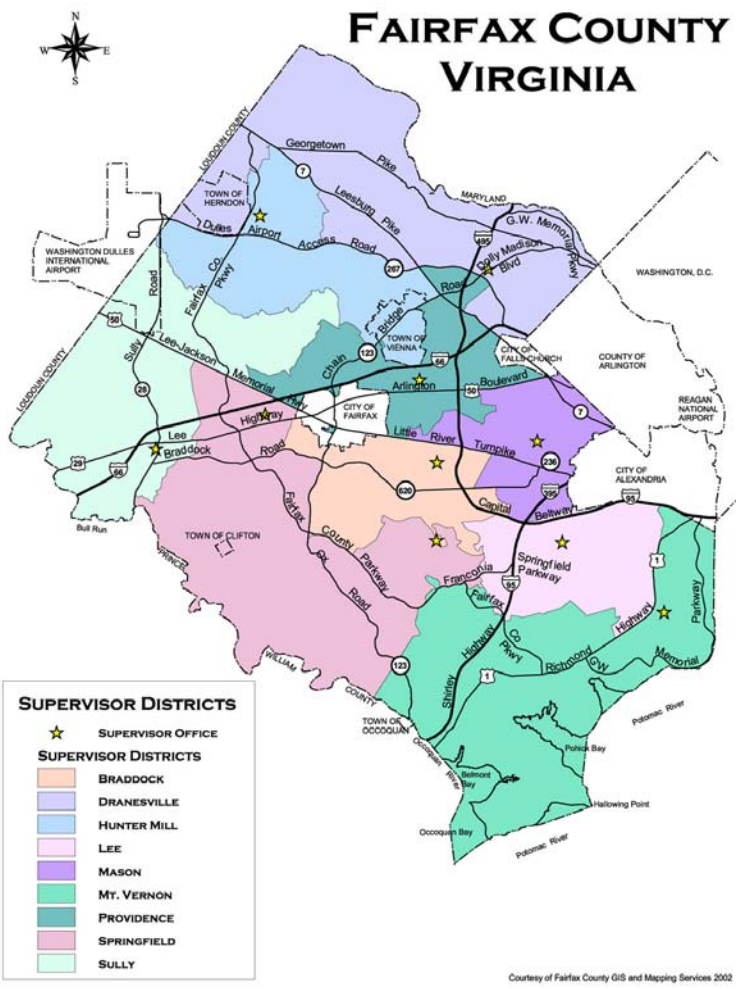
County Organization

Fairfax County Government

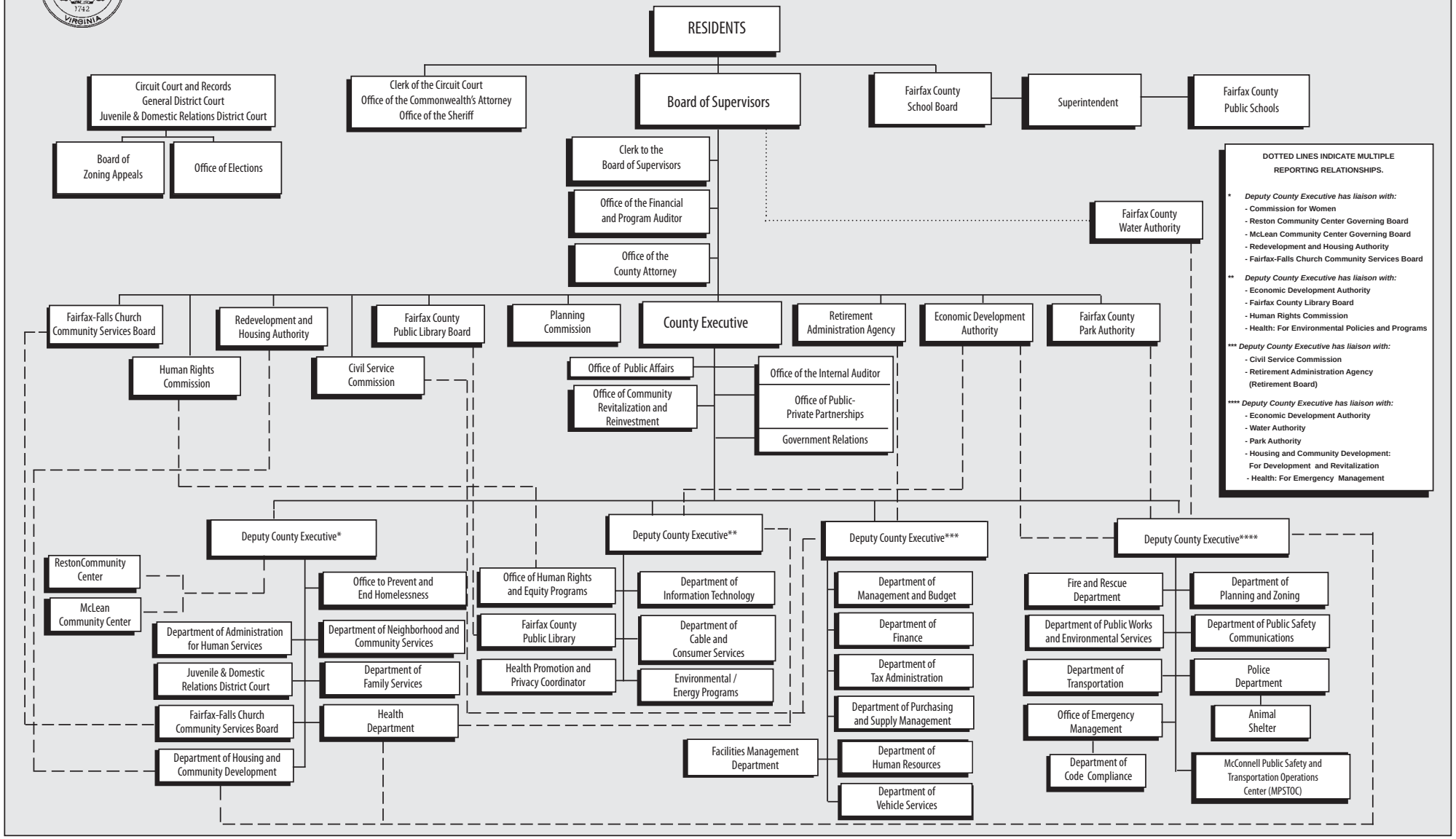
In Virginia, cities and counties are distinct units of government and do not overlap. Fairfax County completely surrounds the City of Fairfax and is adjacent to the City of Falls Church and the City of Alexandria. Property within these cities is not subject to taxation by Fairfax County, and the County generally is not required to provide governmental services to their residents. However, pursuant to agreements with these cities, the County does provide certain services to their residents.

In Fairfax County, there are three incorporated towns - Clifton, Herndon and Vienna - which are overlapping units of government within the County. With certain limitations prescribed by the Code of Virginia, the ordinances and regulations of the County are generally effective in them. 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.

The Fairfax County government is organized under the Urban County Executive form of government as defined under the Code of Virginia. The governing body of the County is the Board of Supervisors, which makes policies for the administration of the County. The Board of Supervisors consists of ten members: the Chairman, elected at large, and one member from each of nine supervisory districts, elected for four year terms 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. An organizational chart of Fairfax County government is provided on the next page.



ORGANIZATION OF FAIRFAX COUNTY GOVERNMENT



County Organization

BOARDS, AUTHORITIES AND COMMISSIONS

