Funds. It is anticipated that the Issuer will set aside moneys to pay debt service on the Bonds in designated accounts prior to each date debt service is due on the Bonds (each a "**Debt Service Fund**", and, collectively and in the aggregate, the "**Debt Service Funds**"). The Debt Service Funds will be used primarily to achieve a proper matching of revenues of the Issuer with payment of debt service on the Bonds within each year. Any amounts deposited to the Debt Service Funds will be depleted at least once each year except for a reasonable carryover amount, if any, that will not exceed the greater of (i) the earnings on the Debt Service Funds for the immediately preceding year, or (ii) one-twelfth (1/12) of the debt service payable on the Bonds for the immediately preceding year.

(b) No Other Funds as Security. Other than the Debt Service Funds (and proceeds of the Bonds to be applied to pay Accrued Interest and interest accruing on the Bonds until the respective dates the Projects, or allocable portion thereof, are placed in service) there are no funds or accounts established by the Issuer pursuant to the Act or the Resolution or otherwise that are reasonably expected to be used directly or indirectly to pay debt service on the Bonds or that are pledged (including negative pledges) as collateral for the Bonds and for which there is reasonable assurance that amounts on deposit therein will be available to pay debt service on the Bonds if the Issuer encounters financial difficulties.

Section 7. Investment of Proceeds. The proceeds derived from the sale of the Bonds and other amounts described in this Tax Certificate will be invested as follows:

(a) Project Costs and Costs of Issuance. Proceeds derived from the sale of the Bonds to be applied to finance the costs of the Projects and the Costs of Issuance may be invested at an unrestricted yield for a period not to exceed three years from the date hereof and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-eighth of one percentage point (0.125%). Investment earnings on obligations acquired with such proceeds may be invested at an unrestricted yield for a period not exceeding three years from the date hereof or one year from the receipt thereof, whichever period ends later and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-eighth of one percentage point (0.125%).

(b) Payment of Accrued Interest. Amounts derived from the sale of the Bonds representing Accrued Interest may be invested at an unrestricted yield until expended on December 1, 2000 to pay a portion of the interest on the Bonds due on such date, which period is within one (1) year from the date hereof. Investment earnings on the Accrued Interest may be invested at an unrestricted yield for a period not to exceed one (1) year from the date of receipt of the amount earned and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-one thousandth of one percentage point (0.001%).

(c) Payment of Debt Service. Amounts on deposit in the Debt Service Funds may be invested at an unrestricted yield for a period not to exceed thirteen (13) months from the date of deposit of such amounts to such fund, and thereafter shall be invested at a yield not in excess of the yield on the Bonds by any amount. Investment earnings on obligations acquired with amounts on deposit in the Debt Service Funds may be invested at an unrestricted yield for

a period not to exceed one (1) year from the date of receipt of the amount earned and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-one thousandth of one percentage point (0.001%).

(d) Replacement Proceeds. Replacement proceeds (as such term is defined in Section 1.148-1(c) of the Treasury Regulations) may be invested at an unrestricted yield for a period of thirty (30) days beginning on the date that the amounts are first treated as replacement proceeds and, thereafter, shall be invested at a yield not in excess of the yield on the Bonds plus one-one thousandth of one percentage point (0.001%).

(e) Applicable Definition of Materially Higher Yield For All. In the event that replacement proceeds arise during the term of the Bonds, then, after the lapse of the applicable periods during which amounts described in this Section 7 may be invested at an unrestricted yield, all amounts described in this Section 7 shall be invested at a composite yield not in excess of the yield on the Bonds plus one-one thousandth of one percentage point (0.001%).

(f) Yield Restricted Moneys. Amounts described in this Section 7 that may not be invested at an unrestricted yield pursuant to this Section 7 will either (i) be invested in accordance with the yield restrictions set forth in such respective paragraphs, or (ii) be invested in Tax-Exempt Obligations (as such term is defined in Part D of this Tax Certificate).

Section 8. Yield. For purposes of this Tax Certificate, the term "**yield**" with respect to the Bonds means the discount rate that, when used in computing the present value as of the date hereof of all unconditionally payable payments of principal and interest, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the date hereof. The term "**yield**" with respect to a Nonpurpose Investment (as defined below) means the discount rate that, when used in computing the present value as of the date such investment is first allocated to the Bonds of all unconditionally payable receipts from the investment, produces an amount equal to the present value of all unconditionally payable payments for such investment. For purposes of calculating the yield on a Nonpurpose Investment, the purchase price will be the amount paid for such investment or, if different, the fair market value of such investment on the date it becomes Gross Proceeds. See Section 148(b) of the Code and Section 1.148-4 and 1.148.5 of the Treasury Regulations. The yield on obligations acquired with amounts described in this Part C, Section 1, above, and the yield on the Bonds will be calculated by the use of the same frequency interval of compounding interest.

(a) Issue Price. For purposes of calculating yield, the issue price of the Bonds (as defined in Section 1273 of the Code) is equal to (i) the initial offering price to the public (excluding bond houses, brokers and similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount (*i.e.*, at least ten percent (10%)) of each maturity of the Bonds was sold, as shown in the Representative's certificate attached hereto as Exhibit B plus (ii) Accrued Interest. Thus, the aggregate issue price of the Bonds is $88,186,560.00 (representing the aggregate principal amount of the Bonds of $88,000,000.00, plus aggregate original issue premium of $940,104.00 minus aggregate original issue discount of $753,544.00) plus Accrued Interest of $333,110.56.

(b) Original Issue Premium Bonds Subject to Optional Redemption. The Financial Advisor has represented in its certificate attached hereto as Exhibit C that no portion of the obligations comprising the Bonds that are subject to optional redemption has an issue price that exceeds the stated redemption price at maturity thereof by more than one-fourth of one percentage point (0.25%) multiplied by the product of the stated redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for such Bonds. Accordingly, for purposes of computing the yield on the Bonds, each maturity of the Bonds will be treated as paid at its stated redemption price on its stated redemption date.

(c) Calculation of Yield, Representations and Computations by Representative, Underwriters and Financial Advisor. Based on the foregoing definition of "**yield**" with respect to the Bonds, the Financial Advisor has computed the yield on the Bonds to be not less than 5.17883% (the "**Bond Yield**"). The above determination as to the Bond Yield has been made on the basis of representations of the Representative and Underwriters, including representations made as to the issue price of the Bonds as shown in Exhibit B hereto, and the representations of and the computations performed by the Financial Advisor, as shown in Exhibit C attached hereto.

(d) Investments to be Acquired at Market Price. Any investments acquired with amounts described in Section 7 of this Part C shall be purchased at prevailing market prices and shall be limited to securities or obligations for which there is an established market in accordance with the rules set forth in Section 5 of Part D or shall be Tax-Exempt Obligations, as defined in Part D of this Tax Certificate.

Section 9. Yield Reduction Payments. Notwithstanding any of the provisions of Section 7 above that requires the Issuer to invest proceeds derived from the sale of the Bonds and investment earnings thereon at a yield not in excess of the yield on the Bonds, the yield on certain investments acquired with proceeds of the Bonds will not be considered to be higher than the applicable yield limitation described in Section 7 above if the Issuer makes or causes to be made "yield reduction payments" to the United States Treasury at the time and in the amounts described in Section 1.148-5(c) of the Treasury Regulations. The Issuer covenants to consult with Bond Counsel prior to making any "yield reduction payment" under Section 1.148-5(c) of the Treasury Regulations.