Appeal Groups

Board of Building and Fire Prevention Code Appeals
Board of Equalization of Real Estate Assessments
Board of Zoning Appeals[1]
Civil Service Commission
Human Rights Commission

Management Groups

Audit Committee (3 Board Members, 2 Citizens)
Burgundy Village Community Center Operations Board
Celebrate Fairfax, Inc. Board of Directors
Economic Development Authority
Electoral Board
Fairfax County Convention & Visitors Corporation Board of Directors
Fairfax County Employees' Retirement System Board of Trustees
Fairfax County Park Authority
Fairfax County Public Library Board of Trustees
Fairfax County Water Authority
Fairfax-Falls Church Community Services Board
Industrial Development Authority
McLean Community Center Governing Board
Police Officers Retirement System Board of Trustees
Redevelopment and Housing Authority
Reston Community Center Governing Board
Uniformed Retirement System Board of Trustees

Regional Agencies to which Fairfax County Contributes

Health Systems Agency Board
Metropolitan Washington Airports (MWA) Policy Committee
Metropolitan Washington Council of Governments
National Association of Counties
Northern Virginia Community College Board
Northern Virginia Regional Commission
Northern Virginia Regional Park Authority
Northern Virginia Transportation Commission
Northern Virginia Transportation Coordinating Council
Route 28 Highway Transportation District Advisory Board
Upper Occoquan Sewage Authority (UOSA)
Virginia Association of Counties
Washington Metropolitan Area Transit Authority

[1] The members of this group are appointed by the 19th Judicial Circuit Court of Virginia.

BOARDS, AUTHORITIES AND COMMISSIONS

Advisory Groups

A. Heath Onthank Award Selection Committee
Advisory Plans Examiner Board
Advisory Social Services Board
Affordable Dwelling Unit Advisory Board
Agricultural and Forestal Districts Advisory Committee
Airports Advisory Committee
Alcohol Safety Action Program Local Policy Board
Animal Services Advisory Commission
Architectural Review Board
Athletic Council
Barbara Varon Volunteer Award Selection Committee
Chesapeake Bay Preservation Ordinance Exception Review Committee
Child Care Advisory Council
Citizen Corps Council, Fairfax County
Commission for Women
Commission on Aging
Commission on Organ and Tissue Donation and Transplantation
Committee for the Plan to Prevent and End Homelessness in the Fairfax-Falls Church Community
Community Action Advisory Board (CAAB)
Community Criminal Justice Board (CCJB)
Community Policy and Management Team, Fairfax-Falls Church
Community Revitalization and Reinvestment Advisory Group
Consumer Protection Commission
Criminal Justice Advisory Board (CJAB)
Dulles Rail Transportation Improvement District Advisory Board, Phase I
Economic Advisory Commission
Engineering Standards Review Committee
Environmental Quality Advisory Council (EQAC)
Fairfax Area Disability Services Board
Fairfax Community Long Term Care Coordinating Council
Fairfax County History Museum Subcommittees
Fairfax County Safety Net Health Center Commission
Geotechnical Review Board
Health Care Advisory Board
History Commission
Human Services Council
Information Technology Policy Advisory Committee
Josiah H. Beeman Commission
Juvenile & Domestic Relations Court Citizens Advisory Council
Laurel Hill Project Advisory Citizen Oversight Committee
Oversight Committee on Drinking and Driving
Planning Commission
Road Viewers Board

BOARDS, AUTHORITIES AND COMMISSIONS

Advisory Groups

Security Alarm Systems Commission
Small Business Commission, Fairfax County
Southgate Community Center Advisory Council
Supervised Visitation and Supervised Exchange Task Force
Tenant Landlord Commission
Trails and Sidewalks Committee
Transportation Advisory Commission
Tree Commission
Trespass Towing Advisory Board
Tysons Corner Transportation and Urban Design Study Coordinating Committee
Volunteer Fire Commission
Wetlands Board
Youth Basketball Council Advisory Board

How to Read the Budget

THE BUDGET

Each year, Fairfax County publishes sets of budget documents or fiscal plans: the Advertised Budget Plan and the Adopted Budget Plan. Submission and publication of the budget is contingent upon criteria established in the Code of Virginia. The Advertised Budget Plan is the annual budget proposed by the County Executive for County general government operations for the upcoming fiscal year, which runs from July 1 through June 30. The Advertised Budget Plan is based on estimates of projected expenditures for County programs and it provides the means for paying for these expenditures through estimated revenues. According to the Code of Virginia, the Board of Supervisors must approve a tax rate and adopt a budget for informative and planning purposes no later than the beginning of the fiscal year (July 1). Following extensive review, deliberation and public hearings to receive input from County residents, the Board of Supervisors formally approves the Adopted Budget Plan typically in late April in order to satisfy the requirement that the Board of Supervisors approve a transfer to the Fairfax County School Board by May 1, or within 30 days of receiving state revenue estimates from the state, whichever is later. The transfer amount has traditionally been included in the Board's Adopted Budget, requiring that the Board adopt the budget on or before May 1, not July 1 as the Code allows.

The Fairfax County Budget Plan (Advertised and Adopted) is presented in several volumes. A brief description of each document is summarized below:

The Citizen's Guide for the Advertised Budget includes a summary of the key facts, figures and highlights of the budget.

The Budget Overview summarizes the budget, thereby allowing a complete examination of the budget through this document. The Overview contains the County Executive's message to the Board of Supervisors; budget highlights; a summary of the County's fiscal condition, allocation of resources, and financial history; and projections of future revenues and expenditure requirements. Also included is information on the County's taxes and fees; fiscal, demographic and economic trends; direct spending by County departments; transfers to other public organizations, such as the Fairfax County Public Schools and Metro; and funded construction projects.

Volume 1 – General Fund details the budgets for County departments and agencies funded from general tax revenue such as real estate and personal property taxes. Included are summary budget schedules and tables organized by accounting classification and program area summaries. Detailed budget information is presented by program area and by department/agency. Also included are organizational charts, strategic issues, goals, objectives and performance indicators for each department/agency.