Section 10. Universal Cap. Notwithstanding any restrictions on the investment of proceeds of the Bonds and other amounts set forth in Section 7 of this Part C, proceeds of the Bonds and other amounts treated as proceeds of the Bonds are allocated and remain allocated to the Bonds, and are thereby subject to the restrictions contained in this Tax Certificate, only to the extent that the value of such proceeds does not exceed the value of the outstanding obligations of the Bonds. This Section does not apply to amounts on deposit in the Debt Service Funds.

Section 11. No Replacement. No portion of the proceeds of the Bonds will be used as a substitute for other funds that were otherwise to be used to finance the costs of the Projects and that have been or will be used to acquire directly or indirectly securities or obligations or other investment property producing a yield in excess of the yield on the Bonds.

Section 12. No Artifice or Device. The Issuer has not engaged and will not engage in a transaction or series of transactions enabling it to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and which increases the burden on the market for tax-exempt obligations, including selling obligations that would not otherwise be necessary or issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary.

Section 13. Single Issue for Arbitrage Purposes. All of the Bonds have been sold and are being issued at substantially the same time, have been sold or issued pursuant to the same plan of financing and will be paid out of substantially the same source of funds (or will have substantially the same claim to be paid out of substantially the same source of funds). No other obligations of the Issuer have been or will be sold or issued within fifteen (15) days of the sale date of Bonds, April 6, 2000, have been or will be sold or issued pursuant to the same plan of financing and will be paid out of substantially the same source of funds (or will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds.

PART D. REBATE REQUIREMENTS

Section 1. In General. The rules contained in this Part D relate to the requirement to comply with the provisions of Section 148(f) of the Code and the Treasury Regulations promulgated thereunder. The Issuer recognizes that Section 148(f) of the Code requires that an amount equal to the sum of (a) the excess of the aggregate amount earned on all Nonpurpose Investments (defined below) over the amount that would have been earned if such Nonpurpose Investments had a yield equal to the yield with respect to the Bonds, plus (b) any income attributable to the excess described in (a), be paid to the United States Treasury (the "**Rebate Requirement**"). Accordingly, the Issuer covenants herein to comply with the applicable yield restrictions and limitations and guidelines set forth in this Tax Certificate to effectuate compliance with the Rebate Requirement, as set forth in Section 148(f) of the Code and the Treasury Regulations.

For purposes of this Tax Certificate (including determining the Rebate Requirement), the term "**Bond Year**" shall mean each one-year (or shorter) period ending each April 27 until there are no outstanding Bonds. The first Bond Year shall begin on the date hereof.

Section 2. Nonpurpose Investments. The rules contained in this Part D shall apply to the investment of Gross Proceeds, as defined below, in any security, obligation, annuity contract or any other investment-type property (as such term is defined in Section 1.148-1(b) of the Treasury Regulations) that is not acquired to carry out the governmental purpose of the Bonds ("**Nonpurpose Investments**"). Nonpurpose Investments shall not include Tax-Exempt Obligations.

For purposes of this Tax Certificate, the term "**Tax-Exempt Obligations**" shall include (a) obligations the interest on which is excludable from gross income for federal income tax purposes, and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code, (b) stock in a regulated investment company to the extent that at least ninety-five percent

(95%) of the income to the holder of the interest is excludable from gross income under Section 103 of the Code, and (c) securities issued by the United States Treasury pursuant to the State and Local Government Series program described in 31 CFR part 344 ("**SLGS**").

Section 3. Gross Proceeds. For purposes of this Tax Certificate, the term "**Gross Proceeds**" means:

(a) amounts derived from the sale of the Bonds other than the Accrued Interest;

(b) amounts that are reasonably expected to be or are in fact used to pay debt service with respect to the Bonds, including the Debt Service Funds;

(c) amounts pledged as security for the payment of debt service with respect to the Bonds, if any;

(d) amounts treated as "transferred proceeds" of the Bonds, within the meaning of Section 1.148-1(b) of the Treasury Regulations, if any;

(e) amounts treated as "replacement proceeds" of the Bonds, within the meaning of Section 1.148-1(c) of the Treasury Regulations, if any; and

(f) investment earnings on amounts described in (a)-(e) above.

Section 4. Yield. Yield, for purposes of complying with the Rebate Requirement, is to be calculated pursuant to Section 8 of Part C of this Tax Certificate.

Section 5. Fair Market Price. For purposes of this Tax Certificate, the purchase price and disposition price of a Nonpurpose Investment will be the fair market value of the investment (the "**Fair Market Price**"). An investment that is not of a type traded on an established market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of at a price that is not equal to its Fair Market Price. Accordingly, a premium may not be paid to adjust the yield on an investment, a lower interest rate than is usually paid may not adjust the yield on an investment and no transaction may result in a smaller profit or larger loss than would have resulted if the transaction had been at arm's-length and had the yield with respect to the Bonds not been relevant to either party.

In determining payments and receipts on Nonpurpose Investments, qualified administrative costs are taken into account. Qualified administrative costs are reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody, and similar costs. General overhead costs and similar indirect costs of the Issuer such as employee salaries and office expenses and costs associated with computing the Rebate Requirement are not qualified administrative costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than gross proceeds of tax-exempt bonds.

(a) Certificate of Deposit. A certificate of deposit with a fixed interest rate, fixed principal payment schedule and a substantial penalty for early withdrawal will be deemed purchased at a Fair Market Price if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States and (ii) the highest yield published or posted by the provider on comparable certificates offered to the public. See Section 1.148-5(d)(6)(ii) of the Treasury Regulations.

(b) Guaranteed Investment Contracts. Investments pursuant to a guaranteed investment contract will be regarded as being made at fair market value if:

(i) The Issuer makes a bona fide solicitation for a guaranteed investment contract that satisfies all of the following requirements:

(A) the bid specifications are in writing and are timely forwarded to potential providers;

(B) the bid specifications include all material terms that may directly or indirectly affect the yield or the cost of the guaranteed investment contract;

(C) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the issuance of the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements contained in Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Treasury Regulations;

(D) the terms of the bid specifications are commercially reasonable in that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the guaranteed investment contracts;

(E) the terms of the solicitation take into account the Issuer's reasonably expected deposit and drawdown schedule for the amounts to be invested;

(F) all potential providers have an equal opportunity to bid and no potential provider is given the opportunity to review other bids (*i.e.*, a "last look") before providing a bid; and

(G) at least three reasonably competitive providers are solicited for bids. A "**reasonably competitive provider**" is a provider that has an established industry reputation as a competitive provider of the guaranteed investment contracts.

(ii) The Issuer receives at least three bona fide bids on the guaranteed

investment contract from providers that have no material financial interest in the issuance of the Bonds. The following are deemed to have a material financial interest in the execution and delivery of the Bonds:

(A) the lead purchaser in a negotiated underwriting transaction until 15 days after the issue date of the issue;

(B) any entity acting as a financial advisor with respect to the purchase of the guaranteed investment contract at the time the bid specifications are forwarded to potential providers; and

(C) a provider that is a related party to a provider that has a material financial interest in the execution and delivery of the Bonds.

(iii) At least one of the three bids received by the Issuer is from a reasonably competitive provider;

(iv) The winning bidder provides a certificate that lists all administrative costs that it is paying (or expects to pay) to third parties in connection with supplying the guaranteed investment contract,

(v) The Issuer purchases the highest yielding guaranteed investment contract for which a bona fide bid was made (determined net of broker's fees, if any);

(vi) The Issuer retains the following records with the bond documents until three years after the last outstanding Bond is redeemed:

(A) a copy of the guaranteed investment contract;

(B) the receipt or other record amount actually paid by the Issuer for the guaranteed investment contract, including a record of any administrative costs paid by the Issuer, and the certification under subsection (iv) hereof;

(C) a copy of each bid submitted (including the name of the person and entity submitting the bid), the time and date of the bid, and the bid results; and

(D) the bid solicitation form and, if the terms of the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(c) Investments Traded on Established Market. For other investments traded on an established market, the fair market value of the investment will be the actual price at which the investments are sold by a willing seller to a willing buyer. When an actual transaction does not occur, the fair market price shall be the mean between the bid and asked prices for such obligations on the date the investment is deemed to become, or ceases to be, proceeds of the issue.

(d) Yield Restricted Amounts. When amounts must be restricted to a certain yield and investments cannot be purchased on an established market or a bona fide Fair Market Price cannot be established at a yield that does not exceed the maximum permissible yield, the Issuer may acquire or hold currency or Tax-Exempt Obligations such as SLGS that yield no more than the maximum permissible yield. The Issuer recognizes that SLGS are available at the Division of Special Investments of the Bureau of Public Debt of the United States Treasury Department (the "**Division of Special Investments**"), and that, under current Treasury Regulations governing SLGS, SLGS may not be purchased until seven (7) calendar days (five (5) calendar days in the case of subscriptions of $10 million or less) after a subscription for them is tendered and received by the Division of Special Investments. Accordingly, the Issuer will act promptly in subscribing for SLGS in the event it is determined that such restricted investments are necessary.

Section 6. Record Keeping and Commingled Funds.

(a) Record Keeping. With respect to all Nonpurpose Investments acquired in any fund or account the Issuer shall record or cause to be recorded the following information: (i) purchase date, (ii) purchase price, (iii) information establishing that the purchase price is the Fair Market Price as of such date (*e.g.*, the published quoted bid by a dealer in such an investment on the date of purchase), (iv) any accrued interest paid, (v) face amount, (vi) coupon rate, (vii) periodicity of interest payments, (viii) disposition price, (ix) any accrued interest received, and (x) disposition date. To the extent any investment becomes a Nonpurpose Investment by becoming Gross Proceeds after it was originally purchased or ceased to be a Nonpurpose Investment by ceasing to be Gross Proceeds before it is sold or matures, it shall be treated as if it were acquired or disposed of, respectively, at its Fair Market Price at the time it becomes a Nonpurpose Investment or ceases to be a Nonpurpose Investment, as the case may be.

(b) Commingled Funds. If the Gross Proceeds of the Bonds are deposited in any fund or account and commingled with amounts in excess of $25,000 that are not Gross Proceeds of the Bonds and the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account, such fund or account will be referred to as a "**Commingled Fund**". The following rules shall apply to any investment of Gross Proceeds in a Commingled Fund other than Gross Proceeds on deposit in the Debt Service Funds.

(i) Allocation Requirement. All payments and receipts (including deemed payments and receipts) on investments held by the Commingled Fund must be allocated (but not necessarily distributed) among the different "Investors" in the Commingled Fund (*i.e.*, the different sources of funds invested in the Commingled Fund) not less frequently than as of the close of each fiscal period. Such allocations must be based on a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include methods that allocate these items in proportion to either the average daily balances of the amounts in the Commingled Fund from different Investors during a fiscal period or the average of the beginning and ending balances of the amounts in the Commingled Fund from different Investors for a fiscal period that does not exceed one month. The Issuer shall record the following information: (A)

date of deposit of the Gross Proceeds in the Commingled Fund, (B) amount of Gross Proceeds deposited, (C) date and amount of all periodic allocations of payments and receipts on investments held by the Commingled Fund, (D) the dates of withdrawals from the Commingled Fund, and (E) amounts of Gross Proceeds withdrawn.

(ii) Mark to Market Requirement. If the Issuer and any related party own more than 25% of the beneficial interest in the Commingled Fund (an "**Internal Commingled Fund**"), all of the investments in the Internal Commingled Fund must be treated as if they were sold at fair market value either on the last day of the fiscal year or the last day of each fiscal period and the net gains or losses from these deemed sales must be allocated to all Investors of the Internal Commingled Fund during the period since the last allocation. If the investments held by the Internal Commingled Fund during a particular fiscal year consist exclusively of valid evidences of indebtedness under general federal income tax principles, and the remaining weighted average maturity of all investments held by the Internal Commingled Fund during that fiscal year does not exceed 18 months, the mark to market requirement described in the previous sentence does not apply to the Internal Commingled Fund for such fiscal year.

For purposes of the preceding two requirements, fiscal period means any consistent fiscal period that does not exceed three months.

(iii) Qualified Administrative Costs. With respect to Internal Commingled Funds, only qualified administrative costs, as described in Section 5 above, may be taken into account in determining the amount of payments and receipts on the investments in the Internal Commingled Fund. Thus, only separately stated brokerage or selling commissions may be taken into account. With respect to a Commingled Fund in which the Issuer and any related parties do not own more than 10% of the beneficial interest in the fund (an "**External Commingled Fund**"), qualified administrative costs include all reasonable administrative costs, without regard to the limitation on indirect costs as described in Section 5 above.

(iv) Fair Market Price. The purchase and sale of all investments in the Commingled Fund must comply with the fair market price rules as set forth in Section 5 above and the Issuer shall maintain records of such investments and the information establishing that the purchase price and disposition price is the Fair Market Price as of the date of purchase and disposition, respectively.

Section 7. Bona Fide Debt Service Fund Exception. With respect to issues that are not private activity bonds and that have an average maturity of greater than five (5) years and a fixed rate of interest, amounts earned on moneys in a bona fide debt service fund shall not be taken into account for a Bond Year for purposes of complying with the Rebate Requirement. For purposes of complying with the Rebate Requirement with respect to issues other than as described in the preceding sentence, amounts earned on moneys in a bona fide debt service fund shall not be taken into account for a Bond Year if the gross earnings thereon are less than $100,000; an issue with an average annual debt service not in excess of $2,500,000 may be treated as satisfying this $100,000 limitation.

Section 8. Expenditure Exceptions. The Rebate Requirement will be considered satisfied if the Six-Month Exception (set forth in subsection (a) below), the Eighteen-Month Exception (set forth in subsection (b) below) or the Two-Year Exception (set forth in subsection (c) below) is satisfied.

(a) Six-Month Exception. The Rebate Requirement will be considered satisfied if the following conditions are met.

(i) In General. The Six-Month Exception will be treated as having been satisfied if (A) all Gross Proceeds of the Bonds are allocated to expenditures for the governmental purposes of the Bonds no later than the date that is six (6) months after the date of issuance of the Bonds, and (B) the Rebate Requirement is satisfied with respect to (I) other Gross Proceeds that arise after six (6) months from the date hereof but that are not reasonably anticipated to arise as of the date hereof, (II) repayment of any grants made with proceeds of the Bonds, and (III) sale or investment proceeds on payments under a purpose investment.