Volume 2 – Capital Construction and Other Operating Funds details budgets for County departments, agencies, construction projects and programs funded from non-General Fund revenue sources, or from a mix of General Fund and non-General Fund sources, such as federal or state grants, proceeds from the sale of bonds, user fees and special tax districts. Included are detailed budget schedules and tables organized by accounting classification, as well as budget summaries by fund group. This volume also details information associated with Fairfax County funding for Contributory Agencies.

Capital Improvement Program – The County also prepares and publishes a 5-year Capital Improvement Program (CIP) – separate from the budget – which is also adopted by the Board of Supervisors and published as a separate document. The CIP specifies capital improvements and construction projects which are scheduled for funding over the next five years in order to maintain or enhance the County's capital assets and delivery of services. In addition, the CIP also describes financing instruments or mechanisms for those projects. Financial resources used to meet priority needs as established by the CIP are accounted for in the Capital Project Funds. The primary type of operating expenditure included in the budget relating to the CIP is funding to cover debt service payments for general obligation bonds or other types of debt required to fund specific CIP projects. In addition, the cost of opening and operating new facilities is closely linked to the CIP.

To view information on Fairfax County's budget and budget process on the web, go to ***http://www.fairfaxcounty.gov/budget***

How to Read the Budget

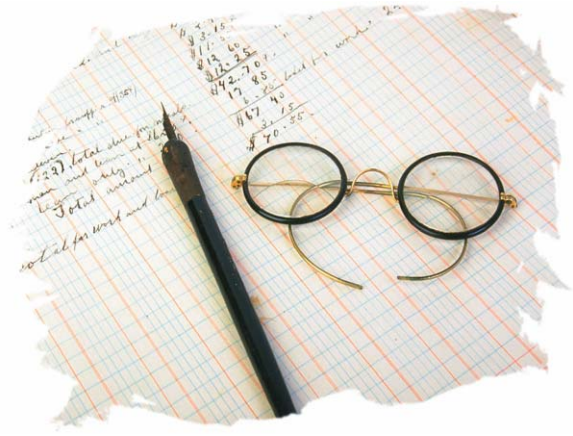
BASIS OF ACCOUNTING AND BUDGETING

A budget is a formal document that enables the County to plan for the future, measure the performance of County services, and help the public to understand where revenues come from and how they are spent on County services. The budget reflects the estimated costs of operation for the County's programs, services and activities. The budget serves many purposes and addresses different needs depending on the "audience" including, County residents, federal and state regulatory authorities, elected officials, other local governments, taxpayers or County staff.

The budget must comply with the Code of Virginia and regulatory requirements. Fairfax County is required to undergo an annual financial audit by independent auditors. Thus, the budget outlines the required information to serve legal and financial reporting requirements. The budget is prepared and organized within a defined basis of budgeting and financial structure to meet regulatory and managerial reporting categories of expenditures and revenues. The Commonwealth of Virginia requires that the County budget be based on fund accounting, which is a system that matches the sources of revenue (such as taxes or service fees) with the uses (program costs) of that revenue. Therefore, the County budgets and accounts for its revenues and expenditures in various funds. Financially, the County budget is comprised of three primary fund types: Governmental Funds (General Fund, Debt Service Fund, Special Revenue Funds and Capital Project Funds), Proprietary Funds (Enterprise Funds and Internal Service Funds), and Fiduciary Funds (Trust Funds and Agency Funds).

Accounting Basis

The County's governmental functions and accounting system are organized and controlled on a fund basis. Each fund is considered a separate accounting entity, with operations accounted for in a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate.



Governmental and agency funds are accounted for on a modified accrual basis of accounting. Revenue is considered available and recorded if it is collectible within the current period or within 45 days thereafter, to be used to pay liabilities of the current period. Expenditures are generally recorded when the related fund liability is incurred, with the exception of certain liabilities recorded in the General Long-Term Obligations Account Group.

Proprietary, pension and non-expendable trust funds utilize the full accrual basis of accounting which requires that revenues be recognized in the period in which service is given and that expenses be recorded in the period in which the benefit is received. A description of the fund types is provided:

- **General Fund:** The General Fund is the County's primary operating fund, and it is used to account for all revenue sources and expenditures which are not required to be accounted for in other funds. Revenues are derived primarily from real estate and personal property taxes as well as other local taxes, federal and state distributions, license and permit fees, charges for services, and interest from investments. A significant portion of General Fund revenues are transferred to other funds to finance the operations of the County's public schools and Community Services Board (CSB) and debt service among other things.

- **Special Revenue Funds:** These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or 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 Fairfax County Public Schools (FCPS).