(ii) Gross Proceeds. For purposes of meeting clause (i) above, the term Gross Proceeds shall have the same meaning as set forth in Section 3 of this Part D above except that it shall exclude (A) any amounts on deposit in the Debt Service Funds, (B) other Gross Proceeds that arise after six (6) months from the date hereof but that are not reasonably anticipated to arise as of the date hereof, (C) repayment of any grants made with proceeds of the Bonds, and (D) sale or investment proceeds on payments under any purpose investment.

(iii) Additional Six Months for Non-Private Activity Bonds. The Six-Month Exception will be treated as satisfied if, in addition to satisfying subparagraph (i) of this subsection (a), all Gross Proceeds of the Bonds are expended as provided in paragraph (i) of this subsection (a) except for an amount of Gross Proceeds that does not exceed the lesser of five percent (5%) of the proceeds of the Bonds or $100,000 and such unexpended amount of Gross Proceeds is expended within one (1) year from the date of issuance of the Bonds.

(b) Eighteen-Month Exception. The Rebate Requirement will be considered satisfied if the following conditions are met.

(i) In General. The Eighteen-Month Exception will be treated as having been satisfied if (A) all Gross Proceeds of the Bonds (as defined in paragraph (ii) of subsection 8(a) above as modified to refer to eighteen (18) months in lieu of six (6) months) meet the Eighteen-Month Test described in subsection 8(b)(ii) below, (B) the Rebate Requirement is satisfied with respect to (I) other Gross Proceeds that arise after eighteen (18) months from the date hereof but that are not reasonably anticipated to arise as of the date hereof, (II) repayment of any grants made with proceeds of the Bonds, and (III) sale or investment proceeds on payments under a purpose investment, and (C) all Gross Proceeds qualify for the three (3)-year temporary period set forth in Section 1.148-2(e)(2) of the Treasury Regulations.

(ii) Eighteen-Month Test. To meet the Eighteen-Month Test, at least fifteen percent (15%) of the Gross Proceeds of the Bonds must be allocated to expenditures for the governmental purposes of the Bonds within the six (6)-month period beginning on the date of issuance of the Bonds, at least sixty percent (60%) of the Gross Proceeds must be allocated to expenditures for the governmental purposes of the Bonds within the one-year period beginning on the date of issuance of the Bonds and all of the Gross Proceeds must be allocated to expenditures for the governmental purposes of the Bonds within the eighteen (18)-month period beginning on the date of issuance of the Bonds. For purposes of determining compliance with the first two spending periods described above, the amount of investment proceeds that the Issuer reasonably expects as of the date hereof to earn on the investment of the Gross Proceeds of the Bonds is $829,453.00.

(iii) Reasonable Retainage. For purposes of paragraph (ii) of subsection (b), the Bonds will not be treated as failing to satisfy the spending requirement for the third spending period as a result of a reasonable retainage if the reasonable retainage is expended for the governmental purposes of the Bonds within thirty (30) months from the date of issuance of the Bonds. Reasonable retainage has the same meaning as set forth in subsection 8(c)(iii) below, except that on the date 18 months after the date of issuance of the Bonds, it shall not exceed five percent (5%) of the net sale proceeds of the Bonds.

(c) Two-Year Exception. With respect to the "available construction proceeds," as defined in Subsection 8(d) below, of the Bonds, the Two-Year Exception will be treated as having been satisfied if the requirements of paragraphs (i) and (ii) are satisfied.

(i) 75-Percent Test. The Issuer reasonably expects as of the issue date of the Bonds that at least seventy-five percent (75%) of the "available construction proceeds," as defined in subsection 8(d) below, of the Bonds (or the Construction Issue if the Bifurcation Election is made) will be allocated to construction expenditures (including reconstruction and rehabilitation) with respect to property that is owned by a governmental unit or an organization described in Section 501(c)(3) of the Code and exempt from federal income tax under Section 501(a) of the Code.

(ii) Two-Year Test. To meet the Two-Year Test, at least ten percent (10%) of the available construction proceeds of the Bonds must be allocated to expenditures for the governmental purposes of the Bonds within the six (6)-month period beginning on the date of issuance of the Bonds, at least forty-five percent (45%) of the available construction proceeds must be allocated to expenditures for the governmental purposes of the Bonds within the one (1)-year period beginning on the date of issuance of the Bonds, at least seventy-five percent (75%) of the available construction proceeds of the Bonds must be allocated to expenditures for the governmental purposes of the Bonds within the eighteen (18)-month period beginning on the date of issuance of the Bonds, and all of the available construction proceeds of the Bonds must be allocated to expenditures for the governmental purposes of the Bonds within the two (2)-year period beginning on the date of issuance of the Bonds.

(iii) Reasonable Retainage. For purposes of subsection 8(c)(ii), the Bonds will not be treated as failing to satisfy the spending requirement for the fourth spending period as a result of a reasonable retainage if the reasonable retainage is expended for the governmental purposes of the Bonds within three (3) years from the date of issuance of the Bonds. Reasonable retainage means an amount, as of the end of the fourth (4th) spending period referred to in subsection (ii) of Section 8(c) of this Part D, not to exceed five percent (5%) of the available construction proceeds of the Bonds that is retained for reasonable business purposes relating to property financed with the proceeds of the Bonds. Reasonable retainage may include, for example, an amount retained to ensure compliance with the terms of a construction contract in circumstances in which the amount retained is not yet payable, or in which the Issuer reasonably determines that a dispute exists regarding either completion of construction or payment.

(d) Available Construction Proceeds.

(i) In General. For purposes of subsection 8(c), the term "**available construction proceeds**" means an amount equal to the issue price of the Bonds (the "**Issue Price**"), (A) increased by (I) earnings on the Issue Price, (II) earnings on any reasonably required reserve or replacement fund not funded with proceeds derived from the sale of the bonds, and (III) investment earnings on the foregoing and (B) reduced by the amounts of the Issue Price (I) deposited in any reasonably required reserve or replacement fund, (II) applied to pay costs of issuance on the bonds and (III) any pre-issuance accrued interest. The term "available construction proceeds," however, shall not include payments on any obligation acquired to carry out the governmental purpose of the issue or the investment earnings thereon, and shall not include investment earnings on amounts on deposit in a debt service reserve fund after the earlier of two years from the date hereof or the date on which construction of the Project is substantially completed.

(ii) Investment Earnings. For purposes of determining compliance with the first three spending periods described in subsection 8(c)(ii) above, the amount of investment proceeds that the Issuer reasonably expects as of the date hereof to earn on the investment of the Gross Proceeds of the Bonds that constitute Available Construction Proceeds is $829,453.00.

(e) No Penalty Election. The Issuer is not electing to have Section 148(f)(4)(C)(vii) of the Code apply to the Bonds. Accordingly, in the event the available construction proceeds of the Bonds have not been expended within the time periods described in subsection 8(c)(ii) above, the Issuer shall comply with the Rebate Requirement, as described above.

(f) No Bifurcation Election. As of the date hereof, the Issuer does not elect to bifurcate the Bonds pursuant to Section 1.148-7 of the Treasury Regulation.

(g) De Minimis Exception. Any failure to satisfy the final spending requirement of either the Eighteen-Month Exception or the Two-Year Exception is disregarded if the Issuer exercises due diligence to complete the Projects financed and the amount of the failure does

not exceed the lesser of three percent (3%) of the issue price or $250,000.

Section 9. Engagement of Experts. The Issuer will, at least one (1) month prior to the end of each fifth (5th) Bond Year, engage a firm competent to perform the calculations necessary to comply with the Rebate Requirement, as set forth in Section 148(f) of the Code and the Treasury Regulations, unless the Issuer satisfies one of the expenditure exceptions to the Rebate Requirement as set forth in Section 8.