- **Capital Project Funds:** These funds are used to account for financial resources to be used for the acquisition or construction of any major capital facilities (other than those financed by Proprietary Funds), and are used to account for financial resources used for all general construction projects other than enterprise fund construction. The Capital Project Funds account for all current construction projects, including improvements to and the construction of schools, roads and various other projects.

- **Proprietary Funds:** These funds account for County activities, which operate similarly to private sector businesses. Consequently, these funds measure net income, financial position, and changes in financial position. The two primary types of Proprietary Funds are Enterprise Funds and Internal Service Funds. The Fairfax County Integrated Sewer System is the only enterprise fund of the County. This fund is used to account for the financing, construction, and operations of the countywide sewer system. Internal Service Funds are used to account for the provision of general liability, malpractice, and workers' compensation insurance, health insurance for County employees and retirees, vehicle services, the County's print shop operations, and technology infrastructure support that are provided to County departments or agencies on an allocated cost recovery basis.

- **Fiduciary Funds:** These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Pension Trust Funds are the principal fiduciary funds used to account for the assets held in trust by the County for the employees and beneficiaries of its defined pension plans – the Employees' Retirement System, the Police Officers Retirement System, and the Uniformed Retirement System. Also included in Fiduciary Funds are Agency Funds which are used to account for monies received, held, and disbursed on behalf of developers, welfare recipients, the Commonwealth of Virginia, the recipients of certain bond proceeds, and certain other local governments.

Accounting Standards

The County's basis of budgeting is consistent with generally accepted accounting principles.

During FY 2012, the County continues to use the Governmental Accounting Standards Board's (GASB) Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, financial reporting model, otherwise known as GASB 34. These standards changed the entire reporting process for local governments, as they require new entity-wide financial statements, in addition to current fund statements and other additional reports such as management discussion and analysis. Infrastructure values are now reported, and various changes in accounting have been implemented.

It should be noted that beginning in FY 2008 the County's financial statements were required to implement GASB Statement Number 45 for post employment benefits including health care, life insurance, and other non-retirement benefits offered to retirees. This new standard addresses how local governments account for and report their costs related to post-employment healthcare and other non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you-go basis. GASB 45 required that the County accrue the cost of these post-employment benefits during the period of employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension/retirement benefits. The County decided to follow guidance provided by GASB 45 and established a trust fund as part of the FY 2008 Adopted Budget Plan to pre-fund the cost of post-employment healthcare and other non-pension benefits. For further details please refer to the Fund 603, OPEB Trust Fund, narrative in Volume 2.

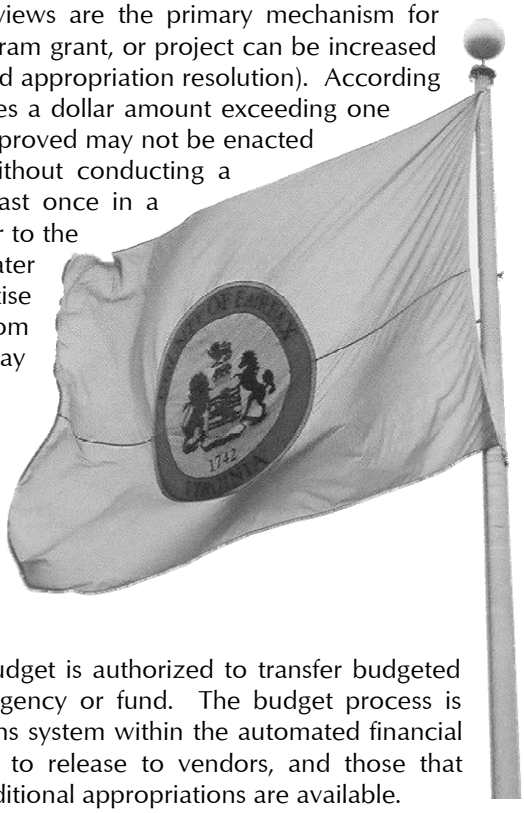
How to Read the Budget

Budgetary Basis

Annual budgets spanning the fiscal year (July 1 – June 30) are prepared on an accounting basis, with certain exceptions. Please refer to the table in the Financial Structure portion of this section for information regarding the purpose of various types of funds, supporting revenues and budgeting and accounting bases.