Section 10. Payment of Rebate and Retention of Records. The Issuer will pay the amount determined to be required to be paid to the United States in compliance with the Rebate Requirement. Each payment shall be made not later than 60 days after each computation date. Each payment, when added to all previous rebate payments with respect to the Bonds, must be in an amount not less than 90 percent of the Rebate Requirement as of each computation date. All of the Rebate Requirement must be paid to the United States within 60 days after the final maturity date of the Bonds. Payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 and be accompanied by Form 8038-T. Records of the determinations made hereunder shall be retained until six years after the retirement of the final maturity of the Bonds.

Section 11. Survival of Defeasance. Notwithstanding anything in this Tax Certificate to the contrary, the Rebate Requirement shall survive the defeasance or payment in full of the Bonds.

PART E. OTHER MATTERS

Section 1. No Pooled Financing Bonds. No portion of the proceeds derived from the sale of the Bonds will be used, directly or indirectly, to make or finance loans to two (2) or more ultimate borrowers.

Section 2. No Federal Guarantee. The Issuer will not directly or indirectly use or permit the use of any proceeds of the Bonds or any other funds of the Issuer, or take or omit to take any action, that would cause the Bonds to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code. The Issuer has not entered into, nor will the Issuer enter into, any (i) long-term service contracts with any federal governmental agency, (ii) service contracts with any federal governmental agency under terms that are materially different from the terms of any contracts with any persons other than federal government agencies, and (iii) leases of property to any federal government agency, that would cause the Bonds to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 3. Change in Use. The facilities financed with the proceeds of the Bonds will be used for governmental purposes of the Issuer during the term of the Bonds, unless an opinion of Bond Counsel is received approving any proposed change in use of the Projects.

Section 4. Information Reporting. The Issuer certifies that the information required by Section 149(e) of the Code and set forth on Internal Revenue Service Form 8038-G relating

to the Bonds (a copy of which is attached hereto as Exhibit E) reflects its reasonable expectations with respect to the Bonds and the proceeds thereof as of the date of this Tax Certificate. Said Form 8038-G shall be filed at the Internal Revenue Service Center, Ogden, Utah 84201 no later than the fifteenth (15th) day of the second (2nd) calendar month following the close of the calendar year quarter in which the Bonds are issued.

Section 5. Qualified Hedging Transaction. The Issuer has not engaged, and will not engage, in any qualified hedging transaction (as such term is defined in Section 1.148-4(h)(2) of the Treasury Regulations) with respect to the Bonds.

Section 6. No Hedge Bonds. The Issuer reasonably expects that at least 85% of the net sale proceeds of the Bonds will be allocated to expenditures for the Projects within three years of the date hereof. Not more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more.

Section 7. No Early Issuance. The date of issuance of the Bonds has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practice in financing facilities similar to the Projects, and has not been determined with a view to prolonging the period between the issuance of the Bonds and expenditure of the proceeds thereof.

Section 8. Tax Covenants. The Issuer hereby covenants that money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder. The Issuer hereby covenants that it shall not take any action which will, or fail to take any action which failure will, cause the interest on the Bonds to become includable in the gross income of the owners of the Bonds for federal income tax purposes pursuant to the provisions of the Code and the regulations promulgated thereunder in effect on the date of original issuance of the Bonds.

Section 9. Authority to Execute Tax Certificate. The undersigned is an authorized representative of the Issuer and is acting for and on behalf of the Issuer in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

Section 10. Amendment. Notwithstanding any provision of this Tax Certificate, the Issuer may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is based on a written opinion of Bond Counsel approving such amendment.

WITNESS my hand as of the 27th day of April 2000.

By: _____
Edward L. Long, Jr.
Chief Financial Officer

List of Exhibits

Exhibit A	Certificate with Respect to the Reimbursement of Expenditures Paid Before April 27, 2000
Exhibit B	Issue Price Certificate
Exhibit C	Certificate of Financial Advisor
Exhibit D	Certificate of the School Board
Exhibit E	Form 8038-G

EXHIBIT A

Certificate with Respect to the Reimbursement of Expenditures Paid before April 27, 2000

This certificate is being furnished by Edward L. Long, Jr., Chief Financial Officer, Fairfax County, Virginia (the "**Issuer**" or the "**County**"), in connection with the issuance on the date hereof of the Bonds (as defined in the Tax Certificate to which this certificate is attached (the "**Tax Certificate**")) to Brown & Wood LLP in its capacity as Bond Counsel, for purposes of rendering its opinion as to the exclusion from gross income of interest on the Bonds for federal income tax purposes. Unless otherwise defined, all capitalized terms used herein shall have the same meaning as in the Tax Certificate.

A portion of the proceeds derived from the sale of the Bonds will be applied to reimburse the General Fund of the Issuer (the "**General Fund**") for architectural, engineering, soil testing and similar costs paid from the General Fund in connection with the Projects prior to the date hereof (the "**Preliminary Expenditures**"). A portion of the proceeds derived from the sale of the Bonds will be applied to reimburse the General Fund for other costs paid in connection with the Projects no earlier than the dates (the "**Approval Dates**") on which the various elections described in the Resolution (the "**Elections**") were held and the issuance of bonds to finance the various purposes described therein was approved by the voters of the County (the "**Reimbursement Expenditures**"). I, or individuals under my direction, have made such examination and investigation as is necessary to make the certifications herein and to certify to the accuracy of the information set forth below.

Based on the foregoing investigation and examination, **I HEREBY CERTIFY AS FOLLOWS**:

1. Preliminary Expenditures. No more than 20% of the proceeds of the Bonds will be applied to reimburse the Issuer for the Preliminary Expenditures.

2. Official Intent.

(a) Declaration of Intent. The Elections were held after the Board of Supervisors of the County passed resolutions requesting the Circuit Court of Fairfax County, Virginia to order elections on the question of issuing bonds of the County to finance the Projects (the "**Resolutions**"). When the Issuer passed these Resolutions, the Issuer declared its intent to reimburse itself, subject to voter approval, with the proceeds of a bond issue for the costs paid in connection with the Projects from other funds of the Issuer. The Reimbursement Expenditures were paid no earlier than sixty (60) days prior to the Approval Dates. The Resolutions set forth a general description of the projects for which the Reimbursement Expenditures were paid and states the maximum principal amount of obligations to be issued to finance such projects. The Issuer has not taken any action at any time after the expression of such intent that would contradict its expectation that it would reimburse the Reimbursement Expenditures with the proceeds of a borrowing.

(b) Reasonableness of Intent. At the time the Resolutions were adopted, the Issuer reasonably expected to reimburse the Reimbursement Expenditures with the proceeds of a borrowing. The Issuer does not have a pattern of failing to reimburse expenditures for which an intention to reimburse such expenditures was declared and which were actually paid by the Issuer other than in circumstances that were unexpected or beyond the control of the Issuer. At the time that the Resolutions were adopted, no funds of the Issuer or any entity that is part of the controlled group of entities of which the Issuer is a part (the **"Controlled Group"** as further defined below) existed that were, or were reasonably expected to be, allocated on a long term basis, reserved, or otherwise set aside by the Issuer or any other member of the Controlled Group pursuant to their budget or financial policies with respect to the Reimbursement Expenditures.