The budget is controlled at certain legal and managerial/administrative levels. The Code of Virginia requires that the County adopt a balanced budget. The adopted Supplemental Appropriation Resolution places legal restrictions on expenditures at the agency or fund level. Managerial budgetary control is maintained and controlled at the fund, department and character (i.e., Personnel Services, Operating Expenses, Capital Equipment, and Recovered Costs) or project level. Personnel Services include regular pay, fringe benefits and extra compensation. Operating Expenses are the day-to-day costs involved in the administration of an agency. Capital Equipment reflects items that have a value of more than $5,000 and an expected life of more than one year, and Recovered Costs are reimbursements from other County agencies for specific services that have been provided.

There are also two built-in provisions for amending the adopted budget -- the Carryover Review and the Third Quarter Review. During the fiscal year, quarterly budget reviews are the primary mechanism for revising appropriations. The budget for any fund, agency, program grant, or project can be increased or decreased by formal Board of Supervisors action (budget and appropriation resolution). According to the Code of Virginia any budget amendment which involves a dollar amount exceeding one percent of total expenditures from that which was originally approved may not be enacted without the County first advertising the amendment and without conducting a public hearing. The advertisement must be published at least once in a newspaper with general County circulation at least 7 days prior to the public hearing. It should be noted that, any amendment greater than 1.0 percent of expenditures requires that the Board advertise a synopsis of the proposed changes. After obtaining input from residents at the public hearing, the Board of Supervisors may then amend the budget by formal action.



All annual appropriations lapse at the end of the fiscal year. Under the County's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be reappropriated and honored the subsequent fiscal year.

In addition, the County's Department of Management and Budget is authorized to transfer budgeted amounts between characters, grant or projects within any agency or fund. The budget process is controlled at the character or project level by an appropriations system within the automated financial accounting system. Purchase orders are encumbered prior to release to vendors, and those that exceed character level appropriations are not released until additional appropriations are available.

How to Read the Budget

DEPARTMENTS AND PROGRAM AREAS

The County's departments and program areas are easiest to understand if compared to a filing cabinet. Each drawer of the filing cabinet is a separate fund type/fund, such as Special Revenue, and within each drawer or fund there are many file folders which represent County agencies, departments or funds. County organizations in the General Fund are called agencies or departments, while organizations in the other funds are called funds. For example, the Health Department, which is a General Fund agency, is one agency or folder in the General Fund drawer.

For reporting purposes, all agencies and departments in the General Fund are grouped into "program areas." A program area is a grouping of County agencies or departments with related countywide goals. Under each program area, individual agencies and departments participate in activities to support the program area goals. The Public Safety Program Area, for example, includes the Police Department and the Fire and Rescue Department, among others.

While most of the information in the budget is focused on an agency or fund, there are several summary schedules that combine different sources of information such as General Fund receipts and expenditures, County position schedules and other summary schedules.

COUNTY EXPENDITURES AND REVENUES

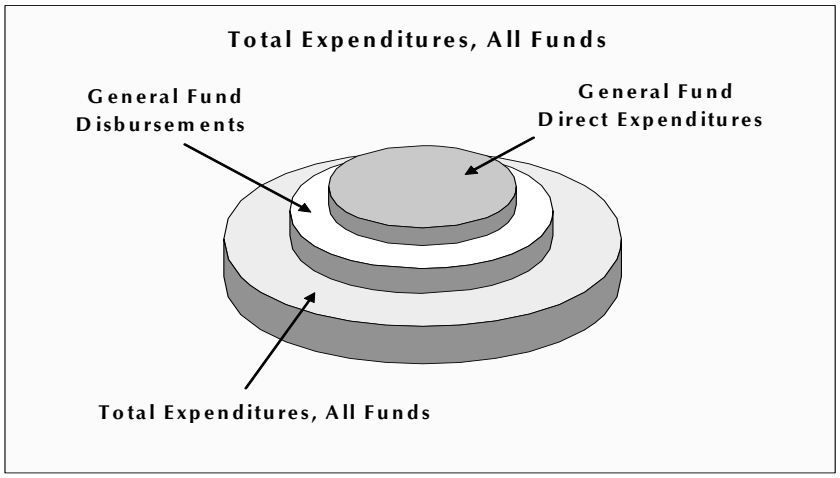
County Expenditures

Expenditures for Fairfax County services and programs can be categorized as three concentric circles. Each circle encompasses the funds inside it:

- In the smallest circle are the General Fund Direct Expenditures that support the day-to-day operations of most County agencies.

- The second largest circle is General Fund Disbursements. This circle includes General Fund Direct Expenditures and General Fund transfers to other funds, such as the Fairfax County Public Schools, Metro transportation system, and the County's debt service. The transfer of funding to the County Public Schools, including debt service, accounts for 52.5 percent of the County's disbursements in FY 2012.

- The largest circle is Total Expenditures. It represents expenditures from all appropriated funds.



County Revenues

The revenue Fairfax County uses to fund its services and programs is generated from a variety of sources:

- The General Fund portion of Total Revenues consists of several major components, the two largest being Real Estate Tax revenues and Personal Property Tax revenues. In FY 2012, these categories are estimated to account for 62.2 percent and 15.5 percent of the total General Fund revenues, respectively. Please note that a portion of the Personal Property Taxes is paid to the County by the state. These funds are included in the aforementioned Personal Property Tax total, rather than in Revenue from the Commonwealth. Local Taxes, which include Local Sales Tax receipts, Consumer Utility Taxes, and Business Professional and Occupational License Taxes, comprise approximately 14.6 percent of General Fund revenues in FY 2012. The remaining revenue categories, including Revenue from the Federal Government, Fines and Forfeitures, Revenue from the Use of Money and Property, Revenue from the Commonwealth, Recovered Costs, Charges for Services, and Permits, Fees and Regulatory Licenses make up 7.7 percent of the total.

- Total Revenues consist of all revenues received by all appropriated funds in the County. Total Revenues include all General Fund revenues, as well as sewer bond revenue, refuse collection and disposal fees, and revenue from the sale of bonds.

FINANCIAL STRUCTURE

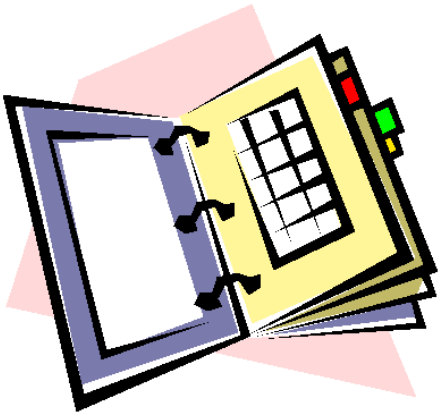
Fund/Fund Type Title	Purpose	Revenue	Budgeting Basis	Accounting Basis
GOVERNMENTAL FUNDS				
General Fund (Volume 1)	Accounts for the cost of general County government.	Primarily from general property taxes, other local taxes, revenue from the use of money and property, license and permit fees, and state shared taxes.	Modified Accrual, donated food not included, only lease payment due in FY included	Modified Accrual
General Fund Group: Revenue Stabilization Fund (Volume 2)	Established by the Board of Supervisors in FY 2000 to provide a mechanism for maintaining a balanced budget without resorting to tax increases and/or expenditure reductions that aggravate the stresses imposed by the cyclical nature of the economy.	Policy guidelines require a retention of maximum balance of 3 percent of General Fund Disbursements is attained.	Modified Accrual, donated food not included, only lease payment due in FY included	Modified Accrual
Special Revenue Funds (Volume 2)	Account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.	A variety of sources including fees for service, General Fund transfers, federal and state grant funding, cable franchise fees, and special assessments.	Modified Accrual, donated food not included, only lease payment due in FY included	Modified Accrual
Debt Service Funds (Volume 2)	Account for the accumulation of resources for and the payments of general obligation bond principal, interest and related expenses.	General Fund transfers and special assessment bond principal and interest from special assessment levies.	Modified Accrual, donated food not included, only lease payment due in FY included	Modified Accrual
Capital Project Funds (Volume 2)	Account for financial resources used for all general County and School construction projects other than Enterprise Fund construction.	General Fund transfers, bond proceeds revenue from the real estate penny, and miscellaneous contributions.	Modified Accrual, donated food not included, only lease payment due in FY included	Modified Accrual
PROPRIETARY FUNDS				
Enterprise Funds (Wastewater Management Program) (Volume 2)	Account for operations financed and operated in a manner similar to the private sector. The County utilizes Enterprise Funds for the Wastewater Management Program, which provides construction, maintenance, and operation of the countywide sewer system.	User charges to existing customers for continuing sewer service and availability fees charged to new customers for initial access to the system.	Accrual, depreciation expenses not included	Accrual
Internal Service Funds (Volume 2)	Account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a reimbursement basis.	Reimbursement via various inter-governmental payments, including the General Fund, for services and goods provided.	Accrual, depreciation expenses not included	Accrual
FIDUCIARY FUNDS				
Trust Funds (Volume 2)	Account for assets held by the County in a trustee or agency capacity. Trust funds are usually established by a formal trust agreement.	Various inter-governmental payments, including the General Fund, and contributions by participants.	Accrual	Accrual
Agency Funds (Volume 2)	Agency funds are custodial in nature and are maintained to account for funds received and disbursed by the County for various governmental agencies and other organizations.	Various inter-governmental payments, including the General Fund, and contributions by participants.	Modified Accrual	Modified Accrual