3. Reimbursement Period Requirement. The Issuer shall apply proceeds of the Bonds to reimburse itself for the Reimbursement Expenditures not later than eighteen (18) months after the later of (a) the date that each such Reimbursement Expenditure was paid, and (b) the date on which the project financed with such Reimbursement Expenditure was placed in service, provided that in no event will any of the proceeds derived from the sale of the Bonds be applied to reimburse a Reimbursement Expenditure more than three (3) years after the date such Reimbursement Expenditure was paid.

4. Reimbursable Expenditures. The Preliminary Expenditures and the Reimbursement Expenditures were each a cost of a type that was properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles applicable at the time the Preliminary Expenditure or Reimbursement Expenditure was paid.

5. Anti-Abuse Rules. None of the proceeds of the Bonds that will be used to reimburse the Issuer for the Preliminary Expenditures or the Reimbursement Expenditures will be used directly or indirectly within one year of the date of reimbursement in a manner that results in the creation of "replacement proceeds" within the meaning of Treasury Regulation Section 1.148-1(c) for the Bonds or another issue of obligations, other than amounts deposited into a bona fide debt service fund, as defined in Treasury Regulation Section 1.148-1(b).

For purposes of this certificate, a "**Controlled Group**" means a group of entities that are controlled directly or indirectly by the same entity or group of entities. The determination of whether an entity is controlled by another entity is based on all of the relevant facts and circumstances. One entity generally controls another entity or group of entities if the controlling entity possesses either of the following rights or powers and the rights or powers are discretionary and non-ministerial: (a) the right or power both to approve and to remove without cause a controlling portion of the governing body of another entity; or (ii) the right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity. The controlling entity is also deemed to control all entities that are directly or indirectly controlled by a controlled entity.

I understand that in rendering your opinion, you intend to rely on the contents of this certificate.

I hereby certify that to the best of my knowledge and belief that the statements and representations contained herein are true and correct; and that they fairly present the matters covered thereby.

By: Edward L. Long, Jr.
Edward L. Long, Jr.
Chief Financial Officer

Dated: April 27, 2000.

NYLIB1/672791

EXHIBIT B

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds
Series 2000 A

ISSUE PRICE CERTIFICATE

This Certificate is furnished by Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the "**Representative**") of the underwriters of the above-referenced Bonds (the "**Underwriters**"), to establish the initial offering price of the Bonds for purposes of determining the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "**Code**") and with respect to certain other matters.

The undersigned DOES HEREBY CERTIFY as follows:

A. Issue Price

1. It reasonably expected on April 6, 2000, which is the date on which the bid of the Underwriters to purchase the Bonds was accepted (the "**Sale Date**") by the County of Fairfax, Virginia (the "**Issuer**"), that the Bonds would be sold to the general public at the initial offering prices set forth on Schedule A attached hereto (each an "**Initial Public Offering Price**").

2. The Underwriters have made a bona fide offering of all of the Bonds to the General Public at prices not in excess of their Initial Public Offering Prices, plus accrued interest.

3. The Underwriters first sold for cash at least 10% of the aggregate principal amount of each maturity of the Bonds to the General Public at prices not in excess of their Initial Public Offering Prices, plus accrued interest.

4. The Initial Public Offering Price for each maturity of the Bonds is not more than the fair market value of such maturity as of the Sale Date.

5. For purposes of this certificate, the term "**General Public**" means the general public of investors who are purchasing for their own account as ultimate purchasers and does not include bond houses, brokers and similar persons acting in the capacity of underwriters or wholesalers.

NYLIB1/672791

The undersigned understands that the foregoing information will be relied upon by the Issuer for the purposes of making certain of the representations contained in the Tax Certificate dated as of the date hereof, executed by the Issuer in connection with the issuance of the Bonds and will be relied upon by Brown & Wood LLP in rendering its opinion that interest on the Bonds is not includable in gross income of the owners thereof for federal income tax purposes.

Dated: April 27, 2000.

MERRILL LYNCH & CO.

By: R Mascaly

Name: R Mascaly II

Title: Svp

NYLIB1/672791

Schedule A to Issue Price Certificate

Maturity Date	Principal Amount	Interest Rate(%)	Price (% of Par)
6/01/01	$ 4,400,000	5.250	101.1610
6/01/02	$ 4,400,000	5.500	101.6720
6/01/03	$ 4,400,000	5.250	101.5910
6/01/04	$ 4,400,000	5.250	101.8350
6/01/05	$ 4,400,000	5.500	103.2160
6/01/06	$ 4,400,000	5.500	103. 5490
6/01/07	$ 4,400,000	5.500	103. 7960
6/01/08	$ 4,400,000	5.500	103. 9640
6/01/09	$ 4,400,000	5.000	100.4300
6/01/10	$ 4,400,000	5.000	100.1520
6/01/11	$ 4,400,000	5.000	99.6580
6/01/12	$ 4,400,000	5.000	99. 0110
6/01/13	$ 4,400,000	5.000	98.3920
6/01/14	$ 4,400,000	5.1250	98. 8580
6/01/15	$ 4,400,000	5.2000	98.8620
6/01/16	$ 4,400,000	5.2500	98.8180
6/01/17	$ 4,400,000	5.2500	98.2240
6/01/18	$ 4,400,000	5.2500	97.5990
6/01/19	$ 4,400,000	5.2500	96.9470
6/01/20	$ 4,400,000	5.2500	96.5050
	$ 88,000,000		

EXHIBIT C

CERTIFICATE OF SCOTT & STRINGFELLOW, INC. d/b/a BB&T CAPITAL MARKETS

This certificate is furnished by Scott & Stringfellow, Inc. d/b/a BB&T Capital Markets, as the financial advisor (the **"Financial Advisor"**) to the County of Fairfax, Virginia (the **"Issuer"**), with respect to the issuance of the Issuer's $88,000,000 aggregate principal amount of Public Improvement, Series 2000A (the **"Bonds"**) for purposes of determining the "issue price" of the Bonds within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the **"Code"**), the yield on the Bonds, and with respect to certain other matters. Capitalized terms used and not defied herein are as defined in the Tax Certificate to which this certification attached as Exhibit C (the **"Tax Certificate"**).

The undersigned DOES HEREBY CERTIFY as follows:

1. No portion of the obligations comprising the Bonds that are subject to optional redemption has an issue price that exceeds the stated redemption price at maturity thereof by more than one-fourth of one percentage point (0.25%) multiplied by the product of the state redemption price at maturity of such Bonds and the number of complete years to the first optional redemption date for such Bonds (or 102%).

2. Based on the definition of yield set forth in Section 8 of Part C of the Tax Certificate, the semi-annually compounded yield on the Bonds is not less than 5.17883%. For purposes of this computation, it is assumed that the Bonds were delivered on April 27, 2000 at an issue price of $88,186,560.00 plus Accrued Interest of $333,110.56.

The undersigned recognizes that the representations set forth above will be relied upon by the Issuer in making certain of the representations set forth in the Tax Certificate and by Brown & Wood LLP, Bond Counsel, in rendering its opinion that the interest on the Bonds is not includable in the gross income of the owners thereof for federal income tax purposes.

Dated: April 27, 2000.

SCOTT & STRINGFELLOW, INC. d/b/a/ BB&T CAPITAL MARKETS

By:_____

Name: John J. Conrad
Title: Vice President

NYLIB1/672791

EXHIBIT D

CERTIFICATE OF THE SCHOOL BOARD OF THE COUNTY OF FAIRFAX, VIRGINA

This certificate is provided to the County of Fairfax, Virginia (the "**County**") by the School Board of the County of Fairfax, Virginia (the "**School Board**") in connection with the issuance by the County of its $88,000,000 Public Improvement Bonds, Series 2000A (the "**Bonds**") the proceeds of which will be used to provide funds to finance the cost of constructing, furnishing, acquiring and equipping school improvements (the "**School Projects**"), parks and park facilities, transportation improvements and facilities, public library facilities, adult detention facilities, public safety facilities, neighborhood improvements, commercial and redevelopment area improvements, and human services facilities (collectively with the School Projects, the "**Projects**").

The School Board recognizes that some of the representations made by the County in its Tax Certificate dated April 27, 2000 and executed in connection with the issuance of the Bonds (the "**Tax Certificate**") must be based on the representations and certifications of the School Board and that the exclusion from gross income of the interest on the Bonds for federal income tax purposes depends, in part, on the use of proceeds of the Bonds.

Accordingly, the School Board certifies that it has reviewed the representations set forth in Section 1 of Part B of the Tax Certificate to which this certificate is attached regarding the use of proceeds of the Bonds and the Projects and that such representations, to the extent they relate to the School Projects, are true and correct, except as follows: (i) with respect to paragraph (d) ("**Definition of Private Use**"), in the second paragraph, fourth line, after ("**General Public Use**"), there shall be deemed to be inserted "or other than as is excepted as private use by U.S. Treasury Regulations," and (ii) with respect to paragraph (e) ("**Management and Service Contracts**"), the references to Revenue Procedure 97-13 shall be deemed to include "or other applicable law." Furthermore, such provisions are hereby incorporated by reference in this certificate and shall be treated as representations made by the School Board with respect to the School Projects as if set forth herein. The School Board shall not take any action that is inconsistent with such representations.

The School Board further covenants that:

(a) it shall not sell or otherwise dispose of the School Projects prior to the final maturity date of the Bonds of June 1, 2020, except as shall be permitted in the opinion of an attorney or firm of attorneys, acceptable to the County, nationally recognized as experienced with respect to matters pertaining to the exclusion of interest on obligations of States and political subdivisions from gross income for federal income tax purposes; and

(b) it shall not knowingly take any action which will, or fail to take any action which failure will, cause the interest on the Bonds to become includable in the gross income of the owners of the Bonds for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations promulgated thereunder

in effect on the date of original issuance of the Bonds and for purposes of assuring compliance with Section 141 of the Code.

SCHOOL BOARD OF THE COUNTY OF FAIRFAX, VIRGINIA

Name: Robert E. Frye
Title: Chairman

Date: April 27, 2000.

NYLIB1/672791/3

EXHIBIT E

FORM 8038-G

(Please see item number 19 of this transcript)

Form **8038-G**
(Rev. May 1999)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

➢ Under Internal Revenue Code section 149(e)
➢ See separate instructions.
Caution: *Use Form 8038-GC if the issue price is under $100,000*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return,** check here ▶ ☐

1 Issuer's name Fairfax County, Virginia	2 Issuer's employer identification number 54-0787833
3 Number and street (or P.O. box if mail is not delivered to street address) 12000 Government Center Parkway	Room/suite N/A 4 Report number G2000 - 4
5 City, town, or post office, state, and ZIP code Fairfax, Virginia 22035	6 Date of issue 04/27/2000
7 Name of issue $88,000,000 Public Improvement Bonds, Series 2000A	8 CUSIP number 303820YD0
9 Name and title of officer or legal representative whom the IRS may call for more information Robert L. Mears, Director of the Department of Finance	10 Telephone number of officer or legal representative (703) 324-3120

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public Safety	14	
15	☐ Environment (including sewage bonds)	15	
16	☐ Housing	16	
17	☐ Utilities	17	
18	☒ Other. Describe ➢ **Various Municipal and School Improvements, Equipment Acquisition**	18	$88,186,560.00
19	If obligations are TANs or RANs, check box ➢ ☐ If obligations are BANs, check box ➢ ☐		
20	If obligations are in the form of a lease or installment sale, check box ➢ ☐		

Part III Description of Obligations. (Complete for the entire issue for which this form is being filed.)

	(a) Final Maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average Maturity	(e) Yield
21	06/01/2020	$88,186,560.00	$88,000,000.00	10.494 years	5.1788%

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	$333,110.56
23	Issue price of entire issue (enter amount from line 21, column (b))			23	$88,186,560.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24			
25	Proceeds used for credit enhancement	25	$186,560.00		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	$0.00		
27	Proceeds used to currently refund prior issue	27	$0.00		
28	Proceeds used to advance refund prior issue	28	$0.00		
29	Total (add lines 24 through 28)			29	$186,560.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	$88,000,000.00

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ➢	N/A
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ➢	N/A
33	Enter the last date on which the refunded bonds will be called ➢	N/A
34	Enter the date(s) the refunded bonds were issued ➢ N/A	

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	N/A
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	N/A
b	Enter the final maturity date of the guaranteed investment contract ➢ N/A		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	N/A
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box ➢ ☐ and enter the name of the issuer ➢ N/A and the date of the issue ➢ N/A		
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ➢ ☐		
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ➢ ☐		
40	If the issuer has identified a hedge, check box ➢ ☐		

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

➢ April 27, 2000 ➢ Robert L. Mears, Director of the Department of Finance

Signature of issuer's authorized representative — Date — Type or print name and title

For Paperwork Reduction Act Notice, see page 2 of the instructions.

PIA

Cat. No. 63773S Form **8038-G** (Rev. 5-99)

BROWN & WOOD LLP

ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
TELEPHONE: 212-839-5300
FACSIMILE: 212-839-5599

ACKNOWLEDGEMENT COPY

May 3, 2000

CERTIFIED MAIL: Return Receipt Requested
Attn: 8038 Registration Department
Internal Revenue Service Center
Ogden, UT 84201

Ladies & Gentlemen:

Enclosed please find the Form 8038-G for the following issue:

$88,000,000
Fairfax County, Virginia
Public Improvement Bonds, Series 2000A

Please acknowledge receipt of the enclosed items by stamping the acknowledgement copy of this letter and returning it to me in the enclosed, stamped, self-addressed envelope.

If you have any questions, please do not hesitate to call me at (212) 839-5670.

Very truly yours,

Allison V. Bernard

Allison V. Bernard
Legal Assistant

RECEIVED
424 MAY 0 9 2000 IRS-OSC
OGDEN, UT

Enclosure:
US Postal Service
Receipt for Certified Mail: 7099 3400 0002 9254 9072

NYLIB1/694699

BROWN & WOOD LLP

ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
TELEPHONE: 212-839-5300
FACSIMILE: 212-839-5599

April 27, 2000

Board of Supervisors
of Fairfax County, Virginia
Fairfax, Virginia

We have examined certified copies of the legal proceedings, including the election proceedings and other proofs submitted, relative to the issuance and sale of

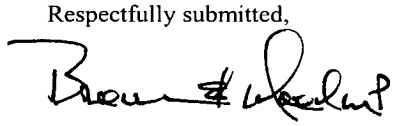
$88,000,000
Fairfax County, Virginia
Public Improvement Bonds
Series 2000 A

The bonds are dated April 1, 2000, mature in annual installments on June 1 in each of the years 2001 to 2020, inclusive, bear interest payable semiannually on the 1st days of June and December in each year, commencing December 1, 2000, and are subject to redemption prior to their respective maturities in the manner and upon the terms and conditions set forth in the resolution authorizing the issuance of the bonds adopted by the Board of Supervisors of Fairfax County on March 13, 2000.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds pursuant to the Constitution and laws of Virginia, and that the bonds constitute valid and binding general obligations of Fairfax County, Virginia, for the payment of which the full faith and credit of said County are pledged, and all taxable property in the County is subject to the levy of an ad valorem tax, without limitation as to rate or amount, for the payment of the bonds and the interest thereon, which tax shall be in addition to all other taxes authorized to be levied in said County to the extent other funds of said County are not lawfully available and appropriated for such purpose.