Budget Process

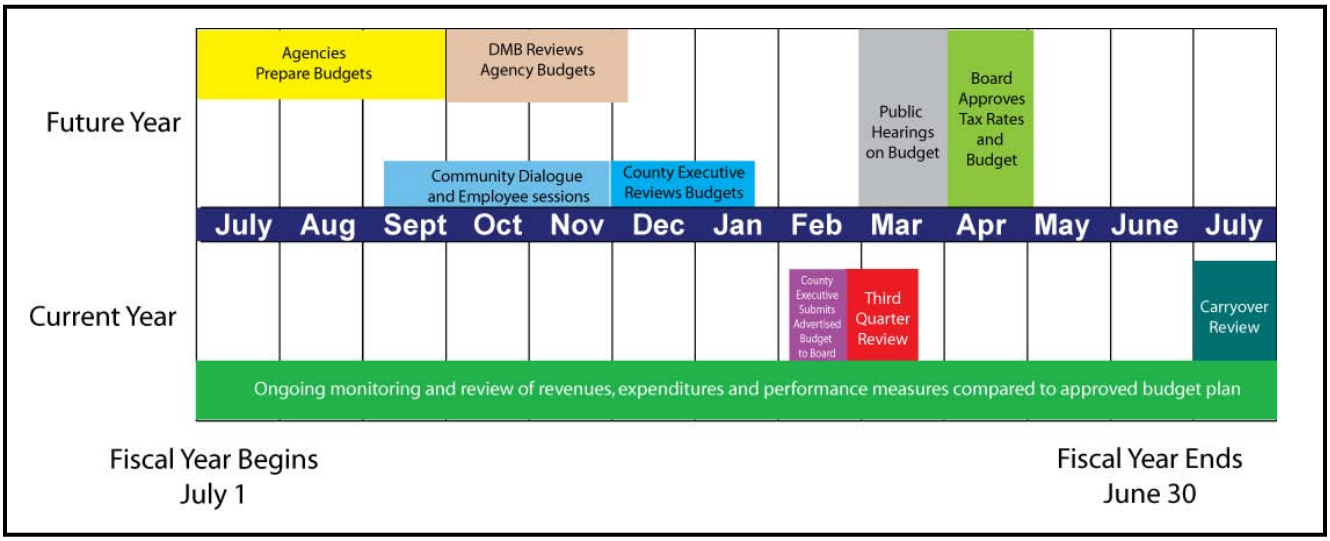
THE BUDGET CYCLE

The budget has several major purposes. It converts the County's long-range plans and policies into services and programs; serves as a vehicle to communicate these plans to the public; details the costs of County services and programs; and outlines the revenues (taxes and fees) that support the County's services, including the rate of taxation for the coming fiscal year. Once the budget has been adopted by the Board of Supervisors, it becomes a work plan of objectives to be accomplished during the next fiscal year.

The annual Fairfax County budget process is an ongoing cyclical process simultaneously looking at two fiscal years (current and future). The budget year officially starts on July 1; however, the budget process itself is a continuum which involves both the current year budget and the next fiscal year's budget. Changes to the current year budget are made at the Third Quarter and Carryover Reviews. The Carryover Review closes out the previous year in addition to revising the expenditure level for the current year. These changes must be approved by the Board of Supervisors. During the fiscal year, quarterly reviews of revenue and expenditures are undertaken by the Department of Management and Budget, and any necessary adjustments are made to the budget. On the basis of these reviews, the Board of Supervisors revises appropriations. Public hearings are held prior to Board action when potential appropriation increases are greater than 1.0 percent expenditure.



Citizen involvement and understanding of the budget are a key part of the review process. For the FY 2012 process, to address the projected deficit, the County facilitated two Community Dialogue sessions in October 2010 as well as one Employee Forum. In addition, residents submitted comments, suggestions and questions through an online web survey. Public hearings for the County Executive's FY 2012 Advertised Budget Plan and the FY 2012 - FY 2016 Capital Improvement Program (CIP) will be held on March 29, 30 and 31, 2011 at the Government Center.

The mark-up of the FY 2012 budget will be held on Tuesday, April 12, 2011, and the Board of Supervisors will formally adopt the FY 2012 Adopted Budget Plan on Tuesday, April 26, 2011.

FY 2012 Budget Process