We are further of the opinion that, except as provided in the following sentence, interest on the bonds is not includable in the gross income of the owners of the bonds for purposes of Federal income taxation based on existing law. Interest on the bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the bonds in the event of a failure by the County or the school board of the County to comply with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of the interest on the bonds for Federal income tax purposes on or after the date on which any action is taken affecting such covenants upon the approval of counsel other than ourselves. Interest on the bonds is not a specific preference item for purposes of the Federal individual or corporate alternative minimum taxes. The Code contains other provisions that could result in tax consequences, as to which we render no opinion, as a result of ownership of bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

Respectfully submitted,



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BROWN & WOOD LLP

ONE WORLD TRADE CENTER
NEW YORK, NY 10048-0557
TELEPHONE: 212-839-5300
FACSIMILE: 212-839-5599

April 27, 2000

Board of Supervisors of
Fairfax County, Virginia
Fairfax, Virginia

Merrill Lynch & Co.
New York, New York

Re: $88,000,000 Fairfax County, Virginia
Public Improvement Bonds, Series 2000 A

In connection with the issuance by Fairfax County, Virginia (the "County") on the date hereof of its $88,000,000 Public Improvement Bonds, Series 2000 A, dated April 1, 2000 (the "Bonds"), we have examined the Federal income tax treatment of the amount of the original issue discount reflected in the initial public offering price of the Bonds.

We have examined such proofs as we deemed necessary as a basis for the following opinion.

From such examination, we are of the opinion that the excess, if any, of the amount payable at maturity of a maturity of the Bonds over the initial offering price of such Bonds to the public (excluding bond houses and brokers or similar persons acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such maturity is sold constitutes original issue discount. Original issue discount accruing pursuant to the constant yield method based on the compounding of interest will be excludable from gross income for Federal income tax purposes to the same extent as interest on the Bonds, as stated in our opinion dated the date hereof with respect to the Bonds. The Internal Revenue Code further provides that a holder's adjusted basis in such Bonds will be increased by the amount of such accruing original issue discount for purposes of determining such holder's gain or loss on disposition of such Bonds.

Respectfully submitted,

Brown + Wood LLP

689538

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

Fairfax County, Virginia
[Name of Issuer]

June 21, 1995
[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Fairfax County, Virginia
(Issuer)

By: Edward L. Long
(Authorized Officer's Signature)

Edward L. Long
Director, Office of Management and Budget
Fairfax County, Virginia
12000 Government Center Parkway
Suite 561
Fairfax, Virginia 22035-0074

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: James McFreeney

Date: June 21, 1995

The Depository Trust Company
Mr. Vincent A. Mauro
Vice President
55 Water Street-19th Floor
New York, NY 10041

Dear Mr. Mauro:

Re: *Operational Arrangements Letter of Representations*

From time to time, this organization may be appointed as a trustee, paying agent, transfer agent, or an agent in some other capacity for securities issues that DTC will be requested to make eligible for its services. The undersigned confirms that when this organization acts in one of these capacities for any such issues, it hereby represents that, to the extent within its control, it will comply with the requirements stated in the DTC *Operational Arrangements* memorandum dated December 12, 1994, as they may be amended from time to time.

Office of Finance, Fairfax County, Virginia
(Name of Organization)

Susan S. Planchon
(Authorized Officer's Signature)

Susan S. Planchon
(Please Print Name)

Director of Finance
(Title)

The Depository Trust Company
55 Water Street
New York, New York 10041

Attention : Underwriting Packaging Department
Phone : (212) 855-8820 or 8821
Telecopy : (212) 855-8703 or 8707

SUBJECT TO COUNT AND EXAMINATION

SAFEKEEPING AGREEMENT

Ref: (Description of issue, number of certificates, number of CUSIP's assigned to issue and $ value of securities)

Fairfax County Virginia

CUSIP # 303820 ~~YD0~~ XJ8 - YD0 - ~~XZ2~~ **$ VALUE** 88,000,000

The Depository Trust Company (DTC) acknowledges receipt from Brown + Wood. (the trustee , transfer agent , underwriter or other agent of the issuer , hereafter referred to as the "Agent") of possession, custody and control of the above securities for safekeeping. DTC is authorized to hold these securities in safekeeping until DTC is instructed by telephone or in writing by one of the below designated representatives of the Agent either to : (1) deliver the securities by book-entry to the DTC account of the lead underwriter (or to the DTC account of its clearing agent) or (2) return the said securities to the Agent.

In the event DTC is instructed to return said securities, DTC shall return the securities to the Agent as soon as practicable, but , in any event , no later than the DTC business day following the day such instruction is received.

DTC shall hold the Agent, its officers and employees, harmless from any liability , loss , damage , and reasonable expense of any kind in connection with any loss , damage , theft or destruction of any kind of said securities while they are in the possession , custody or control of DTC , its officers or employees or in the event securities are released from the control of DTC without the specific approval of the Agent pursuant to this Safekeeping Agreement.

THE AGENT	The Depository Trust Company
By:	By: L Mann
Title :	Title : Supervisor
Date :	Date : 4/19/00

2000 APR 19 P 12:23

Authorized Representative of Trustee/Agent

PRINT NAME	ORGANIZATION	TELEPHONE NO.
		( )
		( )
		( )

DTC accepts authorization of closings on the phone numbers listed below:

(212) 855-3752 (212) 855-3753
(212) 855-3755 (212) 855-3754

10656 (1/2000)

Distribution: White – Presenter Canary – Interface Pink – Packaging

CERTIFICATE OF SUCCESSFUL BIDDER

Merrill Lynch & Co., as representative and on behalf of itself and the others of the successful bidders ("underwriters") for **$88,000,000 Fairfax County, Virginia, Public Improvement Bonds, Series 2000 A** (the "Bonds"), **HEREBY CERTIFIES**, in accordance with the terms of the Notice of Sale relating to such Bonds:

1. The Official Statement, dated April 6, 2000 relating to the Bonds (the "Official Statement") includes the initial offering prices or yields for the Bonds that we furnished to the County for inclusion in the Official Statement.

2. We acknowledge receipt of the Official Statement in the quantities we requested.

3. We have delivered a copy of the Official Statement to each nationally recognized municipal securities information repository registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

4. We acknowledge that the County expects us and the other underwriters to deliver copies of the Official Statement to those persons to whom we initially sell the Bonds. The Bonds will only be offered pursuant to the Official Statement and only in states where the offer is legal.

5. We acknowledge receipt through the facilities of The Depository Trust Company of the Bonds in the aggregate principal amount of $88,000,000, bearing interest and maturing as described in the Official Statement.

April 27, 2000

MERRILL LYNCH & CO.

By: R Mascatello
Name: R MASCATELLO
Title: AVP

NYLIB1/674968/2